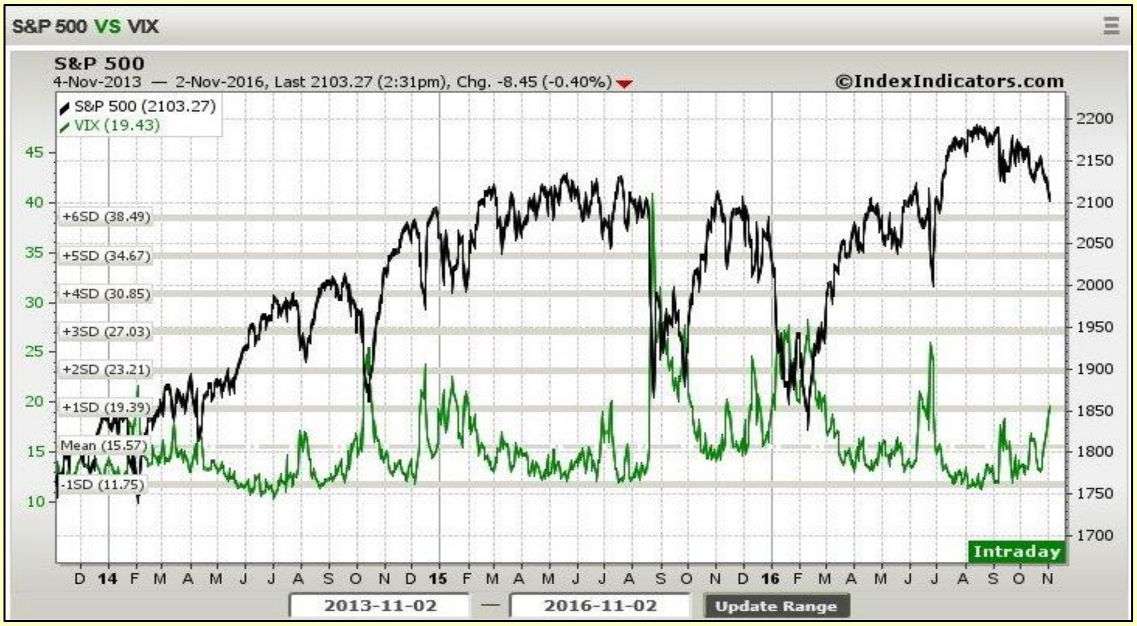
Our September 2016 Newsletter concluded with:

> "**CONCLUSION: We had suggested in our August Newsletter that it would be prudent for investors to wait for a market correction to start reinvesting at better equity values. In addition, we had recommended raising cash in portfolios for protection and to be positioned for better market opportunity. We believe that the recent correction is the beginning of a market opportunity we should see in the near term. We can never be exact but we believe that VIX levels of over 20 and a 5-7% market correction should be an opportune time to start reinvesting in the US markets.**" ***September 2016.***

Markets always have something to either worry about or to rejoice. This time, it seems that the Presidential election is more an aspect of worry than celebration. In addition, the Federal Open Market Committee's guidance to raise interest rates is creating heightened volatility in the markets.



To illustrate the importance of volatility, we have illustrated the correlation between the S&P 500 index and the Volatility Index (VIX) in the adjacent chart. The **green** line illustrates the VIX index, also known as the fear gauge of the market. It can be clearly observed that the S&P 500 (**black** line) and the VIX index move inversely to each other. It can also be observed that whenever the VIX has reached levels in the mid-twenties, it has indicated interim bottom in broad based market indexes.

Markets have lost approximately 2-3% since the middle of October 2016, while the VIX index has jumped almost 55% for the same time horizon. In other words, the market indexes do not completely describe the fear prevalent currently.

17991 Lost Canyon Rd., Suite 138 | *Manu Walia* | *Office: 661-299-1920*
Canyon Country, CA 91387 | *Email: manuwalia@cgamadvisor.com* | *Mobile: 661-312-2070*
www.cgamadvisor.com

We at CGAM believe that VIX is a crucial parameter that helps determine the intermediate direction of the market. Our belief is that VIX is a contrarian variable that indicates buying opportunity when there is unwarranted fear in the market. We do not believe that investors can view the markets in a vacuum and therefore, we include pertinent fundamental variables to deduce the fair value and direction of the markets in our Proprietary Market direction below.

CGAM's Proprietary Market Model:

Our proprietary model was developed on the concept that investor behavior repeats itself based on a combination of fundamental parameters of the economy and human psychology. The model constantly reviews the change in the index based on the changes in statistically significant economic variables.

The objective of the model is to quantify these variables into a regression equation using four decades of historical data. The combination of these variables statistically explains 93-94% movement in the S&P 500 index.

Fundamental Variables (12 month Projections)		**Market Projections** ***Based on the regression equation illustrated below***	***As of: November 2nd, 2016***
S&P 500 Earnings	$130.00	S&P 500 (12 Month Projection) =	2,322.00
S&P 500 Expected PE Ratio	17.00	S&P 500 (Nov 2nd, 2016) =	2,100.00
10 Treasury Bond Rate (%)	1.70%	***S&P 500 Estimated (Gain/Loss) =***	***+10.50%***
Inflation Rate (%)	1.70%	***Standard Error***	**+/- 5.50%**
Volatility (VIX) Index	20.00		
Unemployment (%)	4.80%		

It can be infered from our Market Direction Model above that the S&P 500 could gain approximately 10% over the next 12 months. We believe that this is primarily due to the earning power of the mid to large US companies and the opportunity that the markets are creating with the current market correction.

CONCLUSION: We are in the beginning of a volatile phase in the markets caused primarily due to the Presidential election. Wall Street favors Hillary Clinton as a better suited candidate for the markets. Volatility has risen with the rise in the probability of Donald Trump's success in the recent polls. We believe that the markets can experience another 3-5% correction due to this phenomenon. Despite this development, the macro economic environment combined with the current correction provides a good buying opportunity for investors as the markets experience this interim correction.

PLEASE REMEMBER: Each investor is unique and should invest to compliment their respective financial conditions and objectives.

17991 Lost Canyon Rd., Suite 138
Canyon Country, CA 91387
Manu Walia
Email: manuwalia@cgamadvisor.com
www.cgamadvisor.com
Office: 661-299-1920
Mobile: 661-312-2070

This page is left blank intentionally

Please review the following disclaimer

This Newsletter has been prepared by Continuum Global Asset Management, LLC (CGAM), an independent Registered Investment Advisor. CGAM believes that the data contained is from reliable sources but cannot guarantee the accuracy of the data. None of the information provided constitutes a recommendation or solicitation of an offer to buy or sell any particular security. The investment strategies and or securities may not be suitable to all investors and past performance is not indicative, nor a guarantee, of future results. It should not be assumed that recommendations made in this Newsletter and in the future will be profitable or will equal the performance of the securities mentioned in this or previous Newsletters.

17991 Lost Canyon Rd., Suite 138
Canyon Country, CA 91387

Manu Walia
Email: manuwalia@cgamadvisor.com
www.cgamadvisor.com

Office: 661-299-1920
Mobile: 661-312-2070