SPRING 2019 ISSUE

Donaldson CAPITAL MANAGEMENT

RISING DIVIDEND REPORT

Security ▪ Income ▪ Growth ▪ Service

QUARTERLY QUICK FACTS

Don't have time to read the investment letter from the IPC? Here are your five Quick Facts:

1 Three of the four market pillars (Fundamental Growth, Valuations, Price Trends, and Fed Policy) are positive. This provides a strong foundation for continued growth in 2019.

2 Growth expectations have slowed in 2019, but remain positive. The odds of a recession remain low.

3 The first quarter was the best in years for stocks. Much of this increase was a retrace of last year's correction. Stocks still have upside from here according to our valuation model.

4 The yield curve inversion does not signal an imminent recession for several reasons. It does mean the Fed is on hold for 2019. That is positive for stocks.

5 Your portfolio is built on Security, Income, and Growth — in that order. The companies you own are financially strong and can withstand all kinds of environments (even recessions) while continuing to pay you growing dividends.

Coach in the Office and on the Court

FOR THOSE OF YOU WHO KNOW ME, you're aware I usually know the score to last night's game. I grew up in Huntingburg, Indiana, and participated in athletics at Southridge High School, playing basketball, baseball, and tennis. I attended Hanover College and was a member of the basketball and baseball teams. Sports always have been a part of my life, influencing my work ethic and team-oriented mindset.

Fast forward to today. I've now been coaching various levels of basketball for almost three decades. I have had the pleasure of serving as the junior varsity girls' basketball coach at Columbus North High School for almost 10 years, where some of my favorite moments have come from coaching my two daughters, Ali and Kenzie. Having a front-row seat in seeing them exhibit hard work, dedication, and a team-first attitude are memories I will cherish forever.

Alongside my career as a coach has been my actual profession as a financial advisor. When I joined DCM in 2014, I was drawn to the company because I saw the same traits I expect from the teams I coach: a strong desire to work together toward a common vision. For many financial services firms, each advisor has his or her own segment of the overall business, and clients are that of the individual advisor. At DCM, each client truly is a client of the whole firm. You have access to the expertise and resources of the entire firm, and the company is structured so everyone succeeds as we grow together.

This has allowed me to couple my desire

for teamwork with my coaching and my professional careers. As we have added new advisors and client services managers to the team, a need developed for what many companies might call a "sales manager." We decided a more appropriate term for this role at DCM would be "business development coach," which I was appointed to in 2016. In this role, I meet with our teams of advisors to ensure everyone is collaborating expertise and best practices and make certain all clients receive the sound wealth management advice DCM was founded on.

Our goal is to make each other better, with the hope that in return, each of you can live lives with less financial worry. Just as any athletic or academic team, we're setting goals so we can continue to improve our service to you.

With that being said, go Hoosiers … or Boilermakers … or whatever colors you might fly!

Ron Patberg

RON PATBERG
SR. PORTFOLIO MANAGER AND BUSINESS DEVELOPMENT COACH

The Barnyard Forecast

How do we use the forecast? What does the score mean?

FOR THE PAST YEAR, you've seen the Barnyard Forecast featured in the Rising Dividend Report. This is a tool our Investment Policy Committee (IPC) uses each quarter to evaluate the overall economic climates as a way to measure the level of opportunity in the market over the next 6 to 18 months.

The IPC evaluates the economy, interest rates, earnings, and inflation. A score of 2 points in a particular category means it should be a positive driver of stock prices in the coming months. A score of 0 points means a category will be a headwind for stocks in the coming months. And a score of 1 is neutral. To decide, we look at a specific metric for each category and compare its current reading to what that value historically has meant for stocks. The IPC also relies on data and indicators beyond just the Barnyard Forecast to evaluate conditions present in the market and economy and what they mean for the outlook for stocks.

