

ANNEX

W E A L T H M A N A G E M E N T

Know The Difference™

It's Now The Longest & Slowest U.S. Expansion Ever

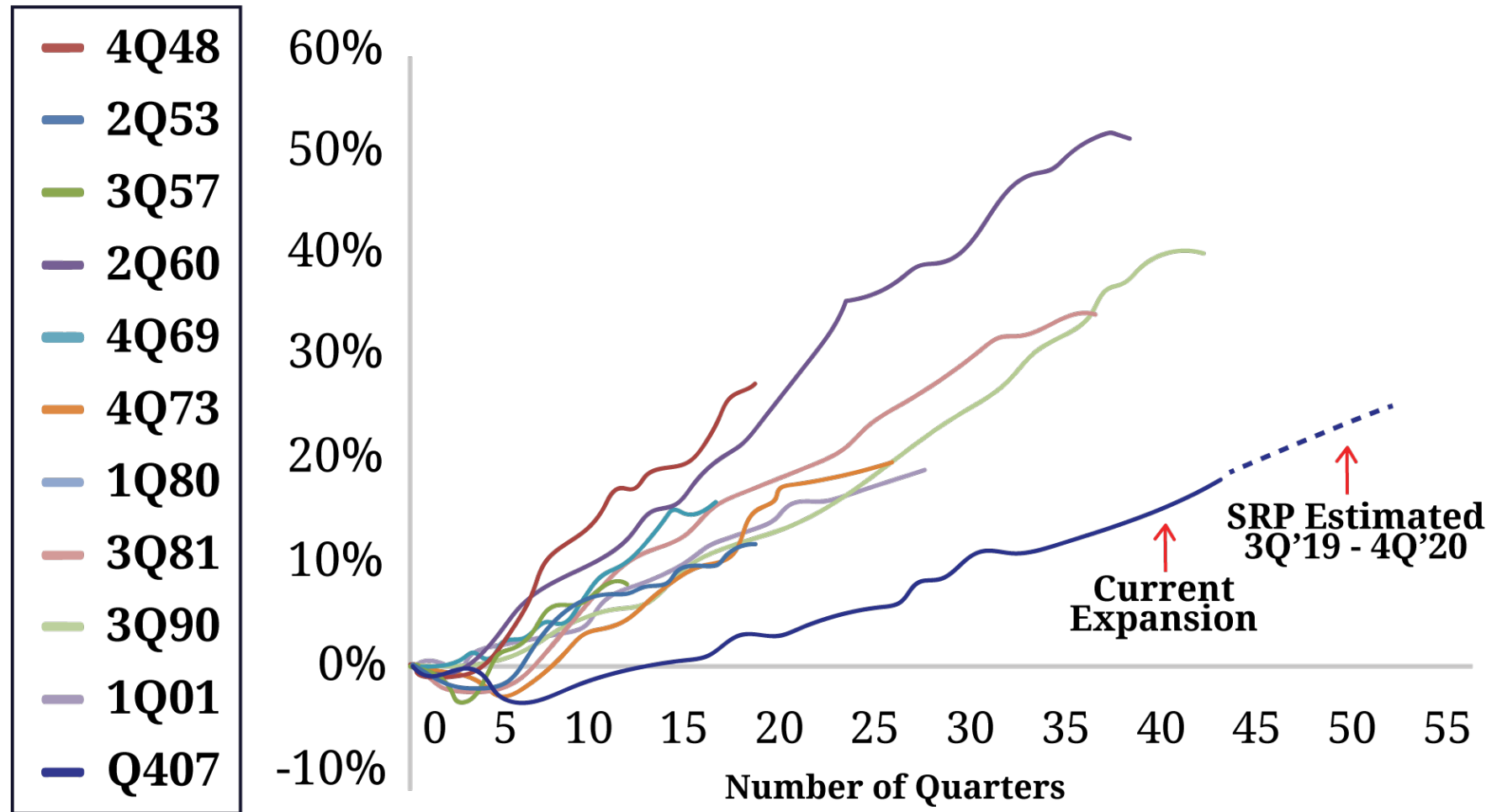
NBER Defined Recession Periods

| Start of Recession | End of Recession | Length of Recession | Length of Following Expansion |
|---------------------------|-------------------------|----------------------------|--------------------------------------|
| (Peak Month) | (Trough Month) | (Months) | (Months) |
| February 1945 | October 1945 | 8 | 37 |
| November 1948 | October 1949 | 11 | 45 |
| July 1953 | May 1954 | 10 | 39 |
| August 1957 | April 1958 | 8 | 24 |
| April 1960 | February 1961 | 10 | 106 |
| December 1969 | November 1970 | 11 | 36 |
| November 1973 | March 1975 | 16 | 58 |
| January 1980 | July 1980 | 6 | 12 |
| July 1981 | November 1982 | 16 | 92 |
| July 1990 | March 1991 | 8 | 120 |
| March 2001 | November 2001 | 8 | 73 |
| December 2007 | June 2009 | 18 | TBD |
| | Average: | 11 | 60 |



