DEFLATION OF THE FEAR OF INFLATION

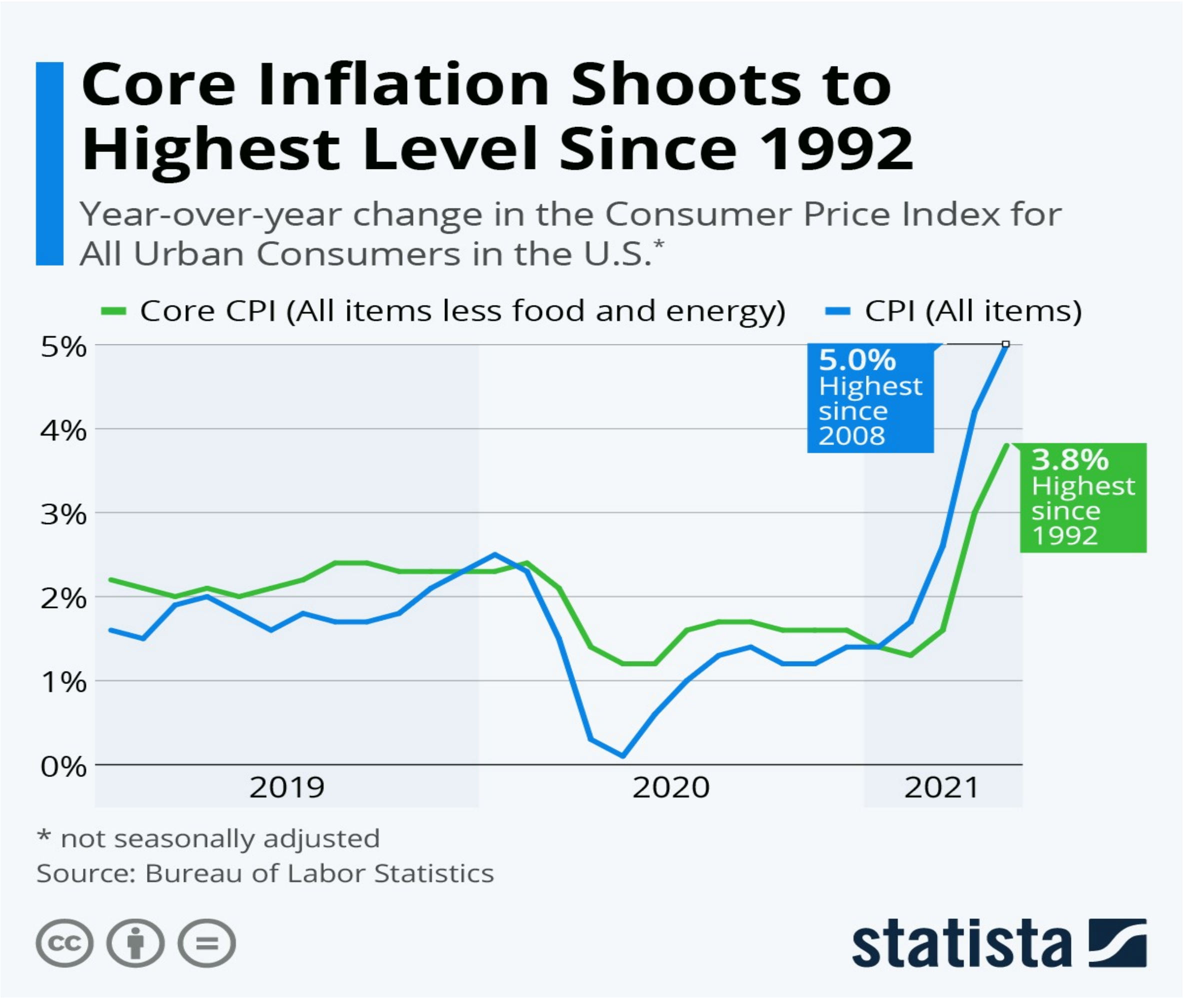
US FED STIMULUS CHECKS HELPED THE ECONOMY, CAUSING INFLATION TO SPIKE, BUT WON'T CAUSE LONG TERM INFLATION

EQUITY INFLOWS ARE DOUBLE THAT OF 2020

INFLATION EXPECTIONS HAVE CALMED SIGNIFICANTLY.