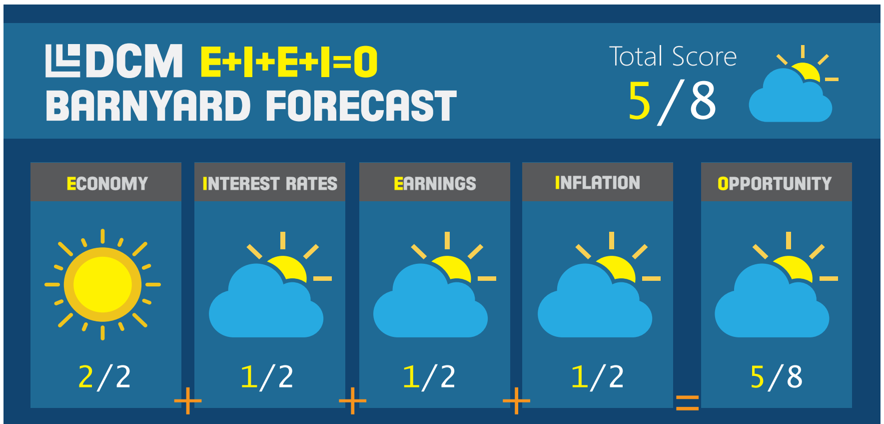
An opportunity score of 8 out of 8 would present an ideal climate for cyclical stock selection and a focus on growth. As the score decreases from there, we would transition to a more defensive posture in our stock selection. This quarter we've added some context around each category to explain why the total opportunity score is 5 out of 8.

Economy 2 out of 2 — When the economy is weak, the Federal Reserve will lower the fed funds rate. This generally is a positive for stocks. Conversely, the Fed will raise the fed funds rate when the economy is strong. This generally is negative for stocks. The fed funds rate has been increased at intervals over the last three years. In March, however, the Fed decided to freeze rate hikes in response to signs of a softening economy. This change in policy should support stock prices

Interest Rates 1 out of 2 — When the 10-year U.S. Treasury yield is above the short term federal funds rate, the economy usually is expanding. When the fed funds rate is above the 10-year, a recession has historically been close. The 10-year is above the fed funds rate (a good sign), but the gap has been closing in recent years (a bad sign). The gap is small enough that we only award 1 point.

Earnings 1 out of 2 — Earnings growth and stock price appreciation are highly correlated. Earnings growth is projected to be positive in 2019, but less than the historical average.

Inflation 1 out of 2 — Demand for goods and services decreases when prices are rising too fast in an economy. Lower economic demand results in weaker stock prices. Inflation above 3% has historically caused trouble for stocks. The Fed's measure of price inflation (Core PCE) is at 1.8%. This is below the warning level, but close enough that we only award 1 point.



This forecast provides DCM's evaluation of the overall economic climate. It is subjective in nature and represents the Firm's outlook and interpretation of the market as of the date of this publication. Each category is rated between 0 and 2 (0 being negative, 1 neutral, and 2 positive) and the cumulative score is measured as the opportunity. A total score between 0 and 2 indicates a negative outlook, 3 and 5 a neutral outlook, and 6 and 8 a positive outlook.

WELCOME SARAH MOORE, CFP®

Sarah joins DCM as Portfolio Manager and Director of Financial Planning

WE ARE PLEASED TO INTRODUCE one of our newest team members, Sarah Moore, CFP®. An Evansville native, Sarah graduated from Signature School and attended DePauw University where she was a management fellow and earned her Bachelor of Arts in economics and management in 2008. Sarah has spent her career in the wealth management industry, serving families and institutions. In 2008, she joined JPMorgan Private Bank in Indianapolis as an investment analyst. As a young analyst during the financial crisis, Sarah learned the importance of risk management in investing.

In 2011, Sarah relocated to Nashville, Tennessee, and joined Merrill Lynch where she worked directly with families and company retirement plan sponsors, providing financial planning and investment management advice. While at Merrill Lynch, she completed her studies to achieve her Certified Financial Planner (CFP®) designation. In early 2013, Sarah returned to JPMorgan Private Bank to open an expansion market office for the bank in Nashville. For five years, Sarah worked with some of the most successful families across Tennessee. She was responsible for advising families on both their assets and liabilities as well as tax, estate, and philanthropic planning.

