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2017 Q2 Global Investment Outlook & Strategy

- Global economy to grow by 3.1% in 1H 2017, but decelerate in 2H
- US economy to decelerate in Q2, consumer driven, partly due to embedded US\$ strength continuing to weigh on trade, tourism, FDI
- US Government shutdown-perceived risks will weigh on US assets
- 10-Year US yields will move lower (\$TNX 2.10% - 1.80%)
- \$USD will reverse and decline towards below 94 in Q2 2017
- Oil & Commodities will move higher by 12% - 15% in Q2 2017
- Global Equities to correct by -10% to -15% by mid-to-late 2017
- EAFE and EM continue to outperform US equities in Q2
- Chinese assets/equities will attract more in-flows

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CGI 2017 Q2 Economic and Investment Outlook at a Glance

Economic outlook



Global



USA



Europe



EM

- The global economy is still slowing, negatively affected by geo-political distress, but will accelerate in 1H 2017
- +85% of the central banks are still supporting the global economies by additional monetary stimulus
- Productivity growth to improve due to labor, financial and product markets reforms in place, particul. Europe
- Investment to pick up (modernization of capital stock)
- The US economic momentum will likely slow in Q2, mainly due to presidential ineffectiveness, plus negative impact of stronger US\$ and will weigh on US corporate earnings, on US exports, and increase longer-term negative affects for the US to attract FDI and remain competitive.
- The macro-economic momentum in Europe will gain momentum in Q2, partly due to a much weakened Euro, but also due to governments re-launching spending program accelerations (Juncker-Plan, EFSI infrastructure, privatizations, etc.)
- EM economies have bottomed, especially in ASIA, AFRICA and ME, and the supply/inventory/demand rebalancing of commodities and rising prices will help
- Given the benign macro influence from developed economies, we do expect for EM central banks to further lower rates all through the 2H 2017

Markets

Equities

- Globally, long term bonds offer best risk return opportunities in Q2 2017 of all asset classes, particularly from an DDM and total return aspect
- The global equities' bull market is alive, mostly for developed markets, but also for select EM's. We keep expecting for US equities to underperform EAFE until October, when their period of seasonal weakness ends.

Bonds

- We expect for US, European and Asian 10-Y government bond yields to fall, but remain in their long term trend range throughout 1H 2017.
- We do not expect the FED to proceed with a rate hike until 2H 2017, mainly due to the still temporary strong US\$ conundrum and implicit weaker commodities prices, Oil in particular, and the rising disinflationary pressures

Commodities

- Commodities, particularly energy, OIL, Nat Gas are still oversold, we see the potential for +15% further price recovery in Q2, particularly on OPEC deal to cut production and rally further throughout rest of 2017.
- Base metal prices are on the road to a cyclical recovery. Global supply developments will lead zinc and nickel significantly higher in the next two years.

Currencies

- We expect a reversal in the US\$ Index back towards below .98, and for EUR/US\$ 1.14 by end of 1H 2017, and for commodities based currencies to add also another +10% to +15% against the US\$ by 2H 2017.
- Renmimbi/Yuan as full SDR currency reserve will attract global assets into China
- However, USD/YEN to move to 118 by end of Q2 2017



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2017 Q2 Tactical Asset Allocation

Assets classes		Recommendation as of March 28 th , 2017							Change since December 16 th , 2016
		+++	++	+	0	-	--	---	
Equity Markets	USA							X	Reduce weighting
	Europe						XX		Reduce weighting
	Japan					X			Reduce weighting
	Asia/Pacific					X			Reduce weighting
	Emerging Markets			X					Reduce weighting
Bond Markets	Developed Markets		XX	X					Increase weighting
	Emerging Markets		XX						Increase weighting
	Inflation Linked			X					Increase weighting
	Investment Grade			X					Unchanged
	High Yield				X				Unchanged
	Convertibles				X				Unchanged
Private Equity & Real Assets	Listed Private Equity				X				Unchanged
	Commodities	XXX							Unchanged
Cash				X					Increase weighting
Forex	USD							XXX	Reduce weighting
	EUR		X						Unchanged
	Yen						X		Unchanged
	EM & Others	XXX							Unchanged



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CGI 2017 Q2 Major Assumptions

- **The tailwinds for global growth and commodities, from expansionary US fiscal policy and domestic Chinese growth, limit the downside risk to emerging market equities from potential protectionist trade policies and a continuation of recent US\$ strength.** The surge in industrial commodity prices in recent months has been dramatic. Copper, for example, has risen 22% in the last few weeks, a move some commentators attribute to rising expectations that President-elect Donald Trump will initiate a more expansionary fiscal policy. However, a closer look reveals that the broader commodity complex has been rallying since the summer. Given China's dominance in the demand for industrial commodities, this report explores the outlook for the Chinese economy, how it could be impacted by President-elect Trump and its near-term vulnerabilities. Particularly with a republican leadership now in place in the US for the next 4 years, we believe that the commodities run has just started. A recent endowment report underscored the fact that the impact of alternatives on portfolios has actually provided more upside potential and less downside risk. The world's largest university endowments have been leading the demand for alternative investments. Accordingly, the combination of alternatives with additional exposure to traditional asset classes has been demonstrating that the impact on an institutional portfolio may be substantially greater than the sum of its parts. **We continue to see a strong case for 2017 for institutions needing to increase their allocations to almost all forms of alternatives to above 28% of portfolio assets, up from 23% in 2011 and 25.% in 2013.**
- **Globally, equities are getting expensive, with US equities currently representing the highest valuation risk, as US corporate earnings will be revised downwards, partly due to the continued higher weighted US\$ and its negative translational impacts. For Q2 2017, we see increased risks for investors in the global Auto's, Financials, Banks, Consumer Goods.**
- **We are advising investors to increase cash levels (we see EM currencies tremendously undervalued relative to the US\$) and to invest in long term government bonds (10-Year US T-notes and European 10-Year government bonds, preferably in peripheral markets such as Spain, Italy, France but also in EM markets and commodities producing and exporting sovereign long term debt) until bonds will enter their period of seasonal strength in May. We see the US 10-Y Treasuries trending in a range of 1.70% to 2.60% over the next 12 months as we continue to see the FED baffled about the US growth outlook. not enough inflation, too strong of a US\$ relative to weak global growth and relative to US\$ denominated debt obligations.**
- **We are expecting for the strength of the US\$ to fade further in Q2, and correct towards \$USD 94 and EUR/US\$ 1.13, and implicitly for Oil & commodities to rise further, after WTI hit our Q2 \$52/bbl very aggressive price target, and continue to recover by +15% to +20% between Q2 and Q3, and maintain our 2017 revised price target of \$63/bbl for WTI.**



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CGI 2017 Q2 Main Investment Conclusions

Global reallocation out of bonds into equities & alternatives temporarily to reverse

G-10 Bonds have the seasonal tendency to outperform G-10 stocks from mid-May until October, a trend that we see to repeat in Q2 2017.

As per prior reports, we think that the current slow economic environment, impacting two-thirds of the global economy, namely the US and Europe, and Japan, is going to provoke most long-term investors to conduct a major switch from overvalued (particularly US) equity investments into 10-Year and 30-Year US government securities, and back into high-yield equities with stable and defensive cash flow generative outlook.

Although European equity yields are around +3.8%, versus US equity yields around +1.9%, we see investors switch out of equities over the summer (as EU equities are paying out annual dividends until end of June) back into US treasuries, and higher yielding securities, until the period of seasonal weakness for equities will come towards an end in October. We see further potential for Brazilian, Russian, Chinese and Indian equities to outperform over the summer.

Longer term, over the coming 3 years, we see the case for another US\$ 7 TRN to US\$ 12 TRN being reallocated out of Global Fixed income and being allocated mostly into equities, commodities and private equity

Adding this amount into the current US\$ 75 TRN in global equity market capitalization will push prices and valuations upward beyond where strategists are currently forecasting, particularly into EM markets like China, India, Russia and Brazil, but also Europe, and hence why we continue to see a strong “bull market case” for global equities



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CGI 2017 Q2 Recommendations

Q2 Major Long Calls

- EM government bonds (Indian, Brazilian, Chilean, Peruvian, Thai, Vietnamese)
- US 10Year and 30-Year Government Bonds
- Commodities (\$WTI, \$BRENT, \$SILVER, \$PLAT, \$PALL, \$COPPER, Wheat, Soy, Coffee)
- EM Equities indices (\$BVSP, \$RTX, \$BSE, \$SSEC)

Q2 Major Sell/Short Calls

- USD
- YEN/EUR , YEN/USD
- GBP/EUR, GBP/USD
- US, EU, Japanese equities



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2017 Q2 Global Macro & GDP Outlook

- Baring any major geopolitical escalations, Global GDP will grow modestly in Q2 2017 +3.0% (we changed our global 2016 fy GDP forecast from +3.1% to + 2.9%)
- Europe will slowly accelerate towards +1.6% to 1.9% range, with Germany, France, Italy, Spain, SEE governments re-launching spending programs; European exports will accelerate due to lower Euro weighted average (+/-EUR/US\$1.09)
- Japan will stabilize towards +1.2% GDP growth, mostly due to still weaker weighted average Yen (2017 average USD/YEN 112 vs. 2015 Yen average 108) exports will still generate momentum
- China will continue to grow at +6.5% to +6.7%
- India will continue to grow at +6.5 to 7.0%, increasingly consumer driven
- EM's will accelerate towards +3.5%, helped by rising commodities prices and growing export demand
- Globally commodities & food prices have bottomed, and supply/demand ratios have rebalanced, energy, agro & hard commodities demand and pricing will improve
- Global central banks will keep interest rates low, likely lower rates throughout 2H 2017
- US & European Corporate and Consumer Credit will remain very loose
- US unemployment will slowly rise, European unemployment to still improve in particular due to government infrastructure program investment increases (France; Germany, Holland, Spain, Italy, Portugal, SEE)
- US 10-Y TBonds will have one more rally towards our 2017 target of 1.70%, Japanese and European 10-Y Bonds similarly will stay at lower yield levels (German 10Y to .50, French 10Y to .70)
- US\$ will continue to consolidate in Q2 and throughout 2017; EUR/US\$ 1.18, \$USD retesting 92, however US\$/Yen 110 - 118



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CGI 2017/2018 GDP Forecasts

Annual GDP Growth %	2016 CGI GDP Forecast (e)	2016 GDP Consensus (e)	2017 CGI GDP Forecast (e)	2017 GDP Consensus (e)	2018 CGI GDP Forecast (e)	2018 GDP Consensus (e)
Global	2.6% (2.7%)	2,7% (3.0%)	3.0%	3.3%	3.0%	3.3%
G-10	2.1% (2.3%)	2.8%	2.6%	3.3%	2.7%	3.0%
US	1.7%	2.5%	1.9%	2.6%	1.7%	2.5%
Canada	1.4%	1.8%	1.8%	1.8%	2.2%	1.8%
EURO AREA	1.7%	1.4%	1.8%	1.3%	2.1%	1.6%
Germany	1.8%	1.5%	2.1%	1.6%	2.2%	1.5%
France	1.4%	0.9%	1.5%	1.0%	1.7%	1.0%
UK	2.0%	1.8%	2.0%	1.8%	1.2	1.8%
Japan	1.4%	1.2%	1.8%	1.6%	1.8%	1.2%
China	6.7%	6.2%	6.2%	5.5%	6.2%	5.0%
India	6.5%	6.0%	6.5%	5.0%	6.5%	5.5%
Brazil	-1.5%	-2.0%	3.0%	1.0%	2.5%	2%



