Investor Quarterly

Volatility Returns

One Quarter, But Two Dynamics

The bull market from 2017 extended into the first few weeks of 2018, only to shift rapidly into correction territory. Volatility returned as investors began to fret over a resurgence in inflation, interest rate hikes, trade disputes and ballooning US Gov't deficits. We were fortunate to navigate such volatility, remain comfortable with our asset allocation given current valuations, but see heightened risk.

S&P500 Forecast & Other Key Indicators

Forecasting remains challenging given mixed indicators such as a flatter yield curve, less robust macro-data vs. strong EPS growth. We see the following for 2018: GDP (+2.6%), Gold ($1,325/oz), 10-yr US Bond Yield (2.8%), Oil (WTI - $65/brl), 2018 S&P500 EPS $149 and 2019 S&P 500 EPS of $162.

1Q18 in Review

The first quarter exhibited two narratives: the first exhibited an ongoing rise in risk asset prices on expectations for global economic growth and the benefits of a US tax cut. But this narrative was eclipsed by a second narrative, this one characterized by concerns over inflation, rising interest rates and extended asset valuations, made worse by trade dispute fears and geopolitical uncertainty.

Asset Class Performance (Total Return: 1Q18)

We note the following for 1Q18: S&P500 (-1.0%), Gold (+1.7%), Bonds (-1.5%), Commodities (+2.2%). Markets experienced greater volatility, with the S&P jumping 7% in the first few weeks of January, only to fall over 10% by March.

Rockingstone Performance

We had a decent quarter (+0.8%) and used more aggressive short-term positioning to deal with market volatility. From an ETF perspective, we made no major changes in 1Q18 although at times we were short the S&P (SPY) as well as bonds (TBT). We sold WYNN but kept exposure to gaming via MGM and RRR.

ROCKINGSTONE ADVISORS LLC

About Us

Rockingstone Advisors LLC is a boutique asset management and corporate advisory firm co-managed by Brandt Sakakeeny and Eric Katzman, CFA.

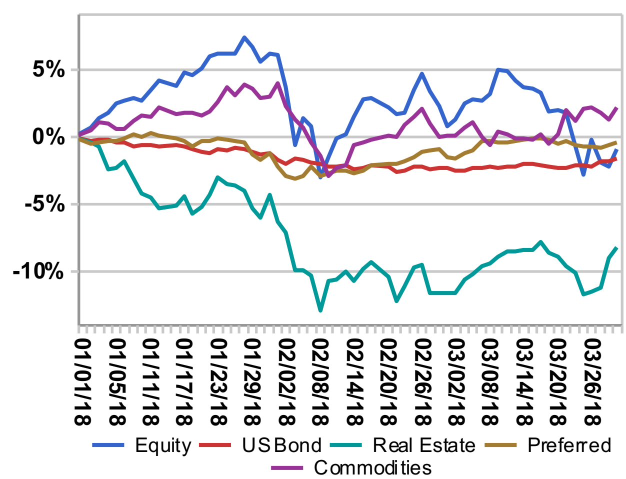
As an SEC-registered investment advisor, we provide multi-asset investment strategies to individuals, families and small institutions through separate accounts.

Our investment strategies attempt to capitalize on pricing inefficiencies across broad asset classes and then across individual securities, with a strong emphasis on fundamental research and analysis.

Thank you for your interest. You can find more information (and some interesting articles) at:

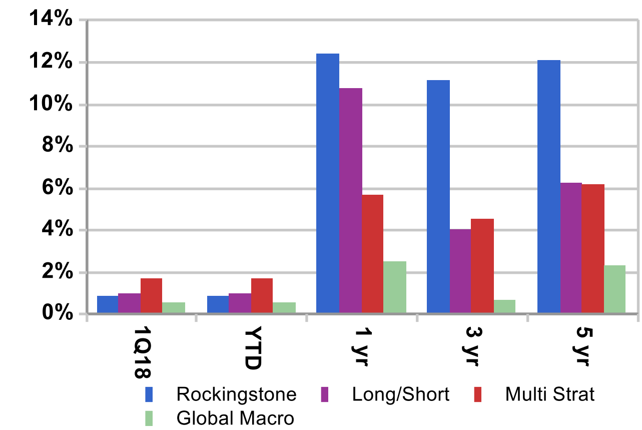
www.rockingstoneadvisors.com

Figure 1: 1Q18 Asset Class Performance[i]



Source: FactSet

Figure 2: Rockingstone: 1Q18 & Historical Returns[ii]



Source: Rockingstone Advisors, Morningstar, DJ Credit Suisse Indices

Please see our End Notes and Disclosures (pages 25-26 of this Investor Quarterly) for important information regarding performance measures. Form ADV available upon request.

ROCKINGSTONE ADVISORS LLC

Table of Contents

ROCKINGSTONE ADVISORS LLC

Asset Class Performance Review

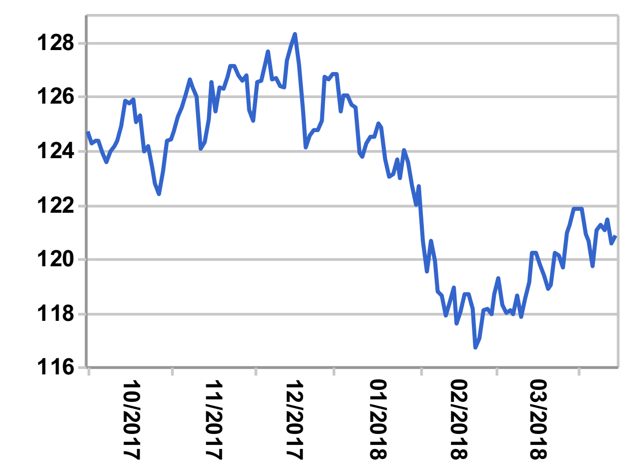
Volatility Returns

The 1Q18 reminded investors that volatility in markets is the rule and not the exception. Although 2017 was an excellent year for most asset class performance, it was also a benign year for volatility. Yet investors need only look back to 1Q16's poor market performance—as well as surprises around the Brexit vote—to be reminded that sentiment can rapidly shift from bullish to bearish.

During the first few weeks of 2018, most global asset prices continued their 2017 trend higher, as investors focused on likely strong corporate profit growth in the developed world, macro-economic recovery in most global markets, the benefits of the US tax law changes and still benign interest rates. As measured by the S&P, such bullishness led to +7% gains, typically a full year's return, in early January alone!

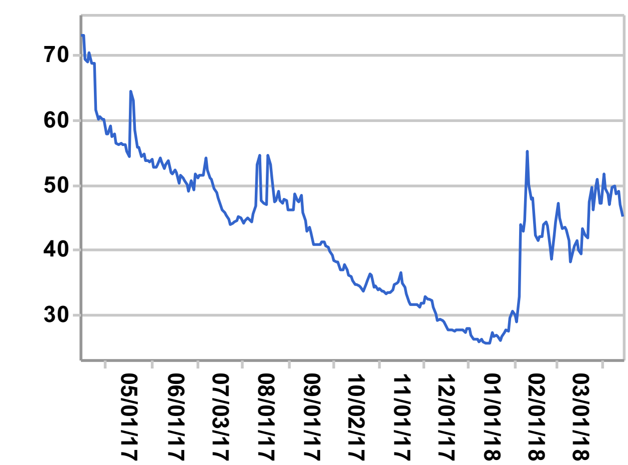
Yet such sentiment quickly reversed; the catalyst: rising global bond yields as inflation figures accelerated. The 10-year US Treasury yield approached 3% as the CPI in early January exceeded expectations and wage growth, coupled with low unemployment, started to impact the discount rate, in turn putting pressure on valuation. This led to the long awaited sell off in fixed income but, at the same time, also negatively impacted stocks.

Figure 3: Bond Prices 20+ Year US Govt (TLT – ETF)



Source: FactSet.

Figure 4: Volatility (VXX)



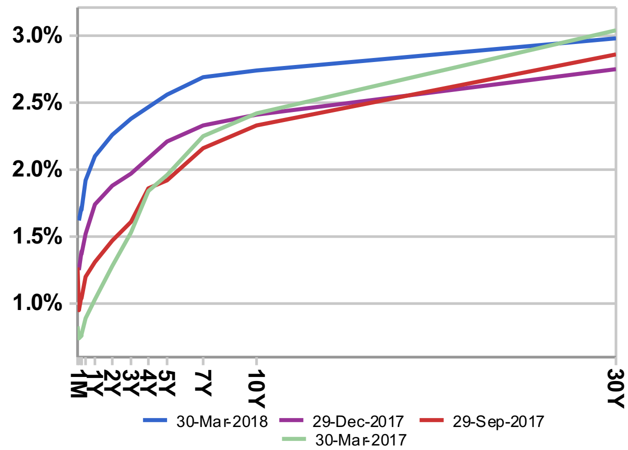
Source: FactSet.

At around the same time, the new head of the US Federal Reserve took the helm. Consensus suggested no major change in monetary policy was likely and that higher interest rates were at least initially bullish (i.e. reflecting broad-based economic growth). Although the Fed has been fairly consistent in that 3+ rake hikes were likely in 2018, the market nevertheless took Fed Chair Taylor's view as being more hawkish and this further contributed to a volatile February and March. Moreover, during the first quarter, Congress passed and the President signed into law a budget that forecasted even larger US deficits (F2018 expected to be close to $1 trillion). This further added to concerns interest rates would rise significantly and eventually squelch US and global economic growth. Lastly, March saw the President argue the US is being treated unfairly across numerous trade deals and that tariffs on steel (and numerous other products) are necessary. With China responding tit for tat, investor sentiment plunged on concerns a trade war was imminent.

ROCKINGSTONE ADVISORS LLC

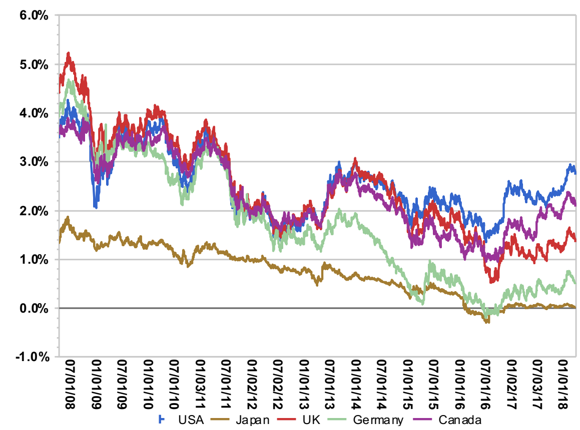
The rise of China as a trading partner is seen as exerting a deflationary impact on global prices; hence, concerns over a potential trade war raise the prospect of higher input prices, driving inflation higher, and ultimately interest rates. Moreover, one potential tool the Chinese have in combatting US trade policy is to decrease their purchases of US Treasury bonds. The issuance of US Treasuries to fund greater budget deficits directly expands the supply of Treasuries in the market. If the Chinese reduce their purchases, lower demand for US Treasuries could create a supply/demand imbalance, possibly driving US rates higher.

Figure 5: U.S. Yield Curve



Source: Factset

Figure 6: Global Sovereign Yields



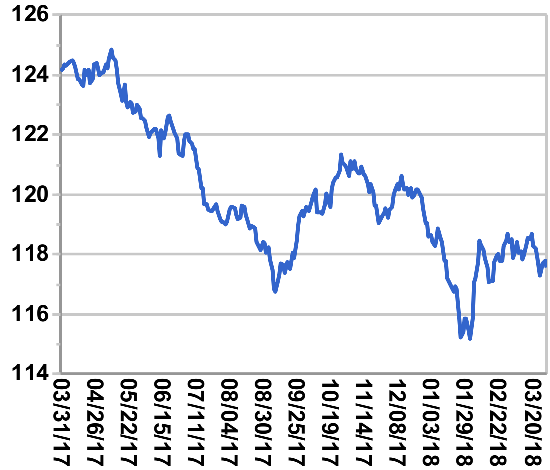
Source: Factset

While global equities had a mixed performance in the 1Q18 (for example the S&P500 was down 1.0% while Frontier Markets were +6.0%), almost every fixed income asset class declined in value. Investors have been wary the 20-year bull market in fixed income would come to an end. Yet the day of reckoning for higher rates seems never to arrive. Perhaps the 1Q18 was the start of rate normalization and decline in fixed income asset values.