In 2018, Sarah and her husband David, who also is an Evansville native and urologic surgeon at Deaconess Clinic, returned to Evansville to continue their careers and raise their growing family closer to home. They have two daughters, 2-year-old Elizabeth, and Madeline, who was born this past December. Sarah has been running a little low on sleep these days, to say the least, but she still manages to bring refreshing energy and a positive outlook into the office every day.

The Four Pillars: Is the Market on a Solid Foundation?

A Letter from the DCM Investment Policy Committee

Nathan Winklepleck, Author
Kyle Markle, Joe Zabratanski, Preston May, Contributing Editors

WHEN DCM WAS FOUNDED MORE THAN TWO DECADES AGO, the average investor didn't have easy access to basic investing information. Even up-to-date stock prices were hard to get. Access to dividends and earnings data was even more difficult. Today, anyone with a phone can access the real-time price of any stock in the world in about six seconds. Earnings and dividend data is free and accessible on most investment websites. And today's computers let us run complex statistical analysis with the click of a button.

All this information should help investors make better decisions, right? Unfortunately, that hasn't been the case. The average equity mutual fund investor continues to lag the broader market. According to the most recent Dalbar study, these investors have lagged the broader stock market by a margin of 4.7% per year over the past 20 years.[1]

Why has the increase in information not helped people improve their returns? A 2008 study may lend some clues. Researchers asked participants to predict the outcome of college football games. They started out giving participants five data points. Then 10. All the way up to 30 data points. The more information participants had, the more confident they felt about their decisions. However, access to more data had no meaningful impact on their decision accuracy.[2] More information created the illusion they knew more, but they didn't.

What does this have to do with investing? Investors 50 years ago had five data points. We now have thousands, yet the average investors' decision accuracy isn't improving. Getting access to information and computing power is no longer a problem. The bigger problem today is not too little information, it's too much. The key to making wise investment decisions in a world full of information is not just gathering more. It is discerning between what is useful and what is not.

Over the past few decades, we have developed several models to help us stay focused on what is important to long-term stock prices. We've introduced many of them in previous writings. The Bull Market Checklist, Barnyard Forecast, and our S&P 500 and individual stock valuation models are a few. These models help us distill our thinking to make better decisions for you.

Today, we'd like to introduce another. We call it the "4 Pillars."

What Are the 4 Pillars?

Fundamentals	Valuations	Price Trends	Fed Actions
NEUTRAL	POSITIVE	POSITIVE	POSITIVE

The stock market is like a complex building supported by four pillars. These pillars make up the foundation of future returns. They are:

FUNDAMENTALS - How is the economy doing? Are businesses growing sales, earnings, and dividends?

VALUATION - Are stocks expensive, cheap, or fairly priced?

PRICE TRENDS - An object in motion tends to stay in motion. A stock market moving higher generally continues moving higher.

FED POLICY - What is the Fed doing and how does that impact the markets?

Fundamentals: Neutral

GLOBAL ECONOMY

Over the past few years, we've seen the U.S. lead periods of synchronized global growth. That momentum has weakened over the past 12 months. The global economy continues to expand, but at a slower pace. Heightened trade tensions, volatile markets, and Brexit uncertainty have weighed on economies around the world.

Q1 2019 U.S. GDP growth is expected to be 1.2%. Growth is expected to pick up in the second half of the year, but full-year growth still is likely to be around 2%. Growth in Europe is likely to weaken from 3.8% in 2018 to a paltry 0.7% in 2019. Emerging markets and developing Asia also are expected to slow.

There is a lot of talk about recession in the U.S., but those fears are overblown. It's natural for economic growth to slow in the year following a large stimulus like we had from the 2018 tax cuts. Slowing growth is far different from shrinking growth. Despite market volatility to close 2018 and recent talk of the yield curve inverting, the odds of a recession occurring in 2019 remain low.

