



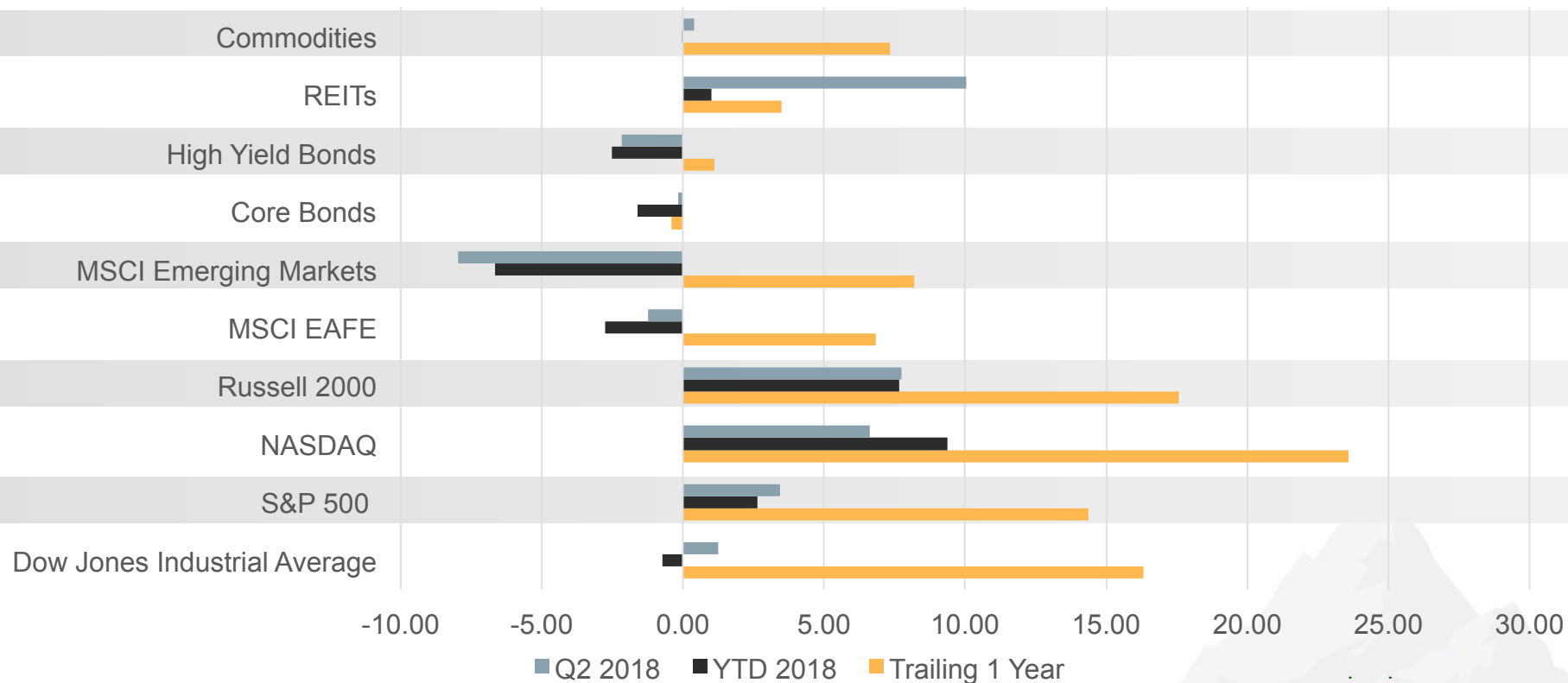
**Q2 2018
Market in Review**

MACROVIEW
INVESTMENT MANAGEMENT LLC



Market Returns

Global Market Performance

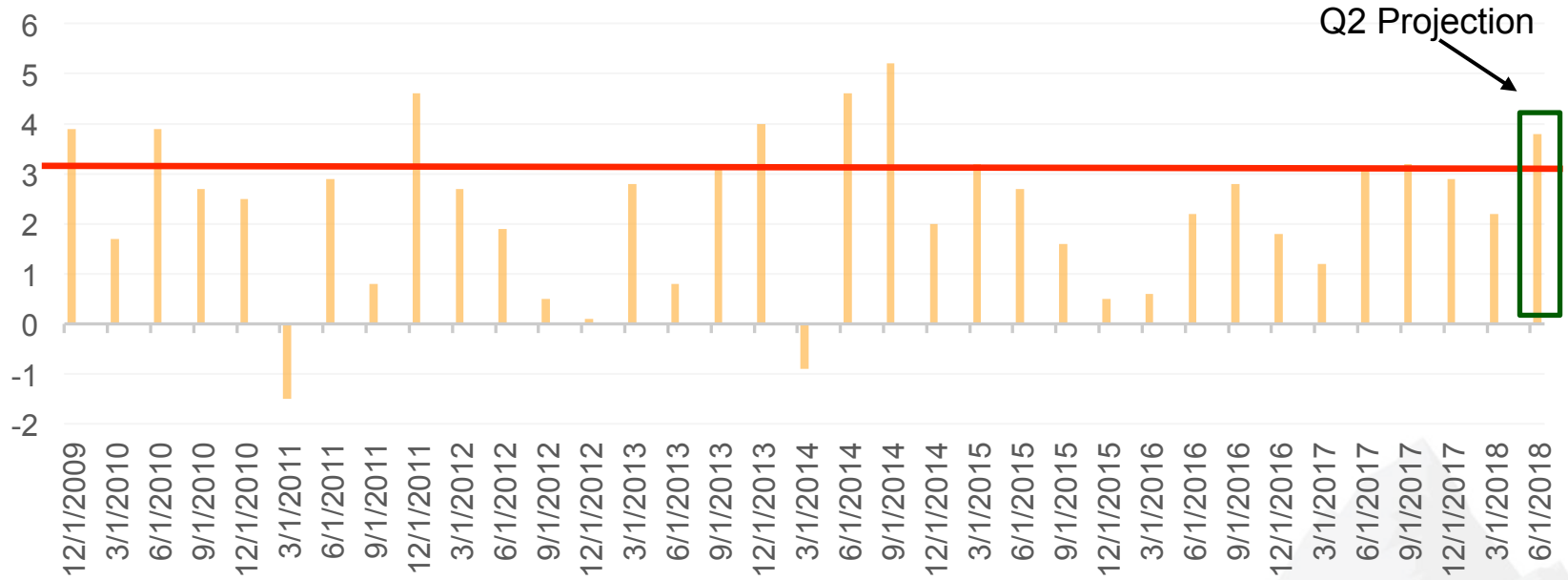


The Macro View: Looking At The Fundamentals

- Economic Growth
- US Labor Market
- Impact of Tax Cuts
- The White House vs. The Fed
- Trade Wars & Political Uncertainty

