A Quarterly Newsletter Bringing you Financial Insights from the Leaders

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THE SEIA REPORT

Successful wealth management is the result of an ongoing collaboration between investor and advisor, built upon trust and maintained according to the highest standards of integrity and expertise.

THE END OF FISCAL AUSTERITY

Derek S. Kellman
Portfolio Manager

Did you miss it?
Between the never-ending U.S. election coverage and the turmoil in global capital markets to begin the year, there's a good chance you may have missed a seismic shift that registered barely a blip in the press. For the first time in a half-decade, Congress finally took some positive actions to benefit economic growth.

Coming out of the Great Recession, the nation's undivided economic attention has been focused on monetary stimulus (Bernanke, Yellen, Europe, Japan, etc.) while Congress remained absent in providing any measure of fiscal stimulus. In fact, Congress hasn't merely failed to stimulate domestic growth; they've actually served as an impediment. Fiscal austerity started in 2010, but intensified in 2013 when the automatic spending cuts (known as the Sequester) cut deeply into the economy. From 2011 to 2014, it's estimated that these austere Congressional actions essentially detracted -2.7% from U.S. GDP, serving as a key reason why our economy is now *"Flying at Low Altitude."*

At long last, however, these headwinds have finally started to turn into tailwinds as the age of austerity appears over.

The Details
This past December, Congress was able to pass a few important pieces of legislation including a 5-year $308 billion highway bill, a 10-year $600 billion tax extenders bill, and a $1.15 trillion budget for Fiscal Year (FY) 2016. And should Congressional bipartisanship continue, passage of the Trans-Pacific Partnership (TPP) is a distinct possibility later this year. What does it all mean for the economy? In this year alone, the combinations of tax cuts and spending increases should add an estimated 0.7 percent to GDP.

Perhaps more importantly, the clarity in policy will now allow government agencies, corporations, and individuals to initiate long-term plans that will help further increase spending. After all, it's quite hard to make productive decisions on long-term projects when you don't know what your budget will be the following year. Moving forward, a litany of positive outcomes can be expected including:

- Transportation departments now will be able to make a comprehensive plan to fix the nation's ailing infrastructure as the highway bill increases spending by 15-18%.
- The 2014 expiration of 52 tax cuts created a nightmare for businesses trying to make capital investment decisions. The 10-year tax extenders package will make these tax cuts permanent, allowing businesses to innovate, spend, and expand.
- The budget adds a cumulative $80 billion over the next two years to the defense and domestic economy.

Conclusion
We ended 2015 in a position that was far from expected, especially in light of John Boehner's resignation late in the year. Whatever the impetus, Congress now appears to be signaling its clear support for growth. And that makes the possibility of a near-term recession increasingly less likely.

SEIA

Signature Estate & Investment Advisors, LLC® (SEIA) is a Registered Investment Advisor firm offering Investment Supervision and Financial Planning Services tailored to meet the unique needs of affluent individuals and corporations. Fundamental experience and professionalism enable the financial advisors, with SEIA's research and support staff, to design a financial plan or investment portfolio to meet the client's goals.

Maturation vs. Meltdown

Why U.S. investors needn't fear a China slowdown

Brian D. Holmes, MS, CFP®, CFMC, AIF®
President, CEO

If one were to try and summarize the past year's U.S. stock market activity in a single word, *"tumultuous"* might be the best choice. Despite a healthy dose of strong fundamental data – from earnings growth and employment gains to consumer spending – volatility has continued to hang over the market like a cloud due in large part to pervasive fears that an economic slowdown in China may signal another global recession.

But are those fears truly justifiable?
Certainly China is experiencing a slowdown. But that's by no means a new or unexpected revelation. Any economy expanding as quickly as China has over the past decade (7-10% annual growth) is bound to cool off eventually. Growth of that magnitude may be sustainable when you're a young, emerging market, but not when you evolve into the world's second largest economy. The current gross domestic product (GDP) growth rate in the U.S. hovers around 2.4% while growth in the EU stands at around 1.7%. The mathematical reality is that a smaller growth rate derived from a significantly larger GDP base can be equally or even more impressive. In 2004, China's 10% annual growth rate translated into an additional $325 billion of GDP. Today, if China grows at just 5% annually the addition to GDP would be in excess of $515 billion.

The slowdown in China seems much more the natural result of a maturing economy than any other factor – as traditional manufacturing gradually gives way to a burgeoning service economy.

So why all the fear?
Despite its size, the Chinese economy is still relatively young and lacks the kind of transparency that we've come to expect in the west. And if there's anything markets almost always react to negatively, it's uncertainty. So when the Chinese government devalued their currency (the Yuan) last summer and again early this year, a widespread long-term selloff ensued that has seen the Shanghai index fall 40% from last June's highs. Without a long track-record of banking and financial systems oversight, investors understandably developed a case of the jitters.

