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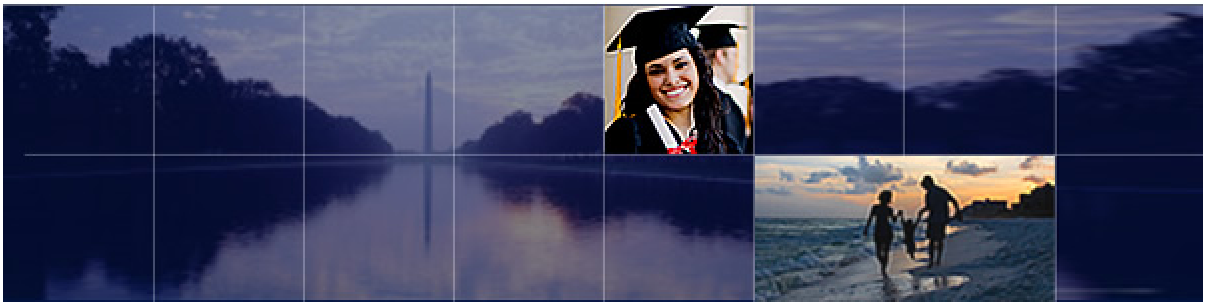


Quarterly Newsletter April 2016 Volume 9 Number 1

NON-PROFIT INVESTMENT REPORT
FIRST QUARTER 2016

In This Issue:

Attention Non-Profit CEOs and CFOs!

This newsletter contains timely information for your non-profit organization. The table of investment asset class returns may help you assess the performance of your investment program and portfolio.

Market Commentary

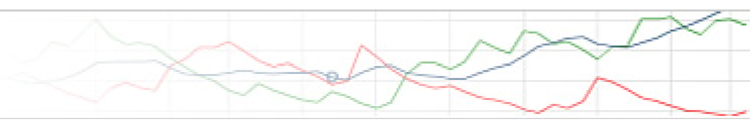
The first quarter of the year had modest gains in most fixed-income asset classes and mixed results in the equity asset classes. Real estate and precious metals experienced healthy gains. Overall results for diversified portfolios were generally positive and seemingly quite consistent with the global economic situation of slow growth.

The fixed-income markets were virtually unperturbed by the Federal Reserve's comments and actions (and inactions) on raising interest rates. We believe the slow pace of rate changes is allowing portfolio managers to absorb and adjust their holdings to minimize the impact of rising interest rates. As the rates inch upward, the overall yields also improve, albeit in very small increments. At the same time, any rapid rise in interest rates seems improbable. According to JP Morgan, 66 percent of all global government bonds have current yields below 1 percent and 29 percent have yields below 0 percent!
[Source: JP Morgan Guide to the Markets, Q2 2016 using Bank of America ML Global Government Bond Index]

Domestic equity markets had mixed results. The U.S. economy is growing slowly. Unemployment continues to gradually drop. Wages are increasing ever so slightly, which helps keep inflationary pressures at a minimum. The price of a barrel of oil has steadied so gasoline prices remain around $2 per gallon. Even though we have pockets of uncertainty and areas of instability, we feel there are few signs of any irrational exuberance or prognostications of impending doom that might create large market swings.

Internationally, the EuroZone is continuing to make progress against its high unemployment rate even while it is devoting a lot of its attention to the recent spike in terrorist activity. Japan is constantly trying new approaches to dealing with its aging population (and therefore shortage of skilled workers), meager growth, significant debt burden, and currency challenges. Their road is no doubt a long one, yet we believe their contribution to the world economy remains very important. China and China-watchers may be realizing that slower growth is the new normal for the region. That should help to dampen some of the market volatility caused by any new reports (positive or negative) from that part of the world.

Asset Class Returns



Here are the 1st quarter 2016 and full year 2015 returns of typical benchmarks for selected asset classes. A diversified portfolio may include some investments in many (or all) of these asset classes. This table is sorted by (1st Quarter 2016) percentage return.

Asset Class	CY 2015	Q1 2016	Benchmark Index
International Fixed Income Un-Hedged	-4.84%	9.08%	J.P. Morgan Global Non-US Un-Hedged
Real Estate United States	2.83%	5.84%	FTSE EPRA/NAREIT Equity
Real Estate International	-3.50%	4.56%	FTSE EPRA/NAREIT Global Real Estate excl. US
Domestic Fixed Income Treasury Inflation Protected (TIPS)	-1.44%	4.46%	Barclays TIPS Index
International Fixed Income Hedged	1.68%	4.27%	J.P. Morgan Global Non-US Hedged
Domestic Fixed Income Intermediate Term Bond	1.07%	2.45%	Barclays Intermediate US Government/Credit Bond
Domestic Stock Large Cap Value	-3.83%	1.64%	Russell 1000 Value
Domestic Fixed Income Short Term Bond	0.97%	1.61%	Barclays 1-5 Year Government/Credit Bond
Domestic Stock Large Cap Blend	1.38%	1.35%	S&P 500 Composite Total Return
Commodities Natural Resources	-25.32%	0.64%	Dow Jones UBS Commodity Total Return
Annual Inflation Rate	0.66%	-0.05%	Consumer Price Index
International Stock Small Cap Blend	7.32%	-0.60%	MSCI EAFE Small Cap Net Total Return
Domestic Stock Small Cap Blend	-4.41%	-1.52%	Russell 2000 Index
International Stock Large Cap Blend	-0.39%	-3.01%	MSCI EAFE Net Total Return

• Asset Class Returns in this table are represented by Benchmark Index performance numbers derived from Morningstar. Organizations cannot invest directly in an index. Index returns do not include investment advisory fees or trading expenses. An investment benchmark is a standard against which the performance of an individual security or group of securities is measured. For example, the average annual performance of a class of securities over time is a benchmark against which the current performance of members of that class and the class itself can be measured.

