



# QSI

## Quantitative Strategies, Inc.

A REGISTERED INVESTMENT ADVISOR

### **Quarterly Update- for the Period ended December 31, 2016**

Stock markets were up for the quarter with the Standard & Poors 500 (S&P 500) up about 3.8%. Fixed income assets, as measured by the Barclay's Aggregate Bond Index, were down about 3%.

Equity markets were generally up for the quarter due in part to improving earnings and increased optimism after the presidential election. The largest increases came from Smallcap holdings which grew by double digits. Equity returns were generally higher, though the healthcare sector and international stocks were down for the quarter and detracted from performance.

Long-term U.S. Treasury bond yields were generally higher, pushing bond values lower. U.S. Treasuries were one of the worst performing bond categories for the quarter. QSI portfolios have minimal exposure to this asset class. Lower credit (high yield) bonds had small growth, helping performance in the fixed portion of portfolios.

The expectation of continued economic growth and reduced regulation under the "new" administration is helping to push equity values higher. Global risk remains, however, and a struggling global economy may impact U.S. growth. Also, even though Republicans control both the house and senate, there is sufficient division among them to create uncertainty as to how effective the administration will be and what they intend to accomplish.

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