SIENA
WEALTH MANAGEMENT, INC.

Yellen's Upset Stomach Prompts CNN "Freak-Out"

Investors on Friday were dealt yet one more reason not to trust everything on cable financial news, especially what's on the Web. CNN Money on Thursday posted a video on YouTube audaciously entitled, "People are freaking out about this Janet Yellen speech." In fact, the 69-year-old Fed chair suffered symptoms of dehydration while making an important speech. After making some major policy pronouncements on inflation, China's economic slowdown, and declaring rates shall rise by the end of 2015, a video captured Yellen fighting off upchucking. Yellen stoically carried on with her presentation, halting uncomfortably for long periods. At one point, thankfully, she belched.

Brooklyn-born Yellen showed on live TV that she is tough and not just brilliant. She was treated by EMTs for dehydration after ending her speech abruptly, according to numerous reports.

On Friday morning, Yellen joked to a reporter, "I look good now, don't I?"

CNN Money is one of the most popular destinations on the Web for news about investing. It is well known that media outlets have a financial incentive to sensationalize stories to boost views of video ads. Rarely, however, do investors see how the YouTube era threatens the credibility of financial news organizations.

CNN's "freaking out" headline is a deliberate effort to draw viewers to CNN's YouTube channel, where you must view an ad to see the video headline you clicked on. CNN's headline was mild compared to other click-bait, including: "YELLEN SUFFERES (sic) NERVOUS BREAKDOWN - Federal Reserve Janet Yellen Going Into Meltdown During Speech."

In fairness to CNN, its other stories covered Yellen's speech without any pandering. The rest of CNN's coverage was responsible and informative. Ad-selling headlines were limited to the CNN's YouTube headline, "People are freaking out about this Janet Yellen Speech."

Yellen's remarks gave CNN plenty of great headlines. She said unequivocally the Fed would raise rates by the end of the 2015. A 25-basis-point hike is widely expected. This was the real story! But real news organizations — CNN is not alone — must drive traffic to ads with sensational headlines to pay

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The Ride To Siena

Our firm was named after Siena, Italy, a beautiful town nestled among the hills of Tuscany. As a world traveler, Mike Weakley loved the rich history, culture, art, and ambiance of this fortress city. It remains one of his favorite destinations.

The season arrived to make a pilgrimage to our namesake city. After a suggestion from a client, my wife and I decided to tour the Tuscany area by bicycle. After selecting a touring company, which describes the level as "hobby or active," we were ready.

The first day of riding was fairly easy, but on successive days the hills got steeper and the distances longer. At times we thought, "Was it supposed to be this difficult?" Climbing uphill in the heat of the day was tough. Coasting downhill was a breeze. After 6 days and 175 miles of riding to different towns and medieval villages we finally rode into Siena. It was a wonderful feeling to reach our historic destination!

As we peddled through the countryside, enjoyed authentic local cuisine, and took in the sights and sounds of Italy, I thought of you! Most of all, I thought about the fact that regardless of how rich we are, we can be wealthy by simply living an abundant life. So grab life by the handle bars and begin peddling toward your next adventure!

Ron Howard and the Siena Team

The Bull Market Turns 61/4 Years Old

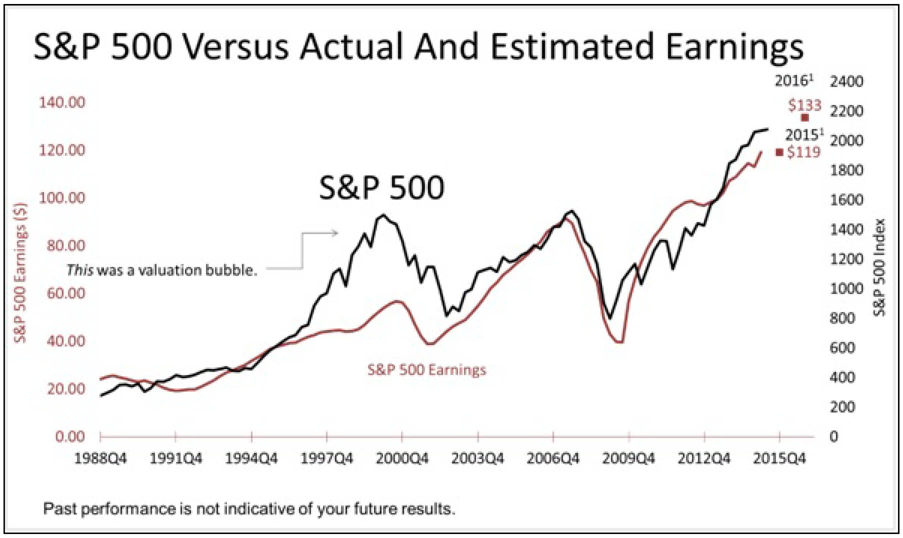
In the short term, many factors influence stock prices. In the long term, however, earnings drive stock prices.

