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WEIGHT OF THE EVIDENCE ARGUES FOR CAUTION

BAIRD

September 6, 2017

Please refer to Appendix – Important Disclosures.

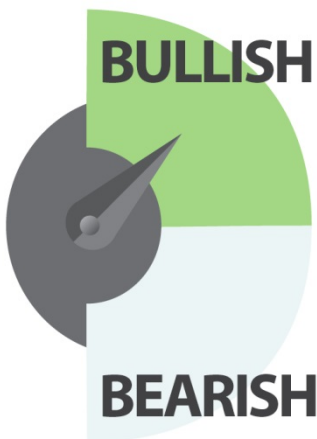
FUNDAMENTAL FACTORS (WHAT COULD HAPPEN):

FED POLICY



Fed set to begin reducing its balance sheet, but additional rate hikes may depend on uptick in inflation

ECONOMIC FUNDAMENTALS



Global rebound in economic growth finding renewed strength

VALUATIONS



Earnings expectations for third quarter drifting lower, but at slower pace than in recent quarters

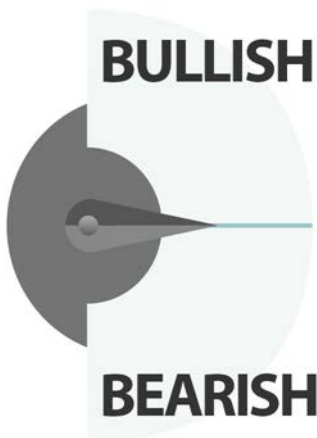
TECHNICAL FACTORS (WHAT IS HAPPENING):

SENTIMENT



Optimism has pulled back from recent extremes, but remains elevated by most measures

SEASONAL PATTERNS AND TRENDS



Lack of volatility in first half of the year could mitigate some typical seasonal weakness

BREADTH



Breadth has deteriorated at the margin, but overall remains a bullish support for the stock market

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