It's Now The Longest & Slowest U.S. Expansion Ever

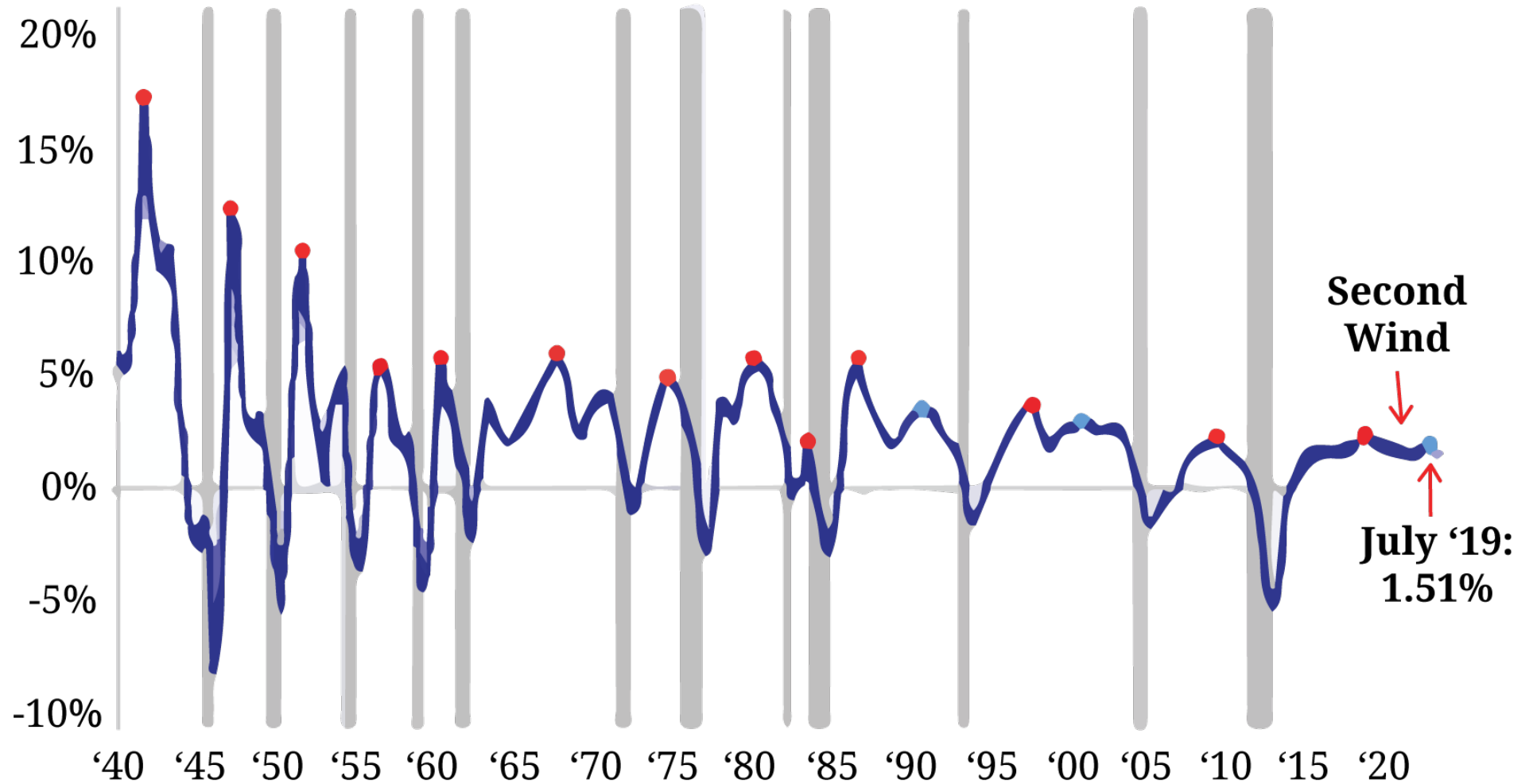
Strength Of Economic Expansions (Cumulative Real GDP Growth Since Prior Peak %)



Starting To Flash Yellow: Employment Growth



U.S. Nonfarm Payroll
(YoY%, SA)



