



MAHERAS WEALTH MANAGEMENT, INC.

HALF-TIME 2016: KEEP CALM AND LOOK FOR OPPORTUNITY

{Maheras Wealth Management, Inc.}
{Tuesday, July 26, 2016}



Securities offered through "LPL Financial", Member FINRA/SIPC.

IMPORTANT INFORMATION

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All Important Information performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

RISK CONSIDERATIONS

The economic forecasts set forth in this presentation may not develop as predicted and there can be no guarantee the strategies promoted will be successful. Stock investing involves risk including loss of principal. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price. International and emerging market investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

WISDOM IN UNCERTAIN TIMES

“The market is a pendulum that forever swings between unsustainable optimism (which makes stocks too expensive) and unjustified pessimism (which makes them too cheap). The intelligent investor is a realist who sells to optimists and buys from pessimists.”

—Benjamin Graham, *The Intelligent Investor*



WHAT'S GOING ON?

What flag will a team of refugees compete under at the Olympic games in Rio de Janeiro?

1. The flag of Vatican City
2. The Olympic flag
3. The flag of the United States
4. The flag of Europe



THE OLYMPIC FLAG



"By welcoming the team of Refugee Olympic Athletes to the Olympic Games Rio 2016, we want to send a message of hope for all refugees in our world. Having no national team to belong to, having no flag to march behind, having no national anthem to be played, these refugee athletes will be welcomed to the Olympic Games with the Olympic flag and with the Olympic Anthem."

–IOC President Thomas Bach

WHAT'S GOING ON?

For the first time since record-keeping began in 1749, Sweden now has more:

1. Nilssons than Karlssons
2. Roxette fans than ABBA fans
3. Men than Women



MORE MEN THAN WOMEN



“Famous for its efforts to put women on an equal footing with men, Sweden is experiencing a gender balance shift that has caught the country by surprise: for the first time since record-keeping began in 1749, it now has more men than women.”

—Associated Press

WHAT'S GOING ON?

There's a new celebrity money-maker: Emojis. Which of these famous names has NOT released an app featuring himself or herself in a series of Emojis?

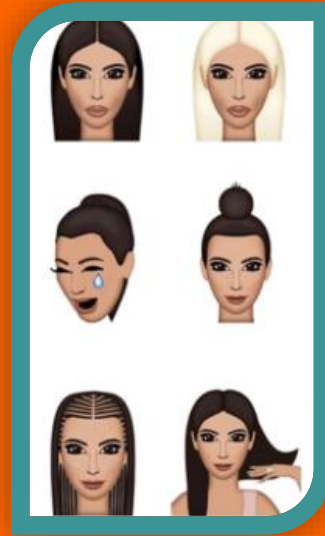
1. Justin Bieber, pop star
2. Tyra Banks, supermodel
3. Stephen Curry, basketball star
4. Kim Kardashian, reality TV star



TYRA BANKS HAS NO EMOJIS – YET



Justmojis



Kimojis



Stephmojis



WHERE WE'VE BEEN



WITHOUT A CLEAR DIRECTION

“The problem isn’t just that the S&P 500 finished flat but that it finished trendless, unable to break too far above 2100 on the upside or fall much below 2000 on the down. So as 2016 begins, it’s very easy to impose whatever narratives we want on the market.”

–Barron’s, December 31, 2015

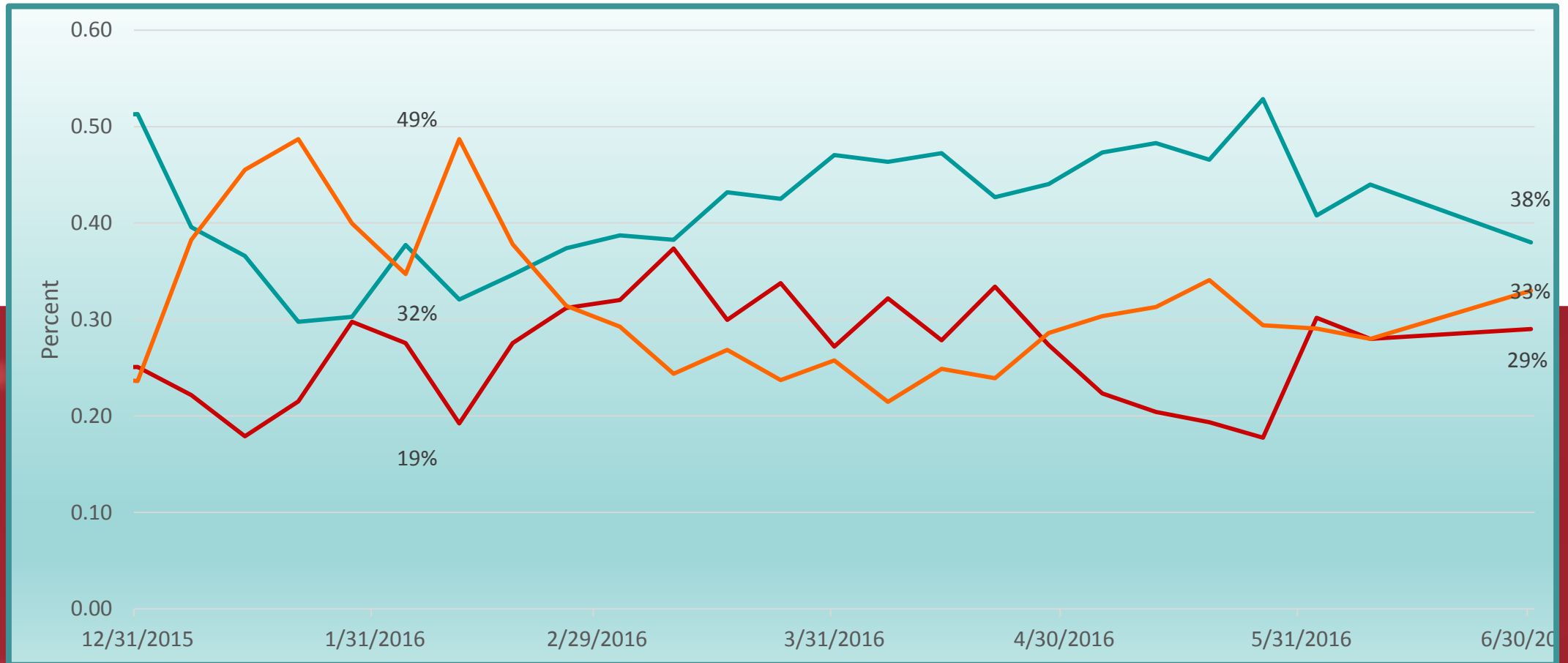
BEAR? BULL?

■ Dow Jones Ind. Avg. ■ S&P 500 Index ■ NASDAQ

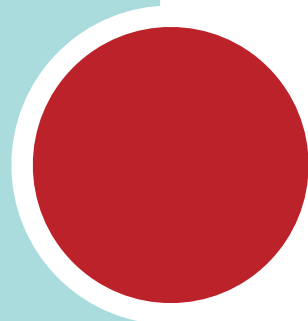
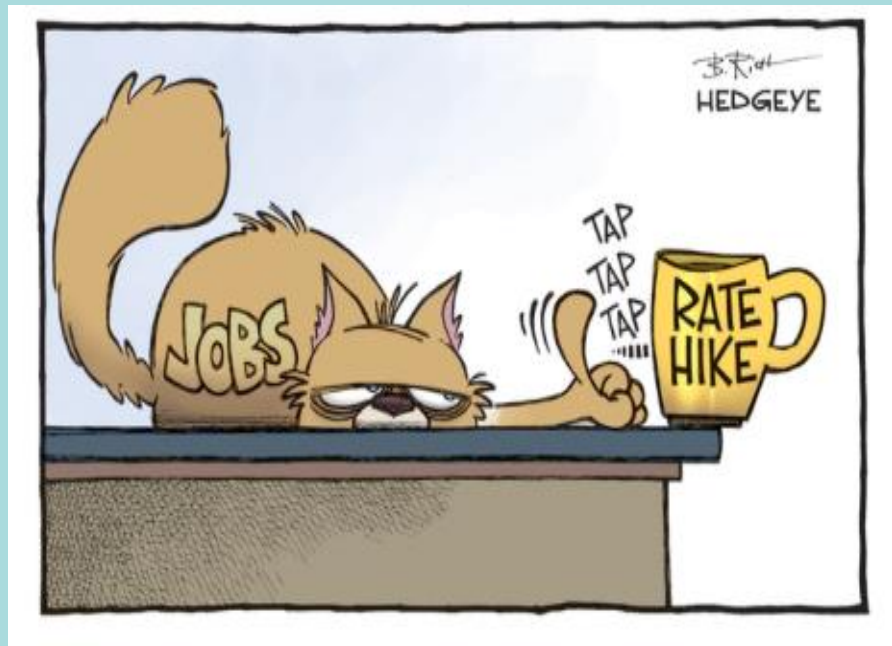


WHAT DID INVESTORS THINK?

■ BULLISH ■ NEUTRAL ■ BEARISH



WHAT'S UP AT THE FED? (IT'S NOT INTEREST RATES.)



