



Volume Analysis



NOWHERE ELSE TO INVEST

INFLOWS CONTINUE
INTO TECHNOLOGY
STOCKS



BUY FAANG+
AND S&P500
FUNDS
WHICH WILL
RISE 16.4%
(12MTHS)

*JUNE 1, 2020

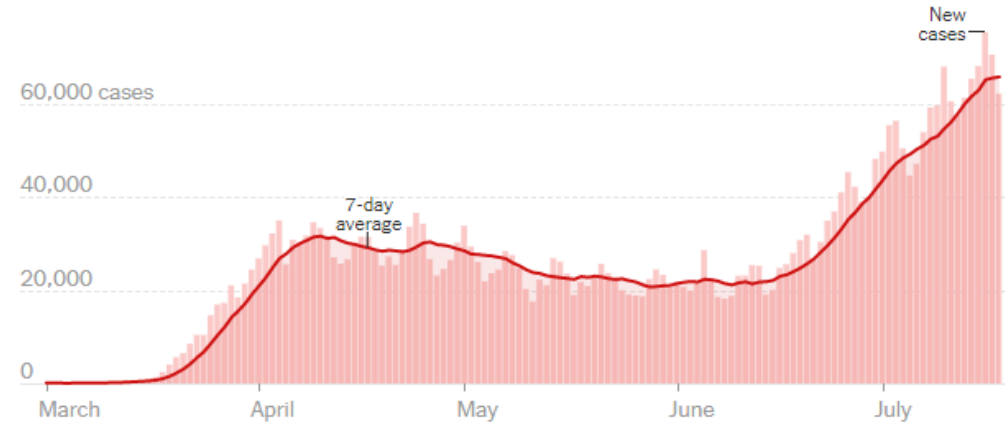
Improvement at a slower pace

- ✓ Economic Numbers will continue to Improve.
- ✓ US : Covid-19 is just moving across the country – People will accept this is becoming normal.
- ✓ Use of technology is continuing to increase. Microsoft teams is up 890%. Slack up 395%. Netflix added 10.09m subscribers.
- ✓ S&P 500 is not expensive.
- ✓ Interest rates are going to remain close to zero for many years.
- ✓ Moving averages indicate that the S&P 500 should rise by 16.4% to June 30, 2021.
- ✓ Inflows continue into Technology Stocks

UNITED STATES
HAS BADLY
HANDLED
COVID-19
(PEOPLE GET
USED TO THE
NUMBERS)

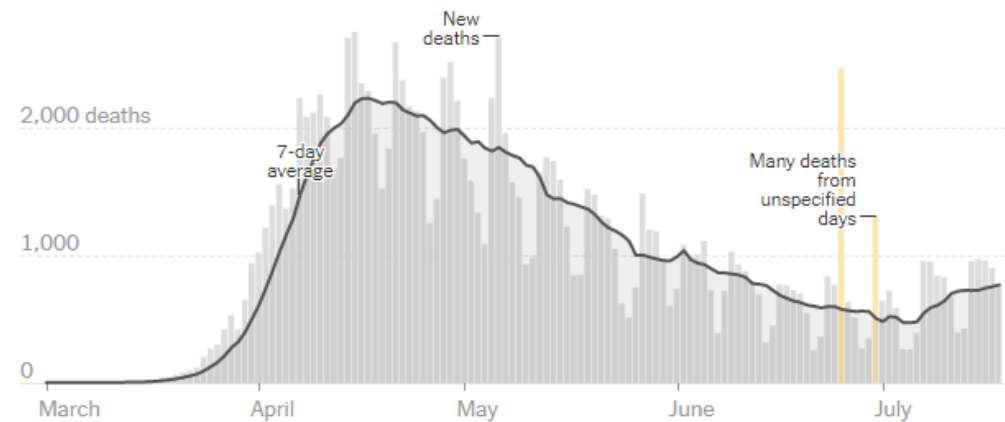
US continues to struggle but death rate improves

New reported cases by day in the United States



Note: The seven-day average is the average of a day and the previous six days of data.

New reported deaths by day in the United States

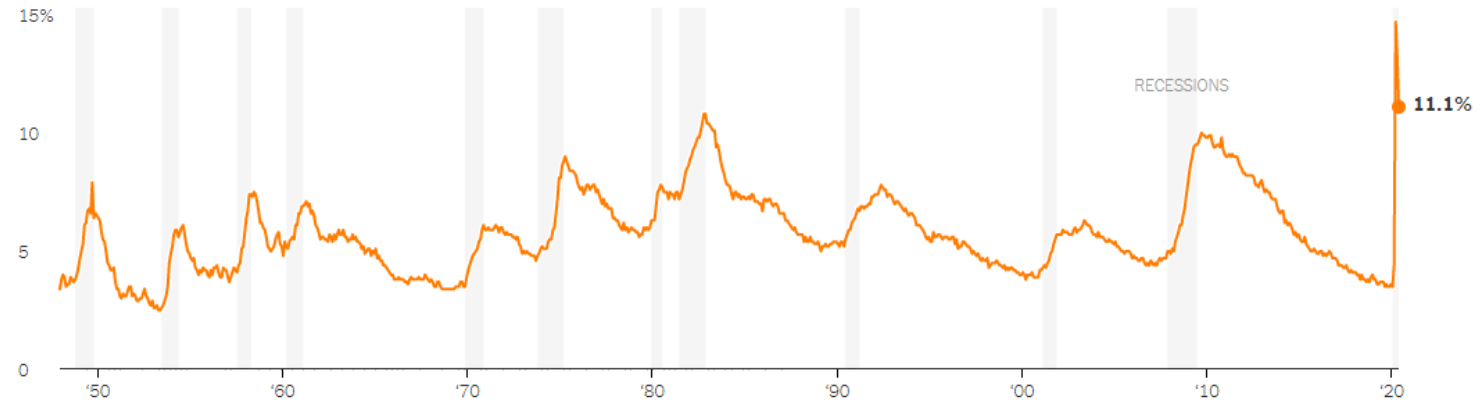


■ These are days with a data reporting anomaly. Read more [here](#).

