

THE WEIGHT OF THE EVIDENCE: -1 (CAUTIOUS)

EVIDENCE DETERIORATES AS INVESTORS TURN TOO OPTIMISTIC

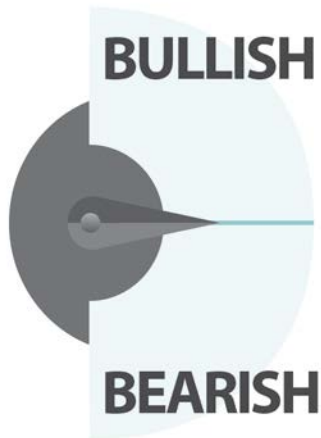
BAIRD

June 8, 2018

Please refer to Appendix – Important Disclosures.

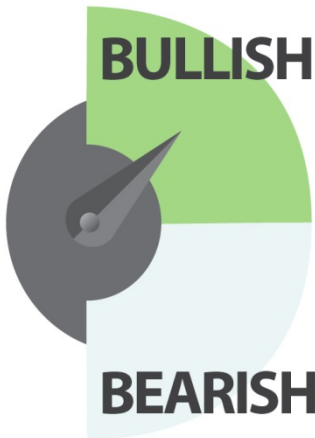
MACRO FACTORS (WHAT COULD HAPPEN):

FED POLICY



Fed set to raise rates again in June, but policy becomes more uncertain if global central banks ease off of QE

ECONOMIC FUNDAMENTALS



Recent data shows economy is on strong footing, raising hopes of GDP growth getting to 4%

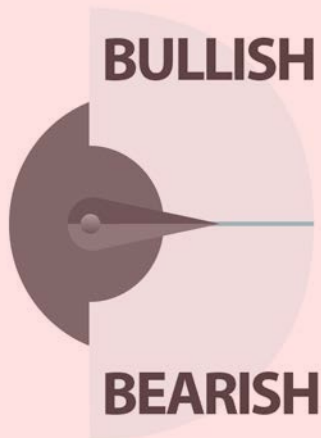
VALUATIONS



Strong earnings growth in a period of price volatility is a step in the right direction from a valuation perspective

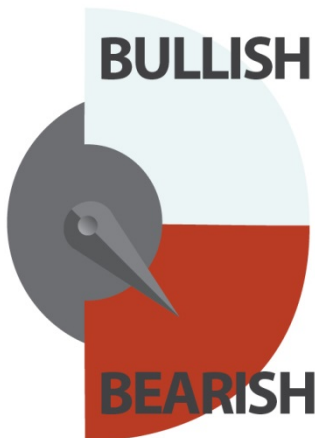
MARKET FACTORS (WHAT IS HAPPENING):

SENTIMENT



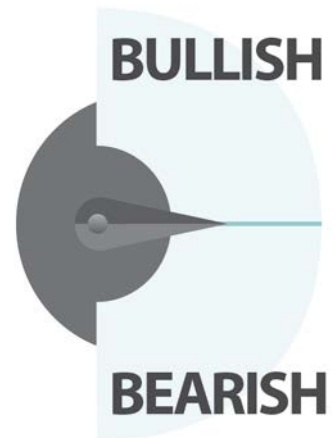
Investors turning more bullish and complacency is becoming more widespread

SEASONAL PATTERNS AND TRENDS



Potential shifts in control of Congress could amplify seasonal headwinds moving into the mid-term elections

BREADTH



Price rally has struggled to build a base of broad participation

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