



**JULEX**  
CAPITAL MANAGEMENT

**Adaptive Investing**

**MACRO CHART BOOK | FEB. 29, 2016**

**Upside Participation**

**Downside Management**

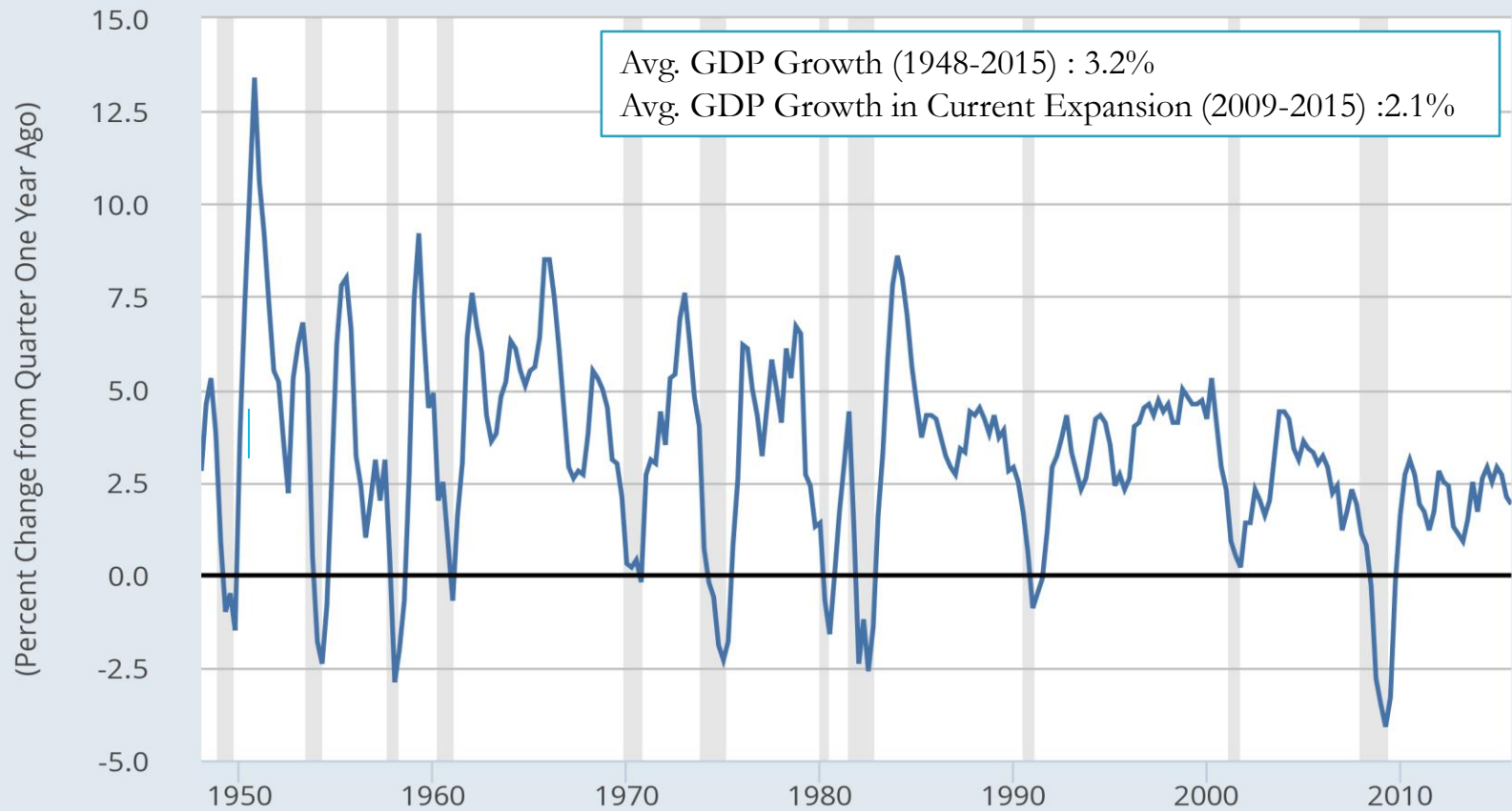
**For Investment Advisors and Institutions Only**

- US Economy
- Market Snapshot
- Asset Class Performance
- Equity Market
- Fixed Income Market
- International

# Slow Economic Growth

**FRED** 

— Real Gross Domestic Product

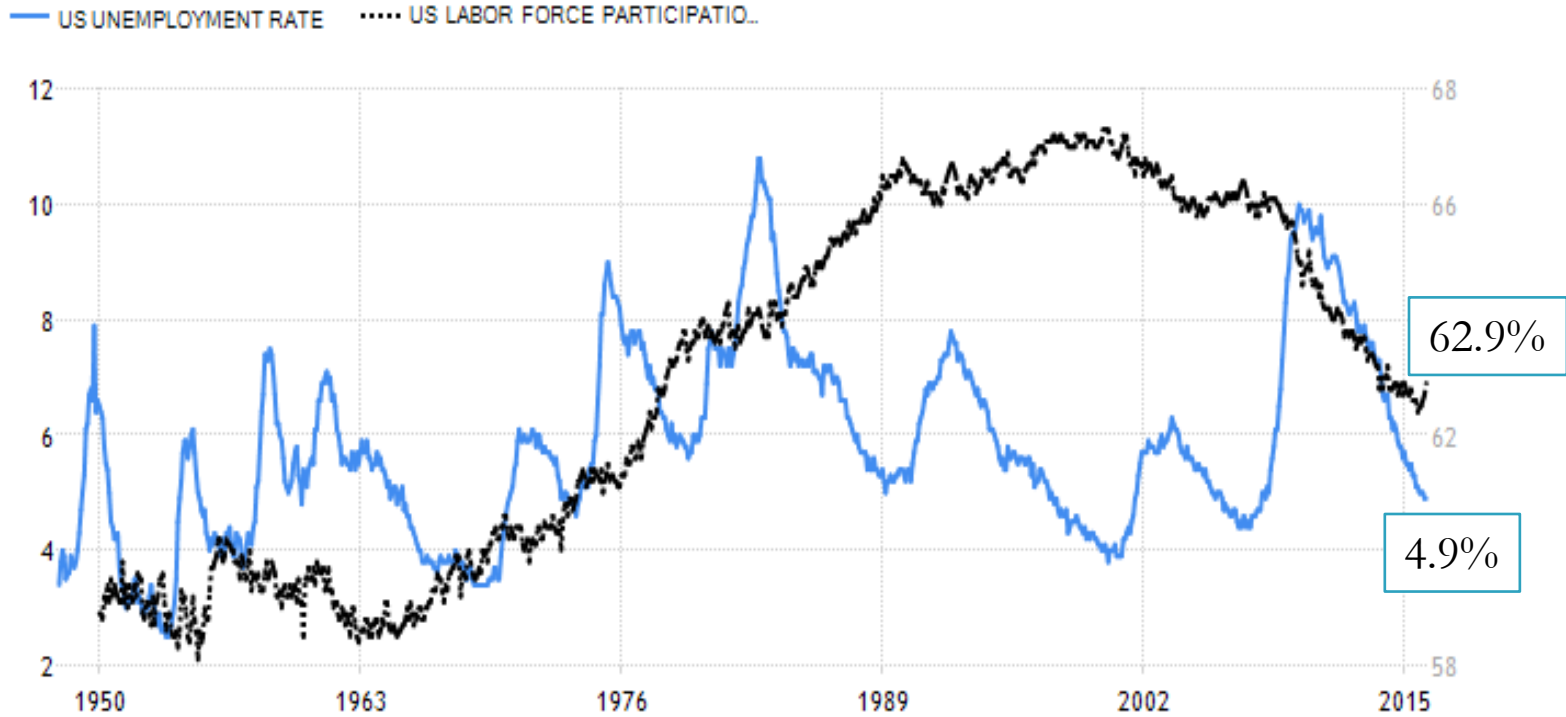


Source: US. Bureau of Economic Analysis  
[research.stlouisfed.org](http://research.stlouisfed.org)

[myf.red/g/3hMk](http://myf.red/g/3hMk)

