

INSIGHTS

INVESTMENT OVERVIEW

TARGET RETURNS AMID REDUCED EXPECTATIONS

Over the past year, the Investment Team has been outlining harbingers of sustained slower economic growth, deflationary pressure, and heightened financial market risk. As equity markets brace themselves for the worst calendar year start since 2009, investors have been awakened to the increased probability of entering a prolonged period of elevated financial market volatility and depressed global economic growth.

Accordingly, we are adjusting target return assumptions given the impact of slowing global economic growth and persistently low inflation on our forward market expectations. When we established target return expectations almost four years ago, financial markets were emerging from a severe downturn, and we were optimistic that gross domestic product (“GDP”) growth would expand cyclically. As of year-end 2015, our discretionary Balanced Portfolios have achieved five-year annualized returns that were in-line with our initial expectations of approximately 6.50%, lending credibility to our process for forecasting reasonable rates of return over an extended period of time.

Given the persistent and pervasive discouragingly low global GDP growth, coupled with a stubborn lack of meaningful inflation, we believe it prudent to readjust our five-year target return expectations downward to what we believe to be more realistic levels - Balanced Portfolio down to 5.00% annualized expected return. Below, we detail both the basis and mechanics of this adjustment.

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FINANCIAL ADVISORY OVERVIEW

THE SELF-DIRECTED 401(K) PLAN OPTION

Over the last several decades, employers have moved away from traditional defined benefit pension plans and adopted the defined contribution plan as the foundation for an employee’s savings in retirement. This shift is due to the rising expense and long-term funding obligations which are paid from corporate earnings and thus have a direct impact on corporate profitability. Unlike the defined benefit pension plan, the funding obligation for a defined contribution plan is borne by the employee.

Within the defined contribution plan arena, 401(k) plans have emerged as the employer provided retirement plan of choice. A typical 401(k) plan offers a limited line up of mutual funds or target date funds as investment options within the plan. Mutual funds often carry high expense ratios (fees) and limit the ability to properly diversify across multiple asset classes. In response to the desire to have more investment options to choose from, as well as greater flexibility with their retirement savings, the “self-directed” 401(k) feature is gaining in popularity.