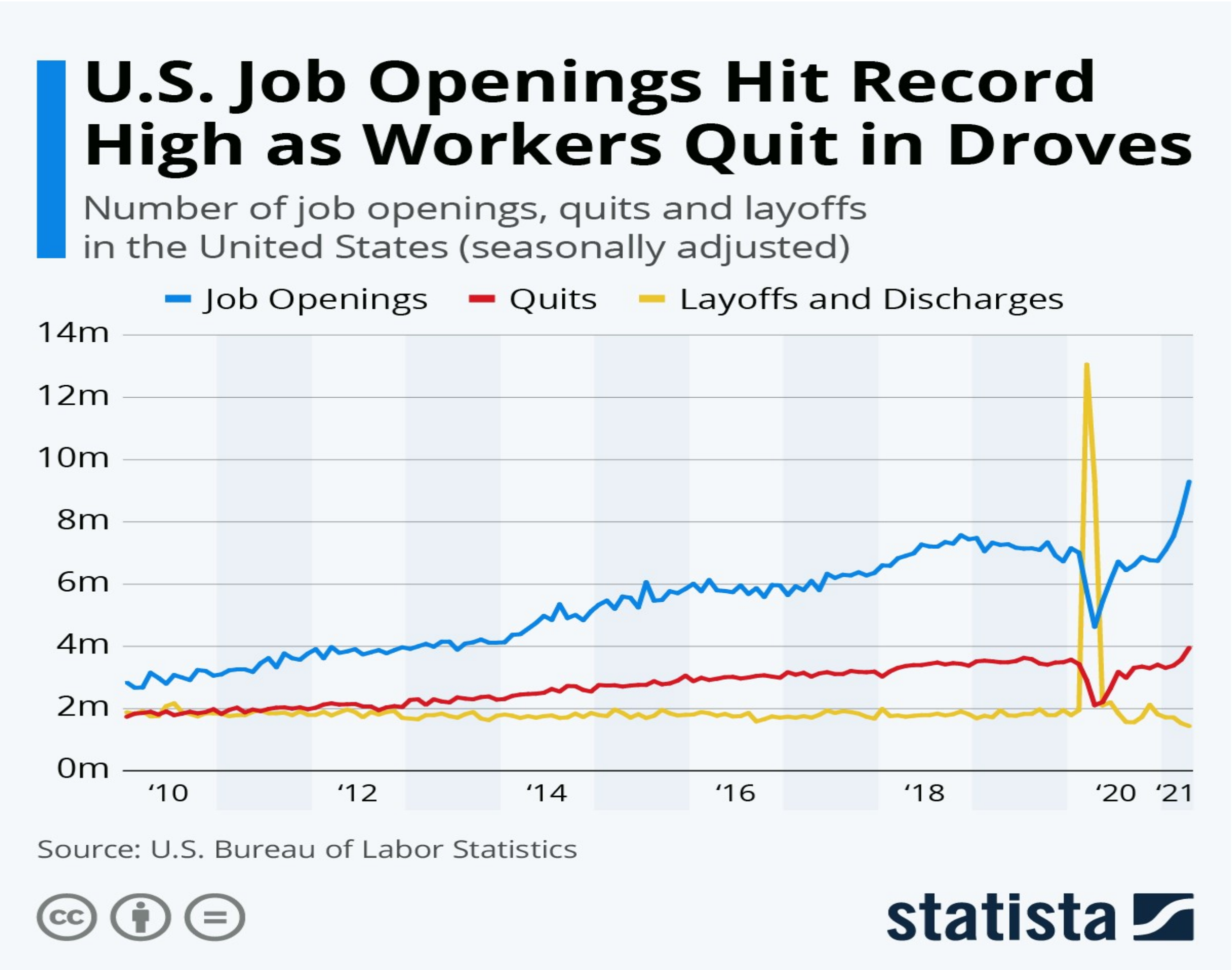
- ✓ Inflation Expectations have calmed significantly. The US 10yr Bond is yielding 1.46%. Investors realize that the supply chains will start to flow as the economy returns to normal.
- ✓ S&P 500 earning margins are expanding. This will result in higher earnings numbers which leads to higher share prices.
- ✓ "The main spur to inflation, actual and expected, has been the extraordinary U.S. fiscal stimulus." Barron's
- ✓ Year-to-Date Inflows are $417.5 billion, more than double the $179.4 billion seen this time last year. Inflows continue into Technology Stocks and US Equities.

YEAR-OVER-YEAR CHANGE DOES NOT REFLECT LONG TERM INFLATION



- ✓ The chart shows inflation year over year, COVID slowed inflation, but we can see the rebound has been a sharp move higher.
- ✓ Over the long term, the spike will have little effect.

US JOB OPENINGS SURGED TO A RECORD IN APRIL AS BUSINESSES, ESPECIALLY IN THE HOSPITALITY SECTOR, ARE LOOKING FOR STAFF AHEAD OF SUMMER