Yet these fears may be somewhat overblown. While a slowdown in China will certainly curtail profits of some multi-national companies as well as have an adverse impact on those nations (e.g., Germany and Japan) that export heavily to China, it's very unlikely to cause the U.S. to enter a recession. Just as the 1997 Asian crisis proved temporary, there's a strong likelihood that this too shall pass with minimal domestic impact.

Despite recent market volatility, the U.S. economy continues to demonstrate considerable strength. Continued low mortgage rates, robust existing home sales, an improving job market (which added over 2.9 million jobs last year) and relatively low energy costs all bode well for a multitude of industries and positively impact household budgets – the principal driver of consumption, which in turn fuels more than 70% of domestic GDP.

Even the recent weakening of the Chinese currency is both normal and expected, serving as a pressure-release valve that allows a slowing economy to avoid a "hard landing." Both the Euro and Yen have been weakening for several years now, however few if any investors fear a crash of either of those currencies.

The simple fact of the matter is that in economic terms, China is still the new kid on the block – a kid of incredible size and strength, but one we haven't yet fully come to understand. We fear what we don't know, and unfortunately that fear sometimes leads us to overreact in ways that we never would within familiar confines. As China more firmly establishes its footing in the global economy, events like the current slowdown will likely have a diminished impact as fear gives way to trust.

Cyber Security

Theodore E. Saade, CFP®, CMFC, AIF®
Senior Partner

Protecting your online data
In 2015, over $450 billion worth of mobile payments were processed online.[1] It's an incredible amount of money that now moves electronically and effortlessly through our economy – and an irresistible target for criminals and hackers. In fact, it's estimated that by 2019 cybercrime will become a $2.1 trillion worldwide problem.[2]

With online security an understandable concern for many of our clients, we thought it important to highlight the extreme care and diligence that's taken to ensure the protection of not only your assets, but the safekeeping of your personal and private data.

The vigilance of our custodial partners
Both of the primary custodians we work with (Schwab Institutional and Fidelity Institutional Wealth Services) invest millions annually to employ the most sophisticated technologies and latest best practices to ensure your sensitive information and accounts are well protected, both online and in-person. In addition to multi-factor online authentication (technology that helps prevent someone from gaining illegal access to your accounts, even if they've guessed your username and password) our custodial partners use strong 128-bit, two-way data encryption that keeps all of your information hidden from prying eyes whenever any transaction is initiated. Any inquiries or account transactions by phone require several pieces of identifying information before they can be authorized.

If and when any sensitive transactions occur in your account(s), such as money being moved in or out, or a purchase or sale of a security, or when personal information is changed or updated, you are immediately alerted.

And both firms continuously monitor their systems, working collaboratively with government agencies, law enforcement and other financial services firms to detect suspicious account activity and address potential threats.

How SEIA augments those protections
In addition to the data security and information protection policies and procedures that our custodial partners undertake, SEIA provides additional measures to help protect you from fraud including requiring multiple layers of authentication on wire transactions and address changes, and keeping access to your personal information strictly controlled. And all employees who handle sensitive information are trained in privacy and security and held to exceedingly high standards to ensure that your data is kept private.

The security of your data and the safekeeping of your assets are critical priorities for us at SEIA and the custodians we work with. The Security and Exchange Commission (SEC) has also ramped up its focus on key cybersecurity preparedness issues such as access rights and controls, data loss prevention, vendor/partner due diligence and governance to ensure that all advisory firms remain ever-vigilant.

While no online systems can ever be 100% safe, you can rest assured that the technologies, processes and procedures that protect your accounts and govern the safekeeping of your sensitive account data and personal information at SEIA are both sound and sophisticated. For more detailed information, please speak with your advisor directly.

1 TrendForce Research, February 2016
2 "The Future of Cybercrime," Juniper Research, December 2015

Philanthropy and Signature Fund for Giving

Fritz Miller, CFP®, ChFC, AIF®, Partner Joins Rose Bowl Legacy Foundation Board of Advisors

SEIA is pleased to announce that Fritz Miller has joined the Rose Bowl Legacy Foundation Board of Advisors. The Foundation collectively fosters a productive culture of philanthropy to safeguard the historic stadium's place as a premier sports and entertainment venue in the ever-changing Los Angeles sports landscape.

For nearly a century, the Rose Bowl Stadium has stood the test of time and has become a part of the fabric of Pasadena, Southern California and the fabric of American sports. Recognized locally as a community partner, and around the world as an icon for tradition and spotlight for world-class events, this registered National Historic Landmark is truly America's Stadium.

Since 2010, Legacy has raised over $14 million in philanthropic gifts to support the iconic venue's growth and viability. Over $1.9 million in new contributions were collected in 2015.

For more information on the Legacy Foundation or its Board leadership, please visit www.RoseBowlStadium.com/Legacy.

The Cinderella & Prince Charming Project

Senior year is a special time for teens. It's a time for prom, senior photos, graduation, homecoming and special celebrations that highlight accomplishments and mark the transition into adulthood. Teens from economically disadvantaged homes can find this to be a challenging time because of the expenses related to these events. A Place Called Home launched the Cinderella & Prince Charming Project to provide teens with formal attire and to support development of social skills and self-esteem to help them feel good inside and out.

