GREENLEAF TRUST

Perspectives

A Greenleaf Trust Newsletter

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William D. Johnston
Chairman, Greenleaf Trust

Economic Commentary

The week of January 8th we will be presenting our annual year in review as well as economic and market outlook to many clients and friends of Greenleaf Trust. Shortly after those presentations our marketing team will post the slides of the presentation to our website for you to view.

The Dow Jones Industrial Average reached the anticipated milestone of 25,000 within the first few trading days of 2018, and as you might expect, has created substantial media attention. Much of the discussion and commentary from the talking heads on much of the popular media programming centers around the question of sustainability of market highs, expectations of corrections and future volatility.

Those that know us well, know that we spend little, if any, time on short term market prognostications and often suggest that, in the near term, anything can and will happen to market conditions. In the much longer term we are comfortable that equity market prices reflect a forward indication of what investors determine fair value to be and what their tolerance for risk is, given their forward expectations of the economy. With that framework, we think it makes sense to focus on the forward cycle of the economy. When we are more positive about the economy, we too accept more risk through higher allocations to stocks and when economic risk accelerates, we reduce our exposure to risk assets such as stocks.

In general, the themes we see positively influencing the economy in 2018 are low unemployment, increasing wage growth, a confident consumer, increased G-20 economic growth, a slightly devalued dollar, a more confident small business perspective, lower corporate taxes and scaled back regulation in some industry sectors, and stable inflation.

Conversely, the limitations or drags on the economy remain centered around deficit expansion and a more restrictive monetary policy that could result in higher interest rates. Geopolitical risks to GDP expansion remain in place and at a levels somewhat higher than those that appeared in January of 2017.

Our current 4.1% unemployment rate is a 17-year low, and reflects the

Commentary, continued

current employer dilemma of unfilled positions, lengthy hiring cycles and costly retention programs. There are currently six million online job postings. Ten years ago, at the depth of our last recession, we had a near 11% unemployment rate with fewer than three million online job postings. The weak new job numbers posted in December were not about demand for new employees, but rather about the lack of talent to fill the existing job openings. We can expect this condition to continue to exist as the combination of an aging workforce and reduced immigration impact available labor. Wages grew year over year at a 3.3% annualized rate. Whether your wages grew depended upon how close you lived in proximity to growth regions and how connected your skills were to skills in demand. Unskilled labor living in economically depressed regions continued to fare poorly relative to living wage standards, which now register at the $13.00 per hour rate nationwide. Average hours worked reached a weekly high of 34.5 hours, while both labor participation and productivity advanced during the reporting period.

> "The weak new job numbers posted in December were not about demand for new employees, but rather about the lack of talent to fill the existing job openings."

If the consumer is employed and receiving wage increases, it stands to reason that the consumer should be confident. We monitor two consumer surveys of confidence each reporting period and both registered high levels, though slightly diminished from previous reports of confidence. The Conference Boards survey conducted by Nielsen registered a survey index of 122.1. Though below the previous high of 128.6 recorded in November, the December level is, from a historical perspective, very strong. The survey produced by the University of Michigan through a different methodology produced similar results that revealed a 2.6% decline month over month, yet at a level of confidence considered strong by most any measure. Confidence is critical, as it drives approximately 69% of our nominal GDP. Job growth continues to be fueled by small business hiring and the National Association of Small Business Optimism Index as reported in December was 102.5 — reflecting a level similar to the all-time high measured in July of 1983.

If the consumer is employed, receiving wage increases and confident about the forward cycle, then they should be spending. The retail sales associations as well as credit card data registered a near 5% growth in holiday sales, which was an increase not seen since 2011.

Those sales are Ex-Auto results, which went negative year over year as a result of weak December demand. The comparison with 2016's record year for auto sales was indeed tough, and the overall result for the industry in 2017 was quite healthy. Housing starts had the best year since 2007 (the year before the recession) and was a function of demand, rather than the increases recorded from 2000 – 2007 that were fueled by the flawed mortgage syndication market.

