

A black tripod easel stands against a plain white background. It holds a large, rectangular yellow sign. The sign features black text centered on it. The text reads: "GOLDMAN SHELBY CAPITAL MANAGEMENT" on the first line, "2016 ANNUAL REPORT" on the second line, and "BY THE NUMBERS" on the third line in a larger font.

GOLDMAN SHELBY CAPITAL MANAGEMENT

2016 ANNUAL REPORT

BY THE
NUMBERS

To Our Clients

The roller coaster ride that the financial markets gave us in 2016 provided a concrete example for our investment philosophy: Implement consistent asset allocation to keep clients invested through good times and bad. We witnessed a 10-percent drop in stocks in January and a decline in interest rates to levels that few had expected. Fits and starts with the economy throughout 2016 pushed stock prices up, only to retreat and then rally again. During the summer, “Brexit” prevailed, which was the first shock of the year. The price of oil caught a bid as OPEC promised supply controls. Meanwhile, interest rates on the bellwether 10-year U.S. Treasury remained at historic lows.

No one, including us, expected what followed next. The November election was a surprise... period. Bond prices dropped dramatically as the 10-year U.S. Treasury rate shot up to finish the year near 2.5 percent. The stock market clutched at the hope for growth and rallied to new records. The dollar strengthened against all currencies, but most notably to the pound, euro and yen. These rapid and surprising changes reinforced the need for investors to remain committed to their long-term goals. Without this philosophy, it would have been easy to be left on the sidelines, watching and wishing.

2016 milestones

Welcomed 54 new clients who hired Goldman Shelby and Goldman Group

New assets: \$139 million

Served more clients and managed more assets than previous years

New hires: Michael Garcia, chief technology officer; Bre Jaspersen, client relationship associate

Promotions: Scott Christianson, CFP®, senior vice president; Josh Frankel, CFP®, executive vice president; Peter Jones, vice president of research

Anniversaries: George Hosfield, CFA, principal and chief investment officer (25 years)

The summaries of five clients on pages six through 14 are not intended to be an endorsement, testimonial or advertisement for Goldman Shelby or Goldman Group.

During this astonishing year, we made careful but important changes at our company. We added 54 new clients between Goldman Shelby and our division, Goldman Group. Our assets under management grew to a record level of \$4.56 billion, driven by the addition and retention of clients as well as the stock market growth. As always, we are appreciative of the growth we have experienced this year.

Goldman Group celebrated its third year and achieved \$150 million in assets under management in 2016. The success of our division has proven our original thesis that there is substantial demand for quality investment management, reporting and service in the wealth management space starting at \$750,000.

We created a new strategic position, chief technology officer, as our reliance on digital data and technology only grows in importance. We expanded our service team with the hiring of our seventh client relationship associate. Both additions are consistent with our commitment to exceed expectations and act with uncompromising ethics and reliability for our clients.

Lastly, we want to recognize two people; an existing shareholder and a retired icon. George Hosfield, our chief investment officer, was our 11th current-or-former employee to celebrate a 25th anniversary at our company. It is a significant milestone that we celebrate

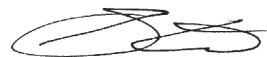
proudly because of the loyalty and continuity it represents.

We hope you find value in this year's annual report and have an opportunity to learn something new about our company. As always, we are grateful for the clients we serve and the referrals we received in 2016. In everything we do, we seek to uphold our mission, Investment Excellence; Lifelong Relationships, in an ongoing effort to earn your trust and confidence.

Best regards,



JIM RUDD
Principal and CEO



Steve Holwerda, cfa
Principal and COO

BY THE NUMBERS

For some, reading books is a passionate pastime. For others, analyzing research and reviewing reports is a critical component of work. Pew Research Center released a report indicating that Americans are reading less than before, with a 7 percent drop from 2011 to 2015. The survey also found that 72 percent of Americans had read only one book over the course of a year.

When the first “tweets” were sent 10 years ago, many were challenged to make a statement in 140 characters. As Jayant Jenkins, global group creative director for Twitter said, “The less you say, the more you convey.” Although this approach may make authors and journalists shudder, today’s communication practices reflect a society that is continually bombarded with more information and has less time to process it.

For this year's annual report, we have streamlined our communication to place more emphasis on the numbers that represent how we manage our company and serve our clients. Behind every data point is one of our employees, supporting the critical connection between our people and the growth of our firm and our client relationships.

