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Where Are We In The Economic Cycle?

Strategic Investment Conference

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The Fed's Economic Forecasts Vs. Outcomes

FORECAST MADE	FORECAST CHANGE IN REAL GDP OVER NEXT 4 QUARTERS	ACTUAL CHANGE IN REAL GDP OVER NEXT 4 QUARTERS*	PEAK-TO TROUGH% DROP IN GDP*
DECEMBER 1969	1.4%	-1.2%	-1.5%
NOVEMBER 1973	2.4%	-4.9%	-7.8%
JULY 1981	0.9%	-1.9%	-2.5%
JULY 1990	1.9%	-0.8%	-0.8%
MARCH 2001	2.6%	1.4%	-0.3%
DECEMBER 2007	1.3%	-0.5%	-4.2%

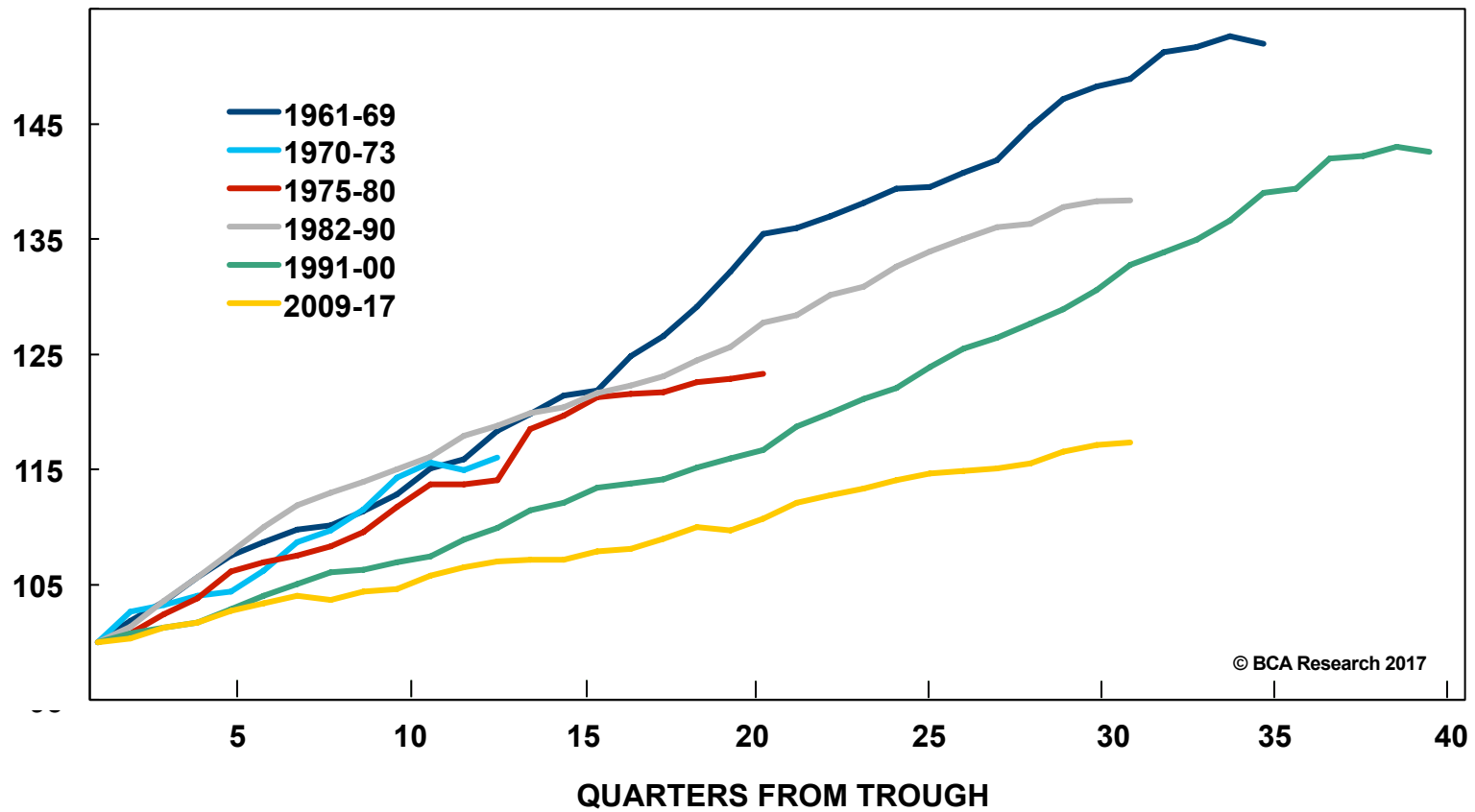
* THESE CALCULATIONS ARE BASED ON THE GDP DATA AVAILABLE AT THE TIME, NOT CURRENTLY PUBLISHED GDP DATA WITH REVISIONS AND CHANGES TO DEFINITIONS ETC.

