

KCM'S KOMMENTS—KURRENT NEWSLETTER

KELLY CAPITAL MANAGEMENT, LLC

VOLUME 11 ISSUE 7



JULY KOMMENTS

JULY 2016— KOMMENTS

1204 Baltimore Pike, Suite 305
Chadds Ford, PA 19317-7374
610 558 1159
jkelly@kcm-invest.com
www.kcm-invest.com

MARKETS AND ECONOMY:

Volatility, instability and uncertainty witnessed in the 2nd quarter continued in July. The uncertainty over the UK's "Brexit" vote at the end of June remained a shadow over worldwide markets. Nevertheless, we at KCM remained fully invested and our clients reaped the benefits of our decisions.

For the month, the US economy continued its slow growth rate. The FED became more sensitive to world economic, political and market conditions. The result: no added interest rate increase. In fact, it now appears based upon FED minutes and public statements from various FED members, no interest rate increase will occur in 2016.

It may be that the presidential elections may have a greater impact than traditional economic events as we move closer to November.

RESULTS:

For July, every asset class index benchmark had a positive return {except Treasury 1-3 year maturities). In contrast, all our company's various strategies were positive for the month. Emerging market and domestic equities turned in strong results. Fixed income ("bonds") and real estate were positive but were well behind stocks by the time July ended.

For the year to date, emerging markets led the pack, followed by real estate, then domestic stocks and lastly, bonds. Overall, our broad based diversification helped clients to gain from their tailored asset mix strategies for July and the year to date. Our clients are enjoying double digit, positive returns in emerging markets, domestic stocks and real estate. All are making money.

We expect 2016 will continue to see volatility. Historically, election years tend to be positive. We are not confident 2016 will follow the historical track. At this time we believe neither candidate will reduce overall Federal debt levels and each would increase spending. This will put pressure on job creation, benefits, and economic growth.

Happy birthday, America! Let us not forget our country is at war and we must thank the heroes here and overseas who are keeping us safe from radicalism and criminality.