SPECTRUM
INVESTMENT ADVISORS

Quarterly Economic Update

James F. Marshall
President

Jonathan J. Marshall
Chief Investment Officer

2nd Quarter | 2017
As of 3/31/2017

Upcoming Events:

Spectrum Investor® Coffee House Educational Series

Wednesday, May 3, 2017
Medicare Planning

Featuring Guest Speakers
William Kravit & Debbie Alpert
President & Senior Advisor
FHK Insurance

12th Annual Retirement Plan Investment Seminar

Wed, June 14, 2017
Co-Sponsored by Spectrum and the WICPA

More information to come

For weekly market updates, visit our website at www.spectruminvestor.com under Resources & Links and click on Investment Resources

For an electronic version of this newsletter, our ADV Part 2A & 2B and our Privacy Policy, please visit our website

Past performance is not an indication of future results

We appreciate your business

In the first quarter 2017, the Dow Jones Industrial Average passed the 20,000 milestone (on Jan. 25) in response to an improved economy and expectations that Congress will pass legislation more favorable toward business and entrepreneurship, including lower taxes and deregulation. The market did, however, receive a setback when the Affordable Care Act replacement did not have enough support to be put up for a vote. The YTD return of the S&P 500 Index was 6.07% as of 3/31/17. It was the sixth straight quarter of positive returns for the S&P 500 (*Morningstar*, 4/3/17).

How much longer can this bull market last? On March 9, 2017, the bull market celebrated its eighth birthday. At 97 months, this bull market now ranks as the second longest since WWII, although both the 1950 and 1990 bull markets saw larger percentage gains. The following is a list of our favorite market indicators:

1. Valuations– The current valuations of the S&P 500 Index are above average. This is a headwind for US stocks, but we do not believe it is extreme. As shown in the table below, the current PE ratio (price to earnings ratio) of 17.5 is well below the tech bubble level of 27.2 on 3/24/00. The key difference between previous peaks and markets today is that bonds (as the primary alternative to stocks) are not as attractive as they were in March 2000 or during the peak before the financial crisis in October 2007.

S&P 500 Index	3/31/17	25 Yr Avg	3/24/00	10/9/07
Fwd. P/E Ratio	**17.5**	*15.9*	27.2	15.7
Dividend Yield	**2.1%**	*2.0%*	1.1%	1.8%
10Yr Treas Yld	***2.4%***	***4.4%***	***6.2%***	***4.7%***

Compared to US stocks, valuations overseas look more attractive at a PE ratio of 14.8 and a dividend yield of 3.1% on the MSCI EAFE Index *(JPMorgan, 3/31/17).*

2. The Conference Board Leading Economic Index® (LEI) has historically provided early warnings of recessions and the start of bear markets. Specifically, when the year-over-year change has turned from positive to negative, a recession has typically followed within the next 14 months, with an average lead-time of six months. In the latest reading for February 2017; it rose 1.4%, signaling a low probability that a recession will cause a bear market in the next year. The LEI is a snapshot of the overall health of the economy and is an aggregate of 10 economic indicators, such as unemployment, new housing permits, bond yields, the stock market, etc. *(LPL Financial, 3/10/17).*

3. The Institute for Supply Management (ISM) Manufacturing Index has been improving. The ISM has historically been a good earnings indicator. Currently, the indicators suggest continued earnings growth, with the latest reading at 57.7 (above 50 indicates expansion). Last year's earnings recession is now two quarters behind us.

4. The Yield Curve is not alarming. The yield curve historically has been a good signal of the end of a bull market, especially when the Fed pushes short-term rates above long-term rates (the 10-year treasury) referred to as the inverted yield curve. In the past 50 years, all seven recessions were preceded by the Fed hiking rates enough to invert the yield curve by roughly 0.5%. With the three month treasury at 0.73% and the 10-year treasury at 2.57%, the Fed will need to push up rates more than 2%, which would mean seven more rate hikes of .25%, assuming the 10-year treasury rate doesn't change. The Fed is unlikely to push its target rate above 3% for at least two more years. If we look at the last 60 years of Fed rate hikes, the US economic expansion has lasted an average of 47 months after the first rate hike, which was December 2015 *(LPL Financial, 3/13/17).*

5. Oil Prices- The energy industry has recovered since the price of oil bottomed at $26.21 on February 11, 2016 compared to today's price of oil at $50.60 as of March 31, 2017. Year-over-year earnings have substantially improved for energy companies. Unlike previous market corrections, where the price of oil doubled or tripled prior to the correction, oil prices should remain relatively steady with the new drilling (fracking) technology in the U.S., which should help extend the bull market.

6. Sentiment– The current consumer sentiment is positive, with a reading of 96.9 compared to a 44-year average of 85.2, according to JPMorgan. Sentiment peaked just before the 2000 correction at approximately 112 (euphoria) and bottomed in November 2008 at 55 (pessimism). According to **David Kelly**, Chief Market Strategist for JPMorgan, "We've gone from a situation where people were too pessimistic about the economy, to where investors may be too optimistic." He believes that President Trump's ability to implement large scale fiscal stimulus will be limited by the amount of our nation's debt.

Bull markets don't die of old age. As **John Templeton**, American-born British investor and fund manager said, **"Bull markets are born on pessimism, grown on skepticism, mature on optimism and die on euphoria"** such as in late 1999. Bull markets die of excesses, such as overspending, overborrowing and overconfidence. We see the market in about the seventh inning, with a little more room to run, but don't get carried away; we still prefer balanced portfolios. A balanced portfolio is better prepared for an unexpected market surprise. Stay the course.

