GREENLEAF® TRUST

Perspectives

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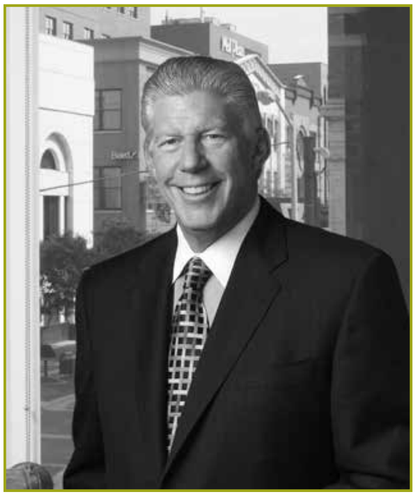

William D. Johnston
Chairman, Greenleaf Trust

The End of Quantitative Easing—What is all the Fuss About?

Fed Chairman Bernanke spoke and the global equity markets not only listened, but reacted. From mid-day on June 19th, when Ben Bernanke's comments hit the airwaves, until Tuesday June 25th, the market sold off nearly five percent before regaining stability.

The financial press, both published and electronic, was all over the story with headlines shouting that Quantitative Easing (QE) was over and the bull market that was in place due to low interest rates was as well. As much as Bernanke explained the fallacy of these headlines, the market continued to act in a mild panic mode for four trading sessions. A seven hundred point decline over a limited number of trading days gets peoples' attention and, of late, I have had more than a few people ask me if "the end is near." Of course, it is important to know what end they are referencing, but it is safe to infer that most have picked up on the financial press's focus on the end of quantitative easing, and what the implications are for interest rates, the economy and stock price valuations.

Some refresher on quantitative easing is necessary so that we can follow both the why and what of it, as well as the why and what of its ending. In essence, why did the Federal Reserve use it to begin with, what were the results, why is it considering ceasing it and, if it does, what will that mean?

Commonly referred to as QE, the practice is a monetary policy used by central banks to stimulate the national economy when standard monetary policy is not producing the desired results. In ordinary economic cycles, a central bank—in the case of the United States, the Federal Reserve Bank—controls interest rates through open market operations where it buys from or sells to banks and other financial institutions short term government bonds. This process controls how much money is in the economy, the price of bonds and their corresponding interest rate. If there is more money added to the economy by the Federal Reserve buying bonds from banks and dispersing cash to them, banks have more money to lend, interest rates decline and the price of bonds increases. Conversely, when the central bank collects payments for bonds sold to banks, banks

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The End of QE, continued

have less money to lend, the price of bonds decline and interest rates increase. This normal economic cycle response assures in most cases that rates stay ahead of inflation, and that the central bank has the tools to stimulate the economy during down GDP cycles.

The global financial crisis of 2008 to date presented more than normal cyclical decline. It was a liquidity crisis that required massive global central bank intervention resulting in huge money supply growth to both cure the balance sheets of financial institutions and to provide stimulative effects on global economies to reduce massive unemployment. The impact of the influx of money supply was to drive rates down to near zero. When rates are near zero, it is difficult to stimulate more economic growth simply with rate reductions, a longer term and effort of greater magnitude is required and thus, quantitative easing was introduced early in the global economic crisis and in fact has had three cycles to date most commonly referred to as QE 1, 2 and 3. Prior to the recession that began in 2008, the Federal Reserve held an average of around $800 billion of Treasury notes on its balance sheet. By March of 2009, it held $1.75 trillion of bank debt, mortgage-backed securities and Treasury notes. A peak was reached in June of 2010, at $2.1 trillion. Initially the Fed signaled that this peak level was enough and that economic recovery, while muted, was progressing enough to halt further quantitative easing. Their optimism was short lived and in November of 2010, they announced QE 2, buying another $600 billion of Treasury securities by the end of the second quarter of 2011.

"The global financial crisis of 2008 to date presented more than normal cyclical decline. It was a liquidity crisis that required massive global central bank intervention..."

Fiscal conservative deficit hawks were aghast and made known their dissent from the path that the Fed was taking. Their displeasure was multiplied when the Fed embarked upon QE 3 in September of 2012, and has consistently been buying 40 billion dollars per month of mortgage-backed securities since, thereby adding stimulation to the housing market.