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2017 Q2 Macro Outlook Europe

- European investment programs to accelerate Q2 2017 (“Juncker-Plan”, EFSI, infrastructure, energy, alternative energy; ICT; water; transport logistics, airports, ports, roads, rails etc.)
- German, French, Spanish, Italian, Portuguese, Greek governments and municipalities will increase spending
- Deflationary pressures to ease further, personal consumption to rise further
- Euro GDP to accelerate in Q2 (+1.6% to +1.9%) with EU inflation to remain between +0.6% and +1.2% levels
- German GDP will accelerate in Q2 2017, and still continue to drive EU GDP and Export growth (German 2017 GDP +1.8% and +2.1% for 2018)
- The weaker “weighted Euro” in 2016 (EUR/USD bottomed at 1.0480, to gradually move towards 1.20 year-end 2017) will continue to enable European exporters to hedge future sales, increase competitiveness, increase margins, and increase corporate profits
- Peripheral Economies (Spain, Portugal, Italy, Ireland, SEE) will substantially improve 2017 fiscal positions
- Global fixed income markets will continue to focus on Spain & Italy & French debt issues improving in Q2 2017;
- EU public aggregate debt 2017 will be around 85%/GDP, and budget deficit will be -3% of GDP.
- UK deficit/Gilts/GBP will come under more pressure in Q2; “Brexit”-related GBP will likely weaken to below GBP/US\$ 1.10



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2017 Q2 Macro Outlook United States

- US GDP to slow in 1H 2017 (2017 annual target now +2,1% down from prior +2.5%) mainly due to embedded strength of US\$, but also a roll over of the us consumer (car sector shows clear signs of this already) The implied strength of the US\$ will negatively impact US economy, exports will decline, imports will grow, now commodities manufacturing is experiencing further capacity shutdowns (Shale Oil, Nat Gas, industrial metals), which will drive upside speculation & pressures to prices. US trade deficit widening in 1H 2017 due to stronger US\$, imports will rise substantially, exports will slow further, US competitiveness will shrink significantly, US productivity growth will still slow on absolute and relative basis in 1H 2017, particularly in industrial manufacturing, tourism, M&A, FDI to slow even further in 1H 2017. The temporarily stronger US\$ against most currencies has the potential to trigger renewed volatility in asset classes sensitive to its swings by summer 2017
- US inflation to remain stable and well below +2.5% in 2017 (due to stronger US\$; still base effect of lower commodity prices)
- The rolling over of corporate earnings (EPS Consensus now for 2017 of 132, and for 2018 148, are too high, given the US\$ strength and negative translational and transactional effects) will feed through to a weaker labor market in Q2 and beyond. US corporate profitability will come down further due to stronger weighted US\$ for Q2 still being higher than for last year, we are expecting for companies to disappoint by another -4% to -7% in 2017 1H
- The US Presidential rally in equities and decline in bond prices is overdone. We are expecting for the sugar rush to fade into Q2 2017, and consequently for personal and government spending in Q2 and Q3 to slow.
- We are expecting 10-Year T-bond yield to decline to below 1.70% over the summer till the end of the period of seasonal weakness end of September, (flight to safety, also due to political instable conditions, then rally back towards lower long-term trend range around 2.00%)



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2017 Q2 Macro Outlook Japan

- Japanese GDP will accelerate in Q2 2017 as additional economic stimulus (ABE's 3rd arrow, plus new government stimulus measures to be launched) will generate more momentum and exports will get another boost from the once again weakening YEN
- Currency pressures will rise for YEN (after we expected the YEN to remain in US\$/YEN 104 – 113 range between now and fiscal end 2016 (March 31st 2017), we now are seeing risks on the rise for the YEN to decline towards USD/YEN 118 over next 120 days
- Japanese corporate profitability will be a focus, as companies & boards are increasingly focusing on ROE/ROI
- Private consumption and residential investment should help to shore up overall growth in 1H 2017 and beyond, as spending normalizes subsequent to the April 2015 consumption tax hike
- A major catalyst for continuing to overweight Japanese equities is related to the actions of the Bank of Japan and the massive public pension fund working in concert to stimulate the economy and the equity markets. The BOJ has increased its already sizable QE program by 25%, which will allow Japan's Government Pension Investment Fund to move a large part of its massive bond position to stocks without a major disruption in the Japanese bond market. This shift in pension-fund policy will provide a massive catalyst for buyers of Japanese equities for the next several years.



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2017 Q2 Macro Outlook Asia

- **China's GDP to stay at current pace (+6.2% to +6.7% annualized)** A stable Chinese economy is a requirement for the global economy to prosper. Sustained Chinese growth momentum into 2017 should support our overweight to equities relative to government bonds. In our view, the likelihood of tailwinds for global growth and commodities, from expansionary US fiscal policy and domestic
- **China's productivity growth to improve, cost management will improve, inflation will decelerate, interest rates possibly declining will help real estate and equity markets further**
- **Chinese currency now accepted as of October 1st into IMF SDR program, just as we were predicting, and way ahead of expectations, will cause a lot of volatility in forex markets, and PBoC will need to find ways to devalue in 1H 2017 (we expect maximum -2.5% devaluation in 1H 2017)** Chinese growth, limit the downside to emerging market equities from the potential threat of protectionist trade policies and a continuation of recent U.S. dollar strength. The depreciation in the renminbi (RmB) has so far been more attributable to U.S. dollar (USD) strength, with China's currency stable against other Asian currencies. We remain vigilant to signs of capital flight and rising Chinese interbank rates that could destabilize financial conditions
- **Chinese government will become more hospitable towards FDI,**
- **M&A (domestic and foreign) activities will pick up**
- **India GDP to remain strong (+6.5% to 7.0% annualized) due to continued impact of weaker commodities prices and related weaker inflation**
- **India's inflation will be declining substantially, interest rates will be cut further, investment to accelerate (government FDI incentive programs like in the railway sector (FDI in railway sector can be 100%) will also be applied to defense sector, insurance sector (FDI limits will be raised from 26% to 49%) will give boost to manufacturing and service sectors**
- **Thailand & Indonesia GDP growth to accelerate in Q1 2017 to above 4%, Malaysia & Singapore to above +3%**



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2017 Q2 Macro Outlook Latin America

- Economic conditions in Latam will slowly improve further in 1H 2017 to GDP growth of +1.5% to 2.5% range
- Commodity based economies (Chile; Peru; Brazil; Mexico; Columbia; Venezuela) will improve due to commodity prices bottoming (local currencies rebounding further against the US\$), and structural reforms taking affect. Brazil's structural reforms will help GDP to improve towards +2.0% in 1H 2017 and throughout 2017.
- Argentina will accelerate towards 4.0% in 1H 2017
- Long term investment plans focusing on infrastructure investment, FDI, improving educational system and technology innovation will be key for growth success



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2017 Q2 Macro Outlook MENA

- African and MENA GDP to resume to higher growth (UAE +5%; Africa +4%; Sub-Sahara +5%) in Q2 due to stable Oil prices post OPEC production cuts agreement, MENA inflation (food & energy) to remain benign in 1H 2017
- UAE and other MENA countries to continue to focus on deemphasizing US\$ trade currency (Oil; other commodities) substitute into EURO; Ruble; Yuan
- SA to face challenges from widening fiscal deficit (public wages concern)

2017 Q2 Macro Outlook ROW

- Frontier market economies to pick up, inflation to drop further in Q2 2017
- Frontier market currencies to stabilize and strengthen against US\$ Index
- Russia & Ukraine & Balkan crisis has peaked in 2015 and concerns will subside in 1H 2017 and growth will accelerate, currencies will strengthen further against the US\$, despite more interest rate cuts



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CGI 2017/2018 Currency Forecasts

Currency	Spot Price March 28th, 2017	Q2 2017 CGI Forecast	2017 CGI Forecast	2017 Consensus Forecast	2018 CGI Forecast	2018 Consensus Forecast	2019 CGI Forecast	Chart Technical Momentum	Long-term trend
USD Index	100.55	.93	.92	102	.88	.98	.90	neutral	sideways
EUR/US\$	1.0658	1.16	1.18	1.04	1.20	1.10	1.30	positive	upwards
US\$/YEN	111.385	115	115	110	118	110	125	positive	upward
EUR/YEN	118.722	124	125	116	120	120	130	positive	upward
EUR/GBP	.8487	.95	1.00	.90	1.00	.85	1.10	positive	upward
GBP/US\$	1.255	1.15	1.05	1.22	1.00	1.20	1.05	negative	downward
EUR/NOK	9.16	9.00	8.85	9.5	8.5	9.00	8.5	positive	upward
US\$/BRL	3.122	2.8	2.65	3.10	2.65	3.15	2.70	negative	downward
US\$/CHF	1.0029	.95	.90	.90	.90	0.85	0.85	neutral	downward



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EUR/US\$ 2-Year Chart



EUR/US\$ 15-Year Chart



US DOLLAR INDEX 2-Year Chart



US DOLLAR INDEX 15-Year Chart





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US\$/YEN 2-Year Chart



US\$/YEN 25-Year Chart





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2017 Q2 Global Fixed Income Outlook

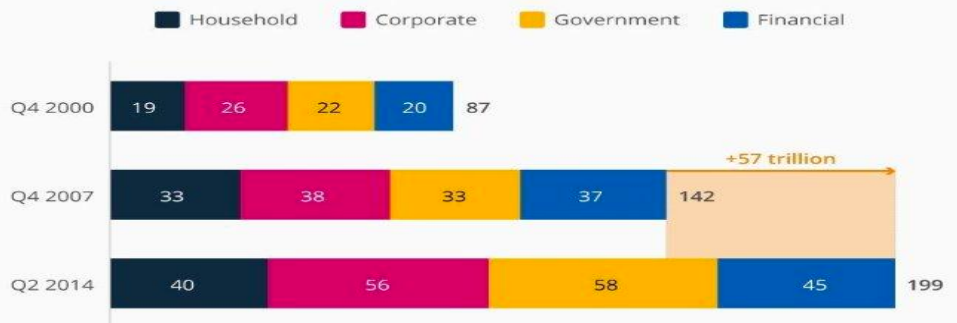
Category	Positives	Possible Concerns	Negatives
Government	India, Brazil, Norway, Sweden, New Zealand, Indonesia, Philippines, New Zealand	China Russia, UK, Italy, Spain, Greece,	UK, Portugal
Corporate	India, China, Germany, France, Spain, US, Argentina, Brazil, Russia,	UK CRE, UK RRE,	US REIT's, UK REIT's
High yield	Argentina, Brazil, Hungary, Taiwan, Korea, Russia Spain,	US, UK,	Venezuela, Columbia, Italy, Portugal

Globally, the debt picture is increasingly disturbing. Total public and private debt/GDP is 350% in China, 370% in the US, 457% in Europe and 615% in Japan, respectively.

