Investor Quarterly

Staying Focused on What Matters

ROCKINGSTONE ADVISORS LLC

Ebb & Flow

Sentiment shifted frequently throughout 2Q18 as initial fears in April of an overly aggressive Fed took a back seat to strong earnings, only to see sentiment turn cautious again as the European, Latin American and Chinese economies seemed to slow. This was exacerbated by trade tensions, rising energy costs and general geopolitical drama. We maintained our net exposure throughout the quarter.

S&P500 Forecast & Other Key Indicators

We raise our S&P 500 2018 EPS forecast from $149 to $155, our 2019 forecast of $164 remains unchanged; we revise our S&P 500 target to 2865 from 2850. We see the following for 2018: GDP (+2.6%), Gold ($1,250/oz), 10-yr US Bond Yield (2.8%), Oil (WTI - $70/brl), and Inflation (PCE – 2.1%).

2Q18 in Review

Although 1Q18 ended with a tepid market, corporate earnings and decent macro-economic reports aided performance as the second quarter progressed. Yet fears of a stronger $US, trade tariffs, a flatter US yield curve, China growth fears and European weakness buffeted 2Q18-end asset volatility and performance.

Asset Class Performance (Total Return: 2Q18[i])

During 2Q18 we note the following: S&P500 (+3.6%), Gold (-5.7%), Bonds (-0.2%), Commodities (+4.1%). Markets continued to experience heightened volatility, although global, growth-oriented assets ultimately performed well, while defensives such as fixed income and utility stocks under-performed.

Rockingstone Performance

We had a very good quarter (+3.25%) based on proper ETF sector exposure and individual stock selection, which more than offset under-performance from our global asset allocation (overweight intl and emerging shares). We added a few new names (ETM, HUBB, ENT) toward quarter's end with attributes such as insider buying and low valuation.

About Us

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

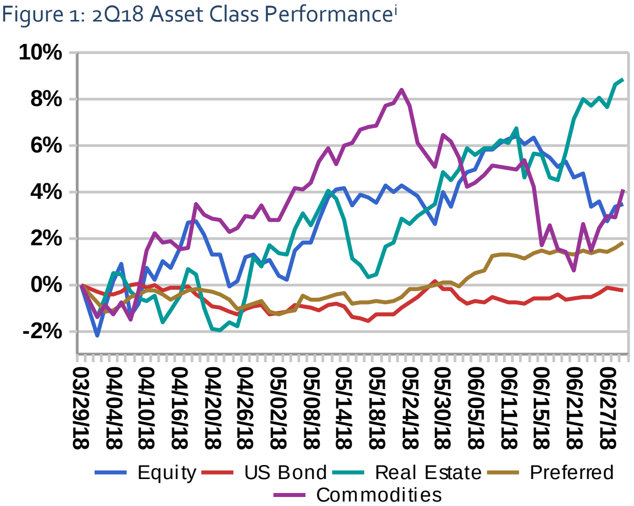
As an SEC-registered investment advisor, we provide multi-asset investment strategies to individuals, families and small institutions through separate accounts.

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:

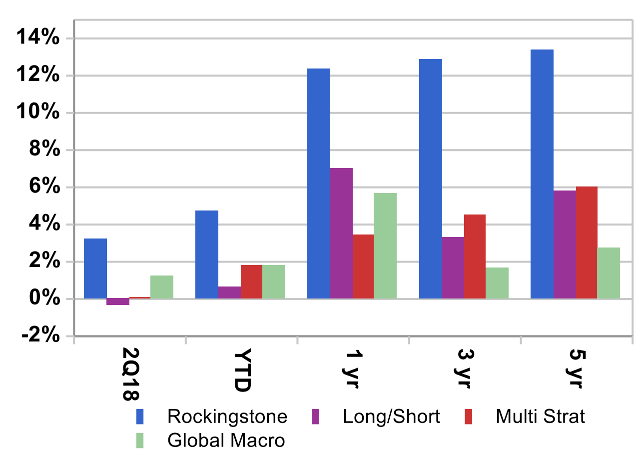
www.rockingstoneadvisors.com

Figure 1: 2Q18 Asset Class Performance[i]



Source: FactSet

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



Source: Rockingstone Advisors, Morningstar, DJ Credit Suisse Indices

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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

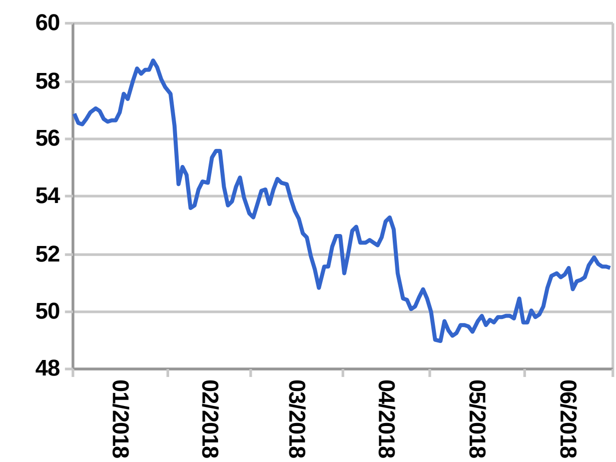
Ebb & Flow

"It isn't easy being green" said the famous philosopher Kermit The Frog. Rockingstone managed to have a very solid second quarter and first half 2018 portfolio performance, despite the ebb and flows of the market and variable investor sentiment.