Declines in fixed income values could potentially force investors to re-allocate portfolios away from bonds and into stocks, which would be bullish for stock prices; however, since stock prices also reflect the present value of a future stream of cash flows given a certain discount rate, the higher the discount rate, the lower the present value of that future stream of cash flows.

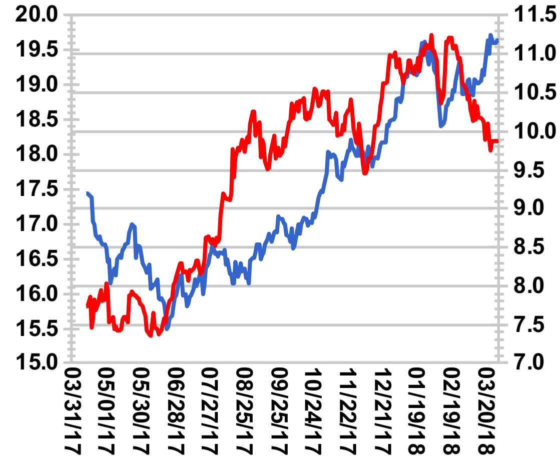
While many indicators remain positive, one area of concern is the flattening yield curve (see the figure above). Historically a flat to inverted yield curve signals an increased risk of recession. The Fed has control over the short end of the curve and recent rate increases are evident. But the Fed doesn't have direct control over the long end of the curve. The fact 30-year yields are slightly below a year ago is disconcerting. Lastly, we note most global sovereign yields have moved up. This isn't a surprise to us as it was hard to see negative real yields in markets like Germany remaining so low for the long term. Not too surprisingly, the $US followed yields lower into early 2018. Since that time the $US has rebounded vs. other currencies. While hard to predict, we assume that ever widening US government deficits and the Federal Reserve unwinding their $4 trillion bond holdings will increase rates and ultimately the $US dollar should follow.

Figure 7: Federal Reserve Nominal Broad $US Index



Source: FactSet, Federal Reserve

Figure 8: DB Base Metals (left/red) & Oil (right/blue) ETFs

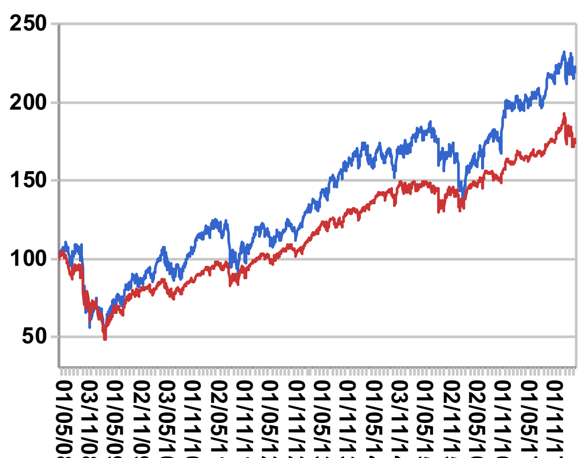


Source: FactSet

For the most part, investors seem confident the global economy is growing at a decent clip. Most of the macro-economic data during the 2H17 surprised to the upside, although we note recent economic time series have only just met forecast. To the extent the global economy's strength can be judged by demand for base metals and energy, we note that ETFs reflecting those commodities have been on an upward trend over the last year. However, there has been some recent divergence as 1Q18 has progressed, with some investors become more concerned over base metal weakness, notably copper.

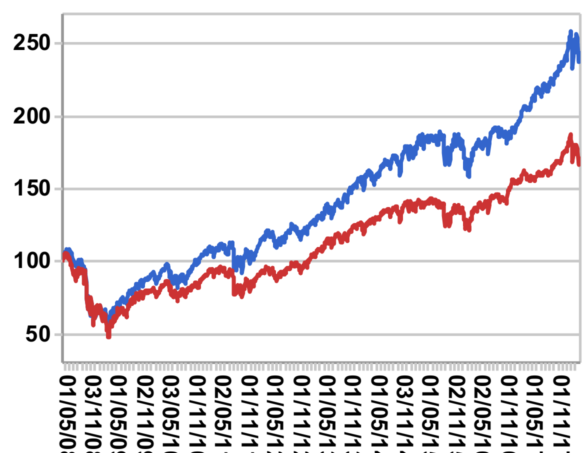
Within our allocation to US stocks, we have also been cognizant of what is happening between large cap, stable companies vs. more economically sensitive small cap names. When the $US has strengthened or the President pushes for higher trade tariffs, small cap names have tended to out-perform. Indeed, over the last decade, small cap stocks have done well vs. high dividend yield oriented stocks.

Figure 9: High Yield - VYM (red) vs. Small Cap - IWM (blue)



Source: FactSet, Federal Reserve

Figure 10: S&P 500 Value (red) vs. S&P 500 Growth (blue)



Source: FactSet

We continue to keep a close watch on the performance differential between Growth vs. Value. The former has continued to out-perform both over the last year as well as the last decade. We have noted this divergence in past reports but think it is important to monitor.

For example, growth-oriented large cap tech stocks such as Apple, Alphabet (Google), Netflix, Amazon and Facebook account for a significant part of the S&P500's weighting. Thus, when certain issues such as trade disputes arise, large cap tech can be scrutinized and valuation put under pressure.

It remains tough to see what will force mean reversion between Growth vs. Value assets. Over the last 6-9 months we have adjusted portfolios to create a better balance. As noted previously in this section, global growth appears compelling and this obviously favors Growth-oriented assets (depending on the valuation). But on the other hand, higher interest rates and commodity prices would likely favor Value-oriented assets.

Equity Performance

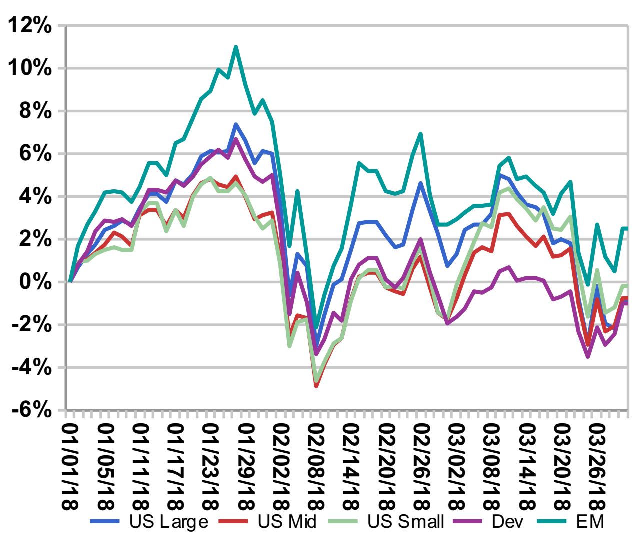
Mixed Signals

With 2017 being such a strong year for almost all equities, it was somewhat surprising to see equity prices jump in early January. For example, and as a reminder, the long term CAGR on the S&P500 is about 7%. In the first month of this year, most global stock markets were up 7% or more! Hence, in many respects, investors shouldn't be surprised to have seen equity prices pull back.

In the first few weeks of this year, investors were largely focused on mid-teens EPS growth for the S&P500, a recovery in Europe and Emerging Markets, tax reform in the US, benign inflation and low global interest rates. But as we noted, sentiment quickly reversed as investors became concerned over inflation (especially wage pressure in the US), a rise in interest rates, valuation followed by trade disputes. By the end of the quarter, however, rate pressures had reversed, with yields declining from their highs.

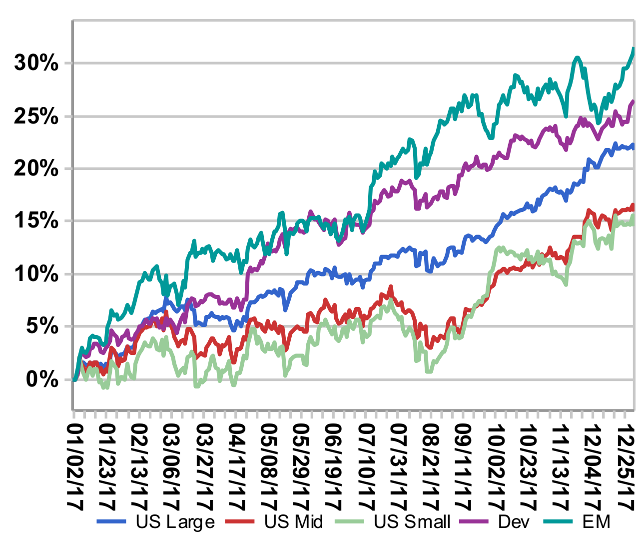
We note that despite all the volatility, US stocks didn't really move materially from the end of 2017 to the end of 1Q18. US Large Cap stocks were down about 1%, Mid Cap stocks were off a similar percentage while Small Cap stocks were about flat. Meanwhile Developed Market stocks declined 1%, with Emerging Markets (+3%) performing the strongest.

Figure 11: 1Q18 Equity Performance[iii]



Source: FactSet

Figure 12: 2017 Equity Performance



Source: FactSet

ROCKINGSTONE ADVISORS LLC

Fixed Income Performance

Inflation Fears Dominate

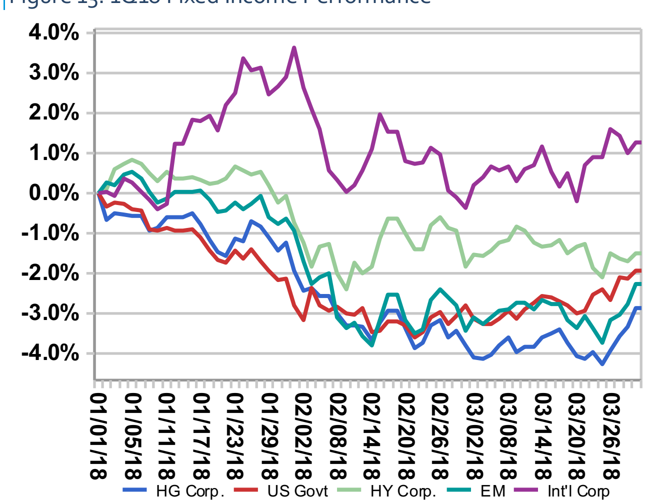
From a big-picture perspective, record low interest rates for close to a decade have fueled a bull market in asset values. To the extent today's asset values are a function of future cash flow generation and a discount rate, the latter has a major influence on present values. Although the Federal Reserve raised short term rates in 2017, this didn't have much of an impact as most asset classes (including fixed income) performed well last year.

But as January 2018 unfolded and asset values jumped, we worried whether a rise in rates would be the primary headwind for the financial markets. When wage rates appeared to jump, this is one issue that spiked yields and could arguably be blamed as the catalyst for equity market volatility. The rise in rates did not just impact equities, but led to weakness across fixed income assets. Specifically, we note in the 1Q18 that US High Grade Corporates declined 3%, US Governments dropped 2%, High Yields were off about 1%, Emerging Markets slid over 2%, while Intl Corporates rose about 1%.

From the 2Q17, we have been short BNDX (the ETF made up of developed market government bonds). We kept our short with a thesis most non-US developed market government bonds' yields remain unsustainably low. At times during the 1Q18, we were short various parts of the bond complex although we covered those positions as volatility increased and yields stopped climbing.

