

STRATEGY

The Worldwide Equity strategy was up 3.0% in the 2nd quarter lagging the Global Equity Benchmark of 3.7%, but almost matching the S&P 500 return of 3.1%. Finally, we are starting to see some movement toward value-based strategies as value lagged growth by less in the second quarter. However, for the six months, S&P Growth is up 13.3% versus 4.9% for Value.

Despite the disparity between Growth and Value for the six months period, the Worldwide Equity strategy was up 7.9% in comparison to the Global Equity Benchmark return of 10.3% and the S&P 500 return of 9.3%.

For the Worldwide Balanced strategy, the pattern is the same with value helping relatively in the 2nd quarter but lagging for the six months. The Worldwide Balanced strategy was up 2.2% for the 2nd quarter and 5.9% for the six months in comparison with the Global Balanced benchmark return of 2.6% and 6.8%, respectively. Our shorter maturity bond strategy should begin to contribute as the Federal Reserve moves to increase the Federal Funds borrowing rate and shrink the size of its balance sheet.

We believe the move away from growth toward companies that are more reasonably valued has begun and our expectation is to be rewarded in the second half of the year.

We like the companies we own and if both earnings and revenue projections hold for the next 12-18 months, we expect our value strategy to be rewarded.

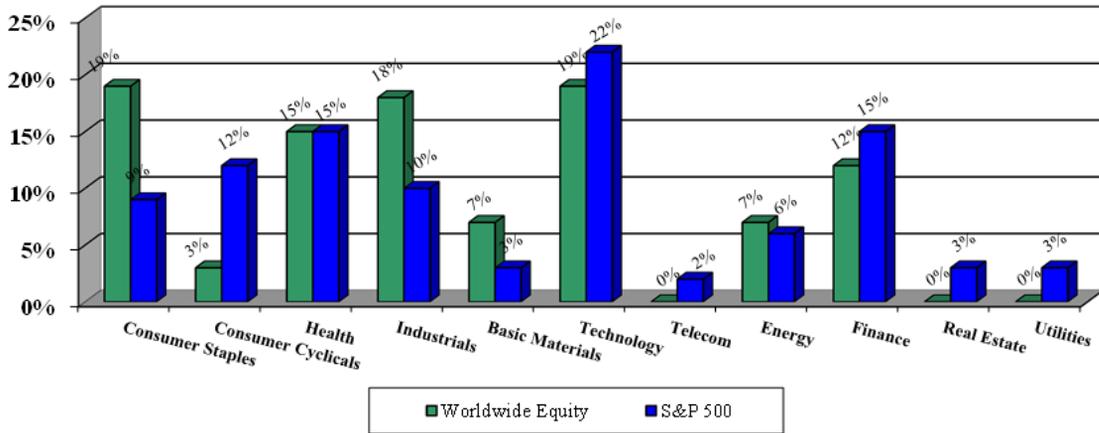
The Consumer Staples and Information Technology sectors were the two strongest contributors in the quarter, up 5.4% and 5.5% respectively.

The table below shows the top and bottom five performance contributors.

<u>Top 5 Performers in the Quarter</u>		<u>Bottom 5 Performers in the Quarter</u>	
Nestle	16.9%	Macy's (sold)	-20.3%
Oracle	12.9%	Fluor Corp.	-12.6%
Corning Inc.	11.9%	Baker Hughes	-8.6%
Honeywell Intl.	7.3%	Cisco Systems	-6.6%
Johnson & Johnson	6.9%	Walt Disney	-6.3%

The sector chart shows the sector weightings as of June 30, 2017.

Sector Analysis 6/30/2017



OUTLOOK

In our first quarter 2017 commentaries, we addressed the fact that initiatives regarding Obamacare, tax reform and infrastructure spending had not yet materialized. Now, at the end of the second quarter, the same comments apply; none of the heralded changes have occurred to date. Since Trump's election win, pundits have declared that the stock market is up based upon the assumption that these major initiatives/programs would be implemented. We agree that these are major legislative challenges given the partisan Congress. However, the stock market has been doing pretty well on its own.

Earnings were up almost 14% in the quarter and revenue was up 4-5% without legislative help. The Federal Reserve has raised interest rates, but is now indicating that they may go slower regarding future increases given that inflation is below its 2% target and economic growth may not hit 3% this year.

The stock market is not cheap, but the stretched valuations are offset by low interest rates and low inflation. As we look at a variety of economic indicators, almost all are supportive of the equity market. If economic growth is not as robust as forecast, the market will be supported by low bond yields and earnings growth. If growth remains strong, bond yields may rise but earnings growth will offer support to stock prices.

The eight year plus bull market remains intact and is being sustained by positive economic growth and low inflation expectations. Therefore, we remain optimistic on our stock market outlook with the cautionary note that we expect to see more market volatility. We have come through a period of extremely low market volatility which is not the norm. We do not see a bear market, based upon current economic data and company results, which should be beneficial in growing one's assets.

The Worldwide Strategy & Outlook reflects the views of the Investment Advisor only through the date of this report, and should not be considered investment advice. The Investment Advisor's views are subject to change at any time based on market and other conditions. Certain information is based upon sources, which are believed to be reliable and accurate; however, the accuracy of such information cannot be guaranteed. Past performance is no guarantee of future returns. Comments discussed may reflect forward-looking statements, which involve inherent risks and uncertainties, that such forecasts may not be achieved. Data shown is from a representative account. Portfolio characteristics and holdings are subject to change, and shown for illustrative purposes only.

The S&P 500 index is a market cap-weighted index that consists of 500 domestic stocks chosen based on market size, liquidity and industry group representation. The MSCI (Morgan Stanley Capital International) EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US and Canada. All indices referenced in this material are provided for informational purposes only and registered trade names or trademark/service marks of third parties. Investors cannot invest directly in an index. The returns of indices do not include any transaction costs, management fees or other costs. June 30, 2017