DEKKO INVESTMENT SERVICES
DREAM. PLAN. GROW.

January 2017

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2016 was a year of the unexpected. We had the worst start to a year in Wall Street history in January. We saw recession fears flying and the stock market falling more than 10% by mid-February due to plunging commodity prices, a slowdown in China and fear of a rate hike by the Federal Reserve, among other things. In fact, oil prices hit 13-year lows, closing below $27 per barrel. We experienced a shocking Brexit vote in June with the United Kingdom exiting the European Union. We experienced several terrorist attacks across the globe. Most were stunned by Donald Trump’s victory over Hillary Clinton in the U.S. presidential election in November and even more perplexed when the stock market soared following his win. These and other unexpected events took place in 2016, but the stock market remained resilient throughout it all.

Index	2016 Return	Index Description
S&P 500 TR	11.96%	Tracks 500 leading large cap companies in the U.S.
Russell 2000 TR	21.31%	Tracks 2000 of the smallest companies in the U.S.
MSCI EAFE NR	1.00%	Tracks 21 developed international equity markets including France, Germany, Spain, the U.K., & Japan
MSCI EM NR	11.19%	Tracks 25 emerging market counties including China, India, Brazil, Mexico, Russia, Turkey & Greece
Barclays Aggregate Bond TR	2.65%	Tracks investment grade bonds trading in the U.S.

The S&P 500 managed a total return of 3.82% for the quarter. For the year, the S&P 500 rose 11.96%, marking the eighth consecutive year of positive returns for the large cap U.S. equity market. Small cap U.S. equities, as measured by the Russell 2000, were also in positive territory for the quarter and the year returning 8.83% and 21.31%, respectively.

International equity markets reversed their downward trends in 2016 with developed international equities losing -0.71% for the quarter but gaining 1% for the year, as measured by the MSCI EAFE index. Emerging market equities followed the same trend losing -4.16% for the quarter but gaining 11.19% for the year, as measured by the MSCI EM Index.

The U.S. bond market posted a -2.98% return for the quarter and a 2.65% return for the year, as measured by the Barclay’s Aggregate Bond Index. The 10-year Treasury note experienced wide swings in 2016 with yields below 1.4% in July and yields finishing the year at 2.45% on December 30th. Some of that increase in yield was a result of the Federal Reserve increasing interest rates by 0.25% in December, diverging from the rest of the world. Bond prices fall as yields rise, which is why we saw a decline in bonds for the quarter.

Evaluating the Economics of the President-Elect

The results of the November 8, 2016 U.S. presidential election have not changed our long-term outlook for the U.S. economy. Elections do not in and of themselves change economic trajectories, policies do. We need to wait to see which policies Trump moves forward with, and the details of those policies.

The President Proposes, Congress Passes

President-elect Donald Trump, whether you support him or not, won't get everything he campaigned over because the process of lawmaking is a compromise, even within one's own party. All presidents — even those like Trump who sweep into office while holding both houses of Congress — will have to compromise.

The S&P 500 index rose 4.98% between Election Day and December 30, 2016.

Checks and balances are an important part of our political system. Although Trump is not a traditional politician, he will likely share the experience of leaving a fair amount of his campaign agenda undone. Checks and balances help to eliminate the extremes that may be making investors nervous. Further, newly elected presidents tend not to have as much political capital as they think they do, which is one of the reasons they are typically unable to get all of their top priorities accomplished. Trump has a narrow Senate majority, won a closely contested election, and the Republican Party (not to mention the Democratic Party) is fragmented, making the policy path more difficult. Still, he is likely to make a difference in several key areas impacting the economy, including:

- Taxes, both corporate and personal
- Healthcare
- Trade and tariffs
- Infrastructure and defense spending
- Regulation
- Immigration

Rise of Economic Volatility?

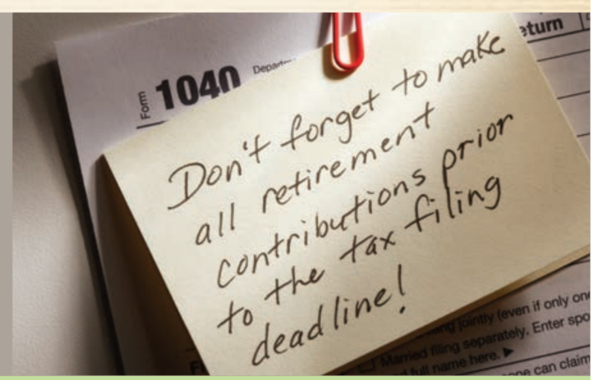
We would not be surprised by a potential increase in market volatility in the coming months, and economic volatility may also increase as well. Economic policies that have been in place since the start of the Obama Administration in 2009—and in some cases, well before that—may be changing in the next few years. Consumers, businesses, policymakers abroad, and market participants will need to adjust to these changes, which may lead to slightly elevated levels of both financial market and economic volatility. However, we point out that the degree to which the election results impact volatility will depend a great deal on which policies are actually enacted as a result of the changes in Washington.

IRA Contribution Reminder!

The deadline for Traditional and Roth IRA contributions for the 2016 tax year is April 18, 2017.

Age	2016 Contribution Limits
49 and under	100% of compensation, up to $5,500
50 and older	Additional $1,000

*Please consult your tax accountant for suitability and tax related questions.



Wishing you a Happy & Healthy 2017,

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The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Stock investing involves risk including loss of principal.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values and yields will decline as interest rates rise and bonds are subject to availability and change in price.

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The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Dow Jones Industrial Average Index is comprised of U.S.-listed stocks of companies that produce other (non-transportation and non-utility) goods and services. The Dow Jones industrial averages are maintained by editors of The Wall Street Journal. While the stock selection process is somewhat subjective, a stock typically is added only if the company has an excellent reputation, demonstrates sustained growth, is of interest to a large number of investors, and accurately represents the market sectors covered by the average. The Dow Jones averages are unique in that they are price weighted; therefore, their component weightings are affected only by changes in the stocks' prices.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The prices of small and mid-cap stocks are generally more volatile than large cap stocks.

The Morgan Stanley Capital International ('MSCI') Europe, Australia, Far East Index ('EAFE') is an unmanaged index of over 900 companies, and is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of the major overseas markets included in the index on a U.S. dollar adjusted basis. The index is calculated separately: without dividends, with gross dividends reinvested and estimated tax withheld, and with gross dividends reinvested, in both U.S. dollars and local currency.

The Morgan Stanley Capital International ('MSCI') Emerging Markets Index adjusts the market capitalization of index constituents for free float and targets for index inclusion 85% of free float-adjusted market capitalization in each industry group, in global emerging markets countries. As of June 2007, the MSCI Emerging Markets Index consisted of the following 25 emerging market country indexes: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The Barclays Capital U.S. Aggregate Index is comprised of the U.S. investment-grade, fixed-rate bond market.