



SilverOak

WEALTH MANAGEMENT LLC

Quarterly Webinar
April 28, 2017


Presented by:
Shannon King and
Jonathan Scharlau

Introduction

- Shannon King, CPA, CFP[®], PFS, CIMA[®], CPWA[®], MBT
President, Partner and Chief Compliance Officer
- Jonathan Scharlau, CFA, CFP[®]
Partner and Lead Analyst

Agenda

- Economic data
- Market data
- SilverOak's outlook
- SilverOak Market Dashboard
- International Market Exposure
- Reminders
- Questions



*Economy:
Modest Growth
During the
First Quarter*

Current Economic Factors

Positive

Credit Conditions

Housing

Consumer Confidence

Employment

Corporate Sector

Neutral

Commodity Prices

Interest Rates

U.S. Politics

U.S Dollar

U.S. Inflation

Global Growth

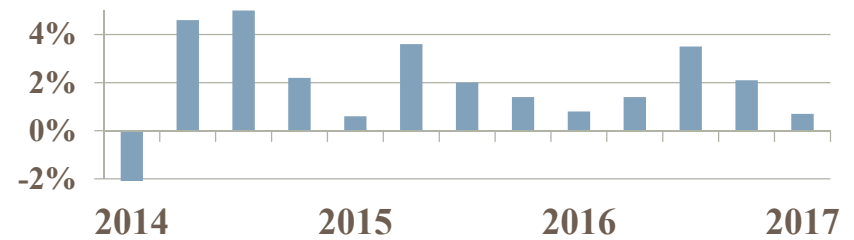
Negative

Geopolitics

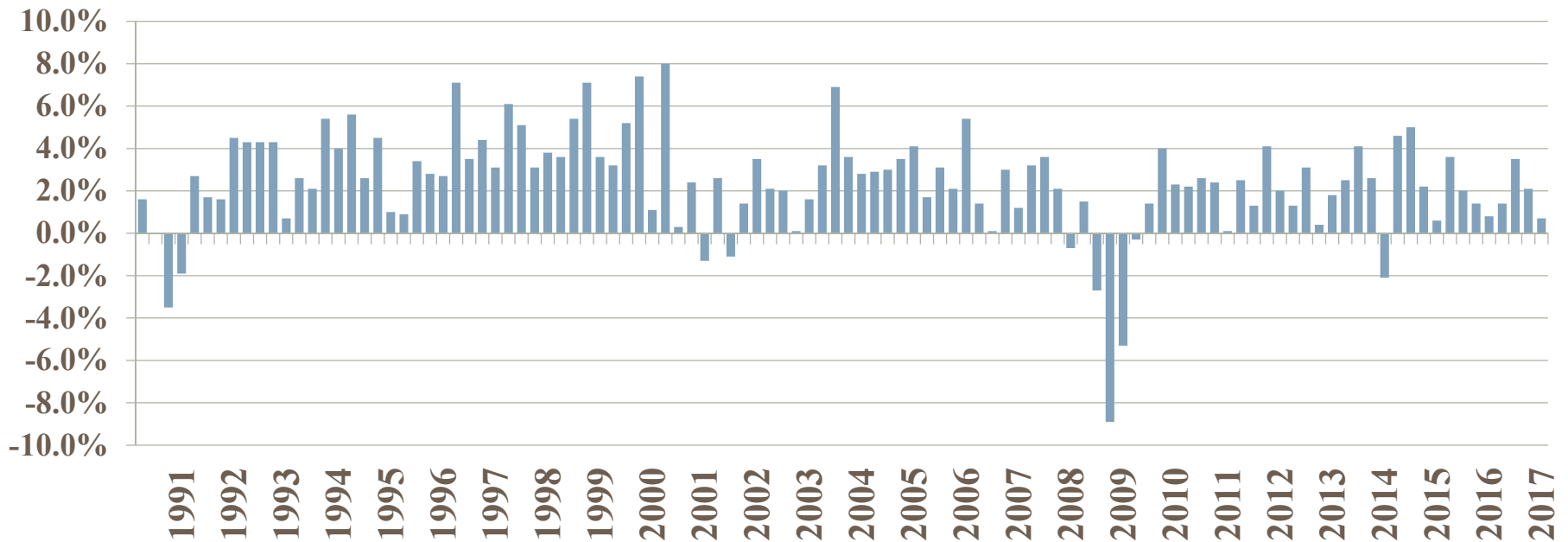
Eurozone

China ↑

GDP Growth Weakens



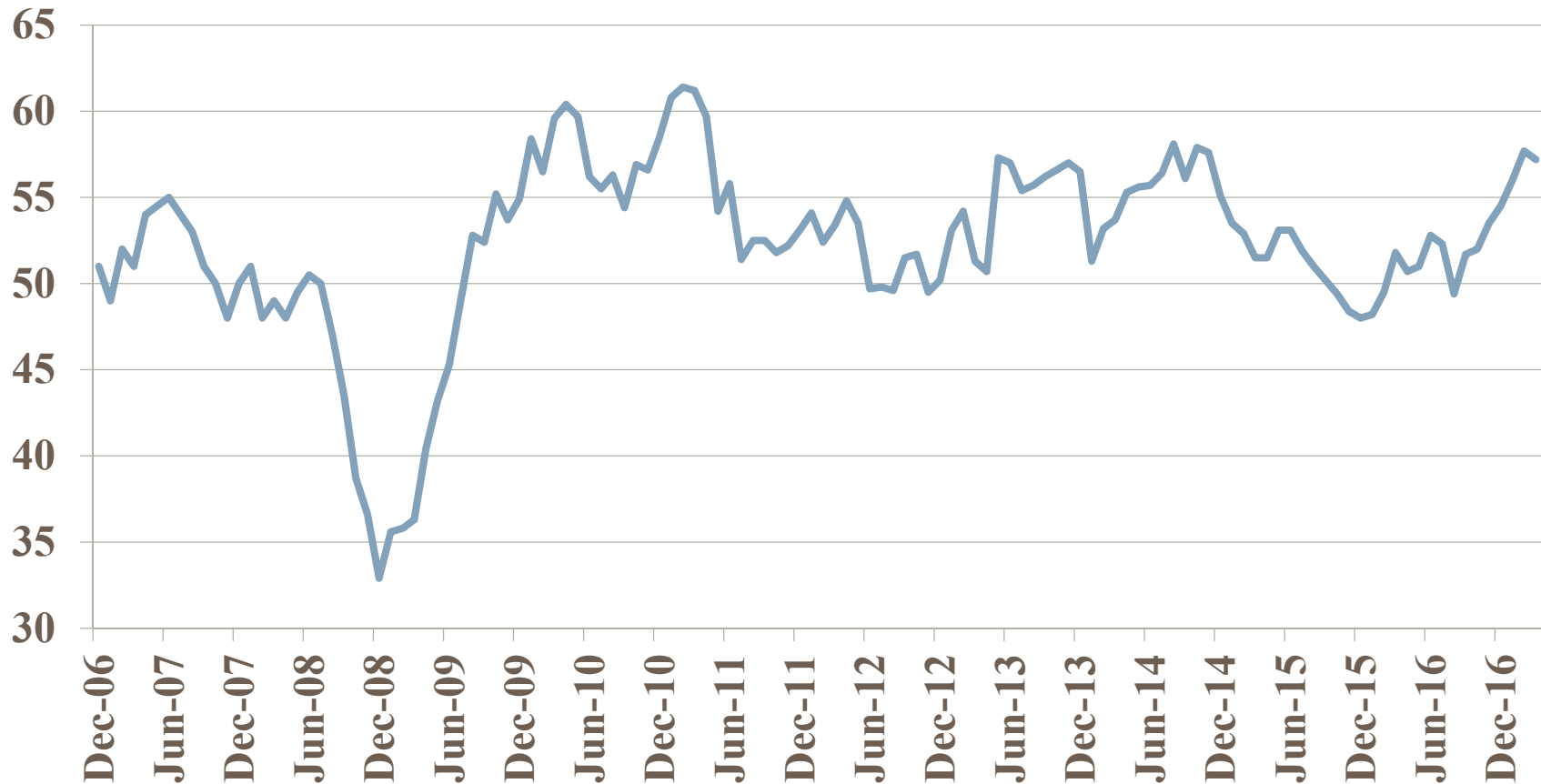
Real GDP % Annualized Rate



Source: Bureau of Economic Analysis

Manufacturing Activity Has Improved

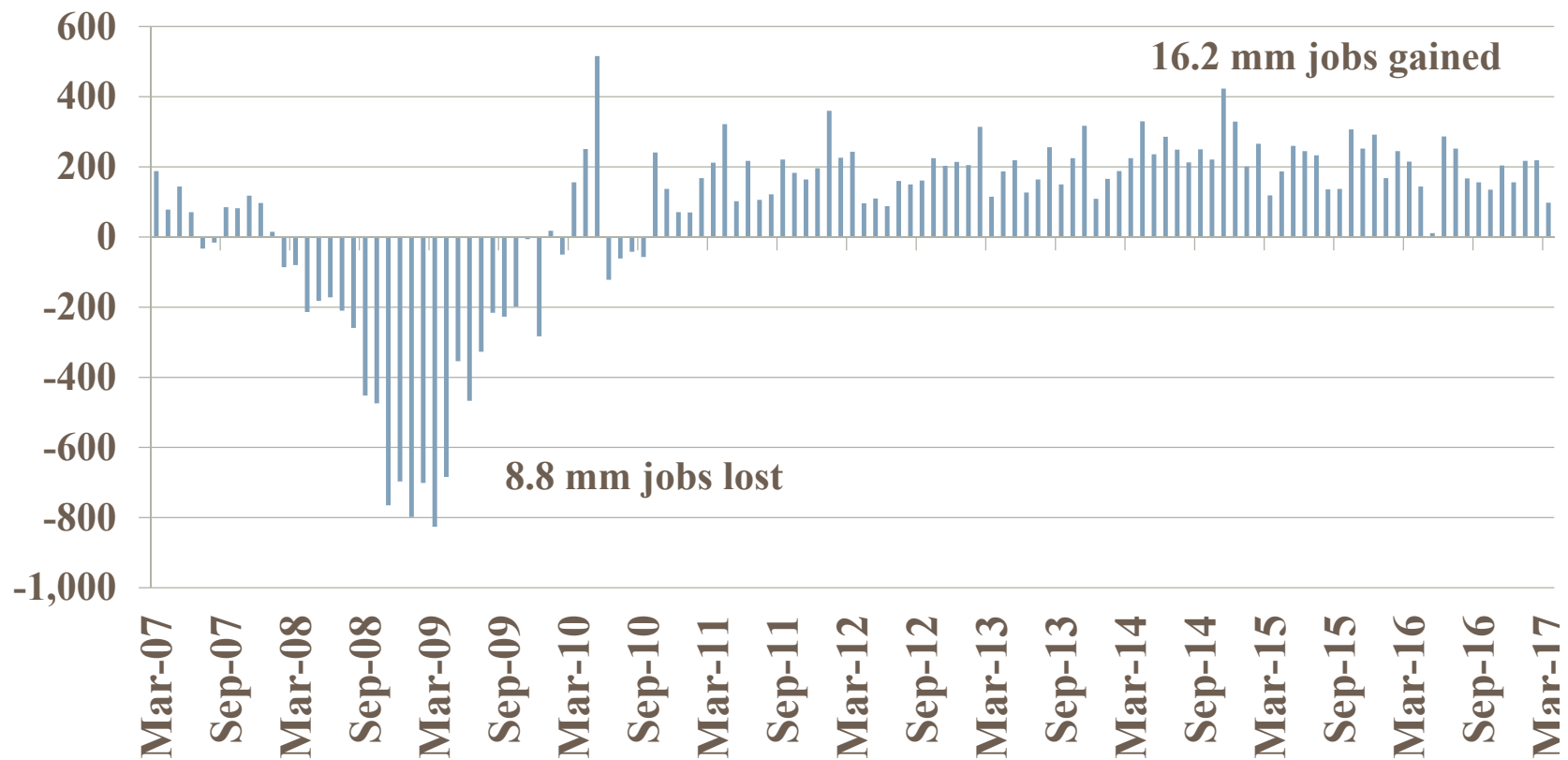
Purchasing Managers Index (PMI)



