GREENLEAF TRUST

Perspectives

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William D. Johnston
Chairman, Greenleaf Trust

Economic Commentary

Recent volatility in financial markets has included some discussion of increased probabilities of recession in the near future and thus we should spend some time breaking that topic down in this month's commentary. First, let's recap the data points that have either been released or perhaps changed since we chatted last.

FOMC

As expected, the FOMC raised the federal funds target range by 25 basis points to 2.25%, but also removed a previously consistent phrase from their meeting minutes: "The stance of monetary policy remains accommodative." In its place they repeated their summary that "the labor market continued to strengthen and economic activity has been rising at a strong rate." These phrasing differences resulted in some dramatic shifts in the treasury market, causing the ten-year to trade in the 3.12% yield range. Details of GDP, unemployment and core inflation remained as previously reported.

Advance Economic Indicators

Despite significant verbiage and noise regarding tariffs, the trade gap widened in the third quarter estimate, which subtracted from GDP; however, inventory growth (which adds to GDP growth) offset the decline thereby neutralizing the effect. Real GDP rose at a 4.2% annual rate in the Q3 estimate, while consumer spending mirrored the previous estimate at 3.8%. Business fixed investment remained substantial at 8.7%.

Personal Income

Farm income has been a drain on the overall personal income figure for the past four months. If anyone doubts the global market impact that tariffs can cause, one only needs to look at farm income domestically, which is down 16% year-to-date, causing personal income estimates to be up only 4.7% for the same period. Adjusted for inflation, personal spending grew by 3.0%. Lastly, the PCE Price Index grew by 2.2% — nearly matching the Fed's policy guide of 2.0%.

Commentary, continued

Consumer Confidence

Both surveys conducted by the University of Michigan and the Conference Board showed response levels at levels exceeding those of October 2000. The most recent surveys showed improvement in the bottom third of income earners, reflecting the impact of current employment levels. Caution about future expectation levels was reflected in concerns about tariffs by one third of the respondents.

Home Sales

New home sales rose 3.5% for the month and 13.7% YTD to produce an annualized rate of 629,000 units. Existing home sales declined 1.8% for the month reflecting both inventory declines in home sales offered as well as a sharp decline in affordability indexes in four key regional markets. The relationship between supply and demand can easily be seen in the home sales data. As supply dwindles and economic activity remains strong, prices will rise.

> "On the surface the outlook appears sustainable. Yet markets are increasingly suggesting increased levels of concern about recession..."

General Assessment

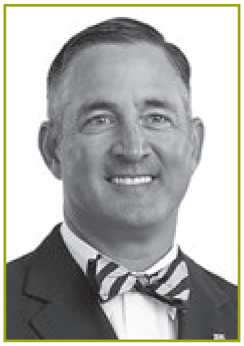
The consumer is employed, confident and spending — yet inflation remains tame, if not benign. On the surface, the outlook appears sustainable. Yet markets are increasingly suggesting increased levels of concern about recession, so let's examine some of the underlying thoughts in those concerns.

In our August newsletter Chris Burns, investment strategist for Greenleaf Trust, wrote a wonderful article about the current economic expansion and thus I won't repeat what Chris wrote, but refer you to the very complete discussion of relevant data surrounding the ending of economic expansion cycles and the beginnings of recessions. What Chris referred to in his August article may well be playing out a bit in the later days of September and the first few days of October, that being the flattening of the yield curve.

Recent bond market activity has resulted in the yield on the ten-year treasury to rise to nearly 3.25%, though at this writing it has retreated to 3.12%. For most of the nearly ten-year expansion currently in place, the ten-year treasury was yielding 2.1%, and at times, levels below 2.0%. It is worth reminding ourselves that bond yields and price have an inverse relationship. When the price of a bond goes down the yield to maturity increases. When investors think that interest rates will increase in the future, they devalue the price of bonds and restrain their investment in them. If supply remains constant, then the price of the bond will decline, thereby increasing the yield. Over the past three weeks investor appetite has weakened for the ten-year treasury, and it is logical to connect economic expectations with this change in investor activity.