Probability of a rate hike in
June



CHANGING EXPECTATIONS

June 21, 2016

YELLEN'S SUBTLE CHANGE IN OUTLOOK



YESTERDAY:

Proceeding cautiously "*will allow us to assess*" growth, the labor market and inflation.

LAST WEEK:

Proceeding cautiously "*will allow us to verify*" that growth, jobs and inflation are improving.

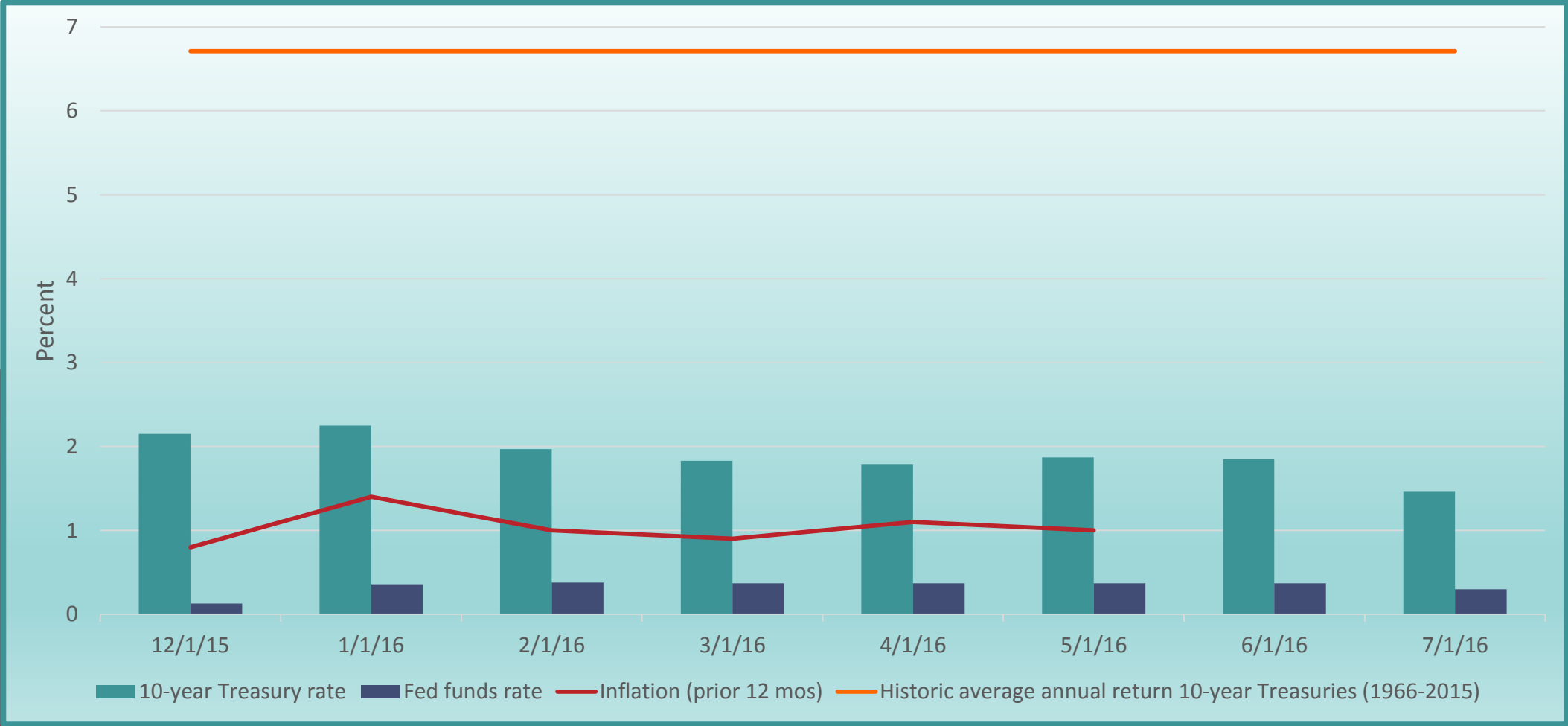
Janet Yellen

Federal Reserve Chair

WILL THERE BE A RATE HIKE BY 2018?



BOND RATES: TRENDING LOWER THROUGH JULY 1

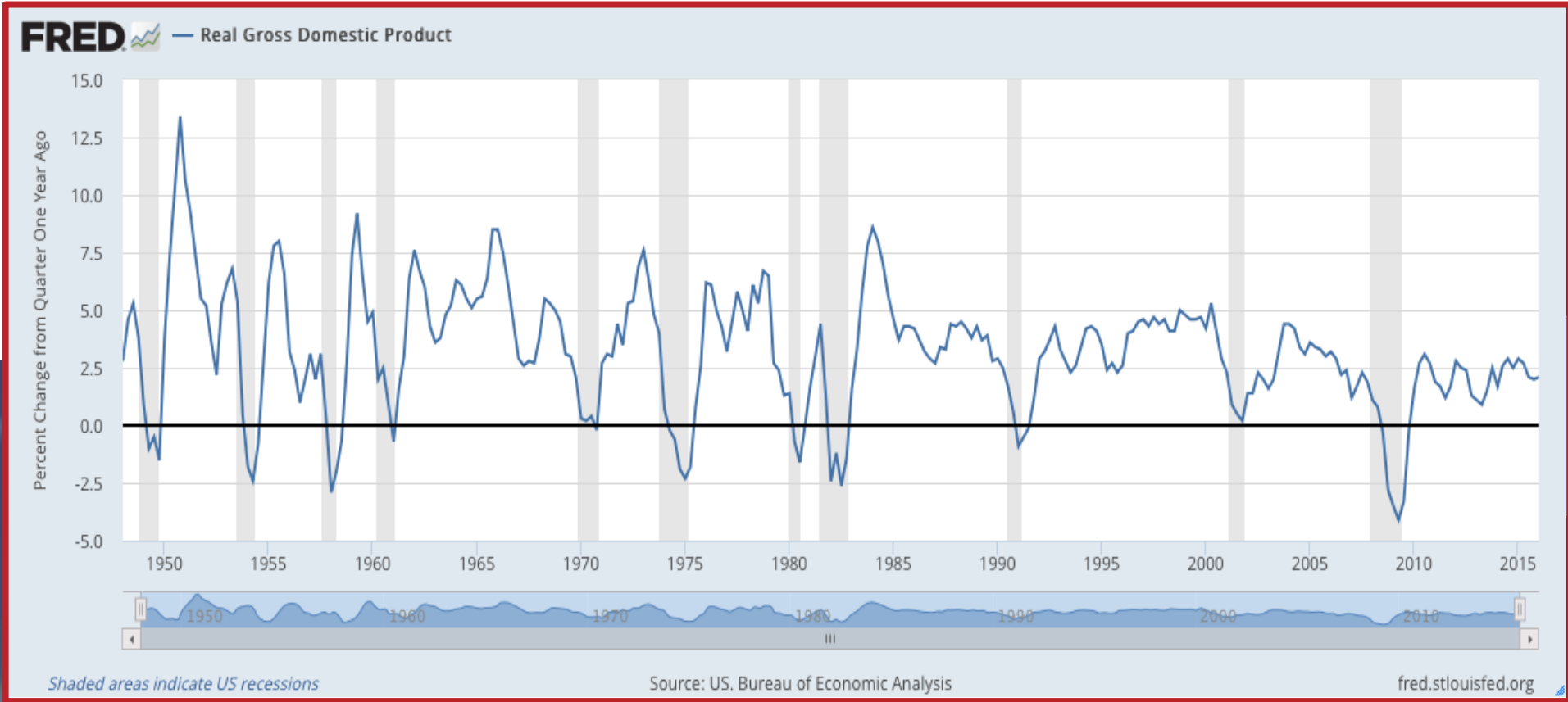


Sources: Yahoo! Finance, Stern NYU, U.S. Inflation Calculator

GDP LIMBO – ECONOMIC GROWTH HAS BEEN BELOW THREE PERCENT

Observation:
Q1 2016: 2.1 (+ more)
Updated: Jun 28, 2016

Units:
Percent Change from Quarter One Year Ago,
Seasonally Adjusted



Sources: Bureau of labor Statistics, Bureau of Economic Analysis retrieved from FRED Economic Research – Federal Reserve Bank of St. Louis), July 4, 2016.