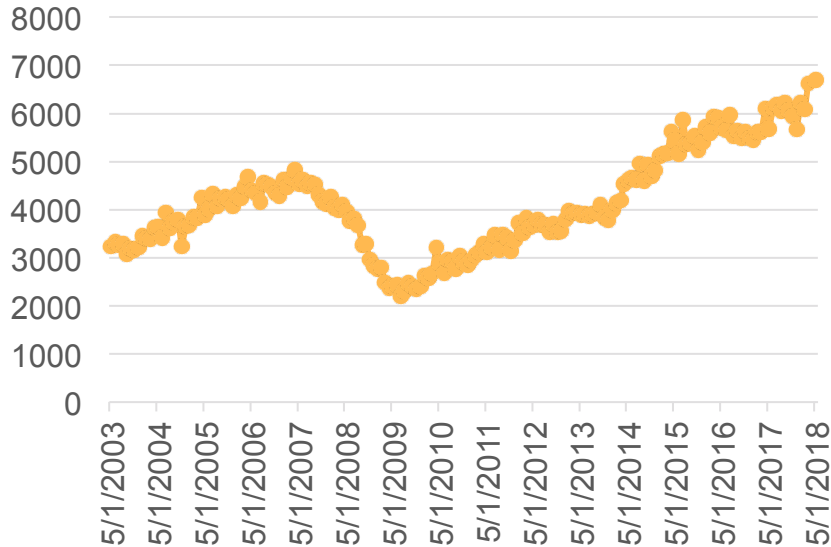


U.S GDP Growth Since 2009 (Quarter over Quarter % Change)