Recession probabilities will decline for more than half of the global economy if the U.S.-China trade deal gets resolved. The U.S., China, Europe, and Japan account for 65% of global GDP. If these countries begin to improve, the rest of the world will follow. We could see an upside surprise in 2019 as a result.

COMPANY EARNINGS

The muted economic growth environment makes it difficult for companies to increase their sales. Furthermore, uncertainty from trade has held back the pace of capital investment. The S&P 500 now is expected to grow sales by 4% and earnings by 3% in 2019.[3]

The pace of 2019 earnings growth isn't exciting; however, keep in mind how strong last year's results were. Despite company earnings being higher by 24% in 2018, stock prices actually closed the year down more than 4%. Said differently, stocks have become a better value as prices have lagged earnings.

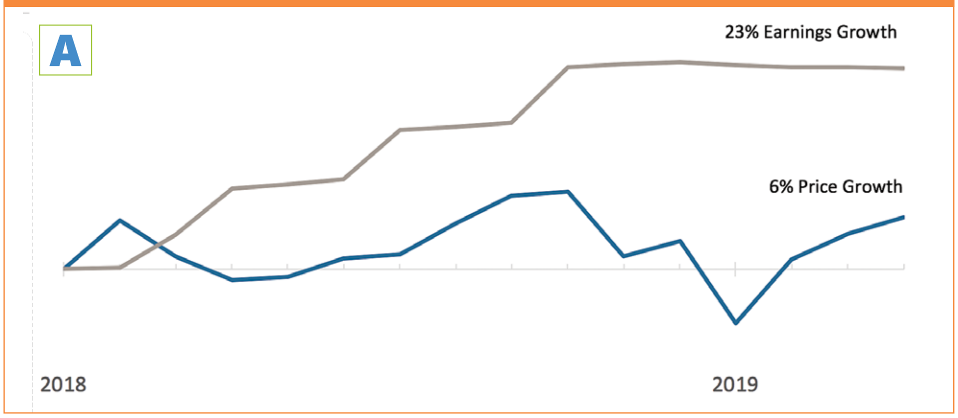
[1] Quantitative Analysis of Investor Behavior, DALBAR (2017). [2] Tsai, C. I., Klayman, J., & Hastie, R. (2008). Effects of amount of information on judgment accuracy and confidence. Organizational Behavior and Human Decision Processes, 107(2), 97-105. [3] Source: Bloomberg Terminal, S&P 500 2019 revenue and earnings estimates.

Valuations: Positive

Stock prices did not reflect the strength of earnings and economic growth in 2018. To help illustrate this disconnect the chart (A) shows earnings growth versus price growth going back to the beginning of 2018.

At the beginning of 2019, our valuation models suggested the S&P 500 was approximately 20% undervalued. Some of this value gap has closed with stocks up 13% since the start of the year. The opportunity isn't as good as it was to start the year, but we still see an upside.

S&P 500 Earnings Growing Faster Than Price



As chart (B) shows, the fair value of the S&P 500 is around 3,140 according to our long-term S&P 500 valuation model. This model uses data going back to 1972 and has an R2 of 0.95. In other words, the models' inputs have predicted 95% of the long-term movement of stock prices.

The 10-year U.S. Treasury yield recently falling below 2.5% has made stocks look even more attractive. There Is No Alternative for stocks (or "TINA") is back in 2019. Investors looking for income or returns to outpace inflation have few places left to go outside of stocks. Nearly half of the companies in the S&P 500 have a dividend yield greater than the 10-year U.S. Treasury.[4] This environment is conducive for stocks to move higher, particularly if economic growth rebounds.

