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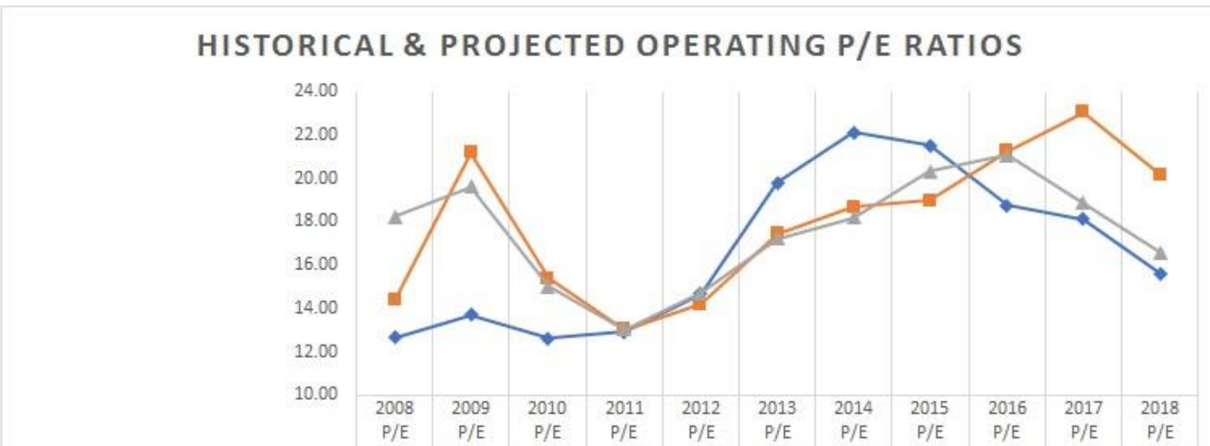
For the second quarter the S&P 500 Total Return surged around 3.25 percent, driven by a strong earnings season, as the initial optimism over the Trump economic agenda stalled. Investors remain optimistic that the pledge for Tax Reform will be completed sometime in 2017.

The technology sector was the star of the second quarter with earnings results that dazzled. Investors seem more than willing to pay a premium for strong earnings growth rates in a low-interest rate environment. Due to the technology sector success in the first half of 2017, some investors have raised concerned surround overvaluation taking place in the sector and the S&P 500. My research has pointed me to the belief that the market is simply not overvalued and in some cases, you could build an argument that the market is cheap from a historical perspective. The S&P 500 is currently trading at a 2018 operating price-to-earnings (PE) ratio around 16.5. At this level, the S&P 500 is trading at levels not seen since 2012. The same case holds true for the healthcare sector which is currently trading at an operating P/E around 15.5, levels not seen since 2012 as well.



	2008 P/E	2009 P/E	2010 P/E	2011 P/E	2012 P/E	2013 P/E	2014 P/E	2015 P/E	2016 P/E	2017 P/E	2018 P/E
S&P 500 Health Care	12.64	13.72	12.62	12.93	14.68	19.81	22.13	21.52	18.77	18.14	15.61
S&P 500 Information Technology	14.38	21.21	15.41	13.04	14.19	17.44	18.70	19.00	21.27	23.05	20.17
S&P 500	18.24	19.61	15.01	13.04	14.73	17.22	18.22	20.35	21.07	18.87	16.60

Although technology trades at the highest valuation relative to the S&P 500 and healthcare sector, my expectation is that the robust growth seen in the first quarter will continue in quarters to come, helping to justify the higher valuation levels. However, the technology sector is vulnerable to a pull-back until earning start to be reported in mid-July, due to market sentiment.

It remains my belief that the S&P 500 will likely reach a level around 2,550 by year’s end, which is only another 5 percent from the S&P closing level of 2,423 on June 30. The S&P target I have derived is likely to be driven by continued earnings growth throughout the remainder of 2017, and a global economy that will continue to improve.

