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2018 Q2 Global Investment Outlook & Strategy

- **Global economy to advance at 3.8% to 4.1% GDP in 2018, +3.7% in Q2**
- **Global inflation to remain under 5%, US under 2.2%, EU under 2% for all of 2018**
- **US economy to remain on target 2.5% in Q2, consumer driven, partly due to embedded US$ strength continuing to weigh on trade, tourism, FDI**
- **US presidency and government investigations and ineffectiveness will impact flows into the US negatively**
- **EU economy in Q2 to continue accelerating towards 2.7% GDP growth**
- **Chinese economy in Q2 will stay on track for 6.5% growth and Chinese assets/equities will attract more in-flows**
- **10-Year US yields will move slightly lower ($TNX 2.50%) but stay long term range bound**
- **$USD will continue decline towards below 86 in Q2 2018, EURUSD will move towards 1.26**
- **Commodities & Oil will move higher by 6% - 8% in Q2 2018**
- **EAFE (China and Japan particularly due to period of seasonal weakness) and EM equities to outperform US equities in Q2**
- **EU equities will underperform US, mainly due to annual dividend yield advantage no longer at play and period of seasonal weakness**

April 1s^{h}, 2018

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Index

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CGI 2018 Q2 Economic and Investment Outlook at a Glance

Economic outlook

- The global economy is accelerating, however affected by geo-political distress, will decelerate in 2H 2018
- +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, particl. Europe
- Investment to pick up (modernization of capital stock)

- The US economic momentum will remain strong in Q2, continuing to benefit from impact of weaker US$ on US corporate earnings. However, US exports remain weak, and the weaker USD has failed to negate the rising trade imbalance of the US, and attract FDI.

- The macro-economic momentum in Europe will gain a bit of momentum in Q2, governments re-launching spending programs (Juncker-Plan, EFSI infrastructure, privatizations, etc.) and lower interest rates as the US, with double the equity yield for EU equities versus the US will continue to make EU markets a very attractive place to invest

- EM economies are accelerating, 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 Q2 2018

Markets

Equities

- Globally, long-term bonds still offer decent risk return opportunities in 1H 2018 of all asset classes, particularly from an DDM and total return aspect
- A Q2 correction is likely, mostly for developed markets, but also for select EM's. We keep expecting US equities to underperform EAFE until May, into the period of seasonal weakness starts

Bonds

- We expect for US, European and Asian 10-Y government bond yields to fall, but remain in their long term trend range throughout Q2 2018.
- We do not expect another Fed rate hike in Q2 2018, mainly due to the FED's concern on a likely temporary strengthening impact it could have on the USD.

Commodities

- Commodities, particularly energy, OIL, Nat Gas still have upside, we see the potential for +15% price recovery in Q2, particularly on OPEC deal to extend production cuts further throughout rest of 2018.
- Base metal prices are in a cyclical recovery. Global supply developments will lead Copper, Zinc and Nickel significantly higher in the next two years.

Currencies

- We expect a reversal in the US$ Index back towards below .85, and for EUR/US$ 1.24 by end of 1H 2018, commodities based currencies to add another +7% to +10% against the US$ by end 2018.
- Yuan as currency reserve will continue attracting global flows into China, PetroYuan issuance will weigh more on USD. USD/YEN to move to 118 by end of Q2 2018

2018 Q2 Tactical Asset Allocation

Assets classes		Recommendation as of April 1st, 2018							Change since December 6th, 2018
		+++	++	+	0	-	- -	- - -	
Equity Markets	USA					X			Reduce weighting
	Europe					X			Reduce weighting
	Japan					X			Reduce weighting
	Asia/Pacific				X				Reduce weighting
	Emerging Markets			X					Unchanged
Bond Markets	Developed Markets					X			Reduce weighting
	Emerging Markets			X					Reduce weighting
	Inflation Linked				X				Unchanged
	Investment Grade			X					Unchanged
	High Yield				X				Reduce weighting
	Convertibles				X				Unchanged
Private Equity & Real Assets	Listed Private Equity				X				Unchanged
	Commodities	XXX							Unchanged
Cash			XX						Increase weighting
Forex	USD						XX		Reduce weighting
	EUR		XX						Unchanged
	Yen				X				Unchanged
	EM & Others		XX						Increase weighting

CGI 2018 Q2 Major Assumptions

- **The tailwinds for global GDP growth and demand for 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 consolidation phase in commodity prices in recent months has been constructive. We believe that the trade sanctions, and trade tariffs are not going to have a mitigating impact on the developments for commodity prices, on the contrary, historically this has lifted commodity prices in the 9 subsequent months to tariff implementations. With a republican leadership in the US for the next 3 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 2018 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, in spite of tailwind benefits of a significantly weaker USD, as US corporate earnings will be revised upwards. For Q2 2018, 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$) and to invest in long term government bonds (10-Year US Treasuries and European 10-Year government bonds, preferably in peripheral markets such as Spain, Italy, France but also in EM markets and commodities producing and exporting sovereign long term debt) until bonds will enter their period of seasonal strength in May. We see the US 10-Y Treasuries trending in a range of 2.40% to 3.10% over the next 12 months as we continue to see the FED baffled about the US growth outlook. not enough inflation, too strong of a US$ relative to global growth prospects and relative to US$ denominated debt obligations.**

- **We are expecting the US$ to fade further in Q2, and correct towards $USD 85 and EUR/US$ 1.26, and implicitly for Oil & commodities to rise further, and for WTI to hit our Q2 $68/brl very aggressive price target, and continue to recover by +15% to +20% in 1H of 2018, and raise our full year 2018 price target to $78/brl for WTI.**

CGI 2018 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 equities from mid-May until October, a trend, that we see to repeat in Q2 2018.

As per prior reports, we think that the current economic growth environment, is going to slow in Q2 by just a few tenths of a percent in terms of GDP, which 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

CGI 2018 Q2 Recommendations

Q2 Major Long Calls

- EM government bonds (Indian, Brazilian, Chilean, Peruvian, Thai, Vietnamese)
- US 10-Y Bonds $TNX
- Commodities ($WTI, $BRENT, $SILVER, $PLAT, $PALL, $COPPER, Wheat, Soy, Coffee)

Q2 Major Sell/Short Calls

- USD
- YENEUR, YENUSD
- GBPEUR, GBPUS
- US, EU & EM Equities indices ($SPX, $DJIA, $NDX, $DAX, $CAC, $IBEX)

2018 Q2 Global Macro & GDP Outlook

- **Baring any major geopolitical escalations, Global GDP will grow modestly in Q2 2011 +3.0% (we maintain our global 2018 fy GDP forecast of +3.5% to + 3.7%)**
- **Europe will grow towards +2.4% to 2.6% range, with Germany, France, Italy, Spain, SEE governments re-launching spending programs; European exports will accelerate due to lower Euro weighted average (+/-EUR/US$ 1.15)**
- **Japan will stabilize towards +1.5% GDP growth, mostly due to still weaker weighted average Yen (2018 average USD/YEN 112 vs. 2015 Yen average 108) exports will still generate momentum**
- **China will grow at +6.0% to +6.7%**
- **India will grow at +5.0% to 6.3%, increasingly consumer driven**
- **EM's will accelerate towards +3.5%, due to recent renewed rally of commodities demand and prices**
- **Globally commodities & food prices have bottomed, and supply/demand ratios have rebalanced, energy, agro & hard commodities demand and pricing will improve**
- **Global central banks, except the US, will keep interest rates low, likely lower rates throughout remainder of 2H 2018**
- **US & European Corporate and Consumer Credit will remain very lose**
- **US employment related wage pressures are going to remain benign, European unemployment to still improve in particular due to government infrastructure program investment increases (France; Germany, Holland, Spain, Italy, Portugal, SEE)**
- **US 10-Y T-Bonds will drop in their traditional period of seasonal strength, and re-test the lower long-term trading range towards our 2018 target of 2.30% to 3.10%, whilst Japanese and European 10-Y Bonds similarly will re-test lower yield trend levels (German 10Y to .45, French 10Y to .95)**
- **US$ will continue to consolidate in Q2 and throughout 2018; $USD retesting .85, EUR/US$ 1.26, however US$/Yen 110 - 118**

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CGI 2018/2019 GDP Forecasts

Annual GDP Growth %	2018 CGI GDP Forecast (e)	2018 GDP Consensus (e)	2019 CGI GDP Forecast (e)	2019 GDP Consensus (e)	2020 CGI GDP Forecast (e)	2020 GDP Consensus (e)
Global	**3.7%**	3.7%	**3.7%**	3.4%	**3.5%**	3.4%
G-10	**3.3%**	3.3%	**3.0%**	3.3%	**2.6%**	3.0%
US	**2.3%**	2.5%	**2.0%**	2.3%	**1.6%**	2.0%
Canada	**2.2%**	1.8%	**1.8%**	2.0%	**1.5%**	1.8%
EURO AREA	**2.2%**	1.7%	**2.0%**	1.7%	**1.8%**	1.5%
Germany	**2.4%**	1.8%	**2.4%**	1.8%	**2.0%**	1.8%
France	**1.7%**	1.2%	**1.3%**	1.2%	**1.7%**	1.2%
UK	**1.2**	1.8%	**1.0**	1.8%	**1.2**	1.8%
Japan	**1.8%**	1.3%	**1.2%**	0.8%	**1.0%**	0.5%
China	**6.4%**	6.0%	**6.3%**	5.8%	**6.2%**	5.5%
India	**6.5%**	6.0%	**6.5%**	6.0%	**6.3%**	5.5%
Brazil	**2.8%**	2.0%	**2.8%**	2.0%	**3.0%**	2.0%

