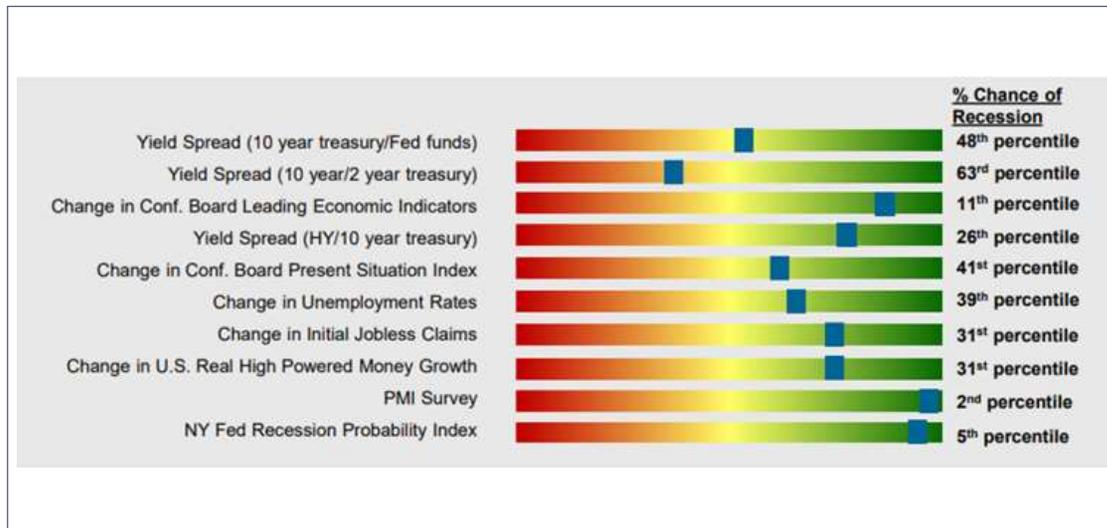


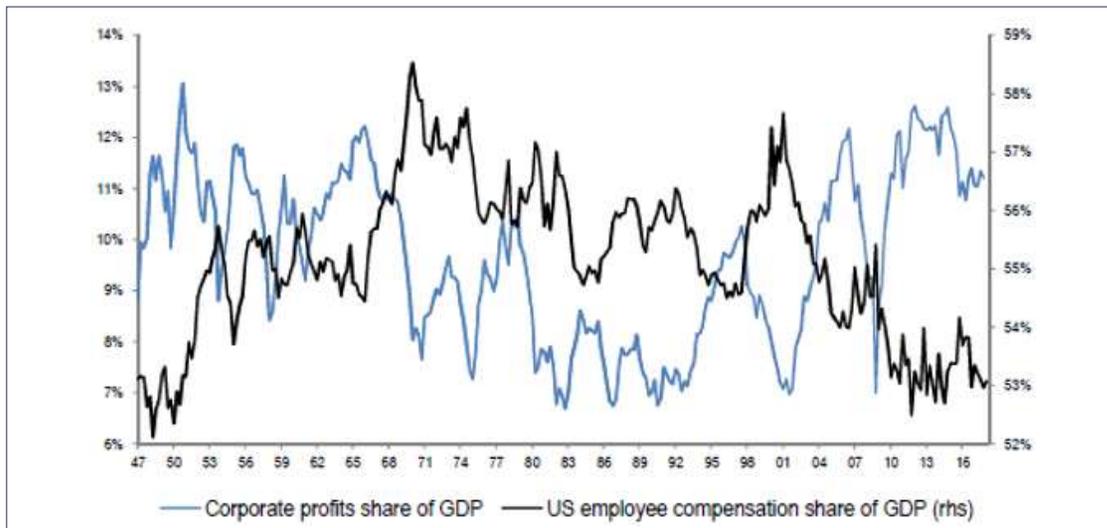
Market Recap

Recession Indicators Suggest a (Still) Healthy Economy



Source: J.P. Morgan

Wage Inflation in the Context of Corporate Profitability



Source: J.P. Morgan, BEA

Nine years into an extended economic cycle, many have begun to question how long the current recovery can last. Despite the cycle's longevity, a number of economic data points still reflect a low probability of a recession developing in the near future. For example, the slope of the yield curve represents the market's view of future economic prospects relative to current economic growth – the steeper the better. While the yield curve has flattened somewhat in the past year, we are still not nearing levels that cause serious concern. Although most leading indicators have decelerated from their 2017 highs, they remain firmly in expansionary territory. Unemployment data also remain at low levels and are trending in the right direction, giving no indication of stress within the labor market. While lurking risks and unexpected developments can always derail economic momentum, the fundamental landscape continues to be strong.

Spiking wage inflation is a classic sign of the latter stages of the business cycle. As the unemployment rate declines, businesses compete for scarce labor by offering higher wages. Rising wages often lead to broader price inflation, which eventually compels central banks to raise interest rates to restrain inflationary pressures. However, since the end of the global financial crisis, corporations have enjoyed record profits, and their share of GDP rising to approximately 11% while employee compensation's share has declined to 53%. Some attribute these changes to structural factors, whereby fewer employees are unionized today and thus have less bargaining power. Additionally, certain businesses (e.g., Amazon, Facebook, Google) have enjoyed record profitability through the power of network-effects-driven business models, whereby the value of the business compounds as more people use the product. If this structural narrative is indeed accurate, robust wage inflation may fail to materialize anytime soon.

