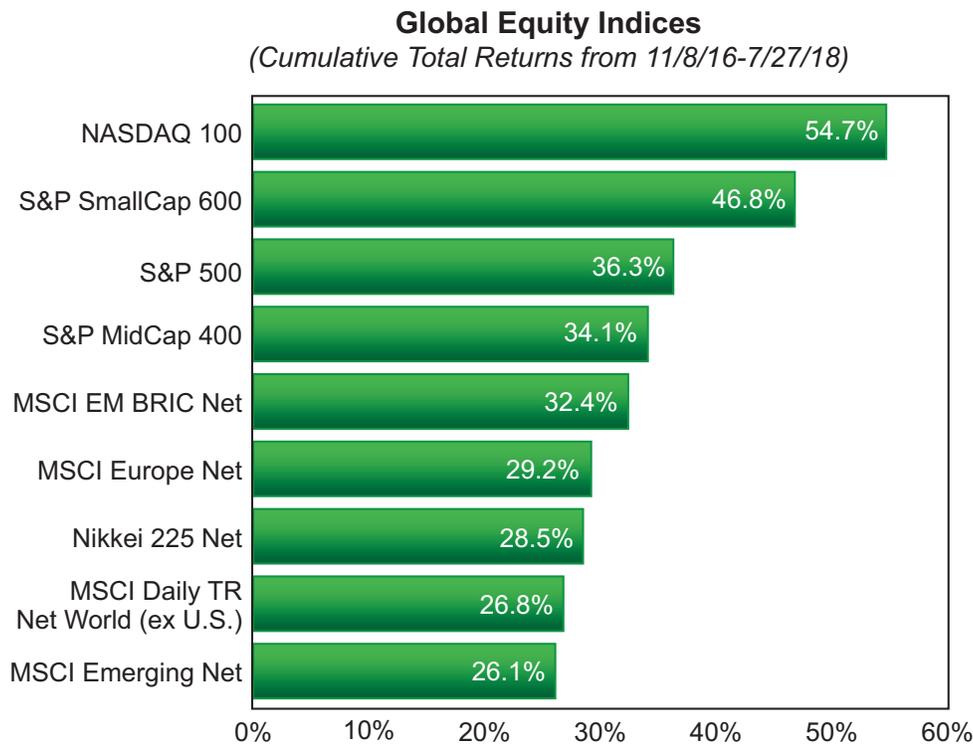


How Some Major Global Equity Indices Have Performed Since 11/8/16



Source: Bloomberg. Foreign equity index cumulative total returns in USD. Past performance is no guarantee of future results.

View from the Observation Deck

1. Today's blog post indicates that equity investors have prospered since Donald Trump won the presidential election on 11/8/16.
2. The major U.S. stock indices have outperformed their foreign counterparts to date.
3. President Trump campaigned on the promise that his administration would put America's interests first.
4. The passage of the Tax Cuts and Jobs Act in December 2017 and the administration's efforts to remove some of the regulatory burdens plaguing U.S. businesses are just two examples of Trump keeping that promise.
5. If successful, the Trump administration's current push to forge more favorable trade agreements with Canada, Mexico, China and Europe could provide a further boost to the business climate in the U.S., in our opinion.
6. From 11/8/16 through 7/27/18, the U.S. dollar declined by 3.26%, as measured by the U.S. Dollar Index (DXY), according to Bloomberg. The dip in the dollar provided a bit of a boost to the returns on the foreign indices in the chart.
7. Despite the better showing by U.S. equities since the presidential election, fund investors have favored foreign stock portfolios over U.S. portfolios. For the 12-month period ended 6/29/18, investors funneled an estimated net \$195.0 billion into International Equity mutual funds and exchange-traded funds (ETFs) offered in the U.S., compared to estimated net outflows totaling \$19.0 billion from U.S. Equity and Sector Equity mutual funds and ETFs, according to Morningstar.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The NASDAQ 100 Index includes 100 of the largest domestic and non-financial companies listed on The NASDAQ Stock Market based on market capitalization. The S&P 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks (currently 505) used to measure large-cap U.S. stock market performance. The S&P 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The MSCI BRIC Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of Brazil, Russia, India and China. The MSCI Europe Index is a free-float weighted index designed to measure the equity market performance of the developed markets in Europe. The Nikkei 225 Index is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The MSCI World (ex U.S.) Index is a free-float weighted index designed to measure the equity market performance of developed markets. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

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