David Dietze's

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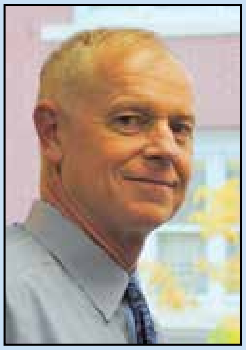
THIRD QUARTER 2016



"We still see the path of least resistance for the stock market as up. An important positive is low interest rates. $10 trillion of sovereign debt is bearing negative interest rates. The 10 Year US Treasury yield is at 1.7%, lower than it started the year, providing less income than stocks. Why wouldn't this continue to push investors at the margin into risk assets like stocks?"

David Dietze, JD, CFA, CFP
CNBC, June 7, 2016

SPECIAL IN THIS ISSUE

Picks for 2016's Back Nine

By David G. Dietze, JD, CFA, CFP™

Despite it being the eighth year of an historic bull market, plenty of headwinds confront investors. At the top is corporate earnings: We have just seen the fifth straight quarter of year over year declines. Lower earnings make stocks more expensive, pressuring prices.

Meanwhile, the Federal Reserve insists that its first step to remove the punch bowl and normalize interest rates, taken in December, will be followed up by one or two rate hikes before year end. Higher rates are a valuation negative, although not necessarily a recession trigger.

Overseas economies continue to flounder, with Japan and Europe struggling to stay out of recession. On the plus side monetary authorities continue to press for monetary easing, and some 10 trillion Dollars of the world's sovereign debt have negative yields.

Nevertheless, with the yield on the 10 year Treasury at 1.71%, investors will continue to scour the equity market for superior opportunities. Below are ten we believe offer long term upside.

Nestle (NSRGY): Swiss based Nestle is the world's largest purveyor of snacks and drinks, boasting market leading brands like Nestle, Nescafe, Perrier, Kit Kat and Pure Life, plus a 23% stake in French cosmetics firm L'Oreal. The breadth of its offering and markets reduces risk. Rapidly growing market penetration of emerging economies offers above average growth opportunities. The dividend is healthy, resulting from a double digit annual percentage payout increase over the last decade. Any break in the Dollar's strength should make more valuable Nestle's cash flow.

"Swiss based Nestle is the world's largest purveyor of snacks and drinks, boasting market leading brands"

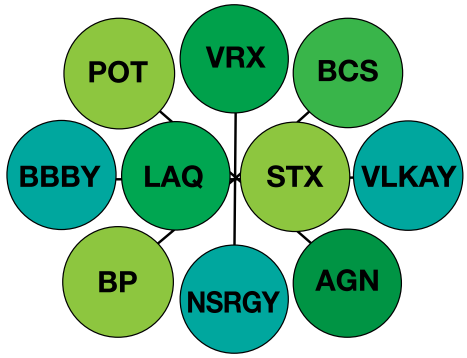
Allergan (AGN): One of fastest growing companies on the planet, this specialty pharma player boasts a bevy of biosimilars

continued on page 2

Picks for 2016's Back Nine . . continued from page 1

and other specialty drugs, headlined by the world's best known drug, Botox. It's in the process of exiting its generic business to Teva, which will give it $30 billion net cash.

Although it pays no dividend, the valuation appears attractive. Last November, the world's biggest pharma, Pfizer, agreed to buy each Allergan share for Pfizer shares worth $352. When the deal aborted, Allergan's stock price plummeted. The current price allows you to buy Allergan at a near 30% discount to Pfizer's appraisal.



Valeant (VRX): Hedge fund darling Valeant has had a stiff comeuppance, as accounting irregularities and questionable transactions with one of its affiliates triggered an 81% selloff in the stock. We still think the company has a world class business that can now be bought on the cheap.

It boasts a mix of proprietary and generics, with no one product representing more than 11% of sales. It eschews expensive and risky research and development, while also minimizing exposure to the uncertainties of the Medicare reimbursement market. Recently acquired eye care maker Bausch & Lomb alone may be worth more than Valeant's current quote.

"With the yield on the 10 year Treasury at 1.71%, investors will continue to scour the equity market for superior opportunities"

Barclays (BCS): Euro banking has not been a fertile area for investors in the last few years, as weak economies, heightened capital requirements, regulatory scrutiny, plus negative interest rates have pummeled these businesses. UK based businesses also reflect concerns over the Brexit.