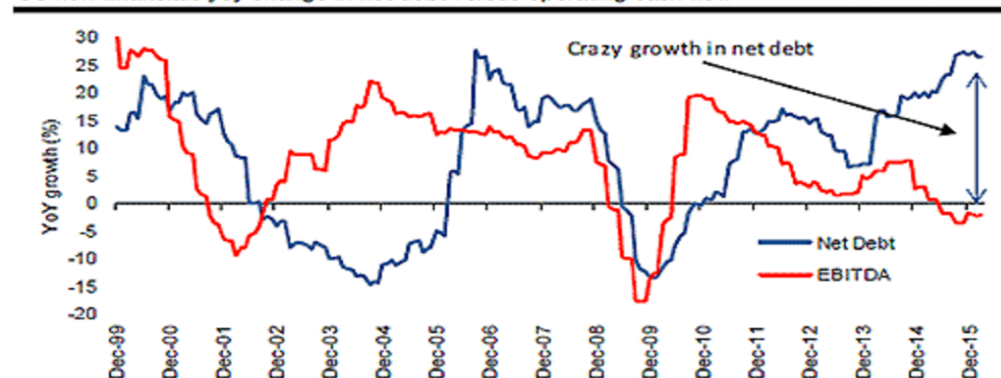
US corporations accumulated roughly \$1 TRN of goodwill during the post-crisis M&A explosion, plus now have more than \$2 TRN of stock buybacks. US corporations spent virtually most of its profits & free cash flow on cannibalistic activities rather than investing in new capital projects, R&D and other productive activities, and now sits on a mountain of debt that cannot be repaid even with suppressed interest rates.

Global Debt Has Increased By \$57 Trillion Since 2007

Global stock of outstanding debt, by type (in trillion U.S. dollars)



US non-financials yoy change in net debt versus operating cash flow





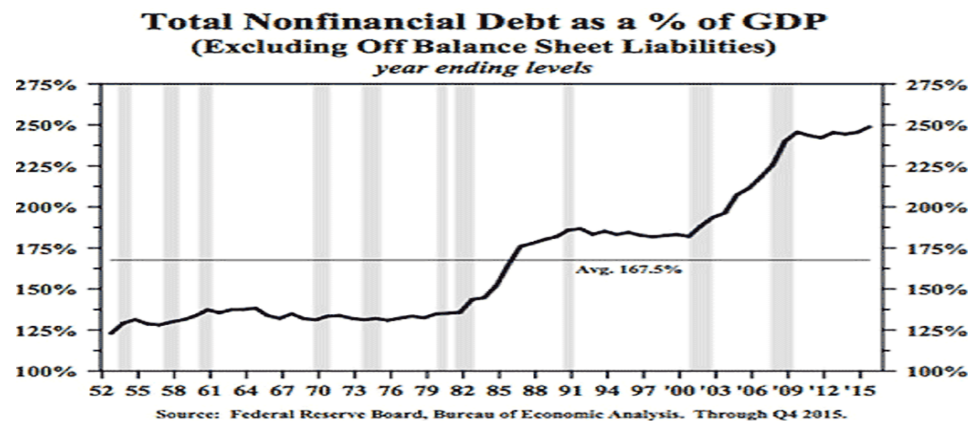
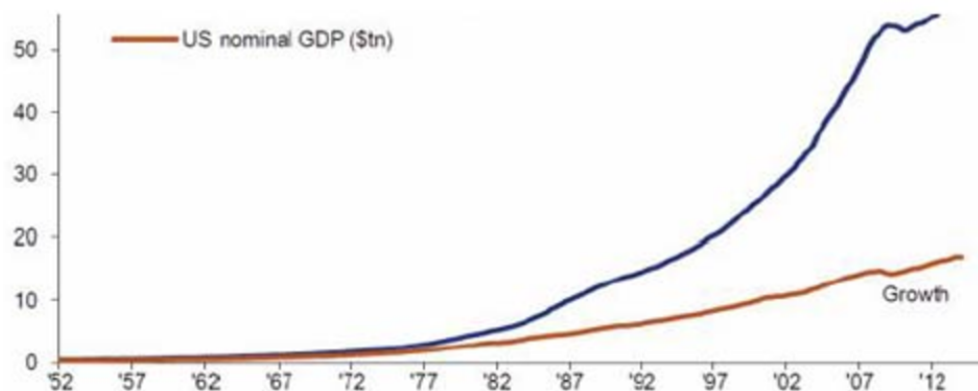
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2017 Q2 Global Fixed Income Outlook

In 2015, US nominal GDP rose by \$549 BN while US nonfinancial debt grew 3.5 times faster by \$1.912 TRN. The chart below illustrates how debt grew much faster than the underlying economy since the early 1980s. The gap between the two accelerated since the late 1990s. US government debt is growing to unsustainable levels. Gross debt (excluding off-balance sheet items) reached \$19.5 TRN at the end of 2015, equal to 108% of GDP (considerably higher than the 63-year average of 55.2%). Government debt increased by \$780.7 billion in 2015, or \$230 BN more than the nominal or dollar rise in GDP. This actual debt increase is considerably larger than the budget deficit of \$478 BN reported by the government because many spending items were shifted off-budget.

The Congressional Budget Office (CBO) projects that federal debt will rise to \$30 TRN by 2027 without assuming any type of recession or crisis that would increase that figure. We believe there is at least a 75% chance of another financial crisis in the next 2 – 3 years; which will put the CBO's figure as conservative. We see the odds of a recession during that period are 100%. On the state and local level, an increasing number of states and cities are facing debt crises. Furthermore, because any recession or crisis will occur within the context of a much more leveraged world than the last crisis and recession, it is likely to be far more severe. Government finances are broken and politicians are doing nothing to fix them; in fact, they are not even discussing the subject in a serious manner.

Plus, as we noted before, the latest rise in US corporate debt is not being used for productive purposes (massive stock buybacks, leveraged buyouts, debt-financed M&A, consumption, housing and financial speculation). 2015 business debt increased by \$793 BN while total gross private domestic investment (which includes fixed and inventory investment) rose by a mere \$93 BN. This means that the other \$700 BN was used for the unproductive activities listed above. At the same time, corporate cash flow declined by \$224 BN and corporate profits fell by 15% to \$242.8 BN, their lowest level since 1Q 2011. Debt spent on unproductive activities does not create the income necessary to service and ultimately repay that debt. It does not create jobs, build plants or fund research and development. Nor does it increase the productive capacity of the economy or promote economic growth. It simply sucks financial and intellectual capital away from productive uses.





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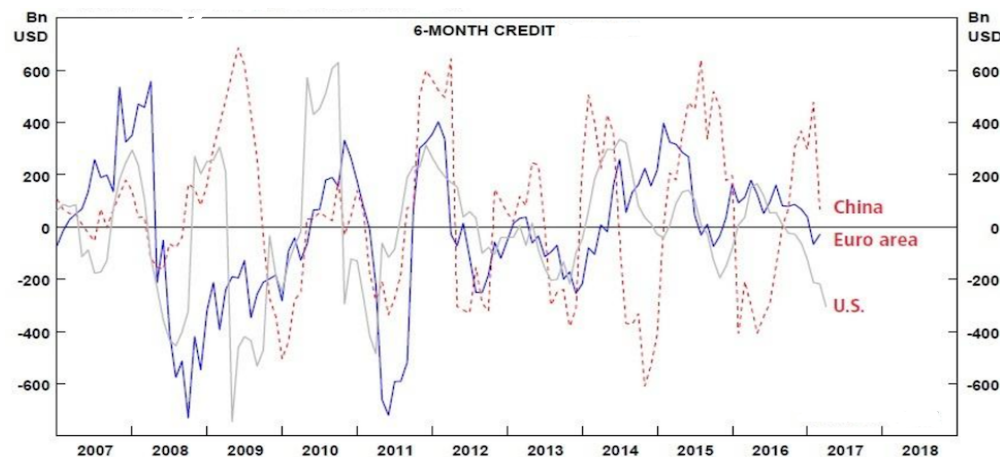
2017 Q2 Global Fixed Income Outlook

Low interest rates enable corporations to borrow money for unproductive activities such as overvalued M&A transactions, and excessive stock buybacks at elevated stock prices. Idiotic tax policies further encourage corporations that can't grow organically and/or want to reduce their taxes to enter mergers that primarily benefit short-term oriented shareholders and executives while leading to large layoffs and lower capex and R&D spending. Corporate spending on unproductive activities far exceeds the free cash flow companies are generating, leading them to inflate their balance sheets with more debt. US corporates appear to be spending way too much (over 35% more than their operating cash flow, the biggest deficit in over 20 years of data) and are using debt issuance to make up the difference. This excessive spending exceeds previous peaks in 1998 and 2008 (both of which ended in deep corporate credit crises). And for those who argue that the problem is limited to energy companies, think again: even if we exclude the oil and gas sector, corporations are still outspending free cash flow by a large margin.

Corporate leverage is elevated and continues to rise to unusually high levels given where we are in the cycle [late], with the most worrying rise in small cap stocks' debt levels [which coincides with junk-rated companies]... The catalyst for a balance sheet crisis is rarely the affordability of interest rates, so a 25bp rise in Fed rates is neither here nor there. Credit market risk is about assessing the likelihood of getting your money back. As such asset prices (i.e. equity markets) and asset price risk (i.e. equity volatility) are far bigger concerns. So all you need for a balance sheet crisis is declining equity markets, a phenomenon the Fed appears desperate to avoid.

Years of unduly low interest rates combined with excessively generous executive compensation schemes geared to share prices, the short-term demands of investors, and a flawed tax system, all are posing high risks for a collapse. Corporations are "effectively mortgaging future growth to compensate for the lack of demand today. That lack of demand is the result of a total lack of pro-growth fiscal policies coupled with an expanding government whose regulatory overreach is suffocating free enterprise. The damage is going to be greatest among the lowest rated companies that carry high debt loads and small equity market caps. Current forecasts of \$1.6 TRN to \$2.2 TRN of corporate defaults in the 2016-19 period are becoming increasingly credible.

