Economic Commentary

Our examination of important economic data releases suggests that the economy may be doing well enough in the Fed’s eyes to act upon a rate increase of 25 basis points as soon as their September meeting. More about their signals and thinking later, but let’s take a look at what they are seeing.

Nonfarm payroll data for the last three months has averaged at 190,000, and August’s ADP survey suggested that the number reported on September 2nd will be in that range. Vice Chair Fischer of the Federal Reserve recently stated in an interview that we were approaching full employment and Fed Chair Janet Yellen was quoted at the Jackson Hole conference hosted by the Federal Reserve as saying, “I believe the case for an increase in the federal funds rate has strengthened in recent months.” While, technically, the three focused targets of the Fed — stable prices, full employment and moderate interest rates — have not been fully met, progress has been made.

On the employment front, people are working and thus consumers have been spending and carrying the load of GDP growth over the past eighteen months. To be certain, there is more work to do; however, from a historical economic perspective we are within a few tenths of a percent of the full employment barometer that the Fed has used. We have stated previously that our national average does not mean that we don’t still have geographical pockets of high unemployment; we absolutely do, but that has always been the case. Labor and employment statistics encompass all sectors of the economy, and all regions, many of which are reporting unemployment as low as 2%. From an employment-related goal and/or target the Fed can feel satisfied that their consistent accommodative easing policy has yielded great results.

When to cool inflation is not a science. Data must be scrubbed in real time, and forecasts must include increasing robust models validated by regional Fed Reserve activity. No one fears a 1% annual inflation rate (the current trend). What people do fear is inflation that gets ahead of interest rates, and with rates at near zero currently the hawks within the Fed are calling for action. Will the rate increase slow the economy? No, but it is...
likely to repricing assets. Equity investors have done very well in a near-zero interest rate environment, but savers have languished at the well. From the market bottom in 2009, the Dow has risen 181%, and the S&P 500 nearly the same amount. In an environment where there are few alternatives for return and/or yield, stocks have done well. Guaranteed pension funds, savers, and those counting on bond income to support their needs have indeed struggled.

Price stability has occurred, in general, due to weak demand, a strong dollar vs. other currencies, and huge deceleration in energy prices. Consistency of demand and strong employment, along with stabilization of energy prices, probably suggests to the Fed that broader price increases may be in the offing. The recent pullback in the equity market off of historical highs is simply a part of the repricing of assets relative to one another. Future repricing will depend upon the projected trajectory of future rate hikes, but for now we should take them at their word and expect a hike in rates coming out of the September Fed Reserve meeting.

July’s consumer confidence number hung in there at 97.3%, only a one tenth reduction from its previous recording. The PMI index continued to reveal sluggish industrial output but managed to be slightly ahead, at 51.1%, of the fifty percent line that traditionally separates expansion and contraction. Industrial output continues to be dominated by automotive, which some have suggested is peaking and, thus, further propulsion from this sector is in question. Energy and a strong dollar continue to plague manufacturing; however, some evidence exists that both of those areas have stabilized and may not present headwind with the same velocity for the remainder of 2016. Both the Atlanta and N.Y. Federal reserve banks have updated their respective forecasts for Q3, GDP growth to 3.5% and 2.8% respectively. A Fed Funds rate hike coupled with stronger output, stable employment and stable prices could boost not only consumer spending but also business capital spending as well.

Lost in much of the political theater for many were the results of some primary elections for significant senate and house seats for both of the major political parties. At risk were insider seats long held by party regulars who were under attack by either backers of Donald Trump or Bernie Sanders. Several of the challengers on the Republican side were members of the conservative caucus for freedom, otherwise known as Tea Party candidates. On the Democratic side the challengers were funded by Bernie Sanders’ new political action committee that seeks
to put into office individuals who will reform the Democratic Party
to be more in line with his policy wants and desires. The bad news for
both Donald Trump and Bernie Sanders was that their candidates got
trounced, in the relative terms of the political world, all losing by ten
percent or more — which in an election is a real beating.