Bernanke is a scholar of the Great Depression of 1929 and has led the Fed Governors to follow his liquidity stimulated recovery plan. He distinguishes between short term deficits and longer term structural deficits, whereas deficit hawks hate both. It is hard to stimulate recovery when you raise interest rates, yet the end of the stimulative process has many concerned that the shock of directional change will do exactly that. Others believe directional change will be very hard to achieve while still others believe that a heated economy will catch the Fed without sufficient ability to cap rates above inflation. Just exactly how bad will QE withdrawal hurt ? The answer depends upon your particular skin in the game or what your focus is on.

Because rates have been so low that they can't travel much further down, bonds have been little competition for stocks. Money, both short and long term but especially short term, that otherwise might have been invested in fixed income has been diverted to equities. This leads some to assume that the rise from 6400 on the Dow Jones Industrial Average from March of 2009, to above 15,000 in June of 2013, was fueled not by a strong economic recovery story but rather by a very low interest rate environment. If you are only focused upon stock prices, the end of QE certainly has some risk. If interest rates rise, equities will be repriced and P/E multiples will compress. How much and with how much velocity remains a function of degree of change in rates.

As a country, and therefore as a Federal Reserve system, we have precious little experience with shutting off and reducing QE strategies. Remember the last time we engaged in quantitative easing was after the Great Depression. Our muscle memory is not strong and as data driven as the Fed is, there will be a great deal of art in this process of contraction. Eventually, we must begin the weaning off of artificially produced low rates as this monetary policy creates economic distortions by encouraging leverage, prolonging overall deficit reduction, discouraging private savings and encouraging reaching for yield by investors, thereby enhancing risk. While necessary the Fed doesn't want to prematurely rein in QE as it knows that the process didn't go smoothly in 1937. Deficit hawks began to win the day and Hoover's fiscal policies were too aggressive on the reduction side which resulted in a slide back into recession. As such, the notion of the best balance is not lost on them. The clear and obvious best case scenario is that the Fed balances its tapering process with economic growth acceleration. This scenario has its greatest chance of success if the Fed is open, communicates its intentions well and doesn't shift course without explanation. Assuming that P/E multiples are justified by company and market fundamentals and that investors are not over leveraged and have not assumed more risk than they can absorb, we should not see shocks to the systems in the extreme. The near 5% sell-off after the hint of QE contraction by Bernanke was not an extreme move and investors should resolve themselves to see short term moves of as much as -10% as this reduction in easing moves even closer towards contracting money supply. In this scenario investors must also look towards organic and natural economic growth to support the price of stocks and not just lower rates.

"The near 5% sell-off after the hint of QE contraction by Bernanke was not an extreme move and investors should resolve themselves to see short term moves of as much as -10%..."

Okay, we have just described a nice benign mild corrective response to directional change in monetary policy. What is the worst case scenario? The Fed does some veiled, non-transparent mine field

The End of QE, continued

"Political conversations will continue to pressure the Fed in both directions but growth and unemployment reductions will probably win the day."

sailing and seems directionless. Investors become surprised, and maybe simultaneously are over-leveraged due to easy availability of credit while also having made indiscriminate investments, and a massive sell-off is started. Wealth factor support for the economy is wiped out, housing market is impacted negatively and the economy slides back into recession with a neutered Federal Reserve.

What is likely to occur? It is not in the Fed's or for that matter anyone's best interest to get it wrong. Underlying economic data will rule the day and QE withdrawal will be most driven by that data. Withdrawal cannot sacrifice growth and the continued acceleration of that growth. Political conversations will continue to pressure the Fed in both directions, but growth and unemployment reductions will probably win the day. Incrementally higher rates over time are best absorbed by an accelerating economy as it produces offsets that are not as damaging. Rate hikes will hurt housing for sure but lower unemployment creates greater demand for housing. There will be some isolated fire sale reductions in sectors of the equity market as yield driven investors have greater alternatives yet economic growth is highly correlated to market appreciation. Currently most economists give the Fed very high marks in managing the recovery from the abyss we found ourselves in. My hunch is that they will not wake up stupid in the process of directional change. There will be volatility and moments that are uncomfortable, but if done by focusing on the data with great communication and full transparency, we should get the art form we are hoping for and desperately need.