Starting To Flash Yellow: Employment Growth

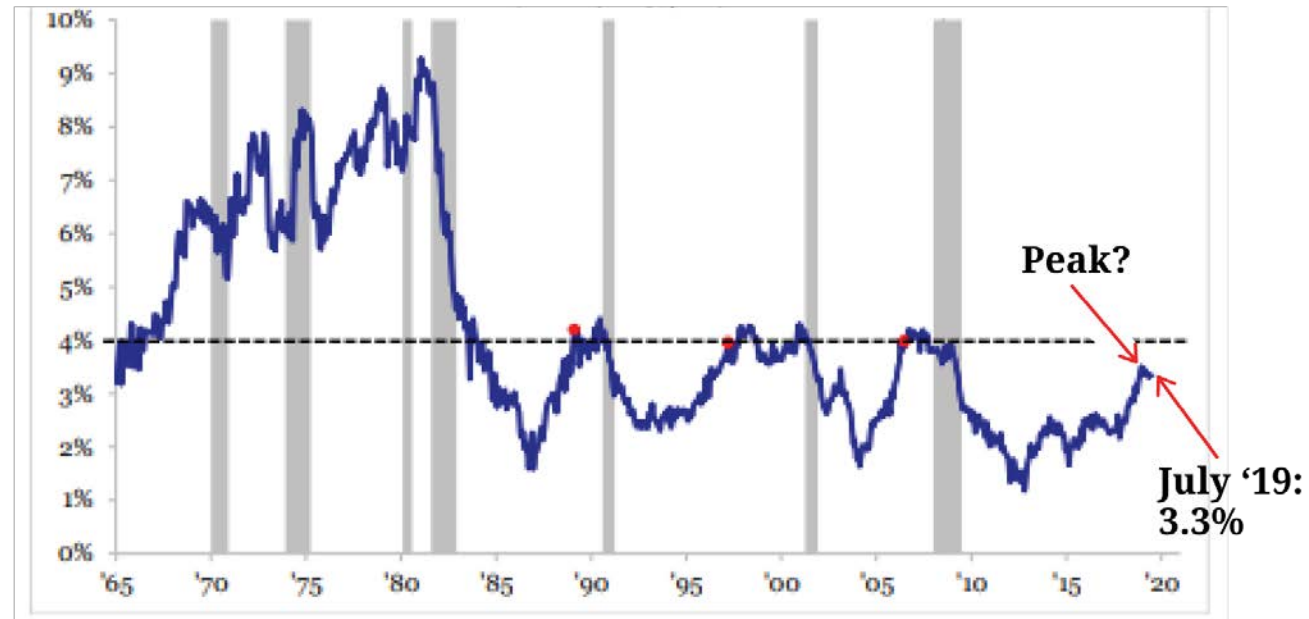


| | Employment Growth Peak | Recession Begins | Months Between |
|---------------|------------------------|------------------|----------------|
| | Jul-41 | Mar-45 | 44 |
| | Oct-46 | Dec-48 | 26 |
| | Feb-51 | Aug-53 | 30 |
| | Oct-55 | Sep-57 | 23 |
| | Jun-59 | May-60 | 11 |
| | Jun-66 | Jan-70 | 43 |
| | Feb-73 | Dec-73 | 10 |
| | Apr-78 | Feb-80 | 22 |
| | Jul-81 | Aug-81 | -- |
| second peak → | Jun-88 | Aug-90 | 26 |
| second peak → | Jan-98 | Apr-01 | 39 |
| | Mar-06 | Jan-08 | 22 |
| | Feb-15 | -- | -- |
| | | Average: | 27 |

← 54 months so far

We Have Some Time: Average Hourly Earnings

Average Hourly Earnings: Production & Nonsupervisory Workers (YoY%, SA, \$/Hr)



| Wage Growth 4% | Recession Begins | Months Between |
|----------------|------------------|----------------|
|----------------|------------------|----------------|

| | | |
|--------|--------|----|
| Feb-89 | Aug-90 | 18 |
|--------|--------|----|

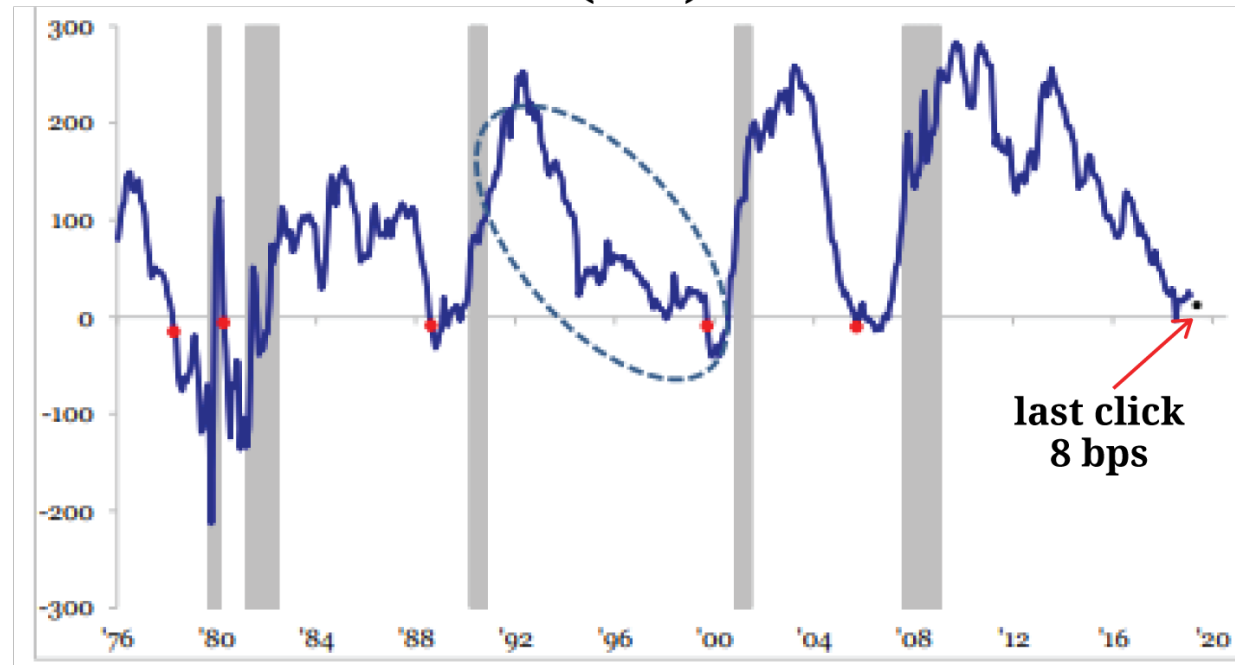
| | | |
|--------|--------|----|
| Mar-97 | Apr-01 | 49 |
|--------|--------|----|

| | | |
|--------|--------|----|
| Jun-06 | Jan-08 | 19 |
|--------|--------|----|

| | | |
|-----------------|--|-----------|
| Average: | | 29 |
|-----------------|--|-----------|

Holding Our Breath Under Water: Yield Curve

2s/10s Treasury Spread
(BPs)



| Yield Curve Inverts | Recession Begins | Months Between |
|---------------------|------------------|----------------|
| Sep-78 | Feb-80 | 17 |
| Sep-80 | Aug-81 | 11 |
| Jan-89 | Aug-90 | 19 |
| Feb-00 | Apr-01 | 14 |
| Feb-06 | Jan-08 | 23 |
| | Average: | 17 |

Watching Closely: Consumer Confidence

Consumer Board Consumer Confidence
(SA, 1985=100)



July '19
135-7

| Consumer Confidence Peak | Recession Begins | Months Between |
|--------------------------|------------------|----------------|
| Oct-68 | Jan-71 | 27 |
| Dec-72 | Dec-73 | 12 |
| Apr-78 | Feb-80 | 22 |
| Nov-80 | Aug-81 | 9 |
| Feb-89 | Aug-90 | 18 |
| May-00 | Apr-01 | 11 |
| Jul-07 | Jan-08 | 6 |
| Oct-18 | -- | -- |
| | Average: | 15 |