The dramatic earnings recovery from the 2009 bottom that you see in the chart below accounts for the stock market climbing a wall of worry for six and one-quarter years.

Look at how dramatically stretched the market's price-earnings ratio became at the peak of "irrational exuberance" in the late 1990s tech bubble.

At the end of the second quarter of 2015, Wall Street analysts' estimates of S&P 500 earnings for 2015 and 2016 are indicated in the red squares. Estimated 2015 and 2016 bottom-up S&P 500 earnings per share as of June 25, 2015: for 2015, it was \$119.06; for 2016, it was \$133.74. Even if Wall Street analysts prove to be too optimistic, stock prices seem poised to be pulled higher by rising earnings in the second half of 2015.

World events, terrorism, and political crises could throw investor sentiment into a tailspin at any time. But barring a "black swan" event, something no one expects, it's reasonable to expect stock prices to be pulled higher by the earnings trajectory in this chart.



Past performance is not indicative of your future results.

Despite the terrific run stocks have had for more than six years, valuations shown are not stretched unreasonably, particularly in comparison to the late-1990s bubble.

But returns over the last five years have been extraordinary. With dividends reinvested, the S&P 500 total return was 122%. Stocks doubled in value.

Since 1900, only three of 23 bull markets have lasted six years or longer. The likelihood of a bear market — a correction of at least 20% — increases as the bull market grows older.

As the third quarter of 2015 began, however, fundamental economic conditions that have accompanied bear markets in the past were not present. Traditional precursors of a market downturn — such as restrictive Fed policy, signs of slowing economic growth, stock market overvaluation, and irrational exuberance — were not evident. ●

Data Sources: Yardeni Research, Inc., and Thomson Reuters I/B/E/S survey of consensus estimates; Standard and Poor's for index price data through July 2, 2015; and actual earnings data through the end of 2014.

Federal Reserve Holds Interest Rates Steady For Now

Citing recent global economic and financial developments, the nation's central bankers at the U.S. Federal Reserve voted this past Thursday not to raise interest rates, erasing gains in stocks earlier in the week as higher volatility continued to roil markets.

"Information received since the Federal Open Market Committee met in July suggests that economic activity is expanding at a moderate pace," the Fed said in a statement Thursday about the FOMC's decision to hold off on a much anticipated rate hike. "Household spending and business fixed investment have been increasing moderately, and the housing sector has improved further; however, net exports have been soft."

The often opaque decisions of the Fed were explained in plain English: "Recent global economic and financial developments may restrain economic activity somewhat and are likely to put further downward pressure on inflation in the near term."

For months the Fed has signaled its intention to hike interest rates for the first time in nine years, which has caused some concern in financial markets. The fear is that a rate hike will choke off growth in the economy and knock corporate earnings and stock prices down. While there is ample evidence that initial Fed rate hikes that mark the beginning of a new interest rate cycle has not in the past caused recessions or stock prices to drop lower, fear of the Fed rate hike has persisted in recent months.

The Fed has said in previous statements that it is likely to raise rates by the end of 2015. So this past week's action was much anticipated. A rate hike still remains possible in October. For now, however, the Fed appeared to hold off following the decision in late August by China to devalue its currency in order to make Chinese exports more attractive and maintain growth in the world's second-largest economy. Fear that a slow-growth Chinese economy would trigger a global economic slowdown sent U.S.

