"The bearish argument is always most compelling on the lows."

— Jared Dillian

January 31st, 2016

<u>A Look Back</u>

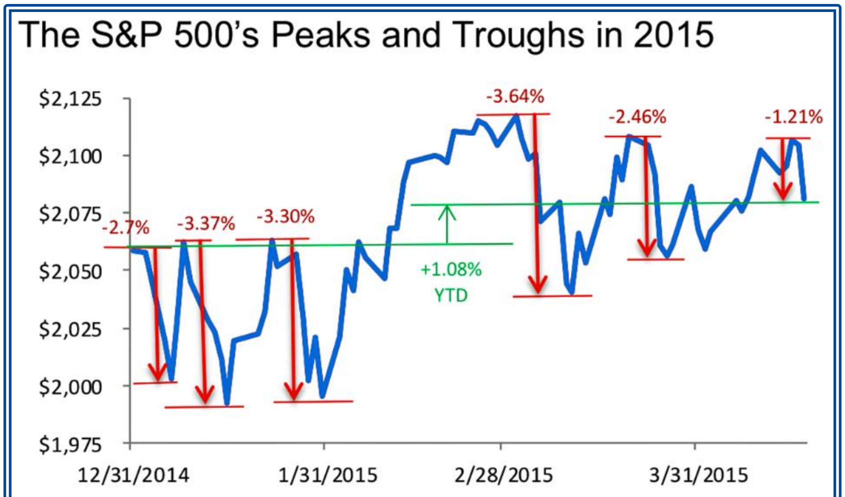
The best performing asset class of 2015 was stocks, whose meager 1.38% total return as measured by the S&P 500 still surpassed those of long-term bonds, short-term treasury bills and commodities. Those minimal gains make 2015 the worst for finding positive returns since 1937, when the 3 month Treasury bill outdistanced the other major asset classes with a return of 0.3 percent.

Some of the world's greatest investors struggled in 2015. Warren Buffett, David Einhorn and Carlos Slim, until recently the world's richest man, all suffered double digit losses. Last year proved particularly troublesome for hedge funds, the average of which was down about 4 percent according to Hedge Fund Research. Bill Ackman of Pershing Square sent a letter to investors in December saying 2015 was the fund's worst year since it was founded in 2004, losing more than 19%.

In previous bad years investors were able to capture substantial returns in at least one major asset class. For example, 2008 was a terrible year for equity markets worldwide, but bonds increased more than 20%. But in 2015 not one major asset class performed well.

The 30-year U.S. Treasury note returned a negative 2 percent, the 3-month Treasury bill returned 0.11% and the CRB commodities index fell more than 23% according to Societe Generale. 2015 was certainly an outlier when it came to investment returns. According to Bianco Research, gains from the best-performing assets had surpassed 10% in all but one year since 1995. Going back nine decades, 23 years (or a quarter of the total) saw at least one asset class return more than 30 percent. In addition only four years ended with gains smaller than 4 percent.

Had you been devoid of any type of communication for the full year, and checked the S&P 500 on December 31st you would have thought not much had happened in the markets during 2015. Although the S&P 500, inclusive of dividends advanced by about 1.45%, volatility spiked, with the number of days with 1% moves (in either direction) increasing dramatically. During August we saw a sharp and swift decline of 10%, the first such correction since 2008. Between August 10th and August 25th, the Dow Jones Industrial Average plunged 11% on fears that everyone had underestimated China's troubles and their impact on the rest of the world. Besides the slowdown in China, as its economy shifts from one that is dependent on exports and government spending to an economy predicated on consumer spending there were a number of other factors that contributed to both the stock market volatility and lackluster results in 2015.



Source: Bloomberg and Oppenheimer & Co. Investment Strategy

The Energy Market

The price of a barrel of West Texas Intermediate crude oil posted its all-time high of $147.27 on July 11, 2008. When the financial crisis struck later that year, the price of crude had fallen back all the way to around $30 a barrel. WTI did not top $100 a barrel again until February of 2011.