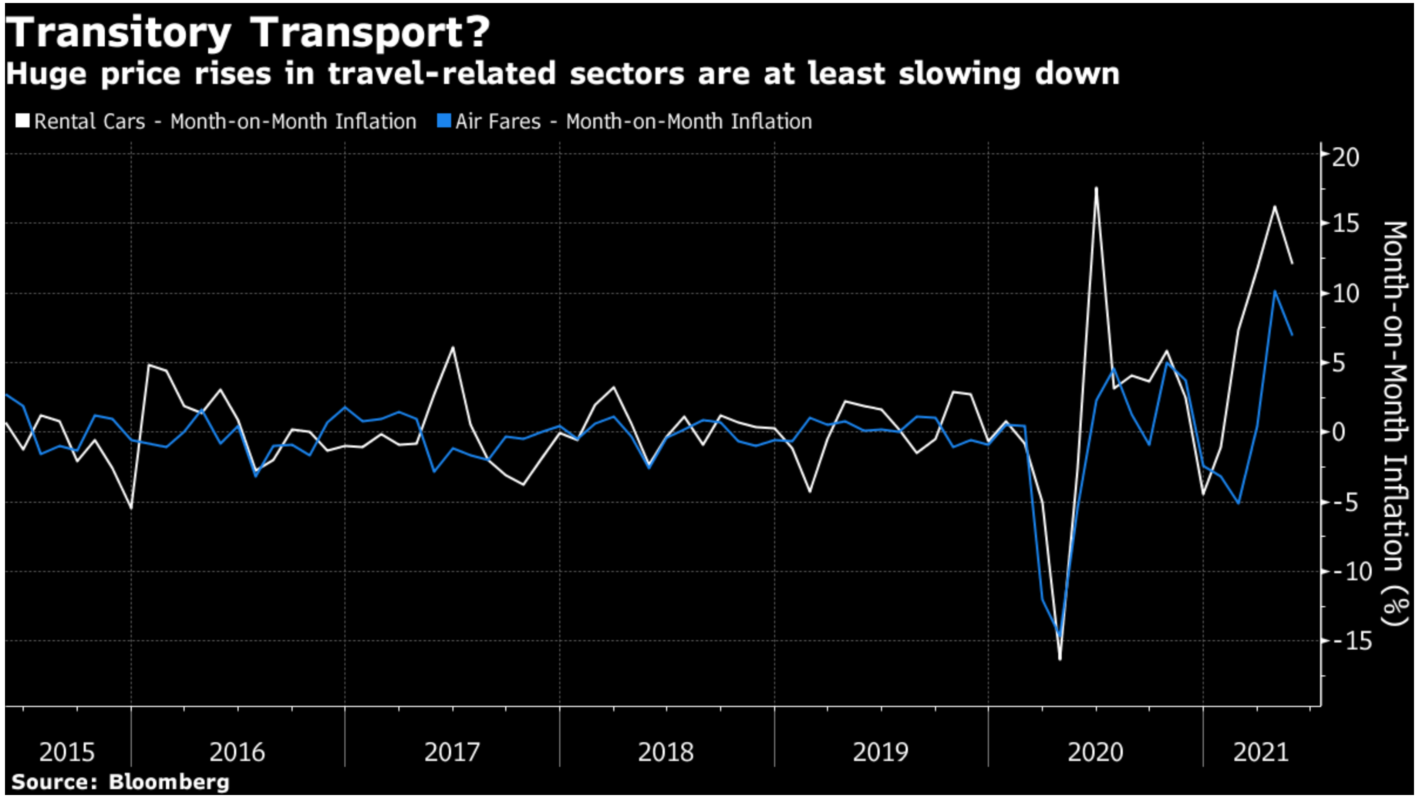


- ✓ Job openings have risen as the US economy reopens.
- ✓ Workers are beginning to move into higher paying jobs as they become available.
- ✓ A lag has developed between job openings and those willing to take them, which has caused a rise in wages.

MANY FIRMS ARE HAVING TROUBLE FILLING VACANCIES. THERE IS A RELUCTANCE TO GET BACK TO WORK, WHICH COULD BE COVID FEARS OR GENEROUS UNEMPLOYMENT INSURANCE

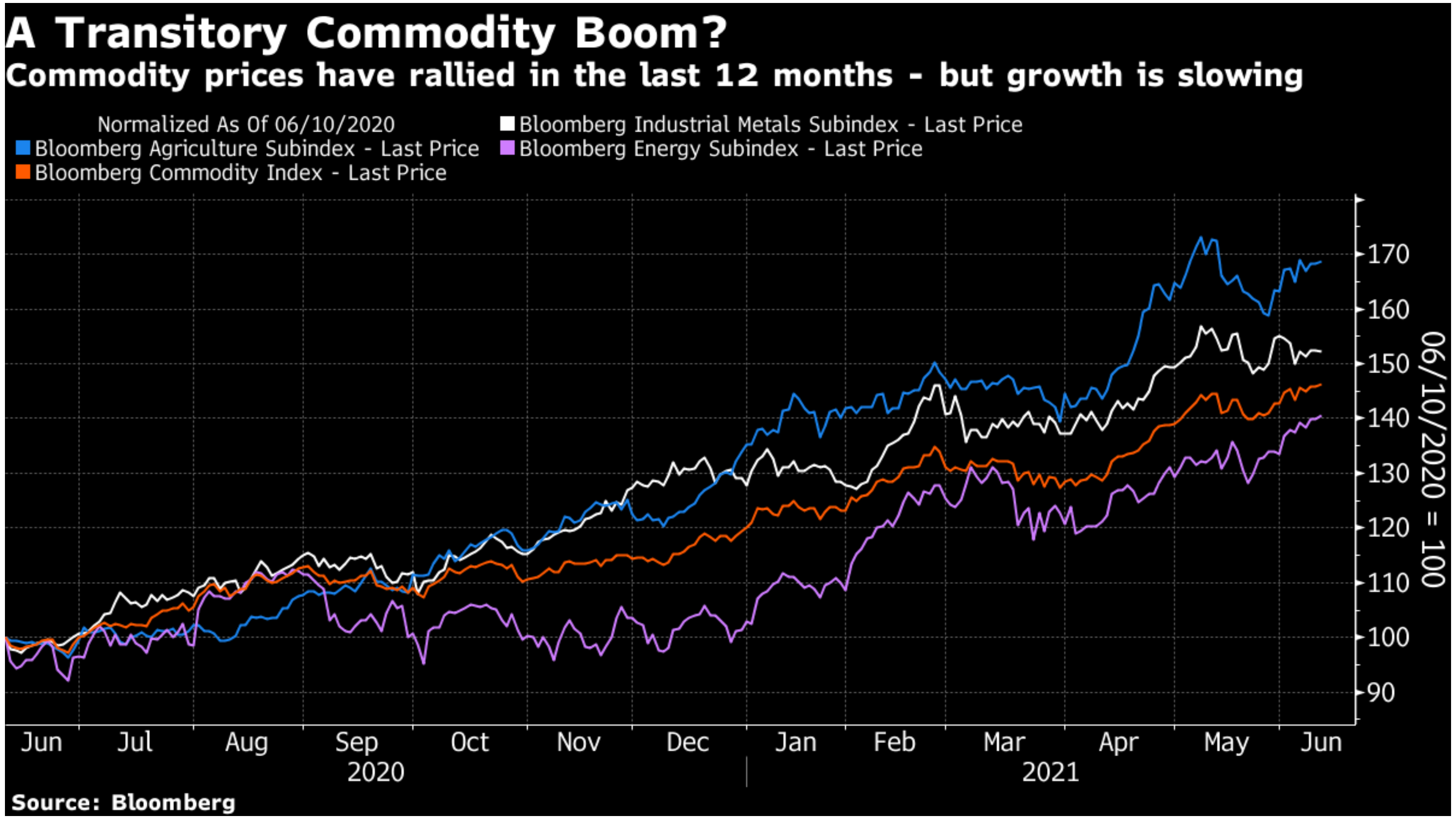
- ✓ Firms are struggling to find employees as the economy reopens.
- ✓ Stimulus checks will dry up and the fear of COVID will dissipate, driving workers back into the work force.
- ✓ As more employees fill open jobs, wages will fall.

