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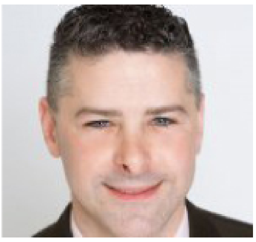


August 2017

Market Update

(all values as of 07.31.2017)

Stock Indices:

Dow Jones	21,891
S&P 500	2,470
Nasdaq	6,348

Bond Sector Yields:

2 Yr Treasury	1.34%
10 Yr Treasury	2.30%
10 Yr Municipal	1.90%
High Yield	5.51%

YTD Market Returns:

Dow Jones	10.77%
S&P 500	10.34%
Nasdaq	17.93%
MSCI-EAFE	15.02%
MSCI-Europe	16.39%
MSCI-Pacific	12.72%
MSCI-Emg Mkt	23.65%
US Agg Bond	2.72%
US Corp Bond	4.58%
US Gov't Bond	3.10%

Commodity Prices:

Gold	1,269
Silver	16.82
Oil (WTI)	50.19

Currencies:

Dollar / Euro	1.17
Dollar / Pound	1.31
Yen / Dollar	110.59
Dollar / Canadian	0.80

Macro Overview

Markets seemed undeterred by political indecisiveness in Washington surrounding healthcare reform, which could affect upcoming tax reform in the fall that is hinged on the ability of passage by Congress. Even though lawmakers are coming under escalating pressure to demonstrate legislative progress, the inability of the House to pass healthcare legislation didn't hold equity markets back from achieving higher levels.

A political debate has begun behind mundane media noise, the debate to raise the federal debt ceiling in order to continue funding government expenses and operations. The debt ceiling, formally known as the statutory debt limit, is the country's credit limit, which is a legislative restriction on the amount of national debt that can be issued by the Treasury.

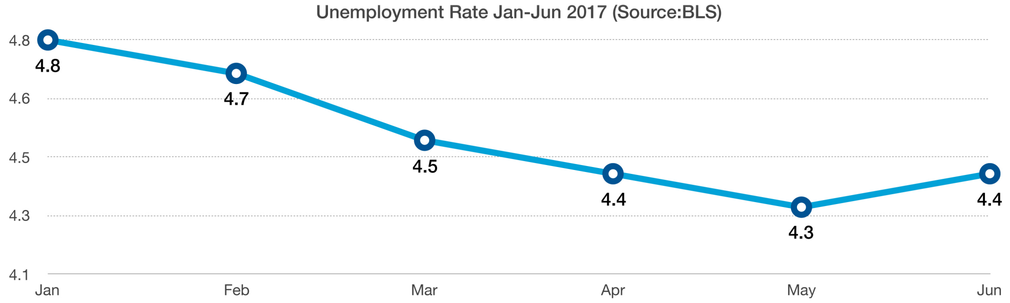
The Fed said that it would start paring its $4.4 trillion balance sheet "relatively soon", language interpreted by Fed watchers to mean possibly beginning in September. This continues to be a critical focal point for government bond traders gauging how markets will absorb the vast amounts of debt efficiently and without disturbing volatility. The Fed also reiterated that future rate hikes would be gradual, thus stemming the probability of erratic rate increases.

Global central bank chiefs and various market analysts believe that current low volatility may be hiding risk in the form of asset inflation engulfed within a low inflation environment. The concern is that investors and central bankers may be viewing circumstances from different perspectives. Low interest rates and international central bank asset purchases have greatly reduced volatility in the global markets.

The synchronized global increase in interest rates is elevating from unprecedented low levels, meaning that it may take some time before rates reach so-called normalized levels.

Oil prices rose after Saudi Arabia cut oil exports and OPEC said it would enforce production cuts among OPEC members. Higher oil prices, as tracked by the West Texas Intermediate Index (WTI), enhance economic activity in various oil related regions of the United States.

The Department of Labor reported that there were 222,000 new jobs in June, but more people were actually looking for work in June, lifting the unemployment rate to 4.4%. (Sources: Federal Reserve, OPEC, DOL, house.gov)



THE IMF ESTIMATES THAT THE U.S. DOLLAR IS 15% OVERVALUED

Lower Dollar Helps Earnings Increase – Domestic Equity Overview

A weakening dollar is expected to boost corporate earnings for U.S. multi-national companies as products sold overseas become less expensive and more competitive due to a cheaper dollar.

Earnings for the banking sector reported in July came in better than expected as banks benefited from a rising rate environment. Profitability for banks tend to increase as rising rates allow them to charge higher interest rates on loans.

It is expected that large technology companies may face regulatory scrutiny involving taxes, data privacy, and competition following a multi-billion dollar fine imposed by European regulators on Alphabet (Google).

Industrial sector stocks saw stronger earnings in their most recent release, leading analysts to conclude that economic growth is expanding slowly throughout the U.S. Industrial companies provide the infrastructure and materials essential for physical expansion.

