

# MACRO INSIGHTS

## Q1 2018

FISHER INVESTMENTS<sup>TM</sup>  

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INSTITUTIONAL GROUP

FISHER INVESTMENTS EUROPE<sup>TM</sup>

FISHER INVESTMENTS AUSTRALASIA<sup>TM</sup>

FISHER INVESTMENTS JAPAN<sup>TM</sup>

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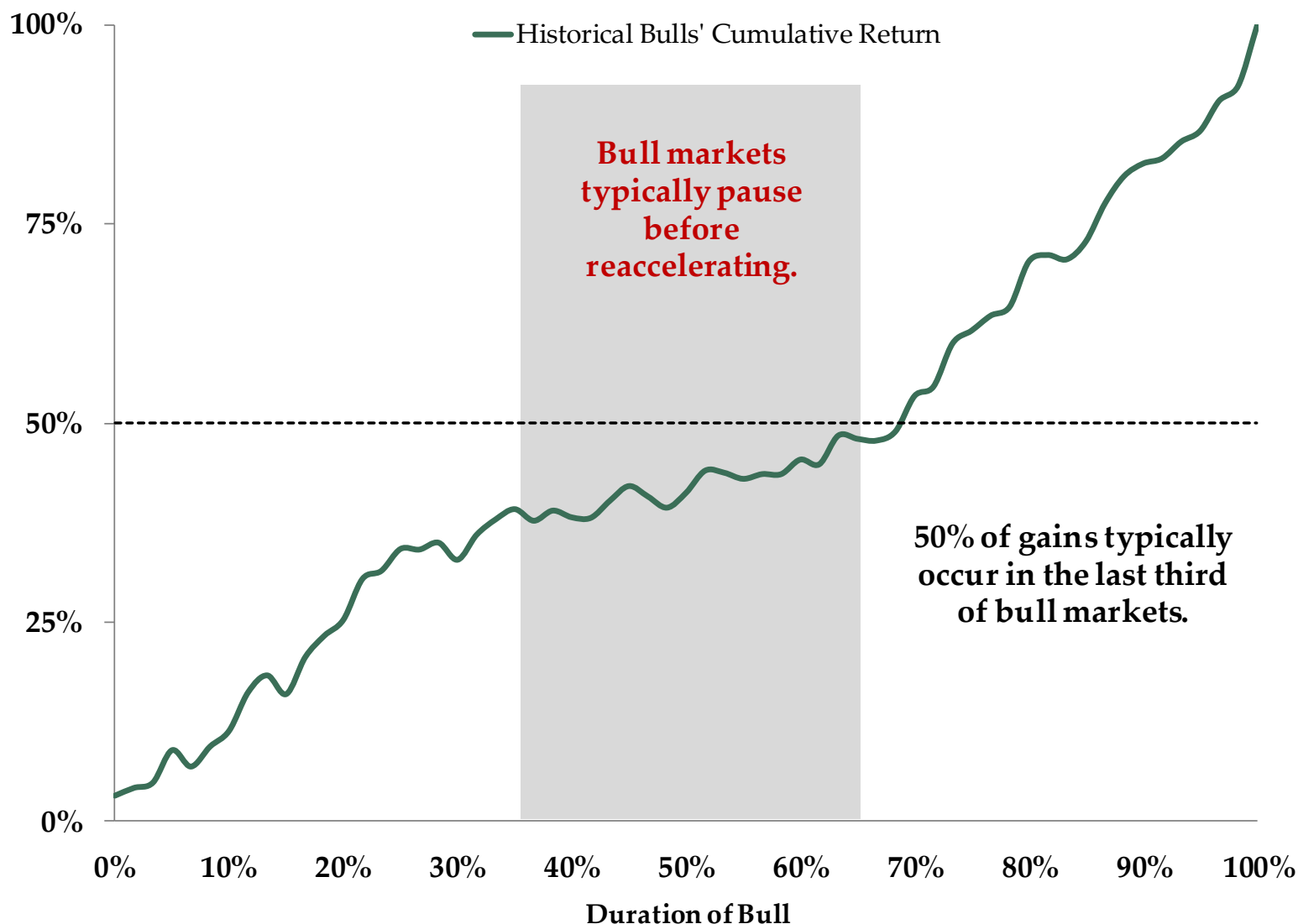
# MARKET OUTLOOK 2018

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- Expect the bull market to continue
- Stocks usually accelerate in bull markets' final third
- Equity market forecasts remain subdued
- The global economy is in full expansion mode
- Corporate earnings growth remains very strong
- Gridlock continues to reduce political risk
- Many major EM markets are benefitting from economic reforms
- Investor confidence continues to grow

# HALF OF RETURN OCCURS IN LAST THIRD OF A BULL

Bull markets typically have steep gains early, flatten out in the middle, and reaccelerate upward in the final third.

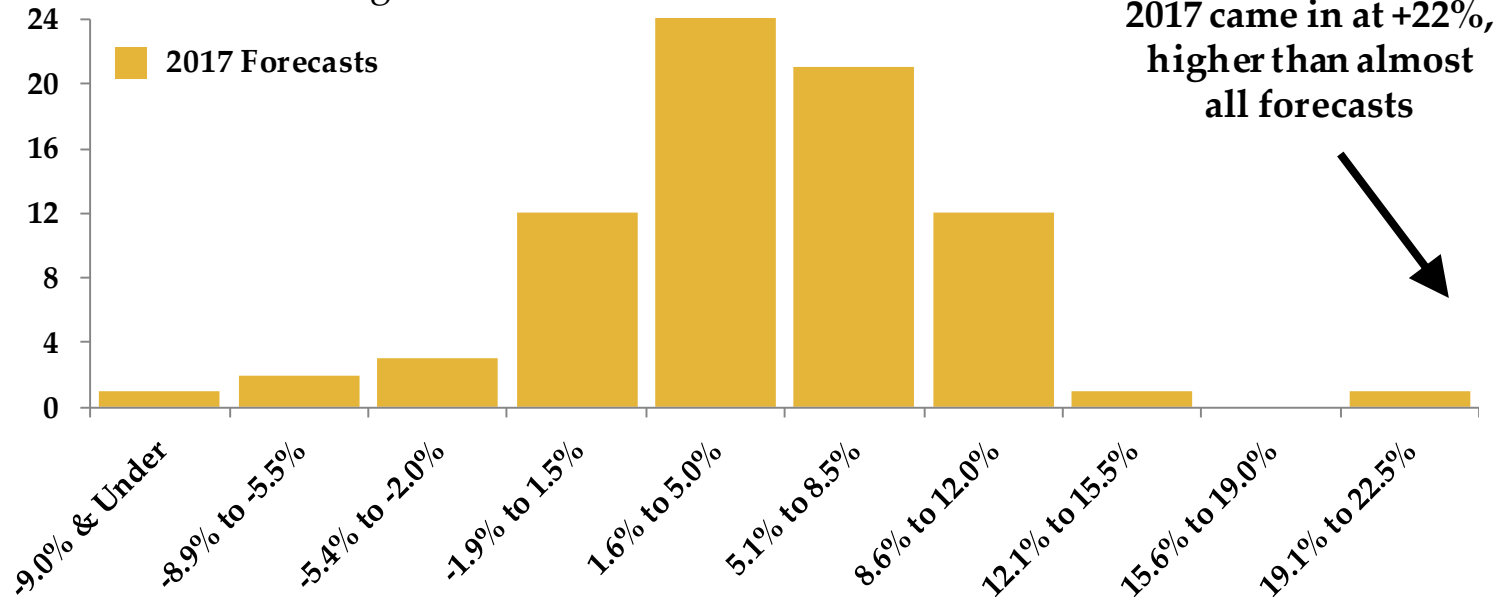


Source: Factset, Inc., Global Financial Data, Inc.; "Historical Bull Markets" includes bulls from June 1932 - October 2007. Bull markets before 1990 rounded to nearest month to match GFD's S&P 500 Total Return extended data.

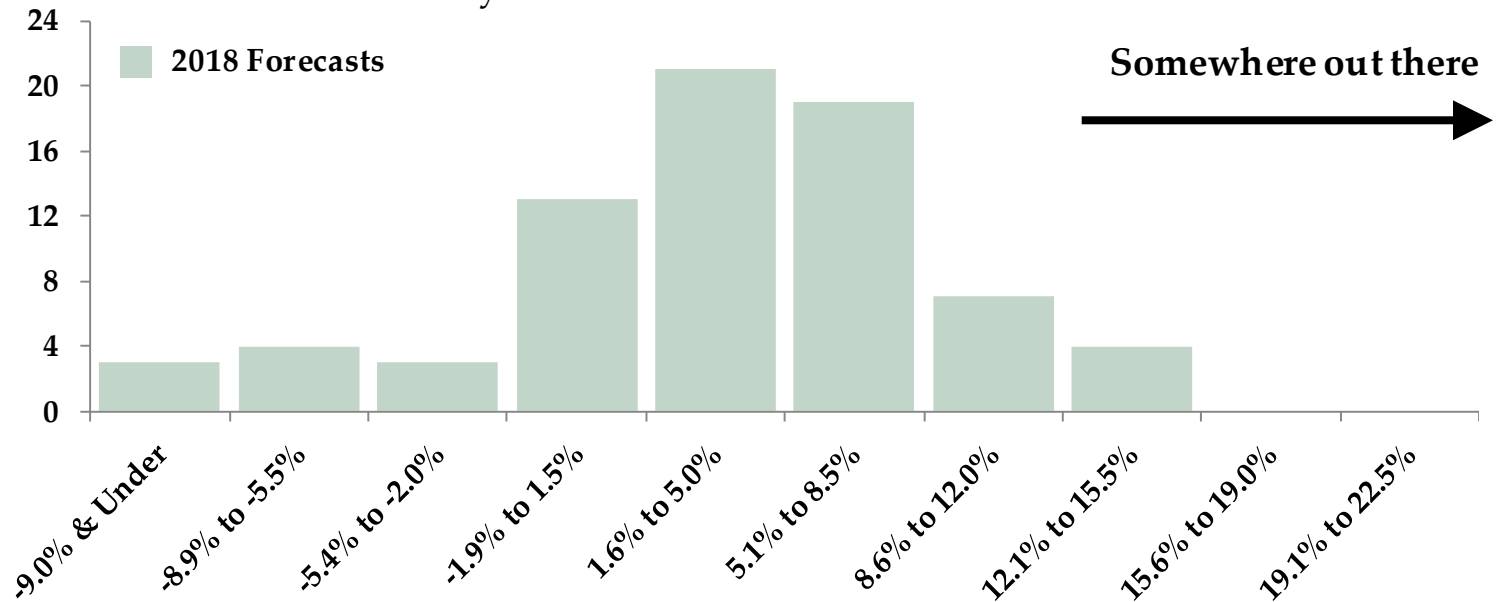
# FORECASTS REMAIN SUBDUED

Professional forecasters continue to exhibit caution in their forecasts for the S&P 500.

2017 came in much higher than consensus...



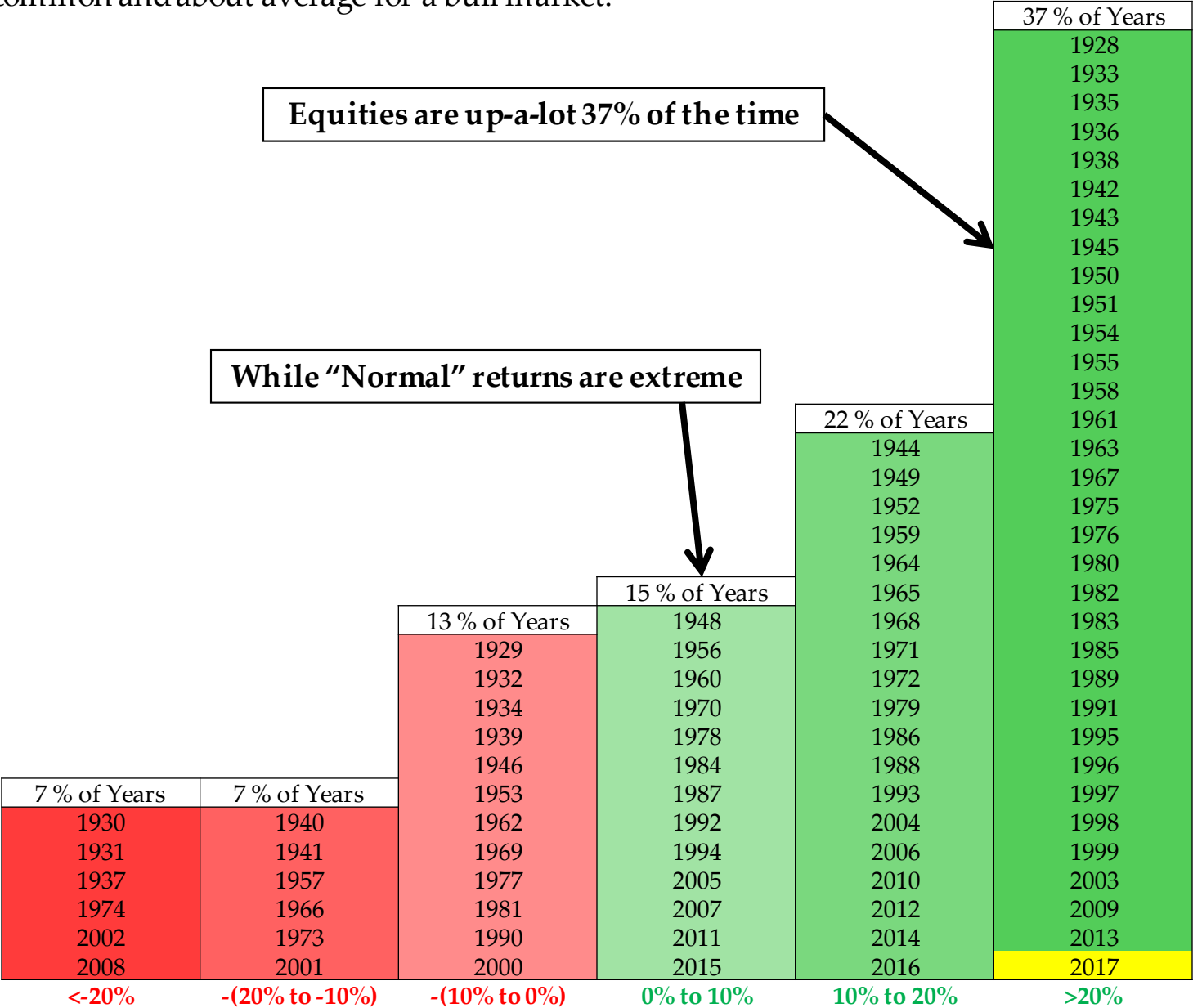
...2018 forecasts are similarly cautious



Source: Fisher Investments Research. S&P 500 forecasts are made by equity strategists from a variety of firms within the investment industry. Calendar year 2017 forecasts are as of January 2017 with 91 observations. Calendar year 2018 forecasts are as of December 2017 with 74 observations.

# AVERAGE RETURNS AREN'T NORMAL

2017 was perceived by many as an extremely strong year, but 20%+ equity returns are fairly common and about average for a bull market.



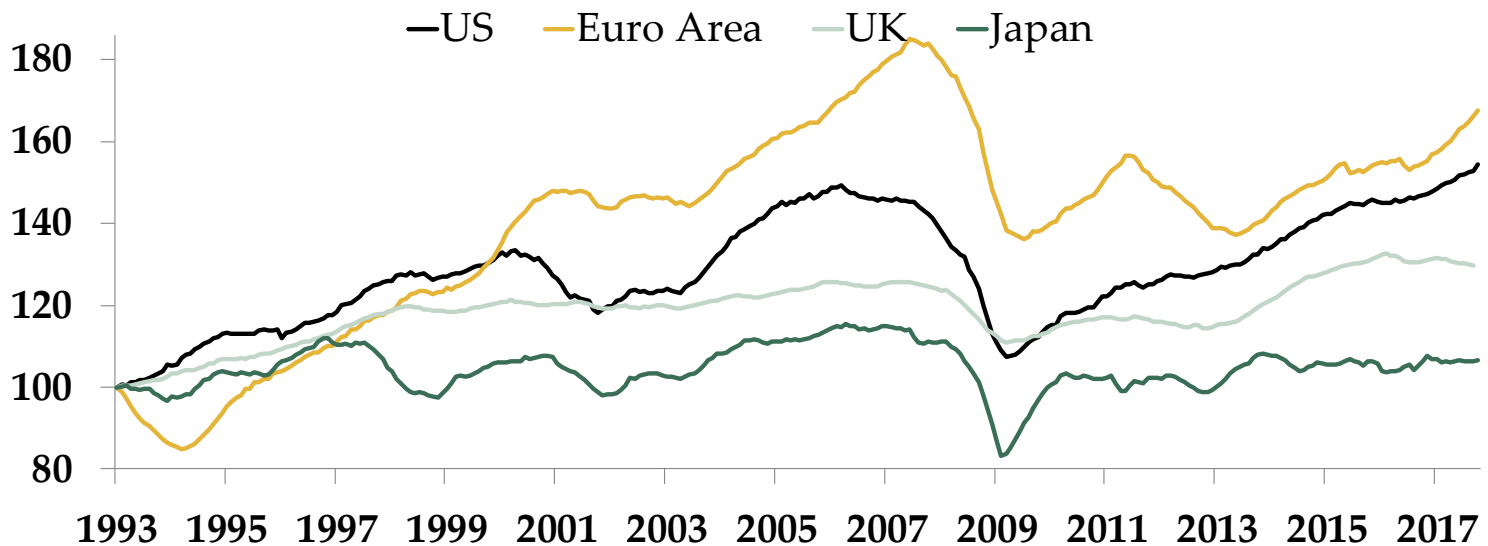
Source: Global Financial Data, Inc., FactSet, Inc.; S&P 500 Total Return from December 1925 to December 2016. \*Numbers may not sum to 100% due to rounding

# THE GLOBAL ECONOMY IS EXPANDING

Global GDP is set to accelerate in the coming year.



Recession is unlikely when major Leading Economic Indicators (LEI) are rising.

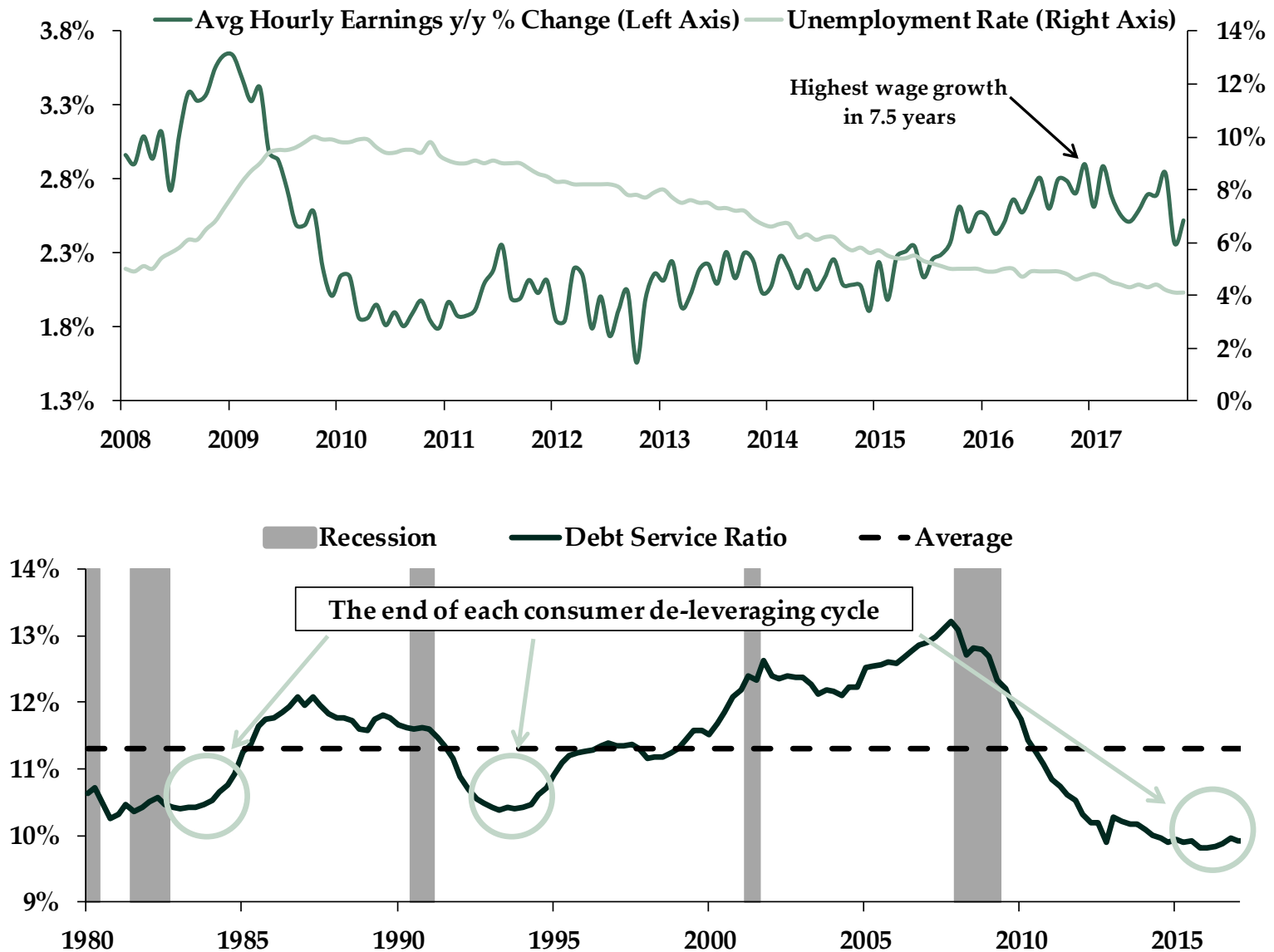


Top chart source: IMF; annual global real GDP growth from 2009 to 2016 and IMF projections for 2017 and 2018. Bottom chart source: Conference Board Leading Economic Index (LEI) from 1993 to October 2017. Indexed to 100 in January 1993.



