

Investment and Economic Outlook

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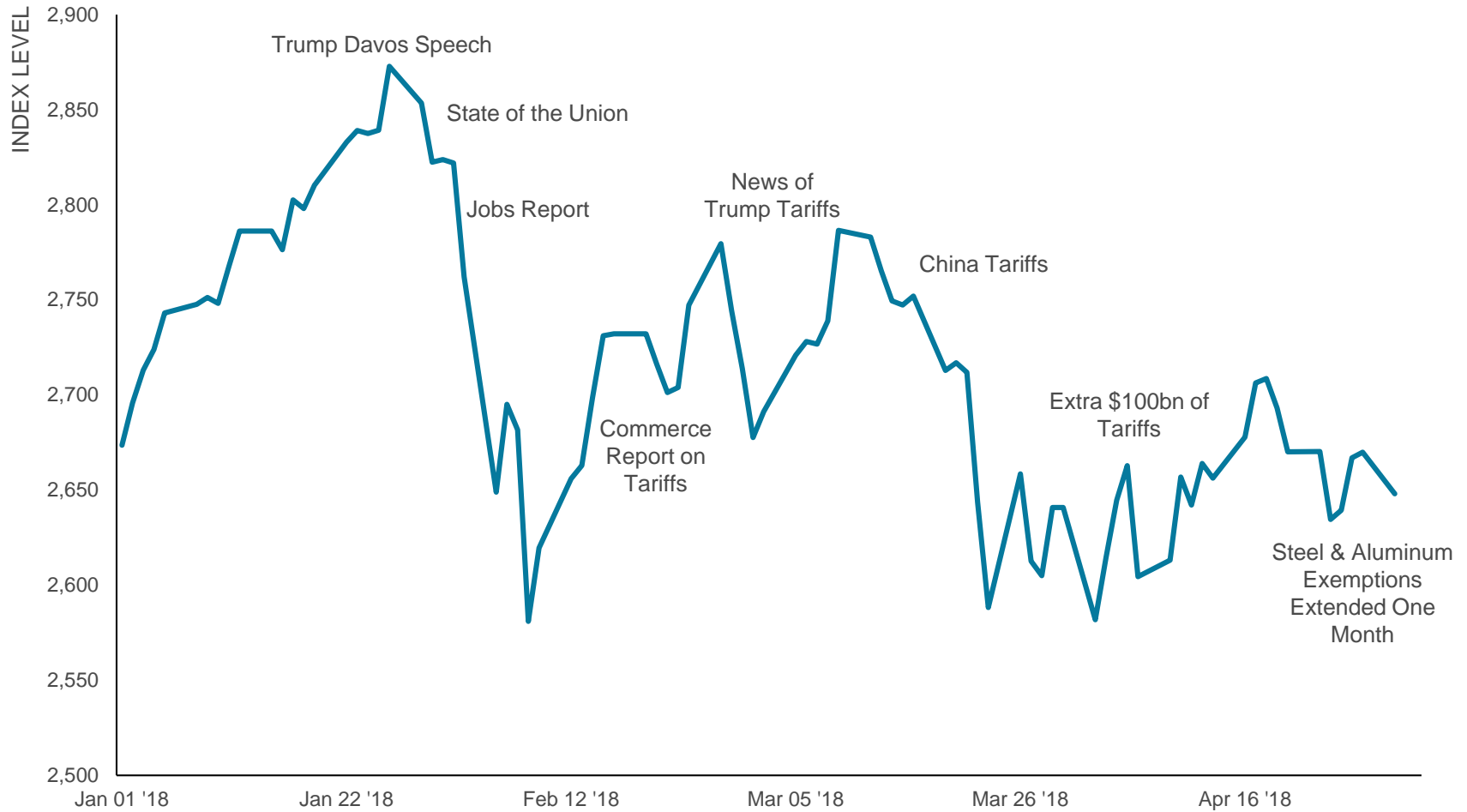
Director of Investment Strategy