Data from the NYSE shows that current margin debt levels, $540 billion at May end, are nearly double of what they were at the market peak in 2000. (Sources: Bloomberg, Reuters, S&P, NYSE)

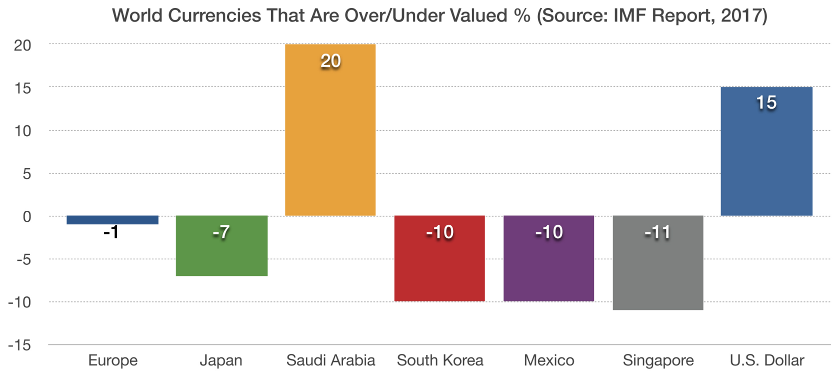
IMF Agrees With Trump On Dollar Valuation – Currency Overview

The International Monetary Fund (IMF) releases a report each year detailing its assessment of monetary policies globally and identifying imbalances affecting global growth.

Discrepancies as to how currencies are valued has been a focal point for President Trump, as various countries have been tagged as currency manipulators by the administration. The IMF has concurred with such complaints and has drafted policies to strictly enforce currency valuation policies. China, Germany, and Japan have been accused by the administration of devaluing their currencies in order to boost their exports at the disadvantage of U.S. companies.

The most significant misalignments have been found in emerging market currencies whose countries benefit when their currencies devalue, making their exports more competitive worldwide.

In line with President Trump's suggestion that the U.S. dollar is overvalued, the IMF estimates that the dollar is 15% overvalued relative to other currencies, meaning that U.S. products are less competitive globally. Saudi Arabia's currency is also estimated to be overvalued by 20%, partly because it is pegged to the U.S. dollar.



South Korea, Singapore, and Mexico currently have the most undervalued currencies, giving them a direct trade advantage over other countries. (Source: IMF External Sector Report 2017)

19% OF 70-74 YEAR OLDS ARE STILL WORKING

Fed Says It Is Ready To Sell Its Bonds – Fixed Income Overview

Global bond yields rose on the expectation that central banks around the world have agreed to start removing accommodative measures. The yield on Germany's 10-year government bund (bond) has risen from a negative yield last year to 0.58% in mid-July.

The U.S. corporate bond market continues to provide funding for the mega merger deals in the equity markets. The issuance of such corporate debt at low rates is supported by the unparalleled demand for U.S. dollar denominated debt. Even at ultra low rates, institutional buyers such as pension plans and mutual funds have an ongoing voracious appetite for fixed income assets that offer consistent income and return of principal.

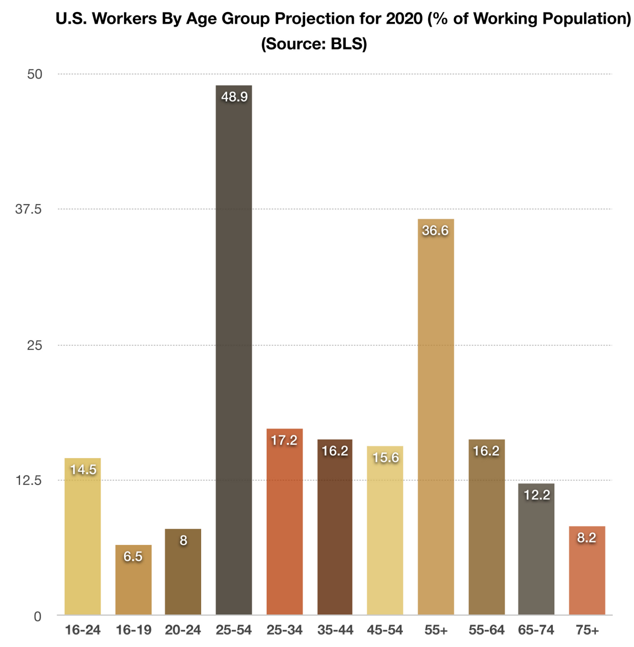
As the Fed prepares to start unloading portions of its massive $4.4 trillion inventory of government bonds, traders are eager to see how well markets will absorb the extra supply and what disruptions might occur. (Sources: IMF, Federal Reserve, Bloomberg)

More Americans Working Past 70 – Demographics

Workers who were either poor savers or who perhaps experienced a dramatic life crisis are finding themselves short on funds in their retirement years. Some workers who did plan accordingly, didn't plan to live as long and be as healthy as they are, thus creating revisions to retirement plans late in their careers. As health and medical science have advanced over the past few decades, so has the lifespan of American workers.