Source: Institute of Supply Management

Job Growth Continues

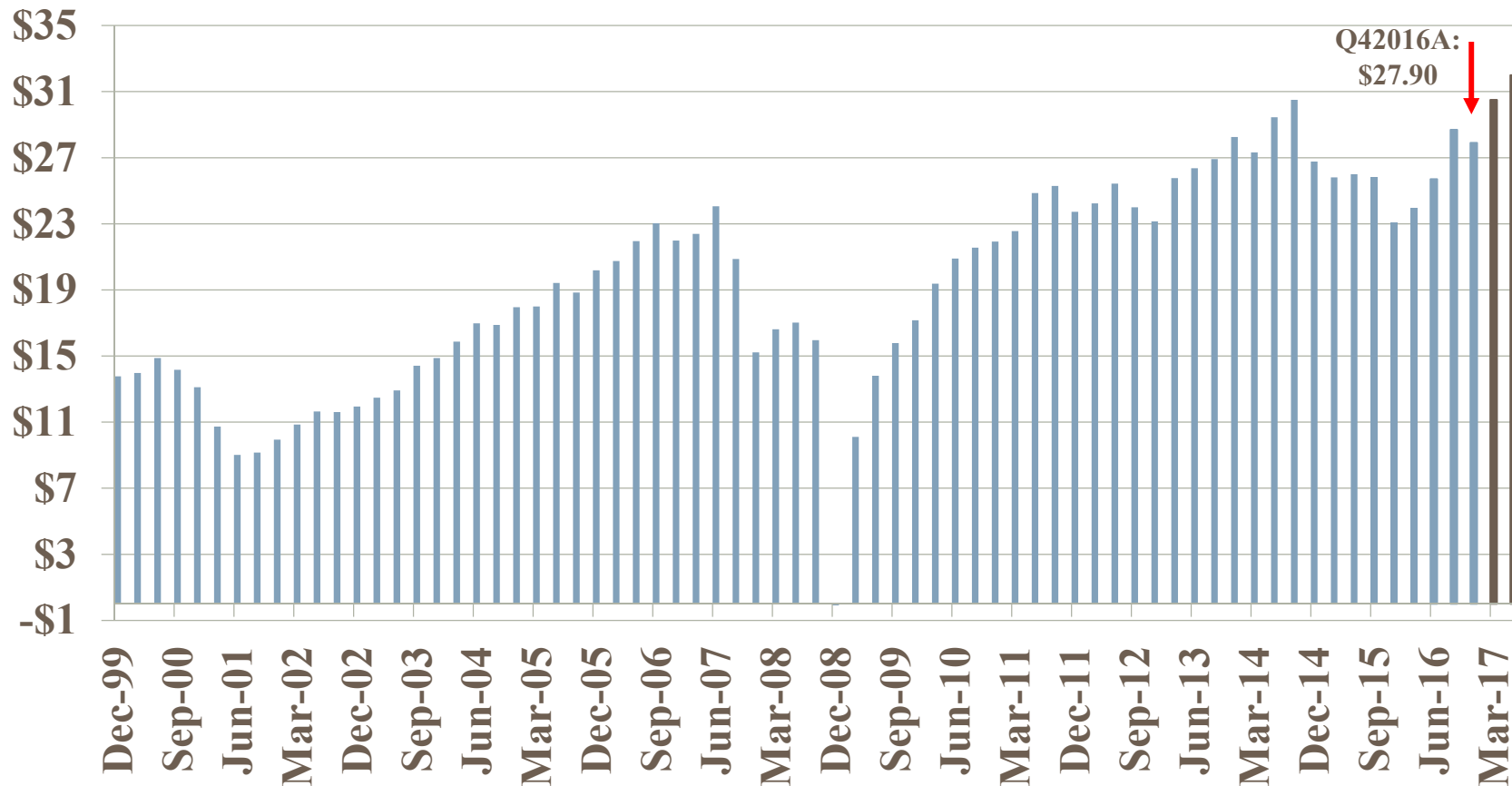
Monthly Change in Thousands of Jobs



Source: Bureau of Labor Statistics

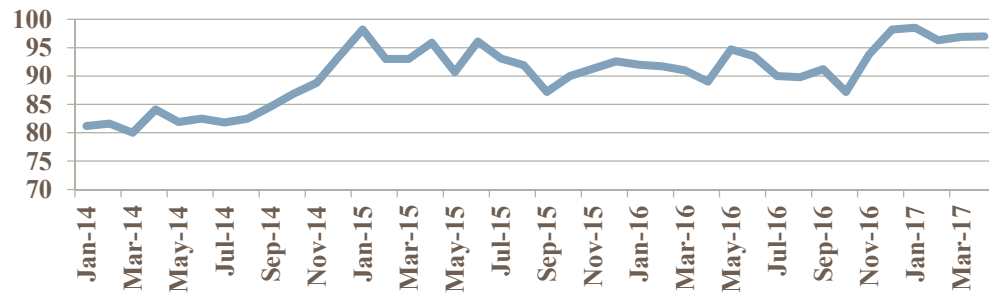
Earnings Rebound Expected

S&P 500 Quarterly Operating Earnings

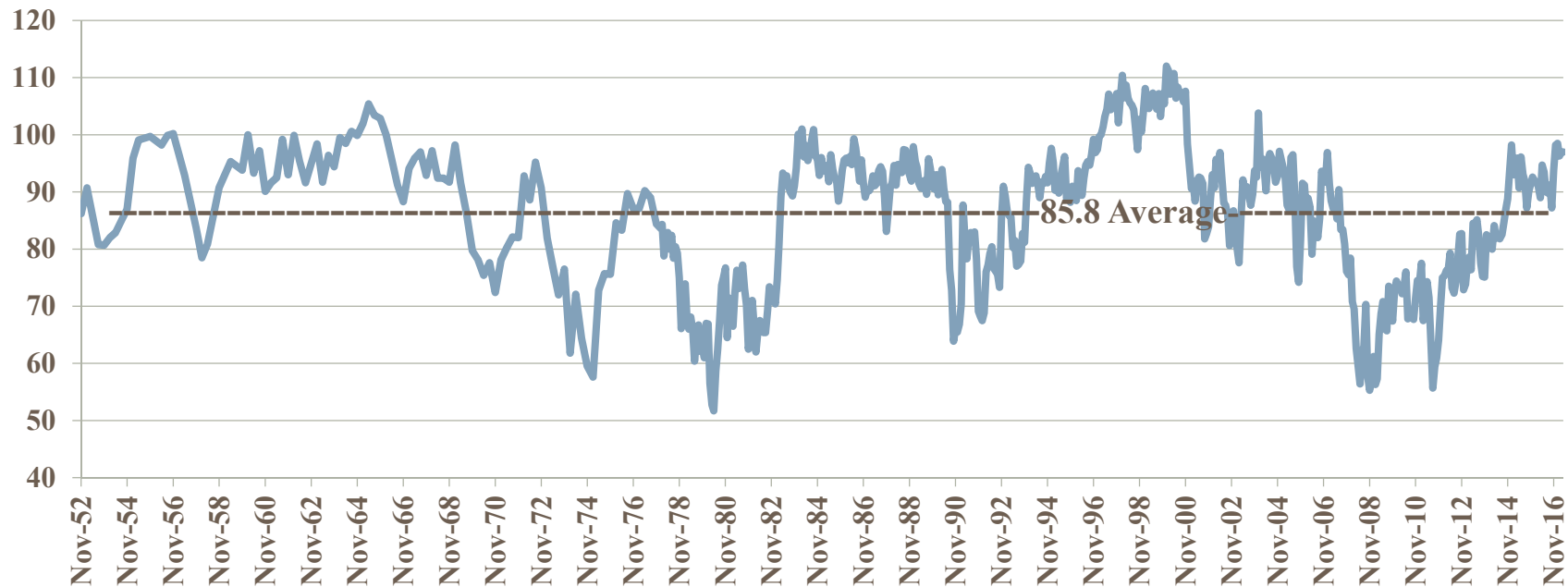


Source: Standard & Poor's, J.P. Morgan Asset Management

Consumer Confidence Levelling Off

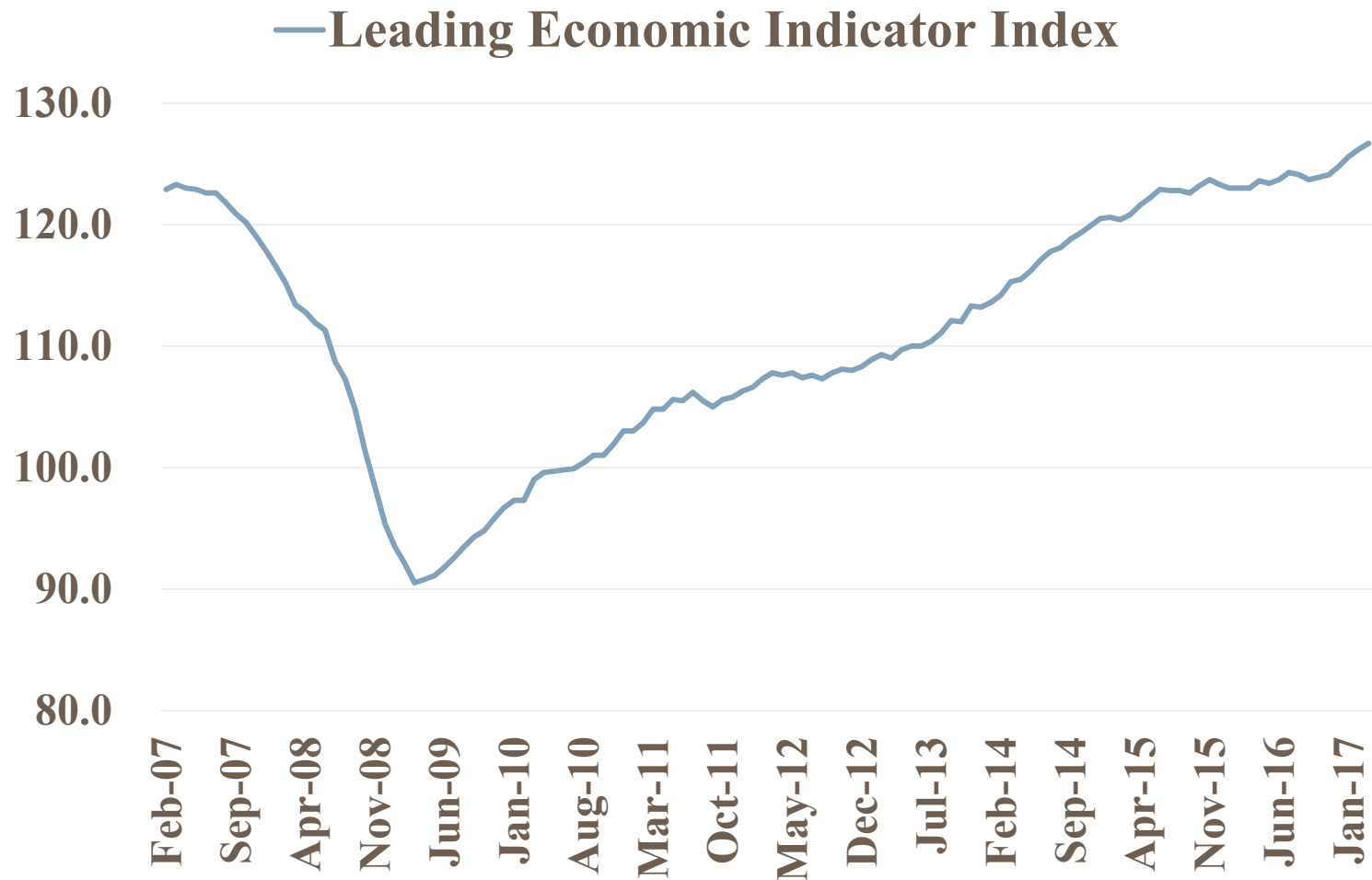


University of Michigan Consumer Sentiment Index



Source: The University of Michigan

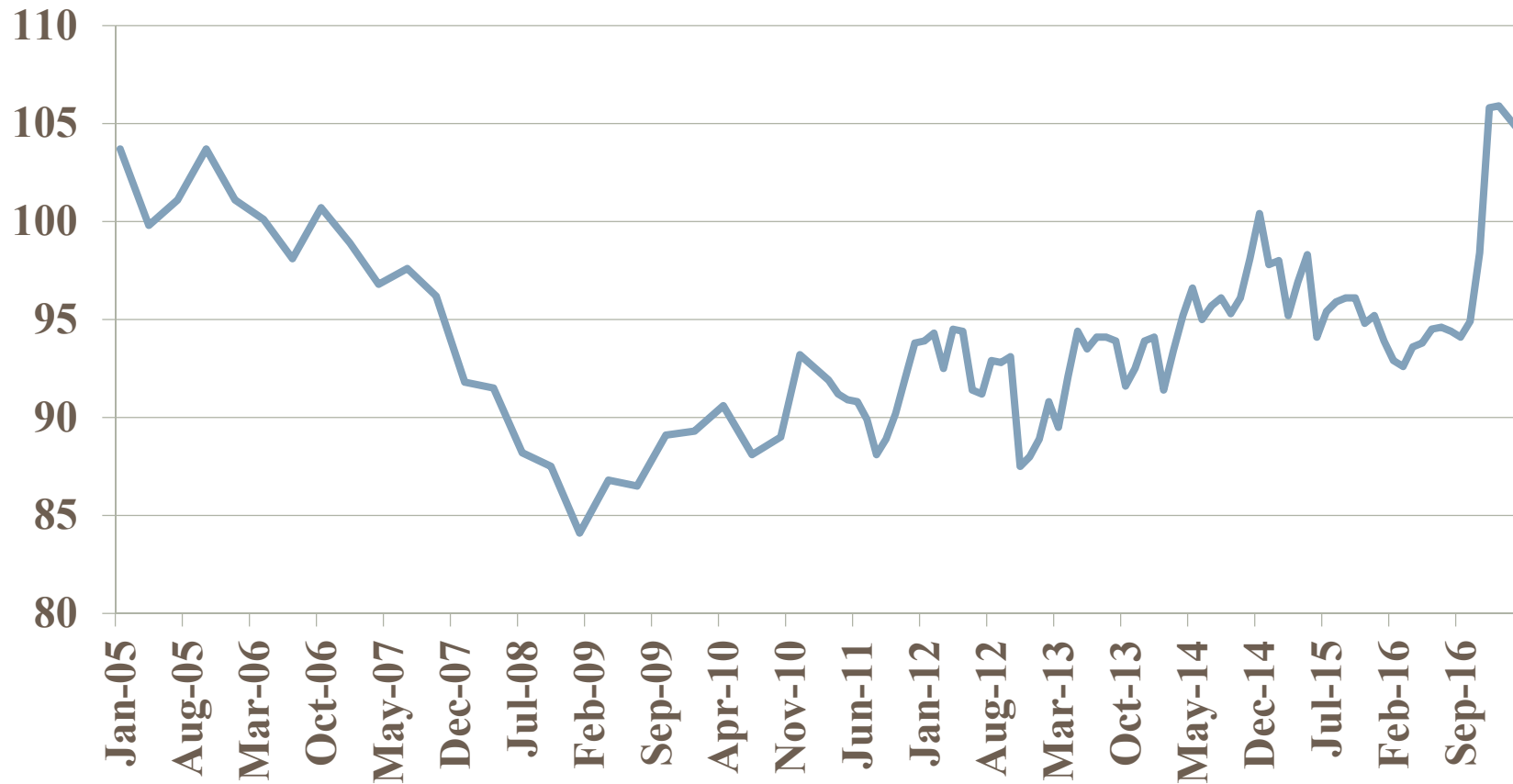
Leading Indicators Point to Continued Growth



Source: The Conference Board

Small Business Confidence Surge

NFIB Small Business Optimism Index



Source: National Federation of Independent Business

*Markets:
Strong Equity
Market Performance*

Market Summary

■ Equity market performance

	<u>Q1</u>	<u>1-Year</u>
– US large cap		
• S&P 500	+5.6%	+12.0%
– US mid cap		
• Russell Midcap	+4.8%	+17.8%
– US small cap		
• Russell 2000	+2.8%	+26.2%