From Generation to Generation

Michael F. Odar, CFA
President

In late June, as summer officially and weather-wise was beginning, I had the privilege of attending the 15th annual Bay Harbor Vintage Car & Boat Festival with my family. If you have never attended, you are truly missing a "Pure Michigan" event. The highlight of Vintage Weekend is the Parade of Vintage Cars and Display of Vintage Boats, which was the largest ever and included over 80 cars and 30 boats this year. The weekend was extremely enjoyable, not only because of all the sights but mostly because of the time I was able to spend with clients and friends of Greenleaf over the course of the weekend. Many had attended our seminar on family wealth at the Bay Harbor Yacht Club earlier that week, and so our conversations often included topics of the seminar they found interesting and appropriate to them. The conversations were meaningful enough to me that I wanted to make sure that those who were not able to attend our summer seminar series were still able to receive some of the tips that were passed along on bestowing wealth, along with values, to the next generation.

"...some of the tips that were passed along on bestowing wealth, along with values, to the next generation."

The following facts were highlighted in the seminar and really set the stage for those with whom I spoke.

- Baby boomers are expected to receive nearly $12 trillion from their parents, and in turn leave $30 trillion to their children over the next 30–40 years.
- 70% of families fail to retain assets and harmony in transitioning to the next generation.
- 60% of families lose their fortunes by the end of the second generation.
- 90% of families fail to keep their unity and assets together for more than three generations.

Based on our experiences in the generation to generation continuum, here is where we find most successful families focus their efforts.

- They focus on human, intellectual and social capital in addition to financial capital.
- They set examples, provide guidance, allow consequences, and use mentors.
- As simple as it may sound, they communicate. Over 60% of families that have lost their wealth point to lack of communication and trust as the key elements to their demise.
- They have a family governance structure that includes purposeful meetings and a mission statement.
- They engage in philanthropy together.

Dan Baker, Vice President and Director of Business Development,

Generations, continued

wrote in more detail about the importance of communication and family governance structures in the December 2012 and May 2013 issues of *Perspectives*. Those interested can find those articles in the respective past issues of *Perspectives* on our website.

Over the last 15 years, we have been involved with a diverse range of family dynamics and a part of a countless number of family meetings. Each is different. Helping clients with this generation to generation journey is a big part of what we do with and for them and, frankly, why we describe our wealth management services as holistic. Take these tips to heart and, if needed, we are always here to help.

Christina E. Sharp
Retirement Plan
Client Services Specialist

Annual Participant Fee Disclosure Statement

Almost one year ago, Greenleaf Trust assisted Plan Sponsors comply with the new regulations established under Section 404(a)5 requiring all eligible Plan participants be provided with an Annual Fee Disclosure Statement. These regulations require Plan Sponsors of qualified participant-directed plans to provide fee disclosures before a participant can first direct investments, and then ongoing at least on an annual basis. Greenleaf Trust produced and distributed the initial Annual Fee Disclosure Statement in August 2012 and includes this notice in all enrollment packets distributed to newly eligible participants.

The Participant Fee Disclosure provides plan and investment information, including associated fees and expenses, to ensure participants have adequate information to make informed decisions concerning the management of and the investment selection in their retirement account. Although the Department of Labor did not provide an exact format as to how the notice must look, they did provide direction on the certain type of information to be included, and an example of a model comparative chart requiring specific data be provided to help participants compare investment options available in their retirement plan. Highlighted below are some of the key pieces of required information, as well as our approach to the fee disclosures.

First, the participant is provided information on how they may direct investments and explains the investment option of electing a Target Date Retirement Fund versus selecting core mutual funds to create an investment portfolio, as well as the ability to change existing investments at any time or change salary contribution amounts based upon the provisions of the plan.

The next section describes the fees and expenses a participant may incur for plan administrative expenses, investment (asset-based) fees, and individual transactions. Administrative expenses are fees associated with maintaining the plan such as government reporting, trustee and recordkeeping expenses. Asset-based fees are charged by the mutual fund managers for managing an investment fund, and are reflected as a percentage of assets, referred to as the expense ratio on the chart provided to compare investment options within the retirement plan. Individual expenses are fees in relation to a specific transaction requested by the participant, such as taking a loan, or an investment related fee such as a redemption fee. If any fees are withdrawn from a participant's account, they are reflected on the participant's quarterly statement, along with a description of the services for the fee.

