



USA POSITIVE YIELD CURVE, INFLOWS INTO EQUITY ETF'S CONTINUE

COVID-19 VACCINES ROLLOUT CONTINUES GLOBALLY



POSTIVE YIELD
CURVE CONFIRMS
THE RECENT
UPGRADE TO US
GDP FORECASTS
WHICH WERE
INCREASED BY 2%
TO 5.9% SINCE
JANUARY 2021.

- ✓ The House of Representatives have passed the \$1.9 trillion spending package which equals 7% of GDP.
- ✓ Administration of Covid-19 vaccine continue to rise globally. US states can reopen, and global economic activity will improve. It just will take some time.
- ✓ Investors buying the “dip” in Equity Markets. Inflows continue into ETFs last week. Outflows of Fixed Income.
- ✓ Positive yield curve in USA indicates economic recovery and growth. This shows the US GDP forecast upgrades were probably correct. Economic numbers will remain subdued as unemployment is lag indicator of economic growth.

\$1.9TR RELIEF PACKAGE PASSED IN THE HOUSE OF REPRESENTATIVES

(Positive for the US Economy)

Stimulus Package Passed In The House Despite Republican Opposition



- ✓ After passing in the House along party lines, the stimulus bill now heads to the Senate for final approval.

SIGNIFICANT DECLINE IN THE NUMBER OF NEW CASES IN THE US FEB 26, 2021

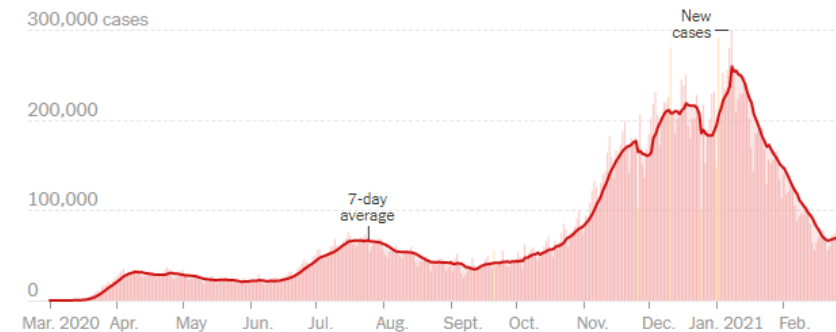
(Significant improvement and there are signs that new infections are leveling off. It will take time to full overcome COVID-19.

Infection Numbers Continue To Fall

Coronavirus in the U.S.: Latest Map and Case Count

Updated February 27, 2021, 12:36 A.M. E.T.

[Leer en español](#)



| | TOTAL REPORTED | ON FEB. 26 | 14-DAY CHANGE |
|---------------------|----------------|------------|---------------|
| Cases | 28.5 million+ | 78,262 | -29% ↘ |
| Deaths | 510,373 | 2,266 | -20% ↘ |
| Hospitalized | | 51,116 | -30% ↘ |

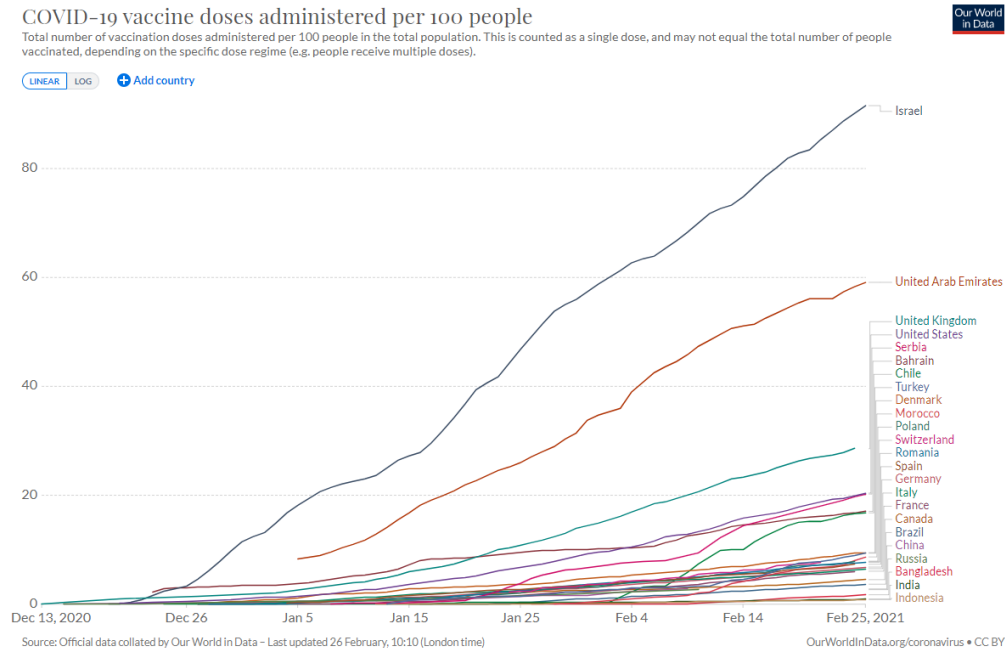
■ Day with reporting anomaly. Hospitalization data from the Covid Tracking Project; 14-day change trends use 7-day averages.

