

STRATEGIC BALANCE, LLC

October 3, 2016

	Strategic Balance Partners, LP	S&P 500
September (estimate)	0.7%	0.0%

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 were able to advance during a September that saw lots of important news items, but ended with the broader market flat. We were pleased with the “mixed bag” nature of the performance of our individual positions. Our long and short sides both contributed positively to returns, but short positions led the way.

The weak financial condition of the banks in Europe took center stage after the deciders essentially punted on additional monetary policy changes earlier in the month. As usual, intense efforts were made to portray one or two major German institutions as the only worries, as if that would be a reason to take comfort. However, as we have discussed too often in prior letters, the reality is that significant problems are quite widespread throughout the entire European banking sector. That had only added to our level of caution. We are 87% long and 50% short. Please call with questions or comments.

Sincerely,

Scott E. Brown, CFA
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