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Performance Update

There are multiple considerations to managing other people's money – too many to innumerate here. However, as a fiduciary, investment advisers have a responsibility to make sound investment decisions appropriate for their client's situation. Additionally, we have dual, and often competing, mandates to earn positive returns for our client's as well as protect their wealth in the event of a downturn. It can be difficult to do both at the same time. Some risk must be taken to earn positive excess returns. But risks affect returns negatively when markets turn negative. Risk is very much a double-edged sword and it takes a skilled operator to navigate the shifting currents. Regardless of the difficulty, it is our responsibility to take action when we believe economic and/or market conditions warrant. We are then judged, positively and negatively, on the decisions we make on behalf of our clients.

It is in this vein that I write today.

Concerned about upcoming events; the so-called BREXIT, potential Federal Reserve moves, recent economic growth and elevated market valuations, Eunoia Financial recently took action to protect our client's wealth. I executed a long volatility position which would rise in the event of a market fall. There were alternatives – I could have sold existing positions to raise cash, shorted additional positions, bought put options and taken other actions to achieve similar results. However, observing volatility's low historic price, I felt this was the best of the available options. Due to the market concerning factors mentioned above and the near historic lows of volatility, I believed the odds to be significantly tilted in my client's favor. Therefore, immediately prior to the market close Thursday June 9th, I purchased volatility on behalf of Eunoia Financial clients. I held these positions through mid-afternoon Tuesday June 14th – for a total of 3 days. During this time, depending on the benchmark you prefer, markets returned varied between a loss of 5.8% and a marginal gain of 0.2%.

However, due to the decisions of Eunoia Financial and despite the market's negative return over these days, Eunoia Financial client's enjoyed an average gain of 2.2%!



I am very proud to bring my clients these market-beating returns - over this period as well as year-to-date. I believe Eunoia's positive and excess returns to be a result of;

1. My institutional investment background
2. Thorough investigation and research
3. Historically proven investment process
4. Independent thinking
5. Courageous decision making
6. And perhaps most importantly, a willingness and desire to do what is best for my clients.

As further confirmation of Eunoia's investment skill, the firm currently enjoys a YTD information ratio of 7.7 over Eunoia Financial LLC's custom benchmark (40% S&P 500, 45% Barclay's US Bond Aggregate, 10% MSCI EAFE, 5% MSCI Emerging Markets)!

For those technically interested, the INFORMATION RATIO is a benchmark-relative return-versus-risk metric. The information ratio measures the excess return against the benchmark divided by tracking error, where tracking error is a measure of consistency.

The information ratio answers the two most important questions for an active manager. First, did the manager outperform the passive benchmark? Second, was the manager able to outperform the benchmark consistently? **If the answer to either of these is "no" then a low-cost passive product like an index fund or an ETF might make sense. Therefore, the information ratio stands as a great way to justify an active manager's existence.**

WHAT IS A GOOD NUMBER? The higher the information ratio, the better. If the information ratio is less than zero, it means the active manager failed on the first objective of outperforming the benchmark. Of all the performance statistics, the information ratio is one of the most difficult hurdles to clear. Generally speaking, an information ratio in the 0.40-0.60 range is considered quite good. Eunoia Financial LLC's information ratio of 7.7 is quite good indeed!