- ✓ New cases of COVID-19 are rapidly declining. This will eventually allow lockdowns to end and economies to begin recovering.

PERCENTAGE OF
PEOPLE
VACCINATED
GLOBALLY IS
GROWING
(28.57% UK,
19.87% USA,
ISRAEL 90.22%)

(There is a clear path that is obvious
to countries being protected)

People Are Being Vaccinated in Growing Numbers



- ✓ Vaccination rollouts continue to grow throughout the world. While some responses might be slower than anticipated, an end to the pandemic is in sight.

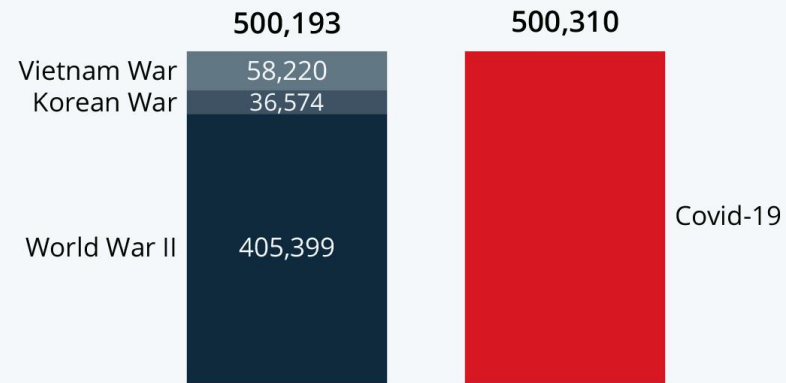
COVID-19 HAS BEEN DEVASTATING

(Covid-19 has had a real and devastating impact on our society, but it will have no meaningful long term economic effect except it has changed the way we interact with technology)

Covid-19 Death Toll Is Huge

U.S. Deaths From Covid-19 Match Toll Of Three Major Wars

U.S. Covid-19 deaths compared to the number of Americans who died in selected wars*



* As of Feb 23, 2021.