Non-Annualized Performance 1/1/17 – 06/30/17

MCM Thematic Growth Composite	S&P 500 Total Return Index
11.90%	9.34%

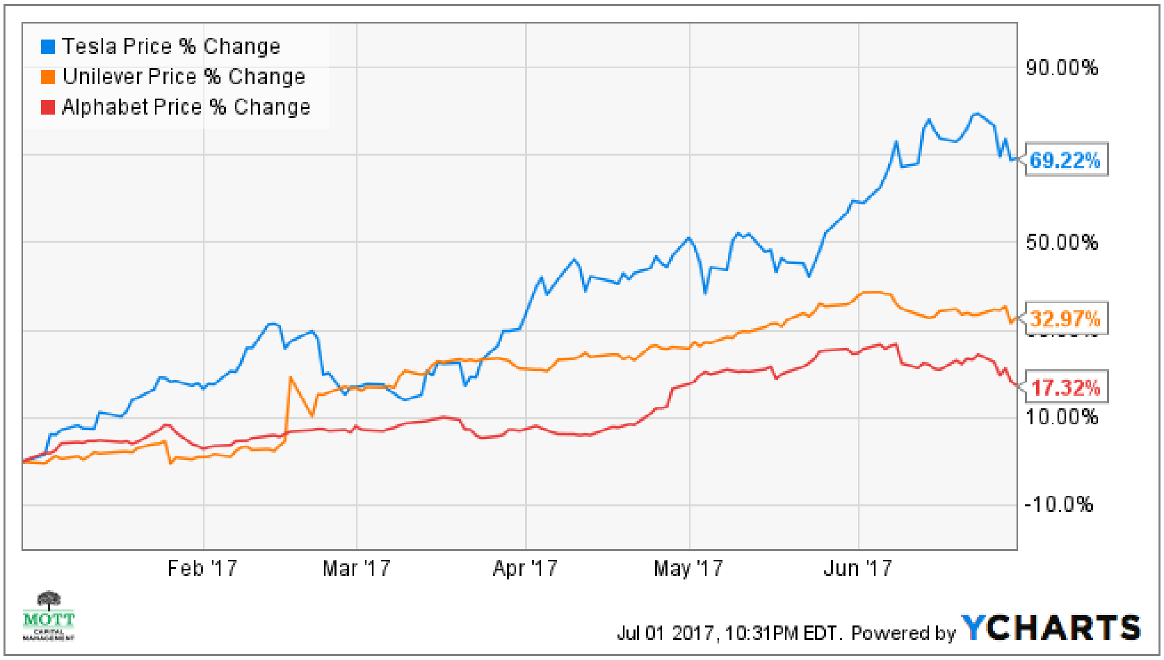
*Net of Fees and Transaction Cost

For the second quarter, the Mott Capital Management Thematic Growth Composite continued to outperform the S&P 500 in 2017. Net of fees the Thematic Growth Strategy is now up 11.90 percent versus the S&P 500 Total Return's 9.34 percent.