THERE HAVE BEEN PRICE INCREASES IN TRAVEL-RELATED SECTORS WHICH HAVE BEEN AFFECTED BY THE RETURN OF TOURISM



- ✓ As people return to tourism, prices are increased, and less discounts are offered.
- ✓ Inevitably, like in all economics, when there is a demand the world will create the supply, and supply will drive the prices back down.

COMMODITY PRICES HAVE RALLIED IN THE LAST 12 MONTHS. GROWTH IS SLOWING

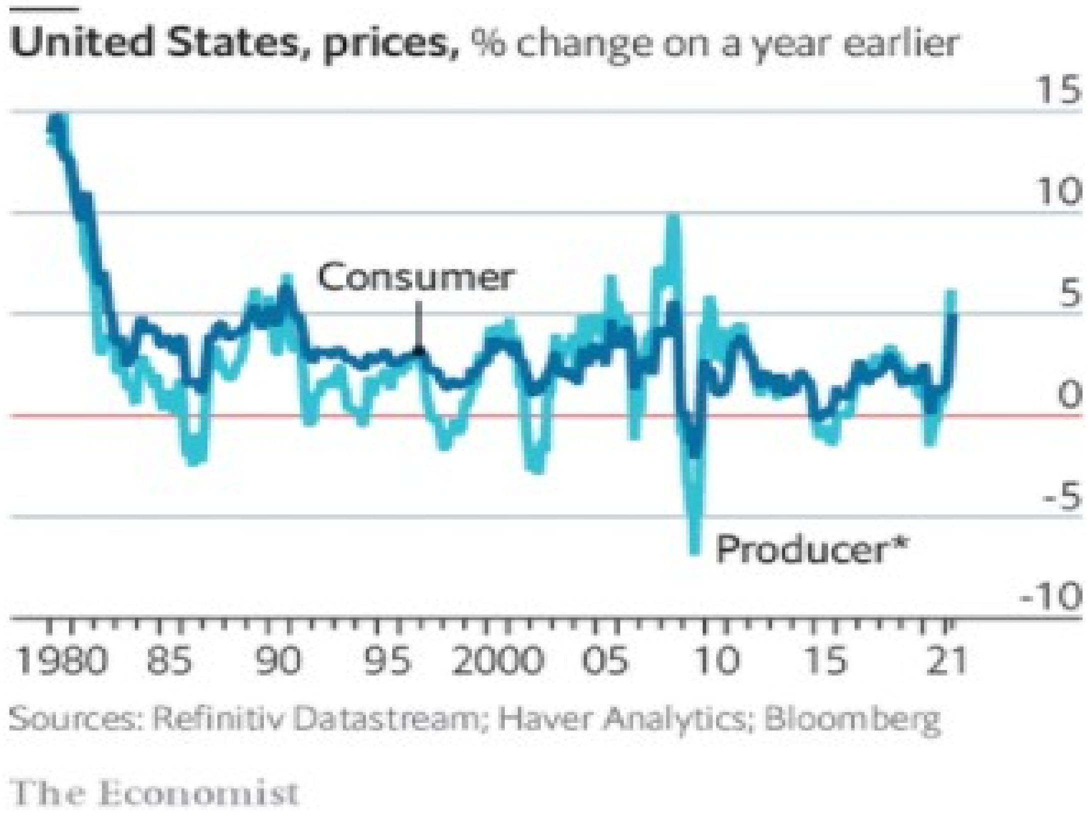


- ✓ Commodity manufacturers, producers, will produce , and drive the prices back down.