U.S. oil producers then turned to a new technology that had transformed the natural gas industry in the country - hydraulic fracturing, or fracking. By 2010, just three years after pundits had predicted the inevitable decline of U.S. onshore oil production, crude oil output had reached a low of 4.5 million barrels a day. By late 2013, fracking had boosted that total to 7.5 million barrels a day. Two years later that number has increased by an additional 1 million barrels per day, producing an oil glut. This oil supply coupled with a slowing in the world's major economies has negatively impacted oil demand and has driven crude prices to below $30 a barrel.

In order to help finance the fracking revolution companies turned to the high yield debt market. It is estimated that approximately 20% of the total high yield debt market is currently represented by energy related companies. With the price of a barrel of oil plummeting there is concern that a number of these companies will not be able to service their debt.

The precipitous decline in the price of crude is a double-edged sword. Clearly consumers benefit mightily, which should buoy both retail and leisure stocks among others. On the other hand, states such as North Dakota, Texas, Pennsylvania and California which benefited from the spike in oil prices have begun to feel the pain. Unemployment has risen and real estate values have softened. A lot of these lost jobs were high paying and helped drive the economy during the past couple of years. During the second half of the year, the stock market was held hostage by the price of oil. In fact the two markets seemed to move in lockstep. A number of forecasters are predicting a continued decline in crude prices during the first half of 2016. Goldman Sachs believes oil could fall to $20 per barrel. You may recall Goldman predicted $200 a barrel oil when it was trading at $140 a number of years ago.

The Federal Reserve & The U.S. Dollar

When the Fed cut short-term rates to near zero in December 2008, the U.S. was losing hundreds of thousands of jobs per month and the financial system was on the verge of collapse. The rate cut was an emergency response which was not expected to last very long. This "temporary" measure lasted for seven years. On December 16th, the Fed declared that the economy was finally healthy enough and raised interest rates by a quarter of a point. They are targeting approximately four rate hikes for 2016. With the world economy in such a fragile state it is questionable whether that will occur. Furthermore, the Fed is cognizant of what happened in the late 1930's when interest rates rose too rapidly crippling the U.S. economy. The fear of an impending interest rate rise in 2015 (even though it was one of the most telegraphed in economic history) impeded the bull market advance.

The strong dollar negatively impacted the sales and earnings of many U.S. multi-national businesses causing them to miss analysts' earnings expectations, driving down their share prices. Lastly the increase of terrorist attacks throughout the world proved to be an additional headwind for the market.

Performance

2015 was certainly not a year to write home about. Depending on the type of account you have with us (concentrated/diversified or dividend paying equities) as well as the length of time you have been clients (newer accounts have higher cash positions) our accounts ranged from down slightly to up modestly. The only way to have truly outperformed was to invest in the so called "FANG" stocks (Facebook, Apple, Netflix and Google). While as consumers we love the above-referenced companies products/services, however as value investors we do not particularly care for the rich multiples they sell for.

Not only was the NASDAQ's gain skewed by the advance of a few mega cap stocks, the S&P 500, a market weighted index was also boosted disproportionately by a handful of successful big caps. Jessica Binder Graham, a Goldman Sachs analyst, identified how many points these performers contributed to the S&P 500 index level of 2044: Amazon, 15.8; Microsoft 8; Facebook 6.5 and Alphabet formerly Google 15.8 points. **If you exclude these names along with four other big-cap gainers, the S&P 500 would have decreased by 4%. Furthermore, the average S&P 500 stock declined almost 4%, according to Bespoke Investment Group.** In order for stocks to make significant gains in 2016, a larger number of stocks have to participate.

A Look Ahead to 2016

Volatility

The past twelve months featured some stomach churning moments including a market drop of more than 10% during the month of August. In addition, there were many days when the stock market experienced 100 point moves both up and down. Towards the end of the year the market was held captive to the price movement of crude oil. In days when the price of that commodity advanced stocks also moved higher. Conversely, on down days when the price of oil slid so did stocks. We would look for more of the same in 2016.