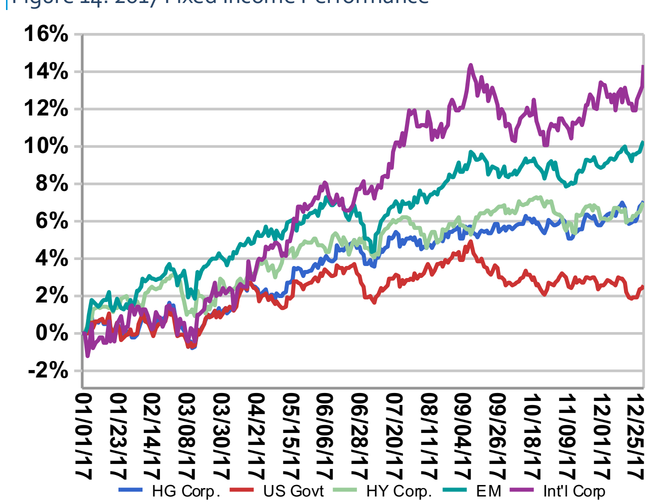
Across most portfolios we remain under-weight fixed income. We are wary over the combination of: (1) the Federal Reserve pushing up short term rates in 2018, (2) the ECB likely ending its QE program, (3) a general pick up in global growth, (4) greater deficits in the US based on tax cuts and large government spending, and (5) the unwinding of a $4 trillion Federal Reserve balance sheet.

Figure 13: 1Q18 Fixed Income Performance[iv]



Source: FactSet

Figure 14: 2017 Fixed Income Performance



Source: FactSet

Commodity Performance

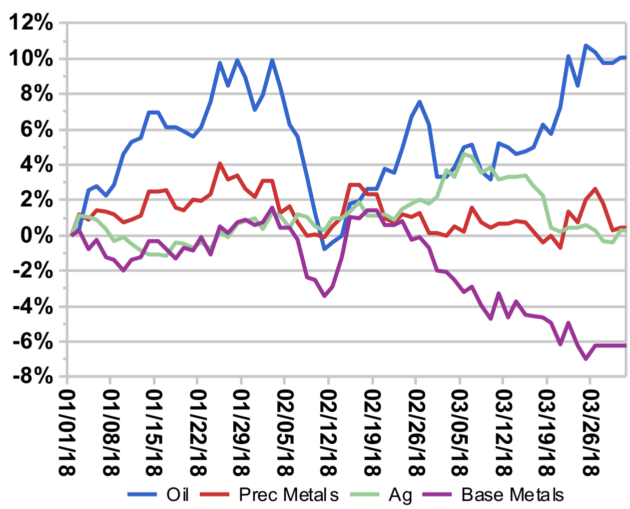
Oil Rebounds vs. Base Metal Weakness

As noted earlier in this report, the commodity complex is sending somewhat mixed signals to investors. For the most part, we haven't had a lot of commodity exposure (via ETFs) within Rockingstone's portfolios. Nevertheless, we look to commodities to be a leading or coincident indicator on the state of the global economy.

In the 1Q18 we note Oil (using the ETF DBO as a proxy) jumped close to 10%. During 2017 we recall that OPEC production limits were largely offset by non-OPEC production, including US fracking efforts. But since the 4Q17 and into 1Q18, Oil has been rebounding strongly. While this is a positive signal regarding global macro-economic growth, it also indicates better quota compliance among OPEC members. In our 4Q17 newsletter we alerted investors that our exposure to energy-related assets had increased and this has generally aided overall performance.

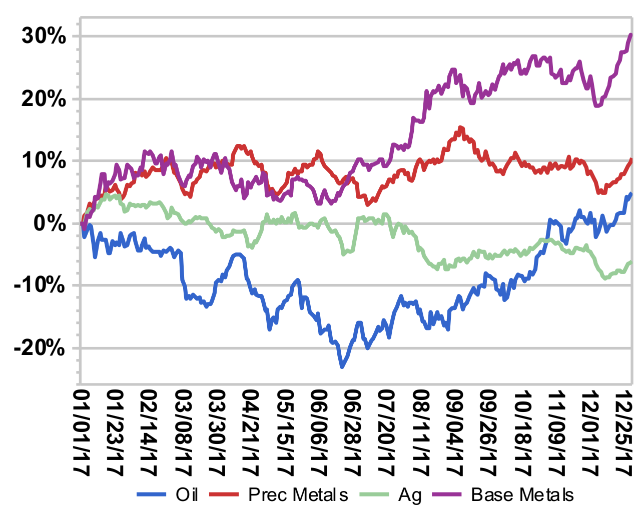
Offsetting the bullish signal from Oil is the noticeable decline in Base Metal performance (using the ETF DBB as a proxy). A drop of about 6% is somewhat worrisome to the extent base metals like copper are also a leading indicator regarding economic activity. The divergence between oil and base metals is something we expect to monitor in coming months. We note other commodities such as Precious Metals and Agriculture were basically flat in the quarter.

Figure 15: 1Q18 Commodity Performance[v]



Source: FactSet

Figure 16: 2017 Commodity Performance



Source: FactSet

ROCKINGSTONE ADVISORS LLC

Forecast: 2018

Rockingstone Advisors' Latest Forecasts

Both the US and global macro-statistics continue to point to solid GDP trends. Given the recent tax cut, we believe GDP growth should be sustained in the 2.6-3.0% range. That said, the Atlanta Fed's GDP Now forecast for 1Q18 has declined from roughly 5% to 1.9%. Recognizing this trend, we have trimmed our GDP forecast from 2.8% to 2.6% for 2018.

Last quarter we raised our 2017 EPS forecast from $125 to $132 to reflect stronger earnings momentum in 4Q17. However, actual operating earnings for the S&P have come in at $124.51, in line with our original estimate. Using this new figure as a base for our 2018 forecast, we expect earnings growth of between 10-12%, yielding an EPS estimate for the S&P 500 of $139. Instead of a $6 benefit in 2018 from the corporate income tax cut, we now expect a $10 benefit. Valuations remain high, but given the decline in asset prices since the end of January, coupled with upward revisions to earnings estimates, multiples are more attractive than they have been for some period of time.

Figure 17: Key Metric Forecast

	Year End December 2018	
Metric	Band	Point
US Real GDP (NTM)	2.4% -2.8%	2.6%
S&P 500 2018 EPS (RSA/Street)	NA	$149 / $156
S&P 500 2019 EPS (RSA/Street)	NA	$164 / $172
S&P 500 2018 Index	2800 - 2950	2850
10-Yr US Treasury Yield	2.5% - 2.9%	2.8%
Oil (WTI)	$60 - $70	$65
Gold	$1,300 - $1,400	$1,325
Inflation	1.9% - 2.3%	2.1%

Source: Rockingstone Advisors, The Economist, Standard and Poor's, NYSE Arca, St. Louis Federal Reserve

A few observations and comments:

1. <u>S&P500 EPS</u>. During the fourth quarter, consensus S&P500 EPS expectations rose from $126 to $132 for 2017; however, actual operating EPS came in at approximately $124.51 (reported EPS are $109.88). Using $125 as our base, we would now expect roughly 10-12% earnings growth to $139 for 2018. We estimate that tax savings should generate an additional $10 in EPS (up from our original forecast of $6) for the S&P 500, which yields $149 for 2018, below the Street's $156 estimate, which was recently revised from $150. We raise our 2019 S&P 500 EPS forecast to $164, from $159, which remains below the Street's consensus estimate of $172, up from $165.

2. <u>S&P500 Index</u>. The acceleration in earnings helped fuel the S&P to stellar returns in 2017. At around 2680, combined with our forecast of $149 in earnings, the S&P 500 trades at a current P/E of 18x. For year-end 2018, we are now forecasting a range of 2800-2950 with a point estimate of 2850. The high end of the range could be achieved or surpassed if our $164 estimate for 2019 appears to be low, or if—contrary to our expectations— there is no P/E multiple contraction over the next 12 months. The low end of our range would occur if our forecast for earnings is too aggressive or if the P/E multiple contracts more than expected. The midpoint of our range assumes some multiple contraction (roughly from 17.9x to 17.4x) based on our outlook for (i) higher interest rates; (ii) tougher YoY earnings comparisons and (iii) decelerating upward economic revisions.

Five Year Asset Value Forecast[vi]

The Outlook for Returns Remains Muted

Below is our five-year asset value forecast, as well as details behind our equity return calculations. Return expectations are decently higher from the prior quarter, due in part to higher dividend yields and less of a drag from valuation. Typical to our approach, we assume asset values mean-revert (with respect to margins and P/E multiples) over time.

Figure 18: Five-Year Total Equity Return Calculations (Incremental Contribution)

Asset	Index	LT Growth		Sales		Profit Margin		Div.Yield		Valuation
US Large Cap Stock	S&P500	6.8%	=	6.4%	-	0.8%	+	2.0%	-	0.8%
US Mid Cap Stock	S&P400	6.5%	=	5.4%	-	0.1%	+	1.8%	-	0.5%
US Small Cap Stock	S&P600	5.5%	=	5.7%	-	0.0%	+	1.7%	-	1.9%
Foreign DM Stock	MSCI-EAFE	6.1%	=	3.9%	-	0.2%	+	3.4%	-	1.0%
Foreign EM Stock	MSCI-EM	9.7%	=	8.0%	+	0.0%	+	2.9%	-	1.1%

Source: Rockingstone Advisors

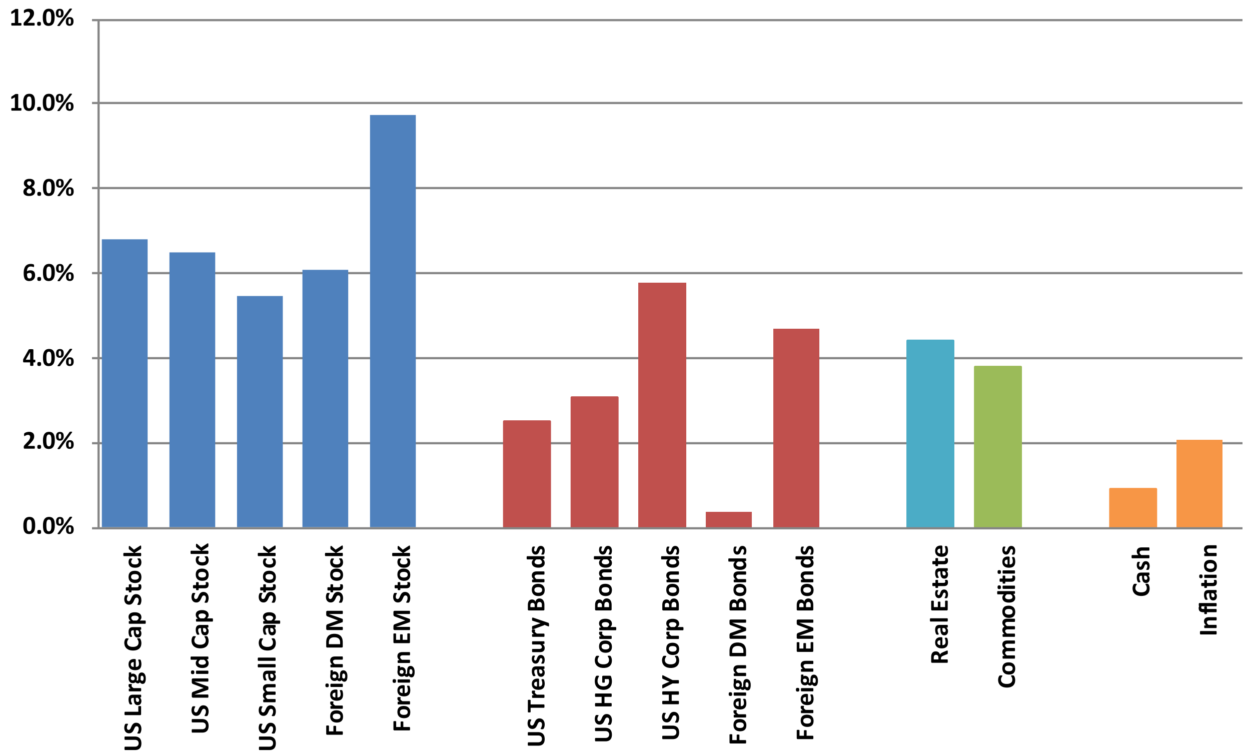
For equities, we examine key variables such as (1) historical sales growth, (2) corporate profit margins, (3) dividend yields, and (4) valuation to determine potential long-term returns. Using valuation as an example, P/Es should theoretically decline (if currently above the historical mean) or expand (if currently below the historical mean) over the long term.