– International equities		
• MSCI ACWI ex US	+8.3%	+13.1%
– International small cap		
• MSCI ACWI ex US SMID	+8.5%	+11.3%
– Emerging markets		
• MSCI Emerging Markets	+11.5%	+17.2%

Market Summary

■ Bonds and other asset class performance

	<u>Q1</u>	<u>1-Year</u>
– US fixed income		
• Barclay's Aggregate	+0.8%	+0.4%
– Global fixed income		
• Barclay's Global ex US	+2.5%	-3.9%
– Commodities		
• Bloomberg Commodity TR	-2.3%	+8.7%
– Market neutral		
• Morningstar Market Neutral	+0.7%	+2.3%
– REITS		
• MSCI US REIT	+0.7%	+1.9%

Equity Market Conditions

■ First Quarter

	<u>Value</u>	<u>Blend</u>	<u>Growth</u>
Large	3.3%	6.1%	8.9%
Mid	3.8%	5.1%	6.9%
Small	-0.1%	2.5%	5.3%

■ One Year

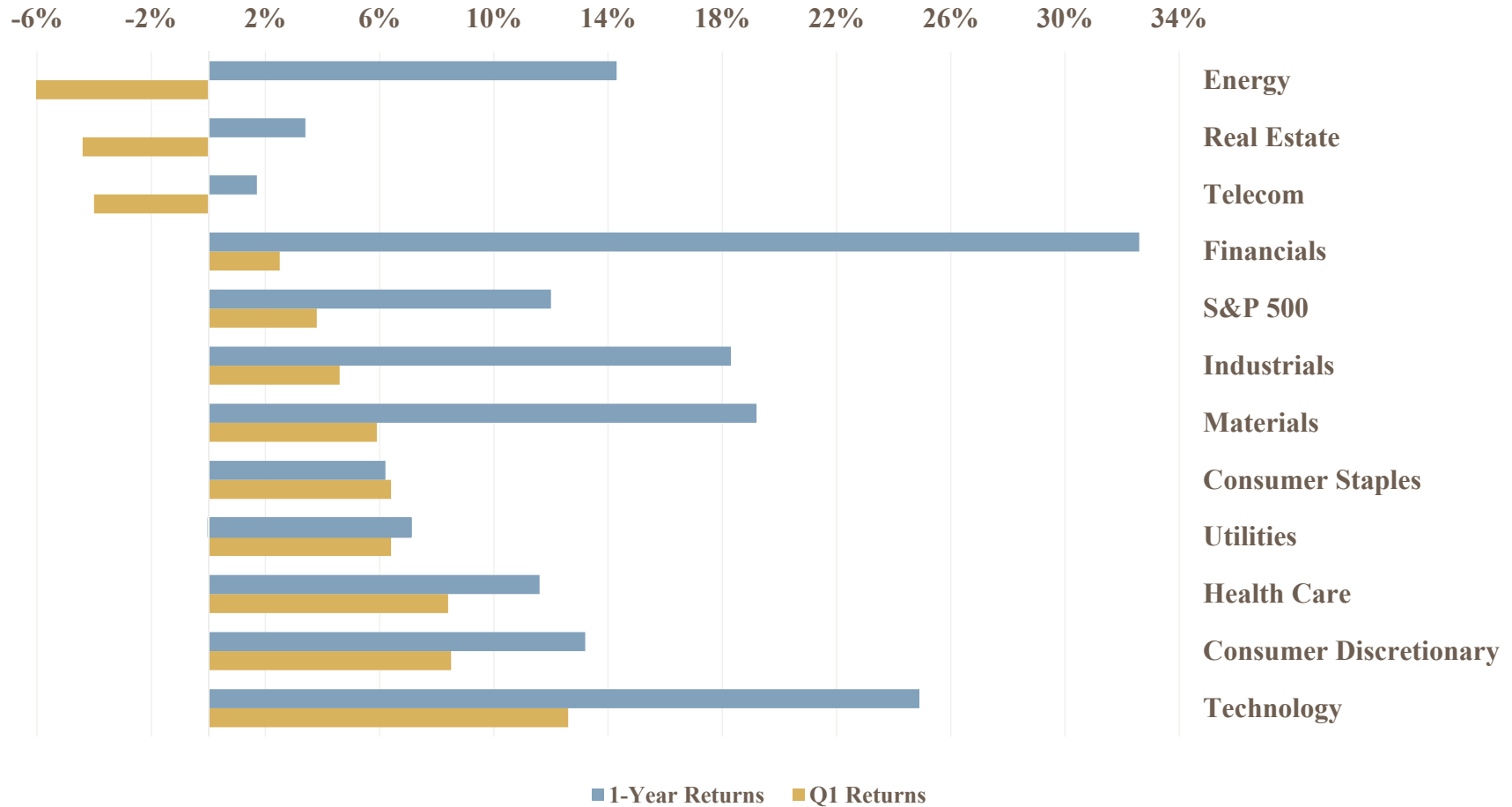
	<u>Value</u>	<u>Blend</u>	<u>Growth</u>
Large	19.2%	17.2%	15.8%
Mid	19.8%	17.0%	14.1%
Small	29.4%	26.2%	23.0%

All calculations are cumulative total return as of 3/31/2017.

Russell style indices utilized for all performance with the exception of large blend, which reflects the S&P 500 Index.

