

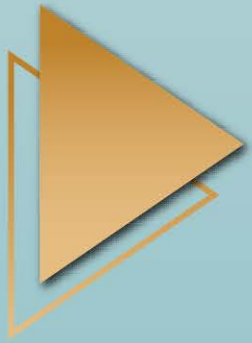


WEALTH MANAGEMENT CONFERENCE

*the essence of innovation*

# Economic & Market Trends

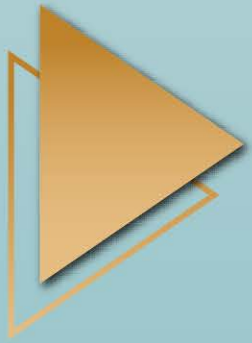
## Panel Discussion



# Panel Discussion

- Barry K. Mendelson, CIMA  
Capital Market Consultants, Inc.
- David D. Spaulding, DPS, CIPM  
The Spaulding Group, Inc.
- Carmen R. Thompson  
Rice University

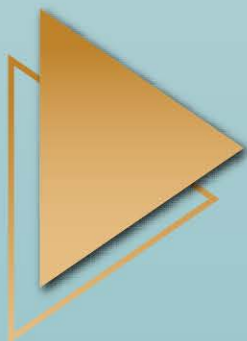




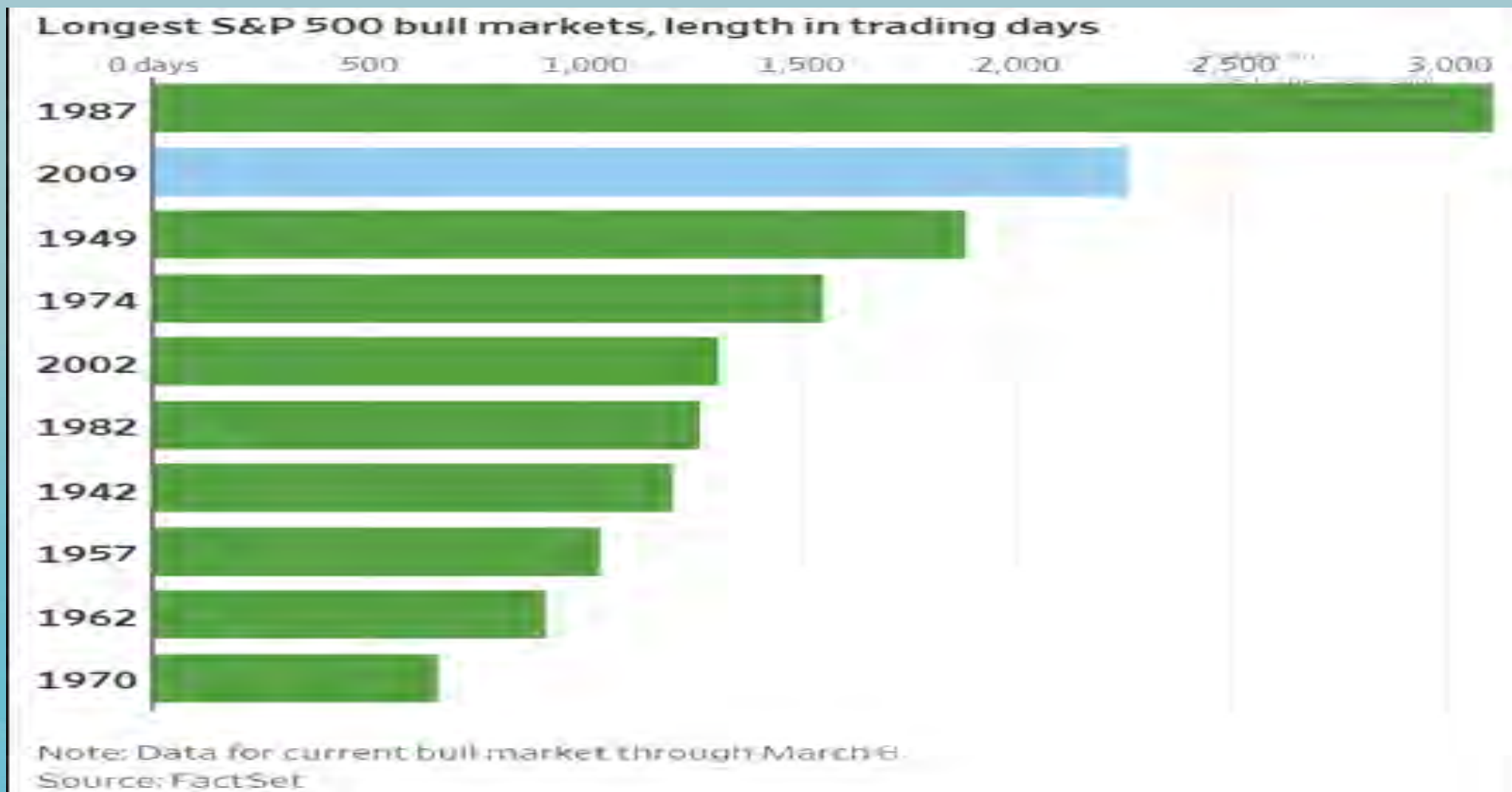
# Market & Economic Environment

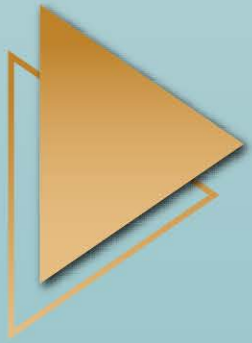
- Market performance
- Bond yields rising
- Tax law changes





# Market & Economic Environment

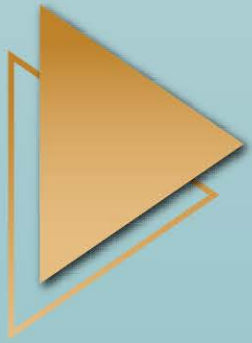




# Federal Reserve 3/21 board meeting

- Key rate raised to 1.50-1.75%, highest since 2008
- Expected US GDP growth of 2.7% (2018) and 2.4% (2019)
- Three hikes, possibly four in 2018