Data Sources: Federal Reserve Bank, St. Louis

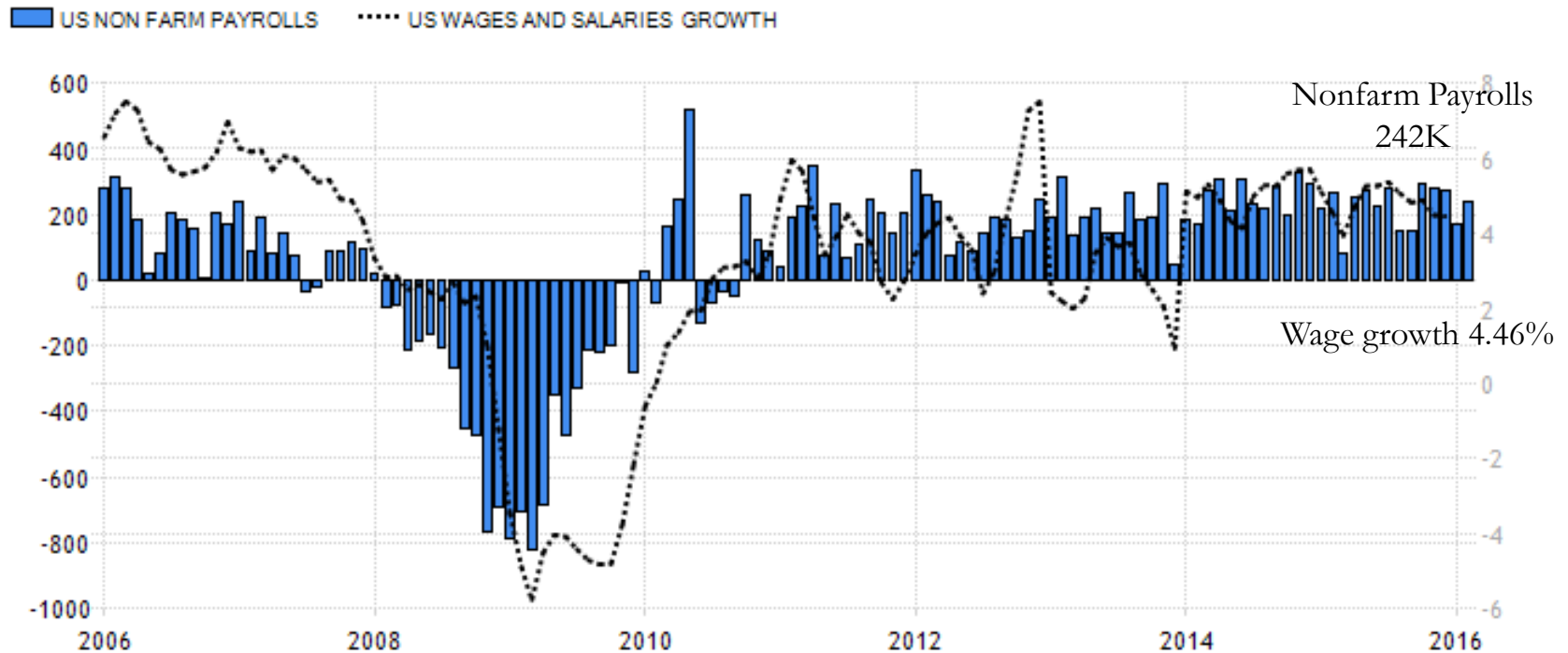
# Unemployment rate declined, But labor force participation reached 30-year low