The Ghastly Performance Of Active Fund Managers

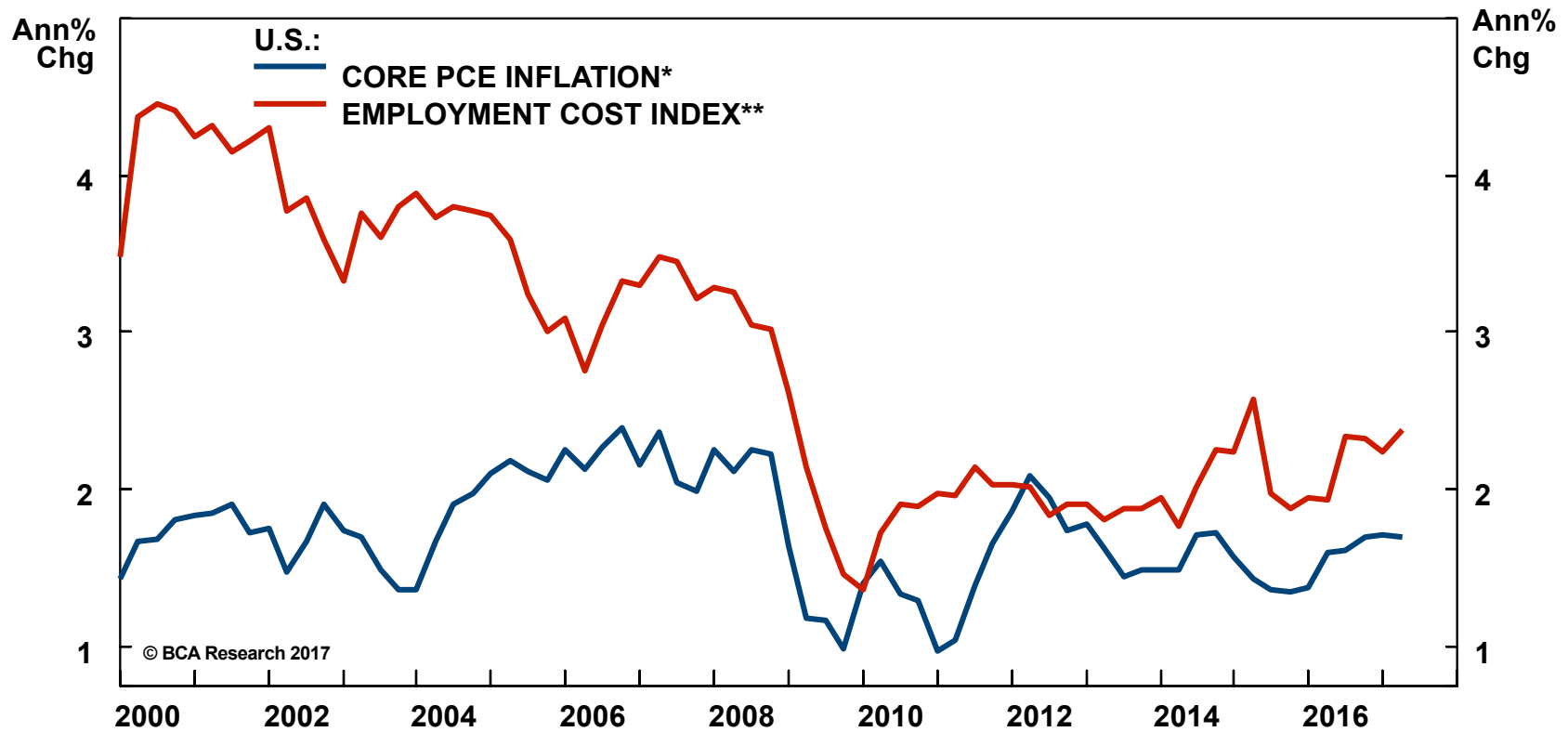
SHARE OF U.S. EQUITY FUNDS UNDERPERFORMING BENCHMARK*			
Fund type	5 YEARS	10 YEARS	15 YEARS
LARGE-CAP	88%	85%	92%
MID-CAP	90%	96%	95%
SMALL-CAP	97%	96%	93%

*AFTER FEES. DATA AS OF END-2016. SOURCE: S&P DOW JONES INDICES.