Chris thoughtfully and thoroughly addressed the flattening yield curve in his August article and noted that, while the yield curve is an important leading indicator of pending recessions, it can take many months for the flattening to turn to inversion, and the economic forces necessary to create that inversion also need to exist. Currently they do not. That does not mean that investors won't change their behavior to both fixed-income and risk assets such as equities. Changes in investor behaviors can be marked with volatility and also seem contradictory to current economic conditions. Some often wonder, "If the economy is strong, the consumer is confident and unemployment low, why are markets more volatile?" In essence, markets are a reflection of thought about the future conditions of the economy as well as the value of assets. What the increased volatility may be indicative of is investor uncertainty about what is left in the tank of this expansion cycle. Current conditions suggest that there is more duration left, and thus, the present volatility may better be viewed as opportunity.

"… it can take many months for the flattening to turn to inversion, and the economic forces necessary to create that inversion also need to exist. Currently they do not."



Michael F. Odar, CFA
President

Vendor Management

What do Asian carp, zebra mussels, rabbits, small pox, measles, and ransomware all have in common? They all hitched a ride on an unknowing carrier from somewhere else and then wreaked havoc on their new world.

We have over 300 million proverbial knocks on the Greenleaf Trust door every month from unknown nefarious sources attempting to get hold of our data. And by our data, I mean your data. We take our defense of your data extremely seriously and have dedicated hardware, sophisticated software, detailed processes, and an experienced Business Information Services (BIS) team that helps to keep us and you safe from those unwanted inquiries.

As we continue to grow, though, Greenleaf Trust increasingly relies on services provided by outside vendors to help us serve our clients. However, just like rabbits in Australia or small pox in the New World, as we open the door for third party vendors to help us serve we must understand, assess, manage and mitigate the risks associated with doing so.

"We take our defense of your data extremely seriously..."

That's why we have a disciplined Vendor Management Program led by Beth Ann LaPointe, VP, Risk Management Specialist. Our Vendor Management Program is designed to protect the bank and our clients from the risks associated with working with third parties and other major arrangements for technology or other services that we use to fulfill our mission and commitments to clients. Beyond information security, we also assess the riskiness of working with a vendor from the following perspectives:

- Reputation: Vendor meets our service and excellence standards providing appropriate security to protect confidential client information
- Strategic: Vendor is able to meet our needs long term
- Compliance: Vendor complies with Federal and State laws, rules, and regulations, as well as our policies
- Transactional: Vendor is able to meet agreed upon obligation
- Credit: Vendor meets contractual obligation in the event of inferior product or service provided
- Financial: Vendor is financially viable/solvent and able to continue to serve and advance its products and/or services to meet the growing needs of our clients

To be as thorough as possible, we partner with an experienced third party vendor management company whose risk assessment procedures typically include 1000 question surveys as well as on-site visits. In today's world, we need to do everything possible to protect our clients' data. So, if you are going to do business with Greenleaf Trust, you will go through our vendor management process and risk assessment. And not just once. There are periodic check-ups as well.

Democrats or Republicans… Who Will Ace the Midterms?

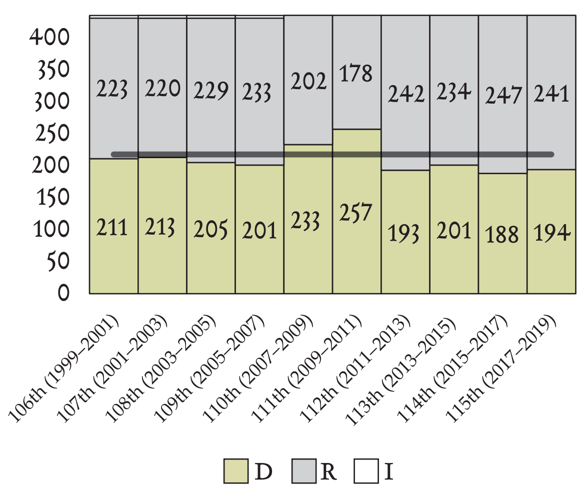
Nicholas A. Juhle, CFA
Vice President
Director of Research

On November 6, Americans will cast ballots to elect members for all 435 seats in the House of Representatives and 35 of 100 seats in the US Senate. With Republicans representing the majority in both Houses, the stakes are high. A Democratic majority in either chamber could change the narrative that has driven financial markets since the last federal elections in 2016. In this article, we offer some perspective on the political landscape ahead of midterms with insight into current expectations and potential surprises.

