MACRO INSIGHTS

Q4 2018

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INSTITUTIONAL GROUP

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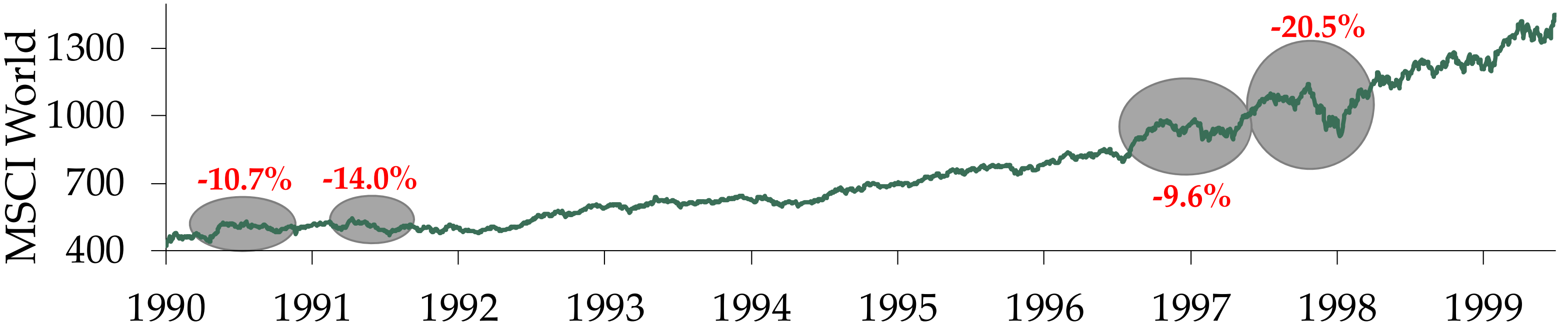
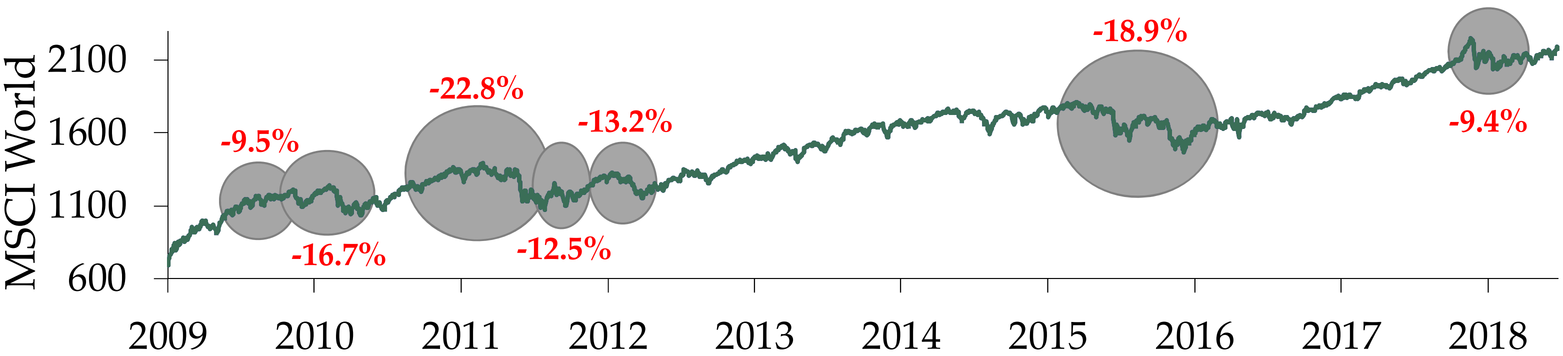
MARKET OUTLOOK 2018

- Expect the bull market to continue
- Early-year pullback consistent with a typical correction
- Volatility is normal—2017 was an outlier
- Inflation and trade-war fears are overblown
- Equities usually accelerate in bull markets' final third
- The global economy is in full expansion mode
- Corporate earnings growth remains very strong
- US midterms historically a positive market catalyst
- Emerging Markets selloff is overdone

CORRECTIONS DURING BULLS ARE COMMON

Corrections are short, steep and unexpected—often vanishing as quickly as they appear. They are a common—and healthy—feature of bull markets, even during great years. In our view, this year's selloff exhibited the classic characteristics of a correction.

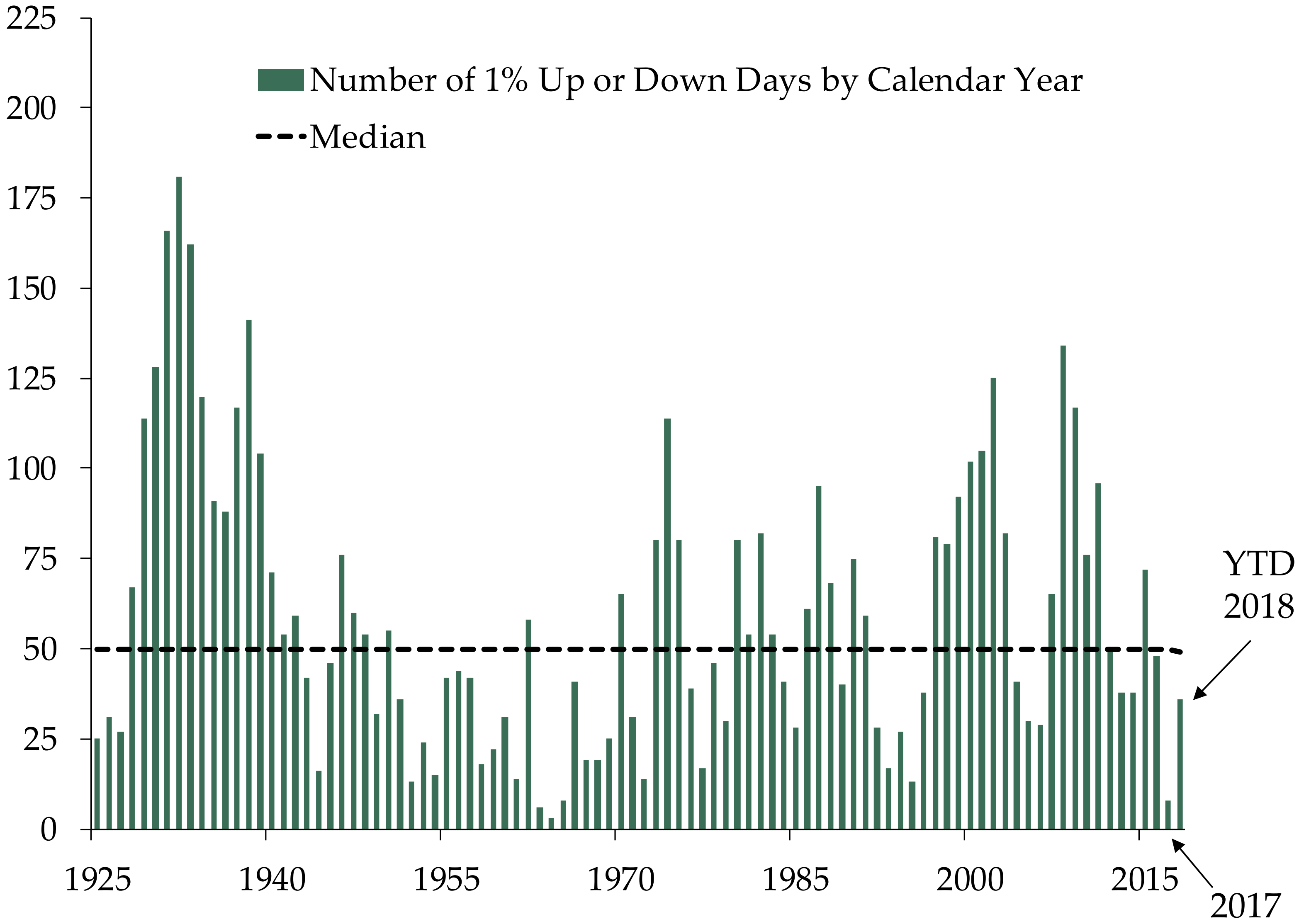




Source: FactSet as of August 2018, based on the MSCI World index price level.

VOLATILITY DOESN'T PREDICT RETURNS

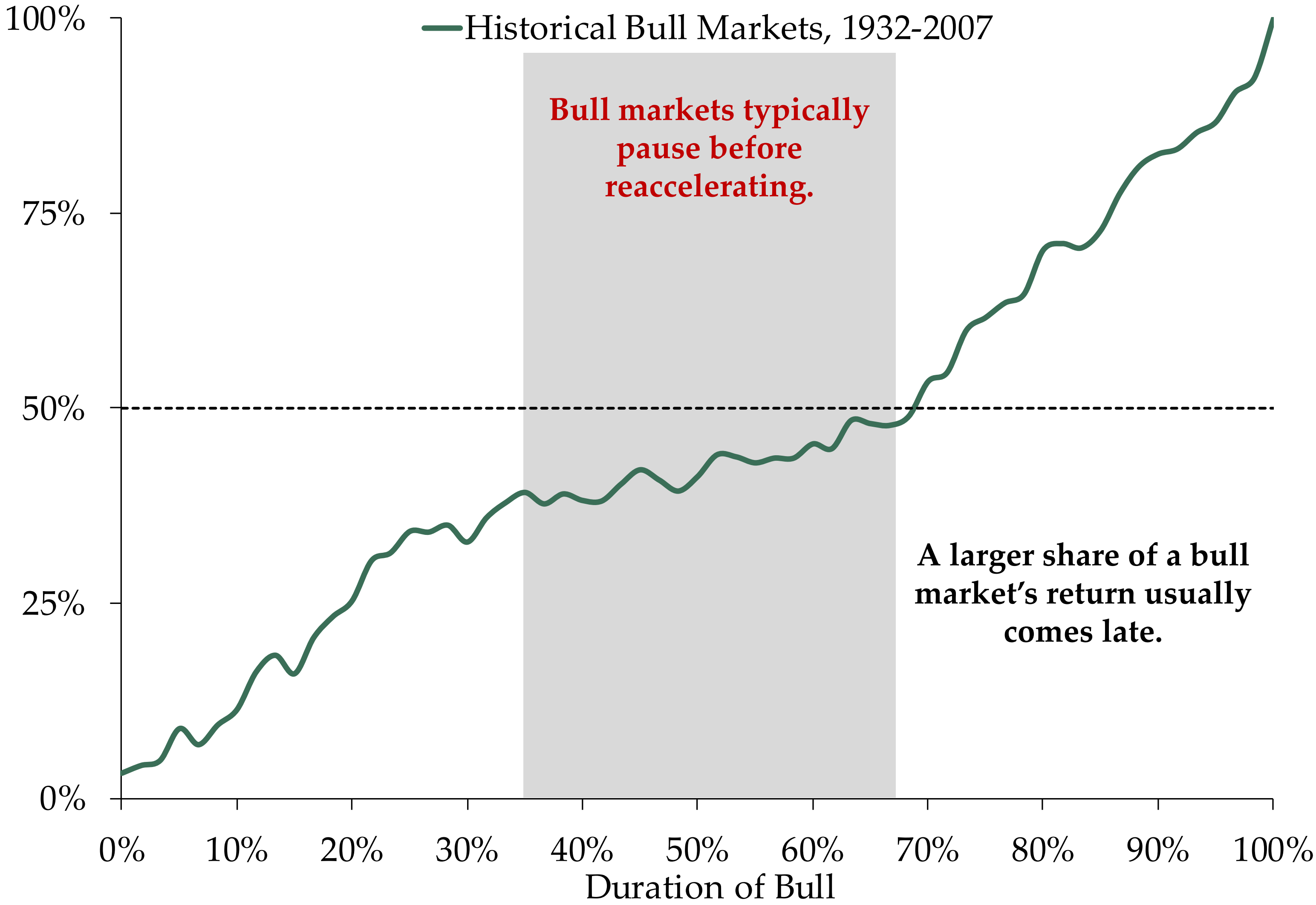
Higher volatility than 2017 is normal and is not predictive of equity returns.



Source: Global Financial Data, S&P 500 price returns as of August 2018.

BULL MARKETS GO OUT WITH A BANG

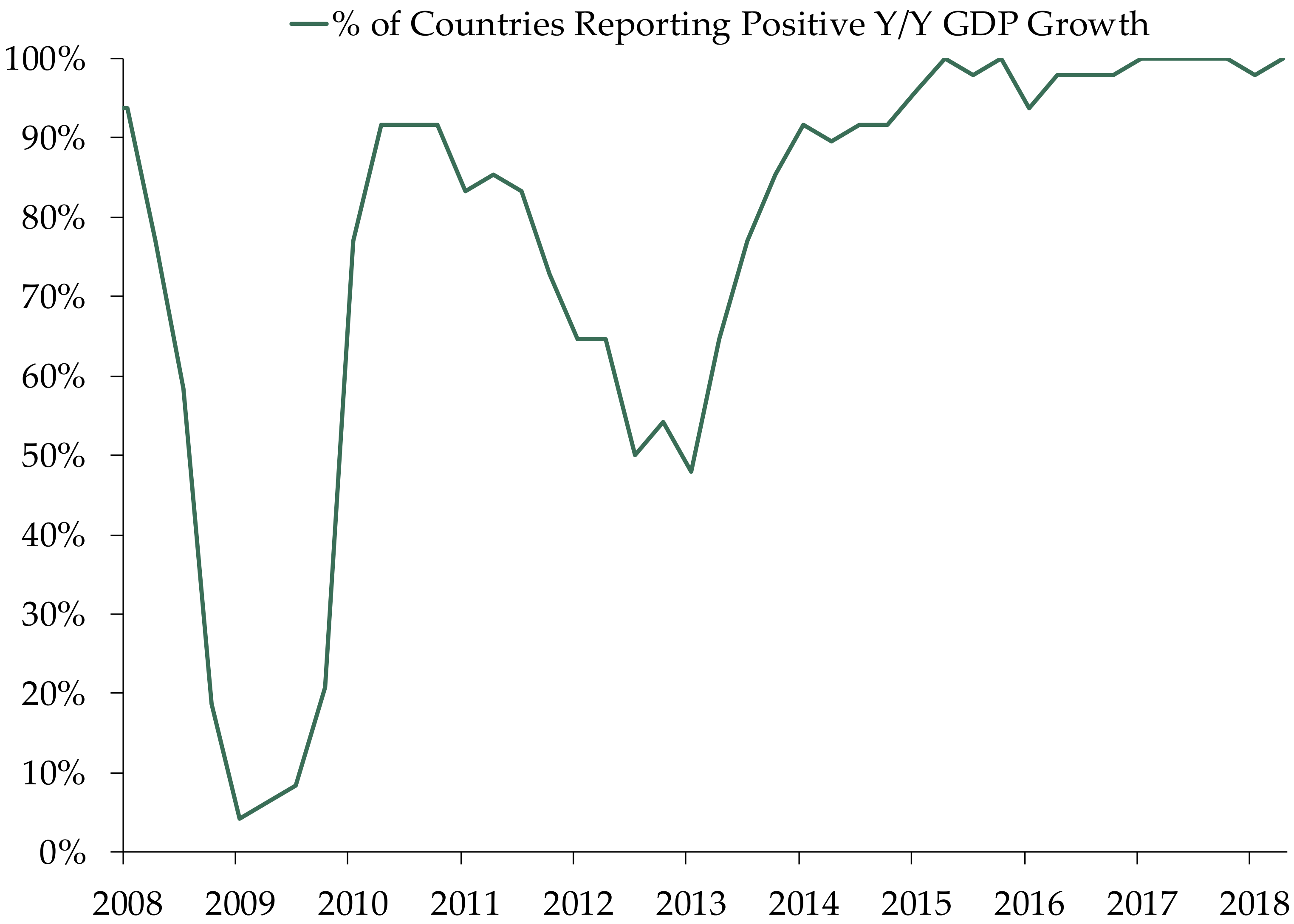
Bull markets typically have steep gains early, flatten out in the middle, and reaccelerate upward in the final third.



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.

BROAD-BASED GLOBAL GROWTH

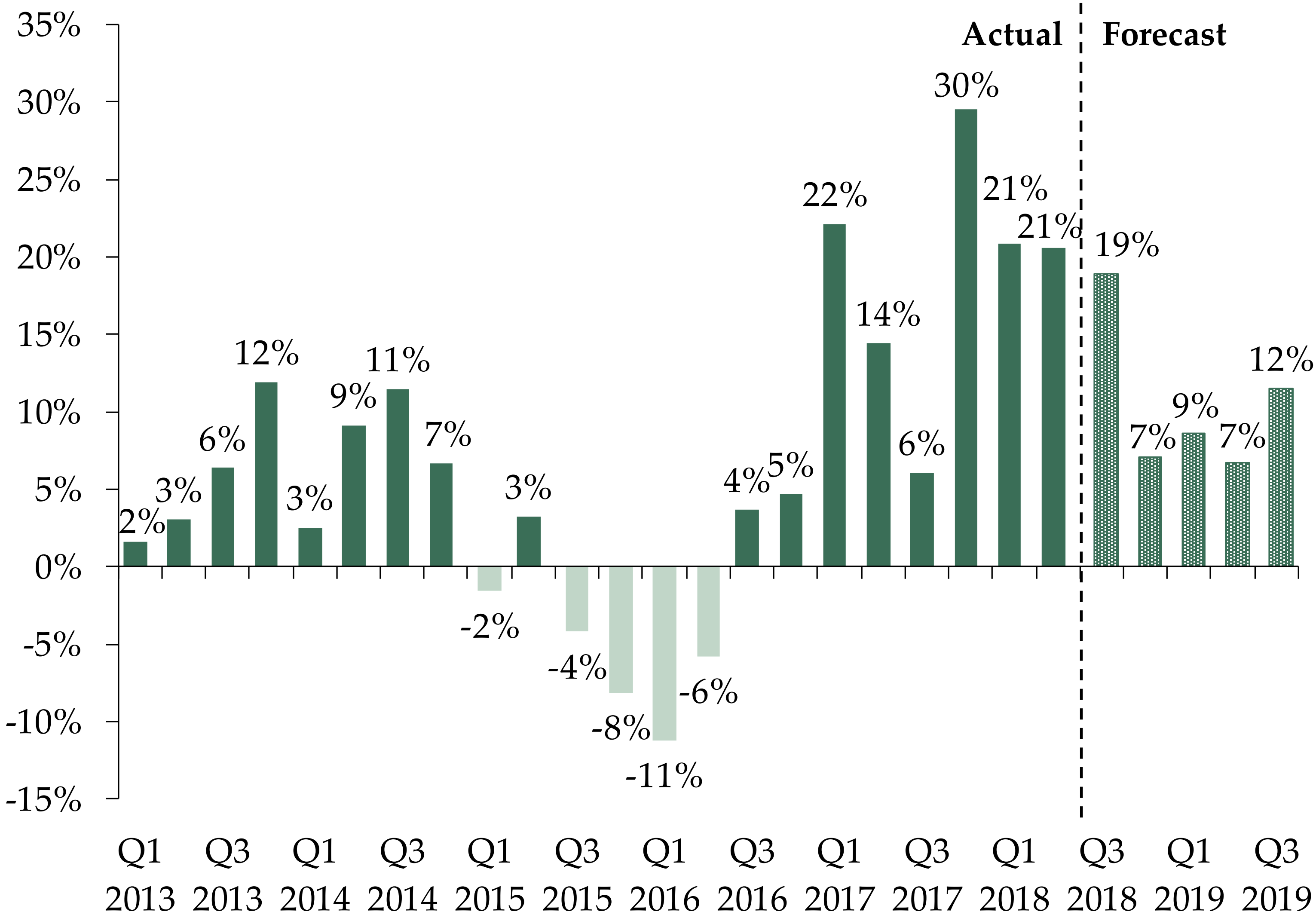
This economic expansion is notable in its persistence and breadth, with nearly all MSCI World and MSCI EM constituent countries reporting positive economic growth.



Source: FactSet, based on number of constituent MSCI World and MSCI EM countries seeing positive y/y GDP growth as of June 2018.

GLOBAL EARNINGS ARE GROWING

Strong corporate earnings growth should continue into 2019.



Source: FactSet, Inc., Earnings Scorecard: Y/Y MSCI World Blended Earnings Growth. Earnings from Q3 2018-Q3 2019 are based on net income weighted estimated earnings growth as of June 2018.

US MIDTERMS LIKELY RESULT IN GRIDLOCK

Republicans have a structural advantage in the Senate, while Democrats have a better chance of taking the House. As such, gridlock is the most likely outcome for 2018 midterms.

Senator	Party	State	Percent of Vote for Trump in 2016	Percent of Vote for Clinton in 2016	
Barrasso, John	R	WY	70%	22%	States Trump Won in 2016
Manchin, Joe, III	D	WV	69%	26%	
Heitkamp, Heidi	D	ND	64%	28%	
Corker, Bob*	R	TN	61%	35%	
Fischer, Deb	R	NE	60%	34%	
Wicker, Roger F.	R	MS	58%	40%	
Tester, Jon	D	MT	57%	35%	
Donnelly, Joe	D	IN	57%	38%	
McCaskill, Claire	D	MO	57%	38%	
Cruz, Ted	R	TX	53%	43%	
Brown, Sherrod	D	OH	52%	44%	
Flake, Jeff*	R	AZ	50%	45%	
Nelson, Bill	D	FL	49%	48%	
Casey, Robert P., Jr.	D	PA	49%	48%	
Baldwin, Tammy	D	WI	48%	47%	
Stabenow, Debbie	D	MI	48%	47%	
Hatch, Orrin G.*	R	UT	46%	28%	
Heller, Dean	R	NV	46%	48%	States Clinton Won in 2016
Klobuchar, Amy	D	MN	45%	47%	
Kaine, Tim	D	VA	45%	50%	
King, Angus S., Jr.	I	ME	45%	48%	
Menendez, Robert	D	NJ	42%	55%	
Carper, Thomas R.	D	DE	42%	53%	
Murphy, Christopher	D	CT	42%	54%	
Whitehouse, Sheldon	D	RI	40%	55%	
Heinrich, Martin	D	NM	40%	48%	
Cantwell, Maria	D	WA	38%	56%	
Gillibrand, Kirsten E.	D	NY	37%	59%	
Cardin, Benjamin L.	D	MD	35%	61%	
Warren, Elizabeth	D	MA	34%	61%	
Feinstein, Dianne	D	CA	33%	61%	
Sanders, Bernard	I	VT	33%	61%	
Hirono, Mazie K.	D	HI	30%	62%	

Prediction markets expect a Republican Senate and Democratic House.

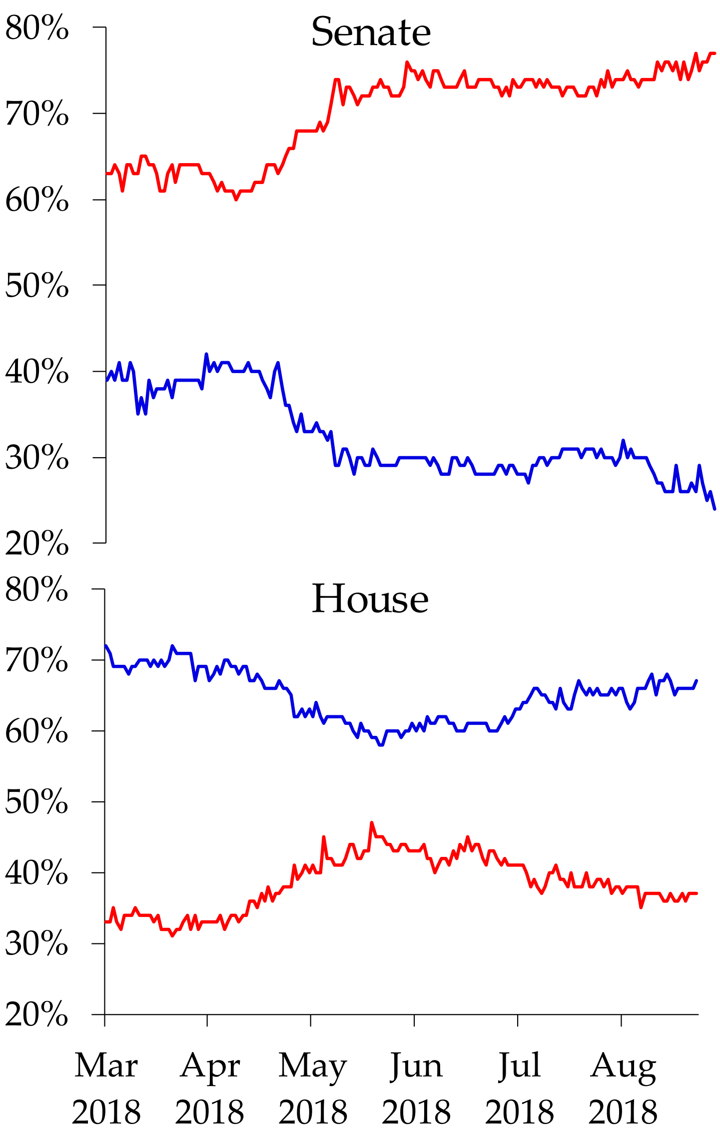


*Table source: Fisher Investments Research, US Senate; Senators up for re-election in 2018 & 2020 as of December 2017. Senator Sanders & King caucus as Democrats. *Bob Corker, Jeff Flake and Orrin Hatch will not seek re-election. Right charts source: PredictIt as of August 2018.*

THE 87% MIRACLE

Historically, equities have done well in the quarter of and subsequent to US midterm elections as political uncertainty dissipates.