# US CONSUMERS HAVE MORE TO SPEND

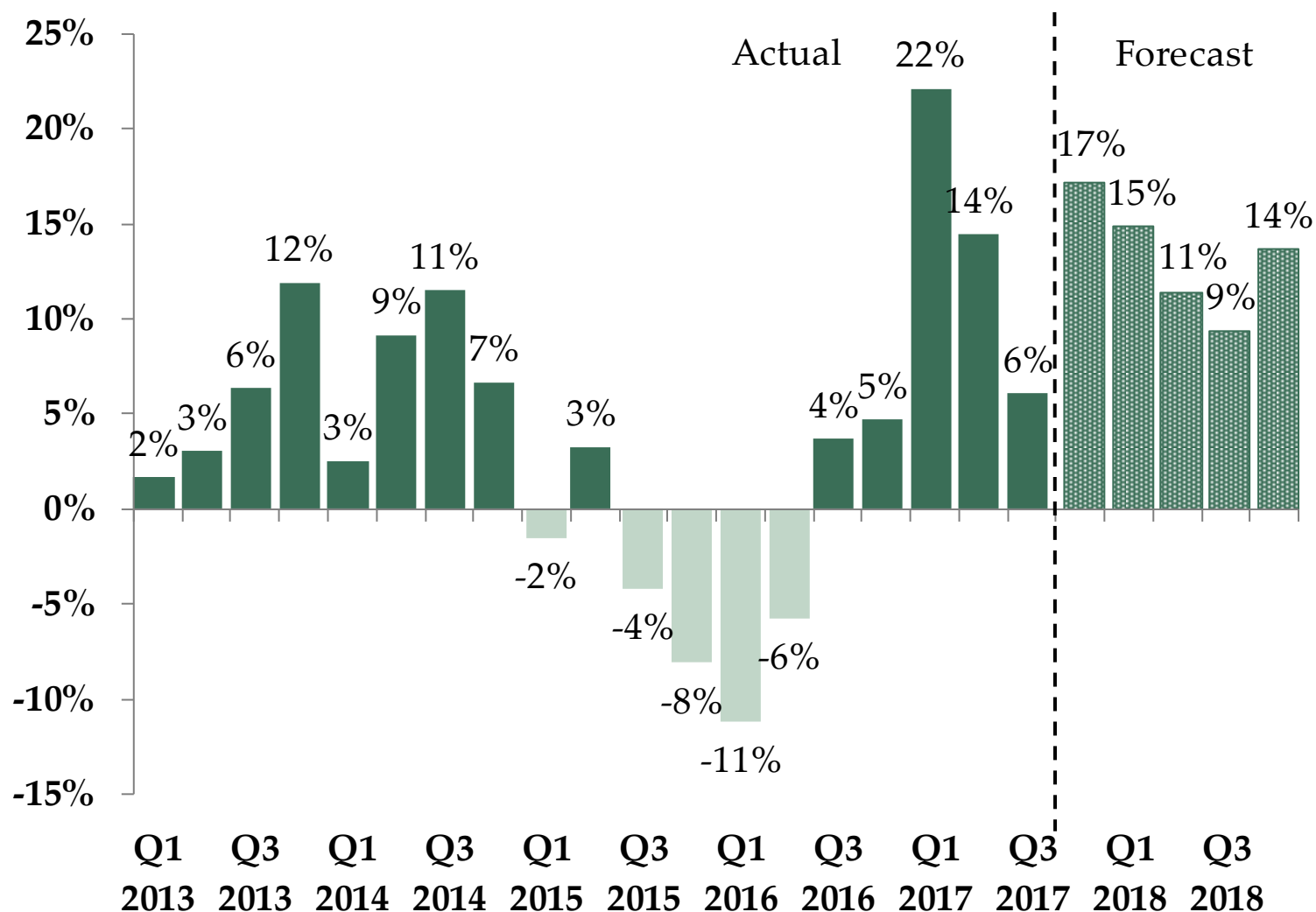
Low unemployment, decent wage growth and the end of consumer de-leveraging foster more spending from American consumers.



Top chart source: US Department of Labor and ADP as of November 2017. Bottom chart source: FactSet, Inc; quarterly Federal Reserve consumer debt service ratio and NBER recession from Q1 1980 to Q2 2017.

# GLOBAL EARNINGS GROWTH

Earnings were previously weak mostly due to energy, and growth will likely continue well into 2018.

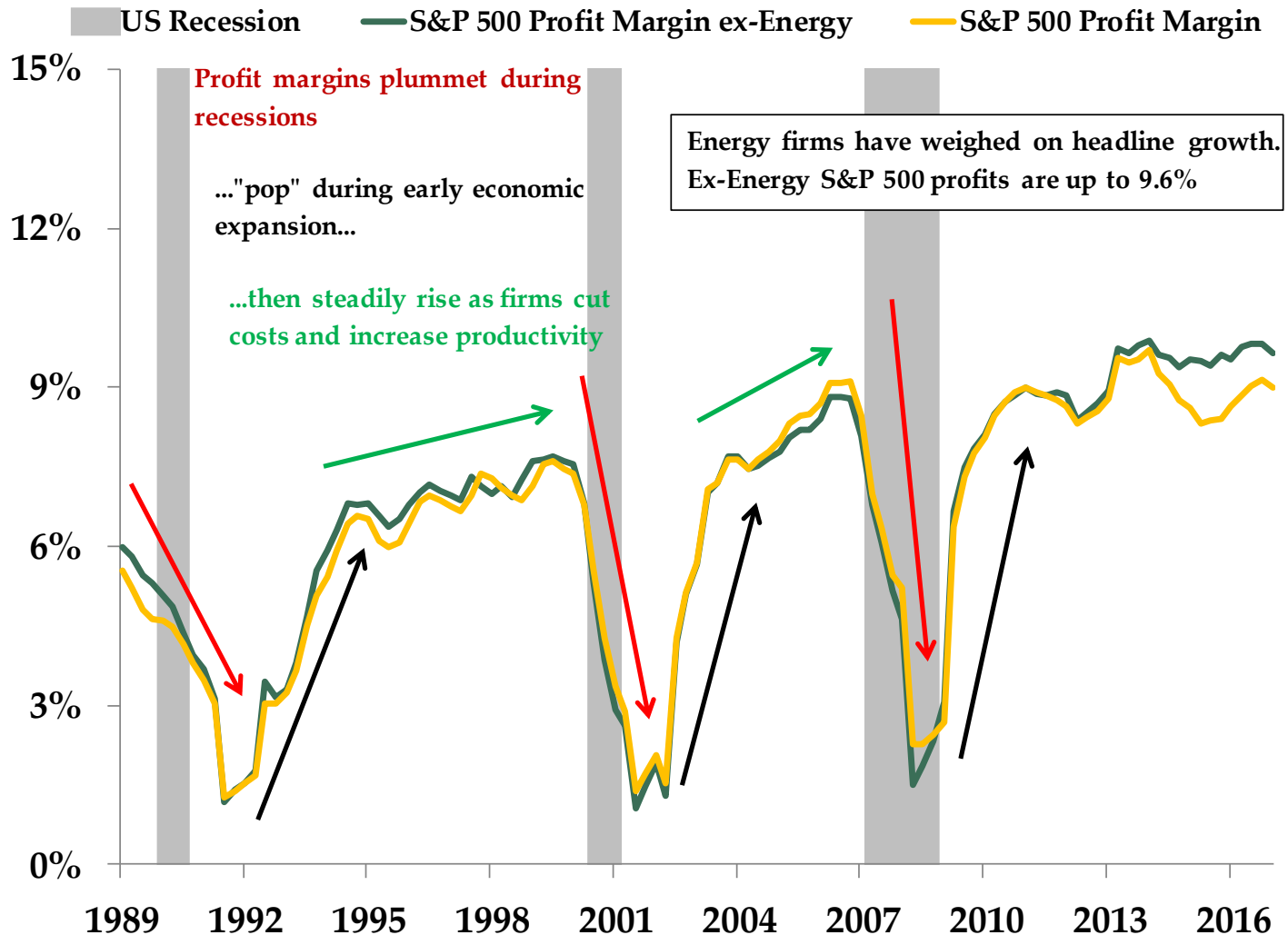


Source: Factset, Inc., Earnings Scorecard: Y/Y MSCI World Blended Earnings Growth. Earnings from Q4 2017-Q2 2018 are based on net income weighted estimated earnings growth as of November 2017.

# PROFIT MARGINS CONTINUE TO EXPAND

Profit margins tend to fall in recession, rebound as a new expansion begins, and climb slowly as the expansion continues. This cycle, profit margins are supported by low resource prices, tame wage growth, low interest rates and falling global tax rates.

S&P 500 Net Income / Net Revenue (Trailing 1 Year)



Source: Thomson Quantitative Analytics; S&P 500 profit margins & NBER recession from September 1989 to September 2017. Based on quarterly observations.

# GAUGING SENATORIAL GRIDLOCK

Republicans have a structural advantage in 2018, but gridlock likely persists.

2018			
Senator	Party	State	Percent of Vote for Trump in 2016
Barrasso, John	R	WY	70%
Manchin, Joe	D	WV	69%
Heitkamp, Heidi	D	ND	64%
Corker, Bob	R	TN	61%
Fischer, Deb	R	NE	60%
Wicker, Roger F.	R	MS	58%
Tester, Jon	D	MT	57%
Donnelly, Joe	D	IN	57%
McCaskill, Claire	D	MO	57%
Cruz, Ted	R	TX	53%
Brown, Sherrod	D	OH	52%
Flake, Jeff*	R	AZ	50%
Nelson, Bill	D	FL	49%
Casey, Robert P., Jr.	D	PA	49%
Baldwin, Tammy	D	WI	48%
Stabenow, Debbie	D	MI	48%
Hatch, Orrin G.*	R	UT	46%
Heller, Dean	R	NV	46%
Klobuchar, Amy	D	MN	45%
Smith, Tina**	D	MN	45%
Kaine, Tim	D	VA	45%
King, Angus S., Jr.	I	ME	45%
Menendez, Robert	D	NJ	42%
Carper, Thomas R.	D	DE	42%
Murphy, Christopher	D	CT	42%
Whitehouse, Sheldon	D	RI	40%
Heinrich, Martin	D	NM	40%
Cantwell, Maria	D	WA	38%
Gillibrand, Kristen E.	D	NY	37%
Cardin, Benjamin L.	D	MD	35%
Warren, Elizabeth	D	MA	34%
Feinstein, Dianne	D	CA	33%
Sanders, Bernard	I	VT	33%
Hirono, Mazie K.	D	HI	30%

2020			
Senator	Party	State	Percent of Vote for Trump in 2016
Enzi, Mike	R	WY	70%
Capito, Shelley Moore	R	WV	69%
Inhofe, Jim	R	OK	65%
Jones, Doug	D	AL	63%
McConnell, Mitch	R	KY	63%
Rounds, Mike	R	SD	62%
Alexander, Lamar	R	TN	61%
Cotton, Tom	R	AR	60%
Sasse, Ben	R	NE	60%
Risch, Jim	R	ID	59%
Cochran, Thad	R	MS	58%
Cassidy, Bill	R	LA	58%
Daines, Steve	R	MT	57%
Roberts, Pat	R	KS	57%
Graham, Lindsey	R	SC	56%
Sullivan, Dan	R	AK	53%
Cornyn, John	R	TX	53%
Ernst, Joni	R	IA	52%
Perdue, David	R	GA	51%
Tillis, Thom	R	NC	51%
Peters, Gary	D	MI	48%
Shaheen, Jeanne	D	NH	47%
Smith, Tina**	D	MN	45%
Warner, Mark	D	VA	45%
Collins, Susan	R	ME	45%
Gardner, Cory	R	CO	45%
Booker, Cory	D	NJ	42%
Coons, Chris	D	DE	42%
Merkley, Jeff	D	OR	41%
Reed, Jack	D	RI	40%
Udall, Tom	D	NM	40%
Durbin, Dick	D	IL	39%
Markey, Ed	D	MA	34%

Source: Fisher Investments Research, US Senate; Senators up for re-election in 2018 & 2020 as of December 2017. Senator Sanders & King caucus as Democrats. \*Jeff Flake and Orrin Hatch will not seek re-election. \*\*Tina Smith assumed office following Al Franken's resignation.

# KEY DEVELOPED MARKETS POSITIONING

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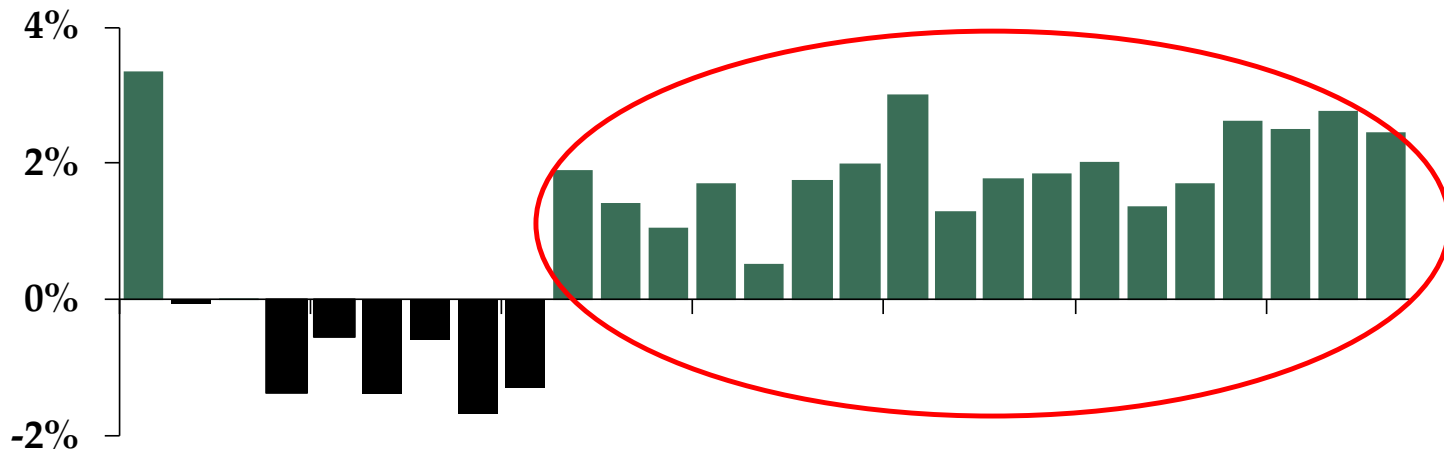
*Our highest conviction views on developed market regions*

- Overweight Europe
- Underweight United States
- Underweight Japan

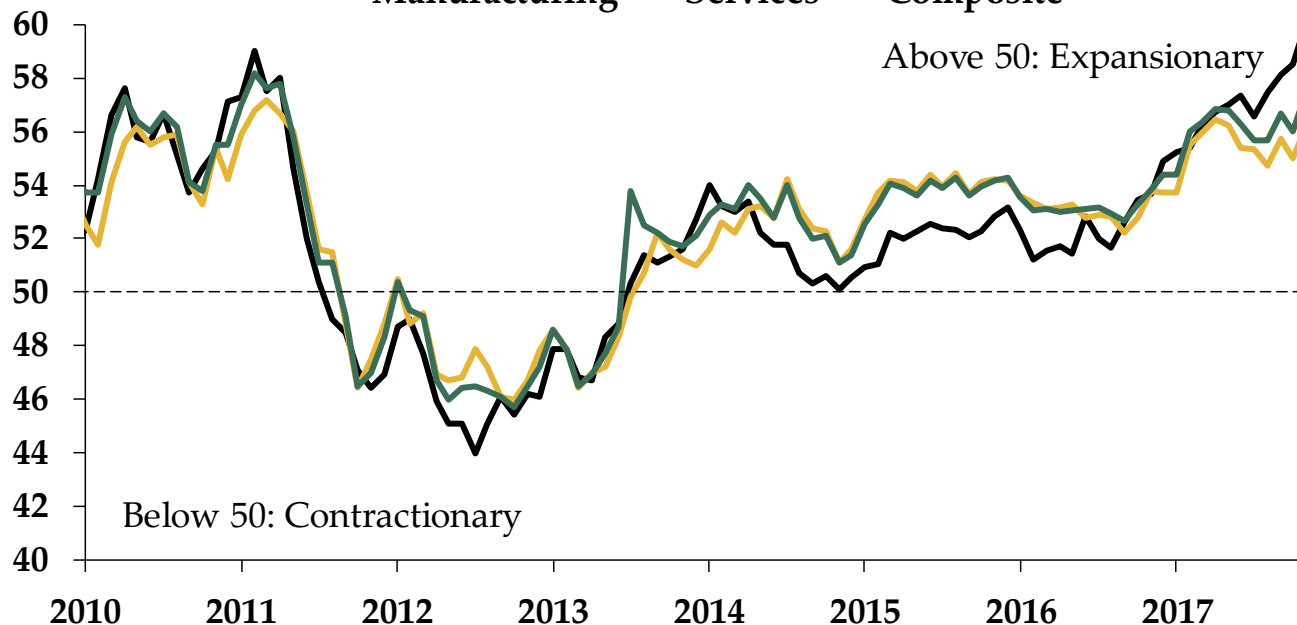
# EUROPE'S ECONOMY IS GROWING

The region has experienced eighteen consecutive quarters of positive growth. And purchasing managers indexes (PMI) are in expansionary territory across the board.

