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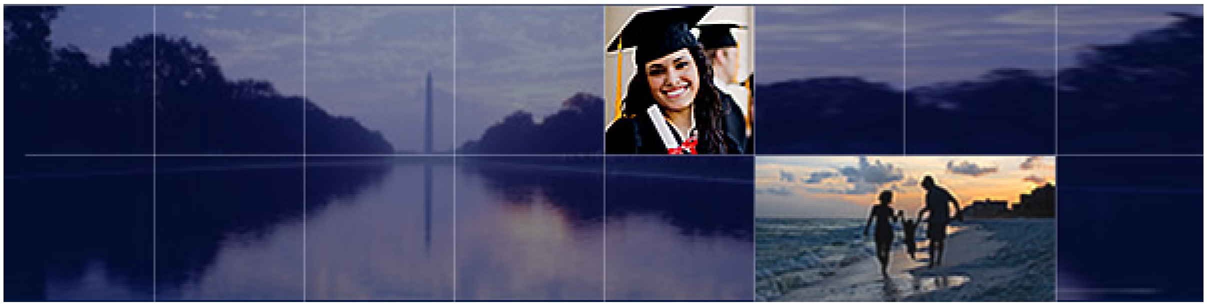


Quarterly Newsletter October 2016 Volume 9 Number 3

NON-PROFIT INVESTMENT REPORT

THIRD QUARTER 2016

In This Issue:

- Market Commentary
- Q3 2016 Asset Class Returns
- Additional Market Indicators
- The Presidential Election Impact
- Student Loan Debt and Recruiting

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.

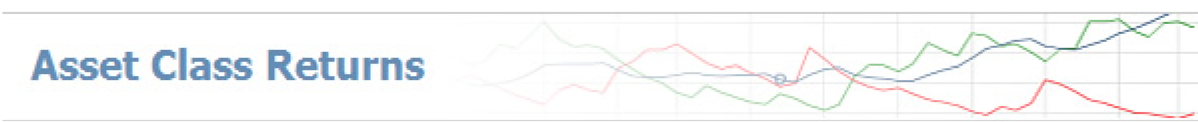
Market Commentary

There seems to be a growing disconnect between how the investment markets are performing and how individual investors think they should be performing. The investment markets are strongly influenced by many fundamental factors that are analyzed in great detail by large financial institutions, investment firms, and economists. As you can see from the table below, many asset classes are positive so far in 2016.

On the other hand, individual investors are strongly influenced by their individual circumstances and the short sound bites they hear from friends, associates, and the media. That news is often gloomy, as bad news seems to attract more attention than good news. It is also somewhat disconcerting to recognize that today's sophisticated tracking of individual's preferences allows web sites to direct even more of the "same type" of information in your direction.

There will always be investment risks, periods of uncertainty, and times when we feel overwhelmed by the latest dose of "bad" news. However, on balance, we believe there are many reasons to be cautiously optimistic going forward.

- Inflation remains quite low (but may start rising slowly)
- Unemployment, at 4.9 percent, is near historic lows
- Wages are slowly rising
- Consumer confidence is above historical averages
- The dollar is more stable as Brexit plans proceed
- Energy production and consumption are on a more even keel than earlier in the year
- Cash balances in savings and money market funds are growing
- The U.S. economy is growing slowly (GDP estimates of about 3 percent)
- Interest rates in the U.S. are low, but unlike some parts of the world, they are still positive
- There are few indications that we will enter another recession any time soon



Here are the 3rd quarter 2016 and year-to-date 2016 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 (3rd Quarter 2016) percentage return.