- Expected US unemployment rate to 3.8% (2018) and 3.6% (2019), lowest since 1969

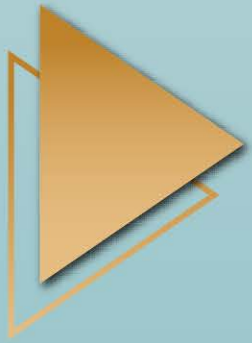




# Positives

- Global expansion
- Moderate growth, unemployment continues to fall
- Innovation unleashes disruptive forces in global equity markets
- Emerging markets - opportunities available after strong 2017

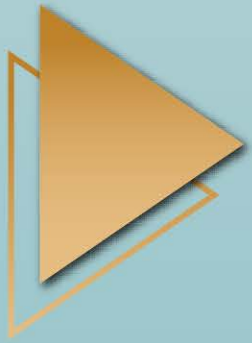




# Negatives

- Aging bull market - elevated valuations temper expectations
- Low yields and tight valuations as central banks tighten
- Goldilocks extended, but seeing signs of peak growth
- Deficits and inflation acceleration risk



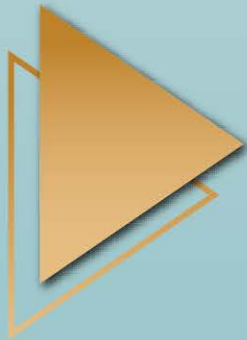


# Topics for today

- Trade and tariffs
- Asset management
  - ETFs vs funds
  - Selective outsourced functions
- Fixed income positioning
- Bitcoin
- Audience - top of mind topics