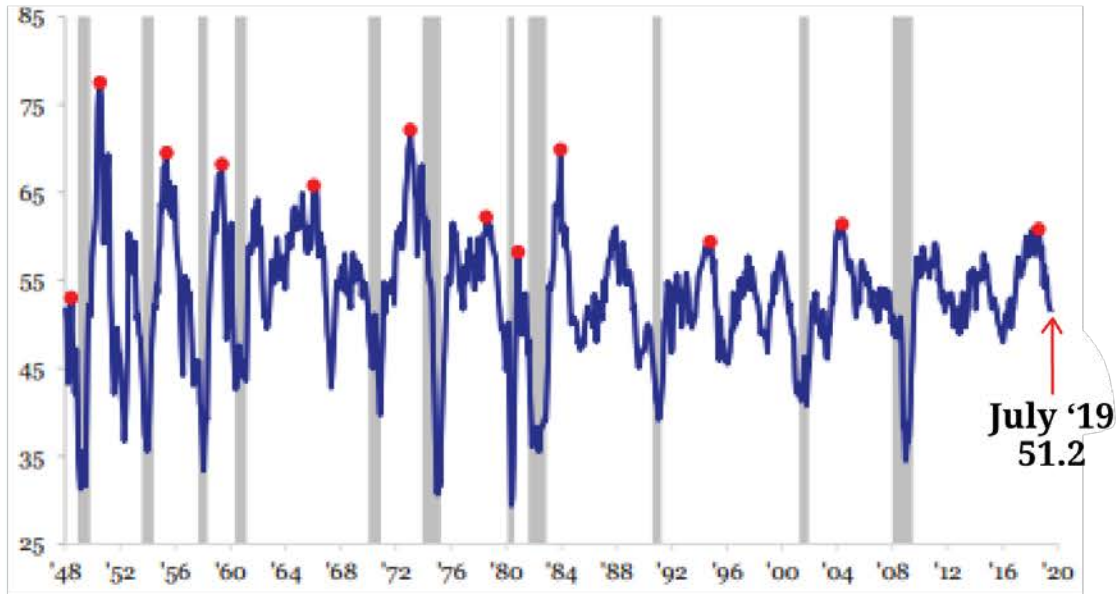
10 months so far



We Have Less Time: PMIs



U.S. ISM Manufacturing PMI (SA)



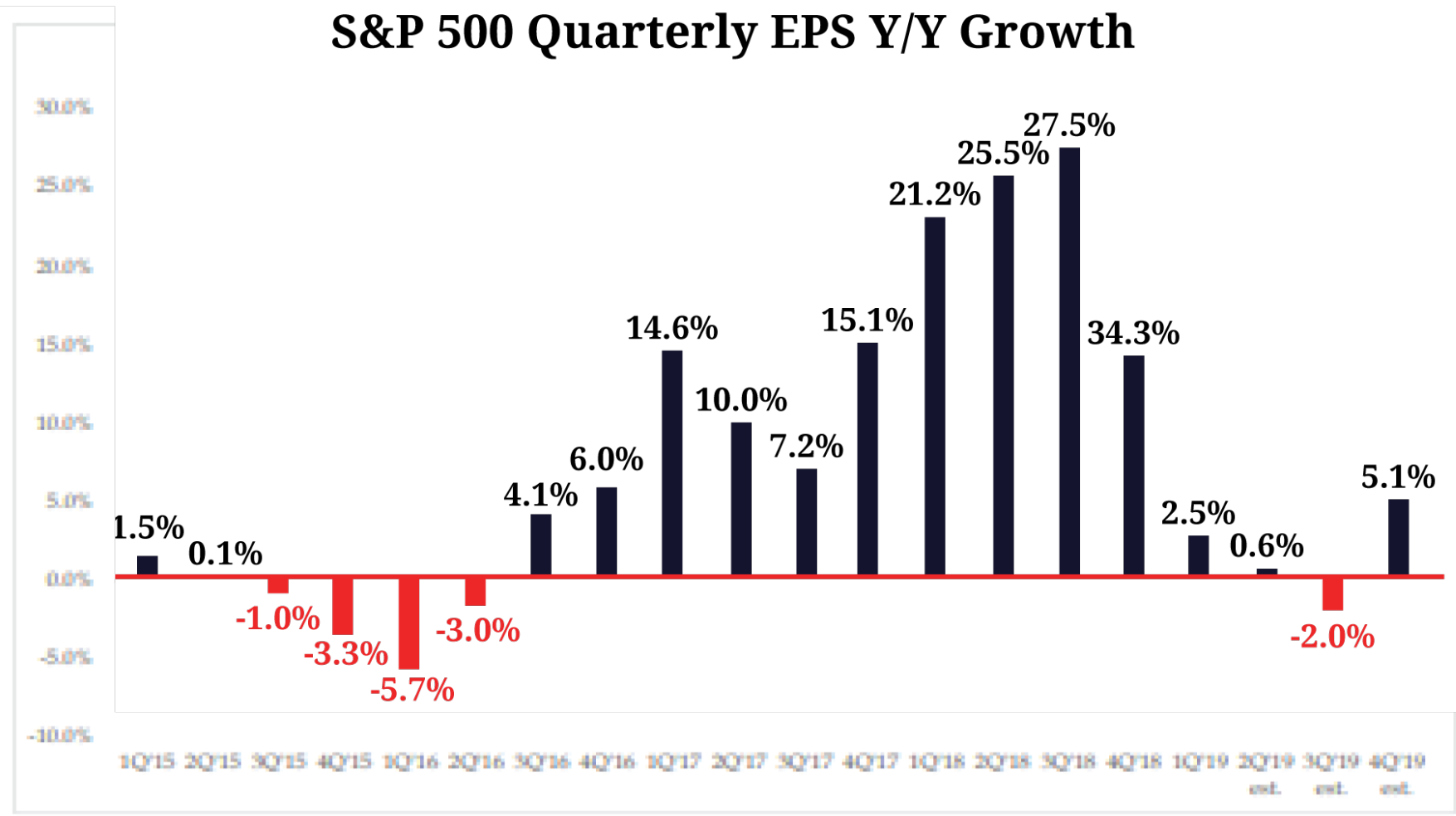
| PMI Peak | Recession Begins | Months Between |
|-----------------|------------------|----------------|
| Jun-48 | Dec-48 | 6 |
| Jul-50 | Aug-53 | 37 |
| May-55 | Sep-57 | 28 |
| May-59 | May-60 | 12 |
| Jan-66 | Jan-70 | 48 |
| Jan-73 | Dec-73 | 11 |
| Jul-78 | Feb-80 | 19 |
| Nov-80 | Aug-81 | 9 |
| Dec-83 | Aug-90 | 80 |
| Oct-94 | Apr-01 | 78 |
| May-04 | Jan-08 | 44 |
| Aug-18 | -- | -- |
| Average: | | 34 |