Q/Q GDP Change (Annualized)



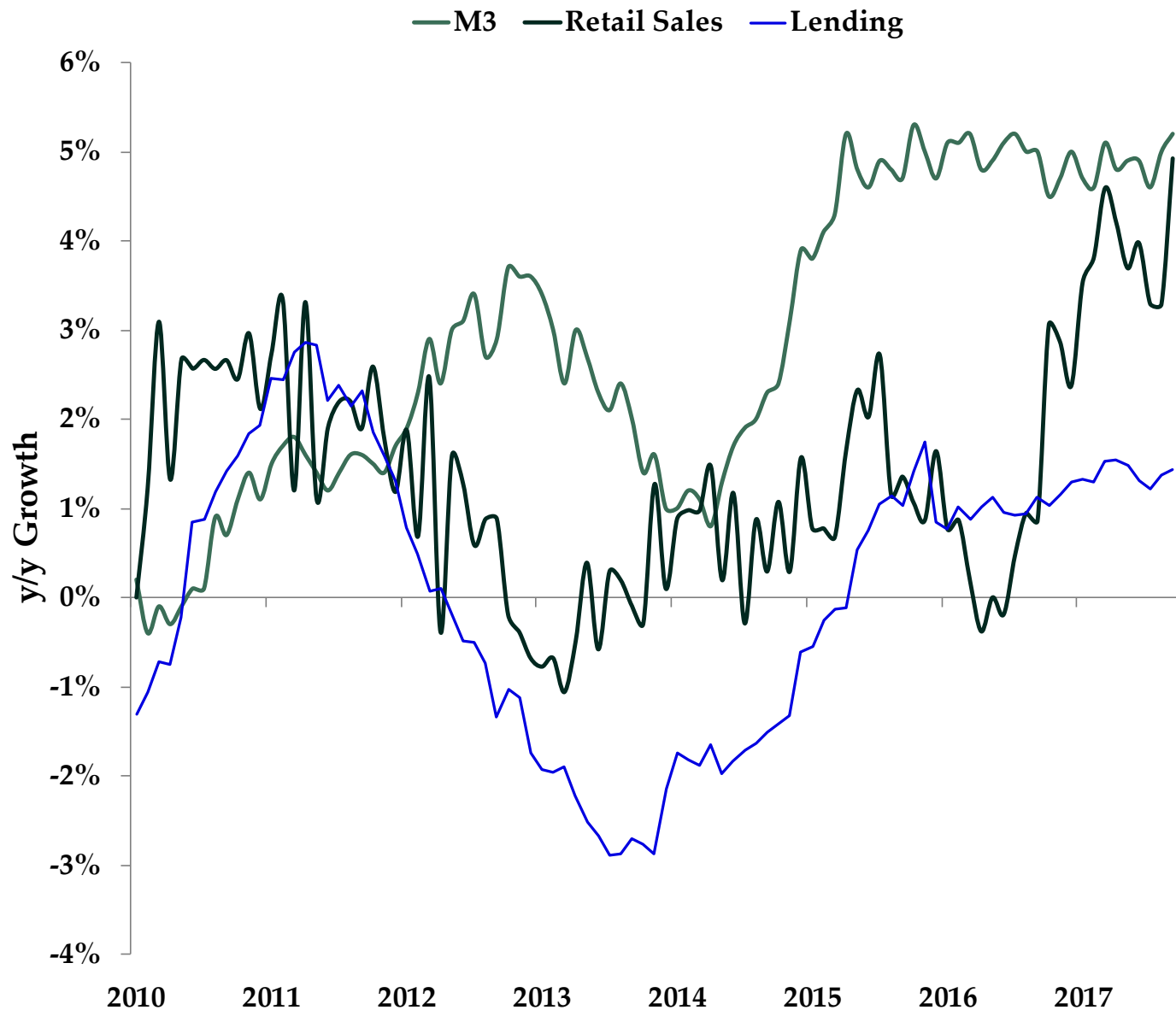
Q1 2011 Q1 2012 Q1 2013 Q1 2014 Q1 2015 Q1 2016 Q1 2017  
—Manufacturing —Services —Composite



Top chart: Source: FactSet, Inc.; eurozone quarterly annualized real GDP from January 2011 to September 2017. Based on quarterly data points. Bottom chart: Source: Bloomberg, FactSet Inc.; eurozone Purchasing Managers Indexes from January 2010 to November 2017.

# KEY ECONOMIC DRIVERS ARE ACCELERATING

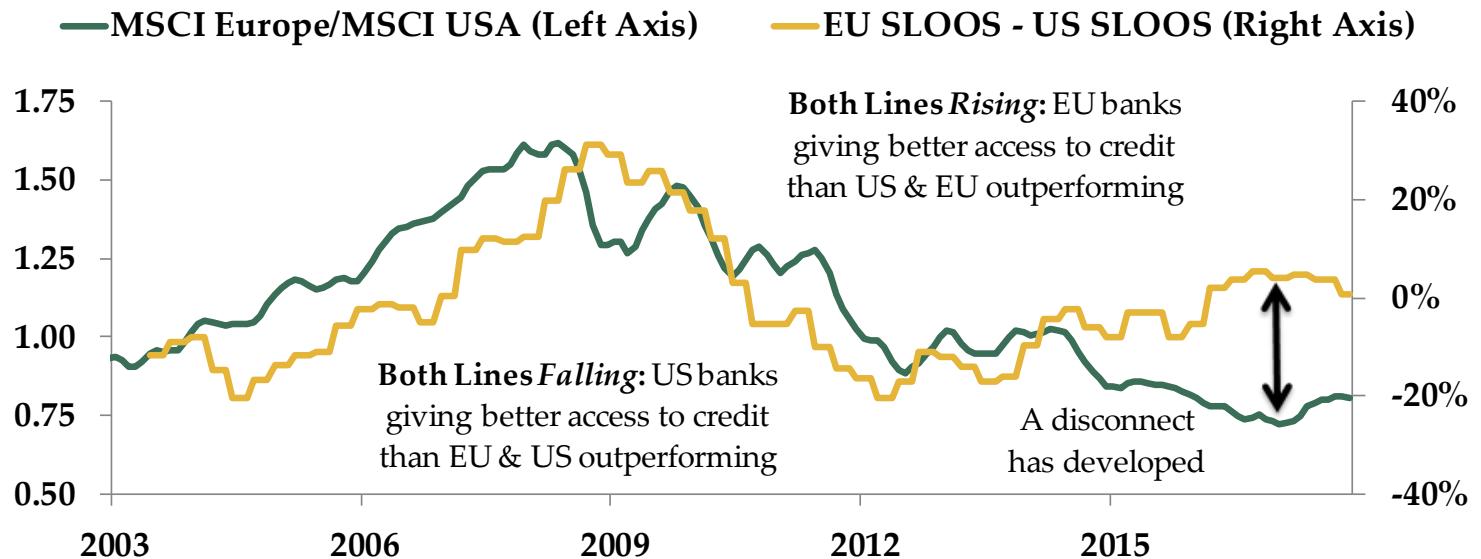
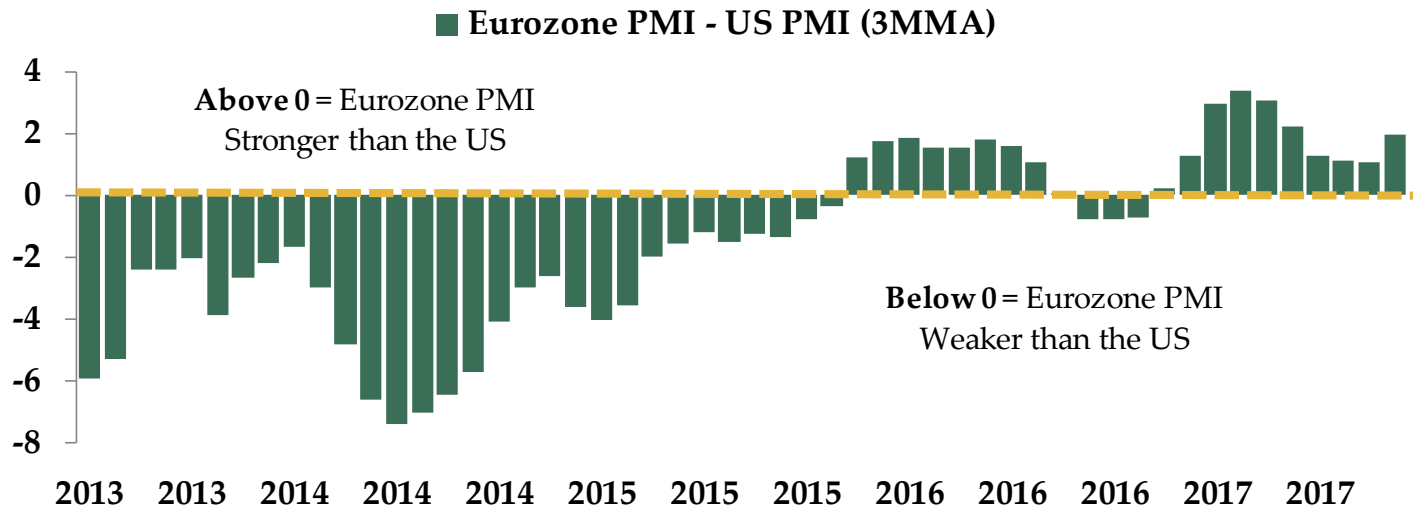
After a late start to recovery, Europe sees growth across several key drivers.



Source: FactSet as of September 2017. Lending includes households and non-financial corporations.

# SEVERAL INDICATORS OUTPACE THE US

Increasing spreads between the US and Europe in PMI and willingness to lend.

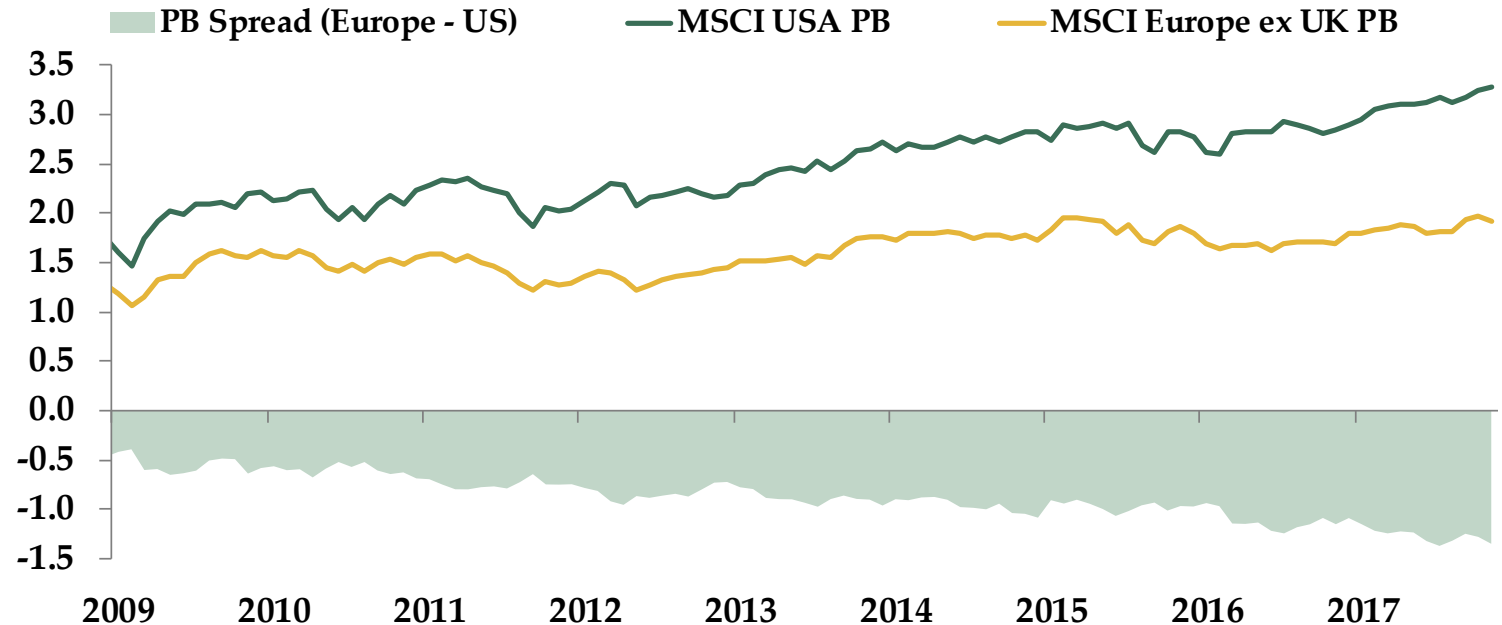


Left chart source: Purchasing Manager Indexes (PMI) from Markit Economics as of July 2017. Right chart source: US Federal Reserve and ECB Senior Loan Officer Survey (SLOOS) of willingness to lend as of November 2017.



# YET EUROPE IS STILL UNDERAPPRECIATED

Indicators show Europe's growth has yet to be appreciated by investors.

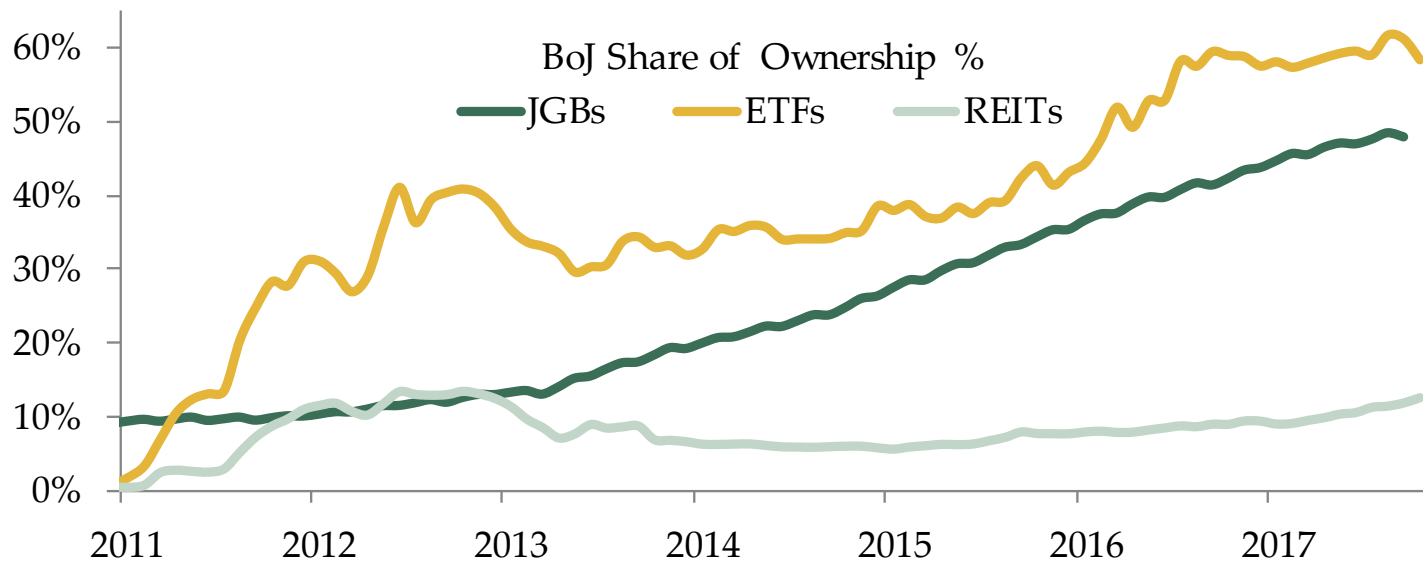
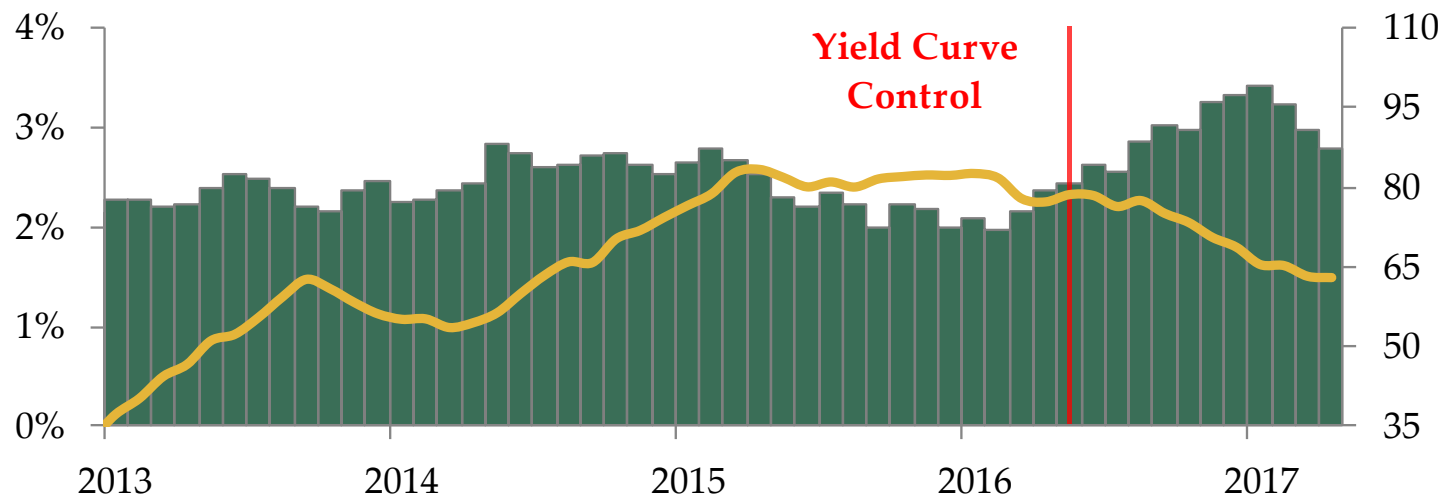


Left chart : depicts Price-to-Book, FactSet as of November 2017. Right chart source: Citi Economic Surprise Index as of November 2017.

# BOJ DECELERATION ACCELERATES LENDING

Increased lending in Japan has coincided with decelerating asset purchases and yield curve control. Further QE is likely limited as the BoJ may have tapped out banks' willingness to sell JGBs--who have their own reserve requirements.

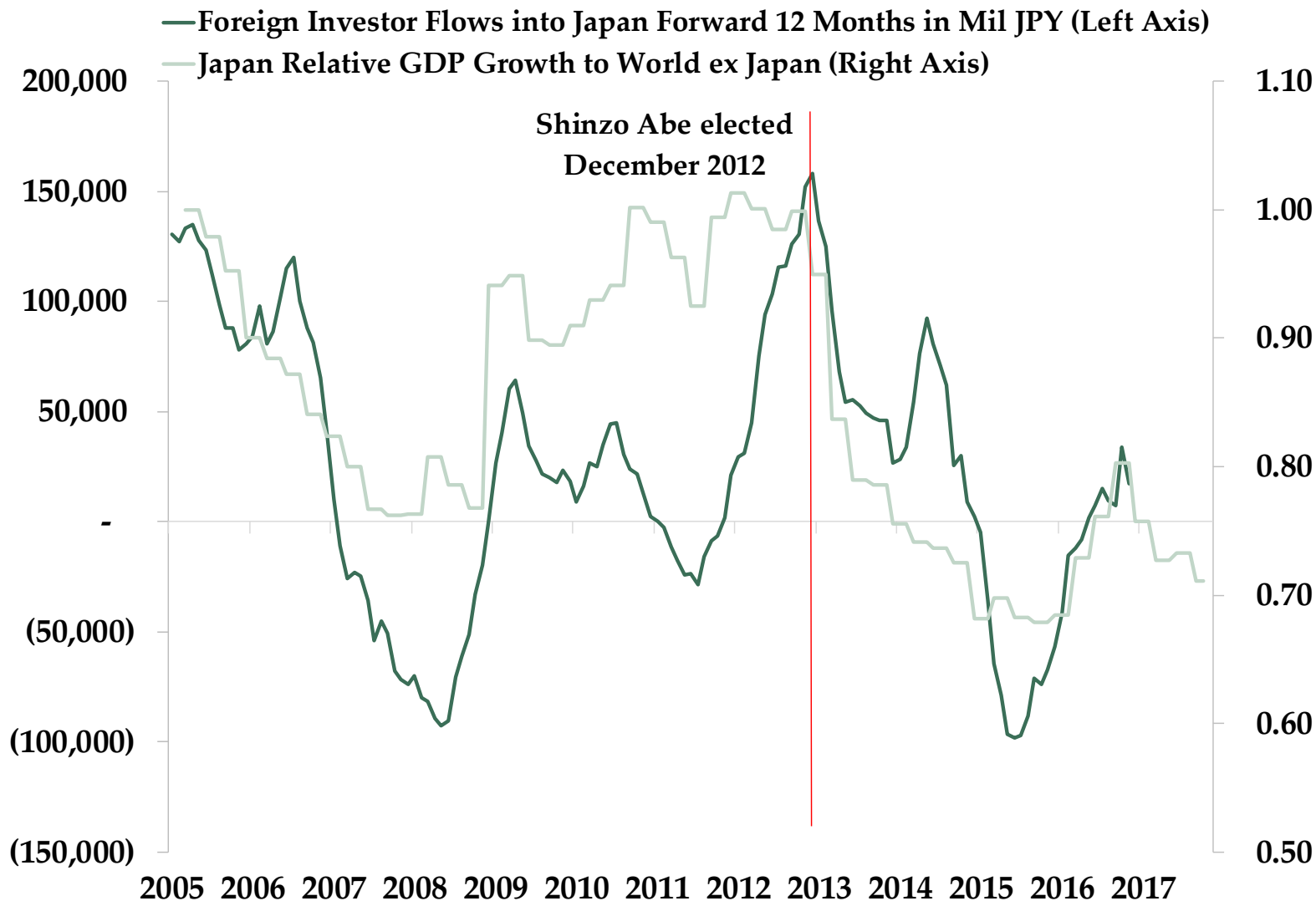
■ Loan Growth y/y (Left Axis) — BoJ JGB Net Purchases in Trillions JPY (Right Axis)



Source: Bank of Japan as of October 2017. Loan growth consists of aggregate loans. Though BoJ's ETF ownership looks high, it actually only owns about 2.5% of Japanese equities.

# SENTIMENT SHIFTS ON ABENOMICS

After years of overly optimistic expectations on Abenomics, investors may have finally capitulated as Japan's growth underperformed the world.



Source: Foreign investor flows from Japan Ministry of Finance as of November 2017. GDP from FactSet Economics as of September 2017, indexed to 1 in March 2005.

