



QSI

Quantitative Strategies, Inc.

A REGISTERED INVESTMENT ADVISOR

Quarterly Update- for the Period ended September 30, 2015

Stock markets were generally down for the quarter with the Standard & Poors 500 (S&P 500) down about 6.4% for the quarter and nearly the same so far this year. In contrast, bond markets posted gains, up about 1.2% for the third quarter and up about 1.1% this year.

Stocks suffered losses and went into “correction” territory (a decline of more than 10%) due to concerns over global growth (China, primarily) and the potential for a rate hike by the Federal Reserve Board.

QSI portfolio performance was in-line with benchmark performance. Equity allocations were hurt through inclusions of international equities and the healthcare sector, both which underperformed the broad S & P 500. This was partially offset by Technology and Consumer Staples sectors, which declined during the period but to a smaller degree.

Bonds, as measured by the Barclays Aggregate Bond Index, were up, but the gains were focused mostly in long-term Treasuries and mortgage backed securities. Credit sectors performed worst, with high yield down about 3%.

We are entering the fourth quarter where statistically strong stock returns occur. Portfolio performance should improve with stabilized markets. However, geopolitical risk along with U.S. Government budget issues and growth concerns may create a volatile environment.

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