

Richard G. Clifford
Douglas C. Johnson
Robert J. Clifford



828 8th Avenue • Lewiston, Idaho 83501 • (208) 746-3270 • FAX (208) 743-9514 • www.cafinancialservices.com

We hope this letter finds you in good health and staying warm during this 25-year historic winter. Although it may be cold, you may find some joy in seeing your investment portfolio year-end values higher, along with the stock market.

As your advisers, we take our fiduciary responsibility in managing your investments very seriously. As fiduciaries, we always act in your best interest. This is the highest level of care an adviser can offer. Unfortunately, this has not been the norm for commission based professionals in our industry. However, in 2017 the Department of Labor is applying new regulations requiring all financial advisors to eliminate their conflicts of interest when working with retirement investors, such as revenue sharing and commission products that may or may not be in their client's best interest.

We always strive to create a well-diversified portfolio, based upon your specific risk preferences, and long-term goals. As an independent advisor, we do not work for a company selling proprietary products, we work for you. Therefore, throughout our research to create these portfolios, we continually screen for funds with long-term histories, experienced management, and competitive operating costs.

Throughout 2016, we gained access to more institutional shares, shares typically reserved for investors with large minimum investments, and which have lower mutual fund internal expenses. You may have noticed conversions of some of your retail shares into these institutional shares which lowered the costs of your portfolio, at no fee to you.

We do foresee many positive factors at work in our economy today. Employment is reaching new highs and wage growth is on the rise, these two parts will help increase spending in our economy, which could help improve our domestic growth. The U.S. economy remains the strongest in the world, attracting global investment to our stocks and bonds as foreign investors compare returns they can receive given their country's economic changes & transitions.

However, with a stronger economy, comes a stronger U.S. dollar in relation to foreign currencies. This makes the price of U.S. goods higher overseas, and foreign imports lower priced. In response, we have several of your stock and bond mutual funds with managers that hedge the value of these changing currencies.

For 2017, you can expect to see us work to lower the internal costs of your portfolios, along with continuing to keep up with the strategic diversification in specialty areas such as healthcare, technology and socially responsible investments. The current majority of our core mutual funds are Above Average to High in Environmental, Social and Governance (ESG) ratings by Morningstar, an independent research firm, which is used to evaluate a mutual fund's investments.

Please give us a call if you wish to review your portfolio, discuss any goals that may have changed.

Wishing you a happy, prosperous 2017 and beyond,

A handwritten signature in blue ink that reads 'Rick'.

Richard G. Clifford

A handwritten signature in blue ink that reads 'Doug'.

Douglas C. Johnson

A handwritten signature in blue ink that reads 'Robert'.

Robert J. Clifford