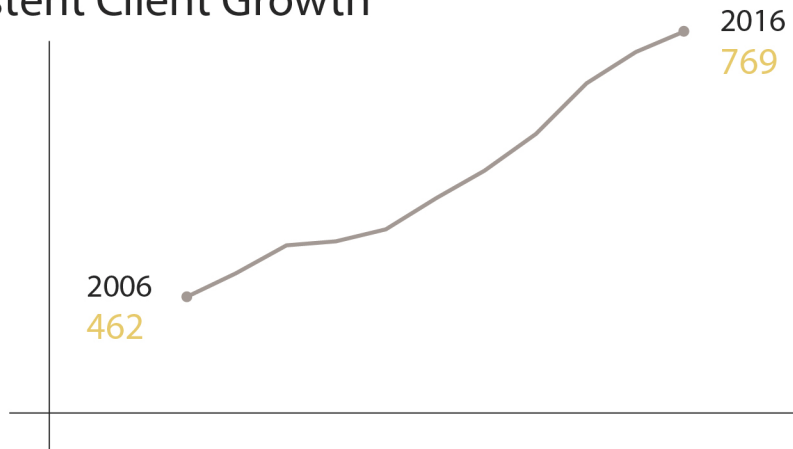
We often tell prospective clients that when you select Goldman Shelby or Goldman Group, you hire a team, not an individual. Through this year's report format, we hope you get to know our company and team as efficiently as one would scan through their Twitter feed.

Cultivating multigenerational, lifelong relationships

We have proudly served a client representing four generations that include 17 households spanning across 41 years. During this

timeframe, we worked compassionately to settle estates, advised on 529 college savings plans and managed more than 40 separate portfolios customized to fit the lifestyle goals of each family member. The work we have completed and the trust we have established over the years have helped us earn lifelong relationships — starting in 1975, building through 2016 and looking to 2041 and beyond.

Consistent Client Growth



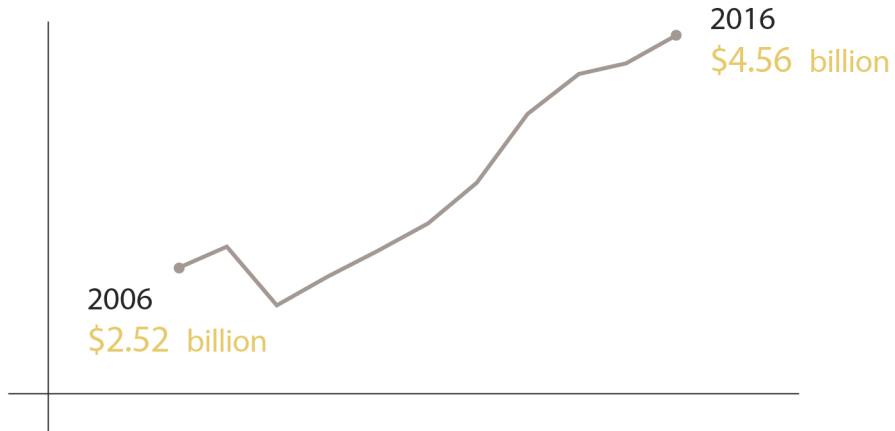
Benefitting from starting early and staying the course

The journey began in 1962 after a college professor taught him the Rule of 72: Money doubles every eight years at 9 percent. Stay in your lane, hold the course with a 50/50 portfolio of bonds

and stocks. This client began saving at 22 and maximized what he could afford to invest each year through retirement in 2005

Diversified in 11 economic sectors and 50 stocks, we helped him let the winners grow because the 20+ percent capital gains slows the growth. Reaching his “number” resulted in him confidently withdrawing 4 percent per year to live his life comfortably, letting his portfolio work for him 24 hours a day, 365 days a year.