Fourth Year of the Presidency

Presidential election years are the second best performing year of the four-year cycle, producing loses of greater than 5% in only six of those 30 years according to *The Stock Trader's Almanac*. Incumbent parties lost power in five of those years. Interestingly eighth years of presidential terms represent the worst of election years since 1920. In the 8^{th} year, the DJIA and the S&P 500 have suffered average declines of -13.9% and -10.9% respectively. Out of these six full years, only 1988 was positive.

To add to the confusion, the Obama years thus far have been diametrically opposed to normal historical patterns. The first and second year of a president's term has normally been the worst in terms of stock market performance. In the case of President Obama, the first and second year of his second term saw the S&P 500 experience double digit returns, while the third year, normally the best for stocks has thus far been the worst. So it is anybody's guess as to how the fourth year turns out. My suggestion is to listen to Henry Singleton, investor extraordinaire: "I don't believe all this nonsense about historical rhetoric or market timing. Just buy good value and when the market is ready, that value will be recognized."

The Strong U.S. Dollar

The strong U.S. dollar negatively impacts the earnings of U.S. multinational corporations. On the other hand, a strong currency attracts foreign investment and helps finance our deficit. It should also enable interest rates to remain lower than normally would be the case. However it causes particular pain for firms in emerging markets that issued bonds in dollars instead of local currencies. The dollar's rise means it will take more of them to repay the debt. If we use the euro as a surrogate for all the major world currencies you can see the magnitude of the greenback's gain. The summer of 2014 saw the euro trade at around 136, today it trades at ~109. There are a growing number of pundits who believe it will trade at par with the U.S. dollar. On a purchasing power parity basis that makes no sense. Our predication is the euro does not trade at 100, if it does take a European vacation or better still buy a house in Tuscany.

Higher Interest Rates

The Fed has telegraphed four interest rate hikes for 2016. With the U.S. economy growing at a paltry 2%, after all the stimulus thrown at it by the Federal Reserve, and the rest of the world's major economies teetering, it is unlikely that we will get that many rate hikes in 2016. In all likelihood any interest hikes that occur will be in March and June. The Fed normally does not like to raise rates as Election Day nears. What you don't want is for the Fed to be too aggressive and impede the economic expansion. Unfortunately, the history of the Federal Reserve is littered with mistakes big and small. Let's hope the Fed does the right thing. The Fed is certainly cognizant of what happened to the economy in the late 1930's, when it prematurely raised rates, thinking the economy was on sound footing.

Precipitous Decline in the Price of Oil

As mentioned in the early part of this letter, the decline in the price of oil from more than $140 a barrel to below $30 per barrel is a double edged sword. Approximately 20% of the entire high yield debt market is represented by oil and gas producers. The spread in the high yield market versus U.S. Treasuries has widened dramatically, reflecting potential defaults from highly leveraged energy related businesses. A growing number of analysts are predicting the price of oil could fall to $20 per-barrel in 2016, including Goldman Sachs, who once predicted oil would reach $200 per barrel....It is anyone's guess how low oil can get before it rebounds. Fracking will continue to be a large contributor to oil output during the foreseeable future, and with Iran once again entering the market do not look for the price of oil to reach $100 a barrel anytime soon.

The Death of Bricks and Mortar Retail Has Been Greatly Exaggerated

Stock performance for conventional retailers has been subpar, reflecting industry concerns pertaining to consumer fundamentals and the potentially disruptive impact of e-commerce. In our view, the highly negative investor sentiment and corresponding declines have overstated the impact of these headwinds, and have created attractive investment opportunities that should begin to bear fruit in 2016.

Conventional store locations still retain a highly relevant and valuable part of the retail industry landscape. In some cases these store locations are also a meaningful source of value for companies that own the underlying real estate, providing an additional source of downside protection for shareholders. Importantly, many conventional retailers have invested significant resources in their e-commerce capabilities in order to become effective omni-channel providers. Broader consumer uncertainty could remain an ongoing challenge, but we would not view this as a long-term challenge to overall sector sales and profits. Looking ahead, any upgrade in consumer sentiment paired with the substantial recent declines in gasoline prices could eventually serve as meaningful drivers of demand across the retail space. While this gradual recovery materializes, several retail stocks that we follow offer dividend yields of over 3% that should further reward investor patience.