15M FEWER
JOBS IN JUNE
THAN IN
FEBRUARY
(THIS WILL
CONTINUE TO
IMPROVE)

Unemployment picture improves

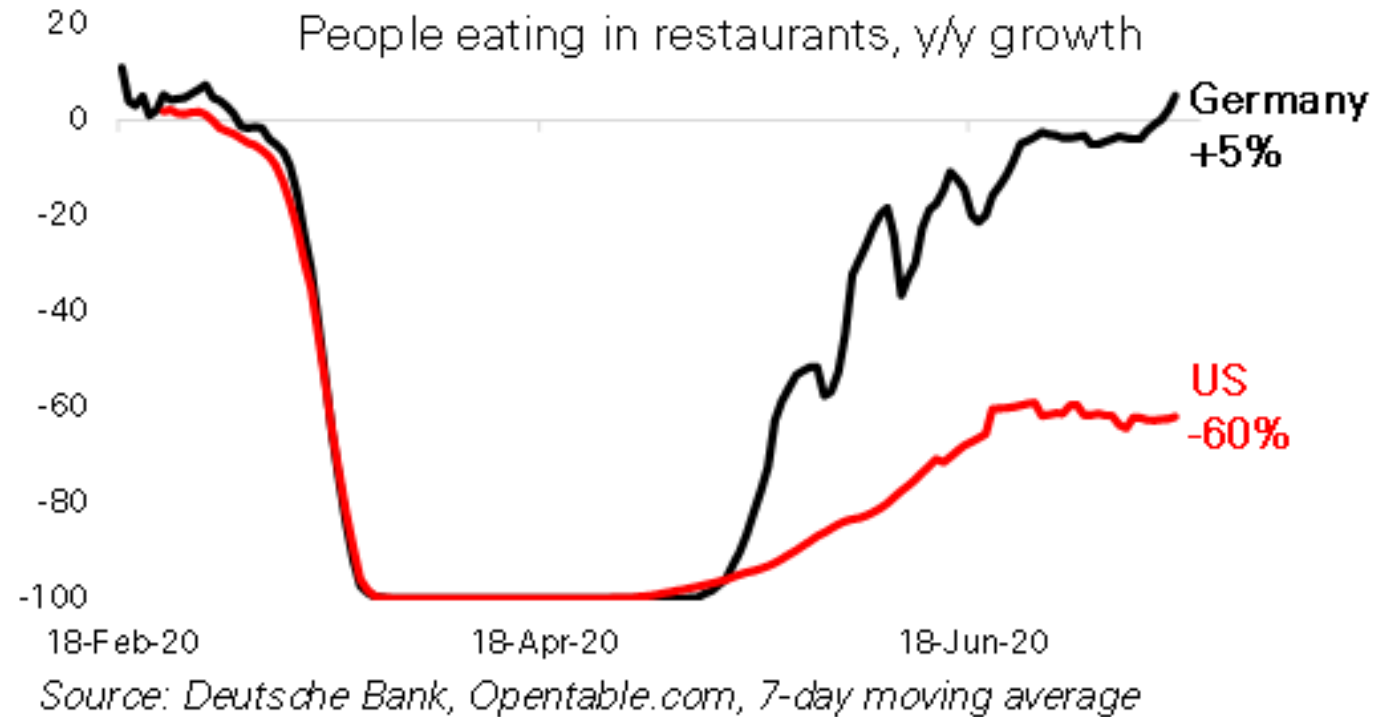
Unemployment rate since 1948



- ✓ Long term unemployment rate is about 5%.
- ✓ Since April, the jobless numbers have improved.
- ✓ People will continue to go back to work as the country opens.

PEOPLE DO
RETURN TO
NORMAL
WHEN THEY
FEEL SAFE

Life will return to normal



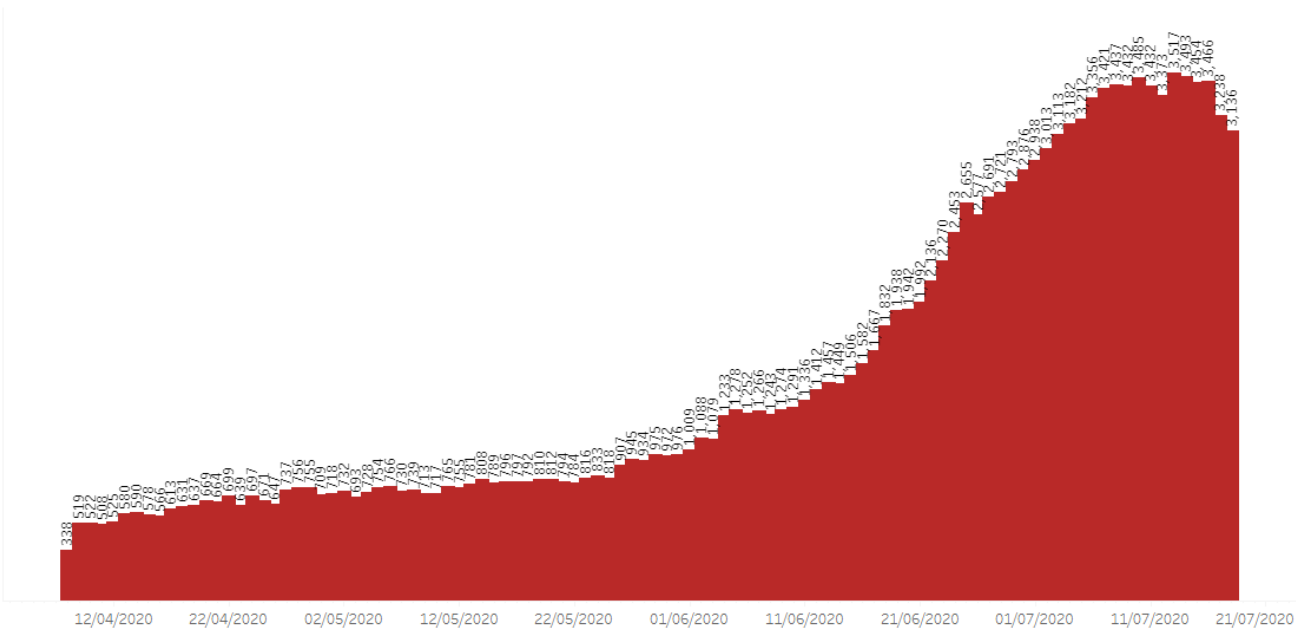
- ✓ Germany shows people returning to restaurants.
- ✓ As people in the US feel more secure, eating out will return.
- ✓ Economic numbers will improve.