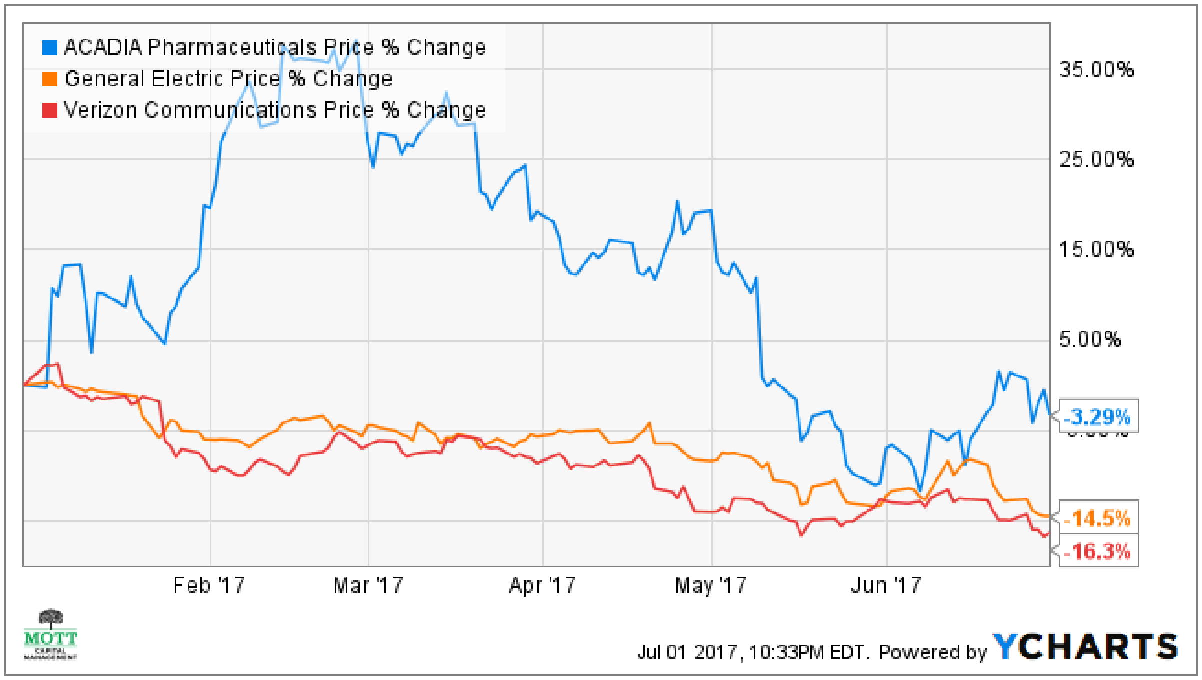
MCM 3 Best & Worst Performers for 2Q'17

Tesla +29.94%	Acadia Pharma (VZ) -18.88%
Unilever (UL) +9.69%	General Electric -9.36%
Alphabet (GOOGL) +9.66%	Verizon (VZ) -8.39%

Tesla shares continued to rise in the second quarter and are were up nearly 70 percent through June 30, with shares trading around $360. Anticipation has been building around the launch of the Model 3 and Tesla's other renewable energy ambitions. It would seem the market finally realizes what we have been preaching for years, that Tesla is not an Auto company, but a renewable technology enterprise. Shares of Unilever, the maker of Dove soap and other personal care products, continued to surge in the second quarter following a strong first quarter due to KraftHeinz low-ball bid price of $50 per share. Unilever following the failed takeover attempt has become more aggressive in creating value for shareholders from a strategic and corporate level. Alphabet, the parent company of the search engine Google, surged by nearly 10 percent after reporting excellent quarterly results. We believe Alphabet has many years of robust growth ahead of it.



Acadia shares fell after the company only met analyst's expectations for its first quarter revenue results. Unfortunately, Acadia has moved from a stock trading on hope and hype to fundamentals, which now makes it a four-time a year story. To this point sales of Nuplazid, Acadia's drug for the treatment of Parkinson's Disease psychosis has been consistently growing, and the trends have been strong. During the second quarter, General Electric decided to go in a new direction announcing Jeffery Immelt would be leaving the company as CEO and would be replaced by John Flannery. GE's stock has performed terribly, but the stock is relatively stable and offers a good dividend. Although the stock has not performed to my expectations, I am willing to give the story some more time to develop and give the new CEO the benefit of the doubt. If improvement in the shares and the growth story we have been waiting for do not emerge at some point soon, we may be forced to go in a new direction as well. Verizon has been a disappointing asset as well. The coming of 5G will likely reignite the wireless carrier's profitability, but that is still a few years away. Additionally, I have begun to worry that perhaps Verizon is falling behind AT&T, as these once telephone companies transform into media giants. Verizon, like GE, is being watched and monitored closely as well.



Mott Capital has been growing, with growth in assets from the addition of several new clients, while the research product is now becoming a meaningful contributor to revenue. As many of you know when I started this company exactly three years ago, I had zero assets and zero business. Driving the business forward over the years has been at times challenging and frustrating, but persistence and my commitment to my clients and the people that put their trust in me keep me working hard every day. Three years later I can say all the challenging work was worth it, and I could not be happier.

Thank you for your loyalty and commitment over the past three years. I cannot wait to see what the next three years will bring us.

Regards,

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Year End	Total Assets Firm	Composite	Number of Accounts	Composite Performance Net	S&P 500 Total Return	Annualized 3-Year Standard Deviation** Composite	Benchmark	Internal Composite Dispersion
2016	1,717	1,377	17	-2.10%	11.96%	-	-	0.90%
2015	1,681	1,325	17	1.52%	1.38%	-	-	0.60%
2014†	1,026	628	8	3.82%	7.60%	-	-	N.A.

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

† Performance reflects the non-annualized performance from 8/1/2014 to 12/31/2014.

** For periods with less than 36 months of composite performance, no 3-year ex-post standard deviation measurement is available.

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