

GREENWICH INVESTMENT MANAGEMENT

January 12, 2018

2017 YEAR END REVIEW

USEABLE WEALTH

During the current episode of historically low interest rates, Greenwich Investment Management (GIM) clients have earned tax-exempt and taxable income. In 2017 GIM clients received approximately \$22,435,685 in tax-exempt income and \$1,099,340 in taxable income from the fixed income portfolio. Clients received approximately \$7,808,815 in dividends from the common and preferred stock portfolio.

Cash income is evidence that your wealth returns something valuable to you. The return is not contingent upon on your assets rising in price. Our strategy is to enable your assets to generate cash income surplus to your requirements, so that you may not need to invade principal to access money. The reinvestment of income allows GIM to purchase new assets that in turn produce more income. Compound income is a powerful engine of growth.

Fixed Income Performance

As of the end of the year, the current yield on GIM's tax-exempt bonds is 6.8% and the current yield on GIM's taxable bonds is 6.8%. For comparison, the current yield of the Barclays Long Term Municipal Index is 4.4%. **Current yield is defined as cash income divided by market value. Clients who wish to understand more about bond mathematics should call Dan Laflamme (203-625-5316).**

GIM submits its Global Investment Performance Standards (GIPS) compliant fixed income performance data to PSN Enterprise, a database of investment managers. Each quarter PSN awards its Top Guns designation to the top 10 performers in each investment universe. In the PSN Municipal Fixed Income Universe, comprised of 101 managers and 202 strategies, GIM has won the Top Guns award for the trailing three-year period for thirteen consecutive quarters. A copy of the latest Top Guns report (third quarter 2017) is attached to this letter.⁴

Common Stock Performance

The current yield on the GIM common stock portfolio as of December 31, 2017 is 7.6%. The S&P 500 has a current yield of 1.8%. Greenwich Investment Management clients expect to receive over four times the current yield offered by an S&P 500 fund.

⁴ Working with a Top Guns Manager or any wealth manager is no guarantee as to future investment success, and the inclusion of a wealth manager on the Top Guns list should not be construed as an endorsement of the manager by PSN. For more information on the Top Guns award and the research/selection methodology, please see the attached information.

Let the Good Times Roll

The past several years have reprised the late 1990s when technology stocks fueled double digit gains in the S&P 500 and NASDAQ index. In the 1990s episode a small group of equities accounted for most of the indices' gain. In the current market advance a small group of equities such as Alphabet (Google), Facebook, Amazon, and Apple have accounted for most of the large increase in the indices.

GIM clients do not own the popular equities. That is no accident. Our valuation of assets emphasizes the cash interest on bonds and the dividends from common stocks. If a corporation is unwilling or unable to pay dividends, GIM will as a rule not buy that equity for clients. There are opportunistic exceptions.

We acknowledge that owners (buyers) of common stock historically favor "growth" over dividend yield. GIM selected equities almost never become well known.

What is the logic behind our abstemiousness?

The nominal or purported value of common stocks is not money. One may respond that at any given moment an owner can sell a given stock at its nominal value and receive money. Yes, the seller receives money from the buyer. If there is no buyer, there is no money.

Historically people who own common stocks rarely need money at the same time. When they do, asset prices may decline and decline precipitously. Our policy is to protect clients' financial well being through managing assets for income. In brief, we manage your assets for the hard times when you must have access to money.

Our primary and continuous objective is a stream of growing cash income. We want your money to arrive in the bank. We want you to be able to request funds with the knowledge that you have not depleted principal.

If asset prices were to rise at double digit rates for many years, the United States could borrow money, buy the assets, sell them, and pay off the national debt. Absurd? Of course. Avoid what is absurd. Gather slowly and prosper.

L. George Rieger

NOTICES

- History Report has been updated to include Average Capital Base (ACB). ACB is the dollars that management has had to work with over the management horizon.
- Please let us know if you want to receive your Quarterly Reports in electronic format via our secure website.
- If you have had a change in circumstances that would alter your Statement of Investment Objectives, please contact our service team at Greenwich Investment Management.
- Thank you for continued support of Greenwich Investment Management. We appreciate your loyalty. Many GIM clients have been clients (of GIM or predecessor firms) for 5, 10, 20 or even 30 years. Although performance has varied, they have experienced the continuous flow of income throughout those years.
- A referral is the best compliment you can give. If you think someone you know could benefit from our work, then please ask them to contact our office. We are available for conversation or meetings to determine if we are a match for their investment goals.

Disclosures:

Performance presented here represents past performance, which cannot guarantee future results. Investment return and principle value will fluctuate so that an investor's account value, at some future date, may be greater than or less than its value at inception. Current performance may be higher or lower than the performance quoted here. All investments involve risk, including loss of principal.

The performance numbers in this letter reflect actual returns of all equities and tax-exempt bonds held by all GIM portfolios during the period indicated. Not all clients hold the same securities and performance will be different for each client based on securities held, the length of time held, and expenses incurred. Net performance results reflect the deduction of actual advisory fees at rates up to 1% per annum and include the reinvestment of dividends and income. Clients may also incur other transaction costs such as custodial fees and other expenses. Please refer to the Investment Advisor Agreement for a full disclosure of the applicable fee schedule. The volatility of the indices may be materially different from that of the performance of the Composite. In addition, the Composite's holdings may differ significantly from the securities that comprise the indices. The indices have not been selected to represent appropriate benchmarks to compare the Composite's performance, but rather are disclosed to allow for comparison of the Composite's performance to that of well-known and widely recognized indices.

The return of principal for bonds is not guaranteed. Bonds are subject to interest rate, inflation, and credit risks. Income from municipal bonds may be subject to state and local income taxes and/or the federal alternative minimum tax. Clients may receive other income such as capital gains that is taxable.

This material is for informational purposes only and should not be used or construed as recommendation regarding any security or be used as the sole basis for any investment decision. Not all GIM clients hold the same securities; therefore, a client's percentage held, and income earned may be different from the information presented in the first paragraph of this letter.