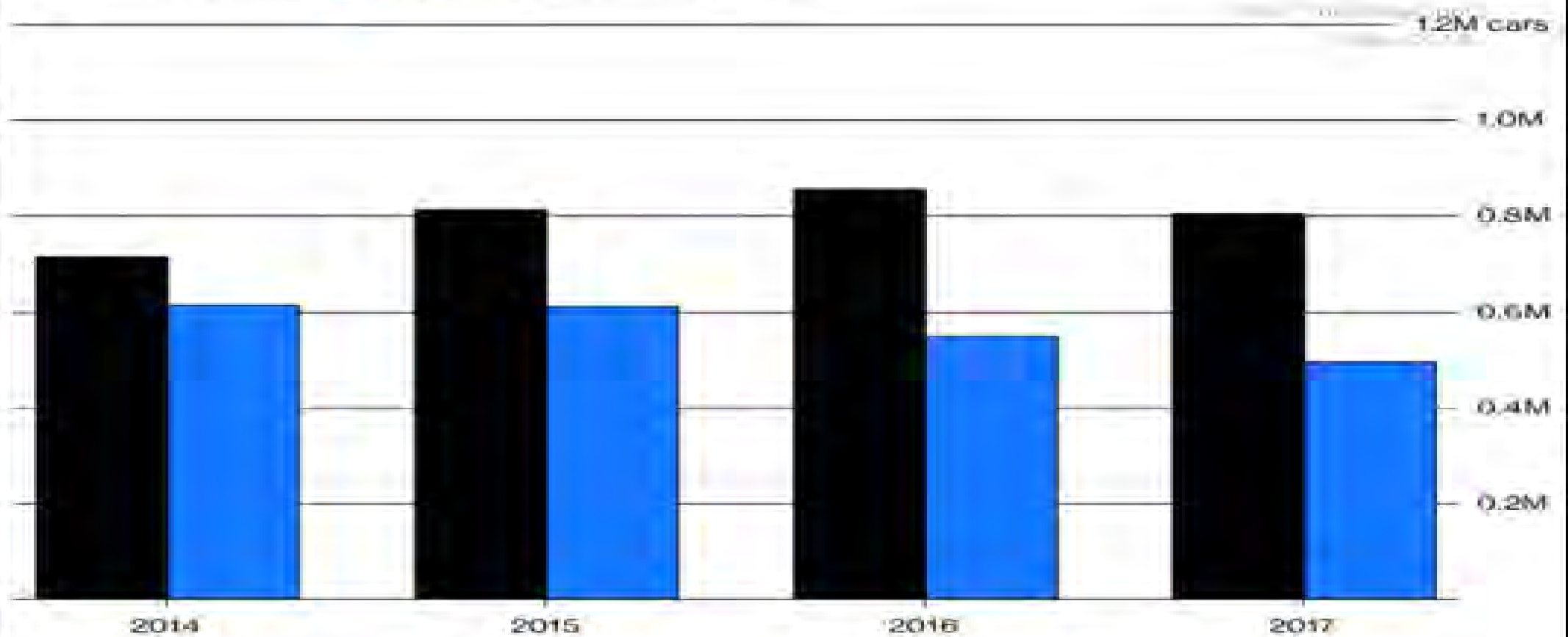




# Trade & Tariffs

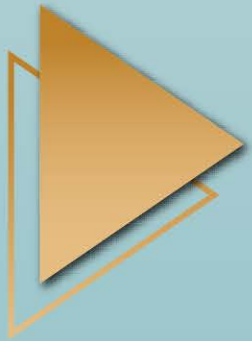
German carmakers produce more vehicles in the U.S. than they export there

■ Produced in U.S. ■ Exported from Germany to U.S.