Time to Tune in to Media Stocks – Shares of Many Companies in the Bargain Bin

There are a number of uncertainties facing the media sector these days including OTT/SVOD threats, skinny bundles, cord cutting, among others. Investing in the rapidly evolving media sector is not without its perils, but we believe the sell-off in many media stocks has presented an opportunity. Media shares were buffeted in 2015 following the release of Disney's 3Q 2015 earnings in August 2015 when it reduced its growth outlook for its cable networks to mid-single-digits (previously high single-digit) reflecting, in part, a "modest" decline in subscribers at its flagship ESPN cable network. During Liberty Media's recent investor day held in November 2015, legendary media investor Dr. John Malone commented on the sell-off in media stocks post the Disney revelation and stated, "The overreaction of the market kind of surprised me. … Like anything else it creates opportunity. If things get mispriced, that's opportunity for investors." Historically the media sector has been a fertile ground for our firm due to the favorable investment merits of many media stocks, including irreplaceable assets, strong brands, and attractive recurring revenue streams. While the media sector was a tough place for investors during 2015, we believe from a long-term perspective this area of the market offers some compelling buying opportunities.

The Sequoia Fund partially due to Warren Buffett recommending it to his investors when he disbanded his partnership and by producing superior long-term results has built an enviable reputation in the value investing community. Like Mr. Buffett and Sequoia founder Bill Ruane, we at Boyar ascribe to the belief that one of the best strategies for obtaining outsized returns is to have a concentrated portfolio consisting of your best ideas. As wouldn't you rather invest significantly more capital in your highest conviction ideas than you would in your 75th best idea? However to manage risk you need to size a position large enough where you will significantly benefit in the event that your investment thesis is proven correct but have it be small enough where it would not be devastating to your portfolio if you turn out to be incorrect. Determining an appropriate position size is a delicate balancing act (perhaps more art than science), which as the article below demonstrates Sequoia did not do very well in the case of Valeant.

Huge Valeant Stake Exposes Rift at Sequoia Fund

For more than four decades, the Sequoia Fund has been the envy of Wall Street, one of the rare funds to consistently beat the market. Known for its close ties to Warren E. Buffett, the fund at its peak managed more than $9 billion. It was in such demand that it closed to new investors in 2013, a move that enhanced its mystique. That mystique has been shattered. Late last month, two of Sequoia's five independent directors, Vinod Ahooja and Sharon Osberg, abruptly resigned a rare and public sign of dissent within a mutual fund's board.

Sequoia gave no reason for the departures, but they came just days after a contentious board meeting in which the fund's managers revealed they had bought more shares in the embattled drug maker Valeant Pharmaceuticals International, despite objections by the independent directors. All the directors had repeatedly expressed concern over the size of an already large stake in Valeant. The managers disclosed the purchase of an additional 1.5 million shares, increasing Sequoia's stake in Valeant to more than 10 percent and making it the company's largest shareholder. At its peak this summer, Valeant represented 32 percent of the fund's portfolio, according to Sequoia, a hugely concentrated bet even for a fund like Sequoia, which invests in a smaller number of stocks than most funds (emphasis added)…

From its inception in 1970 through the end of last year, Sequoia has been a top-performing fund, generating an annualized return of 14.5 percent a year, compared with 11 percent for the Standard & Poor's 500-stock index. Then came Sequoia's infatuation with Valeant. The fund began buying the pharmaceutical company's shares in 2010 and watched its share price rise inexorably as it bought existing drugs and raised their prices significantly, rather than trying to develop new drugs. But this summer, Valeant came under siege for its aggressive drug-pricing policies, its voracious appetite for acquisitions, its high debt level and its ties to a dubious pharmacy partner. Valeant's shares have plunged to about $75 this week from over $260 in August. Valeant, in turn, has dragged down Sequoia. Over the last three months, shares of Sequoia, which trade publicly as an open-end mutual fund, have dropped 22 percent, while the S&P 500 has been flat. During October, investors withdrew nearly $100 million from the fund….