12 months so far

2Q'19 EPS Growth Has Moved Into Positive Territory; 3Q & 4Q Coming Down Slightly

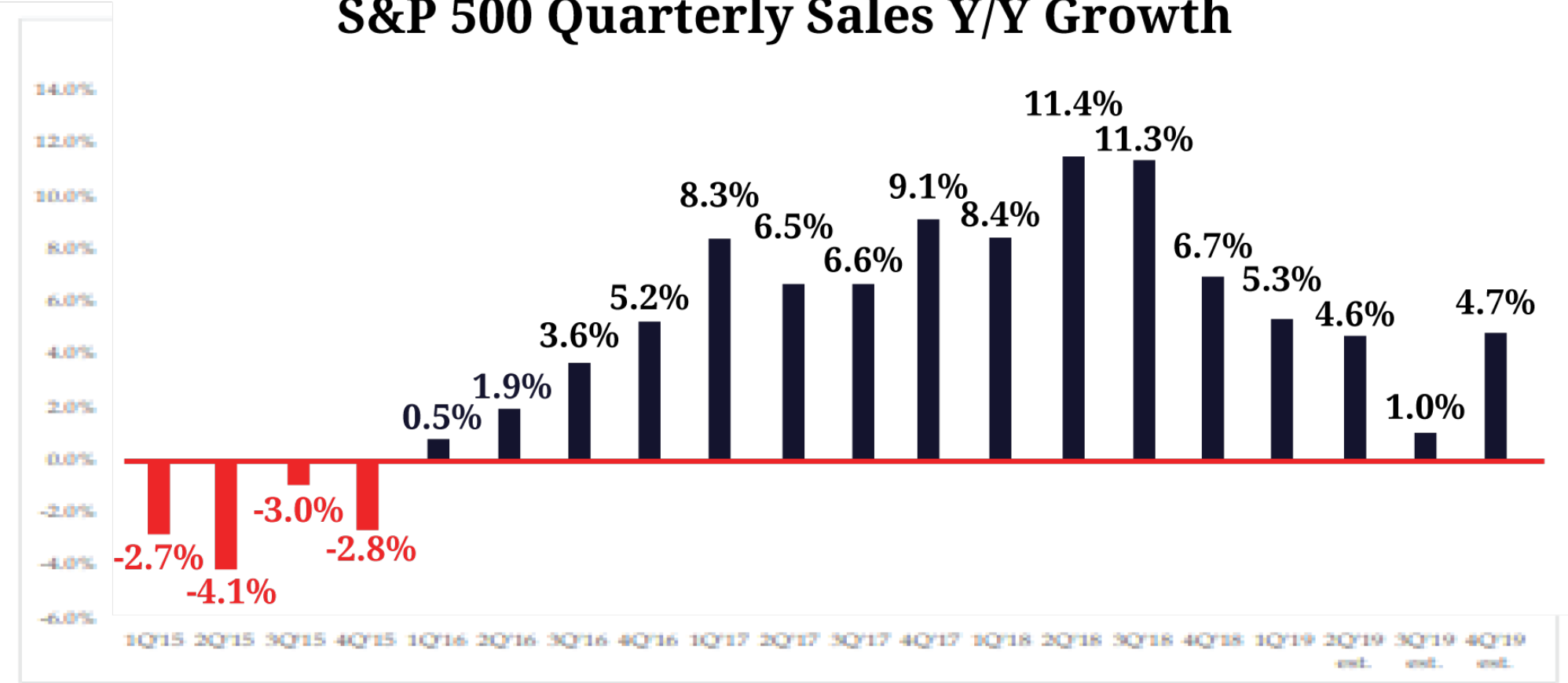


S&P 500 Quarterly EPS Y/Y Growth



