

# NOTICE OF PUBLIC MEETING

## AGENDA

### CLARK COUNTY OPEB BOARD OF TRUSTEES

WEDNESDAY, JUNE 27, 2018, 3:00 PM  
PINYON ROOM, GOVERNMENT CENTER, 6th FLOOR  
500 SOUTH GRAND CENTRAL PARKWAY, LAS VEGAS, NEVADA

<b>This meeting has been properly noticed and posted in the following locations:</b>		<b>Agenda Also Available At:</b>	
CC Government Center 500 S. Grand Central Pkwy Las Vegas, NV (Principal Office)	Regional Justice Center 200 Lewis Ave, 1 <sup>st</sup> Fl. Las Vegas, NV	City of Las Vegas 400 E. Stewart Ave Las Vegas, NV	City of No. Las Vegas 2200 Civic Center Dr. No. Las Vegas, NV
Third Street Building 309 S. Third St. Las Vegas, NV	Paradise Park Pool & Center 4775 McLeod Dr. Las Vegas, NV	City of Henderson 240 Water St. Henderson, NV	City of Boulder City 400 California Ave. Boulder City, NV
Winchester Park & Center 3130 S. McLeod Dr Las Vegas, NV	Desert Breeze Park & Community Ctr. 8275 Spring Mtn. Rd Las Vegas, NV	City of Mesquite 10 E. Mesquite Blvd. Mesquite, NV	Clark County Regional Govt. Ctr. 101 Civic Way Laughlin, NV

- Items on the agenda may be taken out of order.
- The OPEB Board of Trustees may combine two or more agenda items for consideration.
- The OPEB Board of Trustees may remove an item from the agenda or delay discussion relating to an item at any time.

The main agenda is available on Clark County's website, <http://www.ClarkCountyNV.gov>. For copies of agenda items and supporting backup materials, please contact Carrie Delatorre at (702) 455-3895.

## CALL TO ORDER

### Comments by the General Public

This is a period devoted to comments by the general public about items on this agenda. If you wish to speak to the OPEB Board of Trustees about items within its jurisdiction but not appearing on this agenda, you must wait until the "Comments by the General Public" period listed at the end of this agenda. Comments will be limited to three minutes. Speakers must clearly state their name (last name spelled for the record) and address. No action may be taken on a matter not listed on the posted agenda. If any member of the OPEB Board of Trustees wishes to extend the length of a presentation, this will be done by the Chair or the Board by majority vote.

1. Approval of agenda. (For possible action)
2. Approval of the minutes of the Clark County, Nevada OPEB Trustee meeting on April 24, 2018. (For possible action)
3. Discuss appointments of OPEB Trustees (For possible action)

4. Approval of the engagement letter from Eide Bailly for audit services for the year ended June 30, 2017. (For possible action)
5. Receive a report on financial statements as of and for the nine months ending March 31, 2018. (For possible action)
6. Receive report on the status of the GASB 75 actuarial valuation. (For possible action)
7. Approval of the Clark County OPEB Trust Budget and forecasted contributions for fiscal year end June 30, 2019. (For possible action)
8. Discussion of the Quarterly Investment Report from FTN Financial Main Street Advisors. (For possible action)
9. Trustee's/Staff announcements, requests for information, and topics for future agendas, Statements relating to items not on the agenda and any ideas and suggestions for greater efficiency, cost effectiveness and innovation in providing for the benefits of Clark County, Nevada OPEB Trust participants in accordance with the benefit plans. (No discussion on this item will take place among Trustees.)

#### **Comments by the General Public**

A period devoted to comments by the general public about matters relevant to the OPEB Board of Trustees' jurisdiction will be held. No action may be taken on a matter not listed on the posted agenda. Comments will be limited to three minutes. Speakers must clearly state their name (last name spelled for the record) and address. If any member of the OPEB Board of Trustees wishes to extend the length of a presentation, this will be done by the Chair or the Board by majority vote.

# OPEB Board of Trustees

CLARK COUNTY, NEVADA

Jessica Colvin  
*Chair*  
Laura Fitzpatrick  
*Vice-Chair*  
George Stevens  
Trustee  
Joseph Piurkowski  
Trustee

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## **CALL TO ORDER**

The public meeting of the Clark County OPEB Board of Trustees meeting was called to order by Jessica Colvin, Chief Financial Officer on Tuesday, April 24, 2018 at 10:00 A.M. in the Pinyon Room, Clark County Government Center, 6<sup>th</sup> floor, 500 South Grand Central Parkway, Las Vegas, Nevada. This public meeting was properly noticed and posted.

### **ATTENDEES:**

Jessica Colvin, Chair  
Laura Fitzpatrick, Vice Chair  
Joseph Piurkowski, Department of Aviation – phone in  
George Stevens, Clark County, Finance Advisor – phone in  
Rick Phillips, FTN Financial, Chief Investment Officer  
Anna Danchik, Clark County, Comptroller  
Elizabeth Vorce, Clark County, Principle Accountant  
Drew Solomon, Clark County, Principle Management Analyst  
Mary-Anne Miller, Clark County, County Counsel

There were no comments from the general public, as no public present.

### **1. Approval of Agenda (For possible action)**

- Motion made by Ms. Fitzpatrick to approve the Agenda for April 24, 2018 – motion passed unanimously; with a correction to item number 3, which should read, “Receive a report on financial statements as of and for the six months ending , December 31, 2017.”

### **2. Approval of the minutes of the Clark County, Nevada OPEB Trustee meeting from November 30, 2017. (For possible action)**

- A motion was made by Ms. Fitzpatrick to approve the minutes from the November 30, 2017 meeting - motion passed unanimously.

### **3. Receive a report on financial statements as of and for the six months ending December 31, 2017. (For possible action)**

- Ms. Colvin summarized the financial statements. No action taken.

4. **Discussion of the Quarterly Investment Report from FTN Financial Main Street Advisors. (For possible action)**
  - Mr. Phillips summarized the Quarterly Investment Report dated December 31, 2017 and the Economic/Market update dated April 24, 2018.
  
5. **Approve List Of Authorized Representatives To Request Retirement Benefits Investment Fund (RBIF) Distributions On Behalf Of The CC OPEB Trust Fund Committee: Jessica L. Colvin and Laura B. Fitzpatrick; Authorize the Chair Or Her Designee To Sign the Agreement; Or Take Other Action As Appropriate. (For Possible Action)**
  - A motion was made by Mr. Stevens - motion passed unanimously.
  
6. **Trustee's/Staff announcements, requests for information, and topics for future agendas, Statements relating to items not on the agenda and any ideas and suggestions for greater efficiency, cost effectiveness and innovation in providing for the benefits of Clark County, Nevada OPEB Trust participants in accordance with the benefit plans. (No discussion on this item will take place among Trustees.)**
  - Research Trustee appointment terms.
  - Receive a report on the status of the actuarial valuation.
  - Review and approve FY19 Budget.

#### **Comments by the General Public**

A period devoted to comments by the general public about matters relevant to the OPEB Board of Trustees' jurisdiction will be held. No action may be taken on a matter not listed on the posted agenda. Comments will be limited to three minutes. Speakers must clearly state their name (last name spelled for the record) and address. If any member of the OPEB Board of Trustees wishes to extend the length of a presentation, this will be done by the Chair or the Board by majority vote.

There were no comments from the general public.

There being no further business, the meeting was adjourned at 10:45 A.M.

Clark County, Nevada  
 OPEB Trust Fund  
 Statement of Changes in Plan Net Assets  
 For the Period July 1, 2017 through March 31, 2018 - Budget to Actual

	Clark County	Department of Aviation	Total	YTD Budget	Favorable (Unfavorable) Variance
<b>Additions</b>					
Contributions					
Employer - Clark County	\$ -	\$ -	\$ -	\$ -	\$ -
Employer - Department of Aviation	-	-	-	-	-
Total contributions	-	-	-	-	-
Investment income (loss)					
Interest	1,290,206	283,458	1,573,664	22,500	1,551,164
Net increase (decrease) in fair value of investments	3,927,688	862,911	4,790,599	-	4,790,599
Total investment income (loss)	5,217,894	1,146,369	6,364,263	22,500	6,341,763
Less investment expense	(22,600)	(4,965)	(27,565)	(22,500)	(5,065)
Net investment income (loss)	5,195,294	1,141,404	6,336,698	-	6,336,698
Total additions	5,195,294	1,141,404	6,336,698	-	6,336,698
<b>Deductions</b>					
Administrative expenses					
Accounting services	-	-	-	563	563
Audit fees	-	-	-	16,125	16,125
Continuing education	-	-	-	1,800	1,800
Bank fees	-	-	-	825	825
Insurance	-	-	-	7,500	7,500
Retiree benefits	-	-	-	4,624,316	4,624,316
Trustee fees	66	14	80	360	280
Other	-	-	-	4,125	4,125
Total administrative expenses	66	14	80	4,655,614	4,655,534
Change in plan net assets	5,195,228	1,141,390	6,336,618	(4,655,614)	10,992,232
<b>Net Assets Held in Trust for Other Postemployment Benefits</b>					
Beginning of year	78,152,872	17,170,162	95,323,034	95,323,565	(531)
End of year	\$ 83,348,100	\$ 18,311,552	\$ 101,659,652	\$ 90,667,951	\$ 10,991,701

Clark County, Nevada  
 OPEB Trust Fund  
 Statement of Plan Net Assets  
 March 31, 2018

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	<u>Clark County</u>	<u>Department of Aviation</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments			
Cash	\$ 42,266	\$ 9,285	\$ 51,551
State of Nevada RBIF	83,080,847	18,252,837	101,333,684
Clark County Investment Pool	227,537	49,990	277,527
Interest receivable	-	-	-
Total assets	<u>83,350,650</u>	<u>18,312,112</u>	<u>101,662,762</u>
<b>Liabilities</b>			
Accrued expenses	<u>2,550</u>	<u>560</u>	<u>3,110</u>
<b>Net Assets Held in Trust for Other Postemployment Benefits</b>	<u>\$ 83,348,100</u>	<u>\$ 18,311,552</u>	<u>\$ 101,659,652</u>

## Client Management Team

### **Rick Phillips**

President & Chief Investment Officer  
702-575-6666  
rick.phillips@ftnmainstreet.com

### **Tonya Dazzio**

Chief Operating & Compliance Officer  
702-575-6592  
tonya.dazzio@ftnmainstreet.com

### **Greg Balls, CFA**

Portfolio Manager & Analyst  
702-575-6655  
greg.balls@ftnmainstreet.com

### **Christine Wilson**

Operations Analyst  
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### **Dan Rusk**

Portfolio Analyst  
702-575-6633  
daniel.rusk@ftnmainstreet.com

# Quarterly Investment Report

## Clark County OPEB Trust

### March 2018

Sector	Current Market Value	Prior Qtr Market Value	Period Change
U.S. Stocks - RBIF	50,786,061.49	50,753,602.49	32,459.00
U.S. Bonds -RBIF	28,710,559.57	29,152,096.11	(441,536.54)
International Stocks - RBIF	21,297,453.47	21,761,181.55	(463,728.08)
Cash Equivalent - RBIF	539,609.47	756,099.76	(216,490.29)
Clark County Inv Pool (Fixed Income)	277,527.19	277,757.22	(230.03)
<b>Total</b>	<b>101,611,211.19</b>	<b>102,700,737.13</b>	<b>(1,089,525.94)</b>

**Cost vs Market Value**

Market Value	101,611,211.19
Book Value	83,161,196.20
<b>Variance</b>	<b>18,450,014.99</b>