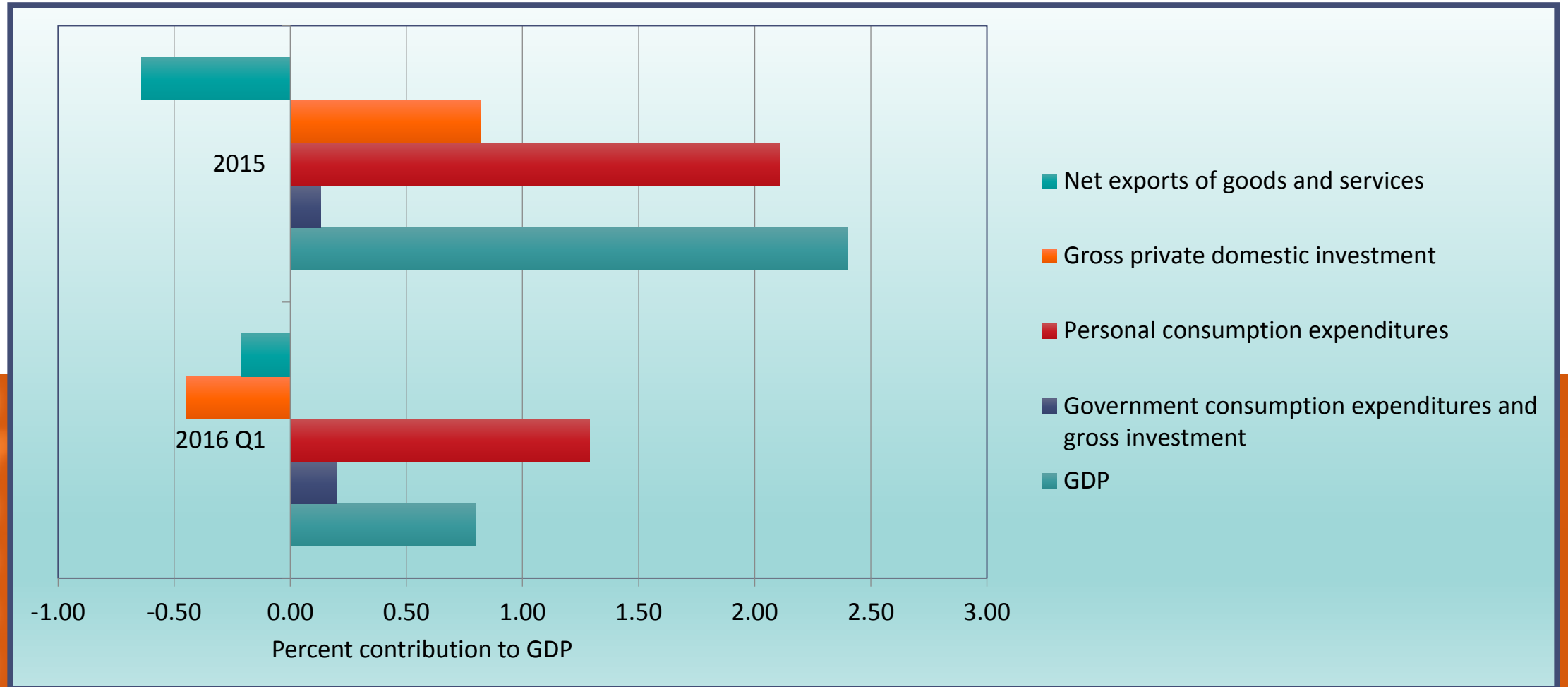
GERIATRIC GDP



“The U.S. economy continues to heal in the aftermath of the Great Recession. Steadily recovering consumption, investment, and housing assist an improving economy, whereas structural factors, such as an aging population, limit the prospects for more rapid growth over the coming decade.”

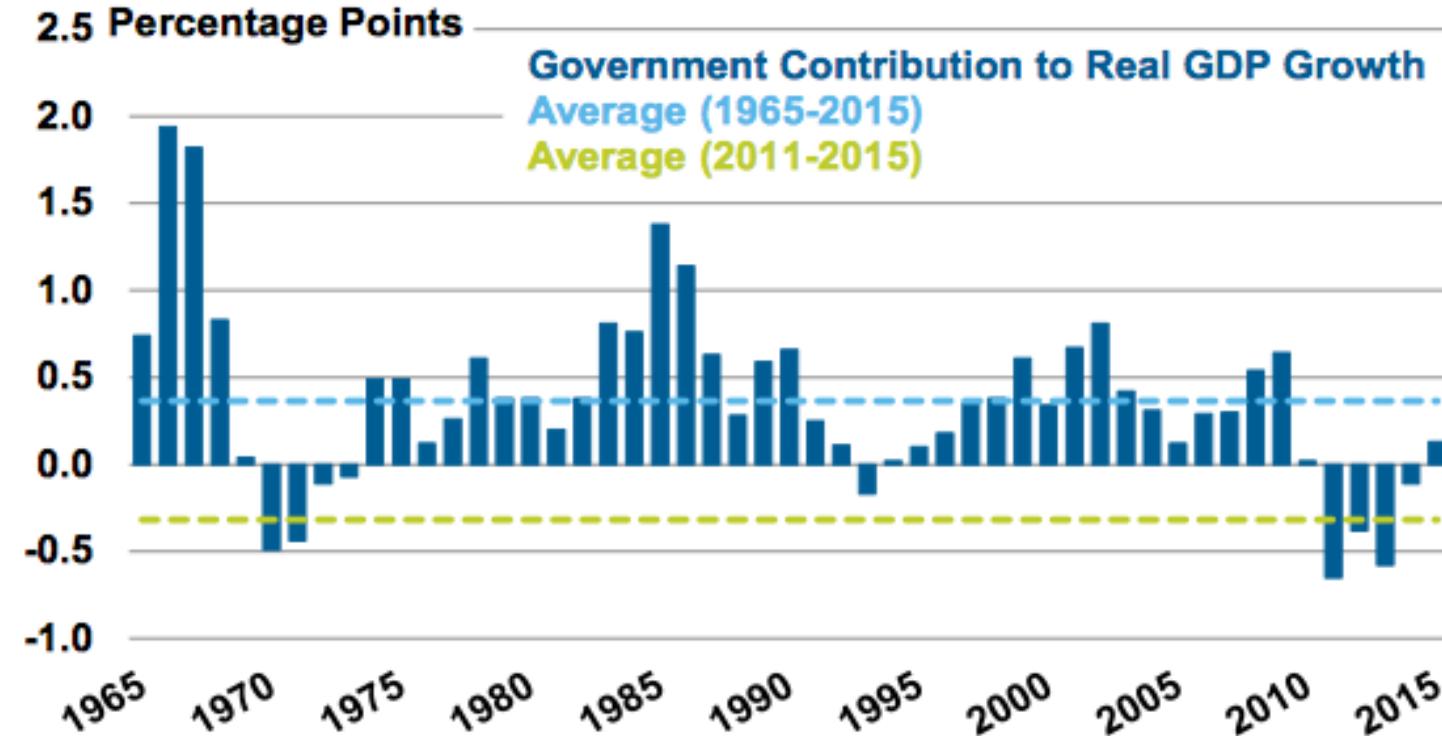
—Bureau of Labor Statistics, December 2015

WHAT'S BEEN DRIVING GROWTH?



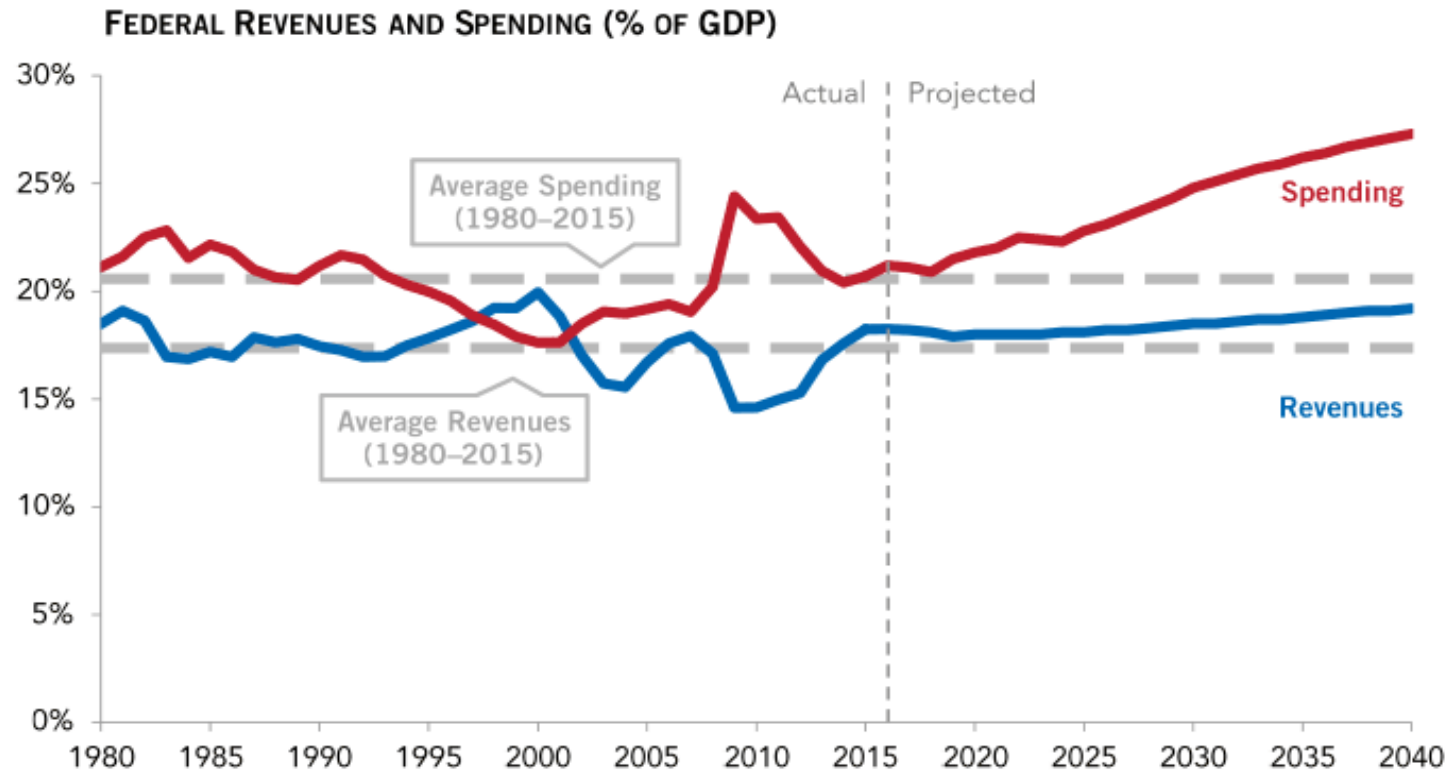
GOVERNMENT SPENDING HELPS, BUT...