Data: German auto-industry lobby VDA; graphic by Bloomberg Businessweek





# Trade & Tariffs

## The Countries America Loves to Trade With

Top 5 U.S. trading partners for goods 2016 (\$ billions & % of total trade)\*



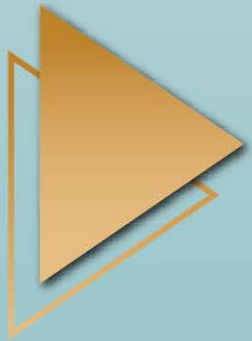
\* Year-to-date November 2016

@StatistaCharts

Source: U.S. Census Bureau

statista

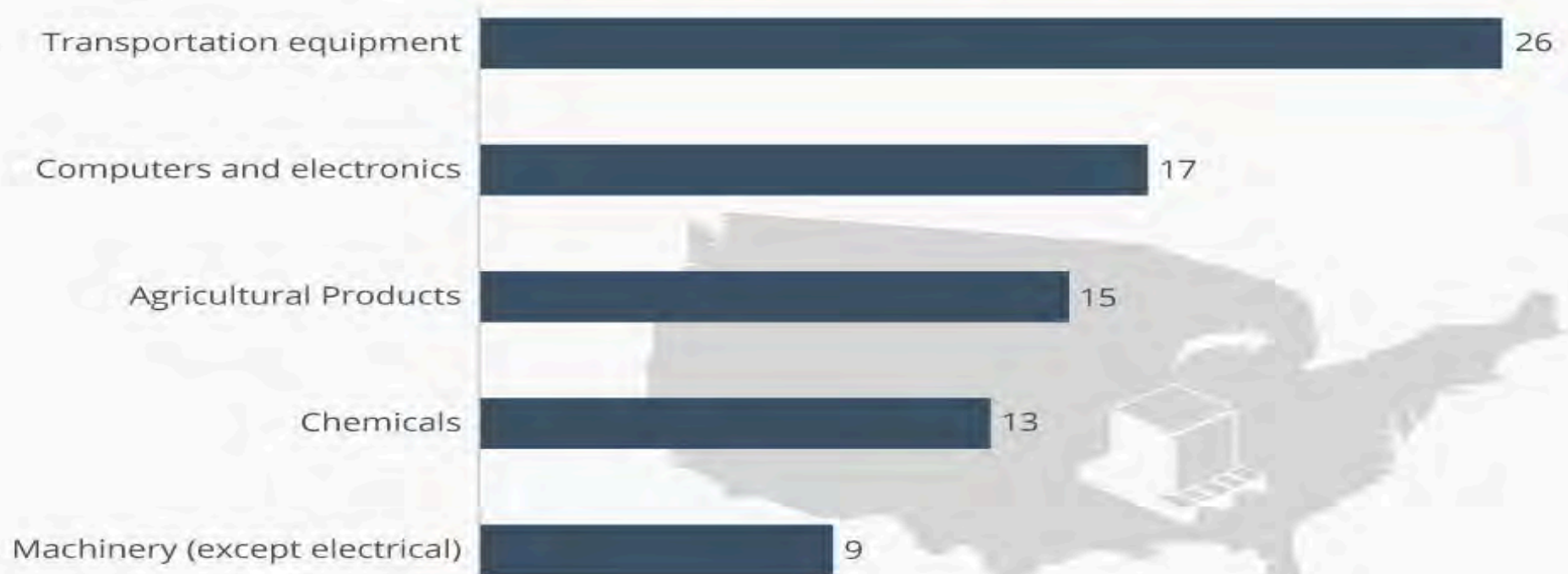




# Trade & Tariffs

## The US Industries Most At Risk In A Trade War With China

Leading export categories of the United States to China in 2015 (in billion U.S. dollars)