**Total Gain/Loss % 22.19%**

**Since Inception**

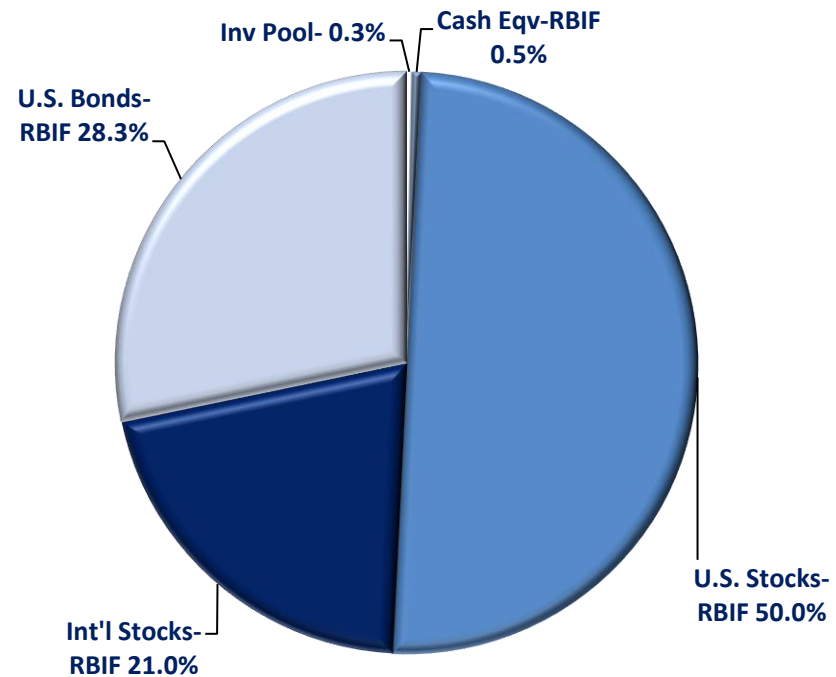
**Annualized Gain/Loss% 7.01%**

RBIF Allocations	Target	Range
U.S. Equity	49%	46.5%-54.0%
International Equity	21%	19.0%-23.5%
U.S. Bonds	30%	25%*

\*Rebalance minimum

Note: First deposit into RBIF was 1/30/15

**Total Asset Allocation**



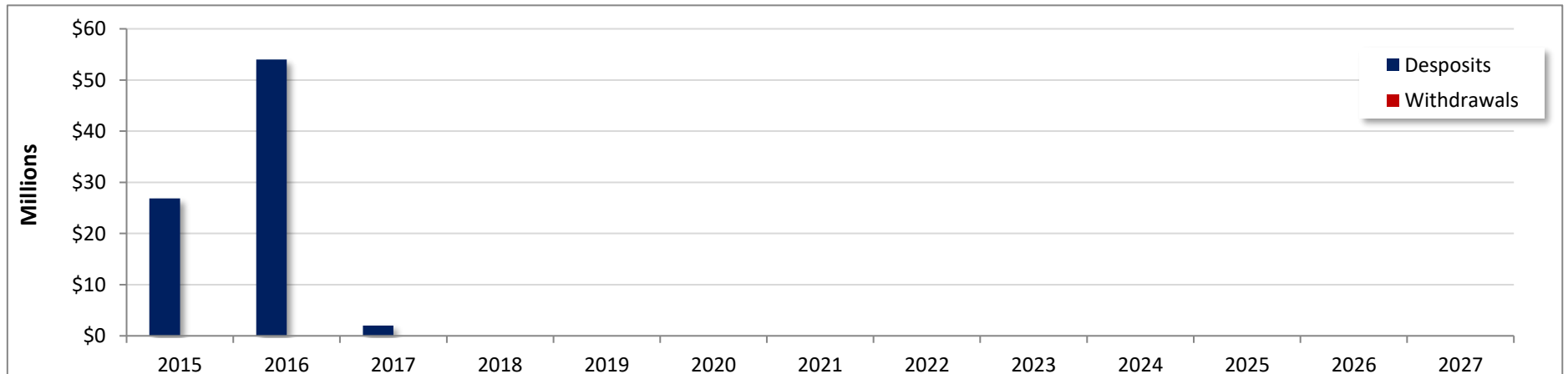


**Fiscal Year Contributions/Withdrawals to RBIF in \$Millions**

Month	Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017		Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2020	
	Dep	Withdrl	Dep	Withdrl	Dep	Withdrl	Dep	Withdrl	Dep	Withdrl	Dep	Withdrl
July			4.50									
August			4.50									
September			4.50									
October			4.50									
November			4.50									
December			4.50		2.00							
January	4.48		4.50									
February	4.48		4.50									
March	4.48		4.50									
April	4.48		4.50									
May	4.48		4.50									
June	4.48		4.50									
<b>Total</b>	<b>26.88</b>	<b>0.00</b>	<b>54.00</b>	<b>0.00</b>	<b>2.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>				

**Fiscal Year Contributions/Withdrawals to RBIF - \$Millions**

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Total
82.9	0.0	2.0	0.0										84.9

