

**Estate Planning Council**  
**February 20, 2018 Presentation Outline:**  
**2018 Investment Outlook: Cautious Optimism**

- I. Brief look back on asset class performance in 2017 (15 minutes)
  - A. Domestic equities:
    - S&P 500 surged
    - Small cap lagged but did well
  - B. International equities
    - Developed markets fared well due to domestic economic recovery
    - Emerging markets fueled by China
  - C. Fixed Income
    - Treasuries/duration positive 1H18, but stagnated in 2H; will it continue?
    - Credit performed better, but can it persist?
  - D. Commodities
    - To extent global economic recovery persists, commodities might have room to rally further
    - Areas where demand has caught up to supply
- II. Reasons for measured optimism in 2018 (15 minutes)
  - A. Corporate profits remain healthy
  - B. Monetary policy still accommodative on historical basis
  - C. Global growth is broadening beyond US borders.
  - D. US tax reform helps economic growth (at least temporarily).
  - E. Technological innovations aids productivity (US one of world leaders)
- III. Why only cautiously optimistic (as opposed to outright bullish) in 2018 (15 minutes)
  - A. Last year's strong markets might be difficult to repeat.
    - Technical headwinds
    - Valuation headwinds
  - B. Risk to corporate profit margins
  - C. Midterm US Congressional elections have potential to deflate market sentiment
  - D. The US Fed wants to raise interest rates.
  - E. Overseas risks:
    - Europe (Italian elections)
    - China (growth stimulus diminishing, structural reform still needed)
    - Geopolitical risks (populism, North Korea, Mideast)
- IV. Broad investment themes to explore and avoid (15 minutes)
  - A. What might appear attractive
    - Equities (still, though forward returns could be less exciting and more volatile)
    - Broader equity exposure beyond S&P 500 (especially Japan)
    - Liquid absolute return strategies
  - B. What might offer more risk than return
    - Much of fixed income (duration, why much of credit is richly valued)
    - European equities
    - Illiquid "alternative" strategies



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Stuart is responsible for researching and investing across asset classes on behalf of clients. He has worked with retail and institutional clients in weathering bull and bear markets in different asset classes and geographies. Prior to joining Ambassador Wealth Management, Stuart served as Senior Investment Manager and International Strategist with Brinker Capital. Stuart has over 25 years of investment experience. He graduated from the Wharton School of the University of Pennsylvania and holds the CFA designation.