To: Customers & Friends
From: Christopher Weil & Company, Inc.

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Of course I have something to say about the presidential election, as does most everyone. But I will spare you any *pronunciamentos* as to how it will all play out, where it will all go and who will do what to whom. We lack the data from which definitive conclusions can be drawn because no one in a position to do so – not least the prospective members of the administration – has given us much of a clue as to how programs, policies and promises (made or inferred) will actually take definitive shape. Perhaps there has been some kind of strategic decision to stay quiet about the planning process until after the inauguration, or perhaps they are waiting for some of the contradictions that have been presented to us to shake out. In any event, there is nothing to do but wait (unless you favor speculation, which I do not).

Certainly one conclusion that can be drawn from this campaign (and from most recent campaigns for political office), however, is that blame is a winning political strategy. It is now common practice to reflexively blame others, and particularly the opposition, for any discrepancies, setbacks and failures (in other words, for the kinds of occurrences that are the inevitable by-products of governance). It is useless, in this environment, to remind people of one of the great truths of institutional life (I owe this to management consultant Peter Senge): a huge percentage (I recall Senge claiming +/- 90%) of such "occurrences," so characteristic of any enterprise (business, government, the military, education, healthcare and so on), are *not* the result of incompetence or stupidity or acts of bad faith. They *are* the consequences of *systemic* features which are muddled, inconsistent and generally at odds with what the system articulates as its mission. So blame is irrelevant, unless the blame (or, more properly, the constructive criticism) is focused on systemic problems and what it is going to take to "repair" them.

If your goal is to make the system more efficient, humane and responsive to its constituencies, you will work to get beyond blame. That, of course, is not true if your only goal is to win and hold political office.

And speaking of blame, and purportedly troubled systems, perhaps no system has taken more of a P.R. beating, has generated more heat and has been the subject of more controversy recently than the U.S. healthcare system. I am no healthcare expert – where "expert" means someone who has an in-depth understanding of all the components of the healthcare system supply chains, how these components interact with one another, where the conflicts, inefficiencies and bottlenecks reside, what constitutes "improvements" across the whole system and then, most importantly, how these improvements can realistically be achieved – but in 2016, I had three "in the trenches" experiences with components of our healthcare system that shade my personal view of how broken the system may or may not be. First, my wife had a bout of iron deficiency anemia that led to an overnight stay in an ER. Then, a close relative was diagnosed with early stage breast cancer and had to have a mastectomy. And finally, a long time business associate suffered from cardiac problems and required a pacemaker procedure. I can tell you that, without exception, the performance of all system participants (doctors, nurses, technicians, administrators and related facilities) was more than just competent. It was, as well, thoughtful and supportive.

If these experiences are representative (and I acknowledge that they may not be; this is San Diego, after all, one of the healthcare capitals of the world; and, importantly, two of the three people were covered by Medicare and one was covered by a corporate group insurance plan), then, from my limited perspective, at least one of the components of the healthcare supply chain, the service delivery component, is very healthy. The great challenge, of course, is to assure that all supply chain components (education and training, licensing, drug development and distribution, medical device development and distribution, facilities management, payor relations (government, insurance company, individual), regulation, staffing and so on and on) perform in a manner that gives all "customers" the same kind of care that my three exemplars experienced this year – and do so (here's the rub) within the framework of financing mechanisms that work for all players.

Based on my incomplete knowledge, I would say that healthcare financing is by far the most complex and difficult issue on the agenda. One reason for this is the (perhaps) well founded belief on the part of some (many?) who are in positions of responsibility within the system that the kind of "customer service" my friends and family experienced in 2016 is not feasible across the board (that is, not available to all persons in all locations without regard to personal circumstances) under any realistic financing scenario.

For those interested, the three institutions involved in our 2016 medical adventures were UCSD Medical (anemia), Kaiser (mastectomy) and Kaiser/Scripps (pacemaker).

Well, one more political comment.

During periods of political and economic uncertainty there is an understandable tendency among employers, investors, bankers and other financial decision makers to delay or defer commitments until some degree of clarity or certainty returns to the business environment. (Whether any significant degree of big picture clarity or certainty in matters of finance is *ever* a real possibility is a question for another day.)

