July 2017

Dear Friends,

Year to date through June 30, Stralem's Large Cap Equity Strategy ("LCES") returned 10.10% gross of fees, compared to the S&P 500 benchmark of 9.34%. Despite sub-par U.S. economic growth, equity valuations at near record highs, and domestic and geo-political uncertainty, the U.S. equity market continues to climb. Q2 saw strength across the board with the S&P 500 up 3.09% and every sector positive with the exception of Telecom and Energy. After a strong Q1 where LCES outperformed by over 100bps, we gave 19bps back in Q2 primarily in the last few days of the quarter when we saw a slight rotation into financials at the expense of technology and utilities.

		Annualized Returns (6/30/17)						
	YTD 6/30/17	1 YR	3 YR	5 YR	10 YR	15 YR	20 YR	10 YR Std Dev
Stralem Composite (Gross)	10.1%	12.6%	8.1%	12.5%	7.7%	8.8%	10.3%	13.1%
S&P 500	9.3%	17.9%	9.6%	14.6%	7.2%	8.3%	7.2%	15.1%
Difference	*0.8%*	*-5.4%*	*-1.5%*	*-2.2%*	*0.6%*	*0.5%*	*3.1%*	*-2.1%*
Stralem Composite (Net)	9.8%	11.8%	7.4%	11.7%	7.0%	7.8%	9.2%	13.1%

The quarter's relative underperformance was primarily attributable to stock selection within the consumer discretionary and healthcare sector and our allocation to energy which was a drag overall due to falling oil prices. The LCES made up most of those losses from solid stock selection in the technology sector as a number of our core technology holdings powered forward as they continue their relentless drive to capture market share and growth by pushing into adjacent markets.

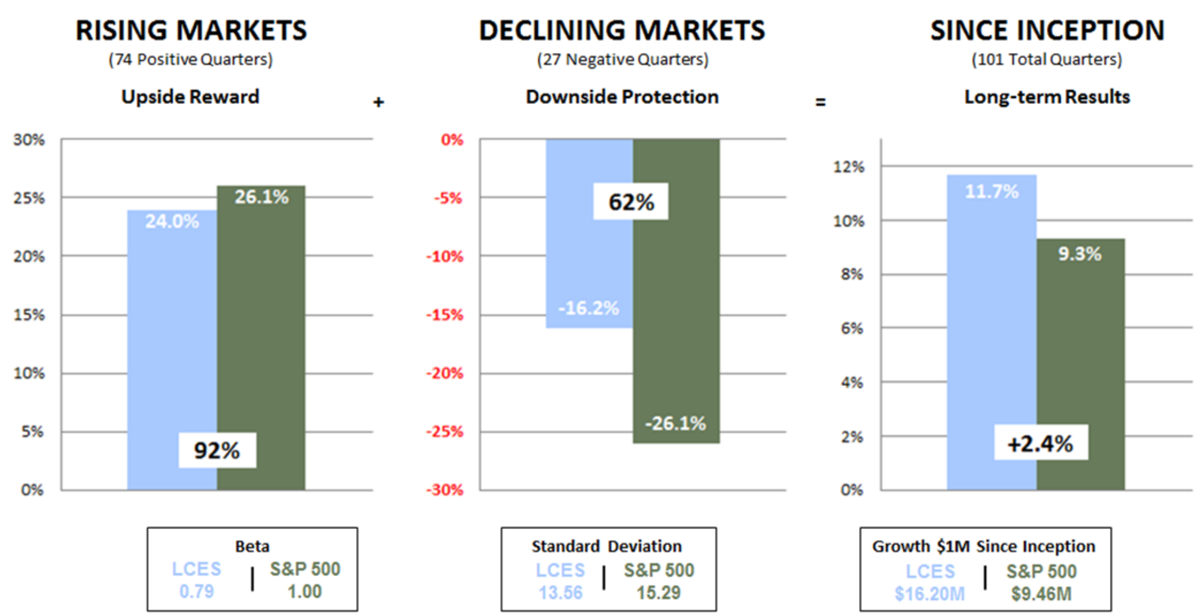
There were two trades made from the LCES' portfolio during Q2. CVS Health (CVS) was sold, and Broadcom (AVGO) was bought. The decision to sell CVS was based on a change to the original investment thesis that the company's unique structure led to a distinct competitive advantage. The combination of an in-house PBM (Pharmacy Benefit Manager), in-store "Minute Clinics", and a retail pharmacy was expected to drive increased traffic, cost efficiency, and higher profits. However, after losing a couple large PBM contracts to competitors, while seeing increasing competition from e-commerce players like Amazon, made us reconsider the overall investment. Broadcom is a semiconductor holding company that acquired several highly profitable, dominant brands within their wireless, wireline or data center niches. As part of the combined entity, Broadcom management is able to create revenue and cost synergies that drive additional profits and excessive free cash flow that is pumped back into research and development and used for additional acquisitions. It is our strong belief that Broadcom has a multi-year runway of growth and profits that is not fully appreciated by the market.