The implications for the winning presidential candidate should not
be lost on us. The Tea Party did not gain seats in this primary calendar
and lost three seats in the last election calendar (John Boehner may
regret his resignation earlier this year). Conversely, the far left did not
gain candidates in the primary calendar either. Presidential candidates
are mostly framed by party platforms that they do have a great deal of
influence upon. Campaigns are waged using the platform in quick and
repeated sound bites to tell their respective faithful who they are as a
candidate, attempting to energize the base and promote urgency to turn
out and vote as the campaigns reach their frenzied peak. Many have
spoken of the need to attract independents; however, most independents
tend to lean in one direction or the other and, thus, the real effort is
spent on the base and the party faithful.

Absent of a change in the makeup of the house or the senate, a new
President is left to pass their first 100 day legislative package, meant
to define themselves as a candidate that keeps their promises, with a
Congress that has little desire or motivation to move legislation along.
The change that Trump and Sanders supporters were hoping for simply
didn’t occur and, in the case of the far right, the Tea Party declined
in presence.

It is not unusual for candidates to promise things they cannot achieve
in the reality of the political arena. The differences between the
candidates and party platforms are perhaps more clear than ever before,
and obvious for voters who research their views, listen to their speeches
and watch the debates. In the end, voters are likely to vote their party
preference first, their personal preference (candidate tolerance) next
and perhaps platform policies last. Much of the decision has already been
made, and by the time this article reaches you we will be in the final
thirty days of the campaign. In the end it is likely that more will be the
same than different as a result.
Scaling Up Leadership Changes

Last year, we began our ten year journey to become top of mind and market brand dominant in sophisticated wealth management solutions throughout the state of Michigan. In order to get there, we knew that we would need to “Scale Up.”

What does that mean? Our Executive Leadership Team recently finished reading the book *Scaling Up Excellence* by Robert I. Sutton and Huggy Rao. Together we would meet monthly before the official work day started to discuss various relevant topics from the book. According to the authors, scaling up involves spreading constructive beliefs and behaviors from the few to the many so that as an organization grows so does its impact. In order to be successful, there needs to be the acknowledgement that what got us here might not get us there. In addition, you must solve the problem of More and Better. How do we continue to add more clients and improve client service standards? How do we continue to create new divisions and translate our service model to a growing diversity of clients? Finally, scaling starts and ends with people.

With that in mind, I am excited to announce that we recently made two leadership changes that will help us Scale Up. First, Jim Gray has moved into a new role as Chief Strategy Officer (CSO). Previously, Jim served as our Chief Investment Officer (CIO). Jim will focus his execution skills on the implementation of our strategic initiatives. In short, he will help make our strategy happen. Jim is a seasoned executive with a strong strategy orientation who has successfully led major initiatives within this organization. Most recently, he led the successful and expedient redevelopment of our individual equity due diligence and selection process that has allowed us to make faster decisions, better. He also led the team that created the platform for delivery of the first hedge fund offering to clients of Greenleaf Trust. He then used that experience to help develop our Alternative Investment Platform that will provide clients with a wider range of more sophisticated investment options to diversify their portfolios and manage risk.

Nick Juhle has been promoted to Director of Research. In a short amount of time, Nick has made a significant impact as a Manager Selection Analyst and the Assistant Director of Wealth Management. As a Manager Selection Analyst, he added discipline, thoroughness, and efficiency to our mutual fund manager selection process. He also developed the selection criteria behind the first hedge fund investment for Greenleaf Trust clients. In leading the Wealth Management Team, he drove numerous improvements and refinement projects to take our trading to the next level.

These leadership changes reflect our continued commitment to grow and improve for the benefit of our clients. Both are also perfect examples of aligning talents where talents are needed.
Crain’s Detroit Business just named Greenleaf Trust a 2016 Cool Place to Work. (Not that we noticed...)

