

WINTER 2018



Wisdom For Wealth. For Life.®

Quarterly Newsletter

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RonaldBlueTrust™

RonaldBlueTrust™

Celebrating the Success of Our Trust Company Structure

*The response
we've received
from our current
and new clients
has been exciting
and positive.*

It has been a busy six months since Ronald Blue & Co. became Ronald Blue Trust on August 1, 2017.

We hope that the only noticeable change you've seen is our expanded service offerings, which now include personal trust, estate settlement, and SIMPLIFY services. Our new trust company structure allows you to name Ronald Blue Trust as a professional trustee of a trust and/or executor of a will, which means that, upon acceptance, we can assume responsibility for carrying out the terms of a trust and/or will. Our team of professionals work with your other professional advisors (attorneys, tax advisors, accountants, etc.) to make sure the trust and/or estate is administered efficiently and confidentially.

The response we've received from our current and new clients has been exciting and positive. We want to share a few of the success stories we've heard from clients who have worked with Ronald Blue Trust since we made this transition.

Trust and investment management accounts and services offered by Ronald Blue Trust, a division of Thrivent Trust Company, are not insured by the FDIC or any other federal government agency, are not deposits or other obligations of, nor guaranteed by Thrivent Trust Company or its affiliates, and are subject to investment risk, including possible loss of the principal amount invested.

Melanie and William***(ages: late-50s)**

Melanie and William have been clients since 1998. Early on, they demonstrated admirable financial discipline by paying off all medical school debt and their home mortgage. With some extra cash in hand, they engaged Ronald Blue & Co. to manage their money, and their accounts have grown significantly over the last 15 - 20 years.

They eventually set up a planning instrument called an Irrevocable Life Insurance Trust (ILIT) for which their advisor served as individual trustee for several years. “With the transition to Ronald Blue Trust, we began talking about new opportunities,” the advisor says. “After talking and praying about it, and considering family members for the trustee role, they said that they would feel most comfortable if Ronald Blue Trust became trustee.”

Working together, the next generation of their family will start their own journeys toward financial stability.

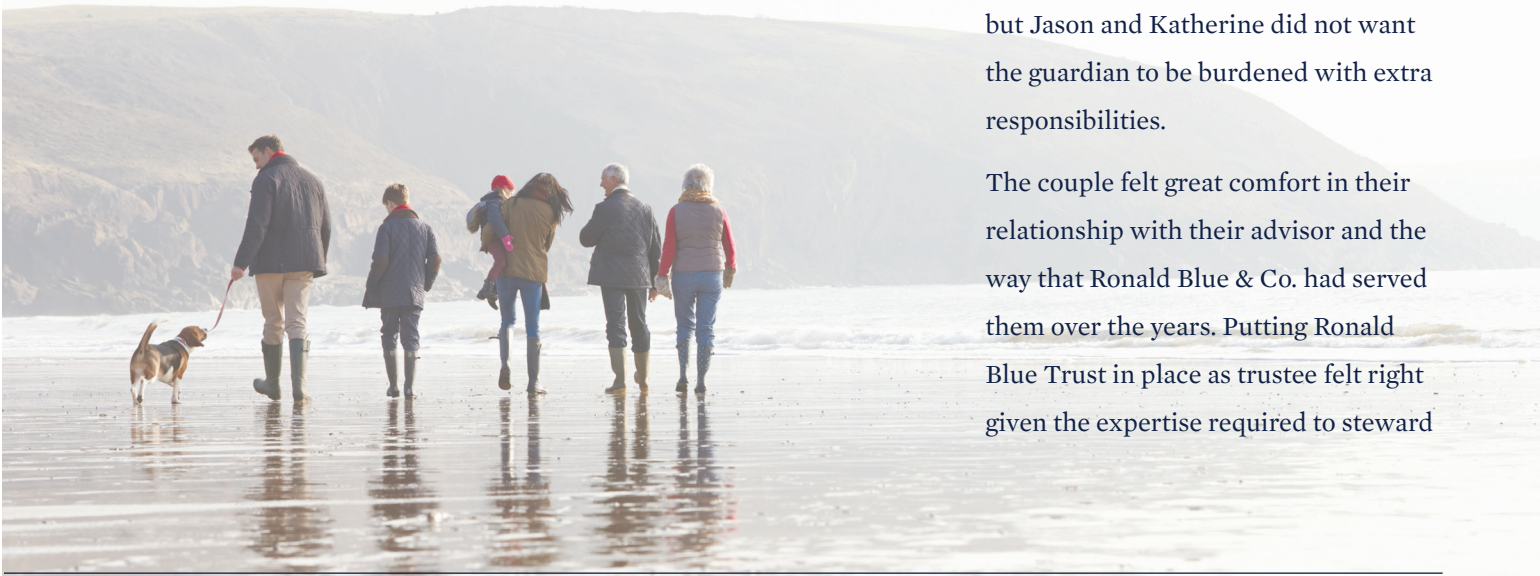
Melanie and William have enjoyed the benefits of a holistic relationship with Ronald Blue & Co. and now Ronald Blue Trust. The company has worked alongside them through the many ups and downs that 20 years can bring, including building a large family of both biological and adopted children. In fact, their oldest son, a recent college graduate, is interested in meeting with the Ronald Blue Trust advisor to learn about basic budgeting. Working together, the next generation of their family will start their own journeys toward financial stability.