COVID-19 cases show signs of peaking in Western States

NUMBER OF
CONFIRMED OR
SUSPECTED
COVID-19
INPATIENTS IN
ARIZONA
HOSPITALS

Number of Positive or Suspected **Inpatient COVID-19 Patients**

Hover over the icon to get more information on the data in this dashboard.



ANY COMPANY
WITH HIGH
BORROWING
COSTS WILL GO
OUT OF
BUSINESS

A Tidal Wave of Bankruptcies Is Coming

Experts foresee so many filings in the coming months that the courts could struggle to salvage the businesses that are worth saving.

Hertz has been weighed down by debt created in a leveraged buyout more than a decade ago, and added to it with the acquisition of Dollar Thrifty in 2012. As it was battling direct competitors, the ascent of Uber and Lyft further upended the rental-car industry.

J. Crew and Neiman Marcus were carrying heavy debt loads from leveraged buyouts by private equity firms while struggling to deal with the changing preferences of shoppers who increasingly buy online.

ANY COMPANY
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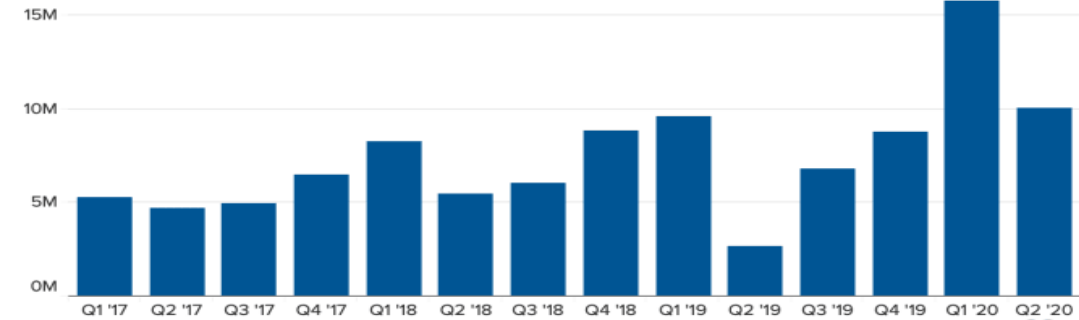
The largest bankruptcies by asset in 2020 have been highly impacted by the coronavirus.

	Bankruptcy Date	Company	Actual Assets	Actual Liabilities	Industry
1	MAY 22, 2020	THE HERTZ CORPORATION	\$25,842,000,000	\$24,355,000,000	AUTOMOTIVE
2	MAY 25, 2020	LATAM AIRLINES GROUP S.A.	\$21,087,806,000	\$17,958,629,000	AVIATION
3	APRIL 14, 2020	FRONTIER COMMUNICATIONS CORPORATION	\$17,433,201,422	\$21,855,602,151	TELECOM
4	MAY 14, 2020	INTELSAT S.A.	\$11,651,558,000	\$16,805,844,000	TELECOM
5	JANUARY 21, 2020	MCDERMOTT INTERNATIONAL, INC.	\$8,754,000,000	\$9,863,000,000	OIL AND GAS
6	MAY 15, 2020	J.C. PENNEY COMPANY, INC.	\$7,989,000,000	\$7,160,000,000	RETAIL
7	APRIL 1, 2020	WHITING PETROLEUM CORPORATION	\$7,636,700,000	\$3,611,800,000	OIL AND GAS
8	MAY 7, 2020	NEIMAN MARCUS GROUP LTD LLC	\$7,545,903,000	\$6,786,722,000	RETAIL
9	MAY 10, 2020	AVIANCA HOLDINGS S.A. (2020)	\$7,273,900,000	\$7,268,700,000	AVIATION
10	APRIL 26, 2020	DIAMOND OFFSHORE DRILLING, INC.	\$5,834,044,000	\$2,601,834,000	OIL AND GAS
11	JUNE 14, 2020	EXTRACTION OIL & GAS, INC.	\$2,926,957,000	\$2,242,581,000	OIL AND GAS
12	MAY 19, 2020	HORNBECK OFFSHORE SERVICES, INC.	\$2,691,806,000	\$1,493,912,000	OIL AND GAS
13	MARCH 10, 2020	FORESIGHT ENERGY LP	\$2,385,563,000	\$1,877,628,000	MINING
14	MAY 22, 2020	UNIT CORPORATION	\$2,090,052,000	\$1,034,417,000	OIL AND GAS
15	MAY 18, 2020	CENTRIC BRANDS INC.	\$1,855,722,808	\$2,014,385,923	APPAREL
16	JUNE 24, 2020	CEC ENTERTAINMENT, INC. (CHUCK E. CHEESE'S)	\$1,743,518,039	\$1,998,548,744	RESTAURANT
17	MAY 10, 2020	STAGE STORES, INC. (2020)	\$1,713,713,000	\$1,010,210,000	RETAIL
18	APRIL 13, 2020	LSC COMMUNICATIONS, INC.	\$1,649,000,000	\$1,721,000,000	PUBLISHING
19	MAY 4, 2020	CHINOS HOLDINGS, INC. (J. CREW)	\$1,599,300,000	\$2,949,700,000	RETAIL
20	APRIL 7, 2020	QUORUM HEALTH CORPORATION	\$1,574,100,000	\$1,646,700,000	HEALTHCARE