Price Trends: Positive

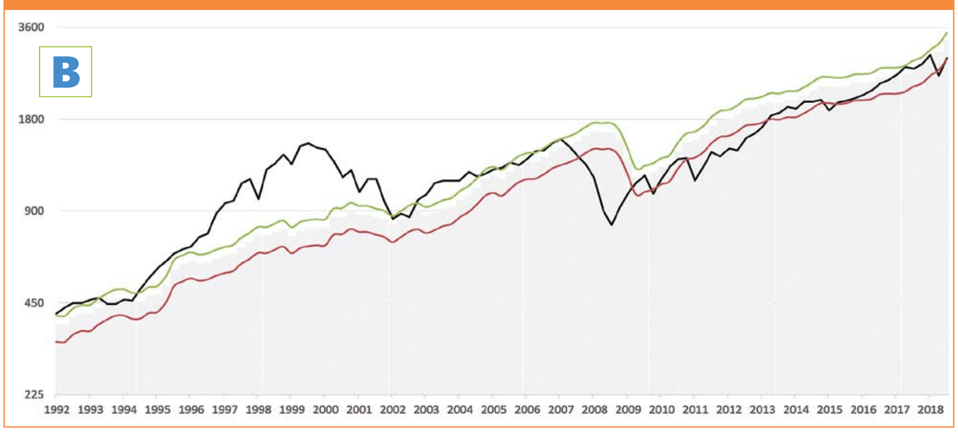
The strong start to 2019 may make it seem like stocks have run up too far, too fast — but we don't think so. Keep in mind that much of this year's move has been a retrace of last year's drop.

The S&P 500 still trades below its previous highs from last September. The market is essentially flat over the previous two quarters given the near 20% decline in Q4 and the rebound so far this year. On a year-over-year basis, the S&P 500 hasn't done all that well despite such impressive growth in earnings.

In early April, the S&P 500's 65-day percentage price change moved into the top 1% of all observations since 1950. An average performance of 15% over the following six to 12 months has historically followed this signal. An impressive 92% of these observations were positive.

Since the start of the year, there has been consistent buying of stocks. The S&P 500 has been able to move above some key technical levels, which should provide downside support. We still will have bouts of volatility this year, but the early innings of 2019 bode well for stocks moving forward.

DCM's S&P 500 Valuation Model (1992-2019)



[4] 41% of the S&P 500 has a dividend yield greater than the S&P 500. Source: Strategas Research Partners. April 8, 2019.

Fed Actions: Positive

The global economic slowdown has forced the Fed to change its stance on further rate hikes. The most recent Federal Reserve forecast has them pausing for all of 2019. They have acknowledged the lack of inflationary pressure and will end the reduction in their bond-buying program.

WHAT ABOUT THE YIELD CURVE?

There has been quite a bit of concern over the recent yield curve inversion. We have been fielding many questions about what it means for the economy, the stock market, and client portfolios.

First, it is important to define what a yield curve is. In most "normal" market environments, bond investors receive a higher interest rate for holding longer maturity debt. For example, your bank will offer you 1% on savings deposits. If you lock your money up for 12 months by buying a CD, the bank typically is willing to pay a higher rate. The longer you commit to lending your money, the more you get paid for it. A strong and growing economy should drive inflation higher. Inflation decreases the value of fixed income investments. A longer-term investor expects to be compensated more for taking that inflation risk.

When the yield curve gets "inverted," short-term bonds have higher interest rates than long-term bonds. In March, the three-month Treasury bill yield was higher than the 10-year Treasury. That set off all kinds of alarms and grabbed the headlines.

What's wrong with a yield curve inversion? Bank loans are less profitable when short-term rates are higher than long-term rates. If banks are hesitant to lend, there is less money available to consumers and businesses. This can cause the economy to slow down. Many market pundits point to the recent inversion as a sign that the economy is heading for a recession and a bear market. We're not convinced for a few reasons.

1. **Inversions don't always lead to recessions.**

Different parts of the yield curve can invert. Since 1962, the Fed Funds rate has inverted with the 10-year 13 times; yet we've had only seven recessions.[5] While all recessions have been preceded by an inversion, not every inversion is followed by a recession.

2. **The yield curve is no longer inverted**

As of this writing, the curve was flat but still positive. If the curve remained inverted for several months, it would be a more significant concern. Research shows a yield curve inversion must last three months before it can be credible in predicting a future recession.[6] The recent March inversion only lasted a few days but is back in positive territory.

