

Many investors may be wondering how we are faring and also what we are doing during this time of increased volatility in the markets. The answer to the first question lies in the returns of your individual portfolios. Those of you who know us realize that we try not to take too much stock in the short-term as we rather focus on long-term results. The answer to the second question is also simple. We are not doing anything different than at any other point in our history. We focus on businesses that we believe will generate consistent results over our long-term time horizon. While this seems simple in theory, the practice of remaining unemotional during times of volatility when markets are irrational is far from simple. Fortunately, the investment process established at our founding has provided the consistency and discipline we need to steer through these volatile times with conviction.

The volatility that currently exists can cause concern, however we try not to pay much attention to the noise of the day-to-day news flow. There are some points that we would like to highlight that may be of interest.

Valuation is a critical factor when we evaluate opportunities. During environments where growth and momentum are in favor such as the previous 12 months we may see a lack of interest in some of our holdings. Growth indices continued to outperform value indices despite the strong fundamentals of inexpensive companies. For the first quarter of 2018 the Russell 1000 Growth outperformed the Russell 1000 Value by roughly 4%, the Russell Mid Cap Growth outperformed the Russell Mid Cap Value by roughly 5% and the Russell 2000 Growth outperformed the Russell 2000 Value by roughly 5%. This compares to the full year 2017 when all three growth indices outperformed value indices by double digits.

On Jan 23, 2018, the senate confirmed Jerome Powell to become the 16th Chairman of the Federal Reserve (Fed) replacing Janet Yellen. Mr. Powell met expectations during the March meeting as the Fed decided to raise short-term interest rates a quarter percentage point after three increases in 2017. Fed minutes signaled a potential to increase interest rates at a slightly more aggressive pace in coming years to keep the strengthening economy from overheating. At the end of March, the three month London Interbank Offered Rate (LIBOR) climbed to 2.31%, the highest level since November 2008. LIBOR measures the cost for banks to lend to one another and is used to set interest rates on roughly \$200 trillion in dollar-based financial contracts globally.

The volatility in stock prices was further impacted by disruptions in large cap health care companies with the announcement by Amazon, Berkshire Hathaway and JPMorgan to form an independent health care company for their employees in the United States. This has health care providers, distributors and Pharmacy Benefit Managers (PBMs) concerned that the combined entity may be able to offer care at a lower cost to consumers. Another concern is that this new business model may disrupt current practices. The disruption in the managed care industry has spurred the acquisition of Aetna by CVS and the proposed acquisition of Express Scripts by Cigna.

The bond proxies are groups of stocks within utilities, consumer staples, telecommunications, and real estate sectors that offer a combination of stability and dividend yield. Investors had been attracted to this group due to stock yields higher than the 10 Year U.S. Treasury Bond. However, the rise of the 10 Year U.S. Treasury yield that stands close to 2.76% has eroded some of the group's advantage. Subsequently many of these stocks were under pressure in the first quarter. Valuations in some consumer staples have become interesting but have not reached a point to entice mergers and acquisitions.



DIRECTIONS

A PERIODIC PUBLICATION OF STOCK MARKET INSIGHTS AND OBSERVATIONS

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Amid market fluctuations we remain diligent in the execution of our process. Our focus remains on companies with positive free cash flow generation, consistent returns and favorable balance sheets. We continue to look to identify businesses with sound fundamentals that have been discarded by other investors during times when investors have lost faith in equities.

We appreciate your confidence in our team and firm, and we will work hard to keep your trust.

Additional Information – Summary of Materials Changes

Seizert Capital Partners filed the annual amendment to Form ADV Part 2A on March 21, 2018.

There have been no material changes made to our Form ADV Part 2A since our last annual amendment dated March 27, 2017.

Currently, our Brochure is available free of charge to any interested party by contacting us by email at info@seizertcapital.com or by phone at 248-593-1500. Additional information is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with us who are registered, or are required to be registered, as one of our investment adviser representatives of our firm.

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