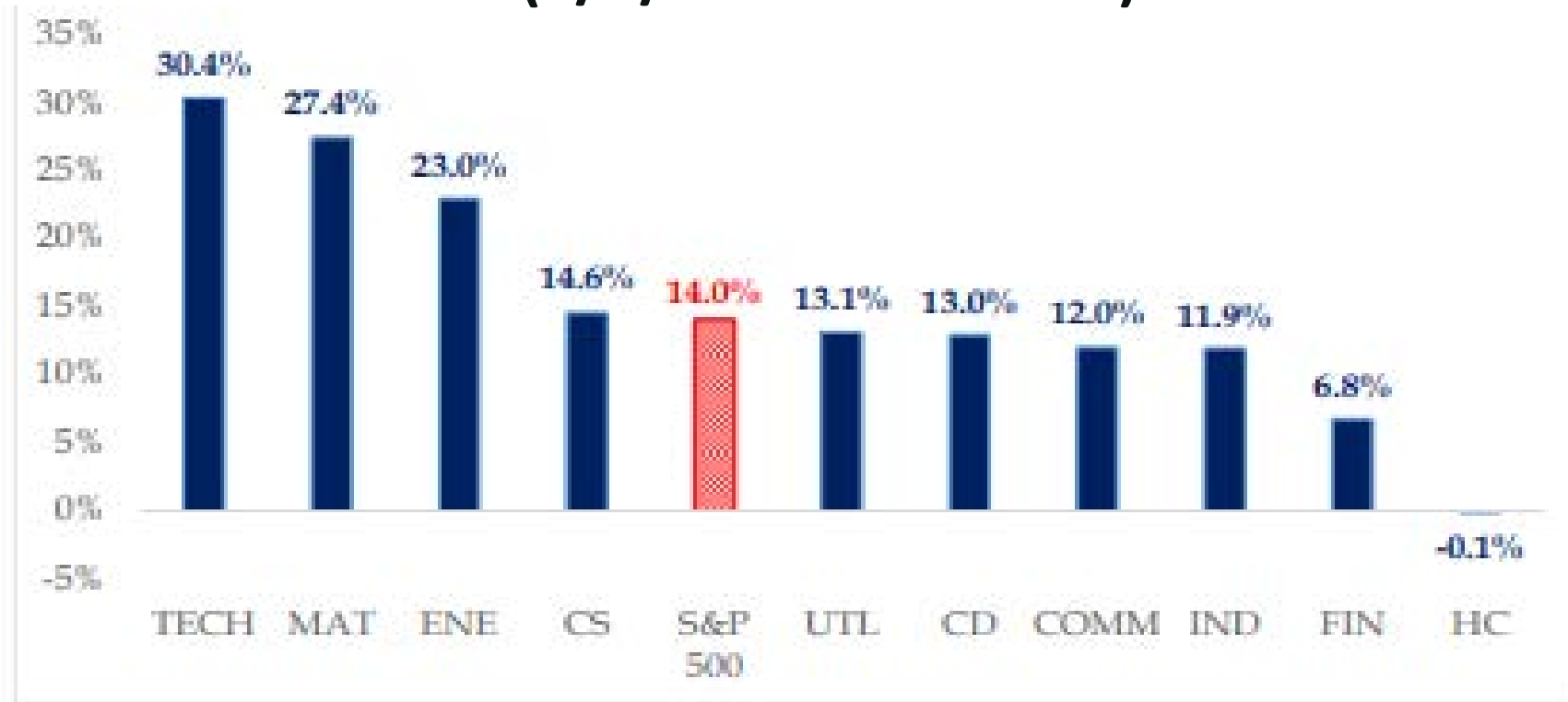
Revenue Growth Remains More Robust Than Earnings

S&P 500 Quarterly Sales Y/Y Growth



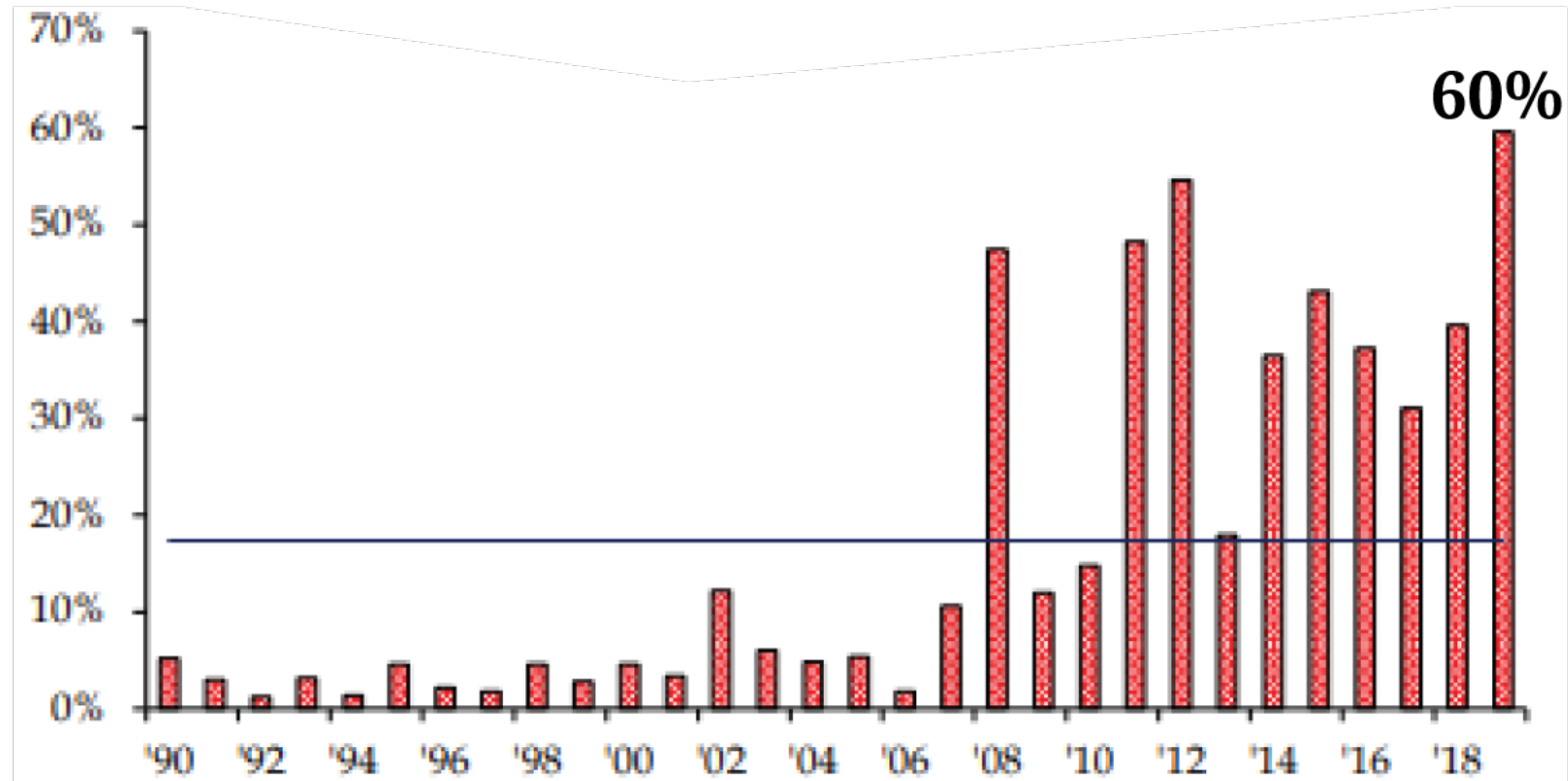
Multiple Expansion Driving Returns This Year

