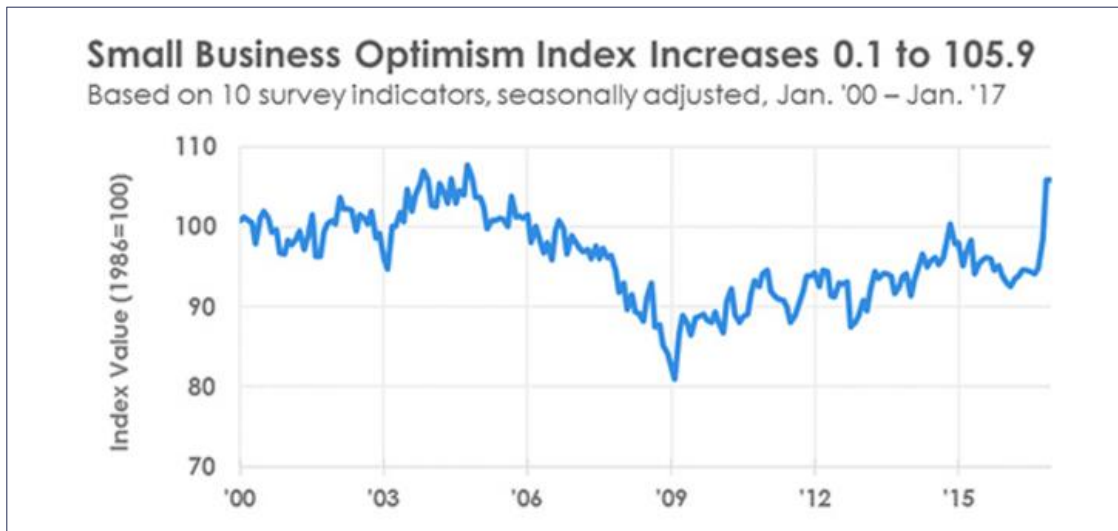


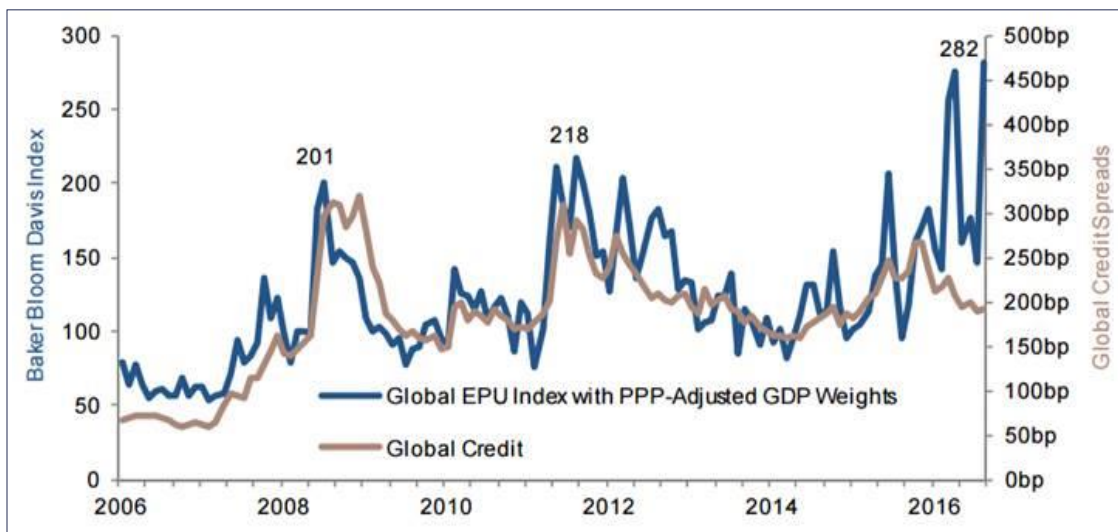
Market Recap

Optimistic About Tailwinds...



Source: National Federation of Independent Business

...Or Cautious About Tail Risks?



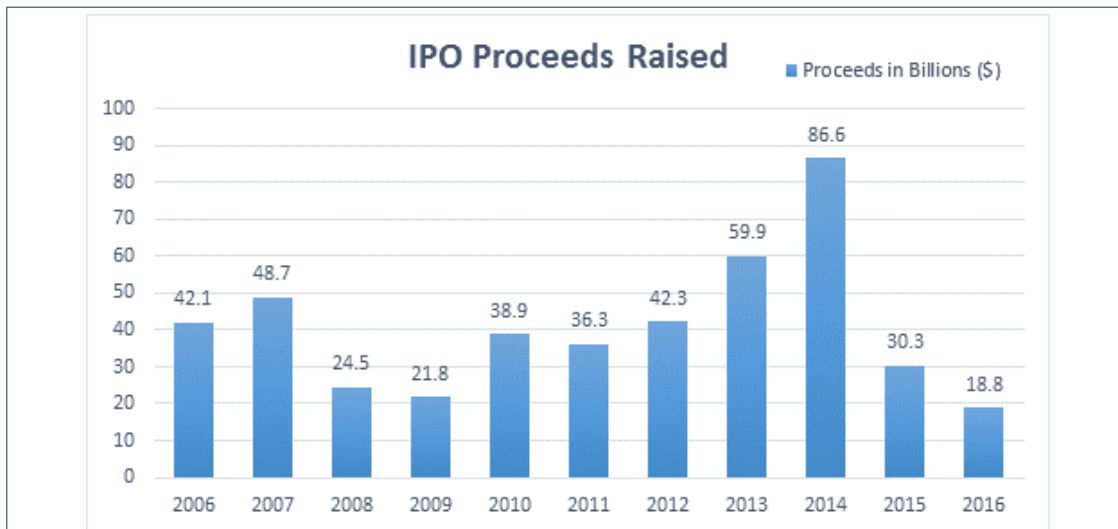
Source: SG Cross Asset Research/Credit, BBD