• Actual portfolios should be constructed based upon an individual or entities specific financial resources, investment goals, risk tolerances, investing time horizons, tax situation, and other relevant factors. Not all recommendations will be suitable for all investors. Individual allocations and performance will vary.

• Performance results shown do not include a deduction for investment management fees or expenses. If management fees and expenses were included, the returns would likely be reduced by one percentage point or more for the annualized management fee, and there would also be additional trading commissions and expenses.

• Past performance is not a guarantee of future results. There is no guarantee that historical returns will be repeated, achieved, or met in the future. There is no guarantee that annual returns will be achieved or met in any year, especially during times of high market volatility.

Additional Market Indicators

Interest rates, energy prices, unemployment rates, and major market benchmarks are some of the fundamental macro indicators about the health of the U.S. economy.

2016 Market Indicators	Q4 2015	Q1 2016	Q1 2016 Change
Federal Funds Rate	0.50%	0.50%	0.00%
Prime Rate	3.50%	3.50%	0.00%
Oil (Barrel)	$37.87	$38.34	1.24%
Gasoline (Gallon)	$1.99	$2.17	9.05%
Unemployment Rate	5.00%	5.00%	0.00%
Dow Jones Industrial Average	17425.03	17685.09	1.49%
S&P 500 (Price)	2043.94	2059.74	0.77%
NASDAQ Composite	5007.41	4869.85	-2.75%

Department of Labor's New Fiduciary Rule

The Department of Labor regulates the nation's retirement plans under the Employee Retirement Income Security Act of 1974 (ERISA).

In 2012, ERISA began requiring each plan sponsor (i.e., employer offering a qualified retirement plan) to provide an annual fee disclosure document to all participants. This action was designed to encourage plan providers and plan sponsors to be transparent in reporting all fees and expenses of the investment program. It also provides information to assess how well the plan investment options are performing compared to approproate asset class benchmarks. The goal is to give the plan participant more data to evaluate their plan and assess if they believe it is in their best interests. The plan sponsor bears the fiduciary responsibility to ensure the plan costs are reasonable and the plan investment options are appropriate.

The DOL has taken another step on fiduciary responsibility in 2016 with the release of the "Final Rule" on April 6. For those that may be interested in the details, the final rule and resource materials can be found at DOL Fiduciary Rule. This rule is targeted at problems with conflicts of interest in investment advice. The DOL has estimated that this could save middle-class families billions of dollars every year.

Here is a short exerpt from the Final Rule: "Going forward, those that provide investment advice to plans, plan sponsors, fiduciaries, plan participants, beneficiaries, and IRAs and IRA owners must either avoid payments that create conflicts of interest or comply with the protective terms of an exemption issued by the Department. Under new exemptions adopted with the rule, firms will be obligated to acknowledge their status and the status of their indivdiual advisers as "fiduciaries."

Fiduciary advisors are legally and ethically required to place their client's best interest first at all times.

Roth or Traditional?

More and more retirement plans are offering a Roth option for participants. There some key differences between a Roth and a Traditional retirement plan that are worth reviewing.

Traditional retirement plans allow employees to defer part of their earned income "before tax." The money is invested and the investment returns grow tax-deferred until you retire. You may begin withdrawing the money at age 59 1/2. When you reach age 70 1/2 you are required to start withdrawing money according to a very precise formula known as "Required Minimum Distributions." During retirement, all withdrawals are taxed as ordinary income in the year received.

Roth retirement plans have some key differences. Employee deferrals are "after tax" meaning you will report and pay tax on your total earned income each year, and designate part of your "take-home" pay to the Roth. For many, the lower take-home pay may not match their current budget or spending needs. The money contributed is also invested and the investment returns grow tax free (not tax deferred) until retirement age. You may begin withdrawing the money at age 59 1/2. When you reach age 70 1/2 there are NO required minimum distributions. During retirement, all withdrawals are tax free.

There are additional rules, restrictions and considerations. Each individual circumstance is different. You may wish to consult a financial professional to assess if a Roth plan is right for you.

DISCLOSURES:

The discussion of investment strategy and philosophy found in this newsletter is not intended as any form of substitute for individualized investment advice. The discussion is general in nature, and therefore not intended to recommend or endorse any asset class, security, or technical aspect of any security for the purpose of allowing a reader to use the apporach on their own. Before participating in any investment program or making any investment, clients as well as all other readers are encouraged to consult with their own professional advisers, including investment advisers and tax advisors. Rembert Pendleton Jackson can assist in determining a suitable investment approach for a given individual, which may or may not closely resemble the strategies outlined herein This document does not constitute a complete description of our investment services and is for informational purposes only. It is in no way a solicitation or an offer to sell securities or investment advisory services. All investments involve risk, including foreign currency exchange rates, political risks, market risk, different methods of accounting and financial reporting, and foreign taxes.

Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings correspond directly to any comparative indices. An investor may not directly invest in an index.

Information presented herein is based upon facts derived from publicly available information, and is also based on certain assumptions, including that there are no additional changes to current law, and that demographic information regarding retirement accounts also remains unchanged. Further, scenarios are presented solely for the purposes of demonstrating available retirement options, and do not include any information, analysis, or conclusions regarding other areas of an individual's financial future. Individuals are encouraged to seek advice from their own tax or legal advisors."

Some information in this presentation is gleaned from third party sources, and while believed to be reliable, is not independently verified."

RPJ Investment Advisory Services

If you are considering using the services of an investment advisor to assist with the prudent management of your funds, we would consider it a privilege to have the opportunity to serve you.

For more information about our firm and our services please visit our website or give us a call at 703-821-6655.

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