The dollar's valuation vs. G-20 currencies has declined, not due to lack of US economic strength, but rather the improvement in the overall G-20 economic environment. During last January's economic forecast we indicated that uncertain and uneven economic growth amongst our G-20 trading partners could cause the dollar to remain strong and weaken the demands for US goods. Those conditions have eased and we see a weaker dollar, as well as increased export demand, as we head into 2018.

Much has been written and said about the tax package passed by Congress and signed by the President in late December. The public accounting industry is thrilled. Rather than the simplification promised, complications and eligibility requirements were added. In general, what we can say is that most taxpayers, who fall into the first four tax brackets, will experience modest tax decreases for the next 4-5 years. The focus of the reform effort was to decrease the corporate rate from 35% to 21% and to repatriate significant cash held by multinational US corporations overseas. The concept of the focus is to encourage investment within the US, which ultimately would, in theory, increase capital investment, increase productivity, accelerate GDP growth, and raise wages and demand for jobs. Current analysis by Goldman Sachs, the Penn-Wharton Economic Model, the conservative Tax Foundation, and the Joint Committee on Tax Policy, suggest that the forward GDP economic cycles will benefit in a range from 0.03% – 0.12% as a result of the policy changes.

Given all of the above, where do we land on our 2018 forecast? About one percent above our forecast for 2017, or 3.3%. Are there risks to this forecast? Yes, but a few less in number than last year at this time. Domestic and geopolitical risk always remains an unknown and can be very threatening to GDP growth, but against a less fragile growth rate the risks are less debilitating though still very much worth watching.

"…about the tax package passed by Congress and signed by the President in late December… Rather than the simplification promised, complications and eligibility requirements were added."

Michael F. Odar, CFA
President

2018 Strategic Initiatives

In October, our Executive Leadership Team (ELT) emerged from our 2017 Advance in Traverse City with a unified and comprehensive strategic plan for 2018. Our plan contains strategic initiatives that serve to focus our efforts and guide or decision making. Our 2018 Strategic Initiatives again reflect our unwavering desire to provide top of mind holistic wealth management and fiduciary services for our clients in perpetuity through scalability, sustainability, and sophistication. For 2018, our Strategic Initiatives are Culture, Top of Mind, Scaling Up, and Purposeful Growth.

Culture

In our annual corporate Strategic Planning Questionnaire, our culture and our clients are consistently what our teammates rank as most important to them. We consider our culture to be the behaviors and beliefs that are alive within our workplace environment. We work hard to develop and strengthen our culture every day for good reason. With a vibrant culture focused on talent development, inter-office connectivity, the client experience, communities and families, we have a high performance work environment that engages and inspires our team to do great work for our clients.

"Our 2018 Strategic Initiatives again reflect our unwavering desire to provide top of mind holistic wealth management and fiduciary services for our clients into perpetuity…"

Top of Mind

Our goal continues to be top of mind to those we serve with sophisticated needs. Additional investments in technology, systems, and people will enhance capabilities and help us do more for clients at a higher level. In 2018, we are set to introduce Greenleaf Trust Delaware, a limited purpose trust company. Established for the benefit of our clients and their advisors, Greenleaf Trust Delaware leverages the legal and business strategies available through Delaware's exceptionally friendly trust and tax environment, commonly termed the "Delaware advantage." Thought leadership and subject matter expertise will also continue to grow internally and sourced externally for the benefit of clients.

Scaling Up

Our objective is to ensure excellence is spread throughout the organization with the recognition that what got us to where we are today may not necessarily get us to where we want to go in the future. We started a lot of projects in 2017 with this in mind and in 2018 we plan to implement the resulting improvements. Continuous improvement is vital to the growth and betterment of our organization and 2018 will be no exception.

Purposeful Growth

Finally, our end goal has never been about growth for the sake of growth. Different geographic markets present opportunities to expand our presence in addition to the breadth and depth of services for our clients. In 2018, we are again purposely taking actions to continue to grow our presence, talent, and capabilities in all the markets we serve.

Tax Cuts and Jobs Act

Kevin E. Jawahir, CTFA
Vice President
Assistant Director of Personal Trust

On December 22, 2017, President Trump signed the Tax Cuts and Jobs Act. The impact and application of these changes will vary depending on your circumstances. Below is a high level overview of the Act subsequent to it being signed into law.