SOURCE: TRADINGECONOMICS.COM

Data Sources: Trading Economics

# Employment gained significantly, But wage growth is moderate

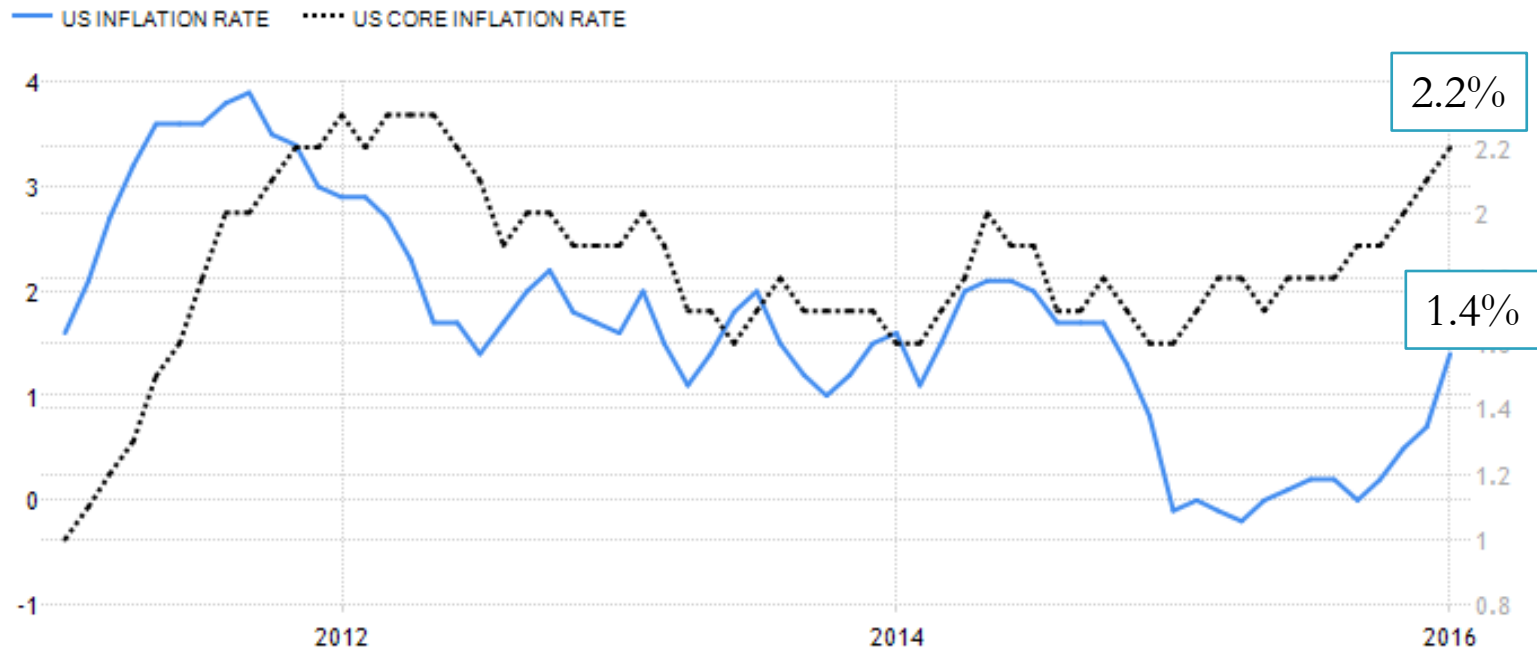


SOURCE: TRADINGECONOMICS.COM

Data Sources: Trading Economics

# Headline Inflation still below 2%

## But core inflation rate is starting to accelerate

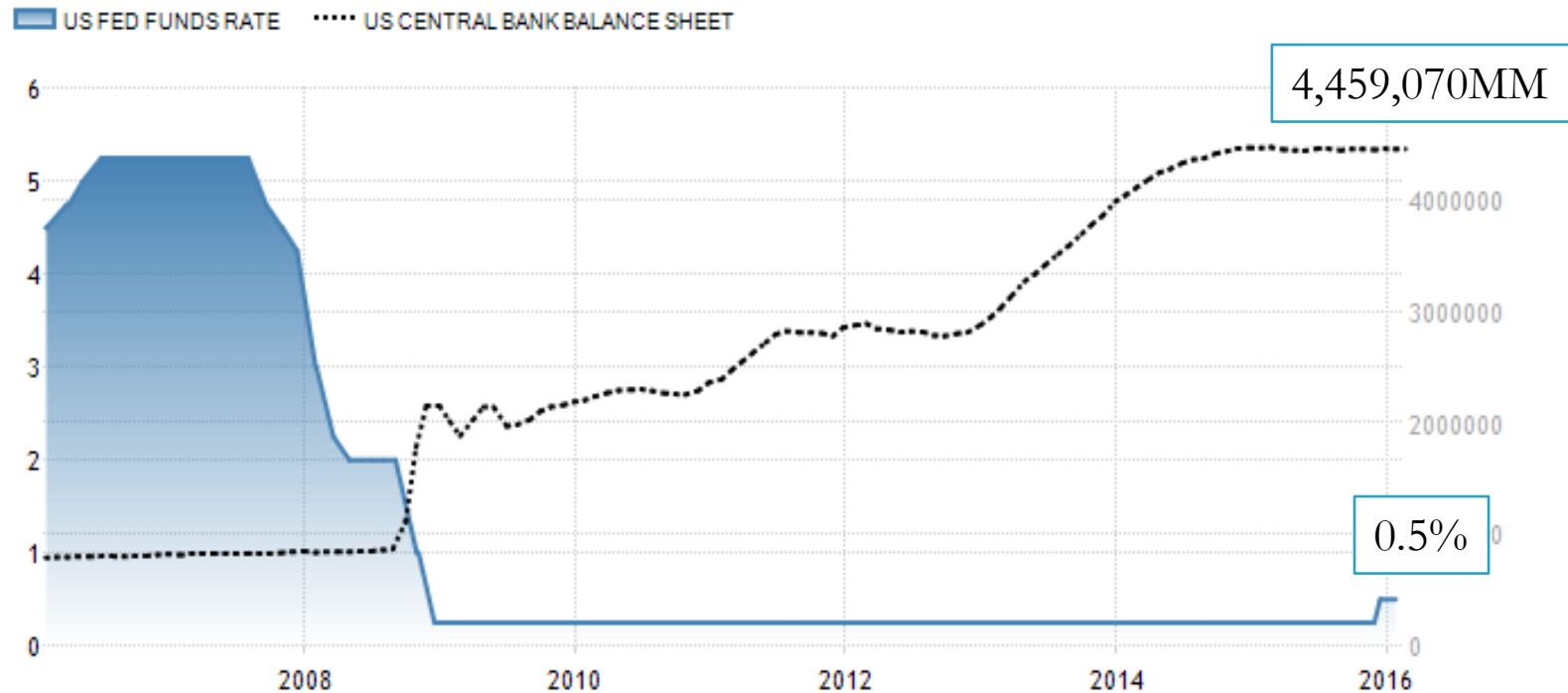


SOURCE: TRADINGECONOMICS.COM

Data Sources: Trading Economics

# Fed raised interest rates to 0.5%

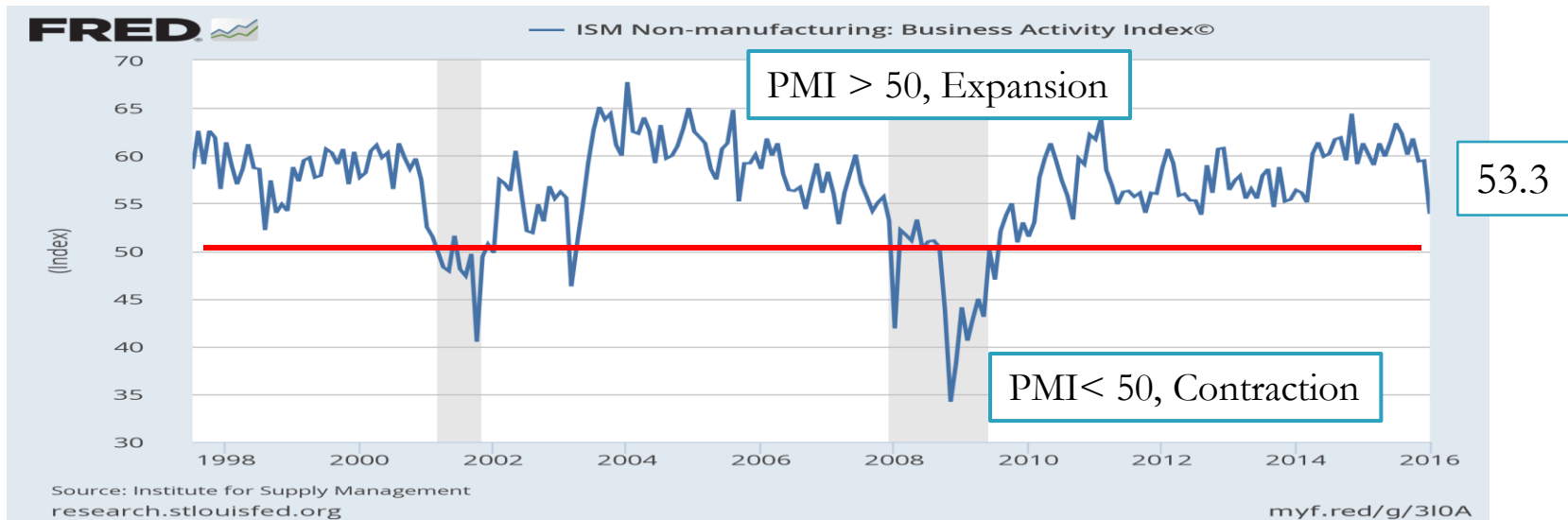
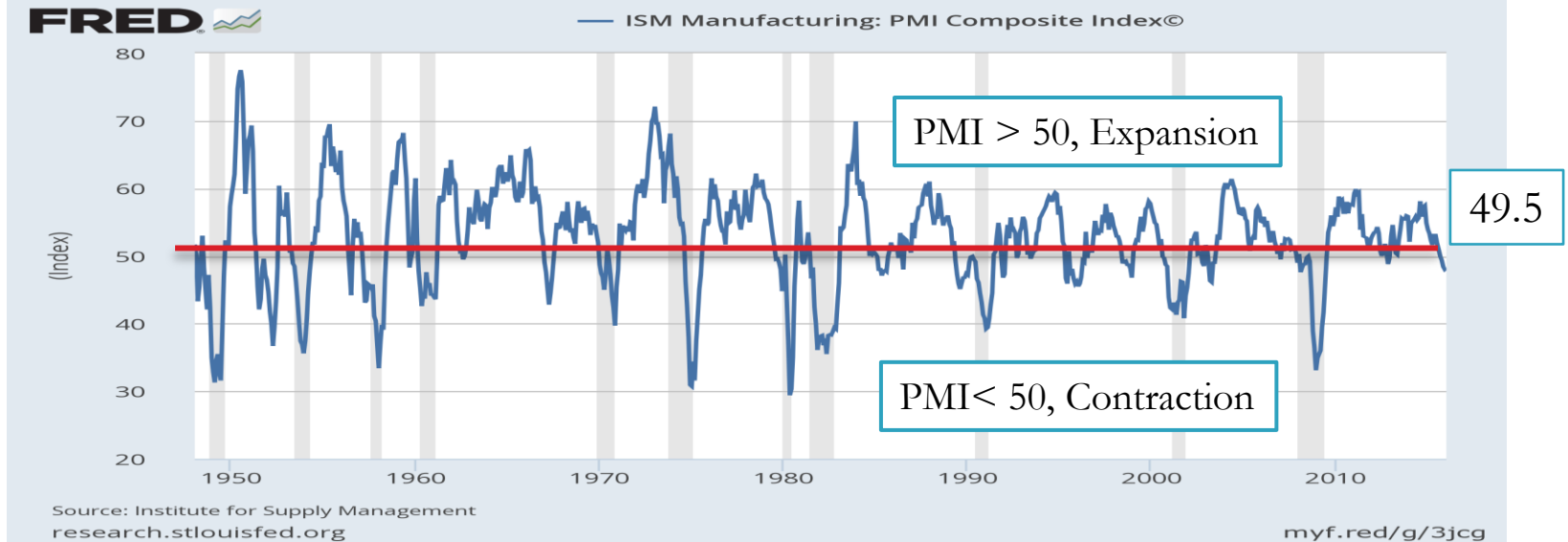
## Central bank balance sheet closed to all-time high



SOURCE: TRADINGECONOMICS.COM

Data Sources: Trading Economics

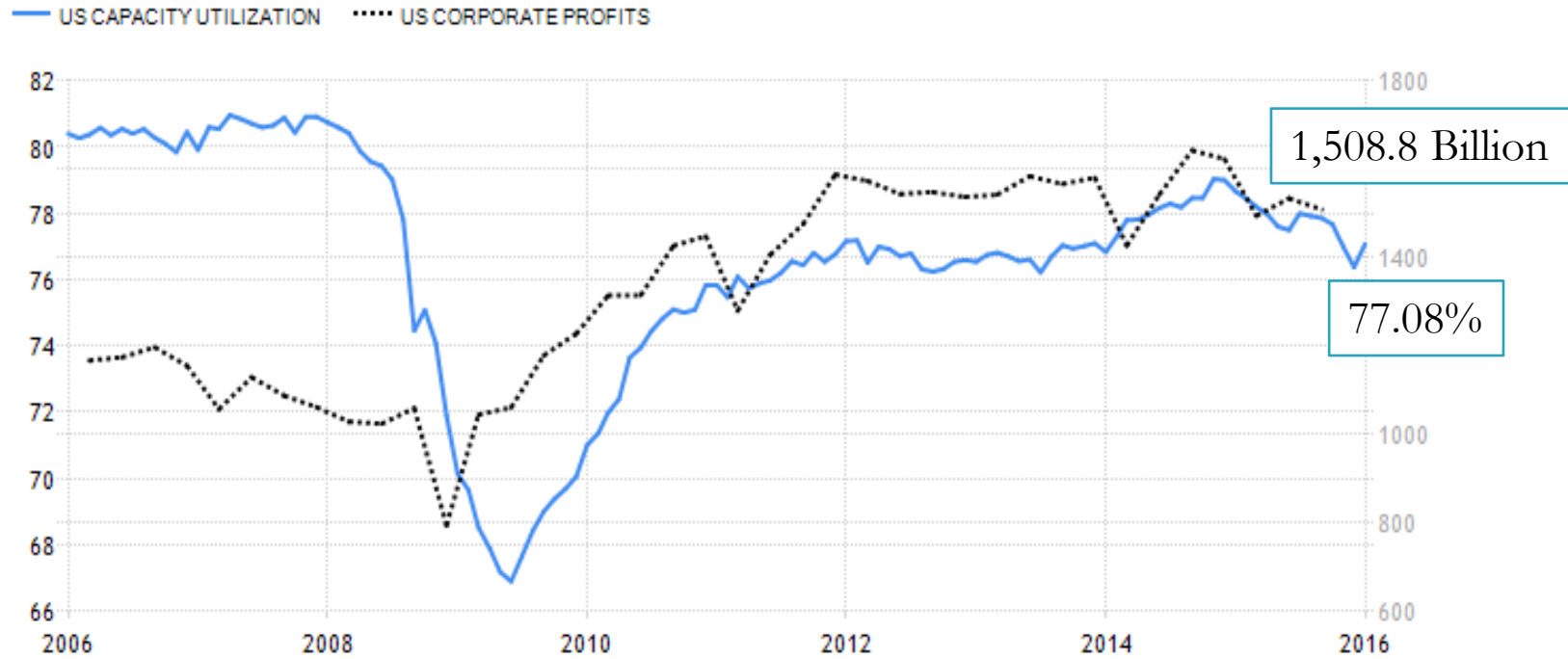
# Manufacture weakened; Service continued expansion