NETFLIX SUBSCRIBER GROWTH SHOWS THE INCREASE IN USE OF TECHNOLOGY

Netflix subscriber growth

Quarterly paid subscribers added, both US and international

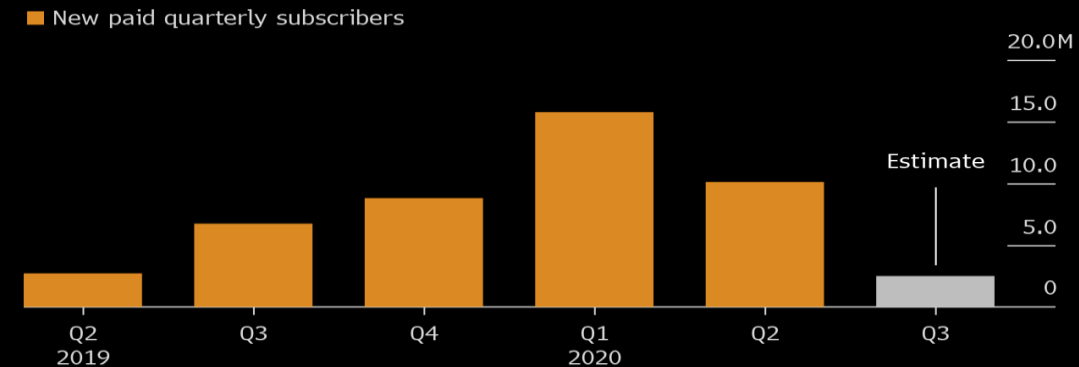


SOURCE: FactSet, company statements



Netflix Slowdown Ahead

Company sees slower subscriber growth after gains fueled by Covid-19



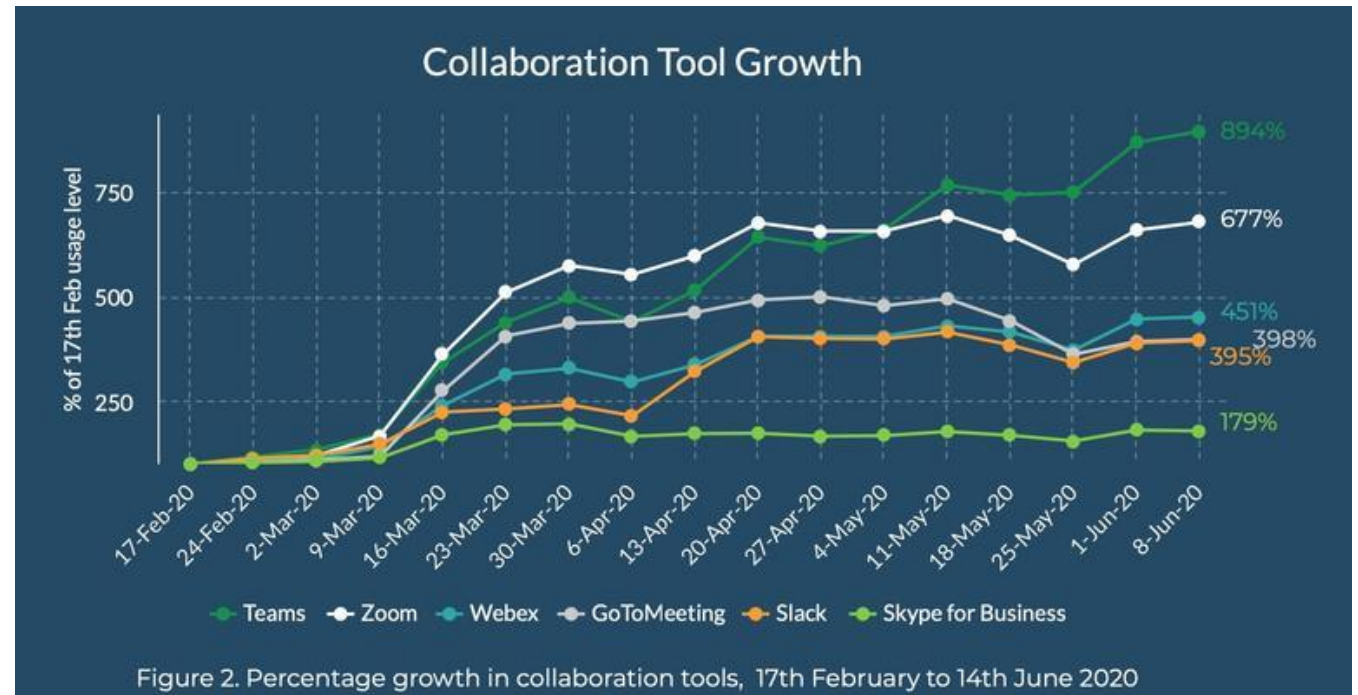
Source: Company reports

Bloomberg

- ✓ The increase in subscribers in Netflix gives a direct boost to available cash for investment into new and more appealing content.

GROWTH IN THE
USE OF
COLLABORATION
TOOLS.
MICROSOFT
TEAMS UP 890%
(TEAMS, SLACK,
SKYPE, ZOOM)