Several investment disclosures are provided to participants to consider when managing their retirement account and selecting investment options. These disclosures cover evaluating of the cumulative impact of fees and expenses when deciding on an investment option, the importance of diversification of investments to potentially help achieve long-term retirement security, and the importance of recognizing and considering investment risk along with the participant's personal tolerance. In addition, participants are encouraged to visit the Greenleaf Trust web site for a glossary of investment-related terms, and when reviewing investment options through our website to click on the fund, which provides a link to Morningstar for additional fund information including current performance and fee data.

The chart of investment options provides a summary of the 1, 5, 10- year returns and the inception date investment performance, as well as comparative benchmark data. In addition, the chart lists each fund's total annual operating expense ratio and the dollar amount for each $1,000 invested. Also, any redemption fee or restriction per fund is noted. Of special note, investment funds will not have 12b-1 fees, sub-transfer agent fees, or commissions as Greenleaf Trust does not accept any form of "soft dollar" remuneration or other revenue, nor do we recommend mutual funds that have this type of fee.

During the course of the year, a change may arise that requires advance notice to participants at least 30 days prior to the

"The Participant Fee Disclosure provides plan and investment information… to ensure participants have adequate information to make informed decisions…"

Fee Disclosure Statement, continued

"...[we are] preparing the 2013 Annual Fee Disclosure Statement and will mail the notice in August 2013 to all eligible participants..."

change. A common reason will be a change in the retirement plan's investment options. When communicating the change, the notice can describe just the change as the regulation does not require a new full Fee Disclosure Statement be provided. In addition, the DOL recognizes information changes monthly on the comparative chart, and current data can be found on the website; therefore the comparative chart is only required to be provided annually.

While complying with this regulation is a Plan Administrator's fiduciary responsibility, Greenleaf Trust chose to assist Plan Sponsors by preparing and distributing this notice based on each plan's current service agreement. Greenleaf Trust is presently preparing the 2013 Annual Fee Disclosure Statement and will mail the notice in August 2013 to all eligible participants, which includes active participants, beneficiaries, terminated employees with balances and employees not yet participating in the plan. Please contact us if you need any further information regarding this Annual Participant Fee Disclosure Statement.

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.

Winning The Race

Nicholas A. Juhle, CFA
Mutual Fund Analyst

We are all familiar with Aesop's fable of the Tortoise and the Hare, and even without referencing the classic text, most can readily conjure the implicit moral that slow and steady wins the race. This wisdom is imparted on us as children in an effort to instill the values of patience, determination, and perseverance while illustrating the pitfalls of overconfidence and carelessness. Good messages for children and good messages for investors, especially in the face of uncertainty (aka always).

The story concerns a hare who ridicules a slow-moving tortoise that challenges him to a race. The hare soon leaves the tortoise behind and, confident of winning, takes a nap midway through the course. The tortoise gets tired, but keeps going. When the hare awakes; he finds that his competitor, crawling slowly but steadily, has arrived before him.

If you're expecting this article to be wrought with the cliché of a turtle-like investment strategy, I implore you to continue reading. Not that it's a bad analogy, it's just been done before and recent events and circumstances suggest a different corollary between our unlikely race participants and Greenleaf's policy-driven investment approach. Specifically, I think the hare is a market-timer and my message is twofold: 1) market-timing is not a winning strategy and 2) it can be very tempting to bet on the hare—we're here to help you avoid both.

Why is this relevant now? Anyone following the markets knows that the S&P 500 reached an all-time high late in May after an extended period of strong returns both absolutely and relative to other asset classes. However, in recent weeks, the market has been characterized by increased volatility and a modest correction influenced by a micro-focus on the Fed's plans to taper quantitative easing. To review: an extended rally capped by heightened volatility and perception of increased uncertainty—not a bad time to remind our clients (and ourselves) of our investment principles as short-term emotionally-influenced decision-making can ruin even the best laid financial plans.