US non-financials are outspending cash flow by the greatest margin in the past 20 years
(cash flow deficit as % of overall cash flow)





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Given the continued fragile global macroeconomic conditions, worsened by increasing geo-political tensions, and the recent presidential election outcome in the US and likely policy changes, bonds globally have sold off significantly, and are oversold at current levels. **We expect the 10-Year US government bonds to rally from here into Q3, and for yields to settle around 2.10% to 1.60% by the end of the summer.**

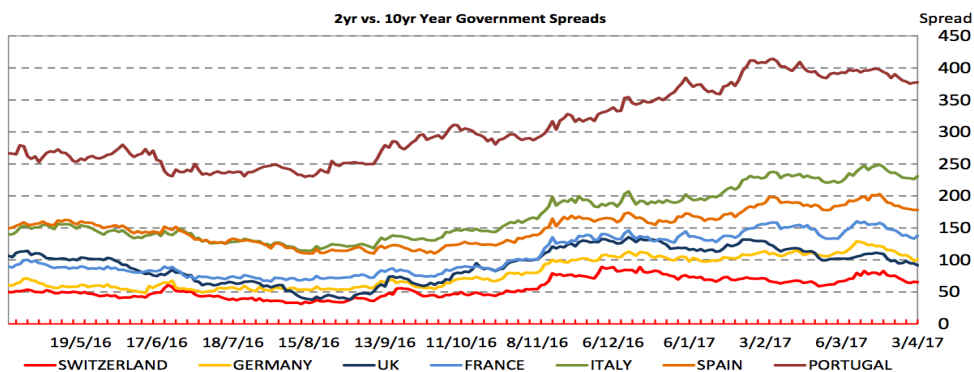
US 10-Year Treasuries Yield 2-Year Chart



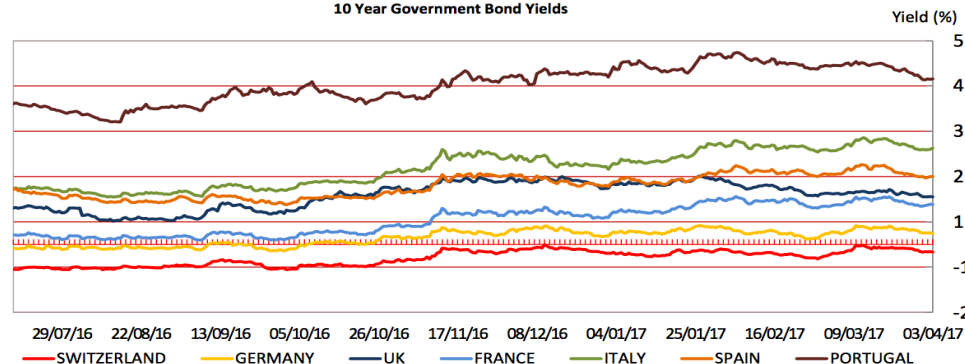
US 10-Year Treasuries Yield 20-Year Chart



European 2-Year Government Bond Spreads over 10-Y



European 10-Year Government Bond Yields





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2017/2018 Commodity Prices Forecasts

Commodity	Price March 28th, 2017	2017 Q2 CGI Forecast	2017 CGI Forecast	2017 Consensus Forecast	2018 CGI Forecast	2018 Consensus Forecast	Chart Technical Momentum	Long-term trend
WTI Oil	50.85	58	62	60	65	48	Positive	upward
Brent Oil	53.53	60	64	58	64	52	Positive	upward
Nat Gas	3.19	3.30	3.85	4.0	4.0	3.00	Positive	upward
Gold (US\$/oz.)	1,251.20	1,350	1,450	1,350	1,500	1,300	Positive	upward
Copper (US\$/oz.)	265.25	280.0	300.00	290	315	250.0	Positive	upward
Silver	18.25	21.00	22.00	22.00	24.00	20.00	Positive	upward
Platinum	930.35	1,050	1,100	1,100	1,250	1,150	Positive	upward
Wheat	426.50	430	430	430	470	430	Neutral	downward
Coffee	139.30	143	145	160	175	165	Positive	upward
Sugar #11	16.76	20.00	20	22	24	20	Positive	upward
CRB Reuters/ Jefferies	187.34	215.00	195	210	235	210	Positive	upward



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\$CRB 2-Year Chart



\$CRB 15-Year Chart



GOLD 2-Year Chart



GOLD 20-Year Chart





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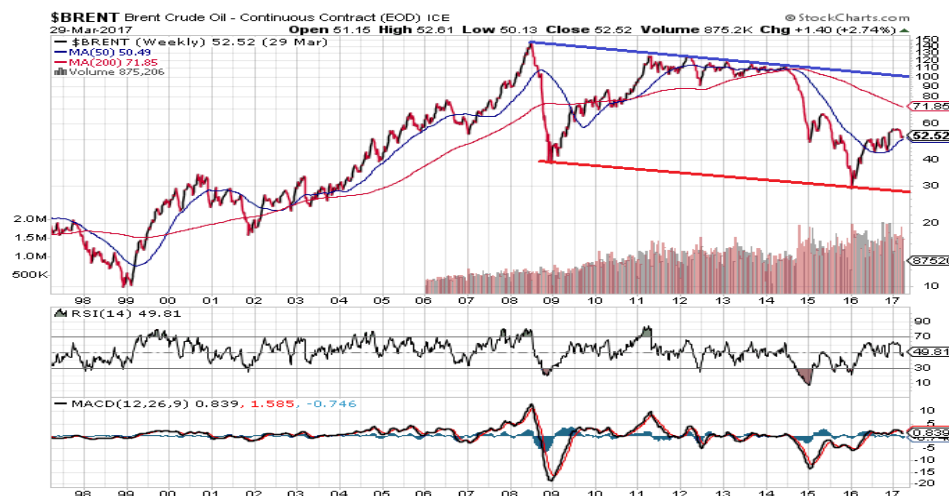
WTI OIL 2-Year Chart



WTI OIL 20-Year Chart



Brent 20 Year-Chart



Brent/WTI spread 20-Year Chart





Creative Global Investments

CGI 2017 Q2/2018 Global Equities Indices Targets

Index	Price March 28 th ,2017	Earnings Momentum	Chart Technical Momentum	CGI Q2 2017 Price Target	CGI 2017 High Price Target	CGI 2018 Price Target	CGI 2017 Rating
Global Dow	2,692	+	+	2,650	2,850	2,750	Positive
S&P 500	2,362	0	0	2,150	2,350	2,300	Neutral
Russell 2000	1,385	+	0	1,225	1,425	1,300	Positive
NASDAQ 100	5,911	+	0	5,100	5,600	5,700	Positive
NIKKEI 225	18,909	+	0	17,200	19,800	21,200	Positive
FTSE	7,322	+	0	6,600	7,100	6,800	Neutral
DAX 30	12,312	+	+	10,900	11,800	13,500	Positive
CAC 40	5,122	+	+	4,600	5,400	5,800	Positive
SMI	8,536	0	0	8,000	8,300	8,000	Neutral
IBEX 35	10,462	+	0	9,200	10,000	12,000	Neutral
RTS	1,113	+	+	1,000	1,350	1,550	Positive
BOVESPA	64,984	+	+	60,000	72,000	68,000	Positive
Mexican Bolsa	48,541	0	0	43,500	48,000	53,000	Neutral
Hang Seng	24,111	+	0	23,500	25,500	27,200	Positive
Sensex	29,620	+	+	28,000	31,700	32,700	Positive
Shanghai	3,222	+	+	3,000	4,100	5,200	Positive
TSX	15,547	+	+	14,200	16,850	16,800	Positive

- = Negative
0 = Neutral
+ = Positive



Creative Global Investments

2017 Q2 Global Equities Outlook per Country

Country	Valuations	Earnings Momentum	Balance Sheets	Chart Technical Momentum	Equities/Bonds DDM	Country risks (political, fiscal, regulatory, other)	CGI 2017 Q2 Outlook
US	-	+	0	0	0	Negative	Neutral
Canada	0	+	+	0	+	Neutral	Positive
Mexico	0	+	0	0	0	Negative	Neutral
Brazil	+	+	0	+	+	Neutral	Positive
India	0	+	+	0	+	Neutral	Positive
China	+	+	0	+	+	Positive	Positive
Japan	0	+	0	+	+	Neutral	Neutral
Russia	+	0	0	+	+	Neutral	Positive
Germany	+	+	+	+	+	Neutral	Positive
France	+	+	+	+	+	Neutral	Positive
UK	0	+	0	0	+	Negative	Neutral
Belgium	0	+	+	0	+	Neutral	Positive
Norway	0	+	+	+	0	Positive	Positive
Turkey	0	0	0	0	0	Negative	Neutral
Spain	+	+	+	0	+	Neutral	Positive
Netherlands	+	0	+	0	+	Neutral	Positive
Switzerland	0	-	+	0	0	Neutral	Neutral
S-Africa	0	0	0	-	-	Neutral	Neutral

- = Negative
0 = Neutral
+ = Positive



Creative Global Investments

2017 Q2 Global Equities Sector Outlook

Industry Sector	Valuation	Earnings Momentum	Balance Sheet	Chart Technical Momentum	Sector risks (political., fiscal, regulatory, other)	CGI Q2 Outlook
Automotive	+	0	+	-	Neutral	Negative
Aerospace. & Def.	+	+	+	0	Neutral	Neutral
Banks	0	0	-	-	Neutral	Negative
Basic Resources	0	+	0	+	Positive	Positive
Chemicals	0	+	+	0	Positive	Positive
Construction	0	+	0	0	Positive	Positive
Financial Services	0	0	0	-	Neutral	Negative
Food & Beverages	0	0	0	0	Neutral	Neutral
Healthcare	0	0	0	-	Neutral	Neutral
Industrials	0	+	+	0	Positive	Neutral
Insurance	0	0	0	+	Neutral	Positive
Media	-	0	0	-	Neutral	Negative
Oil & Gas	0	+	+	0	Neutral	Positive
Personal Goods	0	0	0	0	Neutral	Neutral
Retail	0	0	0	0	Neutral	Neutral
Technology	0	+	0	-	Neutral	Negative
Telecoms	0	-	0	-	Negative	Neutral
Travel & Leisure	0	-	0	0	Negative	Neutral
Utilities	0	+	0	0	Neutral	Positive

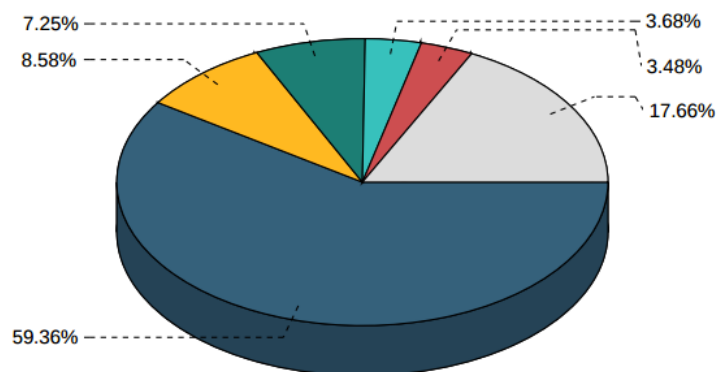
- = Negative
0 = Neutral
+ = Positive



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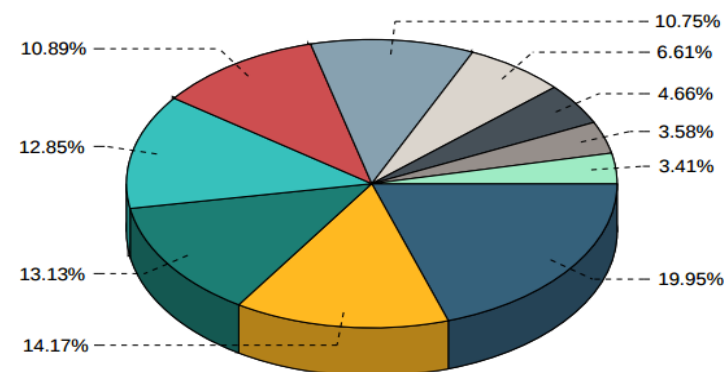
2017 Q2 MSCI World Weightings and Sector Allocations