Looking at a number of the major market indices, we note that 1Q18 equity weakness has resulted in valuation being less onerous. In the past we have noted the "valuation" component to our calculation was broadly negative to incremental returns. But that is less of headwind today, based on our latest analysis. Dividend yield is also a key input and can be assumed relatively stable long term.

Based on our outlook for total returns, we expect the "give" of sales growth and dividends to be partly offset by the "take" of mean-reverting margins and multiples, both of which are above their historical mean. With the chance for a stronger global economy, we expect sales growth to be relatively close to long term average performance. As has been the case for a while, profit margins are high vs. history but we don't see significant pressure (due to ongoing productivity and cost reduction measures) in the next few years.

In fixed income (see the next page for various assumptions), we expect the "give" of coupons will be exceeded by the "take" of mean-reverting inflation and real rates, both of which are below their historical mean. Of course, short-term returns may not necessarily match our longer-term return predictions; markets are significantly more random over the short-run than the long-run.

Figure 19: Five-Year Asset Class Total Return Forecast



Source: Rockingstone Advisors

ROCKINGSTONE ADVISORS LLC

Portfolio Positioning

Equities

We didn't make many substantial changes to our equity allocation during the 1Q18 with both our ETF and individual stock investments little changed. Despite the rise in volatility, we believe our asset allocation within equities is reasonable and feel comfortable with individual stocks. Since the close of the 1Q18, however, we would note our decision to pare back some of our financials including the two main ETFs (XLF, KRE) as well as Webster Financial (WBS).

As we emphasized during the depths of the volatility, our approach has been to focus on the long term, but investors could see a bit more trading activity to protect on the downside. From time to time during the 1Q18 we shorted the S&P500. With such shorts essentially being "insurance" against a major correction, we urge investors to recognize these actions as such (i.e. one buys insurance in the hope of never actually having to use it).

We remain overweight both non-US Developed Markets as well as Emerging Markets. Within the US, we are over-weight Industrials, Energy, and Consumer Cyclicals, and under-weight Utilities, Healthcare, Staples and Communication Services. Our largest individual holdings include: Amazon, S&P Global, Hilton, Apple, McCormick, Evolent Health, Facebook, Calavo Growers, Fleetcor and Syntel.

We made some changes tot individual names, as Rockingstone eliminated WYNN as a position and used some of the proceeds to purchase more MGM and initiate a new position in Red Rock Resorts (RRR). We also decided to add to our SPGI position broadly across the portfolio. Our reasoning reflects the following:

MGM Resorts (ticker MGM). Although we sold WYNN due to concerns about the CEO's abrupt exit, we continue to believe in the gaming market, and like MGM's diversified portfolio of assets, its multiple revenue sources, and the company's Macau exposure.

Red Rock Resorts (ticker RRR). We established a position in RRR to reflect our view that Las Vegas real estate is quickly recovering and the company's turnaround of select assets in the city will prove beneficial to shareholders. The stock has been volatile including rumors of management seeking ownership of a NFL franchise. Regardless, we view a reasonable valuation as compelling.

S&P Global (ticker SPGI). S&P Global is one of two major rating agencies. In addition, the company leverages its well-known indices and data services across myriad financial clients. With the recent purchase of Kensho and their AI capabilities, we see SPGI as well positioned for the long term.

Fixed Income

We remain cautious on fixed income and are content with an under-weight position given concerns around the Federal Reserve rate increases on the short end to the long-term impact of the Fed's $4+ trillion balance sheet. We maintain modest positions in high grade corporates (ticker LQD), select high yield ETFs (such as HYD), as well as through actively managed ETFs such as DoubleLine (TOTL).

Our short position in International bonds (for those accounts that allow short positions) via the BNDX ETF continues to be an investment across most portfolios. We believe that European bonds remain too expensive given improving economic fundamentals and an ECB that may begin to adopt a less accommodative monetary policy.

Lastly, and as we have noted in the past, our large position is unchanged in preferred securities (via the PFF ETF), which is technically a hybrid security (senior to common equity but junior to debt) often issued by financial service firms. The ETF generates an attractive yield of around 5%. With most banks' capital positions very strong and the Fed allowing them to return capital to shareholders, we view this dynamics as a positive to PFF.

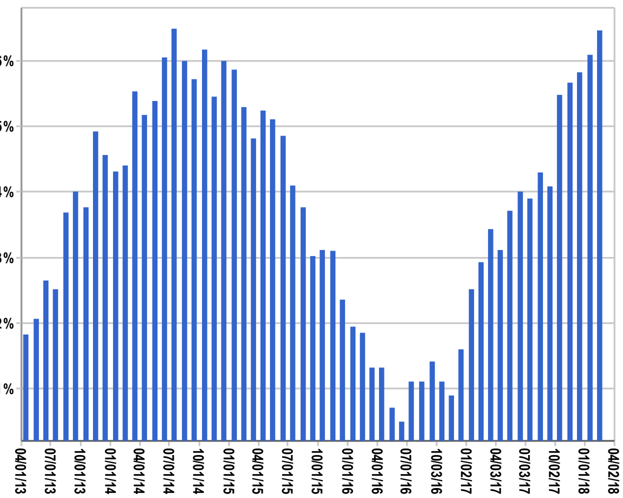
Commodities

We continue to have very modest positions in commodity ETFs. Our holdings include positions in precious metals (gold and silver). As has been the case for some time, these positions are through ETFs, with gold being an inflation hedge and (for select portfolios) yield producing via covered call writing.

Chart Book

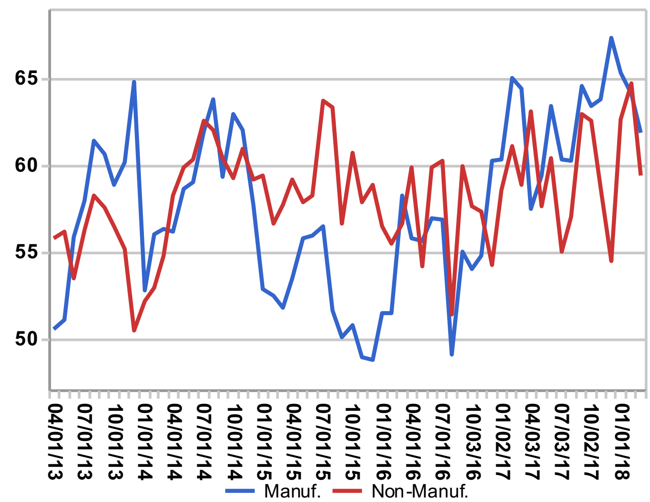
Leading Indicators

Figure 20: Index of Leading Economic Indicators



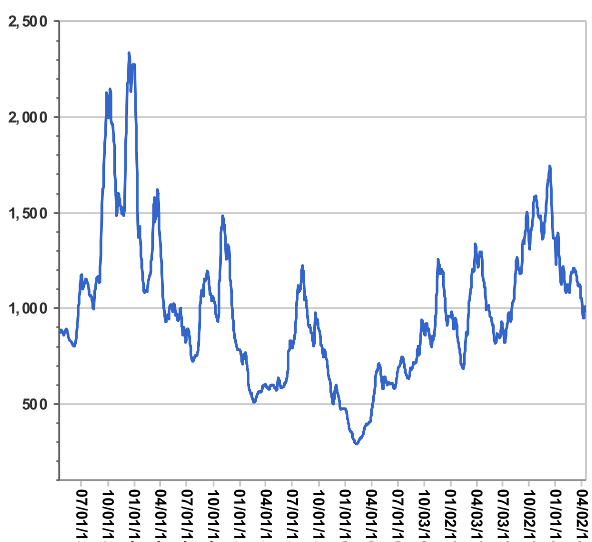
Source: FactSet

Figure 21: ISM New Orders



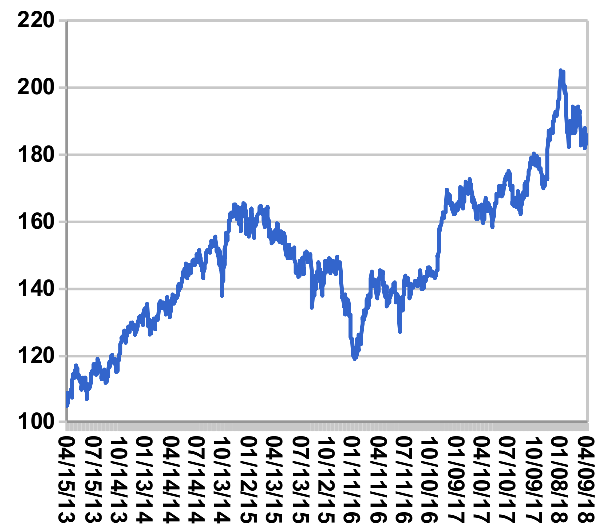
Source: St. Louis Federal Reserve, FRED Database

Figure 22: Baltic Freight Index



Source: FactSet

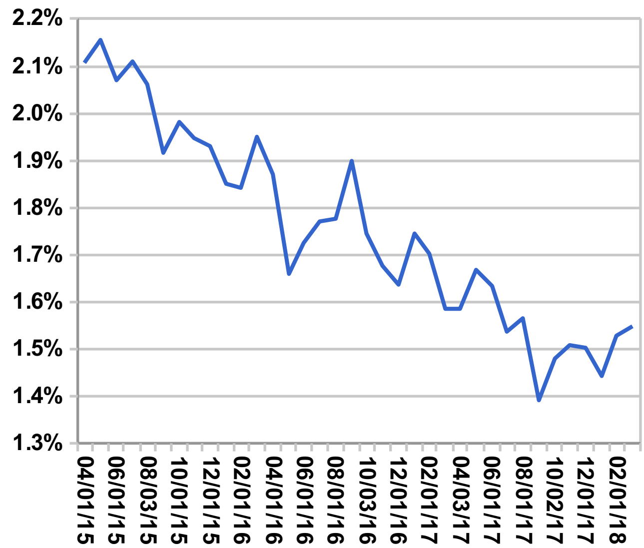
Figure 23: DJ Transports



Source: FactSet

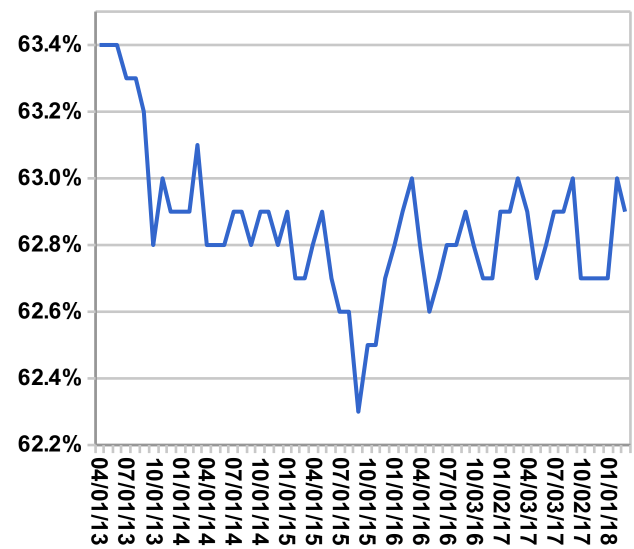
Labor Market Indicators

Figure 24: Payroll Growth (Establishment Survey, % Chg YoY)