However, Barclays remains as one of the best banking brands in the UK, and indeed has operations worldwide. The crown jewel is its credit card business, the UK's market leader, earning 20% returns on equity. Barclays investment banking business has lagged, but the current quote means the stock trades at just half of book value.

Aberdeen Latin America Equity (LAQ): The sheen is off regions south of the Rio Grande, as economies have been weighed down by weak commodity prices, a softening China, a major trading party, and political turmoil, most notably in Venezuela and Brazil.

However, the demographics of Latin America suggest high growth rates ahead. Its heavy dependence on commodities has always been a millstone around its neck; raw material prices have surged this year, suggesting better times ahead.

The Aberdeen Latin America Equity fund is an attractive way to obtain exposure because it boasts a well-designed, professionally managed portfolio. Take advantage, too, of this closed end fund's near 13% discount to net asset value.

Seagate (STX): Seagate, together with Western Digital, enjoys a duopoly in the hard drive market for personal computers (PCs) and data centers. It is also a leader in the storage market, competing with Western Digital and Toshiba.

The moat around its business derives from its scale and thus ability to invest constantly in technological advances. Seagate is a champion on returning cash to shareholders via its dividend; the yield is now at 10%+, and it's increased the dividend 23% annually over the last decade.

Potash (POT): Commodity producers have been under pressure the last few years due to weak global economies, a downturn in demand from the world's second largest economy, China, plus a strong Dollar triggering deflation. However, commodities are out performing stocks this year for the first time in the last nine, capped by an 18% surge in March, April, and May.

Potash is not just any commodity producer, as it's the world leader in fertilizer production. Potash is attractively valued, priced at just half its 52 week high, boasting a 6% dividend and trading at less than 13 times earnings.

Volkswagen (VLKAY): The diesel emissions scandal has laid this company low, but too low in our view, plus overlooks its non VW lineup. Admittedly, for the next several months headline risk remains but much of that is priced in. For example, its revenues make it neck and neck with Toyota as the world's largest vehicle maker, but the market capitalization is less than half Toyota's.

VW is conservatively financed, providing it with great flexibility, plus its global and product diversity, from entry level models to super luxury, offer it unusual stability.

"Higher rates are a valuation negative, although not necessarily a recession trigger"

Its non VW lineup is impressive, including Audi, Porsche, Bentley, Bugatti, Lamborghini, SEAT, Skoda, MAN, and Scania, in addition to Volkswagen. The value of just Audi and Porsche as a standalone company may be greater than that of VW today.

Bed Bath & Beyond (BBBY): One of the country's leading retailers, its non-discretionary products like linen, sheets, towels, and cookware give it some resiliency against economic volatility. Leadership in gifts registries for baby, bridal, and gifts help insure customer loyalty.

While its 1000+ flagship Bed Bath stores already have well penetrated all 50 states, growth is poised to come from new store formats like buybuy Baby, Harmon and Cost Plus World Market, plus international forays.

Although Amazon is a threat to all brick and mortar retailers, Bed Bath's omnichannel approach is well respected, and its web and mobile operations gaining traction.

BP (BP): One of the world's leading integrated energy companies, technically London based but with more Stateside assets than Exxon. Its US refinery operations are profitable standouts.

Your Financial Legacy: More than Dollars and Cents

By Claire E. Toth, JD, MLT, CFP™

We want our children to think well of us—both while we're here and after we're gone. Sometimes, despite our best intentions, we leave our finances in a situation no one else can understand. That keeps us forefront in our children's minds—but perhaps not in the way we'd like. Over the course of several decades, you've probably unintentionally created a haphazard financial profile—scattered accounts, uncoordinated payout provisions, incomplete documentation. Other things got in the way, and it's all perfectly understandable.

Realize that at some point, the younger generation will have to pick up the pieces. It may be when they are settling your estate, but more and more, adult children take responsibility for their parents' finances while those parents are still alive. It is in your best interest to make this as simple and transparent for them as possible. Doing so comes down to simplicity, documentation, and communication.

"At some point, the younger generation will have to pick up the pieces."

Simplify. First, consolidate your accounts so there is one point of contact. Most banks are affiliated with brokerage firms. Conversely, most brokerage firms have a cash management feature that acts as a bank substitute. Either way, your financial accounts should all be consolidated at one institution.

Scattered accounts get lost. Often, children only learn of their parents' accounts when the tax reporting statements arrive. In this low-interest rate era, many accounts don't produce enough income for that; your family may never know about smaller accounts.

