Report by the Controller of the Family Office
to the Bradley Family Board
15 July 2016

Rollover IRA Account Balances, 30 June 2016

Here were the balances as of 30 June 2016 in the Rollover IRA accounts that were set up with the four investment managers:

30 June 2016 ($ thousands)	Money Market Fund	Equity U.S. Equities	Inter-national Equities	Totals	
Atlanta Advisors	8.0	1,600.0	400.0	2,008.0	25.0%
Boston Management	12.0	1,300.0	200.0	1,512.0	18.8%
Chicago Partners	14.0	2,400.0	200.0	2,614.0	32.5%
Dallas Brothers	4.0	1,850.0	50.0	1,904.0	23.7%
Totals	38.0	7,150.0	850.0	**8,038.0**	100.0%
Actual Allocation Percentage	0.5%	89.0%	10.6%	100.0%	

Below were the initial balances as of 30 June 2009 when funds were placed with the four managers pursuant to the investment mandates that the Family Board approved. Each of the managers initially placed their entire amounts into a money market fund, pending their executions of the asset allocation schemes that had been agreed to by the Family Board. In brief, the mandates were investment in U.S. and International Equities, in the proportions judged to be optimal by the managers. The board placed other balances with bond managers, whose performance I will report on separately.

30 June 2009 ($ thousands)	Money Market Fund	Equity U.S. Equities	Inter-national Equities	Totals	
Atlanta Advisors	800.0	-	-	800.0	10.0%
Boston Management	800.0	-	-	800.0	10.0%
Chicago Partners	800.0	-	-	800.0	10.0%
Dallas Brothers	800.0	-	-	800.0	10.0%
Totals	3,200.0	-	-	**3,200.0**	39.8%
Actual Allocation Percentage	100.0%	0.0%	0.0%	100.0%	

Analysis

The balances as of 30 June 2016 reflect reinvestment of all dividends and of all proceeds from sales during the seven years. Those balances are also after the fees charged by the managers. Recall that the managers were each paid 90 basis points per 12 month period, based on the balances in existence as of the prior 30 June. In July 2014, the managers each agreed to reductions in those fees to 60 basis points, reflective of the increased pressures on investment managers in general.

As I have done in the past, I compare the results produced by these four managers to what the results would have been, had the board simply invested the initial amounts in one of three index funds. The funds would have thereby been invested passively instead of being managed actively.

The daily closing prices of the three popular index funds are easily available on yahoo.com. Their records:

Adjusted Prices as of	**SPY** (Tracks S&P 500)	Change in Price	**DIA** (Tracks DJIA)	Change in Price	**QQQ** (Tracks NASDAQ 100)	Change in Price
30 June 2009	78.88		70.55		33.53	
		162.7%		150.7%		219.0%
30 June 2016	207.21		176.83		106.96	
Compound Annual Growth Rate, Seven Years	14.8%		14.0%		18.0%	

Here are the results produced by the four managers over the seven year period:

($ thousands)	Balances as of 30 June 2009	Balances as of 30 June 2016	Percentage Change in Balance	Equivalent CAGR, Seven Years
Atlanta Advisors	800.0	2,008.0	151.0%	14.1%
Boston Management	800.0	1,512.0	89.0%	9.5%
Chicago Partners	800.0	2,614.0	226.8%	18.4%
Dallas Brothers	800.0	1,904.0	138.0%	13.2%

Atlanta Advisors produced results that were slightly better than the results produced by DIA, the ETF that tracks the Dow Jones Industrial Average. Its results were below those produced by the other two ETFs.

Boston Management proved to be the weakest of the four managers. Its results were below all

three of the ETFs.

In contrast, Chicago Partners produced results that exceeded the results produced by all three ETFs.
Its performance was the strongest among the four managers.

Dallas Brothers came in below all three ETFs, but its performance was better than that of Boston
Management.

Recommendations

These results resemble the results I reported a year ago. Boston Management has continued to
be the weakest performer.

I recommend I once again share the comparative results with that firm. I'll ask that firm for
a briefing on its current capabilities and for its management plans for the next six months.

If the performance by Boston Management continues to lag both those three popular index
funds and the performance of the other three managers, I will recommend that the dollar
allocation to it be reduced by 50.0% or 60.0%.

The alternatives at that point will be to allocate those dollars to the other three managers,
or some combination of them, or simply invest the dollars in some combination of those three ETFs.

I will report to the board again in January 2017.

Daniel P. Doyle

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