May 2018



Trade, Tariffs and Politics Causing Volatility

S&P 500 INDEX

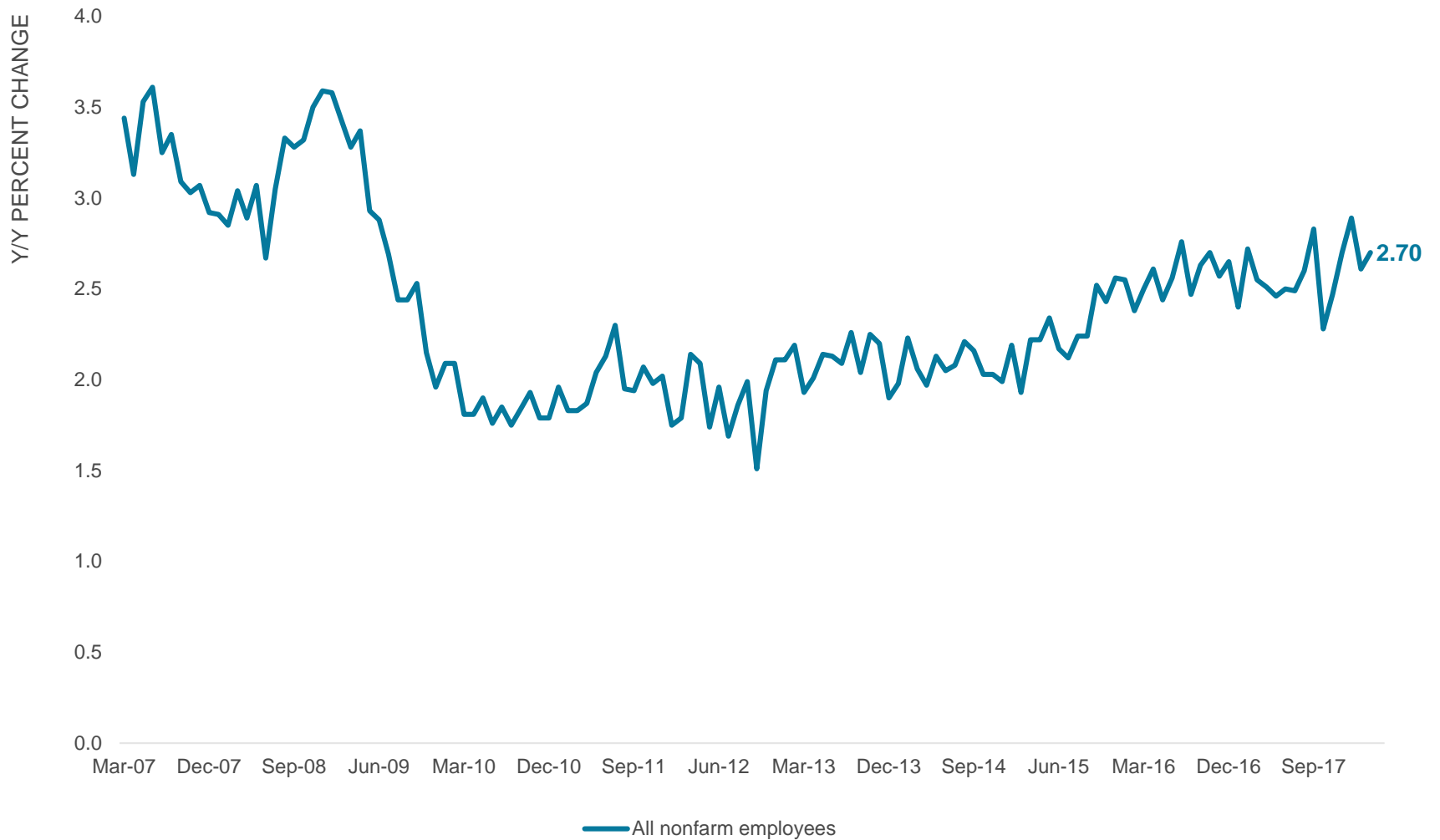


Beneath the Surface

SECTOR PERFORMANCE

S&P 500 Sectors	M/M Chg	YTD Chg
Real Estate	-0.62%	-5.61%
Utilities	2.10%	-1.27%
Energy	9.36%	2.92%
Staples	-4.32%	-11.13%
Telecom	-0.98%	-8.39%
Discretionary	2.36%	5.53%
Industrials	-2.79%	-4.31%
Health Care	1.22%	-0.02%
Technology	0.09%	3.62%
Materials	0.15%	-5.37%
Financials	-0.37%	-1.32%

