

HEALTH WEALTH CAREER

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QUARTERLY MARKET REVIEW

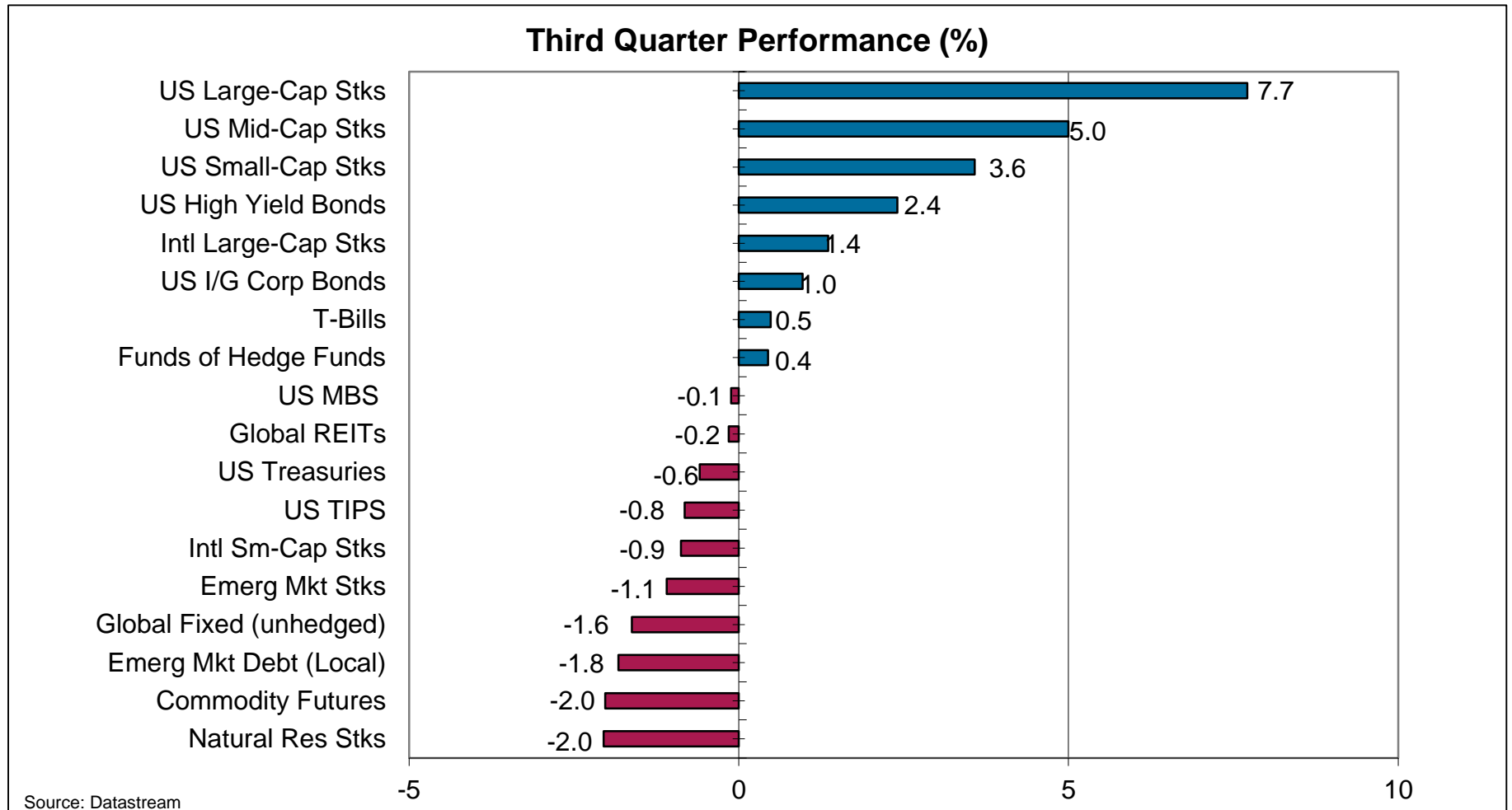
October 23, 2018

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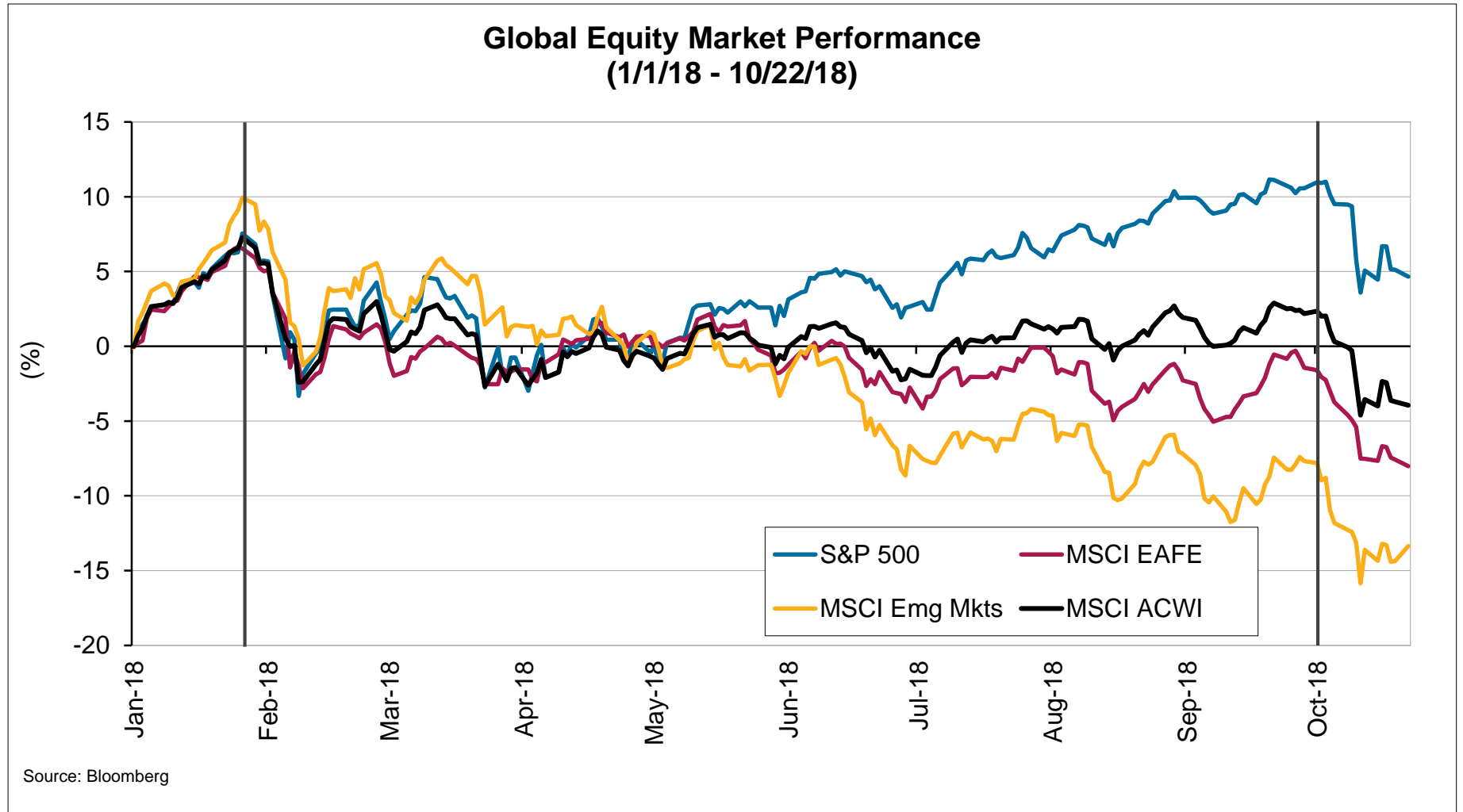