As investors may recall, toward the end of 1Q18, numerous global asset values weakened, but we believed that strong underlying economic growth, coupled with double-digit earnings growth, would allow for asset values to recover. This is what occurred and with minimal changes to our holdings vs. the 1Q18, we enjoyed excellent returns relative to our benchmarks in 2Q18 and 1H18.

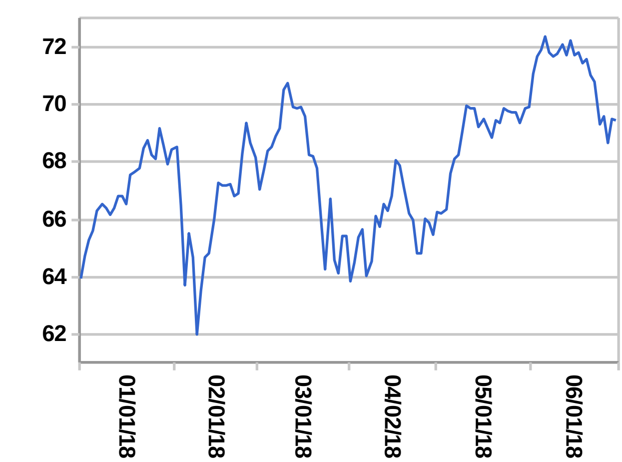
As a reminder, we typically refer to Rockingstone's performance in aggregate, but it is important to emphasize that more yield-oriented, conservative portfolios struggled in a market that benefitted technology, energy and other growth cyclicals along with small caps. For example, we note that XLP (Consumer ETF) and VYM (High Dividend Yield ETF) both dramatically under-performed vs. XLK (Technology ETF) and XLE (Energy ETF).

Figure 3: Investors shed defensive (ETF-XLP) names…



Source: FactSet.

Figure 4: …while favoring technology (ETF-XLK)



Source: FactSet.

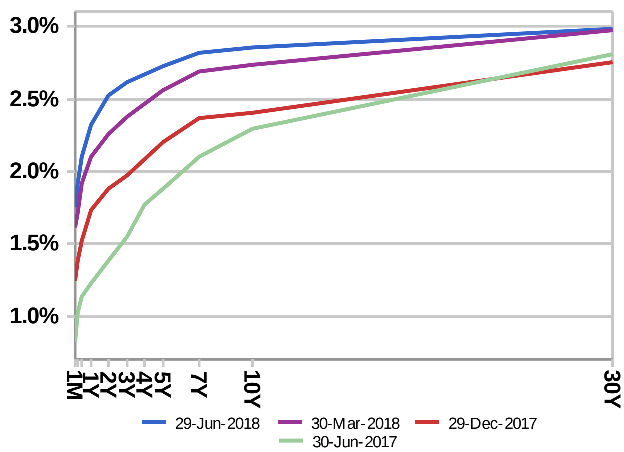
The first half of 2018 displayed the fickle and ever-changing dynamics associated with financial markets, including the following:

- January euphoria tied to global growth, US tax reform and strong earnings;
- February swoon tied to concerns over inflation and trade disputes;
- March volatility as rising interest rates spark fears growth will be clipped;
- April recovery on solid 1Q18 earnings news, moderating rates and low valuation;
- May concerns over EU/Italy politics, a flatter yield curve and EM weakness;
- June volatility resulting from trade wars, global growth moderation.

One reason the market has reacted so negatively to a possible trade war is the likely return of stagflation, which is associated with such trade disputes. As a reminder, increased tariffs are nothing more than a tax on users of the item in question, such as aluminum and beer cans. The higher tariffs will often result in increased prices (i.e. inflation) while squelching consumption (i.e. stagnation). While some select players may benefit, the market clearly believes the net impact is negative.

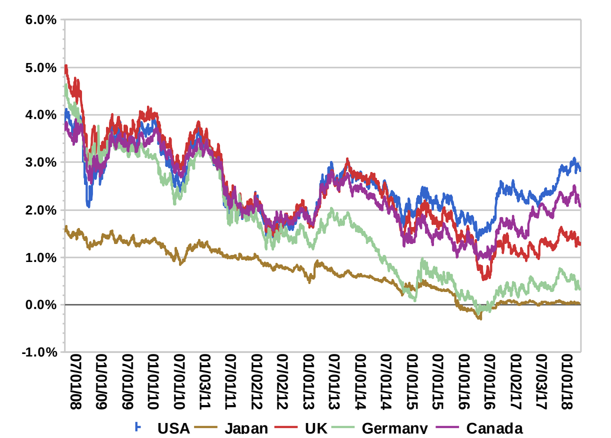
That said, we view the tariff story as more of a negotiating play than a fundamental re-assessment of free trade, but we realize it is a high-stakes game of chicken and there is a lot to lose for both sides should a full-fledged trade war arise from the current skirmishes.