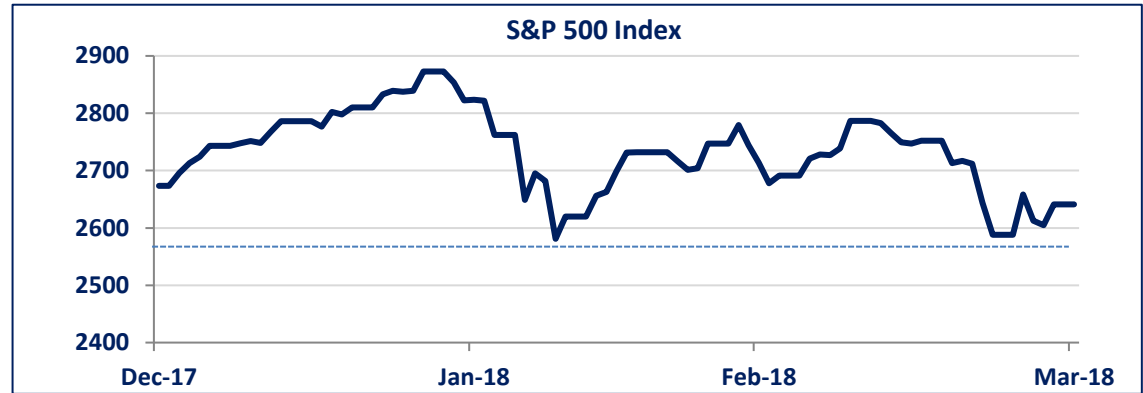


**S&P 500 (Domestic Stocks)**

**Quarterly Return: (0.76%)**

**Key Points**

- Inflation concerns
- Negative momentum
- Moderated growth

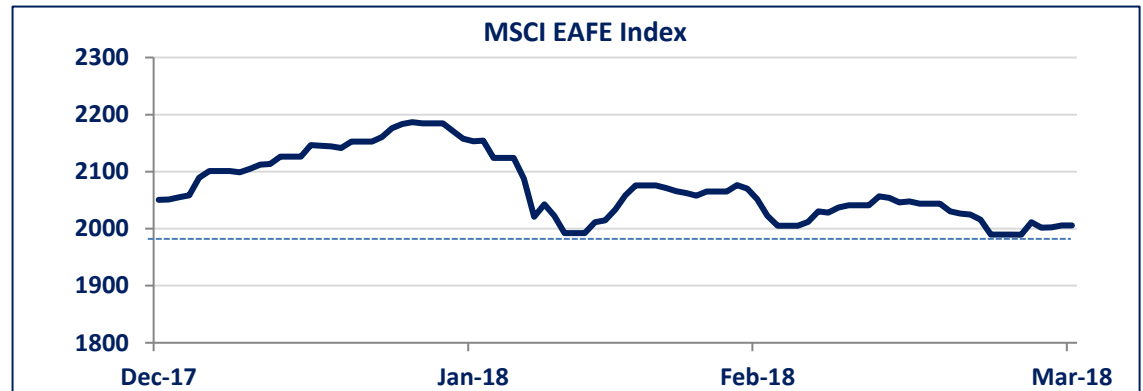


**MSCI EAFE (International Stocks)**

**Quarterly Return: (1.40%)**

**Key Points**

- Weaker dollar
- Accommodative central banks
- Slower growth

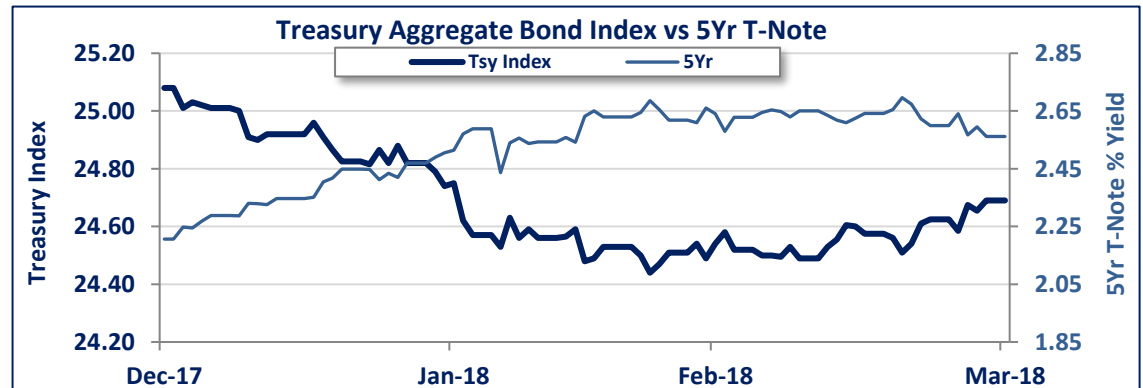


**BAML US Treasury Bond Index (Domestic Fixed-Income)**

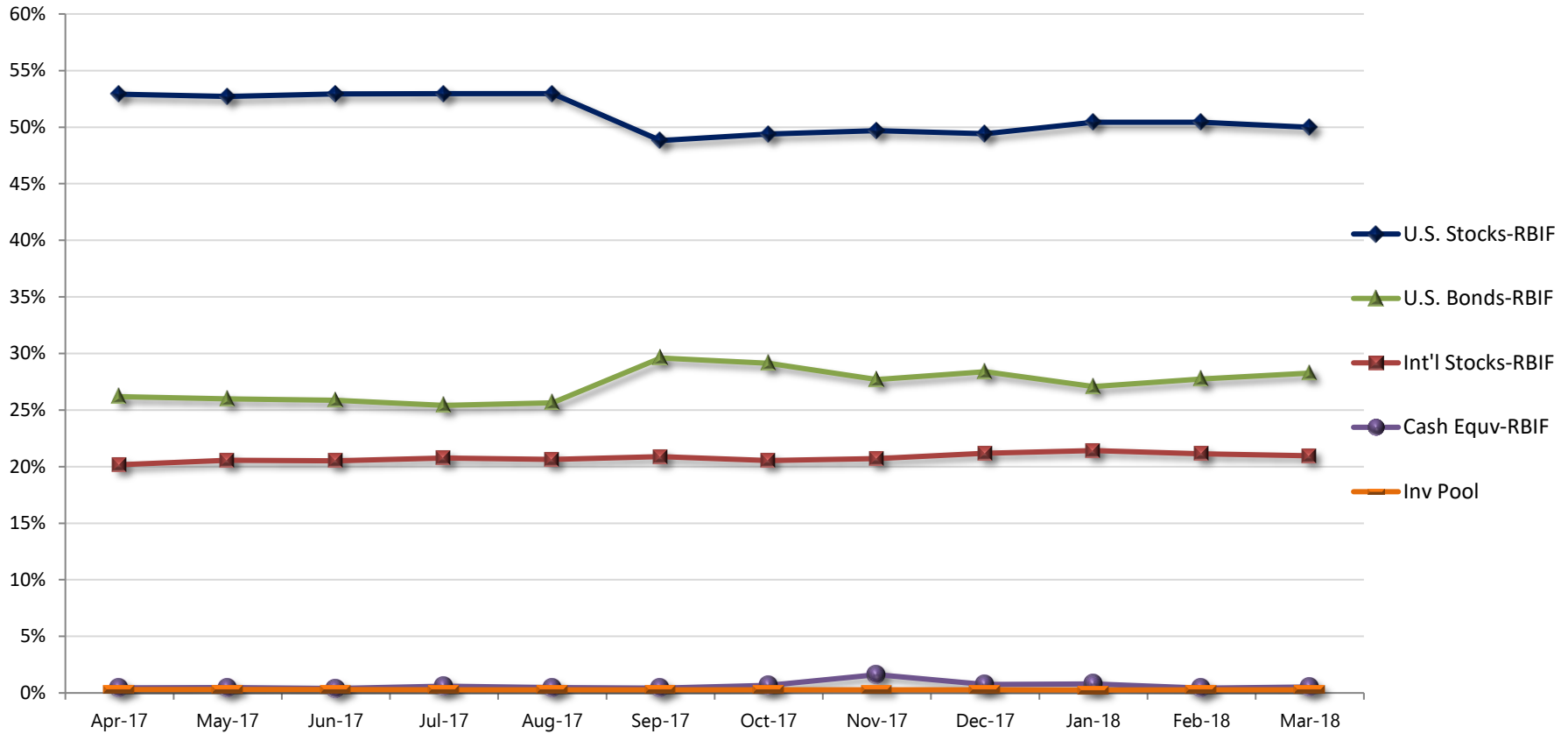
**Quarterly Return: (1.27%)**

**Key Points**

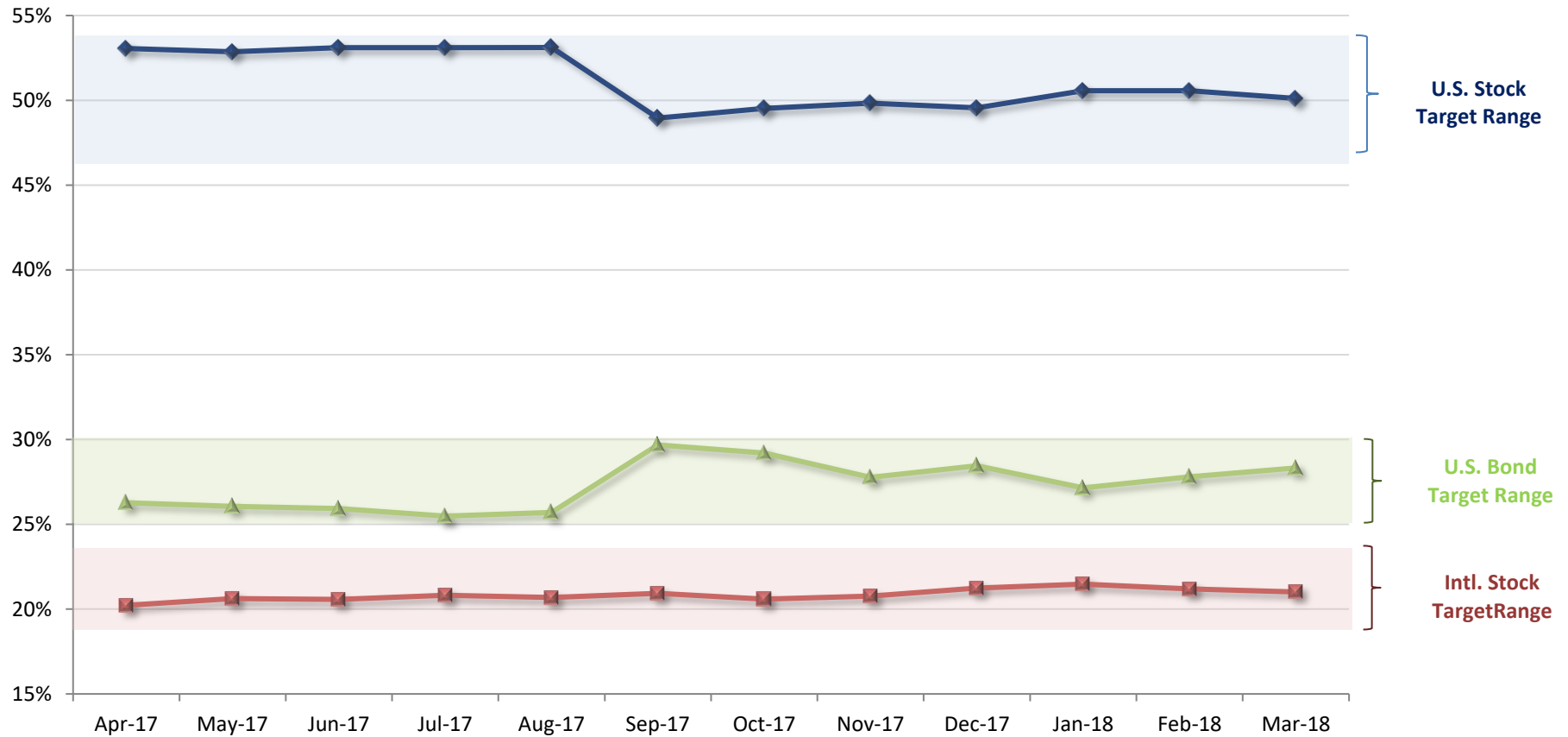
- Higher inflation expectations
- Potential more aggressive Fed
- Improved GDP



Source: Bloomberg, FTN Main Street

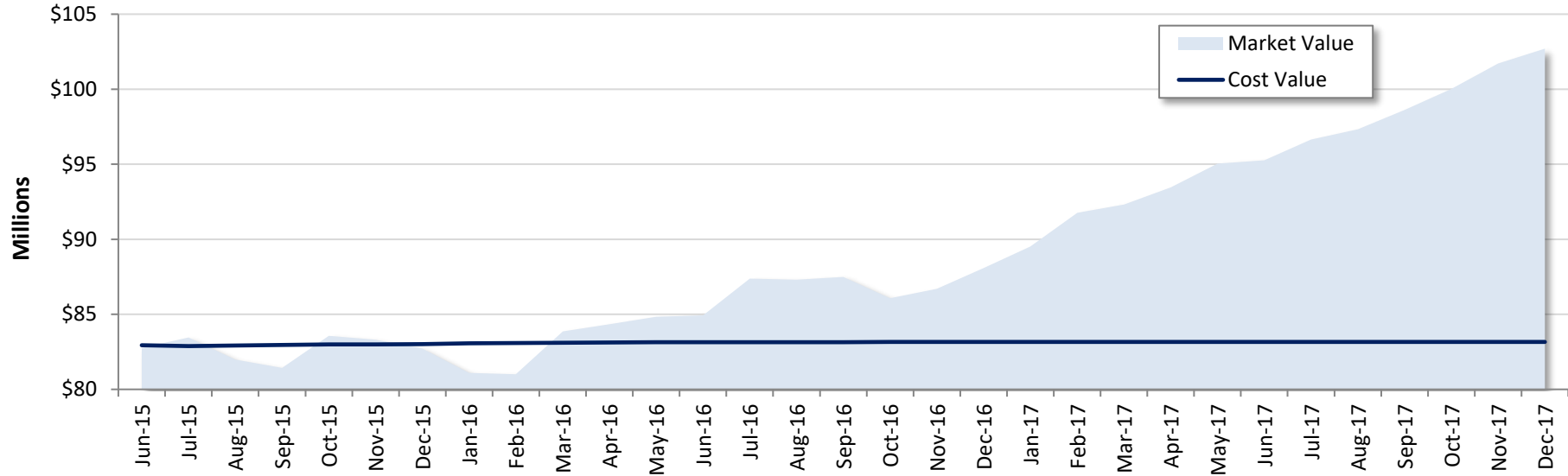


Sector	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
CC Inv Pool	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
U.S. Stocks - RBIF	52.9%	52.7%	52.9%	53.0%	53.0%	48.8%	49.4%	49.7%	49.4%	50.4%	50.4%	50.0%
U.S. Bonds - RBIF	26.2%	26.0%	25.9%	25.4%	25.6%	29.6%	29.1%	27.7%	28.4%	27.1%	27.7%	28.3%
Int'l Stocks - RBIF	20.2%	20.6%	20.5%	20.8%	20.6%	20.9%	20.5%	20.7%	21.2%	21.4%	21.1%	21.0%
Cash Equiv - RBIF	0.4%	0.5%	0.4%	0.6%	0.5%	0.4%	0.7%	1.6%	0.7%	0.8%	0.4%	0.5%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

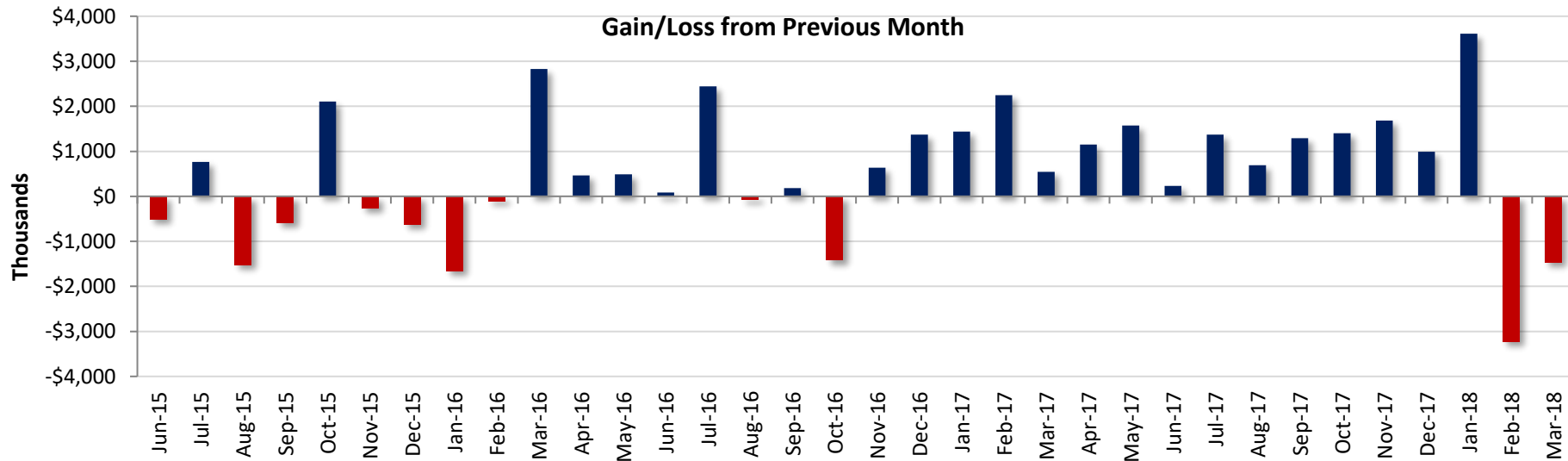


RBIF Sector	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18
<b>U.S. Stocks - RBIF</b>	53.1%	52.9%	53.1%	53.1%	53.1%	49.0%	49.5%	49.8%	49.6%	50.6%	50.6%	50.1%
<b>Int'l Stocks - RBIF</b>	20.2%	20.6%	20.6%	20.8%	20.7%	20.9%	20.6%	20.8%	21.2%	21.5%	21.2%	21.0%
<b>U.S. Bonds - RBIF</b>	26.3%	26.1%	25.9%	25.5%	25.7%	29.7%	29.2%	27.8%	28.5%	27.1%	27.8%	28.3%
<b>Cash Equiv - RBIF</b>	0.4%	0.5%	0.4%	0.6%	0.5%	0.4%	0.7%	1.6%	0.7%	0.8%	0.4%	0.5%
<b>Total</b>	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