LOWEST-PAID WORKERS WERE MOST LIKLEY TO BE LAID OFF DURING THE PANDEMIC, PUSHING UP THE AVERAGE PAY OF THOSE WHO REMAINED

- ✓ As lower paid workers gradually go back on the payroll, the earnings average will come back down.

SUPPLY CHAINS ARE CLOGGED, INPUT PRICES ARE CLIMBING AND DEMAND IS SURGING, AS PEOPLE UNLOAD PANDEMIC-YEAR SAVINGS AND STIMULUS CHECKS

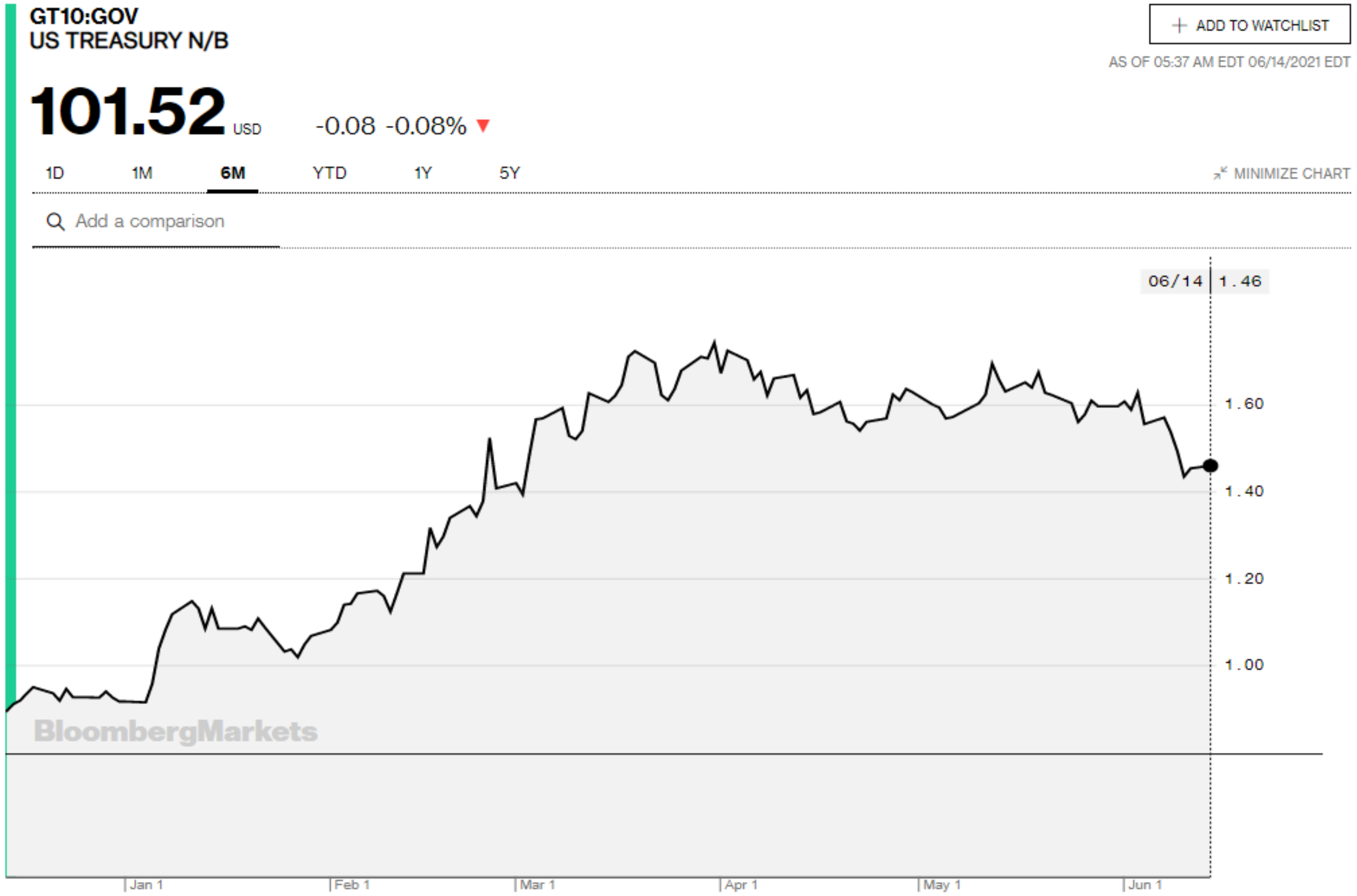


- ✓ Regarding the supply chain being clogged, everything we've discussed leads to the result of why that's occurring, but in the highly efficient world which we are in, when people go back to work and factories are set to go back to full production, they will produce, sell the goods at a higher prices until they drive it back down and then economy returns to a normal growth rate.