GREENLEAF TRUST™
Financial Security from Generation to Generation
Stuff ‘n’ Things – They’re More Valuable Than You Think

In a recent weekend visit with my 96-year-old mother she mentioned to me that I had to make sure, as her attorney son, that her grandchildren received specific items upon her death. My mother conceded that all of the items she wants to pass along to her grandchildren are tucked away in boxes on the top shelf of her closet — items that she has neither used, nor worn, or even seen, in at least ten years. I suggested that my mother instead make these items the subject of lifetime gifts to her grandchildren while she was still alive. My mother then started to tell me why she chose specific items for a specific grandchild. Since I figured there was no way I could remember the ‘story’ behind each gift, I suggested that it would be helpful if she wrote a short note to each grandchild to explain to them the item’s history. Specifically, why the item was important to my mother, and why she selected that grandchild to be the recipient of that gifted item. What surprised me was that my simple suggestion that my mother make lifetime gifts of these small items, and accompany those gifts with a brief personal note to each grandchild, came as something of an epiphany to her — something that she had never really considered.

Most estate planning wills or trusts use a fairly simplistic provision to direct the distribution of the decedent’s personal property, which I affectionately refer to as their “stuff ‘n’ things” using a terse provision like the following:

As soon as practicable after my death I leave all items of my tangible personal property to my children in separate shares of equal value. My children shall divide these items in any manner that they may reasonably agree upon.

Thus, the distribution of items of personal property in a will or trust is often relegated to a short boilerplate provision where all of the decedent’s items that were collected over their lifetime are left to children in shares of equal value without any other thought. Sometimes an item is the subject of a specific bequest in a will or trust to a child, grandchild or a special friend, but normally most of the decedent’s possessions are passed on to the next generation without direction and any reason. An asset allocation protocol might be added to a will or trust to assist the beneficiaries in their division of the decedent’s tangible personal property. That provision is intended more to avoid conflict among the beneficiaries than it is to make the gift meaningful or indirectly to tell a story that needs to be preserved.
If items of property have been accumulated over a lifetime, it is fair to assume that many are critical chapters in the decedent’s life story. Some items will be a part of family history, or some may simply represent core values of the decedent. But if these items were not all that important, arguably they would have been disposed of long before their owner’s death. Frequently, items of property are viewed only from the perspective of their intrinsic worth, and not from the emotional value that they mean to the decedent or the decedent’s survivors.

Personal property accumulated over decades, or collections that were assembled by the decedent over a lifetime, often carry with them a story or message. Those messages could be: the lifetime journey taken to collect items that carry meaning; the financial sacrifices that were made to acquire a treasured item, or to assemble a collection that reflects the decedent’s values; the many years of travel to acquire the items. These items can reflect the decedent’s passion which becomes a part of the larger family’s lore. In short, many items carry with them memories that are part of the family’s fabric, its history, and its collective memories. Often there is a message behind much of the personal property that a decedent accumulated and cherished during their lifetime. These messages are frequently ignored in the estate planning process or are relegated to a generic distribution provision that carries little meaning to the survivors. This is unfortunate because storytelling can greatly aid in the bereavement process.

Advisors and their clients may anticipate that there could be infighting among children and grandchildren over the allocation of items of the decedent’s personal property sufficient to warrant a will or trust provision that establishes a protocol to reduce the chance of survivor strife. However, overlooked is the fact that the same emotion that fuels such rancor might be due to a strong attachment that a child or grandchild has to a particular item and its connection with their memories of the decedent.

Adding a narrative to each item that is to be distributed with a will or trust is not likely to be embraced by clients or their advisors. Increasing the length of a legal document is never a popular idea. If the narrative to each item is drafted by an attorney, it may easily sound sterile and impersonal. While a message will be conveyed, it will probably lose something in translation.

These observations lead me to conclude that more items of personal property should be delivered to a child or grandchild as a lifetime gift. Several reasons support this suggestion:

1. If a gifted item is no longer owned, it will not be subject to estate taxation when the donor dies. If the gifted item appreciates in

“Frequently, items of property are viewed only from the perspective of their intrinsic worth, and not from the emotional value that they mean to the decedent or the decedent’s survivors.”
value, that post-gift appreciation will also avoid estate taxation and the costs that will be incurred to obtain appraisals of the items of tangible personal property owned by the decedent at death.

