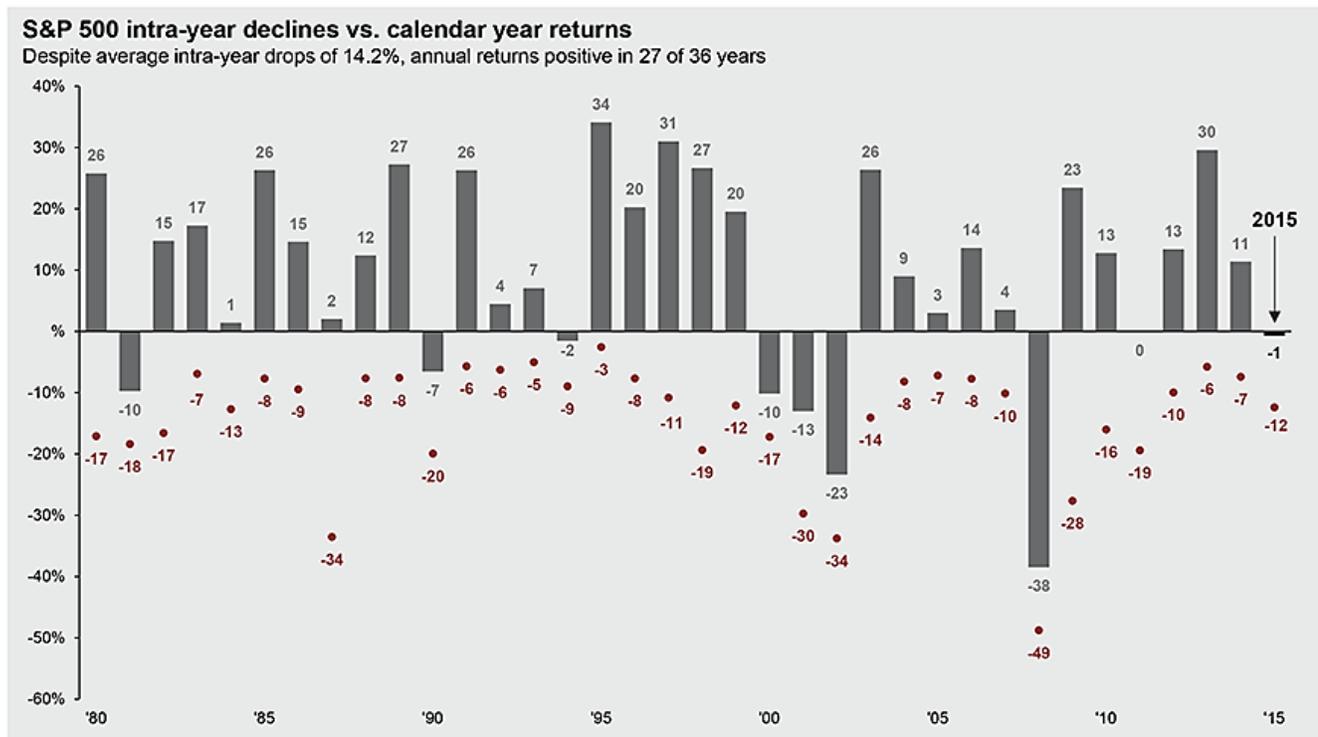


Updated Market Volatility Observations

The recent volatility in the world stock markets again has everyone's attention. Since we believe it is important to not let this short-term volatility interfere with your long term game plan, we are updating our August observations about market volatility. We are providing a more in depth discussion of our strategies in this quarter's newsletter.