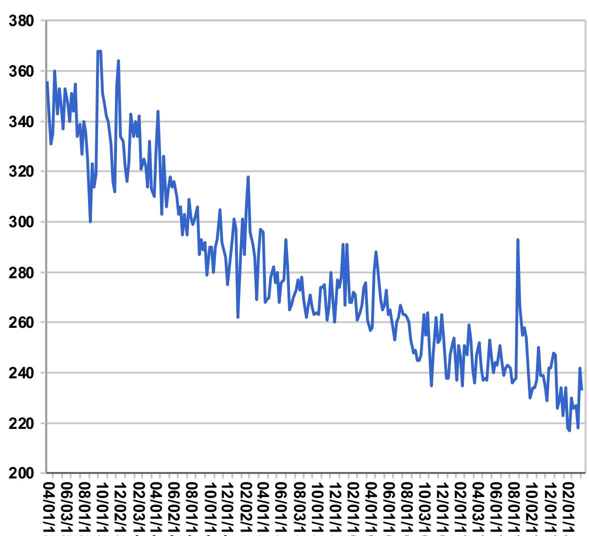
Source: FactSet

Figure 25: Labor Participation Rate (% of Workforce)



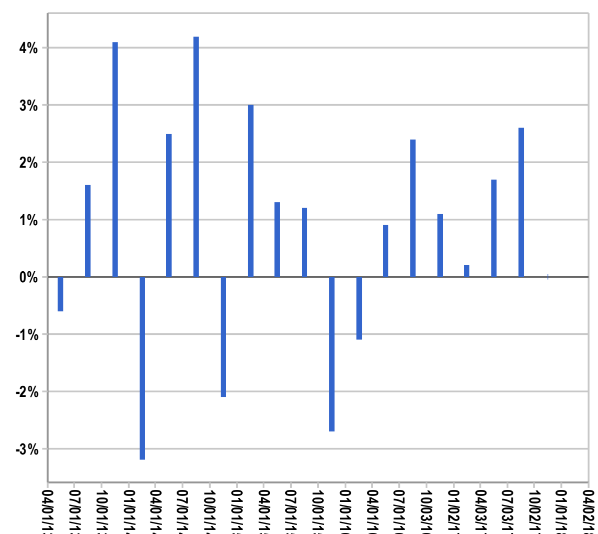
Source: FactSet

Figure 26: Initial Unemployment Claims



Source: FactSet

Figure 27: Non-Farm Productivity (% Chg YoY)

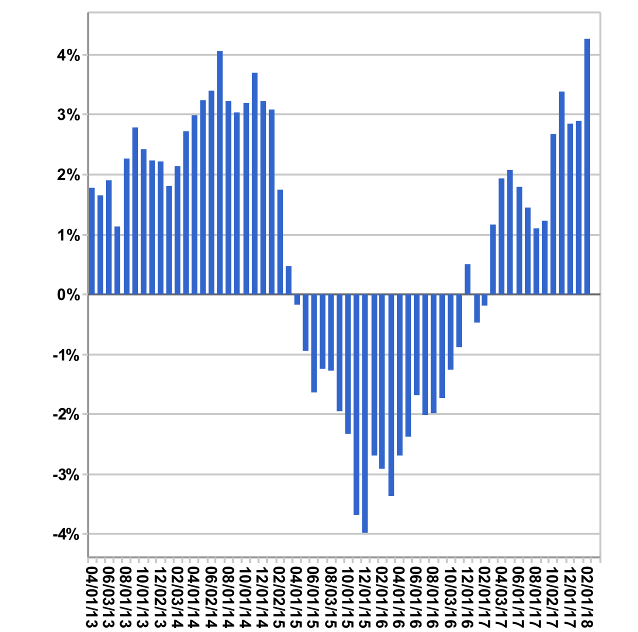


Source: FactSet

ROCKINGSTONE ADVISORS LLC

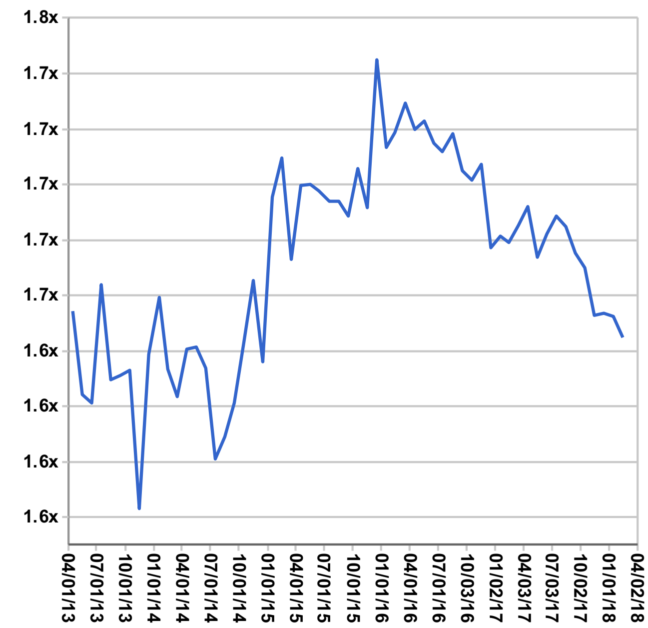
Production and Business Activity Indicators

Figure 28: Industrial Production (% Chg YoY)



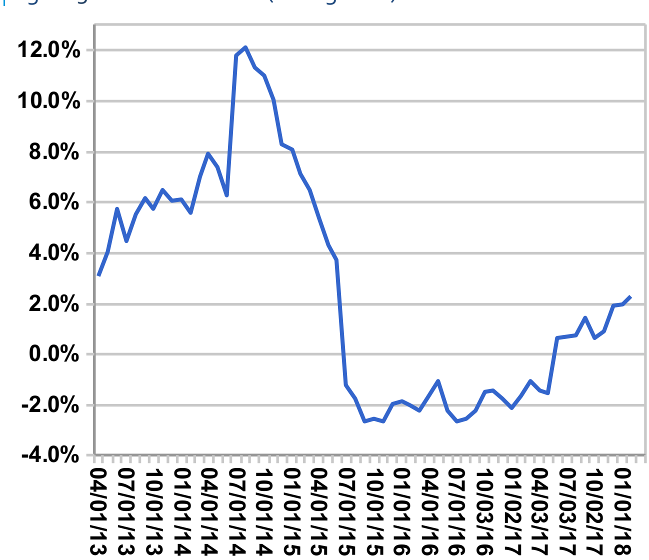
Source: FactSet

Figure 29: US Inventory to Shipment Ratio



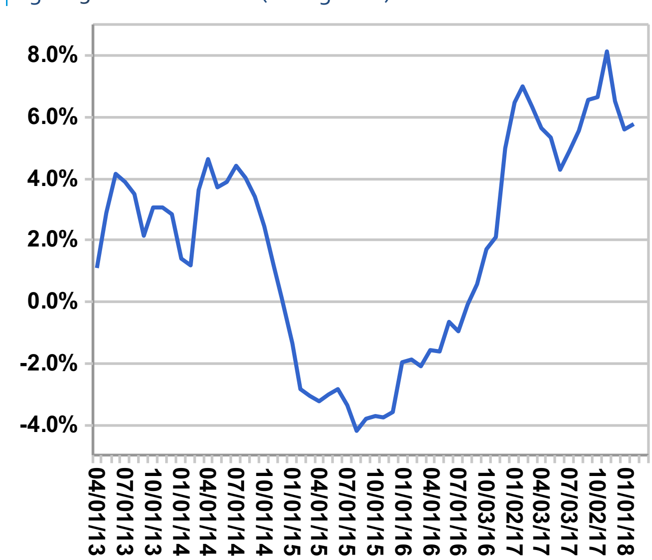
Source: FactSet

Figure 30: Unfilled Orders (% Chg. YoY)



Source: FactSet

Figure 31: Business Sales (% Chg. YoY)

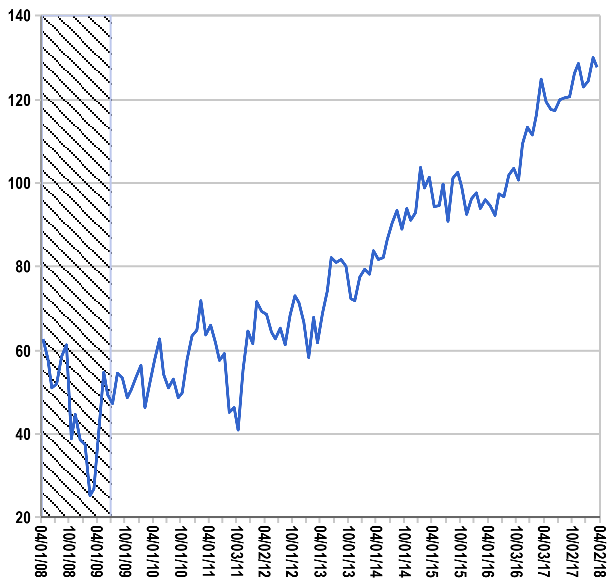


Source: FactSet

ROCKINGSTONE ADVISORS LLC

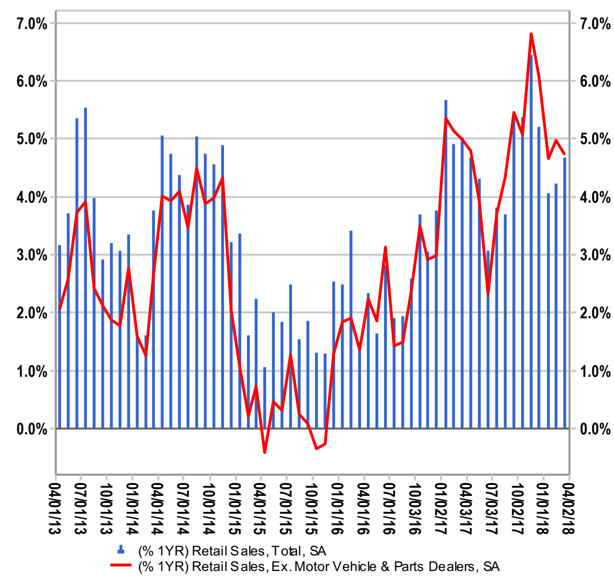
Consumer and Household Activity Indicators