3. **Inversions haven't led to immediate collapses in the economy.**

We can predict with 100% accuracy there will be a recession — at some point. The issue is when. A prediction must be both accurate and timely to be useful for making investment decisions. The yield curve has been relatively accurate in forecasting recessions, but not particularly timely.

Since 1945, a recession has occurred between six and 48 months following a yield curve inversion.[7] If this inversion were to follow the historical pattern, a recession would happen sometime between October 2019 and April 2023. Even if this inversion accurately predicts the next recession, it still doesn't provide much help with timing.

4. **Global yields are keeping U.S. yields anchored.**

The yield curve could be more a function of international yields than the U.S. economy. Global interest rates are close to 0% in many countries. In fact, the yield of a 10-year German Bund is currently 0%, well below the 2.5% rate available in the U.S. There is $12 trillion of money currently invested at a negative interest rate. That's not a typo. Investors are lending $10,200 to get $10,000 back in 10 years. It's a strange world. [8]

Country	10-Year-Yield
United States	2.50%
United Kingdom	1.11%
France	0.36%
Germany	0.00%
Japan	-0.06%
Switzerland	-0.33%

That means U.S. government yields are attractive -- even at a modest 2.5%. There is tremendous demand for U.S. debt that will likely continue while global yields remain low. That doesn't appear to be changing anytime soon given slow growth and central bank intervention around the world.

It is likely that this demand for U.S. Treasury bonds is keeping a lid on long-term rates. Concerns over a recession in the U.S. play a part but don't appear to be the primary driver of interest rates.

5. **Inversions don't mean imminent stock losses.**

Quite the opposite has happened. From 1978 to today, stocks have had positive returns during the 12 months following a yield curve inversion. The worst 12-month return was 9%.[9] Will that repeat this time? Not necessarily, but history suggests the odds are good.

WHAT CAN WE EXPECT FROM THE FED MOVING FORWARD?

The Fed likely is on hold for the balance of 2019. Some economists are even forecasting a rate cut at some point. As the Fed holds off on increasing rates, financial conditions should ease. This should allow the yield curve to steepen again, which would be a welcome sign for the market.

Conclusion: Market Still on Strong Foundation

Global economic growth is slowing, but a dovish turn by the Fed and the rising probability of a trade deal lend support. Coupled with low-interest rates and attractive valuations, stocks continue to look attractive. Economic growth is the only weak link in the market right now. As long as we can keep the other pillars intact, the bull market is likely to continue. So what does that mean for your portfolio?

STOCKS LIKELY TO OUTPERFORM BONDS

We may sound like a broken record at this point, but we still favor stocks over bonds. In our view, stocks offer the potential for better returns, even if that comes with higher volatility at times. Until market risks increase or bond yields move meaningfully higher, we continue to favor equities.

IT'S A STOCK PICKERS' MARKET

The global landscape is changing at a rapid pace. There will be winners and losers from the massive disruption occurring across every industry. In this chaotic market environment, it's important to be invested in the right stocks and industries. We continue to favor financially strong companies that provide products and services the world can't live without.

GROWTH IS LIKELY TO OUTPERFORM

Defensive sectors (like Utilities and REITs) have done well in 2019 as interest rates have fallen and the yield curve has flattened. We would expect more pro-growth, cyclical sectors to take the lead as we move forward. In a world starved for growth, the companies that can demonstrate it will be increasingly prized.

Concerns over economic growth have also held back cyclical sectors like industrials and financials. If the global economy can stay out of recession, many of these stocks provide good value at this point. We have added exposure to a few cyclical positions and will continue to dig for opportunities in these areas.

Building a Recession-Proof Portfolio

WHAT IF WE DO GO INTO RECESSION?

Many of you are living on your portfolios for retirement. You can't re-earn your money. We know that. That's why our investment objectives are security, income, and growth — in that order. We always invest your portfolio as if a recession were going to occur tomorrow. Every company in your portfolio has been analyzed for its ability to weather bad market environments. We have not and will never jeopardize security for growth or income — no matter how good we think stocks are likely to do.