# Capacity utilization and corporate profits

## Came down from recent peaks



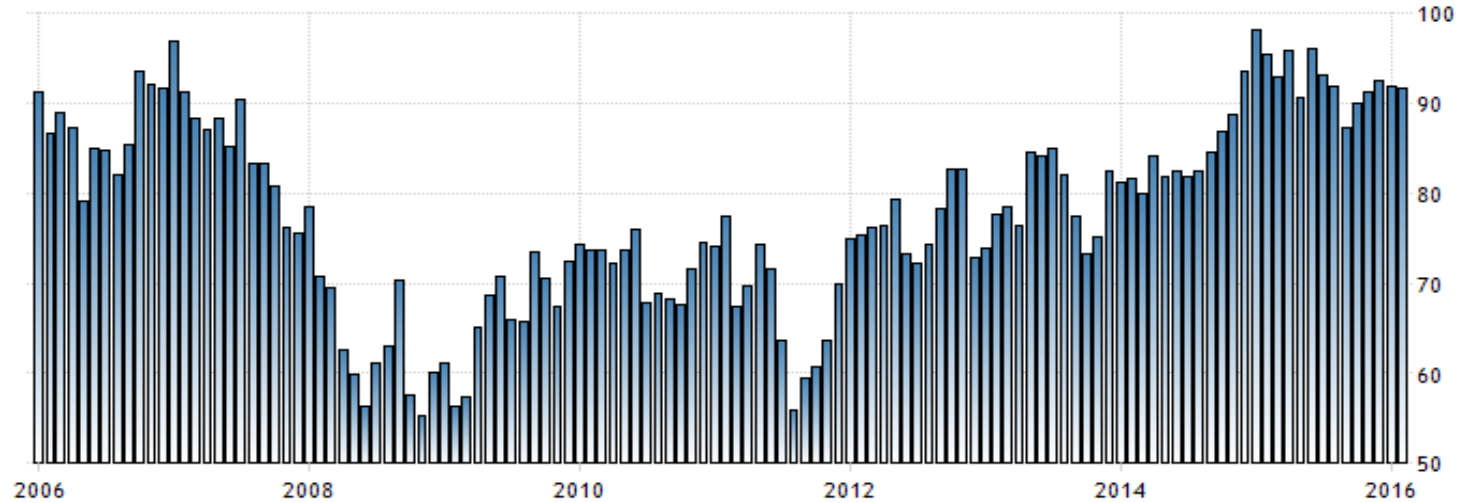
SOURCE: TRADINGECONOMICS.COM

Data Sources: Trading Economics

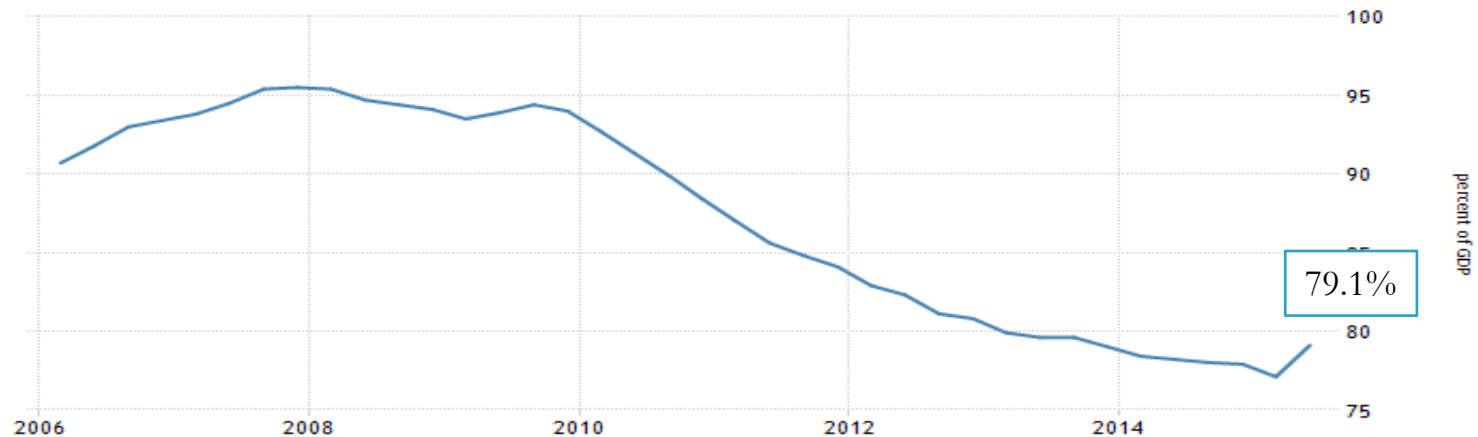
# Consumer confidence remains high

## Household leverage reaches ten-year low

US CONSUMER SENTIMENT



US HOUSEHOLDS DEBT TO GDP



SOURCE: WWW.TRADINGECONOMICS.COM | BANK FOR INTERNATIONAL SETTLEMENTS

# House price recovered close to pre-crisis level

## Home ownership rate were declining

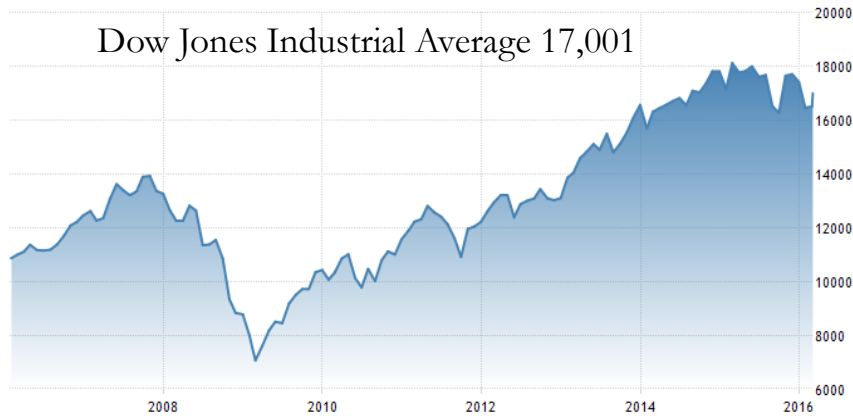


Data Sources: Trading Economics

# Market Snapshot

## Equity

DOW JONES INDUSTRIAL AVERAGE



SOURCE: WWW.TRADINGECONOMICS.COM | DOW JONES

JAPAN NIKKEI 225 STOCK MARKET INDEX



SOURCE: WWW.TRADINGECONOMICS.COM | TOKYO STOCK EXCHANGE

GERMANY DAX 30 STOCK MARKET INDEX



SOURCE: WWW.TRADINGECONOMICS.COM | DEUTSCHE BÖRSE GROUP

SHANGHAI COMPOSITE STOCK MARKET INDEX



SOURCE: WWW.TRADINGECONOMICS.COM | SHANGHAI STOCK EXCHANGE