2. Most lifetime gifts of property can be sheltered from federal gift taxation by virtue of the donor’s lifetime annual exclusion gift amount ($14,000 per year per donee for federal gift and generation skipping transfer taxes).

3. A lifetime gift can avoid being exposed to an uncertain or vague distribution protocol that is contained in the decedent’s will or trust, where the coveted item might be selected by another beneficiary based more on the item’s intrinsic value, rather than its emotional value. Or, the item may never make it to the distribution phase as it could be liquidated in order to pay the decedent’s creditors.

4. If written from the heart, the gift narrative will establish a link between the donor’s story and the lifetime inheritance that is the subject of the gift. The narrative might contain a story that goes along with the gifted item or explain why the donee was selected to receive the gifted item. A personal message that is tailored to its intended recipient is far more meaningful.

5. With a lifetime gift, the donor will have the opportunity to observe how the donee responds to the gift. Will the donee show appropriate gratitude? Will the donee write a thank-you note? How will the donee treat the gifted item? Will the donee show the respect and care accorded to the item that the donor showed it? How the donee responds and acts upon receipt of a lifetime gift can greatly influence how the donor makes other [larger] distributions from their estate of the donee in their will or trust upon their death. A lifetime gift can act as the equivalent of a trial-run for future inheritance that can go a long way to answer many of the donor’s questions with regard to how their estate will be handled, or appreciated, upon their death by their heirs.

My mother took my advice when I suggested to her that the warm hand of the living is far preferable to the cold hand of the dead. She has begun to write notes to each of her grandchildren in which she explains why she selected a particular item for that grandchild. My suspicion is that each grandchild will treasure the handwritten note from their grandmother more than the actual item that they receive. The opportunity to make a lifetime gift of small items with a companion narrative will ensure that important and lasting messages are conveyed, future family conflict minimized, and a family legacy will endure.
What John Oliver Got Right (and Wrong) About Retirement Plans

Like many of you, I like the comedy shows that riff on current events and important topics, such as HBO’s week-in-review “news” show, Last Week Tonight with John Oliver. The mix of entertainment and news may be unconventional, and sometimes lean toward humor over fact, but they often address important topics that are ignored or not covered in depth by the more traditional media.

In a segment aired June 12, Oliver covered the topic of retirement planning. He offered viewers sound advice as well as a few warnings about qualified retirement plans and financial advisors. I’m happy to see the topic of retirement plans discussed by a reputable host of a popular show, because decisions about retirement plans are some of the most important a person makes. For those in the finance industry, this is a big part of our lives, but for most people it’s a confusing and stressful subject.

Your participation in these plans, which is a combined $24 trillion in assets can make retirement comfortable, affordable and enjoyable. It’s important to have a good advisor to help you get there.

Oliver got a lot right in the segment, but missed a few important details. Here is what he got right:

**Saving for retirement is more important than ever.**

It’s an important subject for every American at any age. It’s important when you are older and ready to stop working. And it’s important when you’re younger, because you have to start saving to accumulate a meaningful balance. Taking advantage of your company-sponsored retirement plans or IRAs has become even more important with an unstable Social Security system. As Last Week Tonight stated, “Start saving now. In fact, start saving 10 years ago. Invent a time machine, use it to go back and start saving money.”

**You should be picky with who you choose as a financial resource.**

At Greenleaf Trust, we serve as a fiduciary and trustee, which means we have a legal and ethical responsibility to act in our clients’ best interest. This means we cannot recommend investments that benefit us in lieu of our clients. We are independent from any financial product companies and do not offer any investments that have conflicts of interest or soft-dollar remuneration.

Whether it’s with Greenleaf Trust or someone else, be sure to work with an advisor who has financial credentials, such as the Certified Trust and Financial Advisor (CTFA), Certified Financial Planner (CFP) or...
Chartered Financial Analyst (CFA). Financial advisors who hold these designations can also help you make a holistic plan for your wealth, not just your retirement accounts.

