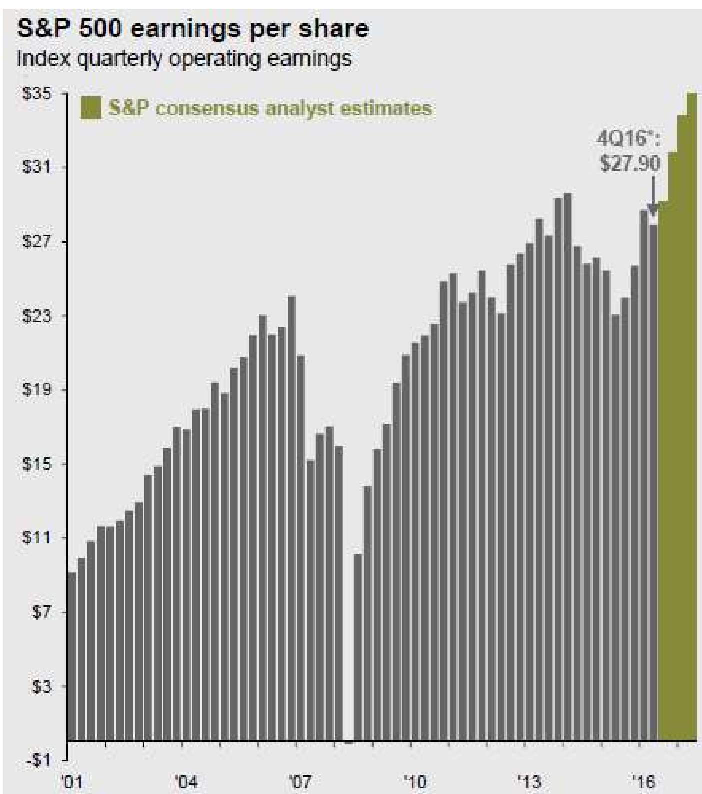
Market Summary for Q1 2017

Asset Class	Allocation %	Q1
REITS (Real Estate)	10.0%	2.5%
MSCI EME (Emerging Market)	10.0%	11.5%
S&P 500 (US Large Cap Stocks)	20.0%	6.1%
MSCI EAFE (Developed International Stocks)	10.0%	7.4%
Barclays Aggregate (Bonds)	20.0%	0.8%
Russell 2000 (US Small Cap Stocks)	10.0%	2.5%
Commodities	10.0%	-2.3%
Cash	10.0%	0.1%
Diversified Portfolio (70% Stock/30% Fixed Inc.)	100.0%	3.6%

Source JP Morgan Guide to the Market, March 31, 2017

Investors generally enjoyed a prosperous market environment during the first three months of 2017.

U.S. Stock Market: At March 31st, the forward Price/Earnings (P/E) ratio on the S&P 500 Index stands at 17.5X. The 25 year trailing average is more like 16.0X. So, U.S. stocks could be called more expensive than average, but not tremendously so. Furthermore, quarterly operating earnings estimates for those 500 large companies are moving higher. This is a good sign.

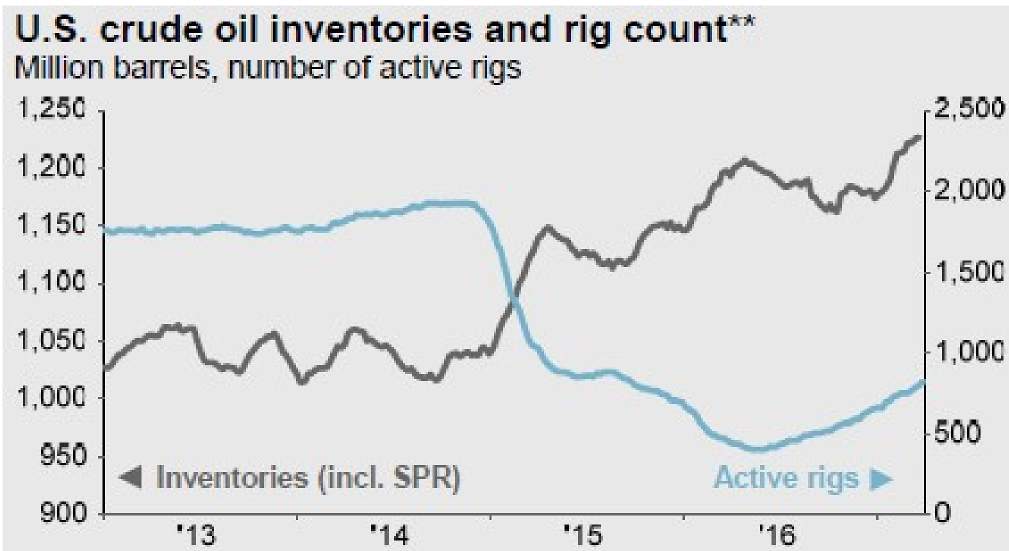


Source JP Morgan Guide to the Market, March 31, 2017

To this point in 2017, Growth has outperformed Value, and Large Cap has outperformed Small Cap. We don't expect this to continue, as this is not the norm. There has been a spike in corporate merger and acquisition (M&A) activity since the November elections. We consider this a healthy indicator of domestic stock market values looking attractive rather than expensive.

The best 2017 Sectors for U.S. stocks have been **Technology** (+12.6%), **Consumer Discretionary** (+8.4%), and **Healthcare** (+8.4%). This is well aligned with Crew Capital's strategy, as Technology and Consumer Discretionary continue to be our favorite Sectors. We find Healthcare more difficult to predict because of political and regulatory uncertainty. But, we still look for opportunities there.