COUNTRY WEIGHTS



United States 59.36% Japan 8.58% United Kingdom 7.25% France 3.68%
Canada 3.48% Other 17.66%

SECTOR WEIGHTS



Financials 19.95% Information Technology 14.17% Health Care 13.13%
Consumer Discretionary 12.85% Industrials 10.89% Consumer Staples 10.75%
Energy 6.61% Materials 4.66% Telecommunication Services 3.58% Utilities 3.41%



Creative Global Investments

2017 Q2 Equity indices valuations

Fundamental Valuation Ratios in International Equity Markets as of 03/29/2017

Country	Weight	CAPE	PE	PC	PB	PS	DY	RS 26W	RS 52W	Score
WORLD AC	100.0%	19.1	19.1	9.5	1.8	1.2	2.7%	1.04	1.02	
DEVELOPED MARKETS	86.5%	20.0	19.9	9.8	1.9	1.3	2.6%	1.03	1.01	
DEVELOPED EUROPE	22.7%	14.7	25.7	9.1	1.6	1.0	3.5%	0.99	0.95	
EMERGING MARKETS	13.5%	13.6	15.2	7.9	1.6	1.2	3.1%	1.07	1.04	
Japan	9.1%	20.7	15.2	7.4	1.1	0.7	2.3%	1.02	1.00	18
EMERGING ASIA-PACIFIC	7.1%	14.6	14.7	8.4	1.8	1.3	2.8%	1.07	1.04	
United Kingdom	5.8%	13.2	39.5	13.1	1.8	1.2	3.8%	0.99	0.94	34
BRIC	5.7%	11.2	13.4	6.3	1.4	1.1	3.0%	1.11	1.07	
France	3.7%	15.5	20.9	7.2	1.4	0.8	3.5%	0.98	0.95	23
Hong Kong	3.6%	14.4	12.4	9.1	1.2	1.8	3.3%	1.04	0.99	12
Germany	3.2%	16.0	20.8	7.5	1.6	0.7	2.8%	0.98	0.95	25
Canada	3.1%	18.4	21.7	7.9	1.8	1.4	3.0%	1.09	1.07	16
Switzerland	2.8%	20.5	26.5	13.1	2.4	2.0	3.4%	1.03	0.99	37
EMERGING AMERICA	2.8%	14.0	28.5	8.8	1.7	1.2	2.7%	1.10	1.06	
India	2.6%	18.1	23.2	16.3	2.6	1.7	1.7%	1.08	1.03	32
Australia	2.1%	15.4	22.2	10.4	1.8	1.7	4.7%	1.05	1.06	15
Korea (South)	1.7%	12.6	11.0	5.5	1.0	0.6	1.8%	1.05	1.03	5
Taiwan	1.2%	18.1	14.2	8.0	1.7	1.0	4.1%	1.07	1.06	10
Spain	1.2%	9.9	18.6	6.5	1.3	1.1	4.3%	0.97	0.91	17
China	1.1%	12.4	6.1	3.2	0.8	0.6	4.7%	1.05	0.95	2
Netherlands	1.1%	17.3	27.5	10.7	1.7	1.1	3.1%	0.99	0.97	30
Sweden	1.1%	18.1	20.6	12.2	1.9	1.5	3.8%	0.98	0.96	35
Italy	1.0%	10.1	34.1	4.4	1.0	0.5	3.9%	0.93	0.85	14
Singapore	0.9%	11.4	13.6	9.7	1.1	0.9	3.5%	1.07	1.05	4
Belgium	0.8%	20.6	23.5	13.6	2.2	1.8	2.8%	1.04	1.04	36
Mexico	0.7%	22.0	26.0	12.4	2.6	1.5	1.9%	1.02	0.98	38
South Africa	0.6%	18.9	15.7	9.1	1.9	1.4	3.7%	1.12	1.05	19
Malaysia	0.6%	16.0	18.0	11.2	1.6	2.1	3.1%	1.02	1.03	24
Thailand	0.5%	16.7	19.0	8.6	2.0	1.2	3.2%	1.07	1.06	20
Norway	0.4%	11.3	26.2	5.7	1.3	1.1	4.4%	1.07	1.03	7
Finland	0.4%	16.2	16.0	14.3	1.9	1.3	4.5%	1.01	1.00	28
Turkey	0.3%	9.7	10.8	6.2	1.3	0.9	2.7%	1.02	1.02	9
Israel	0.3%	14.9	15.5	6.9	1.5	1.4	3.0%	0.98	0.93	26
Austria	0.2%	11.3	20.4	6.3	0.9	0.6	3.0%	0.98	0.96	11
Portugal	0.1%	10.0	26.0	5.4	1.4	0.6	4.6%	0.97	0.95	13
New Zealand	0.1%	21.0	18.8	11.9	1.9	1.8	4.2%	1.10	1.18	21
Hungary	0.0%	9.9		5.1	1.2	0.6	2.8%	1.01	1.08	6

Valuation screening by highest dividend yield as of 03/29/2017

Country	Weight	CAPE	PE	PC	PB	PS	DY	RS 26W	RS 52W	Score
Australia	2.1%	15.4	22.2	10.4	1.8	1.7	4.7%	1.05	1.06	15
China	1.1%	12.4	6.1	3.2	0.8	0.6	4.7%	1.05	0.95	2
Portugal	0.1%	10.0	26.0	5.4	1.4	0.6	4.6%	0.97	0.95	13
Finland	0.4%	16.2	16.0	14.3	1.9	1.3	4.5%	1.01	1.00	28
Norway	0.4%	11.3	26.2	5.7	1.3	1.1	4.4%	1.07	1.03	7
Spain	1.2%	9.9	18.6	6.5	1.3	1.1	4.3%	0.97	0.91	17
New Zealand	0.1%	21.0	18.8	11.9	1.9	1.8	4.2%	1.10	1.18	21
Taiwan	1.2%	18.1	14.2	8.0	1.7	1.0	4.1%	1.07	1.06	10
Italy	1.0%	10.1	34.1	4.4	1.0	0.5	3.9%	0.93	0.85	14
United Kingdom	5.8%	13.2	39.5	13.1	1.8	1.2	3.8%	0.99	0.94	34
Sweden	1.1%	18.1	20.6	12.2	1.9	1.5	3.8%	0.98	0.96	35
South Africa	0.6%	18.9	15.7	9.1	1.9	1.4	3.7%	1.12	1.05	19
DEVELOPED EUROPE	22.7%	14.7	25.7	9.1	1.6	1.0	3.5%	0.99	0.95	
France	3.7%	15.5	20.9	7.2	1.4	0.8	3.5%	0.98	0.95	23
Singapore	0.9%	11.4	13.6	9.7	1.1	0.9	3.5%	1.07	1.05	4
Switzerland	2.8%	20.5	26.5	13.1	2.4	2.0	3.4%	1.03	0.99	37
Hong Kong	3.6%	14.4	12.4	9.1	1.2	1.8	3.3%	1.04	0.99	12
Thailand	0.5%	16.7	19.0	8.6	2.0	1.2	3.2%	1.07	1.06	20
EMERGING MARKETS	13.5%	13.6	15.2	7.9	1.6	1.2	3.1%	1.07	1.04	
Netherlands	1.1%	17.3	27.5	10.7	1.7	1.1	3.1%	0.99	0.97	30
Malaysia	0.6%	16.0	18.0	11.2	1.6	2.1	3.1%	1.02	1.03	24
BRIC	5.7%	11.2	13.4	6.3	1.4	1.1	3.0%	1.11	1.07	
Canada	3.1%	18.4	21.7	7.9	1.8	1.4	3.0%	1.09	1.07	16
Israel	0.3%	14.9	15.5	6.9	1.5	1.4	3.0%	0.98	0.93	26
Austria	0.2%	11.3	20.4	6.3	0.9	0.6	3.0%	0.98	0.96	11
EMERGING ASIA-PACIFIC	7.1%	14.6	14.7	8.4	1.8	1.3	2.8%	1.07	1.04	
Germany	3.2%	16.0	20.8	7.5	1.6	0.7	2.8%	0.98	0.95	25
Belgium	0.8%	20.6	23.5	13.6	2.2	1.8	2.8%	1.04	1.04	36
Hungary	0.0%	9.9		5.1	1.2	0.6	2.8%	1.01	1.08	6
WORLD AC	100.0%	19.1	19.1	9.5	1.8	1.2	2.7%	1.04	1.02	
EMERGING AMERICA	2.8%	14.0	28.5	8.8	1.7	1.2	2.7%	1.10	1.06	
Turkey	0.3%	9.7	10.8	6.2	1.3	0.9	2.7%	1.02	1.02	9
DEVELOPED MARKETS	86.5%	20.0	19.9	9.8	1.9	1.3	2.6%	1.03	1.01	
Japan	9.1%	20.7	15.2	7.4	1.1	0.7	2.3%	1.02	1.00	18
Mexico	0.7%	22.0	26.0	12.4	2.6	1.5	1.9%	1.02	0.98	38
Korea (South)	1.7%	12.6	11.0	5.5	1.0	0.6	1.8%	1.05	1.03	5
India	2.6%	18.1	23.2	16.3	2.6	1.7	1.7%	1.08	1.03	32



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2017 Q2 Equity indices valuations

