

# Quantitative Investment Decisions

*The Safety Net For Your Portfolio*

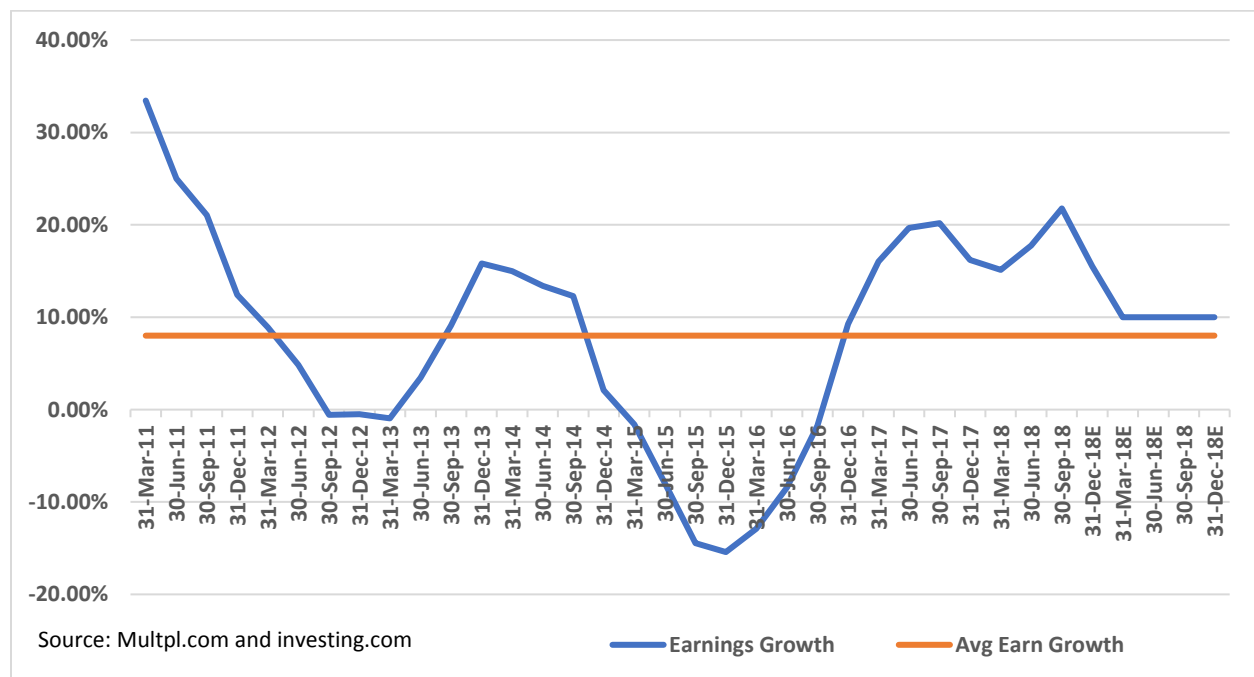
## Just Right

### Executive Summary:

We believe that the market and economy are not too hot nor cold, just right. Moderate earnings and average equipment expenditure growth with low inflation should result in real GDP of 2-3%. These factors should keep the Fed from dramatically increasing rates any time soon. The environment should bode well for the markets for the foreseeable future. As noted in January, our model is predicting a 19% increase for the S&P 500 for 2019. As expected, January was strong, and February's performance should be +/- 2%.

Earnings growth is forecasted to slow to 10% in 2019. That is well above the eight-year average earnings growth rate of 8.01%. Although the trend is down versus the prior two years, trade seems to be the biggest headwind we are facing. As we discussed last month, we expect that a trade deal will be completed by mid-year. With the pressure off trade, we believe earnings growth continues its upward path.