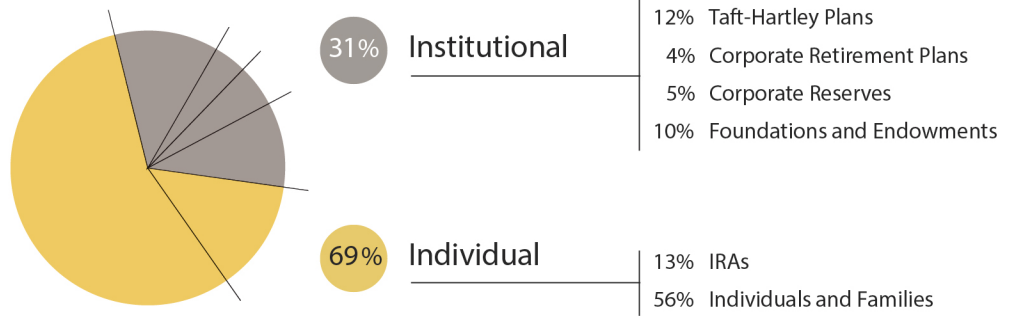
Asset Growth Over 10 Years



Fostering innovation and improving outcomes through endowed funds

A hospital foundation allocates dollars to a new kind of medical investment: the creation of a teaching kitchen and food pharmacy. With a \$450,000 investment over 18 months, the kitchen reached 239 adults and 85 children from July to September of 2016 alone through cooking classes and personalized counseling. With the food pharmacy, doctors write a “prescription” for food, enabling patients to access healthy produce and supplements to address specific medical issues through diet. To date, 5,428 pounds of food have been distributed to patients, resulting in better outcomes. With 30 board trustees, and seven members of their investment committee, they endow money for 18 projects connected to the hospital each year.

Our Broad Client Base

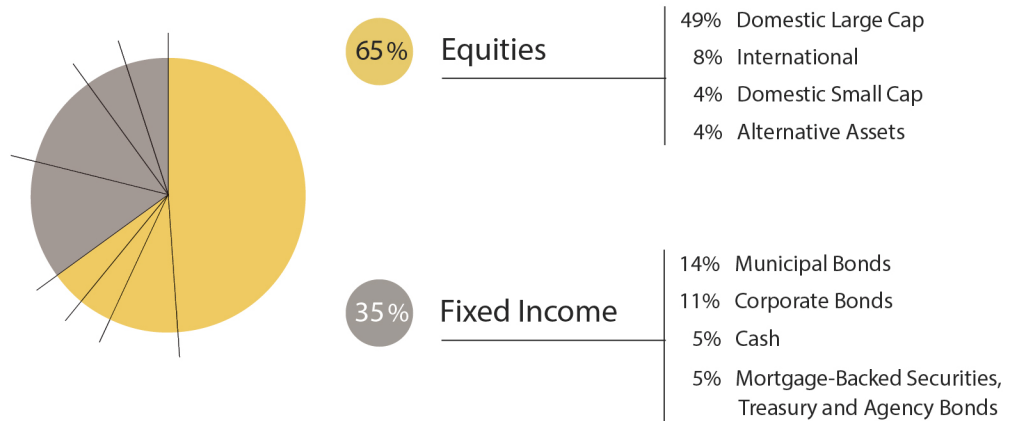


Taking risks early and preserving wealth through diversification

Embracing risk to create a new business not one, not two but three times. Each new endeavor was built on the success and knowledge of the others. Employed hundreds of

workers in 12 locations. These entrepreneurs sought opportunity in places that would cause others fear and anxiety. In the end, they sold a business that took over 20 years to build, resulting in an offer that was 1,000 times the original capital it took to start. They believed that wealth is created through concentration and is preserved through diversification. Entrepreneurs often retire with an investment portfolio that is more stable than managing a single business.

Our Diversified Assets Under Management

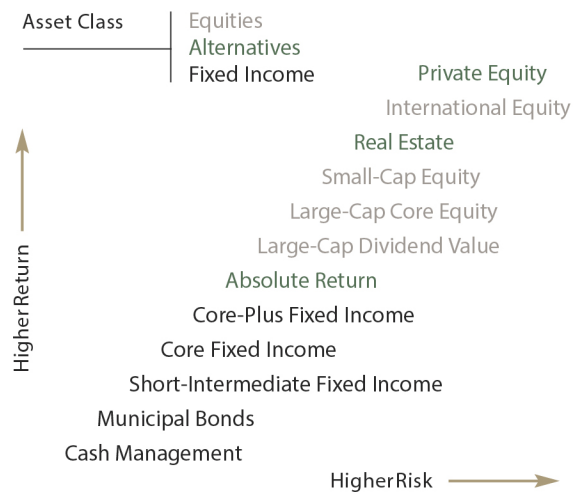


One woman's generosity impacting future generations

At the funder's passing at age 93, a private foundation was established. Today, five trustees make decisions on how to spend the over \$200,000 of philanthropic money they have

designated each year. Over 40 scholarships have been given over the six-year history as well as nearly 200 grants to agencies helping people in need and bettering the community. Twenty-five communities across the state have been positively impacted by the generosity of the funder and the dedication of the trustees.

Relative Risk and Return



Mission

Investment Excellence • Lifelong Relationships

Core Values

Exceed expectations

Act with uncompromising ethics and reliability

Advocate innovation and manage change

Foster a collegial environment

Enjoy the journey

Investment Principles

Know the environment

Seek opportunities

Manage risk

Focus on the long term