As you get older, gradually shift your investments from stocks to bonds.

“Every time they pick a new James Bond, gradually switch more of your stocks into bonds,” Oliver said. Humor aside, you should keep tabs on your investment elections once a year and gradually shift from a more aggressive portfolio to a more conservative portfolio as you near retirement. This maximizes potential earnings while limiting your risk to market swings and downside risks. Greenleaf Trust uses tools to match your risk tolerance and time horizon so you’re appropriately investing your retirement funds through all phases of life.

Here’s what Oliver missed, though:
The value of financial advice extends beyond your return on investment.

Oliver appropriately warns of the dangers of certain types of financial advisors, but left out the trillions of dollars of value that the other types of financial advisors have brought to millions of retirees.

That’s what we are at Greenleaf Trust: fiduciaries and conflict-free financial advisors, who work to keep fees low and help you avoid common mistakes investors tend to make. Our team of Participant Service Coordinators are trained to help participants keep a portfolio that is well-diversified, appropriate for your age and risk level, in an account that minimizes your tax implications both now and in retirement. Truly comprehensive fiduciaries can provide advice and services that extend beyond your investment portfolio, including tax, estate and insurance planning. The list goes on.

Last Week Tonight with John Oliver had the time and resources to explore the fine points of retirement plans, which is a public service since many Americans do not. And it was pretty funny, as usual.

It is critical to your financial well being and retirement success that you find a financial advisor that you trust and who puts your best interests first. Find out more about how Greenleaf Trust can help you with your retirement plan needs: visit GreenleafTrust.com.
Investing in Election Years

At the time of this writing, we are 75 days from the US Presidential election on November 8, 2016. This election cycle has arguably drawn more attention than most and elicited strong interest from our clients who want to know if, and how, the event might impact our investment strategy. As a reminder, our investment philosophy is rooted in fundamental analysis, which means we primarily focus on evaluating variables related to asset class valuations, dividend rates, earnings expectations, interest rates, and expectations of economic growth and inflation. This philosophy reflects our belief that fundamental variables are the most useful predictors of long-term investment returns, while the shorter-term technical implications of an election cycle will generally play a lesser role. In the analysis that follows, we provide a historical view of investing during presidential election cycles focused on the following questions:

1) How have US stocks performed before and after presidential elections?
2) How has the US economy performed depending on which political parties have held the White House and a majority in the Senate and House?

Before we start though, it is important to note the difference between correlation and causation. The data that will be presented show only the correlation between elections, asset markets and the economy. We do not mean to imply causation. We are not saying, for example, that the stock market will perform better under a Democratic president, or that inflation will be lower under a Republican president. Indeed we think fundamental variables are much better at explaining economic activity and asset class performance than political variables. So, consider the following to be an unbiased look at the historical record, but not an extrapolation into the future.

How have US stocks performed before and after presidential elections?

<table>
<thead>
<tr>
<th>S&amp;P 500 — 1 Year Total Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year Before Elections</td>
</tr>
<tr>
<td>Average</td>
</tr>
<tr>
<td>Returns (%)</td>
</tr>
<tr>
<td>10.0%</td>
</tr>
<tr>
<td>9.0%</td>
</tr>
<tr>
<td>8.0%</td>
</tr>
<tr>
<td>7.0%</td>
</tr>
<tr>
<td>6.0%</td>
</tr>
<tr>
<td>5.0%</td>
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<tr>
<td>4.0%</td>
</tr>
<tr>
<td>3.0%</td>
</tr>
<tr>
<td>2.0%</td>
</tr>
<tr>
<td>1.0%</td>
</tr>
<tr>
<td>0.0%</td>
</tr>
</tbody>
</table>

Source: Bloomberg; Dated 8/25/16; Returns are rolling 12m total returns; author’s calculations

Christopher D. Burns, CFA, CPA
Fixed Income Analyst

“... fundamental variables are the most useful predictors of long-term investment returns, while the shorter-term technical implications of an election cycle will generally play a lesser role.”
In the available data, spanning from 1927 to 2016, we have had 22 presidential elections. In both the year prior, and the year following an election, the average returns on the S&P 500 have been marginally lower than their full sample averages. Median returns show the year prior to an election as slightly above average and the year following an election as slightly below average.