US STOCKS REMAINED DOMINANT

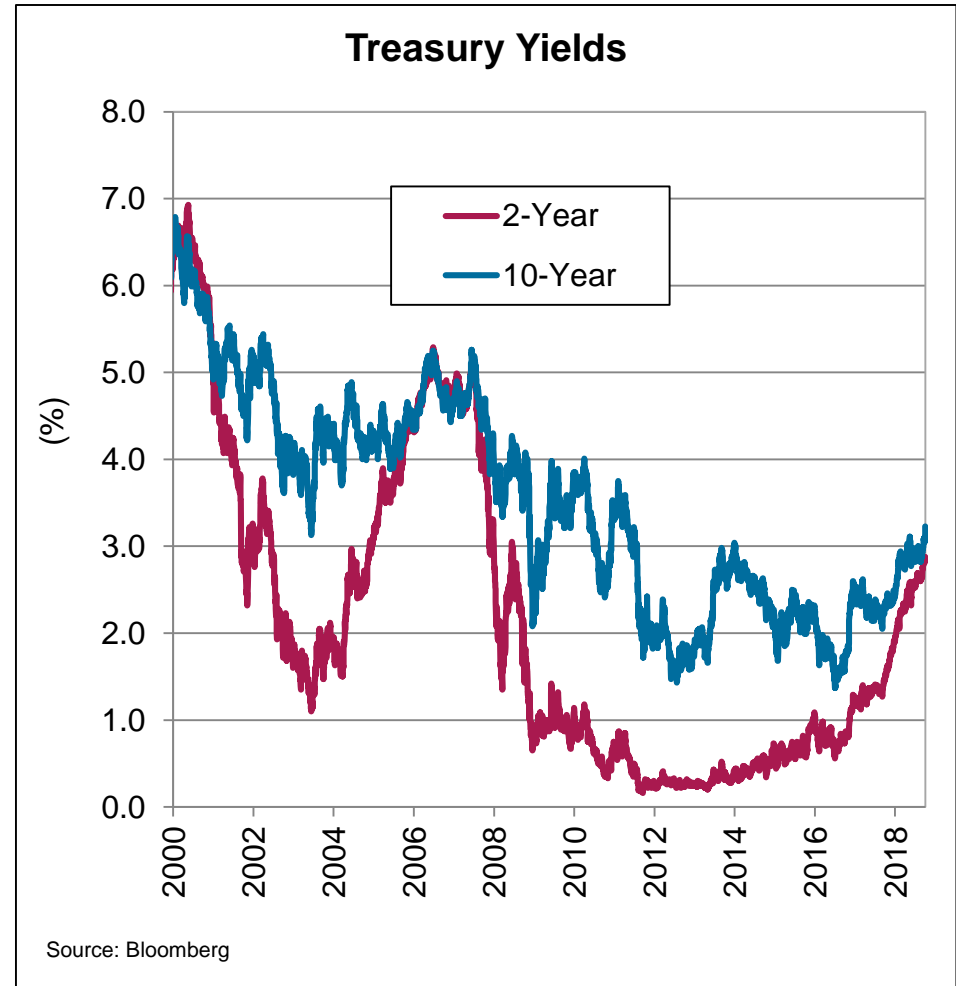
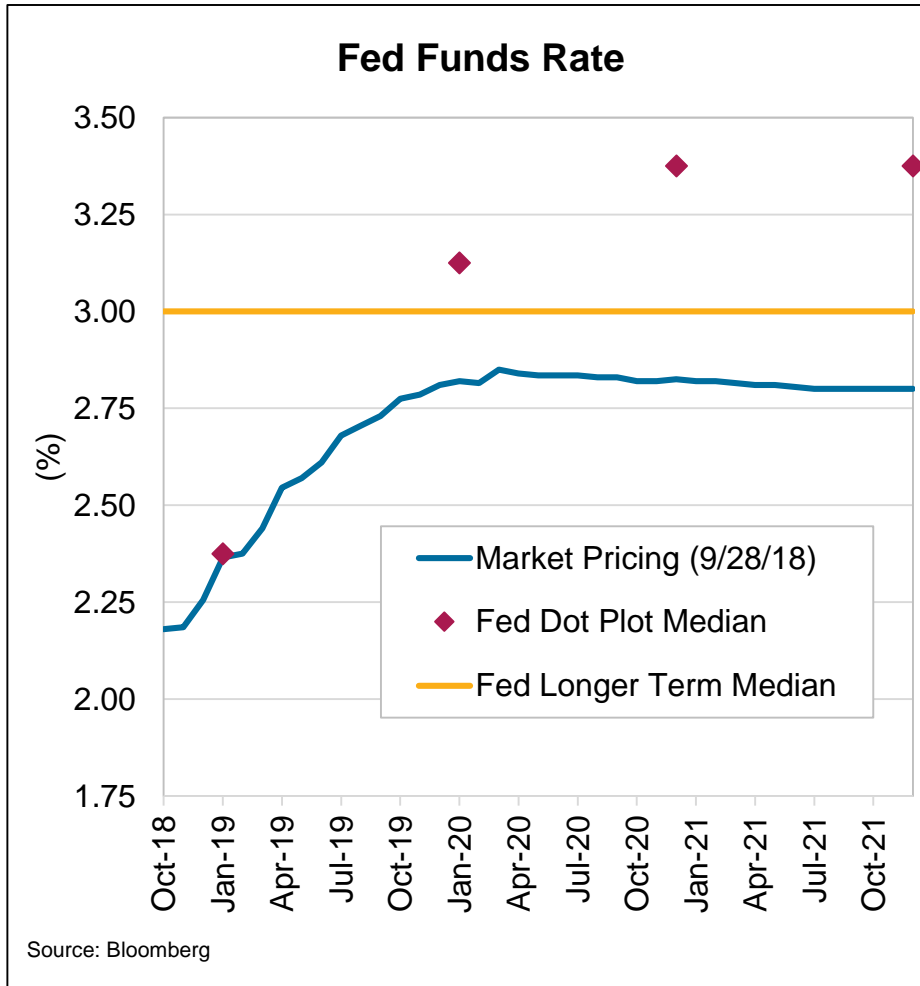


Past performance is no guarantee of future results. Please see Important Notices for further information.