INCOME TAXES: The Act maintains seven income tax brackets but lowers the tax rates. Beginning in 2018 individual income tax rates will range from 10% to 37%. All of the individual tax rates are set to expire in 2025, at which point Congress can either vote to extend the tax cuts or allow the cuts to lapse.

STANDARD DEDUCTION: The standard deduction increases to $12,000 for a single person and to $24,000 for a married couple filing jointly. It reverts back to 2017 levels in 2026, adjusted for inflation. It is anticipated the vast majority of taxpayers will take the standard deduction beginning in 2018.

PERSONAL EXEMPTIONS: The personal exemption amount of $4,150 per taxpayer and dependent has been eliminated. The loss of this exemption is intended to be offset by the increased standard deduction and child tax credit which will be $2,000 in 2018. The income threshold has been increased for single taxpayers and for a married couple filing jointly.

STATE AND LOCAL TAX DEDUCTION: The deduction for state and local taxes remains in the Act; however, a cap of $10,000 per tax return has been included. It covers local and state income, sales, and property taxes paid.

CHARITABLE DEDUCTION: The charitable deduction remains; however, due to the increased standard deduction, it probably will likely limit the benefit for most taxpayers going forward.

MORTGAGE INTEREST DEDUCTION: In 2018 the mortgage interest deduction remains for loans, used for acquisition of a residence, up to $750,000 (current mortgage holders are not impacted as the $1,000,000 limitation has been "grandfathered"). No deduction for interest paid on home equity lines of credit will be allowed beginning in 2018.

MEDICAL EXPENSE DEDUCTION: For 2017 and 2018 only, taxpayers are allowed to deduct medical expenses in excess of 7.5% of income. The 10% rule for those born after 1952 has been eliminated.

RETIREMENT SAVINGS AND STUDENT LOANS: The deduction for student loans and retirement plan contributions remains in 2018.

DEPENDENT CREDIT: There is a new $500 credit for non-child dependents (e.g. elderly parents, adult children with disabilities, and children who are 17 years of age and older).

"The standard deduction increases to $12,000 for a single person and to $24,000 for a married couple filing jointly."

Tax Cuts and Jobs Act, continued

"The corporate tax rate is cut from 35% to 21% starting in 2018."

ALTERNATIVE MINIMUM TAX: The AMT was repealed for businesses but retained for individuals. The income exemption for individuals was increased to $70,300 for single taxpayers and $109,400 for a joint filers.

FIRST-IN, FIRST-OUT (FIFO): The potential rule change that would have forced stockholders to sell or gift stock on a FIFO basis did not make its way into the Act.

ALIMONY: For divorces finalized after December 31, 2018, those paying alimony will no longer be able to deduct it; those receiving it will no longer be taxed.

529 PLANS: Proceeds from 529 plans can now be used tax-free at private and religious K-12 schools in addition to post-secondary education expenses. The Act also allows for use of the funds for certain educational expenses for home-schooled students.

AFFORDABLE CARE ACT MANDATE: The tax bill eliminated the mandate to purchase health insurance and the associated penalty if an individual chooses to not purchase health insurance, beginning in 2019.

BUSINESS TAXES: The corporate tax rate is cut from 35% to 21% starting in 2018.

PASS THROUGH ENTITIES: Owners, partners, and shareholders of Subchapter S corporations and LLCs (referred to as pass-through entities) will have the standard deduction raised to 20% (deduction ends in 2025). This deduction will be phased out to those service professionals (i.e. attorneys, accountants, physicians) once their taxable income reaches $157,500 (singles) and $315,000 for joint earners. This deduction will also be available to trusts and estates that hold pass-through entities.

REPATRIATION: There will be a one-time mandatory tax of 8% on illiquid assets and 15.5% on cash held overseas. Going forward, US corporations will be exempt from US taxes on most foreign profits.

CAPITAL EXPENSING: Businesses will be allowed to immediately expense the full value of investment in plants or equipment through the end of 2022, as opposed to the current system of depreciating assets over multiple years.