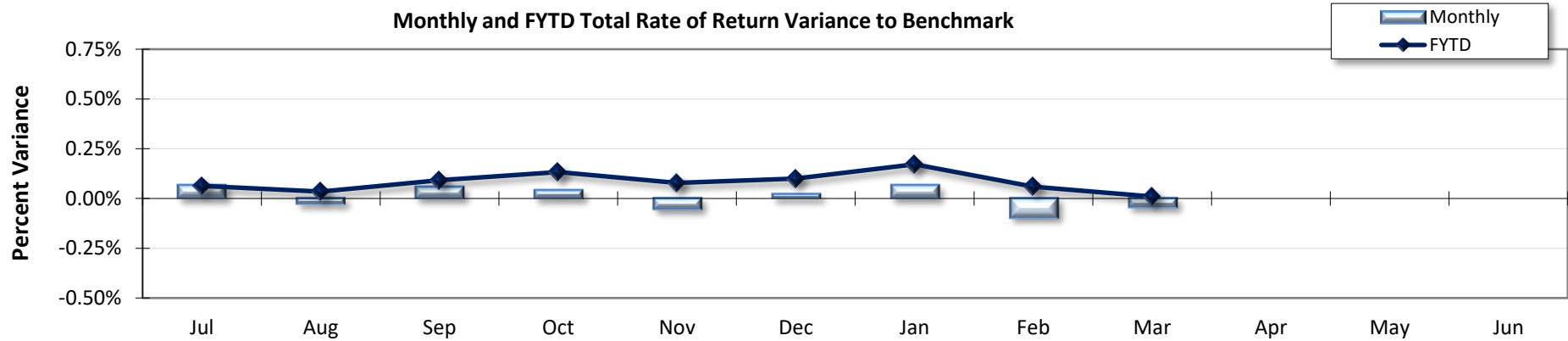
**Cost Value vs. Market Value**



**Gain/Loss from Previous Month**

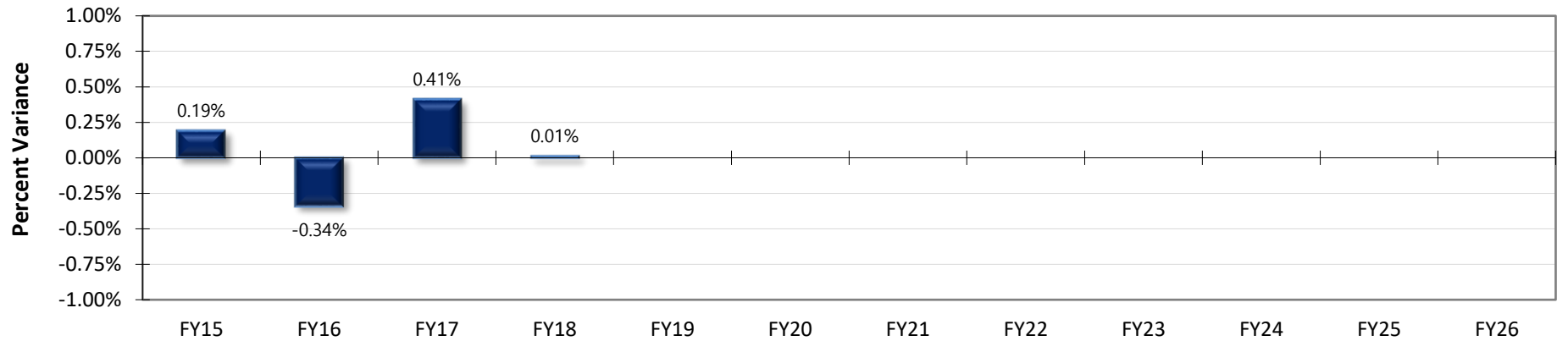


**Monthly and FYTD Total Rate of Return Variance to Benchmark**



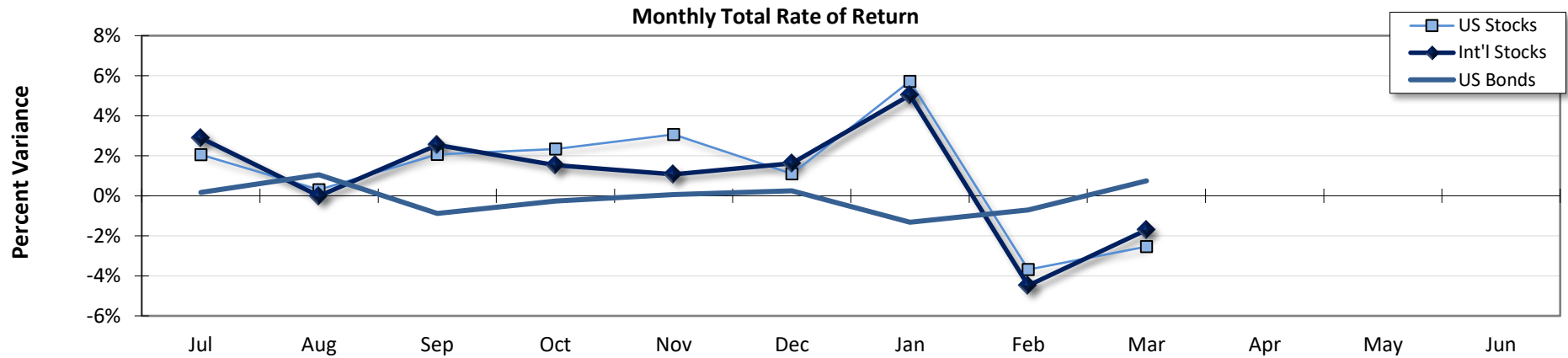
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>RBIF Portfolio</b>	1.729%	0.436%	1.334%	1.425%	1.690%	0.978%	3.526%	-3.054%	-1.422%			
<b>RBIF Benchmark</b>	1.666%	0.463%	1.279%	1.386%	1.744%	0.958%	3.463%	-2.958%	-1.377%			
<b>Monthly Variance</b>	0.063%	-0.028%	0.055%	0.039%	-0.054%	0.020%	0.063%	-0.096%	-0.045%			
<b>FYTD Variance</b>	0.063%	0.035%	0.092%	0.133%	0.078%	0.100%	0.172%	0.059%	0.010%			

**Fiscal Year Total Rate of Return Variance to Benchmark**

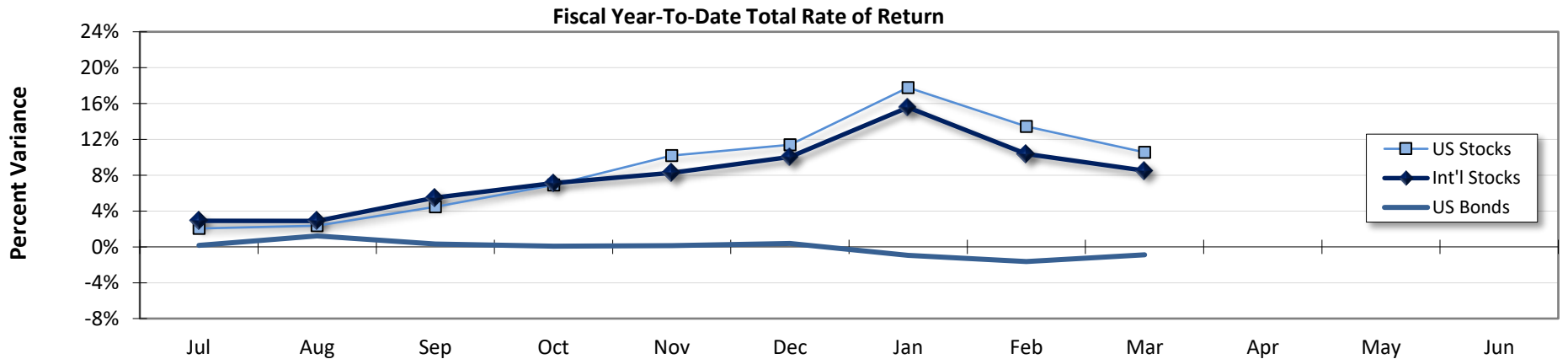


FYTD	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
<b>RBIF Portfolio</b>	2.61%	1.59%	12.51%	6.68%								
<b>Benchmark</b>	2.42%	1.93%	12.10%	6.67%								
<b>Yearly Variance</b>	0.19%	-0.34%	0.41%	0.01%								

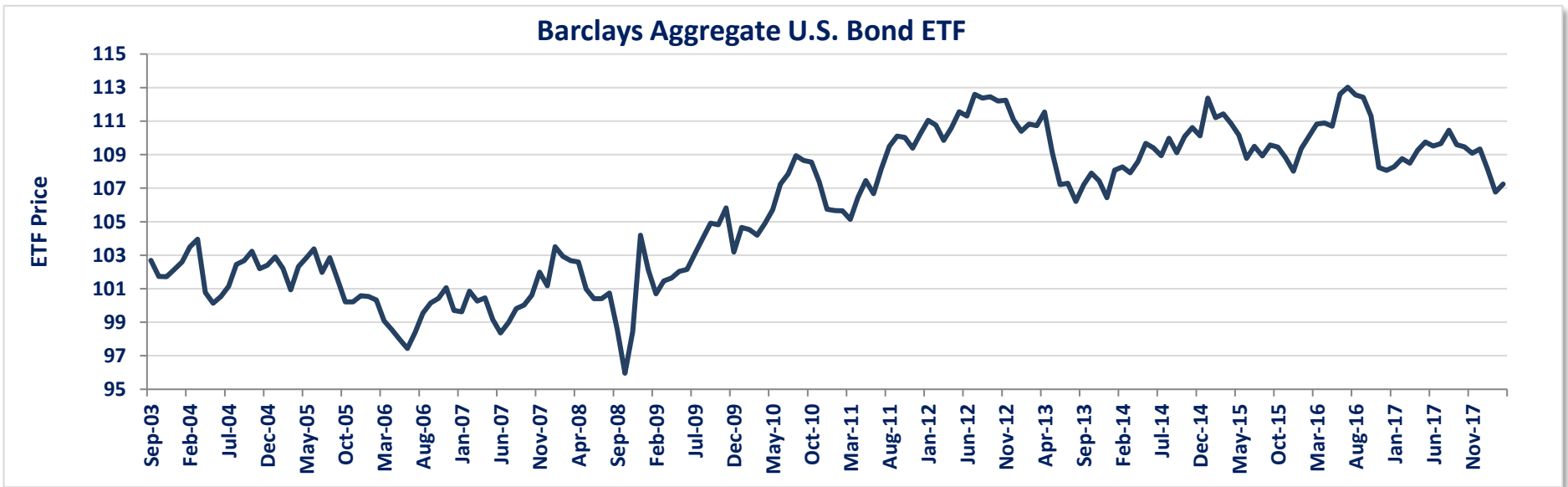
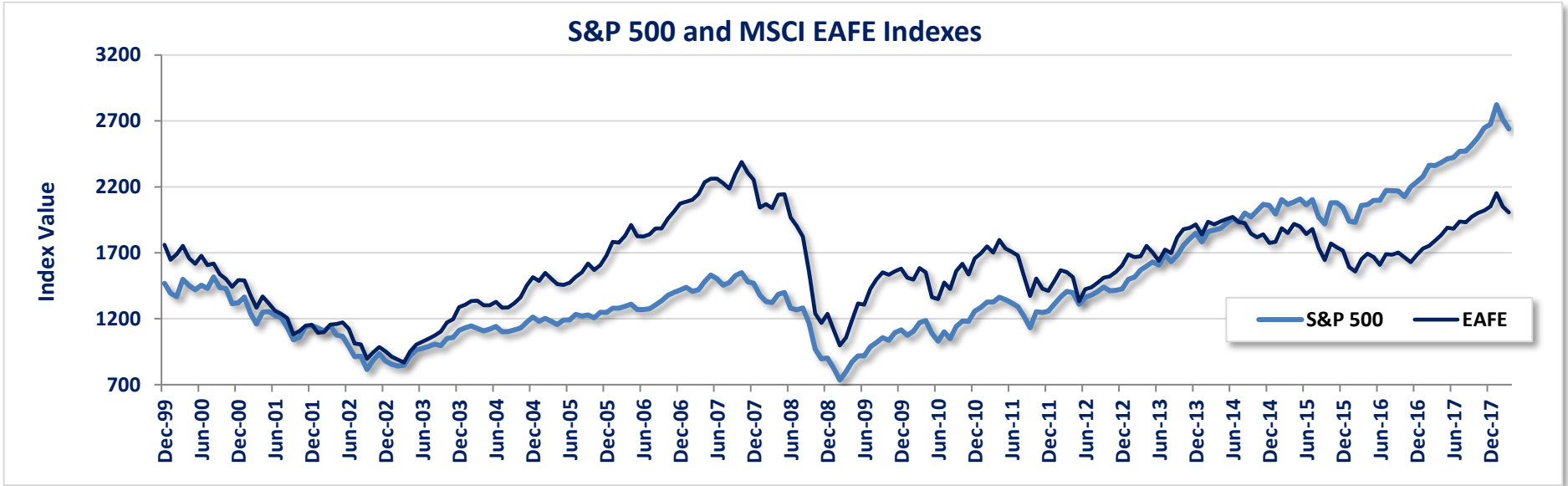
Benchmark: 49% S&P 500, 30% Barclays Aggregate Bond, 21% MSCI EAFE -- RBIF Returns are net of fees  
 FY 2015 Started for the month ending February 2015