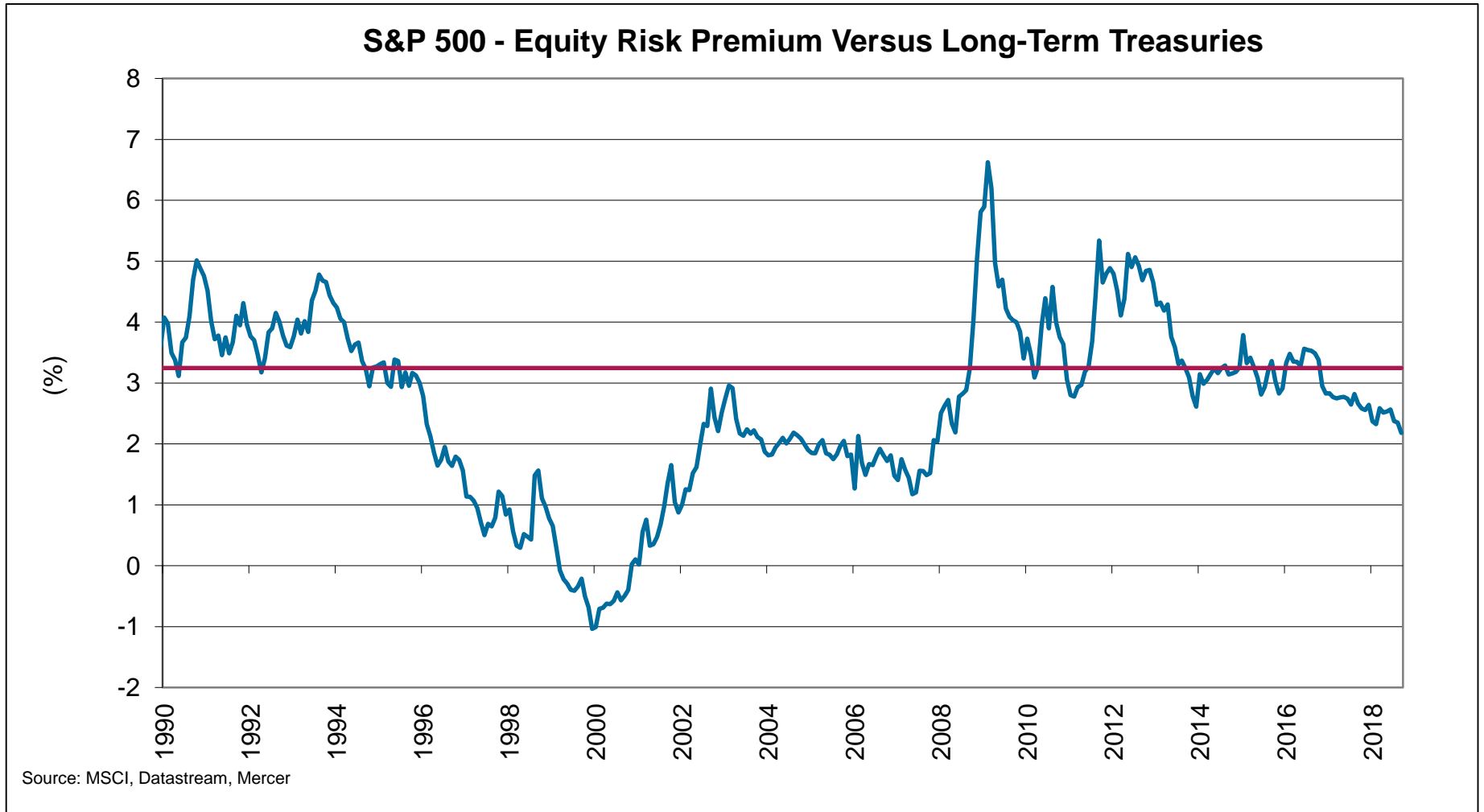
MARKETS HAVE CORRECTED IN OCTOBER



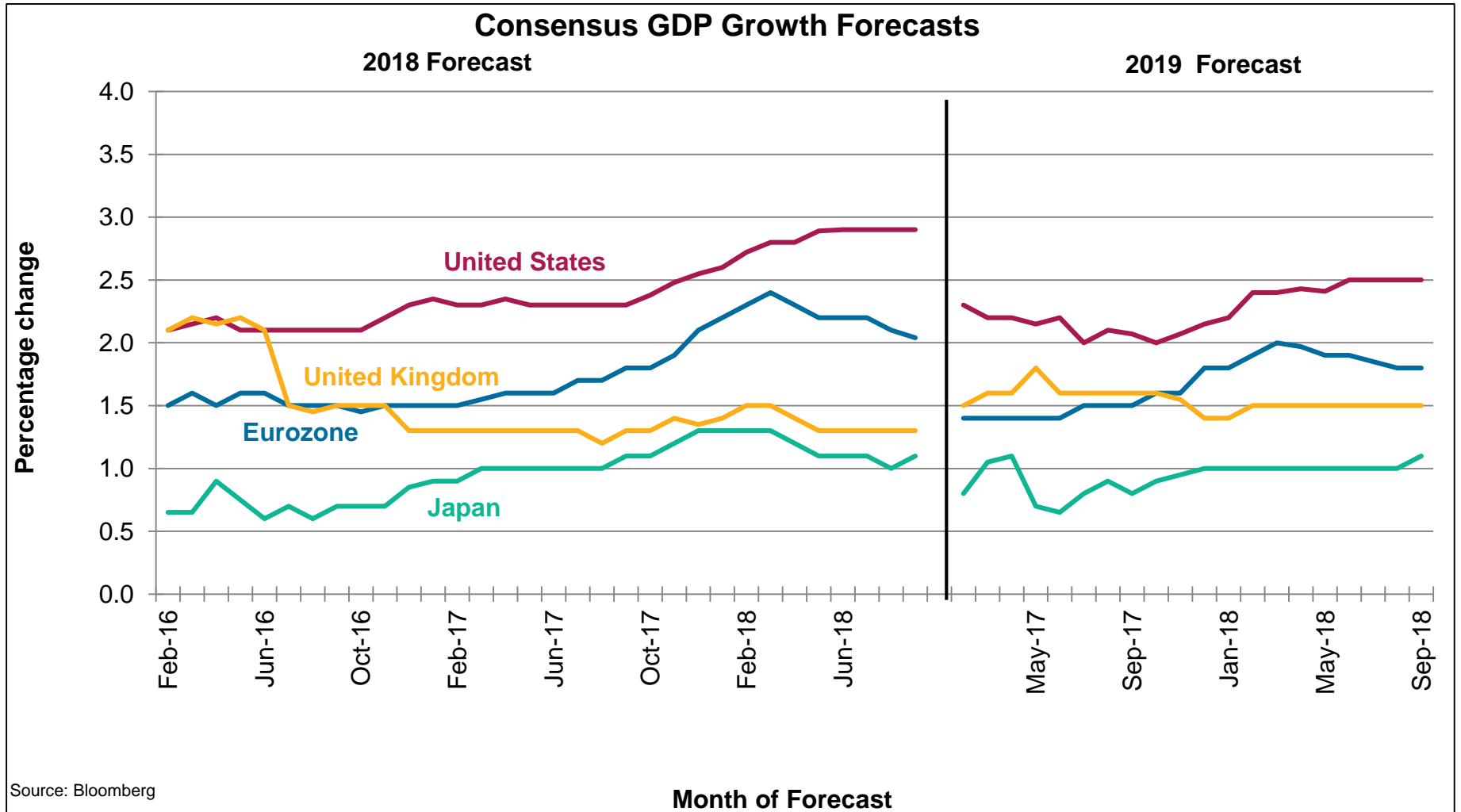
CASH AND BONDS BECOMING MORE COMPETITIVE WITH EQUITIES



PROSPECTIVE EQUITY RISK PREMIUM SQUEEZED BY RISING RATES AND VALUATIONS

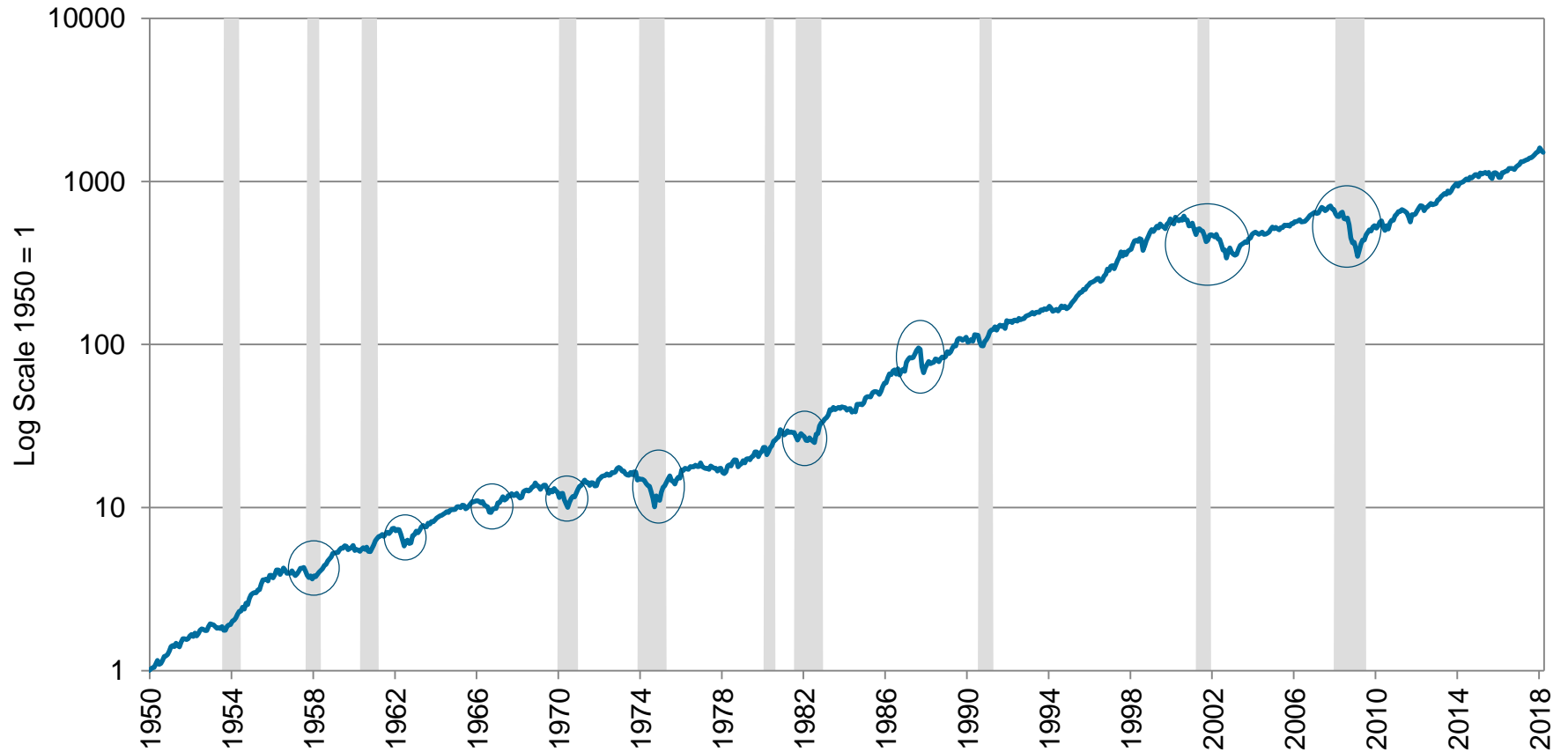


GLOBAL ECONOMIC GROWTH REMAINS SOLID



BEAR MARKETS TYPICALLY OCCUR AROUND RECESSIONS

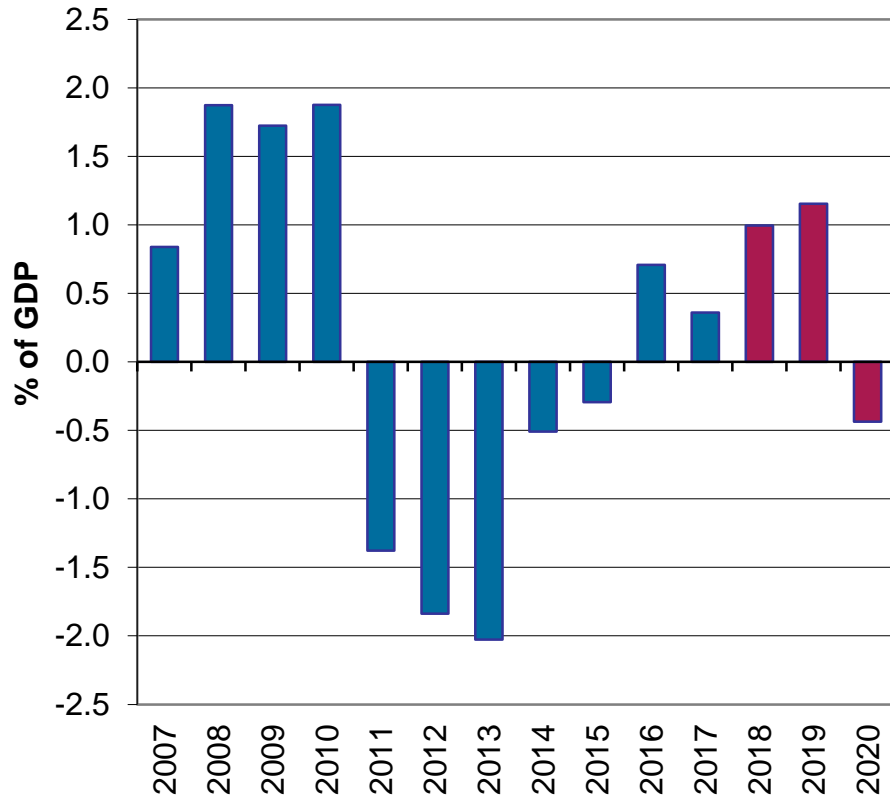
S&P 500 Bear Markets and Recessions



Source: Bloomberg

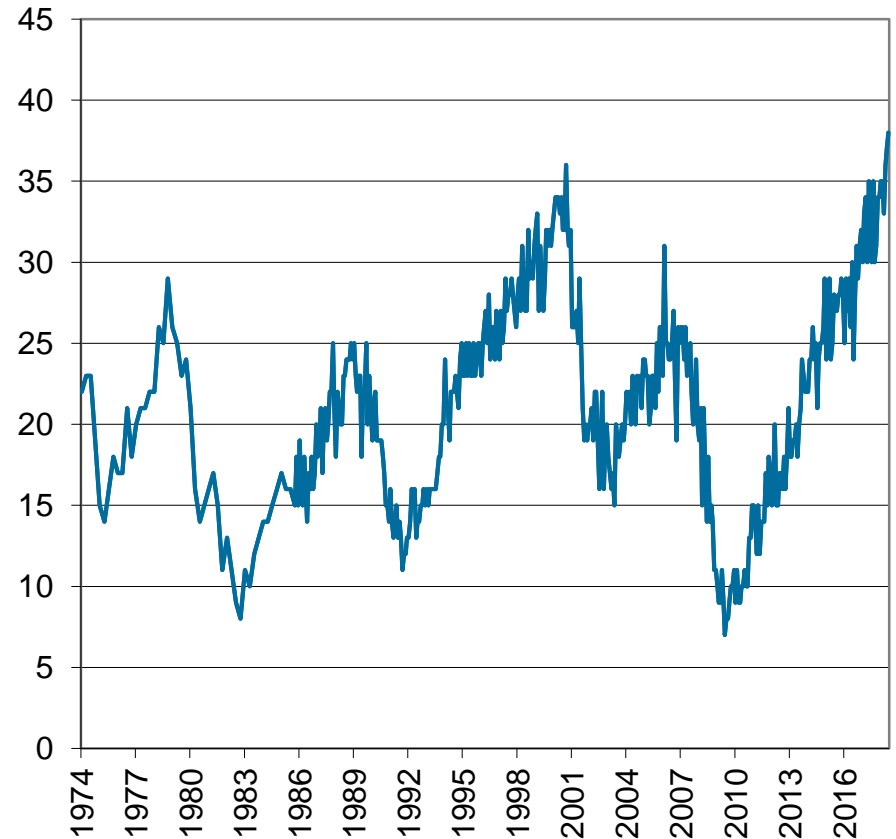
RECESSION RISKS WILL INCREASE IN 2020

US Fiscal Impulse (Change in Structural Budget Balance)