Jason and Katherine***(ages: early-40s)**

One of Ronald Blue Trust’s areas of expertise is working with professional athletes who may quickly come into large sums of money as they advance in their careers or who may retire with a great deal of wealth to manage. One such client, Jason, and his wife, Katherine, are in their early-40s with young children. They became financial planning and investment management clients of Ronald Blue & Co. a few years ago when Jason retired from a successful baseball career, and they were looking for financial wisdom for the next season of life.

Recently, as part of their ongoing comprehensive wealth management services, their Ronald Blue Trust advisor recommended that they consider a professional trustee and executor for their wills and estate. Often these responsibilities can default to the guardian named for the children, but Jason and Katherine did not want the guardian to be burdened with extra responsibilities.

The couple felt great comfort in their relationship with their advisor and the way that Ronald Blue & Co. had served them over the years. Putting Ronald Blue Trust in place as trustee felt right given the expertise required to steward



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With nationwide trust capabilities, Ronald Blue Trust provides wealth management strategies and trust services based on biblical principles to help clients make wise financial decisions, live generously, and leave a lasting legacy. With over \$8 billion of assets under management and advisement and a network of 13 branch offices, we serve over 8,000 clients in all 50 states (as of 12/31/17 and subject to change).

The information found in this issue of the Wisdom For Wealth. For Life. quarterly newsletter is intended to be educational in nature and may not be applicable to your current portfolio or financial strategy. You should not rely on any of the information as authoritative or a substitute for the exercise of your own skill and judgment in making any investment or other decision. These clients' experiences may not be representative of the experience of other clients. Their experiences are also not indicative of future performance or success. All investment involves risk and should be carefully considered. Please feel free to contact your Ronald Blue Trust financial advisor with any questions or to discuss specific changes in your current financial situation. Ronald Blue Trust and its employees do not provide legal or accounting advice. Participants in retirement plans receiving a copy of Wisdom For Wealth. For Life. and desiring additional information should contact their plan administrator.



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their assets. “Knowing how our advisors are trained, our principles, and the philosophy behind our advice, the clients felt that our trust company would be the best fit for ensuring consistency in the future for them and their children,” explains their advisor. “No matter where they, their children, or their grandchildren are located or are working, they can feel confident about how things will be managed going forward.”