Europe

2018 Q2 Macro Outlook Europe

- **European investment programs to accelerate Q2 2018 ("Juncker-Plan", Juncker EU reform package, EFSI, infrastructure, energy, alternative energy; ICT; water; transport logistics, airports, ports, roads, rails etc.)**
- **German, French, Spanish, Italian, Portuguese, Benelux, Greek governments and municipalities will increase spending**
- **Euro GDP to accelerate in Q2 (+2.4% to + 2.8%) with EU inflation to remain between +1.0% and +1.7% levels**
- **Deflationary pressures to remain, now due to EUR strength, personal consumption to rise further, but slower**
- **German GDP will accelerate in Q2 2018, due to new government's enacted stimulus plans and still continue to drive EU GDP and Export growth (German 2018 GDP +2.4% and +2.6% for 2019)**
- **The weaker "weighted Euro" in 2018 (EURUSD bottomed in 2016 at 1.0480, to gradually move towards 1.28 year-end 2018) 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 2018 fiscal positions**
- **Global fixed income markets will continue to focus on Spain, Italy, Frenc , Greek, Portuguese debt issues improving in Q2 2018;**
- **EU public aggregate debt 2018 will be around 83% of GDP, and budget deficit will well managed within the -3% of GDP.**

- **UK deficit/Gilts/GBP will come under more pressure in Q2; "Brexit"-related GBP will likely weaken to below GBP/US$ 1.35**

2018 Q2 Macro Outlook United States

- **US GDP in 1H 2018 (2018 annual target now +2.4% down from prior +2.7%) mainly due to embedded strength of US$, but also a roll over of the us consumer (car sector shows clear signs of this already). The implied strength of the USD will negatively impact US economy, exports will decline, imports will grow, now commodities manufacturing is experiencing further capacity shutdowns (Shale Oil, Nat Gas, industrial metals), which will drive upside speculation & pressures to prices. US trade deficit widening in 1H 2018 due to still too strong US$, imports will rise substantially, exports will slow further, US competitiveness will shrink more, US productivity growth will still slow on absolute and relative basis in 1H 2018, particularly in industrial manufacturing, tourism, M&A, FDI to slow even further in 2H 2018. The still too strong USD against most currencies has the potential to trigger renewed volatility in asset classes sensitive to its swings by summer 2018**
- **US inflation to remain stable and well below +2.2% in 2018 (due to USD; still base effect of lower commodity prices)**
- **The corporate earnings picture remains bright (EPS Consensus now for 2018 of 156, and for 2019 165.5 are high, but USD related translational and transactional effects remain beneficial to EPS momentum).**
- **The US Presidential rally in equities and decline in bond prices is done. We are expecting for the sugar rush to fade entirely in Q2 2018, and consequently for personal and government spending in Q2 and Q2 2018 to slow.**
- **We are expecting 10-Year T-bond yield to drop initially again below 2.50% in Q2, as with Q2 the seasonal period of strength for US based long bonds starts, we can even see the 10-Year treasuries yield to drop even lower to the bottom of the long term trend support, likely by end of summer towards 2.30%.**

201 Q2 Macro Outlook Japan

- **Japanese GDP will accelerate in Q2 2018 as additional economic stimulus (ABE's 3rd arrow, plus new government stimulus measures are going to show full effects) will generate more momentum and exports will get another boost from the still weak 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 2018 (March 31st 2018), however, we see for the coming 3 months increasing risks for the YEN to decline towards USD/YEN 118**
- **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 Q2 2018 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.

2018 Q2 Macro Outlook Asia

- **China's GDP to stay at current pace (+6.0% to +6.5% annualized)** A stable Chinese economy is a requirement for the global economy to prosper. Sustained Chinese growth momentum into 2018 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 gains to improve, cost management will improve, inflation will decelerate, interest rates possibly declining will help real estate and equity markets further**
- **Chinese currency being now accepted as of October 1st 2016 into IMF SDR program, just as we were predicting, and way ahead of expectations, will cause a lot of volatility in forex markets, plus, with the Chinese government focusing on deemphasizing Petrodollars for substitution of PetroYuan, will push up demand for the Yuan significantly, and inversely put pressure on the USD. We maintain our 2018 USDCNH forecast of 6.0.**

- **Chinese government will become more hospitable towards FDI**
- **M&A (domestic and foreign) activities will pick up**

- **India GDP to remain strong (+5.5% to 6.0% annualized) due to continued impact of still weak commodities prices and related weaker inflation**
- **India's inflation will be declining substantially, interest rates could 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 Q2 2018 to above 4%, Malaysia & Singapore to above +3%**

EM

2018 Q2 Macro Outlook Latin America

- **Economic conditions in Latam will improve further in Q2 2018 to a GDP growth of +1.5% to 2.5% range**
- **Commodity based economies (Argentina, Chile, Peru, Brazil, Mexico, Columbia) 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 +2.5% in Q2 2018 and throughout 2018.**
- **Argentina will accelerate towards 4.0% in 1H 2018**
- **Long term investment plans focusing on infrastructure investment, FDI, improving educational system and technology innovation will be key for growth success**

2018 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 Q2 2018
- 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)

2018 Q2 Macro Outlook ROW

- Frontier market economies to pick up, inflation to drop further in Q2 2018
- Frontier market currencies to stabilize and strengthen against US$ Index
- Russia & Ukraine & Balkan crisis has ended in 2016, growth will accelerate, currencies will strengthen further against the USD, despite more interest rate cuts

CGI 2018/2019 Currency Forecasts

Currency	Spot Price March 30th, 2018	Q2 2018 CGI Forecast	2018 CGI Forecast	2018 Consensus Forecast	2019 CGI Forecast	2019 Consensus Forecast	2020 CGI Forecast	Chart Technical Momentum	Long-term trend
USD Index	89.81	.86	.82	.98	.85	.98	.80	negative	downward
EUR/US$	1.232	1.24	1.28	1.18	1.28	1.10	1.30	positive	upward
US$/YEN	106.26	115	112	110	112	110	110	neutral	upward
EUR/YEN	130.89	135	135	122	138	125	135	positive	neutral
EUR/GBP	.8779	.95	1.05	.90	1.10	.95	1.15	positive	upward
GBP/US$	1.403	1.33	1.25	1.20	1.28	1.20	1.05	negative	downward
EUR/NOK	9.66	9.00	8.5	9.00	8.5	9.00	8.5	positive	upward
US$/BRL	3.30	3.0	2.80	3.15	2.65	3.15	2.50	negative	downward
US$/CHF	0.9683	.95	.90	0.85	.90	0.85	0.85	neutral	downward

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

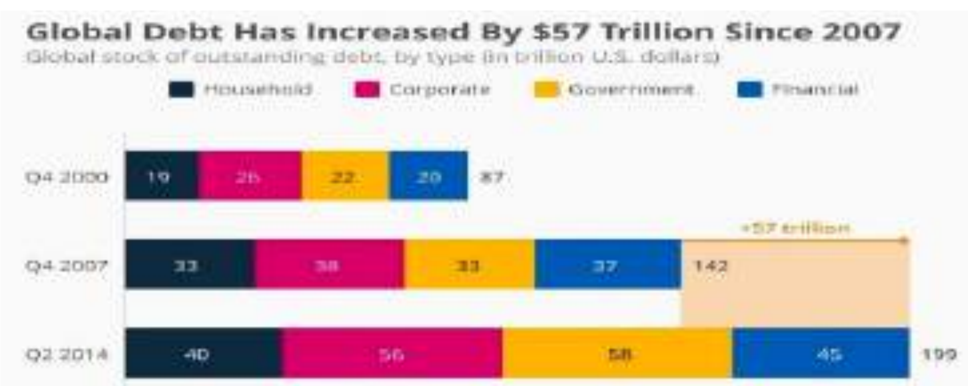
US$/YEN 25-Year Chart

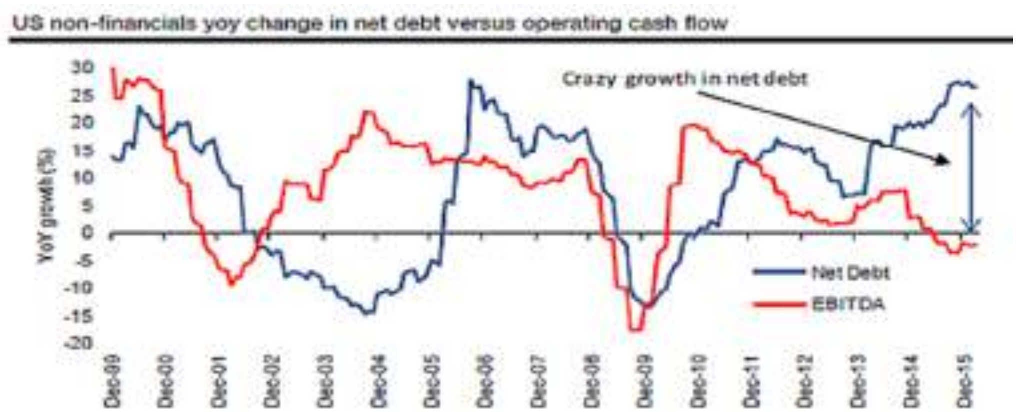
2018 Q2 Global Fixed Income Outlook

Category	Positives	Possible Concerns	Negatives
Government	**US, Mexico, India, Brazil, Norway, Sweden, New Zealand, Indonesia, Philippines, New Zealand**	**China, Russia, ME,**	**UK, Venezuela**
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,**	**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.



