## 2016 Annual Report

Legacy Deo enjoyed a modestly-successful 2016, despite continued low economic growth and uncertainties caused by the US presidential election. US GDP grew by a lackluster annual average of 1.6%. This indicator combined a widening trade deficit suggested sluggish economic growth. Others such as jobs growth and inflation told a different story, however, prompting the Federal Reserve Bank to raise its inter-bank borrowing rate in December. By year's end, consumer optimism had reached a fifteen-year high. The US stock markets, which began an impressive post-election rally, continued their ascent through the end of the year. These are positive signs for the near-term economy.

Our five investment funds performed reasonably well in 2016, although stocks slumped far into the first quarter as investors eyed China's manufacturing slowdown and global growth concerns. The outcome of the so-called "Brexit" vote in the United Kingdom gave the markets a midsummer mini-shock, leading to flat returns through the end of the election cycle. For the entire year, the S&P 500 index grew in excess of 13% and corporate bonds returned more than 2%. On a composite basis, Legacy Deo's diversified investment portfolio returned 4.8% for the year. This performance allowed us to increase our endowment distribution rate from 3.0% to 3.5%. We anticipate as economic conditions and investment markets improve, we will be able to move this key performance measure closer to our 4% target.

Legacy Deo ended 2016 with 435 managed accounts valued at just under $42 million. Incoming gifts continued the positive trajectory that began in 2010. Donors opened eight new accounts totaling more than $1.1 million. Four of these were endowments benefitting an inner-city ministry, a Christian university, a school, and a church. Three families augmented their estate plans by creating charitable remainder trusts that provide personal income before ultimately benefitting several Lutheran charities and Legacy Deo itself. We are greatly encouraged by this account growth, because it reveals our mission is resonating with the Christian community.

Most importantly, Legacy Deo distributed approximately $2.3 million to ministries and individuals in 2016. That amount surpasses 2015's distributions and illustrates what we are all about: supporting all types of ministry and strengthening families financially through the generosity and vision of our donors.