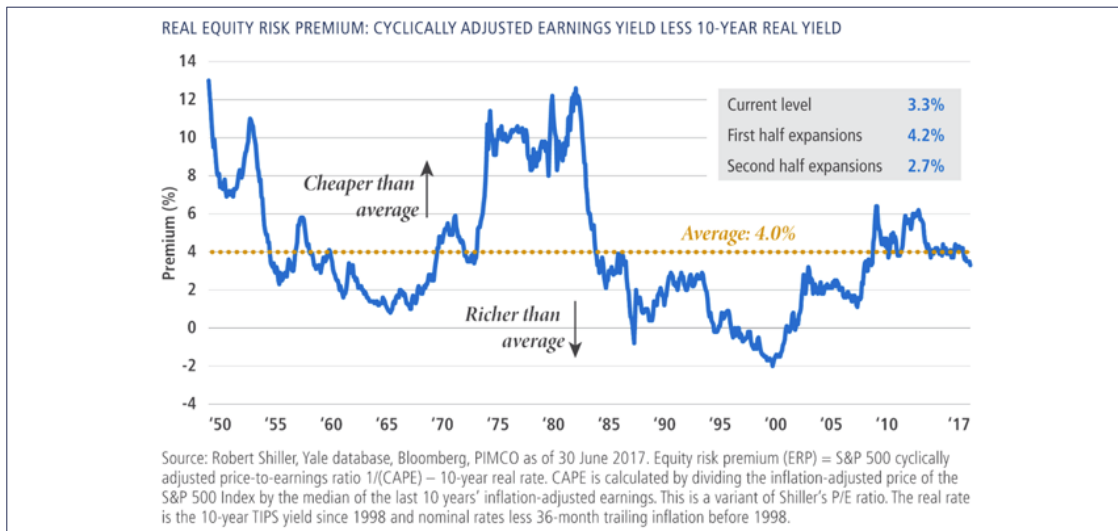


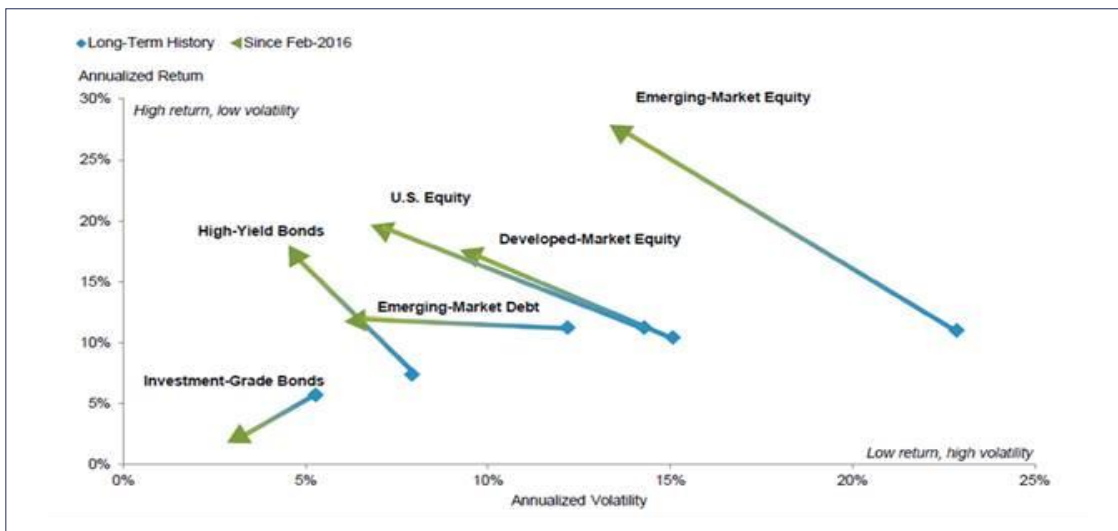
Market Recap

Valuation: More Art than Science



Source: PIMCO

Volatility Down in the Face of Higher Returns



In the world of finance, market valuation levels are never static, but ultimately tend to reflect what investors are willing to pay for a company's future profits. Given that these valuation levels represent investors' confidence in the future of a particular company or stock, they naturally tend to fluctuate throughout the business cycle as economic prospects shift. In the context of today's exceptionally low interest rate environment, the real equity risk premium is a useful lens through which to gauge expectations for longer-term stock returns, as this measure adjusts for changing interest rate environments. Following several years of outsized performance, today the real equity risk premium suggests that the stock market is becoming slightly more expensive relative to long-term averages. While valuation alone is not a catalyst for a pullback in the market, investors' increasing enthusiasm for stocks puts greater onus on improving corporate profits to propel the market going forward.

