



QUANTITATIVE ASSET MANAGEMENT, LLC
Investment & Advisory Services

2016 - A Year in Review

| Quarter Ending September 30, 2016 | | | |
|--|------|-------------------|-------------|
| Year to Date Performance | YTD | Last Full Quarter | Index Close |
| Dow Jones Industrial Average | 7.2% | 2.8% | 18,308.15 |
| NASDAQ Composite Price | 7.0% | 10.0% | 5,312.00 |
| Standard & Poor's Averages | 7.8% | 3.9% | 2,168.27 |

Dear Clients,

The last 12 months have seen enormous changes for Quantitative Asset Management, its clients, and the investment industry in general.

The decision to move our business from RBC to our new platform at Quantitative Asset Management was long and difficult; however, in the long run, we felt it was in the best interest of our clients to make the change. Change is never easy, but moving to our new platform gives us the ultimate ability to control our business and more importantly, reduce the overall cost of doing business to our clients. For those who started with Quantitative Asset Management, you will see no changes in which the way business is conducted.

Over the upcoming months, you will start to read (if you have not already) about some major changes coming to the investment business. Legislation decisions are going to be forcing investment institutions and brokerage houses to change the way in which they do business with client's retirement assets. Not only will this change impact a large portion of their client bases, but in most cases these clients will be seeing an increase in the "cost of doing business". In fact, it was just announced last week that Merrill Lynch and Bank of America will no longer allow their advisors to charge commissions on retirement accounts. It may be in the best interest for clients, and less expensive, to continue to pay commissions, but these clients will have to pay higher fees or move their accounts.

One of the many reasons for moving our business was to avoid this possibility. As it turns out, our decision and timing was very fortuitous. Under our new platform, at Quantitative Asset Management, we will not have to have these difficult conversations with our clients. In addition, we can tell you our client's saved money by making the move to our new platform. And more importantly, the cost of doing business will not be going up.

We continue to make positive strides as our 2016 performance continues to be quite strong. A number of the industries that have higher weightings in our portfolios (technology, energy, business development companies) have rallied much more than the market averages. The fundamentals within these sectors continue to get better and the outlook is still improving.

As for the world economy in general, economic activity appears to be picking up in the Euro zone, while the Asian markets (China specific) have shown signs of stabilization. The US economy has shown moderate growth as

economic data continues to moderate; however, consumer spending was a bright spot and the labor markets continue to tighten, which are both positives. The US economic numbers continue to suggest the Fed will be in no hurry to increase rates. Corporations are still sitting on record cash positions and the average cash holdings of investors are close to record levels. Thus, we still believe the equity markets are fairly valued and provide the best risk/reward for future investment dollars.

Sincerely,

Jeffrey L. Farni Sr.