Figure 32: University of Michigan Consumer Sentiment



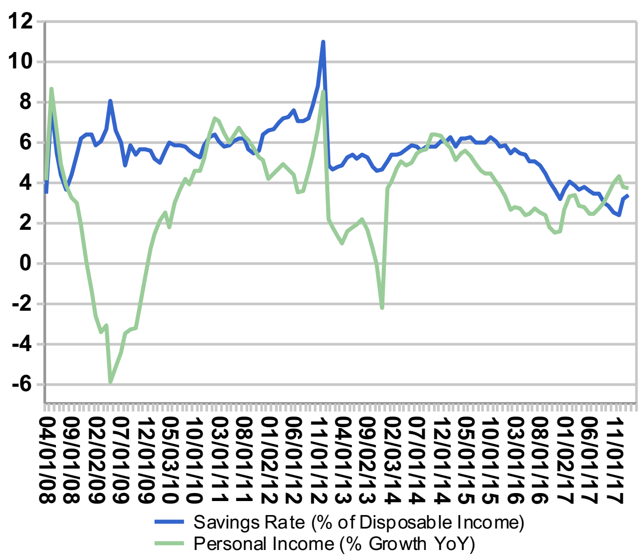
Source: FactSet

Figure 33: Retail Sales



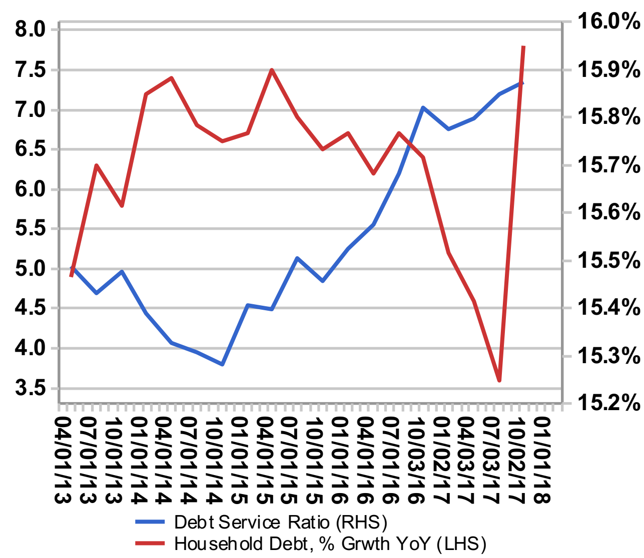
Source: FactSet

Figure 34: Personal Income and Savings Rate



Source: FactSet

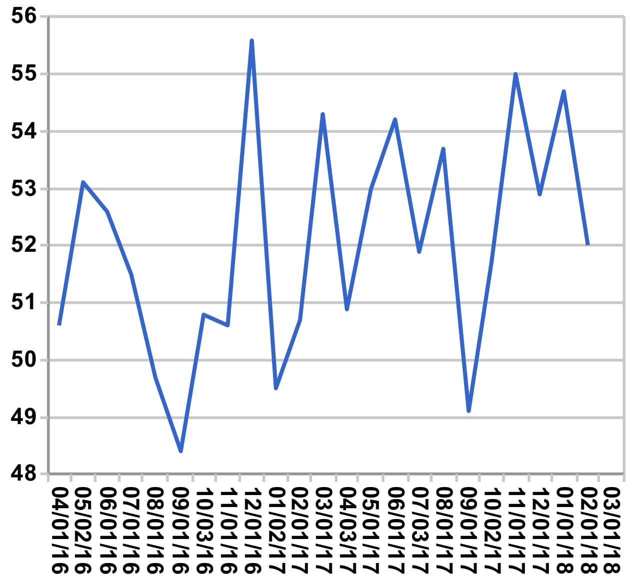
Figure 35: Household Debt



Source: FactSet

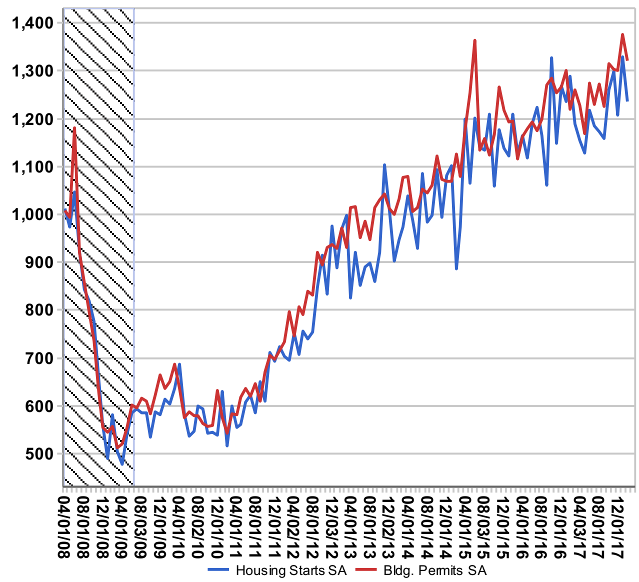
Housing and Construction Indicators

Figure 36: Architecture Billings Index



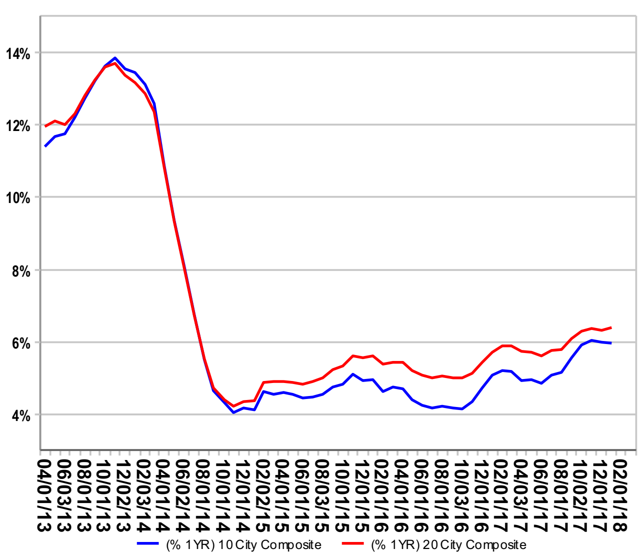
Source: FactSet

Figure 37: Housing Starts and Building Permits



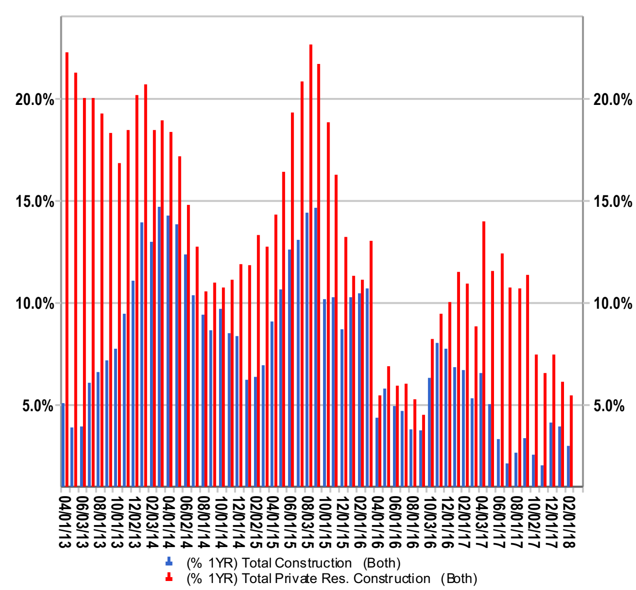
Source: FactSet

Figure 38: Case-Shiller 20-City & 10-City Index, % Chg YoY



Source: FactSet

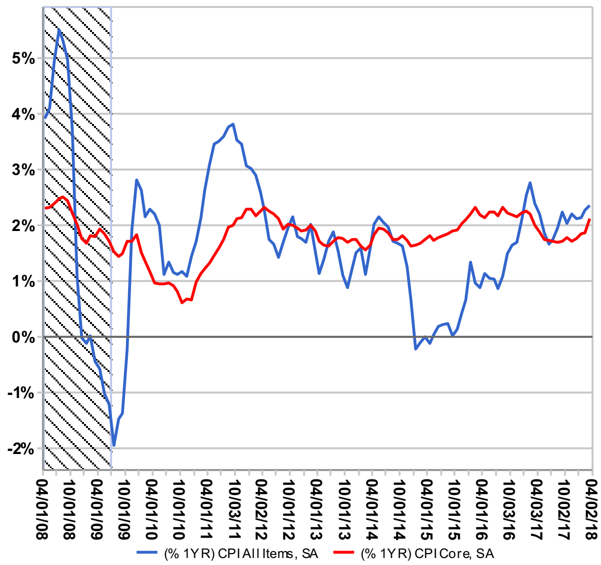
Figure 39: Private and Total Construction (% Chg YoY)



Source: FactSet

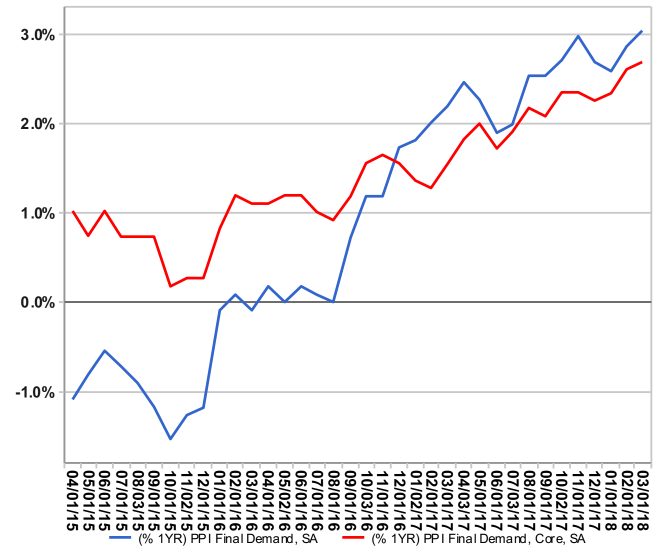
Price Indicators

Figure 40: Consumer Price Index



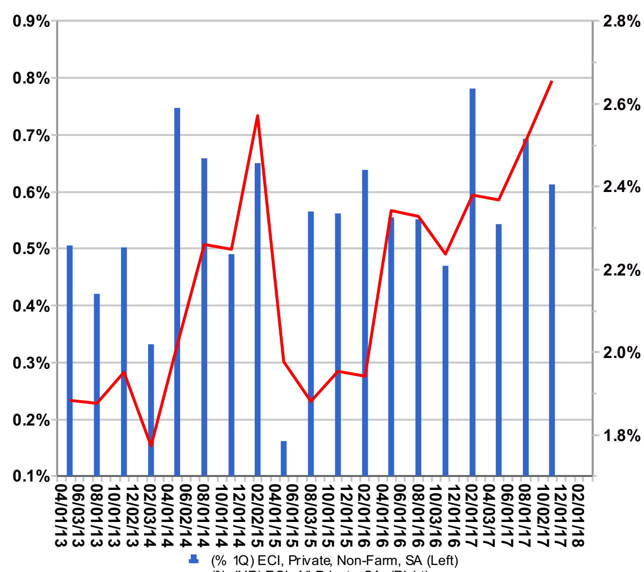
Source: FactSet

Figure 41: Producer Price Index



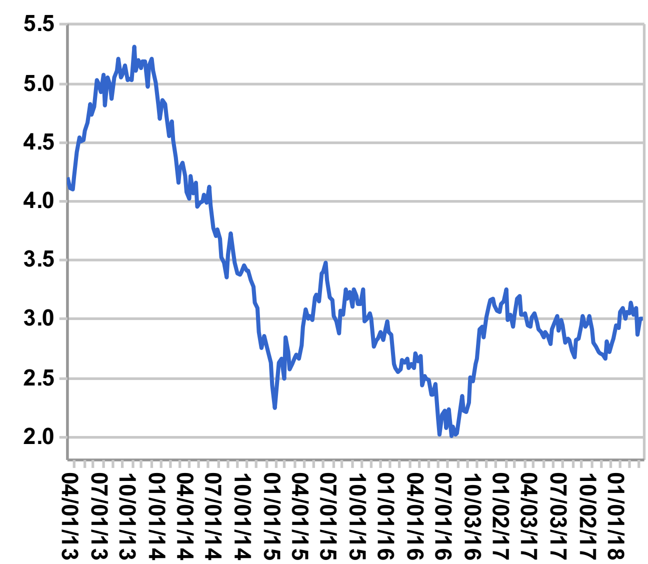
Source: FactSet

Figure 42: Employment Cost Index



Source: FactSet

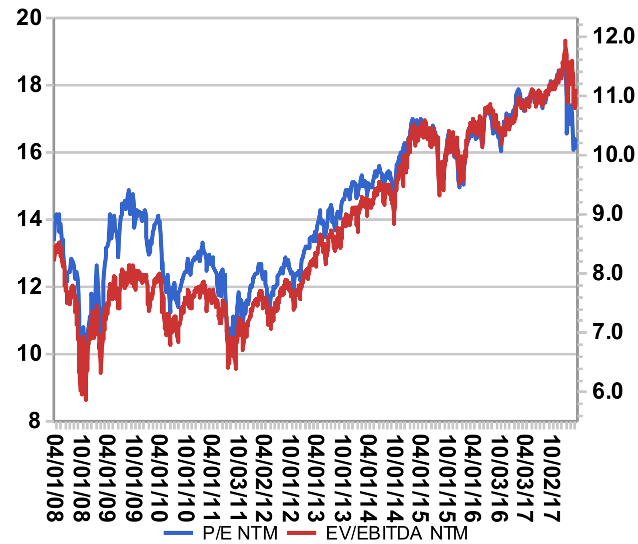
Figure 43: 10-Year, 5-Year Forward Inflation Expectations