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SPECIAL POINTS OF INTEREST

- Stock & Strategy Spotlight
- Monthly Index Review
- Around Rinehart

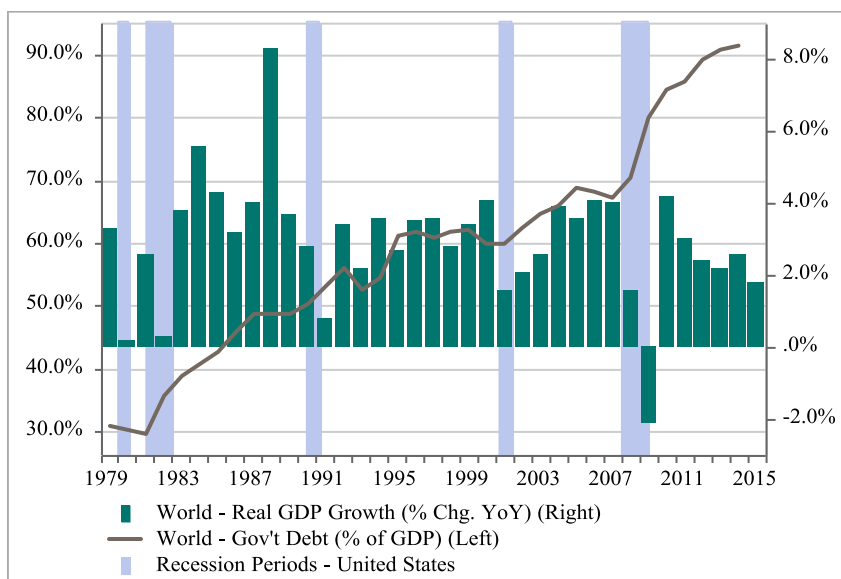
INVESTMENT OVERVIEW

TARGET RETURNS AMID REDUCED EXPECTATIONS

LOW GLOBAL GDP GROWTH

In Chart I, we outline our analysis of the global economy, highlighting an inability to generate significant GDP growth over the past six years since 2009 and the end The Great Recession. Moreover, the accommodative monetary policy pursued by central banks in response to The Global Financial Crisis and The Great Recession has not only failed to stimulate sustainable global GDP growth above the requisite trend growth rate of 4.00% necessary for a viable cyclical rebound but also skyrocketed government debt relative to GDP as evidenced by the sharp upward movement of the grey line in Chart I. Throughout the multiple iterations of global quantitative easing, government debt as a percentage of global GDP has experienced exponential growth, reaching 91.54% at the end of 2014. The debt in the system is suffocating growth, making additional stimulus ineffectual to the same degree of magnitude previously achieved. Because of waning economic growth

CHART I: WORLD GDP GROWTH VS. GOV'T DEBT AS A % OF GDP



Source: FactSet Research Systems, Inc.

and where we are in the economic cycle, the Investment Team is lowering our GDP estimates from 2.50% to 2.00% for a three- to five-year period.

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STOCK & STRATEGY SPOTLIGHT

Strategy Name

Tortoise MLP & Pipeline Fund Inst. Class

Ticker

TORIX

January 2016

-4.87%

Strategy Description

The Investment Team began utilizing the Tortoise MLP & Pipeline Fund (“TORIX”) in the spring of 2014 as a suitable and attractive replacement for the JPMorgan Alerian MLP Index ETN (“AMJ”) to maintain exposure to master-limited partnerships (“MLPs”) within Hybrids. While TORIX has significantly outperformed the Alerian MLP Index since the Fund’s inception, we have maintained relatively small positions across our investment portfolios due to the incrementally dismal and negative outlook for the oil and energy sector. We are actively communicating with the portfolio management team to better understand their outlook for the strategy and how they are positioning the investment portfolio given short- and long-term macroeconomic headwinds.

MONTHLY INDEX REVIEW (USD TOTAL RETURN)

Data as of January 31 st 2016	January 2016	4Q15	2015	2014
S&P 500	-4.96%	+7.04%	+1.38%	+13.69%
Dow Jones Industrial Average	-5.39%	+7.70%	+0.21%	+10.04%
NASDAQ Composite	-7.82%	+8.71%	+6.96%	+14.75%
Russell 2000	-8.79%	+3.59%	-4.41%	+4.89%
MSCI Emerging Markets	-6.48%	+0.73%	-14.60%	-1.82%
MSCI EAFE	-7.22%	+4.75%	-0.39%	-4.48%
Barclays US Aggregate	+1.38%	-0.57%	+0.55%	+5.97%

INVESTMENT OVERVIEW

ABOUT RINEHART

TARGET RETURNS AMID REDUCED EXPECTATIONS

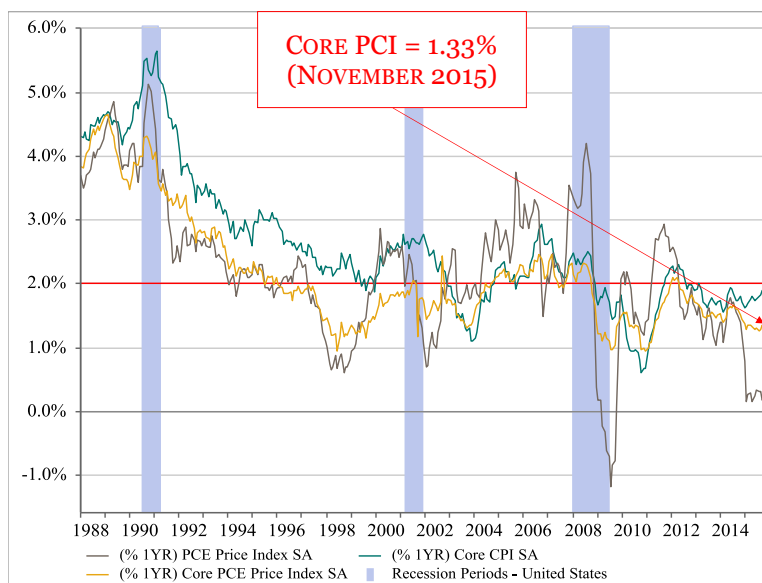
LOW INFLATION

We have repeatedly voiced our concerns surrounding the stubborn lack of inflation in the global economy despite unprecedented quantitative easing conducted over the past six years. Over the past two years, the unrelenting and dramatic declines in oil and energy commodity prices have exacerbated the deflationary pressures faced by the global economy. As can be seen in Chart II, broad measures of inflation remain below stated thresholds and well below historical trend rates, leading us to believe that our inflation expectations should be adjusted down from 3.00% to 2.00%.

