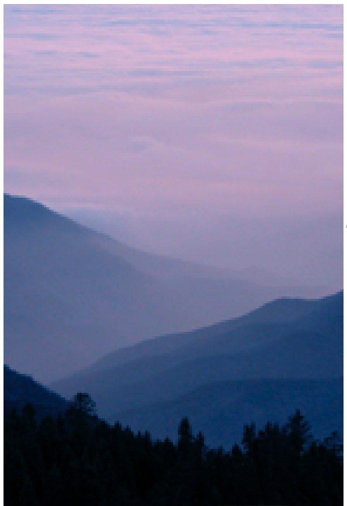

Quarterly Investment Report
December 31, 2016

2016
DONALD TRUMP

Dear Investor:

The year wasn't just about Donald Trump, it only seemed that way. A few other significant developments occurred in the year.

- After Brexit investors piled into U.S Treasuries pushing yields to historic lows.

- Global oil prices recovered substantially throughout the year, beginning the year at $37 a barrel and ending 46% higher at $54 a barrel.

- Corporate earnings turned positive in the 3rd and 4th quarters, ending a run of five consecutive down quarters.

- Japan adopted a negative interest-rate strategy early in the year in order to stimulate their weak economy. Switzerland was the first country to go negative in 2015 and other European countries followed Japan in 2016. U.S. interest rates are relatively high among developed nations as we highlight on the next page.

- The U.S. Federal Reserve made a case in October for finally raising the Fed Funds rate before year-end, and in December they increased it by 0.25% to 0.75%; in response to the Fed Funds raise and Trump's policy rhetoric the benchmark 10 year treasury yield ended the year 0.18% higher to 2.45%.

- The dollar strengthened closing the year up 3.5% to the dollar index of six major currencies.

- All three major stock indices made new record highs in August which was the first time that happened since December 31, 1999.

- Trump surprised many with his Presidential win and his unconventional policy and cabinet selections. Stocks continued to make new highs following his election.

- Energy and Financial stocks performed best and Healthcare was the weakest in 2016.

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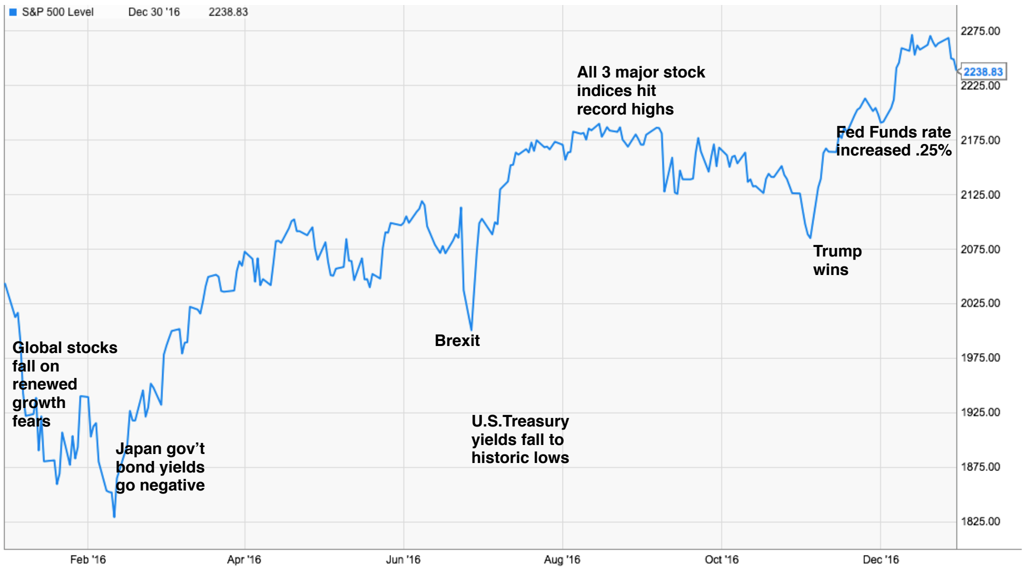
2016 S&P 500