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>U.S. Stocks</b>	2.05%	0.30%	2.06%	2.33%	3.06%	1.10%	5.72%	-3.69%	-2.54%			
<b>Int'l Stocks</b>	2.90%	0.00%	2.54%	1.53%	1.07%	1.63%	5.03%	-4.48%	-1.71%			
<b>U.S. Bonds</b>	0.17%	1.05%	-0.88%	-0.26%	0.06%	0.25%	-1.32%	-0.70%	0.75%			



	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<b>U.S. Stocks</b>	2.05%	2.37%	4.48%	6.91%	10.19%	11.40%	17.78%	13.43%	10.56%			
<b>Int'l Stocks</b>	2.90%	2.89%	5.50%	7.12%	8.27%	10.03%	15.56%	10.38%	8.50%			
<b>U.S. Bonds</b>	0.17%	1.22%	0.33%	0.07%	0.13%	0.38%	-0.94%	-1.64%	-0.90%			



Data Source: Bloomberg



### Report Source Data:

RBIF: Bank of New York Mellon

Benchmark: Bloomberg

Clark County Investment Pool: FTN Main Street

### RBIF Information:

RBIF investments are overseen by Nevada PERS personnel

Investment object is to generate an 8% long-term return, exceeding CPI by 4.5%

Asset classes will be rebalanced according to range triggers shown on page 2

Rebalancing funding source/destination shall be those asset classes furthest away from their targets

### Glossary:

S&P 500: S&P index capturing large-cap U.S. based companies

MSCI EAFE: MSCI index capturing large and mid-cap equities across developed markets in EAFE (Europe, Australasia, and the Far East), excluding the U.S. and Canada

Barclays Aggregate Treasury Index: ETF which seeks to track the investment results of an index composed of U.S. Treasury bonds and notes

Barclays Aggregate Bond: Barclays index which tracks an index of U.S. investment-grade government (including mortgage-backed) and corporate bonds

ETF: Exchange traded fund, is a marketable security that tracks an index, such as the Barclays Aggregate Bond Index

Investment Pool: Short-term, high quality fixed income pool overseen by the Clark County Treasurer

Although this information has been obtained from sources which we believe to be reliable, we do not guarantee its accuracy, and it may be incomplete or condensed. This is for informational purposes only and is not intended as an offer or solicitation with respect to any particular security, investment strategy, or investment product. All herein listed securities are subject to availability and change in price. Past performance is not indicative of future results. Ratings on all securities are subject to change.

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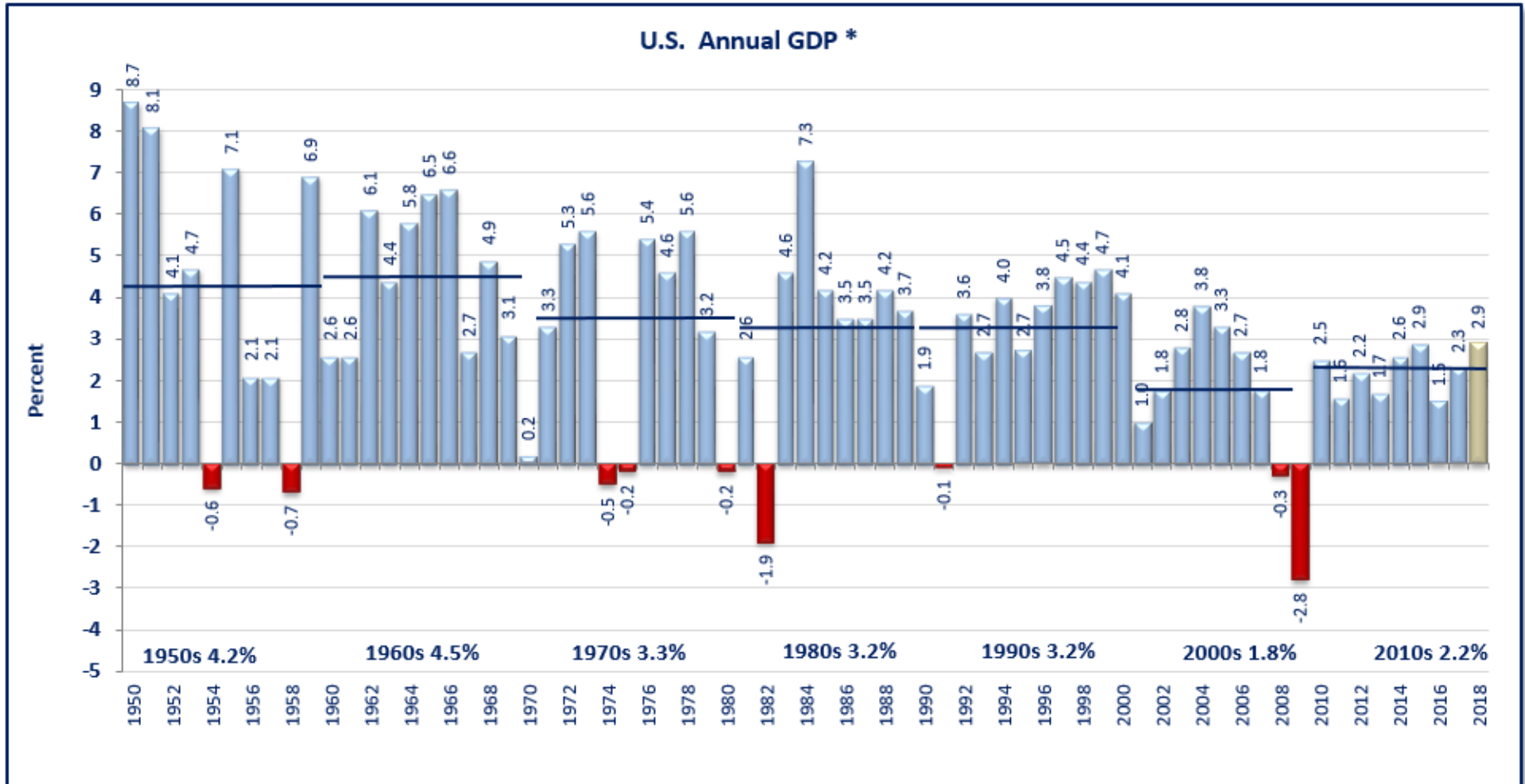
# **Clark County**

# **OPEB Board of Trustees**

## **Economic/Market Update**

**June 27, 2018**

# GDP: Not Much Growth for All of the Stimulus



Source: Bloomberg

# Global Stagflation...US Doing Well

## SEQUENCE THE DATA: NOW

5/15/2018	Hedgeye Macro GIP Model Signals												High-Frequency Economic Data Signals									
	Actuals								Hedgeye Forecasts				Consumption		Manufacturing		Composite PMI		Headline CPI		Core CPI	
	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18E	3Q18E	4Q18E	1Q19E	3MMA Trend	Percentile of Latest Reading (T10Y)	3MMA Trend	Percentile of Latest Reading (T10Y)	3MMA Trend	Percentile of Latest Reading (T10Y)	3MMA Trend	Percentile of Latest Reading (T10Y)	3MMA Trend	Percentile of Latest Reading (T10Y)
Argentina	-	1	2	2	1	1	3	3	2	3	4	-	↑	34%	↓	66%	-	-	↓	60%	-	-
Australia	1	3	2	3	1	1	3	2	3	1	1	-	→	22%	↑	57%	↑	96%	→	32%	→	7%
Brazil	1	1	1	1	1	1	2	4	3	4	3	-	↑	43%	↓	78%	↑	89%	→	5%	↓	2%
Canada	3	1	2	2	1	3	3	3	3	2	4	-	↓	77%	↓	61%	↑	81%	→	68%	→	64%
China	1	1	2	1	4	3	3	3	4	4	4	3	↓	2%	↓	43%	↓	83%	→	43%	→	86%
Eurozone	2	2	2	2	1	1	1	4	4	4	4	1	↓	77%	↓	78%	↓	90%	→	48%	→	37%
France	3	3	2	2	1	1	2	3	3	4	4	1	→	56%	↓	83%	↓	93%	↑	63%	→	34%
Germany	4	3	2	2	1	2	1	4	4	4	4	1	↓	64%	↓	78%	↓	83%	→	55%	→	62%
India	3	4	4	4	4	2	2	3	2	4	1	-	-	-	↓	72%	↓	50%	↓	30%	-	-
Indonesia	1	4	3	2	2	1	1	4	3	2	3	1	↑	5%	↓	37%	↑	70%	→	13%	→	3%
Italy	4	2	2	2	2	1	4	4	4	4	4	-	↑	69%	→	82%	↓	79%	→	39%	→	7%
Japan	1	1	2	3	2	2	2	3	4	4	4	-	↓	71%	↓	65%	↑	71%	↑	75%	→	75%
Mexico	1	3	2	3	3	3	3	4	1	1	4	1	↑	21%	↓	27%	→	50%	↓	85%	↓	75%
Russia	1	1	1	1	1	4	4	4	3	2	2	-	↓	46%	↑	28%	↓	73%	→	2%	→	3%
South Africa	1	1	2	1	1	4	1	4	3	2	4	-	↑	80%	↓	49%	↑	56%	↓	12%	→	20%
South Korea	1	4	3	2	4	2	4	4	3	3	2	4	↑	59%	↓	15%	↓	70%	→	33%	→	6%
Spain	4	3	3	2	1	4	4	4	3	1	1	1	↓	68%	↑	89%	→	64%	→	47%	→	58%
Turkey	1	3	1	2	2	1	3	1	3	3	4	-	↑	35%	↓	78%	↓	79%	↓	91%	→	97%
United Kingdom	3	2	2	2	3	3	3	4	1	4	1	1	→	35%	↑	78%	↓	31%	↓	60%	↓	72%
United States	4	2	2	2	1	2	2	2	3	4	4	4	↓	81%	↑	82%	↑	94%	↑	77%	→	58%
MODE/MEAN	1	3	2	2	1	1	3	4	3	4	4	1	↓	51%	↓	62%	↓	74%	→	46%	→	42%

Data Source: Bloomberg, BIS, World Bank, IMF. Intellectual Property of Hedgeye Risk Management.

- Growth accelerating, Inflation slowing (QUAD 1);
- Growth accelerating, Inflation accelerating (QUAD 2);
- Growth slowing, Inflation accelerating (QUAD 3);
- Growth slowing, Inflation slowing (QUAD 4)

Source: Hedgeye

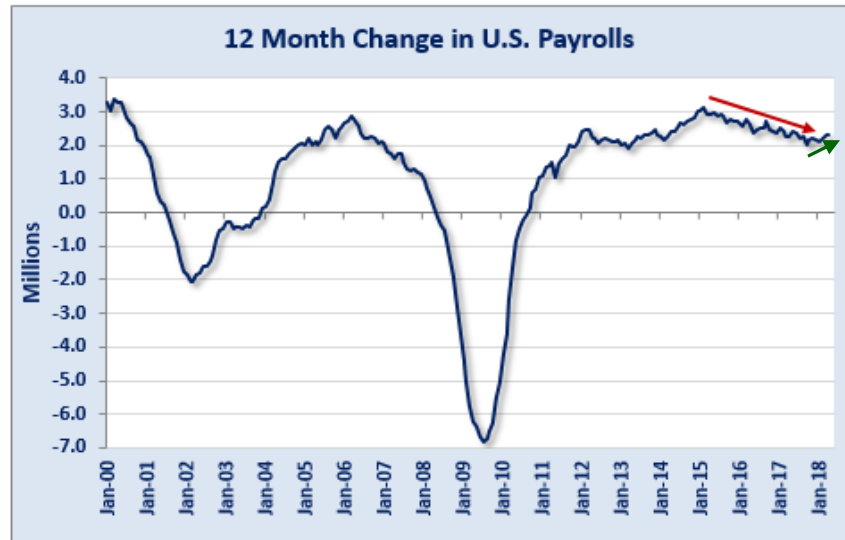
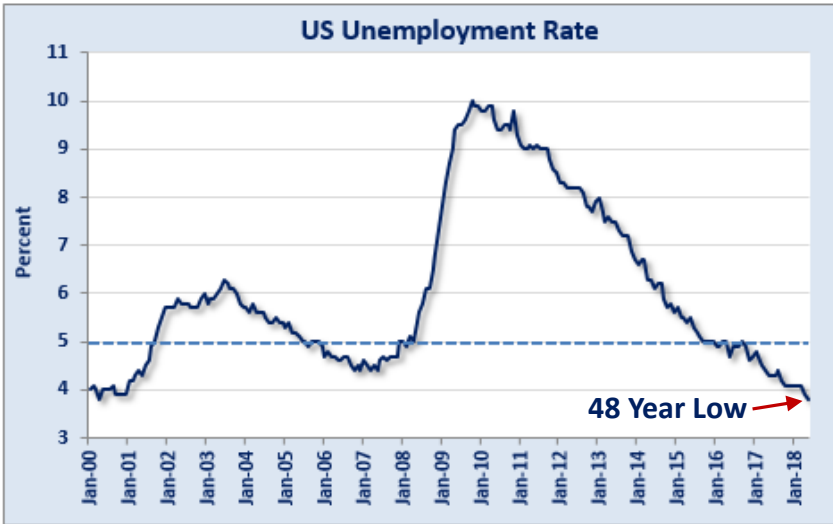
# Cost of Money Reflects Growth/Risk