UPDATED TARGET RETURN EXPECTATIONS

Given the aforementioned factors, the Investment Team is revising the fundamental underlying assumptions for our target return expectations. Below in Table I, we have provided an outline of our target return expectations framework that includes the updated assumptions, as well as the historical inputs. Per our reduced outlook for

CHART II: US INFLATION



Source: FactSet Research Systems, Inc.

global economic growth and the stubbornly low levels of inflation, the Investment Team has reduced our estimates for GDP growth and inflation from 2.50% to 2.00% and from 3.00% to 2.00%, respectively. Due to the fact that we are reducing the estimated rate of inflation by one percentage point, we will be working closely with the Wealth Advisory Team to accurately determine the net impact to long-term financial planning strategies, which we believe should be minimal given that inflationary pressures remain relatively innocuous and will offset lower expected returns.

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TABLE I: TARGET RETURN EXPECTATIONS

	UPDATED	HISTORICAL	CHANGE
INFLATION	2.00%	3.00%	-1.00%
GDP GROWTH	2.00%	2.50%	-0.50%
RISK-FREE RATE	1.00%	1.00%	-
ADDITIONAL EQUITY RISK PREMIUM	0.50%	0.50%	-

RISK TOLERANCE

ULTRA CONSERVATIVE	CONSERVATIVE	CONSERVATIVE BALANCED	BALANCED	GROWTH	AGGRESSIVE GROWTH
3.50%	4.00%	4.50%	5.00%	5.50%	6.00%

Rinehart Wealth Management is an experienced, boutique Registered Investment Advisor dedicated to independent, comprehensive wealth management. Founded in 1985 by Mary Rinehart, the firm, from its inception, has had a singular focus: to provide highly customized investment management and financial planning solutions to clients.

Boutique Firm:

Being a boutique wealth management firm allows us the flexibility to provide more personalized service and offer unique investment solutions to clients in a Fee-Only environment.

Team Approach:

Because each client's situation is different, the team of advisors is hand-selected to ensure areas of expertise are appropriately aligned with the client's specific needs and interests.

Proprietary Investment Research:

The differentiating factor of our portfolio management process is the proprietary investment research driving the portfolio construction. All investment research and analysis is done entirely in-house by our Investment Team.

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FOURTH QUARTER ECONOMIC OVERVIEW

As always, we look forward to discussing these topics, as well as other pressing economic issues, during our Quarterly Economic Overview webinar: the details and registration information are provided below.

Please contact Cynthia Sims at 980-585-3368 or csims@rinehartwealthmanagement.com if you have any questions.

FOURTH QUARTER 2015 ECONOMIC OVERVIEW WEBINAR
Date: Wednesday, February 10th
Time: 10:00 AM EST
Registration:
Please refer to the link included in the original email or look out for additional registration reminders that will be sent out prior to the webinar.
A recording will be available after February 11th in the Webinar Archive on our website.



FINANCIAL ADVISORY OVERVIEW

ABOUT RINEHART

THE SELF-DIRECTED 401(K) PLAN OPTION

A self-directed plan is similar to a brokerage account. Rather than choosing 401(k) investments from a short menu of pre-approved mutual funds, participating employees have an entire universe of investments to consider. Therefore, the self-directed 401(k) offers a solution to the investment limitation by providing a “brokerage window” feature which allows investment of their 401(k) retirement savings among thousands of investment options available on the open market, including stocks, bonds, mutual funds and ETFs (exchange traded funds). A 401(k) plan must allow for this feature in the governing plan document and it must be available for all employees in the plan. If this feature is available, an employee can elect to manage their 401(k) savings individually or engage a

professional investment manager. original asset allocation. The investments chosen ten years ago may no longer be appropriate given their current life situation, time horizon or risk profile.