Technology is the clear winner as people work from home

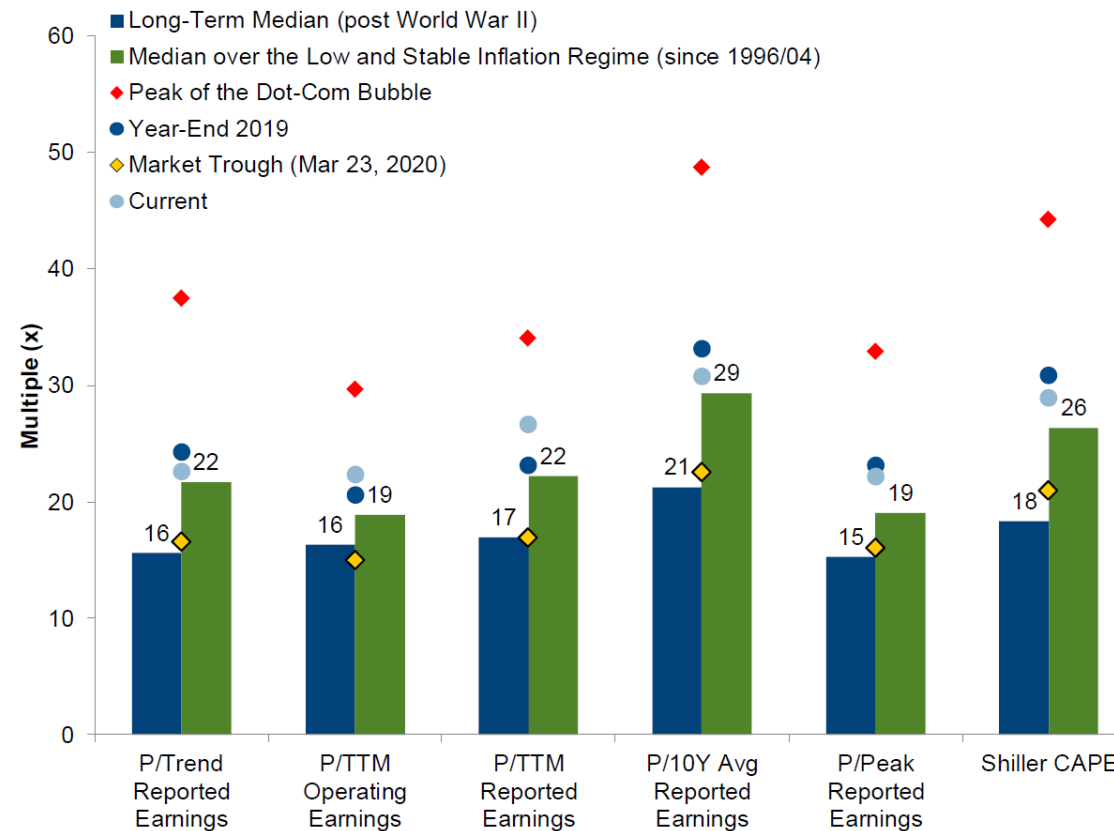


- ✓ Despite some travel restrictions being lifted the use of technology in the workplace continues to rise higher than ever.
- ✓ The necessity of having to work from home has opened company's eyes to the benefits of an increased use of technology in the work place.
- ✓ This will continue to be beneficial even as infections start to ease, and therefore we would not expect to see a decrease in technology usage.

US STOCKS ARE NOT EXPENSIVE

(LONG TERM COMPARISONS ARE ONLY SLIGHTLY HIGHER THAN MEDIAN SINCE WORLD WAR 2)

12. S&P 500 Valuation Multiples – As of June 19, 2020



Source: Investment Strategy Group, Bloomberg, Robert Shiller.

10 YR BOND
REMAINS LOW
AND WILL
REMAIN AT
THESE LEVELS
FOR A
SIGNIFICANT
PERIOD OF TIME

Global Government Bond Rates Remain Low

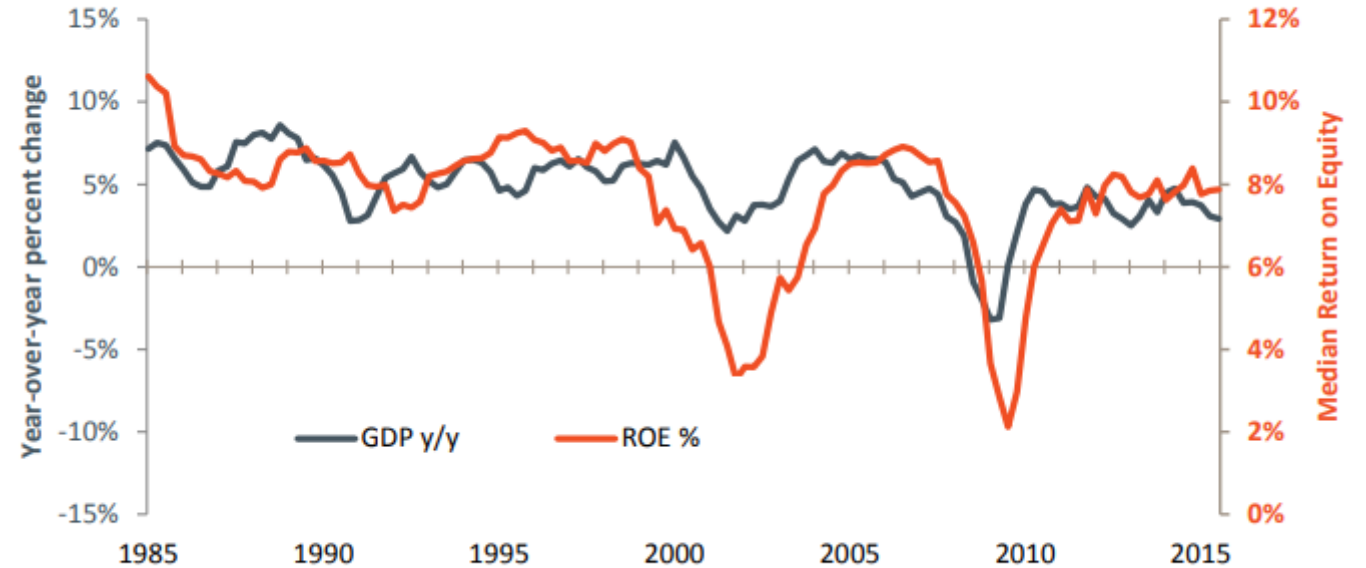
Americas 10-Year Government Bond Yields

COUNTRY	YIELD	1 DAY	1 MONTH	1 YEAR	TIME (EDT)
United States »	0.63%	+1	-7	-143	7/17/2020
Canada	0.52%	+2	-1	-98	7/17/2020
Brazil	6.60%	-4	-55	-70	7/17/2020
Mexico	5.75%	+6	-14	-173	7/17/2020

BROAD
MARKET'S
MEDIAN RETURN
ON EQUITY IS 8%

High Yielding Corporate's Carry Risk

Figure 4: The Normal Fixed Investment Cycle and Gross Domestic Product in the United States (Left Axis) Versus Broad Market Trailing Twelve Months Return on Equity (Right Axis)⁵



Source: Thomson-Reuters, U.S. Department of Commerce

- ✓ Average return on US Equity since 1985 is 8%.
- ✓ Bonds yielding 10-15% are above the average ROE.
- ✓ Mathematically it's tough to survive a low rate of return and high payout.

ASIAN TECHNOLOGY
STOCKS ARE LIKELY TO
CONSOLIDATE IN THE
NEAR TERM

Fueled by sky-high hopes for an earnings bounce, the risk reward for Asian technology stocks is starting to look dicey, warns [JPMorgan](#).

“We expect Asian tech stocks to see a consolidation in the near term, now that earnings expectations are already quite high,” analyst Gokul Hariharan said in a note dated Wednesday.

Spurred by better visibility into demand for the latter half of this year and into 2021, the market has been revising up earnings, with modest growth seen for the sector in 2020 and a strong bounce in 2021. Hariharan describes that as “quite aggressive,” and leaving little room for error.