	Global Yield Curves % (sorted by 10-Year Yields)							
Country	1-Year	2-Year	3-Year	5-Year	7-Year	10-Year	15-Year	30-Year
Switzerland	-0.91	-0.84	-0.76	-0.59	-0.35	-0.11	0.21	0.44
Japan	-0.15	-0.15	-0.14	-0.12	-0.07	0.03	0.24	0.70
Germany	-0.72	-0.65	-0.58	-0.27	-0.02	0.37	0.53	1.14
Denmark		-0.58		-0.14		0.38		
Sweden		-0.62		-0.13	0.08	0.48	0.85	
Netherlands		-0.67	-0.53	-0.20	0.15	0.52	0.80	1.12
Finland	-0.81	-0.70	-0.59	-0.30	-0.01	0.53	0.83	1.28
Austria	-0.65	-0.60	-0.48	-0.10	0.28	0.62	1.05	1.47
France	-0.62	-0.59	-0.46	-0.15	0.26	0.70	1.10	1.64
Belgium	-0.59	-0.58	-0.57	-0.03	0.27	0.73	1.18	1.70
Ireland	-0.43	-0.58		-0.15	0.33	0.84	1.34	1.72
Spain	-0.38	-0.30	-0.18	0.31	0.68	1.24	1.80	2.44
United Kingdom	0.64	0.70	0.72	1.02	1.13	1.29	1.59	1.77
Portugal	-0.31	-0.19	0.00	0.60	1.20	1.73	2.27	2.82
Norway	0.80		1.05	1.34	1.54	1.77		
Isreal	0.21	0.36	0.61	1.13		1.96		3.16
Hong Kong	1.62	1.86	1.99	2.12	2.15	2.15	2.14	
Canada	1.66	1.84	1.91	2.02	2.11	2.16		2.21
Singapore	1.66	1.91		2.22		2.53	2.76	2.86
Italy	-0.06	0.56	0.83	1.45	2.08	2.55	2.98	3.47
South Korea	1.83	2.06	2.16	2.41		2.61		2.58
Australia	1.94	2.04	2.11	2.31	2.51	2.65	2.83	3.14
New Zealand	1.76	1.87		2.26	2.52	2.87	3.05	
United States	2.34	2.55	2.66	2.78	2.87	2.91	2.92	3.04
China	3.26	3.30	3.36	3.43	3.53	3.61	3.74	4.00
Greece	0.96			3.41	3.84	4.29	4.77	
Iceland		4.77			5.07	5.20		

As of: 06/20/18

Source: Bloomberg

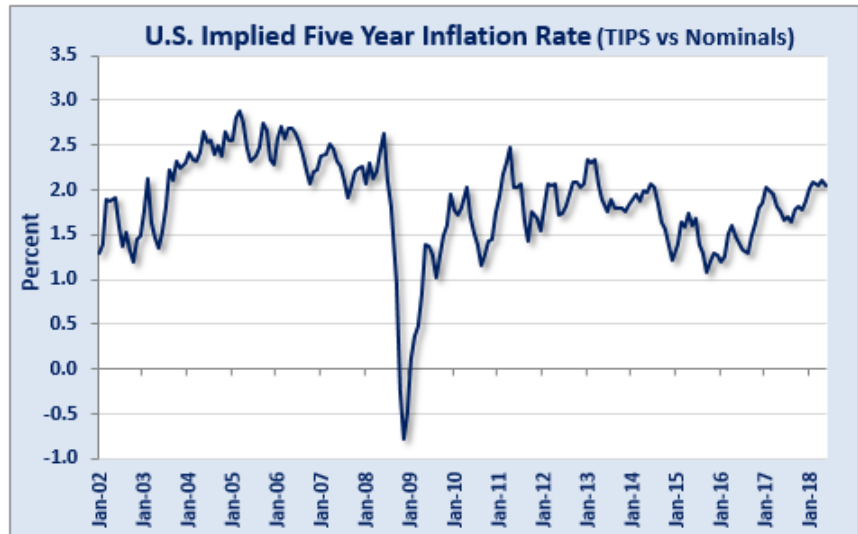
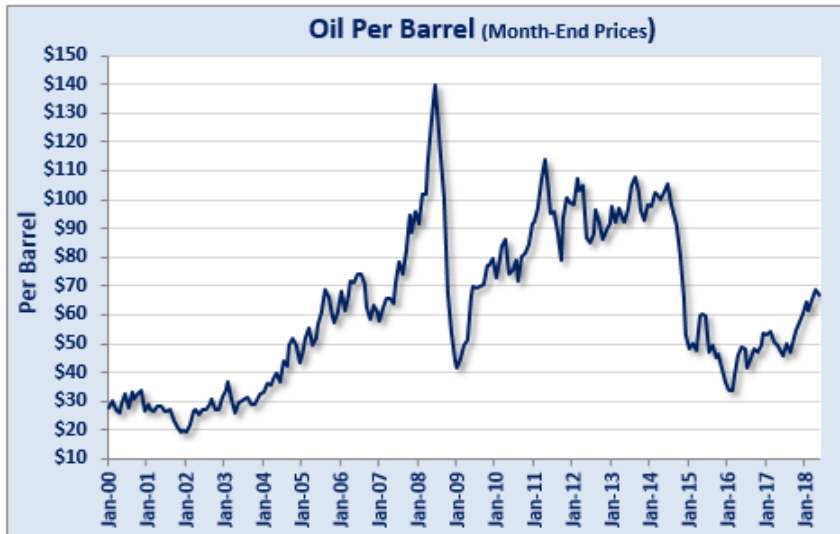
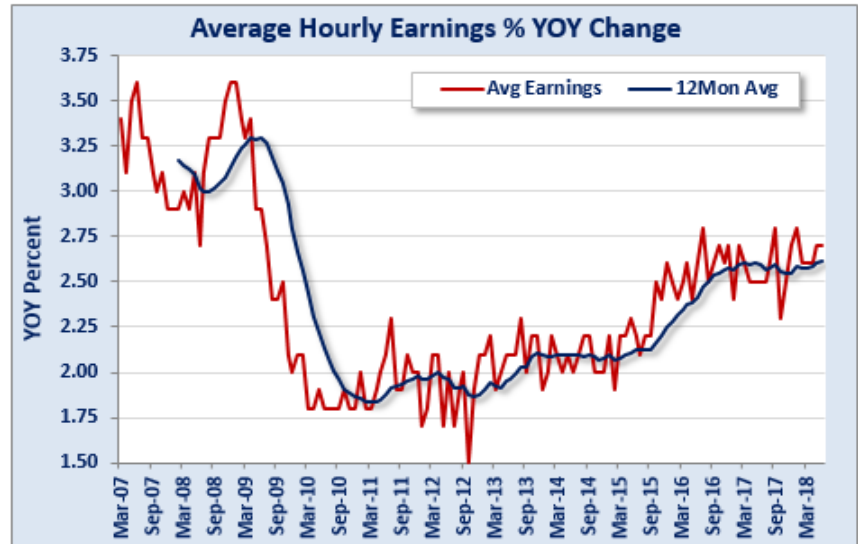
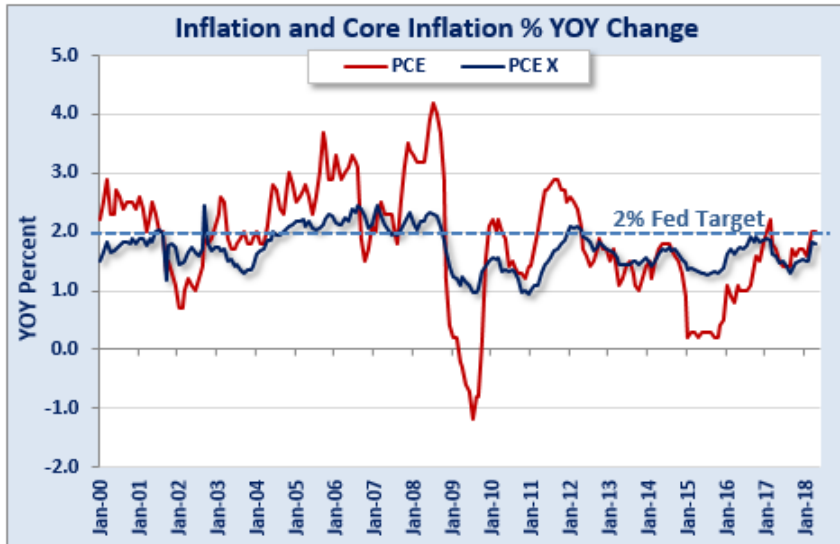
# US Employment Growth Strong