A Slow But Lengthy U.S. Economic Expansion



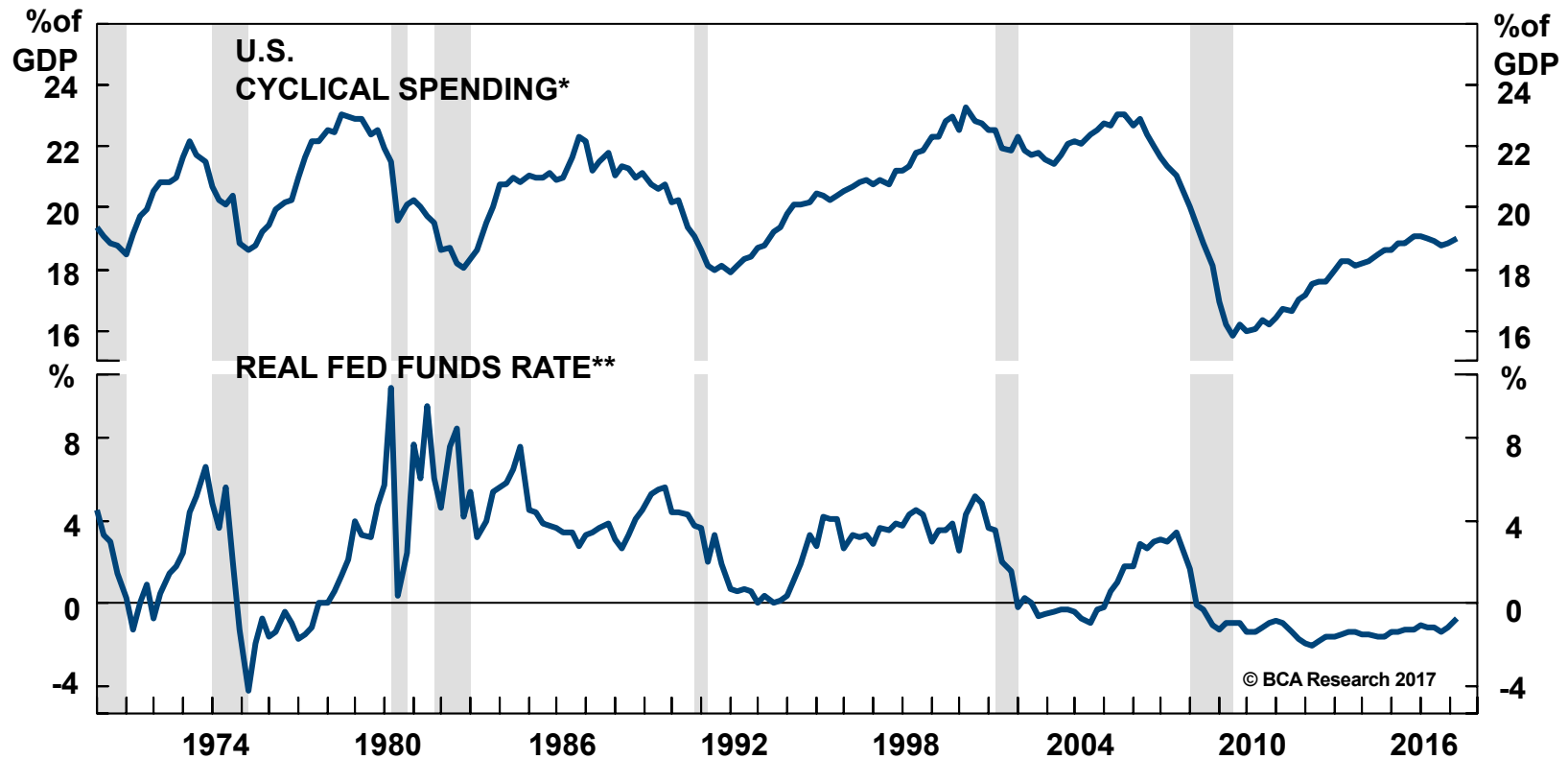
Inflation And Wage Growth Are Tame



* SOURCE: BUREAU OF ECONOMIC ANALYSIS.

