Starfox Financial Services, LLC

January 2016

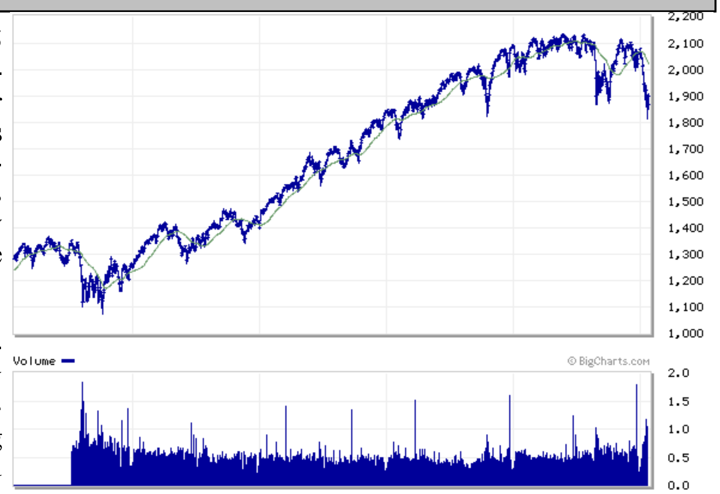
MARKET SNAPSHOT

DJIA	**15882**
Nasdaq	**4472**
S&P 500	**1869**
Comex GOLD	**$1098**

(closing values January 21, 2016)

Don't just do something! ...Stand there.

CURENT OUTLOOK AND COMMENTARY



Even with the stock markets finishing flat for the year, 2015 may still have been a bad year for many investors. After almost 4 years of growth, the stock markets experienced their first significant correction, declining more than 12% from its peak. Although we think there were clear indications of increased risk and excess valuations since 2013, the markets slowly edged higher, drawing complacent investors in. By the time the more than 1400 day rally peaked in May, the S&P 500 had grown 68%.

Multiple rounds of Quantitative Easing and years of zero interest rate policy may have helped to push the markets to new highs but it has also resulted in a difficult and risky environment for fixed income (bond) investments. Fears over rising interest rates and possible defaults has resulted in many fixed income investments experiencing losses, often while earning very little interest. As the Federal Reserve ended QE and then finally raised rates in 2015, fixed income investments became even more volatile resulting in additional losses for investors who may have thought they were safe. While investor's stock portfolios grew, their bond portfolios struggled to stay even.

Finally, four months after the correction began, we are getting a significant re-test of the August 2015 lows. We said then that we believed the markets had been primed for a correction for quite some time and that it was not unreasonable to expect multiple bounces and re-test of the lows, even new lower lows. What we did find surprising was the "rally" that occurred in late October, appearing to end the correction with only a few days in correction territory and a single weak retest. We made mention that both the "correction" and the "rally" appeared to lack the depth, breadth and volume we would expect to see from either. Our view in November was that the markets remained overbought, despite the technical correction that had occurred and we continued to recommend a reduced allocation to equities until further consolidation occurred.

As we enter 2016 the markets are again in full correction again. While technically this is a new correction, we believe this is the true re-test of the August 2015 lows. The August 2015 S&P500 closing low of 1867 has been challenged multiple times so far this correction cycle with a new lower closing level of 1859 on January 20th possibly representing a new low, if not the washout low.

The most important things for investors to remember about corrections is that they are normal. They usually take several weeks to play out and they OFTEN get worse before they get better. Corrections of 10-19% are not by themselves a sign of weakness or danger, rather a necessary means to remove inefficiencies and distortions that occur over time. Because corrections are driven more by fear and technical triggers than long term expectations or fundamental data, trying to make sense of the price movements based on current economic or fundamental data may not be possible.

Exactly how low the markets will go before the correction ends is difficult to project, by some indicators it may have ended on January 20th, by others it could continue downward another 4-5% over the coming weeks. Timing the exact bottom or capturing the lowest purchase price may not be possible nor important. We believe investors who are able to stand their ground or increase their equity exposure near correction lows will be rewarded for doing so. As we said when the correction began, what we believe is more important than exact price, is that a retest of the correction lows occurs before buying heavily into the correction.

***Please contact us if you would like to discuss how our recommendations may apply to your specific situation.**
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