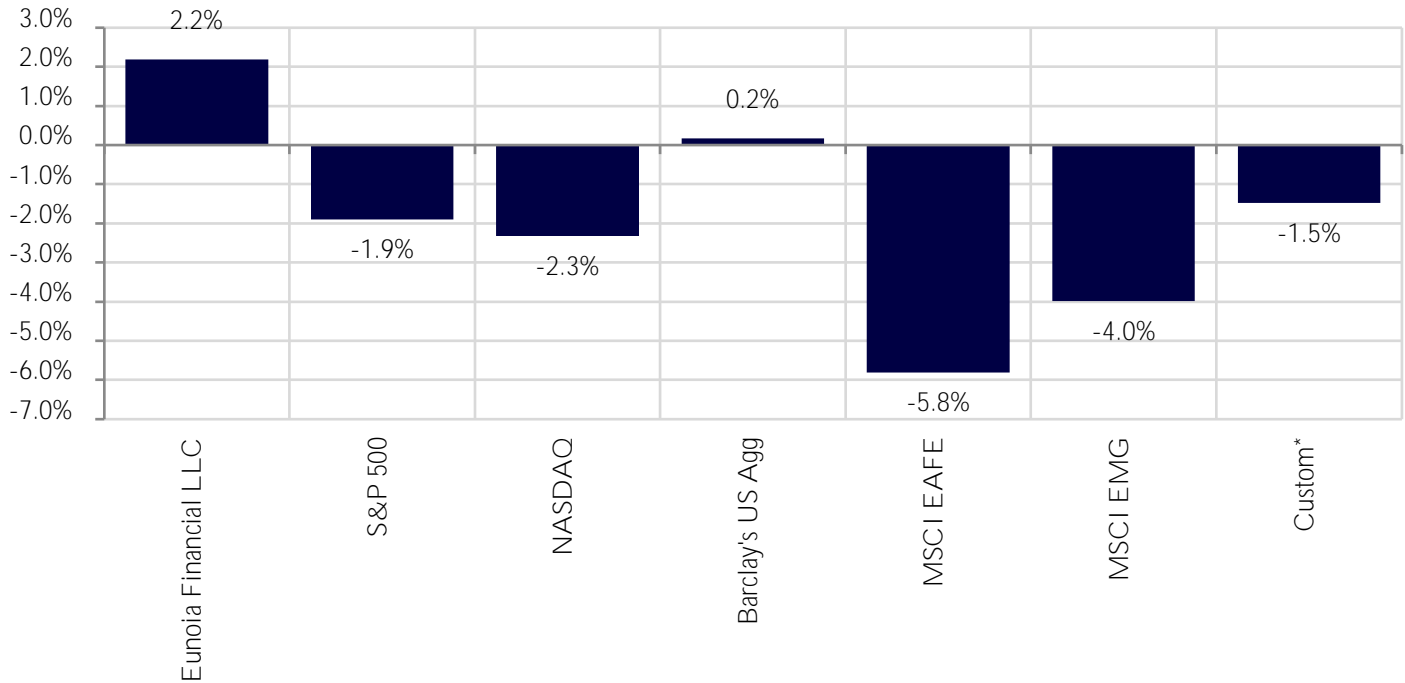
I hope you agree that Eunoia Financial's performance has been particularly strong. In an attempt to build my business – if you think my skills apparent, I would appreciate your help in passing the word of my firm.

Please see the charts below for more detail on recent and year-to-date performance.