S&P 500 FIRMS NET PROFIT MARGINS ARE INCREASING

- ✓ S&P 500 firms net profit margins are increasing. These are quarterly numbers, so what you can see is an increase coming through, which of course will result in an increase in earnings which of course will result in higher equity price.

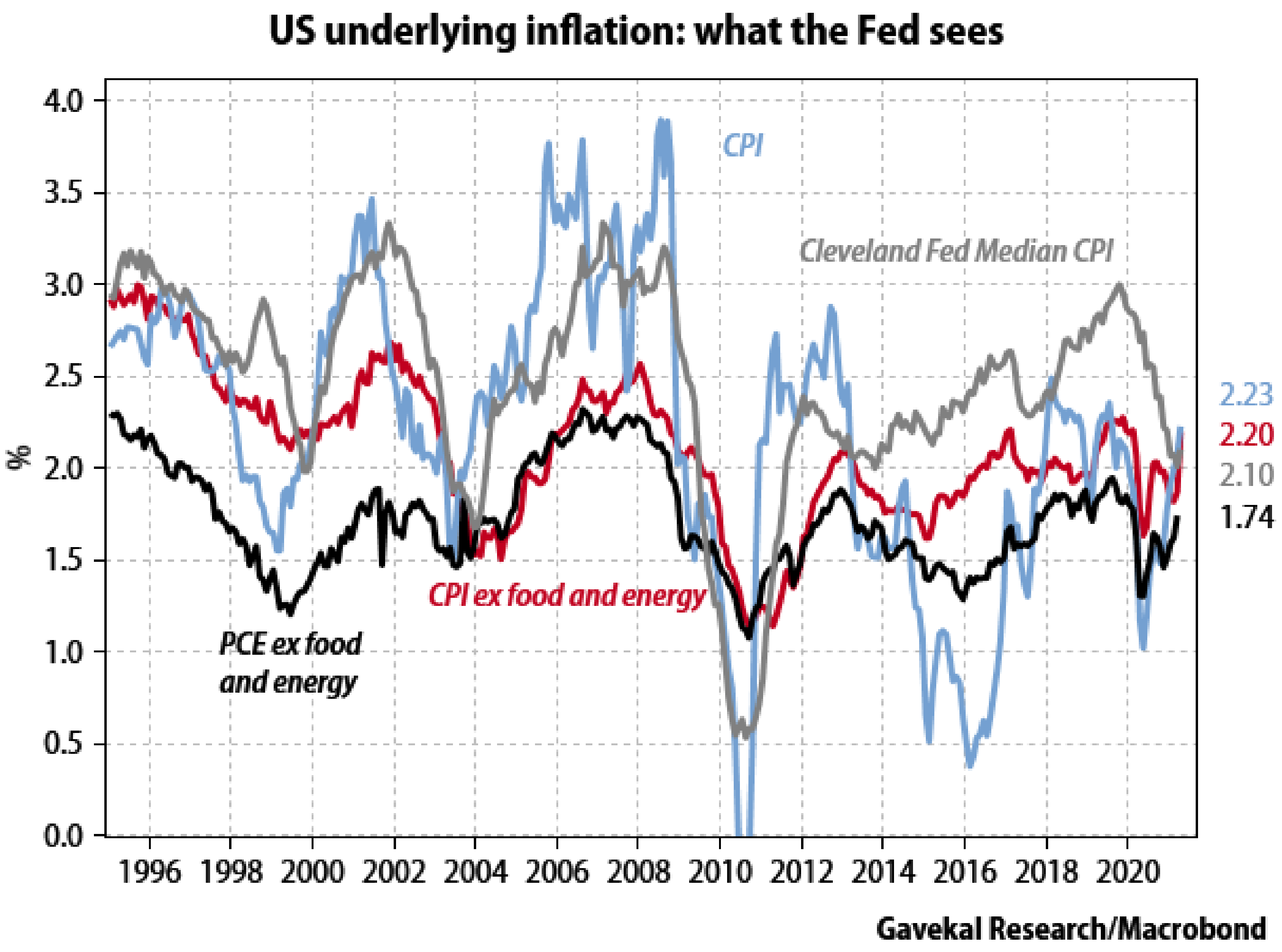
US 10 YR BOND YIELD 1.46%



- ✓ The 10 -year bond rate rose as inflationary fears took hold but has since back down to a more normal level.

