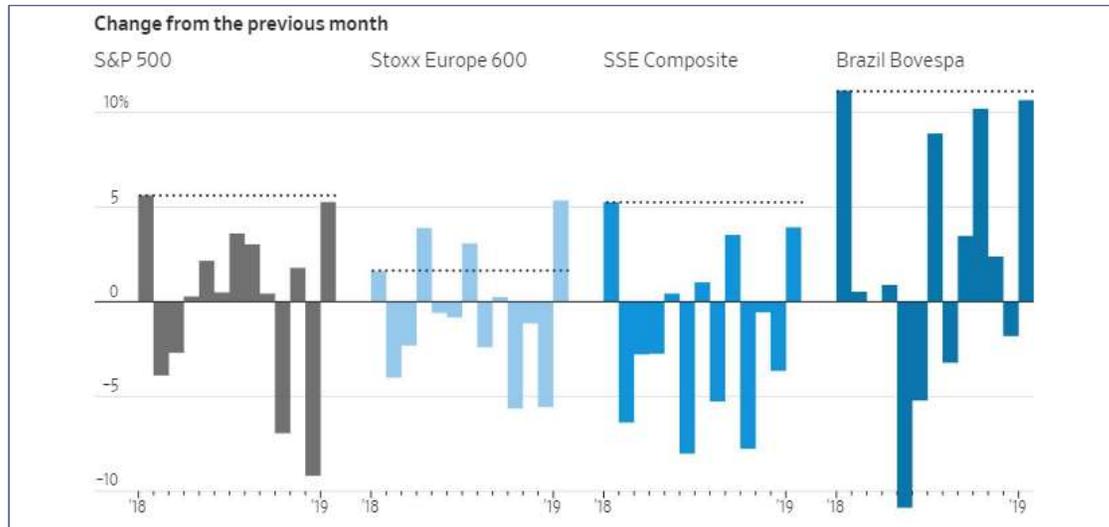


# Market Recap

## International Unease



Source: Wall Street Journal, FactSet

The S&P 500's sharp drop in December and subsequent recovery in January have been eye-opening. If 2018 will be remembered as a year when volatility finally awoke from an 18-month slumber, early signs suggest that 2019 may be more of the same. While U.S. equities held up better than most last year, recent movements in overseas markets reflect a similar pattern. Investors around the world have been whipsawed as cheaper valuations and a more benign interest rate environment have been offset by worries around slowing global growth and trade tensions. Unfortunately, things are unlikely to settle down soon, as the March calendar is set for continued squabbling between the U.S. and China, and a European battle over Brexit.

## Pre-Recession Market Returns

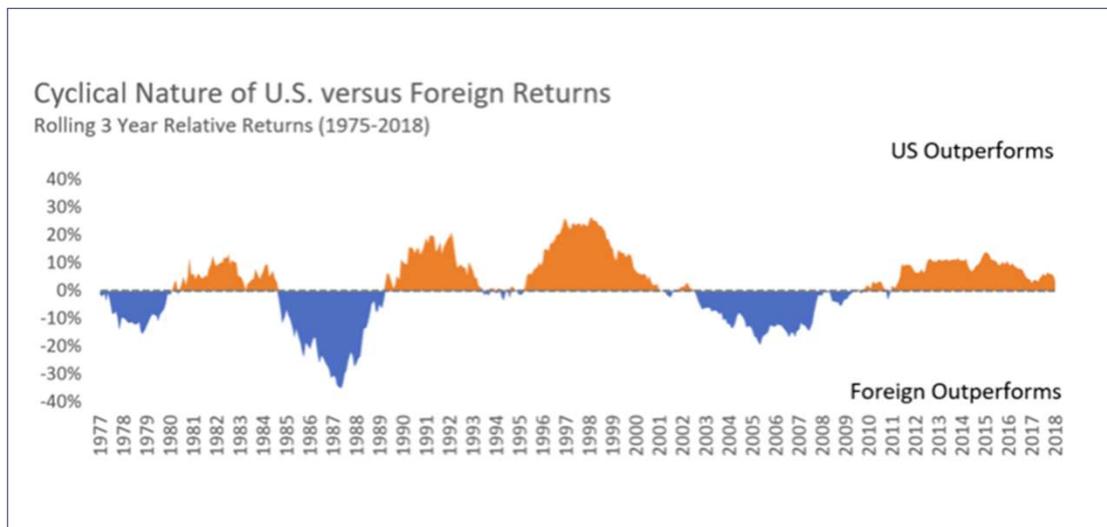


Source: Goldman Sachs

When markets start to lag, as they did throughout most of the fourth quarter, investor sentiment typically weakens as risks come into focus. Markets have since lifted from lows and fears of a 2019 recession have waned. In general, stock markets tend to have positive returns until 6 months prior to a recession. A key recessionary indicator is the inversion of the yield curve (when 2-year Treasuries yield more than 10-year Treasuries), which has not happened yet, and on average precede a recession by 22 months. While the path of returns is rarely linear, history suggests that the market could have further room to run.

# Market Recap

## Regional Market Returns



Source: Factor Investor

There tend to be prolonged periods of time during which U.S. equities outperform their international counterparts, and then the pendulum eventually swings the other way. This cyclical element underscores the importance of asset diversification amongst geographic regions – although domestic stocks have enjoyed a decade of superior returns, reversion to the mean remains a powerful market force. However, the swings in relative performance have become more subdued in the 21st century as diverse regional economies (and markets) have become more globally integrated. Indeed, U.S. investors may have more exposure to international markets than they think, considering that companies in the S&P 500 generate more than a third of their revenues overseas.

## Expensive Eyeballs

**Major Sporting Events: National TV Ad Expenditures (Millions)**

Year	Super Bowl Game	World Series (# games)	NBA Finals (# games)
2014	\$332	\$257 (7)	\$183 (5)
2015	\$345	\$238 (5)	\$251 (6)
2016	\$370	\$394 (7)	\$303 (7)
2017	\$419	\$414 (7)	\$208 (5)
2018	\$408	\$305 (5)	\$208 (5)

Source: Kantar Media, Harbour Capital Advisors

The Super Bowl — Not only are sports fans excited for the game and halftime show, but also for the witty, entertaining advertisements, which come at a high price. Though Super Bowl ad spending may seem to be an extreme amount for companies to spend on a single event, the game attracts more eyeballs than any other U.S. professional sporting event. A 30-second commercial slot averaged \$5 million, \$570,000, and \$520,000 for the Super Bowl, NBA Finals, and World Series, respectively. After normalizing the advert pricing relative to average viewers, the results yield a similar conclusion—Super Bowl ads are expensive, though not as much as portrayed. On a per viewer basis, the price of a Super Bowl ad is roughly 50% more expensive than the same slot in the NBA Finals, and 33% more than the World Series.

**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](http://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.