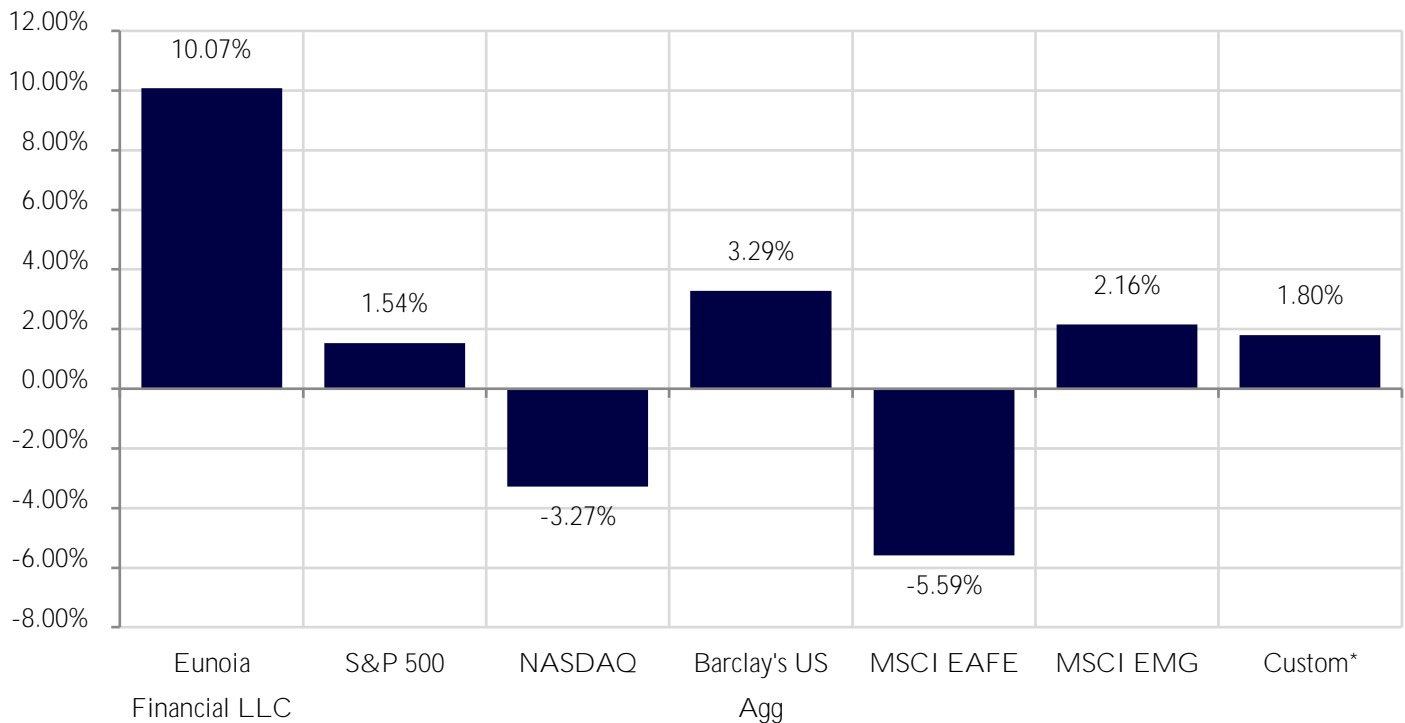


Eunoia Financial LLC

3-Day Returns



Eunoia Financial LLC - 2016 Returns

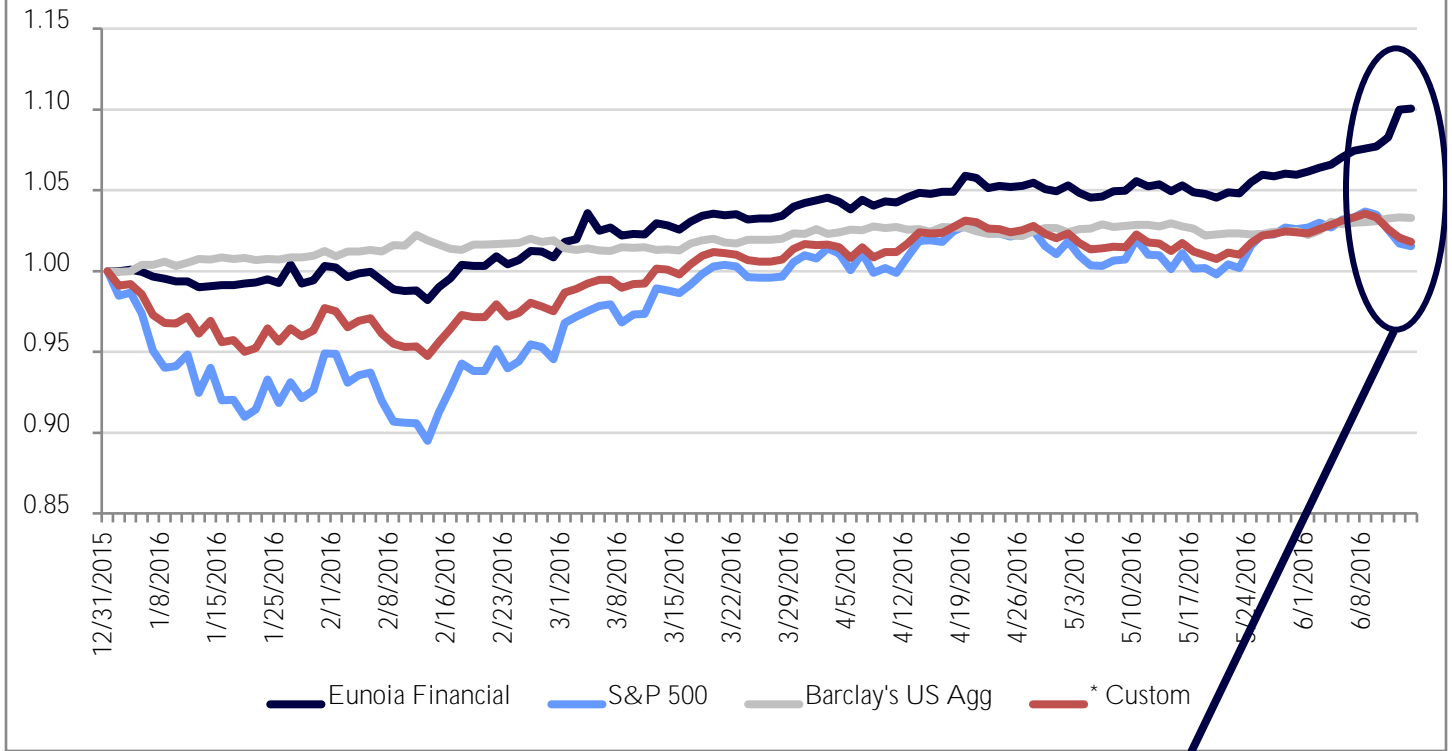




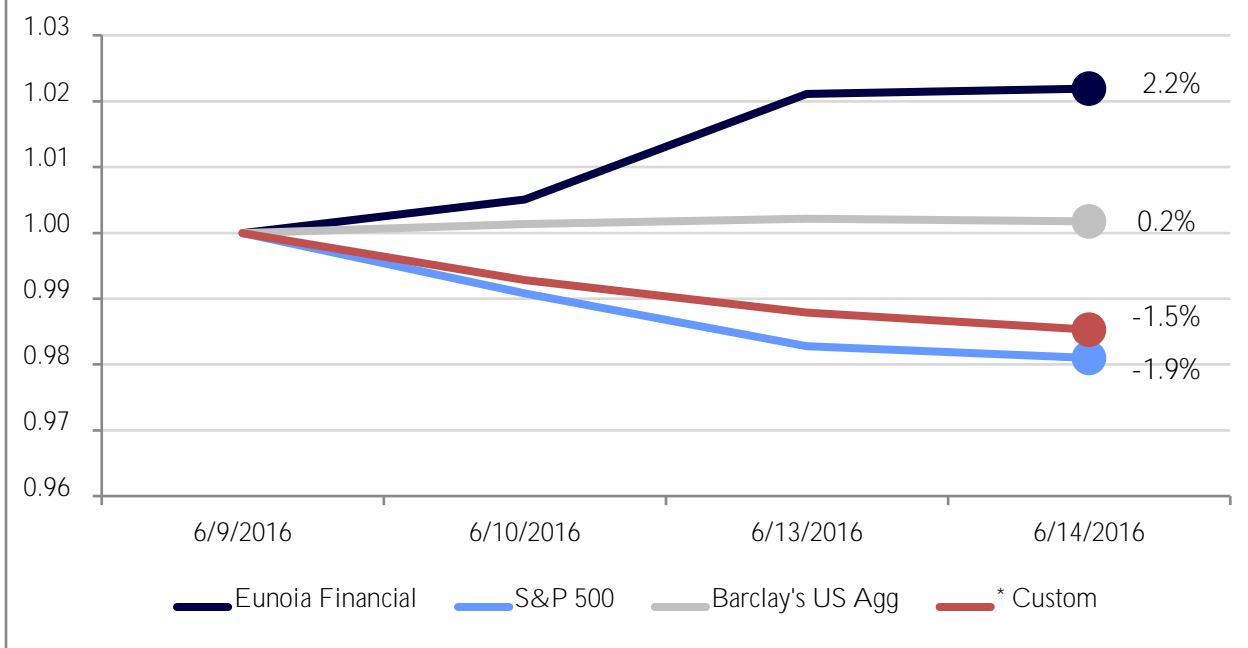
EUNOIA FINANCIAL LLC

RUMINAMS SOLUCIONES INTELLIGENDO

Eunoia Financial - 2016 Cumulative Returns



Eunoia Financial - 3-Day Cumulative Returns



Of course, past performance is no guarantee of future returns.