2019 Change In NTM Price To Earnings Ratio (1/1/2019 to Current)



60% Of S&P 500 Stocks Now Sport A Dividend Yield Greater Than The 10-Year Treasury

% Of S&P 500 Stocks With Dividend Yields Greater Than The 10-Year U.S. Treasury Yield

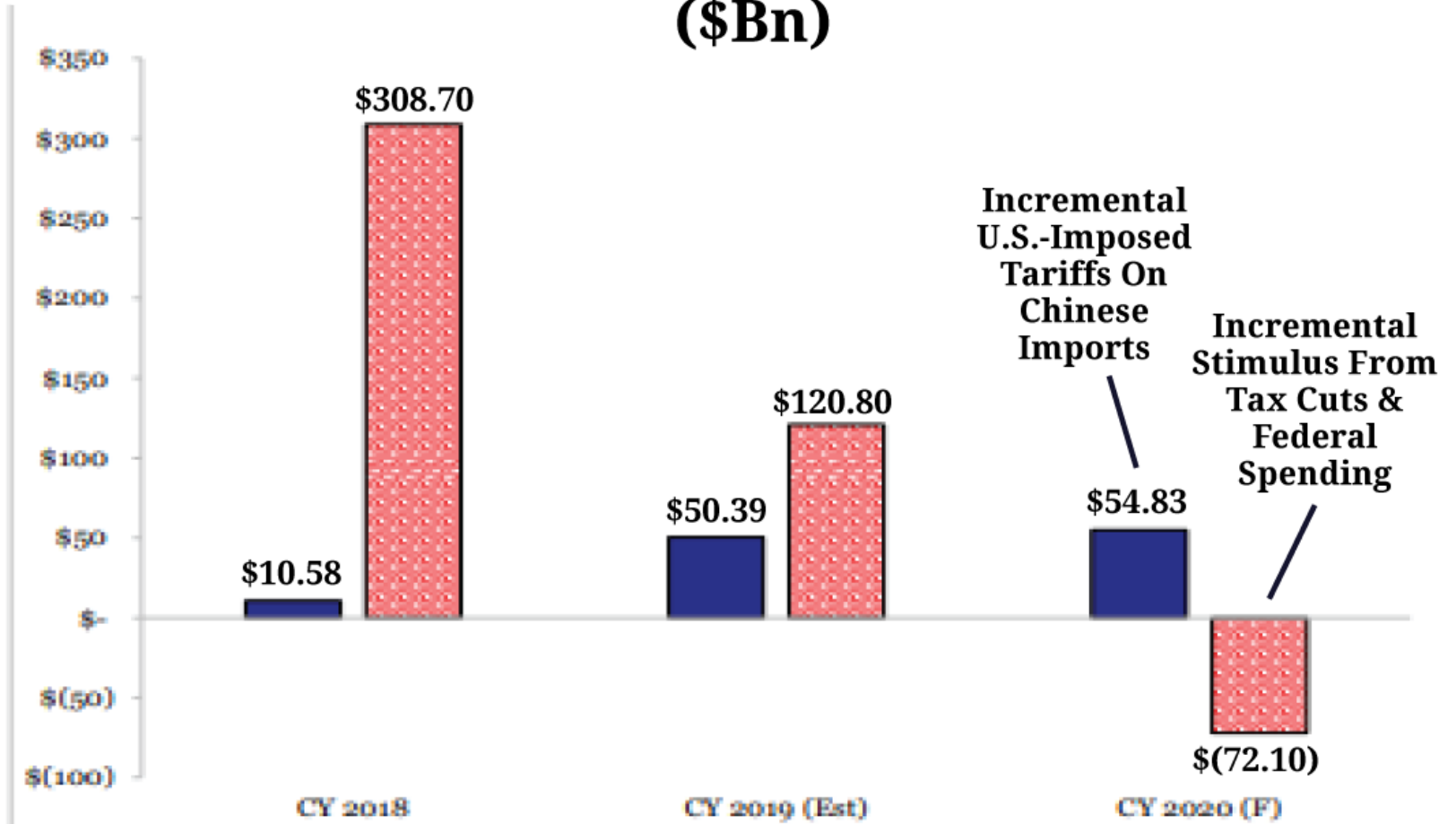


Is This Too Simple?

