# 2016 ANNUAL REPORT RESERVE FUND TRUSTEES

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Preliminary Report (12/29/16)

Whereas fiscal year 2015 was a volatile year and the stock market experienced a downturn, but the 2016 market increased substantially. This report is preliminary and primarily based, in part, on November 2016 data, but for the total portfolio value, the number reflects the 29 November value of the portfolio I received directly from Morgan Stanley; final fiscal 2016 numbers will be available in mid- to late-January 2017.

The SSB endowment increased from $876,488.78 to $915,252.24, an increase of $38,763.46. Some of this is the upswing after the November election and only time will tell whether it holds. The Trustees will be conferring with our fund manager, Daniel Montano, in February when we may have a better picture of the economic outlook. We will update the Council. We estimate that the Reserve Fund will distribute a 2016 payout of around $27,500.

Although we continue to have a high percentage of the portfolio in equities (~90%), the portion in mutual funds is very well balanced vis-à-vis income and risk. We all agree that we should continue this conservative strategy and continue the five-year 4% moving-average payout. Again, we will update you after our discussions with Montano and his team.

STATUS OF ASSETS (12/29/16)

DECEMBER 2015 DECEMBER 29, 2016

Market % Market %

Value Value

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Cash and Money Market $ 52,895.73

Stocks 11,996.75

Corporate Fixed Income 37,645.00

Mutual Funds 773,951.30

Net contribution/withdraws

Value of Reserve Fund $876,488.78 100% ~$915,252.24

Change in value for year

(including

$26,248 2016 payout) $ 38,763.46

% Change +4.4%

Annual Allocation to Operations 26,248.00\*

Net Reserve Principal $ 902,723.91

**Change in value since inception ($401,129.14; 9/17/04) $915,252.24 (128%)**

Value of the portfolio over the past seven years (end FY value):

FY 2010 FY 2011 FY2012 FY2013 FY2014 FY2015 FY2016

$562,995.39 $537,757.00 $583,798.70 $693,842.08 $902,723.91 $876,488.78 $915,252.24