US DOLLAR



EURUSD EXCHANGE RATE



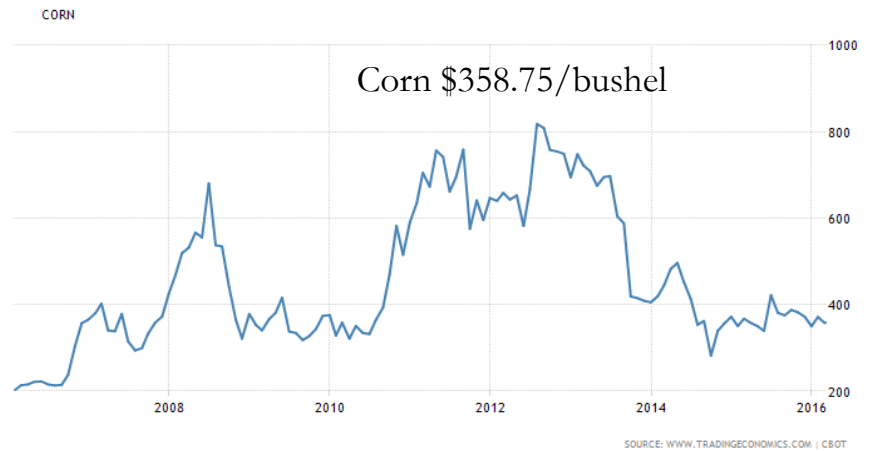
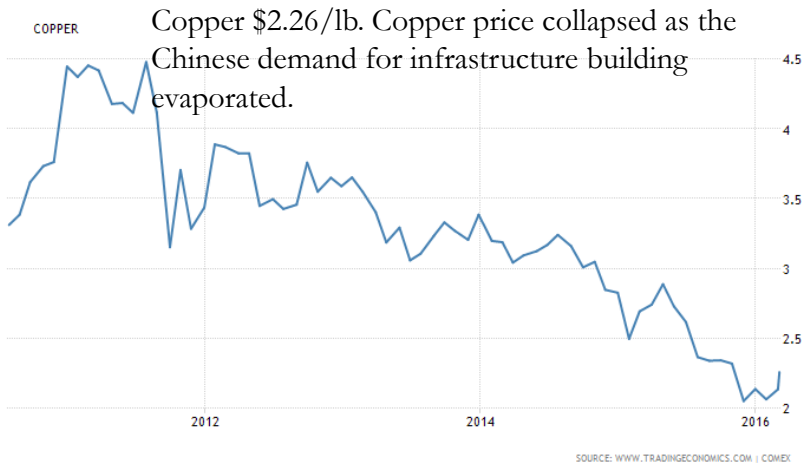
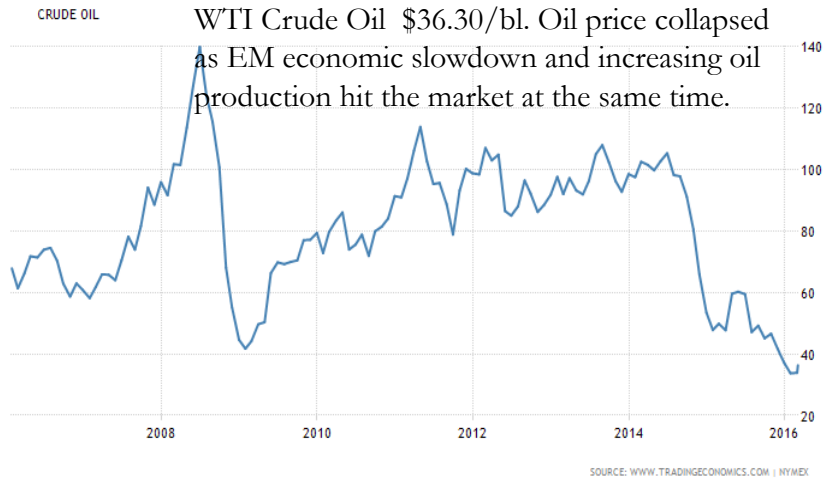
JAPANESE YEN



CHINESE YUAN



Data Sources: Trading Economics



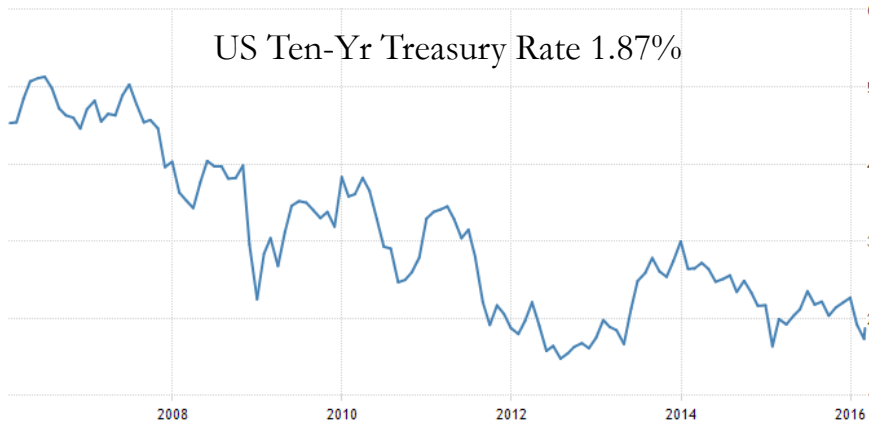
Data Sources: Trading Economics

# Market Snapshot

## Fixed Income



US GOVERNMENT BOND 10Y



SOURCE: WWW.TRADINGECONOMICS.COM | U.S. DEPARTMENT OF THE TREASURY

CHINA GOVERNMENT BOND 10Y



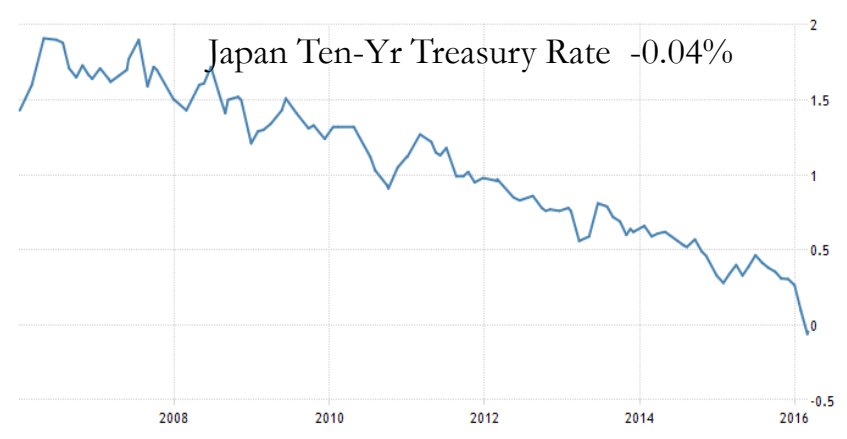
SOURCE: WWW.TRADINGECONOMICS.COM | MINISTRY OF FINANCE OF THE PEOPLES REPUBLIC OF CHINA

GERMANY GOVERNMENT BOND 10Y



SOURCE: WWW.TRADINGECONOMICS.COM | GERMANY DEPARTMENT OF TREASURY

JAPAN GOVERNMENT BOND 10Y



SOURCE: WWW.TRADINGECONOMICS.COM | JAPAN DEPARTMENT OF TREASURY

Data Sources: Trading Economics

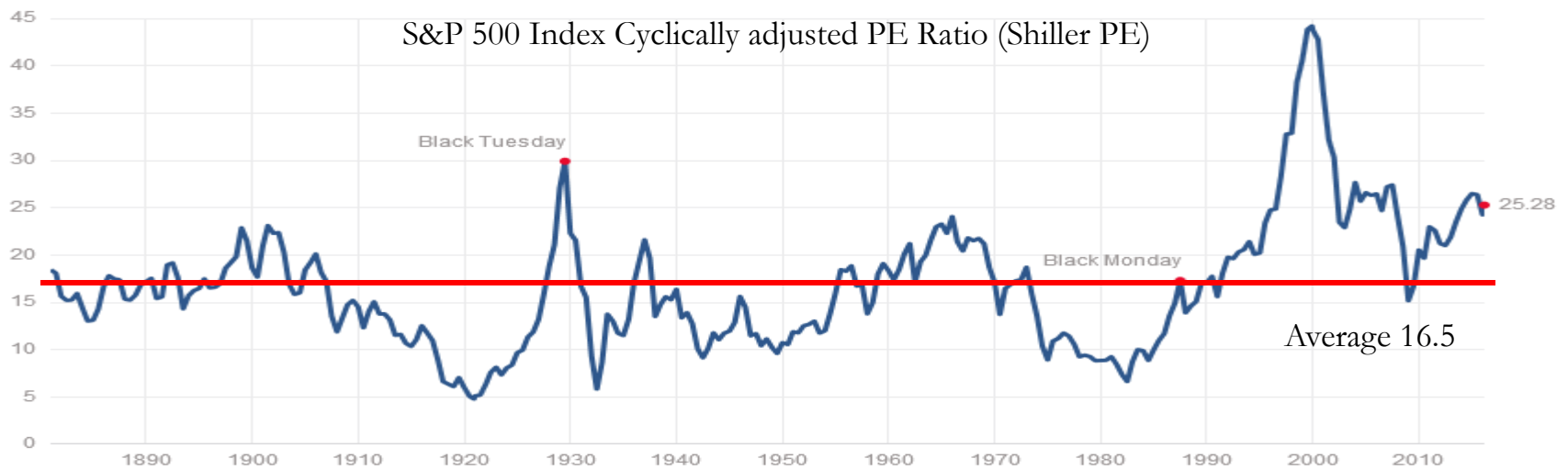
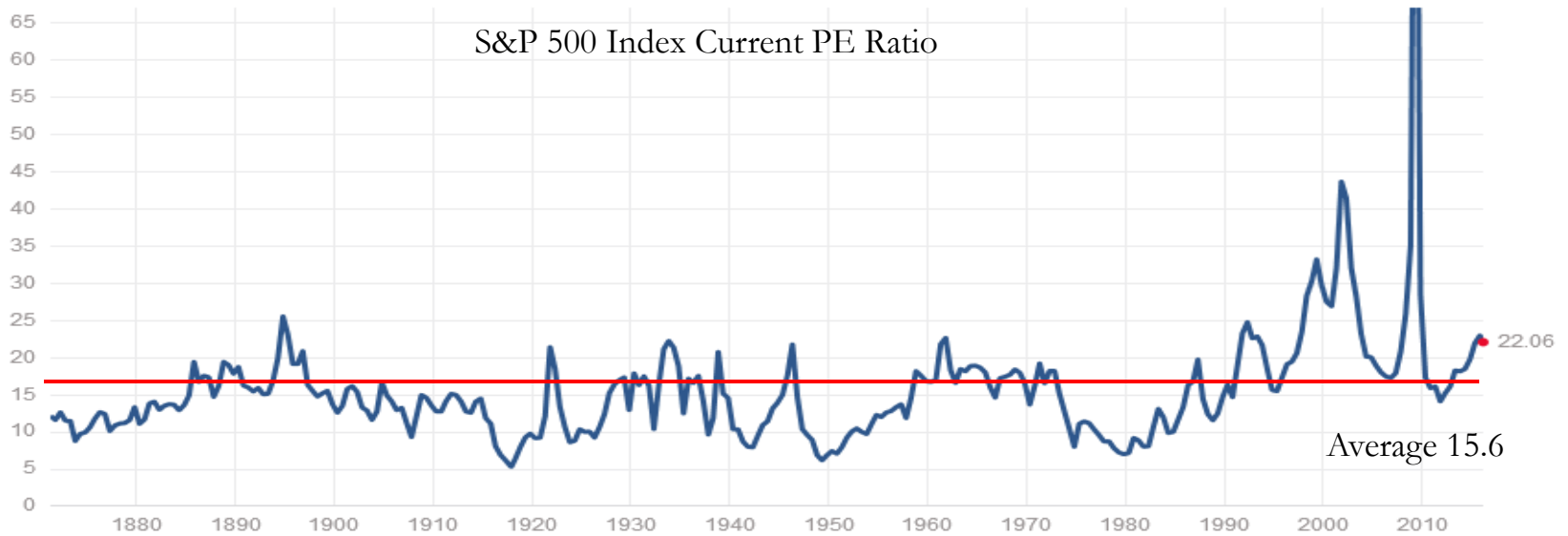
# Asset Class/Sector Performance (as of Feb. 29 2016)