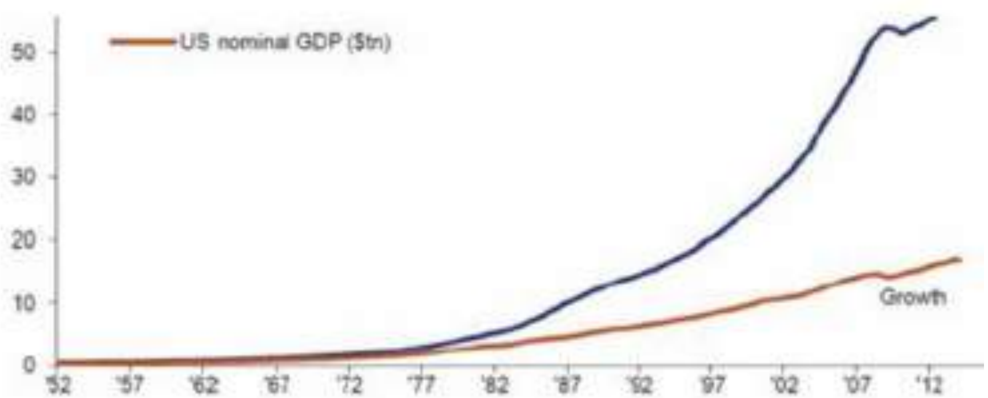


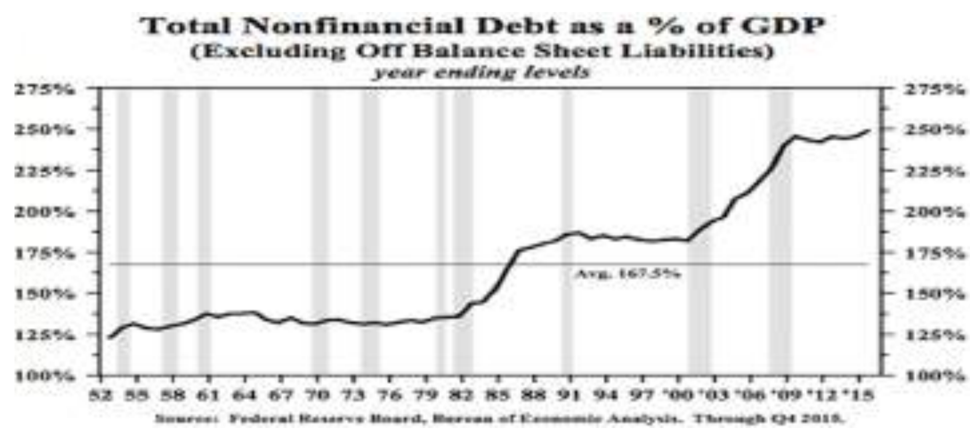
2018 Q2 Global Fixed Income Outlook

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.





2018 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.

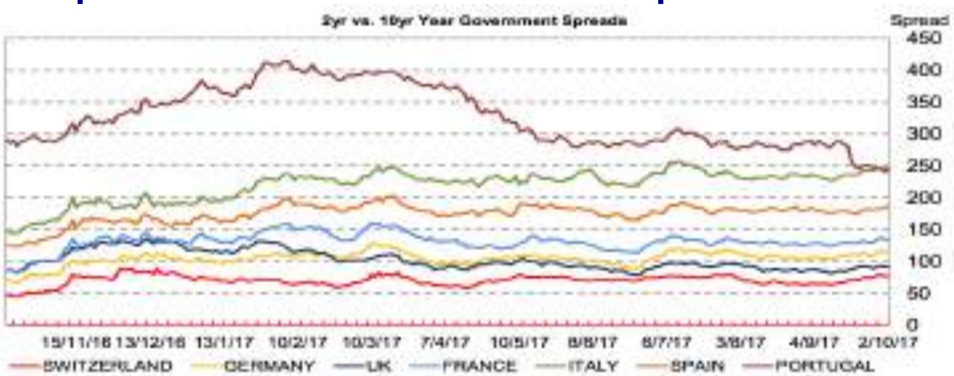
Years of unduly low interest rates combined with excessively generous executive compensation schemes geared to share prices, the short-term demands of investors, and a flawed tax system, all are posing high risks for a collapse. Corporations are "effectively mortgaging future growth to compensate for 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.

Given the steadily improving global macroeconomic conditions, and improving geo-political tensions at least for Europe, and Asia, global bonds seem priced too high on the short term at current levels. **We expect the 10-Year US government bonds to drift lower, however remain range-bound from here into the end of Q4, and for yields to settle around 2.30% to 2.60% by the end of the year.**

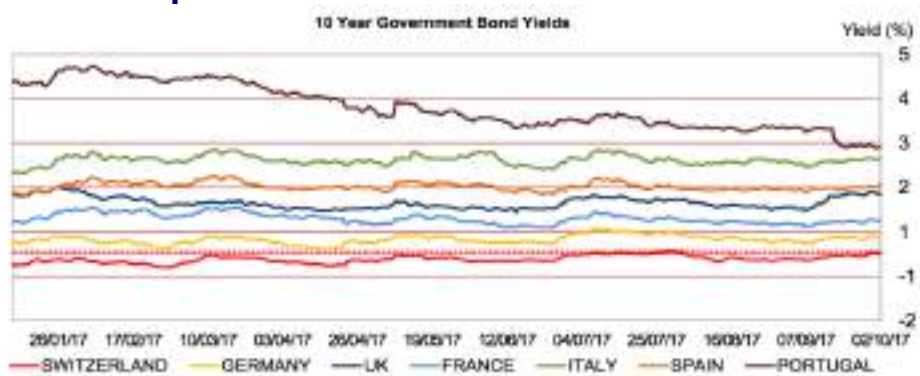
US 10-Year Treasuries Yield 2-Year Chart

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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2018/2019 Commodity Prices Forecasts

Commodity	Price March 30th, 2018	2018 Q2 CGI Forecast	2018 CGI Forecast	2018 Consensus Forecast	2019 CGI Forecast	2019 Consensus Forecast	Chart Technical Momentum	Long-term trend
WTI Oil	**64.94**	**63**	**63**	44	**65**	48	**Positive**	**upward**
Brent Oil	**69.34**	**58**	**58**	48	**64**	52	**Positive**	**upward**
Nat Gas	**2.73**	**3.20**	**3.20**	3.0	**4.0**	3.20	**Positive**	**upward**
Gold (US$/oz.)	**1,327.30**	**1,325**	**1,450**	1,285	**1.500**	1.330	**Positive**	**upward**
Copper (US$/oz.)	**302.60**	**260.0**	**280.0**	250	**315**	280.0	**Positive**	**upward**
Silver	**16.27**	**22.00**	**22.00**	20.00	**24.00**	20.00	**Positive**	**upward**
Platinum	**932.60**	**1,150**	**1,150**	1,100	**1,250**	1,150	**Positive**	**upward**
Wheat	**451.75**	**430**	**430**	410	**470**	430	**Positive**	**upward**
Coffee	**118.15**	**145**	**145**	160	**175**	165	**Positive**	**upward**
Sugar #11	**14.11**	**20.00**	**20**	**22**	**24**	20	**Positive**	**upward**
CRB Reuters/ Jefferies	**183.08**	**210.00**	**210**	**200**	**235**	210	**Positive**	**upward**