# KEY EMERGING MARKETS POSITIONING

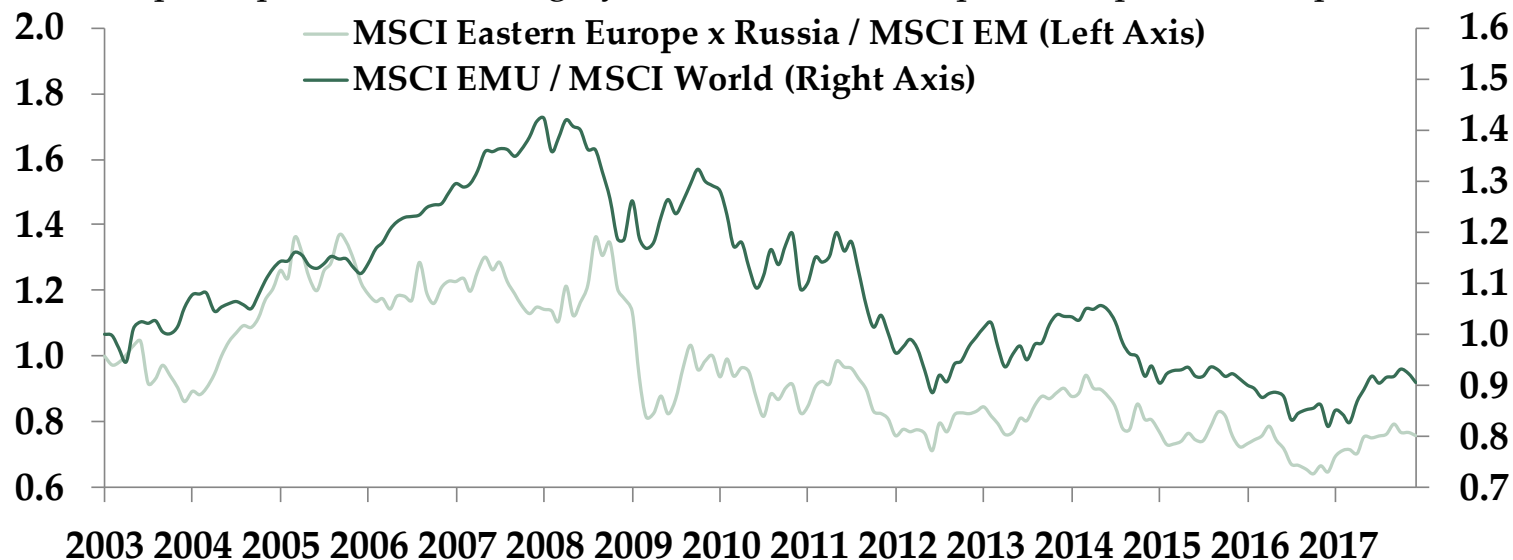
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*Our highest conviction views on emerging market regions*

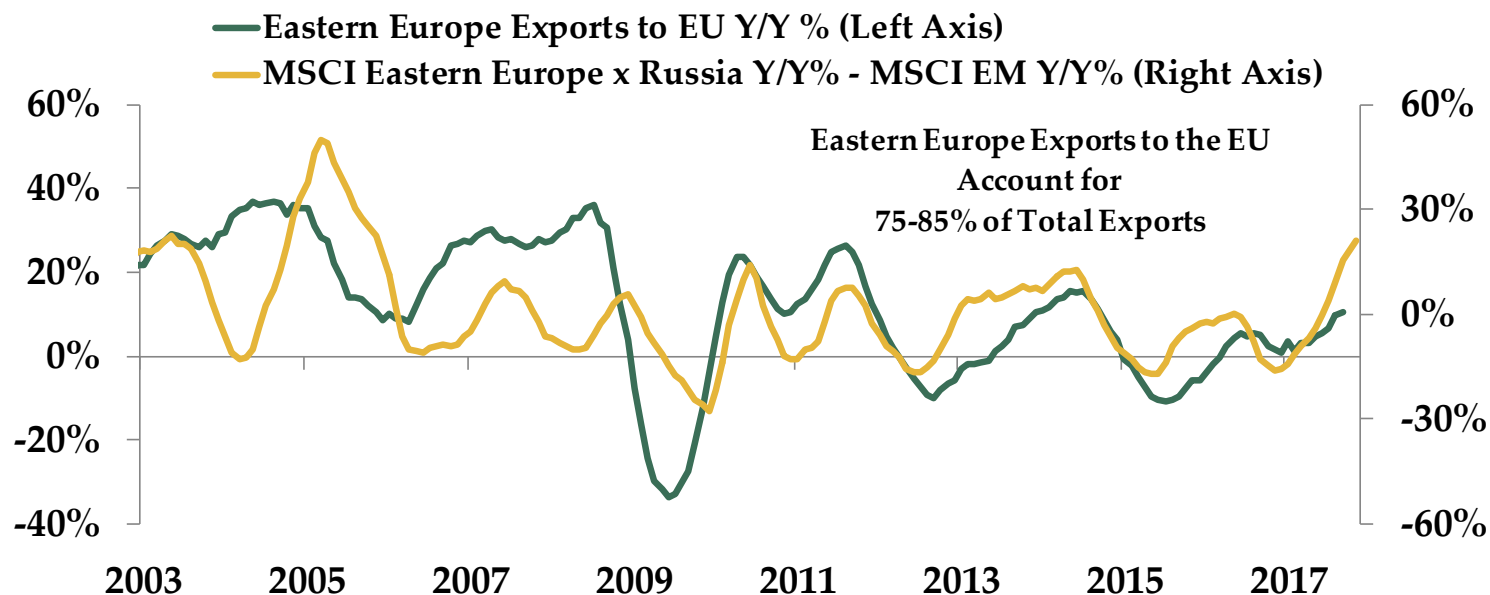
- Overweight Eastern Europe ex-Russia
- Overweight Reform-Oriented Countries
- Overweight Services-Oriented Chinese Sectors
- Underweight Commodity Dependent Emerging Markets Countries

# EM EASTERN EUROPE'S BENEFITS OF PROXIMITY

EM Europe outperformance is highly correlated to developed Europe leadership.



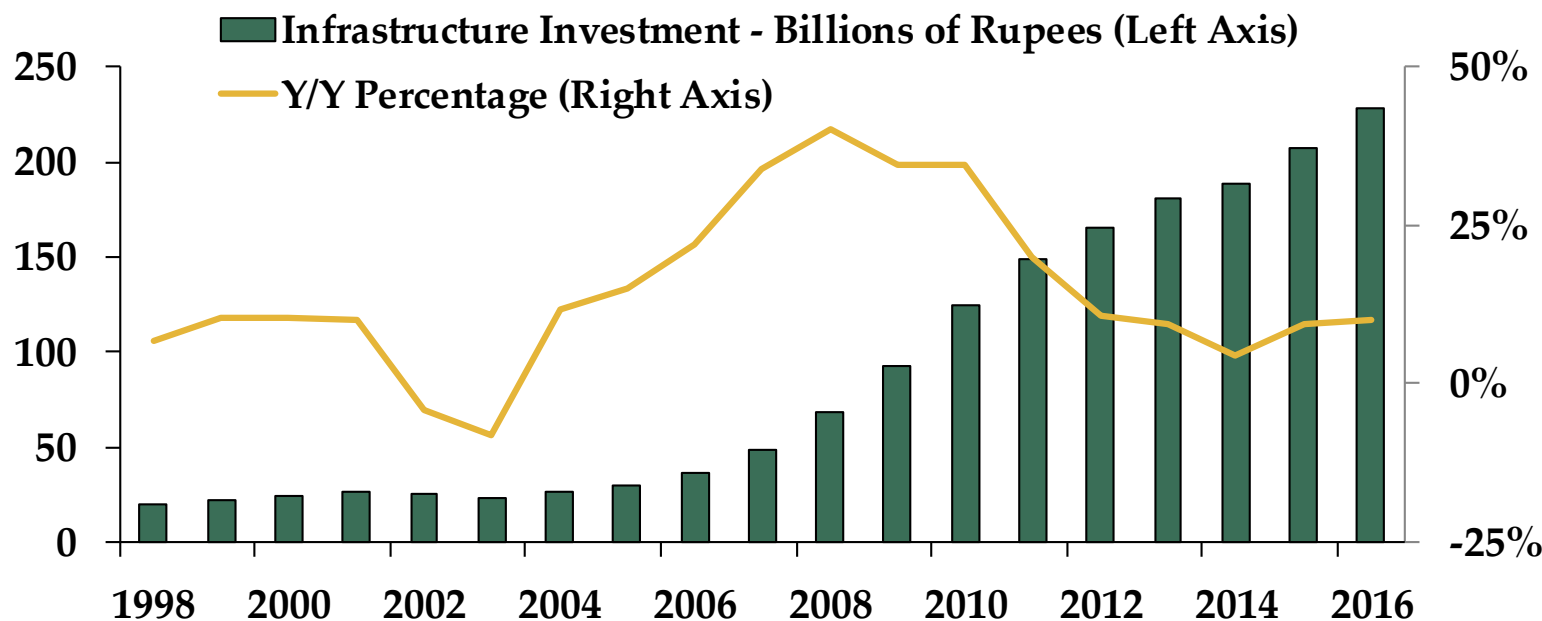
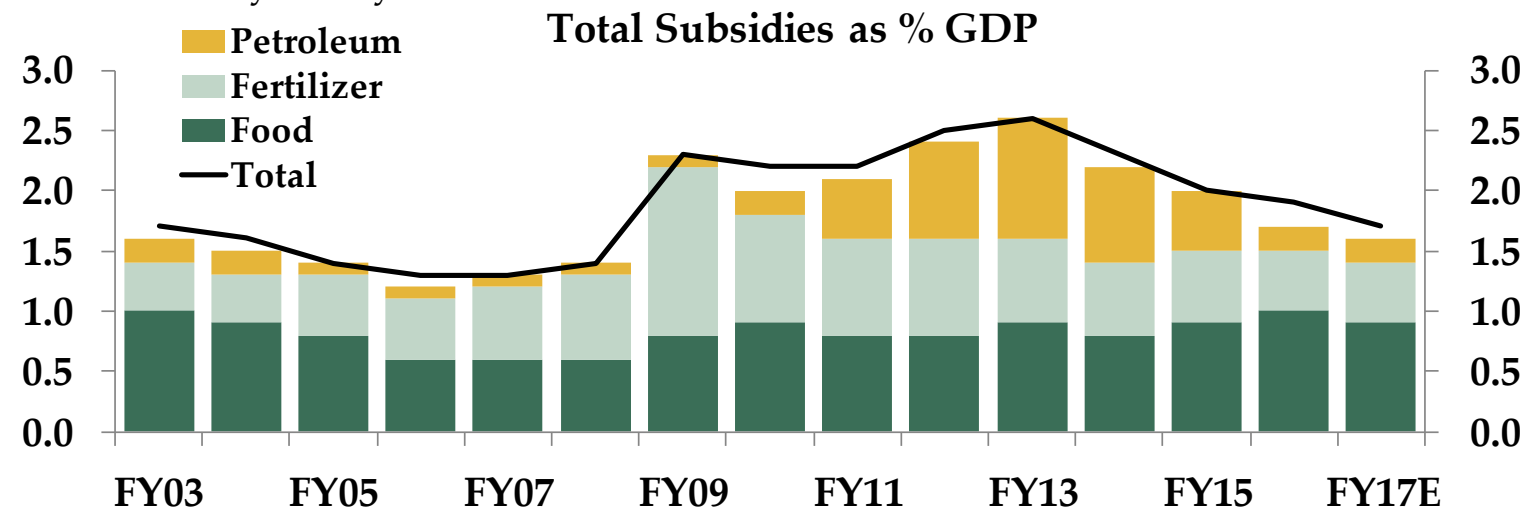
Performance in eastern Europe is heavily linked to developed Europe's demand growth.



Top chart source: FactSet as of November 2017. Data indexed to 1 in January 2003. Bottom chart source: FactSet and IMF Direction of Trade Statistics. Performance as of November 2017. Trade data as of September 2017.

# INDIAN REFORMS PROPEL ECONOMIC GROWTH

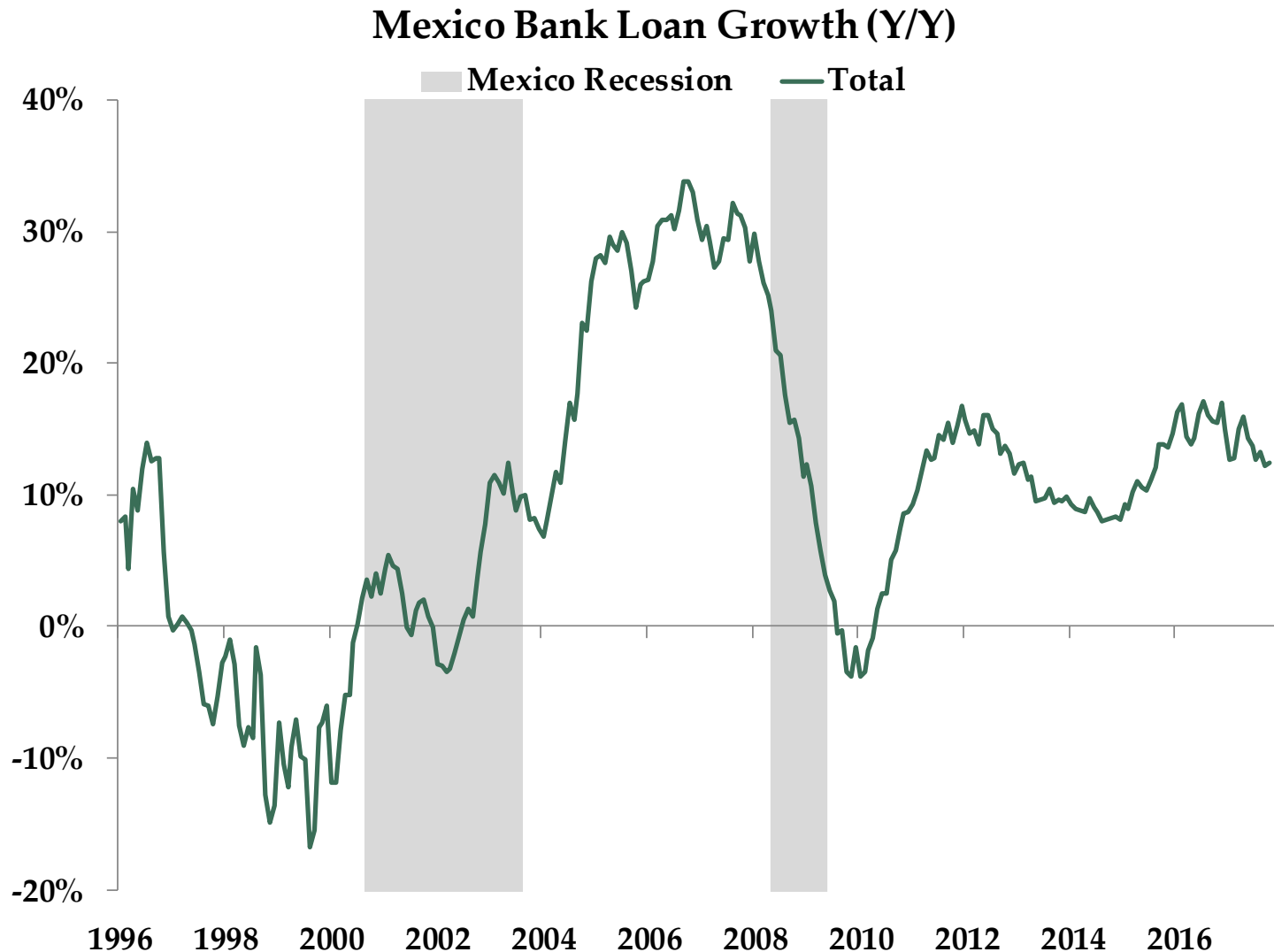
Lower oil prices have enabled India to cut fuel subsidies and relocate funds to infrastructure. Rebounding infrastructure growth is expected to future accelerate—with FY 16/17 budget calls for a 23% year of year increase.



Source: Thomson Reuters Datastream, FactSet, as of December 2016.

# REFORMS POISED TO TAP MEXICO'S POTENTIAL

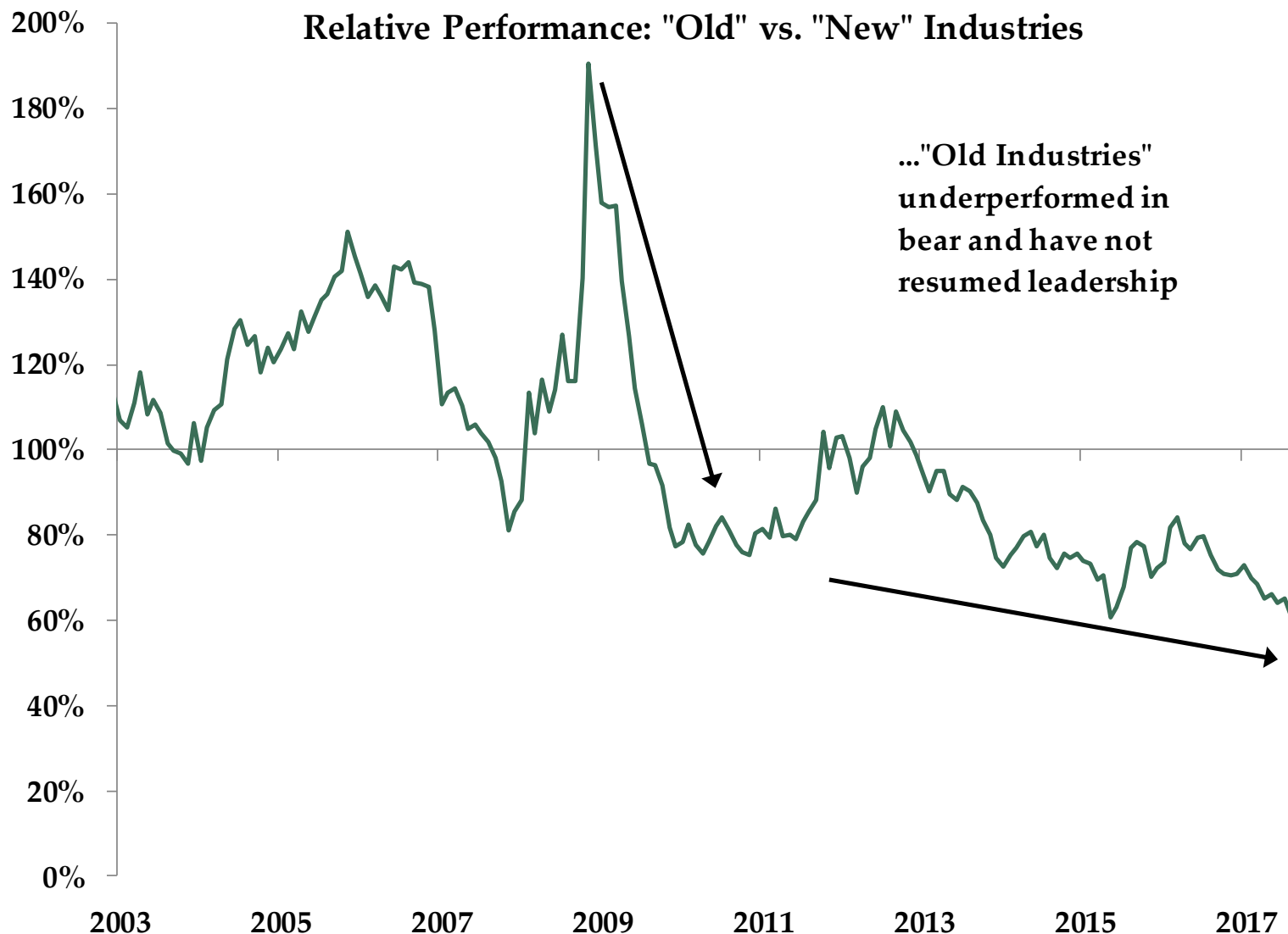
Reformed banking regulation should support faster loan growth in a country that is underbanked.



*Source: FactSet and Bank of Mexico as of October 2017.*

# CHINA: THE OLD VS THE NEW

Old industries see higher state involvement and likely underperform new industry peers in consumption oriented sectors.

