

“A Morning at Sunrise” – 3/11/2015:

How Monetary Policy & Currency Valuation Affect Your Investments

I. Recent Events – Currency matters more than ever for U.S. investor

- a. Swiss Franc decouple from loose Euro “band”
- b. European Central Bank Quantitative Easing this week
- c. China reduced interest rates this week
- d. Russian Ruble over the past year
- e. Negative global interest rates

II. Currency Market – Historical overview

- a. Big Mac Index – Purchasing Power Parity
- b. Current currency market – largest in world, permeates all aspects of global finance
- c. U.S. Dollar as dominant global currency - Genoa Convention, Bretton Woods, global trade
- d. Currency “Wars” – 1921-1936, 1967-1987, 2009-present

III. How Currency Influences Global Economies and Markets

- a. Determinants of Currency Valuation
 - i. Trade Surplus vs. Trade Deficit
 - ii. Interest Rates – Monetary Policy, Quantitative Easing (QE)
 - iii. Fiscal Policy – Budget Surplus vs. Budget Deficit, Low Taxes vs. High Taxes
- b. Effects of Currency Valuation
 - i. U.S. Dollar vs. Oil
 - ii. U.S. Dollar vs. other currencies
 - iii. Foreign goods and services – Purchasing Power Parity (e.g. German autos)

IV. How Sunrise Manages Currency Risk

- a. Unique portfolio construction concepts – Core and Satellite, “Foundation” investments
- b. Components of Returns – Domestic investment vs. Foreign investment
- c. Risks of domestic (only) investment
- d. Finding “Value” – Money Flow / Momentum, Fundamentals, Currency

We thank you for attending. We sincerely appreciate our relationship with the people in this room.