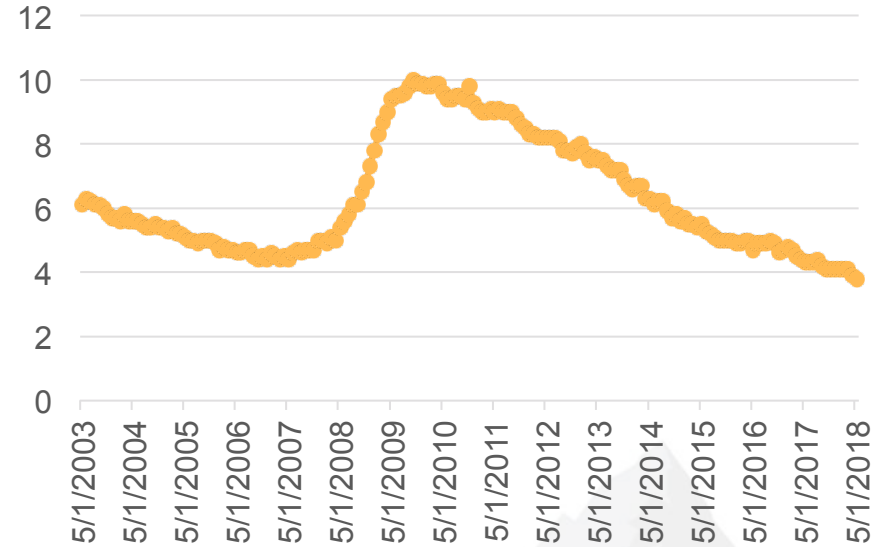


Labor Supply & Employment

US Job Openings

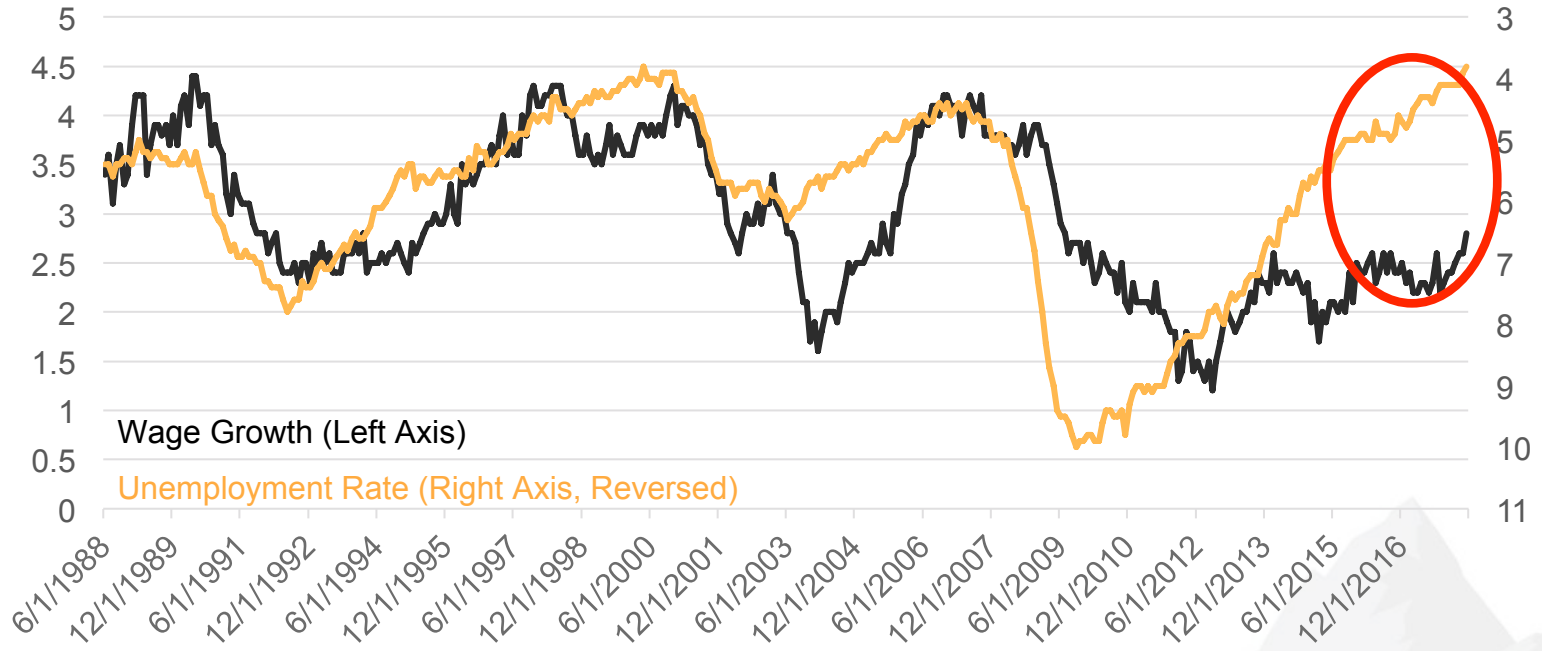


US Unemployment Rate

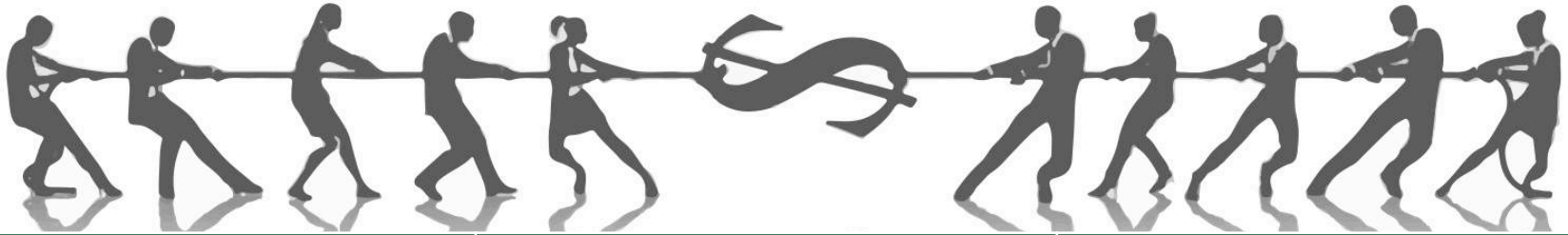


Jobs/Wages

Unemployment vs. Wage Growth



Tax Cuts vs. Federal Reserve



| Economic Data Points | Tax Cuts (Fiscal Policy) | Fed Reserve (Monetary Policy) |
|----------------------|--------------------------|-------------------------------|
| Wage Growth | ↑ | ↓ |
| Overall Spending | ↑ | ↓ |
| Inflation | ↑ | ↓ |
| GDP Expectations | ↑ | ↓ |
| Overall Net Effect | ? | ? |

Uncertainty Ahead: Trade & Politics

- Trade War or Art of The Deal?
 - Deepest impacts are felt in terms of business confidence and investment decision making.
- Geopolitics
 - What's real, what isn't?
- November Mid-Term Elections
 - Can Democrats regain influence?



Historically, protectionism and tariffs have caused a rise in inflation, slowing economic growth accompanied by market weakness and increased volatility.

Trade War Coming?

- US announced first tariffs in March on steel and aluminum
 - China responded with a round of 25% tariffs on US products.
- Renewed threats came in June when Trump called for 25% tariffs on \$50B in Chinese products to start in early July
 - China immediately retaliates.
- No true definition of a “trade war”
 - Deepest impacts are felt in terms of business confidence and investment decision making.



Historically, protectionism and tariffs have caused a rise in inflation, slowing economic growth accompanied by market weakness and increased volatility.

- US Stocks
- International Stocks
- Emerging Markets
- Fixed Income



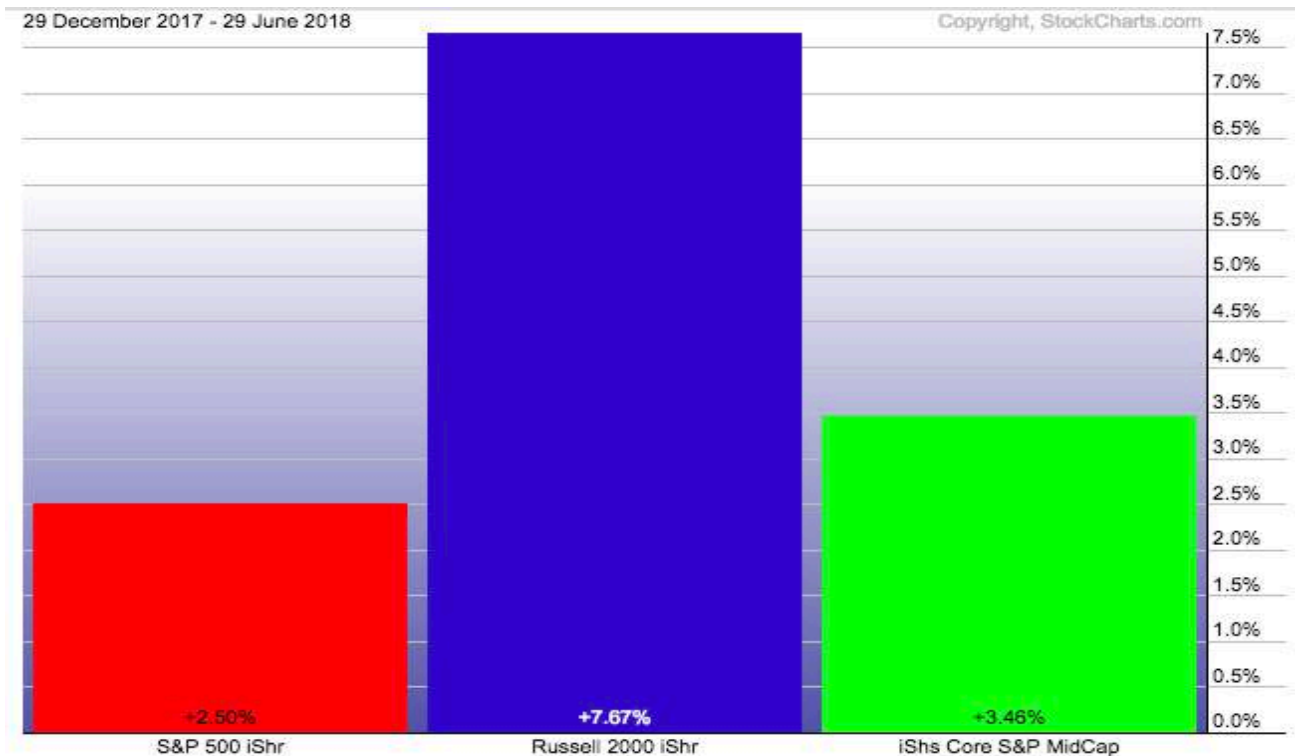
Corporate Earnings

- U.S. corporate earnings in Q1 2018 were incredibly strong due to tax reform passed by Congress late last year. The corporate tax rate was cut to 21% from 35%
- Q1 marked the highest earnings growth since Q3 2010 (34%) and the 4th time in the last 5 quarters that we saw double-digit earnings growth
- Have we reached “peak earnings” for this market cycle?