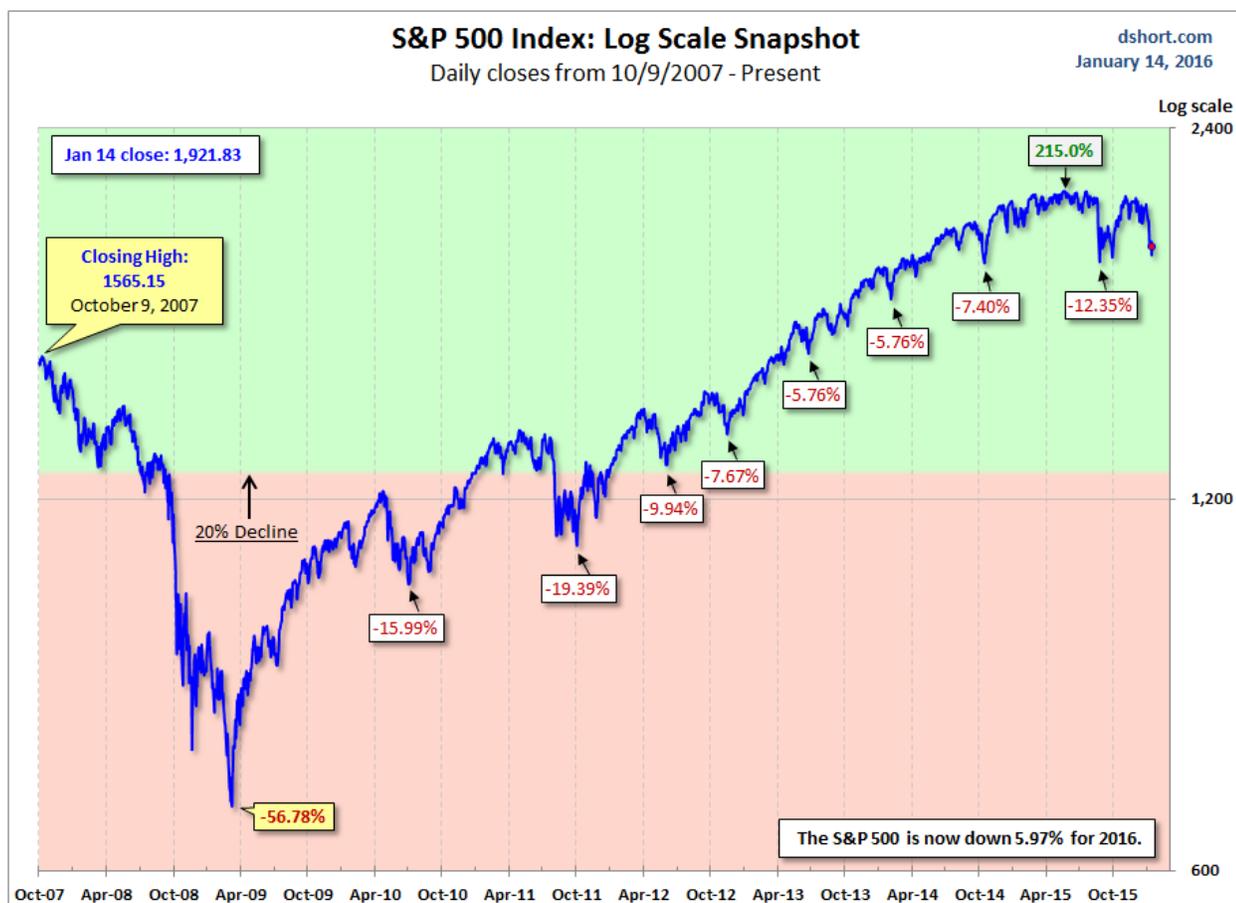
What's happening?

The chart below shows historic intra-year declines (average declines of 14%) in the S&P 500. Currently the volatility culprits seem to be concerns about China's economy, lower commodity prices (especially oil), and speculation about future interest rate increases by the Federal Reserve. The attached chart and recent volatility show that short-term volatility is unpredictable.



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Before August 2015, we had been without a 10% "correction" for four years but now we have experienced two corrections within 6 months (see chart below). This action brings to mind investment legend Benjamin Graham's quote, "In the short run, the market is a voting machine, in the long run, it's a weighing machine". In other words, sentiment drives short period results while economic fundamentals generally support long term performance.