Midterm & Subsequent Years by Quarter								
Midterm Year	Midterm Q1	Midterm Q2	Midterm Q3	Midterm Q4	Subsequent Q1	Subsequent Q2	Subsequent Q3	Subsequent Q4
1926	-9.1%	8.9%	10.1%	2.0%	4.6%	7.3%	16.1%	5.2%
1930	18.4%	-17.8%	-8.2%	-16.4%	10.2%	-9.9%	-33.6%	-14.8%
1934	7.4%	-8.0%	-6.2%	5.4%	-9.9%	22.1%	14.4%	17.0%
1938	-17.8%	38.5%	7.3%	9.0%	-16.0%	0.0%	21.4%	-2.9%
1942	-5.9%	5.8%	8.5%	12.1%	20.1%	8.0%	-0.9%	-2.1%
1946	5.1%	2.9%	-18.0%	3.5%	0.3%	1.5%	0.5%	2.7%
1950	4.9%	4.0%	11.9%	6.9%	6.7%	-0.3%	12.8%	3.8%
1954	10.1%	9.8%	11.9%	12.6%	2.8%	13.3%	7.5%	5.1%
1958	6.4%	8.5%	11.6%	11.2%	1.2%	6.3%	-2.0%	6.1%
1962	-2.1%	-20.6%	3.7%	13.1%	6.4%	5.0%	4.2%	5.4%
1966	-2.7%	-4.3%	-8.8%	5.9%	13.2%	1.3%	7.5%	0.5%
1970	-1.8%	-18.0%	17.1%	10.3%	9.7%	0.2%	-0.6%	4.6%
1974	-2.8%	-7.6%	-25.2%	9.3%	23.0%	15.4%	-10.9%	8.6%
1978	-4.9%	8.5%	8.7%	-5.0%	7.1%	2.6%	7.6%	0.1%
1982	-7.3%	-0.6%	11.5%	18.3%	10.0%	11.1%	-0.2%	0.4%
1986	14.1%	5.9%	-7.0%	5.6%	21.3%	5.0%	6.6%	-22.5%
1990	-3.0%	6.3%	-13.7%	9.0%	14.5%	-0.2%	5.3%	8.4%
1994	-3.8%	0.4%	4.9%	0.0%	9.7%	9.5%	7.9%	6.0%
1998	13.9%	3.3%	-9.9%	21.3%	5.0%	7.0%	-6.2%	14.9%
2002	0.3%	-13.4%	-17.3%	8.4%	-3.1%	15.4%	2.6%	12.2%
2006	4.2%	-1.4%	5.7%	6.7%	0.6%	6.3%	2.0%	-3.3%
2010	5.4%	-11.4%	11.3%	10.8%	5.9%	0.1%	-13.9%	11.8%
2014	1.8%	5.2%	1.1%	4.9%	1.0%	0.3%	-6.4%	7.0%
2018	-0.8%	3.4%	7.7%					
Average Positive	7.7%	8.0%	8.9%	9.3%	8.7%	6.9%	8.3%	6.7%
Average Negative	-5.2%	-10.3%	-12.7%	-7.1%	-9.7%	-3.5%	-8.3%	-9.1%
% Positive	50.0%	58.3%	62.5%	87.0%	87.0%	87.0%	60.9%	78.3%

Source: Global Financial Data from January 1926 to September 2018, based on S&P 500 total return using quarterly data points.

KEY DEVELOPED MARKETS POSITIONING

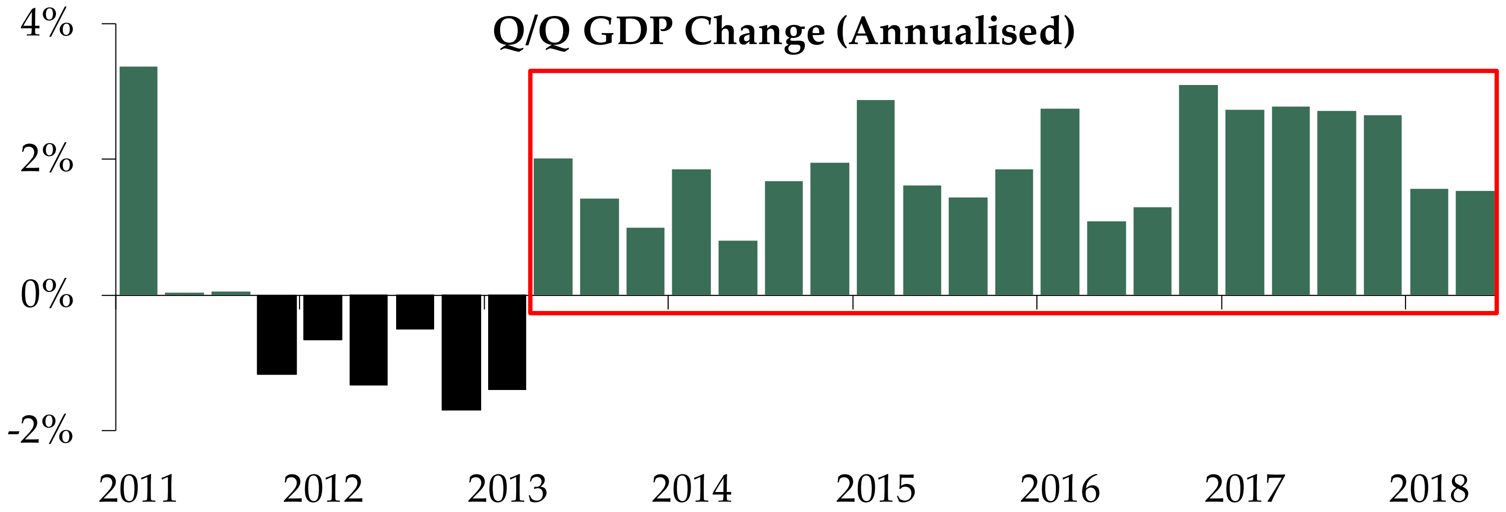
Our highest conviction views on developed market regions

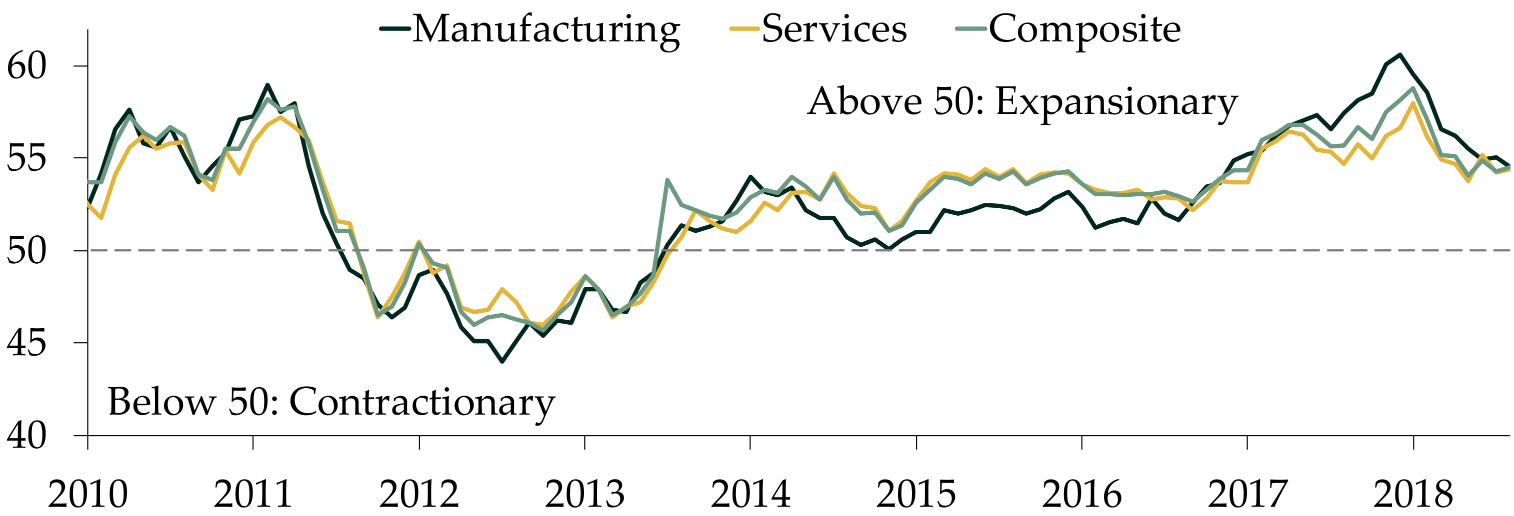
- Overweight Europe

- Underweight United States

YEARS OF EUROPEAN ECONOMIC STABILITY

The region has experienced twenty one consecutive quarters of positive growth, and purchasing managers indexes (PMI) are in expansionary territory across the board.

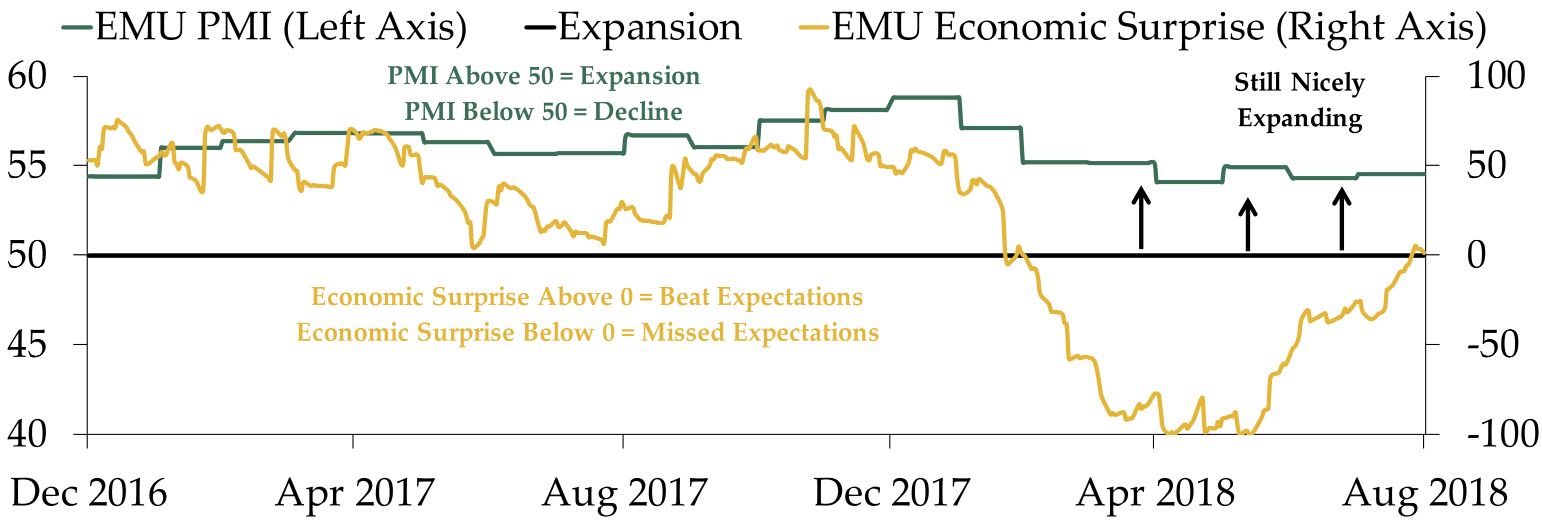


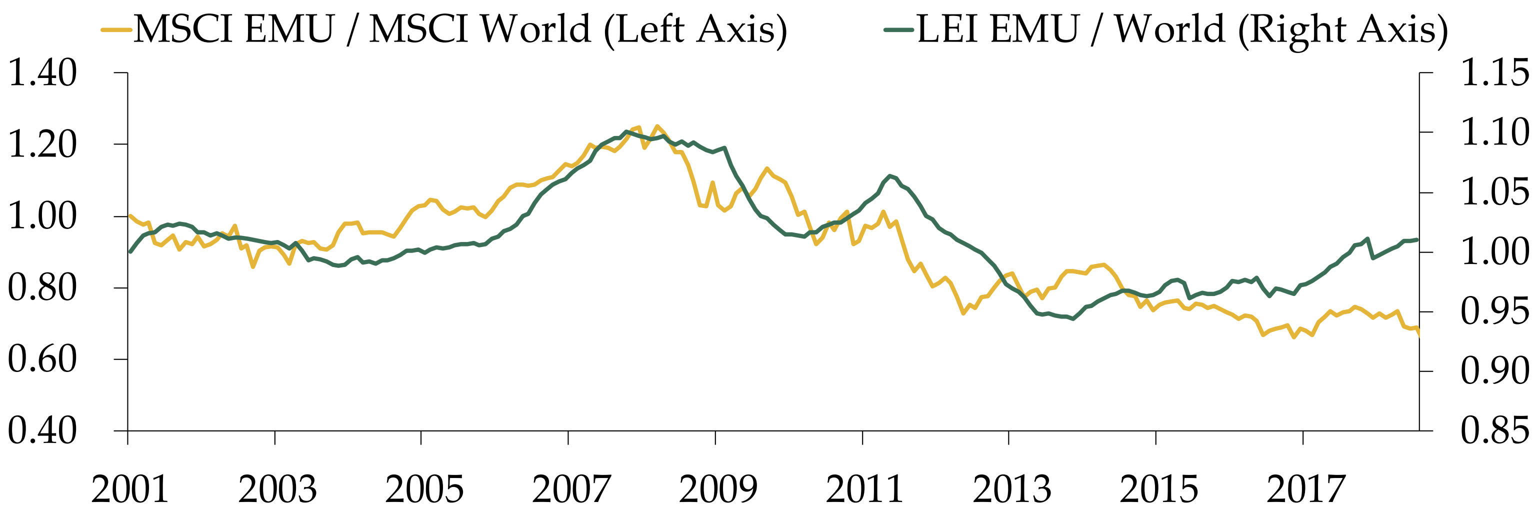


Top chart source: FactSet, Inc.; eurozone quarterly annualised real GDP from January 2011 to June 2018. Based on quarterly data points. Bottom Chart source: FactSet Inc.; eurozone Purchasing Managers Indexes from January 2010 to August 2018.

ECONOMIC DATA IS RECOVERING

European economic data in Q3 has recovered from missed expectations earlier in the year, and EMU PMIs remain well in expansion territory. Strong leading indicators tend to bode well for future equity performance.

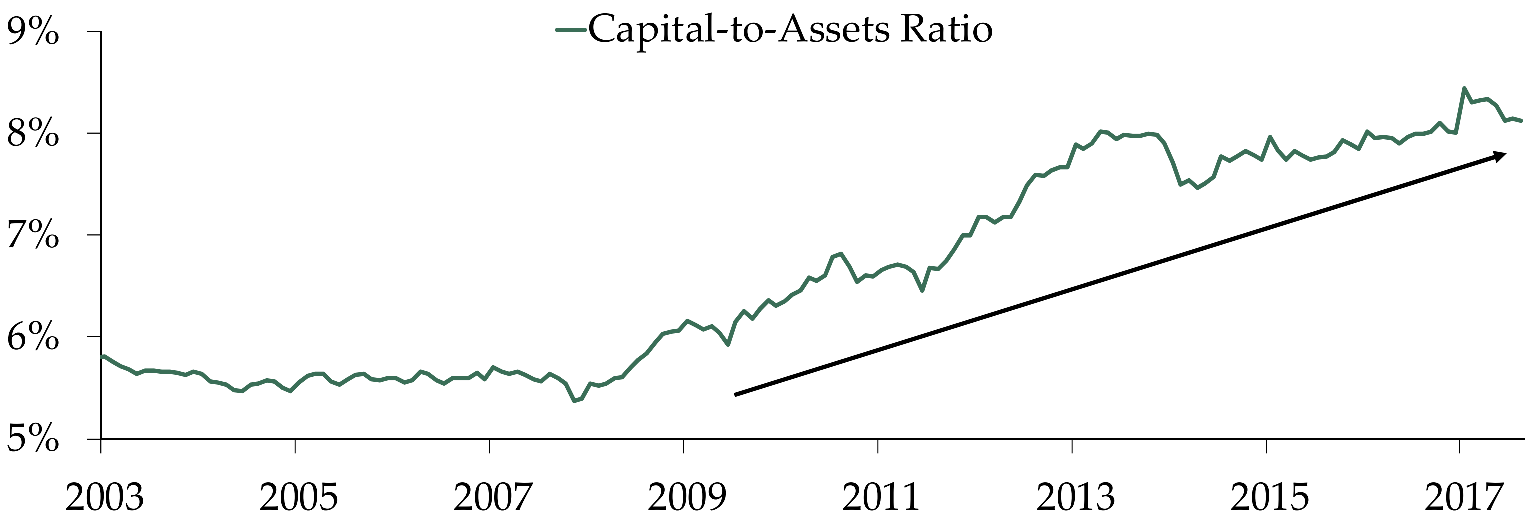


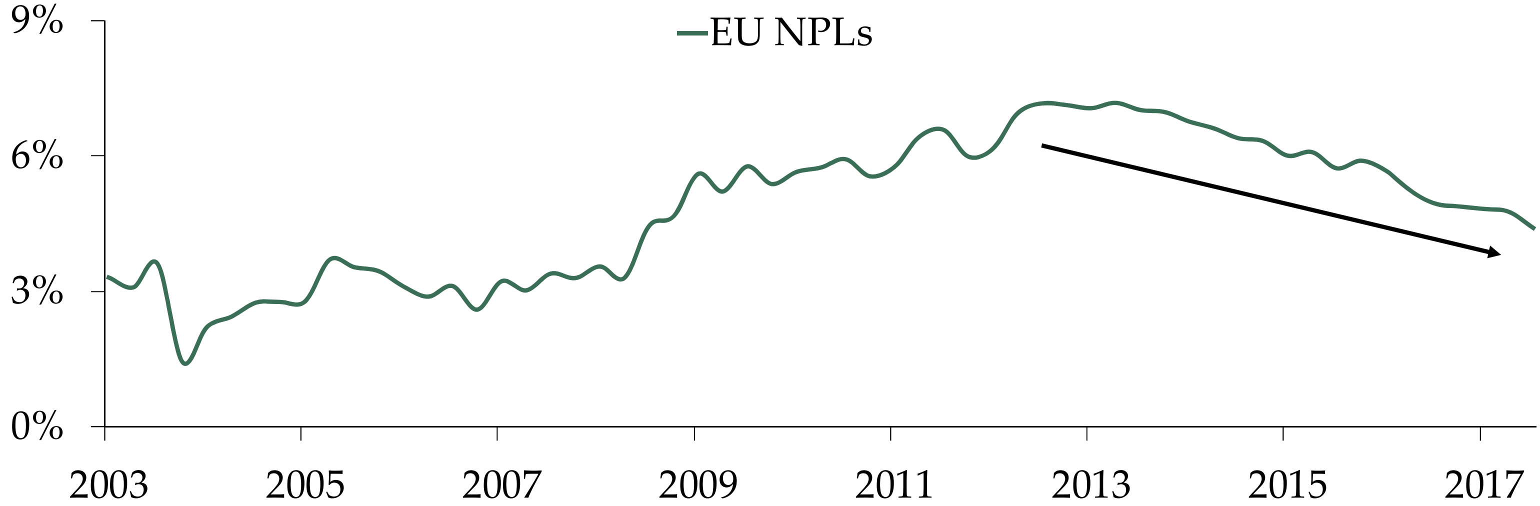


Top chart sources: Citigroup Economic Surprise Index, Markit and FactSet as of August 2018. Bottom chart sources: FactSet and The Conference Board as of July 2018. Euro area LEI of European Economic and Monetary Union (EMU) relative to US, UK, and Japan LEI. MSCI EMU and World price index returns January 2002 – July 2018. Copyright The Conference Board, Inc. Content reproduced with permission.

STRONG EUROPEAN BANK BALANCE SHEETS

European banks' balance sheets are strong given high levels of capital and falling non-performing loans.

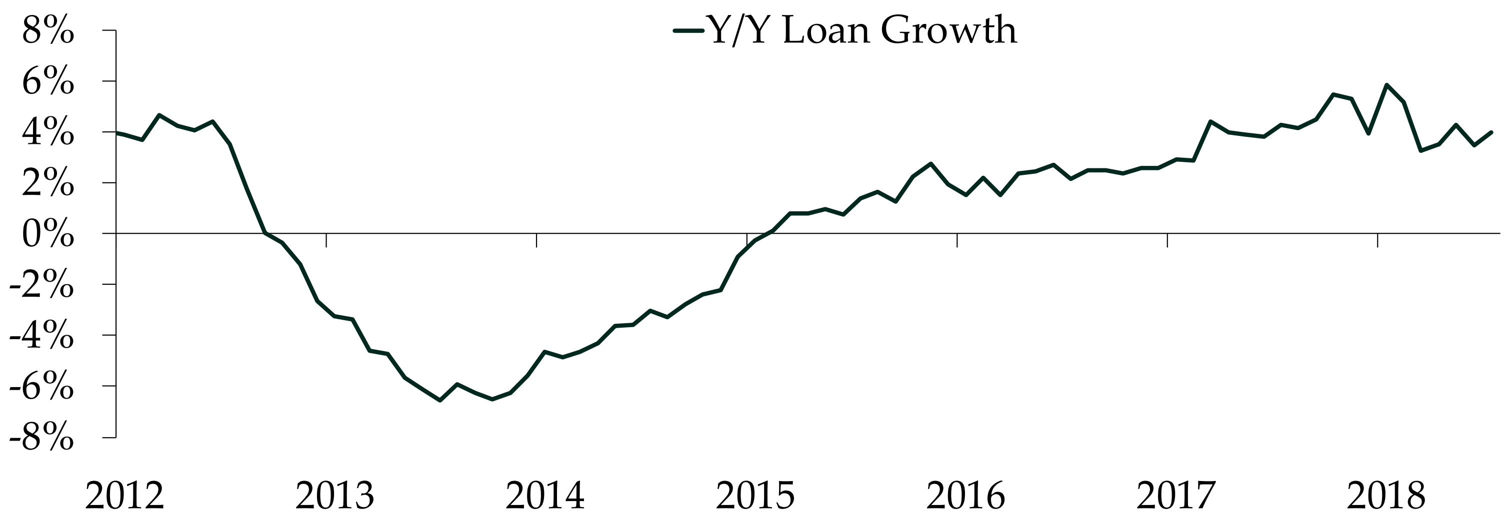


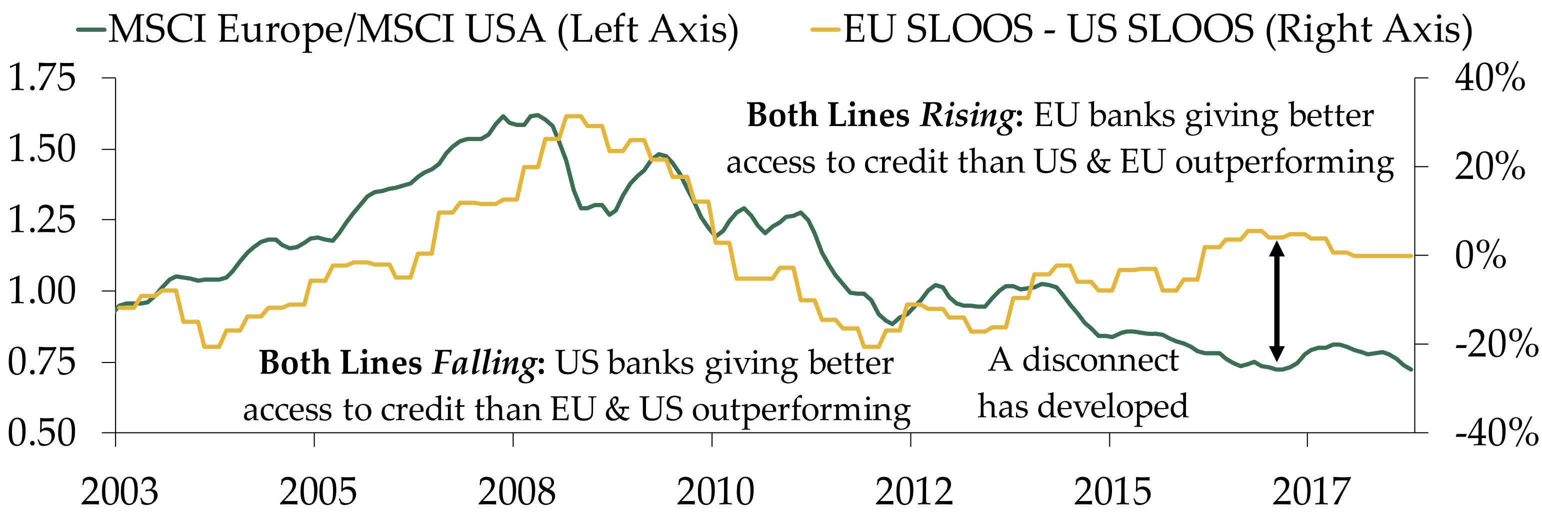


Top chart source: FactSet & European Central Bank as of July 2018. Bottom chart source: Bloomberg as of June 2018.