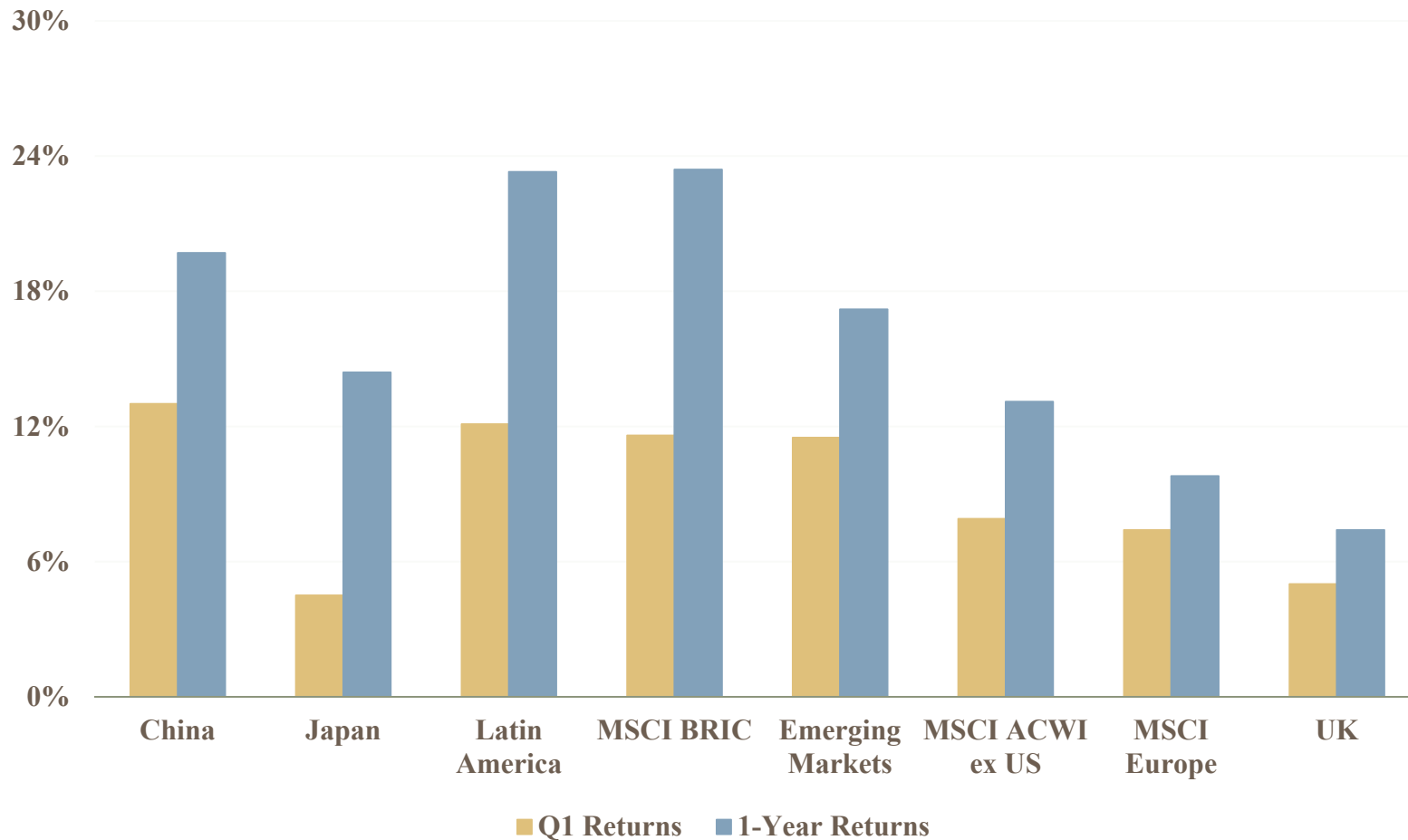
Past performance is no guarantee of future success.

Growth Sectors Lead



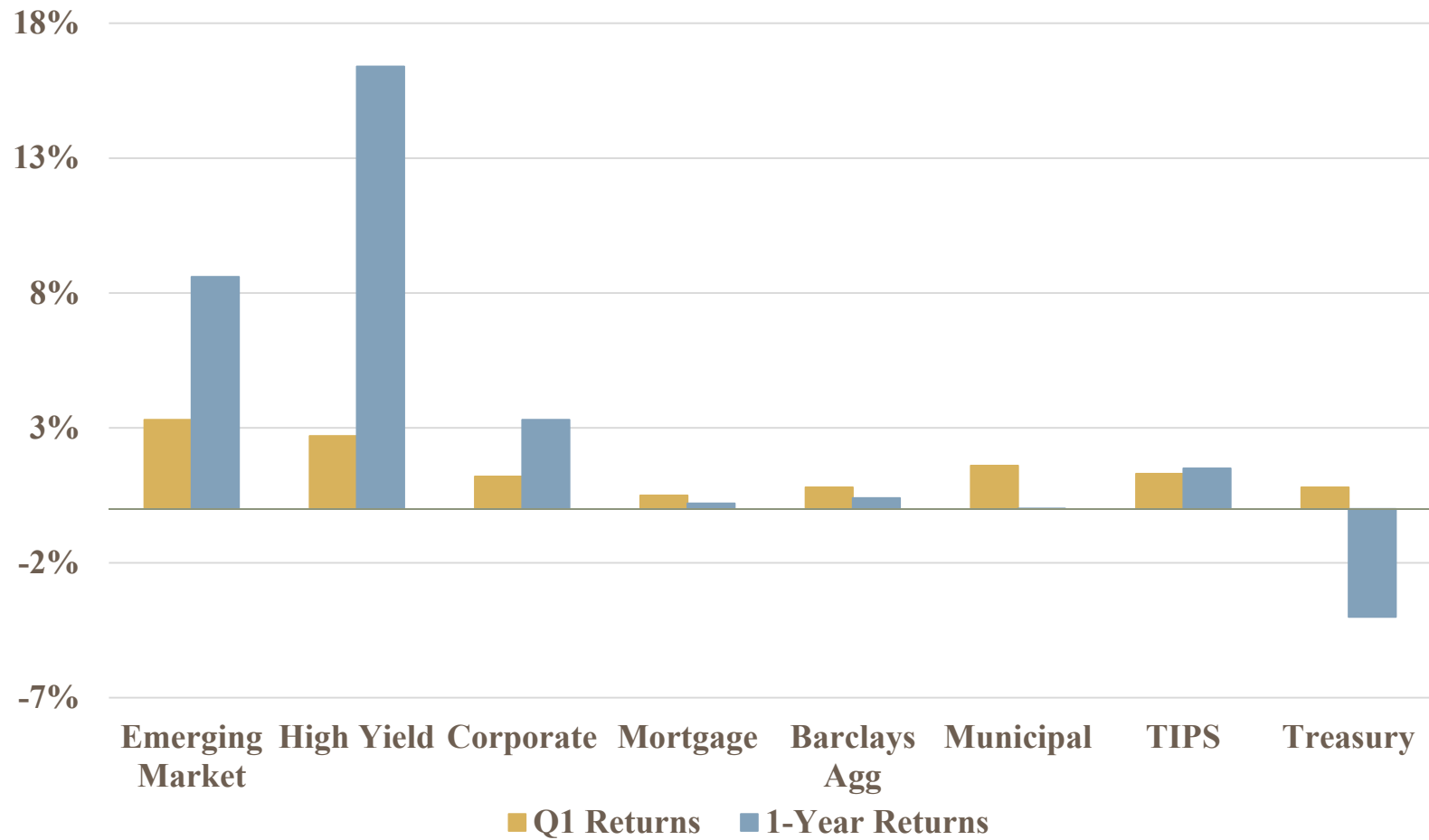
Past performance is no guarantee of future success.

International Returns Stronger



Past performance is no guarantee of future success.
Returns in US dollars.

Modest Bond Recovery in Q1



Past performance is no guarantee of future success.

Returns in US dollars.

SilverOak's Outlook

SilverOak's Outlook

- **U.S. Economy**
 - Solid expansion continues
 - Very strong “soft” data
 - Corporate earnings rebound continues
 - Still dependent on oil prices and the U.S. Dollar
 - Higher U.S. growth possible with potential policy changes, but execution is the challenge
 - Inflation has hit the Fed's 2% target
- **International Economy**
 - Global economic activity on firm ground
 - China growth helping emerging markets and commodities
 - Global monetary policy still accommodative
 - Political uncertainty remains high

US Dollar in Check

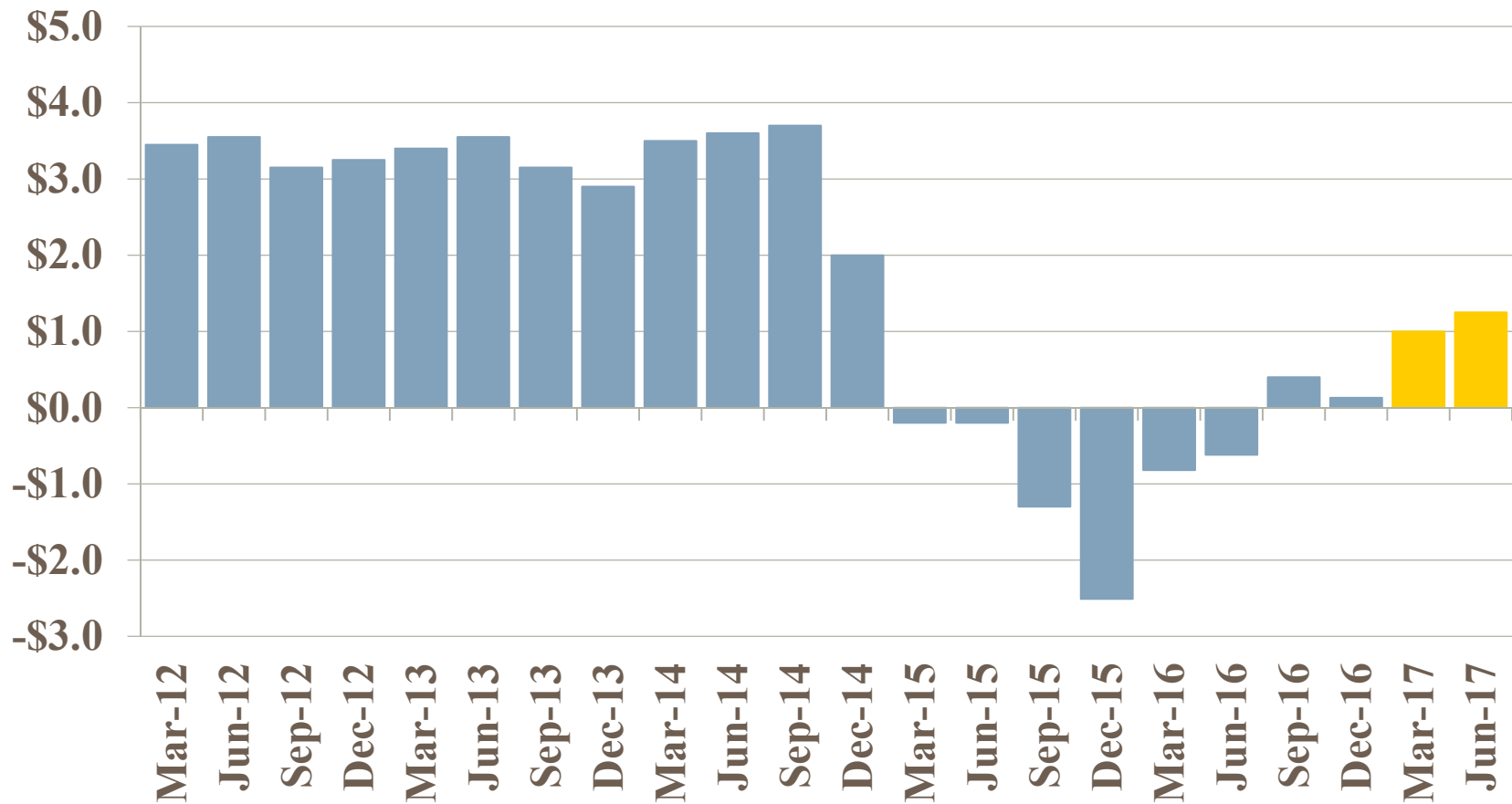
U.S Dollar Index



Trade Weighted U.S. Dollar Index: Major Currencies
Past performance is no guarantee of future success