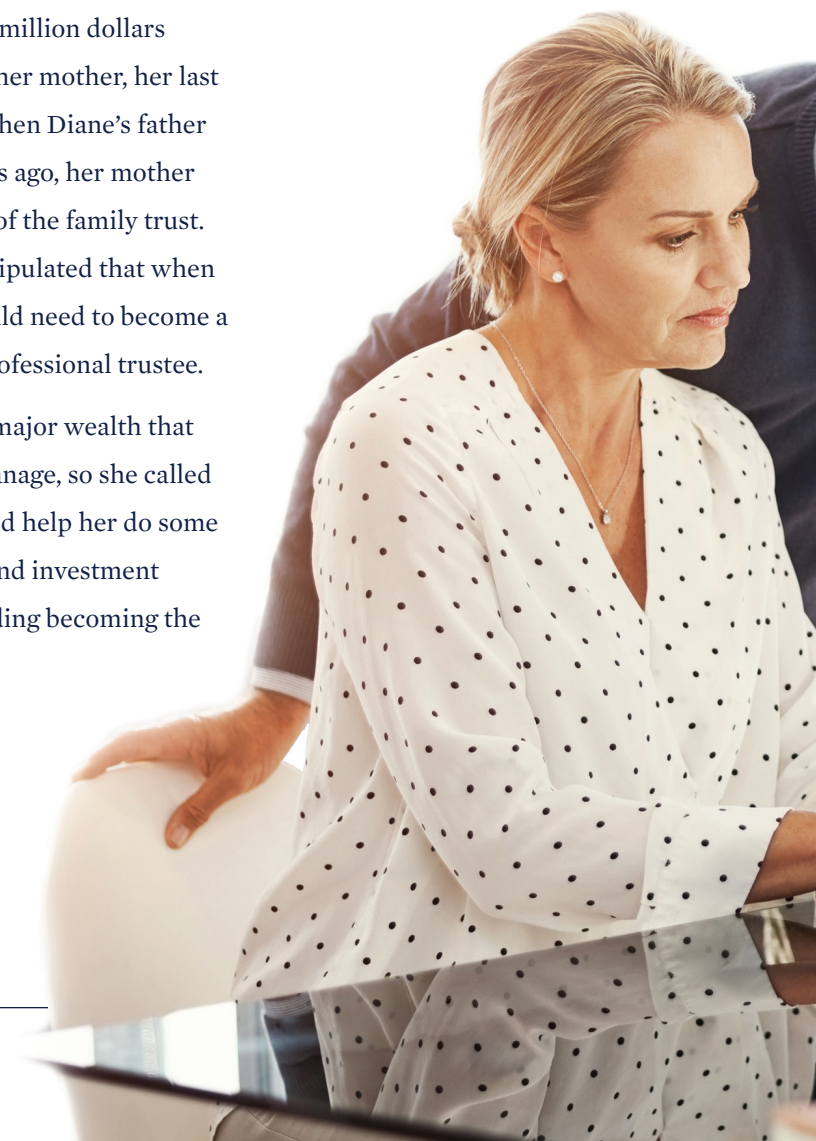
Diane* (age: late-50s)

Diane is a new client of Ronald Blue Trust. She recently received an inheritance of just over a million dollars after the passing of her mother, her last surviving parent. When Diane's father passed away 15 years ago, her mother became the trustee of the family trust. Her mother's will stipulated that when she died, Diane would need to become a co-trustee with a professional trustee.

“It's really the first major wealth that Diane has had to manage, so she called and asked if we could help her do some financial planning and investment management, including becoming the

corporate trustee of this trust,” explains the advisor. “Now, of course, as Ronald Blue Trust, we can do that.”

Diane was able to gain confidence and clarity about how the money would be managed and invested after speaking with her advisor. He assured her that while he will be managing her non-trust money, he also will be working alongside the trust company's investment team, who will decide how the trust money should be weighted and allocated.



They were excited to learn more and explore the new service offerings.



Carol and Mitch* (ages: mid-60s)

Ronald Blue & Co. has provided Carol and Mitch with financial planning and investment management services for the last couple of years. When they heard about the company transitioning to Ronald Blue Trust, they were excited to learn more and explore the new service offerings.

Carol previously practiced law and is familiar with the estate settlement process. They know they don't want their children to be burdened with serving as executors, but they would like to pass their financial values on to the next generation. Ronald Blue Trust is now named as the executor on their estate. They both feel that having the trust service in place is a matter of comfort knowing that their spouse will be taken care of and their kids won't be entangled with the estate.

*These clients have given us permission to print their stories. Pseudonyms have been used to protect their privacy.

What can Ronald Blue Trust do for you?

In addition to our core service platform of financial planning, investment management, and institutional services, our range of trust services has significantly expanded. Here's how we can help:

- **Personal Trust Services** where we can serve in various trustee capacities, fulfill the role of personal representative or executor of an estate, or act as guardian or conservator in managing the assets of a minor or incapacitated adult.
- **Estate Administration & Settlement Services** through which we can manage complex assets and other administrative tasks that must take place to settle an estate.
- **SIMPLIFY** is our unique bill paying service that can take care of your recurring financial obligations while keeping your money invested in one of five model portfolios.

Ultimately, we want to walk with you through each season of life as a trusted advisor who can help you focus on the things that matter most to you. We fully expect to continue providing a solid foundation as a trusted financial services institution for generations to come and are excited that some of you are already taking advantage of our trust services.

