

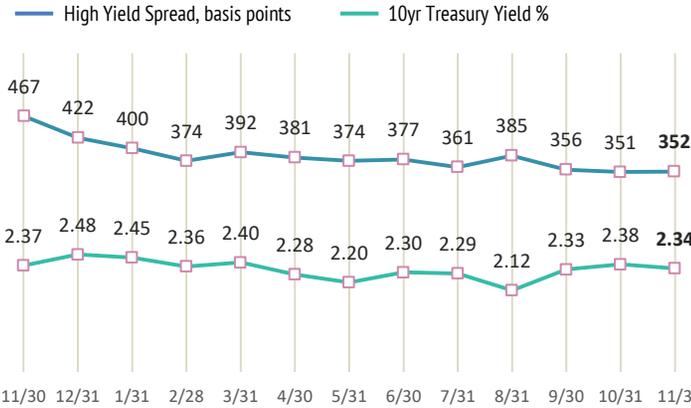


INDEX PERFORMANCE

| Index | 1wk | 4wk | YTD |
|----------------------------|-------|-------|-------|
| S&P 500 | 0.29 | 2.23 | 17.50 |
| Nasdaq Composite | 0.94 | 3.56 | 25.66 |
| Dow Jones Industrials | 0.45 | 4.07 | 21.42 |
| Russell 2000 | -0.87 | -1.07 | 11.32 |
| Barclays US Agg Bond | 0.44 | 0.16 | 3.36 |
| Merrill Lynch HY Master II | 0.06 | 0.31 | 7.44 |

Data as of 11/3/2017. Please see next page for index descriptions and important disclosures.

HIGH YIELD SPREAD & INTEREST RATES



QUARTZ MARKET OUTLOOK

US Equities Outlook: Corporate earnings and GDP are conducive to stock market rallies and could benefit further if consumer optimism continues to return. International equities are attractive as they emerge from a 4+ year stagnation.

High Yield Bond Outlook: One-off defaults, concentrated in the retail sector, have not spilled over into the broad high yield sector. Oil has stabilized in the \$40-\$50 range, a strong positive. The 10-year Note at a yield much lower than it started the year (a major surprise heading into 2017) is another key tailwind.

Global Fiscal & Monetary Policy Outlook: While the absolute level of global policy stimulus is constructive, the pace of marginal stimulus is at risk in Japan, Europe, and the US. Central bankers and investors alike have begun to question the efficacy of monetary policy in the absence of a fiscal counterpart. Trump's tax plan is highly bullish for US equities, especially small caps, and is providing a fresh tailwind for stock prices.



2.34%

10-year Treasury Yield



3.81%

30-year Fixed Mortgage Rate



\$55.63

Oil Price Per Barrel



3.0%

Latest (Q3) US GDP

The Federal Reserve left interest rates unchanged at its policy meeting this week, a widely expected decision. The Fed has earmarked the next rate hike for the December meeting, which would raise the target short-term rate to 1.25-1.5%. Accordingly, the CME Group's FedWatch tool, which translates movements in federal funds futures contracts into trader's rate expectations, now puts a December 13th rate hike at a 98.2% probability. In the Fed's policy statement, the observed status quo of the US economy was maintained: while the overall economy, including the labor market, continues to strengthen, inflation (price stability is one of the Fed's dual mandates, along with maximizing employment) remains below the 2% target level. Until price levels start to climb to a (sustainable) 2%+ annualized rate, the Fed is unlikely to pursue a more aggressive tightening campaign than its currently projected path of two or three 25 basis point (0.25%) moves per year.

House Republicans pressed forward with its major tax reform plan, releasing a new summary of its "Tax Cuts and Jobs Act" bill, according to the Wall Street Journal.* The plan closely resembles the original summary proposal released in late September, but with more clarity on details and some changes that suggest the early stages of compromise with Democrats and industry lobbyists. Revealed in the draft: the highest personal income tax rate would stay at 39.6%, while the corporate tax rate would be capped at 20%, down sharply from 35%. The number of tax individual brackets would be reduced to four from seven, and the standard deduction would be doubled in order to steer filers away itemized deductions (several popular deductions would be repealed). For more highlights, [click here](#) (from The New York Times). The debate over this bill will accelerate into the end of this year; the GOP has indicated that it wishes to push the bill through before the new year.

Donald Trump announced his choice for the next chairman of the Federal Reserve, selecting current Fed governor Jerome Powell. If confirmed, Powell will unseat Janet Yellen in February. Having worked as an investment banker in New York City prior to joining the Federal Reserve in 2012, Powell has likely appealed to Trump's preference for private sector experience. At the same time, the nomination was a safe one, as Powell is expected to continue the policy path conceived by Ben Bernanke and maintained by Chair Yellen.

Eurozone GDP rose 0.6% in the third quarter, beating estimates, while regional unemployment fell to 8.9%. As reported by the Financial Times, this is the first jobless rate to drop below 9% since 2009. Overshadowed by the robust recovery in the US economy and stock market, Europe (as well as Japan) has seen a resurgence since last year as it emerges from a painful multi-year malaise.

"Republicans Stick With Big Corporate Tax Cuts in House Bill". WSI, 11/2/2017.

COMING UP THIS WEEK:

Eurozone PMI (Mon) • Mario Draghi Speech (Tues) • China Inflation (Wed) • US Bank Holiday (Fri)





The stated investment preferences are the opinions of Quartz Partners Investment Management and do not reflect individual investors' risk and return goals. Individual investors should consult with their financial professional about how to implement these opinions in a portfolio that is suitable for their goals and risk tolerance. These views do not necessarily reflect the investment decisions made within specific Quartz Partners Investment Management portfolios.

Past Performance is not a guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index. This material is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed are as of the date of this report, and may change as subsequent conditions vary. Individual portfolio managers for Quartz Partners Investment Management may have opinions and/or make investment decisions that, in certain respects, may not be consistent with the information contained in this report.

The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by Quartz Partners Investment Management to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader. Investment involves risks.

Stock and bond values fluctuate in price so that the value of an investment can go down depending on market conditions. The two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments. There may be less information available on the financial condition of issuers of municipal securities than for public corporations.

Index Definitions:

S&P 500 Index: a market capitalization-weighted index of 500 widely held stocks often used as a proxy for the stock market. It is the most widely used benchmark for U.S. stock funds and portfolios.

Dow Jones Industrial Average ("Dow Jones"): Price-weighted average of 30 leading industrial stocks traded on the New York Stock Exchange, compiled by Dow Jones & Co.

Nasdaq Composite Index: A market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange.

Russell 2000 Index: The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

BofA Merrill Lynch U.S. High Yield Master II Index ("High Yield Bonds") tracks the performance of below investment grade, but not in default, U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market, and includes issues with a credit rating of BBB or below, as rated by Moody's and S&P.

Barclays Capital U.S. Aggregate Bond Index ("Quality Bonds"): comprised of approximately 6,000 publicly traded bonds including U.S. Government, mortgage-backed, corporate, and Yankee bonds with an approximate average maturity of 10 years.

Quartz Partners Investment Management

17 1st St, Suite 206, Troy, NY 12180

Phone: (800) 433-0422

info@quartzpartners.com

www.quartzpartners.com