Fundamental Valuation Ratios in International Equity Markets

Global Equities sector valuations

Country	Weight	CAPE	PE	PC	PB	PS	DY	RS 26W	RS 52W	Score
Russia	0.9%	5.1	8.1	4.3	0.9	0.8	4.1%	1.07	1.16	1
China	1.1%	14.0	7.0	3.7	0.9	0.6	4.3%	1.08	1.07	2
Korea (South)	1.8%	13.1	10.8	5.2	1.0	0.7	1.7%	1.07	1.09	3
Brazil	1.3%	9.6	40.2	7.1	1.5	1.2	3.0%	1.12	1.28	4
Austria	0.2%	13.1	19.4	7.3	1.0	0.6	2.8%	1.06	1.06	5
Norway	0.4%	11.5	35.9	7.2	1.4	1.1	4.3%	1.07	1.10	6
Hungary	0.0%	10.7	133.2	4.8	1.3	0.7	2.6%	1.03	1.10	7
Taiwan	1.2%	19.0	16.0	8.5	1.8	1.0	3.9%	1.08	1.13	8
Czech	0.0%	8.6	12.7	5.5	1.2	1.0	6.9%	0.99	0.99	9
Spain	1.3%	10.9	20.8	6.6	1.4	1.2	4.2%	1.04	1.02	10
Singapore	0.9%	11.4	13.6	9.6	1.1	1.0	3.4%	1.02	1.05	11
Hong Kong	3.9%	15.8	15.9	10.9	1.3	2.0	3.0%	1.08	1.09	12
Italy	1.0%	10.6	32.8	4.4	1.0	0.5	3.8%	0.97	0.92	13
Portugal	0.1%	10.6	50.4	6.2	1.5	0.7	4.6%	1.00	1.01	14
Poland	0.2%	8.9	27.6	8.2	1.1	0.7	3.6%	1.01	0.99	15
South Africa	0.6%	18.6	16.6	9.8	2.0	1.4	3.7%	1.05	1.11	16
Turkey	0.3%	9.5	10.3	6.5	1.3	0.8	2.8%	0.95	0.96	17
Japan	9.3%	21.9	17.3	7.9	1.2	0.7	2.2%	1.04	1.05	18
Australia	2.2%	16.1	24.1	10.7	1.9	1.7	4.3%	1.04	1.09	19
France	3.7%	16.5	21.3	7.6	1.5	0.9	3.3%	1.03	1.02	20
Thailand	0.5%	17.7	20.0	8.2	2.0	1.2	3.1%	1.04	1.08	21
New Zealand	0.1%	22.0	19.2	12.3	1.9	1.8	4.1%	1.05	1.15	22
Finland	0.4%	17.6	19.7	16.2	2.0	1.3	4.2%	1.07	1.08	23
Germany	3.3%	17.3	23.5	9.1	1.7	0.8	2.6%	1.04	1.04	24
Israel	0.3%	14.6	17.0	7.5	1.5	1.3	2.8%	0.99	0.97	25
Canada	3.1%	19.4	23.9	9.2	1.9	1.5	2.8%	1.02	1.08	26
Netherlands	1.1%	18.8	28.0	11.5	1.8	1.0	3.0%	1.03	1.04	27
Malaysia	0.6%	16.0	18.6	10.5	1.6	2.2	3.1%	0.98	1.00	28
India	2.6%	18.6	24.3	16.1	2.7	1.8	1.5%	1.06	1.09	29
Sweden	1.1%	19.8	22.1	12.9	2.1	1.6	3.6%	1.04	1.03	30
United Kingdom	5.7%	14.2	47.8	13.1	1.8	1.2	3.6%	1.01	0.99	31
Belgium	0.8%	21.9	34.7	15.3	2.4	2.1	2.9%	1.05	1.06	32
United States	42.3%	25.5	21.2	12.0	2.8	1.9	2.1%	1.03	1.05	33
Switzerland	2.8%	21.1	27.3	17.2	2.4	2.0	3.3%	1.03	1.02	34
Philippines	0.4%	22.6	21.2	11.5	2.4	1.8	1.6%	0.96	1.02	35
Mexico	0.7%	22.4	25.9	12.6	2.6	1.5	1.9%	0.96	0.95	36
Ireland	0.1%	28.2	17.6	13.4	2.1	1.6	1.1%	0.95	0.91	37
Denmark	0.6%	34.4	40.2	12.1	2.8	2.0	2.0%	0.97	0.97	38
WORLD AC	100.0%	20.0	20.4	10.0	1.9	1.3	2.6%	1.03	1.05	39
DEVELOPED MARKETS	86.5%	20.9	21.3	10.3	1.9	1.3	2.6%	1.03	1.05	40
EMERGING MARKETS	13.5%	14.4	16.0	8.3	1.6	1.3	2.9%	1.04	1.08	
DEVELOPED EUROPE	22.6%	15.6	27.8	9.9	1.7	1.1	3.3%	1.02	1.01	
EMERGING EUROPE	1.6%	7.7	10.3	5.2	1.0	0.8	3.7%	1.03	1.08	
EMERGING AMERICA	2.9%	15.1	28.2	8.9	1.8	1.3	2.5%	1.05	1.09	
EMERGING ASIA-PACIFIC	7.2%	15.6	15.9	8.8	1.9	1.4	2.6%	1.05	1.09	
BRIC	5.9%	12.4	14.5	6.9	1.5	1.2	2.7%	1.08	1.13	

as of 03/29/2017

Branche	Weight	PE	PC	PB	PS	DY	RS 26W	RS 52W	RS 3J	RS 5J	Score
Inds Metal	0.9%		7.0	1.0	0.6	2.6%	1.08	1.17	1.03	1.00	1
Forest & Paper	0.2%	13.9	6.3	1.4	0.8	3.9%	1.06	1.05	1.11	1.26	2
Auto	2.7%	11.0	5.2	1.2	0.5	2.7%	1.04	1.02	1.04	1.19	3
Oil&Gas Prod	5.5%	99.0	7.1	1.3	0.9	3.5%	1.04	1.09	1.02	1.03	4
Leisure Gds	1.0%	24.3	7.9	1.8	1.0	1.2%	1.12	1.18	1.34	1.46	5
Life Insur	1.6%	13.6	5.1	1.0	0.7	3.3%	1.03	1.00	1.02	1.19	6
Mining	1.2%		8.8	1.6	1.5	1.9%	1.08	1.23	1.07	0.91	7
Oil Service	1.4%	74.1	10.4	1.8	1.6	4.0%	1.07	1.11	0.95	1.00	8
Electricity	2.4%	15.0	5.4	1.3	1.1	3.9%	1.01	1.04	1.14	1.24	9
Utilities	1.3%	56.9	7.0	1.7	0.9	3.7%	1.02	1.06	1.11	1.22	10
Tech HW & Equ	4.4%	17.5	10.5	2.8	1.7	2.4%	1.12	1.13	1.23	1.43	11
Elctro & Elect Equ	1.3%	20.0	11.4	2.1	0.9	1.8%	1.07	1.09	1.15	1.32	12
Construction	1.9%	20.3	11.2	1.9	0.8	2.1%	1.04	1.08	1.14	1.28	13
Real Est Serv	1.7%	11.8	14.6	1.0	2.3	2.8%	1.04	1.06	1.12	1.22	14
Banks	10.1%	11.7	8.6	0.9		3.8%	1.04	1.02	1.00	1.10	15
Chemicals	2.5%	17.4	9.3	2.2	1.2	2.8%	1.04	1.05	1.10	1.22	16
Inds Transport	1.7%	22.4	9.6	2.4	1.3	2.6%	1.04	1.07	1.10	1.27	17
Inds Eng	2.1%	22.9	11.8	2.4	1.1	2.2%	1.07	1.12	1.15	1.28	18
Nonlife Ins	2.7%	14.8	8.9	1.2	0.9	2.7%	1.01	1.02	1.13	1.33	19
Telecom (mob)	2.4%	21.0	5.9	1.9	1.5	3.3%	1.02	1.04	1.09	1.22	20
Gen Ind	2.5%	19.1	11.2	1.9	1.1	2.4%	1.02	1.05	1.15	1.32	21
Telecom (fixd)	2.2%	17.5	5.4	2.3	1.4	4.3%	0.99	1.03	1.15	1.29	22
Financial Serv	3.8%	17.9	13.2	1.7	2.1	2.4%	1.04	1.04	1.10	1.29	23
Support Serv	2.1%	30.4	11.4	2.8	1.1	1.9%	1.03	1.05	1.17	1.35	24
REITs	2.7%	21.2	17.5	1.8	8.0	4.3%	1.01	1.05	1.21	1.37	25
Alt Energy	0.1%	99.0	13.8	2.2	1.0	1.2%	1.04	1.03	0.96	1.08	26
Household Gds	1.5%	19.9	16.1	2.9	1.7	2.3%	1.03	1.05	1.21	1.42	27
Travel & Leisure	2.7%	17.3	8.5	2.8	1.3	2.0%	1.01	1.00	1.09	1.27	28
Gen Retail	4.4%	26.0	14.4	4.0	1.0	1.7%	1.03	1.05	1.20	1.37	29
SW & Comp Serv	5.9%	26.7	16.6	4.7	3.8	1.1%	1.06	1.08	1.27	1.51	30
Healthcare	2.8%	24.9	15.7	3.3	1.5	1.0%	1.03	1.07	1.27	1.53	31
Food Prod	2.8%	24.2	14.6	2.7	1.2	2.1%	1.01	1.05	1.16	1.31	32
Media	2.0%	21.1	10.5	2.8	1.9	2.2%	1.01	1.02	1.10	1.32	33
Food Retail	1.5%	21.5	10.1	2.8	0.4	2.0%	0.99	0.99	1.08	1.24	34
Aero & Def	1.2%	22.0	13.6	4.6	1.2	2.2%	1.01	1.03	1.15	1.39	35
Beverages	2.5%	29.7	16.1	4.5	2.7	2.4%	1.02	1.04	1.18	1.33	36
Personal Gds	2.4%	24.9	16.9	4.3	2.0	1.9%	1.01	1.02	1.13	1.28	38
Pharma & Bio	6.5%	23.5	17.1	3.6	3.6	2.2%	1.00	0.99	1.09	1.31	39
WORLD AC	100.0%	20.4	10.0	1.9	1.3	2.6%	1.03	1.05	1.12	1.26	

as of 03/29/2017



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Global Equities Indices Market Cap/GDP valuations

Nation	9/30/2016	6/30/2016	3/31/2016	12/31/2015	12/31/2014	12/31/2013	12/31/2012	Corr. 3-Y Forw. Returns
United States	137%	136%	136%	136%	148%	141%	112%	-0.80
Canada	111%	119%	116%	112%	125%	120%	114%	-0.74
Australia	98%	97%	96%	101%	102%	103%	92%	-0.69
Brazil	40%	37%	37%	34%	41%	47%	54%	-0.49
Argentina	14%	14%	14%	13%	12%	10%	6%	-0.56
Chile	90%	91%	91%	90%	100%	106%	121%	-0.76
Mexico	42%	41%	41%	40%	42%	44%	45%	-0.90
China	83%	83%	83%	96%	78%	59%	62%	-0.51
Hong Kong	389%	348%	362%	386%	432%	476%	458%	-0.39
India	138%	135%	130%	141%	157%	124%	139%	-0.86
Japan	97%	94%	101%	115%	103%	96%	61%	-0.64
Malaysia	138%	137%	140%	142%	150%	166%	153%	-0.53
Indonesia	48%	46%	45%	44%	51%	46%	49%	-0.85
Korea	93%	90%	91%	91%	89%	91%	91%	-0.68
Philippines	73%	77%	70%	68%	76%	69%	74%	-0.38
Singapore	242%	234%	233%	236%	264%	256%	266%	-0.84
Thailand	109%	107%	107%	99%	114%	96%	101%	-0.62
United Kingdom	120%	114%	111%	115%	117%	126%	111%	-0.76
Greece	17%	17%	18%	21%	25%	33%	17%	-0.25
Turkey	27%	28%	30%	28%	30%	27%	40%	-0.78
Italy	28%	27%	31%	35%	29%	28%	23%	-0.56
Germany	48%	45%	48%	52%	48%	49%	40%	-0.89
Euronext*	87%	84%	85%	87%	80%	77%	64%	-0.83
Switzerland	204%	207%	211%	233%	228%	212%	177%	-0.29
Austria	26%	23%	25%	26%	24%	26%	25%	-0.67
Russia	45%	43%	43%	40%	34%	40%	42%	-0.53
South Africa	385%	366%	369%	286%	292%	287%	243%	-0.92



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EAFE Equities are better value relative to US equities

We believe that in Europe and in the US, the long-term paradigm shift of professional money managers and retail investors being forced out of bonds into riskier asset classes will be very beneficial for equities and equity indices in general. We do not expect a straight-line performance in favor of equities, however, with bond yields at a 37-year low, the pre-conditions for equities to outperform long-term are favorable.