For more market performance information, please see the Spectrum Investor® Update on page 2, as well as the Benchmark Disclosures, and the Important Disclosures on page 4.

Wealth Management
Simplified Financial Planning

Brian White, CFP®
Wealth Manager

Financial planning can be an overwhelming and intimidating part of life, nevertheless, it is a necessary part, and putting it off only makes it harder and more frustrating to manage as you get older. Focusing on what you can accomplish at each stage of your life can help relieve some of the anxiety of attaining the goals you have set for yourself. Let's focus on some of the basics you should be thinking about through three periods of time in your life.

20s and 30s. During our early 20s, we grow up. A lot. We learn about adult responsibilities, including bills, mortgages, marriage and children. We also make a key decision when it comes to our first paycheck: saving. Are we saving 1%, 5%, 10% or more? Establishing a habit of saving 10% or more is one of the most effective steps you can take to prepare for your future. We would encourage you to visit our website under Resources & Links, then click on Financial Calculators. If you explore the 401(k) Savings Calculator, you can see the difference it makes when you wait five years to start saving. A 25-year-old individual making $40,000/year who contributes 10% to a 401(k) at a 6% annual rate of return will end up with about $840,000 at age 65. If that same person waits just five years, they lose out on about $225,000!

Other tasks for your 20s and 30s:

- College savings plans for your children
- Term life insurance for married couples
- A Will with durable powers of attorney for health care

40s and 50s. As you hit these decades, you should be reviewing whether your retirement plan is on track. JPMorgan has recently released its 2017 Guide to Retirement, which can be found on our website under Resources & Links. We recommend you take some time to look through it as it is very informative. One chart in particular entitled, Retirement Savings Checkpoints, provides you with a goal to reach based on your income and age. For example, a 40-year-old with an annual household income of $75,000 should have 1.9 times their income saved for retirement.

During this period in your life, children are finishing college, mortgages are being paid off and salaries are at all-time highs. This is the perfect time to be able to take advantage of extra resources you may have. This is also the time to start a conversation with a CFP® professional to talk about more in-depth retirement planning. There are also plenty of tools online to help with those complex financial projections.

Other tasks for your 40s and 50s:

- Review life insurance plan
- Update estate plan
- Think about long-term care insurance (in your mid-late 50s)

60s and 70s. This is it! You're nearing, or in, retirement – the ultimate finish line, right? Well, not quite. You have more freedom to travel and enjoy life, but you still need to live within your means. According to the 2015 Consumer Expenditure Survey, household spending peaks at age 45 and begins to decline. However, health care spending increases over time. The average inflation rate of health care is 4.9% annually, second only to education (5.1%). Housing expenses stay steady, even if the mortgage on your house is paid off. They can even increase later in life as we look at vacation homes, senior care, and assisted living facilities.

Other tasks for your 60s and 70s:

- Social Security and Medicare planning (early 60s)
- Tax planning and gifting strategies
- Refine your estate plan with your attorney at least every five years

When you look at financial planning in the context of different phases of your life, it becomes less of a monumental task, and more of an opportunity to create, and maintain, a happy lifestyle. If you have questions, Spectrum would be glad to help!

IRS Indexed Limits for 2017: 401(k), 403(b), 457 Plan Deferral Limit is $18,000. Catch-up Contribution limit is $6,000. Source: www.irs.gov

Below is the 3/31/2017 Spectrum Investor® Update:

Spectrum Investor® Update 3/31/17

Morningstar Category Averages	1st Qtr	1 Year	3 Year
Intermediate-Term Bond	1.06%	**1.78%**	2.44%
Allocation: 50%-70% Equity	3.85%	10.65%	4.54%
Large Cap Value	3.70%	17.40%	7.20%
Large Cap Blend	5.55%	15.88%	8.04%
Large Cap Growth	**8.65%**	14.84%	8.49%
Mid Cap Value	3.48%	18.85%	7.01%
Mid Cap Blend	4.19%	17.14%	6.29%
Mid Cap Growth	7.32%	15.46%	6.09%
Small Cap Value	**0.33%**	**23.28%**	6.01%
Small Cap Blend	1.75%	21.75%	5.89%
Small Cap Growth	5.55%	22.41%	5.30%
Foreign Large Blend	7.77%	10.64%	0.30%
Real Estate	0.94%	2.99%	**8.92%**
Natural Resources	0.50%	19.85%	**-4.82%**

Source: Morningstar, 3 yr return is annualized. Morningstar classifies categories by underlying holdings and then calculates the average performance of the category. Past performance is not an indication of future results. Returns in **Blue** = Best, Returns in **Red** = Worst. Please see Benchmark Disclosures below.

DOW: 20,663	**10 Yr T-Note: 2.40%**
NASDAQ: 5,912	**Inflation Rate: 2.8%** (2/2017)
S&P 500: 2,362	**Unemployment Rate: 4.7%** (2/2017)
Barrel of Oil: $50.60	Source: Morningstar, bls.gov, eia.gov

Data as of 3/31/17 unless otherwise noted. The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors. The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. Barrel of Oil: West Texas Intermediate. Inflation Rate: CPI. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index. Indices cannot be invested into directly.

CFP®, Certified Financial Planner, administered by CFP Board, identifies to the public those individuals who have met rigorous professional standards and have agreed to adhere to the principles of integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence when dealing with clients.

