



OCTOBER 20, 2016

Rembert | Pendleton | Jackson

Financial Advisors

QUARTERLY PERFORMANCE REVIEW

THIRD QUARTER 2016

Dear Client:

We have enclosed your third quarter 2016 Portfolio Performance Report. Please review the materials and insert them behind the green “Performance” tab in your “Planbook.”

This table presents the 2016 third quarter and 2016 year-to-date returns of the benchmarks for selected asset classes.

Asset Class Returns

<u>Asset Class</u>	<u>3rd Qtr 2016</u>	<u>YTD 2016</u>	<u>Benchmark Index</u>
Domestic Fixed Income	0.16%	4.24%	Barclays Intermediate Gov't / Corp Bond
Domestic Inflation Protected	0.96%	7.27%	Barclays TIPS Index
International Fixed Income	0.06%	7.78%	JP Morgan – Global Gov't - Non US (hedged)
Domestic Equity (Large)	3.85%	7.84%	S&P 500 with Dividends
Domestic Equity (Large Value)	3.48%	10.00%	Russell 1000 Value Index
Domestic Equity (Small)	9.05%	10.00%	Russell 2000
Domestic Equity (Small Value)	8.87%	15.49%	Russell 2000 Value
International Equity	6.43%	1.73%	MSCI EAFE Equity Index with Dividends
Real Estate	-1.21%	12.31%	FTSE NAREIT Equity
Precious Metals	0.13%	24.76%	Gold
Natural Resources	-4.40%	9.18%	Dow Jones UBS Commodity Index
Inflation (Chained CPI)	0.10%	2.06%	Chained Consumer Price Index

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 above, many asset classes are positive so far in 2016.

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The DOL Fiduciary Rule

On April 6, 2016, the Department of Labor (DOL) issued its final rule expanding the "investment advice fiduciary" definition under ERISA. The rule goes into effect on April 10, 2017.

Fiduciary advisors are ethically and legally obligated to place clients best interests first at all times.

This will be an important consideration for anyone contemplating combining or rolling over retirement accounts.

If you have questions about how this might apply to your individual situation, please ask your RPJ advisor.

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.

It is human nature to be somewhat short-sighted as we are always more in tune with what we heard today than what we heard last year. It may be useful to remember that we live in the present, the President serves the country at most for eight years, and our investment portfolios serve us for many decades. Historically, diversified investment portfolios have experienced volatility over short periods of time and generally performed well over long periods of time. Therefore, taking time to consider the long-term view and strategy can help to balance the barrage of short-term negative news.

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. We think the chart attached to this newsletter (prepared by Hartford Funds) does a good job of putting this into perspective.

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 US economy is growing slowly (GDP estimates of about 3 percent)
- Interest rates in the US are low, but unlike some parts of the world, they are still positive
- There are few indications that we will enter another recession anytime soon

Our investment philosophy continues to advocate participation in the markets with a globally diversified portfolio as a prudent strategy for the long journey. We welcome your comments and value the relationship we have with each of you. Stay safe and enjoy the fall!

Regards,



Rembert Pendleton Jackson

Quotable Quotes

"Speculation leads you the wrong way. It allows you to put emotions first, whereas investment gets emotions out of the way."

- John Bogle

The discussion of investment strategy and philosophy found in this advertisement 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.

Past performance may not be indicative of future results. Therefore, no current or prospective client should assume that the future performance of any specific investment, asset class, or investment strategy (including the investments and/or investment strategies recommended by the adviser), will be profitable or equal to past performance levels.

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.