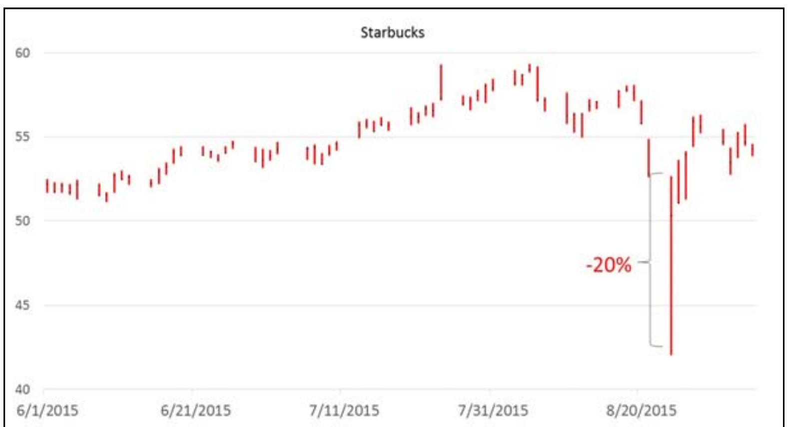
A Turbulent Week Again; Is It A Structural Change?

The stock market correction— a 13.4% drop in the Standard & Poor's 500 stock index since its all-time high in May—is not so unusual. What is unusual is this correction's series of high-velocity plunges.

On Monday morning, August 24, stocks opened amid a freefall and the Dow Jones Industrial Average declined more than 1,000 points after 30 minutes of trading. Stocks halved their losses by the end of that day and wound up closing at a slight gain on the week. However, in market days since then, stocks have declined more than 3% in a day three times. While the 13% correction was expected, the convulsive character of these recent swoons is not something to which investors are accustomed. That's because it appears be something new, a technical factor that has changed in the way the stock market functions.

The source of the chart here is Fritz Meyer, an independent economist whose research we license. It shows trading on Monday, August 24, in a well-known stock. This is not a recommendation to buy this stock or an offer of securities. We're just using this as an example to show how the value of a well-known company dropped by 20% in the recent 1000-point plunge, and how a structural change in the stock market seems to have made such dips possible. Moreover, it is probably the kind of volatility investors should expect in the future, and may actually present an opportunity.

"A plunge of 20% in the share price of a well-known company when nothing in the economy has changed is much more likely these days than in the old days, when stocks traded on the floor of the New York Stock Exchange," says Meyer, a 35-year veteran of Wall Street.



Source: Yahoo! Finance

"Hedge funds and computer trading programs are momentum-followers, and when stocks plunge, they just keep selling. There is no longer a 'specialist' who will step in and buy a blue-chip stock that plunges when nothing in the economy has changed."

The role of specialists on the NYSE declined starting in the 1980s and they were totally phased out over the last decade. They used to be there to buy stocks when no one else would. Losing them fundamentally changed the structure of how stocks trade.

The "flash crash" of August 24 and spasmodic plunges in stocks experienced in these past two weeks since then are unsettling because such volatility seems extraordinary. However, it may be attributable to this technical issue in how the stock market operates nowadays. The loss of a market-maker to provide liquidity in a falling market would explain why the bottom seems to fall out from under the stock market more often lately.

This structural change in the way the stock market functions is unlikely to change back again to the way it used to be. However, the void left in the market is likely to be filled in time. If indeed the huge plunges are caused by a technical market change in how the market operates, some investors will see it as an opportunity and step in to perform the function once played by specialists.

This past week, the stock market turbulence continued, but major stock indexes gained about 2% for the week, recouping steep losses suffered a week earlier. While the stock market's volatility is unnerving, there is nothing in the economic numbers to signal that stock volatility was heralding a recession. Economic news this past week continued to offer evidence of acceleration in the U.S. Data released by the U.S. Labor Department this past week showed a record level of job openings and non-manufacturing activity, as measured by Institute of Supply Management, indicated that this large component of the U.S. economy was performing extraordinarily well. ●

stocks plunging in late August. Although stock price quickly recovered, higher volatility has been plaguing markets in recent weeks.