Asset Class	ETF	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 YTD
US Large Cap	SPY	15.8%	5.1%	-36.8%	26.3%	15.1%	1.9%	16.0%	32.3%	13.5%	1.2%	-5.1%
US Small Cap	IWM	18.3%	-1.8%	-34.1%	28.5%	26.9%	-4.4%	16.7%	38.7%	5.0%	-4.4%	-8.8%
International Equity	EFA	25.8%	10.0%	-41.0%	27.0%	8.2%	-12.2%	18.8%	21.4%	-6.2%	-1.0%	-8.7%
EM Equity	VWO	29.3%	37.3%	-52.5%	76.3%	19.5%	-18.7%	19.2%	-5.0%	0.0%	-15.8%	-6.1%
US REITs	VNQ	35.3%	-16.5%	-37.0%	30.1%	28.4%	8.6%	17.6%	2.3%	30.4%	2.4%	-3.8%
Infrastructure MLP	MLPI	33.8%	10.4%	-39.1%	83.6%	33.5%	15.8%	3.4%	27.1%	7.7%	-30.3%	-13.0%
GOLD	GLD	22.5%	30.5%	4.9%	24.0%	29.3%	9.6%	6.6%	-28.3%	-2.2%	-10.7%	16.9%
Commodity	DJP	1.7%	14.9%	-37.4%	20.1%	16.2%	-14.0%	-2.1%	-11.1%	-18.6%	-33.0%	-7.2%
High Yield Bond	JNK	11.4%	1.5%	-24.7%	37.5%	14.2%	5.1%	12.8%	5.9%	0.8%	-6.8%	-0.9%
Broad Bond	AGG	3.9%	6.6%	7.9%	3.0%	6.4%	7.7%	3.8%	-2.0%	6.0%	0.5%	2.1%
TIPs	TIP	0.3%	11.9%	-0.5%	8.9%	6.1%	13.3%	6.1%	-8.5%	3.6%	-1.8%	2.8%
Treasuries	IEF	2.5%	10.4%	17.9%	-6.6%	9.4%	15.7%	3.7%	-6.1%	9.1%	1.5%	4.9%
Long Term Treasuries	TLT	0.7%	10.3%	34.0%	-21.8%	9.0%	34.0%	2.4%	-13.4%	27.3%	-1.8%	8.8%
Short Term Treasuries	SHV	4.8%	5.1%	2.8%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%
Hedge Fund	HFRI Weighted Index	12.9%	10.0%	-19.0%	20.0%	10.2%	-5.2%	6.4%	9.1%	3.0%	-1.1%	-2.5%

Sectors	ETF	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 YTD
Materials	XLB	18.3%	22.1%	-44.0%	48.1%	20.6%	-10.9%	14.7%	26.0%	7.2%	-8.6%	-3.7%
Energy	XLE	18.1%	36.9%	-39.0%	21.8%	21.8%	2.9%	5.2%	26.2%	-8.7%	-21.4%	-6.2%
Financial	XLF	18.9%	-19.2%	-54.9%	17.6%	11.9%	-17.2%	28.4%	35.5%	15.0%	-1.8%	-11.5%
Industrial	XLI	13.5%	13.5%	-38.7%	22.0%	27.8%	-1.1%	14.9%	40.5%	10.4%	-4.3%	-1.7%
Technology	XLK	12.1%	15.5%	-41.5%	51.3%	11.4%	2.6%	15.3%	26.2%	17.9%	5.6%	-4.3%
Consumer Staple	XLP	14.4%	12.7%	-15.0%	14.3%	13.8%	14.1%	10.7%	26.3%	15.7%	6.9%	0.9%
Utilities	XLU	20.9%	18.4%	-28.9%	11.7%	5.3%	19.7%	1.0%	13.0%	28.8%	-4.9%	7.0%
Healthcare	XLV	7.1%	7.1%	-23.3%	19.5%	3.3%	12.4%	17.4%	41.4%	25.1%	6.8%	-8.1%
Consumer Discretionary	XLY	18.4%	-13.7%	-32.9%	40.5%	27.5%	6.0%	23.6%	42.7%	9.5%	9.9%	-4.8%
Large Cap Value	IVE	20.7%	1.5%	-38.8%	20.9%	15.0%	-0.7%	17.6%	31.6%	12.2%	-3.3%	-4.4%
Large Cap Growth	IVW	10.9%	8.8%	-34.8%	31.2%	14.9%	4.4%	14.4%	32.5%	14.6%	5.4%	-5.9%
Mid Cap Value	IWS	20.0%	-1.6%	-38.0%	33.2%	24.5%	-1.5%	18.3%	33.2%	14.4%	-5.0%	-4.9%
Mid Cap Growth	IWP	10.5%	11.3%	-44.6%	46.5%	26.0%	-1.9%	15.6%	35.5%	11.7%	-0.5%	-6.2%
Small Cap Value	IWN	23.5%	-10.3%	-28.7%	20.5%	24.7%	-5.8%	18.1%	34.4%	4.1%	-7.9%	-6.0%
Small Cap Growth	IWO	13.2%	6.8%	-38.5%	34.6%	29.4%	-3.0%	14.8%	43.3%	5.9%	-1.4%	-11.4%