U.S. Wage Growth Bears Watching

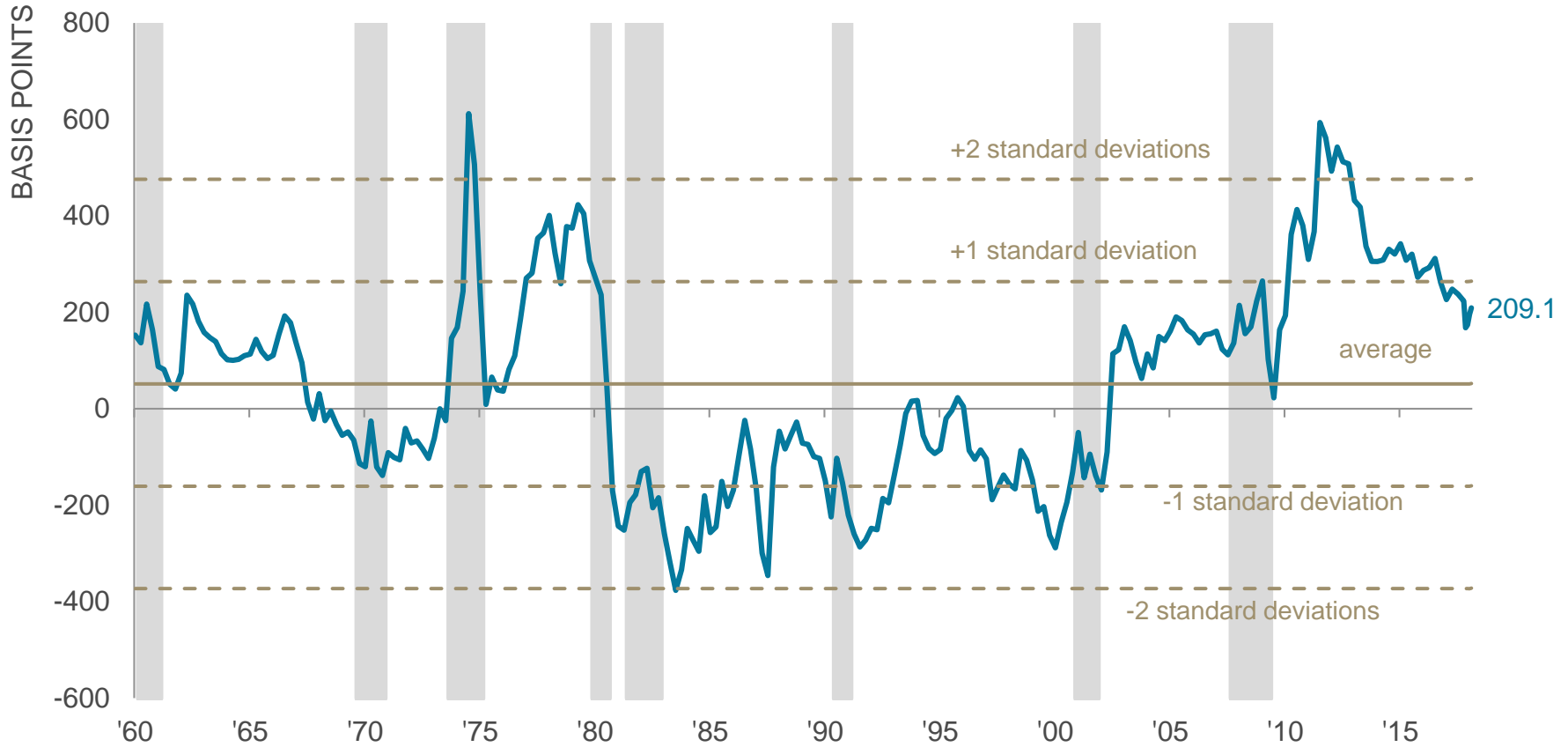


10-Year Treasury Searches For New Range



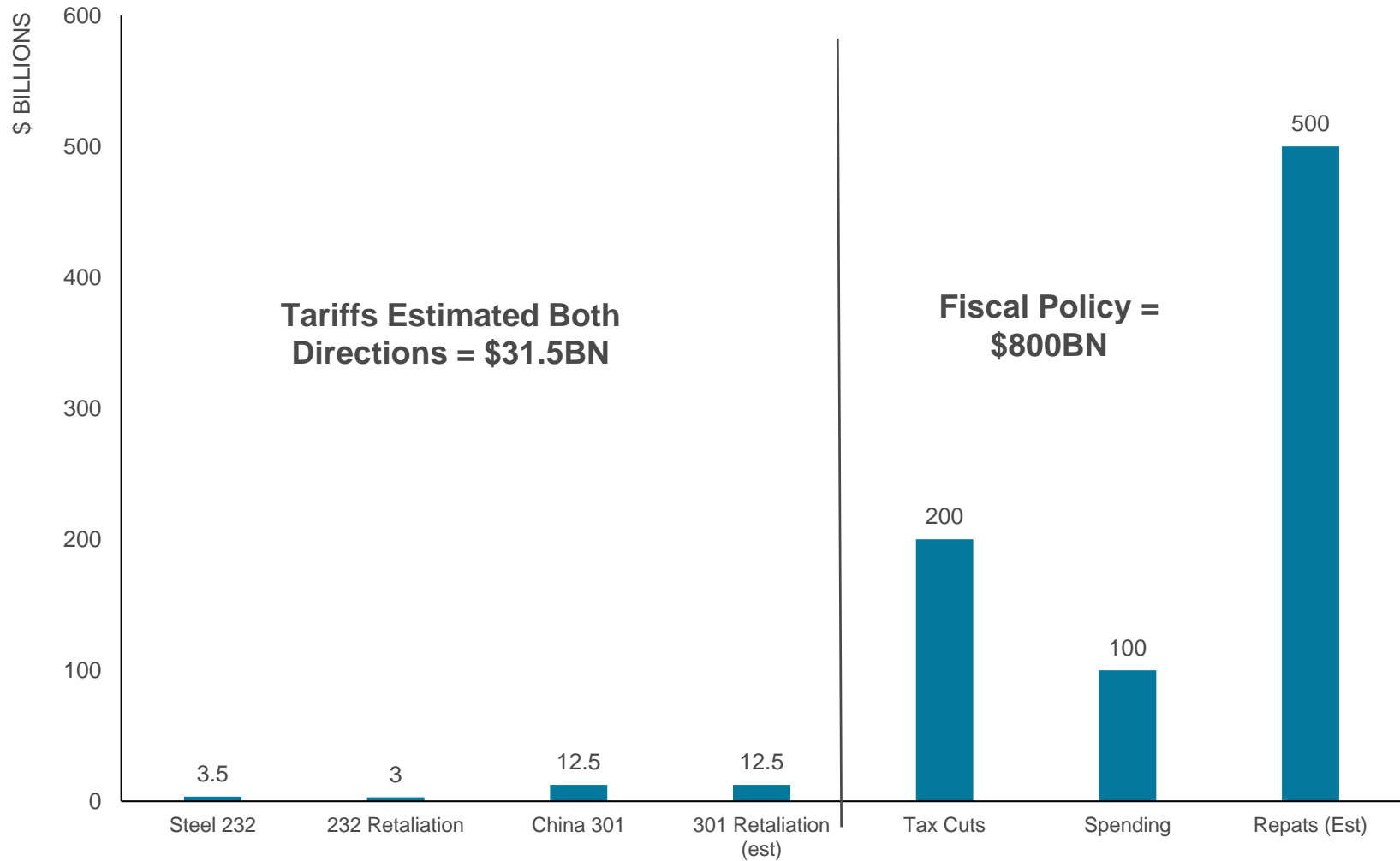
Equities vs. Bonds

S&P EARNINGS YIELD OVER THE 10-YEAR TREASURY YIELD

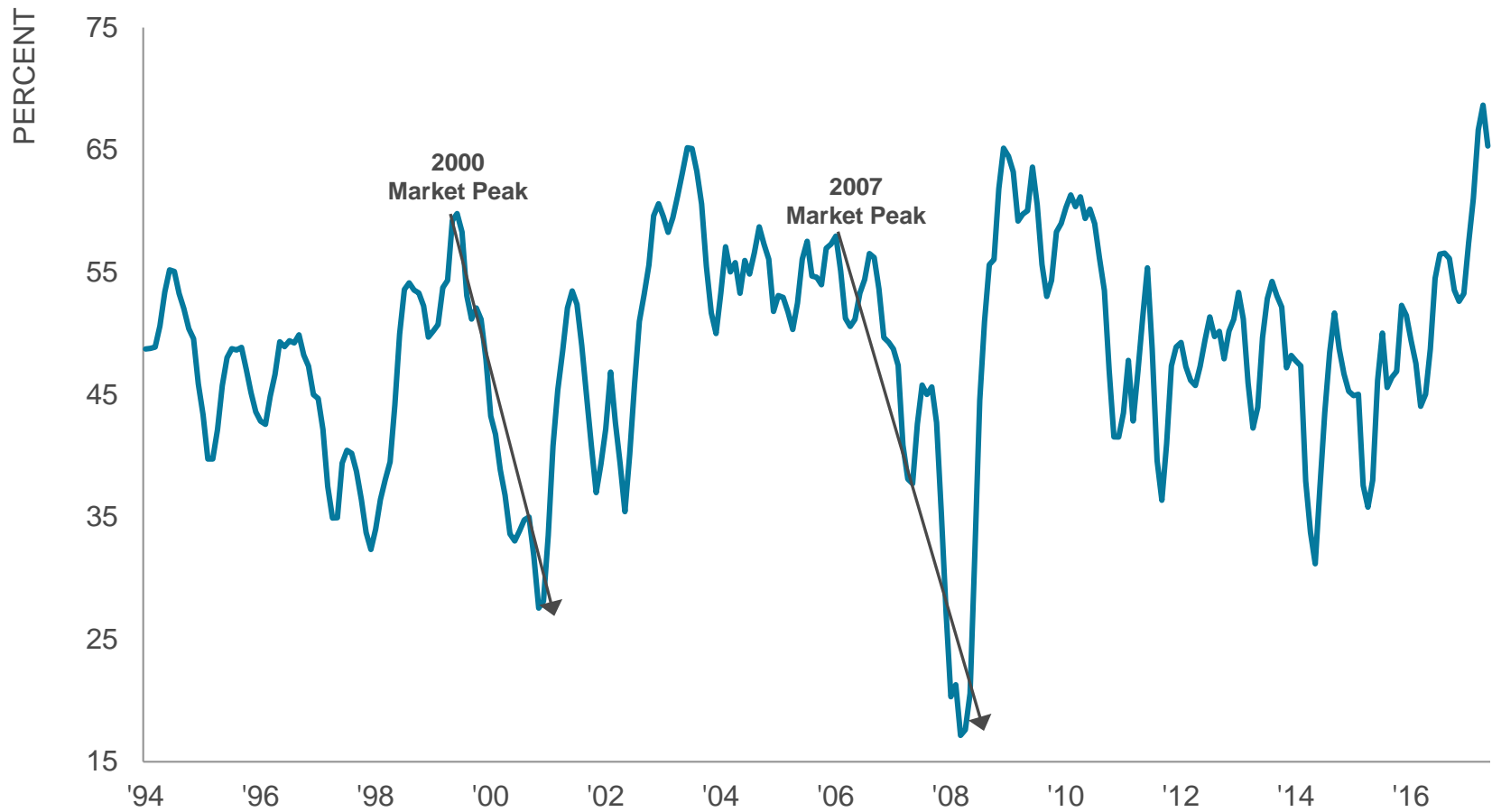