Creative Global Investments

$CRB 2-Year Chart

$CRB 15-Year Chart

GOLD 2-Year Chart

GOLD 20-Year Chart

Creative Global Investments

WTI OIL 2-Year Chart

WTI OIL 20-Year Chart

Brent 20 Year-Chart

Brent/WTI spread 20-Year Chart

CGI 2018 Q2/2018/2019 Global Equities Indices Targets

Index	Price March.30th,2018	Earnings Momentum	Chart Technical Momentum	CGI Q2 2018 Price Target	CGI 2018 High Price Target	CGI 2019 Price Target	CGI 2019 Rating
Global Dow	2,314	+	0	2,250	2,850	3,150	Positive
S&P 500	2,640	+	0	2,250	2,950	2,900	Neutral
Russell 2000	1,529	+	0	1,325	1,625	1,600	Negative
NASDAQ 100	7,063	+	0	5,800	7,200	6,200	Negative
NIKKEI 225	21,159	+	0	19,200	21,200	24,200	Positive
FTSE	7,056	0	0	6,000	7,100	6,800	Negative
DAX 30	12,096	+	+	11,800	13,500	15,000	Positive
CAC 40	5,167	+	+	4,550	5,600	6,200	Positive
SMI	8,740	0	0	8,400	8,800	9,000	Neutral
IBEX 35	9,600	+	0	8,800	11,200	12,500	Neutral
RTS	1,244	+	+	1,300	1,350	1,750	Positive
BOVESPA	85,365	+	+	82,000	75,000	93,000	Positive
Mexican Bolsa	46,124	0	0	42,000	48,000	53,000	Neutral
Hang Seng	30,093	+	0	28,500	28,500	35,500	Positive
Sensex	31,283	+	+	30,000	31,700	35,000	Positive
Shanghai	3,348	+	+	3,000	4,100	5,200	Positive
TSX	15,643	+	+	14,850	16,850	17,800	Positive

- = Negative
0 = Neutral
+ = Positive

2018 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 2018 Q2 Outlook
US	-	+	0	0	0	Negative	Negative
Canada	0	+	+	0	+	Neutral	Negative
Mexico	0	+	0	0	0	Negative	Negative
Brazil	+	+	0	+	+	Neutral	Positive
India	0	+	+	0	+	Neutral	Positive
China	+	+	0	+	+	Positive	Negative
Japan	0	+	0	+	+	Positive	Negative
Russia	+	0	0	+	+	Neutral	Positive
Germany	+	+	+	+	+	Positive	Negative
France	+	+	+	+	+	Neutral	Negative
UK	0	+	0	0	+	Negative	Negative
Belgium	0	+	+	0	+	Neutral	Negative
Norway	0	+	+	+	0	Positive	Positive
Turkey	0	0	0	0	0	Negative	Negative
Spain	+	+	+	0	+	Neutral	Neutral
Netherlands	+	0	+	0	+	Neutral	Negative
Switzerland	0	-	+	0	0	Neutral	Neutral
S-Africa	0	0	0	-	-	Neutral	Neutral

- = Negative
0 = Neutral
+ = Positive

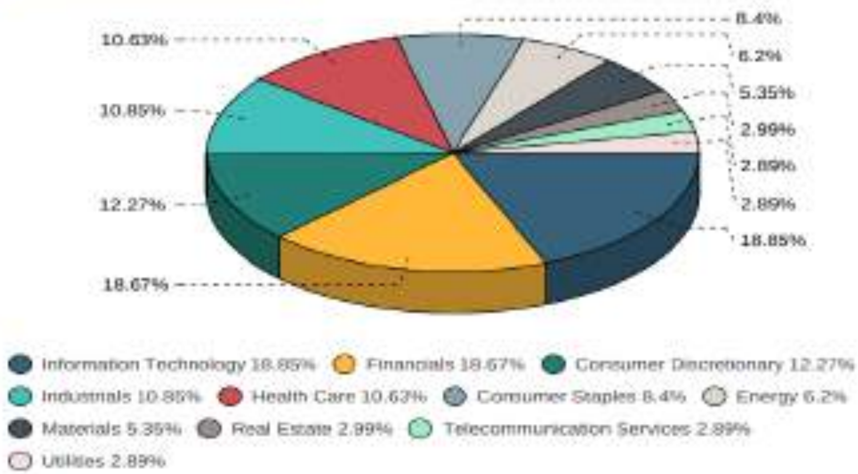
2018 Q2 Global Equities Sector Outlook

Industry Sector	Valuation	Earnings Momentum	Balance Sheet	Chart Technical Momentum	Sector risks (political., fiscal, regulatory, other)	CGI Q2 Outlook
Automotive	+	0	+	0	Neutral	Negative
Aerospace. & Def.	+	+	+	0	Neutral	Neutral
Banks	0	0	-	0	Neutral	Neutral
Basic Resources	0	+	0	+	Positive	Positive
Chemicals	0	+	+	0	Positive	Positive
Construction	0	+	0	0	Positive	Positive
Financial Services	0	0	0	-	Neutral	Neutral
Food & Beverages	0	0	0	0	Neutral	Neutral
Healthcare	0	0	0	-	Neutral	Negative
Industrials	0	+	+	0	Positive	Neutral
Insurance	0	0	0	0	Neutral	Neutral
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

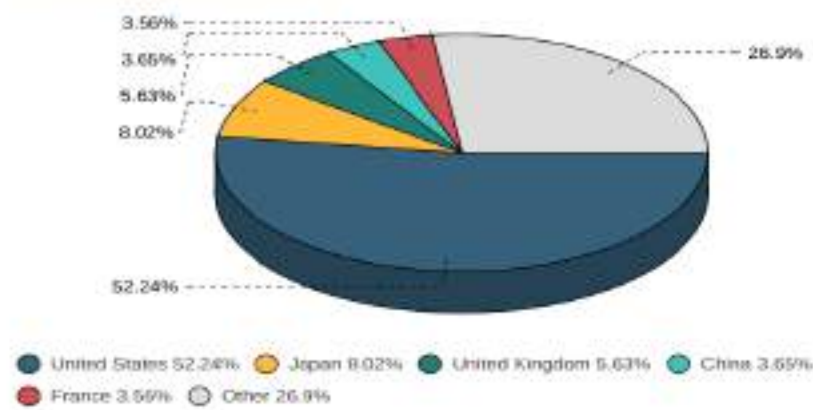
- = Negative
0 = Neutral
+ = Positive

2018 Q2 MSCI World Weightings and Sector Allocations

SECTOR WEIGHTS



COUNTRY WEIGHTS



CUMULATIVE INDEX PERFORMANCE – GROSS RETURNS (USD) (MAR 2003 – MAR 2018)