Benchmark Disclosures: Morningstar Category Averages: *Morningstar classifies mutual funds into peer groups based on their holdings. The Category Average calculates the average return of mutual funds that fall within the category during the given time period. The following indexes and their definitions provide an approximate description of the type of investments help by mutual funds in each respective Morningstar Category. One cannot invest directly in an index or category average.* ***Large Cap Growth: S&P 500 Growth Index*** *– Measures the performance of growth stocks drawn from the S&P 500 index by dividing it into growth and value segments by using three factors: sales growth, the ratio of earnings change to price and momentum.* ***Intermediate-Term Bonds: Barclays US Agg Bond Index*** *– Measures the performance of investment grade, US dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, MBS, ABS and CMBS.* ***Large Cap Blend: S&P 500 Index*** *– A market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenue are based in the US.* ***Large Cap Value: S&P 500 Value Index*** *– Measures the performance of value stocks of the S&P 500 index by dividing into growth and value segments by using three factors: sales growth, the ratio of earnings change to price and momentum.* ***Mid Cap Blend: S&P MidCap 400 Index*** *– Measures the performance of mid-sized US companies, reflecting the distinctive risk and return characteristics of this market segment.* ***Small Cap Blend: Russell 2000 Index*** *– Measures the performance of the small-cap segment of the US equity universe. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.* ***Small Cap Value: Russell 2000 Value Index*** *– Measures the performance of small-cap value segment of Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.* ***Small Cap Growth: Russell 2000 Growth Index*** *– Measures the performance of small-cap growth segment of Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.* ***Foreign Large Cap Blend: MSCI EAFE NR Index*** *–This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-US, developed country indexes.* ***Real Estate: DJ US Select REIT Index*** *– Measures the performance of publicly traded real estate trusts (REITs) and REIT-like securities to serve as proxy for direct real estate investment.* ***Natural Resources: S&P North American Natural Resources Index*** *– Measures the performance of US traded securities classified by the Global Industry Classification Standard (GICS) as energy and materials excluding the chemicals industry and steel but including energy companies, forestry services, producers of pulp and paper and plantations.*

In Other Words

Avoid Big Mistakes

Angie Franzone
Newsletter Editor

The title of this column comes from the "Oracle of Omaha" himself, Warren Buffett. As he's busy preparing for the 52nd annual Berkshire Hathaway Shareholder meeting coming up on May 6, it seems only fitting that we examine his words of wisdom. Buffett is quoted as saying, "An investor needs to do very few things right as long as he or she avoids big mistakes." According to Buffett, one of the biggest mistakes an investor can make is to try to time the market.

We all know we should "buy low and sell high," so why don't we? When the market declines, our emotions cause us to panic and sell out, which you may have done during the Great Recession (December 2007 to June 2009). After a few years of strong returns, we become more confident in the market and decide to get back in, effectively selling low, buying high and missing all the run-up in between. Take what's happened in the market over the past eight years for example:

On March 9, 2009, the Dow dropped to 6,547; a market bottom. Since that day there have been five market corrections of nearly 10% or more and yet, eight years later, the Dow has seen a gain of 284%, as of 3/31/17 (Morningstar). Not only that, but the S&P 500 has seen declines of 10% or more in 21 out of the last 37 years, yet only ended the year with negative returns eight of those 21 years (JPMorgan GTM).

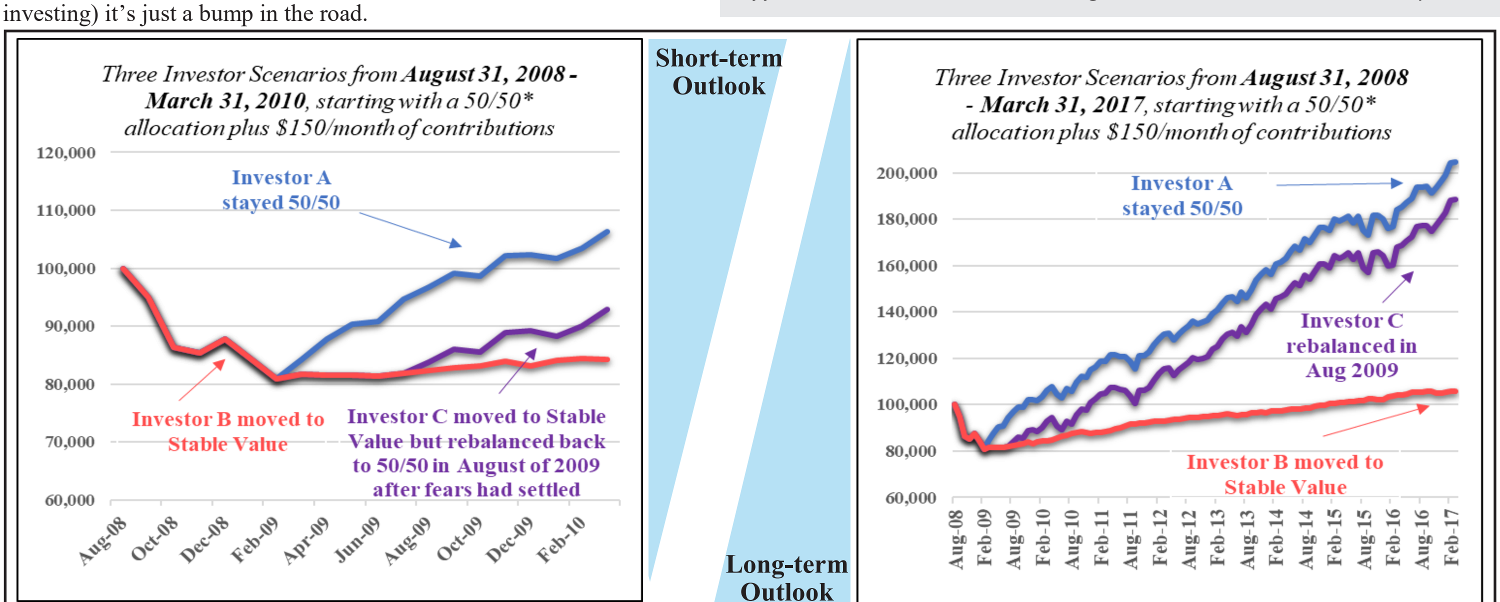
The charts below illustrate not only how much growth potential you can miss out on by letting your emotions drive your investment decisions, but also how a decline in the market can seem like a big deal at the time, but over the long-term (which is how you should approach retirement plan investing) it's just a bump in the road.