Source: Bloomberg

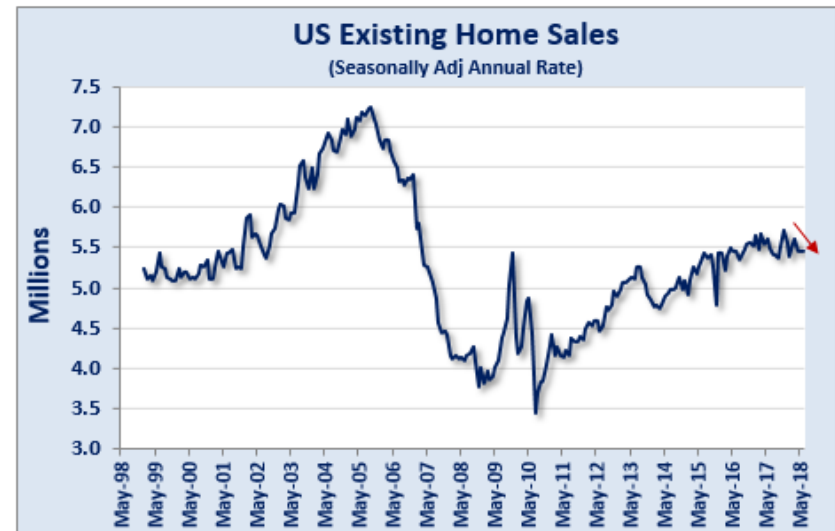
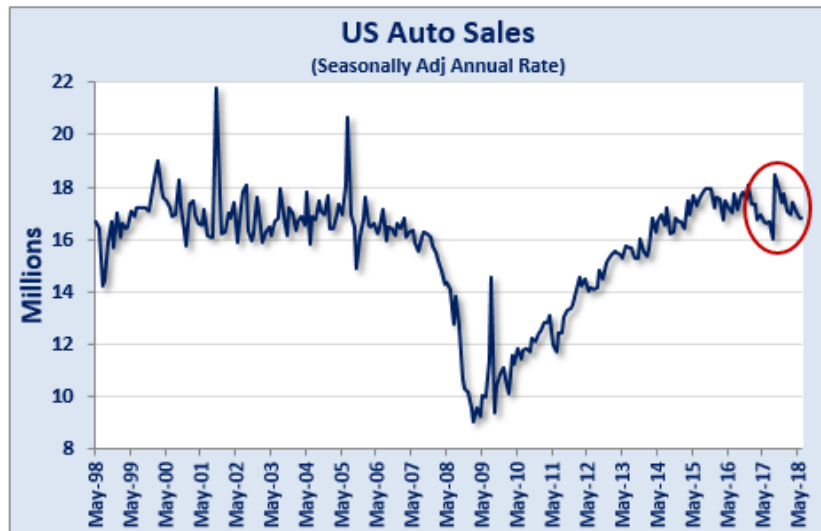
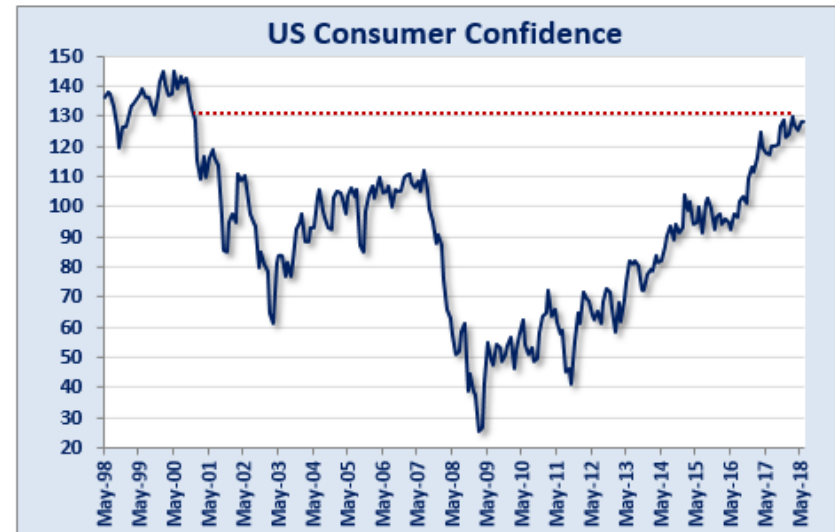
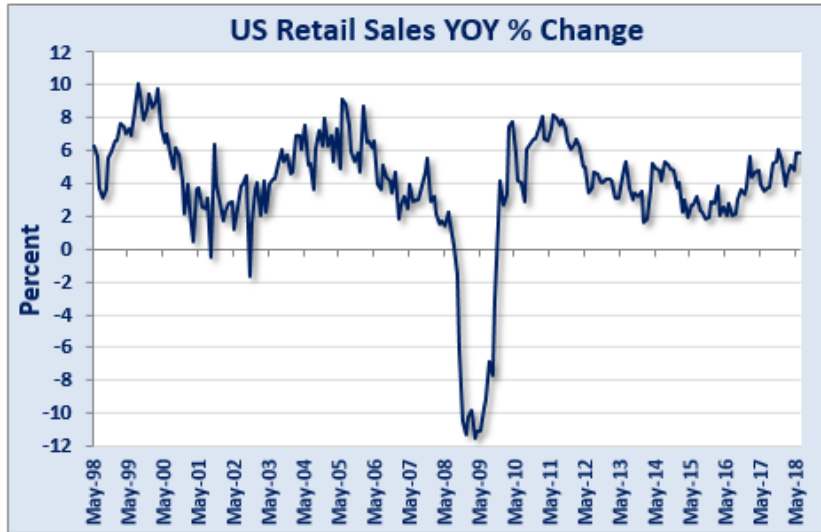
A Record 90 Consecutive Months of Job Growth...Previous Record is 48 Months

# US Inflation Remains Low...But is Increasing



Source: Bloomberg

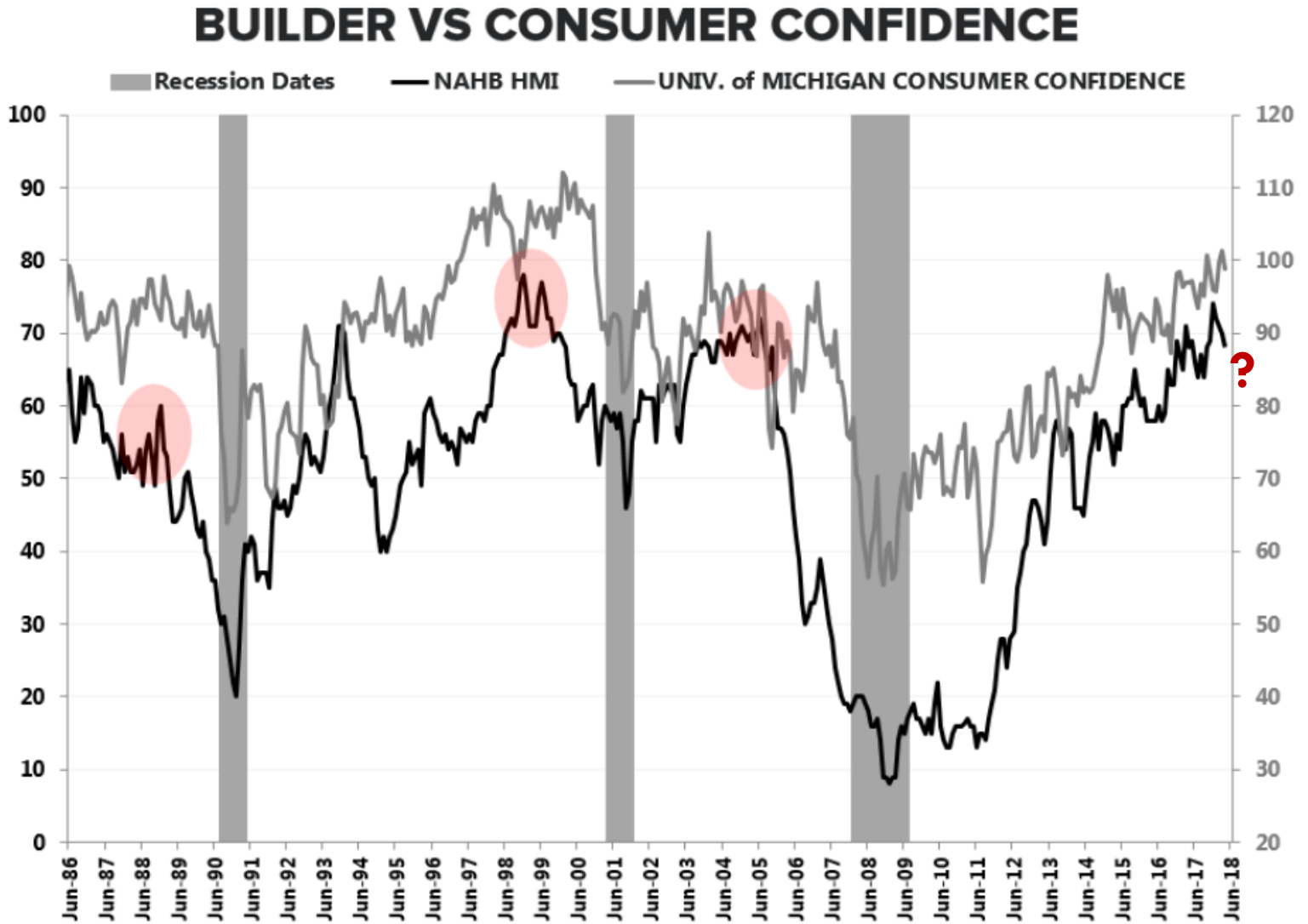
# Consumer Strong...But Declines in Housing/Autos