2018 Q2 Equity indices valuations

P/E Ratios in International Equity Markets as of 01/04/18

Country	Weight	CAPE	PE	PC	PB	PS	DY	RS 26W	RS 52W	Score
Russia	0.9%	6.5	6.0	4.7	0.9	0.9	4.8%	1.05	1.11	1
China	1.2%	19.1	8.8	4.8	1.1	0.7	3.4%	1.05	1.09	2
EMERGING EUROPE	1.7%	9.7	9.3	5.6	1.1	0.9	3.9%	1.06	1.08	
Turkey	0.3%	12.1	9.6	6.8	1.5	1.1	2.8%	1.04	1.04	4
Singapore	0.9%	14.4	10.9	9.8	1.2	1.2	3.2%	1.02	1.02	10
Hungary	0.0%	15.2	11.0	5.6	1.5	0.8	2.4%	0.99	1.05	6
Korea (South)	1.8%	15.6	11.1	5.6	1.1	0.7	1.8%	0.98	1.01	12
MIDDLE EAST	1.1%		13.3	10.9	1.4	1.6	4.4%	1.01	0.97	
Poland	0.2%	12.4	13.5	8.2	1.3	0.8	1.9%	0.97	1.01	17
Czech	0.1%	9.8	13.8	9.4	1.3	1.3	5.6%	1.05	1.12	3
Israel	0.2%	14.7	14.2	8.1	1.5	1.1	3.9%	1.02	0.97	13
BRIC	6.5%	16.3	14.6	8.7	1.7	1.4	2.6%	1.03	1.08	
Taiwan	1.3%	21.8	14.7	10.4	2.0	1.2	3.9%	1.03	1.04	20
DEVELOPED ASIA-PACIFIC	18.7%		14.8	10.1	1.5	1.1	2.4%	1.02	1.05	
Japan	9.4%	27.9	15.0	10.9	1.4	0.9	1.9%	1.03	1.06	19
Greece	0.1%	-6.8	15.1	6.9	0.7	0.7	2.0%	1.06	1.08	9
EMERGING MARKETS	14.0%	17.6	15.4	9.7	1.8	1.4	2.9%	1.03	1.05	
Sweden	1.0%	21.8	15.6	11.2	2.0	1.6	3.5%	0.97	0.97	31
South Africa	0.7%	19.9	15.6	12.0	2.0	1.4	3.7%	1.11	1.13	15
OTHER EMERGING MKT.	2.1%		15.7	11.0	1.6	1.4	3.5%	1.02	1.03	
Austria	0.2%	19.8	15.8	7.2	1.4	0.8	2.5%	1.02	1.08	8
Portugal	0.1%	14.1	16.0	7.2	1.6	0.7	4.1%	1.01	1.05	5
Spain	1.3%	13.6	16.0	6.9	1.6	1.2	3.9%	0.98	0.97	18
EMERGING AFRICA	0.8%		16.0	12.4	2.1	1.5	3.6%	1.10	1.12	
Germany	3.6%	20.1	16.1	9.9	1.8	0.9	2.6%	0.99	1.02	25
Italy	1.2%	17.6	16.3	6.4	1.3	0.6	3.2%	1.00	1.04	7
EMERGING ASIA-PACIFIC	7.5%	19.0	16.6	10.7	2.1	1.6	2.5%	1.02	1.04	
Netherlands	1.2%	23.6	16.8	12.9	2.0	1.2	2.9%	0.99	1.00	30
Canada	2.8%	20.9	16.8	8.7	1.8	1.4	2.8%	0.94	0.95	29
Ireland	0.2%	39.6	16.9	11.8	1.9	1.7	1.2%	1.00	1.02	32
Hong Kong	4.4%	18.3	16.9	11.9	1.7	2.4	2.7%	1.02	1.08	23
Australia	2.0%	18.3	17.1	11.2	2.0	1.9	4.4%	1.00	1.00	28
France	4.1%	21.0	17.5	9.0	1.8	1.0	2.8%	1.01	1.04	21
Thailand	0.6%	22.2	17.6	10.9	2.3	1.6	2.6%	1.11	1.17	22
DEVELOPED EUROPE	22.7%	18.7	17.9	10.0	1.8	1.1	3.2%	0.99	1.01	
United Kingdom	5.1%	15.7	18.2	10.1	1.8	1.1	3.9%	0.98	0.99	24
WORLD AC	100.0%	24.2	18.3	11.2	2.1	1.5	2.4%	1.01	1.03	
Mexico	0.6%	21.2	18.6	10.9	2.3	1.4	2.3%	0.96	0.92	34
Malaysia	0.6%	17.0	18.8	10.8	1.7	2.0	3.0%	1.07	1.08	16
DEVELOPED MARKETS	86.0%	25.1	18.9	11.5	2.2	1.5	2.4%	1.01	1.02	
New Zealand	0.1%	24.0	19.4	12.9	1.9	1.8	4.2%	1.03	1.04	27
EMERGING AMERICA	3.1%	19.2	19.5	10.3	2.1	1.4	2.6%	1.03	1.06	
Brazil	1.6%	14.2	19.7	10.2	2.1	1.6	2.9%	1.08	1.12	14
Belgium	0.7%	25.6	20.0	13.1	2.0	2.0	3.3%	0.98	0.99	35
Indonesia	0.6%	20.8	21.2	15.9	3.6	2.8	2.0%	1.03	1.04	33
Norway	0.4%	15.8	21.4	8.9	1.7	1.4	3.8%	1.03	1.09	11
Philippines	0.4%	22.3	21.6	11.6	2.4	1.9	1.5%	0.98	0.98	38
Finland	0.4%	21.6	21.6	14.0	2.2	1.4	3.9%	1.04	1.06	26
Denmark	0.6%	36.2	21.7	13.8	3.2	2.5	2.4%	1.00	1.01	36
United States	41.5%	30.7	22.6	13.9	3.2	2.1	1.9%	1.01	1.03	37
Switzerland	2.5%	24.9	24.9	15.9	2.5	2.0	3.1%	0.98	0.99	39
India	2.8%	22.5	25.3	19.5	3.1	2.1	1.4%	0.98	1.00	40

Dividend yields in International Equity Markets as of 01/04/2018

Country	Weight	CAPE	PE	PC	PB	PS	DY	RS 26W	RS 52W	Score
Czech	0.1%	9.8	13.8	9.4	1.3	1.3	5.6%	1.05	1.12	3
Russia	0.9%	6.5	6.0	4.7	0.9	0.9	4.8%	1.05	1.11	1
Australia	2.0%	18.3	17.1	11.2	2.0	1.9	4.4%	1.00	1.00	28
MIDDLE EAST	1.1%		13.3	10.9	1.4	1.6	4.4%	1.01	0.97	
New Zealand	0.1%	24.0	19.4	12.9	1.9	1.8	4.2%	1.03	1.04	27
Portugal	0.1%	14.1	16.0	7.2	1.6	0.7	4.1%	1.01	1.05	5
Israel	0.2%	14.7	14.2	8.1	1.5	1.1	3.9%	1.02	0.97	13
Spain	1.3%	13.6	16.0	6.9	1.6	1.2	3.9%	0.98	0.97	18
Taiwan	1.3%	21.8	14.7	10.4	2.0	1.2	3.9%	1.03	1.04	20
United Kingdom	5.1%	15.7	18.2	10.1	1.8	1.1	3.9%	0.98	0.99	24
Finland	0.4%	21.6	21.6	14.0	2.2	1.4	3.9%	1.04	1.06	26
EMERGING EUROPE	1.7%	9.7	9.3	5.6	1.1	0.9	3.9%	1.06	1.08	
Norway	0.4%	15.8	21.4	8.9	1.7	1.4	3.8%	1.03	1.09	11
South Africa	0.7%	19.9	15.6	12.0	2.0	1.4	3.7%	1.11	1.13	15
EMERGING AFRICA	0.8%		16.0	12.4	2.1	1.5	3.6%	1.10	1.12	
Sweden	1.0%	21.8	15.6	11.2	2.0	1.6	3.5%	0.97	0.97	31
OTHER EMERGING MKT.	2.1%		15.7	11.0	1.6	1.4	3.5%	1.02	1.03	
China	1.2%	19.1	8.8	4.8	1.1	0.7	3.4%	1.05	1.09	2
Belgium	0.7%	25.6	20.0	13.1	2.0	2.0	3.3%	0.98	0.99	35
Italy	1.2%	17.6	16.3	6.4	1.3	0.6	3.2%	1.00	1.04	7
Singapore	0.9%	14.4	10.9	9.8	1.2	1.2	3.2%	1.02	1.02	10
DEVELOPED EUROPE	22.7%	18.7	17.9	10.0	1.8	1.1	3.2%	0.99	1.01	
Switzerland	2.5%	24.9	24.9	15.9	2.5	2.0	3.1%	0.98	0.99	39
Malaysia	0.6%	17.0	18.8	10.8	1.7	2.0	3.0%	1.07	1.08	16
Brazil	1.6%	14.2	19.7	10.2	2.1	1.6	2.9%	1.08	1.12	14
Netherlands	1.2%	23.6	16.8	12.9	2.0	1.2	2.9%	0.99	1.00	30
EMERGING MARKETS	14.0%	17.6	15.4	9.7	1.8	1.4	2.9%	1.03	1.05	
Turkey	0.3%	12.1	9.6	6.8	1.5	1.1	2.8%	1.04	1.04	4
France	4.1%	21.0	17.5	9.0	1.8	1.0	2.8%	1.01	1.04	21
Canada	2.8%	20.9	16.8	8.7	1.8	1.4	2.8%	0.94	0.95	29
Hong Kong	4.4%	18.3	16.9	11.9	1.7	2.4	2.7%	1.02	1.08	23
Thailand	0.6%	22.2	17.6	10.9	2.3	1.6	2.6%	1.11	1.17	22
Germany	3.6%	20.1	16.1	9.9	1.8	0.9	2.6%	0.99	1.02	25
EMERGING AMERICA	3.1%	19.2	19.5	10.3	2.1	1.4	2.6%	1.03	1.06	
BRIC	6.5%	16.3	14.6	8.7	1.7	1.4	2.6%	1.03	1.06	
Austria	0.2%	19.8	15.8	7.2	1.4	0.8	2.5%	1.02	1.08	8
EMERGING ASIA-PACIFIC	7.5%	19.0	16.6	10.7	2.1	1.6	2.5%	1.02	1.04	
Hungary	0.0%	15.2	11.0	5.6	1.5	0.8	2.4%	0.99	1.05	6
Denmark	0.6%	36.2	21.7	13.8	3.2	2.5	2.4%	1.00	1.01	36
WORLD AC	100.0%	24.2	18.3	11.2	2.1	1.5	2.4%	1.01	1.03	
DEVELOPED MARKETS	86.0%	25.1	18.9	11.5	2.2	1.5	2.4%	1.01	1.02	
DEVELOPED ASIA-PACIFIC	18.7%		14.8	10.1	1.5	1.1	2.4%	1.02	1.05	
Mexico	0.6%	21.2	18.6	10.9	2.3	1.4	2.3%	0.96	0.92	34
Greece	0.1%	-6.8	15.1	6.9	0.7	0.7	2.0%	1.06	1.08	9
Indonesia	0.6%	20.8	21.2	15.9	3.6	2.8	2.0%	1.03	1.04	33
Poland	0.2%	12.4	13.5	8.2	1.3	0.8	1.9%	0.97	1.01	17
Japan	9.4%	27.9	15.0	10.9	1.4	0.9	1.9%	1.03	1.06	19
United States	41.5%	30.7	22.6	13.9	3.2	2.1	1.9%	1.01	1.03	37
Korea (South)	1.8%	15.6	11.1	5.6	1.1	0.7	1.8%	0.98	1.01	12
Philippines	0.4%	22.3	21.6	11.6	2.4	1.9	1.5%	0.98	0.98	38
India	2.8%	22.5	25.3	19.5	3.1	2.1	1.4%	0.98	1.00	40
Ireland	0.2%	39.6	16.9	11.8	1.9	1.7	1.2%	1.00	1.02	32