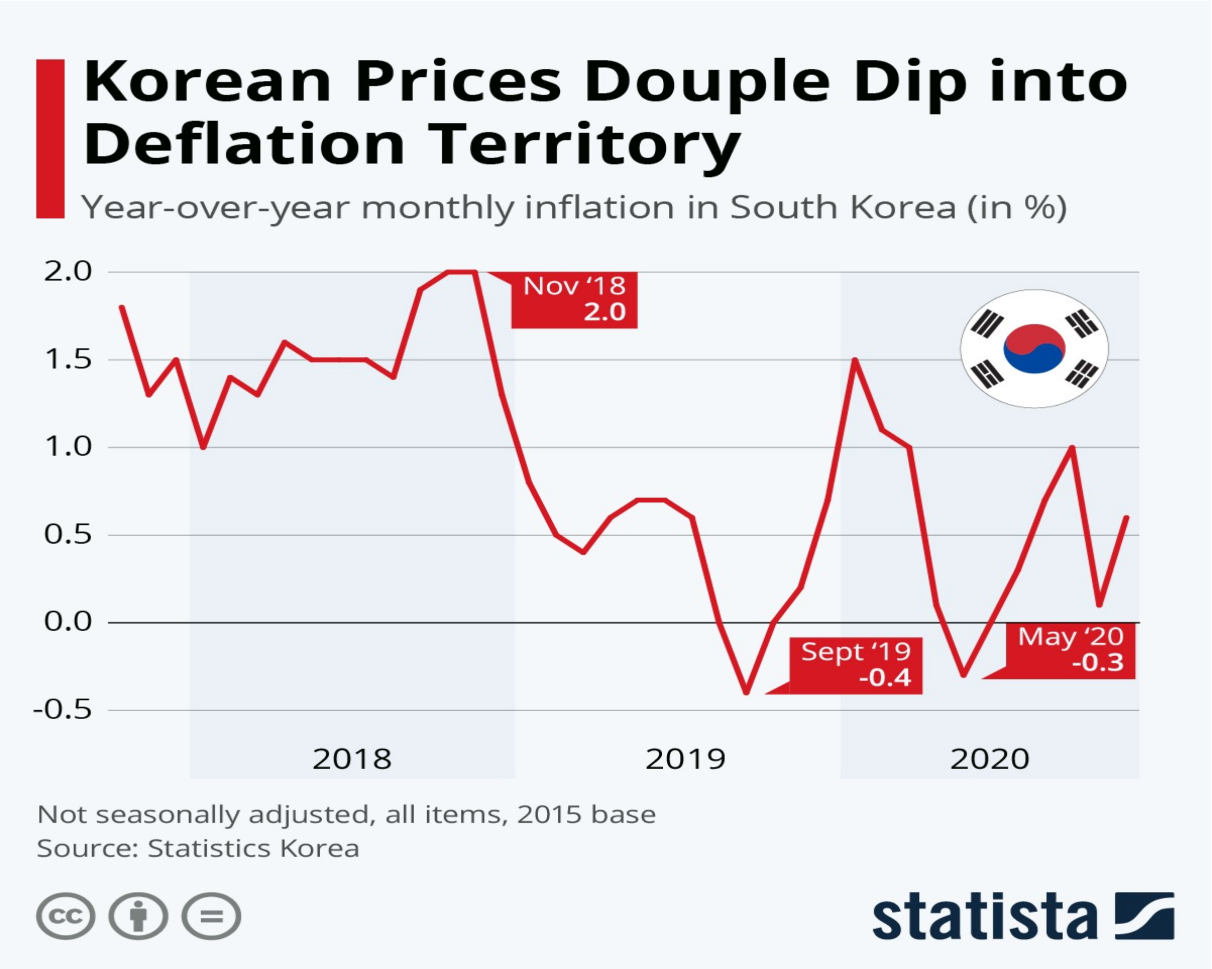
THERE IS LITTLE REASON FOR INFLATION CONCERN WHEN LOOKING AT THE AVERAGE OVER THE PRECEDING TWO YEARS

(ADJUSTS FOR THE DECLINE AND ACCELERATION OF INFLATION EXPECTATIONS DUE TO COVID)



