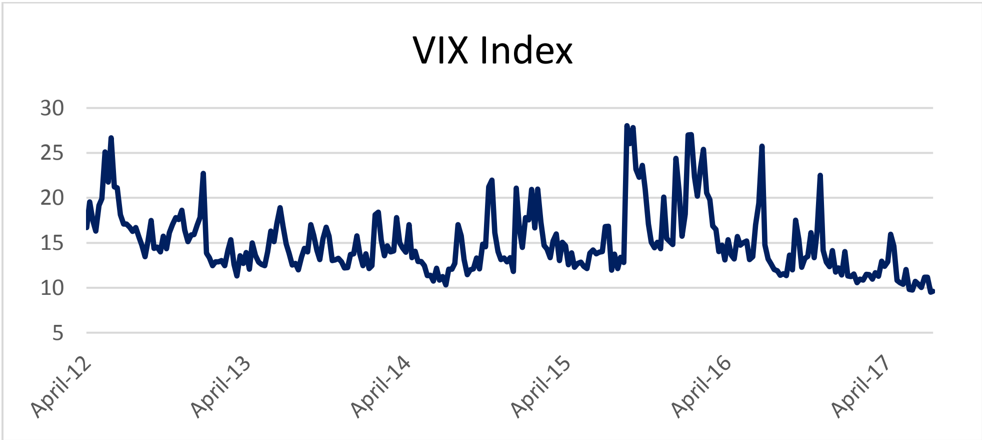
BLUE CHIP PARTNERS, INC.
Independent Investment Advisory Firm
DELEGATE CONFIDENTLY™
37525 Enterprise Court, Farmington Hills, MI 48331

JULY 2017 COMMENTARY

The second quarter of 2017 was positive for the markets and for our firm. Blue Chip Partners is proud to have been selected to the Financial Times' list of Top 300 Registered Investment Advisor Firms. The FT 300 is based on data gathered from RIA firms, regulatory disclosures, and the Financial Times' own research. The selection process began with invitations sent to more than 2,000 qualifying Registered Investment Adviser (RIA) firms. The Financial Times evaluated data across six broad topics, including total adviser assets under management, asset growth, the company's age, industry certifications of key employees, SEC compliance record and online accessibility. *Blue Chip Partners was chosen as one of the Top 300 advisory firms nationwide and one of only 9 chosen within the entire state of Michigan!* We sincerely appreciate the trust of our clients and the support of our amazing staff, who truly made this award possible.

Global equity markets continued to post strong positive returns in the second quarter of 2017. US markets, as measured by The Dow Jones Industrial Average (Dow) and the Standard and Poor's 500 (S&P 500), were up 3.32% and 3.87% respectively. Domestic markets continue to be propelled by solid economic data, low inflation, and a Federal Reserve that is cautiously telegraphing its plans to the markets. While the Price to Earnings ratio (P/E) of the market is well above historical norms, valuations can still be considered relatively low when considering the real yield reflected in the bond markets. Said another way, our low interest rate environment is positive for stocks.

Over the last year, US stock markets have experienced an unprecedented lack of volatility. The Chicago Board Options Exchange SPX Volatility Index ("VIX"), which reflects the markets' estimate of future volatility, is near all-time low levels. The last 5% pullback in the S&P 500 occurred June 2016, following the Brexit vote. Believe it or not, the S&P 500 hasn't gone 12 months without a 5% pullback since 1995. Furthermore, there have only been a total of five 12-month periods without a 5% pullback since 1950! A 5-10% "routine" correction could occur at any point and would be part of a healthy secular bull market.



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Looking outside of the US, International markets continued their leadership in 2017. International Developed equities, as measured by the MSCI EAFE Index, and Emerging Market equities, as measured by the MSCI Emerging Market Index, returned 5.03% and 5.47% respectively. The first half of 2017 has been the strongest returns for the MSCI EAFE Index since 1998 and the MSCI Emerging Market Index since 2009.

Additionally, the European Central Bank remains accommodative in continuing their own bond buying program. Generally speaking, accommodative monetary policy is well-liked by markets. With International equities trading at discounts relative to US equities, we would expect to see continuation of their recent outperformance.

Markets are not anticipating another rate hike by the Fed until December. With the goal of reducing the size of its balance sheet, the Fed remains committed to being data-dependent**,** and could change course if there were to be a material deterioration in the economic outlook. As the Fed continues to normalize monetary policy, we expect interest rates to remain low and bond returns to be muted.

Sincerely,

Robert | Dan | Matt

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Data Source: Bloomberg LP

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