EUROPEAN LENDING IMPROVING

Loan growth has been steadily increasing and European bankers are more willing to lend than their US counterparts, as measured by the Senior Loan Officer Opinion Survey.

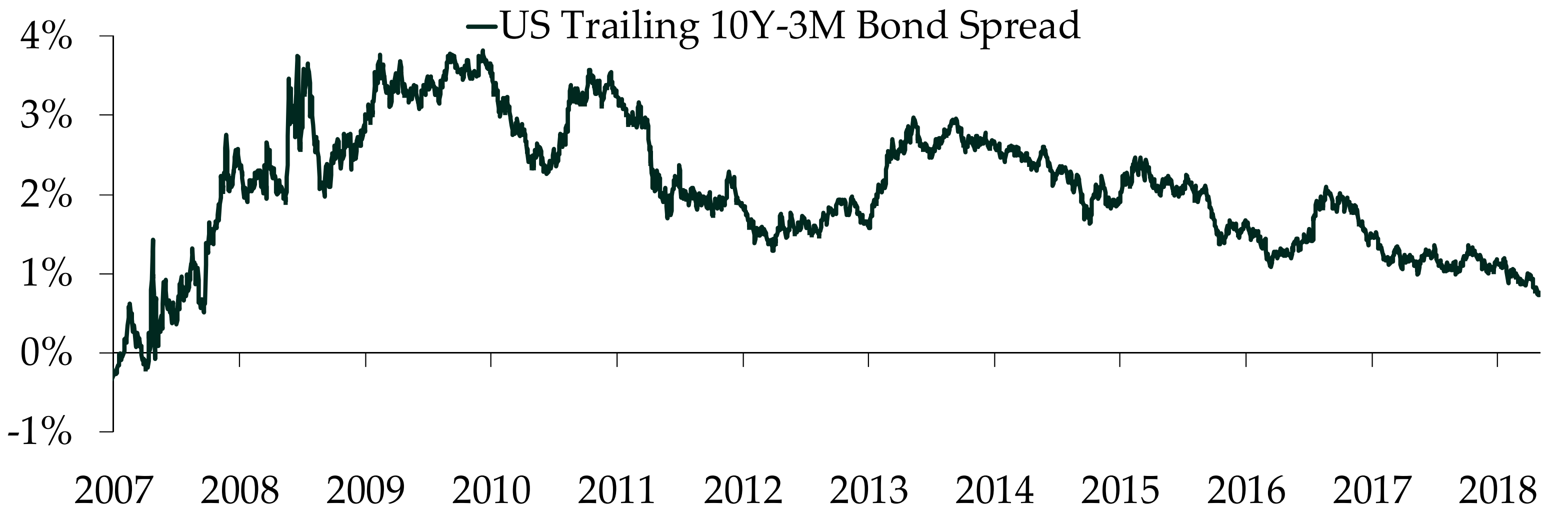


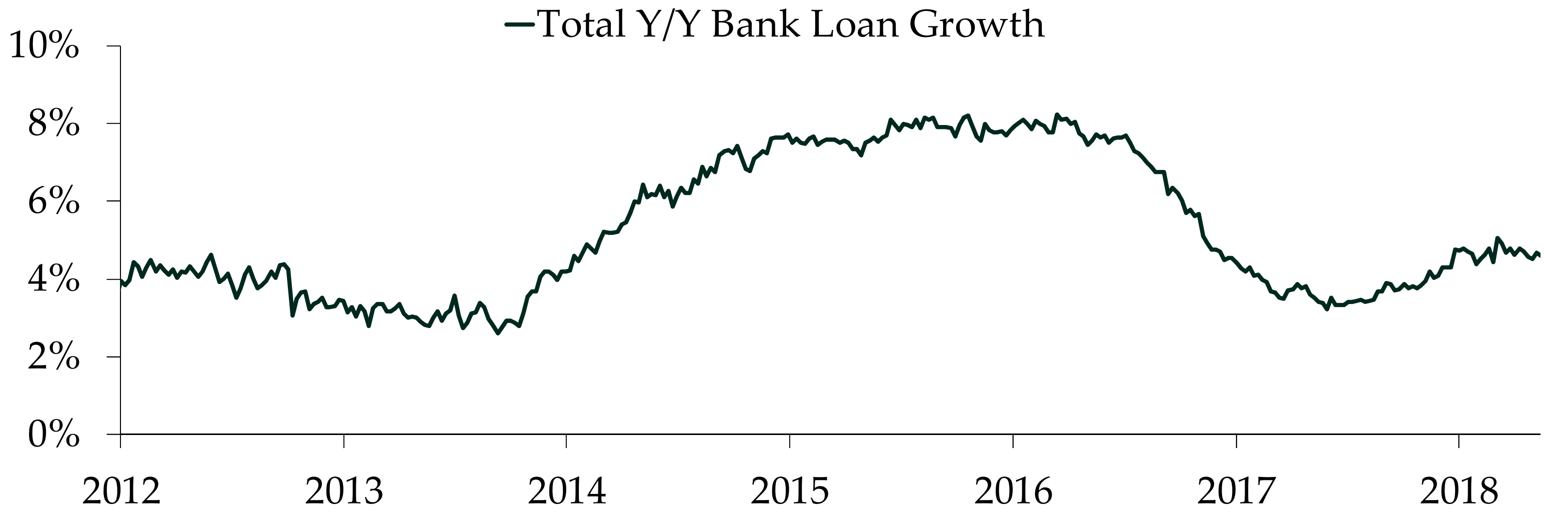


Top chart source: FactSet as of August 2018. Bottom chart source: US Federal Reserve and ECB Senior Loan Officer Survey (SLOOS) of willingness to lend as of August 2018.

COOLING US LENDING ENVIRONMENT

Though still positive, both the yield curve spread and total loan growth have decelerated in the US.





Top chart source: FactSet, as of August 2018. Shows 10Year minus 3 Month Government bond spreads.
Bottom chart source: FactSet, as of August 2018. Shows Loans and Leases in Bank Credit.

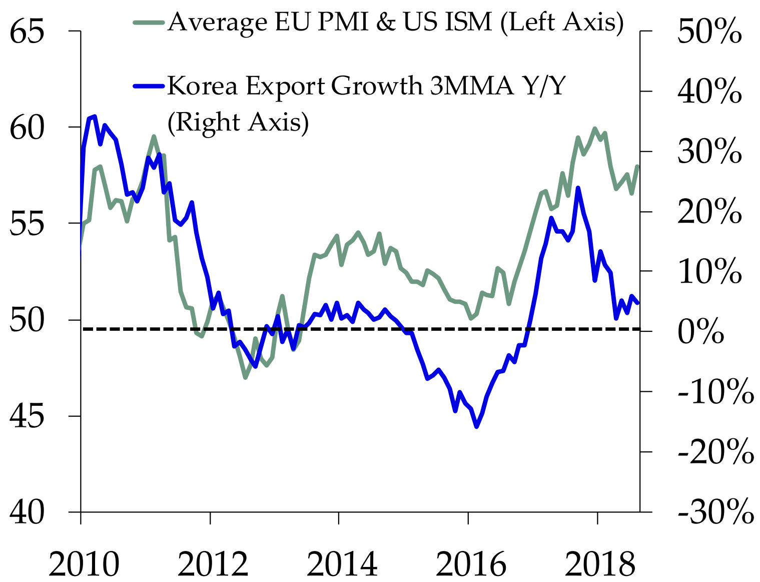
KEY EMERGING MARKETS POSITIONING

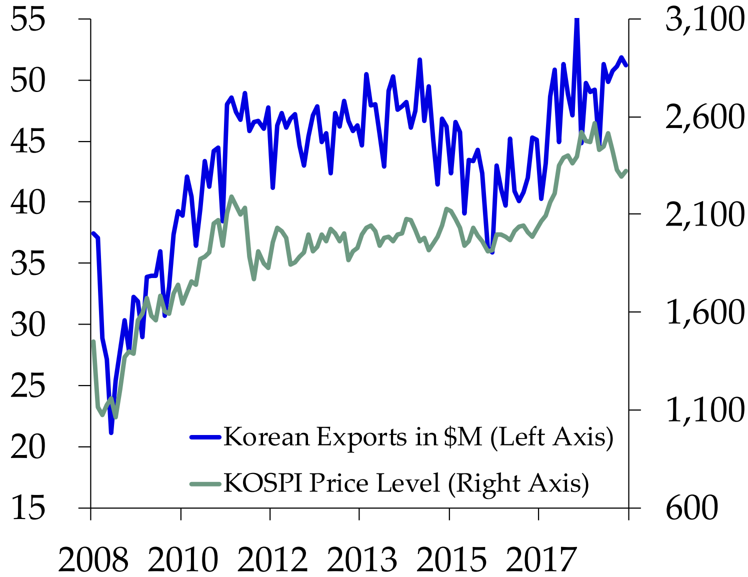
Our highest conviction views on emerging market regions

- South Korea benefits from global growth & tech leadership
- Eastern Europe benefits from Western Europe's strength
- Mexico's political and trade fears are overblown
- Turkey's economic issues unlikely to cause global contagion
- Overweight services-oriented Chinese sectors

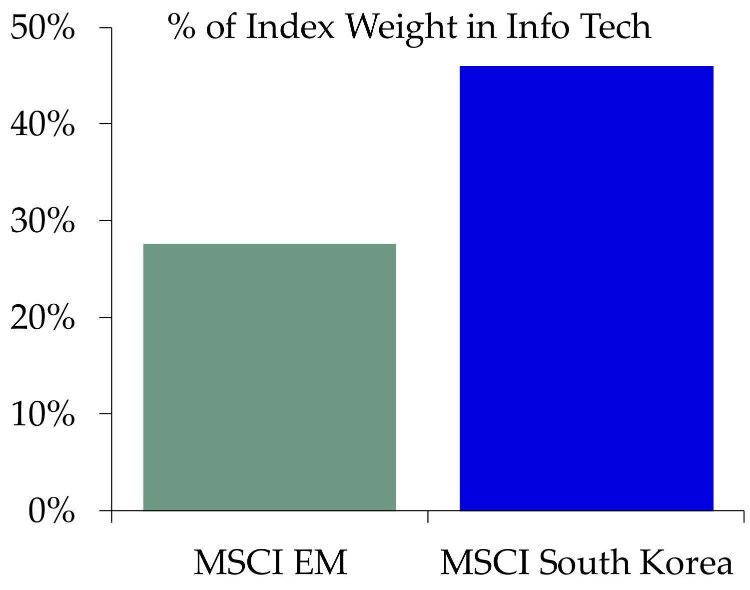
SOUTH KOREA BENEFITS FROM TRADE & TECH

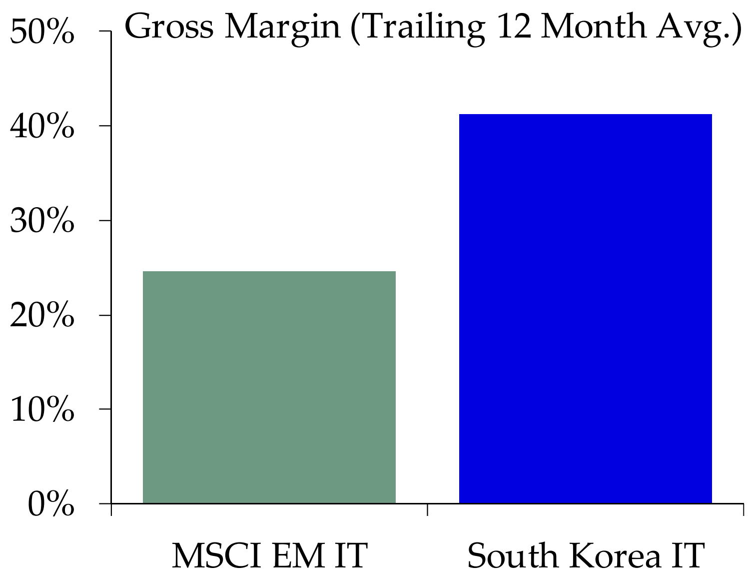
Global expansion drives demand for Korea's exports—supporting Korean equities.





Korean equities are dominated by high margin Info Tech relative to EM peers.



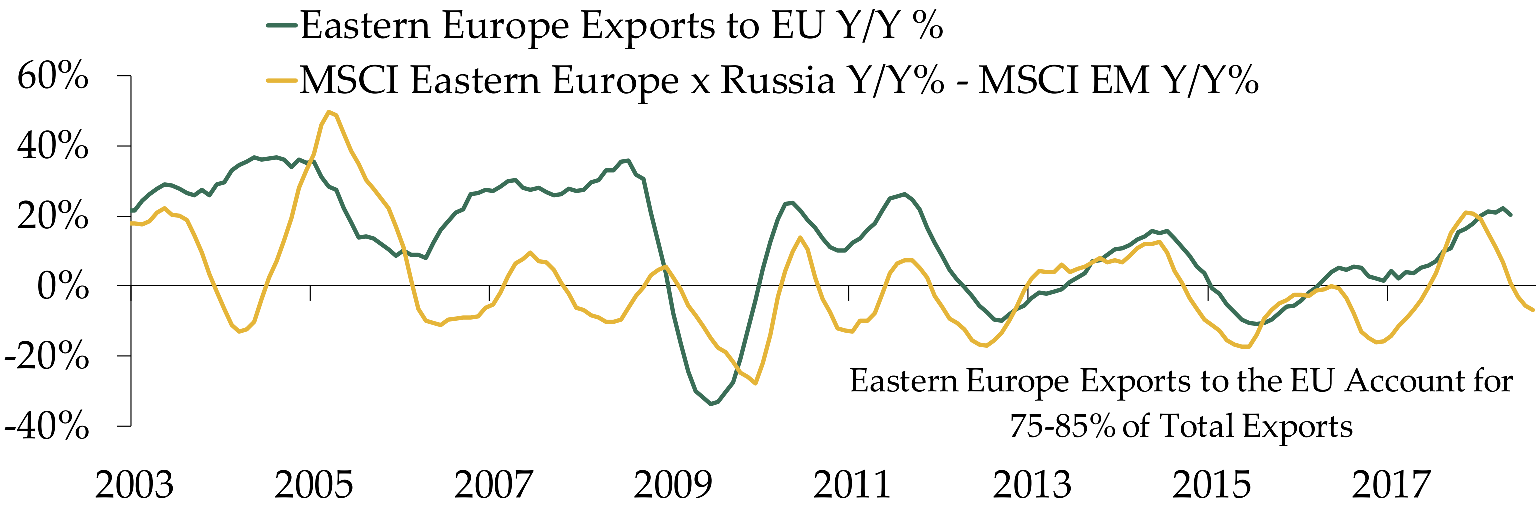


Source: FactSet as of August 2018.

EM EUROPE'S PROXIMITY EFFECT

EM Europe outperformance is highly correlated to developed Europe leadership.

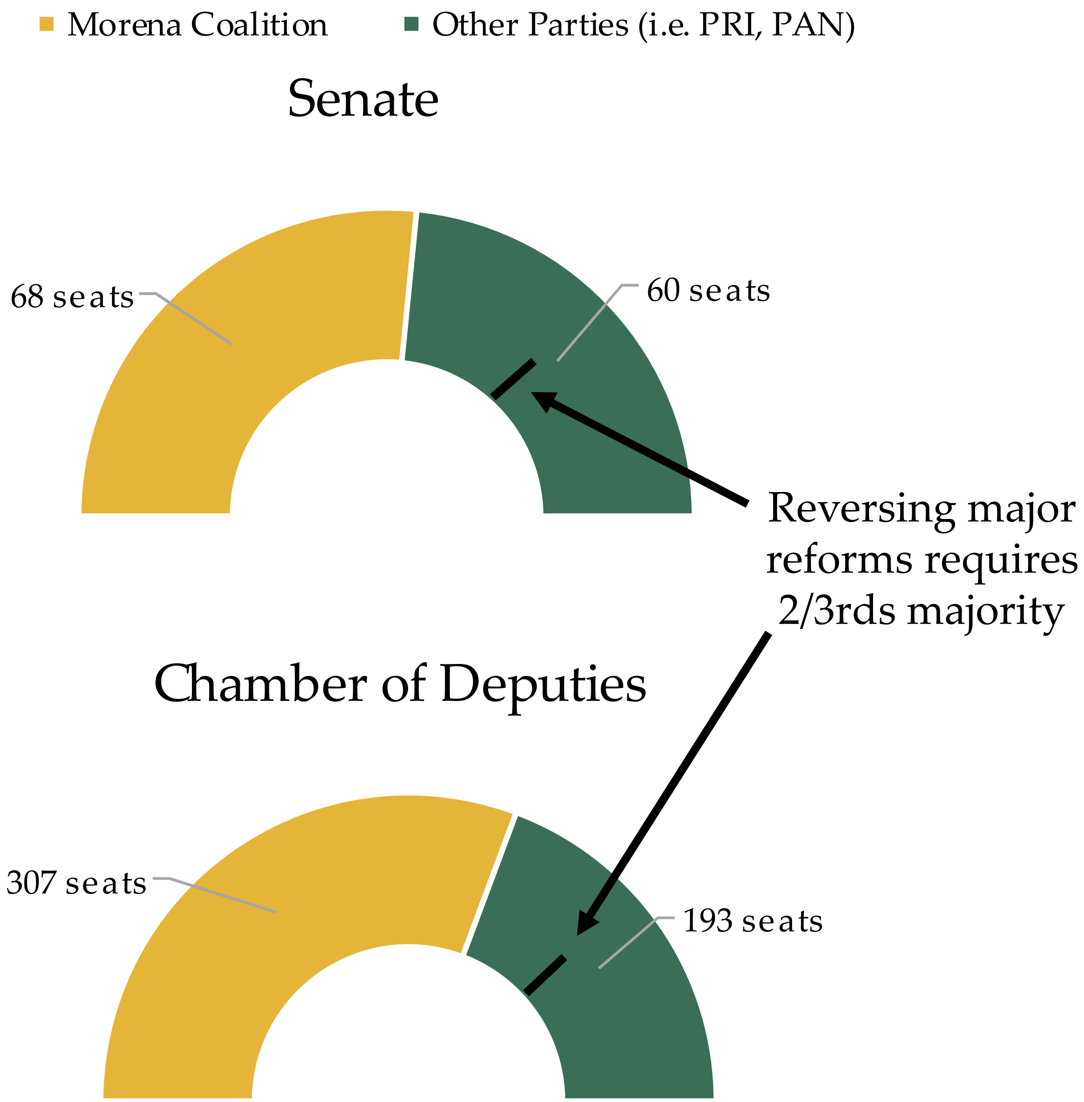
Performance in eastern Europe is heavily linked to developed Europe's demand growth.



Top chart source: FactSet as of August 2018. Data indexed to 1 on January 2003. Bottom Chart source: FactSet and IMF Direction of Trade Statistics. Performance as of August 2018. Trade data as of May 2018.

MORENA LACKS VOTES TO REVERSE REFORMS

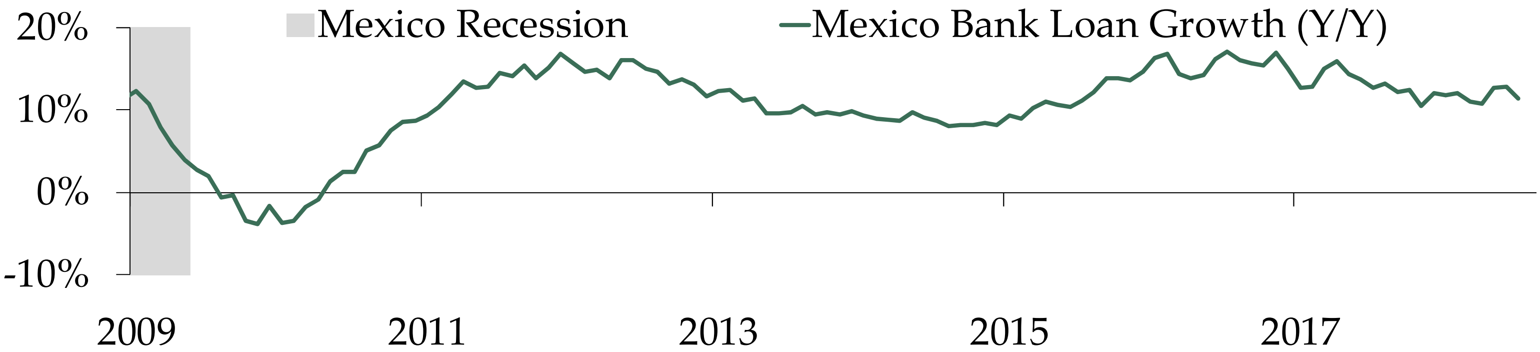
In Mexico, the leftist coalition led by Morena comfortably won the Presidency, however it likely lacks the two-thirds vote in both houses to reverse reforms enacted by the prior administration.

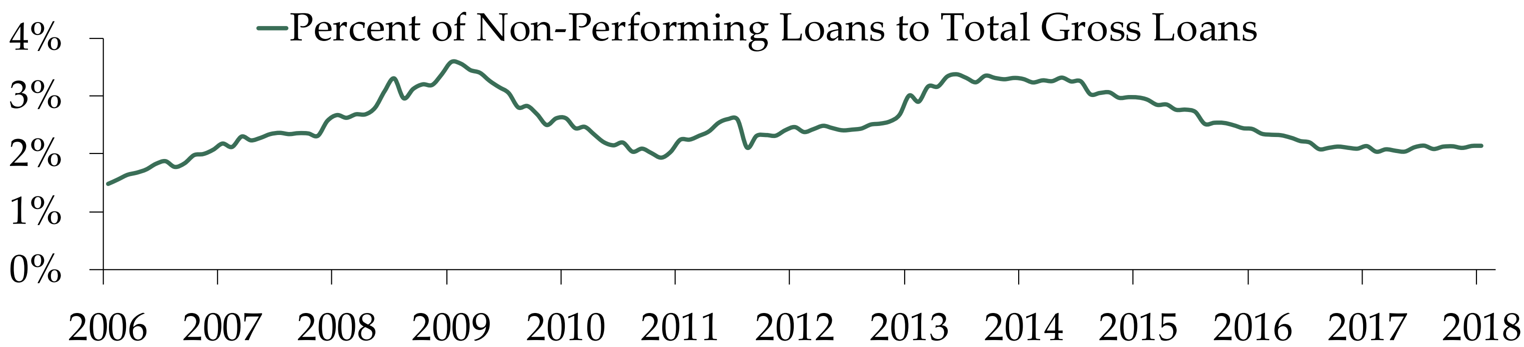


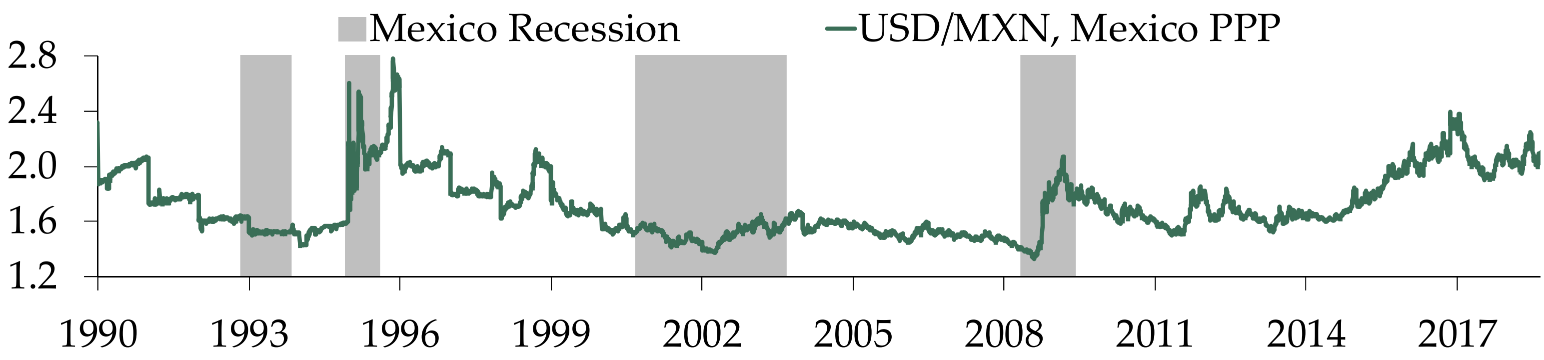
Source: Instituto Nacional Electoral as of July 2nd, 2018. Based on 92% of votes counted.