@StatistaCharts Source: US-China Business Council

statista

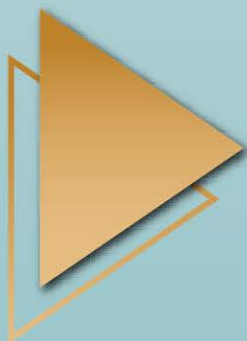




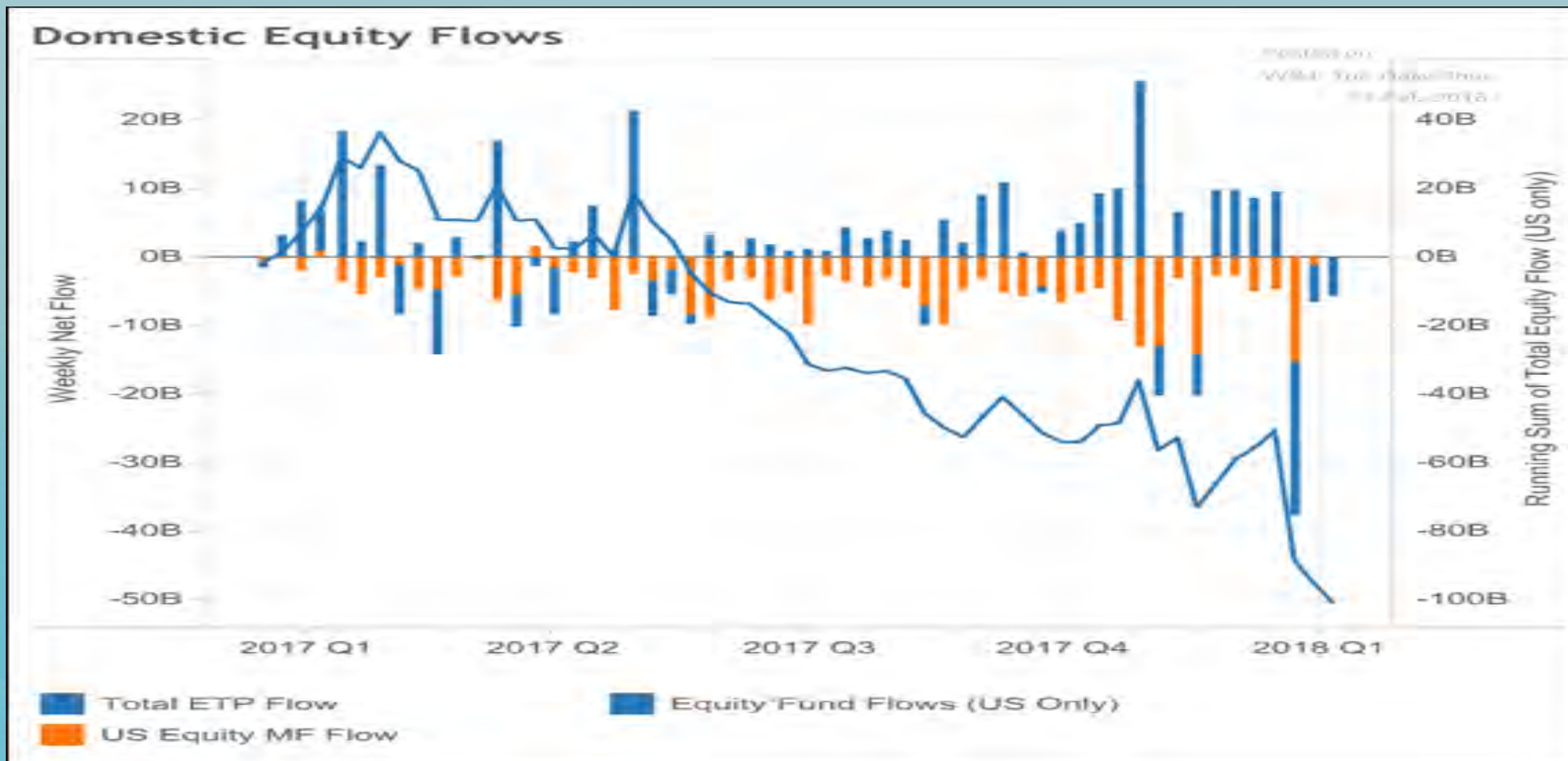
# Trade & Tariffs

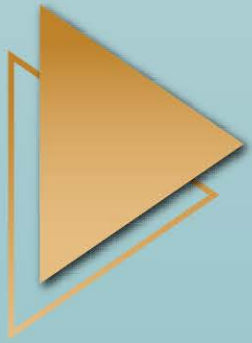
- Risks of trade wars and tariffs
  - Inflation
  - Economic slowdown
  - Reduced trade
- Impact on profits, productivity and jobs
- US targeting to fix “incorrect policy decisions”





# ETFs - structural issues

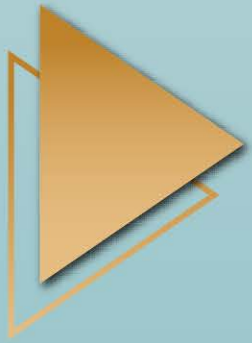




# ETFs - structural issues

- Current trends in ETFs
- Derivative features
- Volatility impact on wealth management firms
- Cost vs. Risk

