GREENLEAF® TRUST

Perspectives

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Economic Commentary

Several economic indicators and data points were released during the later part of July that confirm momentum continues to be positive for the forward economic cycle. The following are summaries of more detailed releases.

Consumer Price Index

The price index for all urban consumers was unchanged after being seasonally adjusted, rising 1.6% over the past 12 months. The index for all items less food and energy rose 0.1% in June and measured +1.7% for the year. Both figures are approaching the Fed target of 2.0%, but not likely to be a reason at current levels to push the Fed to a quicker rate hike schedule.

Employment Cost Index

For the second quarter, compensation costs rose 0.5% for civilian workers, and increased over the last 12 months at a rate of 2.4%, with wages and salaries and benefits retaining equal burdens in the total increase.

Employment

Total non-farm payroll grew by 220,000 in June, and the unemployment rate held steady at 4.3%. Continuing the previous trend, employment grew the largest in health care, financial services, professional services, mining and commodity related industries.

Producer Price Index

Final demand prices for the month continued at a benign level of +0.01%, and 2.0% for the last twelve months, again keeping well within the Fed target of 2.5% for final demand pricing.

Productivity

We have written regularly and at some length about the stubbornly small and incremental increases in productivity and how that lack

Commentary, continued

of growth impairs future economic growth. For the second quarter, productivity in non-farm payroll was unchanged over the previous quarter, and unit labor costs stood constant from previous quarters at +2.4%.

Import / Export Price Indexes

Lower fuel and energy prices offset higher prices in non-fuel related prices. Despite these monthly decreases, overall US imports rose by 1.5% year over year.

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Conference Board Leading Economic Index

To quote from the Conference Board's July 20th release, "The US LEI rose sharply in June, pointing to continued growth in the US Economy and perhaps even a moderate improvement in GDP growth in the second half of the year." Housing permits also rallied during June after declining in both April and May.

Leading Indicator Relative Strength

Of the 13 major trading partners in the Conference Board's Leading Economic Index data set, only Great Britain showed a decline for the most recent reporting period. The breadth of the positive gains in twelve of the countries that are tracked by the Conference Board suggests further evidence that the economic growth recorded in the past six months has momentum to continue during the remainder of the year. We will continue to monitor all of the fifty indicators available to us upon their release dates, as well as the Conference Board's index releases, to assess the relative strength of the economy. At this point, our forecast of an annual GDP growth rate of 2.2 - 2.5% remains intact.

Last month we left the column with the sense that financial markets were forecasting that the Republican majority in Congress would not be able to successfully broker a "repeal and replace" legislative victory with respect to the Affordable Health Care Act. The financial markets were correct. The divide within the Republican Party was too wide to fulfill their eight-year-long promise to repeal and replace the Obama administration led Act of 2008. It has long been suggested that the President has a base representing 36% of the electorate. Politics 101 would offer that any number less than 51% makes it difficult to govern and thus coalitions must be built. While a great deal could be, and has been, said about the first six months of the Trump administration, coalition building has not surfaced in the dialogue. What doomed the Republican health care legislation wasn't the lack of coalition building across the aisle but rather within the President's own party.

President Obama was counseled by his party's leadership not to take on healthcare during his first term. Their reasoning was that if he fixed the economy and led the country out of recession he would earn tremendous political capital, that would make fixing the complicated nature of healthcare less difficult. President Obama ignored the counsel he received and, though he gained a second term, there are those that suggest his legislative agenda success was not nearly what it could have been given the base and mandate that he started with. Taking on the most complicated and special interest dominated legislative goal cost him political capital that weakened his previously defined agenda.

I am not suggesting that President Trump began with a mandate, just the opposite. His base was relatively weak, yet there were three areas of significant legislative opportunity that, with the required difficult process of coalition building, could have been achieved. Similar to President Obama, President Trump desperately wanted to fulfill a nearly decade-long campaign, if not dogmatic promise by his party, to tackle what is arguably the most complicated legislative mine field, that being health care reform.