Sources: U.S. Department for Veteran Affairs, Johns Hopkins University



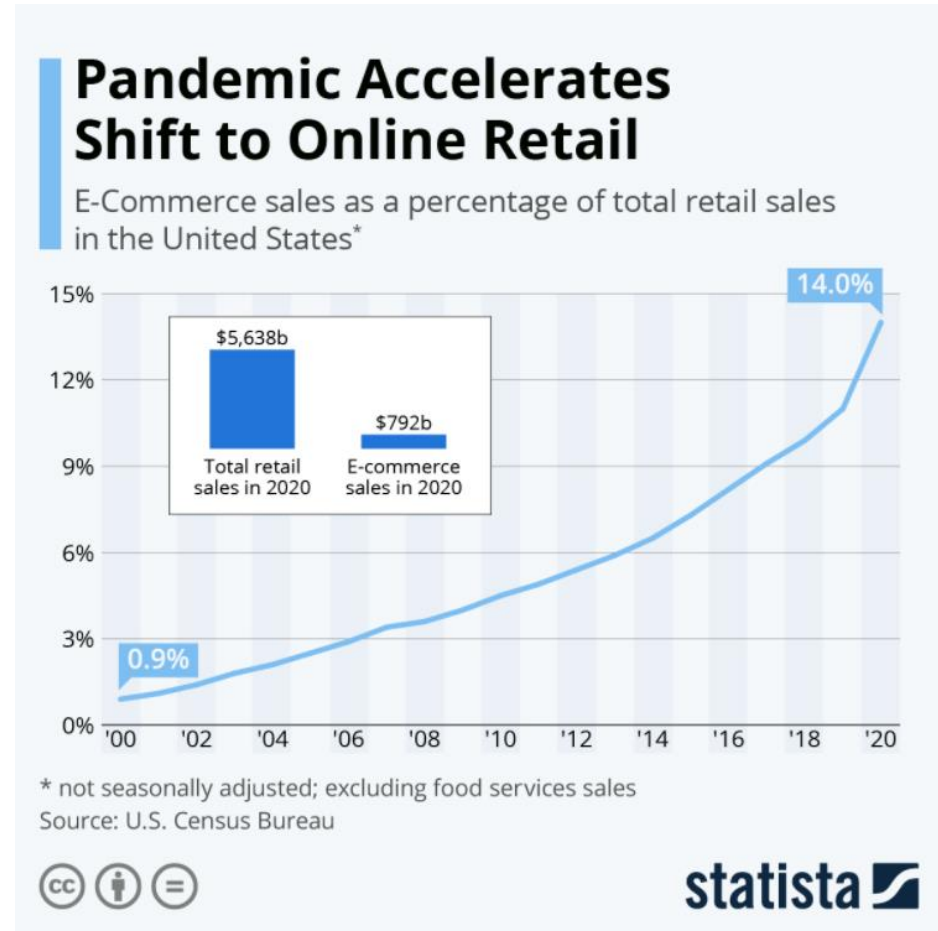
statista

- ✓ While COVID-19 has been devastating, it has brought an acceleration of advancement in technology.

COVID-19 HAS ACCELERATED THE ONGOING SHIFT TO ONLINE RETAIL.

(The chart illustrates the move online over the past few years and particularly in 2020)

COVID-19 Has Accelerated The Shift To E-commerce



- ✓ Lockdowns and travel restrictions have exposed more people to the benefits of online retail. This has caused a ongoing to shift to simply happen faster.

ETF INVESTORS BUYING THE DIP IN EQUITY MARKETS

NET \$20.2BN INFLOWS INTO US-LISTED ETFS FEB 25, 2021

(Investors are buying the pull back in equity markets. Year-to-date ETF inflows to \$145bn)

Equities Continue To See Investments

Top 10 Creations (All ETFs)

| Ticker | Name | Net Flows (\$,mm) | AUM (\$,mm) | AUM % Change |
|--------|----------------------------------------|-------------------|-------------|--------------|
| IVV | iShares Core S&P 500 ETF | 2,471.90 | 253,767.50 | 0.97% |
| SPY | SPDR S&P 500 ETF Trust | 2,145.17 | 337,298.85 | 0.64% |
| XLF | Financial Select Sector SPDR Fund | 2,075.45 | 34,478.34 | 6.02% |
| IWM | iShares Russell 2000 ETF | 1,255.62 | 67,680.94 | 1.86% |
| TQQQ | ProShares UltraPro QQQ | 1,101.40 | 10,849.78 | 10.15% |
| VOO | Vanguard S&P 500 ETF | 935.17 | 197,150.98 | 0.47% |
| VTI | Vanguard Total Stock Market ETF | 645.58 | 216,639.85 | 0.30% |
| VXUS | Vanguard Total International Stock ETF | 640.93 | 42,652.97 | 1.50% |
| BUG | Global X Cybersecurity ETF | 591.28 | 876.06 | 67.49% |
| ARKF | ARK Fintech Innovation ETF | 552.39 | 4,807.56 | 11.49% |

BOND PRICES
DECLINED
(INVERSE TO
YIELD) RESULTED
IN BOND ETFS
OUTFLOWS OF
\$2.5BN

(As the economy starts to improve yields will rise which is what we have seen. This doesn't make this attractive as the US 10yr Bond is 1.40% and UK 10yr Bond is 0.82%)

Fixed Income Outflows Continue As Investors See Little Return.