DISTRACTING FROM STRONG FUNDAMENTALS

Reformed banking regulation in Mexico has supported strong loan growth and low levels of non-performing loans in a country that is underbanked. Additionally, the Mexican peso, adjusted for purchasing power parity, is trading at levels near the 1994 Tequila crisis – an overreaction to US politics.



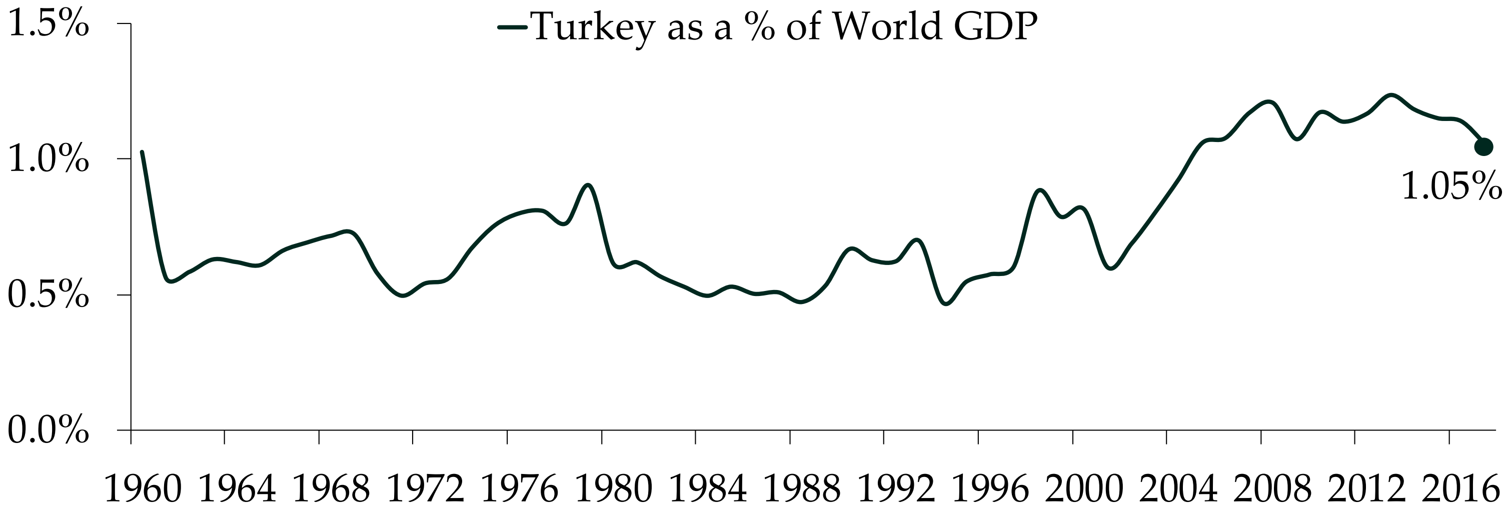


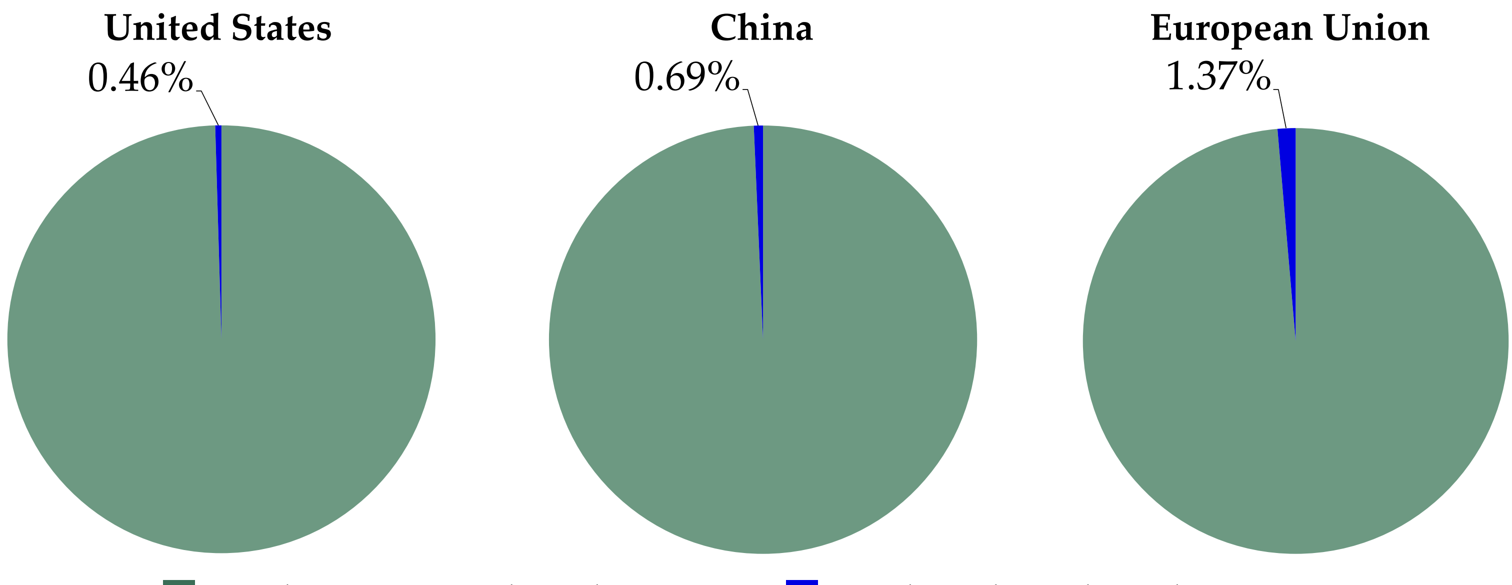


Top Chart source: Bank of Mexico as of July 2018. Middle Chart source: FactSet as of June 2018. Bottom Chart source: OECD, ECRI, and FactSet as of August 2018.

NO SIGNS OF TURKISH CONTAGION

Turkey represents a miniscule portion of global GDP. Potential spillover effects are further limited by Turkey's small share of trade with the world's largest economies.

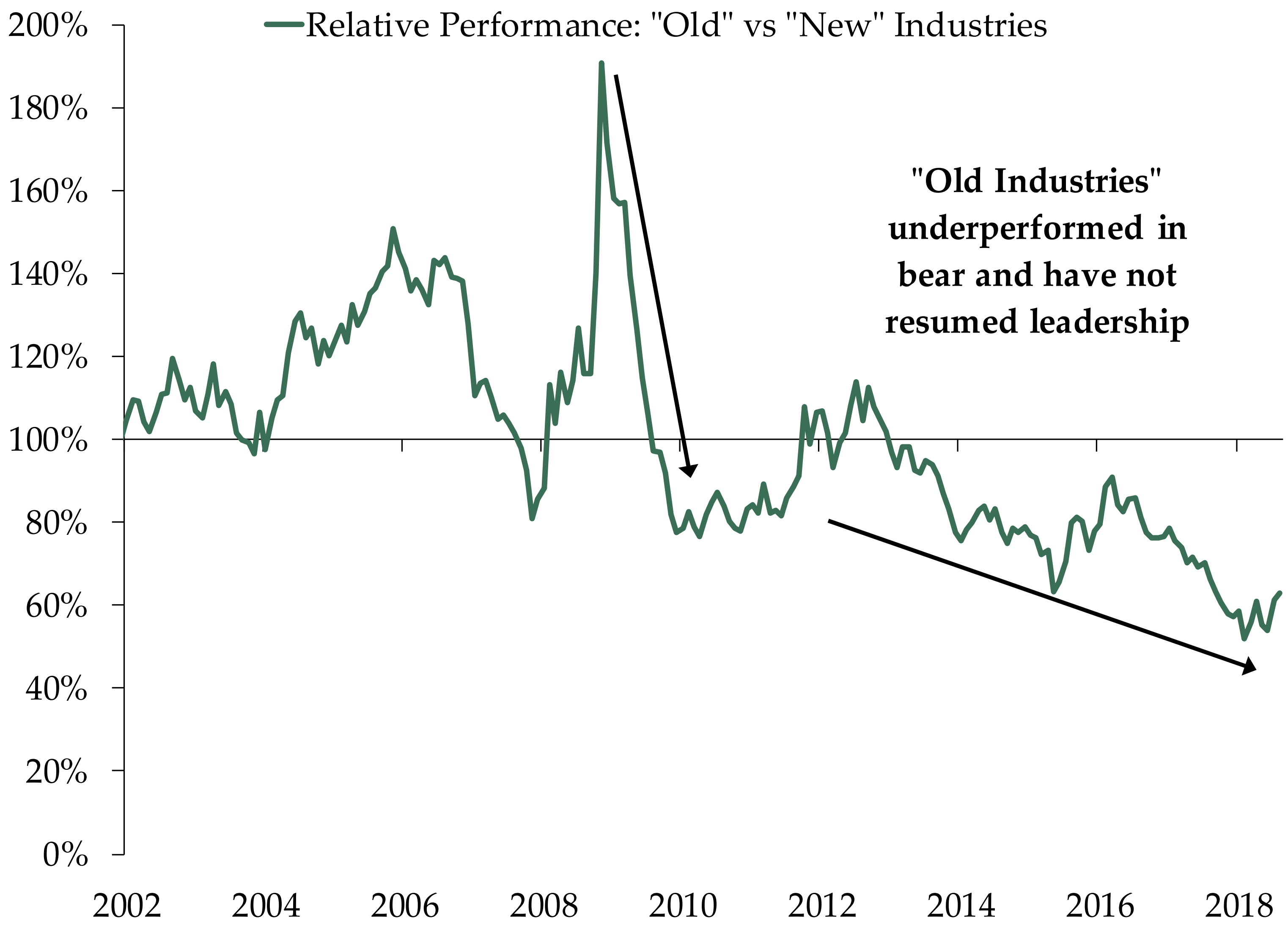




Top chart source: World Bank as of December 2017. World Development Indicators, Gross Domestic Product January 1960 – December 2017. Bottom charts source: World Integrated Trade Solutions as of December 2015. Based on most recently available annual data for all countries. Total international trade is the sum of each country's imports and exports.

CHINA: THE OLD VS THE NEW

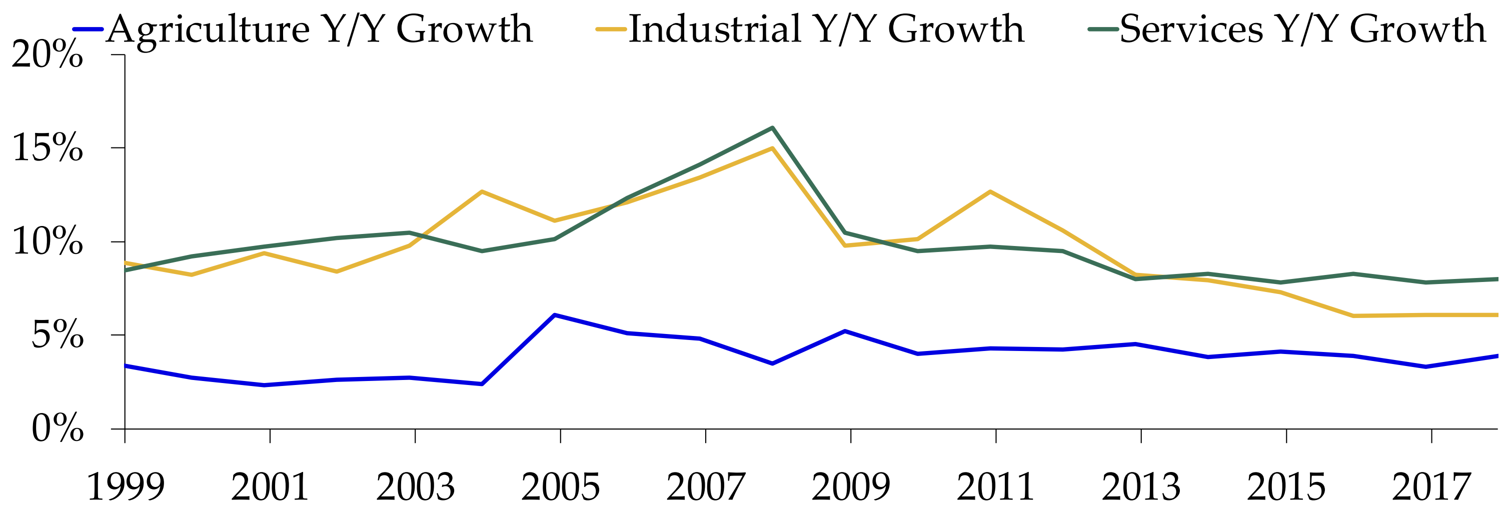
Old industries see higher state involvement and likely underperform new industry peers in consumption-oriented sectors.

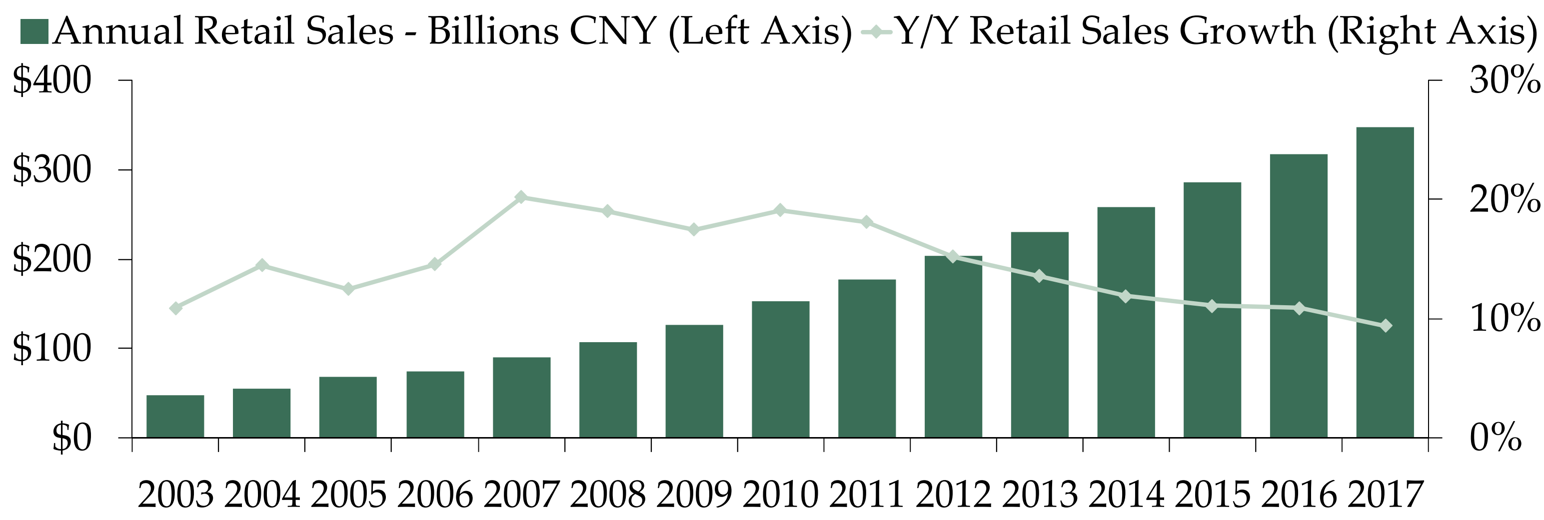


Source: FactSet as of August 2018. Old industries are industrial, commodity, and heavy state-influenced sectors. New industries include consumption-oriented sectors.

SERVICES AND CONSUMERS DRIVE GROWTH

Chinese GDP is increasingly driven by services and consumption. Retail sales maintain strong growth, underscoring the strength of Chinese consumers.





Top chart source: FactSet as of December 2017 based on annual data. Bottom chart source: FactSet, National Bureau of Statistics of China, Retail Sales as of December 2017. Based on annual data points.

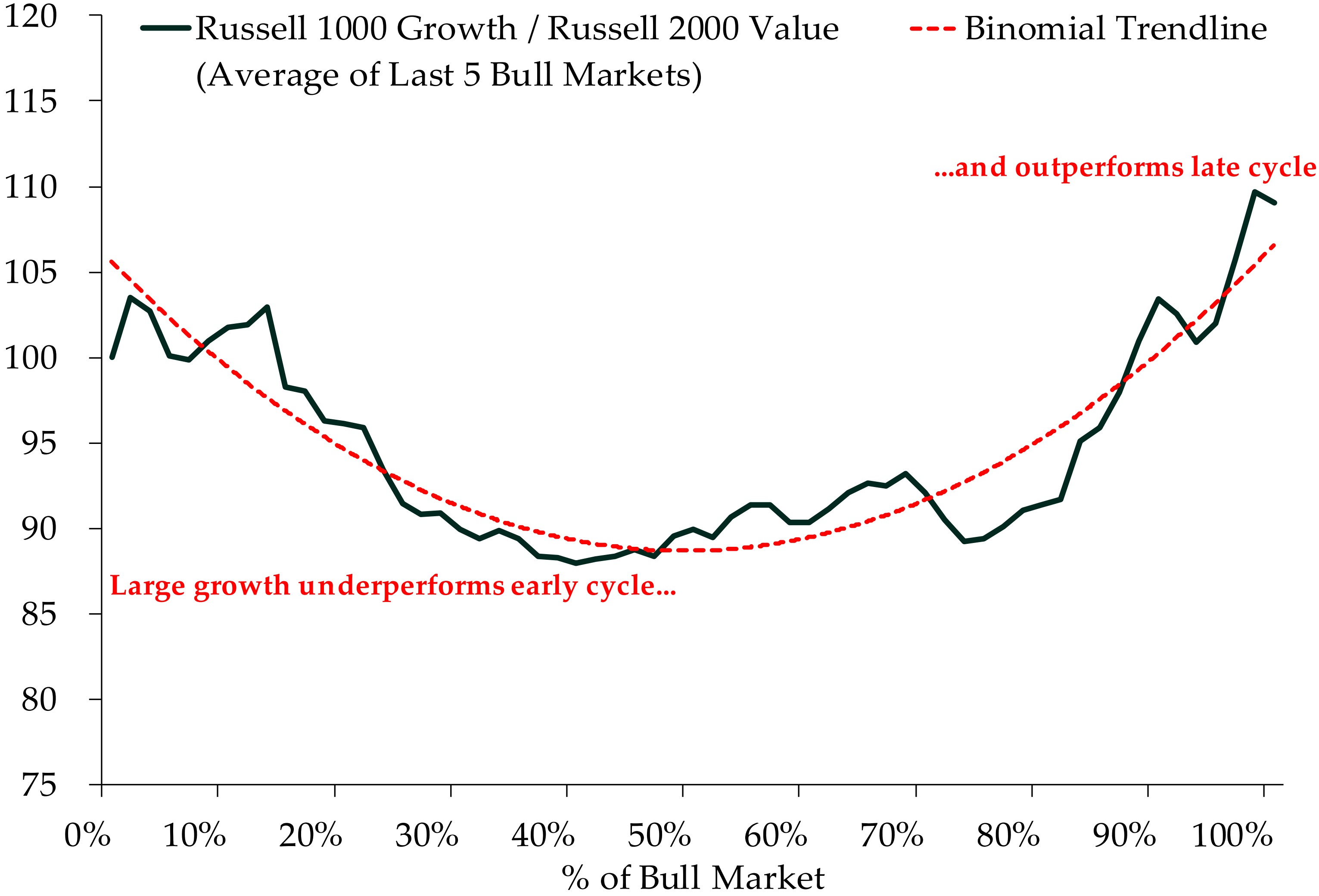
KEY SECTOR POSITIONING

Our highest conviction views on sectors

- Overweight Information Technology
- Overweight Health Care
- Recent Shifts in Commodity-Oriented Sectors

LARGE GROWTH VS SMALL VALUE IN BULL MARKETS

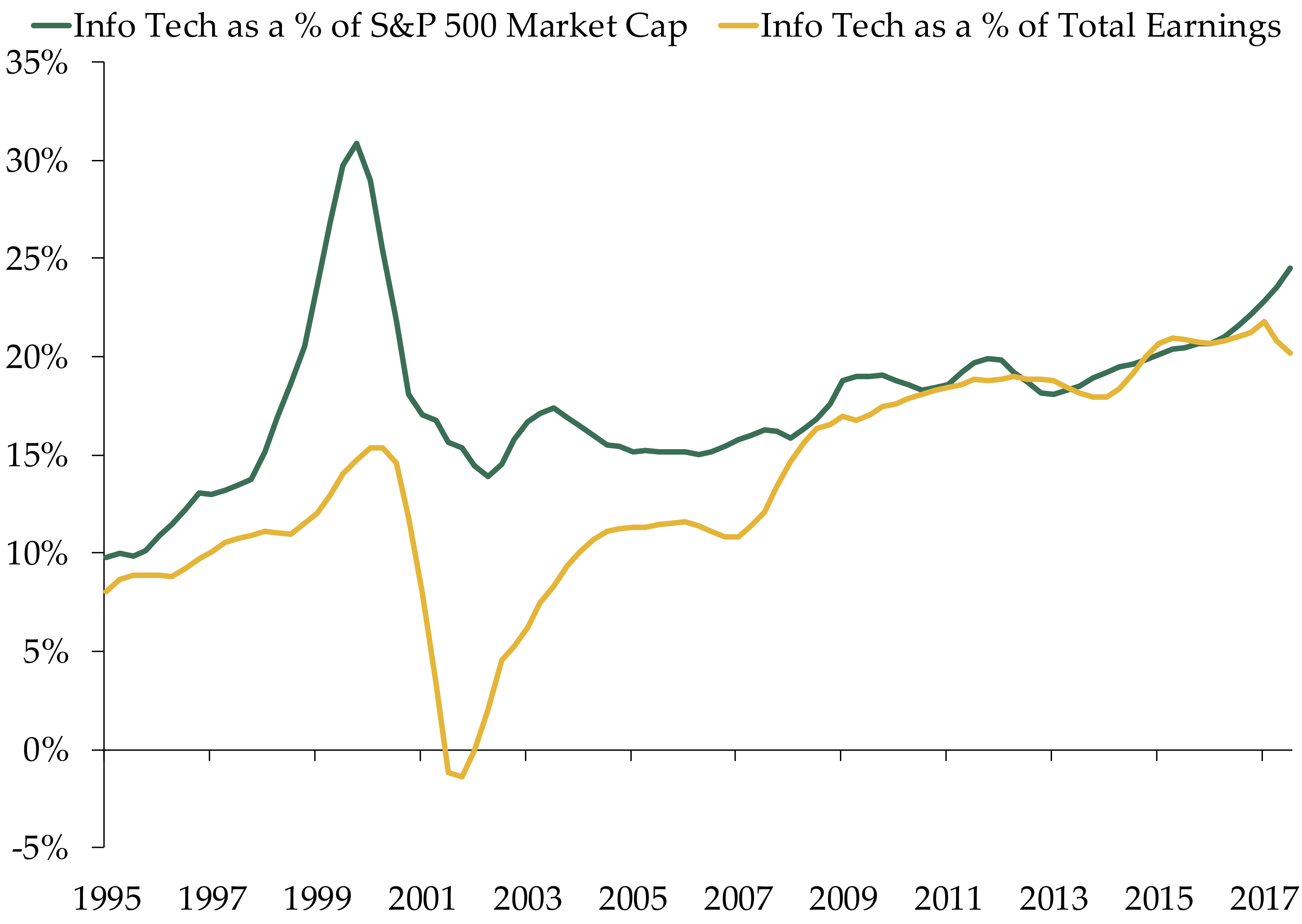
As the market cycle matures, market breadth narrows and investor preferences shift from Small Value toward Large Growth, leading to Large Growth outperformance in the later stages of a bull market.