Many Americans that retired with the notion that Social Security would suffice in their elder years, came to the realization that Social Security benefits alone weren't enough. A part-time job and even full-time menial jobs at minimum wage levels have become supplemental income for many retired Social Security recipients.

Almost 19% of people 65 and older were working at least part-time in the second quarter of 2017, the highest in 55 years. The share of older people in the workforce is higher than any point since before the creation of Medicare.



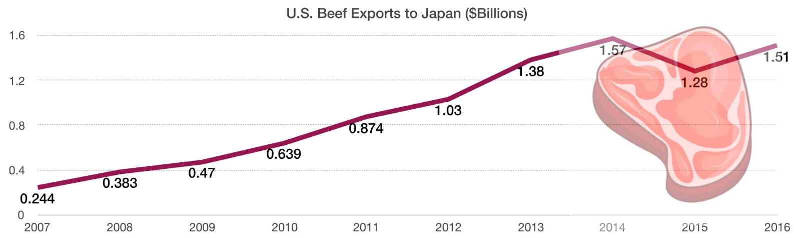
Baby boomers are increasingly ignoring the traditional retirement age of 65, with 32% of Americans age 65 to 69 still employed. The Bureau of Labor Statistics also found that a growing number of seniors are unable to retire even past 70 years of age. The most recent data shows that 19% of 70 to74-year olds were still working, up from 11% in 1994.

The irony of the data released shows that seniors who find it easier to continue working are the ones that are healthy, well educated, and highly skilled, tend to be the ones that are least likely to need the money. (Sources: Bureau of Labor Statistics, Social Security Administration)

THE UN PROJECTS THAT THE WORLD POPULATION WILL EXCEED 11 BILLION BY 2100

U.S. Beef Exports To Japan Get Hit With Higher Tax – Trade Policy Update

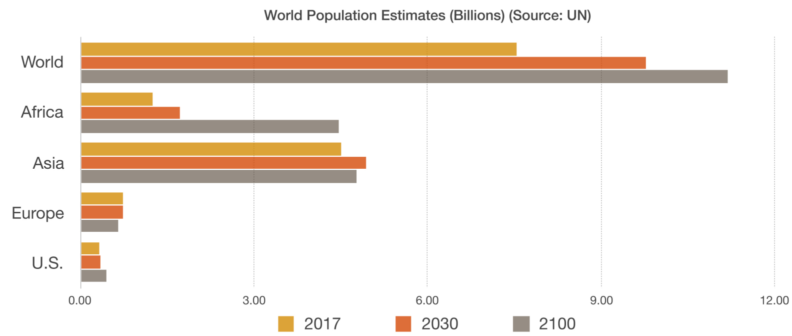
The single largest purchaser of U.S. beef, Japan, announced in July that it would impose a temporary 50% tariff on frozen beef coming from the United States and several other countries. The imposed 50% tariff would be an increase from the current 38.5% tariff on beef imports into the country. Japan accounted for nearly 24% of all U.S. beef exports in 2016. In response, the U.S. agricultural secretary noted that the higher tariff would likely reduce American beef exports in addition to boosting the U.S. trade deficit with Japan. As discreet as it may seem to many, a tariff increase to 50% from 38.5%, based on 2016 export figures, amounts to a $755 million tax on beef exports to Japan. Such tariffs can stifle demand in Japan and hinder beef producers in the U.S. The Trump Administration has been quite vocal about foreign trade practices deemed unfair by the United States. (Source: U.S. Meat Export Federation)



UN World Population Forecasts – Global Demographics

Currently, the global population is roughly 7.6 billion, with the United Nations (UN) estimating it to grow to over 11 billion by 2100. In its report, UN World Population Prospects, the UN details where the growth will occur and which regions will prosper. The UN has found that world population growth is actually growing less slowly than it has in the past, thus hindering accurate population projections. Yet, the UN has historically been fairly good with its estimates and projections, taking regional characteristics into account.

The UN anticipates that over half of all global growth between 2017 and 2050 will occur in Africa alone. It also projects that growth in Asia will continue, but at a slower pace heading towards 2100. A primary factor affecting projections is fertility rates, which have been the highest in Africa, and are projected to remain the highest of any of the regions worldwide. Europe and Japan will see dwindling populations as average ages rise and population growth slows down over the next few decades. Japan, which has the oldest average age of any of the developed counties, will lose a third of its population by 2100.



The U.S. will have minimal population growth, yet is estimated to have over 447 million inhabitants by 2100, a 37% increase from its current population of 324 million. (Source: United Nations; UN World Population Prospects, 2017 Revision)