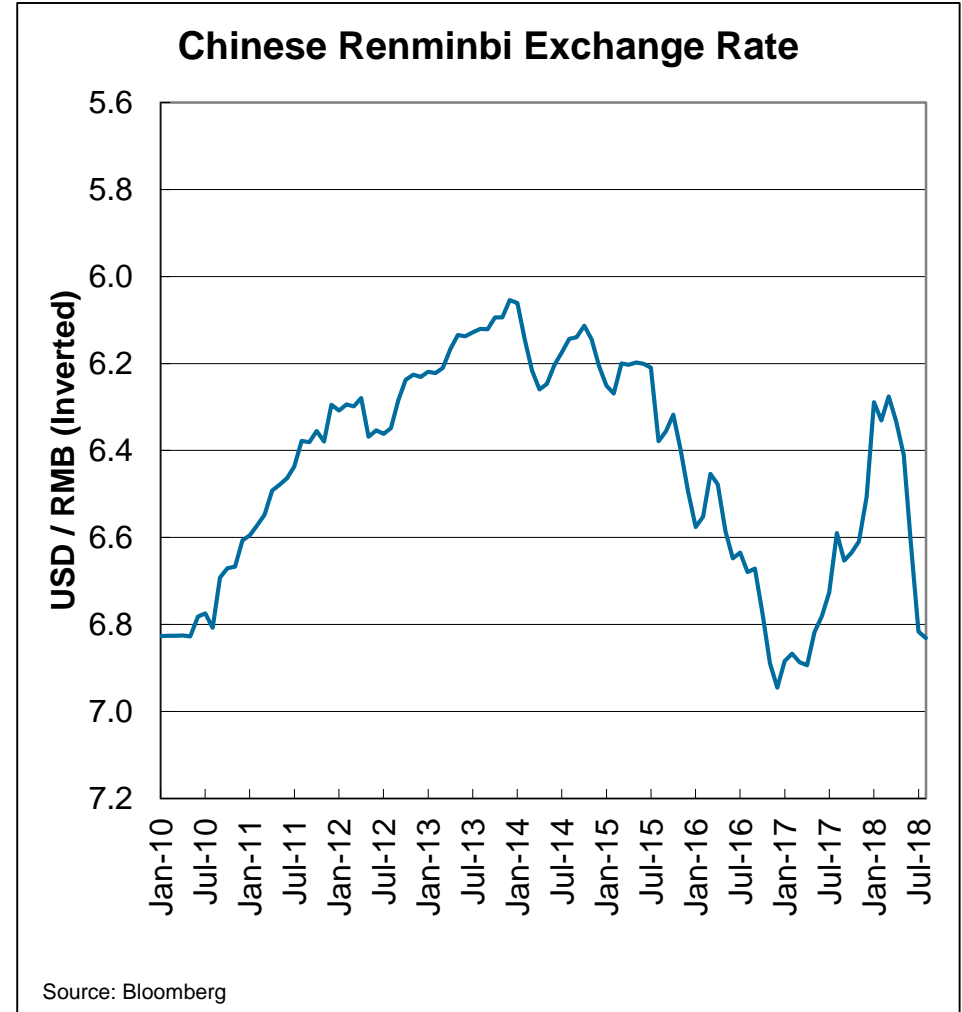
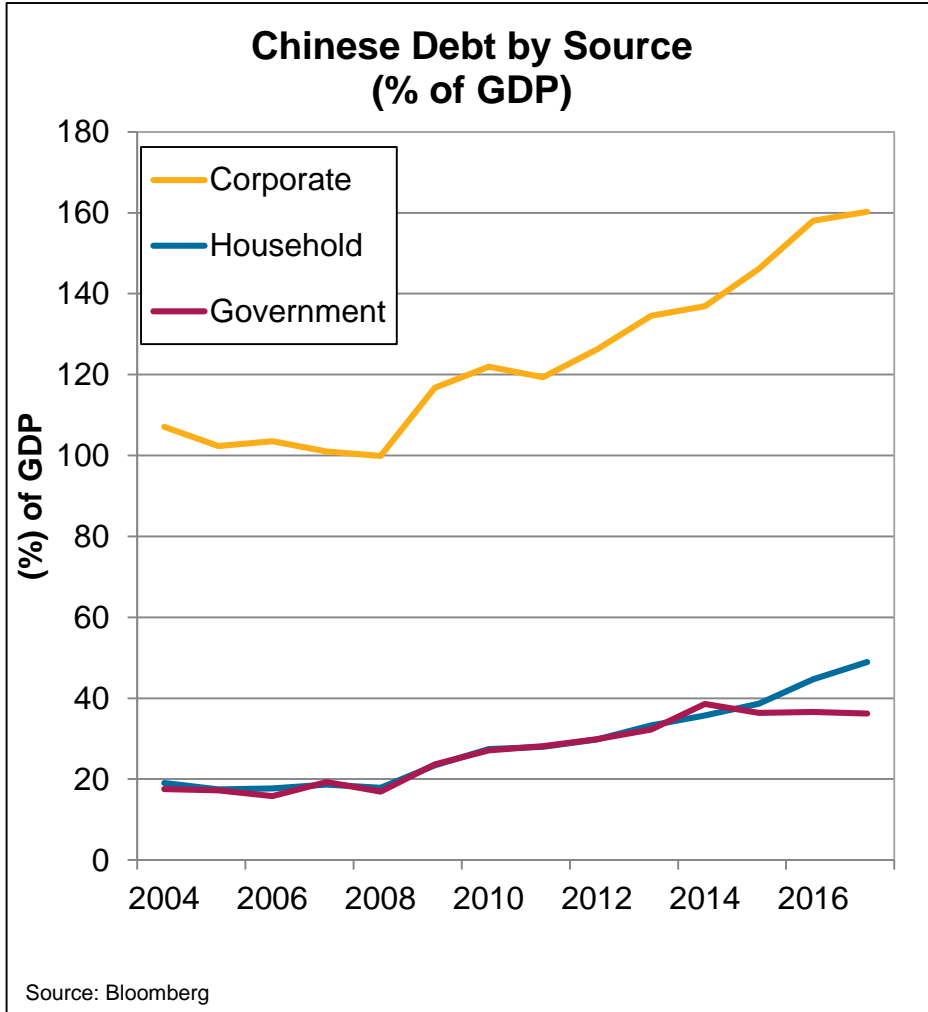
Source: IMF, Mercer calculations

