Dear Robert & Susan Pincus,

2016 brought us Brexit and David Cameron's resignation, Roderigo Duterte's violent war on drugs in the Philippines, a failed coup leading to numerous retaliatory murders by Recep Tayyip Erdogan in Turkey, the rise of populism across Europe demonstrated by the gaining popularity of Beppe Grillo in Italy and Marine Le Pen in France, and of course, the victory of Donald Trump in the US.

The Syrian Civil War, the onslaught of global terrorist attacks both connected to and inspired by ISIS, and the increase of cyberterrorism through hacking have all taken center stage in 2016. The United States, through its new President, Donald Trump, must find a way to maintain its dominance or risk losing its position as the world's one true super power.

While many economists expected 2-4 increases in the US Federal Funds rate in 2016, Janet Yellen, possibly in a bid to improve the presidential prospects of Hillary Clinton, did not increase rates until after the election. This inaction gave Donald Trump a talking point, and may have contributed to the average American's interpretation that the Fed is politicized and not working in the best interest of the American people. Coming off a strong 2016 for the US economy, it is our belief that 2017 will have more rate increases than did 2016.

During 2016 we also learned that in the age of readily available information, something as simple as a tweet can have a profound impact on an individual company, currency, or even the entire world economy. In 1789, Benjamin Franklin said, "In this world nothing can be said to be certain, except death and taxes." Donald Trump proved him wrong. In fact, during 2016, we came to learn that many seemingly obvious projections would ultimately be proven wrong (Fed Fund increases, Hillary winning, a no vote for Brexit, etc).

Through all of this turmoil, GA Pincus Funds stayed true to our belief that a diverse portfolio of ETFs comprising numerous different correlated and uncorrelated asset classes will stabilize and improve our client's returns. By constructing an allocation using our unique mix of securities and actively managing those securities through the use of our proprietary algorithm, GA Pincus Funds provides its clients with a blended exposure to the world economy. Not all quarters will be perfect, but our overall goal is to produce annual returns that outperform each client's blended benchmark by 1.0%. This year, we achieved our goal.

For the close of 2016, new features have been added to your attached quarterly statement.

- Trading Fees paid by quarter
    - For additional transparency, the fees paid to TD Ameritrade have been itemized by quarter.
- Tax Estimator
    - This spreadsheet shows the tax implications of the algorithm used at GA Pincus Funds on your taxable assets.
    - The tax rate data in cells B3:B7 is a guess and can be edited based on your individual tax scenario. The spreadsheet will use your tax brackets to calculate your expected tax bill from your activities with GA Pincus Funds.

- **<u>This should not be used for taxes</u>**. You **<u>must</u>** wait to received your 1099 from TD Ameritrade in February. Please use this as an estimate.

<u>Performance:</u>

2016:
12/31 Account Value: $4,512,077.53
Account Performance: +7.49%
Benchmark Performance: +4.86%
Net: +2.63%

Since Inception:
12/31 Account Value: $4,512,077.53
Account Performance: +23.04%
Benchmark Performance: +13.33%
Net: +9.71%

Based on the 12/31 closing value of your account**, $4,512,077.53,** I have withdrawn **$11,280.19** for my fee. This is calculated as 0.0025 * Your 12/31 Closing AUM.

It is impossible to predict whether and by how much the market will increase or decrease. Our algorithm rebalances your accounts according to changes in the relative weightings of the securities you hold. As one security becomes too heavily weighted the algorithm indicates to me that I should sell down that security. Conversely, as one security becomes too lightly weighted, the algorithm indicates to me that I should buy that security. Instead of rebalancing based on time (as most managers do), this algorithm rebalances based a securities' relative weighting in the portfolio. This gives GA Pincus Funds a long-term advantage. No matter what the market does in the future or has done in the past, as long as your time horizon is long enough (>1 year), this algorithm has proven itself to be successful at producing benchmark-beating results (Alpha).

This yearend report should not be used for taxes. Please wait to complete your taxes until after you receive your 1099 from TD Ameritrade in early February.

I am always available to answer any questions you may have.

Best wishes for a happy, healthy, and profitable, 2017!

Gabriel

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