I have argued in these pages before that political capital is very fleeting. When you add to the mix significant legislative defeats within your own party, a President and his administrative team has to wonder what significant damage has been done to other legislative goals such as tax as well as immigration reform. Senate leader McConnell and House Speaker Ryan know well the divide within their 51 seat majority and know they are well shy of the 60 vote super majority that allows legislation to bypass the conference committee structure. If coalitions are not built and built quickly, it will be difficult to forecast any meaningful legislation in the next six months surrounding any of the "Campaign Promise Goals" evidenced in all of the Republican Party talking points. None of these legislative goals are easy, in fact they are all complicated and thus they all require less dogma and more coalition consensus that widens the base of support for leadership. Current political conditions in the halls of congress and on Pennsylvania Avenue suggest to me that the potential for this to happen is somewhere between slim and none.

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George F. Bearup
Senior Trust Advisor

Continuing Trusts: 'Control Everything, Own Nothing!'

"... holding title to an asset can be harmful, harmful because holding title to an asset invites both taxes and creditors."

John D. Rockefeller once observed, *'control everything, own nothing!'* Implicit in Mr. Rockefeller's advice decades ago, and intrinsic to trusts in general, is that limited control and beneficial enjoyment are desirable, while holding title to an asset can be harmful, harmful because holding title to an asset invites both taxes and creditors. An argument can be made that inherited assets held in trust may be more valuable than inherited assets that are distributed outright to the decedent's beneficiary.

Trusts are regularly recommended as part of a comprehensive estate plan, to be used to avoid probate along with the costs, fees, and inherent delays associated with the probate process, either in the event of the trust creator's disability or death. Unlike a will, a trust does not become a matter of public record on the creator's death, so the financial affairs of the decedent and his or her family are better preserved. But these benefits derived from the use of a trust only focus on the decedent's objectives, with less consideration given to the impact of an inheritance on the beneficiaries of that wealth. Many other attributes can come from the use of a trust that get far less attention on what a trust relationship can accomplish after a person's death. Just some of the benefits that come from the use of a *continuing trust* follow.

- ELIMINATE TRANSFER TAXES. Technically an irrevocable trust can now exist for up to 360 years in Michigan without running afoul of the ancient legal Rule Against Perpetuities. The current interest in *dynasty trusts* that can continue for multiple generations is explained with this fairly recent change in the law. If the *dynasty trust* only gives the beneficiary the right to (i) receive all of the trust's income, and (ii) the use of trust owned assets, the value of the trust's assets will not be exposed to federal estate taxation on the beneficiary's death. If the assets then continue to be held in trust for the benefit of more remote beneficiaries, again distributing trust income to those more remote beneficiaries while permitting them to use trust owned assets, those distributions will avoid the federal generation skipping transfer (GST) tax if the decedent's GST exemption ($5.45 million) is initially applied to the assets transferred to the trust on the decedent's death.

Distributing assets outright on the decedent's death to beneficiaries, e.g. children or grandchildren, will expose those distributed assets to federal estate and/or GST taxes which can be avoided through the use of a *continuing trust*. Even if the federal estate and GST taxes are repealed, chances are good that someday those transfer taxes will be restored in some form, so using a *dynasty trust* to hold title to appreciating assets is a good hedge against the risk of the return of federal transfer taxes, or any replacement tax to the federal estate tax, e.g. the proposed capital gains tax deemed recognized on the asset owner's death now being discussed in Washington.