The sector has already gained around 10% on second-quarter expectations from big-cap names. He says that is tied to Huawei demand pull-in after the U.S. restrictions in May on the Chinese technology company, more resilient work-from-home demand, and easing supply constraints in some parts of the supply chain.

“With a second wave of Covid-19 outbreak and uneven recovery in tech end markets (recent signs of weakness in Android smartphones, memory, servers), we believe that a near-term correction is quite likely for Asian tech stocks if EPS [earnings per share] revisions slow down or 2021 estimates are lowered,” Hariharan said.

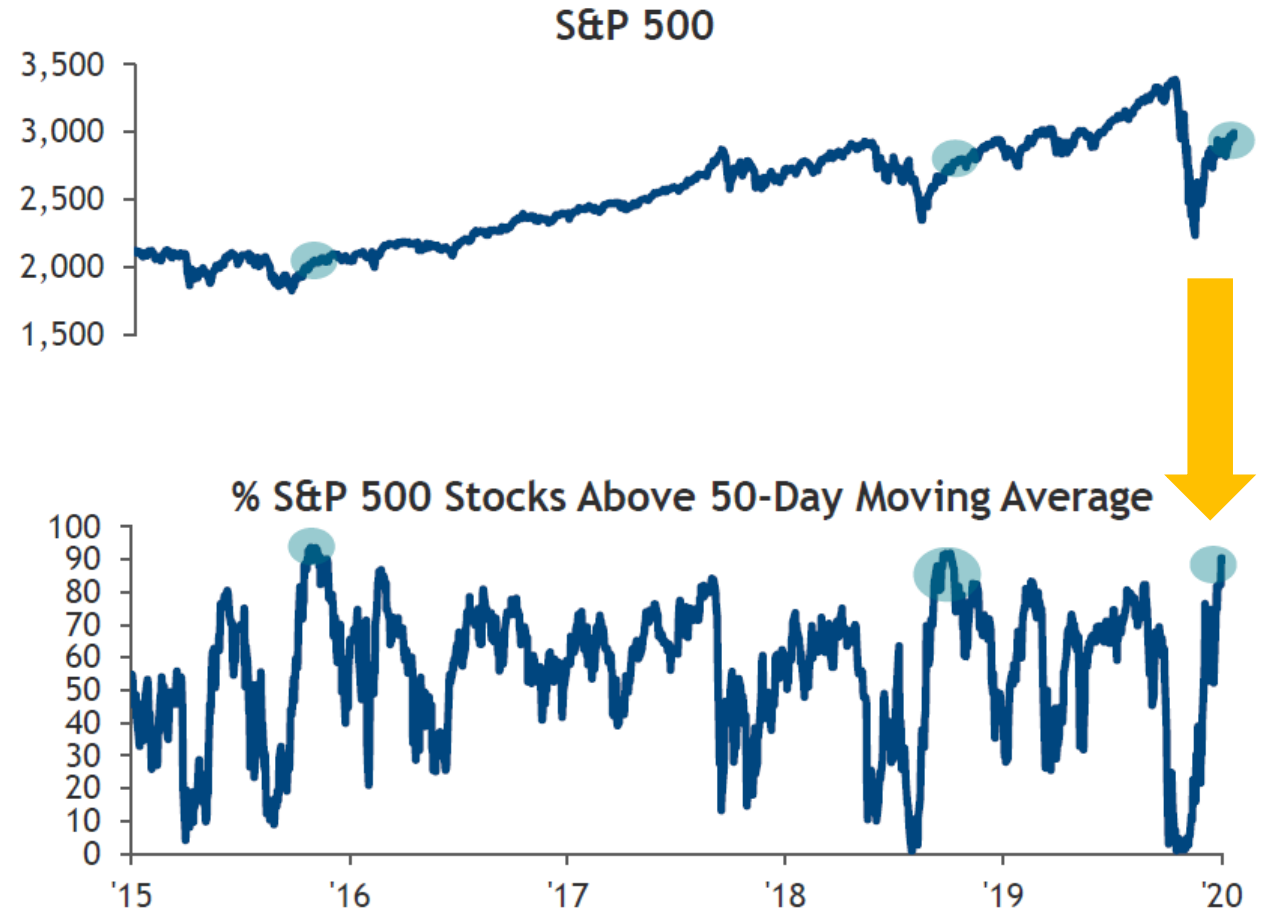
SWITCH OUT OF THOSE FUNDS WITH ONLY ASIAN TECHNOLOGY EXPOSURE LIKE BLACKROCK NEXT GENERATION TECHNOLOGY FUND

Asian growth technology stocks may have hit their peak.



- ✓ Top investment professionals like Gokul Hariharan of JPMorgan (see previous slide) are suggesting that Asian technology growth stocks may have hit their peaks.
- ✓ FAANG+ holds an approx. 15% in Asian tech stocks with high market capitalisation such as Tencent, Baidu, Samsung and Alibaba.

THIS IS A TECHNICAL INDICATOR (50-DAY MOVING AVERAGE) THAT SHOWS **STOCKS ALMOST NEVER FAIL TO MAKE FURTHER GAINS OVER THE NEXT 12 MONTHS** (BOTTOM CHART)



Past performance does not guarantee future results
Data Source: SunTrust IAG, FactSet

* The 50 day-moving average is a security's average closing price over the past 50 trading days. In general, a stock price trading above its 50-day moving average is viewed as a positive sign and denotes a security that is trending higher and vice versa.

THE MARKET CAN GO FURTHER. IT WOULD BE UNWISE TO IGNORE THIS. GENUINE MOMENTUM PUSHING THE MARKET HIGHER.