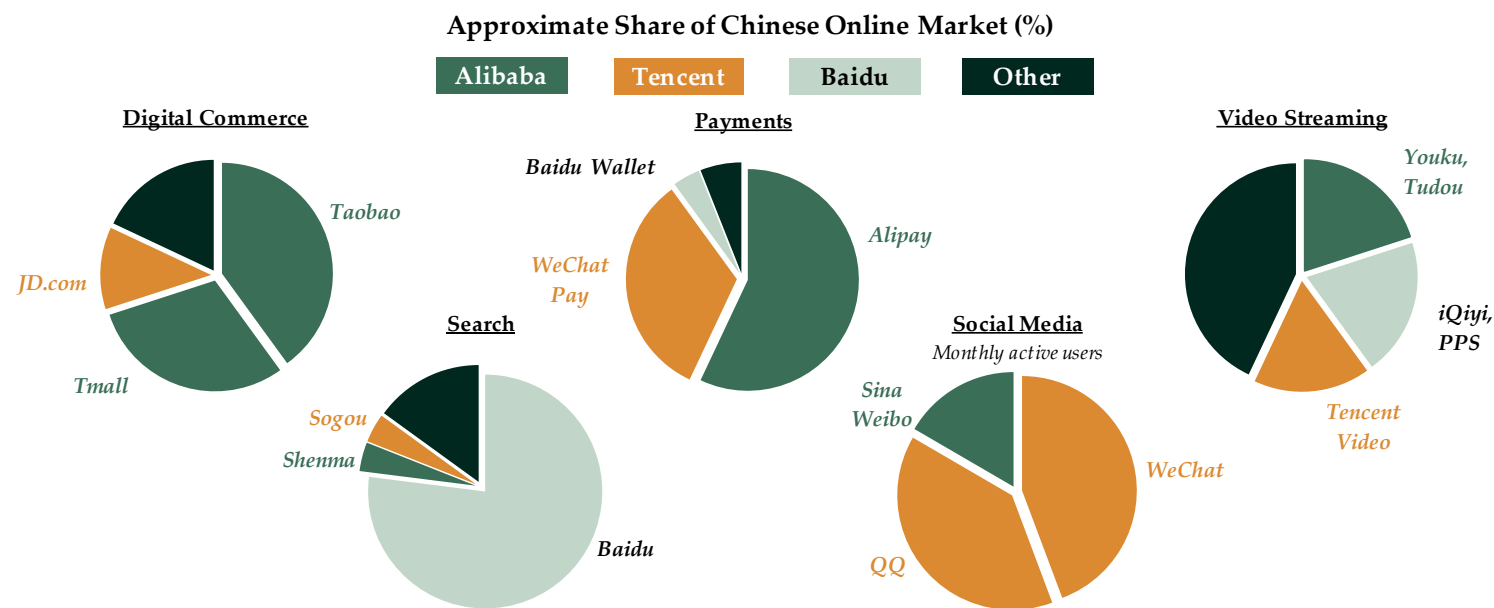
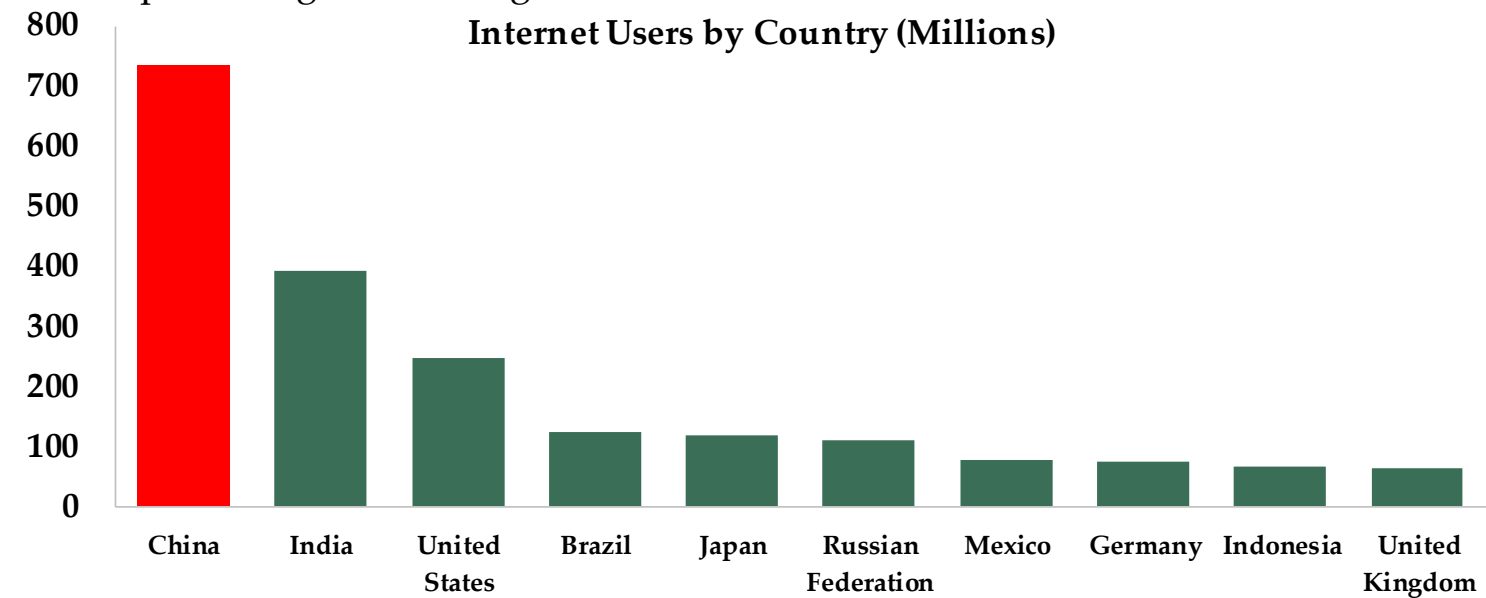


Source: FactSet as of August 2017. Old industries are industrial, commodity, and heavy state-influenced sectors. New industries include consumption oriented sectors.



# CHINESE INFO TECH'S FAVORABLE POSITION

Chinese Info Tech firms are well-positioned to capitalize on China’s 733 million internet users, representing 23% of the globe’s internet users.

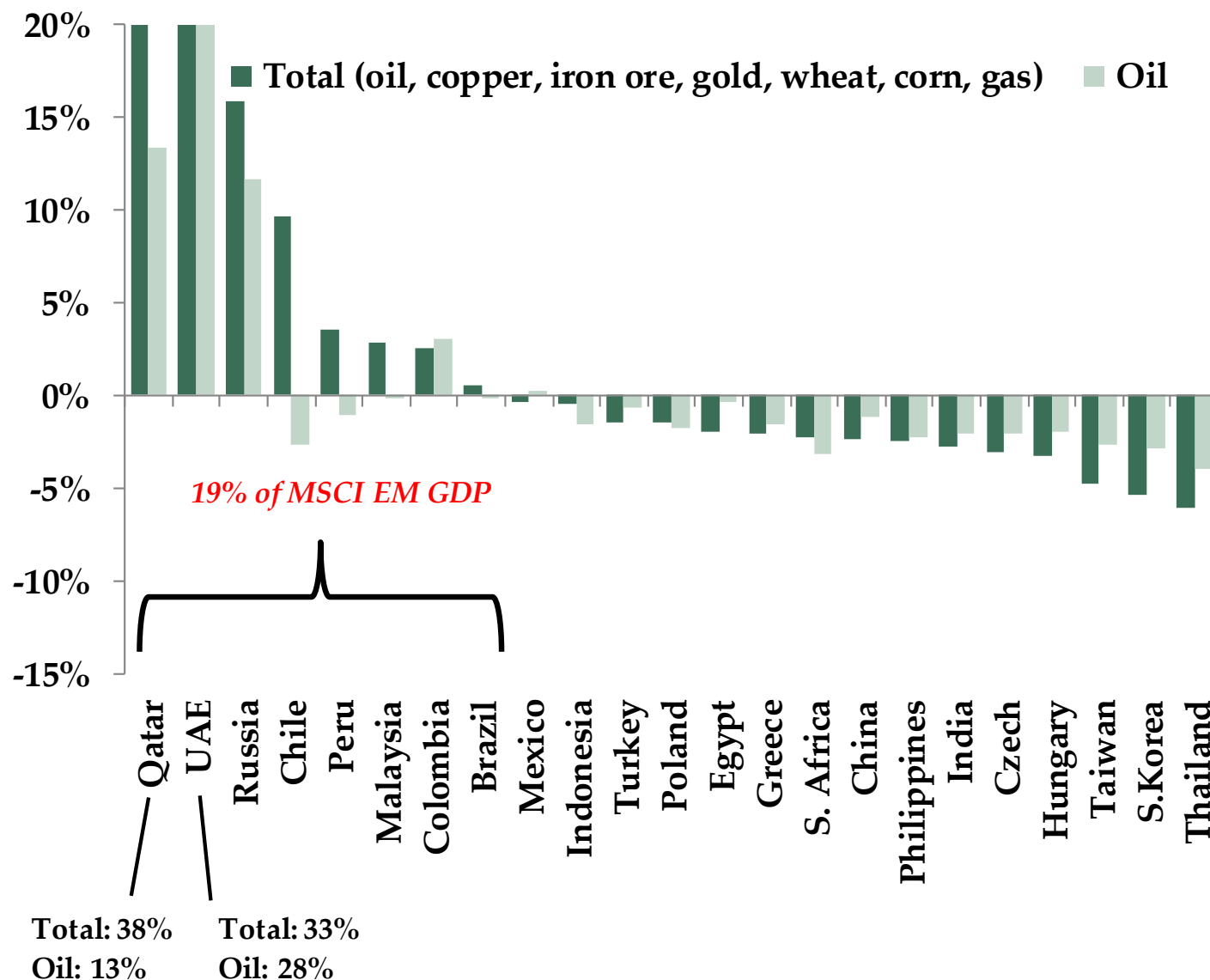


Source: top chart World Bank as of December 2016, bottom charts are from the Economist “Digital domination” as of 2016.

# COMMODITY DEPENDENT EM COUNTRIES

EM economies dependent on commodity exports likely continue to face headwinds amid a global supply glut in oil, metals and other commodities.

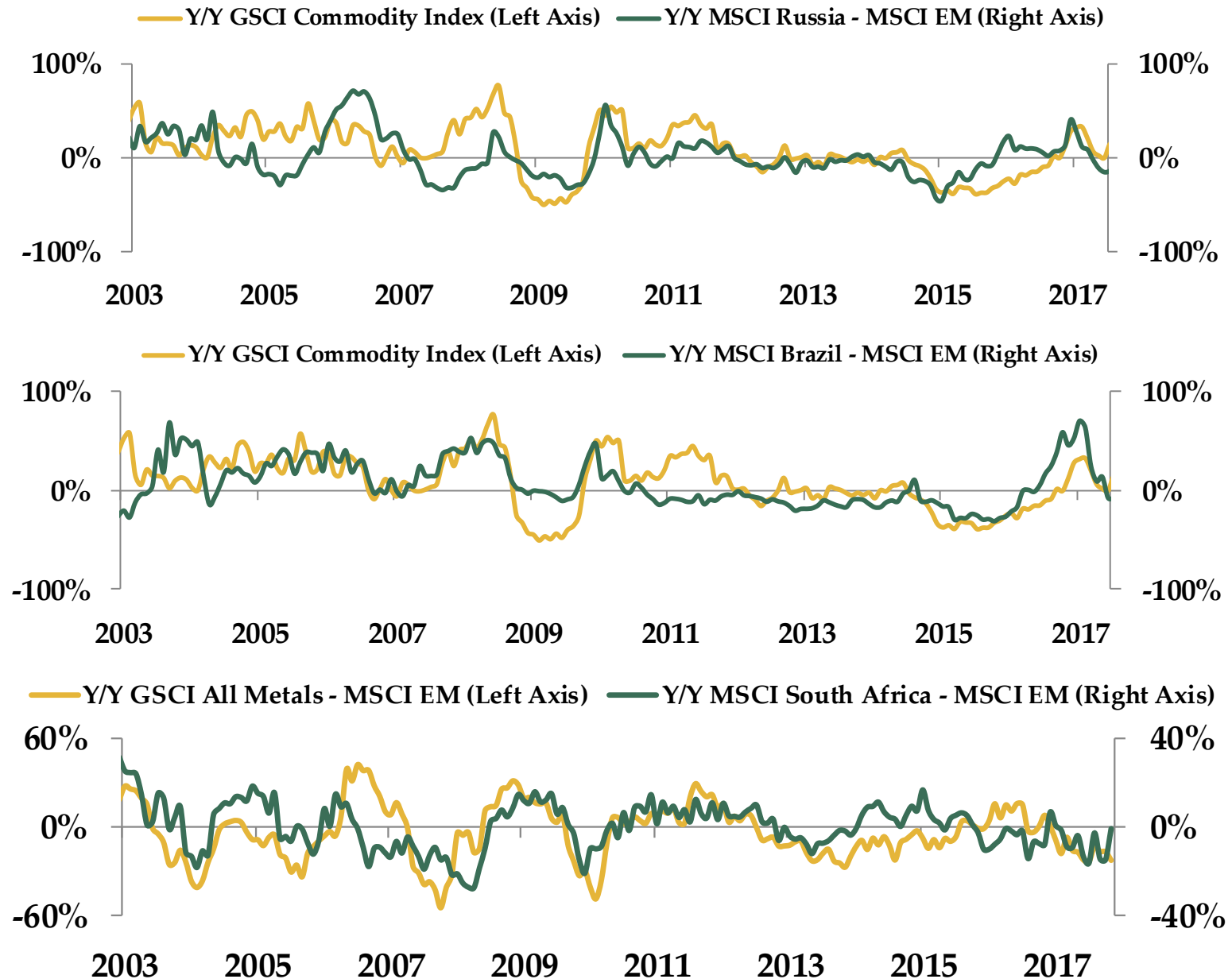
Net Exports (as % of GDP)



Source: UNCTAD, World Bank and Oxford Economics as of December 2016.

# RESOURCE DEPENDENT EM DRIVEN BY COMMODITIES

Commodity prices are a key driver of relative returns for Russia, Brazil and South Africa.



Source: FactSet as of November 2017.

# KEY SECTOR POSITIONING

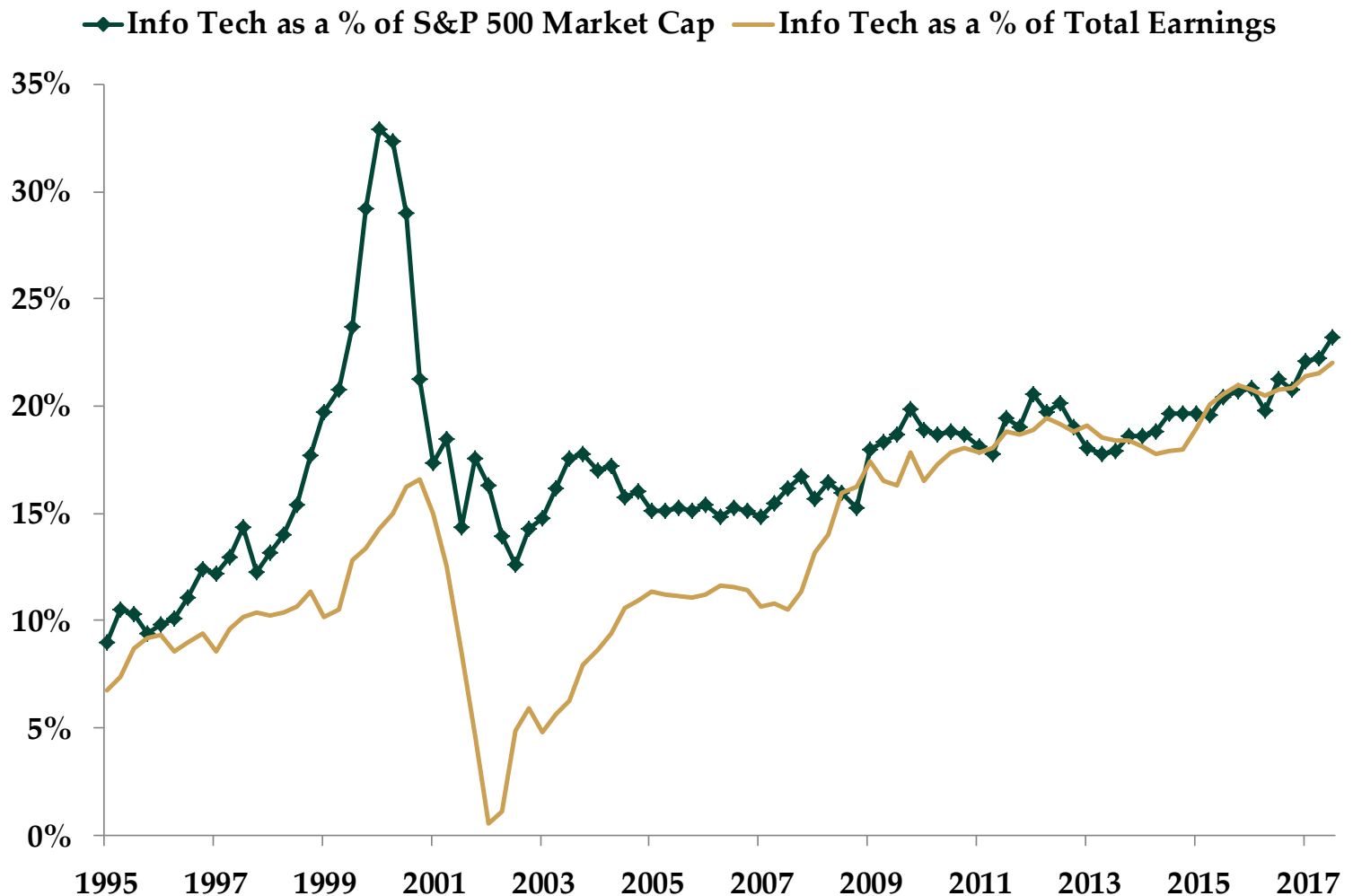
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*Our highest conviction views on sectors*

- Overweight Information Technology
- Overweight Health Care
- Underweight Energy

# NO LOOMING DOT COM REPEAT

Unlike the Dot Com era, Info Tech has been supported by strong earnings.

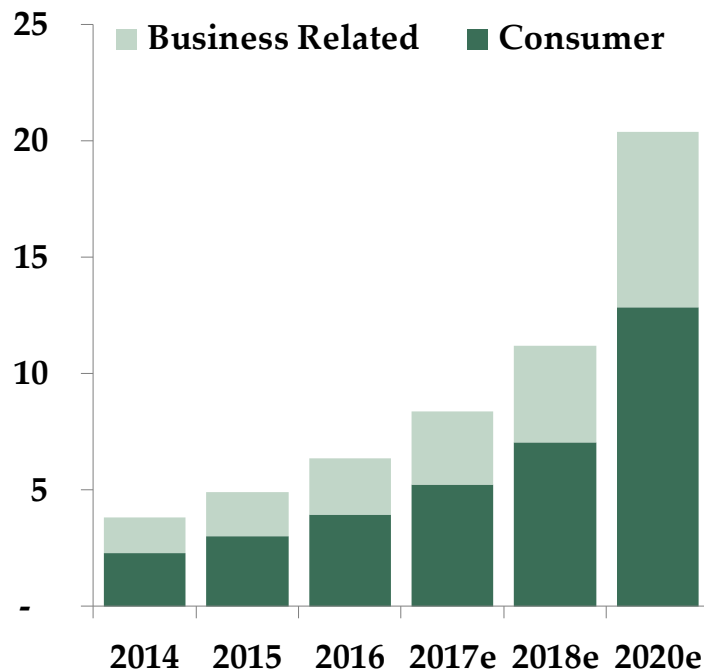


Source: FactSet as of September 2017.

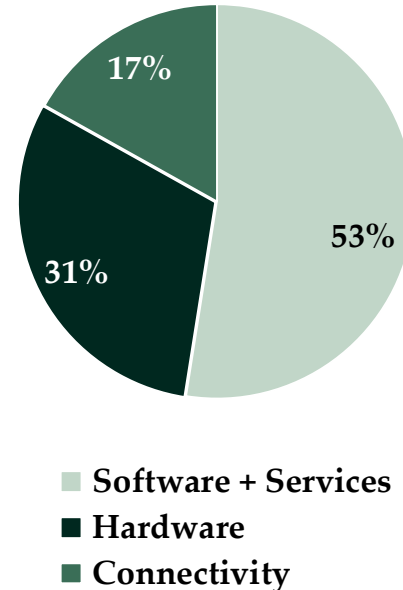
# MONETIZING THE INTERNET OF THINGS

A burgeoning trend toward adding communication capabilities to a large swath of previously unconnected consumer electronics and devices should drive a wave of activity.