In the recent Sequoia directors' meeting, conducted by telephone, Mr. Poppe and Ruane Cunniff's chairman, Bob Goldfarb, defended the fund's large position in Valeant by comparing it with the fund's longtime investment in Berkshire Hathaway. Some independent directors were especially taken aback when Mr. Goldfarb defended the recent additional purchase of Valeant shares by repeating one of Mr. Buffett's favorite sayings: "Be greedy when others are fearful." In his conversation with me, Mr. Poppe also used Berkshire to defend his Valeant investment. He said that during the late 1990s, Berkshire Hathaway was 35 percent of the fund and had a period when it lost half its value, but it recovered and became one of the fund's best investments….

Mr. Poppe stressed that it's not up to fund directors like Ms. Osberg to make investment decisions. "We believed Valeant was one of our very best ideas," he said. "Bob and I make those decisions. It's not a team or management by committee. We listened to their input, but we felt strongly that we need to manage the fund as we see fit…"

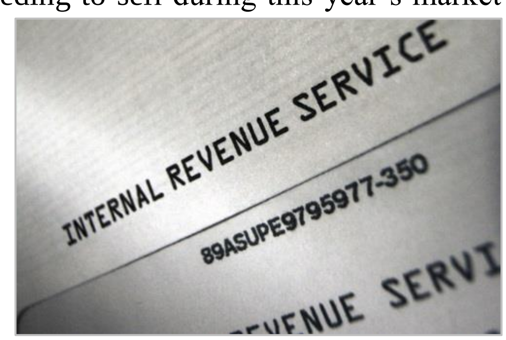
Mr. Poppe said shareholders understood that the fund's policy was to take concentrated positions in stocks the managers believed in, and then hold them long-term. Still, the fund has typically pruned positions as their valuations soared, and the concentration in Valeant seems an anomaly. The next biggest position after Berkshire Hathaway is just 5 percent of the portfolio, and most are less than 2 percent…

Excerpt from a New York Times article written by James Stewart on November 12th 2015.

One of the drawbacks in investing in mutual funds as demonstrated by the article below is you could end up with an unexpected tax bill due to mandatory distributions mutual funds must make on investment gains. If you enter a "highflying" mutual fund that has a significant amount of unrealized gains and that funds' performance starts to falter, redemptions may follow. The fund may be forced to sell some of its past winners possibly triggering a mandatory distribution for the fund and a taxable event for the investor. One way to avoid this problem is to invest in separately managed accounts as opposed to mutual funds as you will have your own cost basis for each security in your portfolio.

Mutual Funds Will Distribute the Pain

Some mutual funds plan to deliver a not-so-cheery package to investors this holiday season—large taxable distributions. A handful of mutual funds plan to make capital-gains payouts of nearly 30% or more of their net asset values in December, an unhappy result of managers needing to sell during this year's market turmoil. When mutual funds sell securities in their portfolios, they are required to distribute the net gains to fund shareholders, who then may owe taxes on those gains if the shares are held in taxable accounts...



A fund has to have performed well to have embedded gains, but then when performance goes south, investors often sell, explains Mark Wilson, chief investment officer of Tarbox Group, a wealth-management firm in Newport Beach, Calif. That leaves a smaller group of shareholders to share the burden of the fund's capital-gains payout, says Mr. Wilson, who tracks mutual-funds' capital-gains distributions on his website, CapGainsValet.com. "It's important to be aware of fund flows," he says. "If a fund is losing assets, an actively managed fund has little control over what's going to happen with distributions. "Most of the funds on Mr. Wilson's "In The Doghouse!" list—those that expect to make capital-gains distributions of more than 20% of their net asset values—invest in the U.S., where markets have had a strong run in prior years, but turned lackluster and volatile this year, he says. While some funds that invest in large-cap companies made his list, there are more small-cap and midcap funds, he says….

