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CAPITAL MANAGEMENT, LLC



The Buttonwood—An Investment Update

August 28, 2015

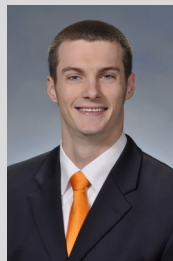
Recent stock market volatility has the attention of everyone over the past week. While we have suggested that a correction (a decline of 10% or more from a recent high) is long overdue, the headlines and extreme market fluctuations can be unsettling to any investor. We wanted to send this mid-quarter communication to give you a sense of our thinking.

- The DJIA, S&P 500 and NASDAQ have all recently entered correction territory.
- DO NOT panic. Your portfolio is well positioned in high quality stocks, bonds, mutual funds and ETFs. Corrections are part of the long-term investment process. Quality investments always recover.
- DO NOT try to time the market. Our industry gets many bad raps—many of them well deserved. However, there are also many brilliant minds and very sophisticated computers in the investment world. All of this intelligence and computer capability have yet to figure out how to time the market. That's because it cannot be done.
- DO NOT sell. Selling at this point is a classic mistake and will prove to be very costly in the long run.
- Remember that the "long-term" is your friend. The S&P 500 annualized total return from 1926 through August of this year is just under 10%.
- Remember Peter Lynch's quote ***"Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in corrections themselves."***
- The outlook remains the same. Among the highlights: a slow, steady recovery from the March 2009 market lows, benign inflation, historically low interest rates, US GDP improvement (second quarter GDP recently revised upward to 3.7% from 2.3%).
- There is little evidence that economic growth is about to slump in the US or other advanced economies.
- Economic expansions usually end as a result of central banks raising interest rates significantly, hints of inflation or a financial crisis. We don't see any of that on the horizon.
- Finally, the philosophy, ***"Get Rich Slow"***, works.

We are here to answer any questions or comments you may have. As always, please call, email, or text us with any questions, thoughts or concerns. Thank you.



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