



2016 Review

Dear Clients:

I write with an update on your performance. It is good news.

Last year US stocks increased 12.2%, world stocks increased 8.4%, and US bonds increased 2.4%, as represented by the S&P 500 Index, the All Country World Index, and the Barclays Aggregate Bond Index. Our portfolios consistently outperformed their benchmarks, and our balanced and growth portfolios generally earned 7.5% or more in 2016 for those clients who were with us for the entire year. Our success was due in part to the surge in prices of small company stocks after the election. It was astounding to witness the markets reverse course literally overnight: they had consistently signaled a preference for a Clinton presidency in the months preceding the election, but by mid-day on November 9th, investors had apparently concluded that a Trump presidency was going to be great for asset growth.

Chief Allocation Strategist Steve Bobo and I can't promise that this optimism is completely founded or unfounded. This is perhaps the most challenging part of investment management: gleaning reality from the morass of data, differing opinions and human emotion that pervades what appears to be a rational, dispassionate marketplace. Investing is challenging. We must make decisions based on incomplete information that is almost certainly faulty in whole or in part. This would be a fun intellectual exercise if our money were not at stake. But my satisfaction with the honesty and elegance of our approach deepens each quarter. We will continue to discuss threats and opportunities to multiple scenarios in our biweekly meetings and implement portfolio changes as needed. We will continue to review client accounts regularly and make small purchases of the least expensive holdings. Resist the urge to buy high and sell low.

Please refer to the following statements for your assets' performance and quarter-end balances, and please contact us if you have any thoughts or concerns about your accounts. Our money continues to be invested right alongside yours.

Sincerely,

John H. Biebel, J.D., CFP®

Chief Client Advisor

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