After Years as a Drag, Government Spending Is Finally Contributing to Real GDP Growth



Source: Bureau of Economic Analysis, Morgan Stanley & Co. Research as of May 3, 2016

IT HURTS WHEN SPENDING EXCEEDS REVENUES



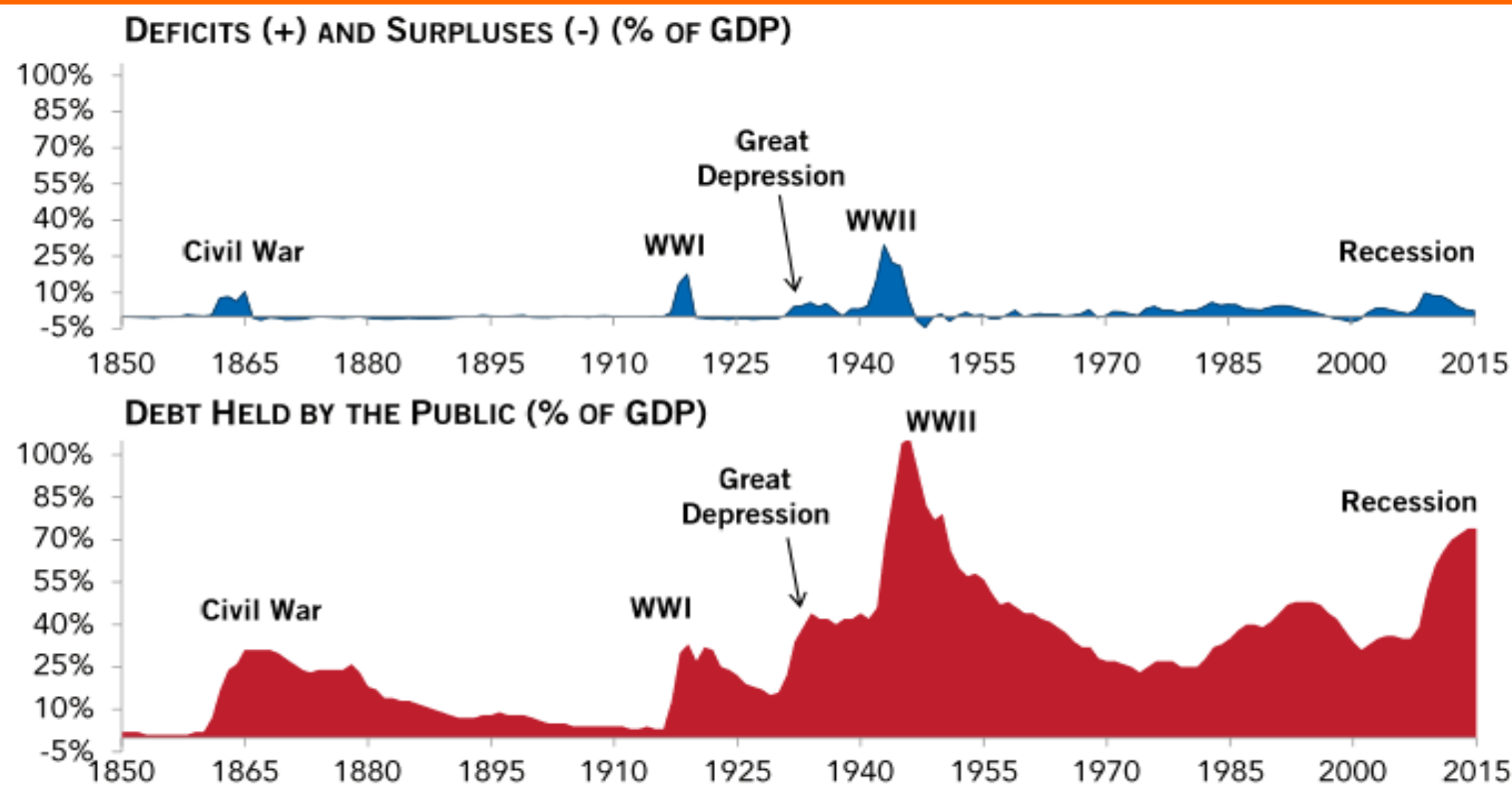
SOURCE: Congressional Budget Office, *The Budget and Economic Outlook: 2016 to 2026*, January 2016, and *Budgetary and Economic Outcomes Under Paths for Federal Revenues and Noninterest Spending Specified by Chairman Price*, March 2016. Compiled by PGPF.

NOTE: Projections are from CBO's extended baseline scenario.

© 2016 Peter G. Peterson Foundation

PGPF.ORG

THE DEFICIT HAS BEEN IMPROVING BUT THE NATIONAL DEBT IS SIGNIFICANT



SOURCE: Congressional Budget Office, *The 2015 Long-Term Budget Outlook*, June 2015; Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2017*, February 2016; and the *Historical Statistics of the United States, Millennial Edition Online*, Cambridge 2006.
Compiled by PGPF.

© 2016 Peter G. Peterson Foundation

PGPF.ORG

HOW WOULD YOU BALANCE THE BUDGET?



“The Fiscal Ship challenges you to put the federal budget on a sustainable course... America is looking at a permanent, growing mismatch between revenues and spending, and policymakers are faced with difficult decisions about how to reconcile important government priorities...To win the game, you need to find a combination of policies that match your values and priorities AND set the budget on a sustainable course.”

BUT ENOUGH ABOUT OUR COUNTRY...



UNCERTAIN ABOUT CHINA



China's official statistics agency reported first quarter GDP grew by:

6.7%

The nation's official growth target is 6.5 to 7 percent.

SINO-CATCH-22

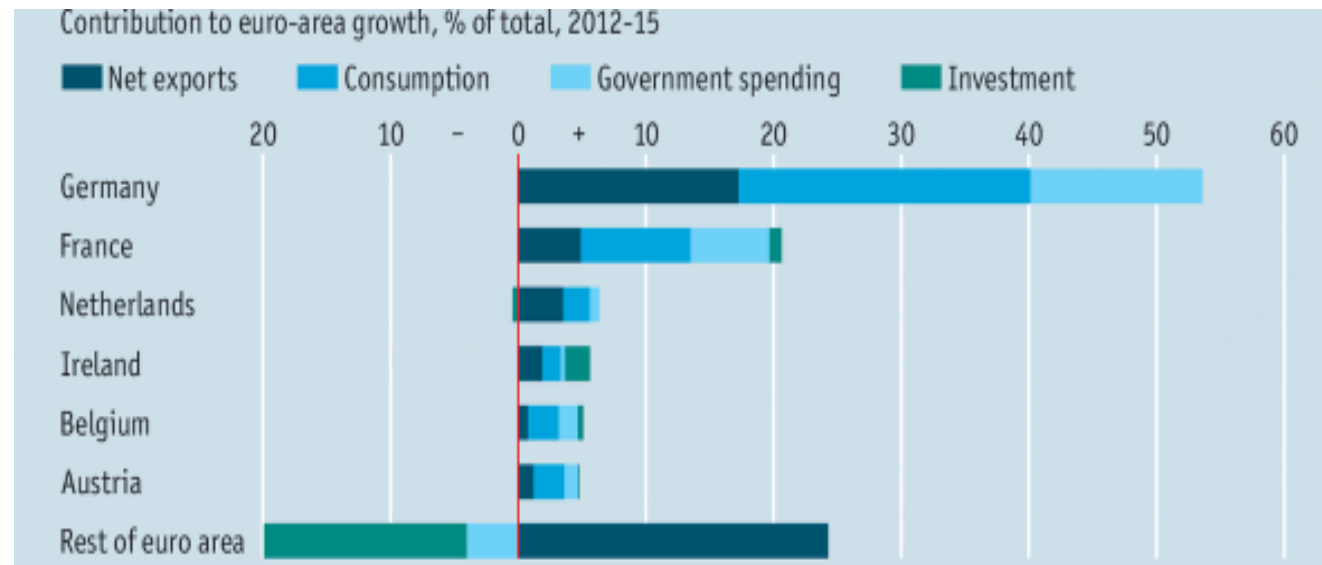
“China’s ‘new normal’ and willingness to let market forces play a ‘decisive role’ has been telegraphed even more than the Federal Reserve’s December rate hike. Yet a downshift that’s both necessary and desirable to right an unbalanced economy is spooking world markets...and leaving China’s leader in a bind.

Weaning China off excessive credit, investment and import-led growth in favor of services means slower growth. Markedly slower, in fact, than the 6.5% Beijing is gunning for this year. But Monday’s 7% stock rout shows international investors want it both ways. The rapid growth, innovation, and disruptive forces that capitalism produces? Yes. The downturns and volatility that come with it? Not so much.”

