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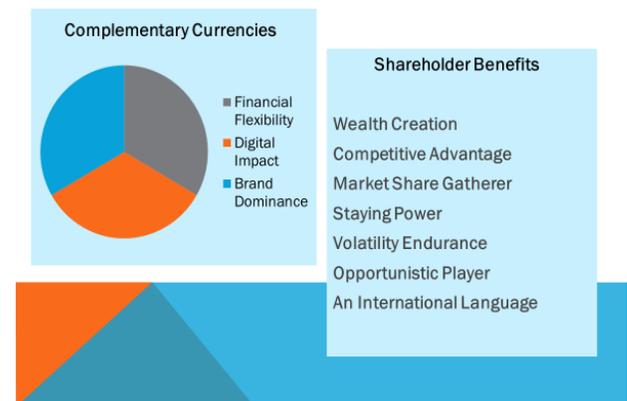
Commanding Heights: The Next Chapter

As we reach midyear 2017, the economic, political, and social data points are both reassuring and unsettling when considering the outlook for the U.S. financial markets. The economic data points for the United States and Europe, are signaling broadening growth. Inflation in United States is on target with Federal Reserve stated goals, and the U.S. unemployment rate at 4.3% in May 2017 is below the range of the Federal Open Market Committee participants' estimates of the longer-run normal rate of unemployment of 4.5 to 5.0 percent. The U.S. equity markets are hitting new highs with the estimated S&P 500 Index 2017 forward price-to-earnings valuation above-average. While the economic backdrop is reassuring, comparisons with past bubbles, geopolitical unrest, and recent terrorist activity are unsettling and beg the question: is a disruptive force coming that may bring about downside volatility in the financial markets?

Economic transitions are often disruptive with resulting winners and losers. New ideas, reforms, and changing rules all play a part. Today, "humalogy", a convergence of human development and technological development, will play a pivotal role in any positive developments given the backdrop of a long-term global headwind comprised of sovereign debt and aging demographics in many developed countries.

The economic progress we see in the world currently stems from global corporations that take the initiative to lead, while at the same time sitting atop the corporate "commanding heights". We believe that these companies have the following common characteristics or "complementary currencies": financial flexibility, digital impact, and brand dominance. Examples include Apple Computer, Amazon, Nike, and United Healthcare Group, to name just a few. While disruption is a part of how these companies evolve, the real long-term benefit can be promoting the transition to a more economically productive and globally connected world.

CORPORATE COMMANDING HEIGHTS



As we start the second half of 2017 seeing both upside potential and downside risk to the financial markets, we continue to see long-term opportunity for shareholder returns and global economic growth in the corporate leaders that demonstrate the financial capacity to weather any storms that may be in the offing and contribute to the vital task of affording a healthier economic environment worldwide.