

## Investment Report Summary for CMA – prepared by John Howle

### 1. Portfolio Value:

09/30/16:	\$ 716,104
01/01/16:	\$ 662,281

### 2. Income (2016):

Income for month of Sept.	\$ 3,851.37
Sept. Distribution	\$ 2,501.20
Income YTD	\$ 30,549.86
Distribution YTD	\$ 30,248.29
Fees YTD	\$ 5,114.42
Current projected annual income:	\$ 44,350 before fees
Estimated Annual Income After Fees:	\$ 37,188 after fees

### 3. Performance: YTD as of 09/30/16

CMA YTD	2015	2014	2013	2012
11.30%	<10.80%>	8.72%	12.61%	9.14%
S&P 500:				
7.80%	1.37%	13.67%	32.37%	15.98%
Barclays Aggregate Bond Index:				
5.80%	1.42%	6.37%	<1.78%>	3.00%

### 4. Current Allocation:

Fixed Income:	Equities:	Alternatives:	Cash:
61%	26%	12%	1%

### 5. Activity:

- Buys: Buy of \$50k of ProShares Short S&P 500 ETF (SH) as a hedge against volatility and an unexpected pullback in equity values. Buy of \$14k of Western Asset Inflation Linked Opportunities & Income Fund (WIW). This fund is 88% U.S. Treasury Inflation Linked Securities known as TIPs. We bought the fund at a discount of 11.90% to the underlying NAV and with a current dividend of 3.61%.
- Sell: Sold \$15k of KBWY a REIT that could be negatively affected by a rise in rates, a very small position in American Express (AMX) totaling \$1400 and \$34k of TTFS which is a mid-cap ETF that changed the underlying advisor and that may employ a completely different strategy than the prior manager.

## 6. Strategy:

With credit spreads continuing to tighten, bank loans still trading at a 7%-8% discount, a flattening yield curve and a Fed that seems to be stuck in neutral I see little changes to make at this time. I do have some concerns that the Deutsch Bank situation could spread and cause fears of something systemic and so will be very watchful of how that situation progresses. With energy prices continuing to rise I expect to be adding a bit to the MLP pipeline sector in order to take advantage of the still low valuations and high dividends. The current cash flow yield on the portfolio is 6.20% and the current projected annual income is \$44,350. Steady as she goes for now.

Please let me know of any questions or concerns you may have.

Thanks once again,

John A Howle  
Managing Director  
U.S. Capital Advisors LLC