Source: FactSet as of June 2018. Shows average trajectory of the Russell 1000 Growth over Russell 2000 Value during the last 5 completed bull markets, with the duration of each bull market normalised on a percentage scale.

NO LOOMING DOT COM REPEAT

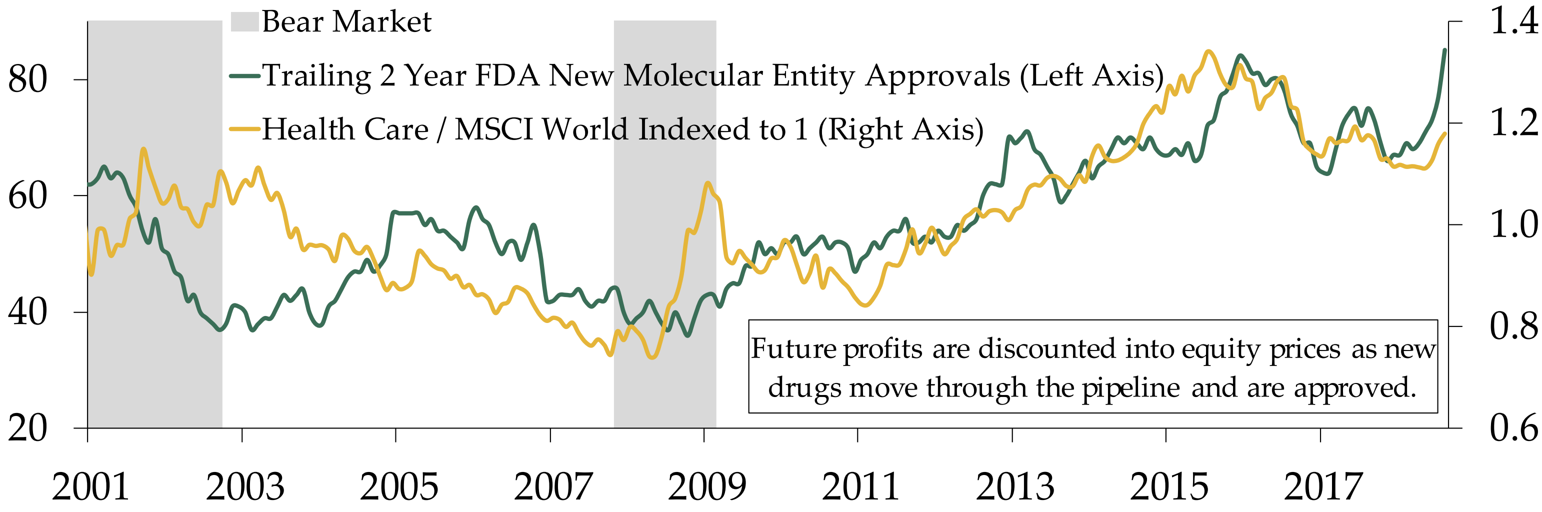
Unlike the Dot Com era, Info Tech has been supported by strong earnings.

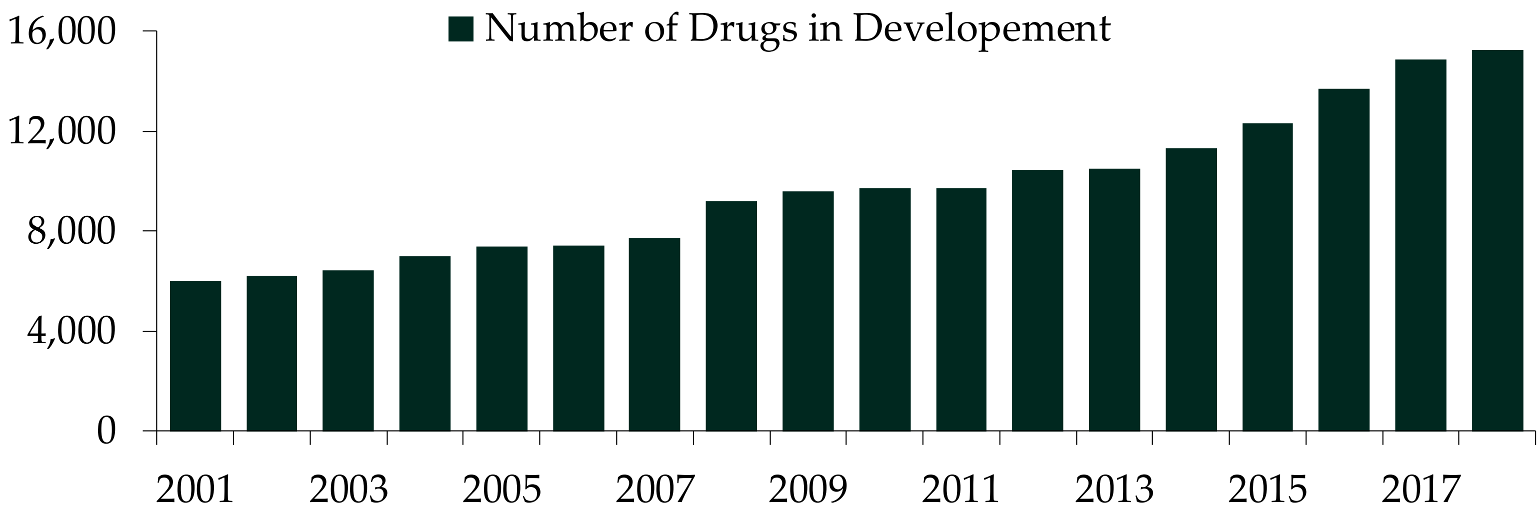


Source: FactSet as of June 2018. Shows four quarter moving average beginning December 1995. Based on quarterly data points.

HC OUTPERFORMS WHEN INNOVATION RISES

New drug approvals typically provide a tailwind to the Health Care sector. Drug innovation in 2018 has been strong – the FDA approved eight new drugs in August, bringing 2018's total to 34. Robust pipelines suggest this innovation cycle is unlikely to end soon.

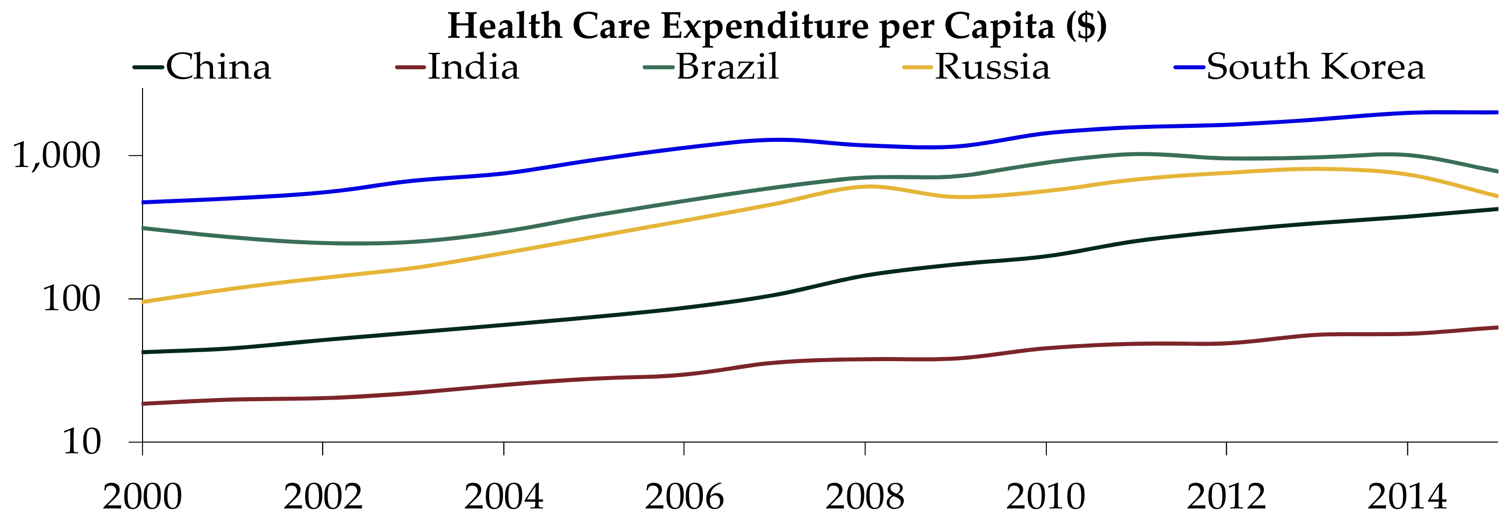


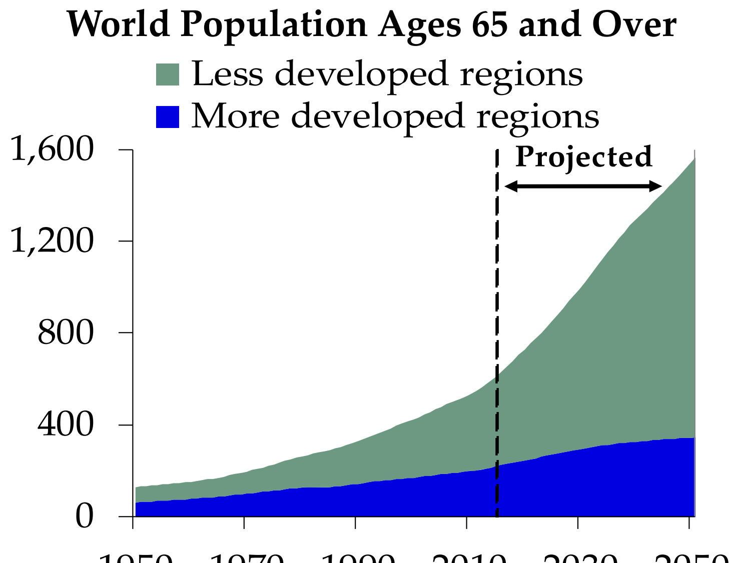


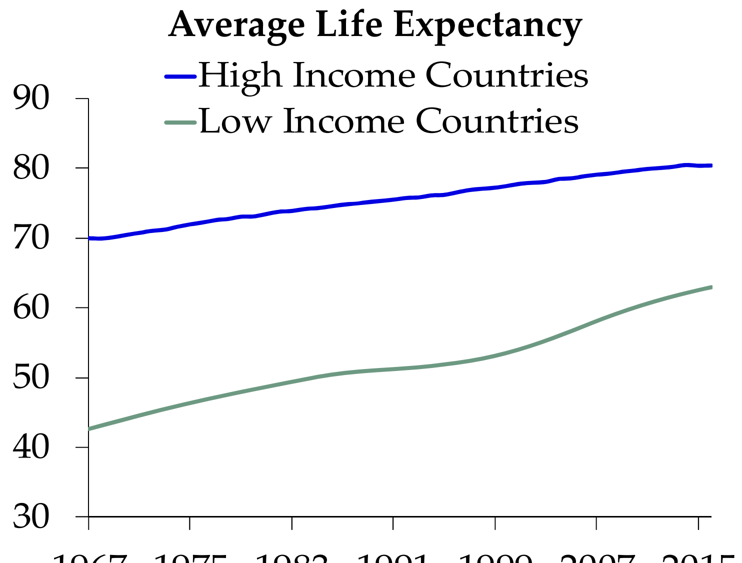
Top chart source: US Food and Drug Administration novel drug approvals of new molecular entities (NMEs) as of August 2018. NMEs provide new therapies for patients. Bottom chart source: Pharmaprojects, total number of drugs in development as of August 2018.

EM OFFERS NEW HEALTH CARE OPPORTUNITY

Huge swaths of Emerging Markets populations are breaching key income thresholds, allowing for the purchase of pharmaceuticals and medical devices for the first time. Aging and longer-living developed world populations should increase total health care expenditures as, increasingly, more new drugs are approved.



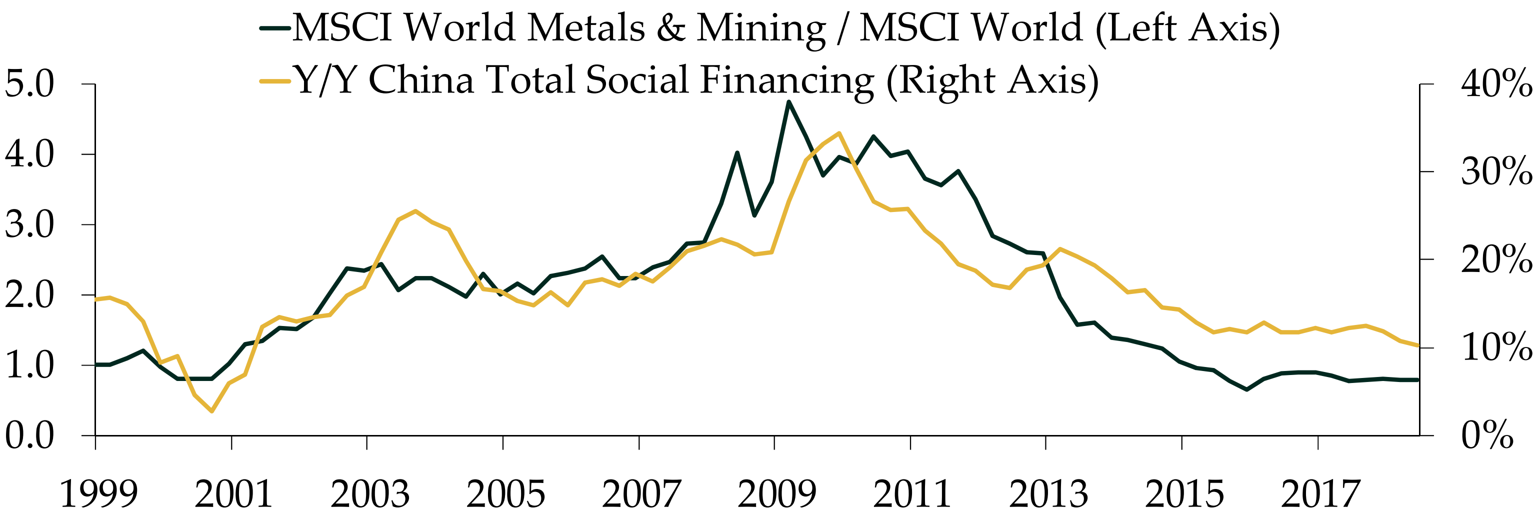


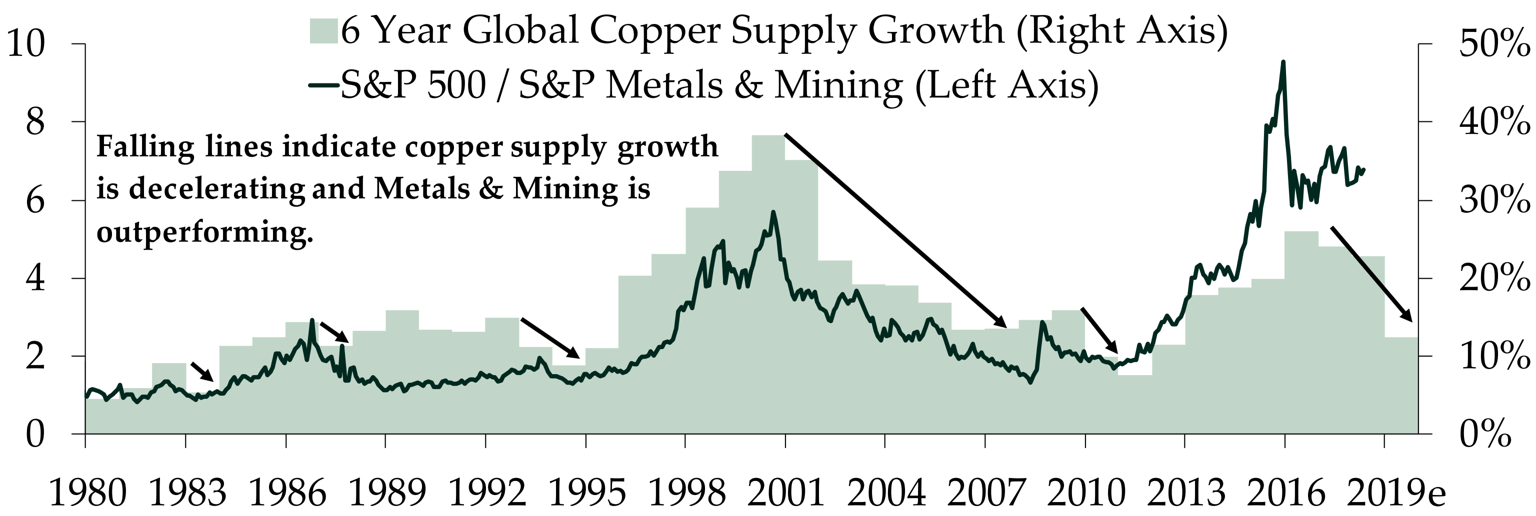


Top chart source: World Health Organization, as of December 2015 using annual data. Bottom left chart source: United Nations as of December 2015 using annual data. Bottom right chart source: World Bank and FactSet, Inc. as of December 2016 using annual data.

METALS BENEFIT FROM CHINESE STIMULUS, LOWER SUPPLY

Signs point to future Chinese stimulus, which should be a tailwind for Metals and Mining. Rapidly decelerating copper supply growth typically coincides with Metals and Mining outperformance.

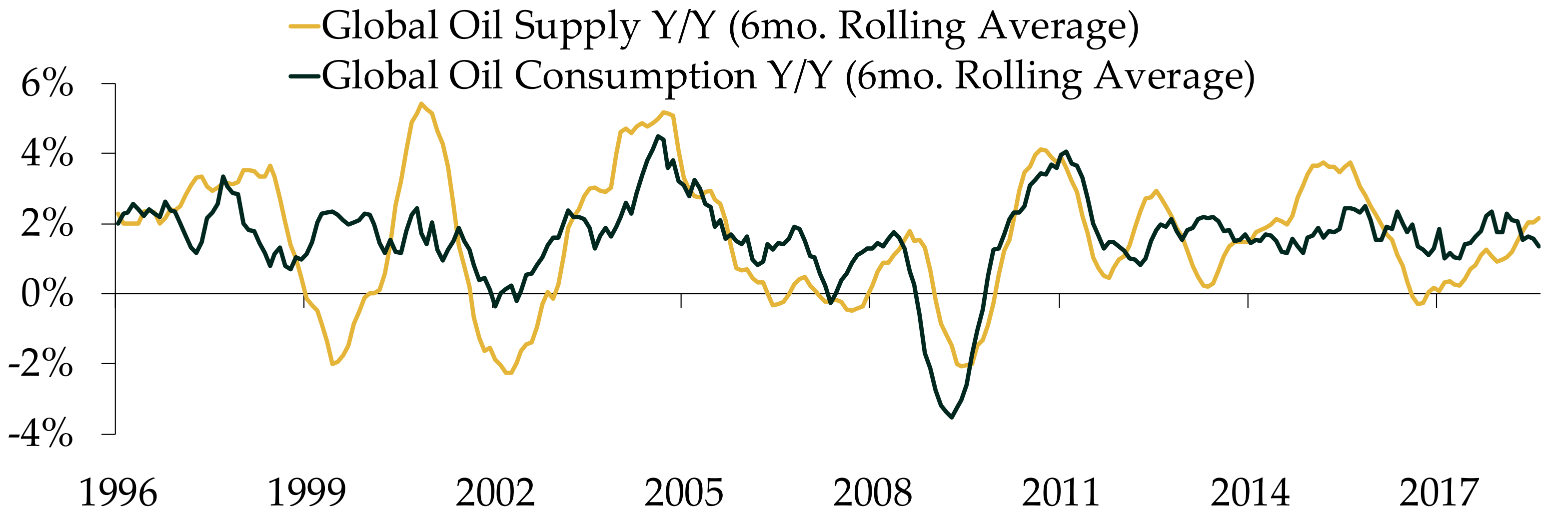


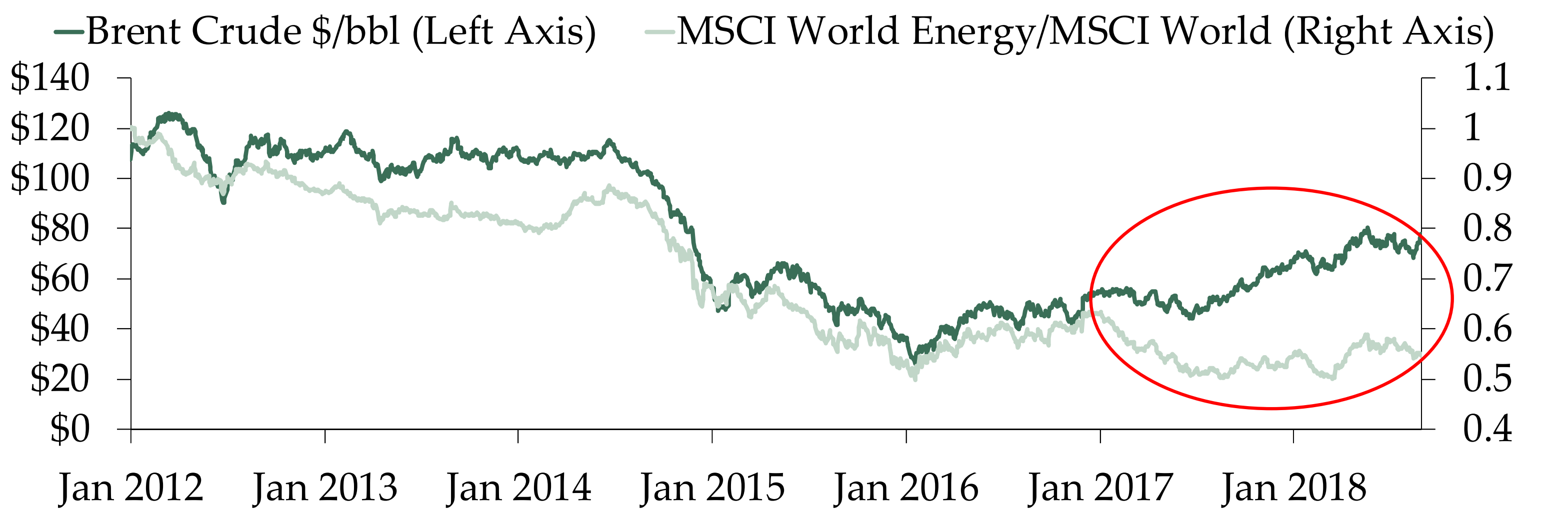


Top chart sources: FactSet, Inc. and Thomson Reuters, as of June 2018 using quarterly data points. MSCI World performance indexed to 1 March 1999. China y/y loan growth used prior to March 2003, y/y total social financing from March 2003 to present. Bottom chart sources: FactSet, Inc., Global Financial Data, and International Copper Study Group (ICSG), as of July 2018. S&P Diversified Metals and Mining Industry Index and S&P 500 Total Return Index, indexed to 1 December 1969. ICSG forecasts for 2018 and 2019, December 1969 – June 2018.

OIL MARKET BALANCED, SHARES LAGGING

Despite recent declines in Iranian and Venezuelan oil production, underappreciated supply growth from other OPEC countries plus still-strong US output suggest global oil markets remain roughly balanced. Further, energy's relative performance typically follows oil prices but has diverged recently, suggesting potential oil headwinds are already reflected in Energy shares.