60% Stocks/40% Bonds Allocation vs. Indices Ending 3/31/17

15 Yr	10 Yr	5 Yr	3 Yr	1 Yr		Index Definition
Real Est. 10.05%	Lg. Growth 9.19%	Lg. Growth 13.77%	Lg. Growth 11.53%	Sm. Value 29.37%		Small Value: Russell 2000 Value TR
Mid Cap 9.54%	Mid Cap 8.96%	Mid Cap 13.32%	Lg. Blend 10.37%	Sm. Blend 26.22%		Small Blend: Russell 2000 TR
Sm. Value 8.54%	Sm. Growth 8.06%	Lg. Blend 13.30%	Real Est. 9.96%	Sm. Growth 23.03%		Small Growth: Russell 2000 Growth TR
Sm. Blend 8.38%	Lg. Blend 7.51%	Lg. Value 12.66%	Mid Cap 9.36%	Mid Cap 20.92%		Mid Cap Blend: S&P MidCap 400 TR
Sm. Growth 8.00%	Sm. Blend 7.12%	Sm. Value 12.54%	Lg. Value 8.88%	Lg. Value 18.66%		Large Value: S&P 500 Value TR
60/40 7.61%	60/40 6.36%	Sm. Blend 12.35%	Sm. Value 7.62%	Nat. Res. 17.93%		Natural Res: S&P North Am. Nat. Resources TR
Lg. Growth 7.25%	Sm. Value 6.09%	Sm. Growth 12.10%	Sm. Blend 7.22%	Lg. Blend 17.17%		Large Blend: S&P 500 TR
Lg. Blend 7.09%	Lg. Value 5.70%	Real Est. 9.45%	Sm. Growth 6.72%	Lg. Growth 15.40%		Large Growth: S&P 500 Growth TR
Lg. Value 6.81%	Bonds 4.27%	60/40 7.51%	60/40 5.44%	Intl. 11.67%		International: MSCI EAFE NR
Nat. Res. 6.68%	Real Est. 4.22%	Intl. 5.83%	Bonds 2.68%	60/40 10.97%		60/40: 60% Diversified Stocks/40% Bond
Intl. 5.74%	Nat. Res. 1.80%	Bonds 2.34%	Intl. 0.50%	Real Est. 1.21%		Real Estate: DJ US Select REIT Index TR
Bonds 4.63%	Intl. 1.05%	Nat. Res. -0.45%	Nat. Res. -5.88%	Bonds 0.44%		Int.-Term Bonds: Bar-Cap Aggregate Bond

Annualized returns. The above indices are unmanaged and cannot be invested into directly. Past performance is not an indication of future results. Diversification cannot protect from market risk. Source: Morningstar. *60/40 Allocation: 40% Bonds, 6% Lg. Value, Blend, & Growth, 12% Mid Cap, 6% Sm. Value & Blend, 6% Intl., Nat. Res., and Real Est. Allocation, excludes Small Growth. Rebalanced annually on Apr 1. ©2017 Spectrum Investment Advisors, Inc. Please see important disclosures on page 4 of this newsletter.

To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.



50% S&P 500 Index and 50% Barclays Capital US Aggregate Bond Index. Study uses contribution of $150 per month. Barclays Stable Value Benchmark used for Stable Value returns. Source: Morningstar. Past Performance is not an indication of future results.

As Buffett pointed out during the 2008 financial crisis, "In the 20th century, the United States endured two world wars and other traumatic and expensive military conflicts; the Depression; a dozen or so recessions and financial panics; oil shocks; a flu epidemic; and the resignation of a disgraced president. Yet the Dow rose from 66 to 11,497" (*NYT*, 10/16/08).

So why am I focusing on a declining market when our current market is breaking records left and right? It all comes back to that one big mistake; market timing. As can be seen in the upper right chart, due to the current bull market, a 60/40 allocation only outperformed two indices over the past year, bonds and real estate. As JPMorgan points out, this could cause investors to wonder if diversification is still worth it and their answer is, absolutely. "Underperformance won't be persistent, and typically reverses itself to the diversified investor's benefit. As a result, if history is any guide, investors should remain patient, avoid emotional biases and stick to a plan" (JPMorgan, Weekly Market Recap, 3/27/17). Although past performance is not an indication of future results, examining the past does help provide a level of patience and calmness when the next bump in the road inevitably occurs.

Invest In Your Health

Your Health and Finances

David Meinz, MS, RD, FADA, CSP
America's Personal Health Improvement Expert

With all the talk about healthcare reform these days, there's a LOT you can do right now to save some of your hard-earned dollars.

CUT HEALTH CARE COSTS

FOCUS on prevention. Good health habits can reduce the risk of costly medical problems. Examples include: recommended screening exams, eating nutritious food, exercise, washing your hands frequently, and flossing your teeth.