### Exhibit1. Historical and Forecasted Earnings Growth

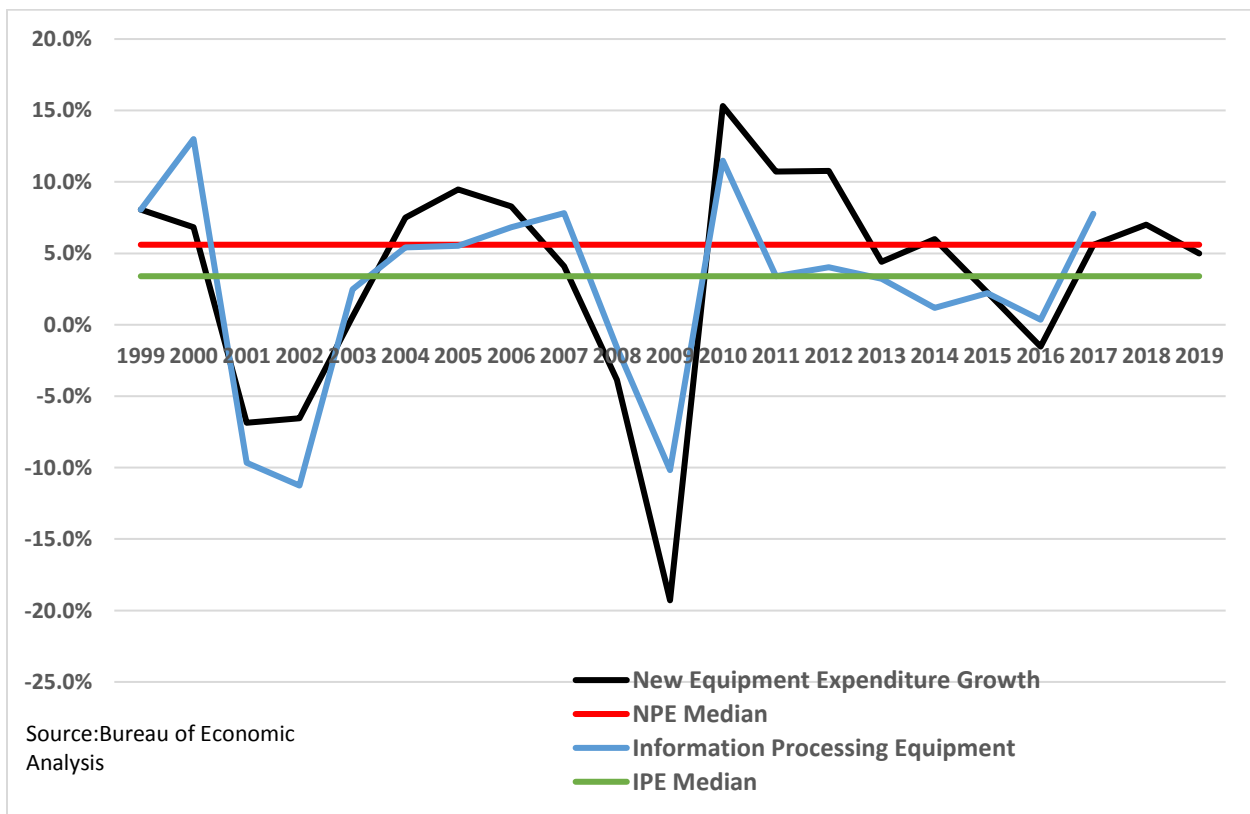


# Quantitative Investment Decisions

*The Safety Net For Your Portfolio*

**Private fixed-investment in new equipment appears to be slowing to 5%, slightly below the 20-year historical median growth of 5.6%, see exhibit 2 below.** The major pops to growth occurred just after the 2003 and 2009 recessions of 10% and 15%, respectively. Surprisingly, investment in information processing equipment's median growth since 1999 has been just 3.4%, substantially below overall new equipment expenditures. This was well in advance of trade issues and one may wonder if this has more to do with the slow economy after the recovery from the 2003 and 2009 recessions. Or was this a reality of centralized storage to cloud computing. More recently, private spending on information processing equipment may have been delayed awaiting the switch to 5g. We keep hearing the tremendous product and service opportunities that 5g will offer. With a trade agreement in place by mid-year and the start of a movement to 5g, we are hopeful that it will be enough to rejuvenate equipment spending to long-term trend rates.