All of your financial assets should be in that brokerage account. Stock certificates can get lost, and in any event reregistration is cumbersome. If you don't keep up with corporate actions (mergers, divisions, spin offs), working through that process later is time consuming. Similarly, holding securities with a transfer agent can create bureaucratic nightmares after you have passed away. If everything is held in a brokerage account, that institution takes care of the administrative headaches.

It's also simplest if all of your Social Security, pension, and any other regular deposits all go to the same account. Some couples choose to keep their funds separate. That's fine. Linking accounts electronically, so that funds can be transferred without appearing in person, makes managing all of this much simpler—both for you and for those who come after you.

"Holding securities with a transfer agent can create bureaucratic nightmares after you have passed away."

Likewise, when you retire or leave a job, roll out those 401ks. Employers don't want to keep track of retirees and handle regular payouts; having all retirement assets in a single account makes taking required distributions simpler as well.

Simplifying also means safely disposing of outdated financial paperwork. Imagine your children dealing with your financial files and paperwork cold turkey—could they quickly find what they need? If not, begin by weeding out what's unnecessary. You should hold onto copies of tax returns you've filed forever. Most supporting documentation can be shredded three years after filing. Chances are, your financial professional can always retrieve old statements and 1099s for you—ask, and then shred your copies. Likewise, you don't need to hold onto receipts and trade confirmations once you've received the monthly statement on which they appear. You should hold onto information verifying the cost basis in your home and other non-publicly tradeable assets until three years after filing the tax return on which you report the sale. You likely only need the most recent declarations page from any insurance policy—health, life, or property.

continued on page 7

Claire E. Toth, JD, MLT, CFP™

Claire E. Toth, as Vice President of Point View Wealth Management, Inc., provides our clients with tax, financial, and estate planning expertise, enabling the firm to offer fully integrated asset management and financial planning services.

Ms. Toth is also Counsel to the law firm of Bourne, Noll and Kenyon, in Summit, New Jersey, where her practice focuses on estate and tax planning. Previously, she practiced with Herold and Haines, in Warren New Jersey, and spent 12 years with IRS Chief Counsel in Washington, D.C.

Ms. Toth received her A.B. and J.D. degrees from the University of Chicago, where she was elected to Phi Beta Kappa. She has an M.L.T. from Georgetown University and was awarded the CFP™ designation.

Redefining Emerging Markets

By John J. Petrides, MBA | Managing Director and Portfolio Manager

Larry Summers, former US Secretary of Treasury, commented that the upcoming US presidential election is being driven by populism and is making the US look like an emerging market nation. Although his comments were tongue-in-cheek, he is not off in looking to redefine the emerging markets of today. For the past 15 years, the BRIC countries (Brazil, Russia, India, and China) had been given the most hype as emerging markets. These four nations carried the global economy, particularly when the US housing bubble burst in 2008. However, today only one BRIC stands as emerging, India.

China has already emerged as the second largest economy in the world. It should no longer be considered emerging. Since the enactment of the World Trade Organization in 2000, China's economy grew at a double-digit rate for ten years, igniting the global economy. Today, China is transitioning from an industrial to a consumer led economy. China's economy is projected to grow 6.5% year-over-year; however, data out of China is always suspect. Regardless, gone are the days of double digit GDP growth.

"For the past 15 years, the BRIC countries (Brazil, Russia, India, and China) had the most hype as emerging markets"

The Chinese central bank has had major missteps over the past few years in dealing with this new growth reality. In late 2014 and in the first half of 2015, the central bank provided massive stimulus to the economy. Why would an economy supposedly growing 6.5-7% on an annualized basis need more stimulus? Either the data was not real, and or the central bank panicked. Most likely it was a combination of both. This stimulus created a bubble in the Chinese stock market; it rallied

John J. Petrides, MBA

100% from July of 2014 to June of 2015.

What followed? An incredible sell off in Chinese stocks in which the government had to intervene and halt trading on multiple occasions. The currency was devalued twice in a six month span. Finally, and most importantly, there has been a meteoric rise in debt levels. China's debt to GDP levels are now above 300%. This is up from 150% just five years earlier. The Chinese economy is slowing; maybe entering a hard landing. Capital has flown out of the country in droves. Debt levels have spiked. Now what?

