

# STRATEGIC BALANCE, LLC

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December 1, 2016

	<b>Strategic Balance Partners, LP</b>	<b>S&amp;P 500</b>
<b>November (estimate)</b>	<b>-3.1%</b>	<b>3.7%</b>

The information provided is historic and should not be taken as any indication of future performance. SBPLP returns are unaudited for this year and net of 1% management fee and 10% incentive allocation. Actual returns may differ due to differences in contribution date, fee structure and new issue eligibility. All returns are time weighted with dividends reinvested. S&P 500 returns are provided strictly for informational purposes to reflect general equity market performance. Fund Inception 8/1/03.

Dear Fellow Investor:

According to our estimates, we gave up some ground on the month. A post-election rally that lacked breadth accentuated our relative sector and market cap weightings. The divergence between equity groups was extremely pronounced, leaving some up quite strongly while others were flat or down a bit. Small caps, financials, and cyclicals rocketed higher while healthcare, consumer staples, and technology names were typically flat to down on the month. Our bond funds were down to a similar degree as the lagging equity sectors. The disparity in returns was quite unusual to say the least and faded into month end. More than a little credit for the action goes to the fact that investors had hedged themselves too aggressively heading into the election. Massive short covering ensued. In other words, euphoria over changes in D.C. is being overstated a bit by the pundits.

We continue to suspect that markets are overreacting to circumstances and flying dangerously blind. At the same time, the sharply higher dollar and the spike in interest rates are, at this point, the only known changes to the landscape, while most of the proposed new policies are subject to the legislative process. We tinkered, but did not change positions in a major way as we still prefer to allow matters to unfold with the thought that relative valuations will still favor us over time. Market dynamics such as these have often been subject to sharp reversals once the dust settles. We are 98% long and 55% short. Please call with questions or comments.

Sincerely,

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