Market timing can take several forms, but the classic example is when an investor exits the stock market in favor of cash—the idea is to be invested in the market during periods of growth and to avoid the market in periods of decline. In order for timing to work, three things need to happen. First, the investor must prognosticate an impending market decline. Next, he must identify the day on which that decline will commence (exit point). And last, he must identify the day on which the market will return to growth (re-entry point).

"If you're expecting this article to be wrought with the cliché of a turtle-like investment strategy, I implore you to continue reading."

Winning The Race, continued

"We know [the hare is] fast and, in theory, his performance should trounce that of the tortoise—it didn't last time… but this time will be different…"

Straight-forward in theory, but virtually impossible in practice because the short-term direction of security prices is close to random, prices can change abruptly, and the cost of mistiming one market move can be disastrous.

Some investors argue that market timing is a sensible strategy in certain situations, such as an apparent bubble. However, because the economy is a complex system that contains many factors, even at times of significant market optimism or pessimism, it remains difficult, if not impossible, to pre-determine the local maximum or minimum of future prices with any precision—a so-called bubble can last for many years before prices collapse. Likewise, a crash can persist for extended periods and stocks that appear cheap can become much cheaper before either rebounding or heading toward bankruptcy.

So why is the hare a market-timer? Because he seems like a good bet even though we know how the story ends. We know he's fast and, in theory, his performance should trounce that of the tortoise—it didn't last time, but only because he took that nap (read: mis-execution), but this time will be different… or will it? Investors typically flee the market in the face of what they perceive to be untenable risk (usually felt at a trough when they simply can't take anymore and opt to capitulate), and it's a rare individual that finds a significant market decline to be inviting (to the contrary, historical fund flow data suggests that investors are most excited to get in after a market has rallied).

Late last year, we fielded numerous calls from clients asking for our advice on whether or not they should pull out of the market—at the time fear and uncertainty were rampant in light of the impending fiscal cliff, turmoil in Europe, and gridlock in Washington among other concerns—doing so would have missed out on double-digit returns experienced over the last six months, leaving the client in an unfortunate and vulnerable position of chasing the market higher and possibly compromising long-term financial goals.

This isn't a victory lap. The tortoise did not predict the magnitude of the year-to-date run, but his steady navigation of the planned course kept clients on the right side of the trade in a situation where the hare would have been caught napping. In fairness, the tortoise also remained fully invested during the downturn while the S&P 500 moved over 50% from peak to trough. Obviously, it would have been preferable to avoid the downside, but how would the hare have identified the top? And what would have been his signal to re-enter? Would the hare have recognized March 2009 as the bottom it turned out to be? And would he have had the gumption to push his chips across the table with the S&P having dropped almost 30% in the prior three months? While these proposed moves may appear clear in retrospect, they are rarely, if ever, discernible in advance.

To be clear, the tortoise's strategy is not to simply take whatever the market doles out. In fact, we work diligently to position portfolios for performance across market cycles and to protect in a down market in the interest of maximizing after-tax returns (tax inefficiency is another side-effect of betting on the hare) as we help clients navigate a thoughtful path to achieving their unique financial goals. As a policy driven organization, we believe market-timing is a dangerous game with a risk profile that runs counter to our clients' best interests, and while it may be tempting at times to place a bet on the hare, we know how the story ends: when the hare awakes, he finds the tortoise has won the race.

Scam Alert: "Tech Support" Calls from a "Wire Transfer" Company

Dan Weston
Corporate Security Director

Investigators across the country are receiving reports from businesses regarding telephone calls from individuals claiming to be with a wire transfer company's tech support.

The scam begins with a phone call. A wire transfer company's name is displayed on the caller ID. The callers instruct the victims to go to a particular website to run an application which allows the caller to remotely access the victim's computer. Once remote access was established, the victims were instructed to open their wire transfer program and log-in to their accounts, so the callers could update the system. The victims were then told to turn off their monitors, to avoid interference with the update. The victims later discovered the subjects made wire transfers to NetSpend accounts. One victim noticed something downloading onto his computer once the caller gained remote access. This made the victim suspicious, so he turned off his computer. Later, he discovered the caller had loaded $950 on a prepaid credit card from the victim's account. Another victim reported money transfers were made to various states and individuals, but the caller reassured the victim that no transfers were actually being processed.

