



## Second Quarter 2016 Review Letter

Dear Clients:

We just crossed the midpoint for 2016. US stocks are up 2.7%, world stocks are up 1.4%, and US bonds are up 5.3% year-to-date, as represented by the S&P 500 Index, the All Country World Index, and the Barclays Aggregate Bond Index.

Can you absorb another Brexit invocation? It has been one week since the results were tallied and citizens of the United Kingdom voted to leave the European Union. Many fear that the EU may have received a fatal blow, and many hope that the people's frustration will spark change for the better. Parallels are being drawn to Trump's candidacy on this side of the Atlantic, but negotiations for Britain's exit will run on far past our presidential election in November. As I mentioned in my email last week, we responded to the surprise Brexit results by rebalancing your portfolios. Buy low: we were able to fill our international developed markets allocation at a 7 to 8% discount in many accounts. Maintaining this disciplined rebalancing is the second most important thing that we do. Setting our allocation to limit volatility is the top priority, and we think we have that right too.

Over the last 12 months, our top performing investment has been our US Treasury fund, which has returned 9.5%. Treasury bonds have room to appreciate further if volatility continues and certainly if global growth falters. We are in line with or exceeding our benchmarks, and we have confidence that the portfolios will perform in most economic scenarios.

Chief Allocation Strategist Steve Bobo and I will continue to review our assumptions and assess opportunities. We know that you depend on us to follow developments that might affect your assets. We take this responsibility seriously and we have placed our money right alongside yours. Please refer to the following statements for performance and quarter-end balances, and please contact me if you have any questions.

Sincerely,

John H. Biebel, J.D., CFP®

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