—Barron’s, January 7, 2016



EUROZONE: DEPENDENT ON EXPORTS



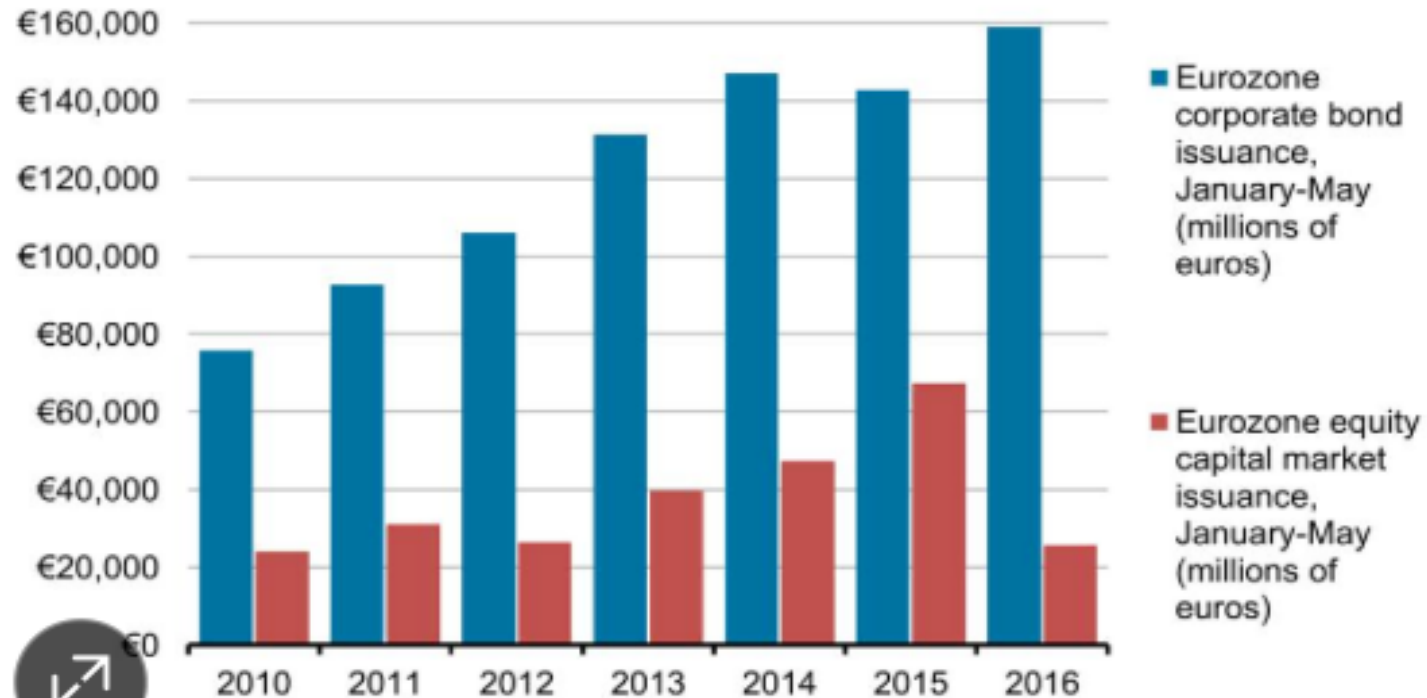
“...dependence on foreign demand carries risks. It places a dangerous drag on recoveries elsewhere...And Europe’s addiction to exports leaves it vulnerable to any deceleration in global growth. Were China’s economy to slow more sharply, or America’s to return to recession, Europe, too, would see growth wane.”

—*The Economist*, April 2, 2016

BONDS, EUROZONE BONDS

Bond Bonanza

2016 is looking like a boom year for corporate bonds, but a weak one for stock issuance

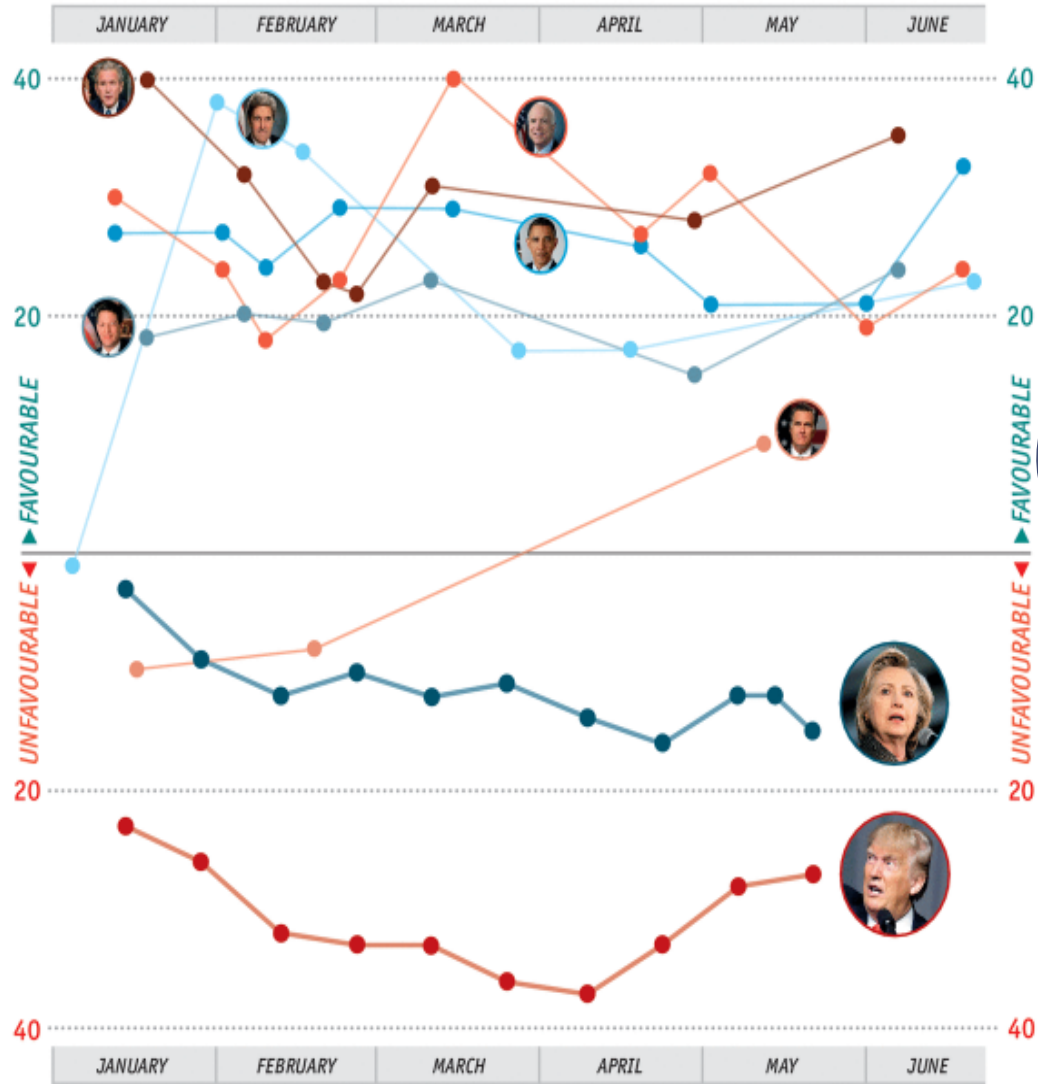


Source: Dealogic | WSJ.com

Fear and loathing

Net favourability ratings*, election years 2000-16, %

2000: George W. Bush (brown), Al Gore (grey)
 2004: John Kerry (light blue)
 2008: Barack Obama (medium blue), John McCain (orange)
 2012: Mitt Romney (light orange)
 2016: Hillary Clinton (dark blue), Donald Trump (red)