** SOURCE: BUREAU OF LABOR STATISTICS.

No Reason To Expect A Near-Term Recession

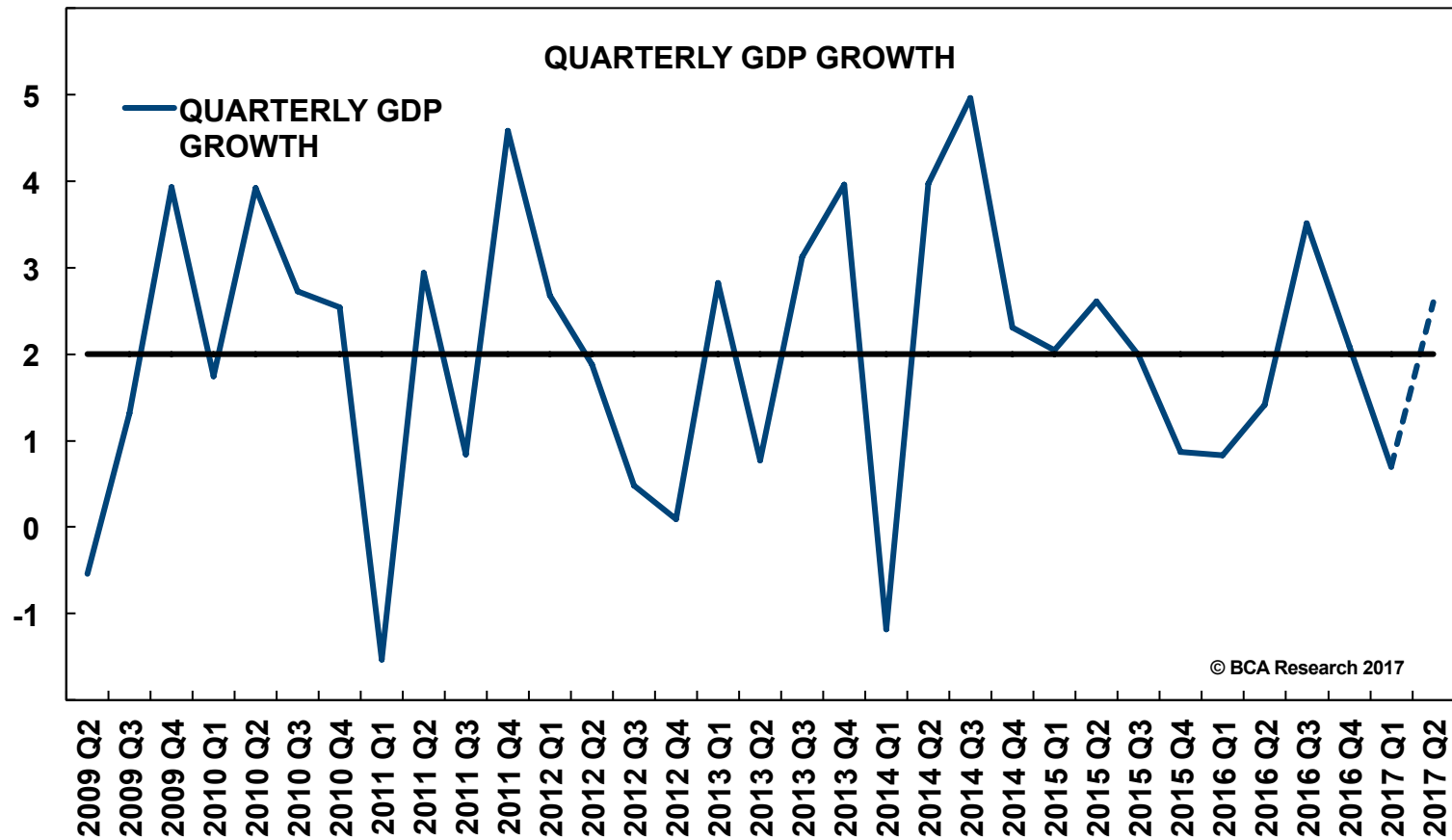


* SUM OF PERSONAL CONSUMPTION EXPENDITURE FOR TOTAL DURABLE GOODS, RESIDENTIAL INVESTMENT, NONRESIDENTIAL INVESTMENT FOR EQUIPMENT AND SOFTWARE; SOURCE: BUREAU OF ECONOMIC ANALYSIS.