- FRUSTRATE CREDITORS. Depending on the nature of the beneficiary's interest in the *continuing trust*, it is possible to frustrate most, if not all, creditor claims against the beneficiary. If the trust is written as a *support trust*, e.g. distributions are made for the beneficiary's health, education, support, and maintenance, only a handful of creditors, called *exception creditors*, can attach the beneficiary's interest in the trust: child support claimants, spousal support claimants, governmental agencies, (e.g. the IRS) and those creditors who helped to establish or preserve the *beneficiary's* interest in the *support trust*. If a fully *discretionary trust* is established as a *continuing trust* for the beneficiary, then the beneficiary is deemed to not possess any property interest in the trust under Michigan's Trust Code, nothing that a creditor could attach or a divorce judge could award in the beneficiary's divorce. Consequently, there is no property interest held by the beneficiary that a creditor can attach until after a distribution is made from the trustee to the beneficiary. In our highly litigious society a *continuing trust* can be an extremely effective mechanism to hold and protect an inheritance.
- FRUSTRATE DIVORCE JUDGES. With the advent of Michigan's Qualified Dispositions in Trust Act, i.e. Michigan's version of an asset protection trust, a *continuing trust* can be established as an asset protection trust that will frustrate the claims of almost all of the trust beneficiary's creditors. This is critically important if a big concern of the decedent is that their beneficiary might find himself/herself in a divorce and thus lose their inheritance to a former spouse. The creation of a

"In our highly litigious society a *continuing trust* can be an extremely effective mechanism to hold and protect an inheritance."

Continuing Trusts, continued

Qualified Dispositions Trust as a *continuing trust* makes it very clear that a divorce judge cannot take into consideration in dividing the beneficiary's marital estate the assets held in the *continuing* Qualified Disposition Trust that benefits only the beneficiary-spouse.

- FRUSTRATE BANKRUPTCY. For many clients a considerable amount of their wealth is now held in IRAs and 401k accounts. A few years back we learned from the United States Supreme Court in its *Bowbrow* decision that an inherited IRA is not protected if the IRA beneficiary subsequently files for bankruptcy. If, however, the decedent's IRA is made payable to a *continuing trust* established for the beneficiary, a trust which contains a spendthrift provision that limits the assignment of the beneficiary's interest in the trust, the IRA distributions to that *continuing trust* cannot be taken by the bankruptcy trustee to pay the beneficiary's creditors. If the IRA was made payable directly to the beneficiary, then the IRA could be lost if the IRA beneficiary later files for bankruptcy.
- TRUSTEE AS MENTOR. Ultimately the goal of many parents who create a trust is to use the trust to prepare the beneficiary to maximize their own potential. Parents are beginning to look at a professional trustee as more than just a gatekeeper who stands between the beneficiary and his or her inheritance. Trustees are now viewed as mentors to the beneficiaries, in effect using the *continuing trust* as a life-long teaching device, providing guidance and encouragement. Parents understand that the receipt of an inheritance will change the beneficiary's behavior to some degree, and their hope is that the inheritance will lead to positive changes in those behaviors. A trust distribution can be used as a teaching opportunity to impart to the beneficiary the values the decedent embraced that are reflected in the wealth the decedent accumulated during his or her lifetime. A *continuing trust* can identify what the decedent considers to be quality-of-life altering values, values that can be passed along to the next generation through the *continuing trust's* administration and distribution provisions followed, or on occasion, enforced by the trustee. Positioning a mentor to work with the beneficiary to achieve their full potential can provide peace of mind that an objective party will be in a position to prepare the beneficiary for the responsibility to someday

"Trustees are now viewed as mentors to the beneficiaries, in effect using the *continuing trust* as a life-long teaching device, providing guidance and encouragement."

handle substantial wealth, to assist the beneficiary with difficult decisions that are associated with that wealth, or to instill in the beneficiary the necessary values for a productive life —in short, a lasting legacy.

Estate planning has become less asset centric and more family centric with the use of trust provisions that respond to the changing needs of trust beneficiaries in an evolving world. There is a growing reevaluation of conventional estate planning to use a *continuing trust* to hold an inheritance as an investment in human capital, and not simply as a device to transmit wealth for the sake of transmitting wealth to the next generation. New uses are now added to *continuing trusts* to hold inheritances to enhance the quality of the beneficiary's life, not merely to make them wealthy or to diminish their motivation to work – behaviors can be incented or rewarded with a *continuing trust*. If nothing else, the use of a short term *continuing trust* can give the beneficiary sufficient time to grieve the death of their ancestor and prepare them to deal with their new responsibility to manage often large sums of wealth that they have never managed before in their lifetime. A *continuing trust* used after the decedent's death can leave more than just wealth to loved ones, but positions a mentor to provide guidance and instill values that will enable a beneficiary to reach their full potential.