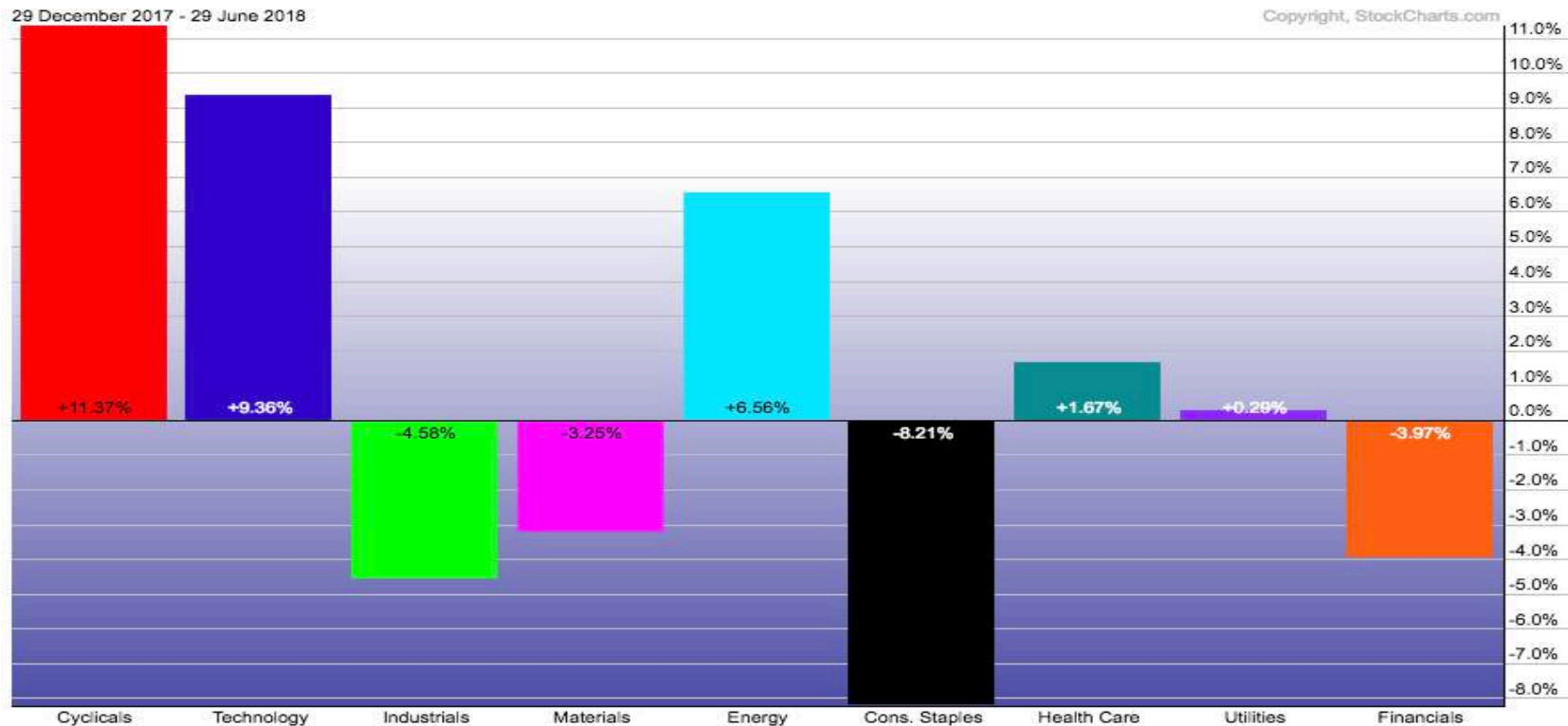


Past performance is not a reliable indicator of current or future results. It is not possible to invest directly in an index.
Sources: BlackRock Investment Institute, with data from FactSet and Bloomberg, May 2018.
Notes: The green line represents the performance of the S&P 500 Index. The other lines represent analysts' consensus estimates of quarterly earnings per share (EPS) from the first quarter of 2017 to the first quarter of 2018. Estimates are tracked from 60 trading days prior to each earnings season until actual EPS results are released. Estimates for the first quarter of 2018 are as of May 8, 2018.