Source: Gallup Credit: AP

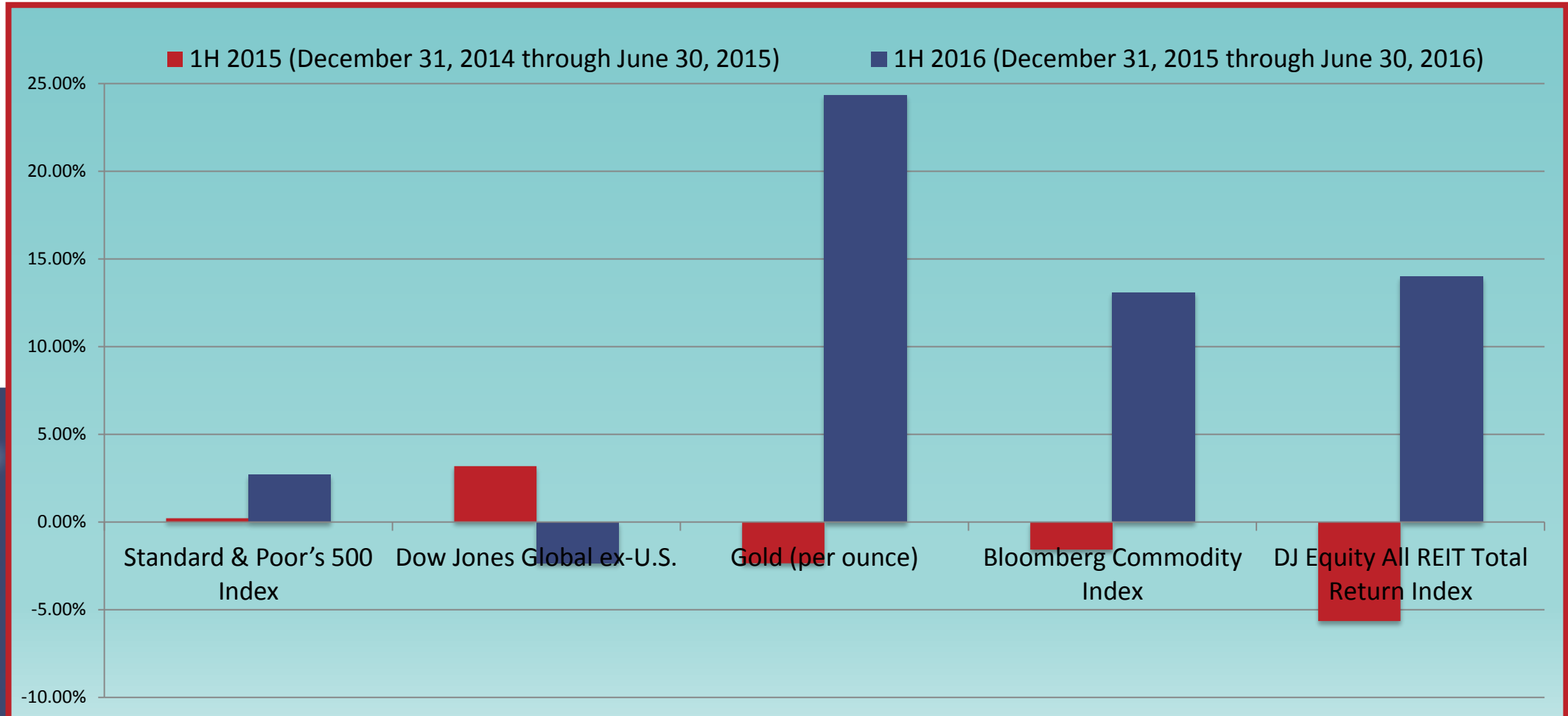
*Percentage point difference between favourable minus unfavourable responses

WHERE WE
 ARE TODAY:
 DOWN TO TWO

How unpopular are
 Donald Trump and
 Hillary Clinton?

Source: The Economist

MARKET PERFORMANCE TO-DATE: 2016



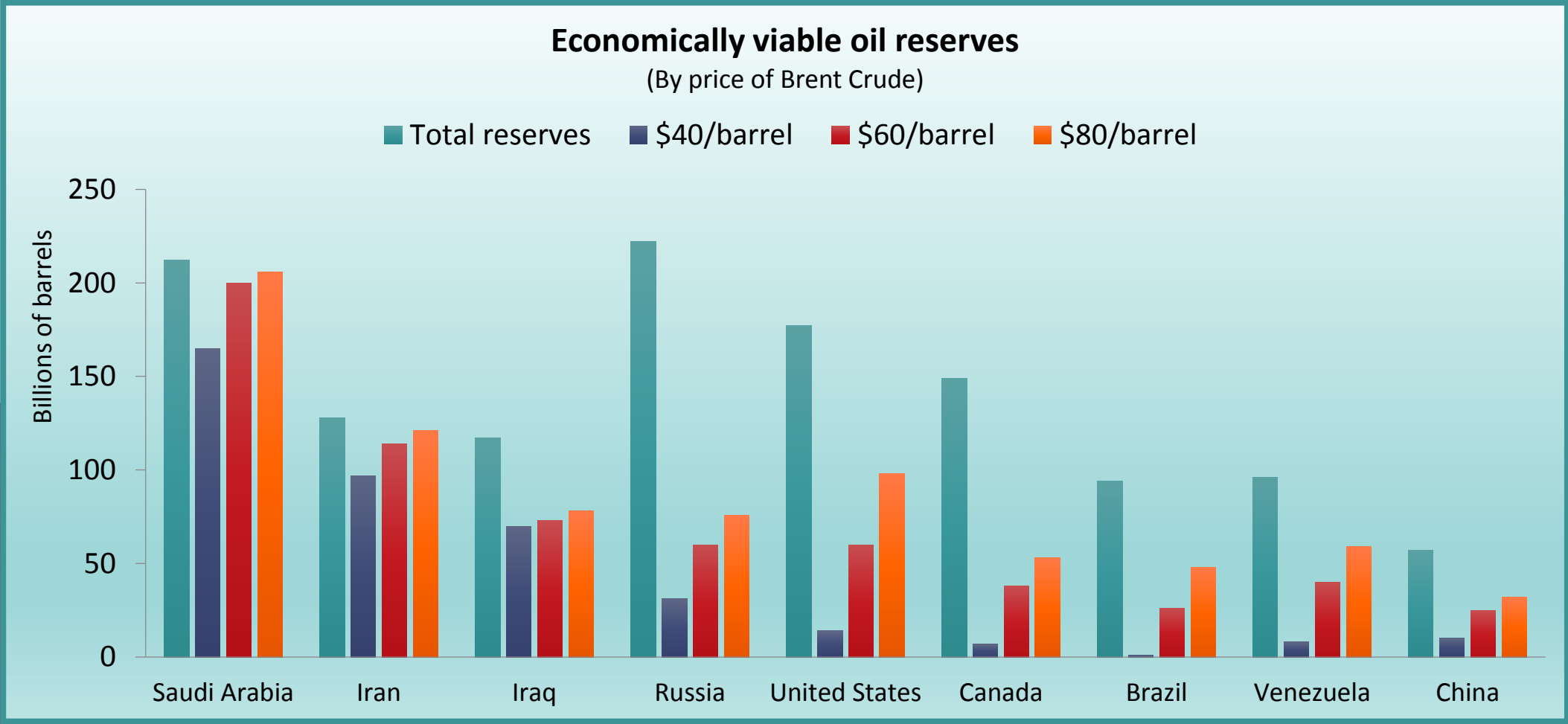
OIL PRICES ARE TRENDING HIGHER



“...when the price of oil rises, so do costs in most rich, industrialized economies; thus, a rising oil price acts as a brake on growth...The reverse is also true. An economic slowdown will likely produce a price drop, which can be a financial boon for governments and consumers alike.”

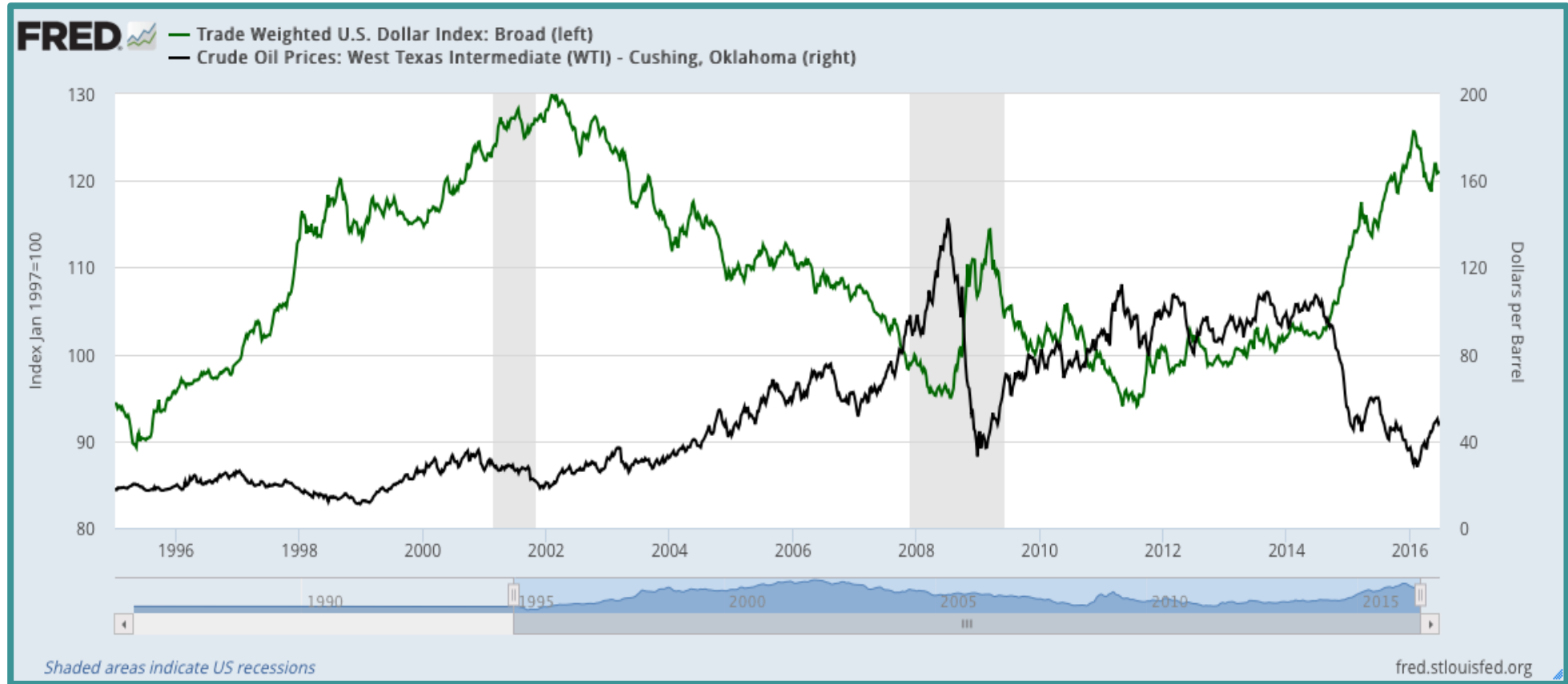
—*World Economic Forum*, February 2016

WHO MAY BENEFIT FROM HIGHER OIL PRICES?