ESTATE TAXES: The Estate Tax and Generation-Skipping Transfer Tax (GSTT) exemption amount was doubled for each taxpayer to $11.2 million ($22.4 million for married couples). The Estate Tax and GSTT tax revert back to current limits, subject to a limited cost-of-living adjustment, beginning in 2026.

As we enter 2018, Greenleaf Trust continues to examine and explore planning opportunities for each of our clients, particularly in light of the Tax Cuts and Jobs Act. We encourage you to reach out to your tax advisor, attorney, or a Greenleaf Trust team member with questions or to further discuss these changes which may impact both your federal and state tax returns. As always, thank you for the opportunity to serve on your behalf.

Survey Says…

Dan J. Rinzema, CFA, CFP®
Chief Client Officer

Continuous improvement is one of Greenleaf Trust's core values — it is a pillar of our culture and has become part of our DNA. Every tangible improvement we have made on behalf of our clients stems from a disciplined review of our practices. As we look for opportunities to serve our clients better, we begin by listening to those that matter most — our clients.

Our annual personal trust and wealth management client satisfaction survey is designed to gauge Greenleaf Trust's collective efforts from our clients' perspective. We not only want to know if we are delivering on our promises, but we also crave candid feedback on ways in which we can better serve our clients. Analyzing the results helps us more closely align the voice of our client with our daily impact and better understand how our clients feel about Greenleaf Trust's personalized service and customized solutions. The aim is to listen to client comments and suggestions so that we can enhance the services provided on their behalf. Simply put: when our clients speak, we listen.

As an example, looking back at recent years' survey results, it was revealed that the format of our investment performance reporting could be improved to better meet the individual needs of our clients as only 84% of respondents found the report meaningful in our 2013 year-end survey. Given this feedback, we made it our goal to provide more customized, relevant and meaningful performance reporting. We heard what our clients wanted and responded with updated performance reports tailored to their specific needs. As a result, satisfaction with our quarterly investment performance report format jumped to 97% the following year. Similarly, the 2014 survey revealed that many clients wanted consolidation of monthly statement packaging. We listened and responded quickly by consolidating statement packaging starting the following January and the corresponding statement satisfaction score registered at 98%. Lastly, themes from write-in comments for the last two years centered around our investment platform and online client portal. I am proud to report that we took these comments to heart and not only enhanced our investment offering with 98% of clients now reporting that we are successful in meeting their investment needs, but we also recently rolled out a revolutionary online portal, called mywealth by Greenleaf Trust, which allows our clients to view their holistic wealth through a safe and secure personal financial website, bringing their entire financial picture together in one

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Survey Says…, continued

place like never before. As a result, 97% of those that have started using our new online tool now report that they are highly satisfied with our online platform, and our Client Centric Team is eager to setup personal financial websites for those clients that desire to take their online experience with Greenleaf Trust to the next level.

When sending the 2017 survey, we again asked for candid responses. Our clients answered in kind with survey participation not only hitting record levels, but also registering at more than triple the industry average. Thank you to those that took the time to respond – we truly value your feedback. The following is a summary of what we heard you, our clients, say.

2017 Client Satisfaction Survey Results
Personal Trust & Wealth Management

- 98% find their Client Centric Team members to be easily accessible
- 98% feel their questions and concerns are answered in a prompt and satisfactory manner
- 98% are satisfied with the frequency of contact
- 97% feel as though they are treated as a very important client
- 98% believe we listen to and understand their unique goals and objectives
- 99% believe their accounts are tailored to meet their unique financial goals and objectives
- 98% believe we are successful in meeting their investment needs
- Satisfaction scores with our account statements, performance reports, newsletters and seminars uniformly exceeded 99%.

> “While we are pleased with the generally high marks received… we will intently focus on the specific suggestions and comments received.”