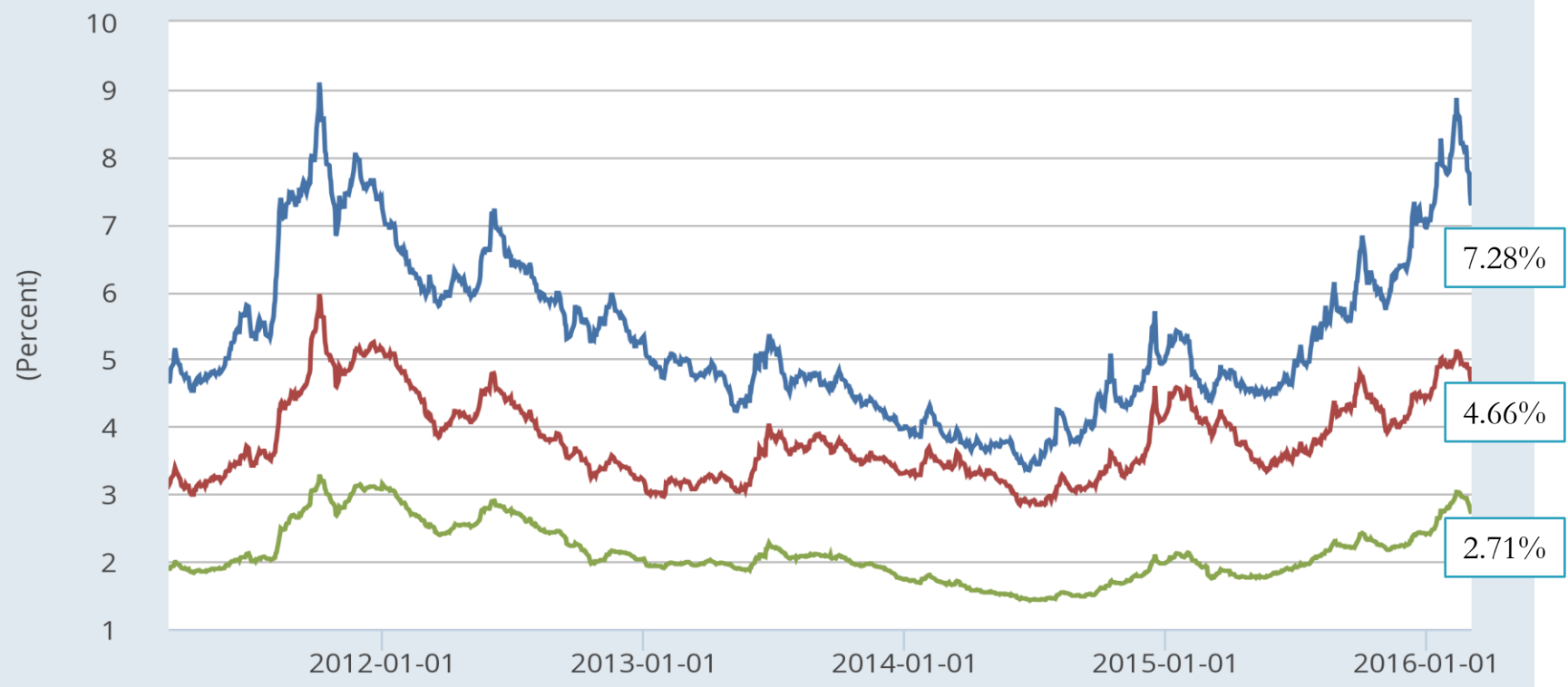
# Valuation is not cheap



# Credit spreads had reached recent peaks and Started to narrow



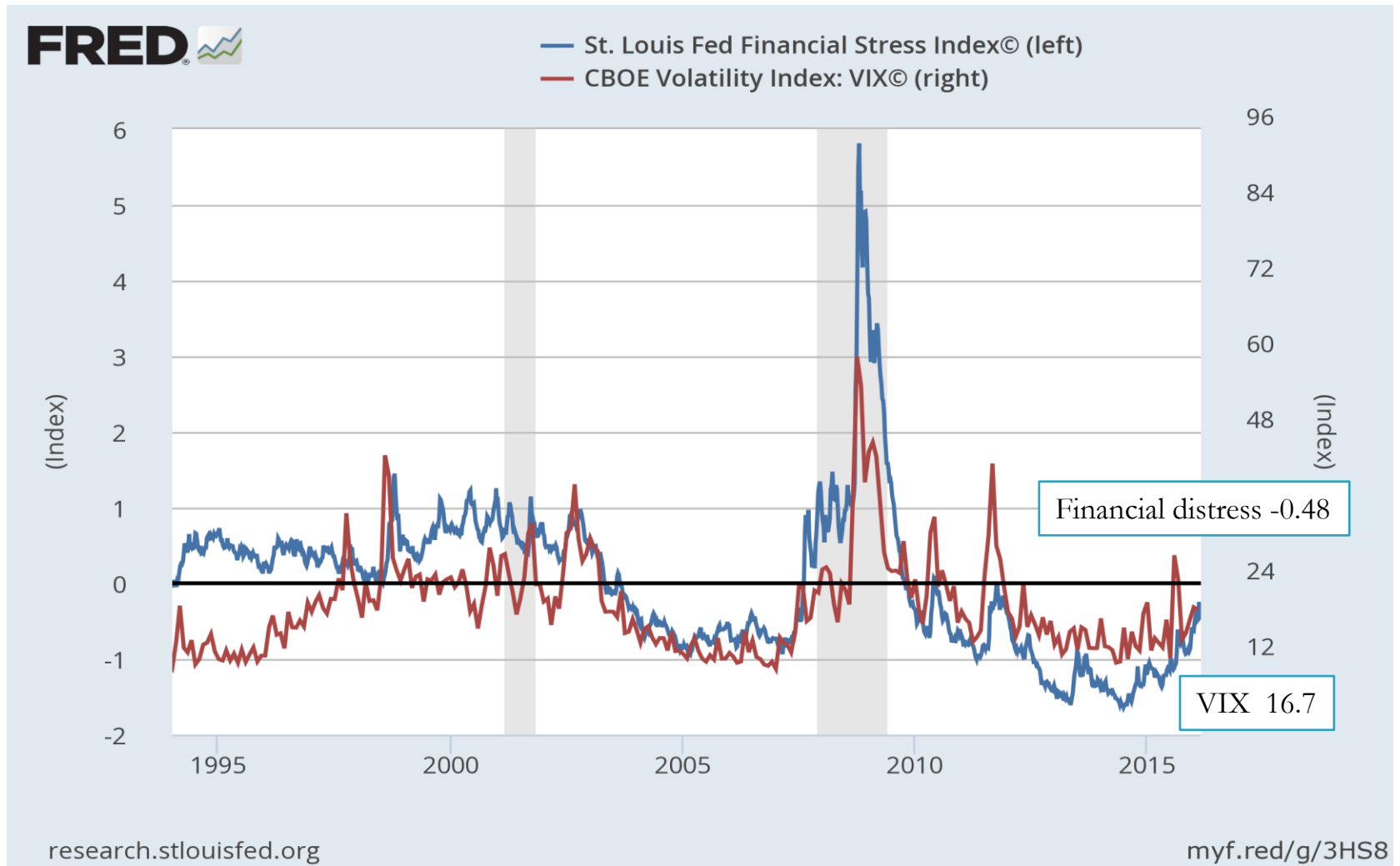
- BofA Merrill Lynch US High Yield Master II Option-Adjusted Spread©
- BofA Merrill Lynch Emerging Markets Corporate Plus Index Option-Adjusted Spread©
- BofA Merrill Lynch US Corporate BBB Option-Adjusted Spread©



research.stlouisfed.org

myf.red/g/3HTb

# Financial risks are muted so far



Data Sources: Federal Reserve Bank, St. Louis

# Global Economic Growth

EU GDP ANNUAL GROWTH RATE

Eurozone 1.5%



SOURCE: WWW.TRADINGECONOMICS.COM | EUROSTAT

CHINA GDP ANNUAL GROWTH RATE

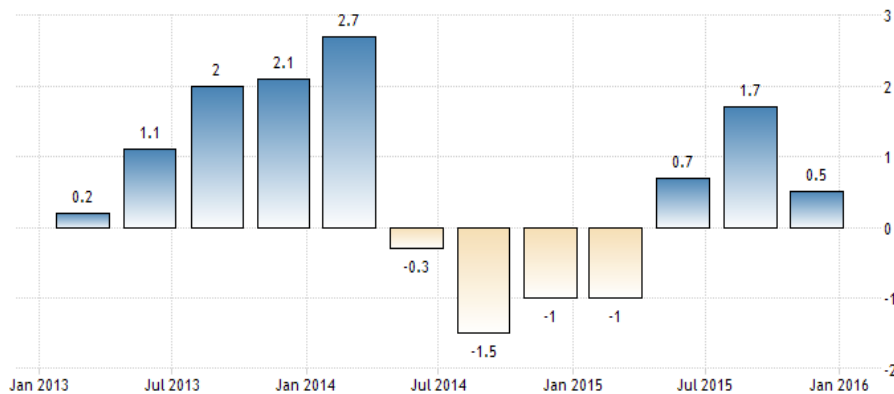
China 6.8%



SOURCE: WWW.TRADINGECONOMICS.COM | NATIONAL BUREAU OF STATISTICS OF CHINA

JAPAN GDP ANNUAL GROWTH RATE

Japan 0.5%



SOURCE: WWW.TRADINGECONOMICS.COM | CABINET OFFICE, JAPAN

UK GDP ANNUAL GROWTH RATE

UK 1.9%



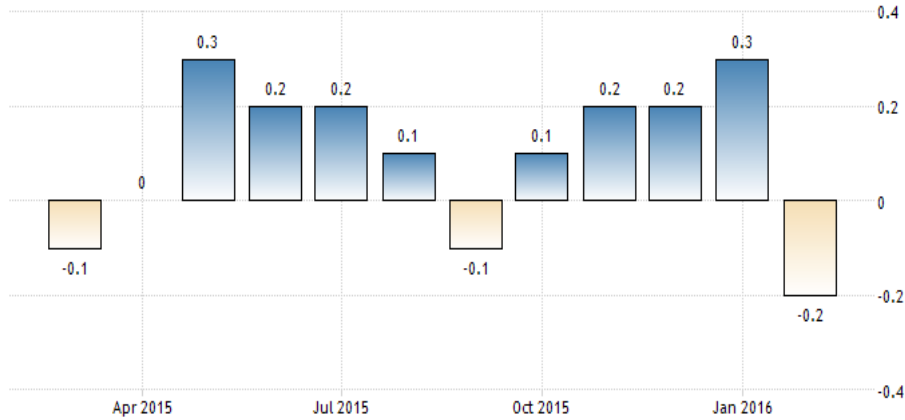
SOURCE: WWW.TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