Much-larger funds are also on the list. The $2.1 billion Aston/Montag & Caldwell Growth Fund (MCGFX) plans to distribute about $7.61 a share in long-term capital gains, or 28.6% of its net asset value as of Nov. 30, on Dec. 30. The fund held up well in 2008 and did well in 2011, but its recent performance has been mediocre, says David Kathman, a senior analyst at Morningstar Inc. It had net outflows of $2 billion in the 12 months through the end of October, which likely forced it to sell stocks, he says… Two names that Mr. Wilson was surprised to see on his doghouse list are the $670.3 million Pimco Long-Term U.S. Government Fund (PFGAX) and the tiny $70.8 million Deutsche EAFE Equity Index Fund (BTAEX). The former estimates that it will make a distribution of 38.5% on Dec. 16, while the latter expects to make a 28.9% payout on Dec. 24. Both figures are based on net asset values as of Nov. 30. "It's unusual to see a bond fund on the list, especially a long-term bond fund," Mr. Wilson says…It's also unusual to see index funds, which don't normally do a lot of trading, crop up in the doghouse, Mr. Wilson says. They often pay dividends of just 4% or 5%, he says…

Excerpt from a Wall Street Journal article written by Daisy Maxey on December 6th 2015.

Below is a fascinating story of what recently occurred at Third Avenue Management. One of their funds invested in highly illiquid bonds. This is a perfectly legitimate and potentially lucrative strategy provided that you have both a long-term time horizon and a stable capital pool. Most likely in order to target retail investors, Third Avenue decided to offer this strategy via a mutual fund structure (as opposed to a limited partnership which is significantly more common for investment vehicles that invest in illiquid securities) which means Third Avenue had to allow investors to redeem their shares almost immediately if requested. This was a recipe for disaster. As the fund's performance started to weaken there were redemption requests. In order for Third Avenue to meet these requests, they had to sell illiquid bonds to raise cash. Because they were forced sellers, they ended up selling the bonds at a discount driving down the price of the bonds remaining in the fund. This caused the funds' performance to weaken further triggering even more selling. A vicious cycle was created. The lesson hopefully learned from this debacle is that mutual funds should be limited in the amount of illiquid investments they can hold or at the very least investors are better informed of the risk of investing in illiquid securities via a mutual fund structure...

<u>How the Third Avenue Fund Melted Down</u>

The end came quickly for David Barse.

For 24 years, Mr. Barse helped lead Third Avenue Management LLC, a mutual-fund company founded by legendary investor Marty Whitman known for profiting from beaten-down investments. At its peak in 2006, Third Avenue managed more than $26 billion. But in the early afternoon of Dec. 11, Mr. Barse was trying to hold the firm together. Walking into a conference room at its midtown Manhattan offices, he presented a rescue plan for the company's high-profile Focused Credit mutual fund. The fund, packed with risky debt, was in free fall and had halted customer withdrawals—a nearly unprecedented step for mutual funds, which are required to promptly return investor money. Now, he wanted to sell the fund's assets to private-equity firm Fortress Investment Group LLC. Mr. Barse's partners delivered a shocking response: No way.

Mr. Barse, 53 years old, grew agitated, said people familiar with the presentation. Meeting with the firm's management committee later that afternoon, Mr. Barse vowed to go ahead with the Fortress deal anyway, convinced it was the best move for the fund's investors. Tensions grew, and Mr. Barse was told the group had come to a different decision. They were firing him, and he needed to vacate the building immediately, without stopping to collect his personal belongings….

Investors around the world took the Third Avenue meltdown as an ominous signal. Junk-bond markets tumbled, sparking worries about other mutual funds. Markets remain on edge and investors continue to ask how a mutual fund could unravel so rapidly and how a pedigreed firm could run into such deep problems…

Under Mr. Whitman's leadership, Third Avenue—which started in 1974 and scored early gains investing in mortgage bonds of the then-bankrupt Penn Central Railroad—became among the most respected mutual-fund firms, emphasizing "vulture" investments in the debt of struggling companies...

After becoming CEO in 2002, Mr. Barse drove growth by helping to launch new funds. That year, Messrs. Whitman and Barse sold 60% of the company to AMG. Executives vowed to increase assets, then $4 billion, to $25 billion, a former employee recalls. They met their promise in 2006, when assets hit $26 billion, partly as investors piled into the flagship Third Avenue Value Fund run by Mr. Whitman, which focused on stocks.

