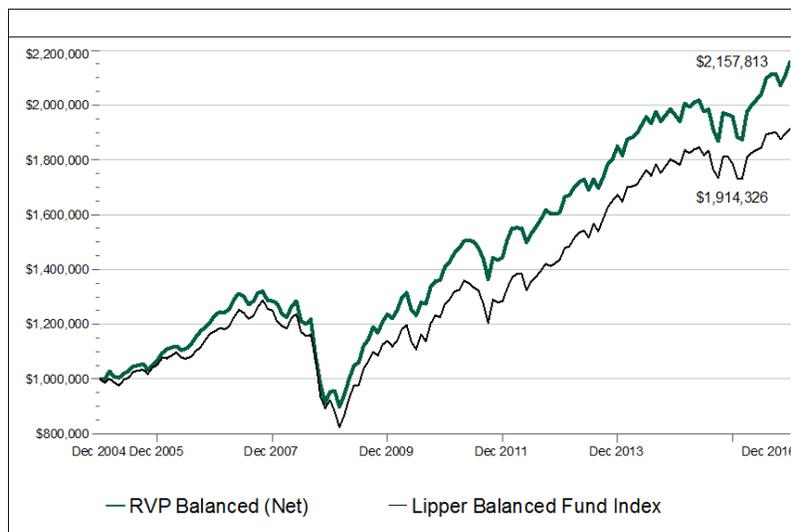


“Surprise, Surprise, Surprise”

January 2017

The quote from America’s most famous fictional Marine, Gomer Pyle, comes to mind when reviewing events of 2016. The year got off to one of the worst starts ever as the S&P 500 dropped 11% in the first six weeks and oil traded below 30 dollars per barrel. The Brexit vote in June proved all the pundits wrong. Finally, the election of Donald Trump to be the 45th President of the United States certainly was the ultimate surprise. Many market strategists predicted an immediate market drop of 5-10% in the unlikely event of a Trump win. Not only were the forecasters proved wrong, but the S&P 500 rose another 5% between election day and year-end on expectations of higher earnings growth and tax reform in 2017.

RVP Balanced Growth of Investment (as of 12/31/2016)



Strategy	Lipper Ranking Since Inception	Cumulative Performance 2005-2016	Annualized Performance 2005-2016
RVP Balanced (inception 12/31/04)	10 out of 251	115.70%	6.62%
Mutual Fund Peer Group (250 Funds)**	(96 TH Percentile)	77.4%*	4.89%*

RVP strategies provided both strong absolute and relative returns in 2016. The RVP Balanced Strategy was up +10.2% net, well ahead of the benchmark (60% S&P 500/40% Barclays Aggregate Bond Index, reweighted monthly) return of 8.3% and our peer group median fund return of 6.5%** . The Absolute Return strategy returned +10.3% net and Durable Income posted a +21.3% net return. Some of our other returns to highlight for the year include Limited Duration (+9.7% net return), Fixed Income (+8.3% net return) and RVP Equity (+11.8% net return). All appropriate benchmark returns can be found at the end of this letter.

Fixed income returns were driven by several positive factors. Over the course of the year, closed-end fund discounts narrowed in addition to the strong return of the underlying assets, which together

Inception Date: RVP Balanced 12/31/04. Source: Zephyr StyleAdvisor

*Median Return of the mutual funds in the peer group for stated time period

**RVP Balanced Mutual Fund Peer Group: Lipper Mixed-Asset Target Allocation Moderate Funds. When comparing RVP Balanced to the Lipper Mutual Fund Peer Group, we are assuming RVP Balanced is one of the funds, therefore we can say we are 10th out of 251 funds (250 in the peer group + RVP). There were 250 funds in the peer group for 12/31/04 – 12/31/16. For the one year period ending 12/31/16 there are 578 funds in the Lipper Mixed-Asset Target Allocation Moderate Funds.

produced a solid total return for our closed-end fund holdings. Our exposure to corporate bonds added significantly to returns as did our concentration in floating rate senior loans. Our focus on term trusts, funds with a pre-set termination date, contributed to returns, as the feature drew increased interest from the market.