Top 10 Redemptions (All ETFs)

| Ticker | Name | Net Flows (\$,mm) | AUM (\$,mm) | AUM % Change |
|--------|-------------------------------------------------------|-------------------|-------------|--------------|
| JNK | SPDR Bloomberg Barclays High Yield Bond ETF | -1,769.28 | 9,239.30 | -19.15% |
| LQD | iShares iBoxx USD Investment Grade Corporate Bond ETF | -1,603.87 | 45,427.97 | -3.53% |
| GLD | SPDR Gold Trust | -1,526.53 | 63,997.95 | -2.39% |
| XLK | Technology Select Sector SPDR Fund | -526.17 | 38,167.90 | -1.38% |
| VCIT | Vanguard Intermediate-Term Corporate Bond ETF | -457.99 | 43,416.70 | -1.05% |
| TLT | iShares 20+ Year Treasury Bond ETF | -438.90 | 14,075.57 | -3.12% |
| IEF | iShares 7-10 Year Treasury Bond ETF | -419.80 | 13,887.77 | -3.02% |
| USMV | iShares MSCI USA Min Vol Factor ETF | -362.43 | 28,880.34 | -1.25% |
| PFF | iShares Preferred and Income Securities ETF | -335.71 | 17,838.62 | -1.88% |
| ACWV | iShares MSCI Global Min Vol Factor ETF | -328.27 | 5,290.29 | -6.21% |

iSHARES US
CORPORATE
BOND INDEX
FUND IS DOWN
3.55% YTD

Corporate Bonds Are Down YTD



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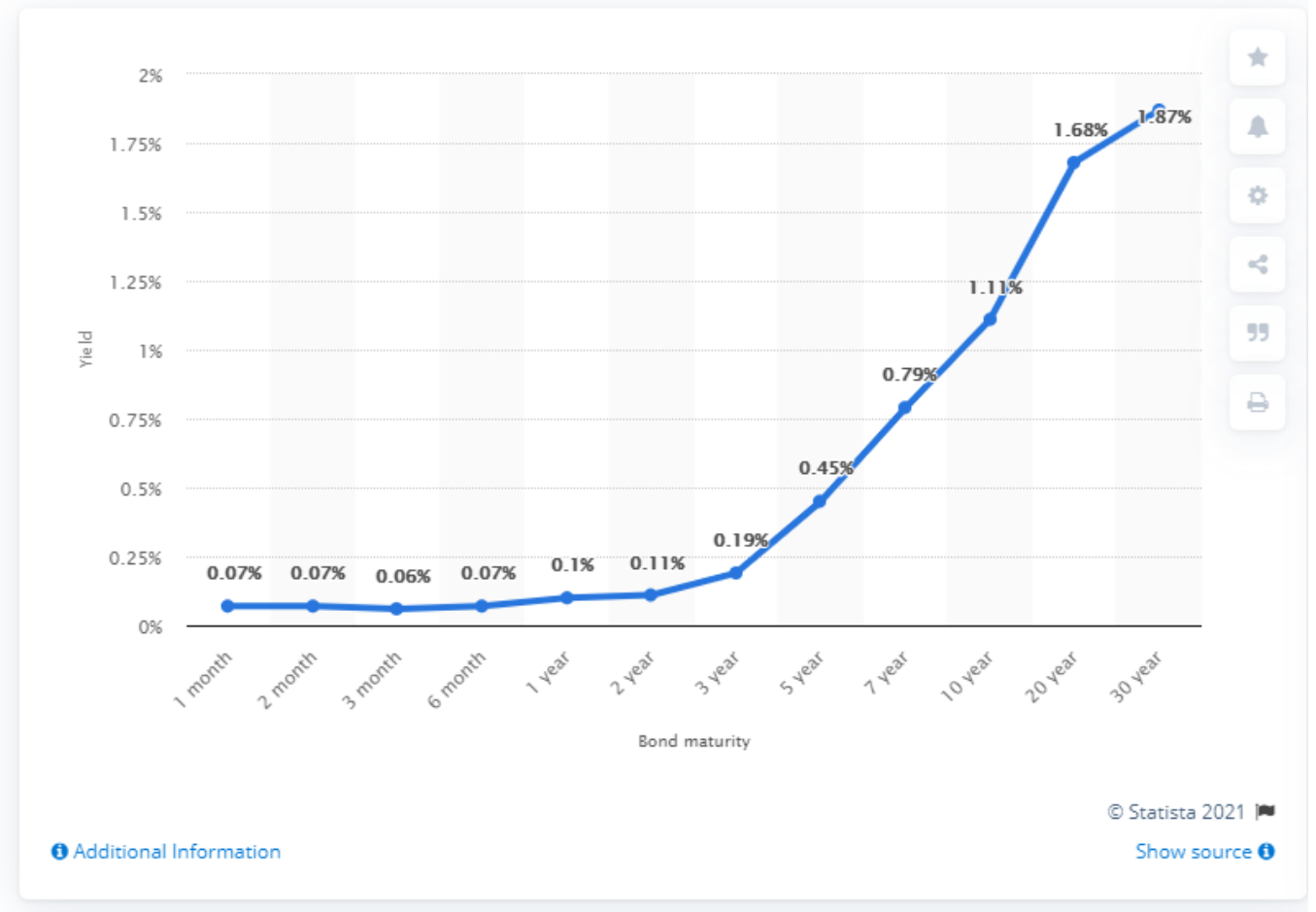
- ✓ The corporate bond index is **down 3.55%** versus a **1.95% gain** for the S&P YTD.

