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We wish all Oxford Chase Advisors (OCA) clients peaceful and fulfilling new year. We want to thank you for your continued support and the trust that you have shown in us. OCA's client base is growing and we added a number of new clients in 2016. We look forward to your continued support and trust in the future.

### **Economy & Market Valuation**

2016 has been a very interesting year for the US stock market which defied the market predictions made by most of the market analysts, economists and political pundits. Almost all opinion polls predicted a Hillary Clinton win in US presidential elections and market analysts predicted a market crash in case of a Trump victory. Both of the predictions proved to be wrong. These events strengthen our belief that it is impossible to time the markets and you need to be invested in good companies for the long term. The US economy is growing at a healthy rate and is approaching full employment. The US economy is expected to accelerate in the first half of 2017 because of improved confidence by US consumers and businesses in anticipation of tax cuts and deregulation. The Federal Reserve is expected to increase interest rates 3 times in 2016. An improving economy and higher interest rates are going to favor US banks and companies deriving their revenue in the US. We intend to stay almost fully invested in the US stock market until we see signs of a downturn in the US economy.

### **Investment philosophy and Examples**

Looking at some of our long term investments, we would like to discuss EBIX and Bank of America in this letter. EBIX is a software company based in Atlanta developing and deploying Data Exchanges for insurance companies. Around 80% of its revenue is recurring and it gets paid by the transactions happening on its exchanges. It has a high operating margin, shareholder friendly management, long history of being profitable and prudent acquisitions. EBIX's stock price almost doubled in 2016. We sold almost half of EBIX in 2016 as we do not want any position to become too large in our portfolio. We intend to keep EBIX in the portfolio for the long term.

Bank of America is another long term holding in our portfolio. It is a beneficiary of an improving economy and rising interest rates. Bank of America's stock price went up by almost 50% in 2016. We have trimmed our position in Bank of America in 2016 following the principle of not having any one position being too large in the portfolio. We intend to keep it till we signs of a recession.