



AIP Investment Committee

3/7/2014

Macro Themes/Discussion

- Sentiment overwhelmingly bullish
- Economic data drifting lower; economy is crummy, growing at a 1.5%-2.5% clip
- Bubble behavior evident throughout certain sectors
- Labor force ticked up a bit, but still in recessionary levels
- Wage growth pretty awful
- ISM tells us a lot about the relative changes in the level of growth, not much in absolute terms
- Staples a proxy for a business's propensity to spend. Results were horrible, inline with IBM. A sign of decreased business spending?
- Housing construction turning negative Y/Y
- First time since 2009 that the retail sector profit growth is negative
- Eurodollar stable, wait and see attitude
- Mortgage REITs have appreciated, bargain hunting maybe?
- Central Banks are selling US treasuries
- Export growth from China to Japan has boomed.

Investment Trends and Themes

- Biotechs have gone vertical. Bubble?
- US markets not interesting. Is the world decoupling?
- Emerging market currencies are rising; US dollar weakness
- CRB index broke out of a 2-yr downtrend

-Should we shift our focus to a weak dollar environment; look into investing into commodities, gold, real estate, international stocks?

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