

Jack Adamo's Insiders Plus

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December 31, 2015

Dear Friend & Client,

Thanks for joining me.

The year ended ambiguously with a strong rally off the September low that lasted through October but eroded steadily through the end of the year. The S&P 500 failed to make a new high, but got its nose slightly above the death cross. The other major indices showed the same two characteristics. In terms of full-year performance, the S&P and Dow finished the year with slight losses, while the *techier* indices finished with small gains, helped mostly by Amazon, Tesla and Google without which I suspect they would have showed losses as well.

We can blame the brunt of the S&P's negative earnings on energy and metals, so the bulk of companies in the index should have done reasonably well. However, most finished the year deeply below their 200-day moving averages. That dichotomy is about as ambiguous as you can get. Perhaps the traditional January indicators will provide further clues as to the longer term trend. In the meantime, we'll stand pat. If the S&P 500 holds above its death cross for a week or two, we'll close our position in **Short S&P500 ProShares** (NYSE: SH).

In terms of our performance, we'll have to wait for the end of January to see the official record from Hulbert's, but I suspect we underperformed the major averages slightly. Our large cash positions kept us out of too much trouble, and our preferreds showed strength through year-end, however, our losses in **Avon Products Inc.** (NYSE: AVP) and **Ensco plc.** (NYSE: ESV) were too steep to be offset. Avon's stock may have finally bottomed, but it's too soon to tell. It still faces substantial headwinds from weak currencies and economic conditions in its largest markets. Next week and the one after we may see buying in the stock after strong year-end tax selling. If not, it will take a long time to recover.

Gold is showing considerably more traction, especially in the face of the strong dollar, but it has not really shown clear signs of a bottom. On the other hand, the HUI gold miners index continues to look like it may have bottomed in October, though most individual issues are not looking impressive. We may look at a couple of exceptions in the next few weeks.

Not surprisingly, there hasn't been much company-specific news during the holiday period, so we can skip the portfolio updates this week.

You can view all of our holdings with their current advice by going to:

http://www.jackadamo.com/main.asp?fn=portfolio_view.asp

The password is: **TinaFey**

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Please see the important legal notice at the end of this letter.

That's it for today and for the year. I think we can look forward to a more fruitful 2016, as the investing environment clarifies one way or the other. Enjoy your holiday, and may 2016 be the best year of your life, except for each one after it.

I look forward to talking with you again soon.

Jack

Questions? Write to Jack at: jack@jackadamo.com

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