There seems to be a perception among some investors that improvements in the U.S. economic data warrants the stock market's gains year to date, notwithstanding the above sources of uncertainty. Q1 U.S. real GDP growth was revised up to +1.4%, unemployment in May ticked down to 4.3%, inflation remains muted at +1.6% in June, average wage growth improved to +2.5% in June, and interest rates are up from the bottom, but remain at historically low levels.

While S&P 500 earnings rose 20% in the first three months of the year, the best quarter in years, consensus estimates for S&P 500 earnings in Q2 seem a bit aggressive given the continued low level of growth of the U.S. economy and the duration of the stock market rally. But even with solid earnings growth, the market is trading at an increasingly high level, suggesting an expensive market with more limited opportunities.

Perhaps the most significant development during the quarter, was that central bankers now seem serious about tightening monetary policy and reining in the extraordinary amount of stimulus that has been pushed out since the '08-'09 financial crisis. Despite an inflation rate below the stated 2% target, and the stagnant growth in wages, the Fed has continued to discuss prospects for rate hikes and downsizing its balance sheet. At the same time, European Central Bank president Mario Draghi is also giving indications of reducing extraordinary monetary policy as a further indication of a change in thinking among the global central banks.

As equity markets continued to grind higher, it is worthwhile to remind ourselves of the purpose that a strategy like LCES plays within an overall asset allocation. We recently created the charts below as a simple visual representation of Stralem's investment objective.



Inception date: January 01, 1992 – March 31, 2017. The chart above illustrates the average annualized return of the LCES during both rising and declining markets since inception. Rising markets are defined as quarters where the S&P 500 return was positive. Declining markets are defined as quarters where the S&P 500 return was negative. These positive and negative quarters are separated out from the intervening quarters, cumulated across the periods and annualized. Performance is stated gross of fees. Beta measures the historical sensitivity of portfolio excess returns to movements in the excess return of the market index. Standard Deviation is a measure of absolute volatility of returns. See the performance notes included in this presentation. Source: Stralem Analysis.

In essence, the objective of the LCES is to provide “Participation with Protection” -- to provide substantial gains during rising markets but, more importantly, limit losses during declining markets all with less volatility than the overall market. The net result of which, over time, has proven to be a winning formula for growing wealth.

In summary, we remain convinced that the extraordinary market environment began to change at the start of 2015 when the Fed began to reverse its loose monetary policy by curtailing Quantitative Easing and beginning the process of raising interest rates. These decisions coupled with new all-time highs in the stock market, an 8+ year rally without any significant pullback, and above average corporate valuations have introduced more uncertainty, volatility and caution into the market. Stralem continues to keep a significant ‘Down-Market’ capital preservation component as part of the LCES strategy. However, at the same time, we continue to ferret out exciting growth opportunities – the “New Industries” companies of the next market cycle. It is our contention that diligent research and price sensitivity and stock selection based on strong fundamentals will continue to be rewarded. In our view, the portfolio is well-positioned to participate in continued upside momentum--capitalizing on powerful secular themes and market share shifts that may occur due to disruptive technologies--as well as protect capital on the downside if necessary.