"New uses are now added to *continuing trusts* to hold inheritances to enhance the quality of the beneficiary's life, not merely to make them wealthy or to diminish their motivation to work..."

Mark A. Jackson, CFA
Senior Wealth Management Advisor

Revisiting the Role of Bonds in Your Portfolio

"...why should I own bonds or bond funds if interest rates are rising and bond prices are falling?"

In our June 2015 issue of *Perspectives*, we wrote on the role of bonds in your portfolio. At that time, interest rates were at multi-year lows and investors expected rates to rise. The question that we were frequently asked was why should I own bonds or bond funds if interest rates are rising and bond prices are falling? In this article, I will revisit the contributions that an allocation to bonds can provide, review the change in interest rates over the last 2 years, discuss our current outlook for rates and the investment strategies that we are using in our bond portfolios.

First, we refer to both bonds and fixed income in our discussions with clients. Bonds include individual securities, for example, US Treasury, municipal and corporate bonds, while fixed income refers to individual securities, as well as mutual funds and exchange traded funds (ETFs) that invest in bonds.

These are the considerations and bond portfolio investment strategies that we identified in June 2015 and used for the fixed income portfolios developed for clients.

- Fixed income may provide diversification benefits by exhibiting different price movements, at different times, than the equity markets, providing principal protection and reduced price volatility in your overall portfolio.
- We are employing a defensive interest rate strategy by building our bond portfolios with an intermediate maturity structure. Prices will still decline if rates rise, but not to the same degree as if longer maturity bonds were held.
- We create well diversified portfolios, across multiple issuers and sectors.
- We see opportunities for additional diversification through our use of a bank loan fund and a global bond fund.
- Fixed income provides a stream of predictable pre-tax and after-tax income.
- Rising interest rates may provide an opportunity to reinvest cash flow into fixed income securities and funds at increasingly higher interest rates.

Our portfolio strategy has been to maintain our clients' targeted allocation to fixed income and manage risk within the bond portfolio, while earning a return in excess of cash.

We believe that these considerations and strategies are still appropriate today.

When we refer to a yield curve

we mean the yields or interest rates on similar types of bonds, for example US Treasuries, plotted on a graph by the maturity date of each bond. In early June 2015, this was the yield curve for US Treasury securities: 2 year maturity, 0.71%; 5 year maturity, 1.74%; 10 year maturity, 2.41%; and 30 year maturity, 3.11%. As of June 30, 2017, the US Treasury yield curve was: 2 year maturity, 1.38%; 5 year maturity, 1.89%; 10 year maturity, 2.31% and 30 year maturity, 2.84%. So the yield on a 2 year US Treasury has risen, while the rest of the yield curve has seen a modest rise or modest fall in yields.

Why has this change in rates occurred and why has the shape of the yield curve, defined as the difference in yield between a 2 year maturity and longer maturity bonds, narrowed? The Federal Reserve Bank sets the interest rate on short term loans and that rate was at a target of 0.25% during the financial market turmoil in 2008 and 2009, until December 2015, when the target was raised to 0.50%. The Federal Reserve has since raised its target rate three more times and it is now 1.25% or 1 percentage point higher than the recent low. The yield on 2 year US Treasury notes has risen by 0.67% over the same period, not in perfect lock step but following the direction of the rates controlled by the Federal Reserve. The yields on longer maturity US Treasury securities have had modest moves as investors focused on the relatively low and stable inflation picture and modest economic growth. Over this same 2 year time period, a broad index of intermediate maturity, US government and corporate bonds has returned 2% per year. While this return is less than the 8% annualized return from stocks over the same time period, it comfortably exceeded the return on cash and occurred during a period when the yields on short maturity securities were rising.