Energy Sector Earnings Outlook Improving

Energy Sector Contributions to S&P 500 Earnings



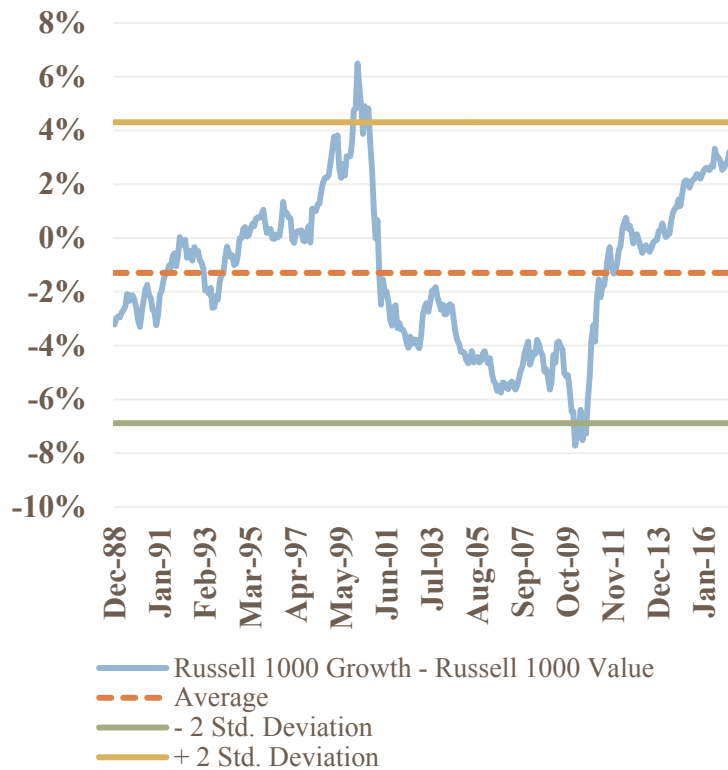
Source: Standard & Poor's, J.P. Morgan Asset Management

SilverOak's Outlook

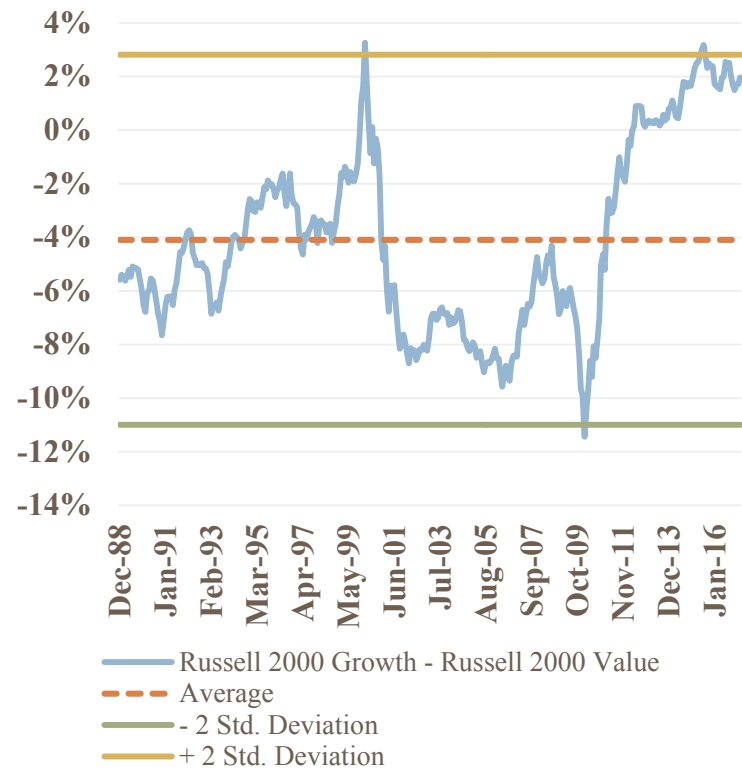
- **Equity Market Outlook**
 - Performance has broadened beyond “Trump” trades
 - Growth and international doing better
 - Further market upside could be driven by a continued rebound in corporate earnings
 - Legislative and foreign policy uncertainty likely to cause volatility to increase from historically low levels
- **Positioning**
 - Maintain diversified mix across equity sectors
 - International equities offer compelling valuation and improving fundamentals
 - “Real” assets may offer protection against an upside inflation surprise

Beginning of New Value Cycle Approaching

**Annualized Trailing 10-Year Relative Total Return
Russell 1000 Growth – Russell 1000 Value**

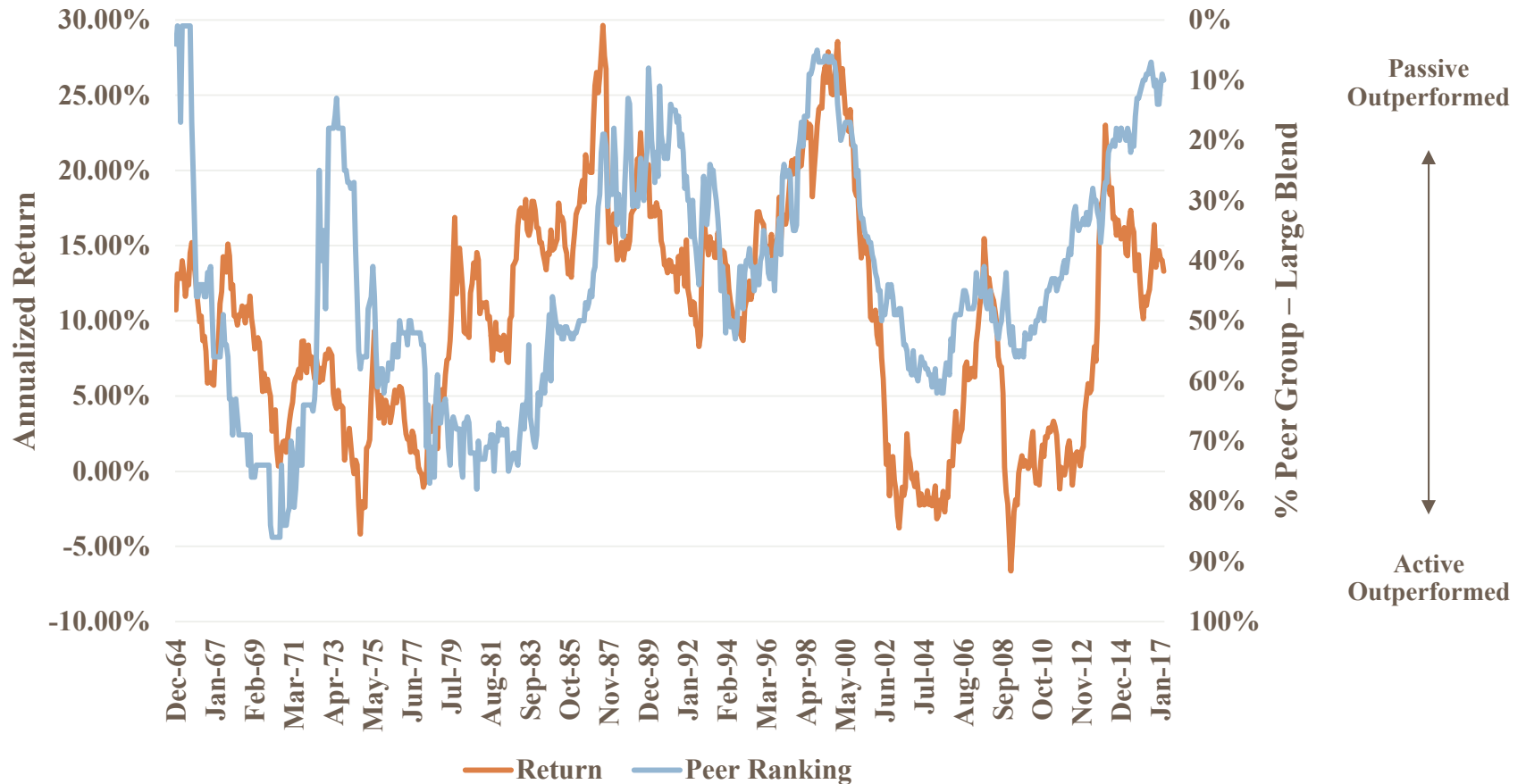


**Annualized Trailing 10-Year Relative Total Return
Russell 2000 Growth – Russell 2000 Value**



Source: Morningstar, as of 4/25/2017. Past performance is no guarantee of future success.

Active Investing Could be Poised For A Comeback



Source: Morningstar, as of 3/31/2017
 Based on IA SBBI US Large Stock TR USD Index and Morningstar OE US Large Blend Universe
 Past performance is no guarantee of future success

SilverOak's Outlook

■ Fixed Income Outlook

- Bond yields in a trading range
- The Fed likely to raise rates an additional two times in 2017
- Volatility likely to continue as fixed income markets react to wide range of policy outcomes

■ Positioning

- Bonds should continue to provide protection when stocks are more volatile
- Maintain diversified mix of bonds
- Stick with higher quality bonds, even in the more credit focused markets
- Municipals still offer attractive taxable equivalent yields

SilverOak
Market Dashboard

Purpose of the SilverOak Dashboard

- A tool that provides an overview of the US economy and markets
- Continually being reassessed and modified
- Not used for market timing
- Provides an unbiased way of assessing the current environment
- Composed of four equally weighted components

SilverOak Market Dashboard 2014-2017

	1Q 2014	2Q 2014	3Q 2014	4Q 2014		1Q 2015	2Q 2015	3Q 2015	4Q 2015		1Q 2016	2Q 2016	3Q 2016	4Q 2016		1Q 2017	2Q 2017	3Q 2017	4Q 2017
Economy																			
Credit Markets																			
Valuations																			
Market Sentiment																			
Composite																			