Figure 5: U.S. Yield Curve



Source: Factset

Figure 6: Global Sovereign Yields



Source: Factset

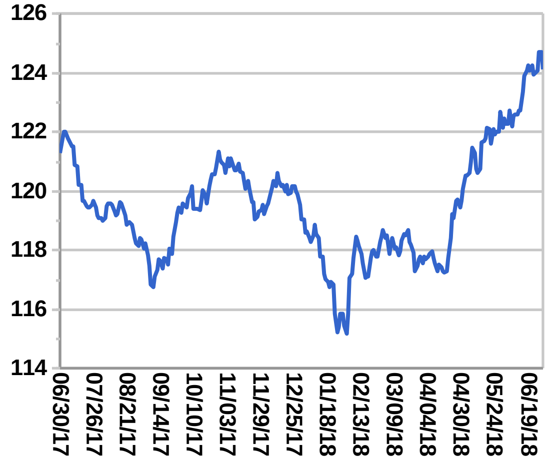
While the specter of trade disputes has been a growing concern for market participants, so too has the level and slope (or lack thereof) of the yield curve. Recall the consensus view in the 2H17 was for a stronger US GDP along with several rate hikes to propel the yield curve higher. Many pundits argued that higher rates would initially propel equities higher as interest rates signaled a stronger economy, potentially triggering outflow from bond funds into equities. But when the highly watched 10-year US government bond jumped to over 3% during the 1H18, the reaction from equity markets was negative, and bonds soon rallied.

Shortly after the 10-year US government bond interest rate hit 3%, the market seemed to vacillate and switch its focus to concern over how higher rates would limit global growth! We have observed an increasingly flat yield curve (typically measured by subtracting the absolute 2-year yield from the 10-year yield). The current spread measures around 30 basis points, which is the lowest since 2007 (just before the global financial crisis hit). While we don't believe in the near-term the yield curve will invert, thereby signaling a coming recession, it is important to monitor.

Looking to Europe and ECB announcements, investors were surprised that the central bank stated that it does not intend to raise rates until the middle of 2019, though it will taper its purchases of bonds in the fall.

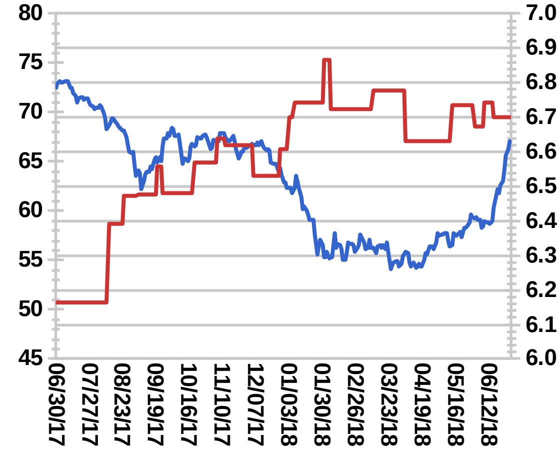
At the same time investors were concerned over the outcome of Italian elections and the question of how the new government there would interact with the EU. Regardless, real interest rates for select EU member bonds remain negative and we don't see this as sustainable. Thus, we added to our BNDX short during the quarter.

Figure 7: Federal Reserve Nominal Broad $US Index



Source: FactSet, Federal Reserve

Figure 8: Yuan (blue – right scale) vs. MCHI (red – left scale)



Source: FactSet

Switching to currencies, we have been surprised at the continued strength of the $US, which was partially to blame for poor performance of foreign and emerging markets stocks. The $US continued its move higher during the 2Q18 as markets started to view US GDP growth as best in class vs. most other major economies. We have been over-weight Developed Market and Emerging Market stocks, which has recently detracted from performance. In some cases, we have currency hedged ETFs, while in other cases the ETFs are un-hedged. Regardless, performance has been poor of late, but our sense is that the sell-off has probably been overdone and we believe some exposure to these markets is warranted.

China is the globe's second largest economy. As 2Q18 has progressed, fears of a trade war disproportionately impacting China put significant pressure on Chinese shares and the Yuan. Moreover, private and public-sector debt continues to rise, while the government takes an increasingly hard line on dissidents and free communication. Add to these issues the concern over trade disputes between the two largest global economies and it doesn't seem so surprising that China's stock market issues appear to be impacting other markets around the globe.

Mistakes Made & Lessons Learned

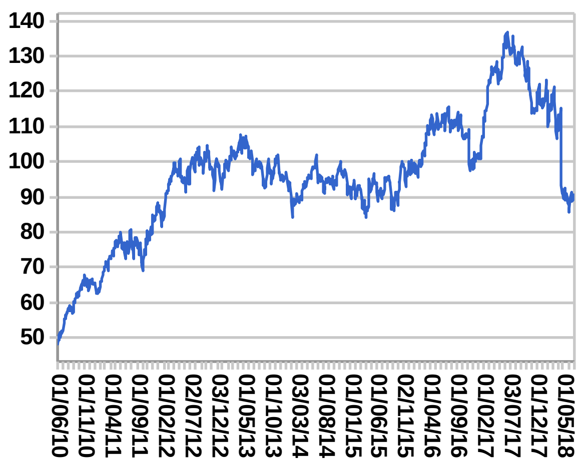
"I never lose…I either win or learn!" – Nelson Mandela

We recently read a WSJ article about great investors who acknowledge mistakes made during their careers. We decided it would be worthwhile periodically to note when Rockingstone has made a misstep and what we learned from the mistake. While we are pleased with our investment returns of late, we highlight disappointment in our holdings of Philip Morris International (ticker PM).