Whatever your allocation to bonds, our conclusion is that over the last two years, fixed income has provided our desired contribution to your overall portfolio: a return in excess of cash, diversification versus the equity market and risk management through an intermediate maturity portfolio. The return could have been higher if we had purchased long maturity bonds or bond funds, but we did not believe then, or now, that the additional yield offered by long maturity bonds provides adequate compensation to our clients should the increase in interest rates accelerate and the prices of those bonds decline.

Our current view is that while interest rates will likely stay lower for longer than many investors

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Role of Bonds, continued

"Our strategy continues to be one of risk management…"

had originally forecast, we will see short maturity rates continue to rise and the yields on longer maturity securities moving higher as well. For example, over the next 2 to 3 years, we could see rates move higher by 0.25% to 1.0%.

Our strategy continues to be one of risk management and using the rise in rates as an opportunity to increase the returns on our clients' fixed income portfolios. In our portfolios where we are focusing on fully taxable bonds and bond funds, we are targeting an average maturity of approximately 4 years, with a 35% allocation to US Treasury bonds or bond funds, 55% to corporate bonds or bond funds, 5% to a bank loan fund and 5% to a global bond fund.

Talk to your client centric team for a more detailed discussion on our strategies and how we are tailoring these strategies to your portfolio, including our views on the tax exempt municipal bond market.

Employer Generosity on the Rise

Rosalice C. Hall
Relationship Service Coordinator

Will you be retiring at age 65? Or, will you continue to work and offer advice to your younger coworkers about how you should have started saving earlier, so that you could already be enjoying a financially fortified retirement? In response to growing concerns about retirement readiness, many employers are increasing the amount of their retirement plan contributions, which has led to increased account balances and employee engagement. While it is not an obligation, many companies are demonstrating that they want their employees to be able to enjoy a significant, dignified, and somewhat timely retirement.

Vanguard Group reports that the average company contribution to 401(k) plans rose to an estimated 4.7% in 2016, up from 3.9% in 2015. It is the highest percentage jump since 2007, prior to the start of the financial crisis. Employers are using the additional contribution dollars to attract and retain employees, as well as enhance the plan balances of their seasoned workers.

Retirement plan experts tend to focus on a goal of having typical households save 15% of their earnings each year to maintain their current standard of living throughout retirement. While auto enrollment features have helped significantly increase the numbers of those participating in retirement plans, participants are typically enrolled at mediocre savings rates. As the economy has improved, companies have been bridging the disconnect by reallocating budget dollars to help employees strive toward a 15% savings target.

According to the Plan Sponsor Council of America's Annual Survey of Profit Sharing and 401(k) Plans, most plans (80.1%) make a match on employee contributions and 98% of those plans made the match in 2013. Despite the fact that the cost of employee benefits have increased dramatically over the last decade due to escalating health care costs, low interest rates, and an aging workforce, employers are supporting employees by helping them accumulate significant balances in their employer-sponsored retirement savings accounts. However, some advisors view the additional contributions as a way for employers to accelerate their older employees' transition to retirement.

During 2015 and 2016, Willis Towers Watson Global Benefits Attitude Study surveyed over 4,700 full-time US employees about their attitudes, preferences, and behaviors regarding their benefits, health, and finances. Approximately half of those surveyed say they worry about their financial future, which

"In response to growing concerns about retirement readiness, many employers are increasing the amount of their retirement plan contributions..."

Employer Generosity, continued

"… some employers are finding themselves spending more money to ensure that older employees can afford to retire on time and make way for younger, less expensive employees."

can ultimately have a long-term effect on employers. Employees who are not adequately prepared both financially and mentally for retirement are likely to delay retirement and continue working. Approximately 44% of older workers (age 55 and older) who are concerned about their future finances, and 65% of those who are struggling financially, expect to work to age 70 or later. Unfortunately, employees tend to bring their distractions and anxieties to work with them and their stresses can impair their performance and ultimately drag down productivity. The study showed that employees who delay retirement for financial reasons may not be as engaged and they end up staying on the job not because they want to work, but because they have no other choice. As a result, some employers are finding themselves spending more money to ensure that older employees can afford to retire on time and make way for younger, less expensive employees.