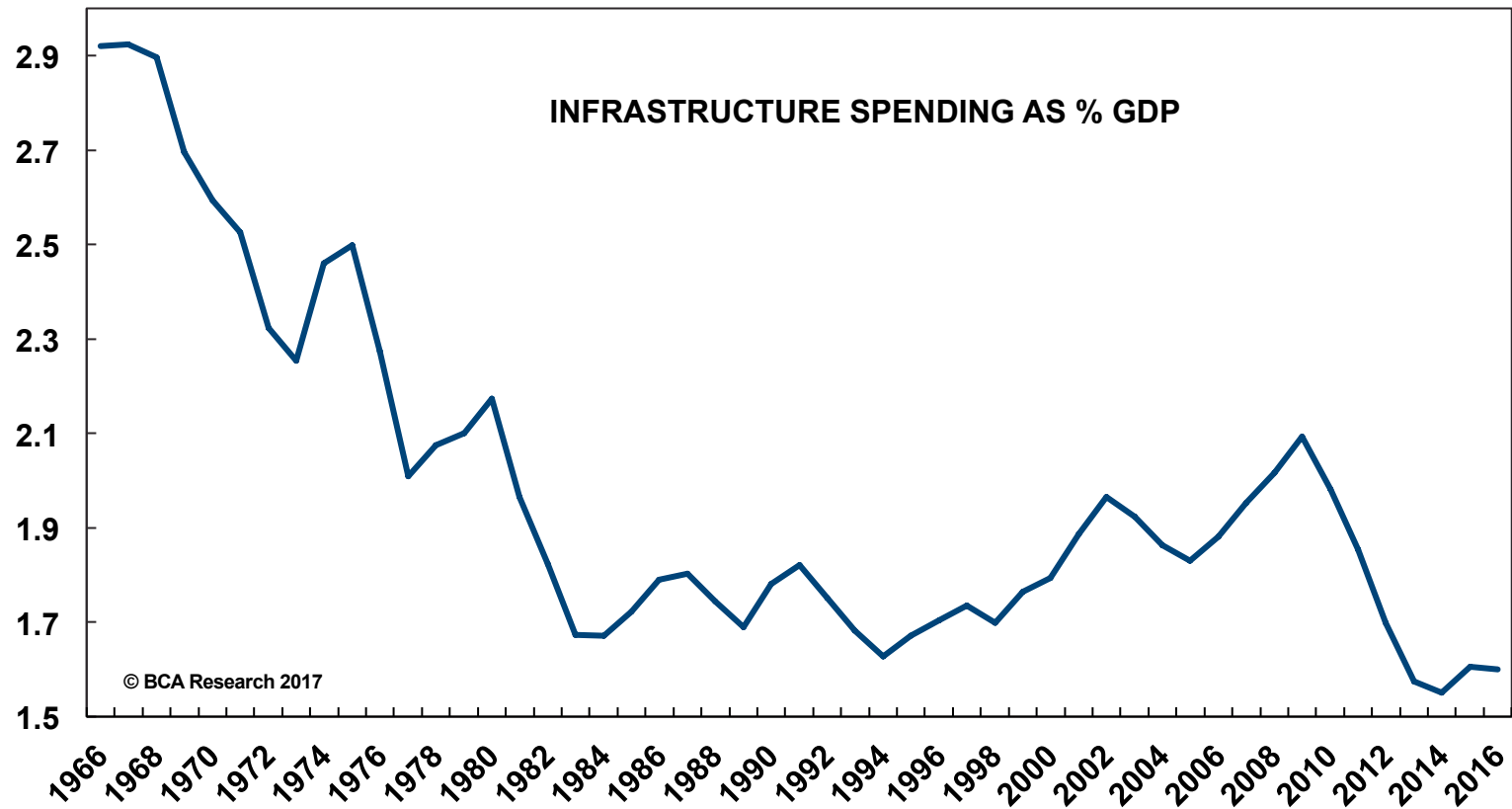
** DEFLATED BY CORE PERSONAL CONSUMPTION EXPENDITURE DEFLATOR.

NOTE: SHADING DENOTES NBER-DESIGNATED RECESSIONS.