As a reminder, Philip Morris is the leader in global tobacco with sales in more than 140 countries. The company owns such brands as Marlboro, L&M and Chesterfields, with leading shares in most markets around the globe (except in the US). Like other tobacco companies, Philip Morris enjoys very high margins, strong free cash flow, with excellent return of that cash flow to shareholders. Given the nature of its product, the company operates under significant regulatory pressure that can vary from country to country.

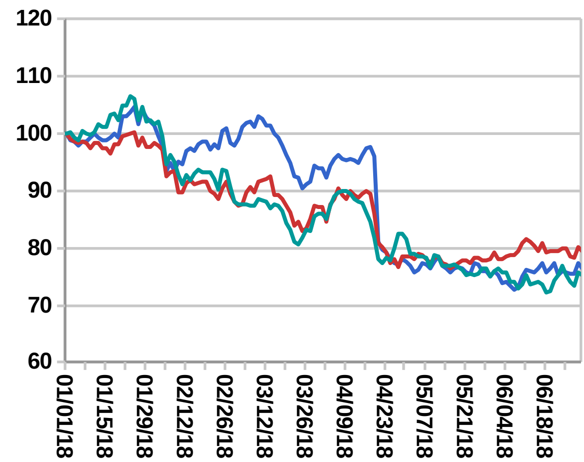
From a sector perspective, we have been under-weight consumer defensive names and that has been beneficial. Since 2008, the consumer packaged goods (CPG) industry has enjoyed investor demand for higher yielding stocks. This included tobacco names as well. But with the yield on US government bonds moving up during 1H18, the relative attractiveness of CPG equities and their dividends declined precipitously. In hindsight, owning even less CPG stocks would have been the better move. To the extent the $US has rallied and Philip Morris derives all of its profits from outside the US, the currency strength has clipped dollar denominated sales and EPS.

Figure 9: Philip Morris International (MO) Stock Price



Source: FactSet, Federal Reserve

Figure 10: Tobacco Stocks (MO, PM, BAT) Trading in Lock Step



Source: FactSet

Aside from the macro environment, we note that Philip Morris disappointed investors during its 1Q18 results conference call. This disappointment was most likely exacerbated by the fact that management gave a bullish presentation at a large consumer conference in late February, only to surprise investors in early April that its reduced risk products (RRP), specifically the IQOS brand, disappointed in the key Japanese market. We and many other investors were caught off guard by the change. The stock dropped over 20%. Interestingly, every major tobacco stock experienced roughly the same percentage decline, even though there are obvious differences among Altria, BAT, and others.

Despite the decline in share price, we remain confident that the firm's management should successfully "disrupt" its business via RRP (17% of sales), while dealing with the decline of the legacy combustible brands. That said, it is difficult to find companies across most sectors that have successfully managed such disruption (i.e. traditional media vs. Netflix or traditional auto manufacturers vs. Tesla).

While we expect some additional volatility, we think investors are overly discounting the value of the RRP portfolio within Philip Morris, which is practically free at current levels. IQOS has been successfully introduced in several markets and is gaining share, although certainly benefiting from heavy SG&A spending and capital outlays. The bulk of the company's dividend is funded by the combustible products. Historically, during periods of severe market disintermediation, Philip Morris traded to as low as a 5% yield. Today it is trading at a yield of 5.5% and using this as a valuation lens, suggests investors are getting the RRP portfolio for free. Meanwhile the leading RRP product in the US (privately held Juul) is being valued at very high sales multiples, given its exceptional growth rate.

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Equity Performance

US Leads While Other Markets Falter

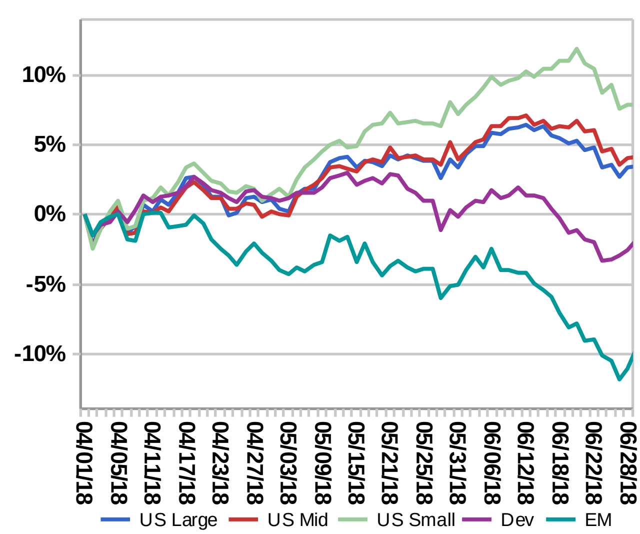
The S&P500 had a strong year in 2017, although notably the index lagged Emerging Markets and Developed Markets. Such relative under-performance reversed in the 2Q18, as (i) investors perceived US equities as less expensive vs. peers (especially on a PEG basis given the former's superior growth rates), (ii) US GDP strength continued while other economies faltered, and (iii) the dollar strengthened.