Fiscal Policy Outweighs Tariffs

\$800BN FISCAL POLICY STIMULUS VS \$31.5BN TARIFFS



Upward Earnings Revisions Moving Higher

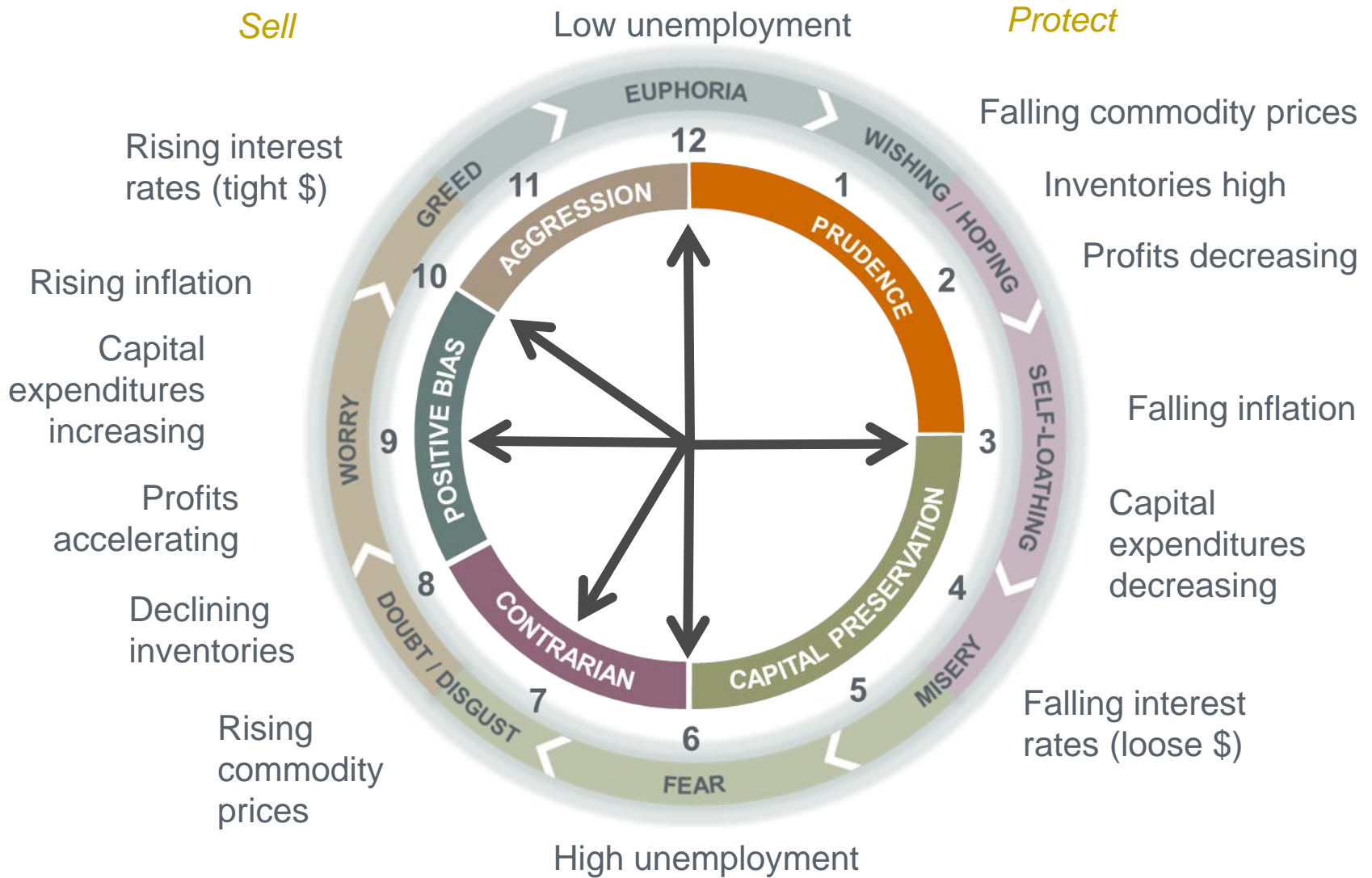


Interaction between the Economy and Stock Market



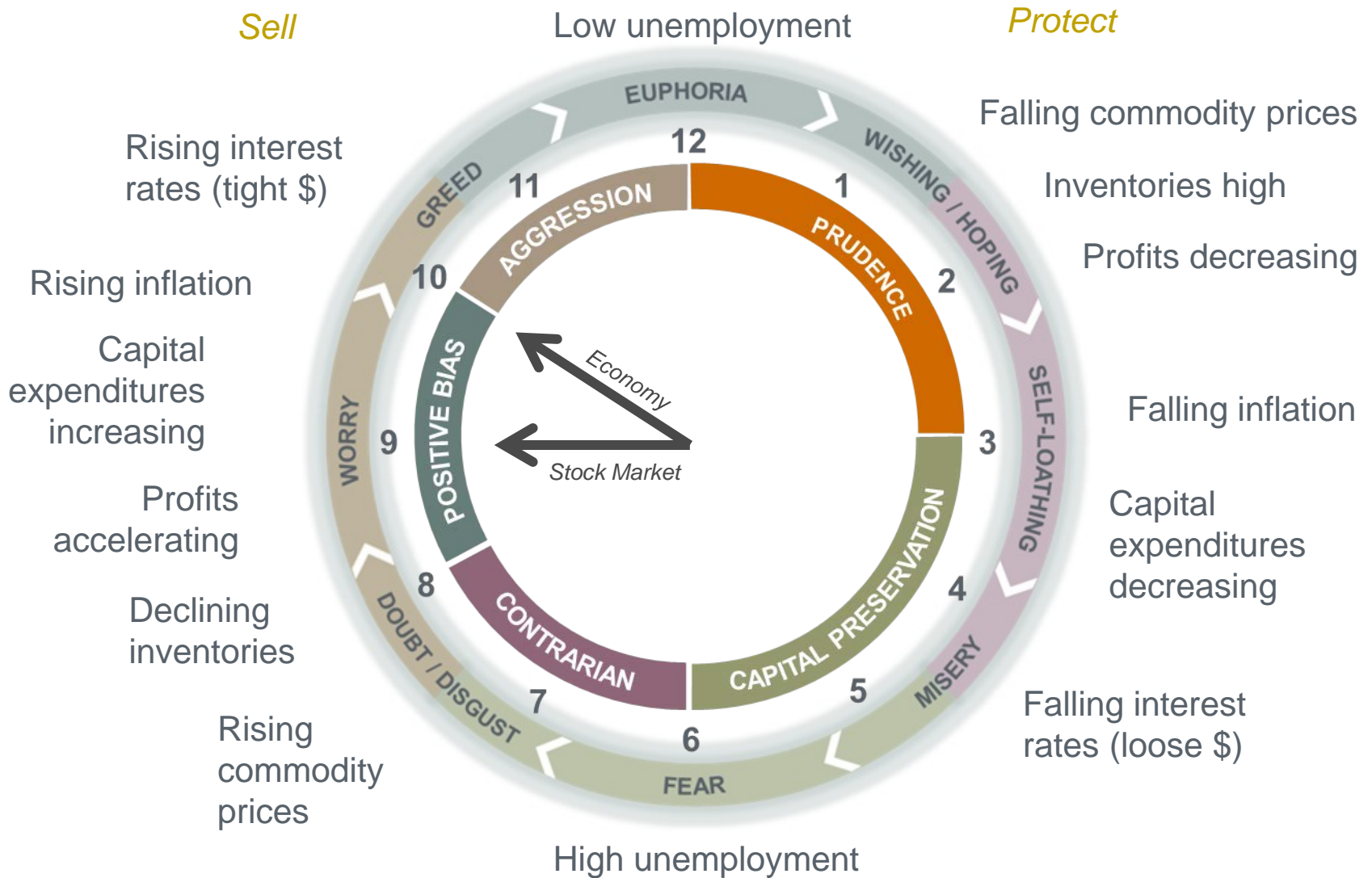
Cheaper Capital: Borrow to Buy or Build