“In both the year prior, and the year following an election, the average returns on the S&P 500 have been marginally lower than their full sample averages.”

So, with data suggesting that stock returns in the year following elections are worse than average, should we reduce our allocations to stocks come November? Again, we are skeptical that this pattern is
anything more than a historical coincidence. A prime example is in the
year following the 2000 election when George W. Bush narrowly defeated
Al Gore in the Presidential race. The period from November, 2000 to
November, 2001 registers as the second worst stock market performance
in the year following any election at -21.07%.

Was this negative outcome the result of a change in Presidential parties
following the election? In our view, probably not. We find it much more
plausible that the negative result was a consequence of the tech bubble
bursting. Stock market valuations, a fundamental variable which we
analyze, were high and falling throughout the period. The end of this
period also coincides closely with the terrorist attacks of 9/11/2001,
an unpredictable event that happened to occur within one year of
the election.

How has the US economy performed depending on which political
parties have held the White House and a majority in the Senate
and House?

First, let’s quickly review which parties have held political majorities
over time.

Next, let’s examine the economic record during these periods. For the
following table, the party of the president will be listed first, the Senate
second and the House third. So, 2015 for example, with Democratic
President Obama serving with Republican majorities in the Senate
and House, would be denoted “D, R, R.” Also, because presidents are
sworn in during January of the year following their election, we are
giving them credit for the full calendar year. So, though President

“Looking at this table, it would be easy to
make the mistake that behavioral
economists refer to as the “narrative
fallacy,” where people desire to
assign cause and
effect to a set of facts.”
George W. Bush was elected in the year 2000, his administration would begin in calendar year 2001 for this analysis.

<table>
<thead>
<tr>
<th>Party Control</th>
<th># Years</th>
<th>Avg. Real GDP Growth (%)</th>
<th>Avg. Budget Deficit (% GDP)</th>
<th>Avg. S&amp;P 500 Return</th>
<th>Avg. 10 Year Treasury Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>D, D, D</td>
<td>34</td>
<td>5.25</td>
<td>-4.95</td>
<td>13.95%</td>
<td>2.18%</td>
</tr>
<tr>
<td>D, D, R</td>
<td>4</td>
<td>1.98</td>
<td>-5.55</td>
<td>15.92%</td>
<td>5.17%</td>
</tr>
<tr>
<td>D, R, R</td>
<td>9</td>
<td>3.32</td>
<td>0.48</td>
<td>16.16%</td>
<td>6.91%</td>
</tr>
<tr>
<td>R, D, D</td>
<td>20</td>
<td>2.95</td>
<td>-1.82</td>
<td>11.16%</td>
<td>5.56%</td>
</tr>
<tr>
<td>R, R, D</td>
<td>10</td>
<td>0.25</td>
<td>-3.56</td>
<td>1.04%</td>
<td>14.45%</td>
</tr>
<tr>
<td>R, R, R</td>
<td>9</td>
<td>1.22</td>
<td>-1.39</td>
<td>5.77%</td>
<td>4.71%</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>3.36</td>
<td>-3.15</td>
<td>11.26%</td>
<td>5.29%</td>
</tr>
</tbody>
</table>

The historical evidence would suggest that GDP growth and stock market returns have been higher during Democratic presidential administrations. Looking at this table, it would be easy to make the mistake that behavioral economists refer to as the “narrative fallacy,” where people desire to assign cause and effect to a set of facts. You could construct any number of plausible conclusions, such as “Democrats run large budget deficits and stoke inflation (and lower bond returns),” or “Republicans are fiscal conservatives; their austerity programs lead to lower GDP growth and stock market returns.”