Unlike fixed income markets that were generally lackluster throughout 2Q18, global equity performance diverged as well as vacillated throughout the quarter. For example, concerns surrounding EU solidarity were shaken (once again!) by Italy's latest election and possible inclusion of a party that questions EU membership. This led to pressure on EU banks specifically and European stocks in general.

On the flip side, the US equity market remained relatively strong as 2Q18 corporate earnings were solid and most macro-economic data indicated continued solid growth. Within US equity markets, small cap stocks jumped on GDP growth and $US strength. Yet investors in US equity markets had to contend with trade concerns, including Russia sanctions, disputes with NAFTA's partners and disconcerting rhetoric around trade with China.

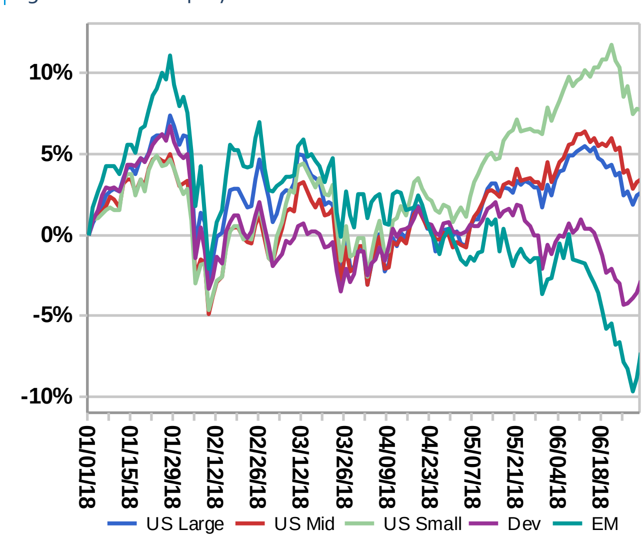
We note the following regarding 2Q18 and 1H18 performance: US Large Cap (+3.0% and +2.5% respectively), US Mid Cap (+4.0% and +3.5%), US Small Cap (+7.6% and +7.5%), Developed (-2.3% and -2.8%), Emerging (-10.1% and -7.6%).

Figure 11: 2Q18 Equity Performance[iii]



Source: FactSet

Figure 12: 1H18 Equity Performance



Source: FactSet

Fixed Income Performance

A Flatter Yield Curve

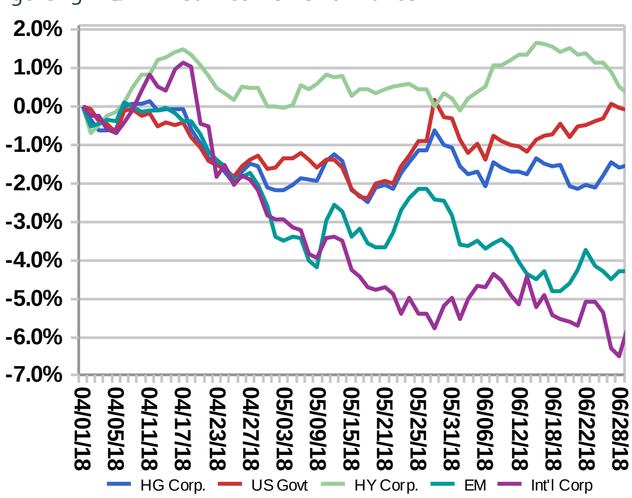
The yield curve flattened as the Federal Reserve increased short-term rates while long-term rates were held in check by the combination of low European sovereign rates coupled with ongoing muted inflation, which failed to push long-term rates higher. Consensus among economists is that short term interest rates can be altered by the Federal Reserve, but the central bank has minimal to no control over long term rates. While the Federal Reserve did raise rates multiple times over the last year, so far it has only pushed the short end of the curve higher. Fixed income investors remain wary over long term growth (productivity + population change) and the potential for inflation to surprise on the upside. Thus, the curve has flattened.

We generally remain under-weight fixed income, although high yield bonds may arguably be more attractive today given their exposure to the rebounding energy sector.

Even with European interest rates inching up, the real risk-free rate is still negative in places such as Germany. The ECB recently indicated it would keep interest rates steady for at least another year, although it would suspend purchases starting in the fall of 2018. On the assumption that Europe, despite its many well documented challenges, grows over time, we increased our short on BNDX.

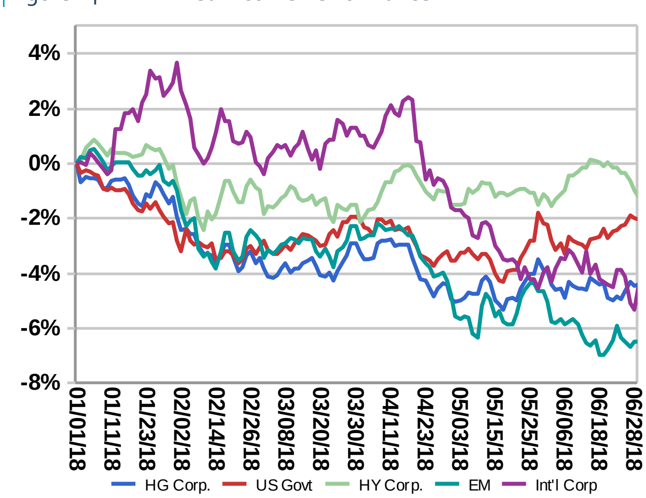
In terms of specifics, we note the following: US High Grade (2Q18 -1.5% and 1H18 -4.4%), US Governments (-0.1% and -2.0%), US High Yields (+0.3% and -1.2%), International Corporates (-6.0% and -4.8%), Emerging Markets (-4.3% and -6.5%).