This has implications for the US economy. The Federal Reserve says it remains data dependent, but the data set now includes China and the global economy. Twice the Fed has recognized the volatility in the global economy and China in its minutes, something it has never done before. The transition and slowdown of the Chinese economy has had a major impact on other developed and developing economies, particularly those economies that are based on commodities. China has emerged!

What about the rest of the BRIC countries? Recently, Brazil and Russia can be classified as floundering, not emerging. Brazil's economy has been mired in its worst recession since the 1930's. Brazil's GDP was down 3.8% over the past twelve months, and is projected to be negative 3.7% this year. One in ten people in Brazil is currently unemployed. The country's economy has shown to be too reliant on the health of the global commodity market and the pace of the Chinese economy. To top it off, Brazil's political situation is a mess, with the president facing impeachment due to a corruption scandal. Longer term, with hopes of political stability and the continued population growth, Brazil's economy one day may re-emerge, but much progress needs to be made.

Russia's economy is similar to Brazil in that it is highly correlated to the price of commodities, most notably oil. The price of oil is off more than 50% over the past two years and has thrown Russia into a recession. Russia's economy has fallen 1.8% year over year. Until recently, the value of the Russian ruble fell sharply, and inflation has spiked to 13% on an annualized basis. Foreign direct investment has decreased three years in a row. Its political system under Putin is a wild card at best. Russia's economy can be classified as cyclical, tied to the price of oil, but clearly not emerging.

"Today, China is transitioning from an industrial to a consumer led economy; gone are the days of double digit GDP growth"

That leaves India. Its relatively new Prime Minister Narendra Modi continues to build out its services economy and is establishing better trade relations with the West. India's GDP is expected to grow 7.5% this year. It has the least exposure of the group to the Chinese economy and to the volatility in commodity prices. The country boasts the second largest population in the world. However, its infrastructure is still inept. Although 100 million smartphones were shipped to India in 2015, only 30% of the country owns one. India's agriculture is based on grain, fruits and vegetables, yet it is estimated by the UN that 40% of all produce grown in India spoils, mainly due to poor supply chain logistics and lack of food storage facilities and refrigeration. India only consumes 4% of the world's oil consumption, yet has a population that is 3.5 times greater than the US, which consumes 20%. With a stable government, and favorable monetary policy, India has the capacity to continue to emerge.

The BRIC wall has been broken. China has emerged. India is emerging. Brazil and Russia are floundering. Countries like Indonesia, the

continued on page 8

Healthcare Stocks Under Pressure: Opportunity Knocking?

By Donna M. St.Amant, MBA, and Portfolio Manager

Healthcare care stocks had been one of the best performing sectors for years, but that performance came to a halt last year as concerns in the sector have moved into the spotlight. The sector has underperformed the broad market, down 6.94% over the past year. For 2016 the sector is down 1.92% compared to the S&P 500 which is up over 2%.

The issues pressuring the stocks are not new. The worries have been further ignited by increased attention from the media and from politicians on the campaign trail.

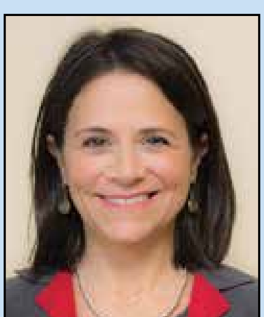
Controls over drug pricing are of paramount concern. The sector was hit hard last September when Turing Pharmaceuticals raised the price of the generic drug Daraprim over 5000% overnight after the firm gained the marketing rights. Daraprim is used to treat a parasitic infection that can cause brain damage or to prevent the infection in individuals with HIV infection. The price hike was well publicized and the public outrage and media backlash intense. Presidential candidates vowed to control price hikes and make prescription drugs more affordable.

Although most widely known, Turing is not the only case. Other companies have also instituted sharp price hikes when obtaining new rights for certain drugs. As such, the market's fear of new pricing policies has continued to put pressure on the stock prices.

The price hikes have also brought more focus to the debate concerning the government's authority to negotiate drug prices, particularly on behalf of Medicare and Medicaid, directly with the manufacturers. Candidates from both parties have argued for more government control over pharmaceutical prices. The sector continues to underperform as this debate gains publicity due to constant rhetoric in the political arena.

"The sector has underperformed the broad market, down 6.94% over the past year"

Another drag on the sector was the recently blocked merger between Allergan and Pfizer. It was a wakeup call to the market that the government will take a tough stand on such mega mergers.