MAKING WISE FINANCIAL DECISIONS

By Russ Crosson, Executive Vice Chairman of the Board



Over the next three issues of the *Wisdom for Wealth. For Life.* newsletter I am going to unpack the three key concepts from our corporate vision: With nationwide trust capabilities, Ronald Blue Trust provides wealth management strategies and trust services based on biblical principles to help clients make wise financial decisions, live generously, and leave a lasting legacy. This issue will focus on helping clients make wise financial decisions. Future issues will address living generously and leaving a lasting legacy.

The key to financial security is making wise financial decisions. It seems simple, and it is. However, after more than forty years of advising clients, I have found that it is easy to understand what constitutes a wise financial decision but difficult to have the courage to implement the decision. Why is it so hard to implement the decision? It is difficult because the biblical instruction for our money is typically the opposite of what the world (friends, co-workers, other family members, etc.) is doing. A biblically-wise financial decision may put us in contrast with others around us. Let's begin by looking at the steps to wise financial decisions.

1) Get out of debt.

This step includes ALL debt, including your home. Not only is paying off debt a reasonable investment alternative (you have a guaranteed return equivalent to whatever the interest rate is you are paying), it also reduces your living expenses which makes your financial finish line more achievable, provides contentment, and allows you to be more generous.

Looking back, my wife, Julie, and I have no regrets about applying this principle. I have never tried to figure out if I would have more net worth if I had invested the money versus paying off my mortgage early. It really doesn't matter. I have enjoyed the journey, and not having debt provides more security and contentment. The world says, "You only live once so take on debt and enjoy life." The Bible says that the borrower becomes the lender's slave (Proverbs 22:7). It is wise not to be in debt and to experience the freedom that comes as a result.

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2) Spend less than you make.

The reason you have a budget (spending plan) is to ensure you are spending less than you make. If you follow this simple but profound principle for a long time, you will have long-term financial security. The challenge I have observed, regardless of income level and age, is that many people don't know if they are spending less than they make. When we review the "Five Uses of Money" diagram, often they don't know the number in each box and don't know if the margin/savings box is positive. Therefore, the challenge is to make sure you have a number in each box and that the margin box is positive. The world says a budget is restrictive. The Bible says it is freeing.

3) Be generous.

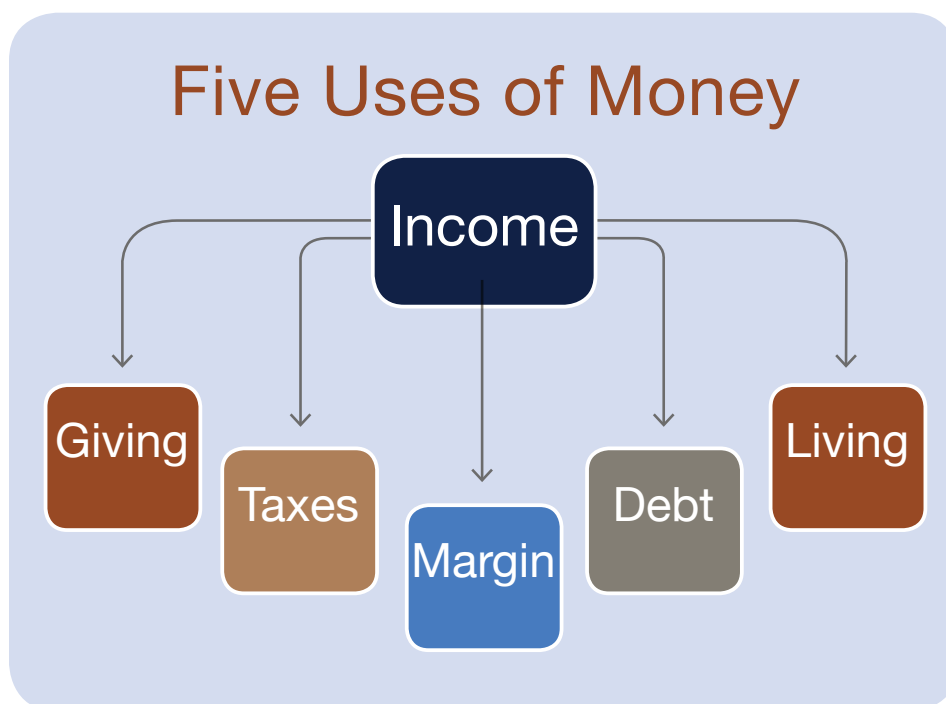
It is always wise to acknowledge God's ownership of all we have. I did not always understand this idea of generosity and will discuss it more in the next newsletter, but suffice it to say that not to be generous is to "rob God" (Malachi 3: 8-9). One mindset that gets in the way of experiencing financial security is the belief that we "own" what He has given us. The act of giving breaks that mindset as it forces us to hold money with an open hand. The world does not understand this concept. Others may question how you can accumulate wealth and provide for your family and retirement if you give your money away. The answer is that you cannot outgive God. You should trust Him to provide.