US Equity Market Performance

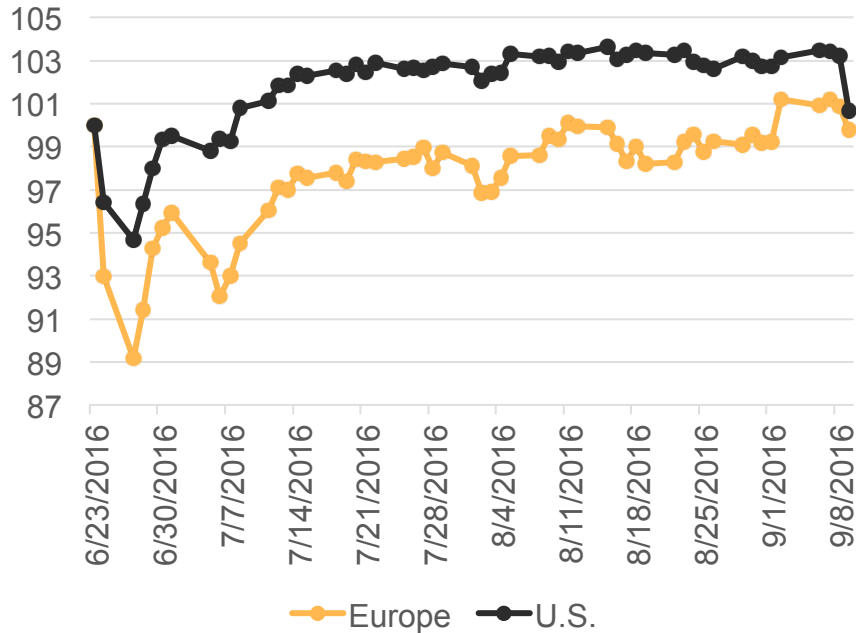


US Equities

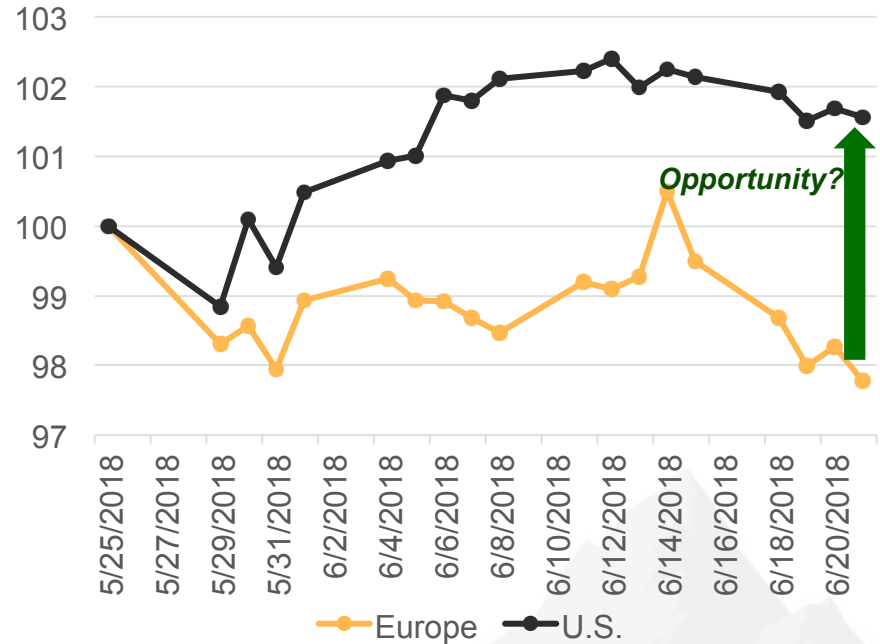


International Stocks

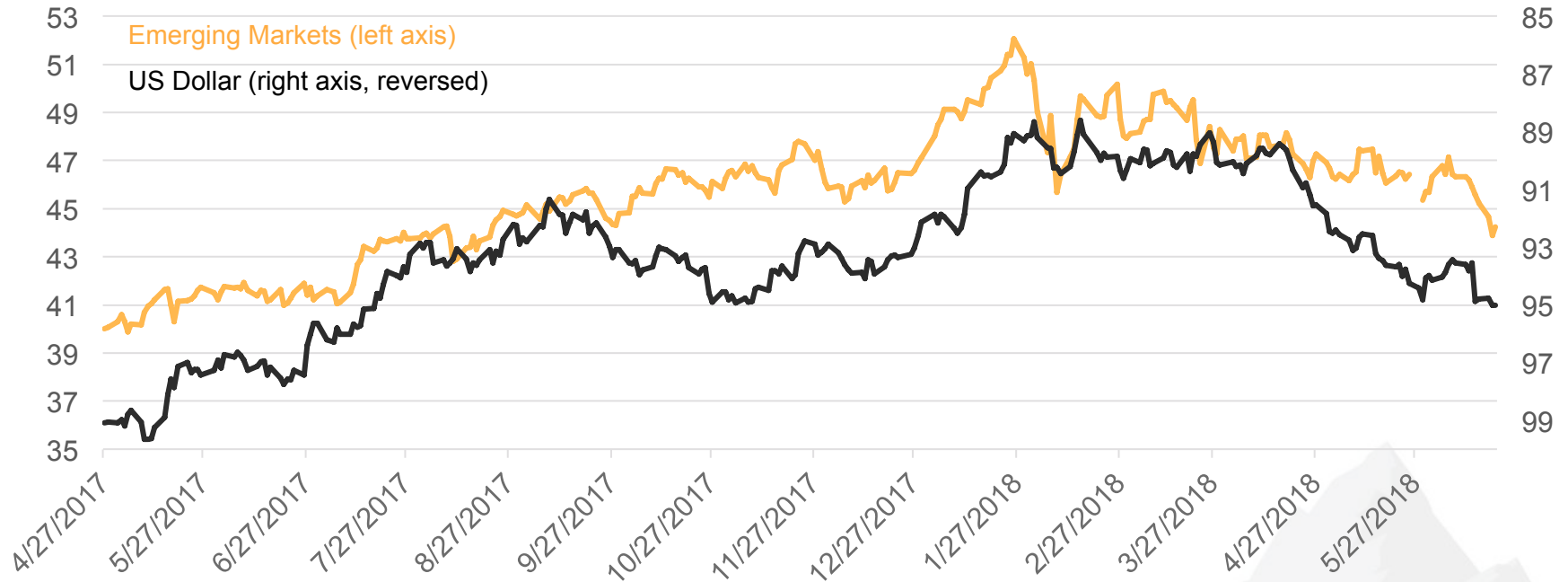
2016: Brexit and Immediate Aftermath



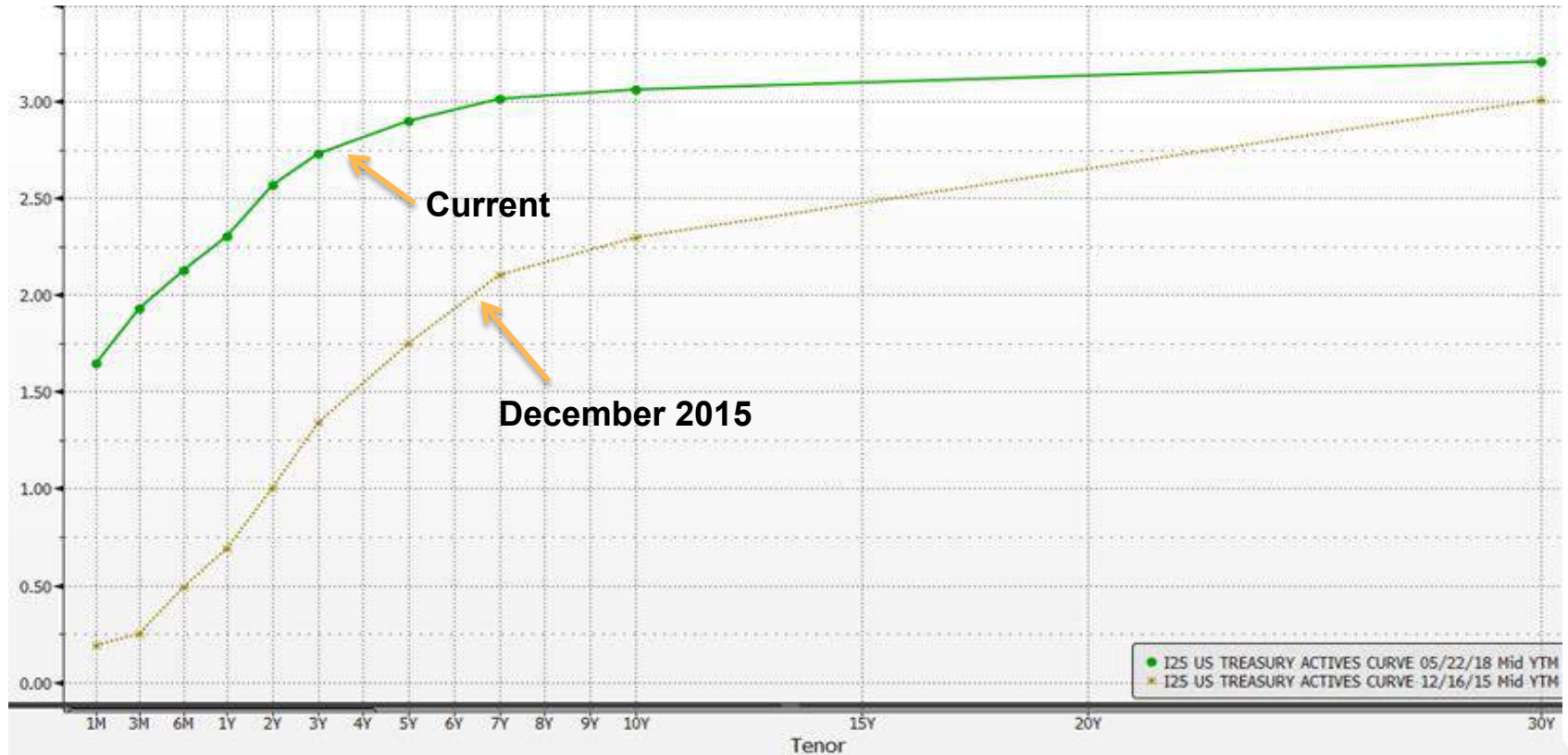
2018: Italy and Political Uncertainty



Emerging Markets vs US Dollar

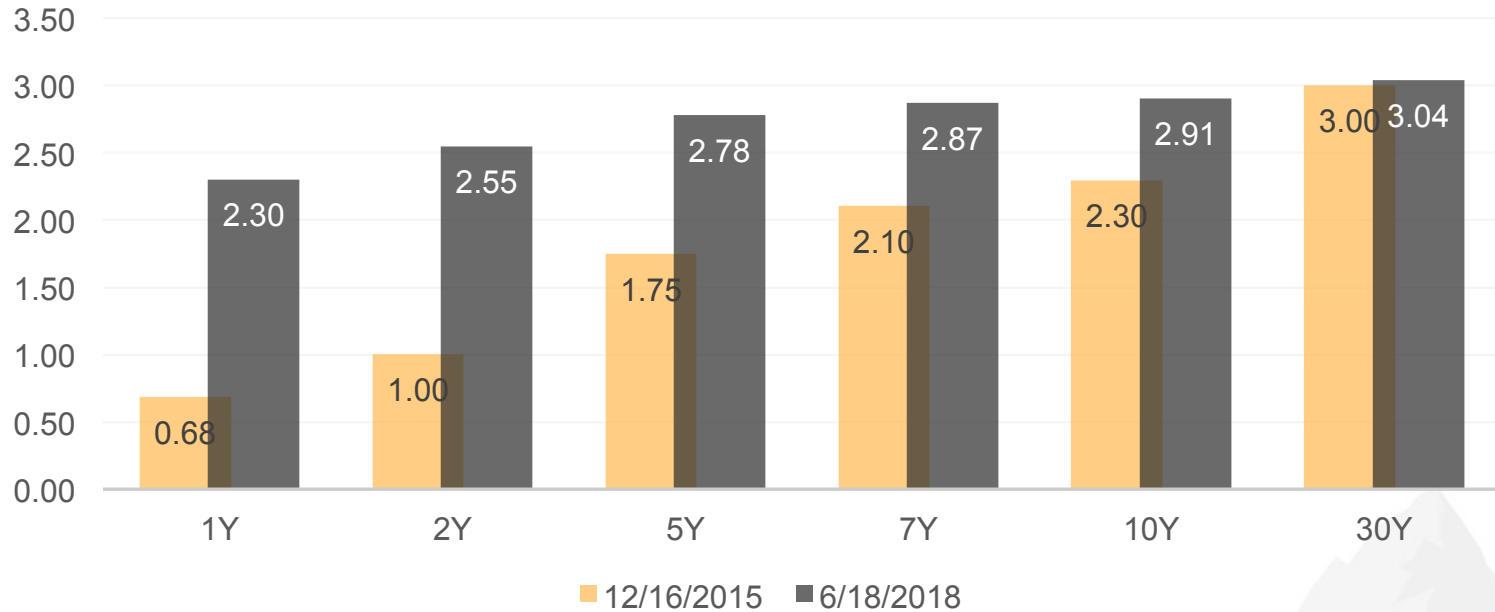


Yield Curve Shift Since 2015



Yields Rising Across the Curve

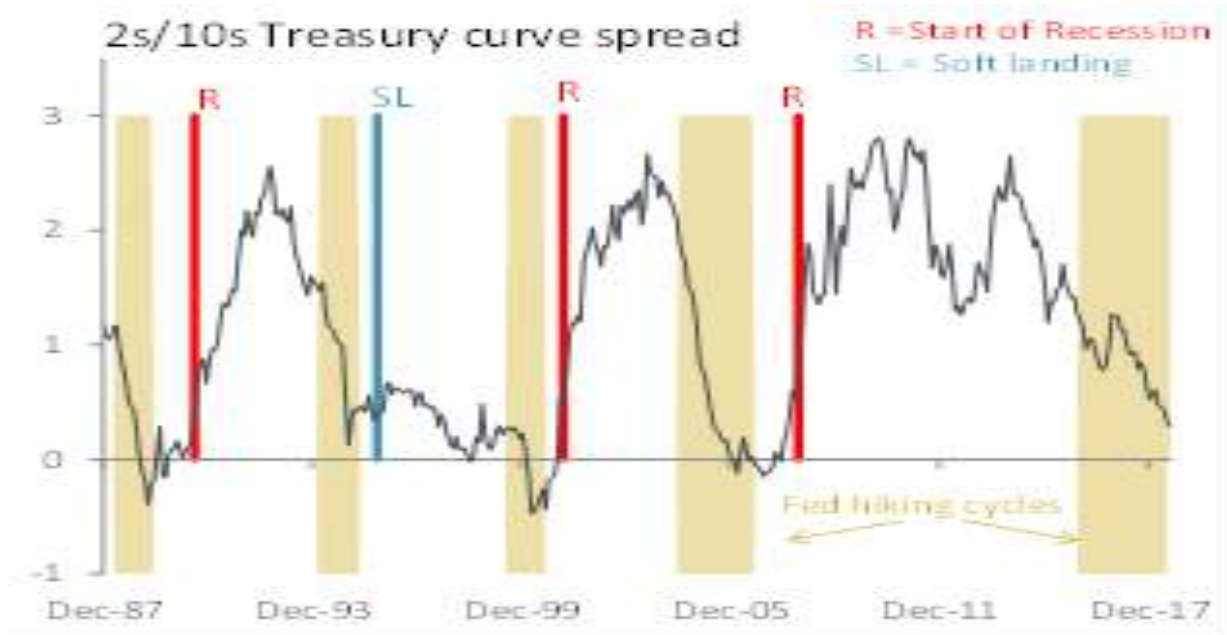
Yield Curve Change Since Dec. 2015



Global Bond Yields

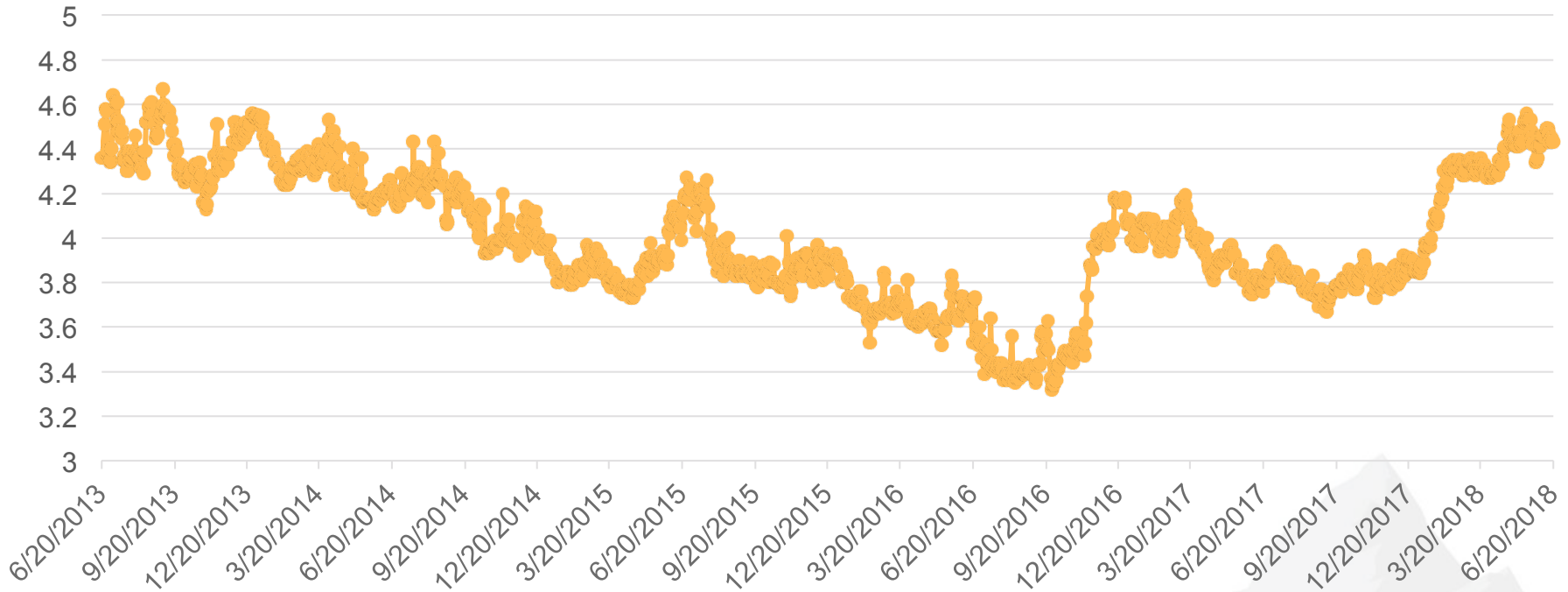
| Maturity | | 10 Year | | | | | |
|----------------------|-----|--|---|---------|-----------|--------|---|
| Region | RMI | Security | | Bid | Ask | Yld↓ | |
| 3) United States | ☐☐ | T 2 ⁷ / ₈ 05/28 | ☺ | 100-03+ | / 100-04 | 2.860 | |