Source: FactSet

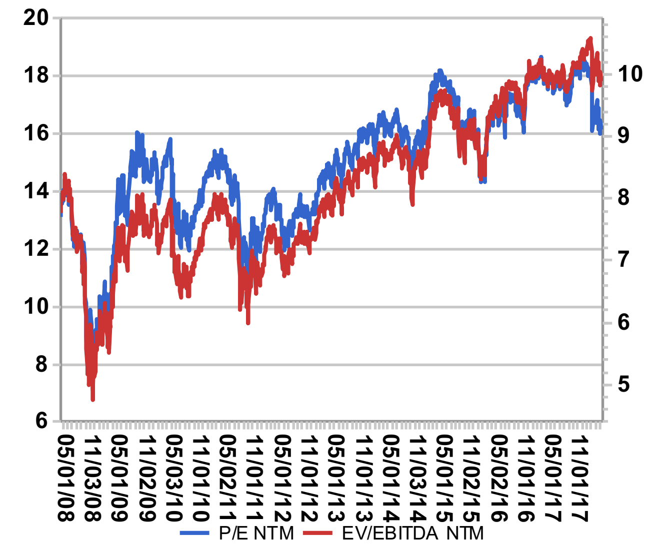
Valuation Indicators

Figure 44: S&P 500 P/E (LHS) & EV/EBITDA (RHS)



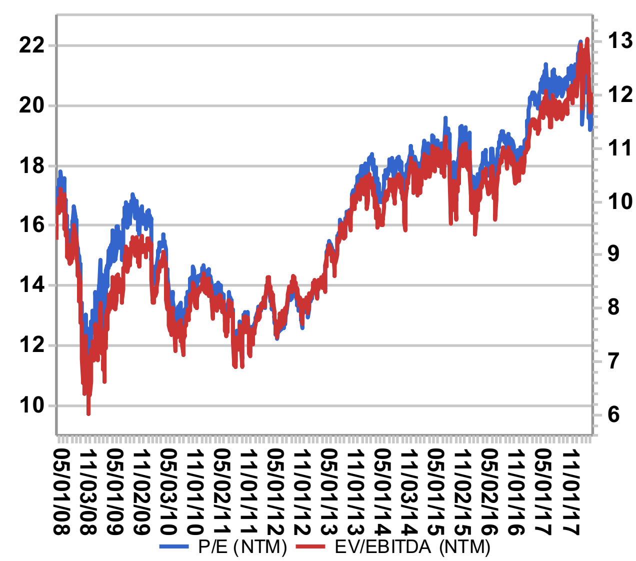
Source: FactSet

Figure 45: S&P Midcap 400 P/E (LHS) & EV/EBITDA (RHS)



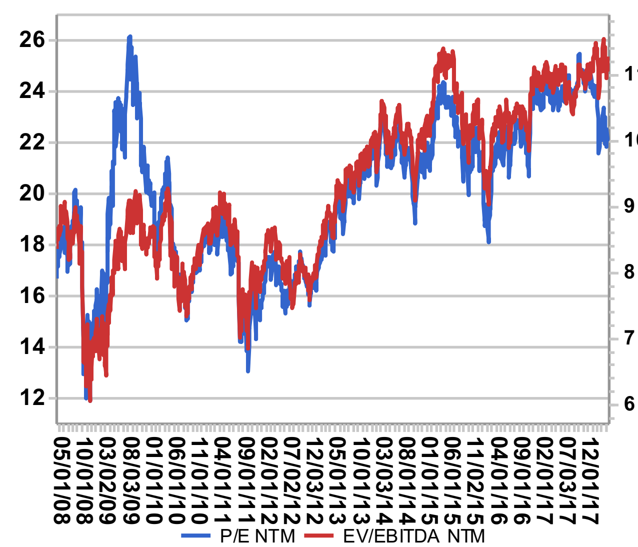
Source: FactSet

Figure 46: Nasdaq 100 P/E (LHS) & EV/EBITDA (RHS)



Source: St. Louis Federal Reserve, FRED Database

Figure 47: Russell 2000 P/E (LHS) & EV/EBITDA (RHS)

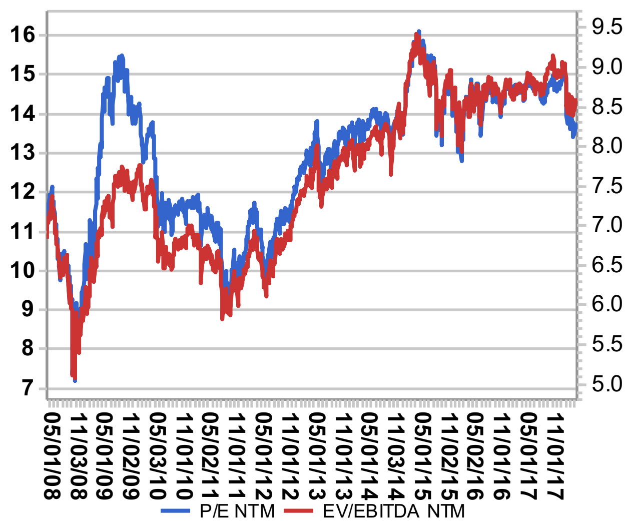


Source: St. Louis Federal Reserve, FRED Database

ROCKINGSTONE ADVISORS LLC

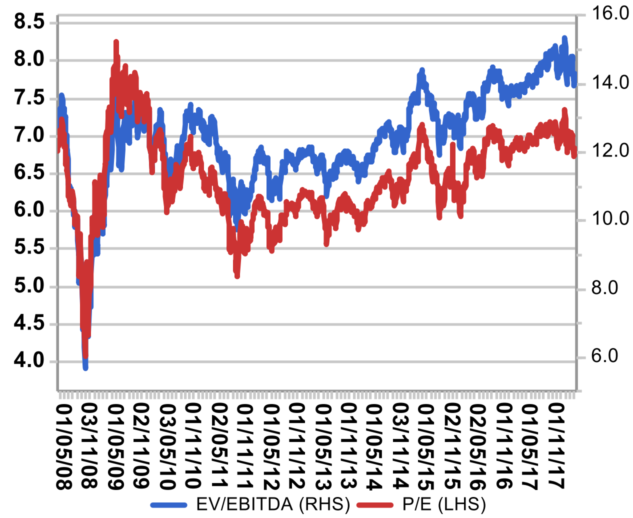
Valuation and Volatility Indicators

Figure 48: International Developed P/E (LHS) & EV/EBITDA (RHS)



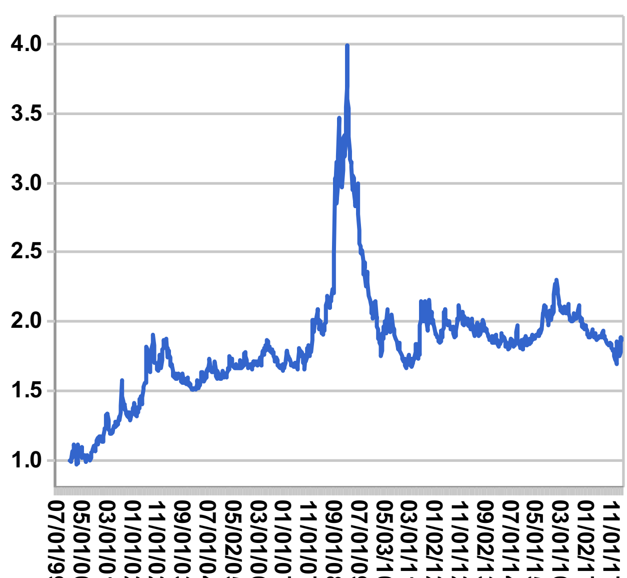
Source: Robert Shiller, Yale University, Rockingstone Advisors, Standard & Poor's

Figure 49: Emerging Markets P/E (LHS) & EV/EBITDA (RHS)



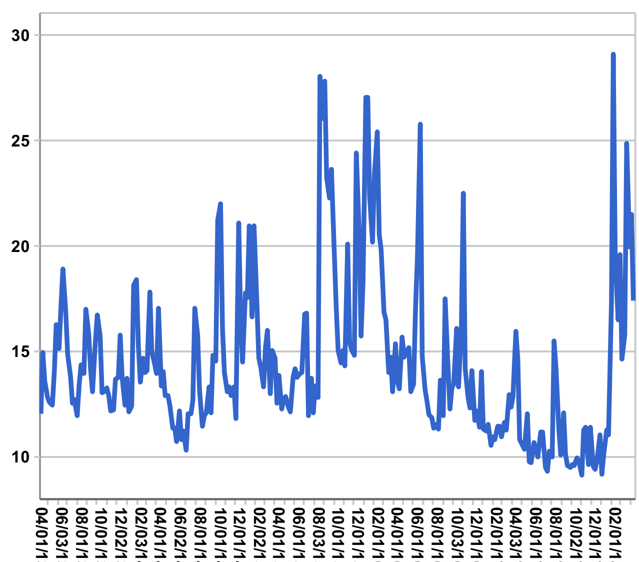
Source: Robert Shiller, Yale University, Rockingstone Advisors, Standard & Poor's

Figure 50: S&P 500 Dividend Yield



Source: FactSet

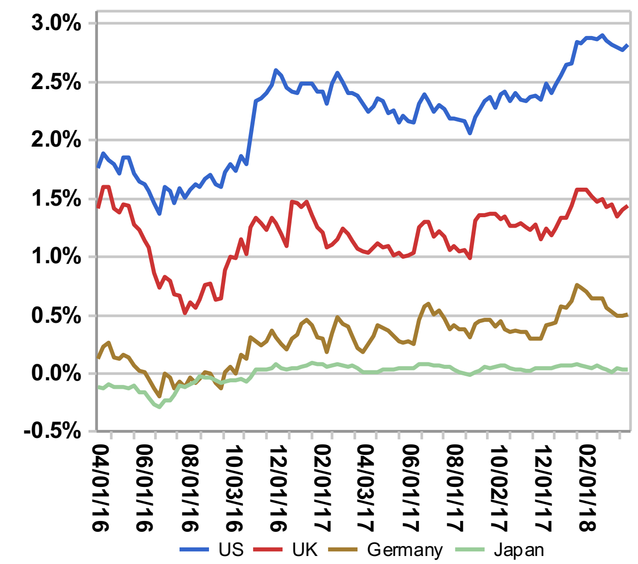
Figure 51: CBOE Volatility Index



Source: FactSet

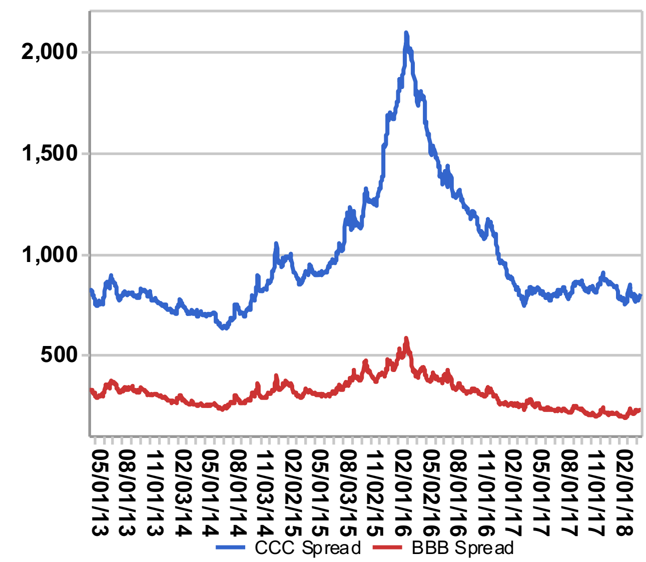
Bond Market Indicators

Figure 52: 10-Year Global Bond Yields



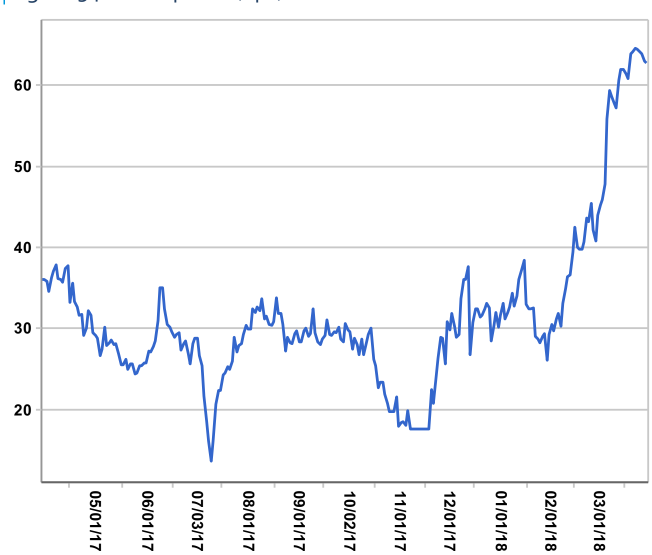
Source: FactSet

Figure 53: CCC and BBB Spreads (Option Adjusted)