Exhibit 2. Private Fixed-Investment Growth in New Equipment



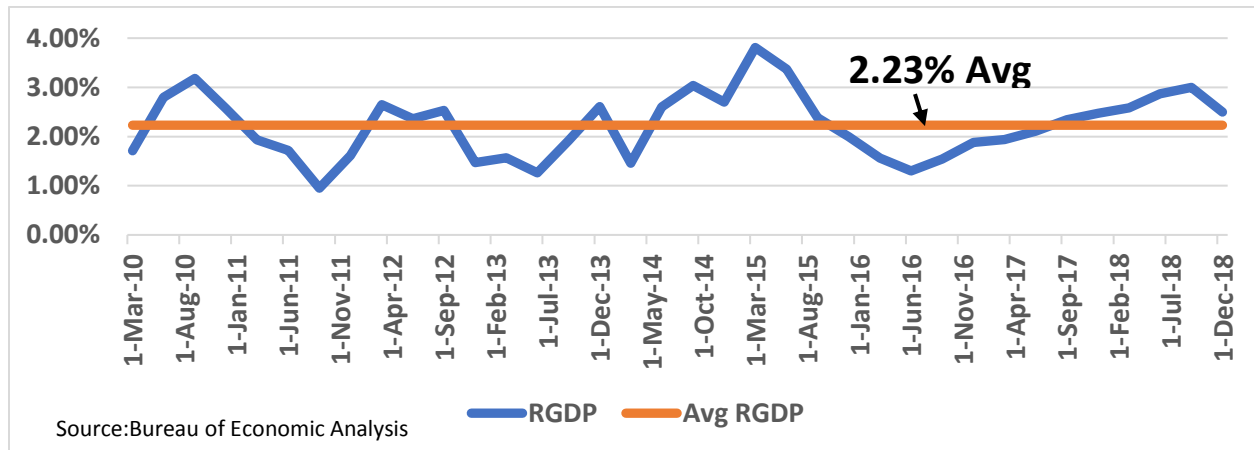
**Real GDP is expected to slow to 2.5% in 2019.** Although slower than 2018's 2.8%, it is still above the eight-year average of 2.23%. Real GDP growth has been elusive since 2008-9's recession. Growth has remained below normal recovery averages of +3%. The anticipation of improved visibility of earnings by

# Quantitative Investment Decisions

*The Safety Net For Your Portfolio*

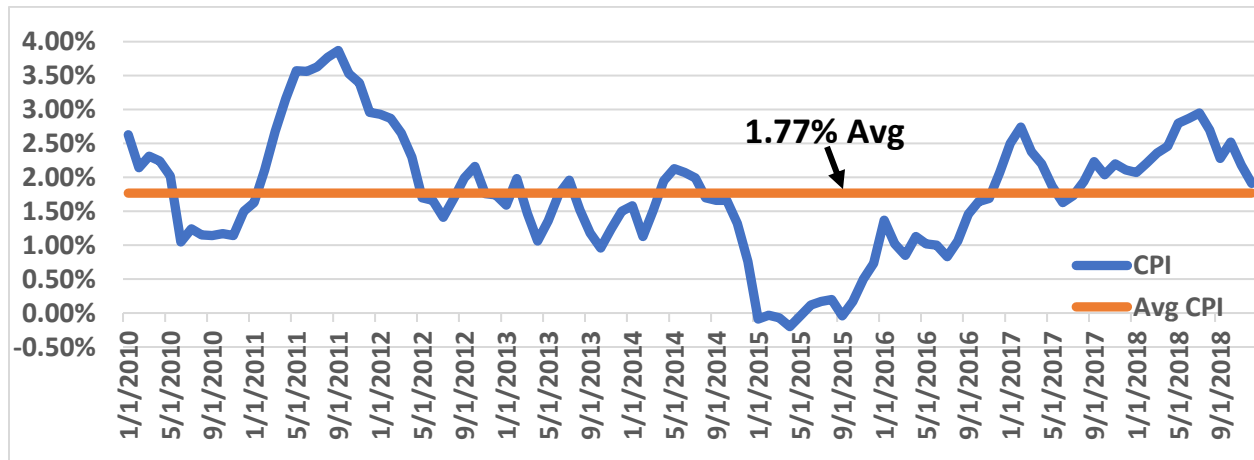
mid-year, bounce back in equipment investment through 5g investment should help stabilize real GDP growth in the 2-3% range, just right.