In an effort to further combat employees' financial anxiety, a multitude of employers are reevaluating their benefit options and offering more tax-efficient saving mechanisms, such as auto enrollment, health savings accounts, and Roth 401(k) deferral opportunities. For a variety of reasons, many companies are also enhancing their wellness programs. Perhaps they realize that staying healthy and managing stress now is just as important as having enough money to live comfortably through retirement.

Many of us have several years, or even decades, before retirement, but it is imperative to prepare now so that we are able to ride off into the sunset in style. Thankfully, a growing number of employers are making concerted efforts to ensure employees understand that retirement savings can't afford to take a back seat on their list of financial priorities. Furthermore, employers realize that having a motivated and productive workforce is essential to remaining competitive. At Greenleaf Trust we are proud to help employers customize company sponsored retirement plans to meet their wants and needs, while also providing retirement plans that employees value.

The Engines Driving this Year's Domestic Equity Returns

Michael A. Storms, CFA
Senior Research Analyst

The domestic equity markets have continued their strong run from 2016 into 2017. The domestic equity markets (S&P 1500 as a proxy) were up 8.87% though the end of June 2017 ("YTD"). There are multiple drivers contributing to this return, some of which were expected and some of which were unexpected. At the beginning of this year, the Research Team presented its long-term (20 year) capital market assumptions for domestic equities, presented here.

US Large Cap Equity Returns

Source	Annual Return Contribution (1982-2016)	20 Year Expected Returns
Dividend Yield	2.5%	2.5%
Change in P/E	3.3%	-1.1%
Real Earnings Growth	2.4%	2.6%
Total Real Returns	8.5%	4.0%
Inflation	2.7%	2.2%
Total Nominal Returns	11.5%	6.3%

Note: returns are geometric averages; sources: Robert Shiller, Ibbotson Associates, Greenleaf Trust; Return expectations are as of December 2016

"The domestic equity markets have continued their strong run from 2016 into 2017."

In this article, I will discuss the primary drivers of the domestic equity markets this year from a high level standpoint, followed by a more in-depth discussion of the drivers at the sector, capitalization, and growth vs. value level.

As previously mentioned, the S&P 1500 is up 8.87% YTD. This can be broken down into three high-level components: (i) dividends, (ii) change in P/E, and (iii) earnings growth. The dividend yield of the S&P 1500 YTD is approximately 1.0%. The S&P 1500 ended 2016 with a trailing P/E of 21.0 and was at 21.8 at the end of June 2017. This represents an increase of 3.6%. Earnings growth (on a trailing twelve month basis) has been 4.3% for the S&P 1500 YTD. The composition of this growth is summarized in the following table.

Domestic Equities, continued

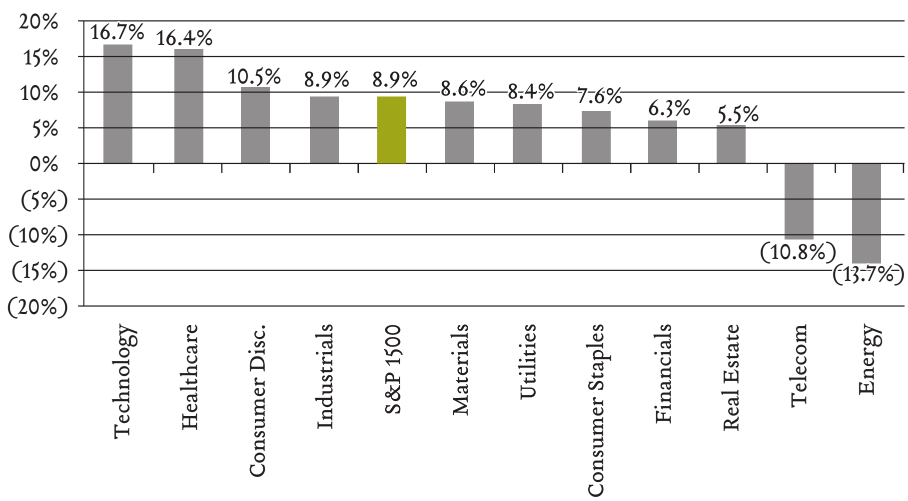
Source	YTD Total Return
Dividend Yield	1.0%
Change in P/E	3.6%
Earnings Growth	4.3%
Total Return	8.9%