Non-Computing Connected Devices Globally  
(Billions)



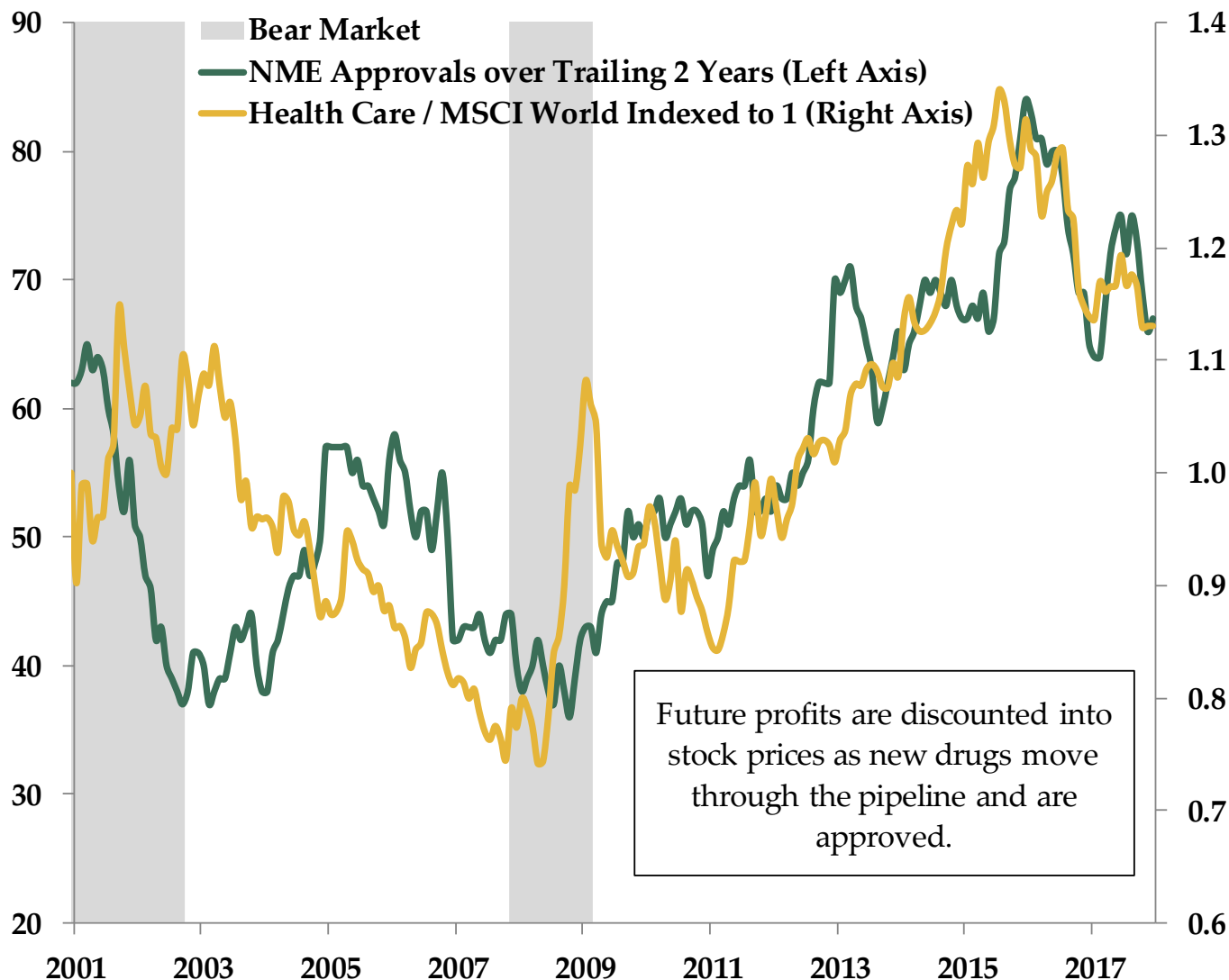
IoT Spending By Category (2016)



Left chart source: Gartner, Inc "8.4 Billion Connected "Things" Will be in Use in 2017, Up 31% from 2016." Right chart source: IDC "Internet of Things Spending Forecast to Grow 17.9% in 2016"

# HC OUTPERFORMS WHEN INNOVATION RISES

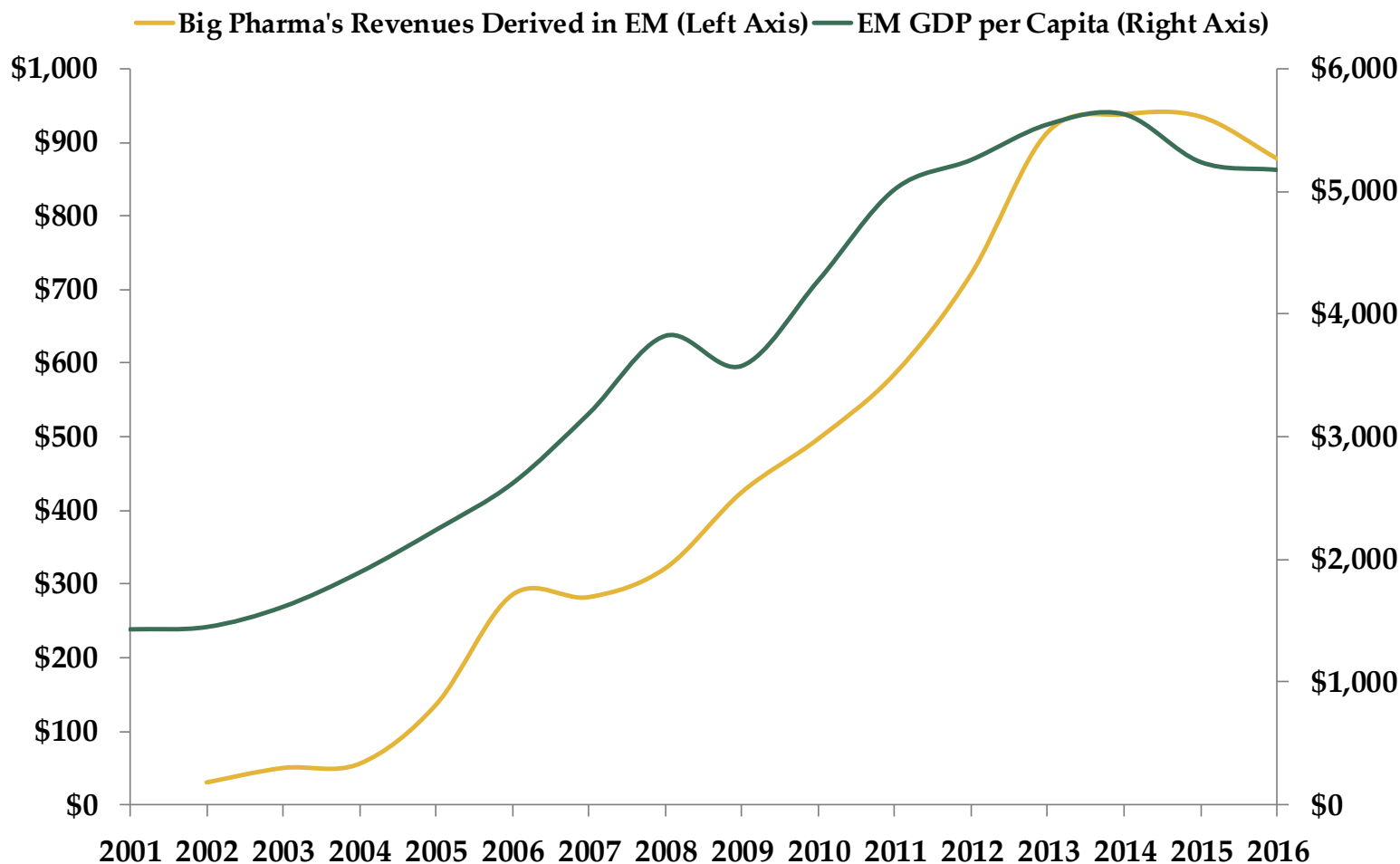
Accelerating new drug approvals should provide a tailwind to the sector.



Source: US Food and Drug Administration novel drug approvals of new molecular entities (NMEs) by year as of December 2017. NMEs provide new therapies for patients.

# BIG PHARMA'S BIG EM OPPORTUNITY

EM consumers are buying more as their incomes rise. Developed world Pharma sees an increasing share of their revenues come from EM.



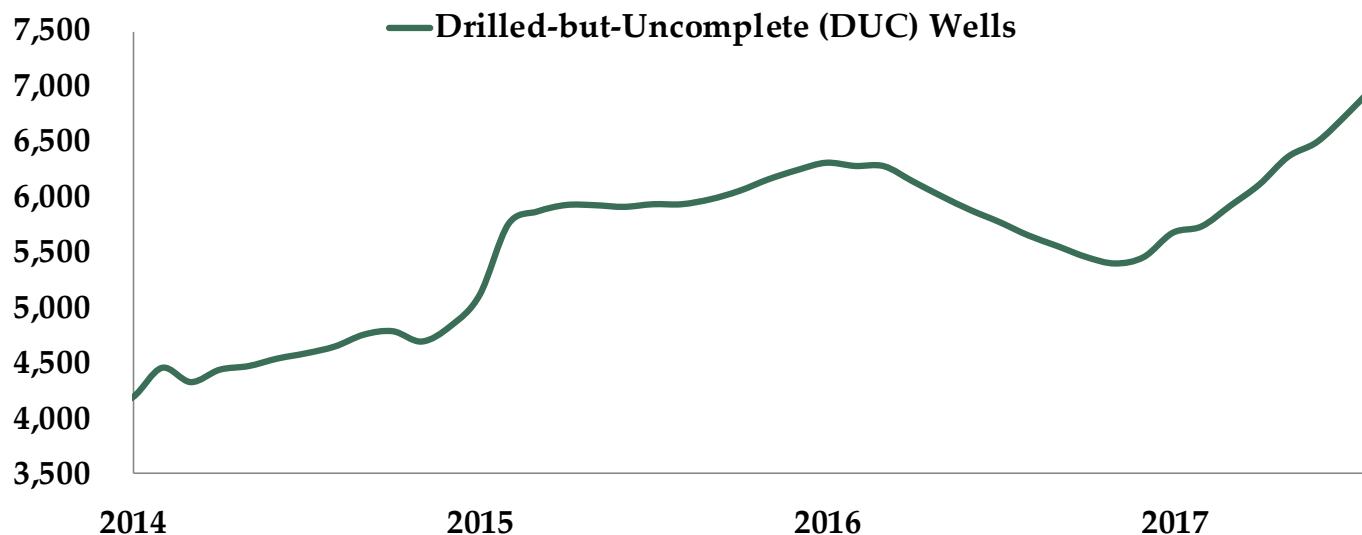
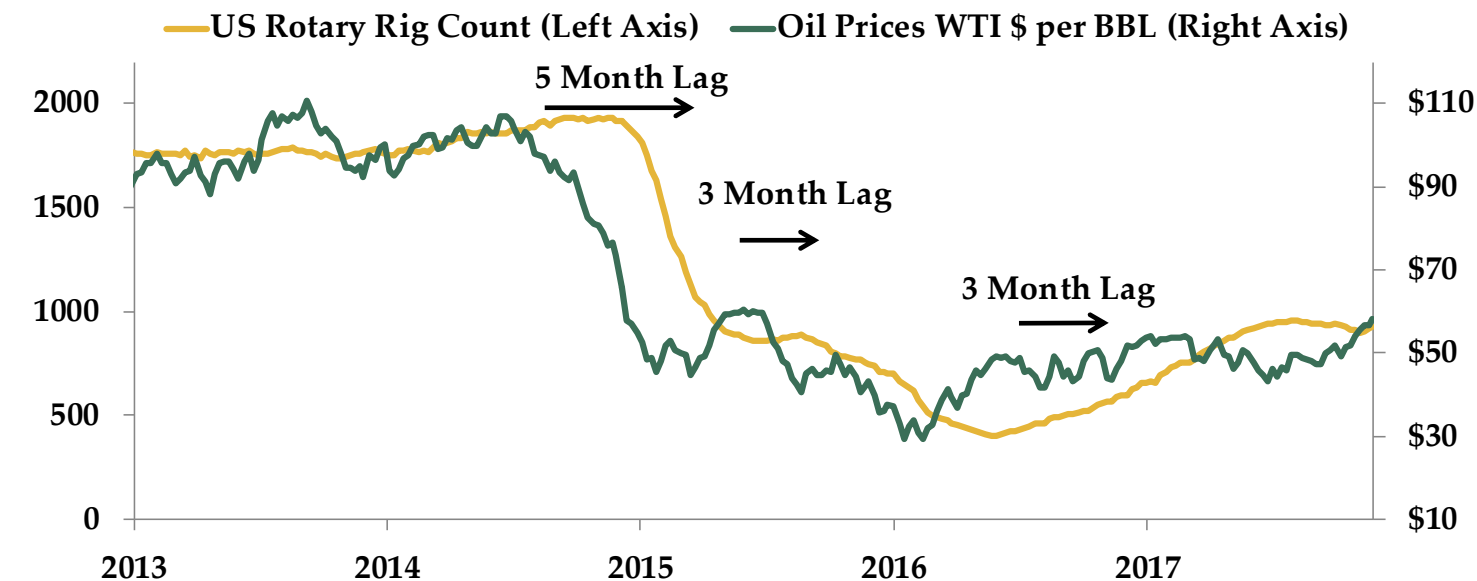
	Revenue Growth (10-Year Annualized)	Share of Revenues 2016	Share of Revenues 2006
EM	12%	15%	10%
DM	5%	81%	87%

Chart source: FactSet GeoRev and Oxford Economics as of December 2016. Big Pharma is based on MSCI World Pharmaceuticals Biotechnology & Life Sciences constituents.



# NIMBLE SHALE PRODUCERS CAP OIL PRICES

Oil prices—and Energy sector earnings—likely remain range-bound as a result of efficient shale oil producers.



Top Chart source: FactSet and Baker Hughes as of November 2017. Bottom Chart source: EIA; Drilling productivity report; DUC wells by region, from January 2014 to October 2017. Based on monthly data points.

# CURRENT MARKET TOPICS

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*Our views on contemporary investor topics in the market*

- When is the next bear market?
- What do US tax changes mean for equities?
- Is inflation likely to rise?
- How much longer and higher can this bull go?
- Are equity valuations too high?
- Does Fed balance sheet unwinding pop the asset bubble?

# HOW WE MONITOR FOR A BEAR MARKET

Cause	Description	Examples
The Wall	A bull market climbs the “Wall of Worry” then runs out of steam amid widespread investor euphoria	1990s Dot Com Bubble
The Wallop	A negative surprise with the power to knock several trillion dollars off global GDP hits an ongoing bull market	2007 Financial Crisis

Indicator	'29	'32	'37	'46	'56	'61	'66	'68	'73	'80	'87	'90	'00	'07	Present today?
Recession	✓	✓	✓	✓	✓			✓	✓	✓		✓	✓	✓	Unlikely
Large War			✓		✓					✓		✓			Unlikely
Trade War		✓													Unlikely
Liquidity Freeze	✓		✓				✓					✓		✓	Unlikely
Monetary Policy	✓	✓	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	Slightly tight
Fiscal Policy			✓	✓				✓							No major changes
Regulation				✓		✓	✓	✓			✓	✓		✓	No major changes
Equity Oversupply				✓		✓		✓		✓			✓		Not present
Euphoria	✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓		Not present

# CORPORATE TAX CHANGES DO NOT MOVE EQUITIES MUCH

<u>Effective Date</u>	<u>New Tax Rate</u>	<u>Hike/Cut</u>	<u>Prior 12 mo S&amp;P 500</u>	<u>Next 12 mo S&amp;P 500</u>
May 1928	12.0%	Cut	32.9%	24.2%
Dec. 1929	11.0%	Cut	-3.9%	-29.9%
Jan. 1946	38.0%	Cut	30.7%	-11.9%
Feb. 1964	50.0%	Cut	18.9%	12.3%
Jan. 1965	48.0%	Cut	13.0%	9.1%
Jan. 1970	49.2%	Cut	-11.4%	-0.1%
Jan. 1971	48.0%	Cut	-0.1%	10.8%
Jan. 1979	46.0%	Cut	1.1%	12.3%
Jan. 1987	40.0%	Cut	14.6%	2.0%
Jan. 1988	34.0%	Cut	2.0%	12.4%

Average 9.8% 4.1%

<u>Effective Date</u>	<u>New Tax Rate</u>	<u>Hike/Cut</u>	<u>Prior 12 mo S&amp;P 500</u>	<u>Next 12 mo S&amp;P 500</u>
Feb. 1926	13.5%	Hike	19.5%	8.6%
Jan. 1930	12.0%	Hike	-11.9%	-28.5%
Jun. 1932	13.8%	Hike	-62.2%	98.0%
Jun. 1936	15.0%	Hike	45.2%	2.1%
May 1938	19.0%	Hike	-42.9%	23.8%
Oct. 1940	24.0%	Hike	-17.7%	-5.3%
Sep. 1941	31.0%	Hike	-2.8%	-15.8%
Oct. 1942	40.0%	Hike	-3.5%	25.2%
Sep. 1950	42.0%	Hike	24.9%	20.4%
Oct. 1951	50.8%	Hike	16.8%	3.5%
Jan. 1952	52.0%	Hike	16.3%	11.8%
Jun. 1968	52.8%	Hike	9.1%	-2.3%
Aug. 1993	35.0%	Hike	7.2%	2.4%

Average -0.2% 11.1%

Source: Tax Policy Center, Global Financial Data, Inc.; Corporate Tax Cuts and Hikes as well as S&P 500 Price Returns from 1925 to 1994.

# INCOME TAX CHANGES DO NOT MOVE EQUITIES MUCH

<u>Effective Date</u>	<u>New Tax Rate</u>	<u>Hike/Cut</u>	<u>Prior 12 mo S&amp;P 500</u>	<u>Next 12 mo S&amp;P 500</u>
Dec. 1929	24.0%	Cut	-3.9%	<b>-29.9%</b>
Jan. 1946	86.5%	Cut	30.7%	<b>-11.9%</b>
Apr. 1948	82.1%	Cut	<b>-0.5%</b>	<b>-1.4%</b>
Aug. 1954	91.0%	Cut	26.1%	34.8%
Feb. 1964	77.0%	Cut	18.9%	12.3%
Jan. 1965	70.0%	Cut	13.0%	9.1%
Jan. 1970	71.8%	Cut	<b>-11.4%</b>	<b>-0.1%</b>
Jan. 1971	70.0%	Cut	<b>-0.1%</b>	10.8%
Aug. 1981	69.1%	Cut	8.3%	<b>-22.2%</b>
Jan. 1982	50.0%	Cut	<b>-9.7%</b>	14.8%
Jan. 1987	38.5%	Cut	14.6%	2.0%
Jan. 1988	28.0%	Cut	2.0%	12.4%
Jun. 2001	39.1%	Cut	<b>-13.2%</b>	<b>-19.5%</b>
Jan. 2002	38.6%	Cut	<b>-13.0%</b>	<b>-23.4%</b>
May 2003	35.0%	Cut	<b>-11.3%</b>	17.6%

Average

3.4%

0.4%

<u>Effective Date</u>	<u>New Tax Rate</u>	<u>Hike/Cut</u>	<u>Prior 12 mo S&amp;P 500</u>	<u>Next 12 mo S&amp;P 500</u>
Jan. 1930	25.0%	Hike	<b>-11.9%</b>	<b>-28.5%</b>
Jun. 1932	63.0%	Hike	<b>-62.2%</b>	98.0%
Jan. 1936	79.0%	Hike	41.4%	27.9%
Jun. 1940	81.1%	Hike	<b>-14.7%</b>	0.9%
Oct. 1942	88.0%	Hike	<b>-3.5%</b>	25.2%
May 1944	94.0%	Hike	1.8%	23.1%
Sep. 1950	84.4%	Hike	24.9%	20.4%
Oct. 1951	91.0%	Hike	16.8%	3.5%
Jan. 1952	92.0%	Hike	16.3%	11.8%
Jun. 1968	75.3%	Hike	9.1%	<b>-2.3%</b>
Dec. 1969	77.0%	Hike	<b>-11.8%</b>	0.7%
Jan. 1991	31.0%	Hike	<b>-6.6%</b>	26.3%
Aug. 1993	39.6%	Hike	7.2%	2.4%
Jan. 2013	39.6%	Hike	16.3%	25.3%