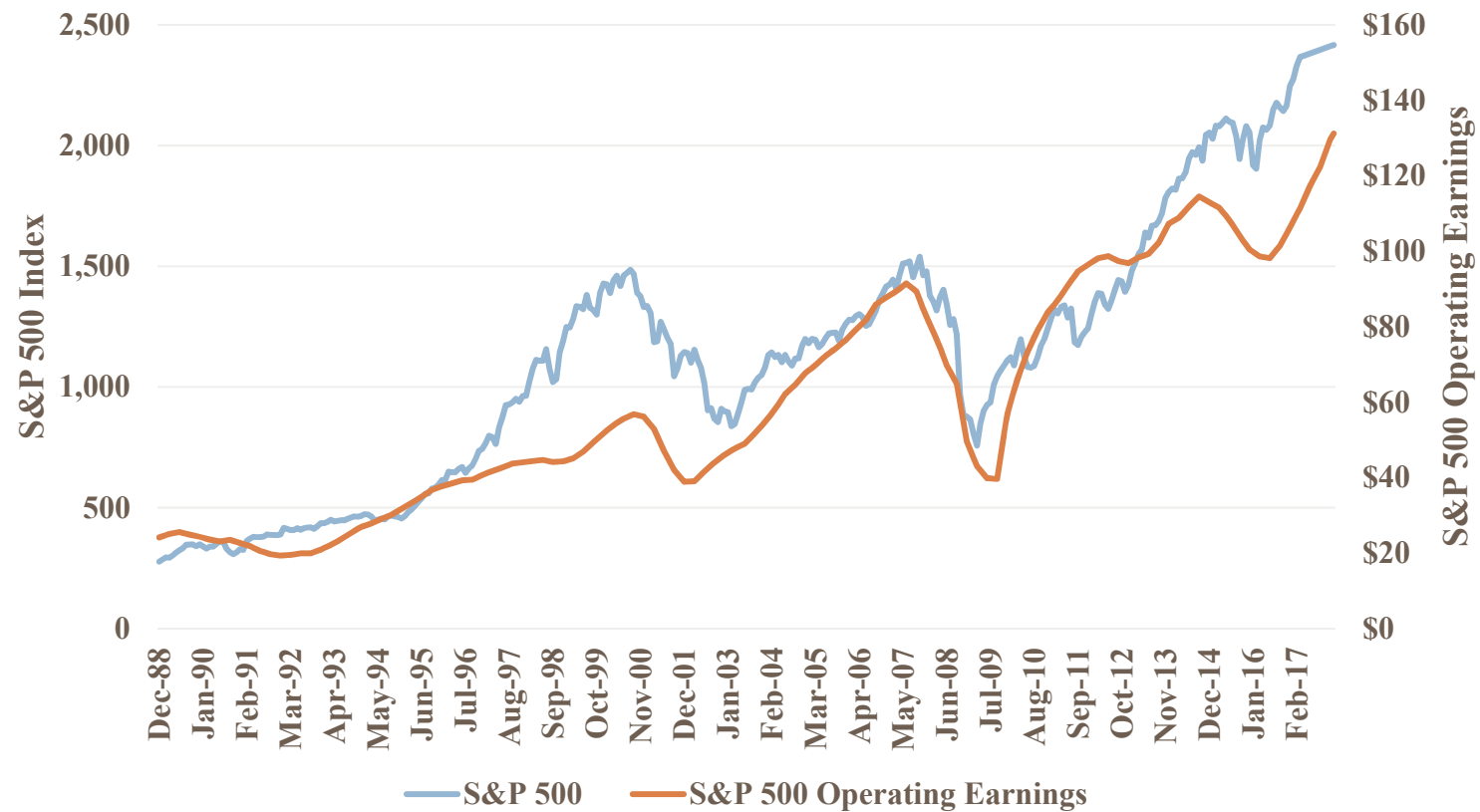
SilverOak Market Dashboard 2006-2009

	1Q 2006	2Q 2006	3Q 2006	4Q 2006		1Q 2007	2Q 2007	3Q 2007	4Q 2007		1Q 2008	2Q 2008	3Q 2008	4Q 2008		1Q 2009	2Q 2009	3Q 2009	4Q 2009
Economy	Green	Green	Grey	Grey		Grey	Grey	Grey	Red		Red	Red	Grey	Grey		Grey	Grey	Grey	Green
Credit Markets	Green	Green	Green	Grey		Grey	Grey	Grey	Grey		Red	Red	Red	Red		Green	Green	Green	Green
Valuations	Grey	Grey	Grey	Grey		Grey	Grey	Grey	Grey		Grey	Grey	Grey	Grey		Green	Grey	Green	Green
Market Sentiment	Green	Green	Grey	Green		Green	Green	Green	Grey		Red	Red	Red	Red		Red	Grey	Green	Green
Composite	Green	Green	Grey	Grey		Grey	Grey	Grey	Grey		Red	Red	Red	Grey		Grey	Grey	Green	Green

SilverOak Market Dashboard – Economy and Credit Market Details

	1Q 2014	2Q 2014	3Q 2014	4Q 2014		1Q 2015	2Q 2015	3Q 2015	4Q 2015		1Q 2016	2Q 2016	3Q 2016	4Q 2016		1Q 2017	2Q 2017	3Q 2017	4Q 2017	
Economy																				
ECRI Index																				
LEI																				
ISM																				
Corporate Profits																				
GDP																				
Credit Markets																				
Yield Curve																				
HY Spread																				

Stocks Follow the Earnings Trend



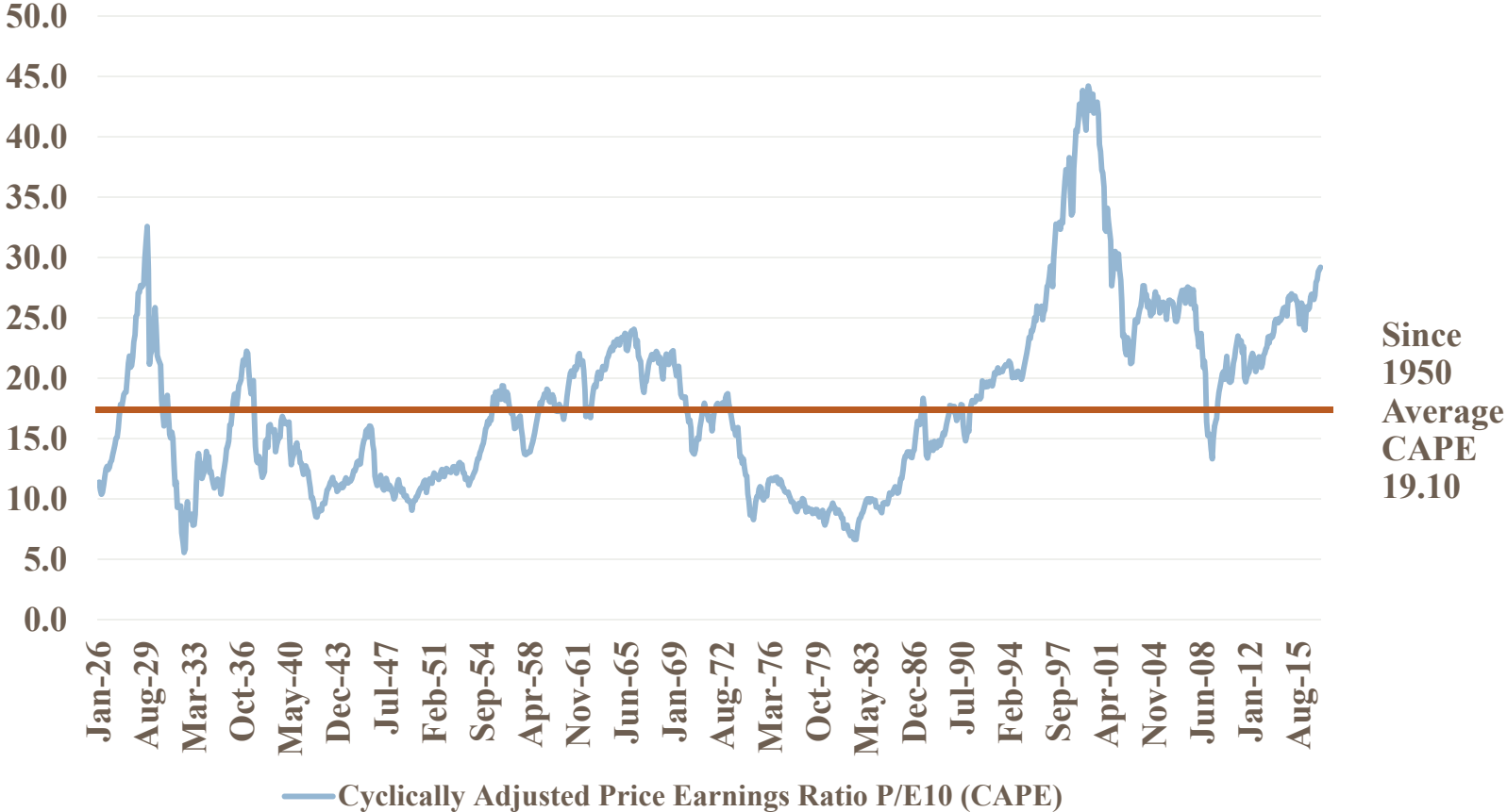
Source: Morningstar, S&P 500, as of 4/25/2017
 Past performance is no guarantee of future success

SilverOak Market Dashboard – Valuation and Market Sentiment Details

	1Q 2014	2Q 2014	3Q 2014	4Q 2014		1Q 2015	2Q 2015	3Q 2015	4Q 2015		1Q 2016	2Q 2016	3Q 2016	4Q 2016		1Q 2017	2Q 2017	3Q 2017	4Q 2017	
Valuations																				
S&P 500 Trailing P/E	Grey	Grey	Grey	Grey		Grey	Grey	Grey	Grey		Grey	Grey	Green	Red		Red	Red	Red	Red	Red
Shiller Normalize 10 Yr P/E	Grey	Grey	Red	Red		Red	Red	Red	Red		Grey	Red	Red	Red		Grey	Red	Red	Red	Red
Market Sentiment																				
Market Trend	Green	Green	Green	Green		Green	Green	Green	Green		Red	Green	Green	Green		Green	Green	Green	Green	Green
High Yield Trend	Green	Green	Green	Red		Red	Grey	Red	Red		Red	Grey	Green	Green		Green	Green	Green	Green	Grey
Money Market %	Green	Green	Green	Green		Green	Green	Green	Green		Grey	Grey	Green	Green		Green	Green	Green	Green	Green

Equity Valuations Are Relatively High

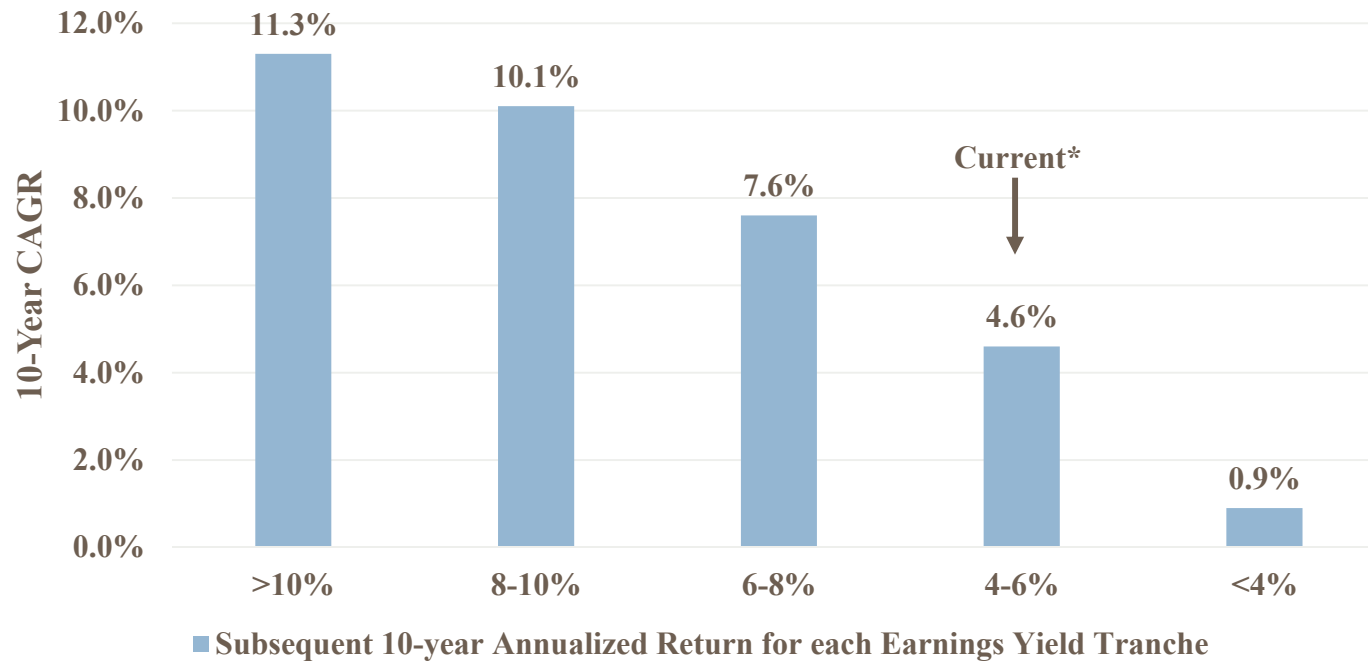
Cyclically Adjusted Price Earnings Ratio P/E10 (CAPE)