While we are pleased with the generally high marks received, we recognize there is always room for improvement. So in order to enhance the value of our relationship with our clients, and to achieve our standing goal of 100% client satisfaction on all fronts, we will intently focus on the specific suggestions and comments received. This includes individual client requests ranging from timelier tax reporting, to additional seminars across the state, to improved communication on investment strategy. On the tax reporting front, the good news is that our team has already been working all year to prepare for the upcoming tax season. We recognized this as a shortcoming and put a plan in place to improve. This included seeking input from many of your CPAs to better understand expectations and formatting preferences, re-engineering many of our processes for timelier delivery, initiating additional quality assurance checks throughout the year to continuously scrub the data, and adding new talent to the team with specialized tax expertise and a deep knowledge of our systems' inner workings. The focus has been and will continue to be providing you with better ongoing tax reporting.

Again, thank you to all of our clients that took the time to respond to our recent client satisfaction survey. The overall response rate was gratifyingly high and the comments overwhelmingly positive. My colleagues and I are always receptive to your suggestions, and we hope you will never hesitate to share your candid opinions with us – when you speak, we listen. Thank you for allowing Greenleaf Trust the continued privilege of serving on your behalf.

Michelle M. Gray
Participant Services Specialist

How to Keep Your Retirement Plan Safe from Cyber-Criminals

In the current age of identity theft and cyber criminals, you may be wondering how to protect your retirement plan assets. As far as withdrawals are concerned, at Greenleaf Trust, we use a 2-step approach. Not only do we require you to initiate the transaction either online by using your secure personal user ID and password or via a paper form which requires your signature, but we require your employer or former employer to "sign-off" on the distribution. In other words, we look to your employer or former employer to confirm you've had a distributable event. In addition, any distributions made from your account will either be payable to you or for your benefit. It is not possible to withdraw money from your Greenleaf Trust retirement plan and have the check be made payable to another individual.

If you are not of retirement age, you cannot just simply withdraw the money from your retirement plan. Depending on your particular retirement plan, you may be able to withdraw money from a rollover source (meaning you've rolled money into your retirement plan with Greenleaf Trust from another employer's retirement plan or from a traditional individual retirement account (IRA) or, if your retirement plan allows, you may be able to take a financial hardship withdrawal from the plan. There are very specific criteria you would need to meet in order to take a financial hardship withdrawal. When it comes to keeping your account and your money secure, in addition to the two-step approach for withdrawals I outlined above, there are things you can do and should be doing to keep your retirement plan and other financial accounts "safe."

"When it comes to keeping your account and your money secure… there are things you can do and should be doing to keep your retirement plan and other financial accounts 'safe.'"

Pick a strong password, keep it secure, and change it regularly (every six to twelve months). For your retirement plan account access at Greenleaf Trust, we require both a secure personal user ID and a secure password. The minimum number of characters in the user ID is six (6) and it must contain both letters and numbers. The minimum number of characters in the password is twelve (12) and it, too, must contain both letters and numbers.

Use different passwords for different online accounts. Although it makes it easier on us to remember only one password, it's risky to use the same password for all of your online accounts. If you only use one password and a cyber-criminal is able to crack it, they will have access to all of your accounts. Also, be mindful of simple answers to security questions. Make sure you're providing information only you would know and not something that would be simple for someone to guess.

Don't give your user ID or password to anyone, including financial advisors. If you give this information to another person and that person executes a transaction, it's usually considered an authorized transaction, regardless of whether or not you authorized it, simply because you willingly provided that individual with your secure log-in information.

Avoid using public computers and public Wi-Fi to access your personal secure accounts. Although it may be tempting to check your financial information while you're enjoying a cup of java at your local coffee house, you have no way of knowing how secure their Wi-Fi is. It's better to check your financial records at home with your personal secure Wi-Fi. In addition, when you're finished with a session, make sure you log out of your account and close the browser.

Be extra careful clicking on links sent to you. Sometimes when we're in a hurry, it's easy to do, but it's important to use extra caution. If you're suspicious, hover your mouse over the e-mail address from where the link was sent. Make sure the sender is legitimate and look for obvious warnings like misspelled words in the e-mail address. Also, never provide personal information, such as your name, account number, or Social Security number, in response to an email or a telephone call you did not initiate.

Make sure all mobile devices are secured with a password and/or your fingerprint. Mobile devices provide would-be thieves with a plethora of information about our personal lives, where we have our financial accounts, etc.