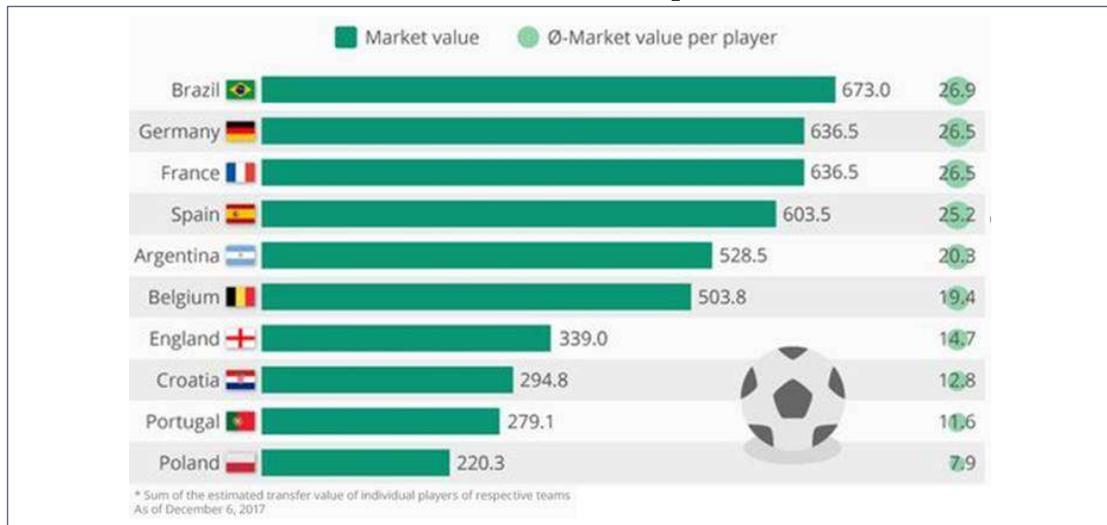
Market Recap

A Scarcity of Growth



Source: Cornerstone Macro

Most Valuable World Cup Rosters



Source: Statista

Growth and Value are two distinct investment styles. While the definition is somewhat subjective, growth stocks typically exhibit higher revenue and earnings growth than their peers, which results in their premium valuation relative to the broad market. Value stocks exhibit greater cyclicity in revenue and earnings and are often priced at a discount relative to the broad market. Leadership between these two styles tends to ebb and flow with the business cycle. Nevertheless, growth stocks have outperformed value stocks on a cumulative basis since the end of the global financial crisis. Economic growth has remained subdued since 2009 and a decreasing number of companies have been able to generate revenue growth rates above prior peaks – tepid inflation and low capital spending are likely culprits. This increasing scarcity of high-growth companies is a key driver behind the outperformance of growth relative to value during this period.

Many of the world's best soccer players will spend the next three weeks competing for the ultimate prize, the World Cup. However, these players spend the majority of their time playing at the club level across various regional leagues, where teams can buy and sell players based on supply and demand via the transfer market. Statista has estimated the market value of every player at the World Cup, ranking each nation according to their roster's aggregate worth. These values encompass a player's past accomplishments, marketability to fans, as well as the position they play – but they are largely indicative of the quality each individual player brings to the table. Thus, it is not surprising to see the world's best footballing nations at the top of this list – Spain, Brazil, France and Germany currently have the strongest odds to win the World Cup.

Contact: If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at www.harbourcapitaladvisors.com.

Disclosure: Harbour Capital Advisors, LLC (“HCA”) is an SEC-registered investment adviser located in McLean, Virginia. HCA and its representatives are in compliance with the current filing requirements imposed upon SEC-registered investment advisers by those states in which HCA maintains clients. HCA may only transact business in those states in which it is registered or qualifies for an exemption or exclusion from registration requirements. A direct communication by HCA with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of HCA, please contact the SEC or the state securities regulators for those states in which HCA maintains a notice filing. A copy of HCA’s current written disclosure statement discussing HCA’s business operations, services, and fees is available from HCA upon written request. HCA does not make any representations or warranties as to the accuracy, timeliness, suitability, completeness, or relevance of any information prepared by any unaffiliated third party and takes no responsibility therefor. All such information is provided solely for convenience purposes only and all users thereof should be guided accordingly. Past performance may not be indicative of future results. Therefore, there can be no assurance (and no current or prospective client should assume) that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by HCA) made reference to directly or indirectly by HCA will (i) be suitable or profitable for a client or prospective client’s investment portfolio or (ii) equal the corresponding indicated historical performance level(s). Different types of investments involve varying degrees of risk. Historical performance results for investment indices and/or categories generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, or the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. The material contained herein is provided for informational purposes only and does not constitute an offer to buy or sell or a solicitation of an offer to buy or sell any option or any other security or other financial instruments. Certain content provided herein may contain a discussion of, and/or provide access to, HCA’s (and those of other investment and non-investment professionals) positions and/or recommendations as of a specific prior date. Due to various factors, including changing market conditions, such discussion may no longer be reflective of current position(s) and/or recommendation(s). Moreover, no client or prospective client should assume that any such discussion serves as the receipt of, or a substitute for, personalized advice from HCA, or from any other investment professional. HCA is neither an attorney nor an accountant, and no portion of the content provided herein should be interpreted as legal, accounting, or tax advice. The tax information contained herein is general in nature and is provided for informational purposes only. HCA does not provide legal, tax, or accounting advice. HCA cannot guarantee that such information is accurate, complete, or timely. Laws of a particular state or laws which may be applicable to a particular situation may have an impact on the applicability, accuracy, or completeness of such information. Federal and state laws and regulations are complex and are subject to change. Changes in such laws and regulations may have a material impact on pre- and/or after-tax investment results. Rankings and/or recognition by unaffiliated rating services and/or publications should not be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if HCA is engaged, or continues to be engaged, to provide investment advisory services, nor should it be construed as a current or past endorsement of HCA by any of its clients. Rankings published by magazines, and others, generally base their selections exclusively on information prepared and/or submitted by the recognized adviser.