

QUARTERLY PORTFOLIO REVIEW

Dec. 31, 2016

Success is where  
preparation and  
opportunity meet.

- Bobby Unser

**Quarter in Review**

In a surprise to both the public and the political pollsters, Donald J. Trump was elected to be the 45th President of the United States. The election was a surprise to the markets initially but between election day and year end, the Dow increased almost 1400 points or approximately 7.5% .

This increase in the markets was due to the proposed agenda of reducing regulations including making lending to small and mid size businesses easier, repatriation of corporations, reduced corporate tax rates, personal tax rates, and addressing shortfalls of the Affordable Care Act.

The Federal Reserve raised rates 0.25% in December. They also indicated that there may be up to three additional rate increases in 2017 pending future financial and economic data.

Between the increase in interest rates and a bold political agenda, the US Dollar rose aggressively vs foreign currencies. Since our funds are priced in the US dollars, this increase was a headwind for foreign equities. However, as noted in the chart to the right, our international equities all significantly outperformed the MSCI EAFE Index.

**BENCHMARK CENTRAL DEC. 31, 2016**

Citi World Gov't Bond Index 3-7 Yr. Hedged	2.10%
Russell 2000 (US Small Cap index)	19.48%
S&P 500 (US Large Cap index)	9.54%
Wilshire 5000 (US Total Market index)	10.67%
MSCI EAFE (International Stock index)	-1.88%

**2016 FUND RETURNS**

The overall market for 2016 was a very positive year in both the Equity and Bond Markets. We have provided you with the various fund returns below.

		<u>1.1.16 thru 12.31.16</u>
Five Year Global Bond:	DFGBX	+1.79%
US Core Equity:	DFEOX:	+14.80%
Intl Core Equity:	DFIEX:	+5.34%
Inflation Protected Bond:	DIPSX:	+4.67%
Intermediate Gov. Bond:	DFIGX:	+1.15%
US Small Cap Equity:	DFSTX:	+23.53%
Intl Small Cap Equity:	DFISX:	+5.80%
US Large Value Equity:	DFLVX:	+18.89%
Intl Large Value Equity:	DFIVX:	+8.41%
Real Estate Equity:	DFREX:	+8.38%
Emerging Markets Equity (Intl):	DFEMX:	+12.09%

These figures can be compared to the Index returns in the Benchmark central listed above.

All returns listed were from Morningstar or DFAus.com . Client portfolio returns may differ due to fees, time invested, as well as deposits/withdrawals.

**QUARTERLY CLIENT WEBINAR**

Date: Thursday, January 26th, Starting time: 12:30 pm, Eastern Daylight Time

Meeting Number: 195 797 812

Website link: <https://meetings.webex.com/collabs/#/meetings/detail?uuid=M9ADLJBS6WVQ9VR57M601W6FF7-5MWV&rnd=648799.72007>

To join the teleconference only: US TOLL: +1-415-655-0001 Access code: 195 797 812

If you cannot join us for this important webinar, we will post a recording of the entire presentation on our website at [www.afadvisors.com](http://www.afadvisors.com).