Regularly check your account statements and confirmations you're sent. Make sure you open all mail from your financial institutions. You may think it's "junk mail" or unimportant, but if it's a confirmation of a transaction you didn't initiate, the sooner you make your financial institution aware of it, the easier it will be to resolve.

If you have any questions concerning transactions or the security of your retirement account with Greenleaf Trust, please feel free to call our Participant Services call center at (866) 553-8400. We're available to assist you Monday through Friday from 8:30 a.m. until 5:00 p.m.

"… never provide personal information, such as your name, account number, or Social Security number, in response to an email or a telephone call you did not initiate."

Nicholas A. Juhle, CFA
Vice President
Director of Research

"[Bitcoin's] explosive growth has garnered significant attention from the investment community, mainstream media, and the general public."

Bitcoin — Speculating on Speculation

Bitcoin (BTC) is up almost 1,600% over the last 12 months, notching record highs approaching $20,000/BTC in early December and totaling nearly $250 billion in circulation as of this writing. Unsurprisingly, this explosive growth has garnered significant attention from the investment community, mainstream media, and the general public. This article offers a high level overview of digital currency and insight into how we think about it from an investment perspective. Our position is simple: while the technology underlying digital currencies (known as Blockchain) may be a compelling platform, we lack both an investment thesis and an effective way to value the bitcoin itself which, coupled with implementation challenges, makes it difficult to justify an investment on behalf of our clients.

Launched in 2009, bitcoin was the first of now many cryptocurrencies to be introduced. A cryptocurrency is a digital or virtual currency — created and held electronically — that uses encryption technology for security. Bitcoin uses a platform known as Blockchain to create an online ledger of every transaction ever conducted using the currency. Blockchain provides a permanent record of all transactions that is basically impossible to delete or modify, and it does so without a central data repository — no single institution or government controls the decentralized network supporting bitcoin. In fact, the Blockchain network itself ensures that transactions take place as intended without the need to engage a middleman (like a bank), theoretically resulting in faster and cheaper transactions that can be executed anonymously.

If you found the last paragraph confusing, that's OK. Based on our research and understanding of the space, there are two key points we want to convey:

Blockchain may indeed be a compelling platform with important future applications; and

that isn't a good reason to exchange your dollars for bitcoins today.

Bitcoin is intended to be a currency just like Dollars and Euros, although it does differ in that it is not backed by any physical asset or the full faith and credit of any government. Like any currency, bitcoin is just a representation of stored value. In this regard, some have likened bitcoin to gold — a commodity with finite supply and a price governed not by its utility, but by supply and demand for its representation of value. If demand goes up so will the price. If you own bitcoin as an investment, your investment thesis would have to be based on an expectation for increased demand. Over the last several years, and especially in 2017, demand for bitcoin has skyrocketed, as has the price, but will it continue? Why will it continue? And for how long? If we can't answer these questions with conviction, then we have no justification for the expectation of a price increase.

Every investment decision we make on behalf of our clients boils down to weighing potential risks against an expected reward. In the case of bitcoin, the risk is quite clear — its value can go to zero. This is actually worse than gold, because physical gold would have some residual value even if it were abandoned as currency; that is, you would still have a piece of metal. So we know the downside, but what is the expected reward? The answer requires we have a means for estimating what a bitcoin is worth and how that value relates to its current price. The fact of the matter is that a bitcoin is intrinsically worthless, so how do we determine a fair price to pay for one? With stocks, we can estimate future cash flows and discount them back to arrive at a present value, but there is no corollary for bitcoin — again, if demand goes up the price goes up, if demand goes down, the price goes down. We've determined that we cannot reliably predict demand for bitcoin, so how can we in good conscience say that we think it's worth anything other than what it is trading for right now? It could be worth significantly more, or significantly less, but to express conviction in either would be disingenuous.