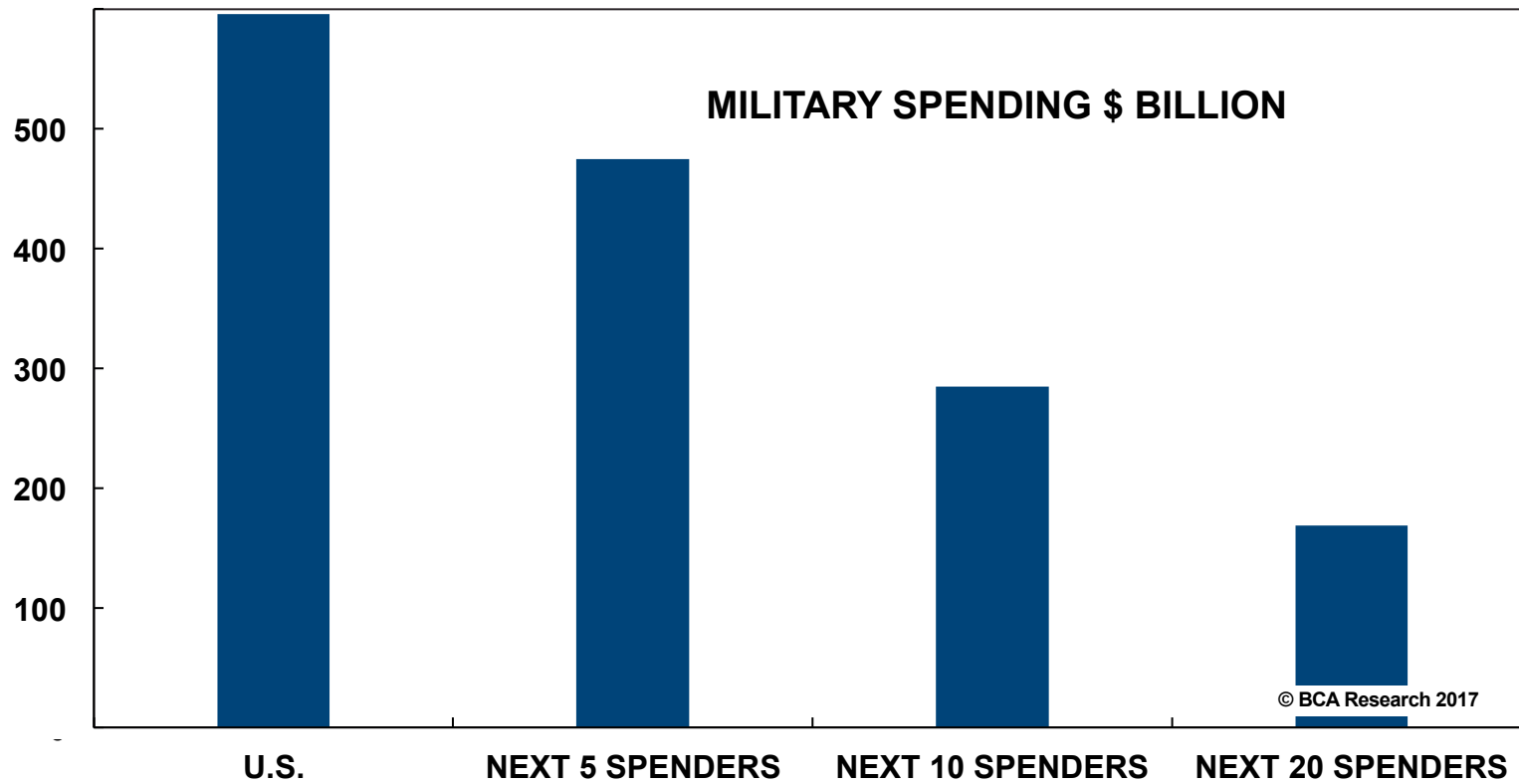
Volatile Growth, But a 2% Average



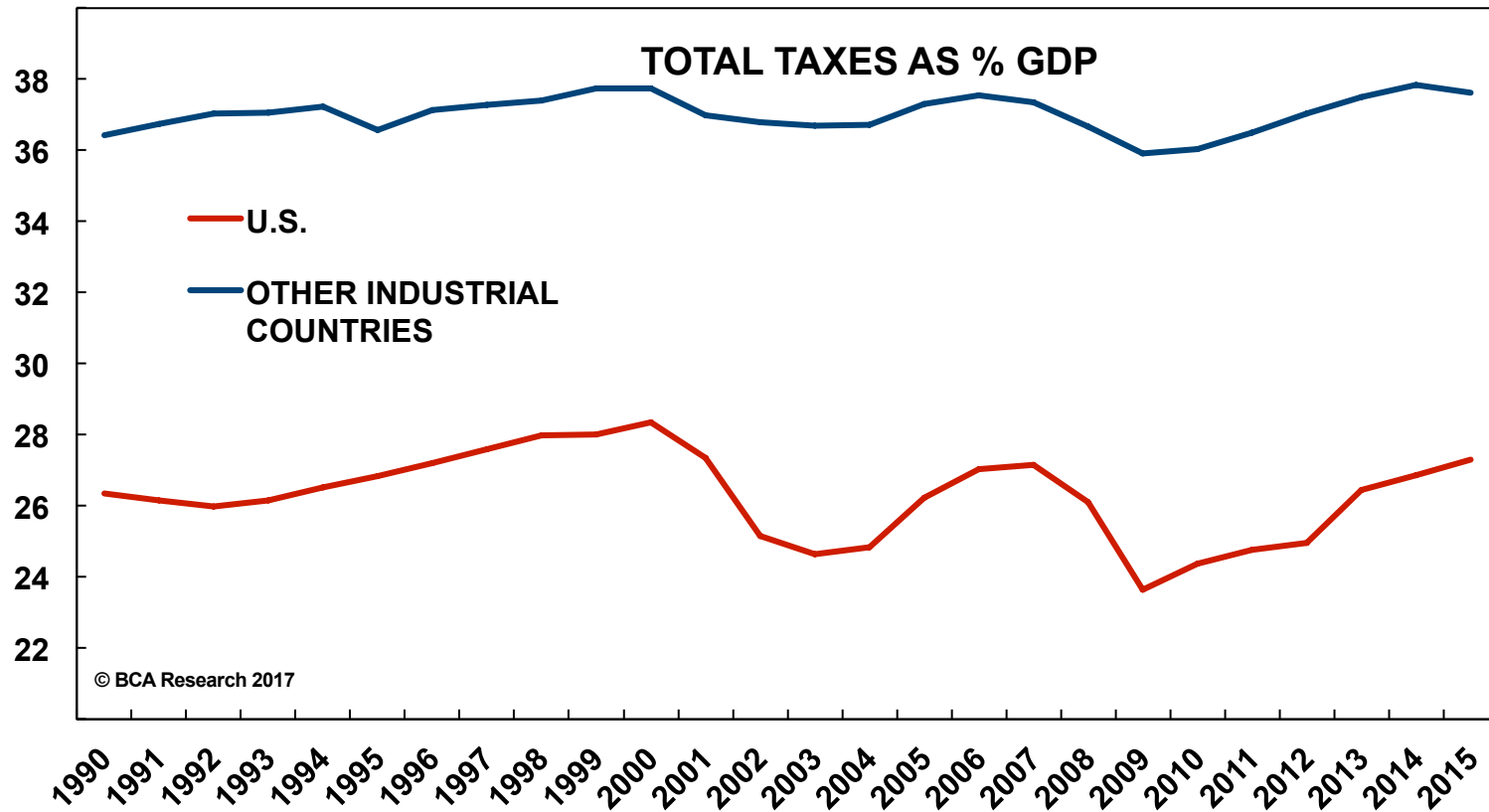