Source: The Economist

U.S. DOLLAR SETTLES LOWER



Sources: Board of Governors of the Federal Reserve System (U.S.), Trade Weighted U.S. Dollar Index: Broad, retrieved from FRED – Federal Reserve Bank of St. Louis; U.S. Energy Information Administration, Crude Oil Prices: West Texas Intermediate (WTI) – Cushing, Oklahoma, retrieved from FRED – Federal Reserve Bank of St. Louis, July 4, 2016.

CHEERIO THEN!

Brexit



“It is now a week since voters narrowly opted for Brexit, and the country has seldom looked so wildly off the rails. The prime minister has handed in his notice. The leader of the opposition is struggling to survive a coup. The pound hit a 31-year low against the dollar and banks lost a third of their value, before stabilizing. Meanwhile, there is talk in Scotland and Northern Ireland of secession...It is time to snap out of the daze. The country needs a new leader, a coherent approach to negotiating with the EU, and a fair settlement with those nations within its own union that voted Remain.”

–*The Economist*, July 2, 2016

WHERE ARE WE GOING



“More and more companies are injecting humor into their brands and office cultures.”

—*Inc. Magazine*, June 22, 2016

SHOWING A SENSE OF HUMOR

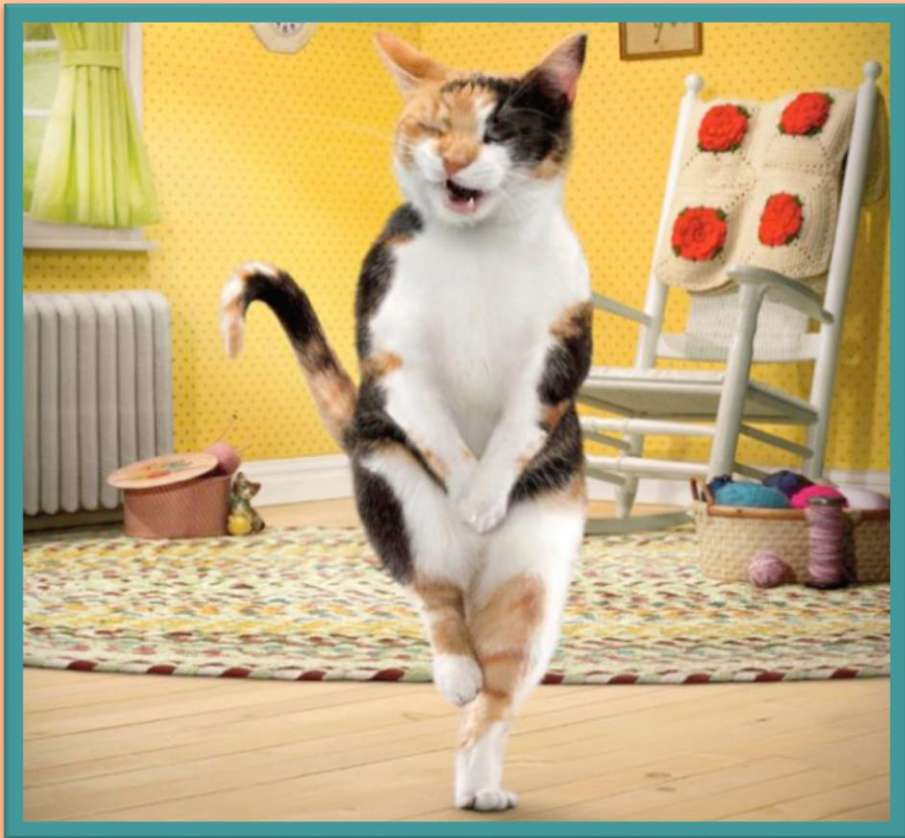


Antifungal Cream

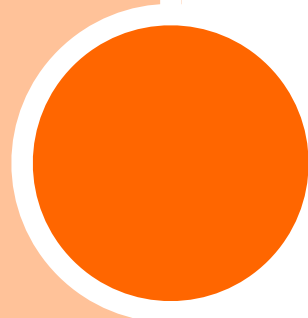
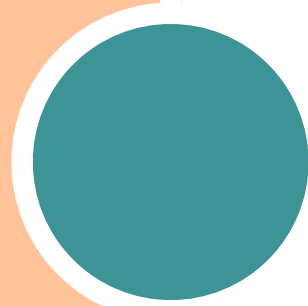


Glass Cleaner

SHOWING A SENSE OF HUMOR



Kitty Litter



Milk Shakes



Beware the ides (mid-month) to the calends (first of the next month) of August (as well as some dates in September and October)



“We are currently in a very dangerous time zone between 2011 until 2018. This is an 84-year cycle [called the 'Time Cycle'] and the previous cycle appeared during 1928 until 1934 where the Great Depression took place.”

—Sandy Jadeja, Technical Analyst

- August 26 - August 30, 2016
- September 26, 2016
- October 20, 2016



Stocks will move higher on the back of government spending



“...life is full of risk, but being in stocks when everyone is bearish is not one of them...”

Moreover, it's really the growth in social spending -- transfer payments, as they are called -- that will continue to support incomes and push the market up for years to come. I'm talking about Social Security, Medicare, and Medicaid. These non-discretionary payments will continue to grow for the next 15-20 years as the baby boomers reach retirement age.”

–Mike Norman, Currency Trader and Economist



STOCK MARKETS HAVE UPSIDE POTENTIAL

“We know discontent among investors is elevated from talking to them around the country; but also by the continued outflow we are seeing in U.S. equity funds...The positive caveat is that there is likely a lot of liquidity on the sidelines which could be the fuel for another market advance. Investor sentiment continues to be one of the stand-out bright spots in an otherwise fairly gloomy environment...

We have been accused at times of wearing rose-colored glasses, but we believe a default setting of optimism has been more rewarding for investors longer-term relative to one of doom...

This isn't a comfortable time for investors, which isn't a bad thing from a contrarian sentiment perspective. We urge investors to stick with their asset allocations, but use volatility to tactically rebalance. Economic data shows signs of improvement, and the Fed continues to be cautious about tightening policy too quickly, which could aid stocks in the second half. ”

–Schwab Market Perspectives, June 10, 2016

Liz Ann Sonders, Brad Sorensen, Jeffrey Kleintop

STOCK MARKETS ARE TOO HIGHLY VALUED


“Simply put, this is the biggest and longest dovish deviation from historical norms I have seen in my career. The Fed has borrowed more from future consumption than ever before... The Fed’s objective seems to be getting by another 6 months without a 20% decline in the S&P and avoiding a recession over the near term. In doing so, they are enabling the opposite of needed reform and increasing, not lowering, the odds of the economic tail risk they are trying to avoid. At the government level, the impeding of market signals has allowed politicians to continue to ignore badly needed entitlement and tax reform...

If we have borrowed more from our future than any time in history and markets value the future, we should be selling at a discount, not a premium to historic valuations.”



*–Stanley Druckenmiller,
Chairman and CEO
Duquesne Family Office LLC*

GLOBAL GDP GROWTH FORECASTS



Country	2015	2016 (est)	2017 (est)
United States	2.4	2.3	2.4
United Kingdom	2.2	1.9	2.2
Euro region	1.6	1.5	1.6
Japan	0.5	0.5	-0.1
China	6.9	6.5	6.2
Brazil	-3.8	-3.8	0.0
India	7.3	7.5	7.5
Russia	-3.7	-1.8	0.8
Developing Asia	6.6	6.4	6.3
South America	-1.4	-2.0	0.8
Middle East & North Africa	2.3	2.9	3.3

U.S. ECONOMY AT RISK

"Why have so many, including the Fed, not seen the risks that now appear all too concrete?" asked Mortimer-Lee, Chief U.S. Economist at BNP. "The answer is that they have been looking in the wrong direction, lulled into a sense of complacency by strong jobs growth and solid consumption. What this view has overlooked is that the threat of recession comes from the corporate sector.

Corporations respond to falling profits by cutting capital expenditures and investments in their businesses...so hiring slows and workers begin to conserve income. Consumption falls, and the whole thing tumbles down."

—Business Insider, June 15, 2016



U.S. ECONOMY DOING WELL



“The U.S. economy is in good shape, despite some setbacks in very recent months...Growth is above 2 percent...Unemployment is well below 5 percent...Four ‘forces’ pose a challenge to future growth:

1. Labor force participation is declining.
2. Productivity growth has also declined.
3. The distribution of income and wealth has steadily become more and more polarized.
4. The share of the population living in poverty is at very high levels.”