But wait, what's the value of a Dollar? In the absence of physical backing of the gold standard, isn't its intrinsic value technically equal to its utility as a piece of paper? Well, yes and no. Unlike bitcoin, the Dollar is backed by the full faith and credit of the US government. Additionally, the Dollar is priced daily, both formally via foreign exchange rates and informally via what you can buy with it. Lastly, and this is an important distinction, we don't view dollars as an investment. As US citizens, we don't hold dollars (cash) in a portfolio in anticipation of price appreciation — in fact it's fundamentally an expression of a decision not to invest or a view that other asset classes might lose value. On the contrary, trading dollars for bitcoins expresses a view that the value of the bitcoin will increase.

From an investment perspective, allocating a portion of client portfolios to bitcoin would mean taking on considerable risk with little more than the hope of profiting from changes in market price. This is the definition of speculation, and doing so would run counter to our investment philosophy and discipline. Further, we couldn't buy bitcoin for our clients even if we wanted to — not

> "From an investment perspective, allocating a portion of client portfolios to bitcoin… would run counter to our investment philosophy and discipline."

efficiently, anyhow. The very structure of the decentralized network and Blockchain dictates that you can't put bitcoins in your bank account. We could own them synthetically using futures contracts, although exchanges are requiring 35%–40% margin, reflecting bitcoin's volatility — by contrast margin required on an S&P 500 contract is just 5%. Another option would be to purchase shares in a bitcoin fund or unit trust — though the problem with these vehicles is that the price you pay greatly exceeds the net asset value underlying the fund. For example, in 2017 shares in the bitcoin Investment Trust (GBTC) have traded at a 60% average premium to the underlying bitcoin represented in the fund.

"We're not saying the price of Bitcoin won't go higher from here. Realistically, it could go much higher, but we aren't willing to make what we view as a speculative bet on behalf of our clients..."

We're not saying the price of bitcoin won't go higher from here. Realistically, it could go much higher, but we aren't willing to make what we view as a speculative bet on behalf of our clients, even if there was an efficient way for us to do so. For those who seek to invest in bitcoin independent of Greenleaf Trust, our advice would simply be to do so with a clear understanding of the risks involved. We recommend being thoughtful about your allocation size so as not to risk what you can't afford to lose and we encourage you to carefully evaluate the investment vehicle you choose if you do not purchase bitcoin directly. In closing, I'll just reiterate our position. We acknowledge that the Blockchain technology underlying digital currencies like bitcoin may be a compelling platform with a host of applications, but trading dollars for bitcoin itself, in hopes that demand increases and the price appreciates, is speculative at best. In the absence of an investment thesis and a reliable way to value the currency, allocating a portion of our client's assets to bitcoin would be undisciplined and inconsistent with our investment philosophy.


Properly administered, a Family Trust safeguards your most valuable asset:
FAMILY TRUST.
It's understandable why tightly knit families rely on Greenleaf Trust to keep things in good order from one generation to the next. With family office and personal trust divisions, a legal charter that ensures our independence in perpetuity, and the stability enabled by nearly $9B in assets under advisement, we capably accommodate all sides without taking them. Trust is in our name for a reason; for the good of your family, please allow us to earn yours.
GREENLEAF TRUST®

Stock Market Pulse

Index	12/31/17	Total Return Since 12/31/2016
S&P 1500	618.99	21.12%
Dow Jones Industrials	24,719.22	28.11%
NASDAQ	6,903.39	29.73%
S&P 500	2,673.61	21.82%
S&P 400	1,900.57	16.23%
S&P 600	936.26	13.15%
NYSE Composite	12,808.84	18.88%
Dow Jones Utilities	723.37	13.35%
Barclays Aggregate Bond	109.33	3.55%

P/E Multiples	12/31/17
S&P 1500	22.8x
Dow Jones Industrials	20.8x
NASDAQ	24.3x
S&P 500	22.4x
S&P 400	25.4x
S&P 600	29.5x

Key Rates

Fed Funds Rate	1.25% to 1.50%
T Bill 90 Days	1.32%
T Bond 30 Yr	2.82%
Prime Rate	4.50%

Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500	618.99	22.8x	1.97%
S&P 500	2,673.61	22.4x	2.03%
Dow Jones Industrials	24,719.22	20.8x	2.45%
Dow Jones Utilities	723.37	NA	3.45%

Spread Between 30 Year Government Yields and Market Dividend Yields: 0.85%

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