Average

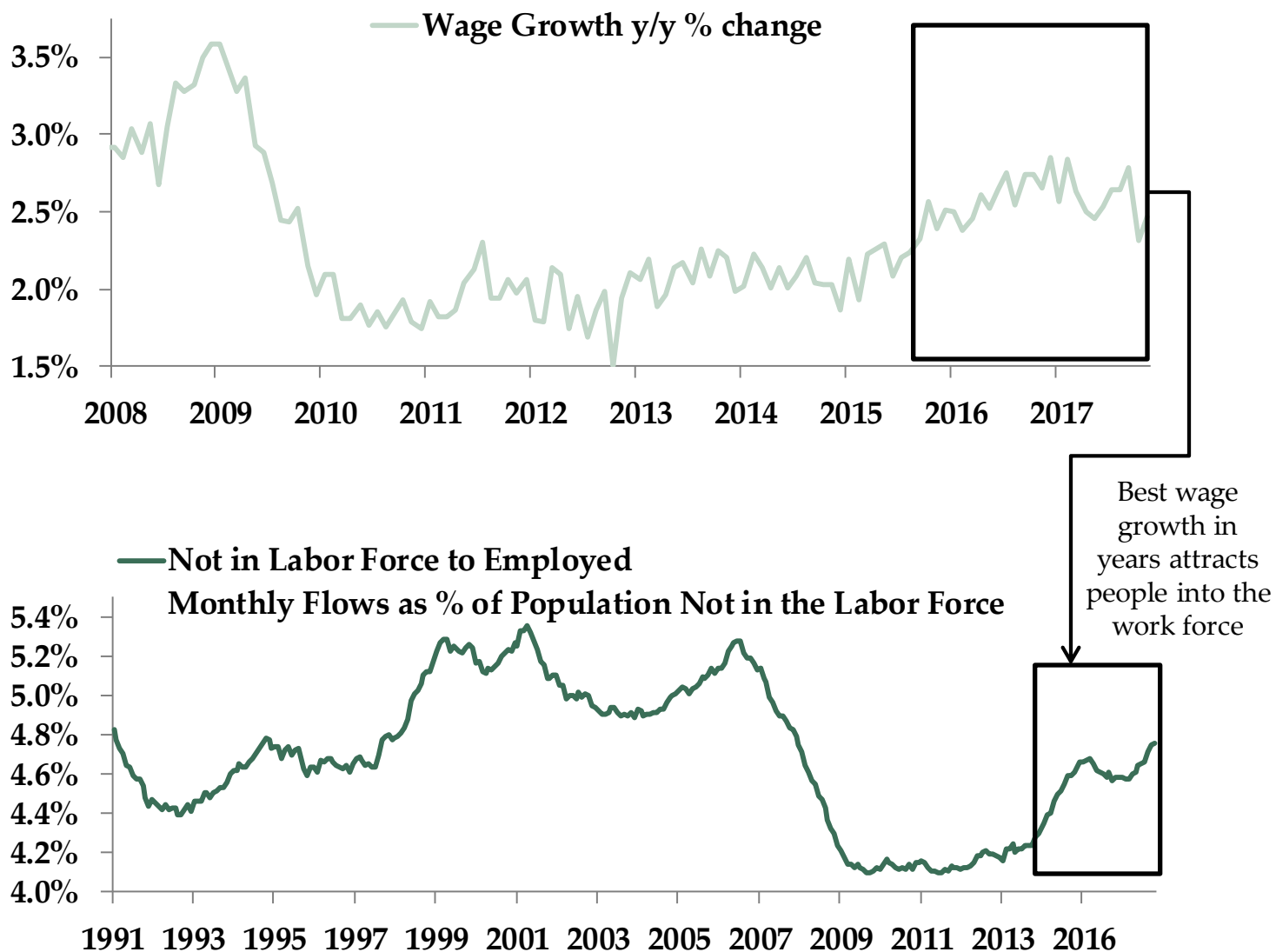
1.7%

16.8%

Source: Tax Policy Center, Global Financial Data, Inc.; Income Tax Cuts and Hikes as well as S&P 500 Price Returns from 1928 to 2014

# LABOR DYNAMICS KEEP LID ON INFLATION

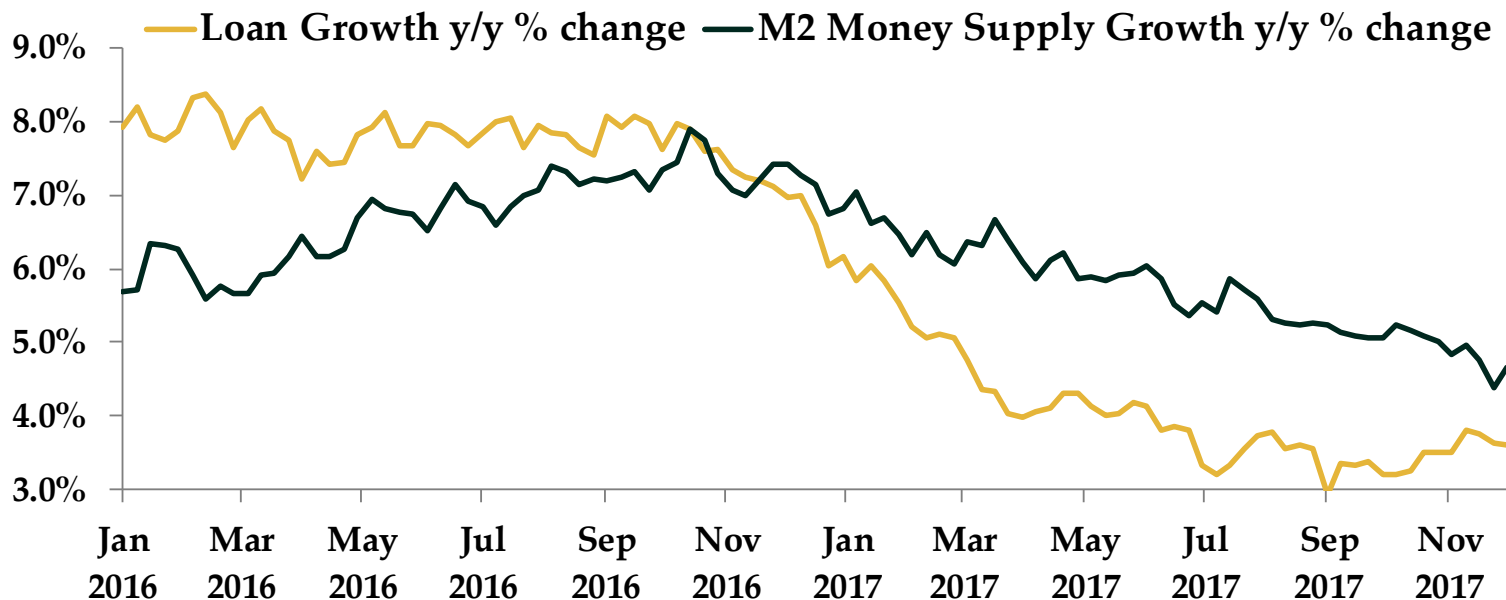
In addition to range-bound commodity prices, labor dynamics likely also keep inflation at bay. Though wages have grown, they are kept in check as people who were formerly on the sidelines join the work force.



Source: US Department of Labor as of November 2017.

# DECELERATING LENDING COOLS INFLATION

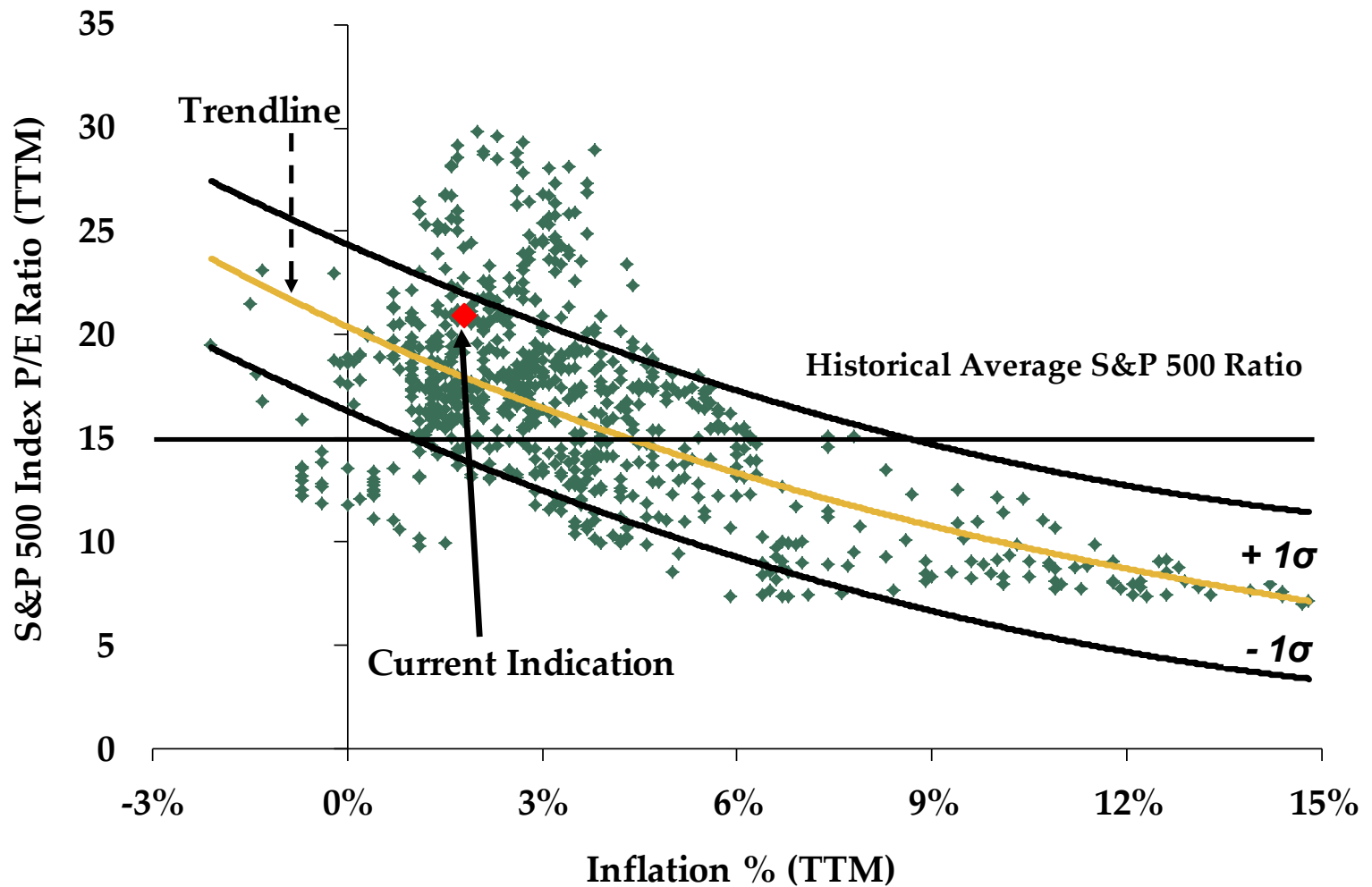
Further, decelerating loan and money supply growth in the US likely prevent inflation from accelerating materially. As such, inflation expectations have cooled down.



Source: Federal Reserve and FactSet as of November 2017. Inflation expectations are based on the yield spread between the 5 year US Treasury and 5 year Treasury Inflation Protected Security (TIPS).

# LOW INFLATION, FINE EQUITY VALUATIONS

Given current inflation, valuations are well within historical norm.

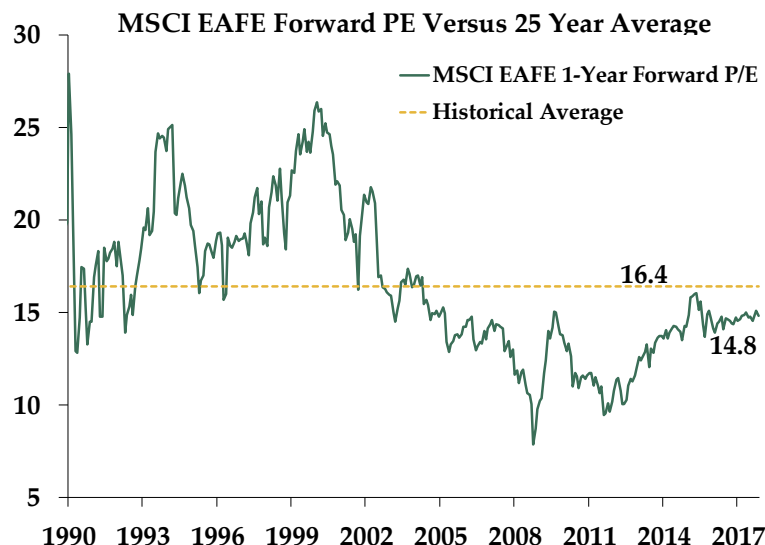
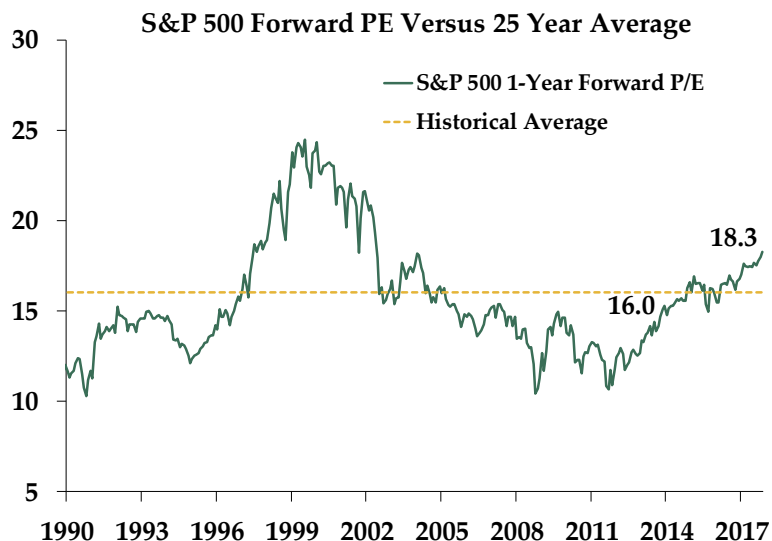
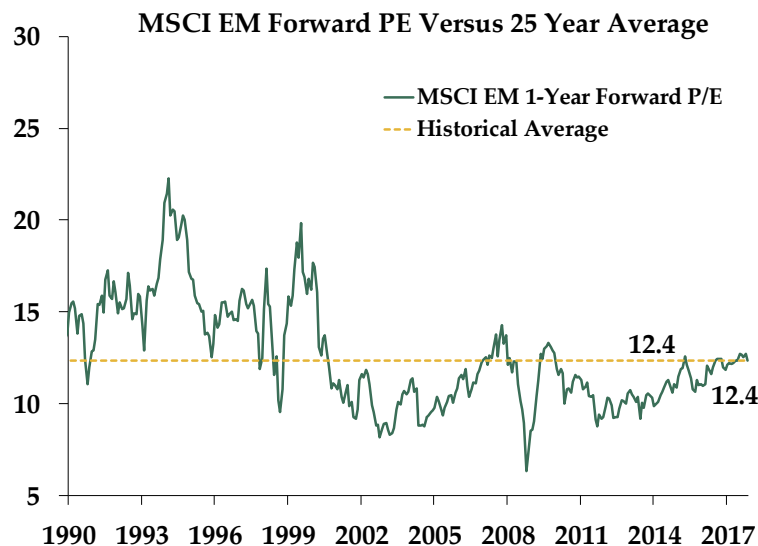
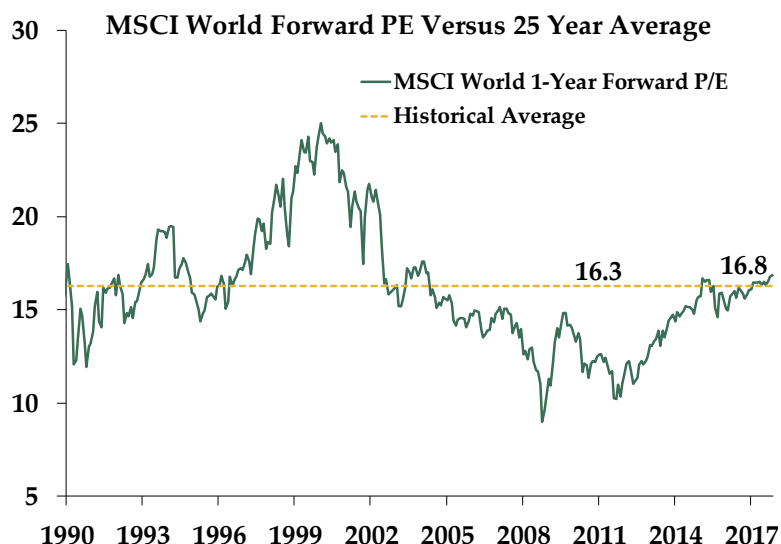


Source: Bloomberg from 1954 through November 2017. Based on monthly data points.



# EQUITY VALUATIONS ARE STILL ATTRACTIVE

Valuations across the world are roughly in-line with or below their historical averages.

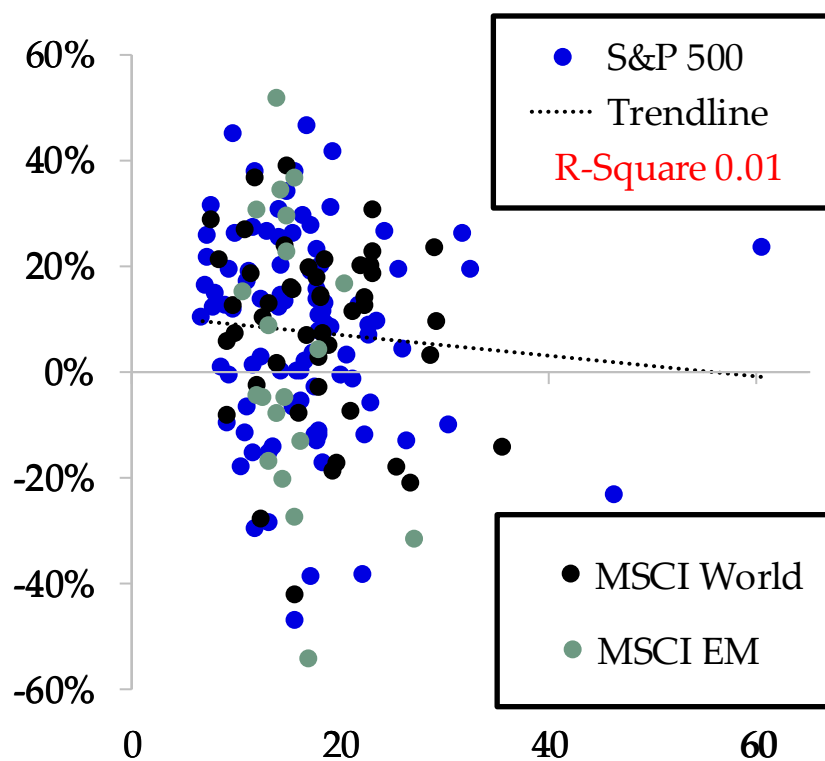


Source: FactSet as of November 2017.

# VALUATIONS' WEAK PREDICTIVE POWER

Equities' PE has little predictive power for returns over the next 12 months. A high PE is just as likely to be followed by robust returns as meager.