US equities are expensive in perspective with the rest of the world, and a few reasons why we continue to believe that US equities will underperform European and emerging market equities over the long term:

- US equities market cap to GDP is around 200% (US\$ 34 TRN: US GDP 17 TRN), versus 100-year historic average of 100%, and vs. European equities' market cap to GDP of 60%
- US Household equity-ownership close to all time high 63% (63% in 2000), versus 12% in Europe (Germany 15-year low of 8%)
- US GDP US\$ +17.9 TRN (23% of Global GDP US\$ 75 TRN) versus European GDP US\$ +18.2 TRN (24%)
- US equities' forward P/E multiple is 18x vs. European equities 13x
- US equities 2016 fy and 2016 Q4 EPS will disappoint due to US\$ appreciation;
- European equities inversely will surprise to the upside with currency adjusted EPS
- US companies' foreign sales as a percentage of total 38% vs. European companies' 51%
- US equities' earnings yield 1.9% vs. European equities earnings yield 3.8%
- US equities' 5-Y ROE average is 13.5% vs. European equities' 13%

The average US equity P/E ratio from 1900 to 2005 is 14. Currently at consensus 2017 EPS of 130 and 2018 of 146 (which we believe is too high, we estimate EPS of 118 in 2017, and 125 for 2018 mainly due to weakening economy and US\$ related necessary earnings translation and transactional corrections, currently not priced in), the SPX trades at 18.1x forward P/E. This is four multiple points above the 100-year average, and despite 2016 benign interest rate environment, and favorable DDM perspectives, we believe US equities are overvalued and priced too high relative to EAFE.



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GLOBAL DOW versus S&P 500 2-Year Chart



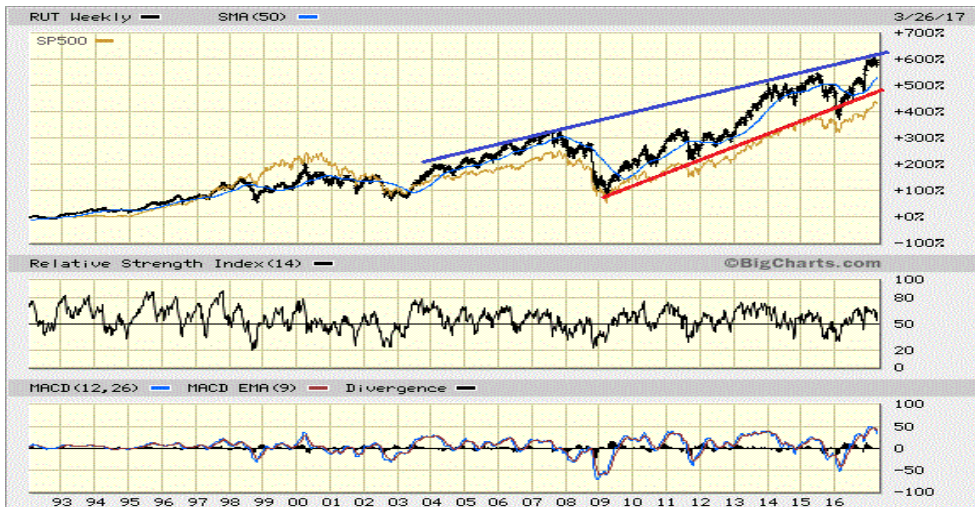
GLOBAL DOW versus S&P 500 15-Year Chart



RUSSELL 2000 versus S&P 500 2-Year Chart



RUSSELL 2000 versus S&P 500 25-Year Chart





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BOVESPA 2-Year Chart



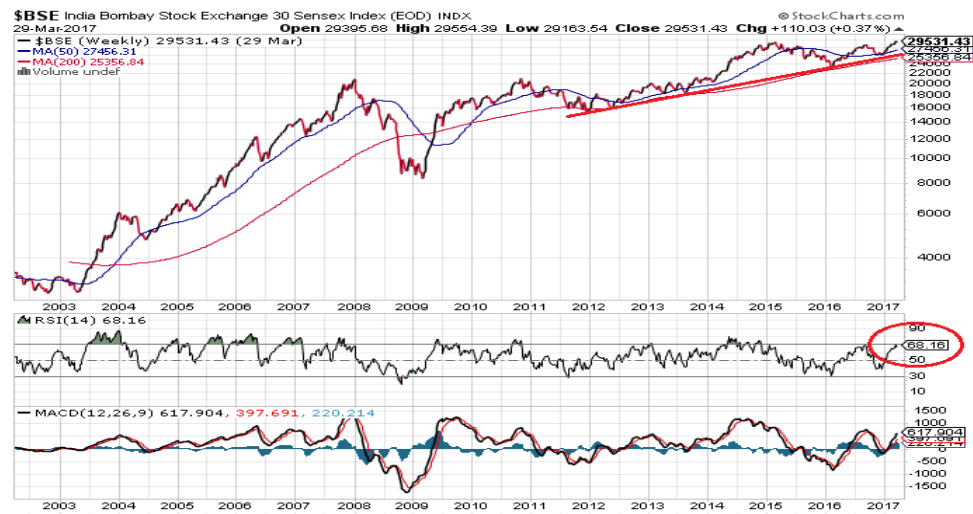
BOVESPA 10-Year Chart



SENSEX 2-Year Chart



SENSEX 15-Year Chart



Objectivity Integrity Creativity



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Nikkei 225 Index 2-Year Chart



Nikkei 225 25-Year Chart



Shanghai Index 2-Year Chart



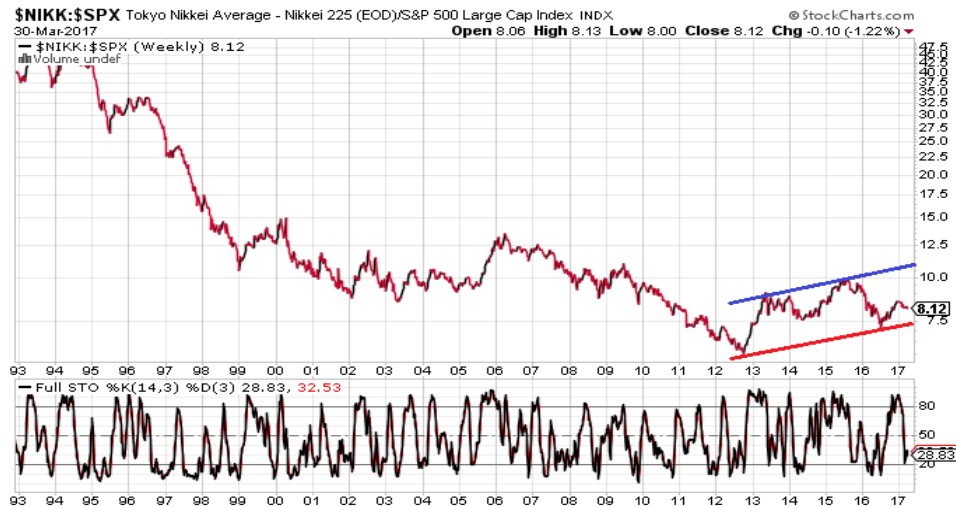
Shanghai Index-15 Year Chart





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\$NIKK vs. \$SPX 20-Year Chart



\$SSEC vs. \$SPX 20-Year Chart



\$RTSI 2-Year Chart



\$RTSI 10-Year Chart





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\$DAX 30 2-Year Chart



\$DAX 30 20-Year Chart



\$CAC 40 2-Year Chart



\$CAC 40 10-Year Chart





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AEX 2-Year Chart



AEX 10-Year Chart



IBEX 2-Year Chart



IBEX 10-Year Chart



Objectivity Integrity Creativity

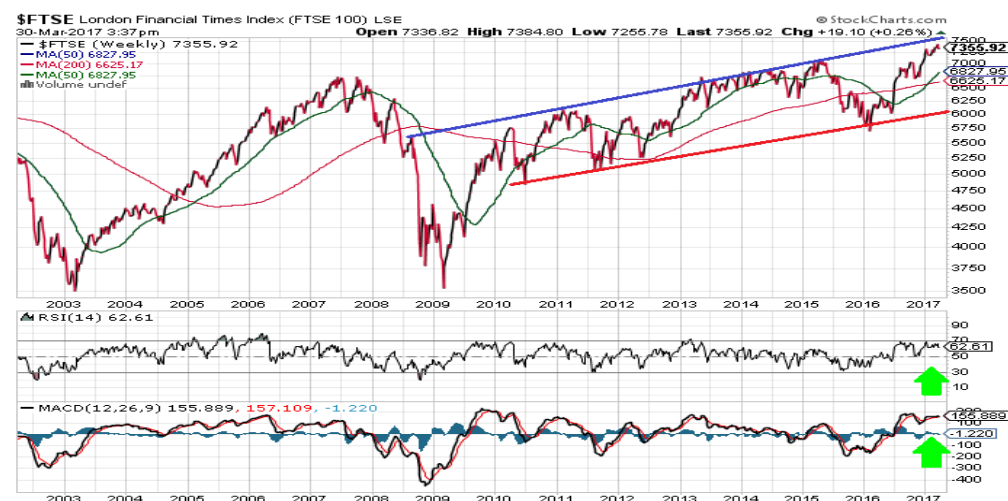


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FTSE 2-Year Chart



FTSE 15-Year Chart



DJ Transportation Index 2-Year Chart



DJ Transportation Index rel. SPX 10-Year Chart





Creative Global Investments

CGI Global 50 - Outperformance since 2006

CGI's global equities investment strategy and decisions are based partially on past trends, developing trends, macro-economic developments, various asset class actions & interactions (correlated and inversely related tactical assessments) and by combining fundamental analysis, (such as analysing a company's financial health and the macroeconomic environment), with a systemic overlay of technical analysis.

With this methodology we have been able to create alpha for our clients every single year since we launched the CGI Global 50 in 2006.

The CGI Global 50 is constructed keeping four main variables as guidelines:

- 1. **Balanced market capitalization:** the CGI Global 50 is composed of approx. 1/3 large cap stocks; 1/3 mid cap stocks; 1/3 small cap stocks
- 2. **Balanced geographic allocation:** the CGI Global 50 is composed of approx. 1/3 US stocks; 1/3 European stocks; 1/3 ROW stocks
- 3. **Balanced sector allocation:** any individual sector cannot represent more than 15% (max. 8 stocks) of the total of the CGI Global 50
- 4. **Low portfolio turnover:** every year, the maximum amount of stock deletions/additions is 15% (max. 8 stocks) of the CGI Global 50

CGI Global 50 has produced annual alpha returns in every year since launch in 2006

CGI Global 50 performances have been achieved with a static portfolio strategy; no trading; no portfolio constituents' changes from Jan 1st of each year to Dec 31st of the same year, and the annual performances shown are also not including dividends.