NEGOTIATE a discount. If you're responsible for all or part of a medical bill, request a price break for paying cash. Cash payments save the doctor or hospital the processing fee on credit cards. Ask about a discount for prompt payment. If you can't pay promptly, ask about a payment plan.

FOLLOW the rules. Read the "fine print" in your health insurance policy regarding referrals to specialists and pre-certification for medical procedures. Not knowing the rules can result in denial of coverage for a claim.

GET with the program. Look for free or low-cost health fairs, well-child clinics, flu shots, gyms, and other local health-related services available.

"We can contain health insurance costs if you're willing to let your coworkers diagnose you with information they find on the Internet."

USE mail-order prescriptions. If possible, order a 90-day supply by mail instead of getting a 30-day supply from a local pharmacy. The savings are generally 15% to 35% on monthly co-payments.

BE WARY of investing in any over-the-counter "anti-aging" products. Remember that marketers are not required to prove their effectiveness and they are not regulated by the U.S. Food and Drug Administration. Americans spend more than $20 billion every year on anti-aging remedies like cellulite creams and dietary supplements like human growth hormone (HGH). Non-prescription HGH that is taken as a supplement and not given as a shot degrades and becomes useless before it reaches the bloodstream.

SAVE MONEY ON HEALTHY FOOD

While processed foods may look cheaper, they can actually end up costing you a lot more over time in poor health. Some of the healthiest foods available are some of the least expensive, including all varieties of beans, and whole grains like brown rice and oatmeal. The produce section is filled with superstar foods that are great buys like whole citrus, apples, pears, kiwi, grapes, cabbage, sweet potatoes, onions and whole carrots. Fortunately, there's a lot of things you can do to lower food costs without sacrificing nutrition.

TRY main-course meals that use less meat and more vegetables, such as tacos, a stir-fry with a small amount of chicken or beef, or stews and soups packed with vegetables and legumes. Eating less animal products will not only save you money, it's better for your health.

MAKE food from scratch; it's worth the time. Prepackaged foods are usually higher in fat, calories, sodium, sugar, and price. Bring homemade snacks when the family goes out so you won't be tempted to stop for fast foods.

FIND a balance between regular and organic foods. Organic tends to be more expensive, but if you do want to buy at least some organic fruits and vegetables, choose those that are most likely to collect the most chemicals. On that list are: apples, bell peppers, celery, cherries, hot peppers, imported grapes, nectarines, peaches, pears, potatoes, red raspberries, strawberries, and spinach.

DON'T pay for water. When buying fresh greens by weight, shake them well before you put them in the grocery bag. Leaves can store a lot of excess water and weight.

READ nutrition labels when you compare different brands of the same product.

REMEMBER, the average American family spends $850 a year on soda. Maybe blueberries aren't so expensive after all.

DON'T BUY AN EXPENSIVE CLOTHES RACK!

Before you invest a lot of money in home exercise equipment, there are a few things you should do.

START by buying inexpensive things like dumbbells, exercise bands, a stability ball, or an exercise video. If you regularly use these things, then consider more expensive items. Avoid purchasing sight unseen. Visit different gyms and stores to "test drive" and compare products. Look for machines that will allow you to work harder as you become fit. Equipment should be easy to learn and adjust to various body sizes if more than one person will be using it. In general, don't buy fitness equipment from TV infomercials.

MAKE SURE you have enough room. If the only place you can put it is in your garage, will you really use it during the cold winter and hot summer months?

THINK about your goals. Treadmills, stationary bicycles, rowing machines, and stair climbers will give you a good cardiovascular workout, build endurance, and help you lose weight. Free weights and multi-station machines (sometimes called home gyms) build strength. Stability balls are good for balance and flexibility.

BE HONEST Are you already committed to getting at least 30 minutes of exercise every day? You may think buying a machine will motivate you to get in shape, but it usually doesn't work that way for most people.

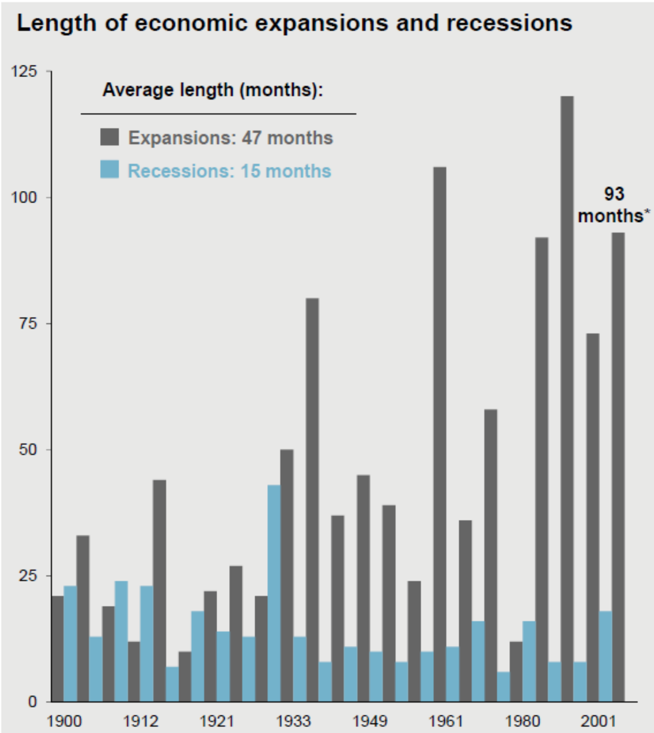
International speaker **David Meinz** presents keynotes and workshops on health and human performance. He is the author of ***Ten Bonus Years: How To Add Ten Healthy Years To Your Life***, and a number of other books. His first program open to the general public will be offered in Orlando, Florida this year. For more details visit: **www.TheHealthyLifeSummit.com**

Important Disclosures:

David Meinz is not affiliated with Spectrum Investment Advisors. Opinions voiced in this newsletter are for general information only and are not intended to provide specific advice or recommendations for any individual.