4) Diversify your investments.

No one knows what the future holds. As a result, it is important to diversify your investments. Ecclesiastes 11:1-2 is very clear on this concept. The world will attempt to time the market, concentrate assets according to the latest hot tip, and pursue the latest get-rich-quick scheme. But the Bible teaches "steady plodding brings prosperity" (Proverbs 21:5, TLB).

It is always wise to acknowledge God's ownership of all we have.

As I mentioned previously, these financial decisions are easy to understand. However, since they seem so simple, the world will whisper that there must be a catch or a better way. After 40 years in the financial services industry, I can tell you there is no catch and there is not a better way. So let me challenge you to have the courage to make these wise financial decisions, implement them, and see what happens. I am convinced you won't regret it.



—
GOOD
AND
FAITHFUL
STEWARDS
—

Market Perspective

Winter 2018

Market Commentary

Global economic growth expectations remain steady at a low but positive level. Despite rhetoric around a potential pickup in inflation, expectations have changed minimally in the U.S. and internationally. Tax reform may provide a modest boost to U.S. growth and inflation near-term, but the long-term impact remains uncertain.

Principles-Based Investing

PRINCIPLE OF APPLIED WISDOM

We believe that applying principles can improve the chance of successful investment outcomes.

Principle of Uncertainty Provision against an uncertain future is a reason to save and invest.

Principle of Instability Markets and economies are not stable and provisions against uncertainty may fail. Risk needs to be managed through diversification.

Principle of Human Productivity Wealth is created as a result of human productivity. Productivity is the combination of human creativity and natural resources.

Principle of Leadership & Governance Leadership significantly influences the productivity of the people they lead. Environments with greater civil and economic freedom tend to provide increased fertile ground for investment.

Principle of Inherent Value Investors and markets are not always rational. Opportunities or risks can be identified when a disciplined valuation process is used to determine the inherent value of an investment.

Three Strategy Pillars

Based on these principles, the strategies we build exhibit these characteristics:

1. Faster Economic Growth
2. Improved Valuation
3. Increased Diversification and Alignment with Client Time Horizons

1 Faster Economic Growth

We believe future growth is likely to be in countries with:

- Growing economies
- Stable currencies
- Low unemployment
- Favorable demographics
- Reasonable valuations

“DM Countries” includes developed-Europe, developed Asia and Canada. “EM Countries” includes Latin America, emerging-Europe, Middle East, Africa and emerging-Asia. Valuation data is as of 12/31/17. All other data is latest available from World Bank as of 1/4/18. Age Dependency Ratio, old: ratio of older dependents (older than 64) to the working age population (ages 15-64). By normalizing earnings, analysts average a company’s earnings over a period of time to get a more accurate account of its financial productivity. Sources: World Bank, FactSet.

| Country Characteristics | U.S. | Developed Markets | Emerging Markets |
|--|-------|-------------------|------------------|
| Economic Data | | | |
| GDP Growth (Real, Last 10 Yr) | 1.3% | 1.2% | 5.6% |
| Inflation (CPI, Last 10 Yr) | 1.5% | 1.2% | 3.0% |
| Fiscal (Principle of Leadership & Governance) | | | |
| Government Debt (% of GDP) | 97.8% | 102.2% | 44.7% |
| Budget Balance (% of GDP) | -4.0% | -2.3% | -2.3% |
| Interest Pmts (% of revenue) | 13.6% | 6.7% | 12.1% |
| Tax Burden (% GDP) | 10.9% | 17.2% | 13.2% |
| Demographics (Principle of Leadership & Governance and/or Human Productivity) | | | |
| Unemployment Rate | 4.9% | 5.7% | 6.7% |
| Age Dependency Ratio, old | 22.8% | 31.6% | 13.6% |
| Valuation | | | |
| Normalized Price-to-Earnings | 23.3 | 18.1 | 16.6 |
| Dividend Yield | 1.8% | 2.7% | 1.9% |
| Government Bond Yield (10 Yr) | 2.4% | 0.9% | 4.7% |