But Third Avenue lost about half its assets during the 2008 credit crisis. The firm's highly concentrated style, inspired by Mr. Whitman's approach to value investing, backfired and his stock fund lost 45% in that year, exceeding the 37% decline in the S&P 500. Mr. Barse became concerned about competition from low-cost index-tracking mutual funds, according to a former employee. Third Avenue attempted to launch "alternative" funds, or vehicles that resembled hedge funds, but most never clicked.

One winner: the credit fund, which was launched in 2009 and quickly raced past $1 billion in assets. The fund, which was Mr. Barse's brainchild, bought hard-to-trade distressed debt and other investments likely to rise as the economy rebounded.

Most distressed-debt investors operate private funds that can delay repaying investors if their holdings become hard to trade. By opting instead for a mutual fund, Third Avenue was able to sell to individual investors but increased its risk by promising them an easy exit. As the performance of Mr. Whitman's own stock fund lagged after 2008, his relationship with Mr. Barse turned tense, adding to strain within the firm. Mr. Barse criticized Mr. Whitman's concentration in Hong Kong real-estate shares, which the CEO argued was making it harder to market the fund, people familiar with the situation said…The dispute boiled over in the fall of 2011, when about 50 employees gathered in the firm's largest conference room after an annual meeting with investors. Mr. Barse screamed at Mr. Whitman, inches from his face, demanding better performance, according to people who were in the room…

Mr. Whitman eventually withdrew money from the Value Fund and quit running it to focus on investing for himself, while remaining chairman of the firm. As most of Third Avenue's funds underperformed relevant benchmarks—only its real-estate fund beat a comparable index over the past five years—Mr. Barse seemed to become more irritated, the people said. Staff stopped using the conference room adjoining Mr. Barse's office because sometimes he could be heard shouting through the walls…

While Third Avenue's stock funds were shrinking, the credit fund kept growing, led by portfolio manager Thomas Lapointe, who had formerly run a traditional high-yield bond fund at Columbia Management. Mr. Lapointe admired Mr. Whitman's strategy of making large, concentrated bets, a tack that can reap big returns but also amplifies risk. Diversification "is a damn poor surrogate for knowledge, control and price consciousness," Mr. Whitman said in an interview with Barron's earlier this year…

Mr. Barse voiced some concern about the risk of holding hard-to-sell assets while allowing investors to sell out in a day, according to someone who worked with him."David was worried about the mismatch," said the ex-employee. When the junk-bond rout began in July and the firm's assets slipped to $10 billion, Mr. Barse didn't seem especially nervous. But by early December the credit fund was down about 27% on the year and assets fell to around $800 million. It had received so many withdrawal requests that Third Avenue informally reached out to the Securities and Exchange Commission to give regulators a sense of the mounting troubles, executives said. Third Avenue decided to freeze the fund's redemptions—a move approved by its board of trustees…Today, a group of five executives runs Third Avenue. Mr. Whitman, 91, remains chairman.

Excerpt from a Wall Street Journal article written by Gregory Zuckerman & Matt Wirz on December 23rd, 2015.

If you have any questions or comments, please do not hesitate to call.

Best regards,

Mark A. Boyar

Jonathan I. Boyar

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Past performance is no guarantee of future results. Investing in equities and fixed income involves risk, including the possible loss of principal. *The S&P 500 Index is included to allow you to compare your returns against an unmanaged capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of the 500 stocks representing all major industries. The Russell 2000 is an index measuring the performance of approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The NASDAQ Composite is a market-capitalization weighted index of the more than 3,000 common equities listed on the NASDAQ stock exchange. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ. The volatility of the above-referenced indices may be materially different from that of your account(s), and the holdings in your account(s) may differ significantly from the securities that comprise the above-referenced indices. Your results are reported gross of fees. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) $1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.50% annual investment advisory fee would be $15,566 in the first year, and cumulative effects of $88,488 over five years and $209,051 over ten years. This material is intended as a broad overview of Boyar Asset Management's, philosophy and process and is subject to change without notice. Account holdings and characteristics may vary since investment objectives, tax considerations and other factors differ from account to account.*