Donna St. Amant, MBA

Uncertainty around government policy will likely cause continued volatility as candidates argue for healthcare reform, price controls, opposition to industry consolidation and government involvement in price negotiations. Investors are worried about the impact on healthcare companies. As a result the stocks have been out of favor.

However, after considerable re-pricing, there may be value in these names. Concerns in the industry are not new and have likely been overdone due to the attention given in the media. There appears to be more headline risk than actual risks. Although the volatility is likely to continue, particularly as we head into the election, the longer term trends in the sector are positive.

We see compelling value in some healthcare names. There are a number of factors that provide a positive backdrop and should continue to support the stocks over the long term.

Growing demand for healthcare services: Both the aging population and the advances in medical technology support an increase in the demand for medical services. The Affordable Care Act brings many newly insured participants into the arena. A declining unemployment rate is also a positive as people that are employed are more likely to get elective medical procedures and keep up with preventive care.

Innovation: Innovation in all sectors such as medical devices, biotechnology and medical information technology will continue to present opportunities.

Consolidation/Restructuring: Consolidation in the industry is likely to continue to help lower costs and address the new regulatory pressures and financial challenges brought about by government reform. Pharmaceutical companies are restructuring and streamlining operations.

Less sensitive to the economy: The healthcare sector is considered to be defensive. Medical care is a constant need so the sector is less sensitive to fluctuations in the economy.

Price control issue overdone: The topic of government negotiation and price controls is complex. It is not nearly as straightforward as some of the political candidates make it seem. There is already considerable negotiation that goes into pricing. Although we may see some reform and controls around price gouging, the broader framework for pricing should not see immediate and drastic change.

"Presidential candidates are vowing to control price hikes and make prescription drugs affordable"

Although the growth outlook is forecasted to slow from the robust levels of the past, the outlook still remains at a good pace. For this quarter the Health Care sector is expected to report the second highest revenue growth of all ten sectors, and all industries within this sector are expected to report growth. Trends toward cost cutting, share buybacks and product innovation should support growth. Some of the names to consider include:

Pfizer (PFE): PFE has a strong balance sheet and generates massive cash flow. At current valuations it's attractive. PFE has one of the largest research and development pipelines in the world.

continued on page 7

Financial Stocks: Finding Opportunities Amongst the Ruins

By Elaine F. Phipps, MBA, CFA, and Portfolio Manager

Financial stocks have the dubious distinction of being the worst performing sector in the S&P 500 thus far in 2016. Year to date, the sector is down nearly -5% vs. the S&P's positive return, far behind the double digit returning groups such as energy and utilities .

The financials win the additional prize of being the worst S&P performer over the past decade, declining roughly 30% during that time. The sector is the only major industrial group that has not returned to pre 2008 downturn levels.

So investors need to ask, is a turnaround in the cards, and is there value to be found by picking through the ruins?

Major issues confronting the sector include:

Historic and prolonged low interest rate environment – Despite all the progress in developing fee income, the most important source of earnings for banks remains net interest revenue – the spread between the deposit rates paid out and interest income earned. The prolonged low interest rate environment has made it difficult to make money. In addition, negative interest rates in Europe and Japan, and lack of a firm policy on this matter from the Federal Reserve have spooked investors.

"Current depressed bank valuations are rarely seen outside of a full blown recession"

Recent economic softness offers no reason for Fed to change course – Following the May U.S. jobs report, the softest since 2010, investors grew skeptical that rates would be hiked any time soon. Financials were once again punished. At the June meeting, the Federal Open Market Committee members agreed to further delay

Elaine F. Phipps, MBA, CFA

hikes, now indicating only one potential hike to be realized in 2016. There seems to be no economic impetus to move rates, putting a further damper on the sector.

Volatility increases – As economic data has been mixed and the Fed has moved back and forth on its promise of more regular rate increases, financial stocks have gyrated.

Regulation – The sector continues to face tougher regulation. The Dodd-Frank legislation rules, and a hostile attitude in Washington towards big banks has tempered enthusiasm for the group. The Presidential campaign, especially on the Democratic side, has hinted that further regulation may be in the hopper. The latest culprit is the new Fiduciary Rule, which brings more financial advisors under the "clients' best interests" umbrella. This could adversely affect money center banks' asset management businesses.

Stress test results – Banks release stress test results on June 23, followed by the Comprehensive Capital Analysis and Review results (CCAR) six days later. Investors expect history to continue, with at least one large money center bank to be singled out for deficiencies. This overhang weighs on sentiment.