POSITIVE YIELD CURVE IN USA

(Positive yield curve indicates economic growth and improved earnings)

Positive Yield Curve Points To Economic growth

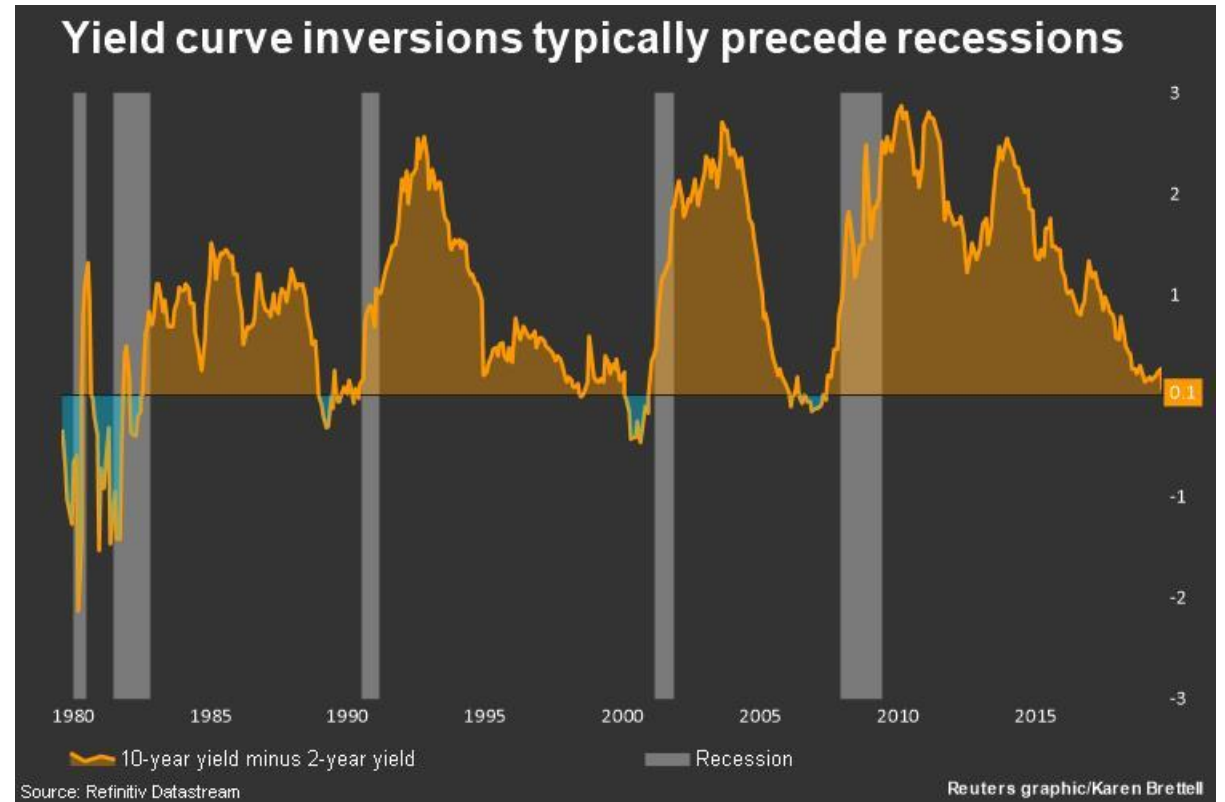
Treasury yield curve in the United States as of January 2021