With more than 1,000 teens in attendance, the Cinderella & Prince Charming Project gives teens the opportunity to walk away with free formal wear, shoes and accessories for their proms and graduations. SEIA was proud to provide the project with dozens of suits, dress shirts and ties to help get teens ready for their important formal events.

The Jim Mora Count On Me Foundation

Shannon Mora, Caley Versfelt, and Jim L. Mora at the 2016 Jim Mora Celebrity Golf Classic event on May 16th at the Riviera Country Club.

SEIA was a proud "silver sponsor" at this year's Jim Mora Celebrity golf classic, benefiting the Jim Mora Count On Me Foundation at the Riviera Country Club.

This foundation's mission is to provide impactful programs, grant funding, and community outreach, all toward efforts that empower, inspire and nurture the deserving youth of today. All foundation activities focus on one or more of these priorities: to build and instill confidence; encourage health, wellness and safety; and foster learning experiences that shape children's futures.

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William Collopy Promoted to Advisor within the Terence Da Cunha Team

A lifelong resident of Orange County, Bill began his financial services career as an intern with SEIA in 2011. Specializing in portfolio construction strategies and management, Bill focuses on performing due diligence and monitoring investment performance. He is an Accredited Investment Fiduciary (AIF®), holds the Chartered Mutual Fund Counselor (CMFC®) designation, received his Bachelors of Arts degree from the University of California, Santa Barbara and received his Masters of Business Administration from Chapman University in 2011.

William Collopy, AIF®
Advisor

Prior to joining SEIA, Bill was actively involved in the golf industry; playing on the local professional circuit and working as a buyer for Worldwide Golf Corporation.

Bill joined SEIA full-time in 2012 as a Registered Assistant, working with both Mark Copeland's and Terence Da Cunha's teams. Bill now focuses his work on Terence's team, and was promoted to the role of Advisor in Q1 of 2016.

Bill lives with his wife in Orange County and has a passion for travel and photography.

Christian Hutchins, of the Brian Holmes Team, Receives Certified Financial Planner® Designation

Brian Holmes and his team are pleased to announce that Christian Hutchins, AIF ®, Associate Advisor, has passed the Certified Financial Planner (CFP®) Exam. Originally from North Carolina, Christian grew up in Thousand Oaks California and started with SEIA as an intern in 2012 while finishing his undergraduate education at the University of Southern California. Joining the firm full-time in June of 2014 as a Registered Assistant, Christian was promoted to Associate Advisor in June of 2015. In April of 2016, Christian honored SEIA's commitment to continued education when he passed the CFP exam.

Christian Hutchins, CFP®, AIF®
Associate Advisor

As an Associate Advisor on Brian's team, Christian focuses on providing exceptional client service. He regularly partakes in client meetings with Brian and helps to make recommendations for clients based on Brian's overall wealth management plans. Christian lives in the Mid-Wilshire area of Los Angeles and enjoys going to the beach, spending time with his family and English bulldog, and supporting USC athletics.

As a part of Brian Holmes' team, Christian works alongside Chad Bates and Sabina Pinsky. The team brings over 50 years of cumulative experience to the challenge of delivering objective, comprehensive and unbiased advice to ultra-high net worth professionals and families.

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? Would you prefer to receive our quarterly newsletter electronically? Do you have friends or family that you would like to add to our quarterly distribution list? E-mail us at: contactus@seia.com.

SEIA Client Services Expansion

SEIA is pleased to share that our presence in Century City and all of our additional locations continue to grow to support the needs of our clients, continuing to provide them with exceptional service.

As the firm continues to deliver world class client service and add members to our teams, our offices continue to acquire additional space to meet our clients' growing needs.

The SEIA Century City office reached approximately double its original size to accommodate multiple teams and support staff members.

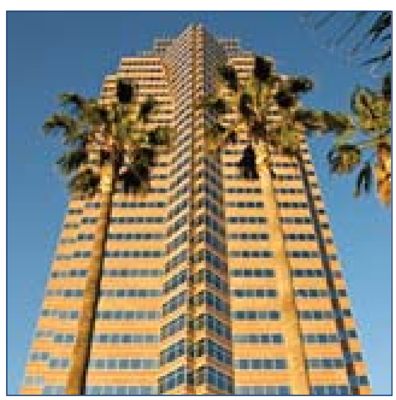
In the next few months, our Irvine, Pasadena and Redondo Beach offices will be relocating. In 2015, the office serving Virginia, Maryland, and Washington DC expanded in Tysons Corner to continue to provide an outstanding client service experience.

The firm has grown steadily over the past nineteen years and our commitment to quality client service has led to the expansion of several teams within SEIA.

We have our clients to thank for our growth and success. Our 16 advisors and over 50 research and client support staff continue to strive to exceed clients' expectations with unparalleled comprehensive wealth management services.

Orange County Office

Virginia Office



Headquarters
Century City Office

Redondo Beach Office

Pasadena Office