Figure 13: 2Q18 Fixed Income Performance[iv]



Source: FactSet

Figure 14: 1H18 Fixed Income Performance



Source: FactSet

Commodity Performance

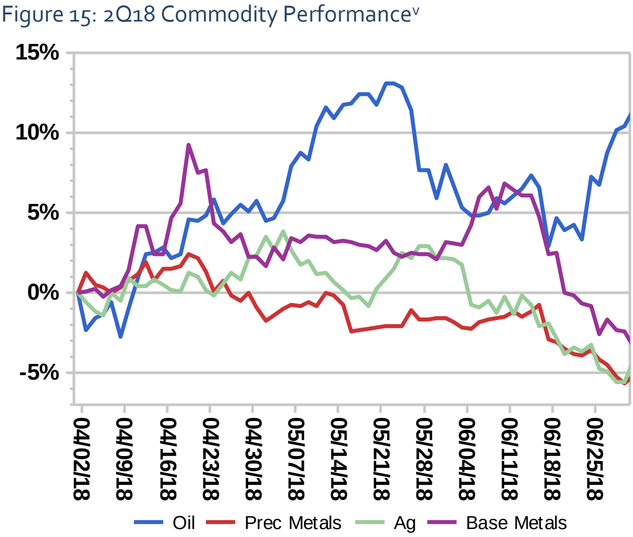
Energy Rebounds Strongly

We continue to have modest exposure to direct commodity investments. As noted in past quarterly reports, we own the GLDI ETF that generates income from covered call option contracts on gold and acts as a hedge, especially for yield-oriented portfolios. From time to time we have invested in DBC (the Deutsche Bank commodity ETF) and SLV, the silver ETF. Yet without a clear conviction that inflation is about to accelerate, it is hard to make the case to increase our exposure to commodities ex oil.

Within the energy complex, last fall we added to existing positions in the energy ETF XLE, in two individual names: EOG and COP, and in a new name: CLR, which we purchased in late 2017 and again in early January 2018. While not a direct correlation with the underlying price of oil or natural gas, these investments do have some connection to the rise in carbon-based energy prices. Over the last 6-9 months, the combination of global macroeconomic growth, coupled with OPEC supply constraints and lower production from Venezuela and Iran, has driven WTI (and Brent) significantly higher. Initially supply expansion from the US and select other markets offset OPEC quotas but that is no longer the case.

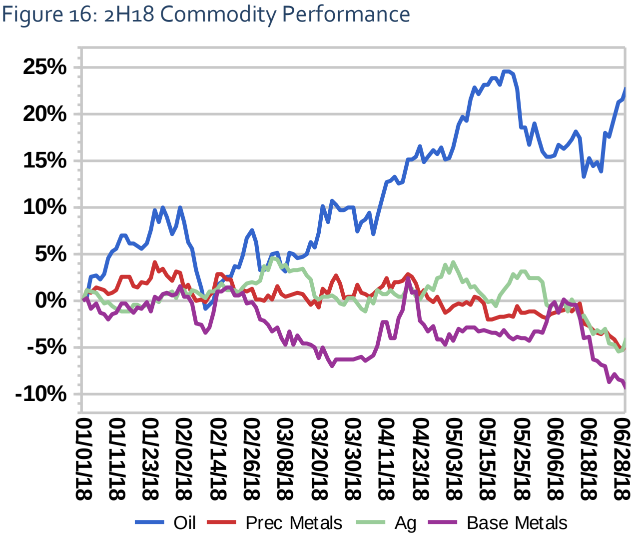
We remain comfortable with our approach but, as noted above, will consider adding to commodity investments should inflation accelerate and the US dollar weaken. In the meantime, we note the following returns during the 2Q18 and 1H18, respectively: Oil (+11.5% and +22.8%), Precious Metals (-5.1% and -4.7%), Agriculture (-4.1% and -3.9%), Base Metals (-3.4% and -9.4%).

Figure 15: 2Q18 Commodity Performance[v]



Source: FactSet

Figure 16: 2H18 Commodity Performance



Source: FactSet

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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, with bias to the upside, especially in 4Q18, where current survey data are pointing to a 4-5% quarterly GDP print. The Atlanta Fed's GDP Now forecast for 2Q18 has declined slightly from roughly 4% to 3.8%. We maintain our GDP forecast of 2.6% for the full year 2018.

We raised our 2018 S&P 500 earnings estimate from $149 to $155 (vs. the Street's $158), however, we are maintaining our current 2019 S&P 500 EPS estimate of $164 (vs. The Street's $175). The stronger earnings outlook for 2018 is a function of the ongoing strength of the economy coupled with oil prices that are higher than we originally forecast, fueling earnings growth for the energy complex.