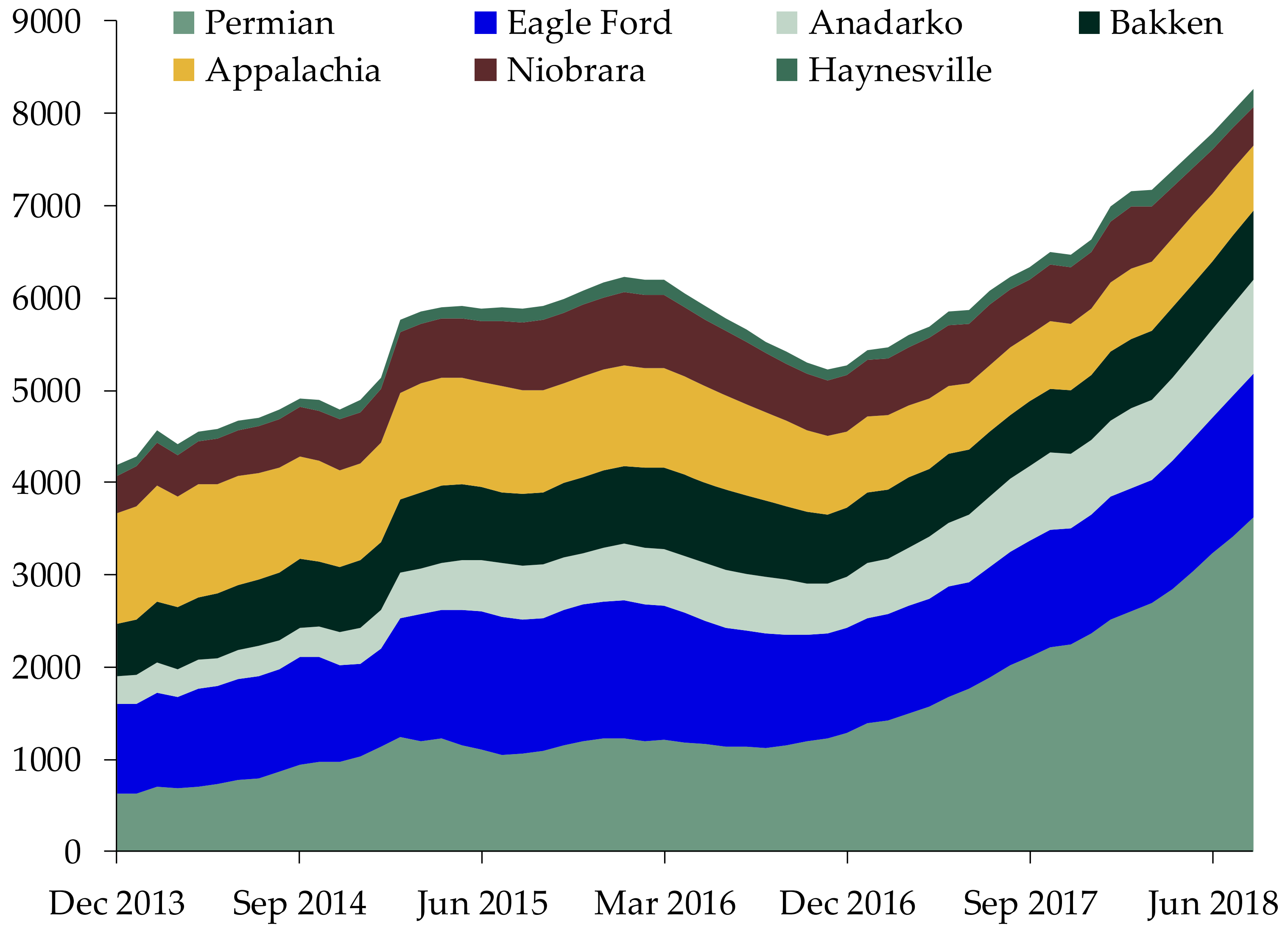




Top chart source: FactSet as of August 2018. Bottom chart source: FactSet, EIA as of August 2018.

NIMBLE SHALE PRODUCERS CAP OIL PRICES

Drilled-but-Uncompleted (DUC) wells are at an all-time high with most of the increase since July 2016 in the Permian basin, leaving wells there positioned to benefit once new pipeline capacity comes online.



Source: EIA; Drilling productivity report; DUC wells by region, from January 2014 to August 2018. Based on monthly data points.

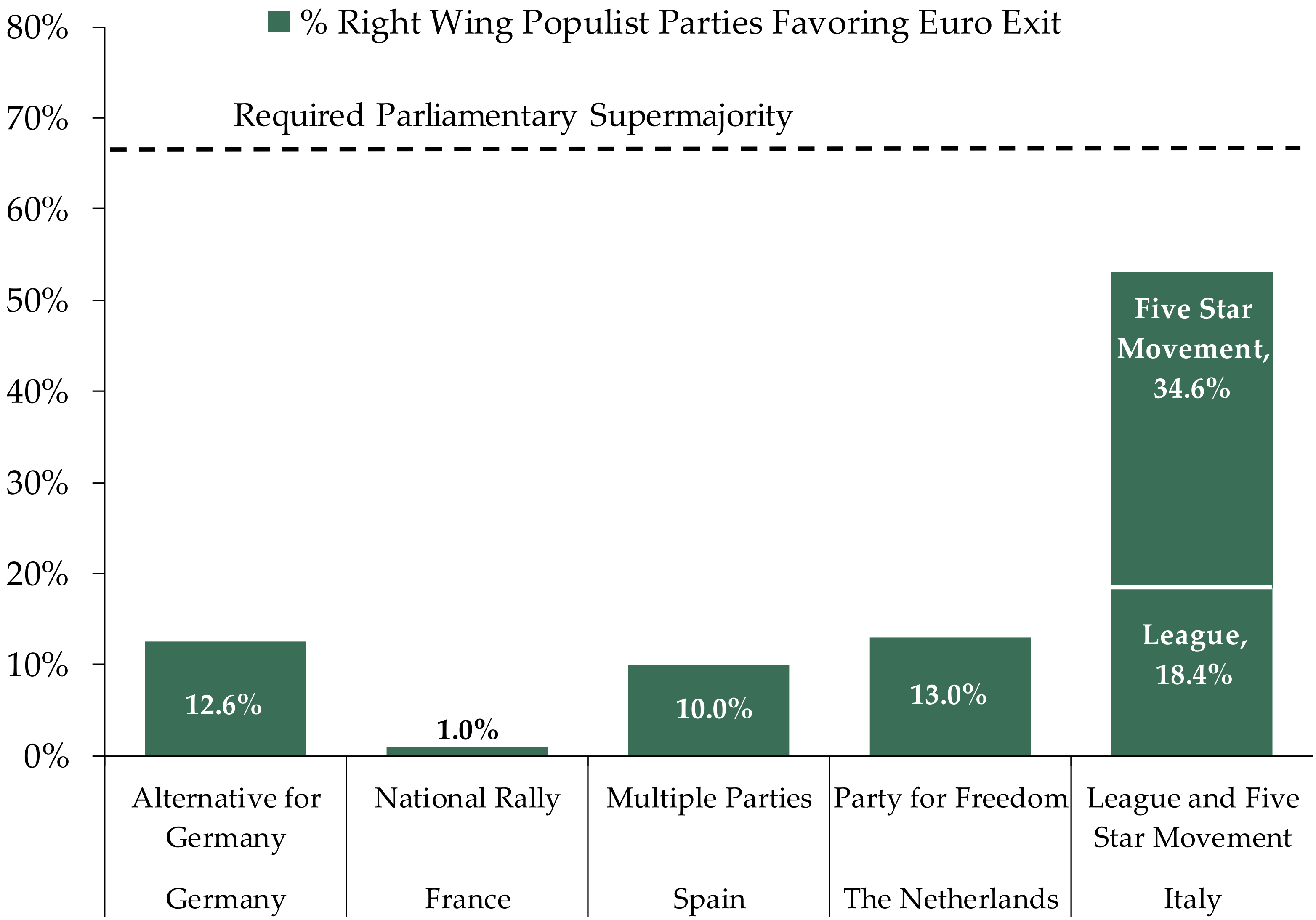
CURRENT MARKET TOPICS

Our views on contemporary investor topics in the market

- Are Eurozone breakup fears warranted?
- Are Emerging Markets imploding?
- Is the yield curve about to signal recession?
- Can corporations handle higher interest rates?
- Are inflation / rates problematic?
- Are equity valuations too high?
- Is there a trade war on the horizon?

EUROZONE BREAKUP UNLIKELY

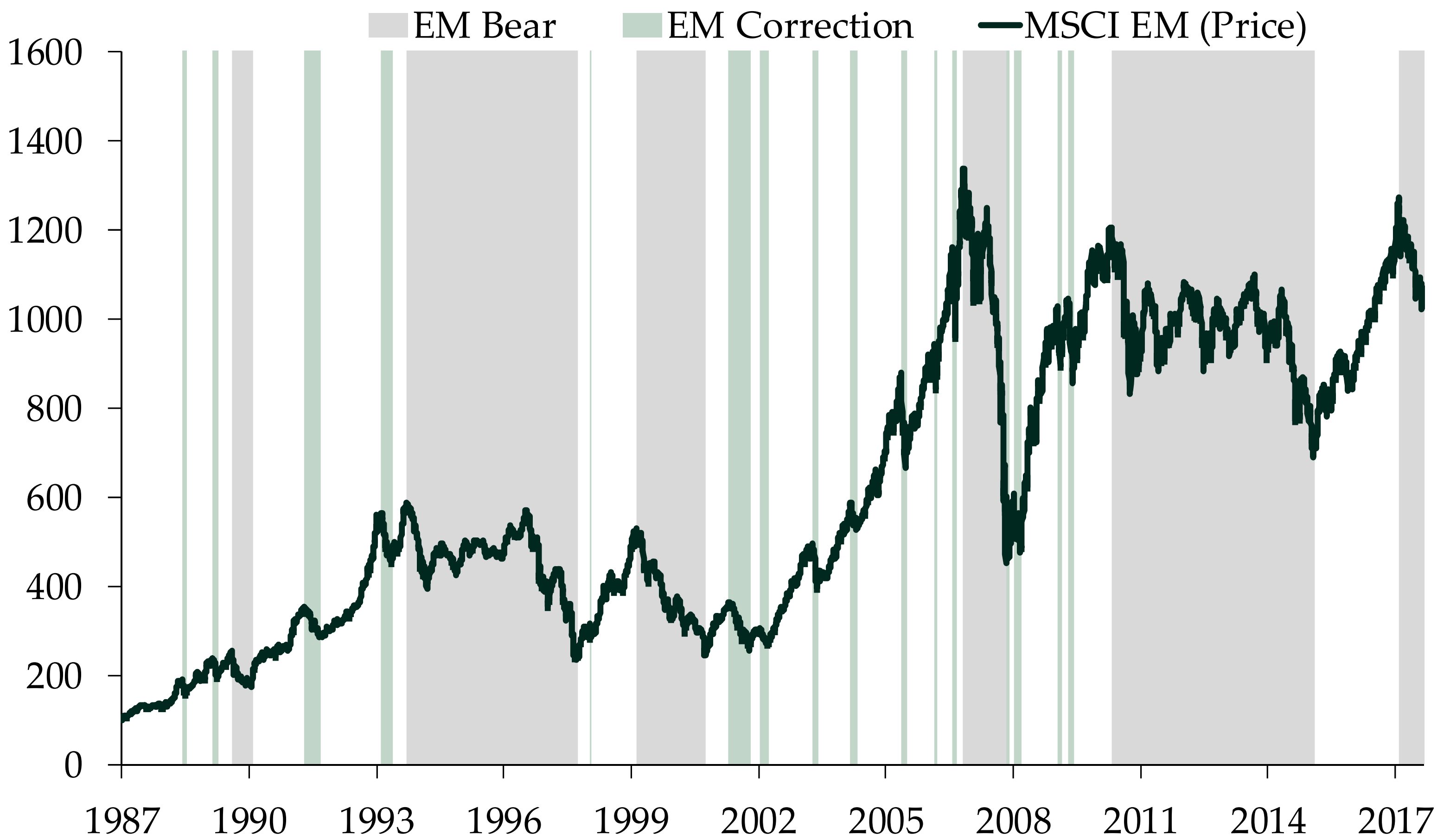
Some of the largest Euro-skeptic parties, like Italy's Five Star Movement and multiple parties in Spain, have recently backed off their EU exit rhetoric as they lack the necessary Parliamentary representation.



Source: European Commission, as of July 2018. Percent of seats in parliament represented by populist parties that want a Euro exit, March 2018.

RECENT EM CALM LONGEST IN HISTORY

EM equities tend to experience more frequent corrections or bear markets than developed. The unusually long calm period between the end of the last EM bear and this year's downturn was the longest in the category's history.

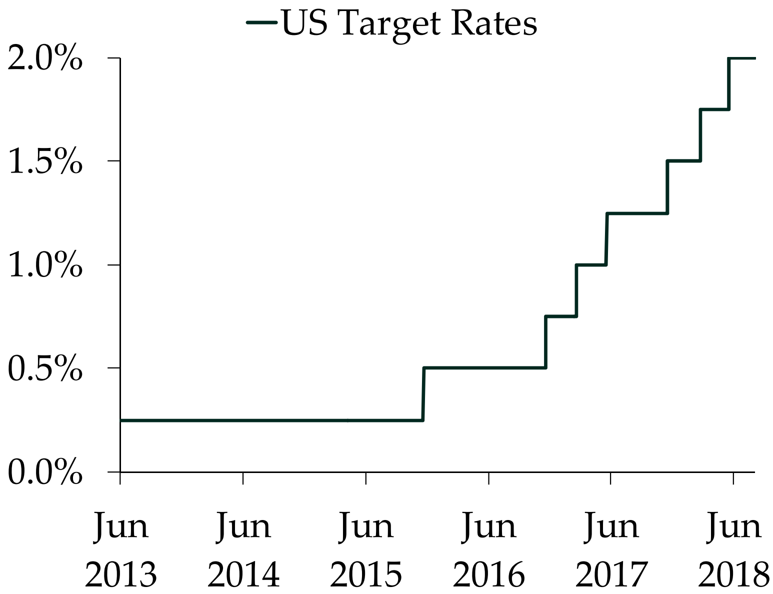


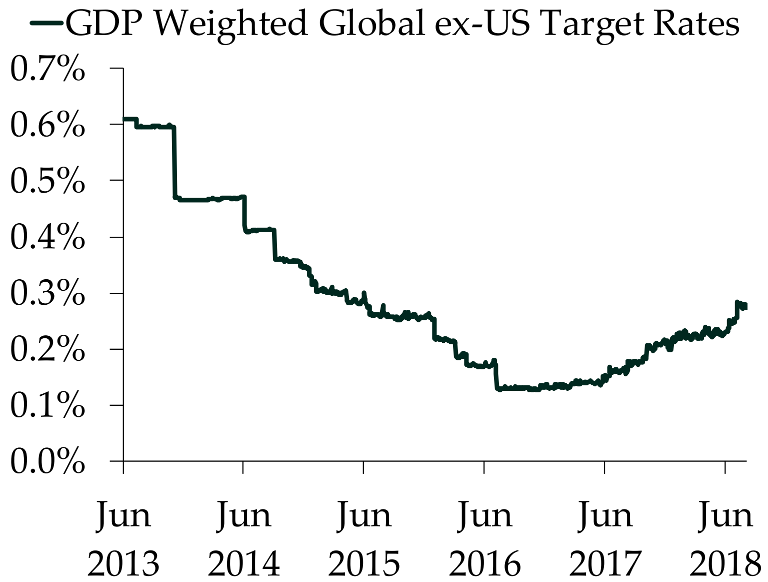
Start	End	EM Calm Period (Trading Days)
22/01/2016	25/01/2018	670
25/08/1992	10/02/1994	535
17/01/1991	16/04/1992	456
31/12/1987	01/06/1989	407
12/03/2003	11/04/2004	397

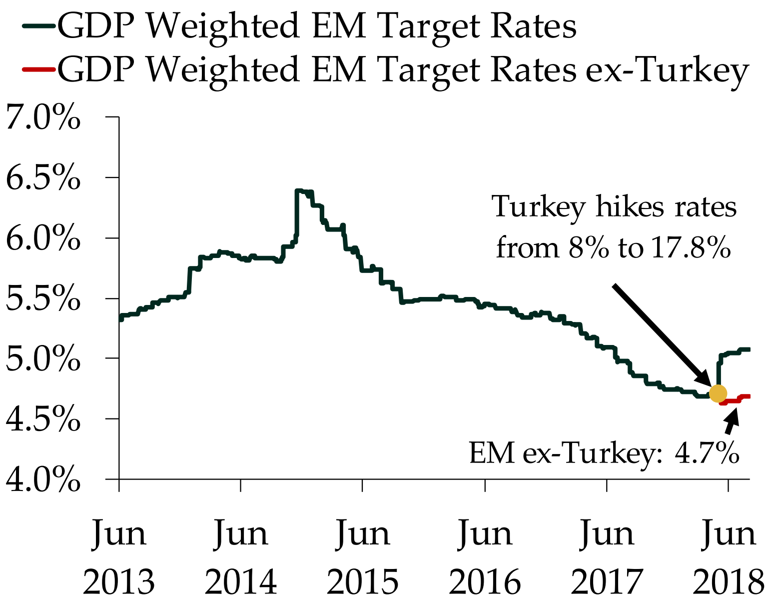
Source: FactSet and Fisher Investments Research as of August 2018. MSCI EM indexed to 100 December 1987.

OUTSIDE THE US, MONETARY EASING REIGNS

Outside of the US, most central banks continue to keep target policy rates low.



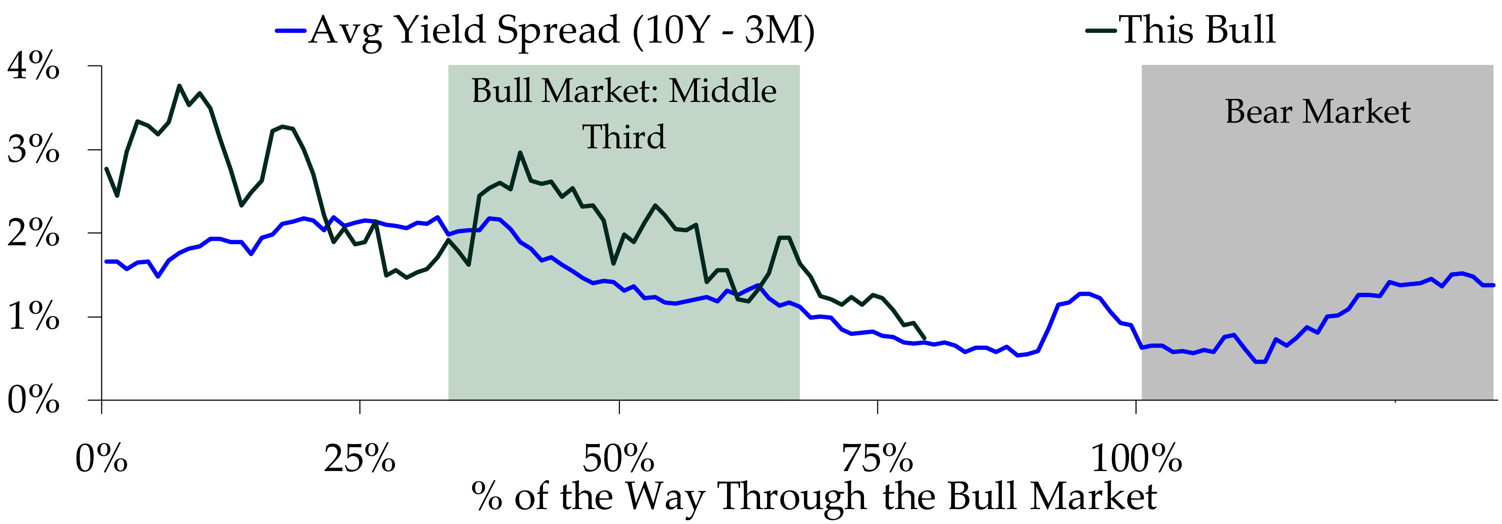


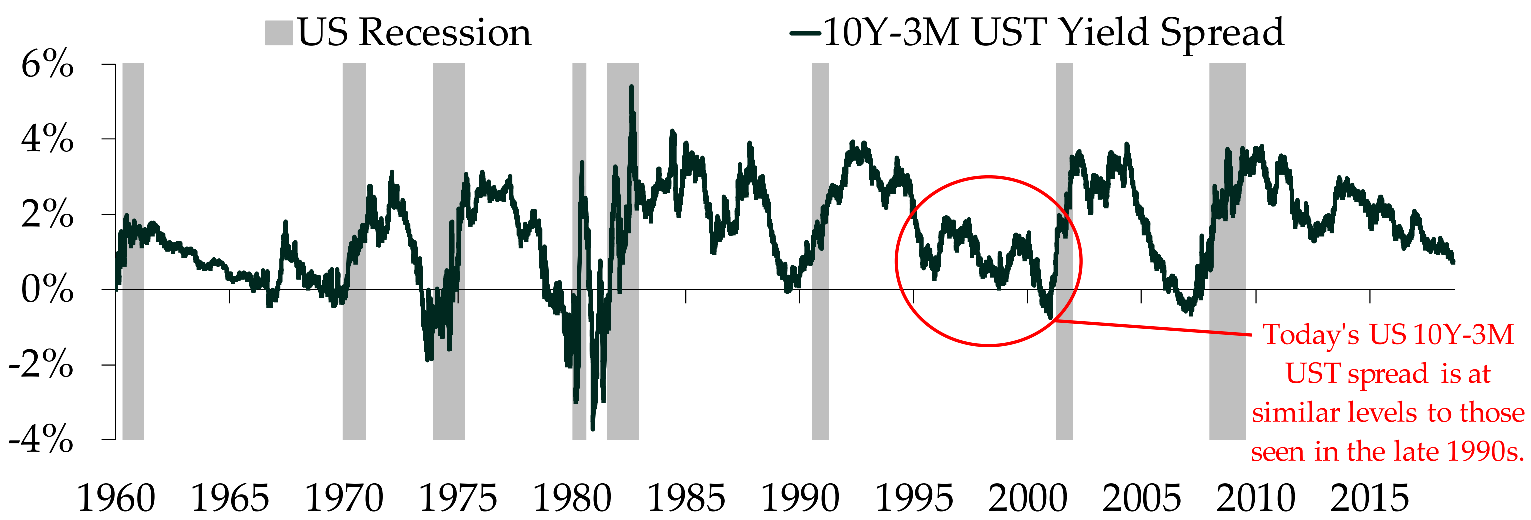


Source: FactSet and respective country's central banks as of August 2018. Based on MSCI EM and MSCI World ex-US country constituents, weighted by June 2018 GDP.

US YIELD CURVE NOT INDICATING RECESSION

Today's US 10-year minus 3-month yield spread is normal for a bull market's final third, and at a similar level compared to most of the late 1990s. Moreover, inversion often precedes bull market peaks by a long period of time.