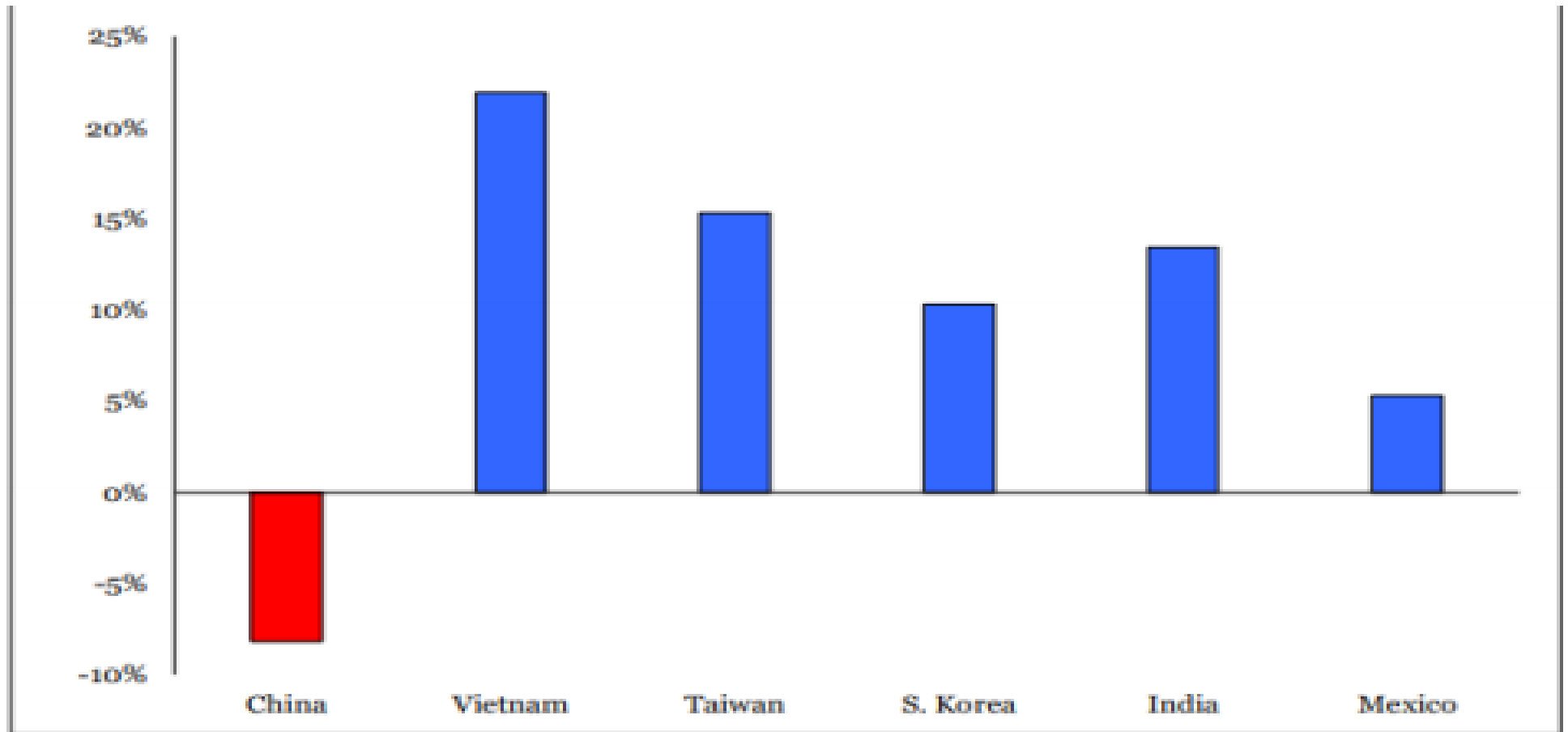


Tariffs Will Dwarf Fiscal Policy In 2020

Incremental U.S. Enacted & Proposed Tariffs On China Vs. Incremental Stimulus (\$Bn)



Y/Y Change In US Total Trade With Country (July 2019 12mo Rolling, US Census)



Net Flows Into Mutual Funds + ETFs (\$BN)

| Year | Domestic Equity | | International Equity | | Bond | Money Mkt |
|----------|-----------------|-------|----------------------|-------|--------|-----------|
| | MF | ETF | MF | ETF | | |
| 2009 | (27.6) | 30.9 | 29.6 | 39.6 | 417.2 | (539.1) |
| 2010 | (81.1) | 46.7 | 56.7 | 41.5 | 262.0 | (525.1) |
| 2011 | (133.3) | 47.3 | 4.1 | 24.3 | 163.7 | (124.1) |
| 2012 | (159.1) | 80.9 | 6.4 | 51.9 | 358.5 | (0.2) |
| 2013 | 18.1 | 104.1 | 141.4 | 62.8 | (59.0) | 15.0 |
| 2014 | (60.2) | 141.5 | 85.4 | 46.6 | 94.5 | 6.2 |
| 2015 | (170.8) | 65.4 | 93.9 | 109.7 | 29.4 | 21.5 |
| 2016 | (235.4) | 167.6 | (24.5) | 20.1 | 190.1 | (30.3) |
| 2017 | (236.0) | 186.0 | 76.7 | 159.8 | 381.1 | 106.9 |
| 2018 | (253.2) | 139.1 | (7.3) | 70.3 | 103.0 | 158.8 |
| 2019 YTD | (65.4) | 13.6 | (12.9) | 5.7 | 174.2 | 104.2 |



What Makes Annex Different

Know The Difference™ Checklist



Fiduciary Standards



Fee-Only



Independent Custodians



Avoiding Conflicts Of Interest



Our Elite Team



Comprehensive Wealth Management



Leading-Edge Technology



Commitment To Financial Education &
Information



National Recognition¹

1. https://www.fa-mag.com/userfiles/000002018_IMAGES_ALL/FA_ISSUES_2018/07_JULY_2018/RIA_2018_Ranking.pdf



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