While the past eight years have been challenging for fundamental and long-term focused investors, we believe that selectivity about the stocks one owns combined with a focus on downside protection is more important than ever. Stralem continues to implement as rigorous a stock selection process as we have for the past 50 years and continue to stick to our disciplined philosophy. It may not always work at every point in the cycle but it has repeatedly proven successful over the long-term, leading to a record of having outperformed the benchmark gross of fees in 100% of all monthly rolling 10, 15, 20 and 25 year periods since our verified performance record began in 1992.

Please feel free to contact us if you would like to receive a copy of our quarterly “West of the Hudson” letter or to be added to any update lists. We appreciate your on-going interest in Stralem & Company and look forward to seeing you in the near future.

Sincerely,

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Performance Notes

Stralem & Company (“Stralem”) is an independent, SEC registered investment adviser established in 1966. The Large Cap Equity Strategy™ Composite (“LCES”) consists of fully discretionary large capitalization equity accounts. The investment objective of the LCES is to deliver above market returns with less risk during both up and down markets. The investment philosophy of the Large Cap Equity Strategy is predicated on the belief that there are four types of market environments, two types of bull markets and two types of bear markets each characterized by momentum and valuation factors. Market environments affect portfolio structure so it is critical to identify and prepare for changing market environments. The Large Cap Equity Strategy adds value by purchasing a set of fundamentally solid growth companies along with a set of companies that deliver strong cash flow and adjusting the balance between these two groups depending on where we are in the market cycle. Stralem defines the LCES as a conservative growth strategy that also focuses on preserving capital during down markets.

For comparison purposes, the composite is measured against the S&P 500 Index. The S&P 500 Index is widely recognized as a leading indicator of the U.S. equity markets. Prior to 7/1/2014, the Russell 1000 Growth Index was presented in addition to the S&P 500 as an additional benchmark for the LCES composite.

Stralem claims compliance with the Global Investment Performance Standards (GIPS®)). Compliance with GIPS has been verified firm wide by Ashland Partners & Company LLP from January 1, 1992 through March 31, 2017. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The verification and performance examination reports are available upon request. The firm maintains a complete list and description of composites, which is available upon request. To obtain a presentation that complies with the requirements of the GIPS standards and/or a list and description of all firm composites, contact Andrea Lustig at 212-888-8123 or ALustig@stralem.com.

The Large Cap Equity Strategy Composite was created July 1, 2002.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Standard Deviation measures the dispersion of returns of a portfolio, or the extent to which possible returns can vary from the arithmetic mean. It is a measure of the volatility or risk of a portfolio.

The U.S. Dollar is the currency used to express performance. Returns are presented both gross and net of management fees and include the reinvestment of all income. There are portfolios included in the composite which have directed brokerage arrangements and are not charged trading commissions by their broker. These portfolios represent approximately 4% of composite assets. Performance for these accounts do not include transaction costs, and it has been determined that there is no material impact on composite performance. Returns are presented gross of custodial fees and withholding taxes but net of all trading expenses. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Actual investment advisory fees incurred by clients may vary. Net of fee performance is calculated using a weighted-average fee based on actual fees. From 2008 to 2015, net performance is calculated using a model fee of 0.70%. From 2006 to 2008, net performance is calculated using a weighted-average fee based on actual fees. Prior to 2006, net performance is calculated using the highest client's management fee in the composite. From 2000 - 2005 the highest fee was 1.50%. Prior to 2000 the highest fee was 1.00%. A fee schedule is an integral part of a complete presentation and is described in Part 2 of the firm’s ADV, which is available upon request.