The worst 2017 Sectors have been **Energy** (-6.7%), **Telecom** (-4.0%), and **Financials** (+2.5%). This aligns exactly with our Crew strategy, as we continue to dislike all three of these areas. We predict lower energy prices, cheaper gasoline, and a more competitive telecom environment (with corresponding pricing pressure). Oil inventories and active rig counts are on the rise; so, there's still too much supply.



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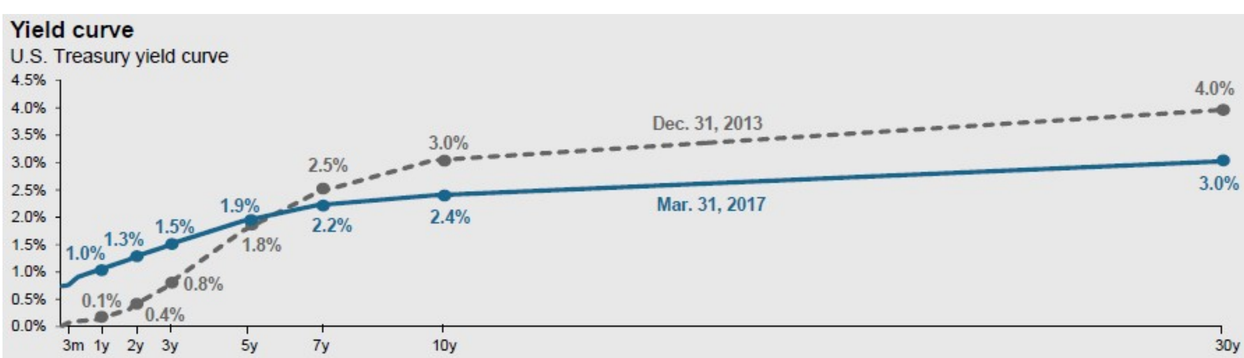
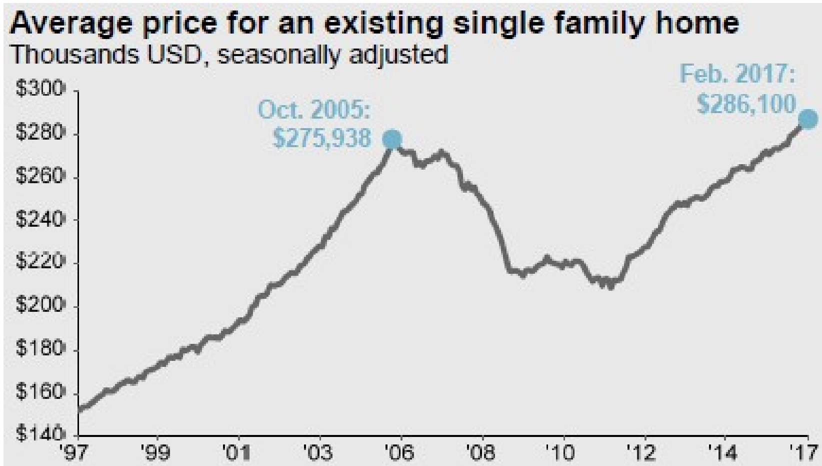
<u>Foreign Stock Markets:</u> For other stock markets around the world, they generally did better than the U.S. market. Emerging Asian stock markets were the strongest, followed by Western European stock markets. India did very well, as did China and Brazil. Crew Clients benefitted from this, as our allocations to foreign stocks are much larger than many traditional domestic money managers. This is an example of our multi-asset class approach.

<u>U.S. Bond Market:</u> After the November elections, market strategists incorrectly predicted an ongoing rise in interest rates. We did not. The rise we've already seen is most of what we expect for 2017. And, the yield curve still remains flatter than it did four years ago. Expect the yield curve to get even flatter as the FOMC raises short rates while longer-term rates stay low. Financial companies will suffer from this. We continue to avoid them. Contrary to popular opinion, we're somewhat constructive on bonds, wanting clients to own longer Treasury Bonds and High Yield Bonds.



Source JP Morgan Guide to the Market, March 31, 2017

Housing: Regardless of what the media says, we believe the housing market is healthier now than back in 2005 -2007 (pre-crash). For example, mortgage payments were about 20% of household income in 2007. Today, they are only about 14% of income. Furthermore, the average interest rate on a 30-year fixed rate home mortgage ranged from 6.0% to 7.0% back in 2006. Today, it's down around 4.2%. Average single-family home prices are also higher. University of Michigan Consumer Sentiment is at the highest levels since 2007; a welcome sign.



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Commodities & Real Estate: Gold had a solid start to 2017, up by about $95 per ounce (+8%) by the end of March. However, commodities, overall, are flat to down this year. REITS had gains, but generally not as good as stock market returns. We expect positive demand and pricing trends for both commercial and residential real estate over the next few years.

Our Expectations for the next three to six months: The media loves to preach worry and negativity. They're usually wrong. In many cases, we expect higher equity prices from here. U.S. stocks are not unusually expensive. Neither is Europe or emerging Asia. Expect more of several positive trends. Economic policy out of Washington D.C. is improving. Employment is improving. Housing is improving. Consumer Sentiment is improving. We continue to look for excellent investment opportunities for our clients.

Sources: JP Morgan, CNBC, Charles Schwab & Co.

Disclosure: Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk and there can be no assurance that the future performance of any specific investment or product made reference to directly or indirectly in this letter will be profitable, equal any indicated historical performance level(s), or be suitable for your portfolio. You should not assume that any information or any corresponding discussions serves as the receipt of, or as a substitute for, personalized investment advice from Crew Capital Management Ltd. Portfolio Managers.