3MTHS + 3.9%

6MTHS + 8.4%

12MTHS+ 16.4%

S&P 500 Performance After 90% of Stocks Trade Above Their 50-Day Moving Average**

	3-Months Later	6-Months Later	12-Months Later
02/06/91	5.7%	9.1%	15.6%
06/09/97	7.9%	14.0%	29.6%
03/24/98	1.3%	-6.9%	14.7%
11/05/98	9.7%	18.2%	20.8%
05/05/03	6.1%	13.4%	20.8%
11/12/04	1.9%	-1.6%	4.3%
05/04/09	8.8%	17.5%	32.5%
08/03/09	3.3%	10.0%	12.3%
04/01/10	-12.8%	-2.8%	12.0%
10/05/10	9.6%	14.8%	-5.3%
10/24/11	5.7%	10.9%	12.7%
01/18/13	5.1%	14.1%	24.1%
05/15/13	1.6%	6.6%	12.8%
03/16/16	2.2%	4.9%	17.7%
02/15/19	3.0%	4.1%	21.4%
05/26/20	?	?	?
Average	3.9%	8.4%	16.4%
% Positive	93%	90%	93%
Max Gain	9.7%	18.2%	32.5%
Max Loss	-12.8%	-6.9%	-5.3%



**Only first signal used in each instance (clusters removed).
 Past performance does not guarantee future results
 Data Source: FactSet, SunTrust IAG

DON'T INVEST IN OFFSHORE FUNDS

Eight British Overseas Territories have agreed to set up publicly accessible registers setting out who owns firms based there, the Foreign Office has said.

The move is aimed at increasing transparency about the true ownership of firms registered in Anguilla, Bermuda, the Cayman Islands, the Falkland Islands, Montserrat, the Pitcairn Islands and St Helena, Ascension Island and Tristan da Cunha, and the Turks and Caicos Islands.

Gibraltar already has a publicly accessible register setting out the ownership of firms.

Ministers hope the move will help signal the need to tackle international “illicit finance”.

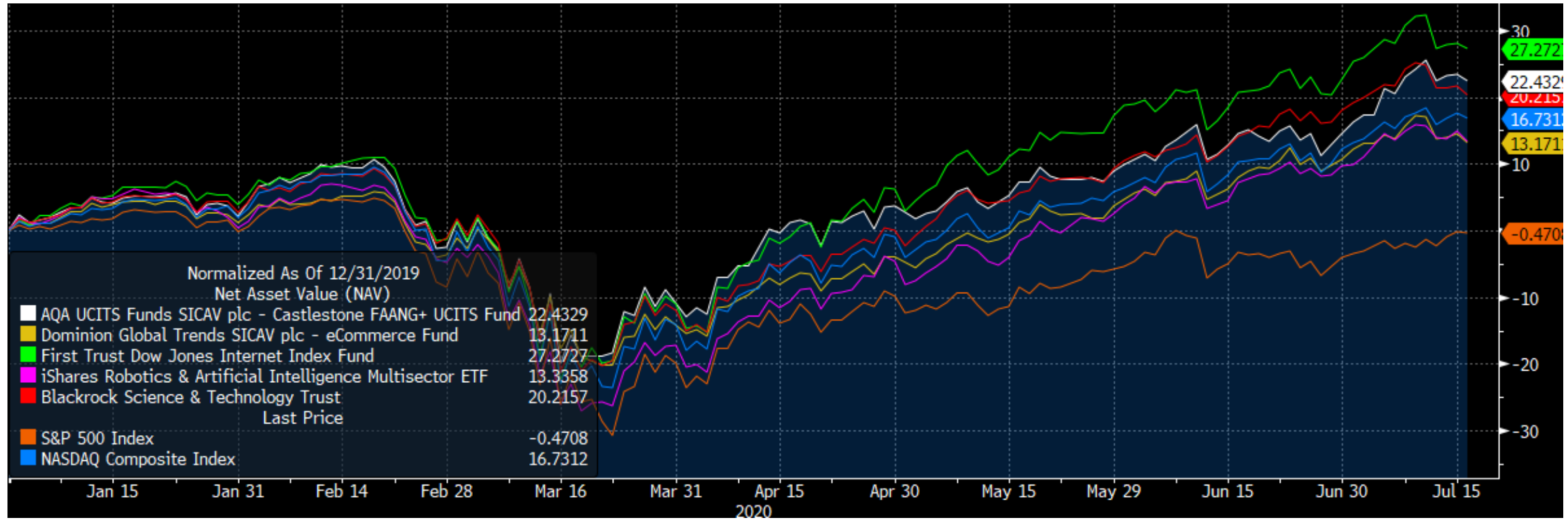
But the British Virgin Islands is yet to commit to introducing a publicly accessible register of beneficial ownership, the Foreign Office said.

Foreign Secretary Dominic Raab said: “This is an important step forward by governments from across the Overseas Territories.”