2018 Q2 Equity indices valuations

Valuation Ratios International Equity Markets as of 01/04/2018

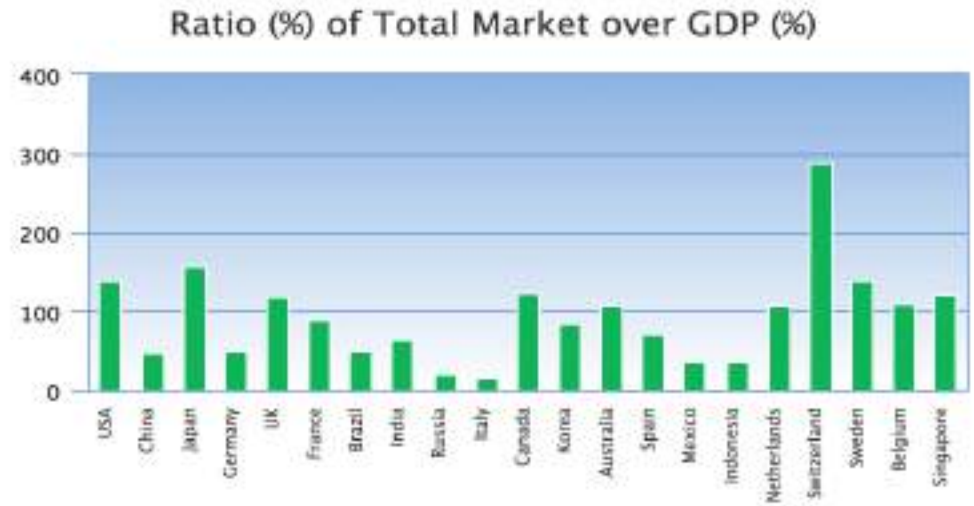
Country	Weight	CAPE	PE	PC	PB	PS	DY	RS 26W	RS 52W	Score
Russia	0.9%	6.5	8.0	4.7	0.9	0.9	4.8%	1.09	1.11	1
China	1.2%	19.1	8.6	4.8	1.1	0.7	3.4%	1.05	1.09	2
Czech	0.1%	9.8	13.8	9.4	1.5	1.3	5.8%	1.05	1.12	3
Turkey	0.3%	12.1	9.6	6.8	1.5	1.1	2.8%	1.04	1.04	4
Portugal	0.1%	14.1	16.0	7.2	1.6	0.7	4.1%	1.01	1.05	5
Hungary	0.0%	15.2	11.0	5.6	1.5	0.8	2.4%	0.99	1.05	6
Italy	1.2%	17.6	16.3	6.4	1.3	0.6	3.2%	1.00	1.04	7
Austria	0.2%	19.8	15.8	7.2	1.4	0.8	2.5%	1.02	1.08	8
Greece	0.1%	-6.8	15.1	6.9	0.7	0.7	2.0%	1.06	1.08	9
Singapore	0.9%	14.4	10.9	9.8	1.2	1.2	3.2%	1.02	1.02	10
Norway	0.4%	15.8	23.4	6.9	1.7	1.4	3.8%	1.03	1.09	11
Korea (South)	1.8%	15.6	11.1	5.6	1.1	0.7	1.8%	0.98	1.01	12
Israel	0.2%	14.7	14.2	8.1	1.5	1.1	3.9%	1.02	0.97	13
Brazil	1.6%	14.2	19.7	10.2	2.1	1.6	2.9%	1.08	1.12	14
South Africa	0.7%	19.9	15.6	12.0	2.0	1.4	3.7%	1.11	1.13	15
Malaysia	0.6%	17.0	18.8	10.8	1.7	3.0	3.0%	1.07	1.08	16
Poland	0.2%	13.4	13.5	8.3	1.3	0.8	1.9%	0.97	1.01	17
Spain	1.3%	13.6	16.0	6.9	1.6	1.2	3.9%	0.98	0.97	18
Japan	9.4%	27.9	15.0	10.9	1.4	0.9	1.9%	1.03	1.06	19
Taiwan	1.3%	21.8	14.7	10.4	2.0	1.2	3.9%	1.03	1.04	20
France	4.1%	21.0	17.3	9.0	1.8	1.0	2.8%	1.01	1.04	21
Thailand	0.6%	22.2	17.6	10.9	2.3	1.6	2.6%	1.11	1.17	22
Hong Kong	4.4%	18.3	16.9	11.9	1.7	2.4	2.7%	1.02	1.08	23
United Kingdom	5.1%	15.7	18.2	10.1	1.8	1.1	3.9%	0.98	0.99	24
Germany	3.6%	20.1	16.1	9.9	1.8	0.9	2.6%	0.99	1.02	25
Finland	0.4%	21.6	23.6	14.0	2.2	1.4	3.9%	1.04	1.06	26
New Zealand	0.1%	24.0	19.4	12.9	1.9	1.8	4.2%	1.03	1.04	27
Australia	2.0%	18.1	17.1	11.2	2.0	1.9	4.4%	1.00	1.00	28
Canada	2.8%	20.9	16.8	8.7	1.8	1.4	2.8%	0.94	0.95	29
Netherlands	1.2%	23.6	16.8	12.9	2.0	1.2	2.9%	0.99	1.00	30
Sweden	1.0%	21.8	15.6	11.2	2.0	1.6	3.5%	0.97	0.97	31
Ireland	0.2%	39.6	16.9	11.8	1.9	1.7	1.2%	1.00	1.02	32
Indonesia	0.6%	20.8	23.3	15.9	3.4	2.8	2.0%	1.03	1.04	33
Mexico	0.6%	21.2	18.6	10.9	2.3	1.4	2.3%	0.96	0.92	34
Belgium	0.7%	26.6	20.0	13.1	2.0	2.0	3.3%	0.98	0.99	35
Denmark	0.6%	36.2	21.7	13.8	3.2	2.5	2.6%	1.00	1.02	36
United States	41.5%	30.7	22.6	13.9	3.2	2.1	1.9%	1.01	1.03	37
Philippines	0.4%	22.3	21.6	11.6	2.4	1.9	1.5%	0.98	0.98	38
Switzerland	2.3%	24.9	24.9	15.9	2.5	2.0	3.1%	0.98	0.99	39
India	2.8%	22.9	25.3	19.5	3.1	2.1	1.4%	0.98	1.00	40
WORLD AC	100.0%	24.2	18.3	11.2	2.1	1.3	2.4%	1.01	1.03	
DEVELOPED MARKETS	86.0%	25.3	18.9	11.5	2.2	1.5	2.4%	1.01	1.02	
EMERGING MARKETS	14.0%	17.6	15.4	9.7	1.8	1.4	2.9%	1.03	1.05	
DEVELOPED EUROPE	22.7%	18.7	17.9	10.0	1.8	1.1	3.2%	0.99	1.01	
EMERGING EUROPE	1.7%	9.7	9.1	5.6	1.1	0.9	3.9%	1.06	1.08	
EMERGING AMERICA	3.1%	19.2	19.5	10.3	2.1	1.4	2.6%	1.03	1.06	
DEVELOPED ASIA-PACIFIC	18.7%		14.8	10.1	1.5	1.1	2.4%	1.02	1.05	
EMERGING ASIA-PACIFIC	7.5%	19.8	16.6	10.7	2.1	1.6	2.5%	1.02	1.04	
EMERGING AFRICA	0.8%		16.0	12.4	2.1	1.5	3.6%	1.10	1.12	
MIDDLE EAST	1.1%		13.3	10.9	1.4	1.6	4.4%	1.01	0.97	
BRIC	6.5%	16.5	14.6	8.7	1.3	1.4	2.6%	1.03	1.06	
OTHER EMERGING MKT.	2.1%		16.7	11.0	1.6	1.4	3.5%	1.02	1.03	