| 4) New Zealand | ☐☐ | NZGB 3 04/29 | ☺ | 101.226 | / 101.501 | 2.837 | C |
| 5) Italy | ☐☐ | BTPS 2 02/28 | ☺ | 94.369 | / 94.435 | 2.681 | C |
| 6) Australia | ☐☐ | ACGB 2 ¹ / ₄ 28 | ☺ | 96.875 | / 96.922 | 2.606 | C |
| 7) Singapore | ☐☐ | SIGB 2 ⁵ / ₈ 28 | ☺ | 101.750 | / 101.950 | 2.400 | C |
| 8) Canada | ☐☐ | CAN2 06/01/28 | ☺ | 98.495 | / 98.532 | 2.166 | |
| 9) Hong Kong | ☐☐ | HKGB 2.49 28 | ☺ | 102.734 | / 104.192 | 2.040 | C |
| 10) Israel | ☐☐ | ILGOV 2 03/27 | ☺ | 101.190 | / 101.250 | 1.913 | |
| 11) Portugal | ☐☐ | PGB2 ¹ / ₈ 10/28 | ☺ | 103.279 | / 103.440 | 1.756 | C |
| 12) Norway | ☐☐ | NGB2 04/26/28 | ☺ | 102.442 | / 102.807 | 1.686 | |
| 13) Spain | ☐☐ | SPGB1.4 04/28 | ☺ | 100.869 | / 100.935 | 1.297 | C |
| 14) United Kingdo... | ☐☐ | UKT4 ¹ / ₄ 12/27 | ☺ | 126.089 | / 126.110 | 1.292 | |