Business confidence has surged over the past few months as small business owners around the country have cheered on the new administration's pro-commerce rhetoric – in fact, the NFIB's survey reached its highest levels since 2004. This typically bodes well for near-term GDP growth as increased optimism tends to reinforce a positive feedback loop that drives incremental economic activity. Small businesses have good reason to be excited too, as new legislation aimed at lowering corporate tax rates and alleviating regulatory pressures should provide an outsized tailwind to their domestically-oriented operations. Given that such policy proposals are unlikely to take effect until 2018, investors will continue to watch closely to discern whether improving corporate profits will be enough to sustain current sentiment in the interim.

Despite the recent uptick in leading indicators, one reason to be cautious about the market's continued rise is that it has coincided with increasing political uncertainty around the world. While some of this uncertainty may be chalked up to dynamics that normally creep in towards the latter stages of the market/business cycle, the current climate suggests that other factors may also be contributing to the current political unease. In the U.S., there are questions about the timing and impact of various policy proposals; in Europe, there are ongoing concerns about the ripple effects of Brexit; and, in China, the government continues to wrestle with more modest growth rates. Although market trends suggest that these challenges are manageable, these "tail risks" to the global economy are unlikely to dissipate anytime soon.

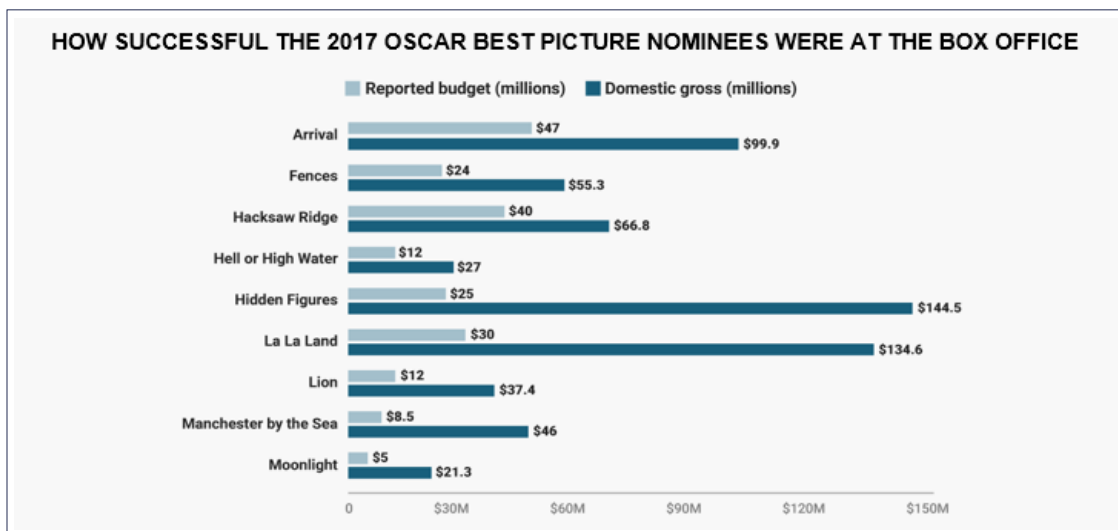
Market Recap

Hope for Rebounding IPO Markets



Source: MarketWatch

Hollywood's Metrics for Success



Source: Business Insider

Snap Inc's March IPO is generating hope that the market for tech IPOs in 2017 can improve upon lackluster offerings in 2015 and 2016. Across the entire market, 2016 featured the fewest number of IPOs since 2009, and the lowest level of funds raised via public offering since 2003. A generally bullish stock market, alongside anticipated rises in interest rates (leading early stage firms to lose the ability to finance cheaply), may be supportive of a higher number of issues coming to market. The Snap IPO was an initial success, as the company bested its target range of \$14-\$16, pricing at \$17, and raising \$3.4 Billion at a market cap of \$24 Billion. While many of these 'unicorn' companies are under pressure from venture capitalists and mutual funds to return capital to early investors, extremely high valuations placed upon these fledgling firms may be beyond what public investors are willing to pay without further demonstration of financial consistency.

A film's commercial success does not necessarily signal awards season success, and vice versa, as evidenced by the wide range of earnings for this year's Best Picture nominees. "Hidden Figures," the highest-earning (\$144.5 million) and most profitable film in the category, garnered three Academy Award nominations this year, yet went home empty-handed. Conversely, "Moonlight," the lowest-grossing (\$21.3 million) film in the category, took home the coveted Best Picture award, along with the Oscar for Best Supporting Actor and Best Adapted Screenplay. Meanwhile, "La La Land" enjoyed a mix of both critical and commercial success, earning some of the Academy's most prestigious awards and grossing \$134.6 million in the U.S. Despite the disparity among the nominees' Box Office earnings, all nine films managed to turn a substantial profit, with the lowest return on investment being 67% for "Hacksaw Ridge."

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.

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