NFIB Small Business Survey Job Openings Hard to Fill

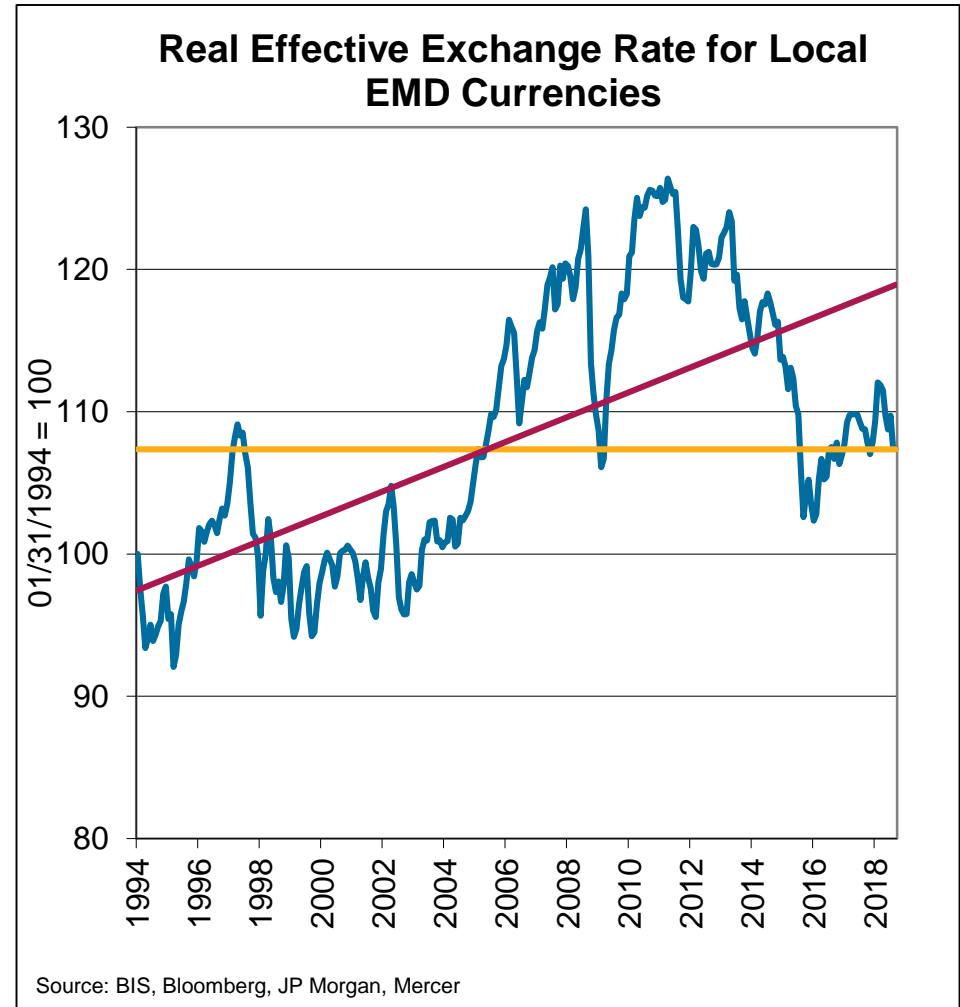
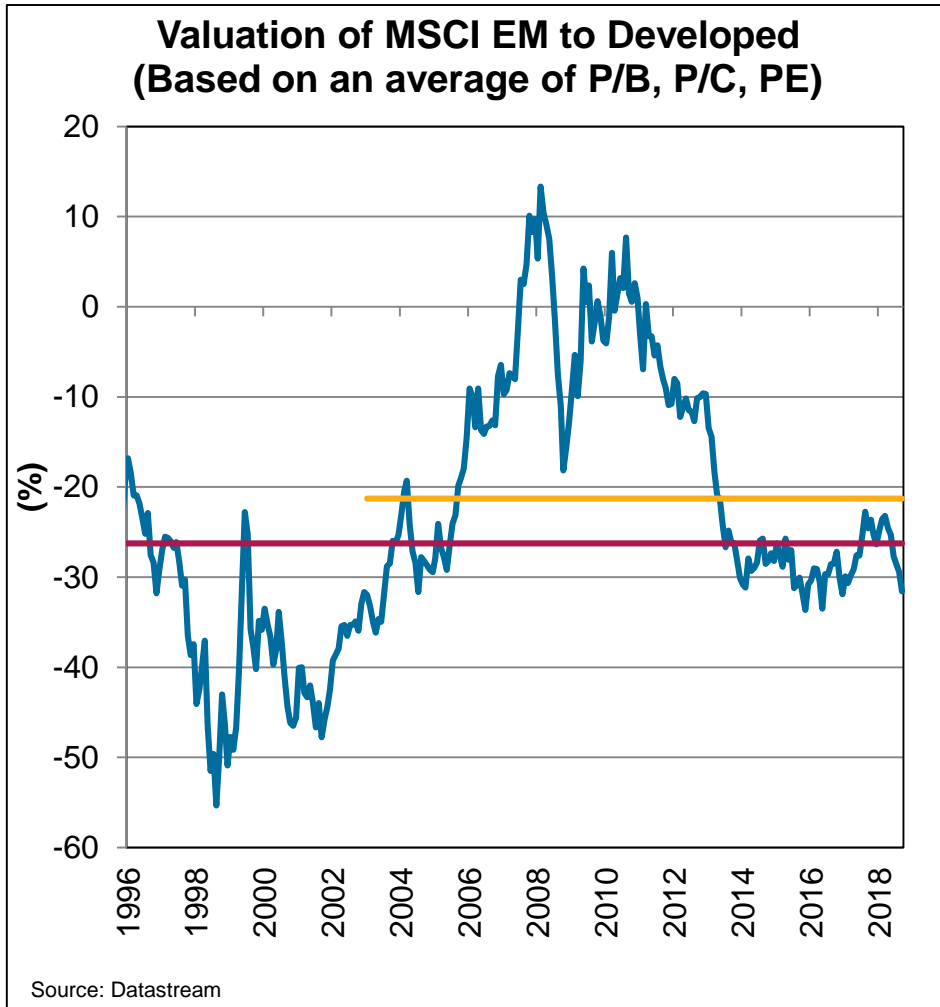


Source: Bloomberg

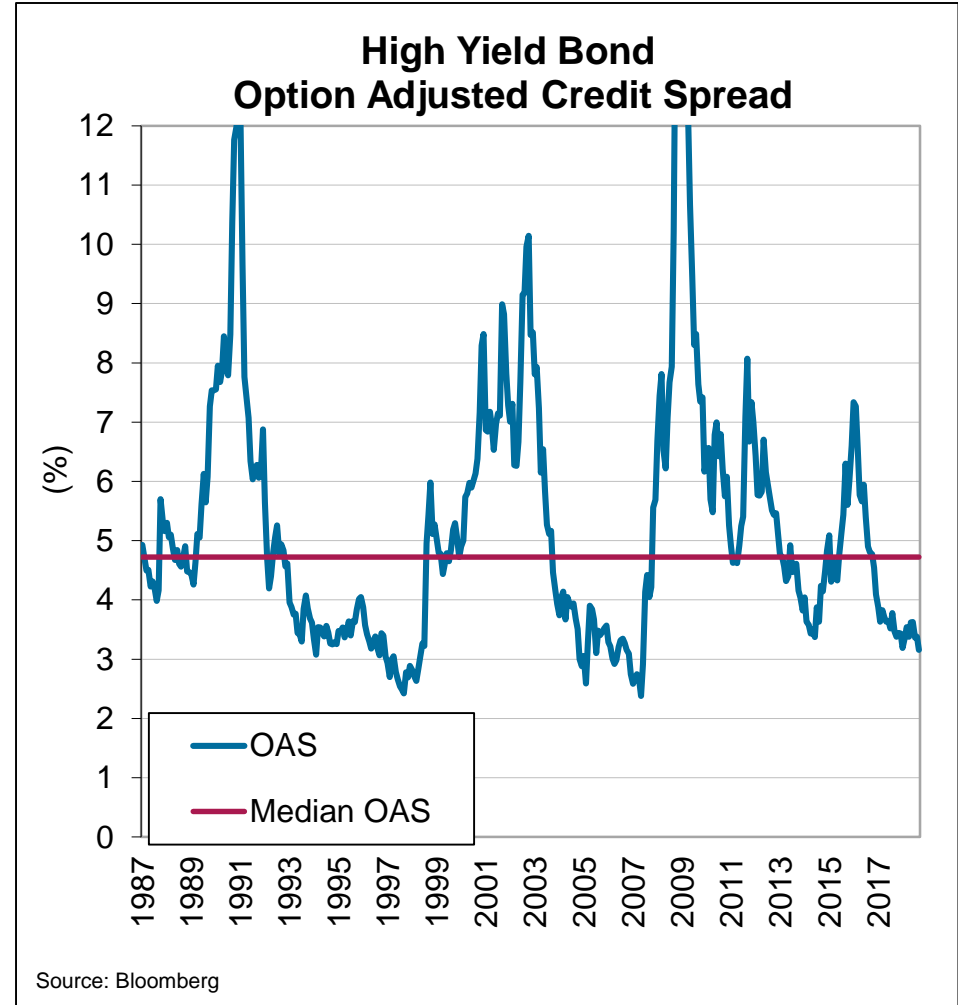
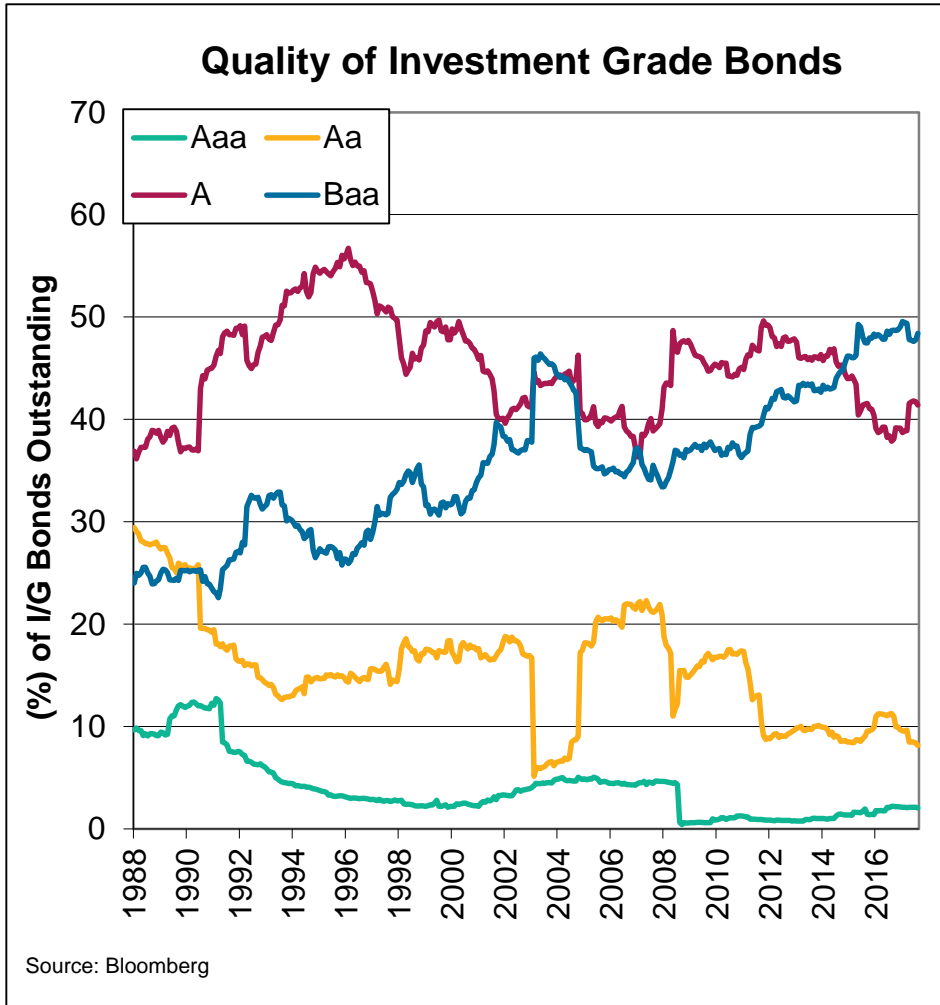
UNCERTAINTY OVER CHINESE GROWTH OUTLOOK