Every portfolio is built for the long-term. We attempt to keep close to the broader market when times are good. More importantly than that, we want your portfolio to hold up better when times are bad. We can't prevent the market from moving lower. We can invest in high-quality companies that can continue paying and growing dividends no matter what happens with the economy. If we can do that consistently, we can help you meet your investment objectives in all market environments.

[5] Source: Yardeni Research, March 2019. [6] Harvey, Campbell (2008). "Yield Curve Inversions and Future Economic Growth." Duke University. [7] Source: Goldman Sachs. A yield curve "inversion" here includes the difference between both the 3-month and 2-year US Treasury rates compared to 10-year US Treasury rates. [8] 2019 April 4. Source: Bloomberg Terminal. [9] Source: Bespoke Investment Group.

DCM TAKES CENTER STAGE AT TDA'S LINC CONFERENCE

With more than 250 advisory firms utilizing TD Ameritrade's Retirement Plan ("TDARP") platform, DCM's Brandon Roop, CFP®, CRPS®, and Zach Chavira, AIF® were invited to speak on a panel at TDA's annual LINC conference held this past February in San Diego.

The purpose of the panels was for Brandon and Zach to provide education, insight, and best practices about the 401(k) industry, and showcase the opportunity wealth management firms like DCM have to provide clients with this additional service.

Frank Pitten, director of National Retirement Plan Services Sales at TDARP, said, "I've been working with Brandon for five years now. DCM, much like other firms, was always dabbling in the 401(k) business but doing it as more of an accommodation to their private wealth clients. As we started to see the regulatory tailwinds tighten on the 401(k) industry, Brandon clearly saw more opportunity developing. DCM took a more analytical approach, prepared a business plan, and decided to move forward with a 401(k) business in a big way, and it's been really successful so far."

"TDARP is different in that it's completely built for advisors," Pitten said. "Unlike other 401(k) providers, we're not selling a product, but a platform for advisors to offer great solutions. We take responsibility of the record keeping, the custody, the TPA, and we wrap it under one fee schedule and one contract. This allows advisors like DCM to focus on the investment piece and the client relationship."

DCM's Zach Chavira had this to say about speaking at the conference, "It was great collaborating with TD Ameritrade in discussing fiduciary and 401(k) best practices with advisors from all parts of the country. We're excited to expand our reach and help more business owners offer a wealth management approach to their employee 401(k) plans."

Brandon Roop, CFP®, CRPS®, Sr. Portfolio Manager and VP of Institutional Services, Donaldson Capital Management; J. Marcel Louimeus, President of Institutional Retirement Services, Majors & Mondragon; Harry Pearson, CEO, Certified Kingdom Advisor®, OneAscent; and John Newman, Managing Director, TD Ameritrade Institutional.

Preston May Earns CBE Designation

CBE
CERTIFIED BUSINESS ECONOMIST®

AFTER A CHALLENGING course of study, Preston May recently was awarded the Certified Business Economist® (CBE) designation, which is the certification in business economics and data analytics developed by the National Association for Business Economics. The CBE documents a professional's accomplishment, experience, abilities, and demonstrates mastery of the body of knowledge critical for a successful career in the field of economics and data analytics.

"I decided to pursue the CBE certification to signal to my employers, colleagues, and clients of our firm a verified level of competence in applied economic analysis," Preston said. "NABE's writing and presentation skills courses have had a tremendous impact on the writing and speaking requirements of my job. I feel I am much more effective in communicating complex economic ideas in a concise manner as a result of taking them."

As a research analyst, Preston serves clients by providing the Investment Policy Committee with macroeconomic, company, and market research. He works to ensure the IPC has the necessary information to aide in their rigorous decision making process.