The Case For Infrastructure Spending In The U.S.



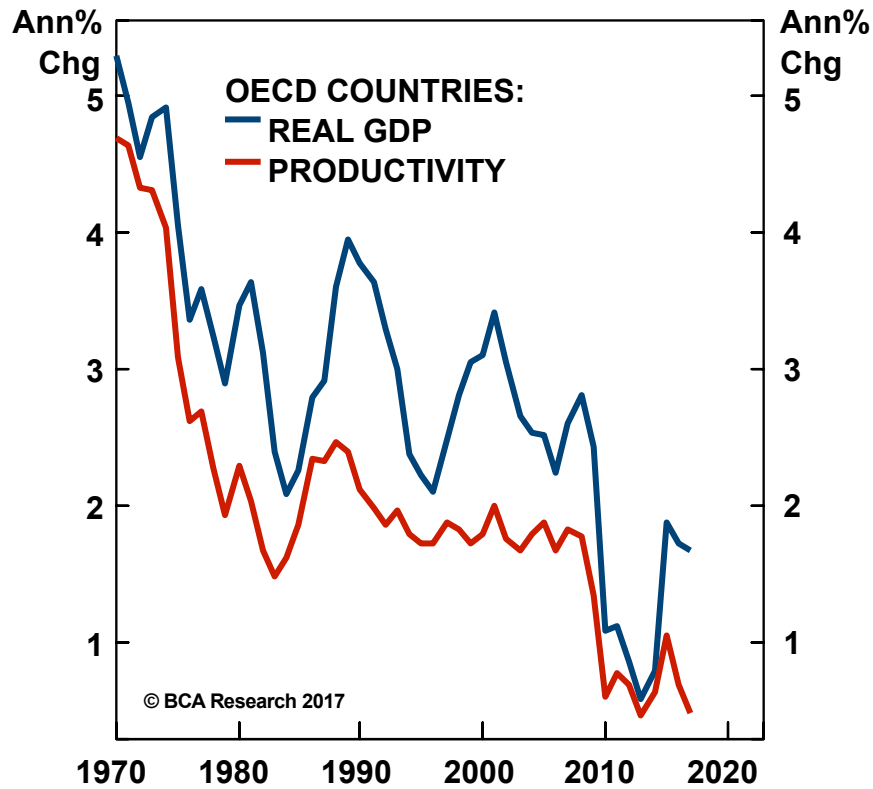
Not Clear That The U.S. Needs More Military Spending