EMERGING MARKET ASSETS ARE CHEAP, BUT HIGH RISK OVER THE SHORT-TERM



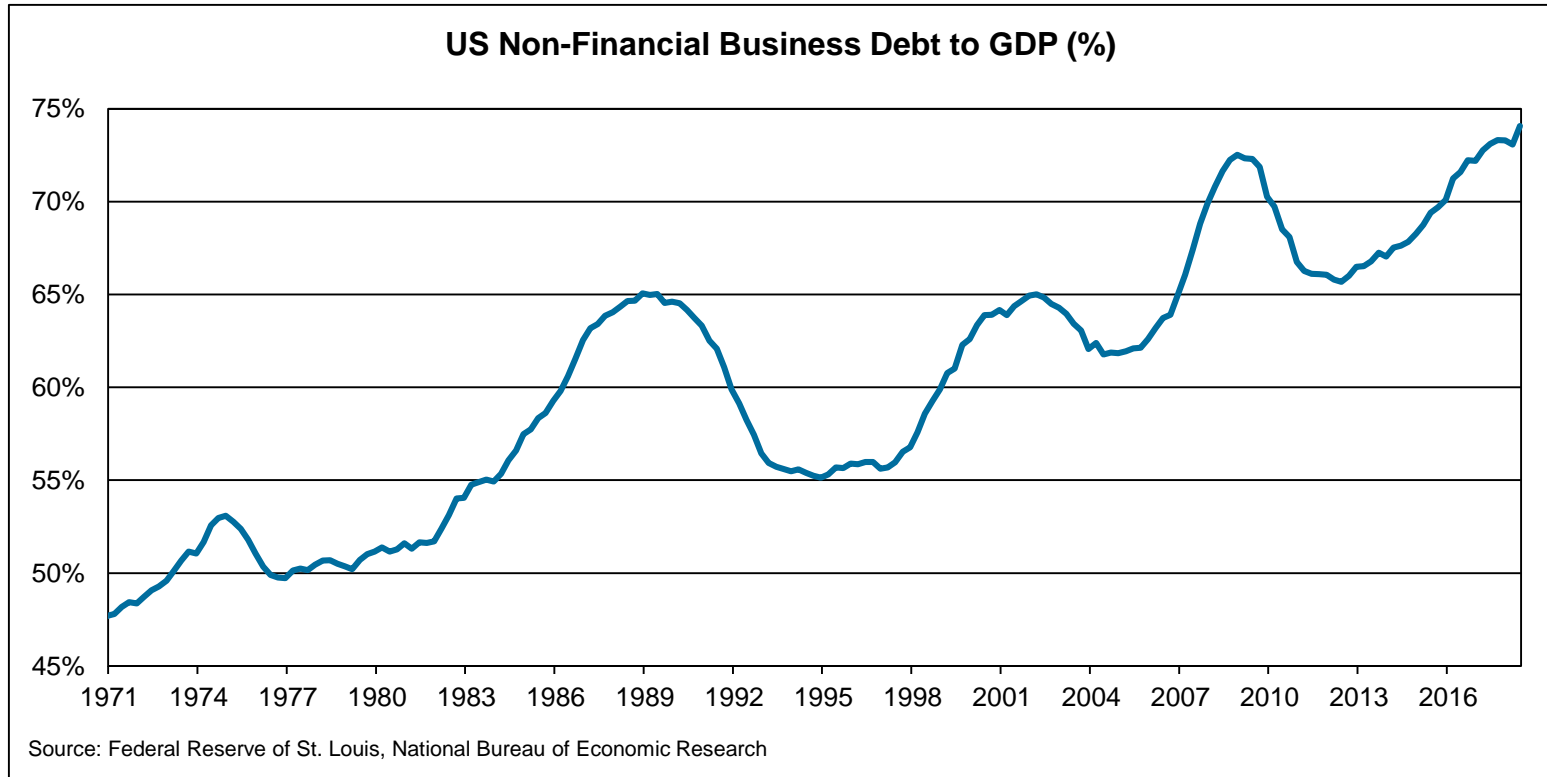
REDUCE RISK BY UNDERWEIGHTING CREDIT



THE CRISIS



Lesson 1: Credit cycles are inevitable.



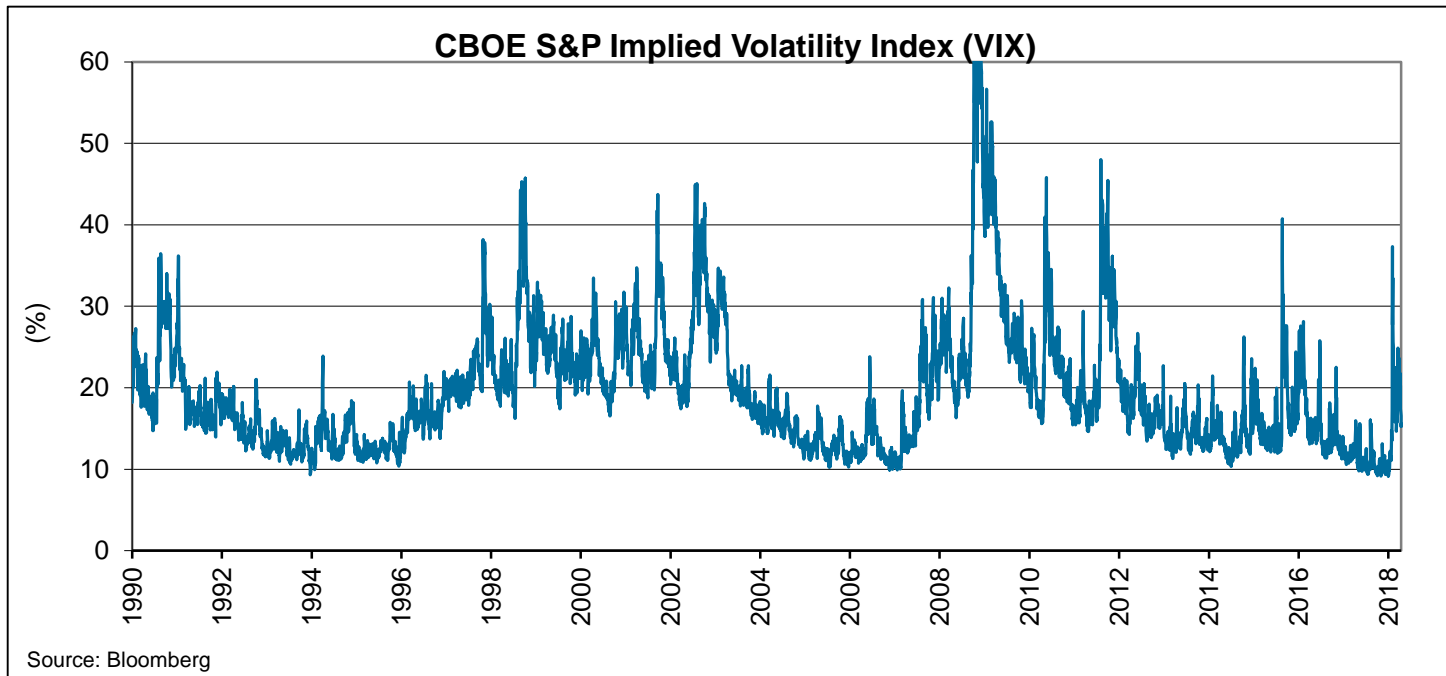
THE CRISIS



Lesson 2: The financial system is based on confidence, not numbers.



Lesson 3: Managing and controlling risk is a nearly impossible task.