Interaction between the Economy and Stock Market



Cheaper Capital: Borrow to Buy or Build

Interaction between the Economy and Stock Market

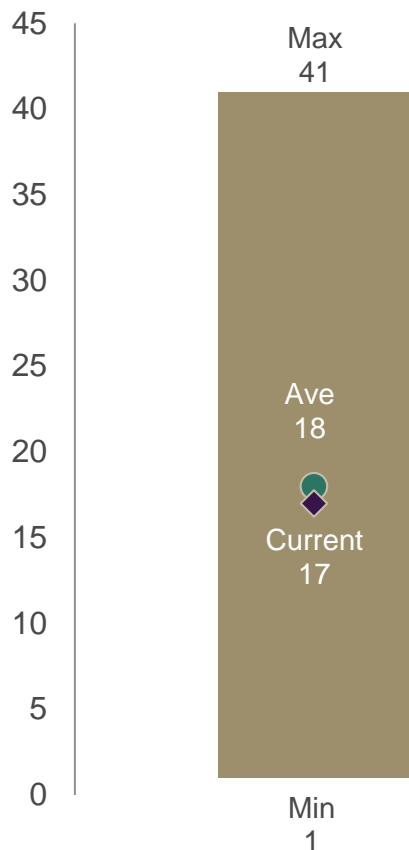


Cheaper Capital: Borrow to Buy or Build

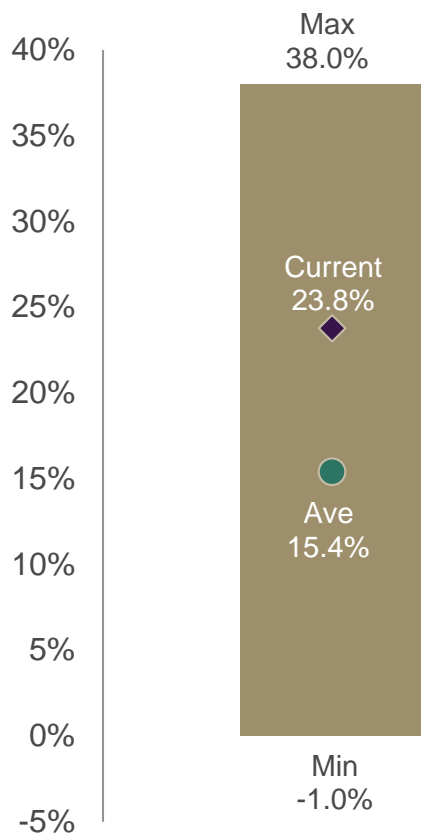