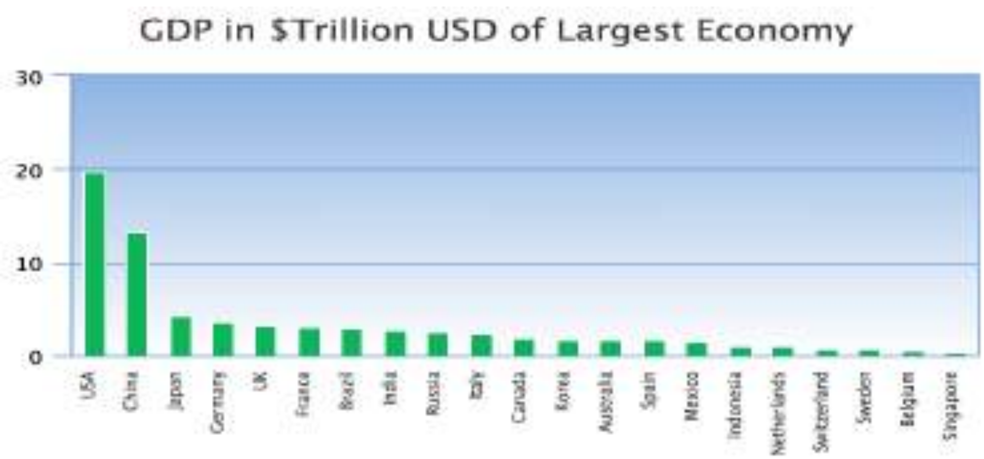
P/E Ratios International Equity Markets as of 01/04/18

Branche	Weight	PE	PC	PB	PS	DY	RS 26W	RS 52W	RS 1J	RS 3J	Score
Inds Metal	1.3%	13.7	7.1	1.4	1.0	2.8%	1.06	1.12	1.35	1.39	1
Auto	2.9%	10.7	6.6	1.4	0.6	2.4%	1.01	1.05	1.14	1.24	2
Life Insur	1.7%	14.6	6.1	1.2	0.7	2.9%	1.01	1.03	1.13	1.25	3
Forest & Paper	0.3%	16.9	8.8	1.8	1.2	2.6%	1.08	1.12	1.38	1.52	4
Oil&Gas Prod	5.1%	17.5	6.6	1.3	1.0	3.6%	1.00	1.02	1.09	1.09	5
Mining	1.2%	16.2	7.3	1.8	1.5	3.3%	1.01	1.05	1.20	1.17	6
Banks	11.1%	13.2	13.7	1.2		3.3%	1.04	1.06	1.19	1.28	7
Nonlife Ins	2.8%	19.7	10.1	1.6	1.0	2.4%	1.02	1.03	1.16	1.32	8
Electricity	2.1%	15.2	5.9	1.3	1.1	4.1%	0.95	0.95	1.02	1.12	9
Telecom (mob)	2.0%	16.4	5.1	1.8	1.3	4.2%	0.96	0.93	0.97	1.06	10
Alt Energy	0.1%	23.8	12.1	2.0	1.2	4.6%	1.01	0.95	0.87	0.86	11
Telecom (fxd)	1.7%	16.0	4.9	1.0	1.2	4.8%	0.96	0.93	0.93	1.03	12
Leisure Gds	1.2%	14.1	8.0	2.4	1.4	1.2%	1.00	1.04	1.35	1.60	13
Tech HW & Equ	5.2%	18.7	12.4	3.7	2.4	1.9%	1.06	1.11	1.34	1.67	14
Financial Serv	4.2%	17.2	16.2	2.1	2.5	2.1%	1.04	1.08	1.21	1.37	15
Chemicals	2.5%	16.2	10.9	2.2	1.5	2.5%	0.99	1.03	1.18	1.28	16
Food Retail	1.2%	19.5	10.0	2.5	0.4	2.2%	1.00	0.97	0.95	1.05	17
Real Est Serv	1.7%	10.5	18.6	1.1	2.3	2.4%	0.99	1.03	1.15	1.26	18
Support Serv	2.2%	21.0	13.6	3.1	1.4	1.7%	1.03	1.07	1.21	1.38	19
Utilities	1.2%	23.8	8.3	1.7	0.8	3.9%	0.95	0.94	1.00	1.08	20
Gen Ind	2.0%	14.4	8.6	1.8	1.1	2.2%	0.96	0.93	0.99	1.10	21
Travel & Leisure	2.8%	21.7	10.1	3.2	1.6	1.9%	1.02	1.03	1.14	1.28	22
Construction	1.9%	18.8	12.2	2.0	1.0	2.1%	0.98	0.98	1.09	1.20	23
Aero & Def	1.5%	23.9	16.1	6.2	1.7	1.8%	1.10	1.15	1.38	1.62	24
Gen Retail	4.6%	30.1	16.5	5.0	1.2	1.5%	1.08	1.11	1.23	1.41	25
Inds Eng	2.3%	21.8	14.4	2.9	1.4	1.8%	1.01	1.06	1.25	1.39	26
Eltro & Elect Equ	1.6%	22.4	15.4	2.6	1.3	1.5%	1.01	1.05	1.25	1.42	27
Inds Transport	1.8%	22.9	12.1	2.7	1.6	2.3%	0.98	1.02	1.15	1.27	28
Media	1.7%	20.9	10.8	2.8	1.9	2.0%	0.99	0.97	1.02	1.15	29
Food Prod	2.3%	22.2	13.6	2.5	1.2	2.3%	0.97	0.96	1.00	1.11	30
REITs	2.2%	17.1	15.2	1.5	7.1	4.6%	0.94	0.92	0.95	1.07	31
Oil Service	1.1%	34.1	11.0	1.7	1.9	4.4%	0.94	0.90	0.87	0.86	32
Healthcare	2.8%	24.2	17.2	3.6	1.6	1.0%	1.03	1.04	1.18	1.40	33
SW & Comp Serv	7.0%	31.4	19.7	5.8	4.7	0.8%	1.05	1.10	1.31	1.56	34
Household Gds	1.2%	15.8	13.8	2.5	1.6	2.6%	0.92	0.90	0.97	1.11	35
Personal Gds	3.5%	29.3	18.1	4.9	3.3	1.9%	1.01	1.08	1.16	1.28	36
Pharma & Bio	5.9%	22.1	16.4	3.8	3.5	2.3%	0.98	0.99	1.00	1.13	37
Beverages	2.1%	24.6	15.4	4.1	2.6	2.5%	0.98	0.98	1.05	1.17	38
Tobacco	1.0%	18.7	16.6	6.0	4.4	4.0%	0.94	0.89	0.97	1.14	39
World AC	100.0%	18.3	11.2	2.1	1.5	2.4%	1.01	1.03	1.13	1.26	

Global Equities Indices Market Cap/GDP valuations

Country	GDP ($Trillion)	Total Market/GDP Ratio (%)	Historical Min. (%)	Historical Max. (%)	Years of Data	Country ETF
USA	19.75	138.8	35	149	48	SPY
China	13.03	47	41	662	28	MCHI
Japan	4.85	157	56	361	34	EWJ
Germany	3.92	50	13	58	28	EWG
France	2.82	89	52	182	28	EWQ
UK	2.81	118	47	201	46	EWU
India	2.77	64	40	158	21	INDA
Italy	2.23	15	10	45	18	EWI
Brazil	2	50	26	106	21	EWZ
Korea	1.7	84	36	140	21	EWY
Canada	1.65	124	78	190	28	EWC
Spain	1.59	71	50	235	25	EWP
Russia	1.58	21	16	142	18	ERUS
Australia	1.46	107	94	229	18	EWA
Mexico	1.07	36	12	46	27	EWW
Indonesia	1.07	37	17	99	21	EIDO
Netherlands	0.87	107	61	503	26	EWN
Switzerland	0.68	287	84	431	28	EWL
Sweden	0.55	140	63	159	17	EWD
Belgium	0.46	110	80	147	8	EWK
Singapore	0.34	121	92	418	31	EWS





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 155% (US$ 29 TRN: US GDP 18.9 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$ +18.9 TRN (23% of Global GDP US$ 78 TRN) versus European GDP US$ +19.5 TRN (24%)
- US equities' forward P/E multiple is 16,8x vs. European equities 14x
- US equities 2018 fy and 2018 Q2 EPS will remain excellent due to US$ tailwind
- European equities inversely will surprise to the downside with currency adjusted EPS
- US companies' foreign sales as a percentage of total 44% 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 20016 is 14. Currently at consensus 2018 EPS of 158 and 2019 of 166 (which we believe is too high, we estimate EPS of 155 in 2018, and 160 for 2019), the SPX trades at 16,5x forward P/E.

This is 2.5 multiple points above the 100-year average, and despite 2018 benign interest rate environment, and favorable DDM perspectives, we believe US equities are priced for perfection and priced too high relative to EAFE.

Creative Global Investments

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

BOVESPA 2-Year Chart

BOVESPA 10-Year Chart

SENSEX 2-Year Chart

SENSEX 15-Year Chart

Creative Global Investments

Nikkei 225 Index 2-Year Chart

Nikkei 225 25-Year Chart

Shanghai Index 2-Year Chart

Shanghai Index-15 Year Chart

Creative Global Investments

$NIKK vs. $SPX 20-Year Chart

$SSEC vs. $SPX 20-Year Chart

$RTSI 2-Year Chart

$RTSI 10-Year Chart

Creative Global Investments

$DAX 30 2-Year Chart

$DAX 30 20-Year Chart

$CAC 40 2-Year Chart

$CAC 40 10-Year Chart

AEX 2-Year Chart

AEX 10-Year Chart

IBEX 2-Year Chart

IBEX 10-Year Chart

Creative Global Investments

FTSE 2-Year Chart

FTSE 15-Year Chart

DJ Transportation Index 2-Year Chart

DJ Transportation Index rel. SPX 10-Year Chart

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 combining technical analysis, seasonal analysis, and behavioural 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

In the past 13 years since inception, the CGI Global 50 Recommended Portfolio has produced alpha returns in 12:13 years.