The current consternation over the Chinese devaluation was reminiscent of an Asian currency crisis in from 1997 to 1999. The accompanying chart shows how news events in that period caused higher volatility. In that "Asian contagion," Hong Kong stocks suffered a 69% drop after a devaluation of the Thai baht triggered a round of devaluations of the Malaysian ringgit, Philippine peso, Singapore dollar, Indonesian rupiah, and Korean won. While past performance is never guaranteed to repeat, investors in U.S. stocks should take notice that, as the last Asian financial and currency crisis unfolded, U.S. stock prices doubled. ●

Source: *The Wall Street Journal*, August 25, 2015. Standard & Poor's 500 index price data: Yahoo! Finance

Three Ways To Defuse Estate Rifts

It's impossible to know what will happen to your family after you're gone, but it's doubtful you're envisioning a bitter squabble over your possessions. Yet many a family is torn asunder when a patriarch or matriarch leaves this world.

Although there are no guarantees the claws won't come out, here are three documents that may reduce the potential for a serious rift:

1. A will. Virtually every adult with assets of any value needs a will. Typically, a will is the centerpiece of an estate plan and covers everything from appointing guardians for young children and addressing estate tax issues to determining who will receive your most valuable assets. A will gives you the opportunity to spell out who will inherit the beach house or expensive jewelry as well as other items of sentimental value.

A properly executed will is legally enforceable, so it's crucial that yours meets all of the technicalities of your jurisdiction. If you have significant assets you'll probably need to hire an attorney to draw up the document. It's likely that it will need to be updated in the future as your family circumstances change.

2. Personal property memorandum. Your will likely won't cover every last trinket you own, and it's a hassle to revise it all the time for minor changes. A personal property memorandum can supplement a will and may be referred to in the will itself. The memorandum can list all of your personal assets and your intended beneficiary for each item.

More than half of the nation's states have laws recognizing a personal property memorandum as legally binding. To avoid confusion, include a detailed description of your property. Make sure your executor has an official copy of both the will and the memorandum.

3. Letter of instruction. This is the last piece of the puzzle. Although a letter of instruction isn't legally binding, it can clarify certain issues and provide additional guidance to your heirs. The letter may include:

- The location of important documents, such as your will, insurance policies, titles, and deeds;
- Details of cemetery plots and funeral arrangements;
- Contacts for legal, tax, and financial information;
- A list and descriptions of all financial assets, including savings and checking accounts, stocks, bonds, and retirement accounts;
- The location of your tax returns for the past three years;
- The location of safe deposit boxes and keys; and
- Other special requests (for example, preferences for grandchildren attending college).

Last, but not least, your family members need to know about these three documents and where to find them. ●

Yellen Prompts CNN "Freak-Out"

(Continued from page 1)

for giving you its coverage.

Yellen, before she became ill, had said she expected China's economic slowdown will not materially alter U.S. economic growth. She also said she expected the Asian slowdown caused by China's slowing growth not to hinder U.S. growth significantly. If Yellen believed otherwise, she would not have announced a rate hike was coming by the end of the year.

What's most perverse about the sensational headlines following Yellen's upset stomach is that Yellen's prepared remarks were released to the press before 5 p.m. EDT on Thursday, September 24, when she gave her speech. Why did a team of journalism professionals think it was okay to exaggerate Yellen's stomach ache when she was giving them real news in her remarks?

Yellen, in speeches and Congressional testimony, has articulated the U.S. central bank's monetary policies clearly in advance of every major Fed action since she was sworn-in on February 3, 2014. She is setting a new standard for transparency by the Fed. It's a long way from Alan Greenspan's obtuse explanations of Fed decisions.

Yellen was speaking Thursday at The Phillip Gamble Memorial Lecture at University of Amherst in Amherst, Massachusetts, when she suffered her brief episode of gastrointestinal distress. The first woman to chair the Federal Reserve Board, Yellen was courageous for carrying on as long as she did. ●