

Headlines for the First Quarter

Pfizer and Allergan called-off what was to be the largest merger in the history of the pharmaceutical industry after the Obama administration implemented specific new tax regulations to prohibit American corporations from moving their headquarters overseas in an effort to lower their taxes.

The price of gold has risen 16.5% during the first quarter of 2016, its largest increase since 1986. This signifies a turnaround for the metal’s value, which had been on the decline for much of the last five years; during those five years, the U.S. economy rebounded and the value of the dollar was surging. This inverse relationship can be indicative, begging the question-- are we in a recession?

Tesla CEO Elon Musk revealed the new Model 3, which lists at an affordable \$35,000 and can be pre-ordered for a \$1,000 deposit. After the unveiling, the Tesla Model 3 pre-sold more vehicles than what was sold in the entire U.S. plug-in auto industry in 2015, at 180,000 to 116,000 respectively.

Things to Watch For in 2016 Going Forward

Investors dislike uncertainty and because uncertainty arises when the U.S. is preparing to elect a new leader, the market often has a down year. However, those investors who stand pat may get rewarded. In the first year of a new presidential term, stocks accumulate average gains of 6.2%. Gains are even greater in the first year of the president’s second term, averaging about 10%.

Investment Banking Terminology:

Business Development Company (BDC) – is a company that has the intention of helping small businesses grow. Structured similarly to that of a private equity firm, a BDC is actually a public company that is listed on the NYSE, AMEX and NASDAQ.

Q1 Market Snapshot as of March 31, 2016

| As of March 31 st | March 31 st | YTD% Δ | LTM % Δ |
|------------------------------|------------------------|-----------------|-----------------|
| S&P 500 | \$2,051.50 | 0.8% | (0.5)% |
| Gold | \$1,235.60 | 16.5% | 4.4% |
| Oil | \$38.34 | 3.5% | (19.45)% |
| 10 Yr. T-Note | 1.78% | (48) bps | (15) bps |

Taxation Benefits of Operating in the Solar Industry

The solar Investment Tax Credit (ITC) is a 30 percent federal tax credit for solar systems on residential and commercial properties. The ITC is a stable, multi-year incentive that encourages private sector investment in the solar industry; the ITC is to be implemented with the hope of maximizing the continued growth of solar energy in the United States. On December 18th, 2015 Congress announced the extension of the 30-percent rate through 2019, and subsequently it will fall to 26 percent in 2020, 22 percent in 2021 and 10 percent in 2022. The ITC rate will now reduce gradually from year to year to help balance with the expected growth of the solar industry as a whole.

M&A Focus

On March 31st, 2016, IT powerhouse International Business Machines (IBM) acquired the global consulting agency, Bluewolf. The deal is valued at \$200 million, and is the latest of high profile acquisitions made by IBM so far this year. Even with quarter one having just ended, IBM has already acquired Truven Health Analytics for \$3.6 billion and Optevia for an undisclosed amount. Look for more deals throughout the year to build on from 2015, the largest M&A year in history, with respect to deal volume outstanding.

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