We are in a period of political and economic uncertainty, inevitable whenever there is a change in national administration. But the current environment is more than normally choppy because we are transitioning from a political environment characterized (whatever the political party) by people and policies that are pretty much known quantities to one where, I think it fair to say, the quantities are less well known and the various possible political outcomes are even less certain and predictable. Decision makers, given a choice, prefer more rather than less certainty and predictability, so many such decision makers are standing in place for the moment. Parenthetically, I would not put too much stock in the well publicized decisions of some major U.S. manufacturers to retain jobs in the U.S. These strike me as well timed head fakes that allow for the deferral of the really hard decisions while communicating to the world (and the incoming administration) that their hearts are in the right place.

There is a business lesson we at CWC have long since learned about behavior and attitude during times of particular uncertainty and unpredictability. Briefly, it is to double down on your core business mission – and forge ahead. This means not ignoring the environment but recognizing that the most prudent and sensible path forward is to continue to do what you do well, but more so.

In that spirit, here is how we at CWC are navigating the transition which the country is embarked upon.

We continue to forge ahead with our real estate acquisition program, having just closed our fifth income fund (CWC Income Properties 5, LLC), owner of four (soon to be five) small retail/office properties in Colorado cities. We expect to continue to form income-oriented real estate funds, as acquisition opportunities present themselves, in 2017 and beyond.

We are also expanding our team (this in spite of the fact that, even in the best of times, we are very slow to hire, in part because we are always looking for the prospective employee who incorporates that combination of ingredients (brains, ambition, curiosity, team spirit, integrity, teachability, trust) that we know works for us, but which is not all that commonly found in the marketplace of talent). Given the uncertainties associated with the political transition now underway, it would be reasonable for us, as it would be for many firms, to stand pat and wait for more certain and predictable times to expand employment (or, for that matter, to make any significant business adjustments). But, given the uncertainty of the times, this would be exactly the wrong thing to do, at least if you believe, as we do, that the times call for "forging ahead." And anyway, we have found two really good people to add to our already really good staff.

> Jonathan Strauss is a graduate of Point Loma Nazarene University and brings a depth of skills in business-to-business consultative selling and client management. Jon joins CWC's team of relationship managers responsible for providing advisory and management services for existing clients and originating relationships with prospects. Additionally, Jon joins our 401(k) team responsible for new 401(k) advisory relationships with law firms, medical practices and auto dealerships.
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> Michael Hubbert is a recent New York transplant and an alum of Carnegie Mellon University's Tepper School of Business. He brings twelve years of portfolio management experience and the attending deep analytical skills to CWC's platform. Mike joins CWC's investment team responsible for designing long-term wealth management strategies and allocating client and partner funds across global equity, bond and thematic market sectors. Mike also assists with the management of CWC's proprietary mutual fund (CWCFX).

We continue, and are accelerating, the "formalizing" of our wealth management/financial advisory services. We have always offered a variety of such services but these have been "add-ons" to what we have viewed as our core portfolio management focus. Over the years, however, we have come to realize that portfolio management, as crucial as it is, is only one among the many crucial components of the wealth management enterprise. We believe that portfolio management has enjoyed a kind of "pride of place" because it is a *daily* preoccupation while the other components (estate planning and trustee services, tax planning, retirement plans and planning, philanthropic planning, business succession planning, private equity sponsorship/management and so on) tend to surface only periodically and so are not routinely front of mind. We have decided that we want to be ready, as an institution, to be there for clients when the need is pressing.

Our "formalization" process consists of two parts. First, we have established (where appropriate) business units dedicated to many wealth management components (for example: *philanthropy services*, which provides advice to employers and implementation with regard to family foundations, charitable remainder trusts and donor advised funds – overseen by Macy Olivas; *retirement plans and planning*, which provides client advice and implementation across the spectrum of retirement plans as well as installation and management of 401(k), 403(b), pension and profit sharing plans – overseen by Tyler Hewes; and *private equity sponsorship and management*, which involves us in the identification, acquisition, financing and management of a variety of private market investment opportunities – overseen by Jens Neelsen (on the real estate side) and Matthew Weil (on the venture side). Then, second, we are asking our client relations "front team" (Robert Gaan, Tyler Hewes, Matthew Weil, Joe Kresse, Jon Strauss and me) to make sure that each of our clients and prospective clients understands the scope of the services and benefits that a CWC advisory relationship entails. We want to be front of mind for our clients whenever wealth management issues arise in their lives.

And just so you know, portfolio management continues to be in front of our minds, daily. In fact, we have recently spent a considerable amount of time and thought on our investment management strategies, seeking to assure ourselves that, to the greatest extent possible, we are prepared for the exigencies, uncertainties and opportunities that await us out there.

A happy, prosperous, healthy, peaceful and productive New Year to you all.

Chris Weil