Relationship between PE Ratio at the Beginning of a Year and Returns over the Subsequent Year



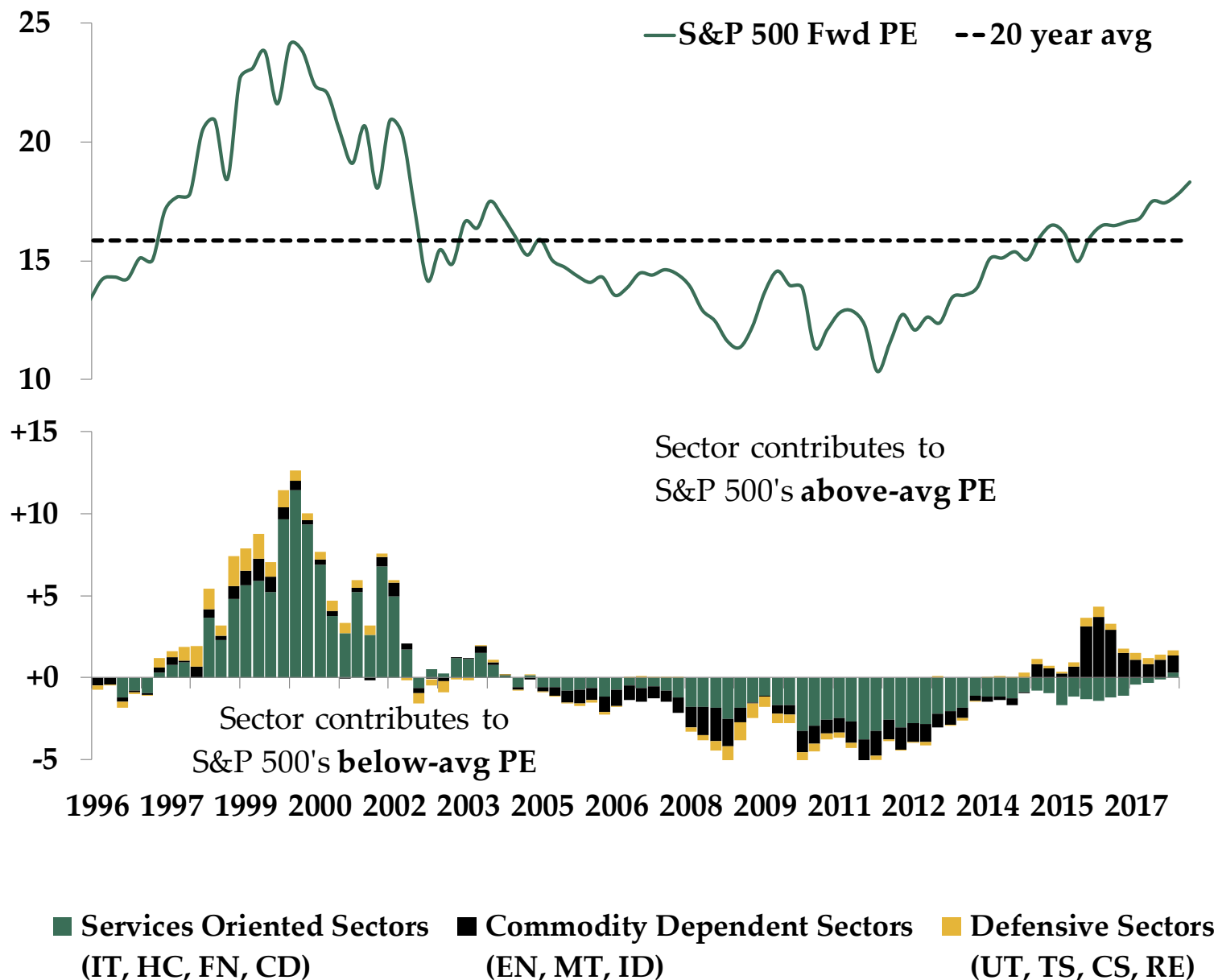
S&P 500 One Year Price Returns Following the Ten Highest PE Ratios

Year	PE Ratio at Beginning of Year	Calendar Year Return
2009	60.7	23%
2002	46.5	-23%
1999	32.6	20%
2003	31.9	26%
2000	30.5	-10%
2001	26.4	-13%
1992	26.1	4%
2017	25.7	19%
1998	24.4	27%
2016	23.6	10%
<b>Average</b>	<b>32.8</b>	<b>8.3%</b>
<b>Median</b>	<b>28.5</b>	<b>14.5%</b>

Source: FactSet and Global Financial Data as of December 2017. Based on annual observations for MSCI EM (1995-2017), MSCI World (1970-2017), S&P 500 (1927-2017). PE ratios based on trailing 12 month earnings.

# EVEN THEN, VALUATIONS VARY BY SECTOR

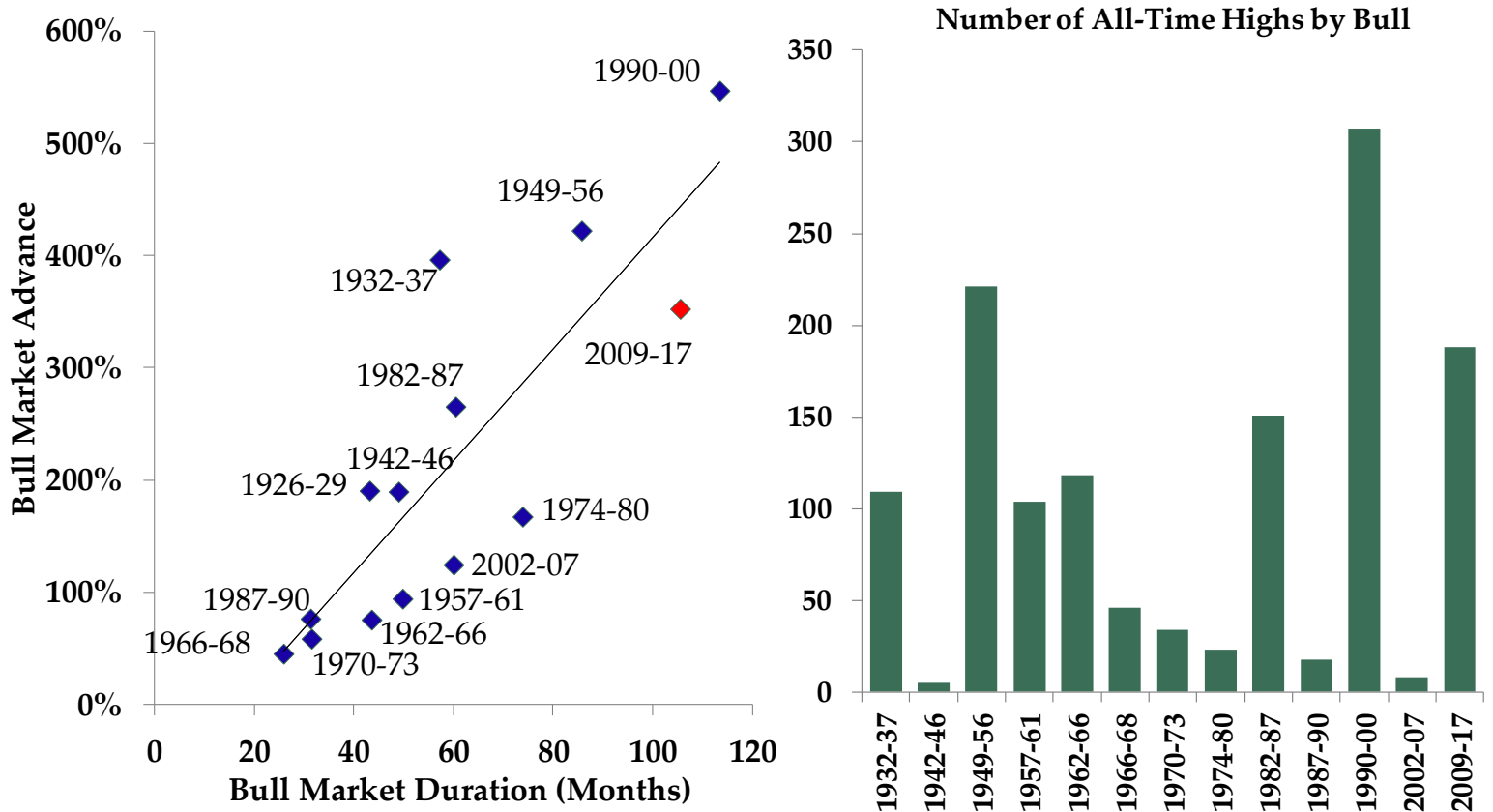
The Energy sector's earnings blow out still cascades to headline valuations—masking how reasonable other sectors remain.



Source: FactSet as of December 2017. Based on forward Price-to-Earnings.

# OLD AGE AND NEW HEIGHTS DON'T KILL A BULL

The current bull is within historical norms, and bull markets can see hundreds of all-time highs.



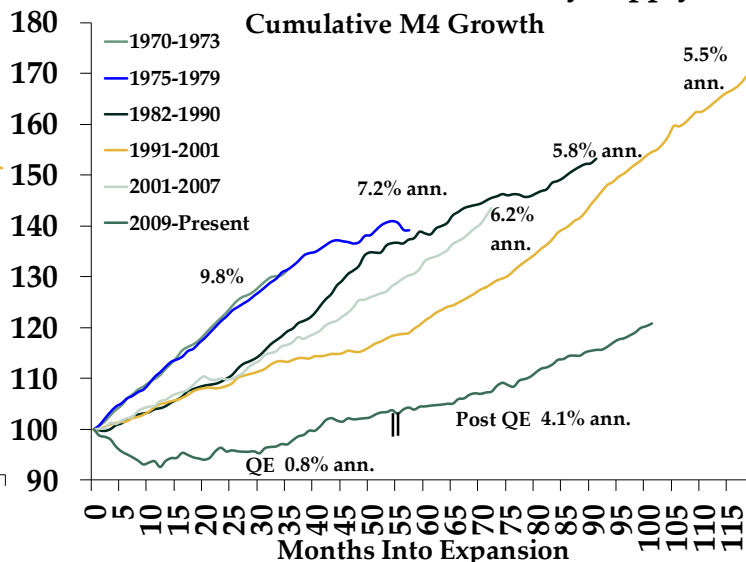
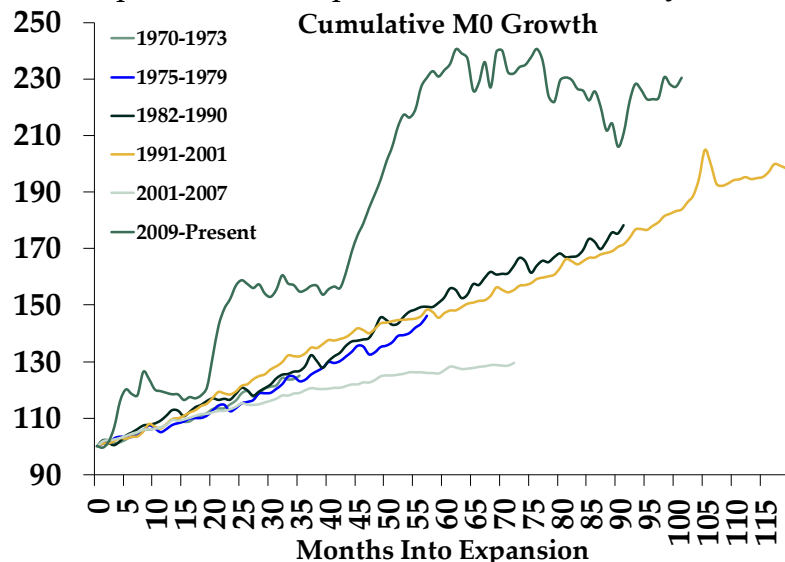
Left chart source: Global Financial Data and FactSet as of December 2017, based on the S&P 500 total return. Right chart source: Global Financial Data as of December 2017, based on the S&P 500 price level.

# FALSE PERCEPTIONS ON QUANTITATIVE EASING

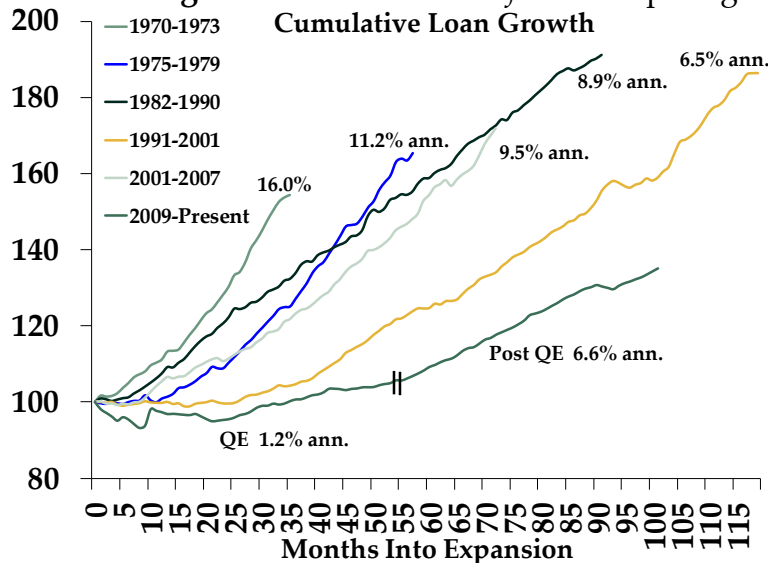
Some fear a maturing Fed balance sheet will contract money supply and stifle lending. But QE actually detracted from economic growth.

QE's unprecedented expansion of the **monetary base**...

Did not translate to broader **money supply**...



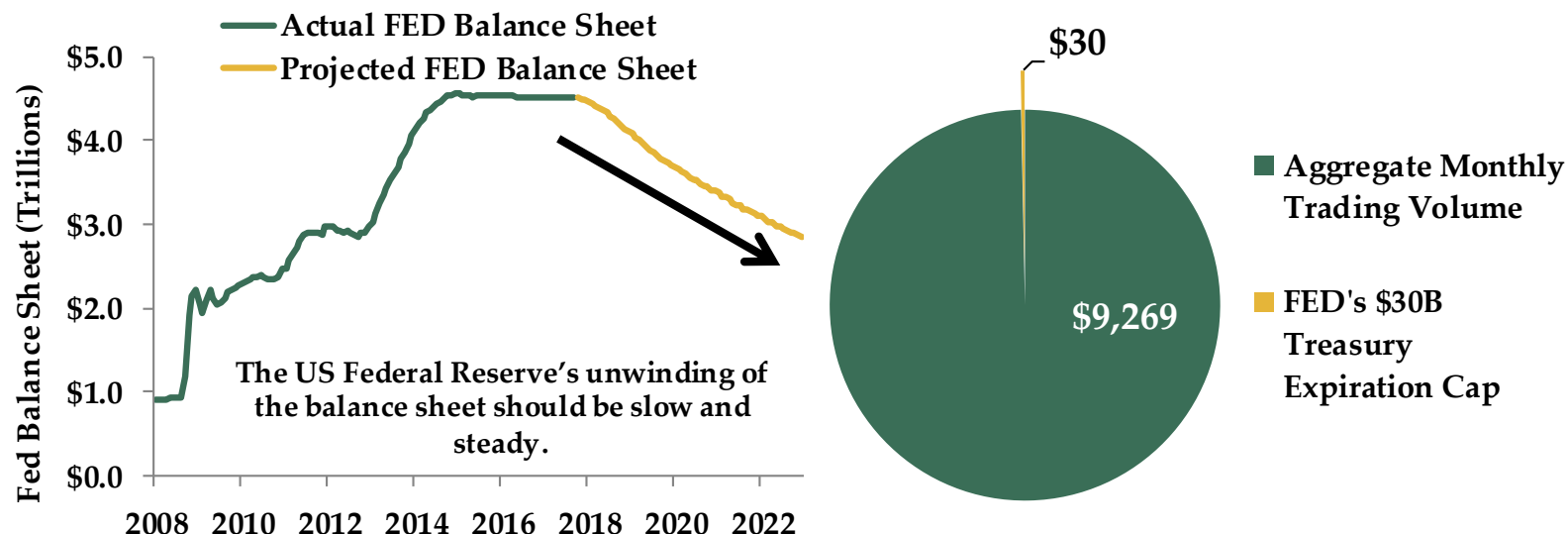
Or **lending**—which accelerated *after* Fed tapering



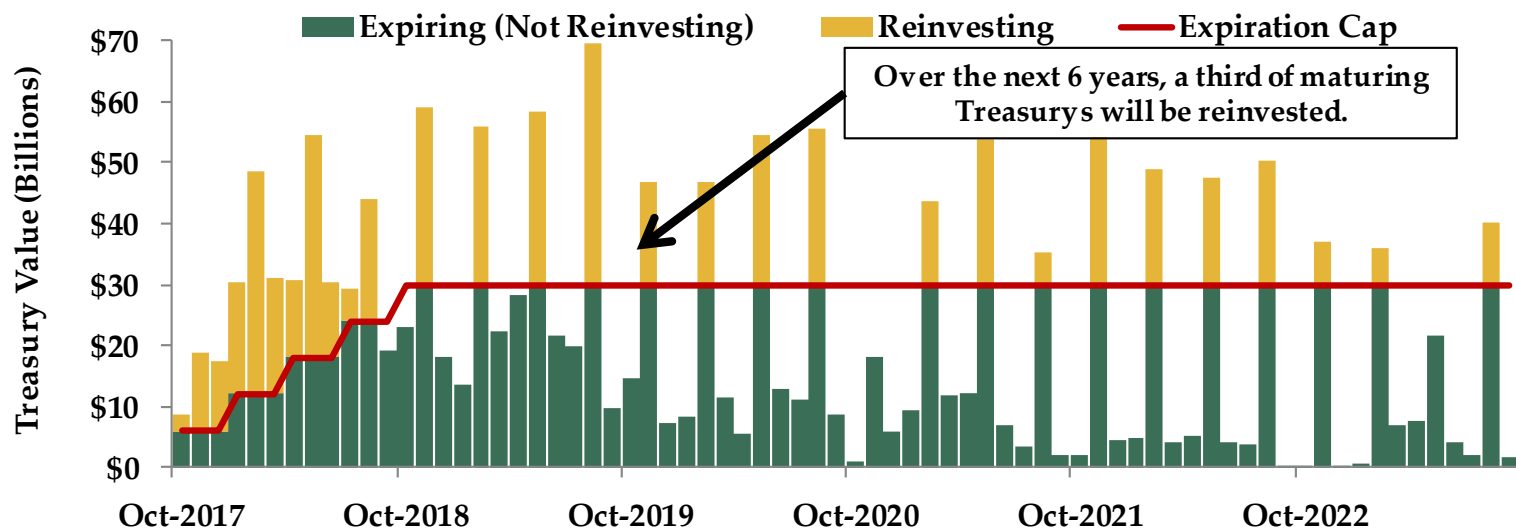
Source: Federal Reserve and Center for Financial Stability as of November 2017.

# FED WILL UNWIND ASSETS GRADUALLY

Assets will roll off the Fed's balance sheet at a slow pace. Further, the US Treasury market's liquidity dwarfs the amount of maturing UST the Fed won't reinvest.



The amount of Treasuries rolling off the Fed's balance sheet will be capped at \$ 30 billion per month, but far fewer Treasuries are maturing most months.



Top Left Chart Source: Federal Reserve, actuals as of October 2017, projected from November 2017 to December 2022. Top Right Chart Source: The Securities Industry and Financial Markets Associations; US Treasury avg daily trading volume from September 2007 to August 2017. Bottom Chart Source: US Federal Reserve; maturing treasury's and expiration cap from October 2017 to August 2023.

# STRATEGY OFFERINGS AND BENEFITS

Global Research Platform		
Global	US	Global Ex-US
\$5.5 Billion	\$10.1 Billion	\$28.2 Billion
<b>Global Equity</b> <i>MSCI World Index</i>	<b>Small Cap Core</b> <i>Russell 2000 Index</i>	<b>All Non-US Equity</b> <i>MSCI ACWI ex-US Index</i>
<b>Global Equity Focused</b> <i>MSCI World Index</i>	<b>Small Cap Opportunities</b> <i>Russell Micro Cap Value Index</i>	<b>All Non-US Equity Growth</b> <i>MSCI ACWI ex-US Growth Index</i>
<b>All World Equity</b> <i>MSCI ACWI Index</i>	<b>Small Cap Value</b> <i>Russell 2000 Value Index</i>	<b>All Non-US Equity Small Cap</b> <i>Msci ACWI ex-US Small Cap</i>
<b>Global High Dividend Yield*</b> <i>MSCI World High Dividend Yeild Index</i>	<b>Small and Mid Cap Value</b> <i>Russell 2500 Value Index</i>	<b>Non-US Equity</b> <i>MSCI EAFE Index</i>
<b>Global Small Cap</b> <i>MSCI World Small Cap Index</i>	<b>Small and Mid Cap Core</b> <i>Russell 2500 Index</i>	<b>Non-US Equity Small Cap</b> <i>MSCI World ex-US Small Cap</i>
<b>Global Long/Short*</b> <i>MSCI World (50%) 3-Month T-Bill (50%)</i>	<b>Mid Cap Value</b> <i>Russell Mid Cap Value Index</i>	<b>Emerging Markets Equity</b> <i>MSCI Emerging Markets Index</i>
<b>Global Quant</b> <i>MSCI ACWI Index</i>	<b>US Total Return</b> <i>S&amp;P 500 Index</i>	<b>Emerging Markets Small Cap ESG</b> <i>MSCI Emerging Markets Small Cap Index</i>
	<b>Small Cap Quant</b> <i>Russell 2000 Index</i>	<b>Frontier Markets Equity</b> <i>MSCI Frontier Markets Index</i>

## Complete Investment Process

- ♦ Top-down approach accounts for three critical decisions helping to maximize probability of excess return

## Complementary Portfolio

- ♦ Diversification via process and style

## Experienced

- ♦ Investment Policy Committee members’ average experience at FI: 23 years

*AUM figures depict assets managed by Fisher Investments and its subsidiaries as of month end December 2017.*

*“Years” is calculated using the date on which Fisher Investments was established as a sole proprietorship: 1979.*

*\*This represents Fisher Investments’ Private Client Group (PCG) strategies.*

*Back cover photographs: The offices of FI are located in Washington and California, USA. The London, UK office is the headquarters of Fisher Investments Europe. The Sydney, Australia office is the headquarters of Fisher Investments Australasia. The Dubai International Financial Centre office is a branch office of FI in the United Arab Emirates. The Tokyo, Japan office is the branch office of FIJ.*





Fisher Investments Camas



Fisher Investments Woodside



Fisher Investments Europe



Fisher Investments DIFC



Fisher Investments  
Australasia



Fisher Investments Japan