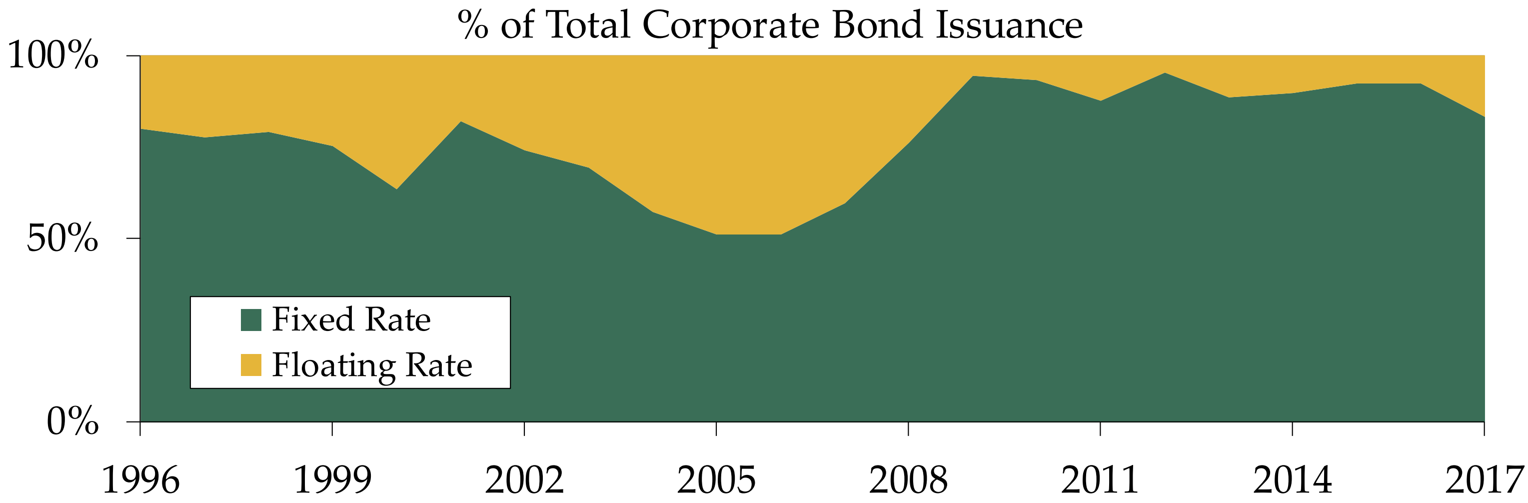


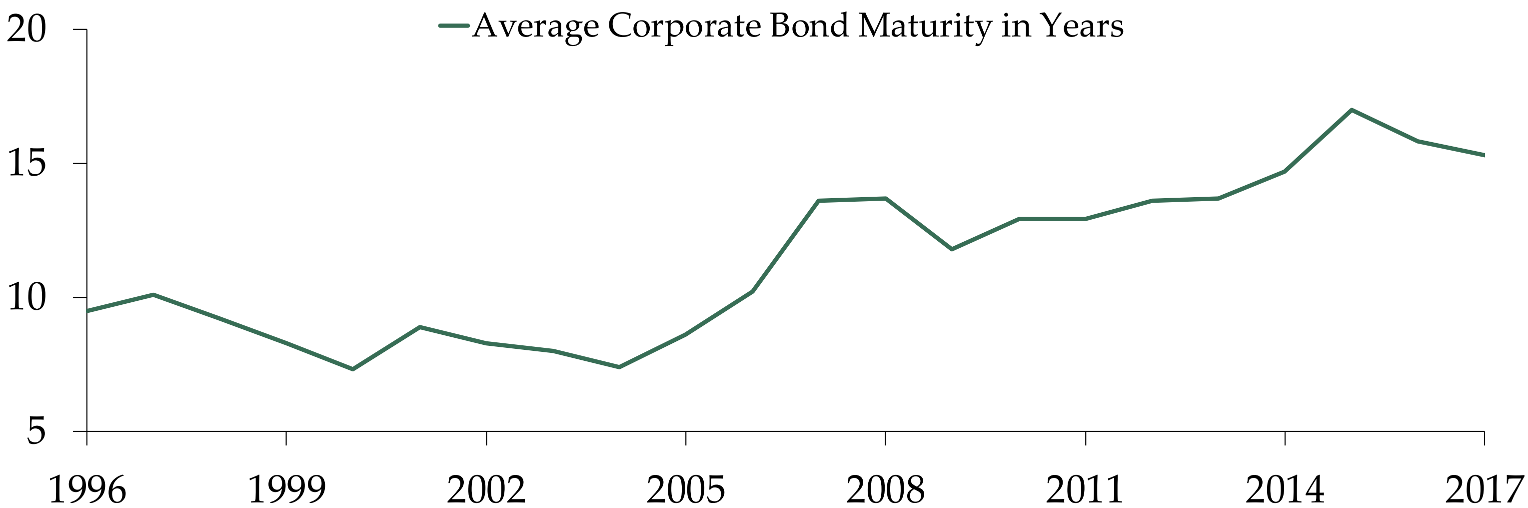


Top chart source: Global Financial Data and FactSet as of August 2018. Yield curve spread (10 year -3 month), July 1956 – August 2018. Based on Fisher Investments' estimate of the current bull market cycle's timeline. Bottom chat source: FactSet as of August 2018. Based on daily data.

CORPORATES ARE WELL INSULATED

Even if yields were to spike, US companies are insulated because most corporate bonds are issued with a fixed rate. Further, bond maturity is much longer than any time before, meaning higher interest rates would take years to materially increase interest expense.

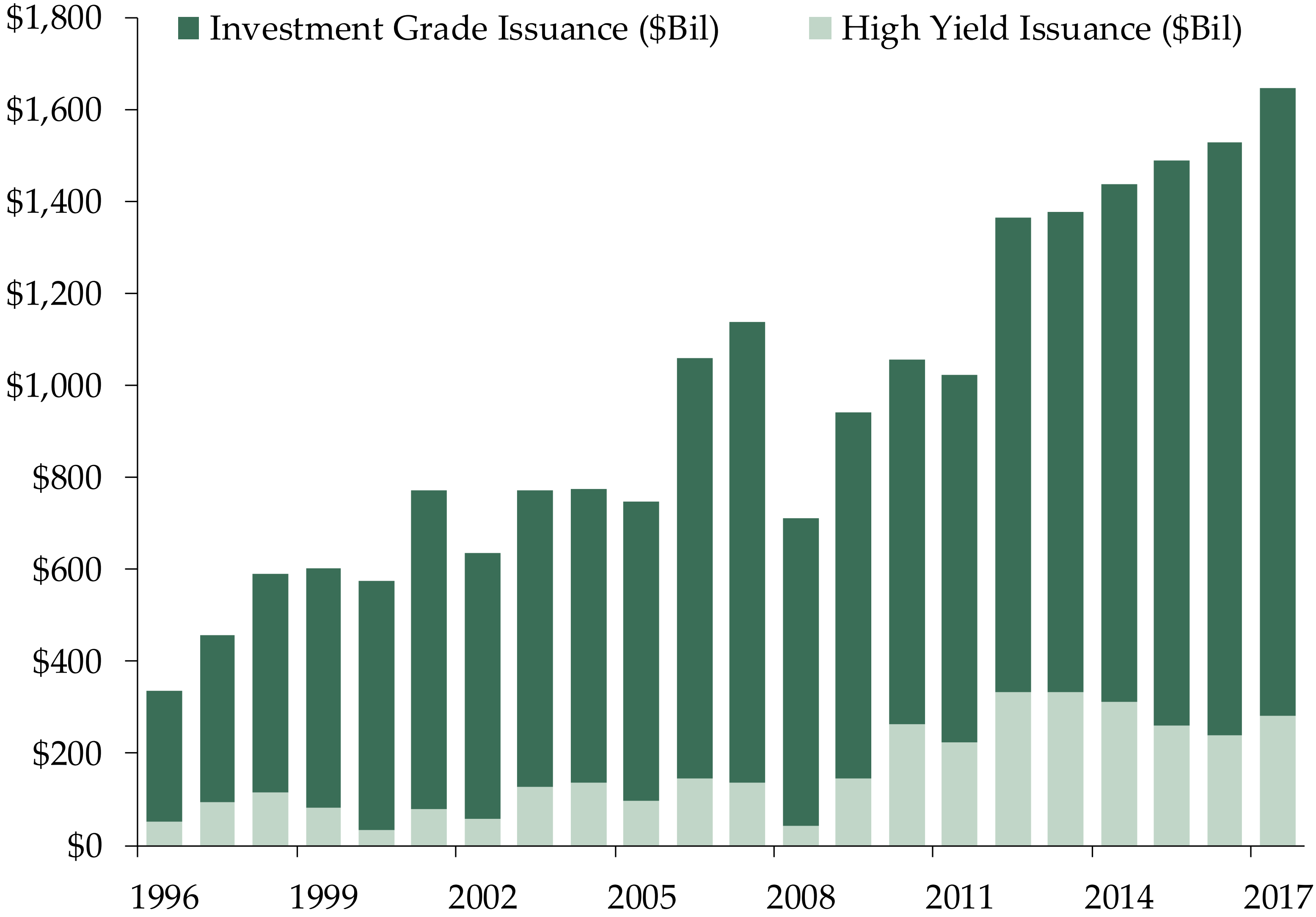




Source: Securities Industry and Financial Markets Association as of December 2017.

INVESTMENT GRADE ISSUANCE DOMINATES

Corporate bond issuance is at an all-time high, but the vast majority is investment grade.



Source: Securities Industry and Financial Markets Association as of December 2017.

STILL SLACK IN THE LABOUR MARKET

Overall, labour force participation has been stable as the economy draws workers, specifically those of prime age (25-54) who are reentering the work force at an accelerating rate. This is a source of underappreciated labour slack, keeping wage growth in check.

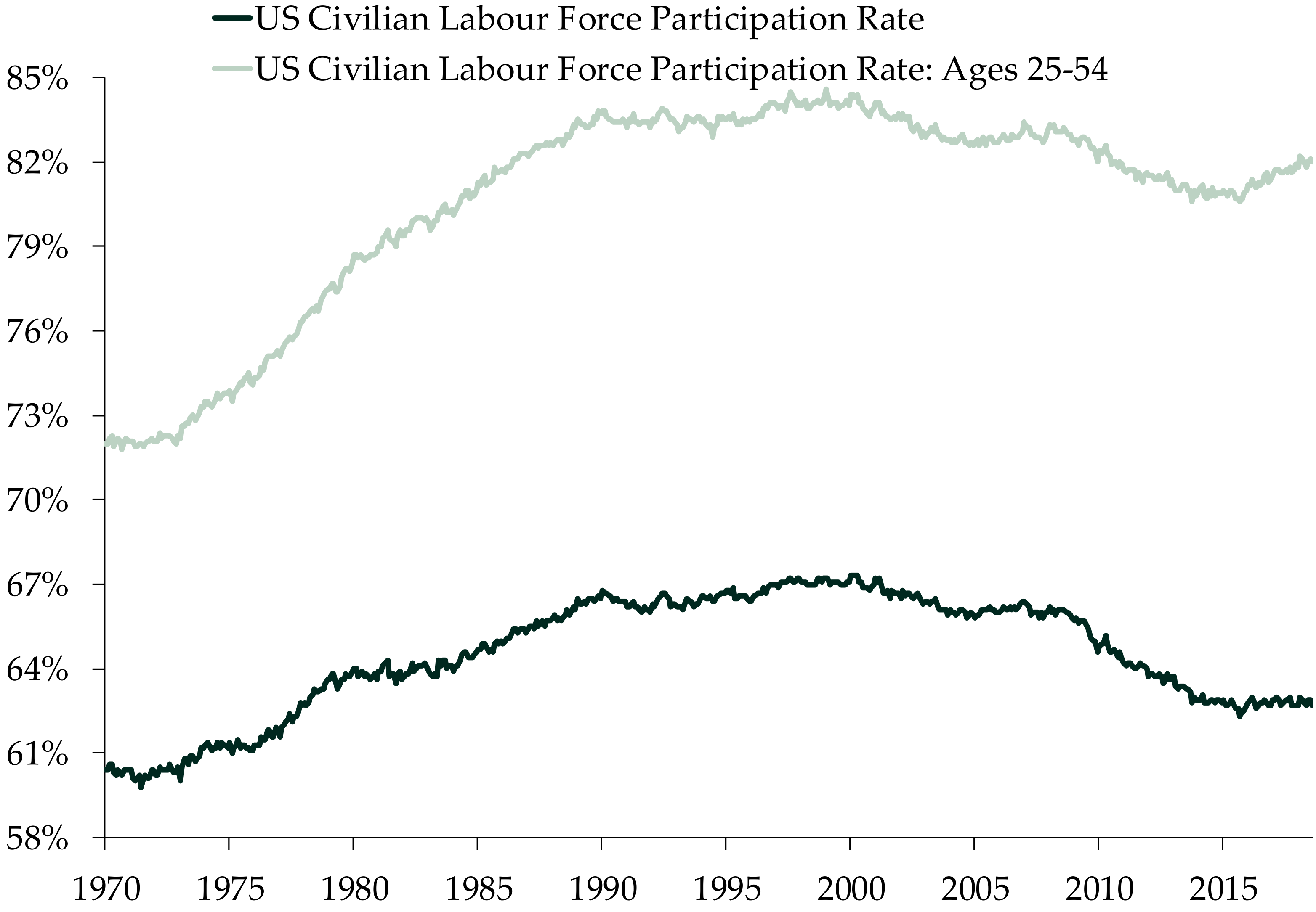
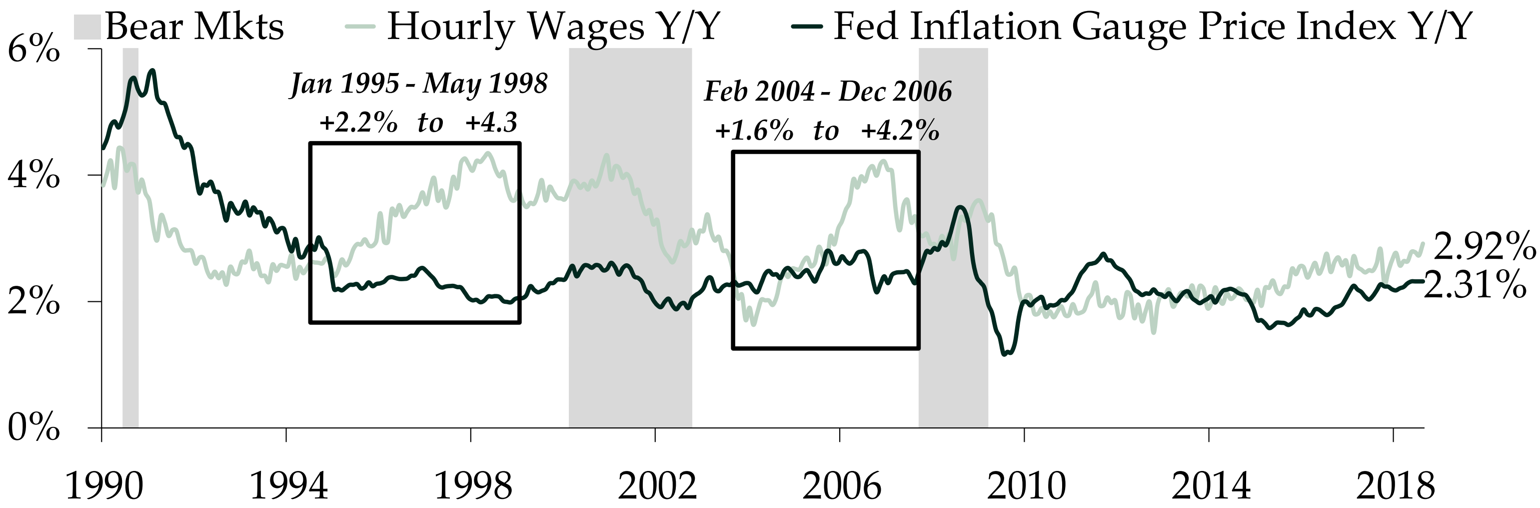
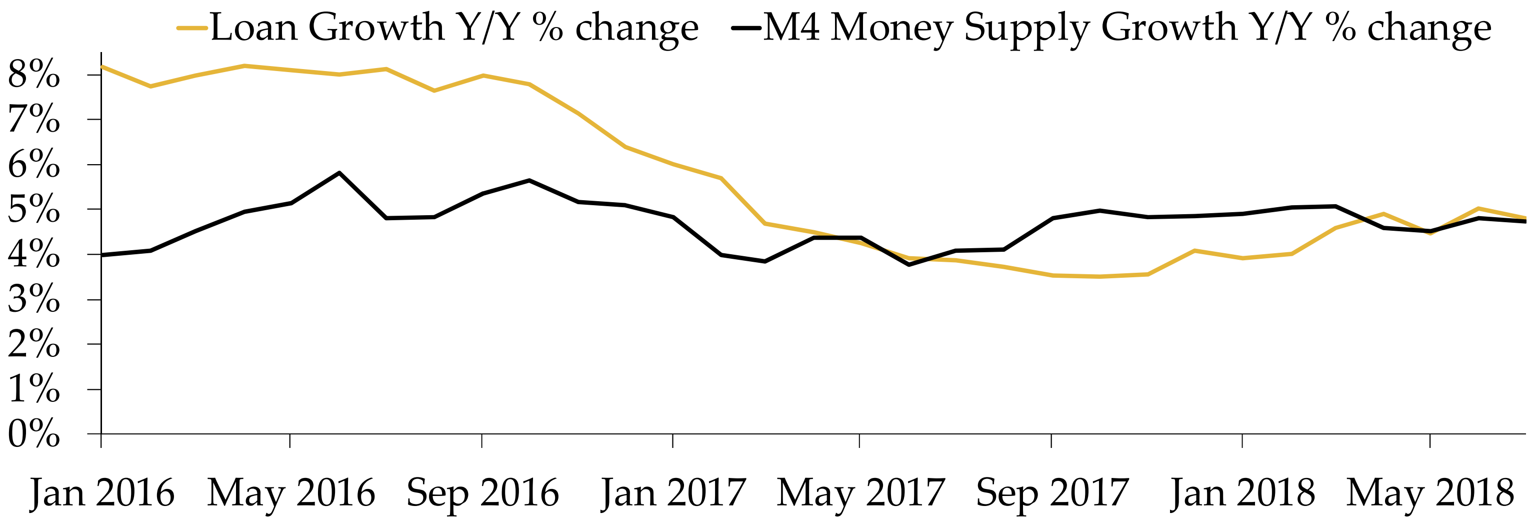


Chart source: US Department of Labor, Federal Reserve Bank of St. Louis and FactSet as of August 2018.

HIGHER WAGES, SLOW LENDING ≠ HIGHER INFLATION

Inflation was actually absent the previous two times we saw meaningful wage growth. Decelerating loan and stable money supply growth in the US likely prevent inflation from accelerating materially.

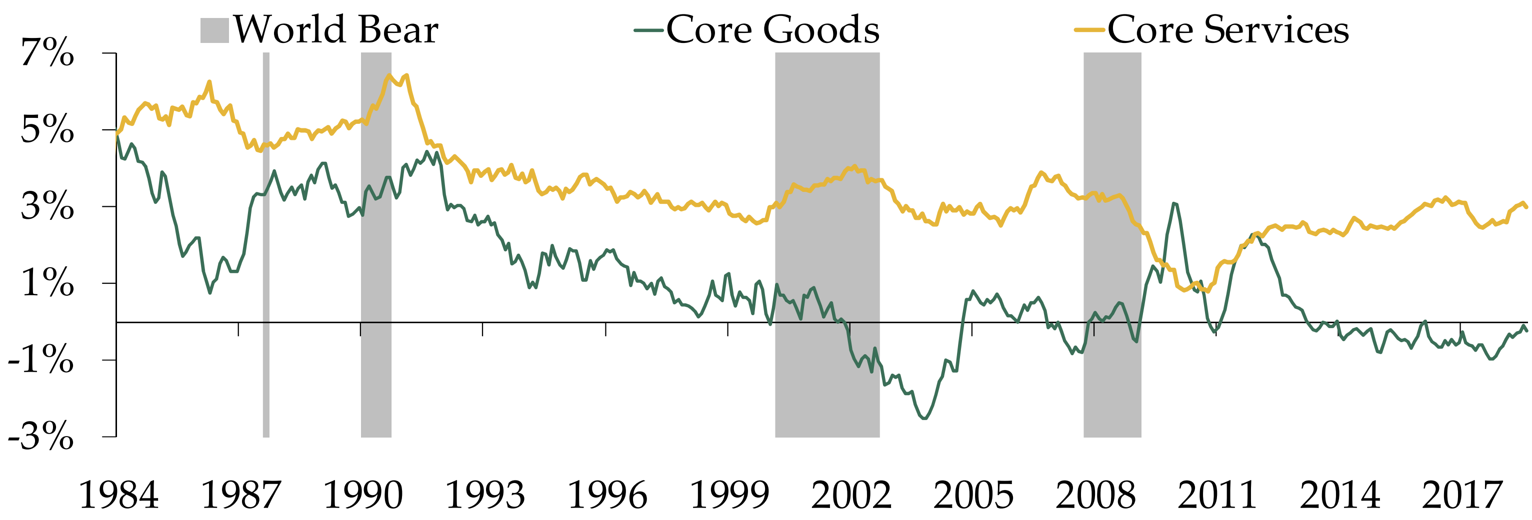


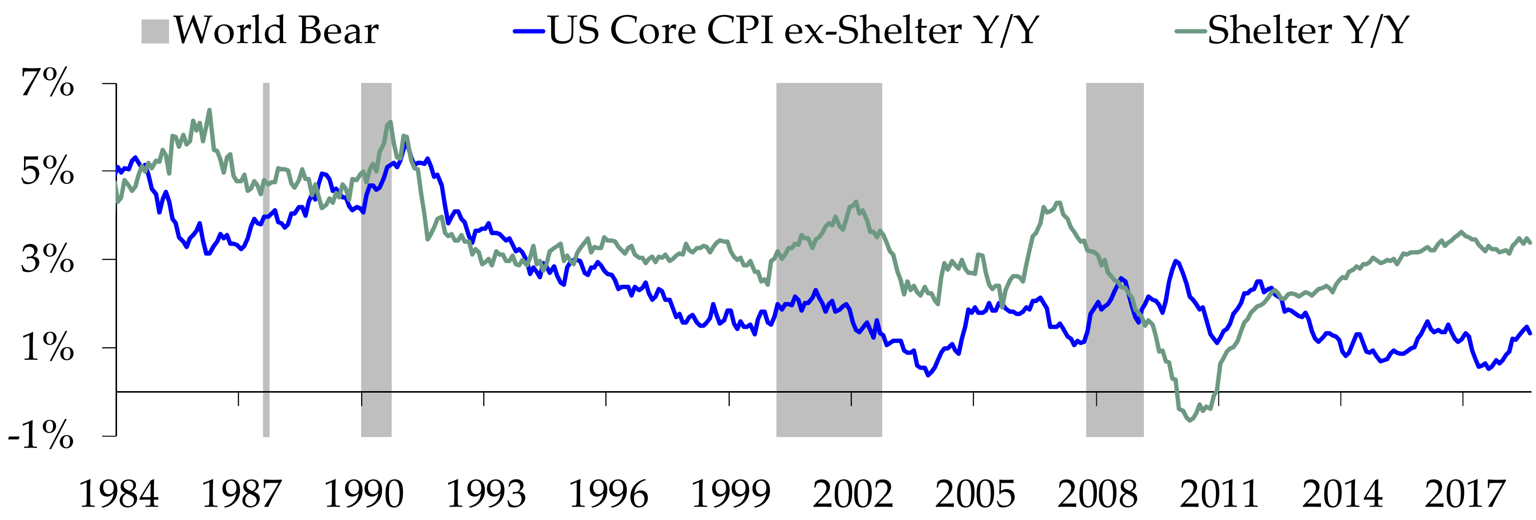


Top chart source: US Department of Labor, Federal Reserve Bank of New York as of August 2018. Core CPI from January 1990-December 2014, Fed's Underlying Inflation Gauge Price Index from January 1995-May 2018. Inflation Gauge Price index is one of the Fed's preferred real-time inflation monitors. Bottom chart source: Federal Reserve, Center for Financial Stability and FactSet as of August 2018. Inflation expectations are based on the yield spread between the 5 year US Treasury and 5 year Treasury Inflation Protected Security (TIPS).

CPI DRIVEN BY SERVICES, ESPECIALLY SHELTER

Shelter, a component of the Services segment of Core CPI, accounts for approximately one third of the Core CPI index and has been the main source of US inflation. With most prices benign, the Fed is not likely to be overly aggressive.



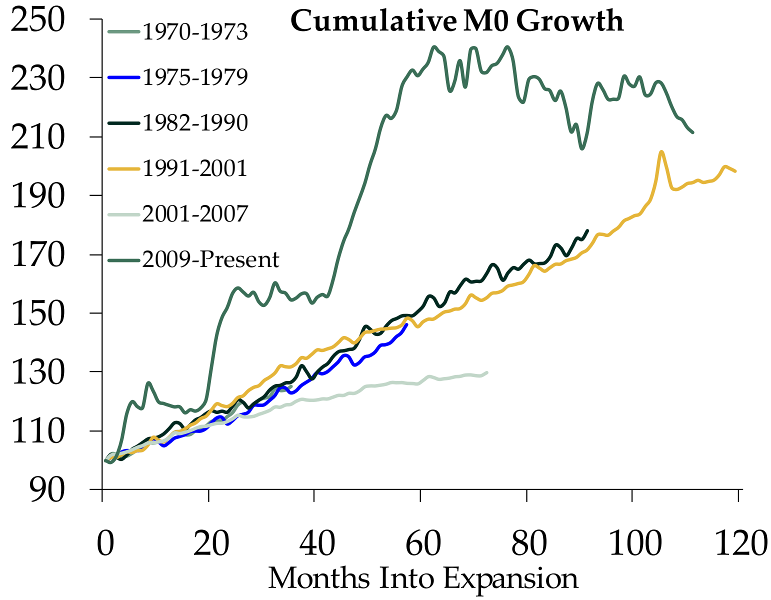


Source: US Department of Labor, FactSet as of August 2018.

