



Dear Clients & Friends,

In the wake of recent market volatility we would like to address some of the events that have caused a stir in the media, and the markets to react negatively.

1. Greece – while the current discussions going on between Greece and its creditors (mainly the IMF & ECB) have significant consequences to the Greek government and people, Greece makes up a very small piece of the world economy. Greece's 2% of the GDP of the EuroZone is miniscule. Much of the concern over the Greek debt crisis has been around contagion and the effect a bailout of Greek debt would have on other struggling European economies (Portugal, Ireland, and Spain) and on the cohesiveness of the European Union. Greece's creditors are currently well positioned to absorb any Greek debt losses and the risk of it affecting other nations is low.
2. China – As with Greece, the real concern over China's recent market downturn is more about its effect on other nations. While Locust Capital clients have little direct exposure to Chinese stocks, markets are concerned about slowing Chinese growth and its ramifications on the world economy. Chinese officials are doing everything they can to restart growth and have cut interest rates further to stimulate demand.
3. New York Stock Exchange – the NYSE experienced technical difficulties today and trading was halted for over 3 hours. Other exchanges were unaffected. The technical problems were isolated, internal, and not due to any external maleficence as initially suspected. Trading was back up and running without issue by the end of the day.

At Locust Capital we maintain a disciplined investment approach and do not become rattled by increased volatility or negative swings. Locust Capital's long term view of portfolio management is designed to reduce volatility and minimize downside risk in times such as these. Should you have any questions please do not hesitate to contact us.

Best regards,

Locust Capital Management, LLC