| 15) Ireland | ☐☐ | IRISH 0.9 28 | ☺ | 100.790 | / 100.910 | 0.803 | |
| 16) Belgium | ☐☐ | BGB 0.8 06/28 | ☺ | 101.078 | / 101.151 | 0.680 | |
| 17) France | ☐☐ | FRTR 0 ³ / ₄ 28 | ☺ | 101.006 | / 101.082 | 0.642 | |
| 18) Austria | ☐☐ | RAGB 0 ³ / ₄ 28 | ☺ | 101.755 | / 101.975 | 0.538 | |
| 19) Sweden | ☐☐ | SGB0 ³ / ₄ 05/28 | ☺ | 102.307 | / 102.615 | 0.477 | C |
| 20) Netherlands | ☐☐ | NETHERO ³ / ₄ 28 | ☺ | 102.686 | / 102.808 | 0.462 | C |
| 21) Finland | ☐☐ | RFGB 0 ¹ / ₂ 27 | ☺ | 100.288 | / 100.445 | 0.450 | C |
| 22) Germany | ☐☐ | DBR0 ¹ / ₄ 08/28 | ☺ | 98.838 | / 98.868 | 0.364 | C |
| 23) Denmark | ☐☐ | DGB0 ¹ / ₂ 11/27 | ☺ | 101.422 | / 101.560 | 0.330 | C |
| 24) Japan | ☐☐ | JGB 0.1 06/28 | ☺ | 100.564 | / 100.703 | 0.029 | C |
| 25) Switzerland | ☐☐ | SWISS 4 04/28 | ☺ | 139.553 | / 140.477 | -0.129 | |