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	$155 / $158
S&P 500 2019 EPS (RSA/Street)	NA	$164 / $175
S&P 500 2018 Index	2800 - 2950	2865
10-Yr US Treasury Yield	2.5% - 2.9%	2.8%
Oil (WTI)	$65 - $75	$70
Gold	$1,200 - $1,300	$1,250
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. S&P500 EPS. After 1Q18 EPS results were reported, investors were better able to digest the impact of the tax cuts along with global growth. As had been the case, tax savings will probably generate at least $10 to EPS in 2018. Using consensus forecast for 2018 today (i.e. $158 a share), this implies close to 27% growth of which about 8% is from the tax cut. We increase our 2018 EPS forecast to $155 from $149, as noted above, partly due to better energy sector results. We maintain our 2019 EPS forecast of $164 which implies about 6% growth next year.

2. S&P500 Index. Our latest forecast for the S&P500 at year-end is 2865 which is only a few percent increase from the current level. As we publish our 2Q18 newsletter, the Index is trading at 18x our 2018 EPS and 17x our 2019 forecast. These forward multiples are at a modest premium to the long term NTM valuation and give support to our caution regarding near term upside to the S&P500 Index. We note that corporate earnings growth is expected to peak in the 2Q18. As growth decelerates, this could limit the market's P/E expansion potential. Clearly exogenous factors such as trade wars or martial conflicts could also hurt the market's valuation. Moreover, an inverted yield curve would also signal that investors potentially see earnings at a cyclical peak, in which case the P/E multiple applied to those earnings should be lower than historical P/E multiples.

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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	7.4%	=	5.5%	-	0.1%	+	2.1%	-	0.0%
US Mid Cap Stock	S&P400	6.8%	=	5.5%	-	0.1%	+	1.7%	-	0.4%
US Small Cap Stock	S&P600	5.4%	=	5.7%	-	0.0%	+	1.7%	-	1.9%
Foreign DM Stock	MSCI-EAFE	6.7%	=	4.0%	-	0.2%	+	3.4%	-	0.5%
Foreign EM Stock	MSCI-EM	9.6%	=	6.6%	+	0.1%	+	3.1%	+	0.2%

Source: Rockingstone Advisors

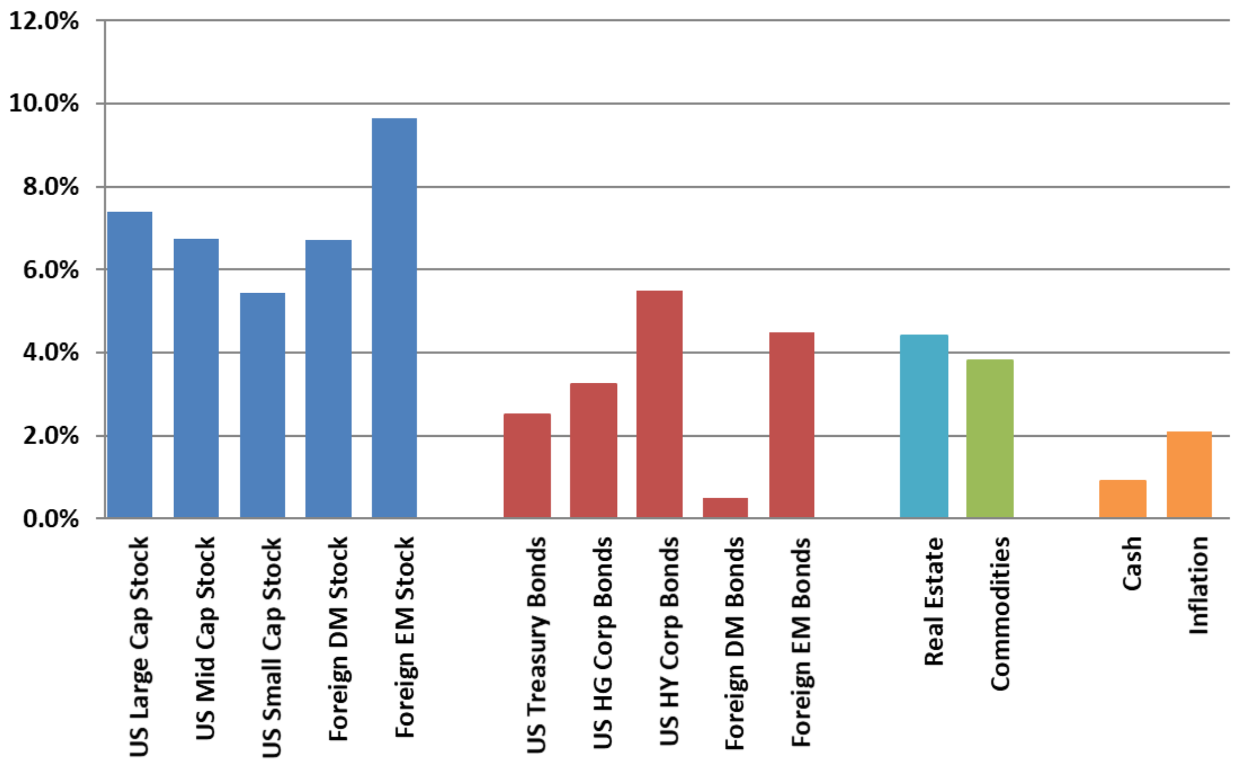
For equities, we examine key variables such as (1) historical sales growth, (2) corporate profit margins, (3) dividend yields, and (4) valuation to determine potential long-term returns. Using valuation as an example, P/Es should theoretically decline (if currently above the historical mean) or expand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

Portfolio Positioning

Equities

Despite the relatively volatile 2Q18 and the cross currents mentioned earlier in this report, we didn't make any significant changes to our equity allocations. As noted last quarter and despite the rise in volatility, our asset allocation within equities remains unchanged. We pared back on some of our financial holdings early in the 2Q18 including two main ETFs (XLF, KRE) as well as Webster Financial (WBS).