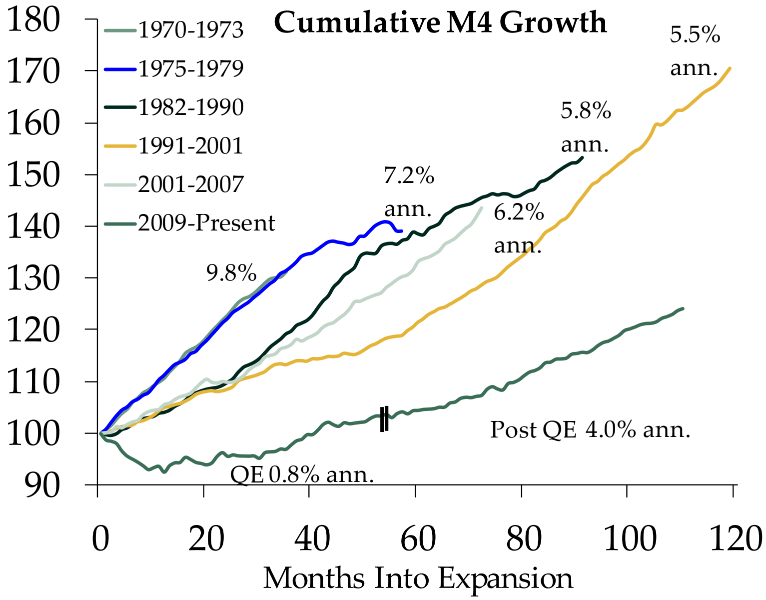
FALSE PERCEPTIONS ON QUANTITATIVE EASING

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

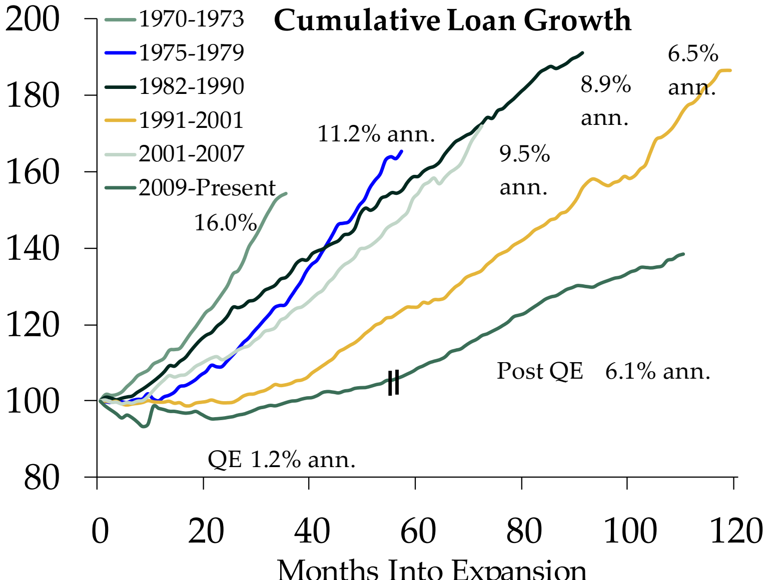
QE's unprecedented expansion of the **monetary base**…



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



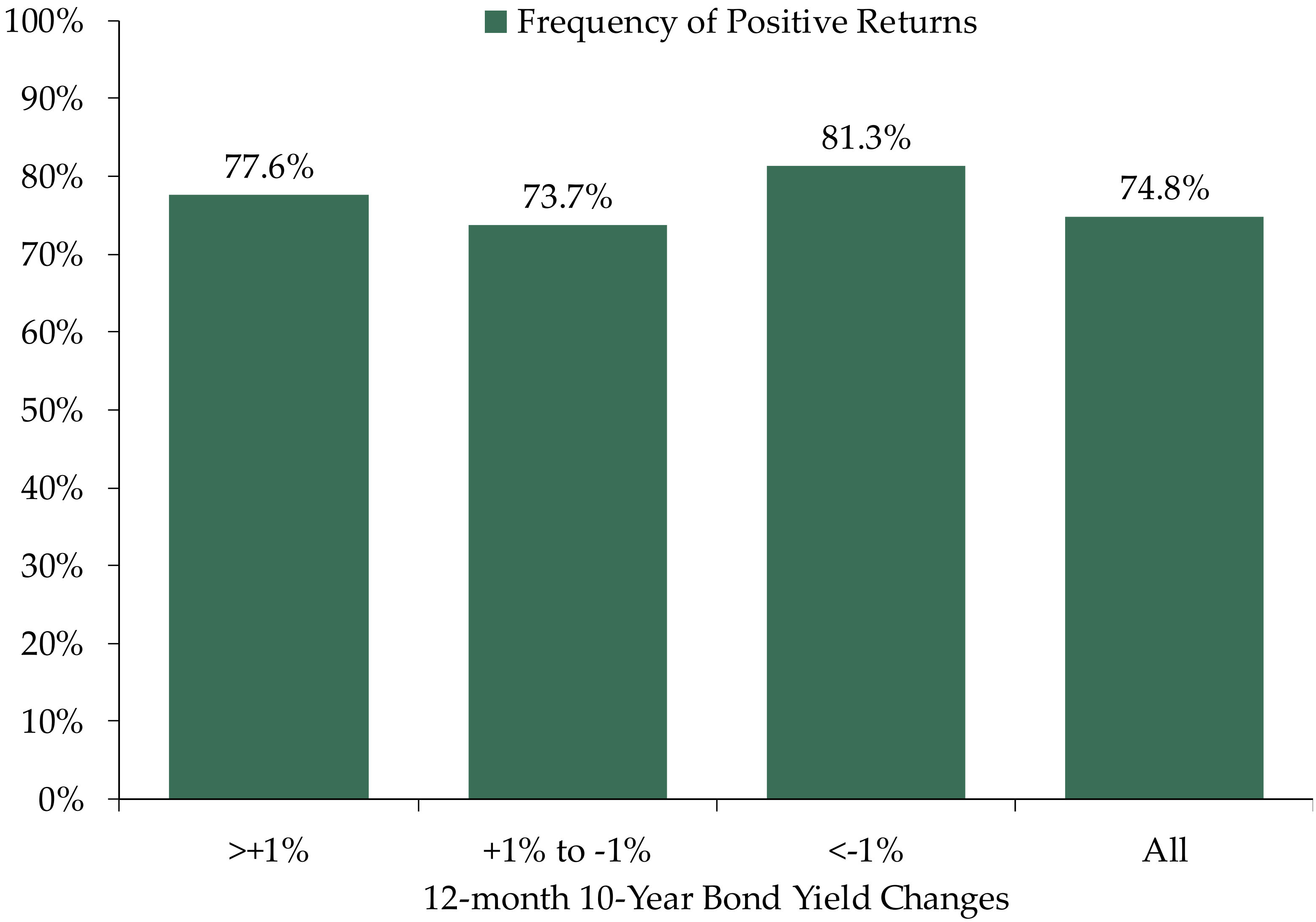
Or **lending**—which accelerated *after* Fed tapering



Source: Federal Reserve and Center for Financial Stability as of August 2018.

Δ IN BOND YIELDS ≠ Δ IN EQUITY PRICES

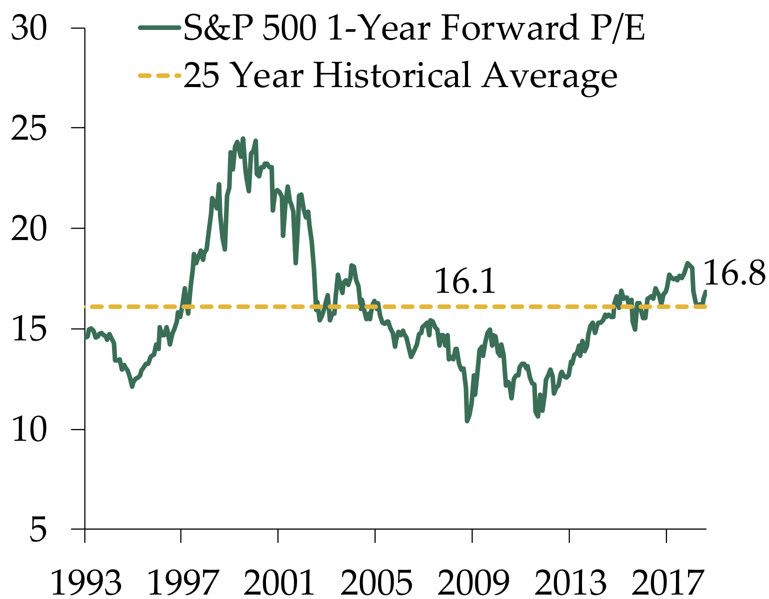
Changes in long-term bond yields—even large increases—historically have little effect on equity prices.

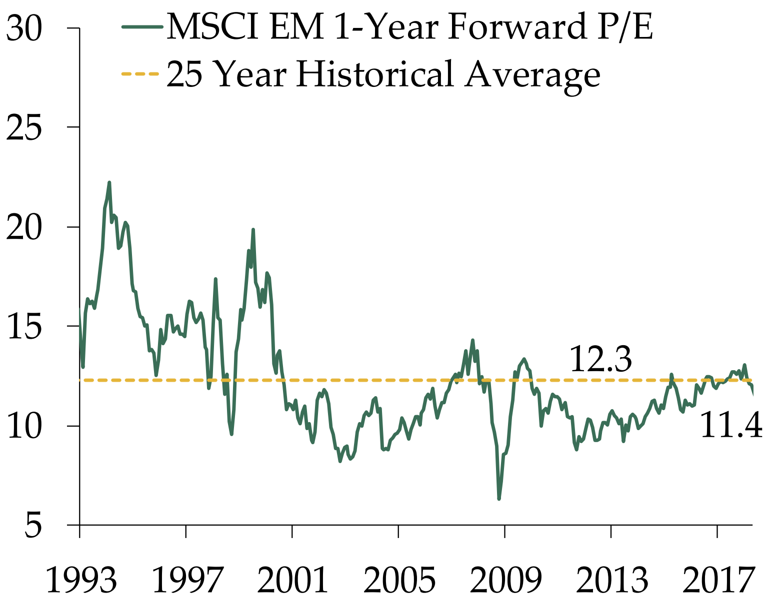


Source: Global Financial Data as of August 2018.

GLOBAL EQUITY VALUATIONS FAR FROM EXTREME

Concerns regarding elevated valuations are a common fear during rising bull markets, however current valuations are in-line with historical averages.



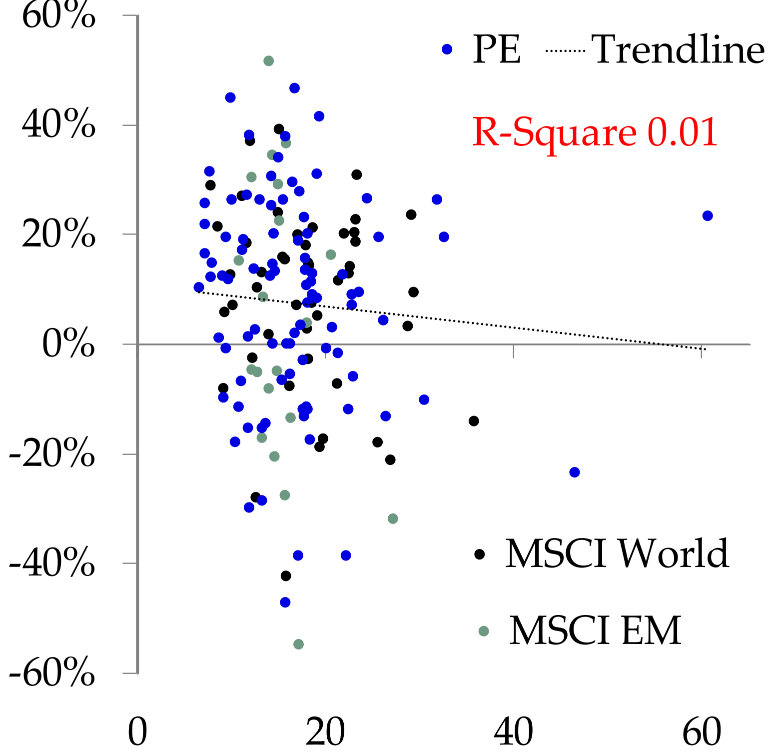


Source: FactSet, Inc. as of August 2018.

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



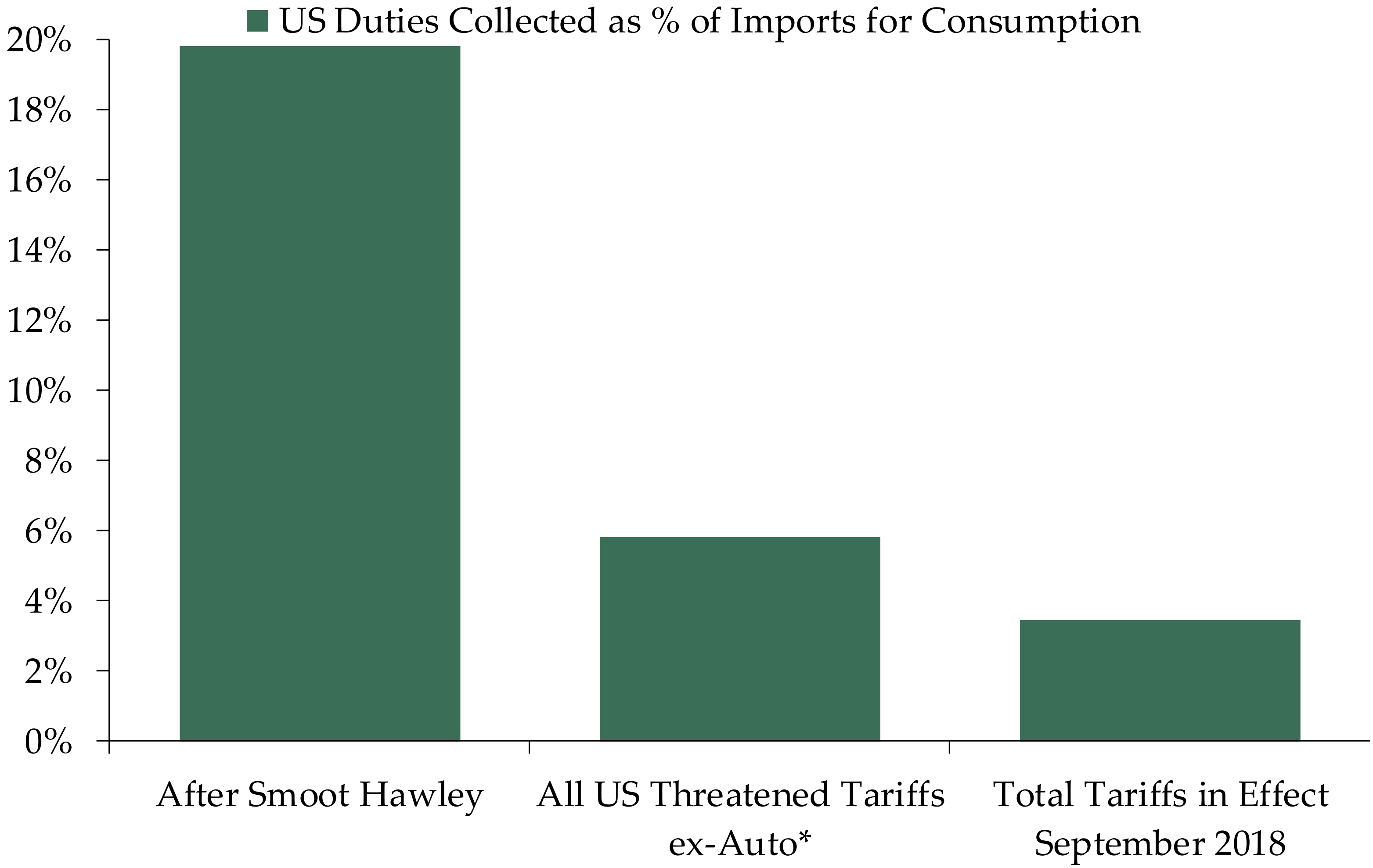
S&P 500 One Year Price Returns Following the Ten Highest PE Ratios

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%
Average	**32.8**	**8.3%**
Median	**28.5**	**14.5%**

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.

RELATIVE TO HISTORY, NEW TARIFFS LACK SCALE

The $250 billion in tariffs on Chinese goods in effect as of September 2018 are small in scale – amounting to just 3.4% of US imports for consumption relative to 19.8% with the Smoot-Hawley tariffs in 1930. Even if the most extreme tariffs are put into effect, they are still only 5.8% of US imports for consumption, less than one-third the size of tariffs under Smoot-Hawley.

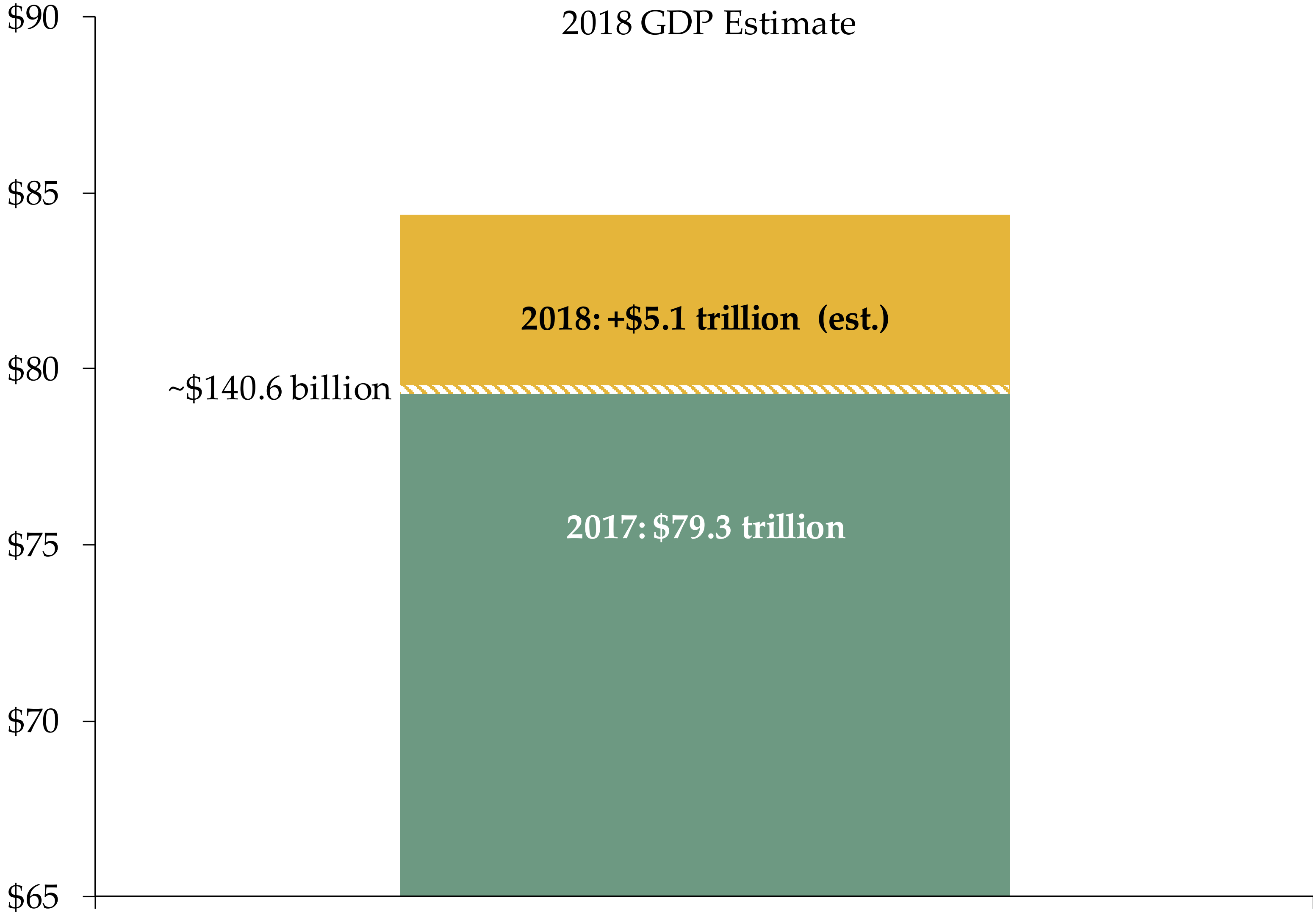


**Assumes 25% tariff on $200 billion in Chinese goods and additional 10% tariff on additional $250 billion in Chinese goods. Threatened tariffs to do not include auto tariffs.*

Sources: US International Trade Commission and Fisher Investments Research, as of September 2018.

RELATIVE TO GLOBAL GDP, NEW TARIFFS LACK SCALE

To cause a global recession in 2018, tariffs would need to knock at least $5.1 trillion off of global GDP. The worst case scenario, an estimated $140.6 billion impact, is not nearly large enough to disrupt the global economy.



Source: International Monetary Fund (IMF), as of July 2018. GDP forecast (USD, current prices), December 2006 – September 2017. 2018 estimate based on the IMF's October 2017 World Economic Outlook global nominal GDP growth and calculated growth projection of 6.4%.Worst-case tariff impact from the Office of US Trade Representative, White House and US Bureau of Economic Analysis, August 2018.

STEEL TARIFFS ARE NOTHING NEW

The US has routinely engaged in some form of protection for the steel industry. President Trump's tariffs are not much of a break from the norm, even if the justification might differ.

Date Imposed	President	Steel Tariff Policy	Justification
March 2018	Trump	25% on steel and 10% on aluminum	Security
March 2016	Obama	266% duty on certain types from 7 countries*	Anti-dumping
March 2002	G. W. Bush	8% to 30% based on type	Anti-dumping
January 1993	Clinton	0.3% to 109% based on type	Anti-dumping
July 1989	G. H. W. Bush	Quotas	Anti-dumping
September 1984	Reagan	17.5% to 30.5% based on type; 18.4% non-US limit	Anti-dumping
December 1977	Carter	Minimum prices required*	Anti-dumping
June 1976	Ford	Quotas	Anti-dumping
August 1971	Nixon	Quotas; 10% on all imports	Anti-dumping
January 1969	Johnson	Quotas	Anti-dumping

*Source: National Bureau of Economic Research, FactSet. Steel tariff policies, January 1969 – March 2017. Proposed steel tariffs by President Trump as of March 2018. *Presidents Obama and Carter implemented additional steel tariffs in 2014 and 1980 respectively.*

STRATEGY OFFERINGS AND BENEFITS

Global Research Platform		
Global	**US**	**Global Ex-US**
$6.1 Billion	**$10.4 Billion**	**$26 Billion**
Global Equity *MSCI World Index*	**US Small Cap Core** *Russell 2000 Index*	**All Non-US Equity** *MSCI ACWI ex-US Index*
Global Equity Focused *MSCI World Index*	**US Small Cap Opportunities** *Russell Micro Cap Value Index*	**All Non-US Equity Growth** *MSCI ACWI ex-US Growth Index*
All World Equity *MSCI ACWI Index*	**US Small Cap Value** *Russell 2000 Value Index*	**All Non-US Equity Small Cap** *MSCI ACWI ex-US Small Cap*
Global High Dividend Yield *MSCI World High Dividend Yield Index*	**US Small and Mid Cap Value** *Russell 2500 Value Index*	**Non-US Equity** *MSCI EAFE Index*
Global Small Cap *MSCI World Small Cap Index*	**US Small and Mid Cap Core** *Russell 2500 Index*	**Non-US Equity Small Cap** *MSCI World ex-US Small Cap*
Global Long/Short *MSCI World (50%) 3-Month T-Bill (50%)*	**US Mid Cap Value** *Russell Mid Cap Value Index*	**Emerging Markets Equity** *MSCI Emerging Markets Index*
Global Quant *MSCI ACWI Index*	**US Equity** *S&P 500 Index*	**Emerging Markets Small Cap ESG** *MSCI Emerging Markets Small Cap Index*
	US Small Cap Quant *Russell 2000 Index*	**Frontier Markets Equity** *MSCI Frontier Markets Index*

Complete Investment Process

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

Complementary Portfolio

- Diversification via process and style

Experienced

- Investment Policy Committee members' average experience at FI: 24 years

AUM figures depict assets managed by Fisher Investments and its subsidiaries as of month end June 2018. "Years" is calculated using the date on which Fisher Investments was established as a sole proprietorship: 1979.
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, FI's wholly-owned subsidiary in England. The Dubai International Financial Centre office is a branch office of FI. Fisher Investments Australasia Pty Ltd is FI's wholly-owned subsidiary based in Sydney, Australia. Fisher Investments Japan is FI's wholly-owned subsidiary based in Tokyo, Japan.

Fisher Investments Camas

Fisher Investments Woodside

Fisher Investments Europe

Fisher Investments DIFC

Fisher Investments Australasia

Fisher Investments Japan