The 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**
- **no switching in and out of cash**

CGI 2018 Global 50 Portfolio Performance y-t-d

The CGI 2018 Global 50 Recommended Portfolio performed returns of (- 1.16% ytd) not including dividends (as a static portfolio, non-traded) versus MSCI World Index (- 0.96% ytd); and S&P 500 Index (- 2.59% ytd)

- **22 stocks (44%) in the 2018 CGI Global 50 Recommended Portfolio are up in absolute terms ytd**
- **25 stocks (50%) in the 2018 CGI Global 50 Recommended Portfolio outperformed the MSCI World Index ytd**
- **27 stocks (54%) in the 2018 CGI Global 50 Recommended Portfolio outperformed the S&P 500 Index ytd**
- **14 : 30 stocks (46%) of the Large Cap stocks in the 2018 CGI Global 50 Recommended Portfolio are positive ytd**
- **5 : 10 stocks (50%) of the Mid Cap stocks are outperforming the MSCI World Index and the S&P 500 Index**
- **2 : 10 stocks (20%) of the Small Cap stocks are outperforming the MSCI World and the S&P 500 Index**
- **3 : 6 stocks (50%) of the US stocks are outperforming the MSCI World Index and the S&P 500 Index**

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	+17.41	+23.97	-656	+19.42	-201
2018	-1.18	-0.96		-2.59	
Aggregate Performance 2006 - 20167	**+1,168.9%**	**+200.26%**		**+218.20%**	
$ 10,000 on Jan. 1st 2006 are equivalent **to $:**	**$ 98,679**	$ 16,154		$ 18,271	

Year to date Performance CGI 2018 Global 50 Recommended Portfolio Part I

Name	Last	Date / Tim	Chg. (%)	Perf. YTD	Perf. 3Y	52W Hig	52W Lov	Dividend per Shar	Dividend Yiel
DASSAI	111.0000	5:35 PM	+0.50%	+25.30%	+74.83%	111.7000	77.2000	0.5300	0.7321
ADIDAS	202.60	5:35 PM	-0.54%	+21.21%	+167.21%	204.20	164.35	2.6000	1.5555
Layne C	14.7600	7:00 PM	-0.27%	+17.29%	+175.14%	16.5400	7.2400	-	-
AIRBUS	94.550	6:14 PM	+0.03%	+13.36%	+54.78%	99.000	68.725	1.5000	1.8072
BUNGE	62.000	10:25 AM	+2.07%	+11.56%	-20.40%	73.153	53.318	-	-
Huanen;	25.98	6:55 PM	+1.41%	+3.92%	-50.16%	31.62	23.95	-	-
BAY.MO	88.34	5:35 PM	-0.71%	+1.74%	-23.98%	96.26	77.71	4.0000	4.6067
Unilever	57.30	7:00 PM	+0.00%	+1.72%	+32.40%	61.39	50.79	1.2600	3.2449
Honda N	34.59	7:00 PM	+1.05%	+1.53%	+1.53%	36.73	27.19	-	-
GAZPR	4.4185	6:54 PM	-7.27%	+0.19%	-21.64%	5.2900	3.8300	-	-
MICHEL	119.0500	5:35 PM	-0.29%	-0.42%	+24.62%	130.1500	110.1000	3.2500	3.0747
ALLIAN	187.42	5:35 PM	+0.41%	-2.13%	+12.77%	205.75	168.90	8.0000	4.1775
BEFIMM	52.3000	5:35 PM	-0.95%	-2.33%	-18.43%	55.7400	51.1500	3.4500	6.4655
SAP SE	87.37	5:35 PM	+1.04%	-6.51%	+28.30%	100.35	82.47	1.2500	1.5095
UBS GR	16.58	5:30 PM	+0.36%	-7.58%	-12.18%	19.59	15.20	0.6500	3.6232
DAIMLE	64.95	5:35 PM	-0.58%	-8.26%	-25.59%	75.69	59.29	3.6500	5.1554
MTU AE	136.80	5:35 PM	+0.59%	-8.43%	+46.70%	156.00	115.50	2.3000	1.5395
LINDE A	163.65	5:35 PM	-0.73%	-9.79%	-15.16%	194.00	155.85	7.0000	3.8589
CHINA M	7.570	3:30 PM	+0.93%	-10.10%	-43.08%	10.321	7.210	2.7320	3.3236
ICICI Ba	8.60	6:59 PM	+2.13%	-11.61%	-17.39%	11.22	7.91	2.5000	0.9022
KUBOTA	85.0850	6:54 PM	+1.37%	-13.78%	+1.62%	107.1300	73.0400	-	-
ABB LTI	21.74	5:30 PM	+1.07%	-16.77%	+3.47%	27.13	21.06	0.7359	3.4844
Hennes	126.2600	4/6/2018	+0.25%	-25.42%	-64.53%	227.6000	120.9400	9.7500	5.7590
DEUTS(	11.484	5:35 PM	+1.16%	-27.66%	-61.01%	17.570	11.162	0.1100	0.6927
MAHINI	11.2600	3/22/2018	-	-52.29%	-44.39%	23.6000	10.5000	-	-

Year to date Performance CGI 2018 Global 50 Recommended Portfolio Part II

Name	Last	Date / Time	Chg. (%)	Perf. YTD	Perf. 3Y	52W High	52W Low	Dividend per Share	Dividend Yield
PETROI	24.28	12:00 AM	-1.54%	+45.83%	-43.18%	26.29	12.02	0.0000	0.0000
Petroleo	13.55	7:11 PM	-2.87%	+31.68%	+79.71%	14.71	7.70	-	-
Gerdau	4.57	7:10 PM	-3.48%	+22.85%	+43.71%	5.25	2.65	0.0500	0.4897
RWE AC	20.210	5:35 PM	+0.50%	+18.88%	-19.10%	23.140	15.100	1.5000	8.8235
STATOII	191.6	12:00 AM	+0.37%	+9.36%	+25.97%	191.6	136.0	0.8800	4.7722
Intuit Inc	172.0300	7:11 PM	+2.59%	+9.09%	+75.77%	178.5900	115.8100	1.3600	0.9912
DIAGEC	1,405.000	4/5/2018	-	+5.30%	+83.91%	1,405.000	952.200	-	-
TOTAL	48.320	5:36 PM	-0.32%	+4.94%	+0.74%	48.925	42.460	2.6100	5.3571
Newmor	38.80	7:11 PM	-1.25%	+3.49%	+74.67%	41.57	31.89	0.2500	0.6663
OREAL	190.800	6:31 PM	+1.30%	+2.87%	+8.32%	198.001	171.000	3.5500	1.9194
REPSOI	14.9750	5:35 PM	-0.20%	+1.56%	-17.86%	16.1550	13.4000	0.0000	0.0000
Banco B	10.10	7:11 PM	-3.48%	-1.27%	+1.40%	13.08	7.90	-	-
Volkswa	164.3000	5:29 PM	-0.44%	-1.48%	-34.06%	188.3000	125.5500	3.9600	2.3791
FRESEI	64.00	5:35 PM	+0.98%	-1.64%	+15.17%	79.65	59.32	0.7500	1.1526
Waste M	84.66	7:11 PM	+0.53%	-1.80%	+54.18%	89.71	70.50	1.7000	1.9699
Arcelor I	31.34	7:11 PM	+0.83%	-3.00%	+9.05%	37.31	19.88	-	-
BEIERS	93.20	5:35 PM	+0.24%	-4.80%	+13.44%	101.60	86.08	0.7000	0.7150
NOVART	77.58	5:30 PM	-0.13%	-5.85%	-22.50%	87.74	72.90	2.8731	3.4868
Freeport	17.56	7:11 PM	+1.29%	-7.38%	-6.50%	19.99	11.21	0.0000	0.0000
NESTLE	76.00	5:30 PM	+0.03%	-9.31%	+1.13%	86.00	73.00	2.3500	2.8043
SIEMEN	105.00	5:35 PM	+0.48%	-9.60%	+3.50%	133.20	100.38	3.7000	3.1040
KOMATS	26.490	4:47 PM	-0.04%	-11.16%	+38.75%	33.200	20.892	58.0000	1.9990
Turkcell	9.01	7:10 PM	-0.98%	-11.67%	-16.73%	11.13	7.83	-	-
SES	11.350	5:35 PM	-2.41%	-12.76%	-67.49%	23.275	10.855	0.8000	6.1491
Albemar	91.79	7:10 PM	-0.01%	-28.24%	+55.53%	144.58	88.96	1.2200	1.3452

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