Preston graduated with distinction from Indiana University, where he completed a Bachelor of Arts in economics with minors in business and political science, and was inducted into the Liberal Arts Honors Society, Phi Beta Kappa. In his free time, he enjoys watching and playing sports, being outdoors, learning the guitar, and spending time with family and friends.

CBE® and Certified Business Economist® are certification marks owned by the National Association for Business Economics.

Continuing education is a vital component of our mission to continually improve our client experience and deepen areas of expertise. DCM now has 21 employees who have obtained a variety of seven different certifications.

The Progression of Ownership

Businesses around the world range in size, structure, and, of course, product. Starting with your local mom-and-pop shop down the street to a company like DCM, all the way to a company like Microsoft with more than 100,000 employees, it takes all kinds of businesses to keep the U.S. economy moving. It's remarkable to imagine a company growing from just one person's idea into a billion dollar corporation. While it isn't always the case, typically there is an evolution of ownership that takes place throughout the lifetime of a company as it grows.

Single Ownership

Almost all companies start out privately owned by one or a few individuals. There are numerous types of single ownership structures, such as a single-member LLC or a sole proprietorship, each with their own advantages and disadvantages. As a company grows, it may become harder to determine the value of the company. As a result, many single ownership companies divide up into private shares.

MOM POP SHOP

Private Shares

Some private companies, DCM for example, issue shares to private shareholders. Sometimes this is a strategy to raise money for a business, a means to determine the value of a company and the value held by each owner, or as a form of employee incentive. Some large cap companies, like Cargill and Deloitte, choose to remain private.

DCM

Going Public

As Lyft did on March 28, many companies eventually decide to "go public" through an Initial Public Offering, or IPO. Companies go public in order to raise additional capital, increase public awareness, and in some cases it can be used as an exit strategy for a company's majority private shareholders or founders. The cost of an IPO is significant, and along with it comes extensive public disclosure filings and adherence to Securities Exchange Commission rules.

lyft

Shareholders

After the IPO, each person that purchased shares now is considered an owner. This type of company is now more liquid than ever before, and the value is determined daily through trading on the various stock exchanges. Now the company must answer to all of its shareholders, and a board of directors is formed to ensure that stockholder interests are looked after, as a separation of ownership and management.

Microsoft

Wills: The First Step of Estate Planning

CREATING A WILL and ensuring it's up to date is the most simple yet critical step in beginning the estate planning process. A will can create peace of mind for both you and your loved ones that your wishes will be fulfilled in the event of your passing.

Throughout the estate planning process, here are some of the most frequently asked questions our advisors hear from clients.

Can a will prevent probate?

While a will helps direct how assets should be inherited, it does not prevent an estate from going through probate. Probate is the legal process in which a deceased person's estate is distributed to it's beneficiaries. Probate with a will is referred to "Testate Probate" compared to the probate process without a will, referred to as "Intestate Probate."

Does a will override beneficiary designations?

Any beneficiary designations you have established on your investment and retirement accounts or certain insurance policies will supersede any directions in a will. This doesn't mean you shouldn't designate beneficiaries on these types of accounts, but rather you should be aware that if you make an update to your will, you know any beneficiary designations also should be updated.

What should I consider when hiring an attorney to help with my will?

Laws governing wills vary from state to state, so even if you have an existing relationship with attorney, finding one that specializes in estate planning in your state of residence is worth considering. An attorney well versed in estate planning

also can help you determine whether or not a more complex estate strategy, such as a trust, is necessary.

How can DCM help?

Your DCM advisor is here to guide you through this process. We can help you start your initial list of assets that need to be included in the will and determining the value of these assets. We can work directly with your estate attorney to ensure your beneficiary designations on your investment accounts align with your intentions laid out in your estate plan. We always are happy to provide conflict-free references to an estate attorney if needed.

Donaldson
CAPITAL MANAGEMENT

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INDEX DEFINITIONS S&P 500: Standard & Poor's (S&P) 500 Index. The S&P 500 Index is an unmanaged, capitalization-weighted index designed to measure the performance of the broad U.S. economy through changes in the aggregate market value of 500 stocks representing all major industries.