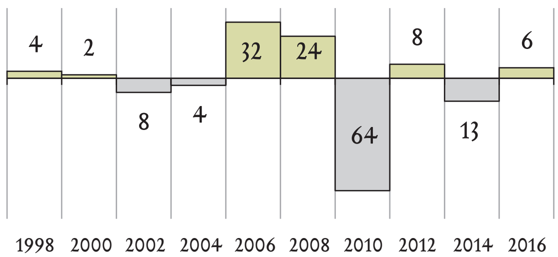
In 2016, Democrats failed to make much progress against Republicans in the House and Senate. Conservatives maintained control of the House with a 241-194 majority as Democrats added just six seats. In the Senate, Democrats added just two of the five seats needed to regain power as Republicans maintained a narrow 52-48 majority. A special election in Alabama in early 2017 further closed the divide which remains 51-49 in favor of Republicans. Heading into November, Democrats will attempt to shift the balance of power while Republicans endeavor to maintain their ground.

> "On November 6, Americans will cast ballots… with Republicans representing the majority in both Houses, the stakes are high."

Partisan Makeup of House

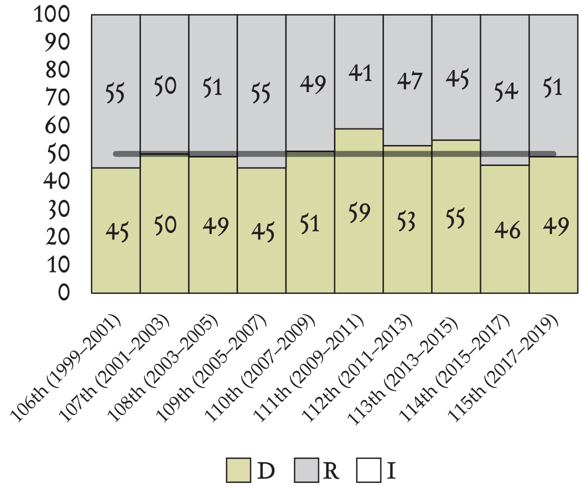


Change in House Seats by Election Year

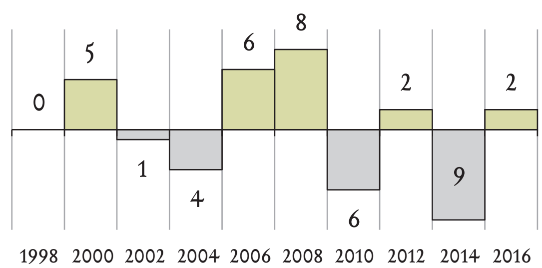


Democrats or Republicans, continued

Partisan Makeup of Senate



Change in Senate Seats by Election Year



Sources: history.house.gov/Institution/Party-Divisions/Party-Divisions
www.senate.gov/history/partydiv.htm

"According to a reputable and reasonably unbiased polling aggregation source, Democrats have an 80% chance of winning back the House in November."

As a general rule, the President's party loses seats in midterm elections. Dating back to 1934, a sitting President's party lost an average of 27 House seats and 4 Senate seats in midterm contests. These "average" outcomes would be enough to shift the majority of both chambers in favor of Democrats. Realistically, current data suggest Democrats are highly likely to regain control of the House and unlikely to regain control of the Senate.

According to a reputable and reasonably unbiased polling aggregation source, Democrats have an 80% chance of winning back the House in November. With 24 seats needed, polls predict liberals will gain 38 seats. Further, of the 218 total seats needed to control the House, Democrats are likely to source 216 from districts where polls anticipate a 60%+ chance of winning. The party will then need to source at least two more seats from a pool of approximately 18 districts where there is no clear favorite.