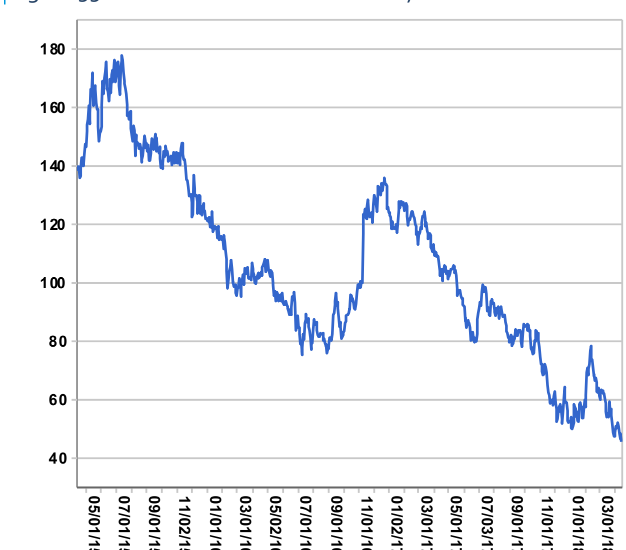
Source: FactSet

Figure 54: TED Spread (bps)



Source: FactSet

Figure 55: 10-Year Minus 2-Year Treasury

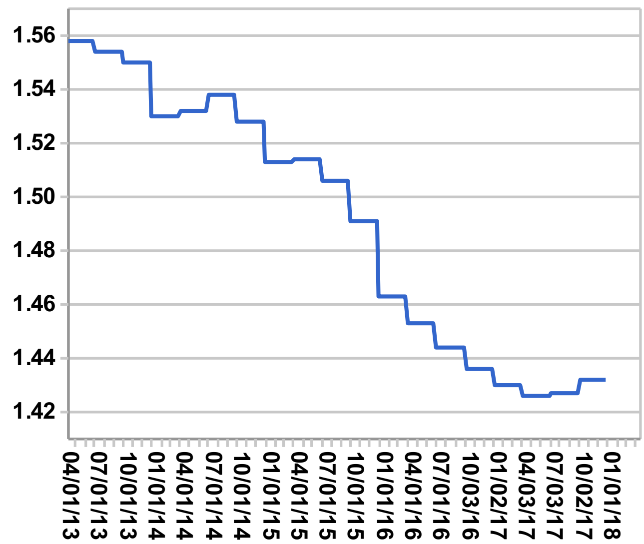


Source: FactSet

ROCKINGSTONE ADVISORS LLC

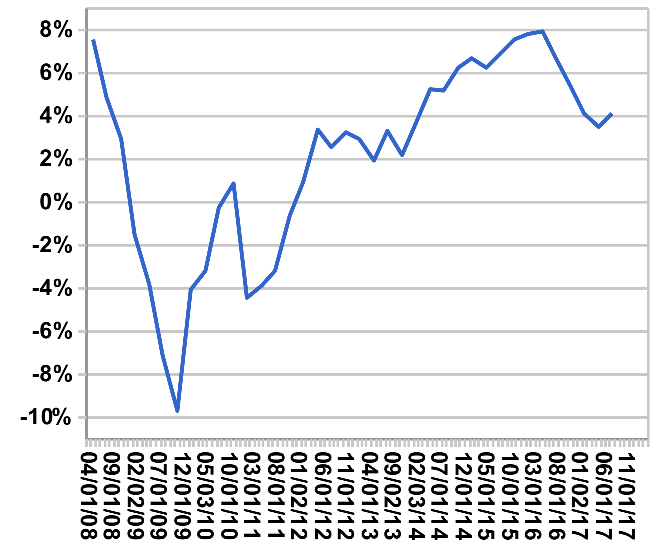
Liquidity and Other Indicators

Figure 56: Velocity of M2 Money Stock



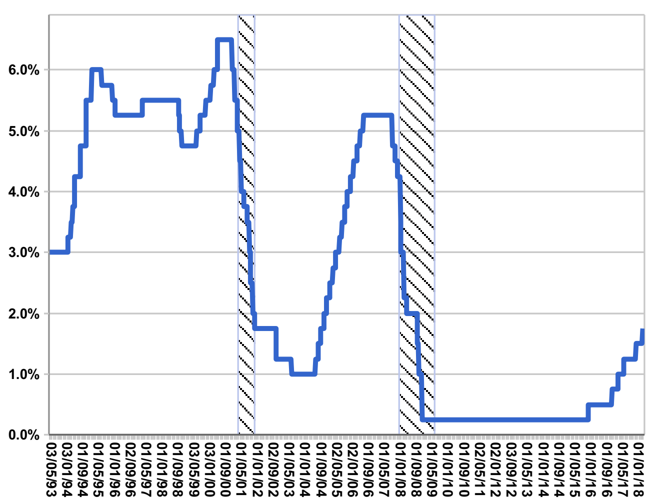
Source: FactSet

Figure 57: Loan Growth (Non-Financial, Private Sector)



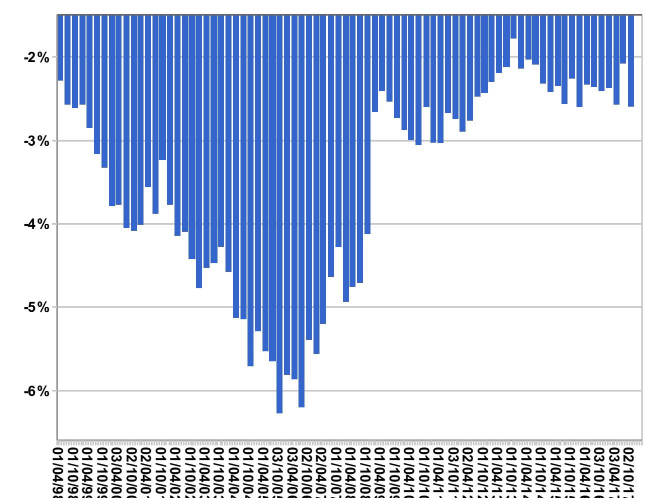
Source: FactSet

Figure 58: Fed Funds Target Rate



Source: St. Louis Federal Reserve, FRED Database

Figure 59: Current Account Deficit (as % of GDP)



Source: St. Louis Federal Reserve, FRED Database

ROCKINGSTONE ADVISORS LLC

Appendix

Important Regulatory Disclosures and End Notes

Form ADV available upon request.

This quarterly is only for informational purposes and not a solicitation to buy or sell securities or as a source of specific investment, legal or tax recommendations.

Rockingstone Advisors is solely responsible for the content of this Quarterly. The information and statistical data contained herein have been obtained from sources we believe are reliable but cannot guarantee.

Rockingstone Advisors performance charts depict the mean aggregate return of all accounts invested with a similar objective and risk tolerance during the entire return period; individual account performance may materially differ according to strategy and portfolio composition. Returns are calculated using time-weighted method (TWM) and are weighted by portfolio assets. Returns can be influenced not only by the actual performance of the underlying portfolios, but by the mix (composition) of portfolios in any given year and the number of portfolios within the sample set. Public equity returns are calculated by Morningstar based on information received from our custodian(s). Other investment returns, including private equity and real estate investments are calculated based on valuation data from parties other than Rockingstone Advisors. Fixed income returns generated by private notes are recognized when the cash coupon is paid, rather than on an accrued interest basis (except for PiK securities). Annualized return is based on portfolios invested as of June 1, 2009. The sample set of portfolios within each annual cohort has increased over time and the mix changes every year. Our investment returns may reflect investment opportunities that are unavailable to all of our clients, for reasons including: (i) certain funds in which we have invested are now closed to new investors, (ii) certain clients may not meet "accredited investor" standards, (iii) certain investments are available only to officers or directors of a business, and /or (iv) we may believe that historical returns most likely will not be generated by a specific security or strategy and thus are no longer allocating new capital to a specific security or strategy. Past performance is neither indicative of-- nor a predictor of-- future performance. Mean reversion is a powerful force, meaning periods of outperformance are typically followed by periods of underperformance. All figures are net of fees and expenses. Rockingstone's performance must be assessed in light of not just how we performed relative to the benchmarks, but how much risk we assumed in generating portfolio returns.

Quarterly Data prices are as of March 31, 2018; most other prices and yields are as of April 16, 2018.

We are happy to provide the raw data and source links for any of the charts or tables in this Quarterly. We are also happy to provide individual account performance data by annual cohort or by IRR (instead of TWM) so you can better understand the range of portfolio returns. We thank you for your interest and always appreciate any feedback.

Our contact information:

Brandt Sakakeeny & Eric Katzman, CFA
Rockingstone Advisors LLC
200 Park Ave., Suite 1700
New York, NY 10166
212-430-2240

brandt@rockingstoneadvisors.com
eric@rockingstoneadvisors.com

[i] Asset class performance charts depict Equity (SPY ETF), Bonds (BND ETF), Commodities (DBC ETF), Preferred (PFF ETF) and Real Estate (VNQ ETF) price change plus dividends and interest during the selected period.

[ii] Rockingstone Advisors performance charts depict the mean aggregate return of all accounts invested with a similar objective and risk tolerance during the entire return period; individual account performance may materially differ according to strategy and portfolio composition. Returns are calculated using time-weighted method (TWM) and are weighted by portfolio assets. Returns can be influenced not only by the actual performance of the underlying portfolios, but by the mix of portfolios in any given year. Public equity returns are calculated by Morningstar based on information received from our custodian(s). Other investment returns, including private equity and real estate investments are calculated based on valuation data from parties other than Rockingstone Advisors. Fixed income returns generated by private notes are recognized when the cash coupon is paid, rather than on an accrued interest basis. Annualized return since inception is based on portfolios invested as of June 1, 2009. The sample set of portfolios within each annual cohort has increased over time. Our investment returns may reflect investment opportunities that are unavailable to all of our clients, for reasons including: (i) certain funds in which we have invested are now closed to new investors, (ii) certain clients may not meet "accredited investor" standards, (iii) certain investments are available only to officers or directors of a business, and /or (iv) we may believe that historical returns most likely will not be generated by a specific security or strategy and thus are no longer allocating new capital to a specific security or strategy. Past performance is not indicative or a predictor of future performance. Mean reversion is a powerful force, meaning periods of outperformance are typically followed by periods of underperformance. All figures are net of fees and expenses. Rockingstone's performance must be assessed in light of not just how we performed relative to the benchmarks, but how much risk we assumed in generating portfolio returns.

[iii] Equity performance charts depict U.S. large-cap (SPY ETF), U.S. mid-cap (VO ETF), U.S. small-cap (IWM ETF), International Developed (VEA ETF), and Emerging Markets (VWO ETF) price change plus dividends and interest during the selected period. We note that Vanguard highlighted a trading glitch in the shares of VO during March 31, 2015 that led to prices materially higher than underlying NAV. Hence you should assume VO's valuation and total return was inflated as of the end of the first quarter.

[iv] Fixed income performance charts depict Intermediate Government (IEF ETF), High Yield Corporates (JNK ETF), High Grade Corporates (LQD ETF), International Corporates (PICB), and Emerging Markets bonds (EMB ETF) price change plus interest income earned over the selected period.

[v] Commodity performance charts depict Precious Metals (DBP ETF), Base Metals (DBB ETF), Oil (DBO ETF), and Agriculture (DBA ETF) price change.

[vi] Our Five-Year Forecast is updated quarterly and reflects our best judgment on future performance based on current valuations relative to historical valuations, as well as our outlook for earnings and macroeconomic conditions. We caution that predicting outcomes is inherently risky and subject to change.