Source: S&P, Shiller, as of 12/31/16

Current Valuation Suggests Modest Returns

S&P 500 Index 10-Year Return by Earnings Yield Since 1950



*S&P 500 Index earnings yield was 4.6% as of February 2017

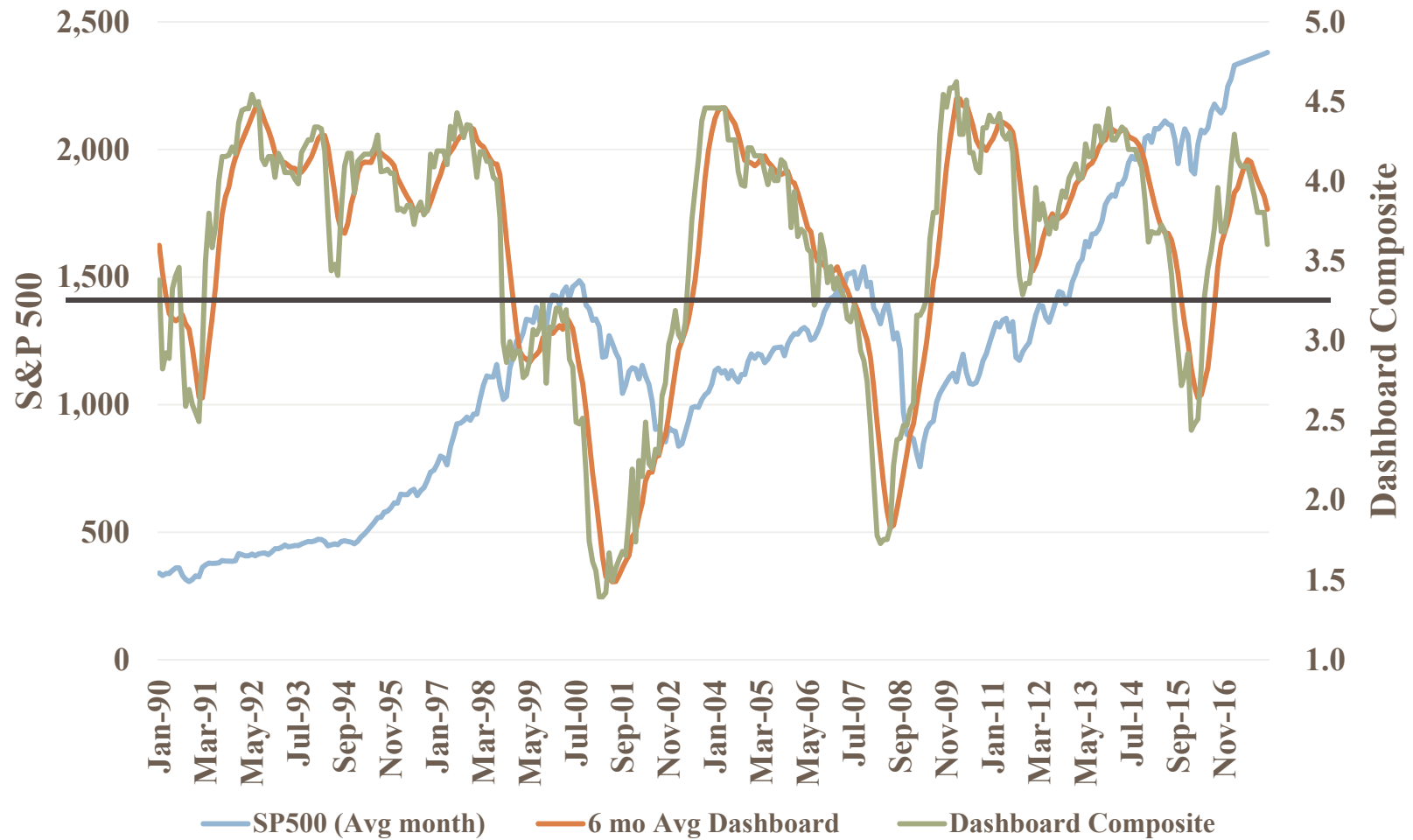
Source: Touchstone, Robert Shiller – Yale University

Past performance is no guarantee of future success

Market Dashboard

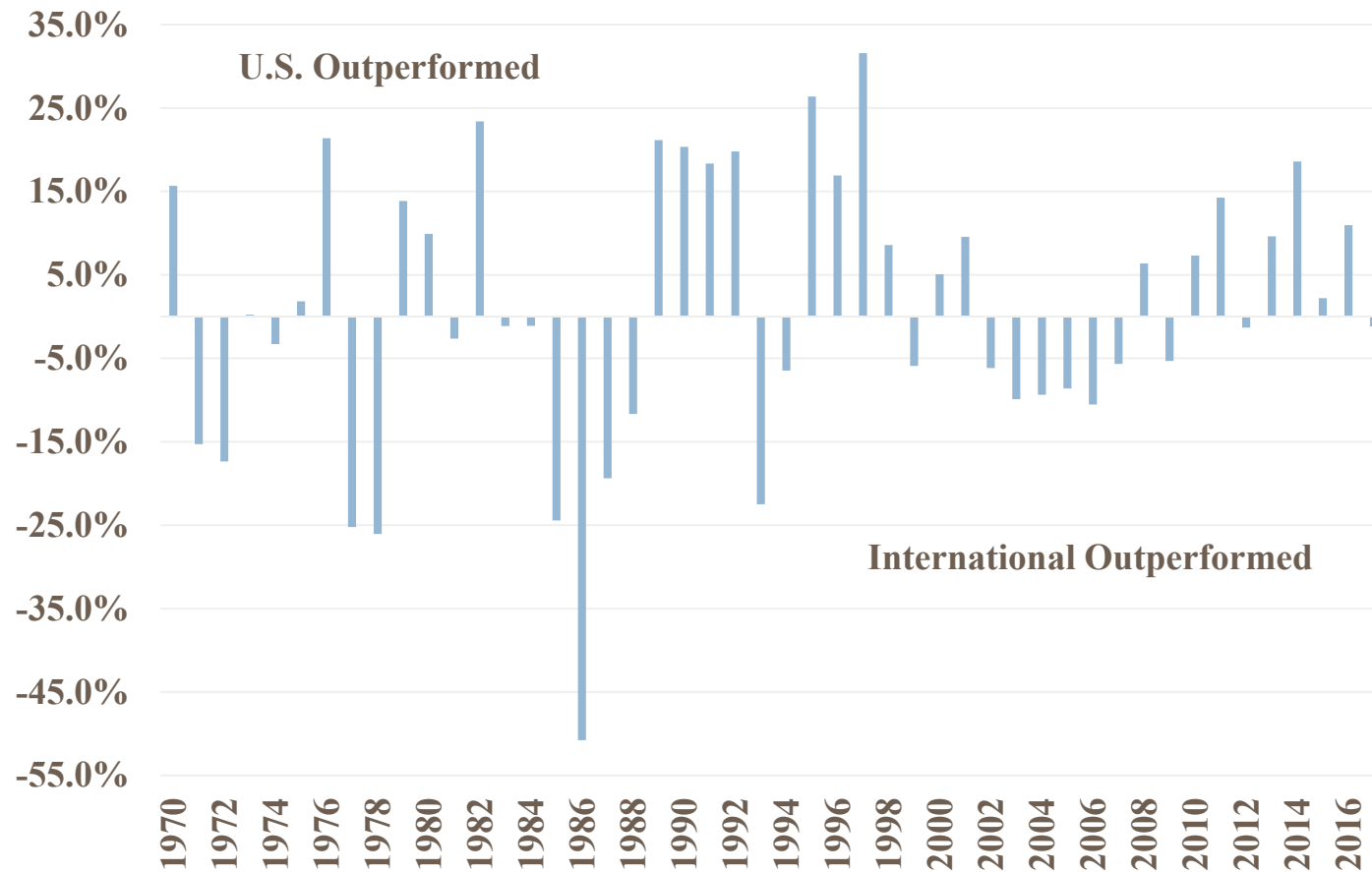
	1Q 2014	2Q 2014	3Q 2014	4Q 2014		1Q 2015	2Q 2015	3Q 2015	4Q 2015		1Q 2016	2Q 2016	3Q 2016	4Q 2016		1Q 2017	2Q 2017	3Q 2017	4Q 2017
Economy																			
Credit Markets																			
Valuations																			
Market Sentiment																			
Composite																			

Market Dashboard



International Equities

U.S. vs. International Equities



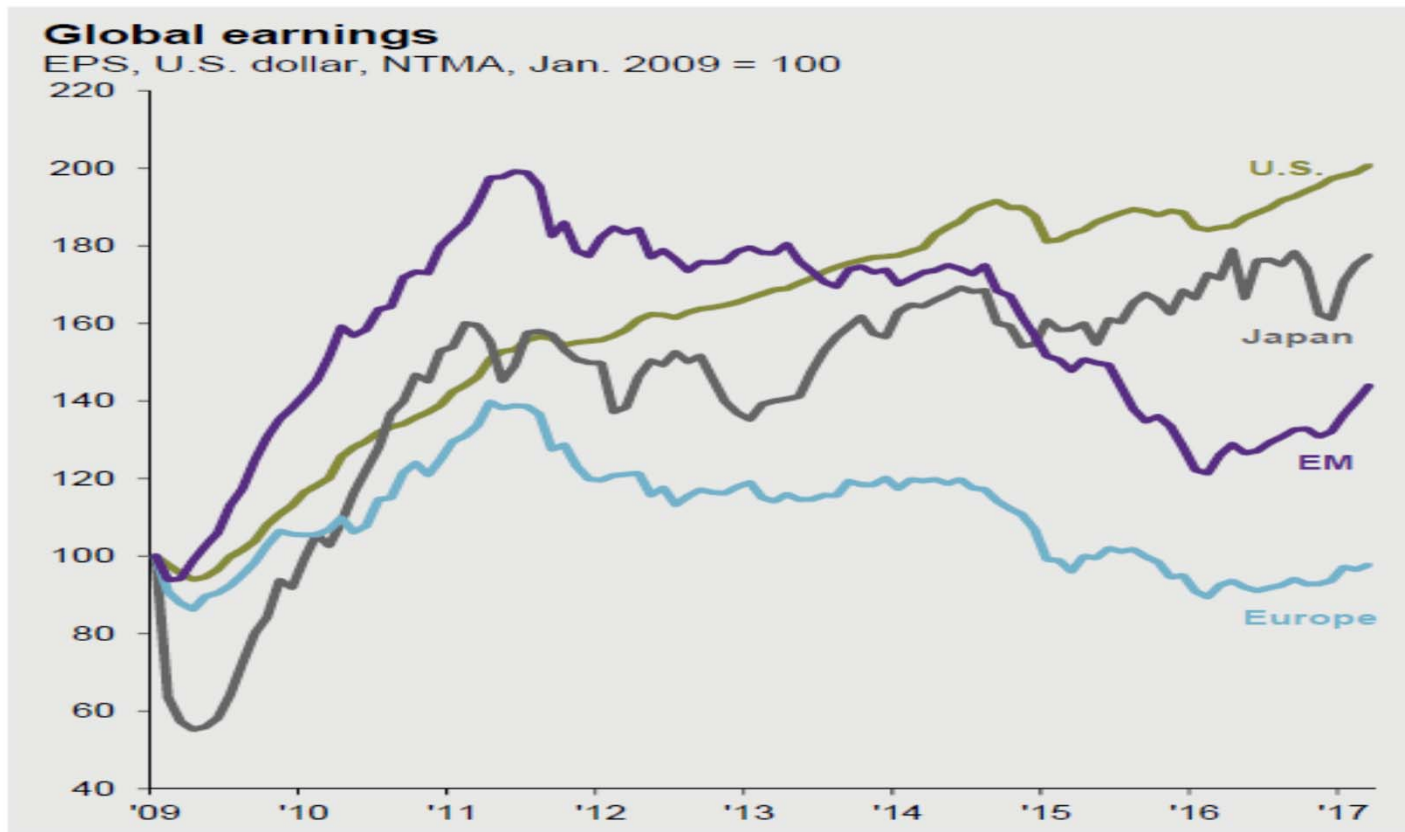
Based on S&P 500 TR and MSCI EAFE NR Indices, as of 12/31/16
 Past performance is no guarantee of future success