1. On March 9, 2017, **the current bull market celebrated its eighth birthday,** making it the second longest bull market since WWII. **2. LEI** - when the year-over-year reading turns from positive to negative, a recession has historically followed within 14 months, with an average lead time of 6 months. **3. ISM** – a reading of 50 or above indicates expansion. **4. Yield Curve** –when short-term rates exceed long-term rates by 0.5%, the yield curve inverts, historically followed by a recession within 12 months.

1



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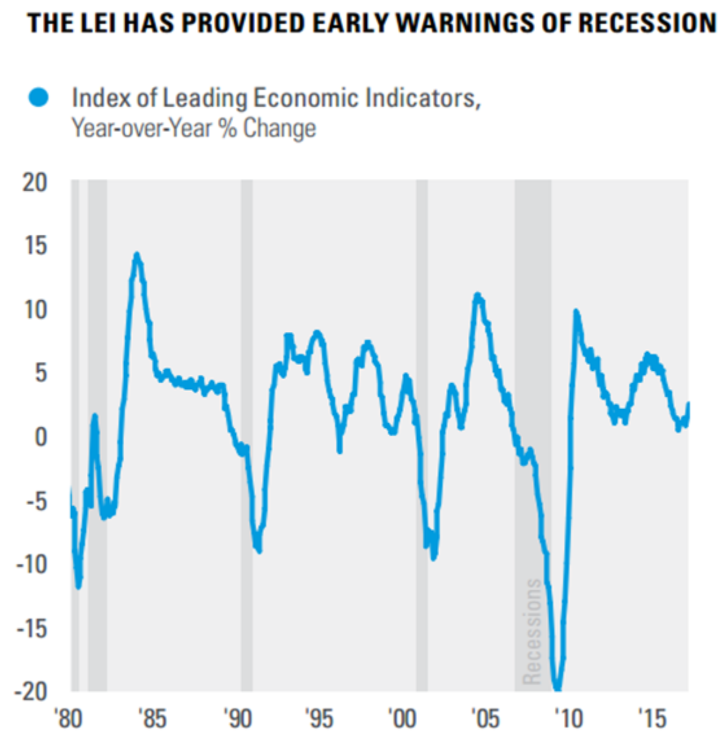

Left chart source: BEA, NBER, JP Morgan Asset Management. *Chart assumes current expansion started in July 2009 and continued through March 2017, lasting 93 months so far. Data for length of economic expansions and recessions obtained from the National Bureau of Economic Research (NBER). *Guide to the Markets*—US Data are as of March 31, 2017. Right chart source: FactSet 03/10/17. Performance is historical and no guarantee of future results. The Conference Board Leading Economic (LEI) is a measure of economic variable, such as private sector wages, that tends to show the direction of future economic activity. The S&P 500 Index is a market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenue are based in the US.

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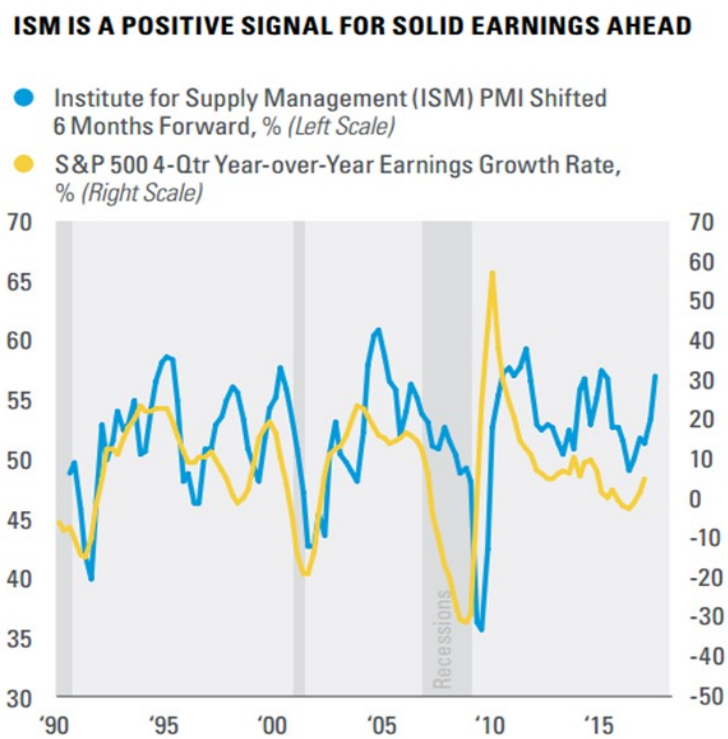

