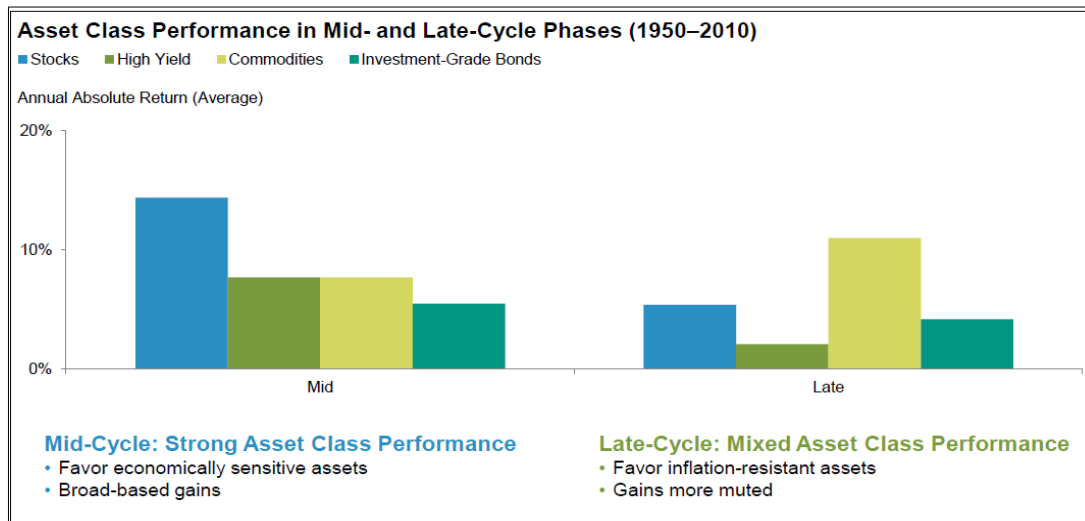


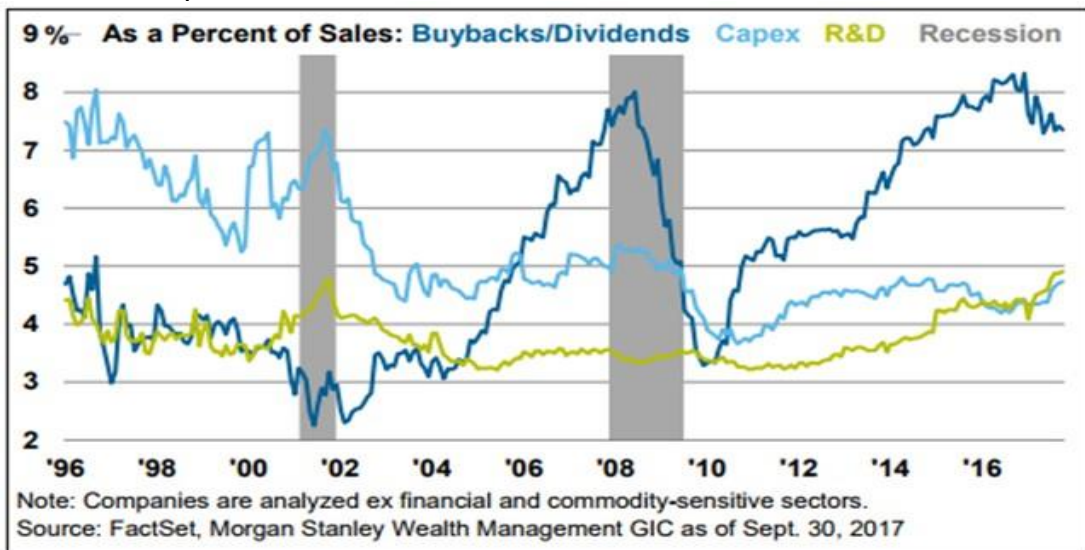
Market Recap

The Business Cycle and Asset Class Returns



Source: Fidelity Investments

Capital Allocation Decisions and Stock Returns



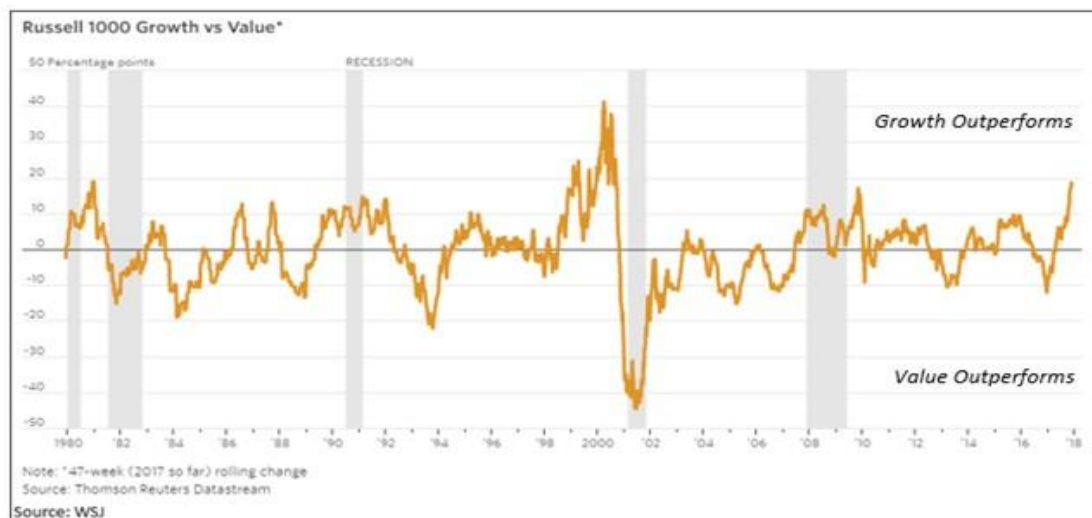
Source: Morgan Stanley

The current stage of the U.S. business cycle has meaningful implications for the relative performance of various asset classes. Stocks, for example, tend to outperform during the early and middle stages of an economic expansion, while bonds tend to outperform during an economic recession. The current expansion is approximately nine years old, which makes it the third longest expansion since 1900. The longevity of this expansion has led many investors to believe that it must be in the late-cycle stage. However, the lack of rising inflation, traditionally a key driver of late-cycle dynamics, continues to cast doubt on that belief. This implies average near-term recession risk consistent with a mid-cycle stage, as opposed to elevated near-term recession risk consistent with a late-cycle stage.

Capital allocation decisions have meaningful implications for revenue growth and shareholder wealth generation. Consistent reinvestment in profitable capital expenditures (i.e. capex) and research and development (i.e., R&D) acts as a foundation for future revenue growth. Alternatively, consistent distributions to shareholders in the form of dividends and/or share buybacks are useful tools to reward investors when incremental growth prospects are deemed less certain or less profitable. Recently, shareholder distributions have increased relative to reinvestment. While favoring distributions may be a prudent strategy during uncertain operating environments, consistent underinvestment in long-term projects (e.g. building or upgrading manufacturing facilities) often has negative consequences. This short-term orientation toward distributions over reinvestment may be one reason why productivity growth has been so low in recent years.