Do not cooperate with an unexpected caller asking you to click on a link or directing you to an unfamiliar web page.

Garry P. Kempker, CTFA
Vice President ,
Trust Relationship Officer

DIY Investing— NO Instructions Enclosed

"The playing field is level when it comes to the tools and information once reserved for financial professionals. However, investing does not come with step-by-step instructions."

How many of us could actually, I mean actually, remodel our kitchen or bathroom. There are plenty of do-it-yourself (DIY) television shows and websites that cater to individuals. The tools and information are there, but developing the skill and expertise to use them can be more painful and costly than hiring the professional carpenter.

The same can be found with the individual DIY investor. The playing field is level when it comes to the tools and information once reserved for financial professionals. However, investing does not come with step-by-step instructions. And when have we ever read the instructions anyway? DIY investing can be great when the markets and the world are on track. But, if the train gets derailed, you want someone who has made and can make the tough decisions.

Investment decisions need to be made without emotion. We are all capable of letting our emotions drive our investment decisions. You need to be able to objectively step back and make the tough decisions, otherwise greed and fear end up affecting your investment decisions.

These decisions can completely consume and overwhelm some people. It can actually paralyze you from making any decision, which could be disastrous. It also shuts down your life as you spend all your time on your computer or smartphone trying to follow and figure out the whims of the market. There is so much more to life than sitting in front of a computer screen, especially since you cannot predict what is going to happen on any given day in the market. It can be stressful and you can miss out on so much in your life if you cannot detach yourself from it.

The other side of the coin is the DIY investor who does not have the required time to properly manage their portfolio. Developing an investment policy statement or rebalancing your portfolio on a regular basis can benefit a DIY portfolio. These important tasks can be a problem to accomplish for those who are still working, have family obligations, have become too busy in retirement or have not established good investment habits. The result can prove costly.

Without a good investment policy and plan, too often the DIY investor becomes too narrowly focused, following the advice found in an investment magazine, that hot tip or from a television talking head. The lack of capacity to follow the broad market and digest and effectively implement its information can create more portfolio risk than bottom-line returns. We all know investing comes with significant risks. However, many DIY investors perceive risk as the potential to lose money instead of as a tool to fine tune and manage their portfolios.

Greenleaf Trust knows that to create and sustain wealth over the long term, opportunities and risk require equilibrium. Achieving such a delicate balance is no easy feat. It requires competent analysis, investment discipline and unclouded judgment. Greenleaf Trust adheres to strategic asset allocation targets and broad diversification across asset classes with varying correlations. Simply put, we devise an intelligent plan, implement the plan and stick to the plan, so you can sleep at night.

This peace of mind is the best gift that you can give to your spouse, significant other and family members. Too often the DIY investor does not share or communicate their investment plan with others. When that DIY investor dies, it is difficult enough to cope with the grief, but there are many other things that can make the subsequent months a time of overwhelming demands for pressing actions that must be completed.

Right after death, even the brightest of surviving family members are often in a state of shock and are trying to make numerous decisions. Having Greenleaf's client centric team already working closely with you and your family is an enormous advantage to maintaining the consistency and confidentiality of your portfolio at this critical time of transition. We can simply make your family's world a more comfortable place. Managing wisely is a complicated responsibility that demands time and expertise few people are equipped to handle. That's why it's beneficial to have an integrated wealth management firm such as Greenleaf Trust looking after your interests. We navigate the world of finances for you, holistically overseeing every aspect of your financial well-being. Through our client centric team approach, we provide you with personalized service that is unsurpassed in our industry. You will enjoy the peace of mind that comes from knowing the wealth you've worked so hard to accumulate will continue to grow for generations to come.

"...too often the DIY investor becomes too narrowly focused, following the advice found in an investment magazine, that hot tip or from a television talking head."

Sowing the Seeds of Change

Sanford C. Leestma II, CFP®
Wealth Management Advisor

"… almost $4 trillion, or one in every eight dollars under professional management, is invested using some form of [Socially Responsible Investing] criteria."