Long-term, our expectations remain that P/E ratios will revert back to normalized levels despite the continued multiple expansion into 2017.

There has been a wide dispersion of returns across the sectors of the S&P 1500, ranging from a high of +16.7% to a low of -13.7% YTD, as indicated below. More than one-third of the return of the S&P 1500 YTD can be attributed to the strong return in the Technology sector. The strong returns in the Technology sector have been led by a handful of mega cap technology stocks. In fact, just five tech stocks have accounted for 20% of the S&P 1500 gains YTD.

"There has been a wide dispersion of returns across the sectors of the S&P 1500, ranging from a high of +16.7% to a low of -13.7% YTD."

S&P 1500 Sector Returns YTD



On the flipside, the decline in the Energy sector has been largely driven by the decline in oil prices. The price of oil (WTI Crude Oil $/bbl.) is down more than 14% YTD.

There was similar dispersion of returns amongst the various capitalization weights of the S&P 1500. Large Cap companies were the strongest performing securities in the S&P 1500, while Small Cap companies were a drag on the S&P 1500. Large Cap stocks are up 9.33%, followed by Mid Cap stocks up 5.99%, while Small Cap stocks are up only 2.78% YTD. This is a complete reversal of the trend established in 2016 where Small Cap stocks were up more than 26% while Large Cap stocks were up only 12%.

Finally, with respect to growth and value stocks, there has also been a reversal from the trend in 2016. During 2016, value stocks outperformed growth stocks. However, YTD, growth stocks have materially outperformed value stocks. Growth stocks within the S&P 500 are up 13.33% while value stocks are up only 4.85%. The outperformance of growth stocks is being driven primarily by the strong performance of the Large Cap Technology stocks, which are considered "growth stocks." The Financials and Energy sectors are generally labeled as "value stocks," which have both underperformed the S&P 1500 YTD.

Given the diversity of returns across various sectors, capitalization weights, and growth and value stocks, returns across wealth managers may vary materially YTD depending on the manager's allocation across these various segments of the domestic equity market. At Greenleaf Trust, we maintain a long-term view, as evidenced by our focus on long-term capital market assumptions rather than attempting to time short-term fluctuations in various segments of the market.

"There was similar dispersion of returns amongst the various capitalization weights of the S&P 1500."

Stock Market Pulse

Index	7/31/2017	Total Return Since 12/31/2016
S&P 1500	571.99	10.98%
Dow Jones Industrials	21,891.12	12.28%
NASDAQ	6,348.12	18.69%
S&P 500	2,470.30	11.59%
S&P 400	1,760.68	6.91%
S&P 600	863.62	3.77%
NYSE Composite	11,967.67	9.89%
Dow Jones Utilities	726.48	12.08%
Barclays Aggregate Bond	109.65	2.74%

P/E Multiples	7/31/2017
S&P 1500	21.5x
Dow Jones Industrials	18.7x
NASDAQ	24.0x
S&P 500	21.2x
S&P 400	24.0x
S&P 600	26.4x

Key Rates

Fed Funds Rate	1.00% to 1.25%
T Bill 90 Days	1.04%
T Bond 30 Yr	2.90%
Prime Rate	4.25%

Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500	571.99	21.5x	1.97%
S&P 500	2,470.30	21.2x	2.03%
Dow Jones Industrials	21,891.12	18.7x	2.45%
Dow Jones Utilities	726.48	NA	3.45%

Spread Between 30 Year Government Yields and Market Dividend Yields: 0.93%

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