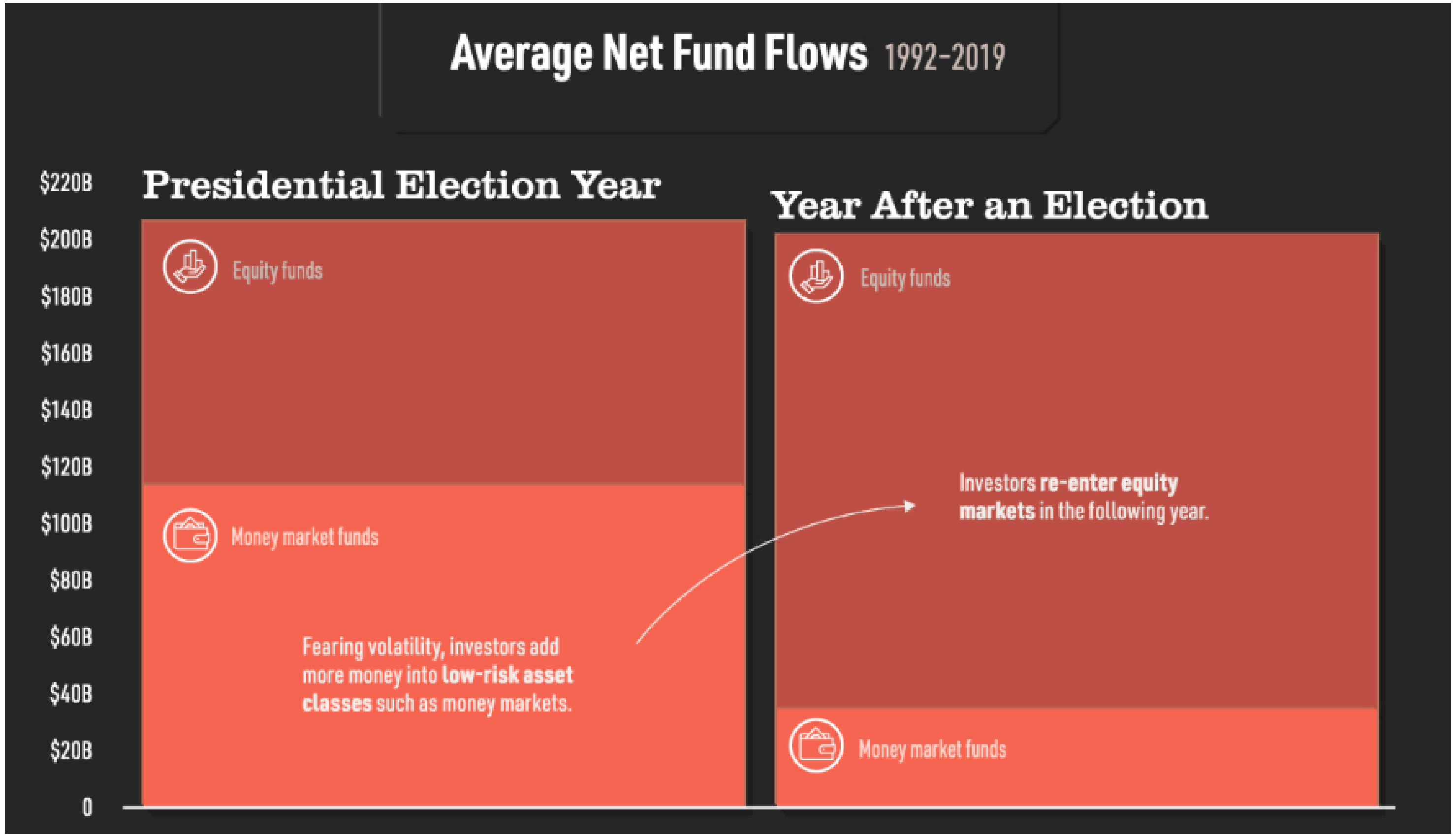
- ✓ Shows a completely benign level of inflationary expectation. Inflation is dead in line with where the Federal Reserve would like it to be. Inflation is much better than deflation.

SOUTH KOREA HAVE NOT SEEN THE SUPPLY CHAIN CONSTRAINTS SEEN IN THE US



- ✓ Korea handled Covid well and thus employment and supply constraints did not hit their economy as powerfully as other global economies.
- ✓ This leads us to believe we will see the same in the US as it recovers, driving inflation lower.

YEAR-TO-DATE INFLOWS UP TO $417.5 BILLION, MORE THAN DOUBLE THE $179.4 BILLIONS SEEN THIS TIME LAST YEAR.



- ✓ We have been telling people this would happen after an election year, and that's exactly what happened, we have seen inflows into equities of $417.5 billion more than double the $179 .4 billion seen this time last year.

STEADY STREAM OF INFLOWS TOTALLED $14.5 BILLION DURING THE WEEK ENDING JUNE 10, 2021. THE MAJORITY $7.5 BILLION WENT INTO US EQUITIES

Top 10 Creations (All ETFs)

Ticker	Name	Net Flows ($,mm)	AUM ($, mm)	AUM % Change
SPY	SPDR S&P 500 ETF Trust	2,575.73	363,269.85	0.71%
EZU	iShares MSCI Eurozone ETF	1,367.58	8,237.22	16.60%
BND	Vanguard Total Bond Market ETF	1,340.34	77,137.48	1.74%
VOO	Vanguard S&P 500 ETF	1,050.93	227,734.80	0.46%
IYR	iShares U.S. Real Estate ETF	969.47	6,535.53	14.83%
VTI	Vanguard Total Stock Market ETF	671.42	246,439.18	0.27%
DIA	SPDR Dow Jones Industrial Average ETF Trust	553.32	30,942.38	1.79%
IWD	iShares Russell 1000 Value ETF	551.05	54,890.47	1.00%
OIH	VanEck Vectors Oil Services ETF	533.32	3,158.08	16.89%
XLB	Materials Select Sector SPDR Fund	501.00	10,109.12	4.96%

- ✓ Where has that money been going ?
- ✓ In the last week it has predominantly been going to the S&P 500.

THE MAJORITY $7.5 BILLION WENT INTO US EQUITIES

ETF Weekly Flows By Asset Class

	Net Flows ($, mm)	AUM ($, mm)	% of AUM
U.S. Equity	7,524.12	3,721,880.31	0.20%
International Equity	3,903.74	1,289,853.56	0.30%
U.S. Fixed Income	1,319.65	1,027,969.43	0.13%
International Fixed Income	1,039.53	141,141.03	0.74%
Commodities	361.16	149,208.84	0.24%
Currency	15.87	1,871.33	0.85%
Leveraged	-235.50	58,905.00	-0.40%
Inverse	260.90	11,819.84	2.21%
Asset Allocation	188.34	16,042.99	1.17%
Alternatives	87.63	6,403.58	1.37%
Total:	**14,465.44**	**6,425,095.92**	**0.23%**

- ✓ Where has the money been going with regard to weekly inflows over the course of equities in general ?
- ✓ $14.5 billion into ETFs of which $7.5 billion went into equities.

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