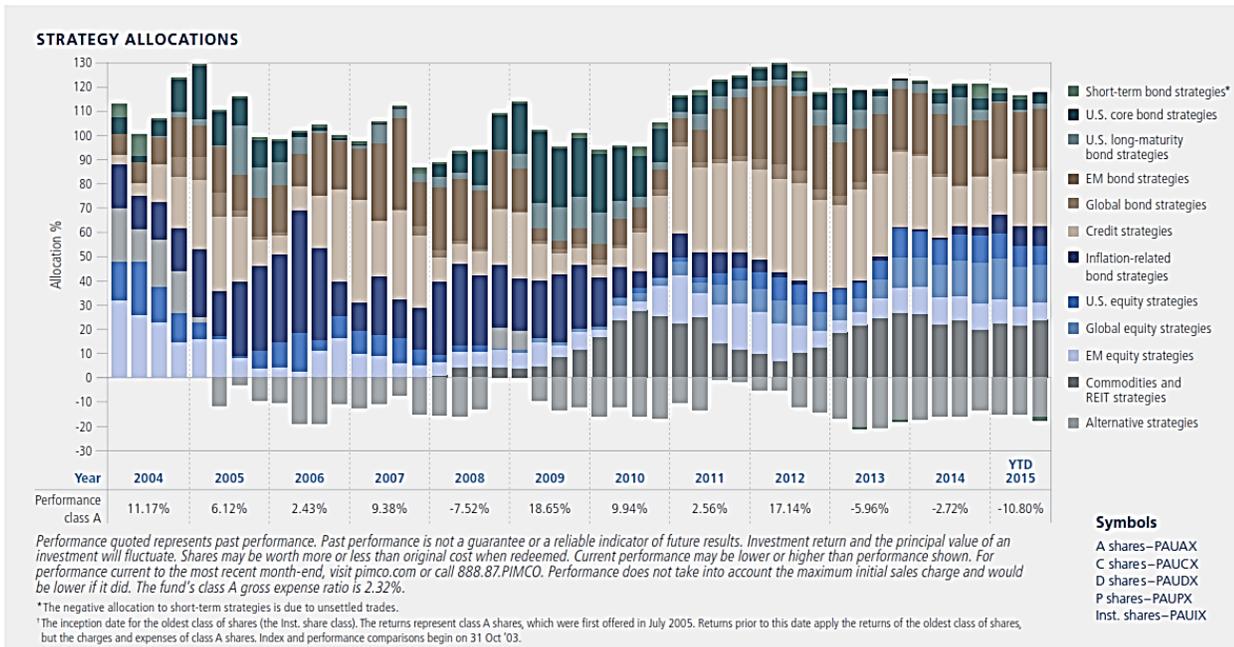


Things to remember!

It is important to remember the key aspects of your investment and financial game plans.

1. Asset allocation - Your Investment Policy Statement was constructed so that the portion of your portfolio allocated to stocks is such that you can "stay the course" during market declines. We continue to be under-weighted in US domestic stocks due to concerns about higher price levels. If you have concerns about your stock allocation, please call us.
2. Diversification- Your portfolio is invested in different asset classes (cash, bonds, stocks, and alternative investments) which will perform differently over longer time periods (see attached chart that shows the divergence of performance of asset classes). Due to high stock prices and low interest rates, we have increased the diversification (away from our typical core holdings) within both the stock and bond portions of your portfolio.
3. Cash management - If you are withdrawing money from your portfolio, you have at least two years of cash needs invested in money market or short term bond funds. This strategy will reduce the need to sell stocks or bond funds at lower prices during these periods.

4. Alternative investments -The use of the Pimco All Asset funds within your portfolio has added diversification into non-core stock and bond investments (see chart below showing allocations for the Pimco All Asset fund). These funds have not performed well recently but we are confident that they will outperform over longer periods.



5. Financial Game Plan – We have established financial game plans with clients which include Financial Plan B’s – what to do if unexpected market returns or expenditures happen.

What are we doing?

As previously mentioned, we have been concerned about the price levels of stocks, especially in the U.S. for some time. We will continue to look for opportunities to make portfolio modifications if there are additional significant market declines. If asset classes within your portfolio drop significantly below their target ranges, we will take steps to rebalance your portfolio.

In late 2015, we took tax losses to offset earlier capital gains in many client taxable accounts. We will continue to monitor portfolios for any available tax strategies.

We encourage you to call if you have any concerns or just want to discuss how your portfolio is structured.