As for the Senate race, polls project a one in three chance of Democrats regaining the majority. In order to take control, Democrats would need to add two seats for a total of 51 (if the Senate is split 50-50, Republicans maintain majority because the Vice President has the tiebreaking vote). Two seats may sound like a modest order, but with only 35 of 100 seats on the ballot this cycle, the opportunity set is limited. Democrats currently hold 26 of the seats up for election, while Republicans are defending just nine.

So, the odds makers are telling us to expect a newly Democratic House and a yet Republican Senate coming out of the midterms, but what does that mean? What happens if they are right and, more importantly, what could happen if they are wrong?

Assuming Democrats take back the House, there will likely be two key items on their agenda: 1) aggressive investigations into aspects of the Trump administration; and 2) reversal of key provisions of the recent tax overhaul.

- Regarding the former, experts expect Democrats to issue some 52 subpoenas previously blocked by the Republican majority. These inquiries would delve into controversial items from financial dealings of the President and his top officials to his family's alleged involvement in Russian meddling in the 2016 election.
- Similarly, regaining a majority would position Democrats to begin chipping away at key provisions of the 2017 tax code overhaul that they argue benefit corporations and wealthy individuals at the expense of maintaining benefits like Social Security and Medicare. Specifically, we would expect efforts focused on partially reversing the significant cut to corporate tax rates in order to fund infrastructure investments and modifying generous tax breaks provided to pass-through entities.

In the event Republicans maintain control of both Houses, we would expect them to feel increasingly empowered to continue to execute against their agenda. At a minimum, previously implemented legislation including portions of tax reform, and its implications, would be unlikely to change.

On the other hand, if Democrats are able to gain control of both houses, they would have a much greater ability to drive their priorities as described above, although even with Democratic control of both Houses, the likelihood of a presidential impeachment remains low. Impeachment proceedings call for a two-thirds majority in the Senate, which would require Republican votes even if Democrats were to somehow win every available seat in November.

At this point, we would consider it a surprise if either party controlled both chambers of Congress after the midterms. One economic gauge we will be monitoring closely heading into 2019 is consumer confidence. Overall, consumer confidence is high. However, we are also near record levels of divergence in how Republicans and Democrats rate the economy. Republican survey respondents registered a record high on their recent assessments, while Democrats have downgraded their assessments since 2016.

We wonder how a midterm surprise could affect consumer confidence. If Congress is under unified Democratic control, could the prospect of further investigations, blocked cabinet and supreme court appointments, and tax code changes affect record-high sentiment among Republican citizens? Conversely, if Republicans maintain their majorities, would that further depress

"At this point, we would consider it a surprise if either party controlled both chambers of Congress after the midterms."