RPJ Investment Advisory Services

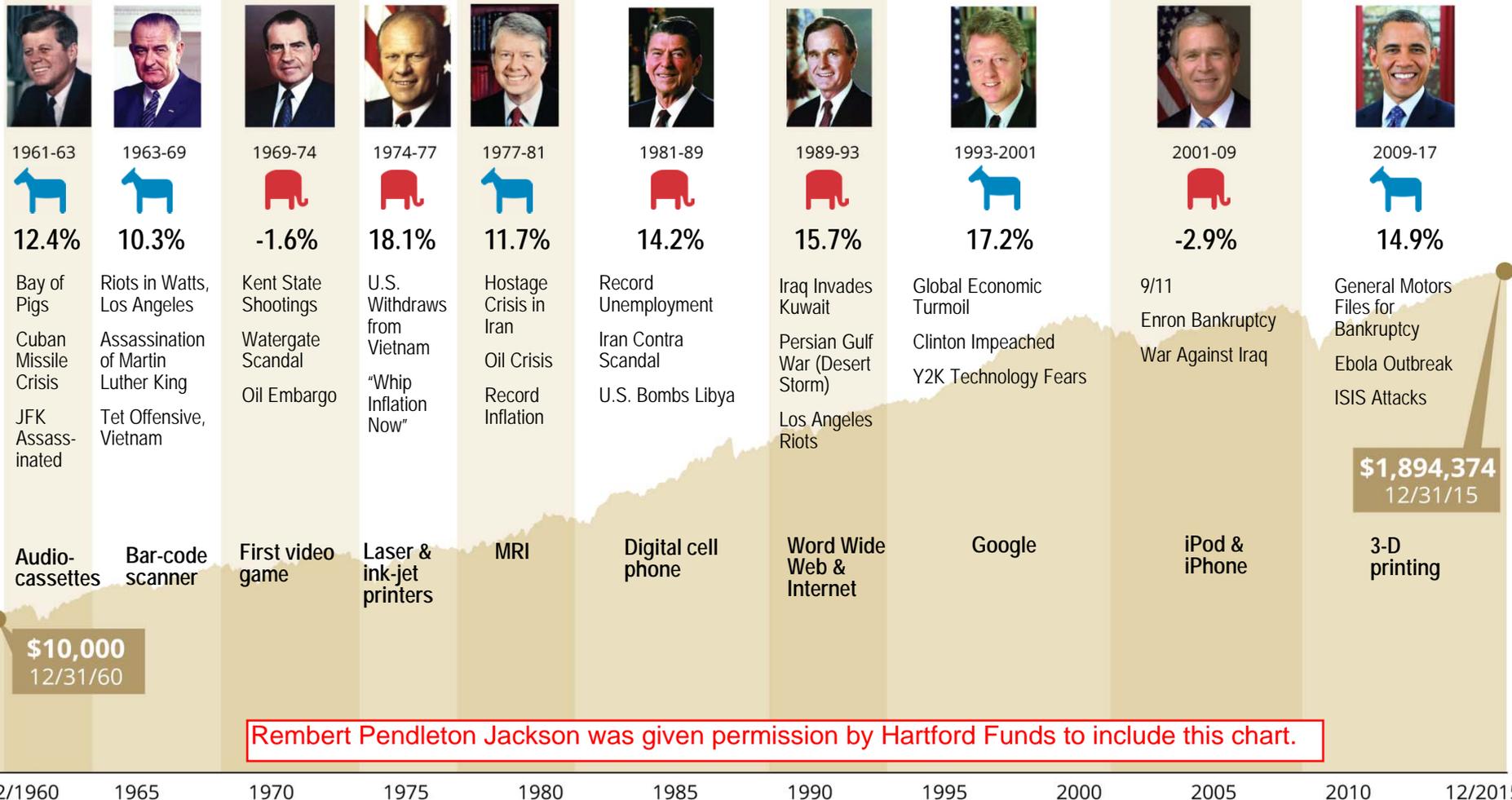
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Party affiliation & market performance—are they related?

\$10,000 Invested in 1961 Would Have Grown to Nearly \$2 Million in 2015⁸—S&P 500 Index Returns



Rembert Pendleton Jackson was given permission by Hartford Funds to include this chart.

12/1960 1965 1970 1975 1980 1985 1990 1995 2000 2005 2010 12/2015

Past performance is no guarantee of future results. The performance shown above is index performance and is not representative of any Hartford Funds' performance.

Indices are unmanaged and not available for direct investment. For illustrative purposes only.

⁸ Morningstar Direct, 1/16

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