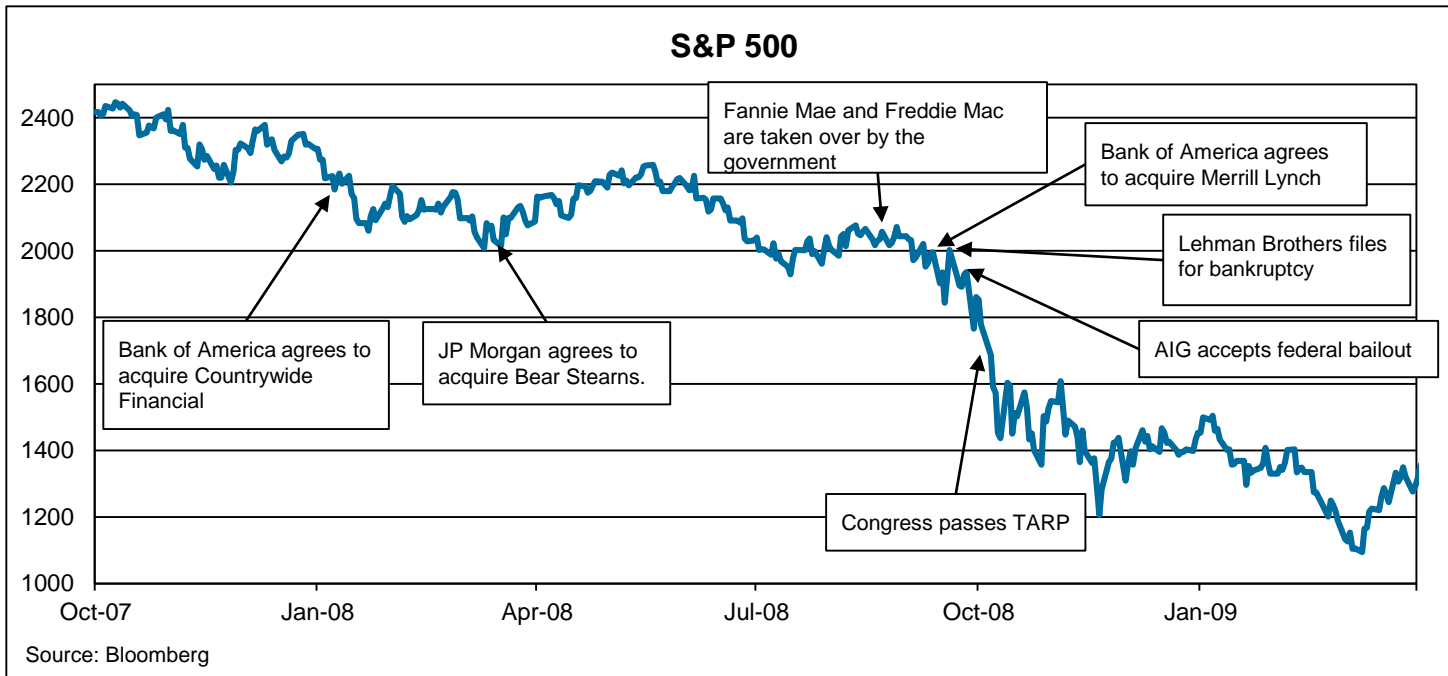
THE REACTION



Lesson 4: Don't panic!



Lesson 5: Some banks are too big to be allowed to fail.



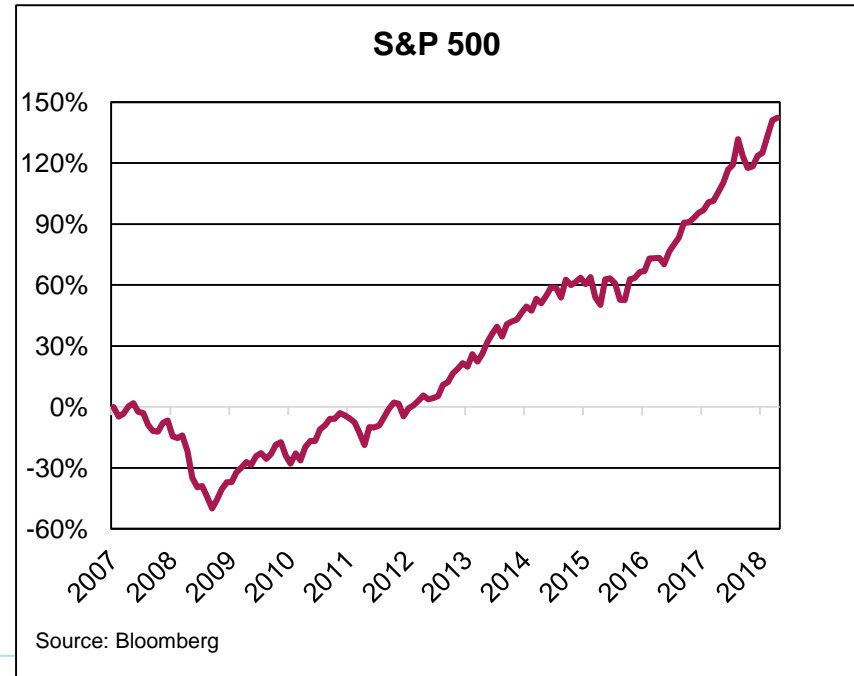
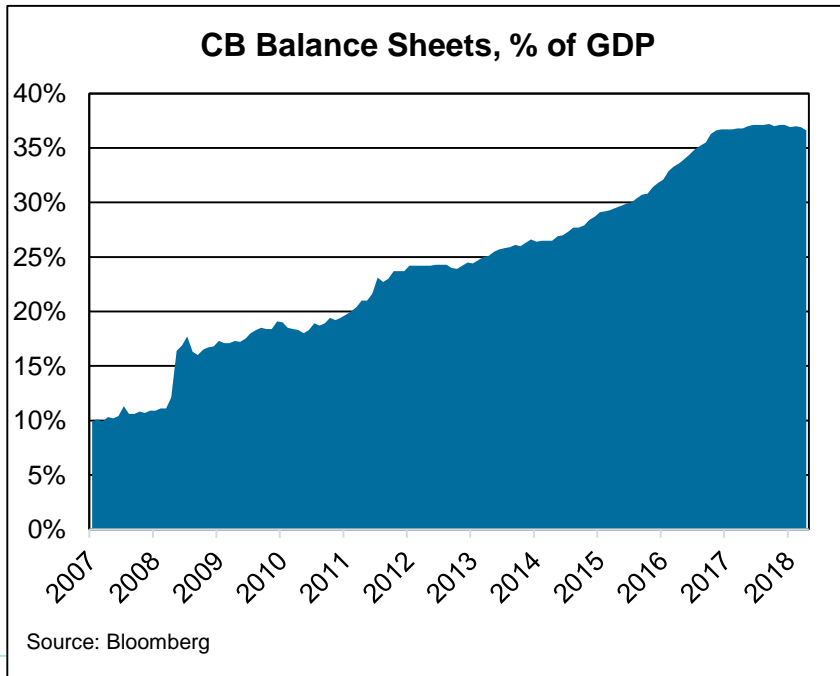
THE AFTERMATH



Lesson 6: Emergency and extraordinary policies work!



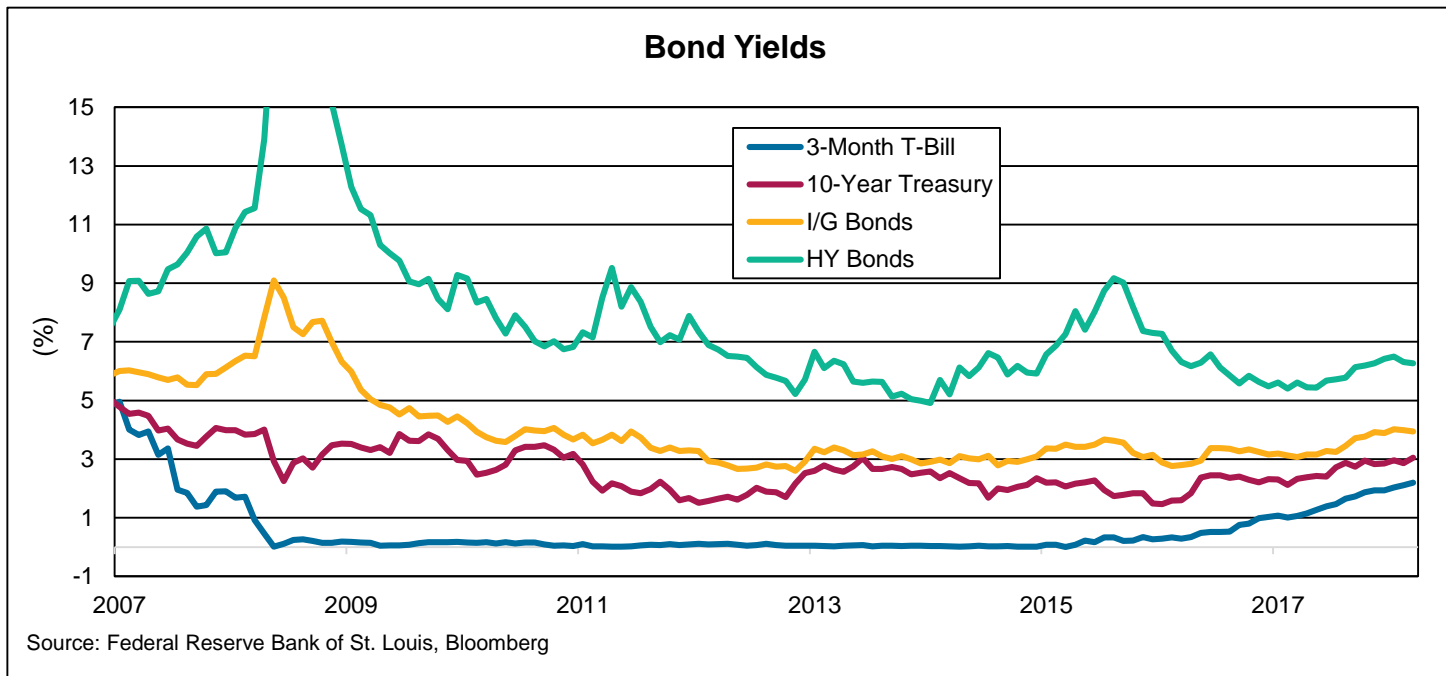
Lesson 7: If massive amounts of liquidity are pumped into the financial system, asset prices will surely rise.