Within our equity holdings, value stocks ended a multi-year period of lagging growth stocks and our value bent was rewarded. Our bank and energy overweight exposure was additive to performance along with our underweight to healthcare. We maintained a defensive beta based on the richness of the Cyclically Adjusted Price/Earnings (CAPE) of the market. While we had some welcomed activism within our equity closed-end fund holdings, the median equity closed-end fund discount was little changed for the year.

Compared to the overall market, it was a fairly unexciting year for closed-end funds despite some discount tightening toward the end of the year. That being said, we experienced beneficial corporate actions across strategies with multiple tender offers and open-endings. We have been especially tuned into the low participation rates for tender offers, which allows for a relatively small tender to be meaningful for RVP investors. In a recent example, a 5% tender offer allowed RVP investors to sell 17% of their holdings at a meaningful premium to the market price. This means **less than one-third of the shareholders participated**. This highlights the continued inefficiencies in the closed-end fund market.

Looking forward, we are using the market's healthy risk appetite to trim our exposure to select fixed income positions that have appreciated significantly and hit our sell targets. We expect further NAV realization events through tender offers, managed liquidations and/or activist events throughout 2017. We continue to keep our duration meaningfully shorter than our Barclays Aggregate Bond Index benchmark and between the credit de-risking and short duration feel comfortable knowing we have dry powder to invest when we see volatility return to the fixed income markets. We believe inflation, headline risk and tax reform could create potential buying opportunities within the fixed income market.

With the CAPE currently at 27, we continue to take a conservative approach to our equity exposure and believe there will be a more opportune times to increase our equity risk. We believe the universal bullishness on the U.S. dollar will present opportunities for contrarian investors, and we have recently become more positive on emerging market equities based on attractive valuations and overly negative sentiment. Equity closed-end funds remain cheap as we begin 2017; as of year-end the average discount of the closed-end funds in the RVP Equity Strategy was 12.6%, 5% more attractive than the 18-year equal weighted equity closed-end fund average. There are ongoing structural and regulatory changes that have the potential to change the landscape, and provide meaningful opportunity, as well as draw more attention to the space. This should benefit our existing, deeply discounted positions. Furthermore, based on historical value segment performance in the later stages of a bull market, we believe the value recovery has room to run, which should benefit our equity holdings.

As we just completed our 12th year, we continue to expand our team. We would like to welcome Dave McGranahan, former head of the Credit Suisse Private Banking in Chicago. Dave will be leading RVP's business development efforts as well as our client experience initiatives.

Sincerely,



Maury Fertig



Bob Huffman

Relative Value Partners Group, LLC Absolute Return Composite Net Returns

	1 Year (ending 12/31/16)	3 Years Annualized (ending 12/31/16)	5 Years Annualized (ending 12/31/16)	Since Inception (5/31/06 to 12/31/16) Annualized
RVP Absolute Return	10.33%	3.57%	4.00%	6.30%
3 Month T-Bill	0.33%	0.14%	0.12%	1.04%

Relative Value Partners Group, LLC Fixed Income Composite Net Returns

	1 Year (ending 12/31/16)	3 Years Annualized (ending 12/31/16)	5 Years Annualized (ending 12/31/16)	Since Inception (12/31/04 to 12/31/16) Annualized
RVP Fixed Income	8.28%	4.73%	4.44%	5.42%
Barclays Aggregate Bond Index	2.65%	3.03%	2.23%	4.18%

Relative Value Partners Group, LLC Balanced Composite Net Returns

	1 Year (ending 12/31/16)	3 Years Annualized (ending 12/31/16)	5 Years Annualized (ending 12/31/16)	Since Inception (12/31/04 to 12/31/16) Annualized
RVP Balanced	10.17%	5.27%	8.36%	6.62%
60/40 Benchmark*	8.30%	6.66%	9.69%	6.42%