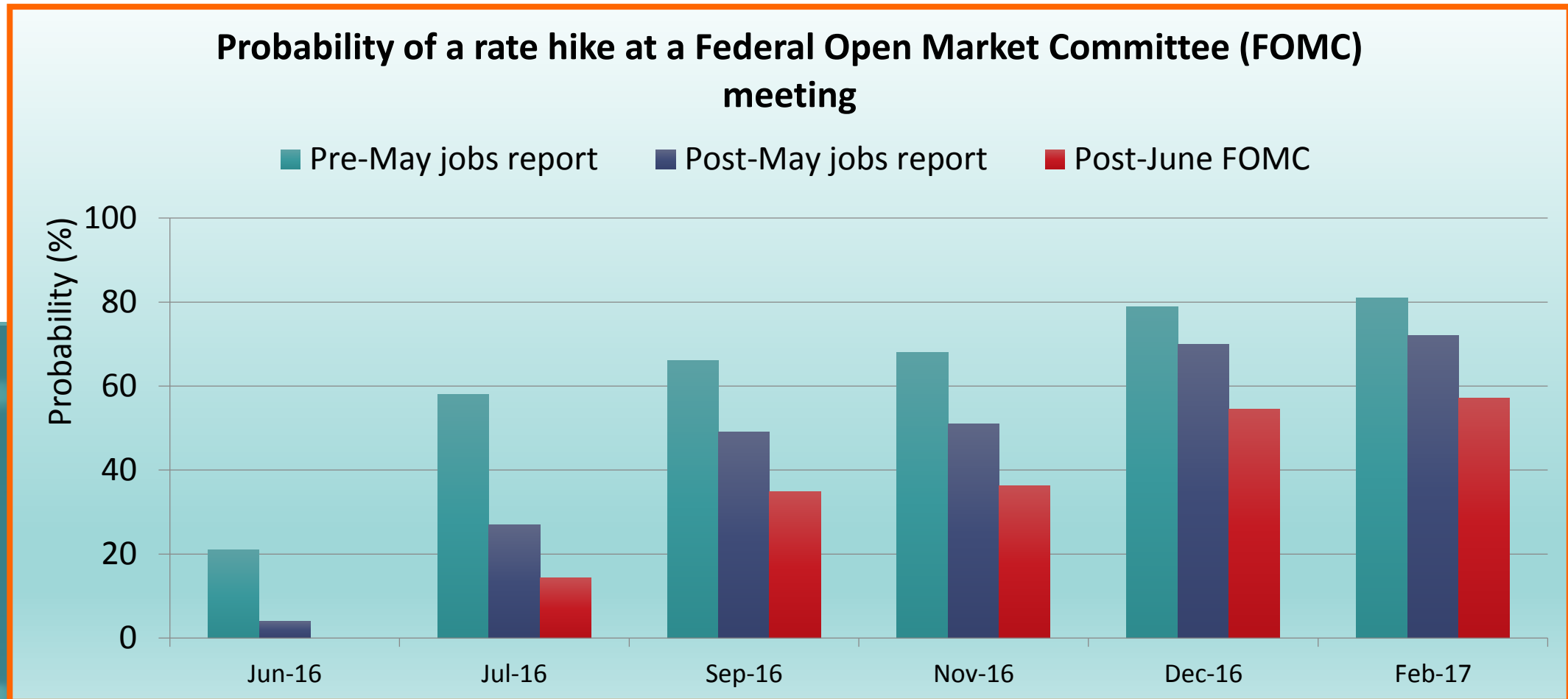


GLOBAL RECESSION POSSIBLE

“ ‘China continues to suffer from capital flight and has been depleting its foreign currency reserves while other Asian countries have been accumulating foreign currency,’ Mr. Soros said in an email. ‘China is facing internal conflict within its political leadership, and over the coming year this will complicate its ability to deal with financial issues.’ Mr. Soros said he is more concerned that continued weakness in China will exert deflationary pressure – a damaging spiral of falling wages and prices – on the U.S. and global economies.”

–Nick Timraos,
The Wall Street Journal, June 2016

THE FED FACTOR



U.S. BONDS ARE RISKY



“The ‘taper tantrum’ in the spring of 2013, which saw the 10-year Treasury yield move sharply higher – surging from 1.62% to 3.03% – provides a sense of the risks that traditional fixed-income investments face and the potential for loss of principal in today’s bond market...however, the risks in the fixed-income market have actually increased.

The size of global central bank balance sheets have ballooned from \$8.3 trillion to \$11.4 trillion, inflation in the U.S. has pushed higher, and the percentage of negative-yielding bonds in the world has expanded from 0.5% to 23%.”

*–Rick Rieder, Managing Director, Chief Investment Officer of Global Fixed Income,
and Bob Miller, Managing Director, Portfolio Manager, BlackRock,
June 10, 2016*

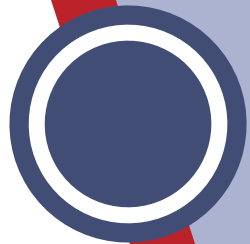
U.S. BONDS ARE SOUGHT AFTER



“Investors’ hunt for income has been intensifying amid a broad decline in global bond yields in June. The U.S. Treasury debt market is one of the few places left in the developed world offering relatively higher income. Meanwhile, the pain is growing among global investors in a world awash with a record amount of negative-yielding bonds driven partly by unconventional monetary stimulus in Japan and Europe.”

—*The Wall Street Journal*, June 9, 2016

EMERGING MARKETS MAY DO WELL OVER THE LONGER- TERM



“In our opinion, the long-term investment case for emerging markets remains positive for a number of reasons. Economic growth rates in general continue to be faster than those of developed markets, emerging markets have much greater foreign reserves than developed markets and the debt-to-gross domestic product (GDP) ratios of emerging-market countries generally remain lower than those of developed markets...

Emerging-market countries account for nearly three-fourths of the world’s land mass and four-fifths of the world’s population, present considerable potential in terms of resources and demographics, and look to be in a strong position to potentially benefit from technological advances.”



*–Mark Mobius, Executive Chairman,
Templeton Emerging Markets Group,
April 15, 2016*



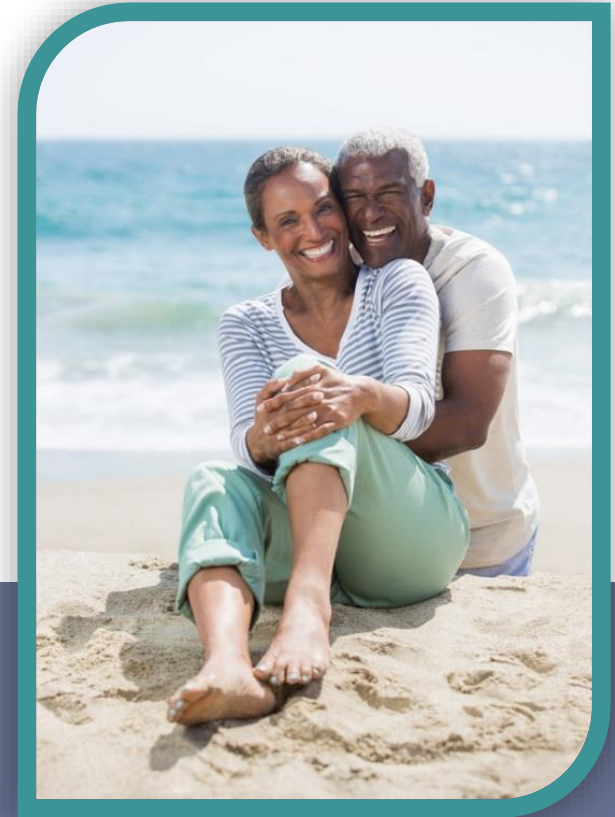
FINANCIAL MARKETS ARE THE ONLY
MARKETS WHERE THINGS GO ON SALE
AND ALL OF THE CUSTOMERS RUN OUT
OF THE STORE...

THAT'S WHY WE'RE HERE

It's been estimated the right wealth management plan, properly executed, can translate into as much as a 3-percentage-point increase in net portfolio return.



WHERE WE MAY BE GOING: WHAT WILL YOU BE DOING?



WE'RE
READY FOR
2016



MAHERAS WEALTH MANAGEMENT, INC.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

Risk Considerations: The economic forecasts set forth in this presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful. Stock investing involves risk including loss of principal. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price. International and emerging market investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors.

Important Information:

- The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors.
- The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- The S&P/Case-Shiller U.S. National Home Price Index measures the change in value of the U.S. residential housing market. This index tracks the growth in value of real estate by following the purchase price and resale value of homes that have undergone a minimum of two arms-length transactions. This index is named for its creators, Karl Case and Robert Shiller.
- The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.
- Personal Consumption Expenditures (PCE) is a measure of price changes in consumer goods and services, targeted towards goods and services consumed by individuals. PCE is released monthly by the Bureau of Economic Analysis (BEA).
- Quantitative Easing (QE) is a government monetary policy occasionally used to increase the money supply by buying government securities or other securities from the market. QE increases the money supply by flooding financial institutions with capital in an effort to promote increased lending and liquidity.
- The Price-to-Earning (P/E) ratio is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share. It is a financial ratio used for valuation: a higher P/E ratio means investors are paying more for each unit of net income, thus, the stock is more expensive compared to one with a lower P/E ratio.

Securities offered through "LPL Financial", Member FINRA/SIPC.