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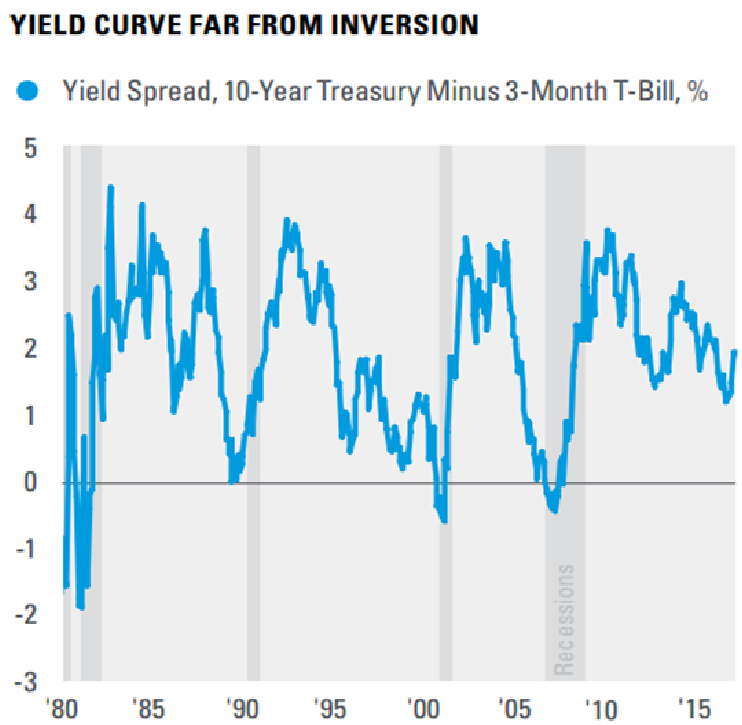
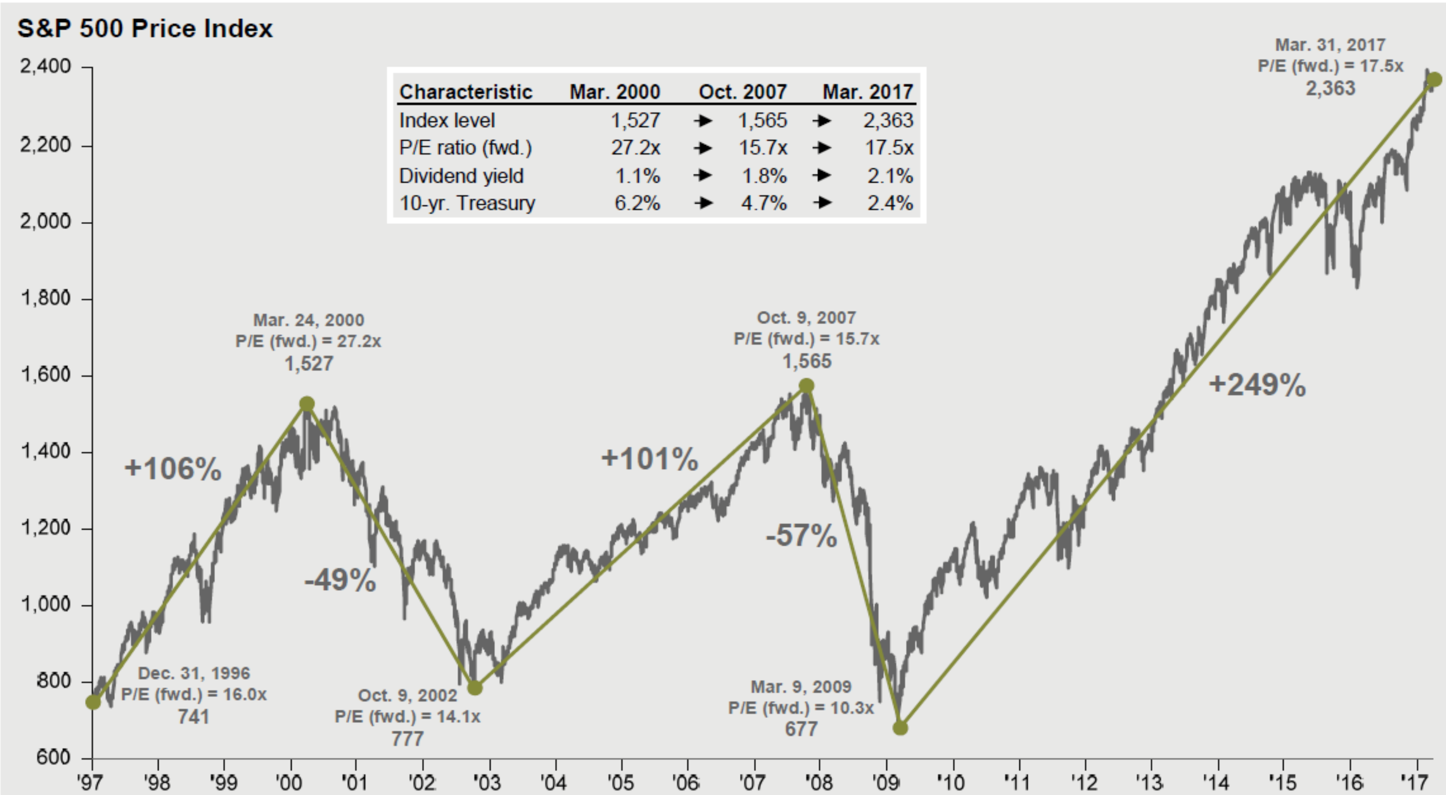
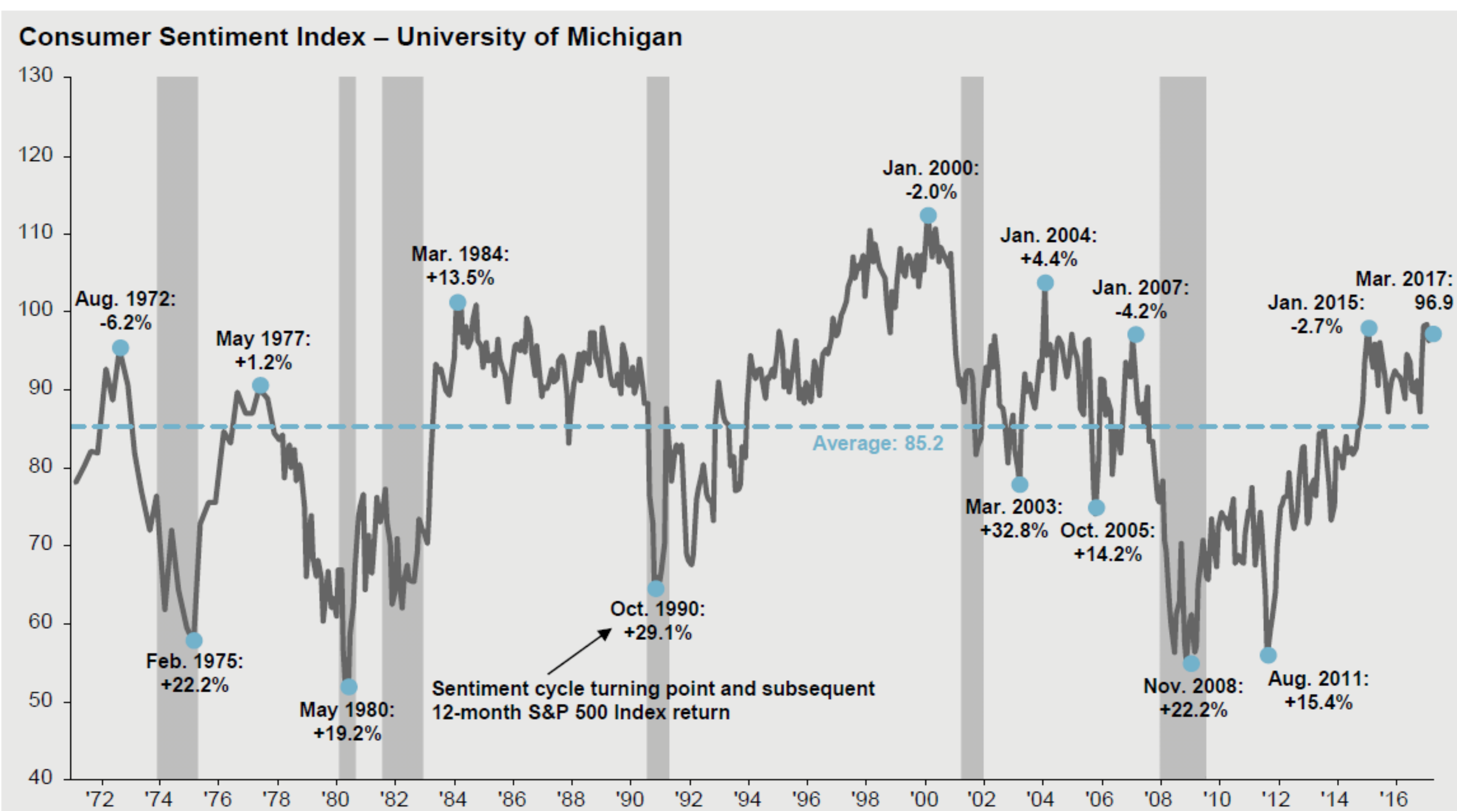