Worst Best

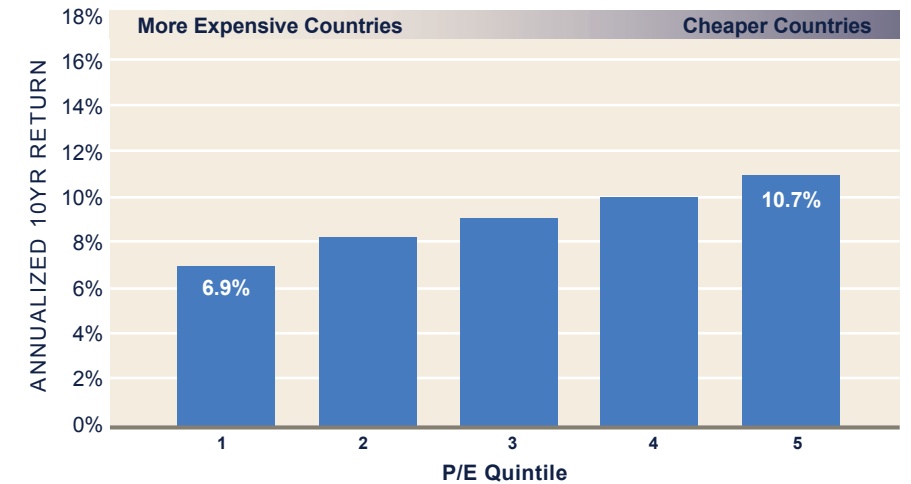
Over the last year, valuations, along with economic and financial conditions, have favored increasing exposure to U.S. stocks while decreasing exposure to European stocks. Among bond sectors, corporate bonds are the least expensive; coupled with the increase in interest rates, corporate bonds have become more attractive on an absolute basis. Despite higher valuations, stocks in general are preferred over bonds for longer time horizons. With stubbornly low inflation pressures, real assets remain less attractive.

2 Improved Valuation

- Historically, the more expensive a country’s stock market, the lower its subsequent returns.
- We believe that valuation (how much you pay for stocks) affects potential returns.

Sources: FactSet. Past performance does not indicate future returns. P/E’s are normalized five-year moving average. Returns are nominal, USD. As of 12/31/17.

Average Country Stock Returns by Valuation (31 countries; 1996-2017)



3 Increased Diversification and Alignment with Client Time Horizons

We build strategies diversified across multiple asset classes and aligned with your financial planning goals to improve the probability of successfully meeting your future cash flow needs. The table below contrasts the probability of success of our strategies with that of benchmark indexes for each time horizon.

| | <10 Years | 10-15 Years | 16+ Years |
|----------------------------------|------------|------------------------|----------------|
| Minimum Goal: | Inflation | 4% Real Return | 6% Real Return |
| Primary Risk: | Volatility | Inflation & Volatility | Inflation |
| Primary Asset Class: | Bonds | Global Stocks* | Global Stocks* |
| Benchmark Indexes** | 48% | 14% | 1% |
| Diversified Portfolio | 48-60% | 32-37% | 6-34% |
| Improvement vs. Benchmark | Up to +12% | Up to +23% | Up to +33% |

*Includes U.S. & International Markets **<10 Years Benchmark Index is comprised of U.S. Bonds. 10-15 Years Benchmark Index is comprised of U.S. Stocks & Bonds. 16+ Years Benchmark Index is comprised of U.S. Stocks.

Our recommended allocations are intended to be general in nature; actual client portfolios are customized to the individual investment objectives, risk tolerance, and time horizon of each client.

Probability of Success for the investment strategies represent the opinions of the Ronald Blue Trust Investment Strategy Group as of 1/1/18 and may change as subsequent conditions vary. Ronald Blue Trust can give no assurance that any forward-looking statements or projections will be correct. As with any investment strategy, there is potential for profit as well as the possibility of loss. Ronald Blue Trust does not guarantee any minimum level of investment performance or the success of any investment strategy. All investments involve risk and investment recommendations will not always be profitable.

*“He who gathers money
little by little makes it grow.”*
-Proverbs 13:11