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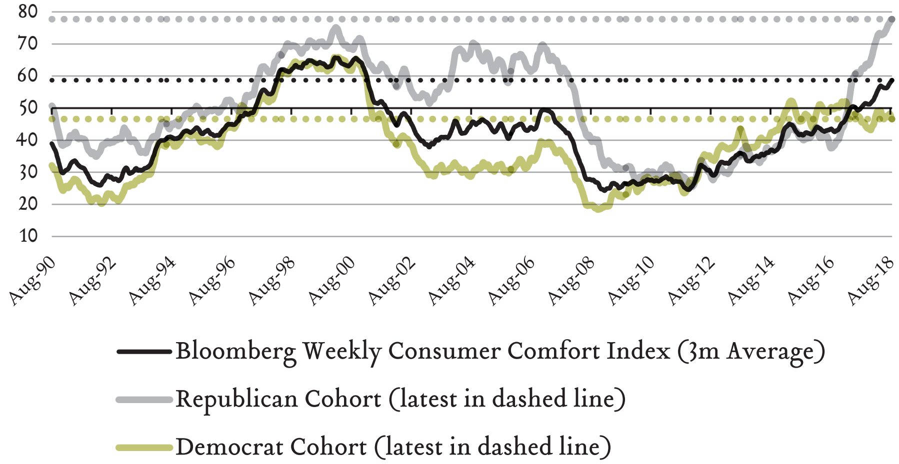
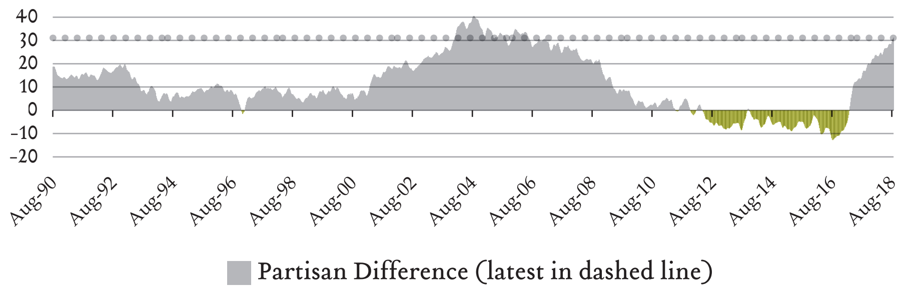
Democrats or Republicans, continued

Consumer Surveys by Political Affiliation





Source: Bloomberg, accessed 9/24/18

> "At the moment, it appears Democrats have a reasonable shot at regaining control of the House, while clinching the Senate will be much more difficult."

Democrats' view of the country's economic prospects? Confidence certainly plays a role in asset valuation and business cycle fluctuations, so we will be watchful after the election for changes in these indicators.

Certainly, a lot can change in the weeks that remain between now and early November. At the moment, it appears Democrats have a reasonable shot at regaining control of the House, while clinching the Senate will be much more difficult. From an investment perspective, we believe midterm outcomes (surprising or not) will have relatively little impact on the business cycle. Fundamentals remain sound today, but as we navigate the second longest economic expansion in US history, we know that a recession is inevitable regardless of which party controls the House and the Senate. We will continue to monitor the political climate and changing expectations heading into midterms, but believe our long-term orientation, prudent position sizing and adequate diversification will provide protection against near-term surprises.

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The Art of Estate Planning Using Formulas

Regina Jaeger, CTFA
Vice President
Senior Trust Relationship Officer

What is your most important estate planning goal? To ensure that your spouse is cared for financially and physically? To minimize federal estate and gift tax? To minimize income tax and capital gains tax? To make sure that your children from a previous marriage are not disinherited? To carry on a financial legacy for future generations? To care for a disabled or troubled child? The list could go on and on with the reality that we all have estate planning goals that are personal to us and specific to our unique family circumstances and dynamics. Different goals may run parallel to each other in terms of importance, and the goals will likely be multi-layered.

Our goals sometimes are not formed into perfect puzzle pieces that fit together to achieve the optimal result. Because goals may compete with each other, we may have to compromise and accept that estate planning is more of an art than it is a science. We have to work with what we know today and do our best to anticipate how to achieve optimal results in the future, especially with the ever-changing tax landscape.

> "What is your most important estate planning goal?"

A prime example of the complex combination of art and science in estate planning is when we consider the use of formulas to fund an estate plan. The funding formula that is part of your trust document is important because it will dictate how assets will pass to your surviving spouse (or children), which in turn will have an impact on capital gains tax planning, income tax planning and beneficiary expectations. The formula selected can create flexibility (or inflexibility) in the administration of your estate plan.

There are two basic formulas used when funding a trust estate that result in a marital trust share and the family trust share: the pecuniary formula and the fractional share formula. To understand these formulas, it's important to know what comprise the marital trust share and the family trust share. The marital trust share passes to the surviving spouse to be used as the survivor wishes, and disposed of as the survivor directs, unless a Qualified Terminable Interest Property (QTIP) provision is included in the trust document that allows the decedent to control final disposition of the assets after the survivor's death. The family trust share is held with some strings attached for distribution to the surviving spouse and ultimate disposition of the assets on the survivor's death. A closer look at the impact of these funding formulas on the marital trust share and on the family trust share will help you decide if a conversation is needed with your trust officer or estate planning attorney to determine if

Estate Planning Formulas, continued

your most important goals will be met with the formula clause used in your existing estate plan.