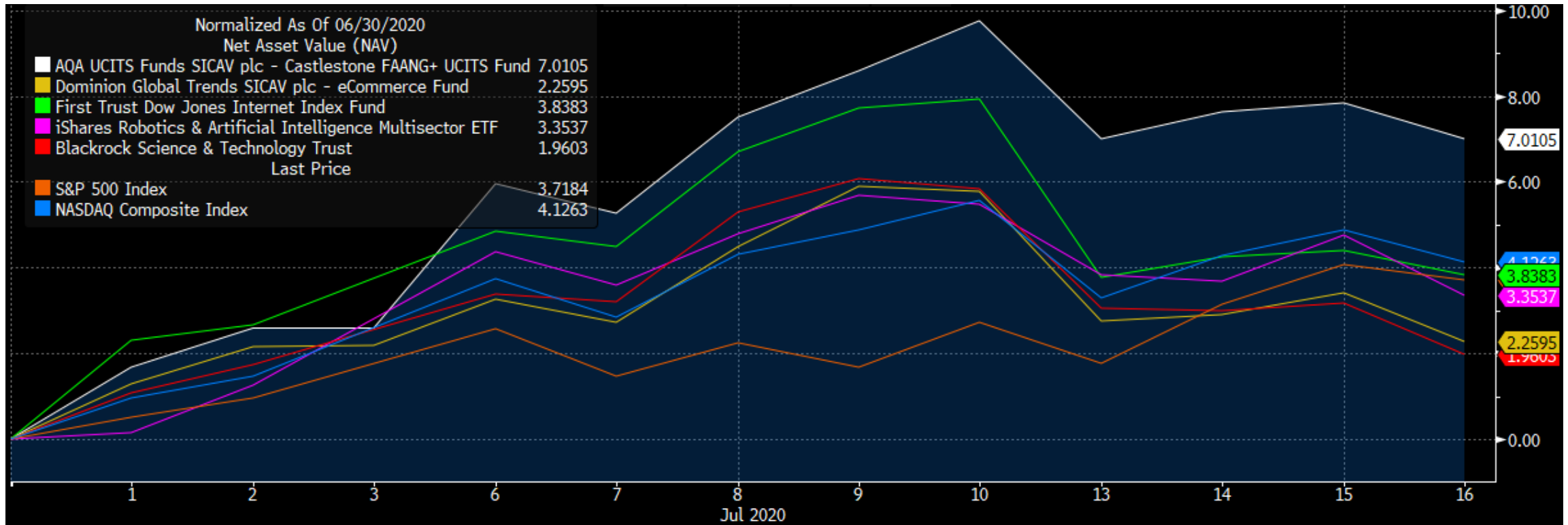
PERFORMANCE OF FAANG+ SINCE INCEPTION



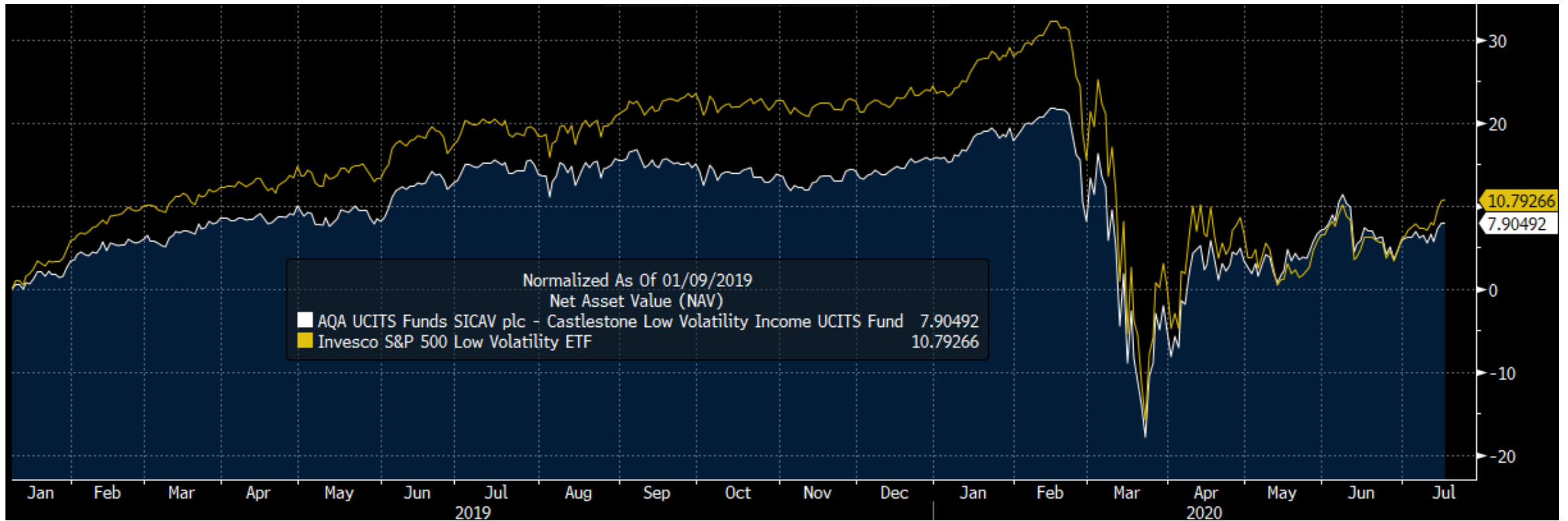
PERFORMANCE OF FAANG+ YEAR/DATE



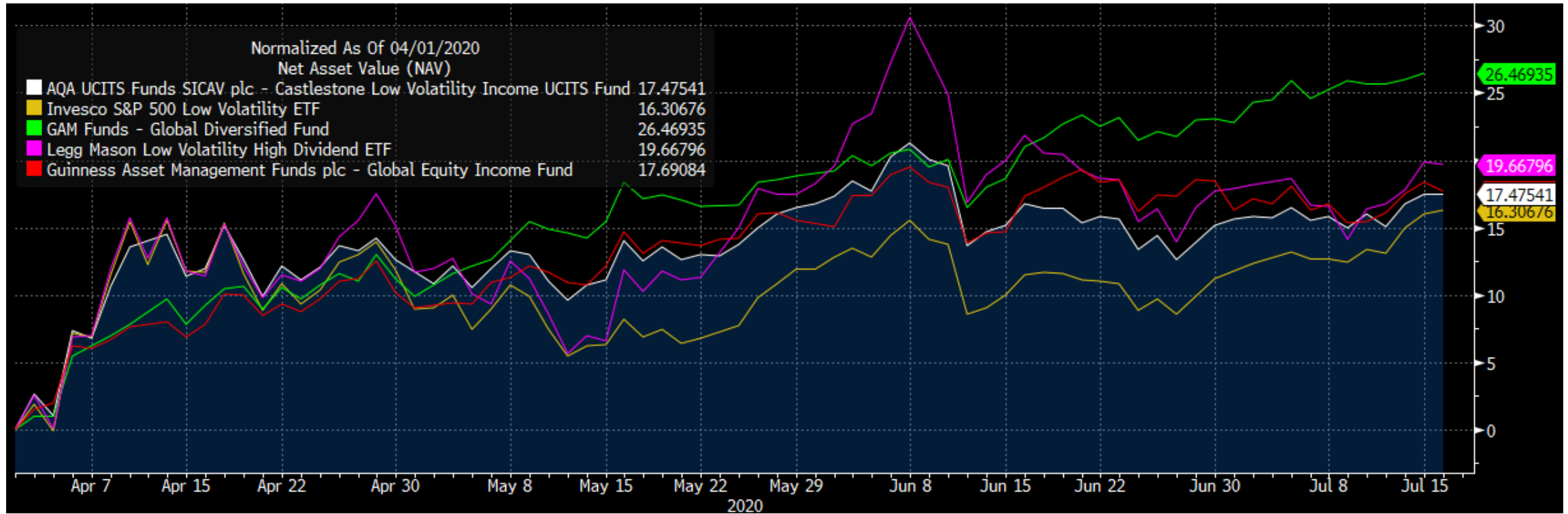
PERFORMANCE OF FAANG+ MONTH/DATE



PERFORMANCE OF LOW VOLATILITY INCOME FUND SINCE INCEPTION



PERFORMANCE OF LOW VOLATILITY INCOME FUND Q2 2020



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