Year	CGI Global 50 Performance (%)	MSCI World Performance (%)	CGI Alpha versus MSCI World	S&P 500 Performance (%)	CGI Alpha versus S&P 500
2006	+29.6	+20.6	+900 bps	+13.6	+1,600 bps
2007	+28.5	+9.5	+1,900 bps	+3.5	+2,500 bps
2008	+22.3	-40.3	+8,000 bps	-38.5	+6,080 bps
2009	+59.4	+30.8	+2,800 bps	+23.4	+3,600 bps
2010	+27.5	+12.3	+1,520 bps	+12.8	+1,470 bps
2011	+13.8	-5.0	+1,800 bps	-0.0	+1,380 bps
2012	+20.9	+16.5	+440 bps	+13.4	+750 bps
2013	+20.6	+18.3	+230 bps	+29.28	-868 bps
2014	+12.6	+1.19	+1,141 bps	+11.70	+90 bps
2015	+5.48	-0.32	+516 bps	+1.20	+428 bps
2016	+20.90	+5.63	+1,527 bps	+9.54	+ 1,136 bps
2017	+7.03	+6.81		+6.07	
Aggregate Performance 2006 - 2016		+986.79%	+161.54%	+182.71%	
\$ 10,000 on Jan. 1 st 2006 are equivalent to \$:		\$ 98,679	\$ 16,154	\$ 18,271	



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CGI 2017 Global 50 Portfolio Performance ytd

The CGI 2017 Global 50 Recommended Portfolio performed returns of **(+4.688% ytd)** not including dividends (dividends +2.35%) in aggregate, CGI Global 50 ytd total return **+7.038%** (as a static portfolio, non-traded) versus MSCI World Index **(+ 6.81%% ytd)**; and S&P 500 Index **(+ 6.07% ytd)**

- 38 stocks (76%) in the 2017 CGI Global 50 Recommended Portfolio are up in absolute terms ytd
- 22 stocks (44%) in the 2017 CGI Global 50 Recommended Portfolio outperformed the MSCI World Index ytd
- 23 stocks (46%) in the 2017 CGI Global 50 Recommended Portfolio outperformed the S&P 500 Index ytd
- 24 : 30 stocks (75%) of the Large Cap stocks in the 2017 CGI Global 50 Recommended Portfolio are positive ytd
 - 8 : 10 stocks (80%) of the Mid Cap stocks are outperforming the MSCI World Index and the S&P 500 Index
 - 6 : 10 stocks (60%) of the Small Cap stocks are outperforming the MSCI World and the S&P 500 Index
 - 4 : 6 stocks (67%) of the US stocks are outperforming the MSCI World Index and the S&P 500 Index



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Year to date Performance CGI 2017 Global 50 Recommended Portfolio Part I

2017 CGI Global 50 Recommended Portfolio... ▾										
Name ▾	Date / Ticker	Last ▾	Chg. (%) ▾	Perf. YTD ▾	Perf. 3Y ▾	52W High	52W Low	Dividend	Dividend	
Unilever	3/31/2017	49.68 ^{DL}	-0.36%	+20.99%	+21.05%	50.60	38.66	1.2600	3.2449	
ADIDAS	3/31/2017	178.30 ^{DL}	+0.28%	+18.75%	+126.10%	183.20	102.35	2.0000	1.3320	
ICICI Ba	3/31/2017	8.60 ^{DL}	-1.04%	+14.82%	-2.82%	8.78	6.38	5.0000	2.1137	
AIRBUS	3/31/2017	71.390 ^{DL}	-0.30%	+14.22%	+34.60%	71.634	48.770	1.3500	2.2333	
DASSAI	3/31/2017	81.1400 ^{DL}	+0.35%	+12.09%	+90.69%	81.1400	64.7800	0.4700	0.6352	
SAP SE	3/31/2017	91.98 ^{DL}	+0.65%	+11.07%	+55.95%	91.98	65.20	1.2500	1.5095	
MTU AE	3/31/2017	121.95 ^{DL}	+0.33%	+11.07%	+79.63%	121.95	79.61	1.9000	1.7304	
ALLIANZ	3/31/2017	173.65 ^{DL}	+0.52%	+10.61%	+40.78%	173.65	119.20	7.6000	4.9016	
BUNGE	3/31/2017	72.691 ^{DL}	-1.47%	+9.94%	+29.42%	75.992	47.811	-	-	
ABB LTI	3/31/2017	23.43 ^{DL}	+0.26%	+9.08%	+1.78%	23.75	18.22	0.7359	3.4844	
MICHEL	3/31/2017	113.8500 ^{DL}	+1.38%	+7.71%	+23.36%	113.8500	82.4000	3.2500	3.0747	
KUBOTA	3/31/2017	75.3500 ^{DL}	-1.17%	+5.98%	+13.16%	83.4570	61.0600	-	-	
Honda M	3/31/2017	30.26 ^{DL}	-1.27%	+3.67%	-14.03%	32.13	24.48	-	-	
AREVA	3/31/2017	4.445 ^{DL}	+0.57%	+3.35%	-76.36%	6.956	3.120	0.0000	0.0000	
CHINA M	3/31/2017	10.333 ^{DL}	-0.16%	+2.60%	+55.27%	11.403	9.521	2.7210	3.1097	
Huaneng	3/31/2017	26.63 ^{DL}	+0.76%	+2.27%	-32.91%	37.79	22.86	-	-	
UBS GR	3/31/2017	16.03 ^{DL}	+0.50%	+0.50%	-13.91%	17.53	11.90	0.6000	3.7618	
LINDE A	3/31/2017	156.10 ^{DL}	-0.19%	0.00%	+7.99%	163.55	120.45	3.7000	2.3703	
BEFIMM	3/31/2017	53.2600 ^{DL}	+2.40%	-0.19%	+3.52%	61.2000	50.3100	3.4500	6.4655	
DAIMLE	3/31/2017	69.20 ^{DL}	-0.19%	-2.15%	-0.79%	72.83	51.97	3.2500	4.5956	
BAY.MO	3/31/2017	85.51 ^{DL}	-0.08%	-3.65%	-7.15%	90.83	65.10	3.5000	3.9437	
DEUTSC	3/31/2017	16.150 ^{DL}	+0.72%	-6.38%	-51.13%	19.550	10.550	0.1900	1.1014	
Hennes	3/31/2017	229.0000 ^{ED}	+0.57%	-9.63%	-17.12%	303.9000	227.3000	9.7500	3.6394	
GAZPR	3/31/2017	4.4950 ^{DL}	-0.77%	-11.69%	-41.32%	5.3100	4.0000	7.8900	5.7976	
Layne C	3/31/2017	8.8400 ^{DL}	-0.45%	-18.68%	-51.69%	11.3700	6.6700	-	-	



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Year to date Performance CGI 2017 Global 50 Recommended Portfolio Part II

2017 CGI Global 50 Recommended Portfolio... ▾

> Remove from overview > Show Watchlist-Details

Name ▾	Last ▾	Date / Ti	Chg. (%) ▾	Perf. YT ▾	Perf. 3Y ▾	52W Hig	52W Lov	Dividend	Dividend
RWE AG	15.535 ^{DL}	3/31/2017	+2.98%	+31.49%	-47.43%	15.945	11.015	0.0000	0.0000
Albemar	105.64 ^{DL}	3/31/2017	+0.48%	+22.72%	+58.98%	106.21	64.50	1.1600	2.0711
Turkcell	8.28 ^{DL}	3/31/2017	-0.12%	+20.00%	-41.36%	10.80	6.37	-	-
Banco B	10.24 ^{DL}	3/31/2017	-0.78%	+17.57%	-26.07%	11.09	6.26	-	-
Arcelor I	8.35 ^{DL}	3/31/2017	-0.60%	+14.38%	-48.84%	9.29	4.33	-	-
KOMATSU	24.035 ^{DL}	3/31/2017	-0.30%	+10.63%	+60.55%	24.590	13.772	58.0000	3.0271
BEIERS	88.73 ^{DL}	3/31/2017	+0.26%	+10.09%	+24.71%	88.73	75.55	0.7000	0.8685
SIEMENS	128.40 ^{DL}	3/31/2017	+0.51%	+9.93%	+30.91%	128.40	87.39	3.6000	3.4549
Gerdau I	3.45 ^{DL}	3/31/2017	+2.37%	+9.87%	-44.62%	4.36	1.54	0.0500	0.4897
REPSOL	14.4750 ^{DL}	3/31/2017	-0.86%	+7.86%	-22.72%	14.6000	9.2110	0.7600	5.7971
NESTLE	76.85 ^{DL}	3/31/2017	-0.58%	+5.20%	+15.83%	79.85	67.30	2.3000	3.1485
OREAL	179.780 ^{RT}	3/31/2017	+0.39%	+4.57%	+50.88%	179.780	154.125	3.3000	1.9031
SES	21.805 ^{DL}	3/31/2017	+3.83%	+4.21%	-19.15%	26.105	17.915	1.3000	5.0135
Waste M	72.92 ^{DL}	3/31/2017	-0.01%	+2.83%	+73.91%	73.78	56.35	1.6400	2.3128
Volkswa	136.6500 ^{DL}	3/31/2017	+0.44%	+2.47%	-28.66%	154.3500	102.1500	2.0600	1.6214
FRESEDA	75.33 ^{DL}	3/31/2017	+0.98%	+1.44%	+101.58%	76.98	61.94	0.6200	0.8349
Freeport	13.36 ^{DL}	3/31/2017	+0.38%	+1.29%	-59.42%	17.02	8.85	0.0000	0.0000
Intuit Inc	115.9900 ^{DL}	3/31/2017	+0.32%	+1.20%	+47.03%	128.0100	99.8900	1.2000	1.0812
NOVARTIS	74.35 ^{DL}	3/31/2017	-0.93%	+0.34%	+0.13%	82.50	68.15	2.7038	3.6489
TOTAL	47.415 ^{DL}	3/31/2017	+0.72%	-2.68%	-0.98%	48.930	38.345	2.6100	5.3571
Newmor	32.96 ^{DL}	3/31/2017	+0.09%	-3.26%	+40.55%	45.86	26.30	0.1250	0.3669
Petroleo	9.69 ^{DL}	3/31/2017	+1.15%	-4.15%	-26.70%	12.41	5.30	-	-
STATOIL	146.7 ^{ED}	3/31/2017	-1.01%	-7.39%	-12.52%	162.9	122.4	0.8800	4.7722
PETROL	22.65 ^{ED}	3/31/2017	-0.66%	-22.43%	-68.01%	31.05	15.06	0.0000	0.0000



Creative Global Investments

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