Asset Class	Q3 2016	YTD 2016	Benchmark Index
Domestic Stock Small Cap Blend	9.05%	11.46%	Russell 2000 Index
International Stock Small Cap Blend	8.64%	5.19%	MSCI EAFE Small Cap Net Total Return
International Stock Large Cap Blend	6.43%	1.73%	MSCI EAFE Net Total Return
Real Estate International	4.89%	10.64%	FTSE EPRA/NAREIT Global Real Estate excl. US
Domestic Stock Large Cap Blend	3.85%	7.84%	S&P 500 Composite Total Return
Domestic Stock Large Cap Value	3.48%	10.00%	Russell 1000 Value
Domestic Fixed Income Treasury Inflation Protected (TIPS)	0.96%	7.27%	Barclays TIPS Index
Annual Inflation Rate	0.46%	1.24%	Consumer Price Index
International Fixed Income Un-Hedged	0.46%	14.49%	J.P. Morgan Global Non-US Un-Hedged
Domestic Fixed Income Intermediate Term Bond	0.16%	4.24%	Barclays Intermediate US Government/Credit Bond
International Fixed Income Hedged	0.06%	7.78%	J.P. Morgan Global Non-US Hedged
Domestic Fixed Income Short Term Bond	0.04%	2.64%	Barclays 1-5 Year Government/Credit Bond
Real Estate United States	-1.21%	12.31%	FTSE EPRA/NAREIT Equity
Commodities Natural Resources	-4.40%	9.18%	Dow Jones UBS Commodity 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	Q2 2016	Q3 2016	Q3 2016 Change
Federal Funds Rate	0.50%	0.50%	0.00%
Prime Rate	3.50%	3.50%	0.00%
Oil (Barrel)	$48.33	$48.24	-0.19%
Gasoline (Gallon)	$2.43	$2.34	-3.70%
Unemployment Rate	4.90%	5.00%	2.04%
Dow Jones Industrial Average	17949.37	18308.15	2.00%
S&P 500 (Price)	2098.86	2168.27	3.31%
NASDAQ Composite	4842.67	5312.00	9.69%

The Presidential Election Impact

Neither the investment markets nor individual investors are comfortable with uncertainty. Oftentimes, the negative volatility in the investment markets is the result of a new uncertainty coming to light, and it may be followed by positive volatility when that uncertainty is more fully understood. In the case of this presidential election, a Clinton victory will likely have a shorter period of uncertainty than a Trump victory. However, in either case, the majorities in the House and Senate will be important AND the markets will learn what to expect and adapt.

Hartford Funds prepared a chart on Party affiliation and market performance. It provides some interesting perspective. Hartford gave permission to our firm to recap in this newsletter.

Yrs in office	***Name***	***Party***	***S&P 500 Index returns***
1961-1963	Kennedy	Democrat	12.4%
1963-1969	Johnson	Democrat	10.3%
1969-1974	Nixon	Republican	-1.6%
1974-1977	Ford	Republican	18.1%
1977-1981	Carter	Democrat	11.7%
1981-1989	Reagan	Republican	14.2%

1989-1993	Bush	Republican	15.7%
1993-2001	Clinton	Democrat	17.2%
2001-2009	Bush	Republican	-2.9%
2009-2017	Obama	Democrat	14.9%

Each of these presidents had multiple domestic and international crisis situations during their term in office. Many people will say that this time, this election, this set of candidates, this (you name it) is different. It probably is, but also, the markets probably don't care.

Student Loan Debt and Recruiting?

The total amount of student loan debt in the United States is now well over $1 trillion and exceeds the total amount of credit card debt. It has been estimated that the average student loan balance is $30,100 and requires a monthly loan payment of $300. (Source: Money Magazine, October 18, 2016, The Institute for College Access and Success [TICAS] annual report). If this is the average, then some students will clearly have a higher debt load.

College graduates (some may have even graduated many years ago) may consider the merits of working for a non-profit organization to participate in the Public Service Loan Forgiveness Program. With this program, after 10 years of consistent payments and 10 years of public service, the remaining federal student loan balance may be forgiven.

In a growing tight labor market, perhaps your non-profit should consider your own form of assistance for student loan debt burdens as an incentive to attract talent. A special stipend of $100, $200, or $300 per month, specifically for student loan debt payments, might be a powerful incentive to attract more candidates and provide them with a unique and meaningful benefit. You could choose the amount and duration that best fits your organization's finances.

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 approach 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.

The S&P 500 index is presented as a general representation of the behavior of the domestic equity markets. 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 student loan debt also remains unchanged.

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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