Starfox Financial Services, LLC

August 2015

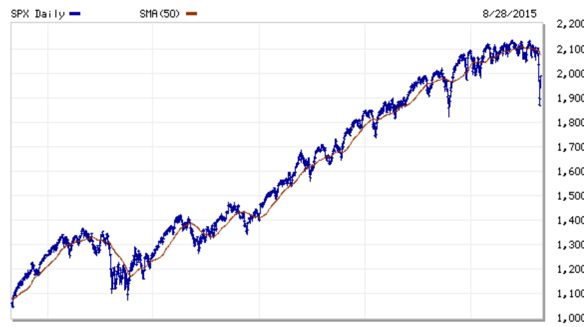
MARKET SNAPSHOT

DJIA	**16655**
Nasdaq	**4813**
S&P 500	**1988**
Comex GOLD	**$1123**

(closing values August 28, 2015)

If you don't build YOUR dream, someone else will hire you to build THEIR dream—D. Ambani

CURENT OUTLOOK AND COMMENTARY



Finally, after a rally lasting more than 1400 days the S&P500 has had a decline in value significant enough to qualify as a "correction". Until August 20th, what little volatility that had existed over the past 2 years had only produced 3-5% "dips". What began as a 4% ripple in early July became a cascading waterfall on August 20th, declining 10% in just 4 trading days and setting intraday lows that were almost 15% lower than the market peak. By the close of the markets on August 25th all three major indexes had fallen well into correction territory, closing 10-12% lower than the highs established just a couple months earlier and erasing more than a year's worth of gains.

Although we believe the markets were primed for a correction based on several other factors, the headlines seem to blame the correction on fears of global economic slowdown and added uncertainty about if/how/when the Fed will or even can raise interest rates. Whatever headline gets the credit for starting the correction, it is important for investors to know that this correction (like every other correction) is not the result of a single event, it is the result of investor complacency, price inefficiencies and distortions within the markets. Corrections such as this are normal and necessary to restore overall "health" of the markets.

The most important thing for investors to know at this point is that corrections generally take several weeks to ultimately play out. Following a rally of more than 1400 days it is not unreasonable to expect multiple bounces and re-tests of the intra-day lows seen on August 25th or even new, lower lows established before the correction is over. Once a correction has begun, price movements are driven more by fear and technical indicators than by long term expectations or fundamental data. This means trying to make sense of the price movements based on current economic data or recently reported fundamental data may not be possible.

Like bear markets, corrections require a certain amount of overreaction before they can end. No doubt the first days of this correction have generated plenty of fear in the investing community, a lot more than we have seen over the past 3 three years. But until investors STAMPEDE to the exit, selling everything in sight regardless of its long term value (throwing the baby out with the bathwater), it is difficult to say enough fear is present to expect the correction is over. Experiencing several cycles of bounce and re-test (or new lower lows) has a tendency to create more fear and eventually result in a washout of all the panic sellers, leaving the markets primed for longer term expansion.

Recent price movements, selling activity and sentiment indicators all indicate that the environment for a bottom to the correction exists but that does not mean the end of the correction has occurred. The correction can not end until both investor conviction has been tested and a market bottom has been established. History suggests this process takes several weeks and multiple bounce/re-test cycles to occur.

Whether the lows seen on August 25th represent the lowest point of this correction, or if new lows will eventually be seen is difficult to say. Timing the exact bottom or capturing the lowest purchase price may not be possible nor important. We believe investors who increase their equity exposure at or near correction lows will be rewarded for doing so. What we believe is more important than the exact price, is that a retest of the August 25th lows has occurred before buying 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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