Credit quality and exposure to energy loans – Credit quality has been improving over the past few years and lower loan loss provisions had been a source of earnings growth. As the price of oil eroded over the past year, investors became increasingly concerned about banks' exposure to the energy sector via loans. First quarter earnings seemed to indicate that the exposure is manageable, with the loans generally accounting for 1-3% of total book with adequate reserves put aside. The rebound in energy prices has assuaged concerns.

Concerns about earnings growth and low returns on capital – Investors are currently questioning what the growth impetus for financials is. Expenses have been cut to the bone with dramatic headcount reductions. Fee income is stagnant and return on equity in the 9% range. Price to book value averages 1.1x for the group, indicating investors have low expectations.

Investment Thesis – As unattractive as some of the macro and micro indicators look, financials offer promise.

"The financials win the prize of being the worst S&P performer over the past decade, declining roughly 30% during that time"

Valuations are in the tank – The average regional bank is trading at 1x book value with a 2.6% yield. Money centers are even more compelling, trading at 0.7x book with a 1.8% yield. These are valuations rarely seen outside of a full blown recession.

Balance sheets are strong/earnings stable – Earnings, if not growing, are stable – and capital ratios are the highest seen in over 80 years. An index of nine major banks shows tangible equity capital ratios averaging 8%, double the levels of 2007 and prior to the recession. The banks cleaned up their balance sheets post 2008 and are better able to sustain economic weakness and shocks to financial system.

Event risk stable - Most of the financial crisis related settlements are done. Perhaps, for the first time in a long time, no bad event news is on the horizon.

Financial stock investments are a bet on an ultimately strengthening economy - Solid job creation and improving unemployment will minimize default rates on loans. A stronger economy and housing market also boosts demands for consumer type loans such as mortgages and car loans.

continued on page 8

Your Financial Legacy: More than Dollars and Cents

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The bottom line is that you have too much paper; most of it can go.

Document. Should something happen to you, your family will need to reach several advisors—your attorney, your accountant, your investment advisor, your insurance agent. They'd need to locate your will, your power of attorney, your medical directive, your insurance policies. Again—if your children simply walked in your front door, could they find that information? Keep a document with your financial information—accounts, contacts, logins and passwords, values, location of critical documents, and so forth. Contact us for a copy of Point View's financial organizer.

"Simplifying also means safely disposing of outdated financial paperwork."

Documenting also entails ensuring that what you've got works together. Many assets aren't governed by your will—retirement plans, life insurance, anything owned as joint tenants with right of survivorship or as tenants by the entirety. Double check to ensure that what you own is working together. If you intend for some of these assets to go to persons not named in your will, chat with your estate planner about tax implications. Also discuss retitling assets—especially those owned jointly or as beneficiary accounts—so that the will does govern them.

Communicate. Your children are going to learn about your last wishes and estate planning eventually. It shouldn't be a surprise, especially if they're also dealing with your health issues. You don't need to tell your family exactly how much money you have, but your adult children should know the general parameters of your estate plan. They should understand your wishes as to how you want your matters managed during your life, should you become unable to do so. Ideally, they should learn this from you, in a positive, comfortable setting.

If the prospect of this conversion is unnerving, consider enlisting a third party—your investment advisor, attorney, or accountant—to facilitate the process. If nothing else, that person likely has a string of worst case scenario stories to motivate family members to open up with each other.

The conversation can—and should—cover a broad range of topics. What legacy do you want to leave your family; how do you want to be remembered? What are your health care wishes? Do you or your children have specific wishes for specific assets, from family jewelry to that vacation home? Much of this matters more than money. Of course, you should be honest with your children about that—at least as far as whether or not you may need their financial support. It is far, far better to communicate and agree when all is well than in the midst of a crisis.

"Your adult children should know the general parameters of your estate plan."

Above all, remember that this is a process. Don't expect a one and done, and don't be discouraged if there is miscommunication along with the communication. Good will and good intentions can keep the conversation going over time.

Healthcare Stocks Under Pressure: Opportunity Knocking

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The deal with Allergan was blocked, but PFE did close on a $17 billion acquisition of specialty drug maker Hospira last year.