When a pecuniary formula is used in a trust document, the formula identifies and guarantees a specific sum to the marital trust share or family trust share of an estate plan by stating that the share will be funded with an amount that will result in the least amount of federal estate taxes. For example, the family trust is funded with the maximum amount of the federal estate tax exemption, currently up to $11.18 million in 2018. In trust estates where the decedent's trust assets are $11.18 million or less, the entire amount will fund the family trust, which leaves no assets transferred to the marital trust. The sum certainly means that you will know that no more than $11.18 million in assets will be transferred to the family trust.

In contrast, the fractional share formula instructs that a fractional share relative to the total value of the trust estate is transferred to the marital trust share and family trust share. One example of a fractional share formula may result in 20% of each asset be transferred into the marital trust share, and 80% of each asset into the family trust share. The fraction must be recomputed each time a distribution is made from either share until the estate is terminated by a complete distribution. As you can imagine, utilizing the fractional share formula can make trust administration quite complex; however, it may achieve the desired results and is worth the effort.

The impact on an estate plan of each of these formulas will achieve very different results depending on the beneficiaries and the nature of the decedent's assets. Below are a few examples to consider.

"The impact on an estate plan of each of these formulas will achieve very different results depending on the beneficiaries and the nature of the decedent's assets."

Impact to Surviving Spouse

Should the pecuniary formula be used in a trust estate that has less than $11.18 million, the entire amount will be transferred into the family trust and zero to the marital trust. Adequate consideration should be given to whether or not the surviving spouse will have enough in his or her estate, so as not to create a feeling of loss of control, or a perceived lack of financial resources.

Impact on Capital Gains Taxes

When an individual dies, the assets he or she owns receive a new income tax cost basis for purposes of computing future capital gains tax. This new tax basis is the fair market value of the asset as valued on the date of the individual's death. This reduces or eliminates the capital gain recognized on the sale of the asset by the beneficiary. The formula used in the trust could deprive a second income tax basis adjustment on the survivor's death.

Impact on Income Taxes

When choosing a funding formula consideration needs to be given to the types of assets held in an individual's estate so that income tax recognition is not inadvertently accelerated. For example, with a pecuniary formula, if post-death asset appreciation is used, in part, to fund a trust share, the use of that post-death appreciation will cause the trust or estate to recognize capital gain. Or, if IRA assets are used to satisfy a pecuniary funding formula, that will cause all of the IRA assets used in the trust funding to be taxed as ordinary income. Both will result in the acceleration of income taxes.

There are many drafting choices to be made in the context of an individual's most important estate planning goals. Just the basics of trust funding formulas are discussed here and there is much more to consider when choosing a funding formula. The funding formula utilized can become incredibly complex yet financially beneficial should the correct formula be followed. The types of assets held in a decedent's trust estate and the complex array of outcomes desired contributes greatly to the most beneficial formula for you. With the addition of portability of a deceased spouse's unused estate tax exemption, and the $11.18 million federal estate tax exemption, a review of your estate plan with your trust officer or estate planning attorney may prove to be beneficial to best determine if both art and science are best being combined to achieve your desired goals.

"Just the basics of trust funding formulas are discussed here and there is much more to consider when choosing a funding formula."

Lisa A. Hojnacki
Participant Services Coordinator

"While it is generally far easier and faster for thieves to abuse credit card and bank accounts, some perpetrators are drawn to the bigger potential payout of retirement accounts."

Retirement Account Cybercrime on the Rise

Identity theft and the presence of cybercriminals is on the rise and can have devastating effects on individuals and businesses alike. More recently some of these criminals have turned their attention to employer sponsored retirement accounts, such as 401(k)s. While it is generally far easier and faster for thieves to abuse credit card and bank accounts, some perpetrators are drawn to the bigger potential payout of retirement accounts. In light of the recent large security breaches of companies like Equifax and Target, the fire alarm has been sounded and retirement plan administrators are taking notice, intensely focusing on the issue of cybersecurity.