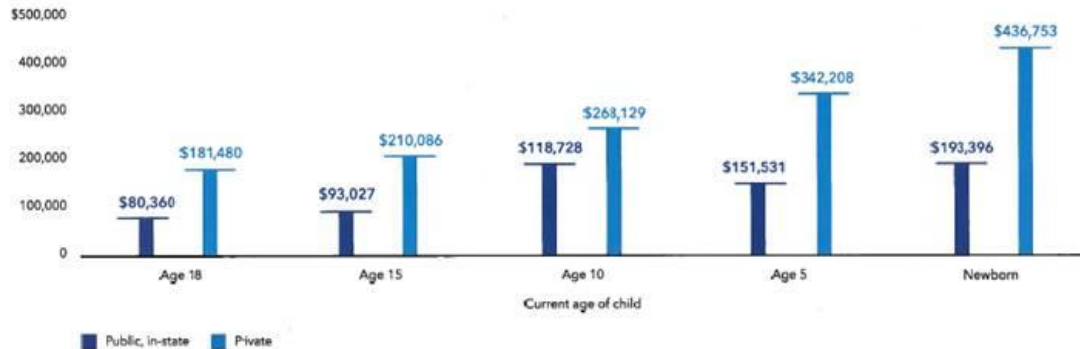
Equity markets hit a near-term bottom in February 2016 as fears of a slowdown in China and plunging oil prices came to a head. Since then, global assets have posted strong returns while experiencing extremely low levels of volatility. Price fluctuations of riskier assets have been relatively subdued compared to their historical averages, even in the face of those higher returns. The Efficient Frontier is a concept representing a set of optimal portfolios that offer the highest expected return for any given level of risk. One key assumption used in the application of this theory is that a higher degree of risk correlates positively with a higher expected return. While nearly every asset class, save for Investment-Grade Bonds, has departed from this expectation in the past 20 months, history would suggest that this deviation will resolve itself over time with either volatility increasing or returns coming down.

Market Recap

The Rising Costs of Education

College education costs continue to climb rapidly, with tuition at private, four-year colleges and universities outpacing inflation by an average annual rate of 2.3% (2.8% for public, four-year institutions) over the past 10 years. More importantly, these costs are also rising faster than the average American's income levels, making higher education feel increasingly out of reach for many working families. The reality of these escalating expenses underscores the importance of beginning the college savings process as early as possible, in order to reap the benefits of compound interest. Though saving for college is a costly endeavor, the investment can pay massive dividends long-term. Research from the College Board suggests that the typical bachelor's degree recipient earns approximately 66% more over the course of a 40-year working career than the average high school graduate earns over the same timeframe.

The total cost of a four-year education will likely increase substantially over time



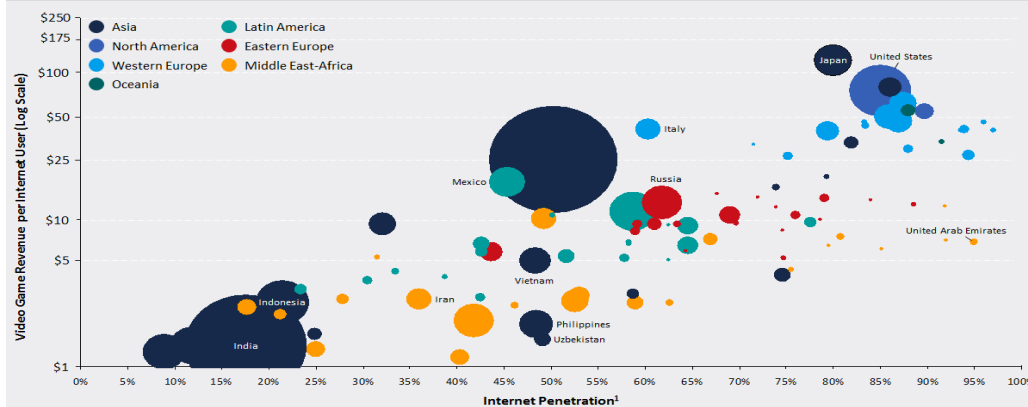
Sources: BlackRock; College Board, "Trends in College Pricing 2016." Figures include tuition, fees, room and board. Figures for age 18 based on costs for 2016-2017 academic year.

Source: BlackRock, College Board

What is Driving the E-Sports Trend?

While televised online gaming, or E-Sports, has faced skepticism around its validity as a 'true' sports media product, this debate may miss the broader point. The media business is about viewership volume, and audiences are clearly responding to the online gaming product. Newzoo estimates that 22% of millennial American males watch E-Sports, on par with baseball and hockey in terms of viewership within that demographic. Its growth metrics are impressive, as well, with industry revenue estimated to grow from \$325 million in 2015 to over \$1 billion by 2019 – a trend unlikely to stall anytime soon. Globally, a clear, positive correlation emerges between internet penetration in a region and gaming revenue – greater connectivity organically increases the size of the addressable market. As the world becomes increasingly connected, trends suggest that the market for E-Sports will continue to grow.

Internet Penetration vs. Video Game Revenue per Internet User
(USD, Top 100 Countries by Video Game Revenue in 2014, Bubble Size = Total Population)



Notes: (1) Internet penetration defined as number of internet users as percentage of country population above the age of 9 (P9+).

SPORTSREDEF

Newzoo, UN | @PrashobMenon

Source: Sports Redef

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.