Data Sources: Trading Economics

# Global Inflation

EU INFLATION RATE

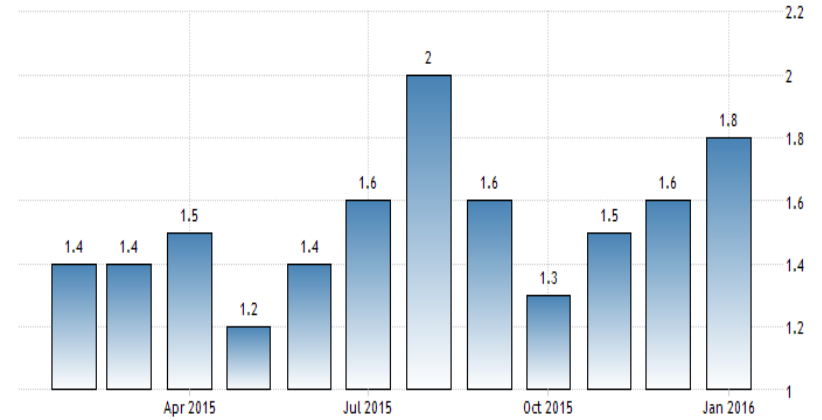
Eurozone -0.2%



SOURCE: WWW.TRADINGECONOMICS.COM | EUROSTAT

CHINA INFLATION RATE

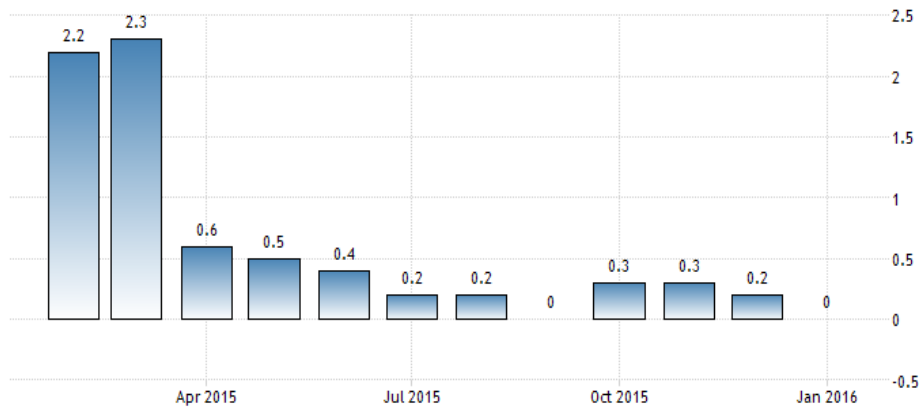
China 1.8%



SOURCE: WWW.TRADINGECONOMICS.COM | NATIONAL BUREAU OF STATISTICS OF CHINA

JAPAN INFLATION RATE

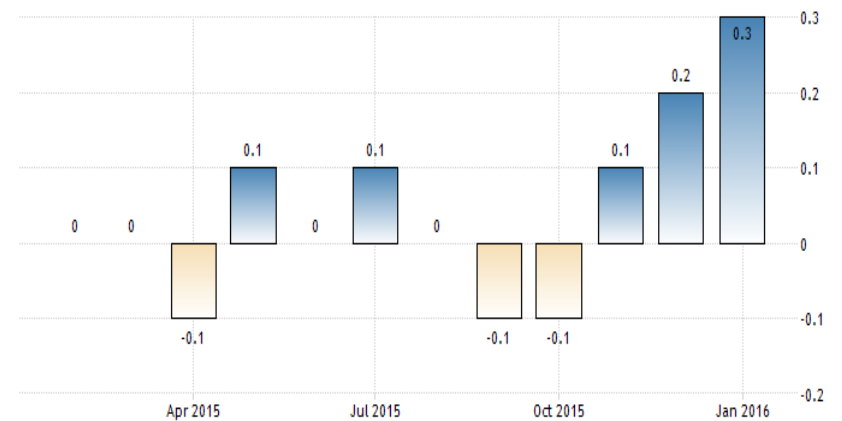
Japan 0.2%



SOURCE: WWW.TRADINGECONOMICS.COM | MINISTRY OF INTERNAL AFFAIRS & COMMUNICATIONS

UK INFLATION RATE

UK 0.3%



SOURCE: WWW.TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

Data Sources: Trading Economics

# Global Unemployment Rate

EU UNEMPLOYMENT RATE

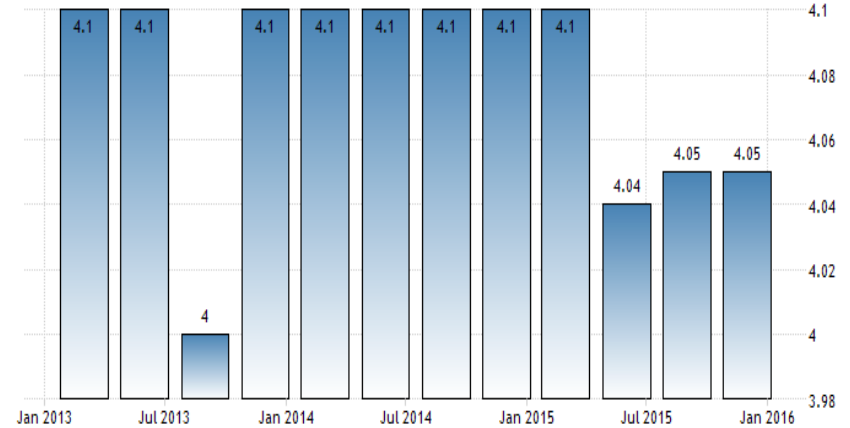
Eurozone 10.3%



SOURCE: WWW.TRADINGECONOMICS.COM | EUROSTAT

CHINA UNEMPLOYMENT RATE

China 4.05%



SOURCE: WWW.TRADINGECONOMICS.COM | MINISTRY OF HUMAN RESOURCES AND SOCIAL SECURITY OF THE PRC

JAPAN UNEMPLOYMENT RATE

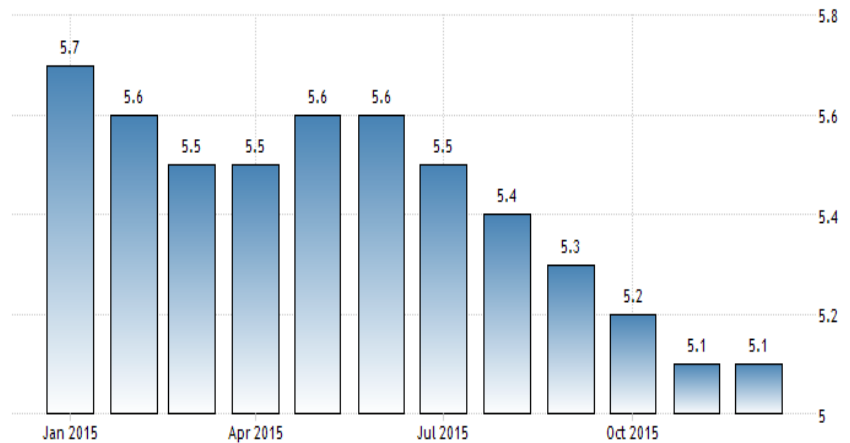
Japan 3.2%



SOURCE: WWW.TRADINGECONOMICS.COM | MINISTRY OF INTERNAL AFFAIRS & COMMUNICATIONS

UK UNEMPLOYMENT RATE

UK 5.1%



SOURCE: WWW.TRADINGECONOMICS.COM | OFFICE FOR NATIONAL STATISTICS

Data Sources: Trading Economics

# Central Bank Interest Rates

EUROPEAN CENTRAL BANK | BENCHMARK RATE

Eurozone 0.0%



SOURCE: WWW.TRADINGECONOMICS.COM | EUROPEAN CENTRAL BANK

CHINA INTEREST RATE

China 4.35%



SOURCE: WWW.TRADINGECONOMICS.COM | THE PEOPLES BANK OF CHINA

JAPAN INTEREST RATE

Japan -0.1%



SOURCE: WWW.TRADINGECONOMICS.COM | BANK OF JAPAN

UK INTEREST RATE

UK 0.5%



SOURCE: WWW.TRADINGECONOMICS.COM | BANK OF ENGLAND

Data Sources: Trading Economics