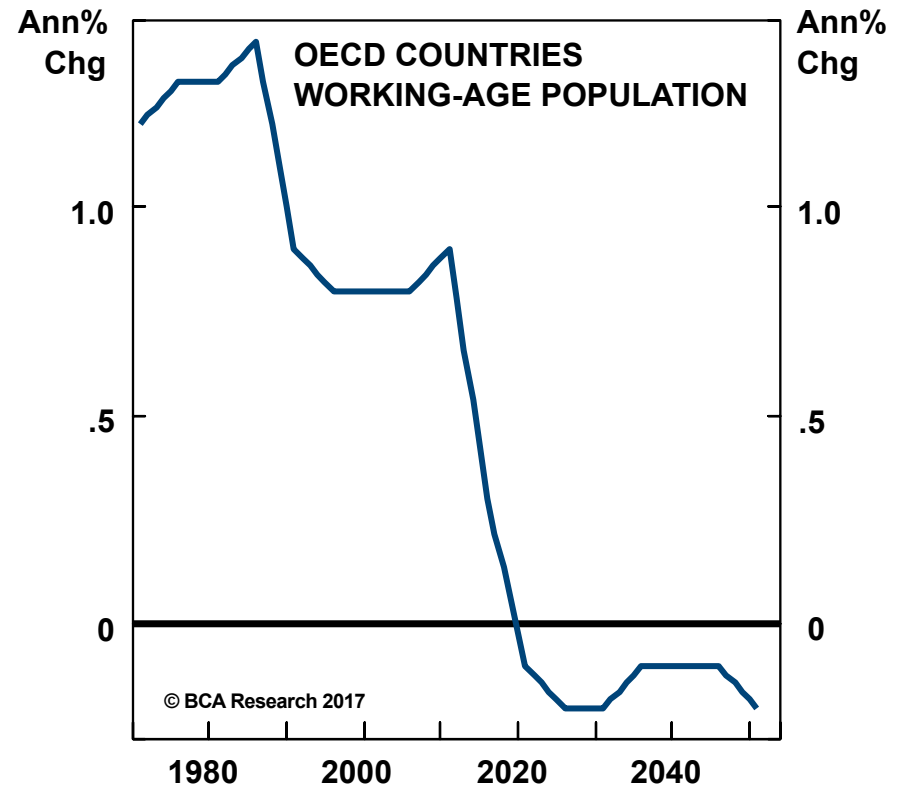
The U.S. Is A Low-Tax Country



Secular Stagnation Ahead?



NOTE: SHOWN AS A 5-YEAR MOVING AVERAGE; SOURCE: OECD.



NOTE: INCLUDES OECD PROJECTIONS; SHOWN AS A 5-YEAR MOVING AVERAGE; SOURCE: OECD.

The Past Is Not A Guide To The Future

	COMPOUND % RETURNS P.A.		PORTFOLIO WEIGHT
	THE PAST 1982-2016	THE FUTURE 2016-2026	
U.S. EQUITIES	11.2	3.5	40
OTHER DEVELOPED EQUITIES	9.3	5.5	20
EM EQUITIES	11.6	7.5	5
LONG-TERM TREASURIES	8.3	2.6	25
CORPORATE BONDS	9.3	3.6	10
TOTAL PORTFOLIO*	9.9	4.0	100
INFLATION	2.7	2.0	
TOTAL PORTFOLIO REAL RETURN	7.0	2.0	

*BASED ON WEIGHTS IN FINAL COLUMN.

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