**Exhibit 3. Real GDP Growth 2010-2018**



**Inflation continues to be subdued after an increase in mid-2018.** One of the main areas that has kept inflation low is minimal wage increases despite full employment levels. Our belief is that this may have more to do with the calculation of wage inflation, (Aggregate wages/number of workers=average wage). The number of top compensated baby boomers that are retiring has been increasing, reducing the aggregate wage number, the numerator. In addition, the number of workers has increased with the low unemployment levels, denominator, and are being added to the payrolls at the lower end of the pay scale. We believe these factors are overshadowing actual wage inflation. We expect this to continue.

**Exhibit 4. CPI**



# Quantitative Investment Decisions

*The Safety Net For Your Portfolio*

## Disclosures

**Quantitative Investment Decisions, LLC ("QID") claims compliance with the Global Investment Performance Standards (GIPS®).**

### Firm Definition

Quantitative Investment Decisions, LLC ("QID" or the "Advisor") is registered investment advisor in the state of Florida organized as a Limited Liability Company ("LLC") under the laws of the State of Delaware, whose principle place of business is in Naples, FL. The entire investment team and critical operations staff became affiliated with QID on January 2, 2015.

QID reviews a total firm AUM report broken out by account on a quarterly basis to ensure that only actual assets managed, or sub-advised, by QID are included. All accounts deemed to be advisory only, hypothetical, or model in nature are excluded from total firm AUM. Total firm assets are all discretionary (whether fee-paying or not) for which QID has investment management responsibility, including assets managed by sub-advisors that QID has authority to select.

### Obtaining a Compliant Presentation and the Firm's List of Composite Descriptions

A compliant presentation, including the performance data for the composite, may be obtained by contacting QID at 239.631.8912 or by emailing [info@qidllc.com](mailto:info@qidllc.com).

The Quantitative Investment Decisions' (QID) Tactical U.S. Equity Strategy, Tactical International Equity Strategy, Tactical U.S. Fixed Income Strategy, and the Tactical Alternative Investments Strategy are long-term growth portfolios that invests in Exchange Traded Funds (ETF) as markets are rising and scales to cash as markets weaken using a trading algorithm. Their objective is capital appreciation. The portfolios represent United States markets, international markets, United States fixed-income markets and a blend of commodities and REITs that constitute the alternative investments strategy. The charts above show the total return, including reinvestment of all dividends. Returns are shown net (NR) of management fees and transaction fees for the composite account of the portfolios. The U.S. dollar is the currency used to express performance. QID claims compliance with the Global Investment Performance Standards (GIPS®). QID has been independently verified and its composites receive a quarterly performance examination by Ashland Partners & Company, LLP. **From April 30, 2012 through December 31, 2015 the performance shown is that of a composite of client accounts according to the dictates of the Program.** The quantitative engine providing strategy signals was enhanced effective April 1, 2014. The portfolio weighting scheme was also enhanced effective September 1, 2014.

Benchmarks are used for comparison purposes to correlate to each portfolio. The returns for the indexes shown include dividend reinvestment. Individual client accounts may have experienced investment results during the corresponding time periods that were materially different from those of the composite returns. **Performance data shown is past performance. Past performance is no guarantee of future results. Investments are subject to risk, and any of QID's investment strategies may lose money. QID's actively managed portfolios may underperform in bull or bear markets. The investment strategy presented is not appropriate for every investor and individual clients should review the terms, conditions and risk involved with specific products or services. The portfolio is constructed with Exchange Traded Funds that seek investment results that, before expenses, generally correspond to the price and yield of a particular index. There is no guarantee that the price and yield performance of the index can be fully matched. ETFs are subject to risks similar to those of stocks.**

### Risks

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. Asset allocation, nor diversification, does not guarantee a profit or protect against loss. Investment returns may fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost. All investments include a risk of loss that clients should be prepared to endure. Quantitative Investment Decision's actively managed portfolio may underperform in bull or bear markets.