As plan fiduciaries there is a broad duty under the Employee Retirement Income Security Act (ERISA) to act solely in the interest of the plan participants and beneficiaries. This requires plan fiduciaries to take action to serve and protect plan participants and beneficiaries and Greenleaf Trust is doing just that.

In an effort to prevent fraudulent online account access for our participants, we are implementing Multi-Factor Authentication (MFA) for personal web account access. This is a method of confirming the account user's identity through multiple account verification steps, such as a known password and an unknown one-time PIN generated by the authentication system.

At the same time the multi-factor authentication system is released, we will also be adding an additional security step, which will require a copy of a government issued photo ID for large distributions for those submitting a hardcopy paper form.

While it is essential that plan administrators take swift measures to protect plan assets and individual plan participants themselves, there are also things that you as an individual can do to protect yourself. Following are three easy tips for protecting your retirement savings account from cybercrime.

Tip No. 1

Apply some of the following best practices when accessing your online accounts. Use passwords and storiethem safely. Don't access retirement accounts using shared computers or open WiFi networks. Add email alerts to your account that notify you when important changes are made. Be sure to have updated phone numbers and emails on file for multi-factor authentication and in the event you need to be notified of a security breach.

Tip No. 2

Be on the lookout for phishing emails in which cyber criminals try to gain personal information via deceptive means such as legitimate looking emails with fake web links or harmful attachments. Only open emails from trusted, legitimate sources. A useful slogan to keep top of mind is, "If you see a link, stop and think!"

Tip No. 3

Consolidate your retirement plans from former employers. Many of us wind up with multiple employer sponsored retirement savings accounts, and believing it's a hassle to move the money, we leave it behind in a former employer account. This can increase exposure and risk to your account security by simply allowing for more access points to your sensitive account data. Work with the company HR department to find out if you can roll over former employer sponsored retirement accounts, which avoids taxes and penalties.

In today's world, most of us rely on the convenience of online tools and yet these tools are the very thing that can make us susceptible to cybercrime. At Greenleaf Trust our Business Information Services team works with the Retirement Plan Division to continue our impeccable history of protecting our participants' sensitive account information. We are pleased to be implementing these new security processes to thwart the rising attempts of cybercriminals now and in the future.

> "...our Business Information Services team works with the Retirement Plan Division to continue our impeccable history of protecting our participants' sensitive account information."

Steven P. Phillips, CFP®
Wealth Management Advisor

"This article will speak to the most common strategies for gifting in a tax-efficient manner..."

Charitable Giving in Light of Tax Reform

Much has been made of the Tax Cuts and Jobs Act of 2017, passed just last December, and which went into effect for the 2018 tax year. Some of my colleagues have penned articles within the last year discussing the significant elements of the bill, including more specific articles, such as the increased value of Qualified Charitable Deductions (QCDs) in light of tax reform. This article will speak to the most common strategies for gifting in a tax-efficient manner given the recent changes to tax law within the US.

As some people are aware, there were significant changes to the amount of the standard deduction as well as limitations placed on what may be itemized beginning in 2018. The standard deduction was increased from $6,350 to $12,000 for single filers and from $12,700 to $24,000 for married taxpayers filing jointly. In addition, state and local income taxes and property taxes, which used to have no limitation, will now be capped at $10,000 per year for married couples filing jointly. Most tier 2 miscellaneous itemized deductions have also been eliminated, most notably the deduction for tax preparation fees, investment advisory fees, and unreimbursed employee expenses. In light of these changes, it is safe to assume more households will file their tax returns with a standard deduction in the years to come.

