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Investment Strategy Update **First Quarter 2016**

Several transient events during 2015 have provided formidable, yet temporary, headwinds for foreign equities and U.S. corporate bonds. However, we continue to view this environment as an opportunity to develop and maintain an aggressive asset allocation relative to each client's personal benchmark in these sectors. **Robin Smith, CFA, CFS, EA**

Our aggressive asset allocation, when compared to each client's personal benchmark, is supported by the net benefits yet to be realized from low oil prices, favorable monetary policy and attractive valuations worldwide. Social unrest and financial instability in key areas outside of the United States have prevented foreign equity markets from recovering from historically low valuations, relative to key sectors of the U.S. equity market. As a result, our primary focus remains on those attractive valuations in foreign equity markets.

During 2015, concerned investors once again favored U.S. growth equities and treasuries. We have taken this opportunity to reduce positions further in these sectors.

During the fourth quarter of 2015, U.S. equity markets recovered somewhat from a third quarter correction, as the U.S. economic trend toward strengthening remained resilient, yet modest. We feel that this trend will continue in 2016. Accordingly, we feel that concerns about an economic recession here in the United States that have surfaced several times since 2007, will once again be proven incorrect for 2016.

During 2016, the European economy is expected to regain its own level of economic resilience. In anticipation of renewed economic stability, European equities have begun to stabilize and move higher. Unfortunately, strength in the U.S. dollar, a response to declining oil prices, has temporarily masked the favorable absolute performance in some foreign equity markets.

Our aggressive asset allocation, relative to each client's personal benchmark, reflects our continued expectations for improvement in world economies and attractively valued equity markets outside of the US. Fixed income investments remain focused on shorter duration corporate bonds.

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