Source: FactSet 03/10/17. Performance is historical and no guarantee of future results. Yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates. The most frequently reported yield curve compares the 3-month, 2-year, 5-year and 30-year U.S. Treasury debt. This yield curve is used as a benchmark for other debt in the market, such as mortgage rates or bank lending rates. The curve is also used to predict changes in economic output and growth. Right chart source: BEA, NBER, JP Morgan Asset Management. *Chart assumes current expansion started in July 2009 and continued through March 2017, lasting 93 months so far. Data for length of economic expansions and recessions obtained from the National Bureau of Economic Research (NBER). *Guide to the Markets*—US Data are as of March 31, 2017. Left chart source: Indexes are unmanaged and cannot be invested in directly. The S&P 500 Index is a market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenue are based in the US.

Inflection Points – The current PE Ratio of the S&P 500 is slightly above average at 17.5x, compared to the 25-year average being 15.9x earnings. In the recession of March 2000 and October 2007, the rate on 10-year treasuries reached 6.2% and 4.2% respectively, versus their dividend yields on the S&P 500 at 1.1% and 1.8%, making bonds more attractive than stocks. **Consumer Sentiment** –As of March 31, 2017, consumer sentiment is at 96.9, which is above the 44 year average of 85.2. Consumer sentiment peaked at the beginning of the recession in January 2000, at approximately 110. Consumer sentiment bottomed in November 2008 at approximately 55.



Source: Compustat, FactSet, IBES, Standard & Poor's, JP Morgan Asset Management. Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price to earnings ratio is a bottom-up calculation based on the most recent S&P 500 Index price, divided by consensus estimates for earnings in the next 12 months (NTM), and is provided by FactSet Market Aggregates. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns. *Guide to the Markets*—US Data are as of March 31, 2017. The S&P 500 Index is a market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenue are based in the US.



Source: Standard & Poor's, University of Michigan, FactSet, JP Morgan Asset Management. Peak is defined as the highest index value before a series of lower lows, while a trough is defined as the lowest index value before a series of higher highs. Subsequent 12-month S&P 500 returns are price returns only, which excludes dividends. *Guide to the Markets*—US Data are as of 3/31/17. The S&P 500 Index is a market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenue are based in the US.