Source: Bloomberg

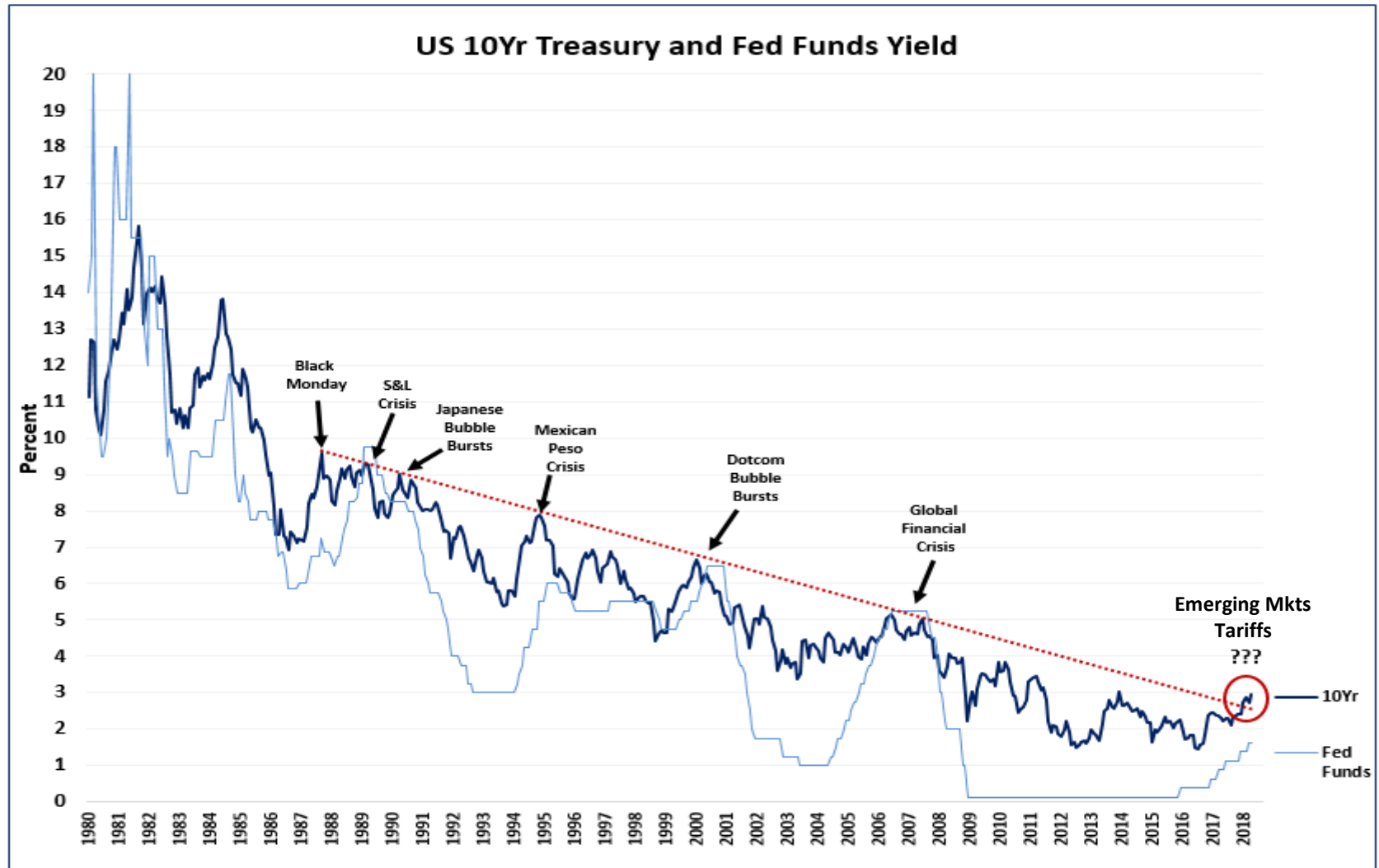


# US Builder Confidence: Leading Indicator



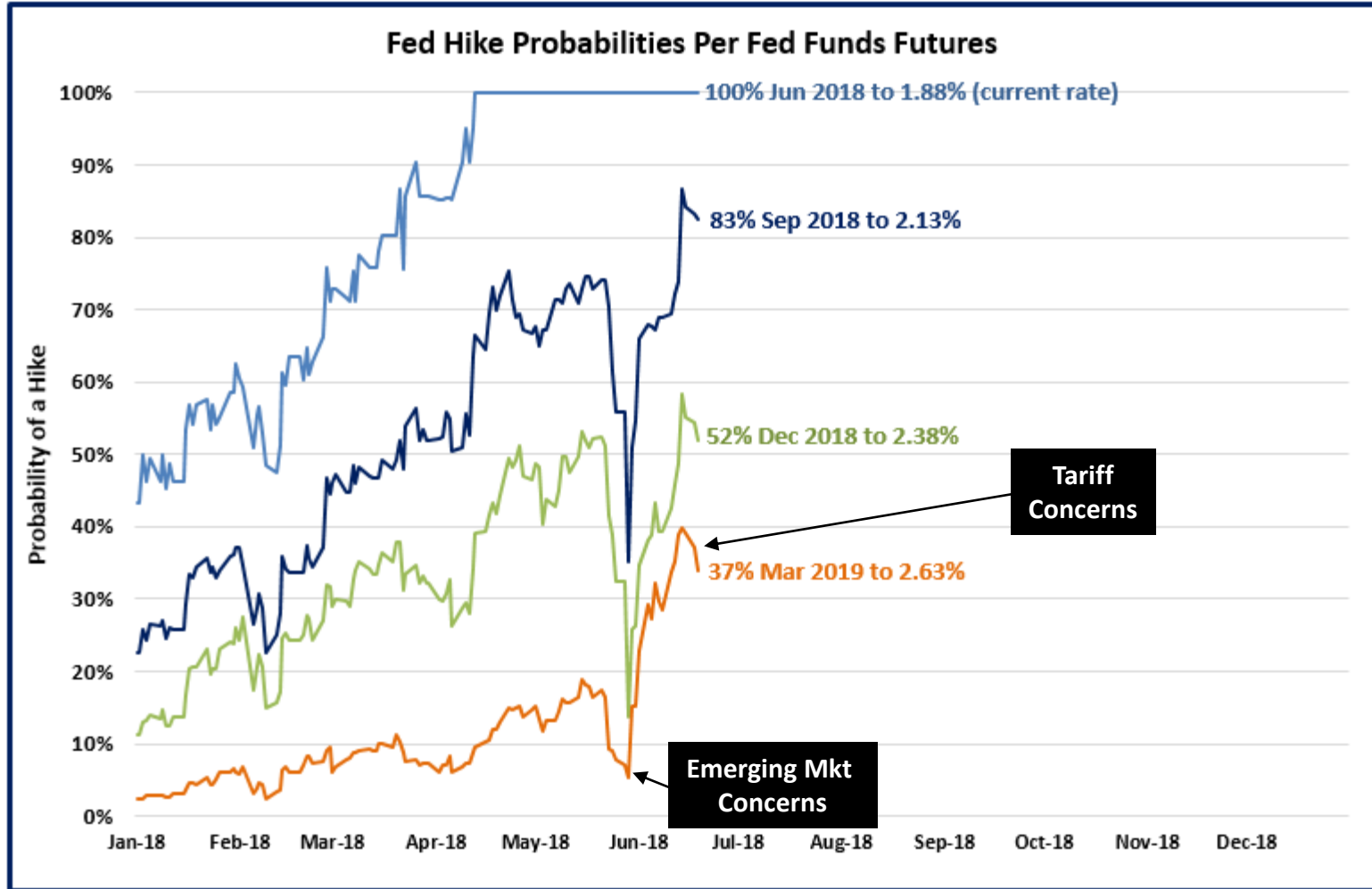
Source: Hedgeye

# Another Crisis Lurking or Bond Bull Over?



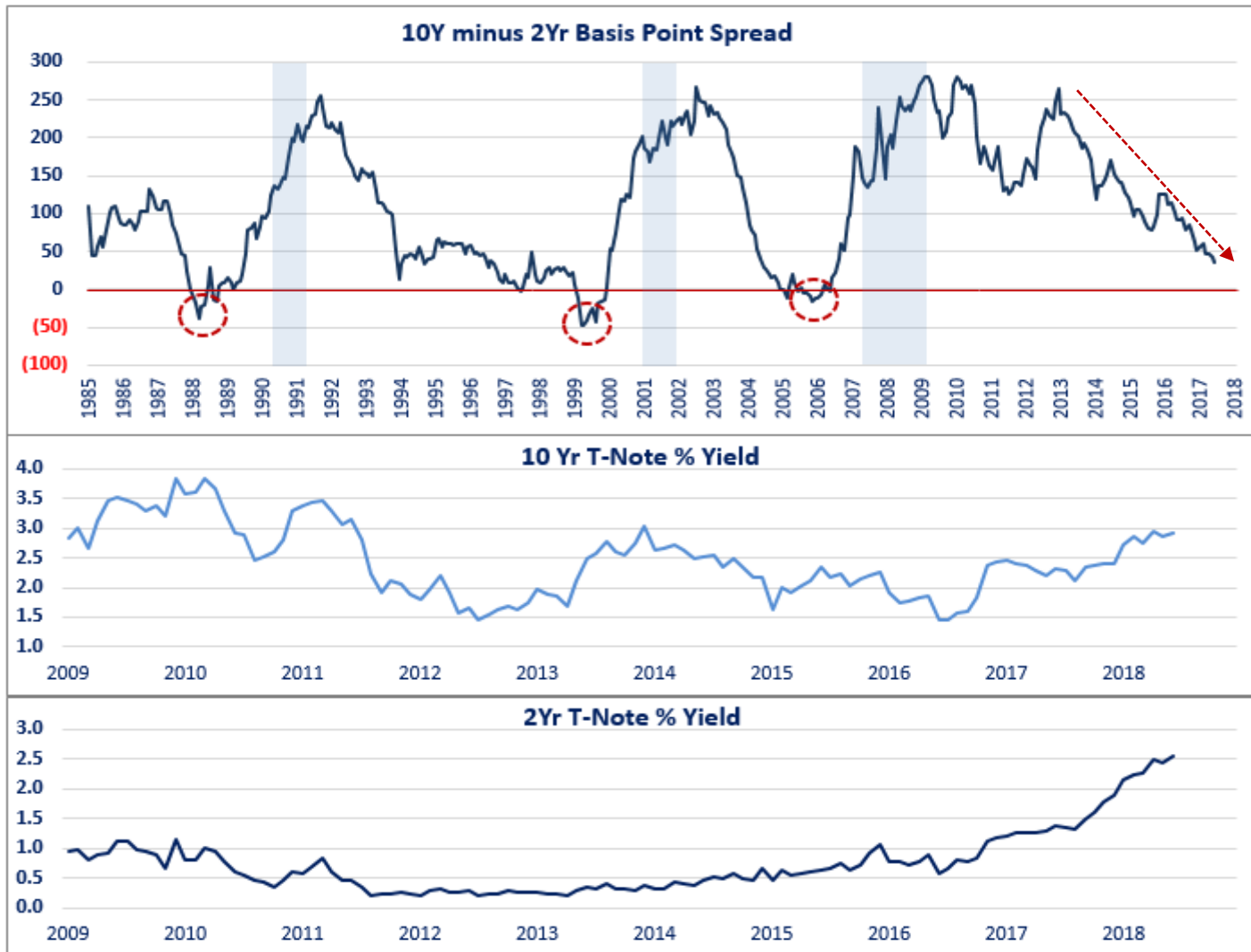
Source: Bloomberg, FTN Main Street

# Fed Funds



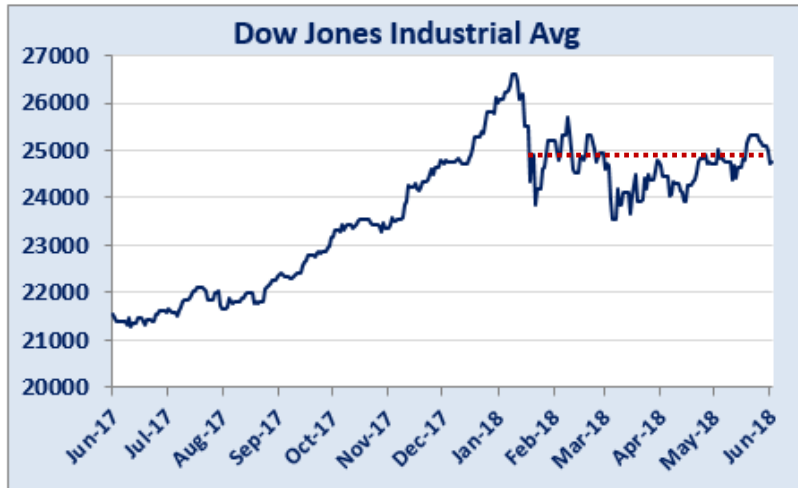
Source: CBOE, FTN MS

# 10Yr-2Yr Treasury Spread: Recession Predictor



Source: Bloomberg

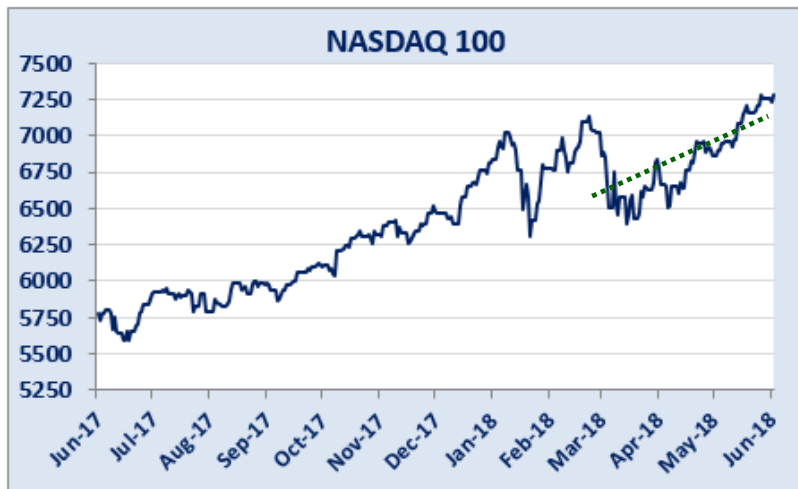
# Stocks: Reflecting Tech Boom, Tax Cuts, Global Econ



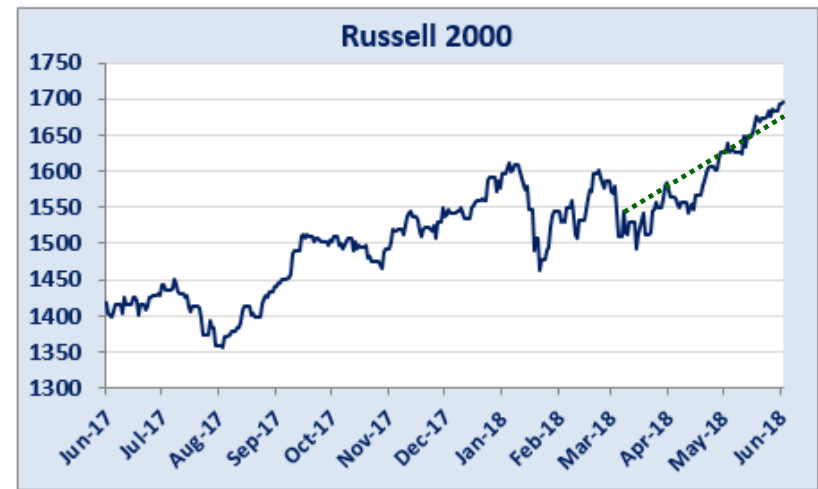
1 Year Price Return 14.9%



1 Year Price Return 12.9%



1 Year Price Return 26.1%



1 Year Price Return 19.6%

As of 6/20/2018

Source: Bloomberg

# S&P Sectors: The “New Economy”

## S&P 500 Sectors

Ticker	Sector	Last Price	%Daily Chg	Mon %Chg	12 Mon %Chg
XLK	Technology	71.64	0.29%	4.02%	28.80%
XLY	Consumer Discretionary	111.96	0.16%	6.76%	24.82%
XLE	Energy	74.75	0.01%	(4.31%)	14.92%
SPY	S&P 500	275.76	0.09%	1.63%	13.48%
XLF	Finance	27.35	0.00%	(2.15%)	12.41%
XLV	Health Care	84.90	0.04%	2.04%	7.79%
XLB	Materials	58.23	(0.44%)	(2.72%)	7.53%
XLI	Industrial	73.18	(0.07%)	(2.85%)	7.05%
XLRE	Real Estate	31.66	0.49%	3.58%	(2.30%)
XLU	Utilities	50.17	(0.04%)	2.41%	(7.02%)
XLP	Consumer Staples	50.93	(0.25%)	2.81%	(9.05%)

AAPL, MSFT, FB, GOOG, INTC  
AMZN, HD, NFLX, DIS, CMCSA

PG, KO, PEP, PM, WMT

As of: 6/20/2018

Source: Bloomberg

# Stocks: US...Killing It the Past 10 Years



Source: Pension Partners

# Disclosure

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