John C. Lynch

Douglas M. Lynch

																2000 - 2015	
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Ann.	Vol.
Comdty.	REITs	Comdty.	EM Equity	REITs	EM Equity	REITs	EM Equity	Fixed Income	EM Equity	REITs	REITs	REITs	Small Cap	REITs	REITs	REITs	REITs
31.8%	13.9%	25.9%	56.3%	31.6%	34.5%	35.1%	39.8%	5.2%	79.0%	27.9%	8.3%	19.7%	38.8%	28.0%	2.8%	12.0%	21.9%
REITs	Fixed Income	Fixed Income	Small Cap	EM Equity	Comdty.	EM Equity	Comdty.	Cash	High Yield	Small Cap	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	Small Cap
26.4%	8.4%	10.3%	47.3%	26.0%	21.4%	32.6%	16.2%	1.8%	59.4%	26.9%	7.8%	19.6%	32.4%	13.7%	1.4%	7.9%	21.4%
Fixed Income	Cash	High Yield	DM Equity	Asset Alloc.	DM Equity	EM Equity	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Small Cap	EM Equity				
11.6%	4.1%	4.1%	39.2%	20.7%	14.0%	26.9%	11.6%	25.4%	32.5%	19.2%	3.1%	18.6%	23.3%	6.0%	0.5%	6.6%	21.1%
Cash	Small Cap	REITs	REITs	Small Cap	REITs	Small Cap	Asset Alloc.	High Yield	REITs	Comdty.	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	EM Equity	Comdty.
6.1%	2.5%	3.8%	37.1%	18.3%	12.2%	18.4%	7.1%	-26.9%	28.0%	16.8%	2.1%	17.9%	14.9%	5.2%	0.0%	5.9%	18.6%
High Yield	High Yield	Cash	High Yield	High Yield	Asset Alloc.	Large Cap	Fixed Income	Small Cap	Small Cap	Large Cap	Cash	Small Cap	High Yield	Small Cap	DM Equity	Fixed Income	DM Equity
1.0%	2.3%	1.7%	32.4%	13.2%	8.1%	15.8%	7.0%	-33.8%	27.2%	15.1%	0.1%	16.3%	7.3%	4.9%	-0.4%	5.4%	17.4%
Asset Alloc.	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	Large Cap	Asset Alloc.	Large Cap	Comdty.	Large Cap	High Yield	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	Asset Alloc.	Large Cap
0.0%	-2.4%	5.9%	28.7%	12.8%	4.9%	15.3%	5.5%	-35.6%	25.5%	14.8%	-0.7%	16.0%	2.9%	0.0%	-2.0%	4.8%	16.9%
Small Cap	Asset Alloc.	EM Equity	Asset Alloc.	Large Cap	Small Cap	High Yield	Cash	Large Cap	Asset Alloc.	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Large Cap	Asset Alloc.
-3.0%	-3.9%	-6.0%	26.3%	10.9%	4.6%	13.7%	4.8%	-37.0%	25.0%	13.3%	-4.2%	12.2%	0.0%	0.0%	-2.7%	4.1%	13.5%
Large Cap	Large Cap	DM Equity	Comdty.	Comdty.	High Yield	Cash	High Yield	REITs	Comdty.	DM Equity	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	DM Equity	High Yield
-9.1%	-11.9%	-15.7%	23.9%	9.1%	3.6%	4.8%	3.2%	-37.7%	18.9%	8.2%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.8%	11.5%
DM Equity	Comdty.	Small Cap	Fixed Income	Fixed Income	Cash	Fixed Income	Small Cap	DM Equity	Fixed Income	Fixed Income	Comdty.	Cash	EM Equity	DM Equity	EM Equity	Cash	Fixed Income
-14.0%	-19.5%	-20.5%	4.1%	4.3%	3.0%	4.3%	-1.6%	-43.1%	5.9%	6.5%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.8%	3.4%
EM Equity	DM Equity	Large Cap	Cash	Cash	Fixed Income	Comdty.	REITs	EM Equity	Cash	Cash	EM Equity	Comdty.	Comdty.	Comdty.	Comdty.	Comdty.	Cash
-30.6%	-21.2%	-22.1%	1.0%	1.2%	2.4%	2.1%	-15.7%	-53.2%	0.1%	0.1%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.8%	1.0%

Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.
 Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Barclays Global HY Index, Fixed Income: Barclays Aggregate, REITs: NAREIT Equity REIT Index. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Barclays Aggregate, 5% in the Barclays 1-3m Treasury, 5% in the Barclays Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. All data represents total return for stated period. Past performance is not indicative of future returns. Data are as of 12/31/15. Annualized (Ann.) return and volatility (Vol.) represents period of 12/31/99 - 12/31/15. Please see disclosure page at end for index definitions.
 Guide to the Markets - U.S. Data are as of December 31, 2015.