POSITIVE YIELD
CURVE.
HISTORICALLY A
NEGATIVE YIELD
CURVE HAS
INDICATED A
RECESSION.

(We currently have a positive yield curve which indicates economic growth and improved earnings.)

Negative Yield Curves Tend To Indicate Recession



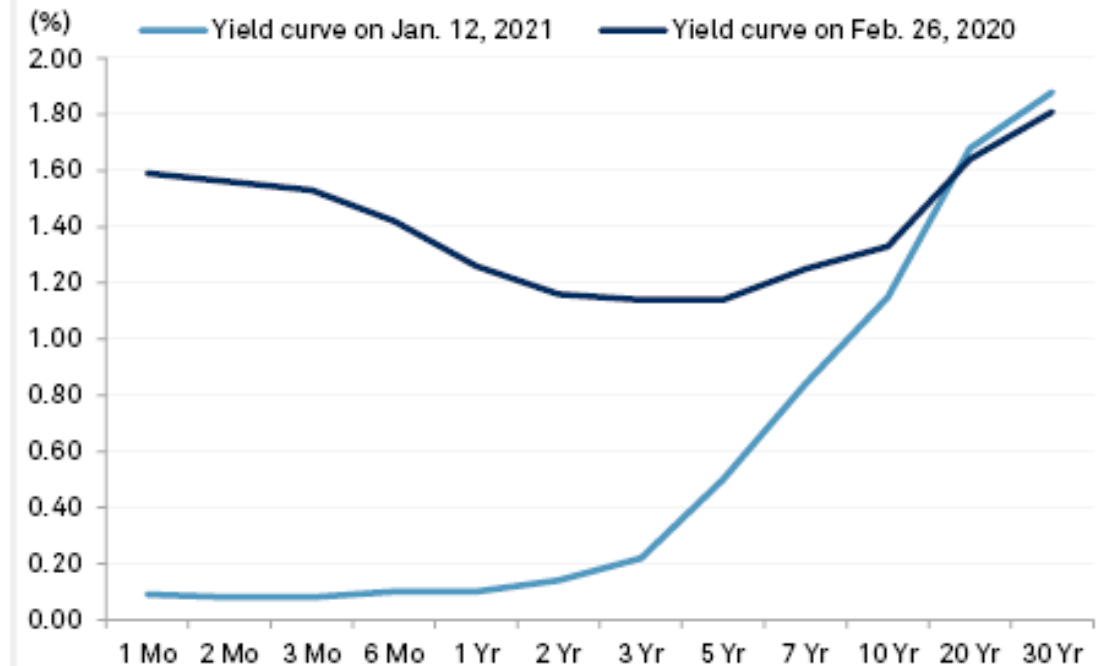
- ✓ Historically a negative yield curve has signaled an economic recession is approaching, the current yield curve is steepening.

YIELD CURVE HAS IMPROVED IN THE LAST 12 MONTHS AS VACCINATION ROLLOUTS OCCUR AND USA GOVT HAS ACTED

(Positive yield curve which indicates economic growth and improved earnings)

Positive Yield Curve Points to Economic growth

US Treasury yield curve steepens dramatically since start of pandemic



As of Jan. 12, 2020.
Source: U.S. Treasury Department

- ✓ As we have seen on the previous slides, a positive yield curve leads to growth.
- ✓ Above you can clearly see a steeper yield curve compared to 12 months ago.

US INTEREST
RATES AND MOST
DEVELOPED
MARKET INTEREST
RATES ARE STILL
INCREDIBLY LOW

Interest Rates Remain Low



- ✓ Interest rates remain low and are unlikely to change in the coming months and years.
- ✓ Holding cash has no real return, equities remain the only opportunity to make returns on investments.

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