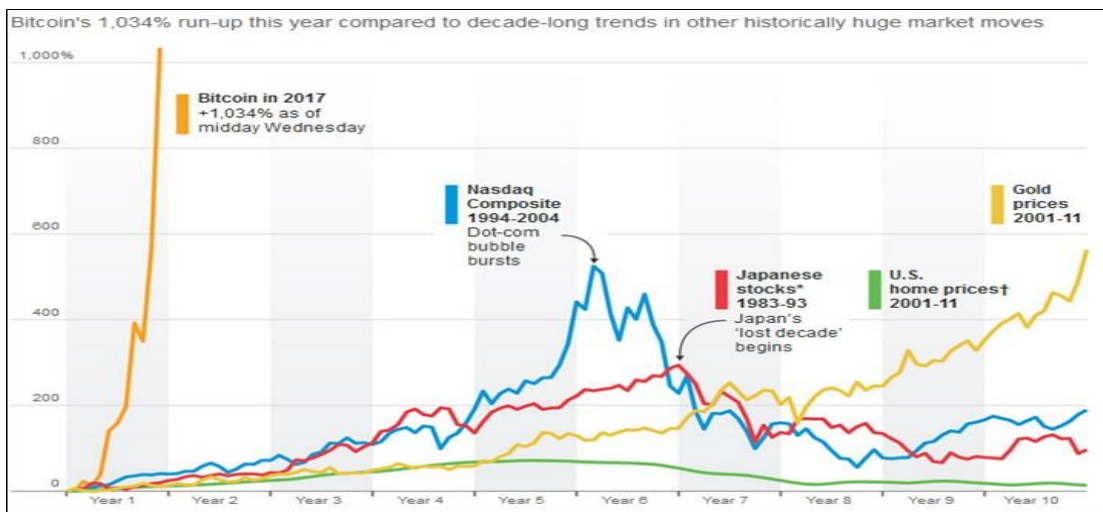
Market Recap

The Relative Performance of Growth and Value



Source: WSJ

The Rise of Bitcoin Compared to Other Markets



Source: WSJ

Growth and value are two distinct investment styles. Growth stocks have above average revenue and/or profitability, both on a historical and projected basis. As a result, growth stocks are priced at a premium relative to the broad market. Value stocks have more cyclical revenue and/or profitability. As a result, value stocks are priced at a discount relative to the broad market. Growth and value tend to alternate market leadership throughout the business cycle. Value stocks tend to outperform during the earlier stages of an economic recovery when there is broad-based improvement in corporate profits. Alternatively, growth stocks tend to outperform during the mid to late stages of an economic expansion when economic growth is less uniform.

Bitcoin is a new type of currency (i.e., “cryptocurrency”) that facilitates payment between counterparties. Unlike traditional payment methods like cash or credit card, Bitcoin payments can be anonymous and free from an intermediary (i.e., central bank issuing a fiat currency or traditional bank issuing a credit card). The enthusiasm for Bitcoin has increased significantly over the past year as the potential applications of the underlying technology have expanded. As a result, the price of bitcoin has risen sharply over a very short period of time. Bitcoin’s near 2000% price appreciation over the past year is staggering, both on an absolute basis and relative to other notable market moves. Moves of this magnitude have historically encountered some form of future adjustment. Accordingly, some are concerned about the possibility of an asset bubble developing in Bitcoin.

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.