9:00: Current v. Historical Performance

11/30/2016 – 4/30/2018

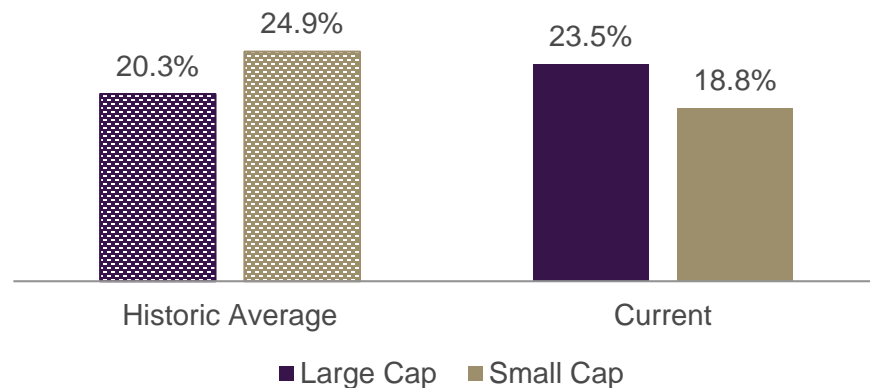
Length in Months



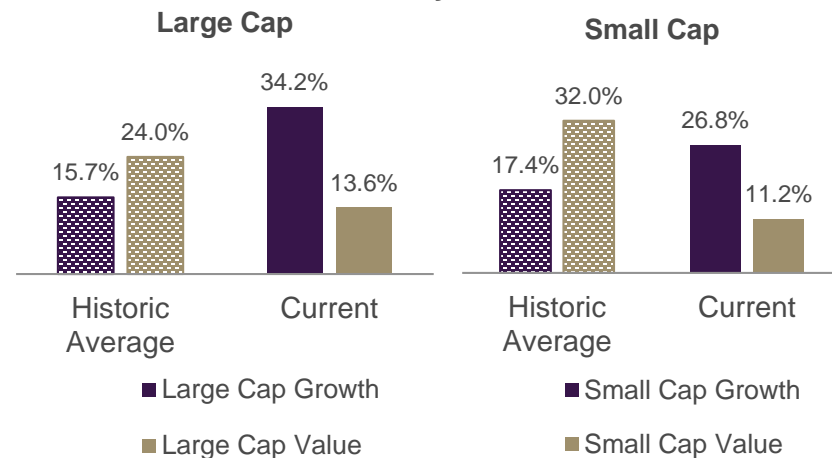
Cumulative Market Performance



Market Cap



Style



Source: Morningstar Direct

Performance measured using the following: Market Performance – S&P 500; Large Cap – Russell 1000; Small Cap – Russell 2000; Large Cap Growth – Russell 1000 Growth; Large Cap Value – Russell 1000 Value; Small Cap Growth – Russell 2000 Growth; Small Cap Value – Russell 2000 Value

Current period is not included in historical average calculations.