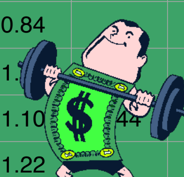
Price Increased 10%

Total Return (Price & Dividends) Increased 12%



YIELDS ON VARIOUS MATURITIES OF DEVELOPED NATIONS GOV'T BONDS AS OF 11/30/16

Country	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year	15 Year	20 Year	30 Year
Switzerland	-1.17	-1.02	-0.93	-0.81	-0.70	-0.48	-0.16	0.08	0.18	0.32
Japan	-0.25	-0.16	-0.16	-0.12	-0.10	-0.08	0.02	0.17	0.45	0.57
Germany	-0.82	-0.74	-0.72	-0.59	-0.43	-0.19	0.27	0.51	0.73	0.94
Netherlands	-0.78	-0.71	-0.67	-0.57	-0.29	-0.10	0.43	0.74	0.82	1.03
Denmark		-0.59			-0.23		0.37			0.94
Austria	-0.72	-0.68	-0.56	-0.44	-0.3	-0.01	0.54	0.98	1.05	1.36
Belgium	-0.71	-0.67	-0.54	-0.44	-0.31	-0.05	0.63	1.03	1.06	1.57
Finland	-0.77	-0.69	-0.64	-0.46	-0.39	0.03	0.44	0.84	[illegible]	1.03
France	-0.69	-0.64	-0.44	-0.25	-0.09	0.11	0.75	[illegible]	[illegible]	1.03
Sweden	-0.85	-0.71		-0.44	-0.16	0.21	0.53	1.10	[illegible]	
Ireland	-0.56	-0.53	-0.42	-0.29		0.21	0.87	1.22		1.77
Spain	-0.26	-0.13	0.07	0.26	0.48	1.00	1.55	1.94	2.34	2.75
Italy	-0.18	0.05	0.32	0.58	0.89	1.41	1.99	2.31	2.59	3.03
United States	0.78	1.12	1.39		1.84	2.19	2.38			3.04



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The stock market delighted and surprised investors in 2016 when it delivered half of the year's return in just the weeks after the November 8th election. Pro-growth policies such as infrastructure spending, tax reform, and reduced regulation proposed by Trump and a Republican Congress has furthered expectations of stronger economic growth and has propelled all three major U.S. stock indices to record highs. Also, investors have pushed bond prices lower and yields higher in response to fears of higher inflation and higher interest rates down the road.

Looking forward into 2017 we are concerned that this euphoria over the President-elect's growth initiatives may give way to apprehensions about his tough stance on trade.

Protectionist actions such as trade renegotiations and immigration reform can have negative economic outcomes. Though protectionist measures may preserve some jobs in the U.S., they can also increase costs for domestic companies and stifle growth. History has shown us that previous episodes of protectionism have been followed by significant economic downturns.

If current stock valuations were at lower levels we would be less nervous about the President-elect's trade policy stance. High valuations alone don't typically instigate a stock sell-off, but they can act as a fuel for a major correction started by an unexpected spark. At current stock prices we are cautious going into 2017.

Though it is too early to know how the new government policies may change, and to what degree they could affect growth, we have begun to reduce our stock positions slightly. Though, we do not plan on aggressively reducing stock allocations for three reasons. First, there is a reasonable chance that companies will continue to grow their earnings and effectively grow into more reasonable valuations. Second, it is never a good idea to exit stocks too aggressively since it is very difficult to know when the time is right to get back into the market. It's best to ride out the stock cycles. And finally, we only invest in thoroughly researched companies that are well managed, leaders in their respective industries, and trade at reasonable valuations. The kind of companies that can best withstand temporary downturns.

We wish you all a very happy, healthy, and prosperous 2017!

Sincerely,

Ellen P. Le, CFA
President

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2016 MARKET TRIVIA

(1) The largest U.S. listed Initial Public Offering (IPO) of the year was
- a. ZTO Express, a Chinese logistics company
- b. ZTO Express, a Chinese online retail company
- c. MGM Growth Properties, a casinos properties REIT

(2) The largest mergers and acquisitions deal announced in the year was
- a. Qualcomm's purchase of NXP Semiconductors, the largest semiconductor deal on record
- b. AT&T's purchase of Time Warner, the 2nd largest media deal on record
- c. Bayer's purchase of Monsanto, the largest all-cash deal on record

(3) Money Market Fund (MMF) reform implemented in October 2016 requires institutional MMFs to move from a fixed $1 share price to a floating Net Asset Value (NAV).
- a. This reform is to keep investors aware of the true value of shares and is due to a large MMF breaking the buck at the peak of the financial crises which caused redemptions and closing.
- b. Fund managers have responded to this reform by reducing asset maturities in order to reduce price volatility and by investing more heavily in government bonds.
- c. Both a and b.

(4) Market timing is
- a. A new online video game
- b. A winning solution over time
- c. A losing proposition over time

(5) President-elect Donald Trump's Treasury Secretary nominee is
- a. Rex Tillerson, current CEO of Exxon-Mobil
- b. Jeff Sessions, a U.S. Senator from Alabama
- c. Steven Mnuchin, a former Goldman Sachs partner who also founded several hedge funds

(6) The Federal Reserve raised the federal funds interest rate in 2016
- a. 1 time for a total .25% increase
- b. 2 times for a total .50% increase
- c. 1 time for a total .50% increase

(7) The U.S. National Debt is now approximately
- a. $ 18 Trillion
- b. $ 20 Trillion
- c. $ 22 Trillion

(8) The U.S. can carry a federal debt of 105% of GDP and still have strong demand for Treasury securities because
- a. The $ is the world reserve currency, has a stable government and economy, and Treasury debt has a guaranteed interest rate
- b. The $ is the world reserve currency, U.S. has a rule of law, a stable government and economy, a liquid Treasury debt market, and high relative interest rates
- c. Both a and b

Answers:
(1) a (2) b (3) c (4) c (5) c (6) a (7) b (8) b