A self-directed 401(k) can also reduce the internal expenses of the 401(k) account. Most employer selected mutual funds and target date funds tend to have high expense ratios, which directly reduce the overall return of the 401(k). Target date funds have been especially known to have higher expense ratios given their more frequent asset allocation shifts and structure. Through the ownership of individual stocks and bonds in your 401(k), you can potentially reduce the internal costs of the portfolio by a significant amount.

“Anyone who believes in indefinite growth in anything physical, on a physically finite planet, is either mad or an economist.”

Kenneth E. Boulding

professional investment manager.

If a professional investment manager is utilized, employees are provided with the assurance that a professional is managing their assets to achieve their overall retirement goals. Too often, the task of managing the investments is being handled by the individual account owner. These are individuals who have diligently saved into their 401(k) plan over the years, however they often lack the education and experience to manage what is usually their largest retirement asset. A sophisticated investment manager can assist with the investment selection and ongoing management and assure that the account is managed with the utmost care. It is important that all investments are being managed toward the same goals to achieve maximum efficiency. Unfortunately, most employees are negligent in the management of their 401(k) accounts. They rarely change their investment selections throughout their working career or rebalance their account back towards their

The self-directed 401(k) option is becoming a feature that is included in an increasing number of 401(k) plans. We have seen popularity grow among partnerships such as law firms and medical practices. Large corporations have also been incorporating the self-directed option into their 401(k) plan. Over 30% of employers with more than 5,000 employees now offer the self-directed 401(k) option.

If you have any questions regarding your 401(k) or would like to explore if your employer offers the self-directed, please contact your Wealth Advisor.

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AROUND RINEHART

RWM HOSTS ALTERNATIVE INVESTMENT FORUM

RWM has assembled five renowned alternative investment experts to discuss current market volatility, the future of the oil industry and investing in a declining global growth environment. The forum takes place February 2nd at South Park's Del Frisco's Steakhouse and was designed to allow both clients and investment professionals first-hand access to industry portfolio managers in long-short, merger arbitrage, hedge funds and global macro who are frequently quoted in the Wall Street Journal and featured on CNBC. This type of direct access should be unparalleled in Charlotte this year.



The event takes place Thursday, February 11th at the Charlotte City Club and includes a silent auction and features former NFL players breaking down the key moments of the game between the Panthers and the Broncos. Guests include former Carolina Panthers TE, Wesley Walls and WR, Mushin "Moose" Muhammad. All proceeds benefit Dress for Success Charlotte, allowing it to help more women by providing clothing, financial literacy, job preparedness and the continued support they need to break the cycle of poverty.

RWM PARTNERS WITH MAKE A WISH BALL



RWM is honored to sponsor Make A Wish Central and Western North Carolina's annual signature event Friday, February 12th at The

Westin. The evening includes an elegant dinner, music, dancing and silent and live auctions. The Wish Ball has raised more than two million dollars over the years to help make every eligible child's wish come true.



RWM SUPPORTS ART WITH HEART

RWM is a proud sponsor of Art with Heart, an art auction benefiting Safe Alliance. The 16th Annual Art with Heart will take place Saturday, February 6, at Founders Hall in

Uptown Charlotte. The event has raised over 1 million dollars for Safe Alliance over the past ten years that provides a continuum of critical crisis services to those victimized by domestic violence, sexual assault or child abuse.

RWM SPONSORS DRESS FOR SUCCESS FOOTBALL FINALE



RWM is proud to sponsor this popular event, especially with the Carolina Panthers earning a trip to play in this year's Super Bowl.

RWM GETS FUNKY

RWM puts its Uptown Funk on and joins in celebrating the first-ever Moschino Fashion Exhibition in the United States *Viva Moschino!* On Saturday, February 27th, the Mint Museum Uptown will be transformed with the Bad Boy Edge of Franco Moschino (Madonna's Designer) and the Uptown Funk of Jeremy Scott/Moschino (Katy Perry's Designer). Rinehart is excited to sponsor an unprecedented and unforgettable night of fun.



Rinehart Wealth Management

Wealth management is our only business; therefore, our attention is undivided and our intentions are transparent.

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