

TRI-RIVER CAPITAL

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Subject: 2017 Year End Letter

Clients, Friends and Colleagues,

“You can’t make this stuff up”. Britain’s citizens vote to exit the EU. Hillary loses an election when many thought she was a shoe-in. Trump won by catering to the decade’s disenfranchised voters. Fingers point in both directions on Russian interference in the election. The corporate tax cut leads to many major corporations declaring \$1,000 bonuses to the rank and file. Many are also promising \$15/Hr. minimums.

The stock market has roared since the election fueled by anticipated reduced regulation, which reportedly stands at an estimated 850 regulations eliminated by Executive Order, and the tax cut. While simplification was promised, horse trading to achieve passage left the tax lawyers and tax and accounting firms happy.

Some pundits are still calling for continued stock market melt-up. The FED is ratcheting up base rates and has set their \$5.0 trillion portfolio for liquidation at an investment’s maturity. The yield curve is flattening.

Where are we? Uncharted waters is the case. The world’s economy recovering for the most part. Then, cautious optimism would seem to be the answer.

On the home front Tri-River has been active. Two partners of a long-time specialty finance company client have agreed to disagree. A buyout is in the works.

Another long-time client needs additional capital for an insurance operation and is considering an IPO. We’ve begun preliminary discussions with regional, national, and international banks to gauge receptivity as a prelude to arranging management visits to begin the manager selection process.

We’ve also been retained by an open-air mall operator to seek acquisitions. With retail in distress it’s a great time to be looking. The shopping list has been developed, price is always at issue. The opportunity search marches on.

A number of pals on the investment side of the business want to see interesting mezzanine real estate opportunities. When Four Springs pulled their IPO, we introduced them to management which opted for an equity raise versus the mezzanine alternative.

Last but not least. The BDC market seems challenged with haves and have nots. Conditions seem right for a roll up. We have the idea under study. Also in the wings are the sale of privately owned and family owned businesses. There's a backlog of Baby Boomers owners who are not getting any younger! Stay tuned.

Best wishes for a Happy, Healthy, and Prosperous New Year.

We're always interested in exploring new opportunities please feel free to call.

Call Milt at 212-581-5777