International Manufacturing Growing Again

Global Purchasing Managers' Index for manufacturing		Apr'15	May'15	Jun'15	Jul'15	Aug'15	Sep'15	Oct'15	Nov'15	Dec'15	Jan'16	Feb'16	Mar'16	Apr'16	May'16	Jun'16	Jul'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17
Global		50.8	51.1	50.9	50.8	50.5	50.4	51.0	51.0	50.7	50.9	50.0	50.7	50.2	50.1	50.4	51.0	50.7	51.0	51.9	52.0	52.7	52.7	53.0	53.0
Developed Markets		52.1	52.4	52.1	52.5	52.4	52.1	53.0	52.6	52.0	52.3	50.9	50.9	50.4	50.2	50.9	51.5	51.3	51.6	52.9	53.2	54.0	54.4	54.6	-
Emerging Markets		49.3	49.5	49.2	48.8	48.3	48.3	48.9	49.1	49.2	49.2	48.8	50.0	49.5	49.5	49.3	50.1	49.9	50.0	50.7	50.7	51.3	50.8	51.3	-
U.S.		54.1	54.0	53.6	53.8	53.0	53.1	54.1	52.8	51.2	52.4	51.3	51.5	50.8	50.7	51.3	52.9	52.0	51.5	53.4	54.1	54.3	55.0	54.2	53.3
Canada		49.0	49.8	51.3	50.8	49.4	48.6	48.0	48.6	47.5	49.3	49.4	51.5	52.2	52.1	51.8	51.9	51.1	50.3	51.1	51.5	51.8	53.5	54.7	55.5
UK		52.3	52.2	51.5	52.3	51.8	51.3	54.9	52.5	51.3	52.3	50.9	51.2	49.7	50.7	52.5	48.2	53.5	55.2	54.6	53.5	56.0	55.4	54.5	54.2
Euro Area		52.0	52.2	52.5	52.4	52.3	52.0	52.3	52.8	53.2	52.3	51.2	51.6	51.7	51.5	52.8	52.0	51.7	52.6	53.5	53.7	54.9	55.2	55.4	56.2
Germany		52.1	51.1	51.9	51.8	53.3	52.3	52.1	52.9	53.2	52.3	50.5	50.7	51.8	52.1	54.5	53.8	53.6	54.3	55.0	54.3	55.6	56.4	56.8	58.3
France		48.0	49.4	50.7	49.6	48.3	50.6	50.6	50.6	51.4	50.0	50.2	49.6	48.0	48.4	48.3	48.6	48.3	49.7	51.8	51.7	53.5	53.6	52.2	53.3
Italy		53.8	54.8	54.1	55.3	53.8	52.7	54.1	54.9	55.6	53.2	52.2	53.5	53.9	52.4	53.5	51.2	49.8	51.0	50.9	52.2	53.2	53.0	55.0	55.7
Spain		54.2	55.8	54.5	53.6	53.2	51.7	51.3	53.1	53.0	55.4	54.1	53.4	53.5	51.8	52.2	51.0	51.0	52.3	53.3	54.5	55.3	55.6	54.8	53.9
Greece		46.5	48.0	46.9	30.2	39.1	43.3	47.3	48.1	50.2	50.0	48.4	49.0	49.7	48.4	50.4	48.7	50.4	49.2	48.6	48.3	49.3	46.6	47.7	46.7
Ireland		55.8	57.1	54.6	56.7	53.6	53.8	53.6	53.3	54.2	54.3	52.9	54.9	52.6	51.5	53.0	50.2	51.7	51.3	52.1	53.7	55.7	55.5	53.8	53.6
Australia		48.0	52.3	44.2	50.4	51.7	52.1	50.2	52.5	51.9	51.5	53.5	58.1	53.4	51.0	51.8	56.4	46.9	49.8	50.9	54.2	55.4	51.2	59.3	57.5
Japan		49.9	50.9	50.1	51.2	51.7	51.0	52.4	52.6	52.6	52.3	50.1	49.1	48.2	47.7	48.1	49.3	49.5	50.4	51.4	51.3	52.4	52.7	53.3	52.4
China		48.9	49.2	49.4	47.8	47.3	47.2	48.3	48.6	48.2	48.4	48.0	49.7	49.4	49.2	48.6	50.6	50.0	50.1	51.2	50.9	51.9	51.0	51.7	51.2
Indonesia		46.7	47.1	47.8	47.3	48.4	47.4	47.8	46.9	47.8	48.9	48.7	50.6	50.9	50.6	51.9	48.4	50.4	50.9	48.7	49.7	49.0	50.4	49.3	50.5
Korea		48.8	47.8	46.1	47.6	47.9	49.2	49.1	49.1	50.7	49.5	48.7	49.5	50.0	50.1	50.5	50.1	48.6	47.6	48.0	48.0	49.4	49.0	49.2	48.4
Taiwan		49.2	49.3	46.3	47.1	46.1	46.9	47.8	49.5	51.7	50.6	49.4	51.1	49.7	48.5	50.5	51.0	51.8	52.2	52.7	54.7	56.2	55.6	54.5	-
India		51.3	52.6	51.3	52.7	52.3	51.2	50.7	50.3	49.1	51.1	51.1	52.4	50.5	50.7	51.7	51.8	52.6	52.1	54.4	52.3	49.6	50.4	50.7	52.5
Brazil		46.0	45.9	46.5	47.2	45.8	47.0	44.1	43.8	45.6	47.4	44.5	46.0	42.6	41.6	43.2	46.0	45.7	46.0	46.3	46.2	45.2	44.0	46.9	49.6
Mexico		53.8	53.3	52.0	52.9	52.4	52.1	53.0	53.0	52.4	52.2	53.1	53.2	52.4	53.6	51.1	50.6	50.9	51.9	51.8	51.1	50.2	50.8	50.6	51.5
Russia		48.9	47.6	48.7	48.3	47.9	49.1	50.2	50.1	48.7	49.8	49.3	48.3	48.0	49.6	51.5	49.5	50.8	51.1	52.4	53.6	53.7	54.7	52.5	52.4

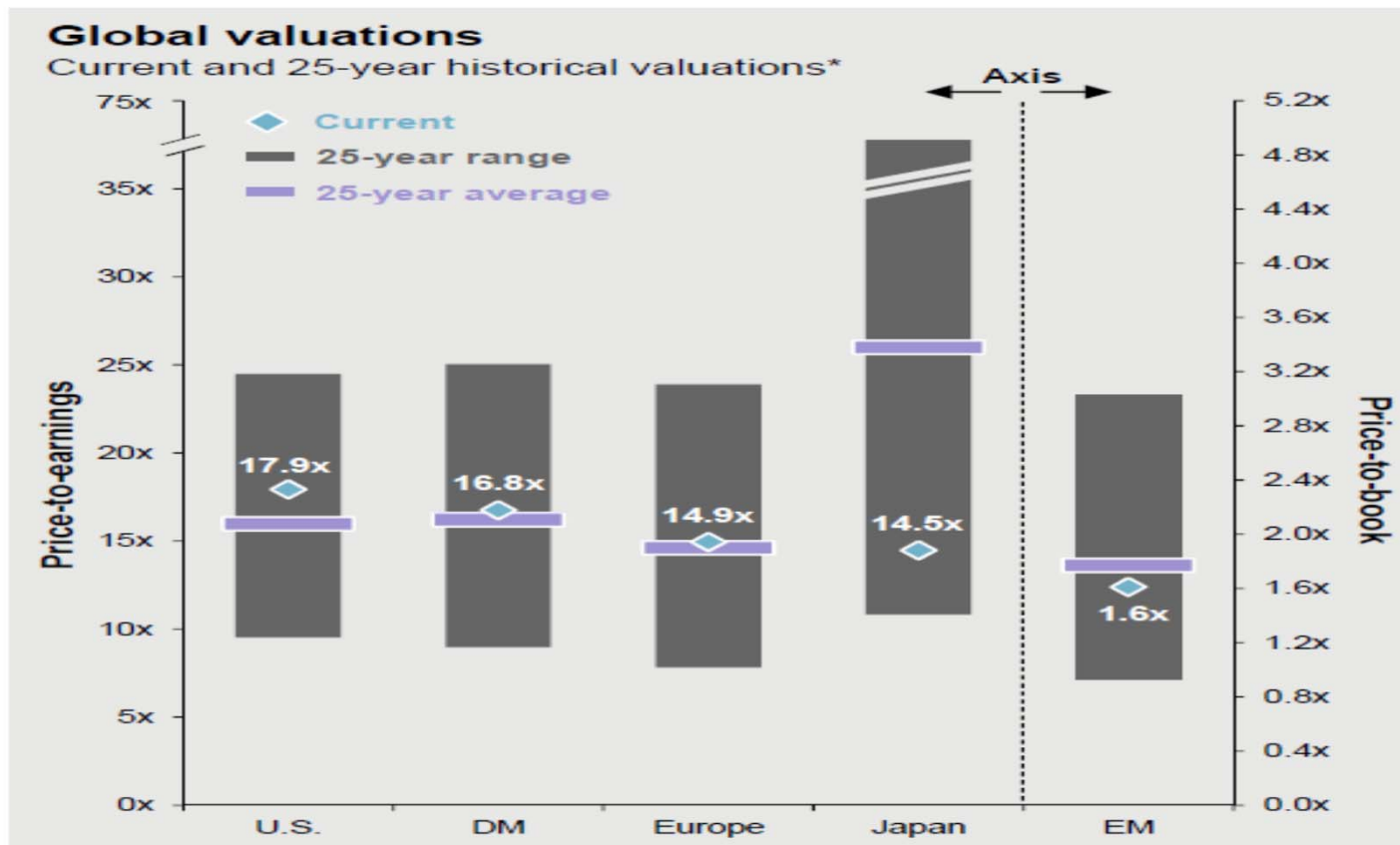
Source: Markit, J.P. Morgan Asset Management.
 Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown.
 Guide to the Markets – U.S. Data are as of March 31, 2017.

International Earnings Improving



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.

International Valuations More Reasonable





Reminders

Reminders

- **Take RMDs for the year (required minimum distributions)**
- **First half Minnesota real estate taxes due in May**
- **Request your annual credit report**
 - www.annualcreditreport.com
- **Tax Season is over!**
 - Remember to keep good tax records for 2017
 - Complete a 2017 tax projection
 - Be sure to make quarterly estimated tax payments on time
 - Consider utilizing HSA accounts
 - Max out 401(k) contributions
- **Remember, the IRS will NEVER contact you via a phone call**
 - If you think you have been a victim of identity theft, please contact your SilverOak advisor and/or CPA

Questions?

End of Quarterly Webinar

Please contact your SilverOak Advisor
to discuss any questions and/or concerns.

If you are not currently working with SilverOak, feel free
to contact us at 952-896-5701 to learn more about our services.

www.silveroakwealth.com