All of these changes make it more likely that charitable giving may not have as much of a tax benefit going forward. However, there are strategies to employ to ensure you still receive a tax benefit for your charitable gifting, even if you would ordinarily file a standard deduction. The first of these strategies is the previously mentioned Qualified Charitable Deduction. If you are older than 70½ and are subject to receiving a Required Minimum Distribution (RMD), the IRS allows you to gift up to $100,000 directly to a charity from your IRA. Any amount gifted directly to the 501(c)(3) will count towards your RMD and be exempt from the ordinary income taxation that would typically be associated with this withdrawal.

While the QCD strategy is one of the most beneficial forms of gifting currently available, the only problem with the strategy is that it only benefits taxpayers who are older than 70½ with a RMD large enough to provide a meaningful tax benefit. For clients younger than 70½, bunching charitable gifts into one tax year is another strategy that can maximize the tax benefit of charitable giving. For example, let's say Mr. and Mrs. Smith have $10,000 in SALT deductions (state and local income taxes and property taxes), $5,000 in mortgage interest, and $5,000 in annual charitable giving. This totals $20,000 in eligible itemized deductions for the year, which is still below the standard deduction of $24,000, meaning they will receive no tax benefit for their $5,000 in charitable gifting. Instead of gifting this $5,000 every year, what if they bunched their next three years of charitable gifts into one tax year? This would equate to itemized deductions of $30,000 in year one, followed by the standard deduction of $24,000 in the following two years. In this way they actually receive some tax benefit for their gifts. Combine this bunching strategy with gifting appreciated stock instead of cash, and the tax benefits are compounded even more.

A third strategy is funding a Charitable Remainder Trust (CRT). This strategy works best for clients who have charitable intentions, a desire for income, and a concentrated position within a stock. In this scenario, a client may gift appreciated stock into a CRT and then receive income, typically based on his or her life, the life of their spouse, or for a set term of years. Once the initial income stream ends, the remainder of the gift goes to an established charity. Since the charitable trust becomes the owner of the asset, the appreciated stock may be sold and reinvested in a diversified strategy without any immediate tax consequences. As income payments are made to the initial trust beneficiary, they will be taxed based on a tiered structure being made up of ordinary income, capital gains, and return of principal. In addition, the donor receives a tax deduction for the present value of the charitable gift in the year that the trust is established. It is important to note that while a CRT is an incredibly useful planning strategy for clients, it is an irrevocable gift that may mean less flexibility in the future for income, tax and charitable planning.

The Tax Cuts and Jobs Acts of 2017 is the most major tax reform bill passed since the Reagan administration. While the above list of strategies is not exhaustive, it does include several of the most common and easily employed strategies for gifting in the most tax-efficient manner possible. Rest assured that as we navigate the tax landscape, we will work with you and your tax advisor to ensure your philanthropic goals are met in a timely, tax-efficient and thoughtful manner.

> "While [this] list of strategies is not exhaustive, it does include several of the most common and easily employed strategies..."

Stock Market Pulse

Index	9/30/18	Total Return Since 12/31/2017
S&P 1500	674.31	10.47%
Dow Jones Industrials	26,458.31	8.83%
NASDAQ	8,046.35	17.49%
S&P 500	2,913.98	10.56%
S&P 400	2,019.55	7.48%
S&P 600	1,061.92	14.52%
NYSE Composite	13,082.52	4.21%
Dow Jones Utilities	720.60	2.23%
Barclays Aggregate Bond	105.52	-1.73%

P/E Multiples	9/30/18
S&P 1500	21.3x
Dow Jones Industrials	18.8x
NASDAQ	24.1x
S&P 500	21.1x
S&P 400	22.2x
S&P 600	26.2x

Key Rates

Fed Funds Rate	2.00% to 2.25%
Tbill 90 Days	2.17%
T Bond 30 Yr	3.21%
Prime Rate	5.25%

Current Valuations

Index	Aggregate	P/E	Div. Yield
S&P 1500	674.31	21.3x	1.76%
S&P 500	2,913.98	21.1x	1.79%
Dow Jones Industrials	26,458.31	18.8x	2.07%
Dow Jones Utilities	720.60	17.7x	3.37%

Spread Between 30 Year Government Yields and Market Dividend Yields: 1.45%

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