Do you know what your money is doing? Do you care, as long as it's growing? With so many different criteria to consider when investing in the stock market, the thought of adding more can seem daunting. When deciding to include or exclude a company from a portfolio, we always consider the impact of our decision. What is the relationship between risk and reward? Will it reduce the overall risk being taken in a portfolio? Will it increase the risk-adjusted return? What is the risk of investing in companies involved in tobacco, alcohol, or gambling? What is the reward? These metrics, or measures of a company's activities and performance, differ for investors. Investors that have strong feelings about what their money is doing are turning to an investment discipline called Socially Responsible Investing (SRI). This discipline has been around for a long time and continues to gain followers. In 2012, The Forum for Sustainable and Responsible Investment reported that almost $4 trillion, or one in every eight dollars under professional management, is invested using some form of SRI criteria. This represents 11.3 percent of the U.S. financial market.

Socially Responsible Investing takes into account different values investors may hold dear. An investor can apply "screens" that filter out companies with varying degrees of involvement in activities that are contrary to those values. Screens can include business activities, global sanctions, and faith-based standards. With these screens, an investor can put their money where their heart is.

Investors' thoughts on money vary greatly. Some investors may not wish to provide that much discipline to their investments. Investors may think that the role of money is to make more money, regardless of where it is. Some socially conscious investors prefer to make as much as possible and give more to what they deem as important. Other investors may think that the relatively small amount of money they invest in a company doesn't really matter, in the grand scheme of things. It all comes down to the investor's preferences and how strong their feelings are about what their money is doing.

If these additional investing criteria interest you, Greenleaf Trust can help. We partner with a company called MSCI ESG Research, that provides in-depth research, ratings and analysis of the environmental, social and governance-related business practices of thousands of companies worldwide. This enables us to screen for religious, ethical, and other relevant social and environmental criteria. These screens can be used when investing in individual stocks. A comprehensive list of screens is outlined in the following charts.

BUSINESS ACTIVITIES SCREENING	GLOBAL SANCTIONS SCREENING	FAITH-BASED STANDARDS SCREENING
Abortion & Contraceptives	Arab Boycott of Israel	Catholic
Predatory Lending	Burma	Protestant/Religious
Adult Entertainment	Cuba	Sharia/Islamic
Firearms	Foreign Corrupt Practices Act	
Alcohol	Iran	
Gambling	North Korea	
Animal Welfare	Northern Ireland	
Genetic Engineering	OFAC Violations	
Child Labor	Sudan	
Labor Relations	Syria	
Defense & Weapons		
Landmines & Cluster Munitions		
Diversity		
Nuclear Power		
Environment		
Stem Cell Research		
Tobacco		

If you like the idea of investing in socially responsible investments but don't care to invest in individual stocks, there are a range of mutual funds that follow SRI. The values that are applied can differ between funds; for example, some may be more geared toward renewable energy while others may follow a more religious path. We can help in finding the right SRI mutual fund(s) for your portfolio, if you desire.

In the grand scheme of things, your portfolio may seem as small as a mustard seed, but you likely know what has been said about mustard seeds. Jean-Jacques Rousseau once said "Money is the seed of money..." To that I ask, "What is it growing besides more money?" Does it matter?

"In the grand scheme of things, your portfolio may seem as small as a mustard seed, but you likely know what has been said about mustard seeds."

Stock Market Pulse

Index	6/30/13	% Change Since 12/31/2012
S&P 1500	372.07	13.97%
DJIA	14,909.60	15.18%
NASDAQ	3,403.25	13.43%
S&P 500	1,606.28	13.82%
S&P 400	1,160.82	14.59%
S&P 600	550.52	16.19%
NYSE Composite	9,112.70	7.93%
Dow Jones Utilities	485.90	9.42%
Barclays Aggregate Bond	107.21	-2.54%

P/E Multiples	6/30/13
S&P 1500	15.2x
DJIA	14.4x
NASDAQ	16.3x
S&P 500	14.9x
S&P 400	18.3x
S&P 600	19.4x

Key Rates

Fed Funds Rate	0% to 0.25%
T Bill 90 Days	0.04%
T Bond 30 Yr	3.50%
Prime Rate	3.25%

Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500	372.07	15.2x	2.09%
S&P 500	1,606.28	14.9x	2.18%
DJIA	14,909.60	14.4x	2.37%
Dow Jones Utilities	485.90	NA	3.99%

Spread Between 30 Year Government Yields and Market Dividend Yields: 1.41%

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