THE AFTERMATH



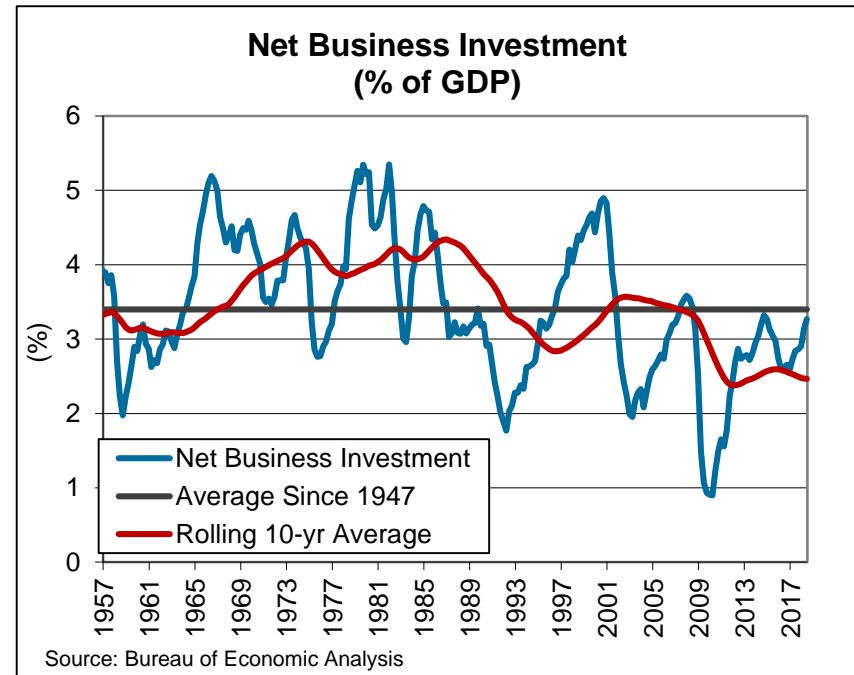
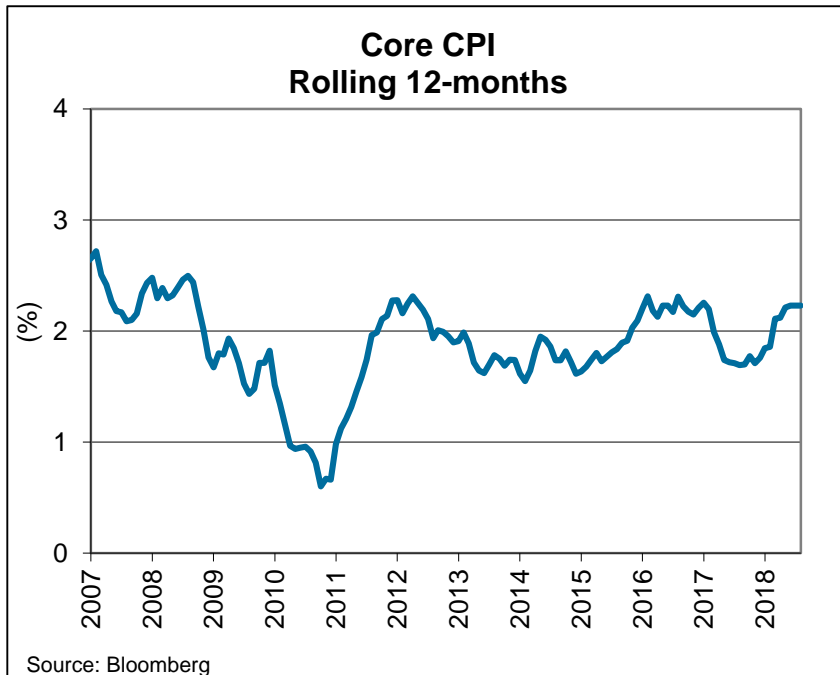
Lesson 8: If short-term rates are kept at extraordinarily low levels for a long period of time, yields on other assets will eventually fall in sympathy.



THE AFTERMATH



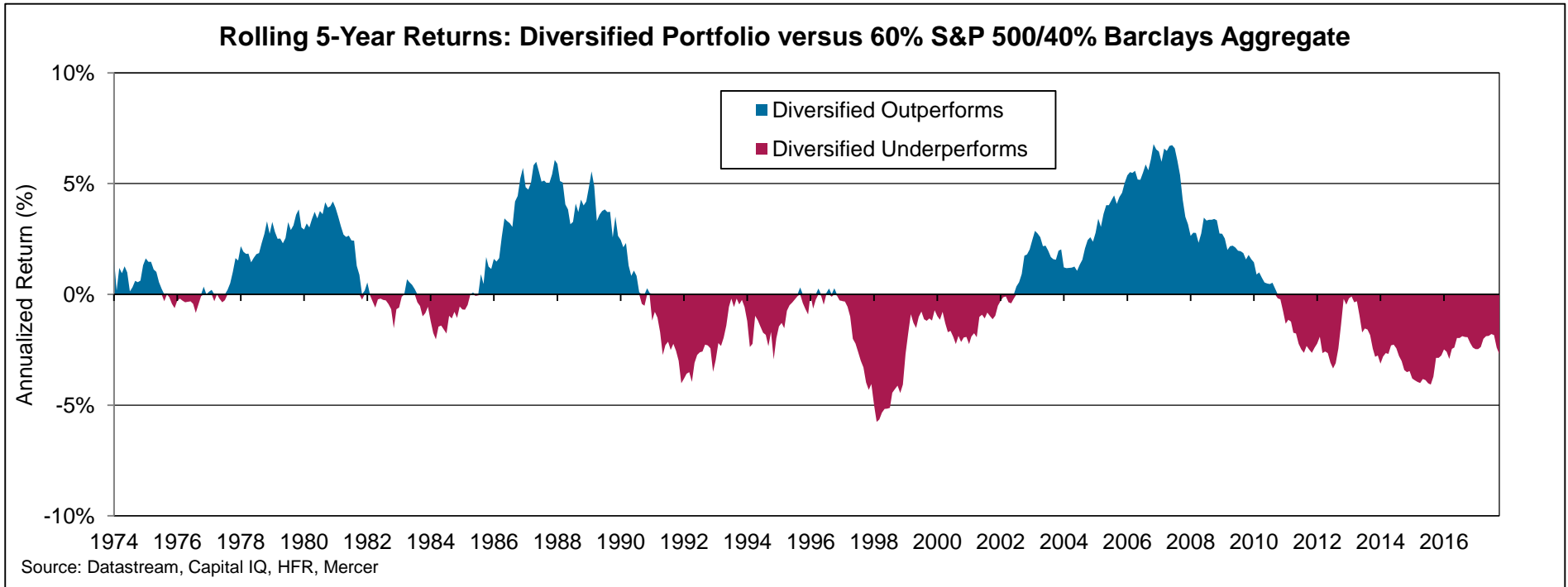
Lesson 9: Extraordinary and untried policies have unexpected outcomes.



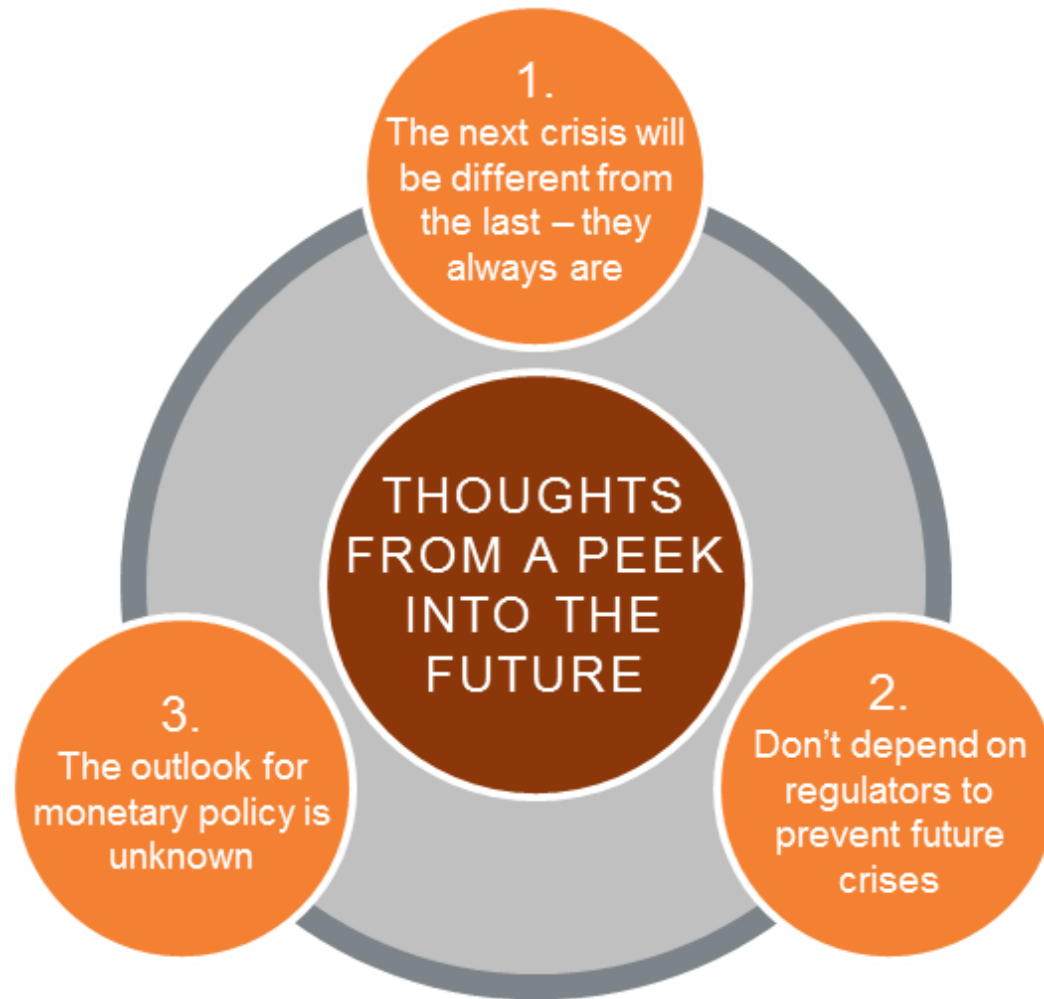
THE AFTERMATH



Lesson 10: The behavior of securities markets does not conform to expectations.



THOUGHTS



ACTIONS



QUESTIONS?

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QUESTIONS

Please type your questions using the Q&A icon in the bottom toolbar and we will do our best to answer as many questions as we have time for.

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