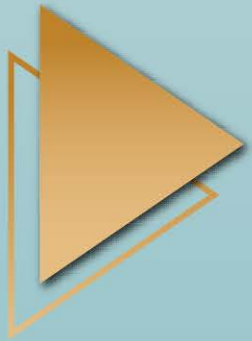




# Selective Outsourcing

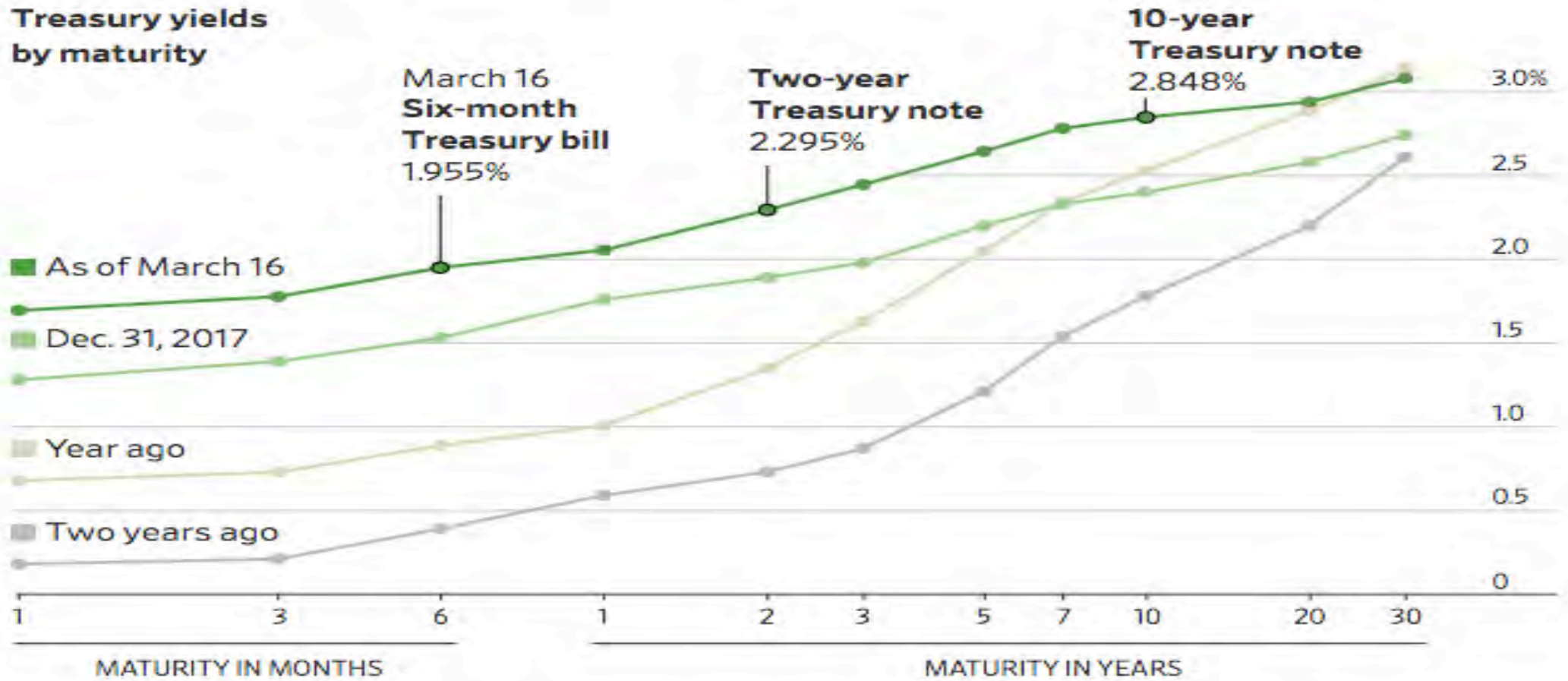
- Fractional or OCIO services
- Best business practices opportunity
- Impact of fees
- Flexibility vs. regulatory compliance





# Fixed Income

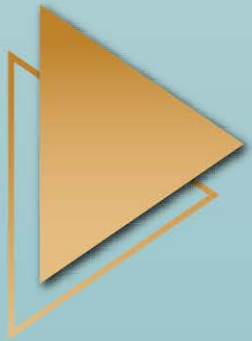
Treasury yields by maturity



Source: Treasury Department

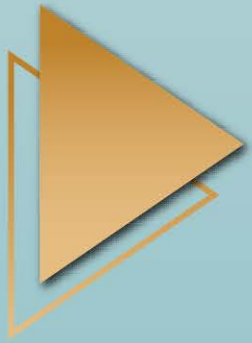






# Fixed Income

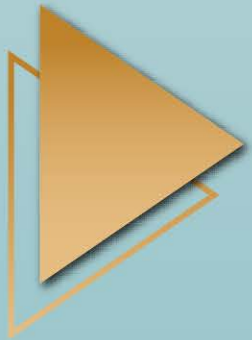




# Fixed Income positioning

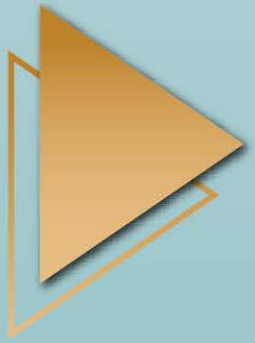
- Rising rate environment - new for many careers
- Flattening yield curve
- Credit quality as an indicator
- Attraction of US bonds vs other sovereigns





# Bitcoin

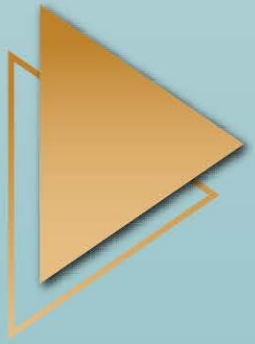




# Bitcoin

- Digital “cryptocurrency”
- Bitcoin ≠ Blockchain
- Bitcoin mining
- Investing or speculation?
- Unregulated market
- Multiple cryptocurrencies vying for scale
- ICOs





# Topics for today

- Questions?
- Top of mind topics?