"The issues that are pressuring the stocks are not new "

This acquisition gives PFE a new line of injectable drugs to add to its established drug portfolio, as well as a leading position in the market for off-brand alternatives to top-selling biologic medicine. Just last month PFE announced the merger with Anacorp Pharmaceuticals (ANAC). PFE has demonstrated success in improving efficiency through advances in its manufacturing process.

Teva Pharmaceuticals (TEVA): One of the largest generic drug makers in the world, TEVA generates a tremendous amount of free cash flow and has been returning it to shareholders through buying back its stock and offering a 2.2% dividend yield. Generics are also a key component in combating spiraling health care costs. In addition, TEVA is well positioned in the developing world.

Allergan (AGN): AGN has a diversified portfolio of proprietary drugs and biosimilars, including the best known compound on the planet, Botox. Liquidity will be enhanced following its planned sale of its generic portfolio to TEVA. Your investment has already been vetted by Pfizer, which wanted to buy the company at a much higher price, $352 in Pfizer stock.

Mylan Labs (MYL): MYL is the maker of Epipen and is also a major player in the generic drug market. Last year, the company had been caught in an M&A drama among itself, Perrigo, and TEVA. Current valuation is very cheap at 7.7x 2017 earnings. The company has a very strong balance sheet and generates a tremendous amount of cash flow.

"Although the volatility is likely to continue, particularly as we head into the election, the longer term trends in the sector are positive"

In sum, the health care sector has strong growth prospects. We view the recent sell off in the sector as an opportunity to add top quality names to our portfolios at far more reasonable valuations.

Financial Stocks: Finding Opportunities Amongst the Ruins. . continued from page 6

Provide portfolio insurance against rate hikes – When rates ultimately do rise, financial stocks should appreciate in value. This provides a type of insurance against other holdings in your portfolio, such as utilities and cyclicals, which may stagnate in a higher rate environment.

Look for the industry leaders that have growing fee based businesses – Asset management and private label credit cards are some of the faster growing segments of the industry. Look for businesses that offer more than just net interest returns.

Opportunities in the sector include:

Citigroup (C): Is the cheapest of the US large cap banks, trading at under 8x projected 2016 earnings and 70% of tangible book value. The company has undergone a major transformation since the financial crisis. Its book value continues to increase and its underperforming loans decrease, although emerging markets exposure continues to pressure the stock.

Goldman Sachs (GS): Viewed as the top investment bank in the world and the top choice for major corporate underwriting. GS is the cheapest stock in the Dow, trading at about 9x 2017 earnings. Stock is down 30% in the past year. The more stable and higher margin investment management business now accounts for 20% of net revenue, up from 11% pre 2008.

"Despite all the progress in developing fee income, the most important source of earnings for banks remains net interest revenue"

Prudential (PRU) – PRU is a major insurer currently trading at value prices – only 0.6x book value with a 3.7% yield. It's also a major player in asset and liability management for other companies' pension funds. Prudential also faces regulatory issues in the near term as it has been designated as a non-bank SIFI (Systematically Important Financial Institution). It is unclear whether Prudential will follow Metlife's example and fight the ruling, and if not, how much additional capital it may need to hold.

Synchrony Financial (SYF) – SYF is the largest issuer of private label credit cards, and was previously owned by GE Capital. Private cards is one of the most profitable sectors of the banking business, with ROE over 20% and growth rates for receivables over 9%. The company recently announced a slight uptick in bad credits (but only to historically more normal levels) and increased its reserves, causing the stock to tumble and offering an attractive entry point.

In conclusion, financial stocks have endured a brutal start to 2016. Exceptional values now exist and solid names can be purchased at bargain prices.

Redefining Emerging Markets. . continued from page 4

Philippines, Vietnam, and Mexico are the new wave of emerging economies.

Mexico and Vietnam are displacing China as the world's low cost manufacturers. The U.S. and EU are "nearshoring" manufacturing facilities into Mexico. Vietnam is becoming the de facto low cost labor market in the Asia-Pacific region, and is taking steps to open its economy. Most recently the country reestablished arms trade with the US, after more than a thirty-five year embargo. VietJet, the largest airline in Vietnam, recently announced an $11 billion order for 100 planes from Boeing. The Philippines and Indonesia have been growing their respective GDP mid-high single digits annually for the past few years as well. Foreign direct investment continues to pour into these countries, and there is focus on building out its infrastructure. The one caveat for all of these emerging economies is whether their political systems can remain stable and continue to foster growth.

Log onto our website or contact us for the article's conclusions on how investors can participate in these opportunities.

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