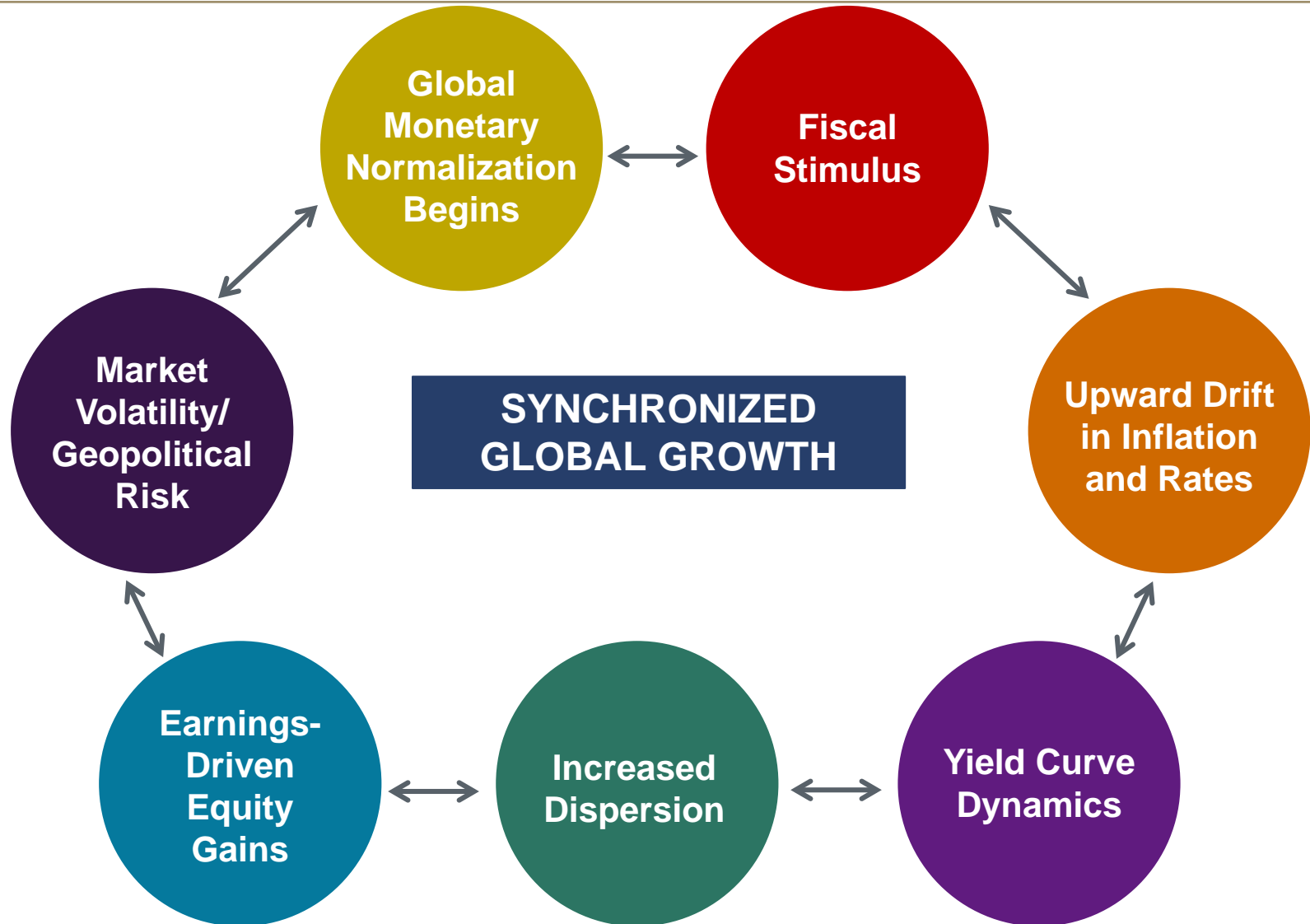
Asset Class Positioning

INVESTMENT STRATEGY COMMITTEE RECOMMENDATIONS

	Underweight	Small Underweight	Neutral	Small Overweight	Overweight
EQUITY				◆	
Large Cap				◆	
Mid Cap					◆
Small Cap					◆
International Developed Large Cap			◆		
International Developed Small Cap			◆		
Emerging Markets		◆			
Private Equity			◆		
Private Equity-Real Estate			◆		
FIXED INCOME	◆				
Treasuries	◆				
Investment-grade Corporate	◆				
Tax-exempt	◆				
High Yield				◆	
DIVERSIFIERS				◆	
Real Estate (REITs)		◆			
Long/Short Hedge				◆	
Absolute Return Hedge				◆	
Managed Futures					◆
Commodities	◆				

Our Key Investment Themes

2018



Disclosure

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