10-2 Spread: Recession Looming?



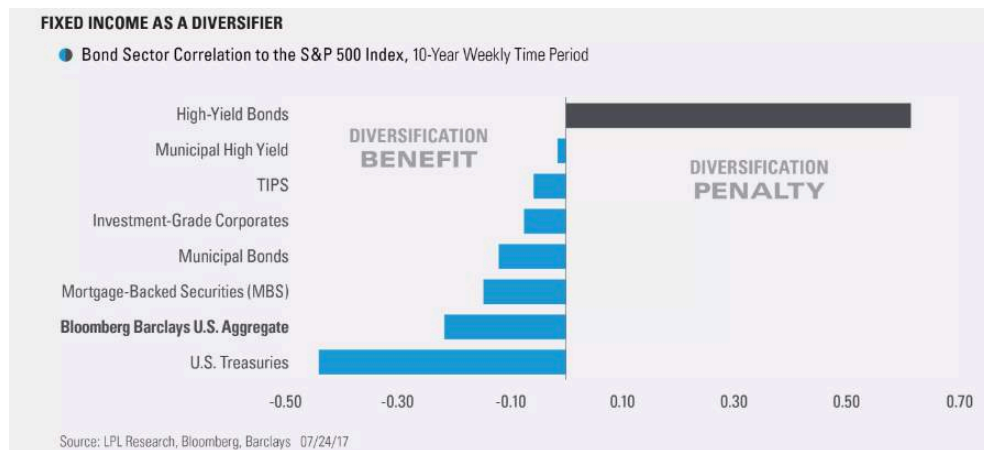
Interest Rates in the Real World

US Home Mortgage 30 Year Fixed National Average



Why Own Bonds in Current Environment?

- The importance of holding assets that are uncorrelated to stocks has reemerged during the volatility of 2018
- Year-to-date in 2018 there have been 35 days when the S&P 500 moved up or down more than 1%. On 26 of those 35 days, treasury bond prices moved in the opposite direction



High grade bonds have acted as an effective dampener of portfolio volatility in both directions thus far in 2018

Looking Ahead: Tailwinds & Headwinds



| Tailwinds |
|-------------------------------------|
| ➤ U.S. economic growth |
| ➤ Rising leading indicators |
| ➤ Strong labor market |
| ➤ Fiscal stimulus |
| ➤ Strong capex |
| ➤ Strong corporate earnings |
| ➤ Strong housing trends |
| ➤ Benign inflation trends |
| ➤ Ample liquidity |
| ➤ High consumer/business confidence |



| Headwinds |
|-----------------------------------|
| ➤ Trade/tariffs/protectionism |
| ➤ Peak(ing) earnings growth |
| ➤ Currency volatility |
| ➤ Valuations |
| ➤ Rising deficits/debt |
| ➤ Tightening financial conditions |
| ➤ Politics (Mueller/midterms) |
| ➤ Desynchronized global growth |
| ➤ Flattening yield curve |
| ➤ Strengthening U.S. dollar |

Source: Charles Schwab.

MacroView's Outlook and Positioning

- Neutral on stocks, some sector/
style opportunities may exist
 - Value vs Growth?
 - Staples beaten down?
 - Europe & Emerging Markets
- Use bonds as needed to
manage risk
- Look for low correlation
alternatives



Continue to favor active over passive to navigate the ongoing political risk, potential trade wars, volatile global currency and monetary policy situations.