

## ABCORI Pooled Funds Investment Committee 2016 Annual Report

The Investment Committee is charged with the responsibility for choosing and monitoring the Investment Manager and the decisions they make for the portfolio and setting the investment guide lines for the Portfolio.

Our Investment firm, Alliance Bernstein reports that 2016 was again a continuation of the rollercoaster as geopolitical events around the world drove asset returns. Early in the year, concerns about the slowdown in the growth rate of China, worries about when the Federal Reserve would raise interest rates and the steep decline in oil prices caused the market to decline over 10% in January and February. But the markets recovered by the middle of April. The Brexit vote occurred at the end of June and global stocks initially declined 7% but rallied back over the summer. Perhaps the most significant event was US election day, a surprise victory for Trump led to new highs on the Dow, the S&P 500 and NASDAQ, as bonds fell in the final two months of the year.

Bernstein's forecast for the next five years sees future returns are likely to be more modest and volatility is likely to increase. Based on global economic growth of 2-3%, stocks are likely to return 6% - 6.5% per year on average, assuming earnings growth of 2-3% + dividends of 2% + inflation of 2%. As interest rates gradually increase bond returns will be in the 1-1.5% range. Potential risks in 2017 include: US policy disappointment, and appreciation of the dollar, European elections, Brexit implementation, global interest rates, inflation and equity valuations. The capital markets are in transition and uncertainty abounds!

I would like to thank all of the committee members who have been very helpful to me as we worked on improving the accounting and management of the fund. I will be leaving this post as of the annual meeting. It has been a very challenging and rewarding assignment. Members of the committee are: Rev. Tom Wiles, Rev. Nikita McCalister, Tom Archer- consultant to the chair, Mark Sjoberg Esq, Sue Colantonio, Rachael Bloe, and Don Wolfe. May God Bless you all, Tom Kennedy Chairman