We will resist the urge to draw such conclusions from this data. An example of where the data could lead one astray comes from the observation of lower average real GDP growth under Republican presidential administrations. These averages are pulled downward by Republican President Herbert Hoover’s administration during the Great Depression of 1930 thru 1932 when real GDP growth averaged -9.3% per year. Likewise the averages for GDP growth under Democratic presidents are skewed upward by Franklin Delano Roosevelt’s administration from 1933 thru 1944 when, based on the U.S.’s recovery from the Great Depression and an increase in economic activity to support wartime efforts in World War II, real GDP growth averaged +9.3% per year. If the party affiliations of the presidents had been reversed during these periods, would the outcome have been different? We believe it is difficult, if not impossible, to say.

So, coming back to our original consideration, how is the upcoming presidential election affecting our investment strategies? Even
if we knew for certain who would win the election, we would not make significant changes to our strategies. This highlights that our strategies are based principally on the analysis of market and economic fundamentals, which support our longer-term market expectations as follows:

• Lower-than-average long-term expected returns on US stocks and bonds due to relatively high stock market valuations and relatively low interest rates
• Relative current attractiveness of international stocks compared to US stocks due to more compelling valuations
• Slower-than-average economic growth and lower-than-average inflation in the US and developed markets over the coming years due to a number of factors including demographic and productivity trends

In this context, we believe the strategies we have in place are appropriate for the current market environment and suitable for helping our clients achieve their long-term investment objectives. We would counsel clients to focus on the long-term along with us and to remain disciplined and avoid short-term decision-making based on potentially spurious historical relationships around presidential election years. As always, if you have questions or concerns about your investments, your Client Centric Team stands ready and available to engage in further discussions.

If you’d like to join us in our efforts to conserve natural resources and create a greener environment, you may choose to save paper by receiving email notifications to view your statement online. Simply give us a call at 269.388.9800 and ask to speak with a member of your client centric team.
## Stock Market Pulse

<table>
<thead>
<tr>
<th>Index</th>
<th>8/31/16</th>
<th>12/31/2015</th>
<th>P/E Multiples</th>
<th>8/31/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 1500</td>
<td>502.92</td>
<td>8.36</td>
<td>S&amp;P 1500</td>
<td>20.66x</td>
</tr>
<tr>
<td>DJIA</td>
<td>18,400.88</td>
<td>7.65</td>
<td>DJIA</td>
<td>17.72x</td>
</tr>
<tr>
<td>NASDAQ</td>
<td>5,213.22</td>
<td>5.09</td>
<td>NASDAQ</td>
<td>39.26x</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>2,170.95</td>
<td>7.82</td>
<td>S&amp;P 500</td>
<td>20.37x</td>
</tr>
<tr>
<td>S&amp;P 400</td>
<td>1,564.76</td>
<td>13.12</td>
<td>S&amp;P 400</td>
<td>22.84x</td>
</tr>
<tr>
<td>S&amp;P 600</td>
<td>753.07</td>
<td>12.1</td>
<td>S&amp;P 600</td>
<td>25.43x</td>
</tr>
<tr>
<td>NYSE Composite</td>
<td>10,764.75</td>
<td>8.22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dow Jones Utilities</td>
<td>666.87</td>
<td>18.22</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Key Rates

- Fed Funds Rate .... 0.25% to 0.50%
- T Bill 90 Days............0.33%
- T Bond 30 Yr ............2.23%
- Prime Rate ..........3.50%

## Current Valuations

<table>
<thead>
<tr>
<th>Index</th>
<th>Aggregate</th>
<th>P/E</th>
<th>Div. Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>S&amp;P 1500</td>
<td>502.92</td>
<td>20.66x</td>
<td>2.08%</td>
</tr>
<tr>
<td>S&amp;P 500</td>
<td>2,170.95</td>
<td>20.37x</td>
<td>2.54%</td>
</tr>
<tr>
<td>DJIA</td>
<td>18,400.88</td>
<td>17.72x</td>
<td>2.13%</td>
</tr>
<tr>
<td>Dow Jones Utilities</td>
<td>666.87</td>
<td>NA</td>
<td>3.33%</td>
</tr>
</tbody>
</table>

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