*60% S&P 500/40% Barclays Aggregate Bond Index, reweighted monthly

Relative Value Partners Group, LLC Absolute Return 30 Composite Net Returns

	1 Year (ending 12/31/16)	3 Years Annualized (ending 12/31/16)	5 Years Annualized (ending 12/31/16)	Since Inception (6/30/10 to 12/31/16) Annualized
RVP Absolute Return 30	11.36%	4.98%	6.77%	7.14%
30% S&P 500 /70% 3 Month T-Bill	3.80%	2.81%	4.41%	4.57%

Relative Value Partners Group, LLC Limited Duration Fixed Income Composite Net Returns

	1 Year (ending 12/31/16)	3 Years Annualized (ending 12/31/16)	Since Inception (9/30/13 to 12/31/16) Annualized
RVP Limited Duration Fixed Income	9.72%	4.68%	5.13%
Barclays 1-5 yr Corporate Total Return Index	2.87%	2.06%	2.13%

Relative Value Partners Group, LLC Durable Income Composite Net Returns

	1 Year (ending 12/31/16)	Since Inception (5/31/14 to 12/31/16) Annualized
RVP Durable Income	21.27%	8.44%
Barclays US Corp High Yield Index	17.14%	3.62%

Relative Value Partners Group, LLC Global Equity Composite Net Returns

	1 Year (ending 12/31/16)	3 Years Annualized (ending 12/31/16)	5 Years Annualized (ending 12/31/16)	Since Inception (4/30/07 to 12/31/16) Annualized
RVP Global	4.96%	0.77%	7.26%	4.21%
MSCI EAFE Index	1.51%	-1.15%	7.02%	0.38%

Relative Value Partners Group, LLC Equity Composite Net Returns

	1 Year (ending 12/31/16)	3 Years Annualized (ending 12/31/16)	5 Years Annualized (ending 12/31/16)	Since Inception (12/31/04 to 12/31/16) Annualized
RVP Equity	11.82%	6.16%	10.82%	7.29%
S&P 500	11.95%	8.87%	14.66%	7.48%

Relative Value Partners Group, LLC (RVP) is a registered investment advisor. Prior to July 1, 2015, RVP was known as Relative Value Partners, LLC. The Balanced Account composite contains fully discretionary balanced accounts and for comparison purposes is measured against the 60/40 Benchmark. The 60/40 Benchmark is comprised of 60% S&P 500 and 40% Barclays Aggregate Bond Index, reweighted monthly. The Absolute Return Composite contains fully discretionary absolute return accounts and for comparison purposes is measured against the 3 Month Treasury bill. The Equity Account Composite contains fully discretionary equity accounts and for comparison purposes is measured against the S&P 500. The Fixed Income composite contains fully discretionary fixed income accounts and for comparison purposes is measured against the Barclays Aggregate Bond Index. The Global Equity Composite contains fully discretionary Global Equity accounts and for comparison purposes is measured against the MSCI EAFE Index. The Absolute Return 30 composite contains fully discretionary Absolute Return 30 accounts and for comparison purposes is measured against 30% S&P 500/70% 3 Month T-Bill, reweighted monthly. The Limited Duration Fixed Income composite contains fully discretionary Limited Duration Fixed Income accounts and for comparison purposes is measured against the Barclays 1-5 year Corporate Total Return Index. The Durable Income Composite contains fully discretionary Durable Income accounts and for comparison purposes is measured against the Barclays US Corporate High Yield Index.

All returns are shown in US dollars and are net of actual fees. The returns shown include the reinvestment of dividends and other earnings. Accounts may own levered closed-end funds or ETFs and may short ETFs. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk and there can be no assurances that any specific investment will be profitable. Investors may experience a loss.

RVP claims compliance with the Global Investment Performance Standards (GIPS®).

To receive a complete list and description of RVP's composites and/or a presentation that adheres to the GIPS standards, contact Catherine Goel at (847) 513-6300, or write RVP, 1033 Skokie Blvd, Ste 470 Northbrook, IL 60062, or cgoel@rvpllc.com.