Within the US, we remain over-weight Industrials, Energy, and Consumer Cyclicals, and under-weight Utilities, Healthcare, Staples and Communication Services. This allocation was helpful and offset our over-weight positions in Developed Market and Emerging Market ETFs. Our largest individual holdings include: Amazon, S&P Global, Evolent Health, Syntel, McCormick, Hilton, Facebook, Apple, Fleetcor, Calavo Growers.

We decided to exit our more speculative holding in Kadmon (KDMN). Not every account held the small bio-tech company. For those accounts that did hold the shares, we were reluctant to continue waiting for trial data and a positive catalyst while other companies appeared more attractive. We used excess cash holdings and the proceeds from KDMN to acquire positions in the following:

Entercom Communications (ticker ETM). When CBS spun-off its radio operations in October 2017, the acquiror was Entercom. Given we had some investors that owned CBS, we were intrigued by the merger. Immediately following the merger, Entercom's stock under-performed significantly. We became more interested based on valuation as well as significant insider buying. Thus, we bought the shares in June 2018 around $7.10.

Global Eagle Entertainment (ticker ENT). While investors may have heard of GoGo InFlight, few probably recognize Global Eagle. The company provides satellite-based internet and entertainment connections for aircraft. We became intrigued with the company after searching for small-cap media plays. In March, a private equity firm acquired a large amount of stock and re-financed the debt, new management was put in place and the balance sheet was better capitalized (after a failed acquisition).

Hubbell (ticker HUBB). Based in Connecticut, Hubbell is a producer of electrical equipment for both residential and commercial buildings. Despite a strong balance sheet and relatively attractive dividend yield, the stock has lagged peers and the market for an extended period. Yet we see the need for increased housing and economic growth pushing demand for commercial real estate as a boon to the company.

Fixed Income

As has been the case for an extended period, we retain a cautious view 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. This is a long termoriented approach to what we view as yields that are simply too low in Europe, especially in light of long-term pension obligations and aging demographics. For example, would a risk averse investor rather own an Italian bond that yields 2.5% or a US bond with the same maturity with an equal yield? While the ECB noted it would not likely change rates for another year, our view is the market will move ahead of that Central Bank.

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 dynamic as a positive to PFF.

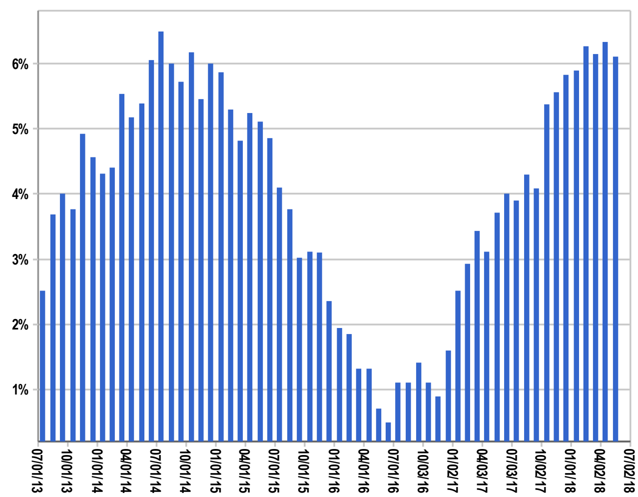
Commodities

We have a 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

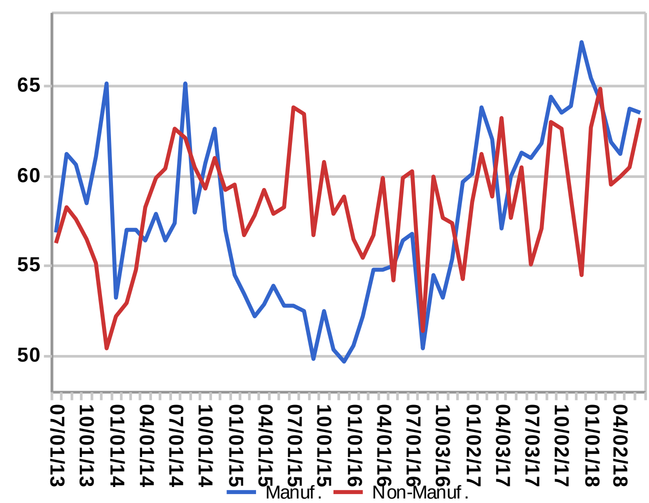
Leading Indicators

Figure 20: Index of Leading Economic Indicators



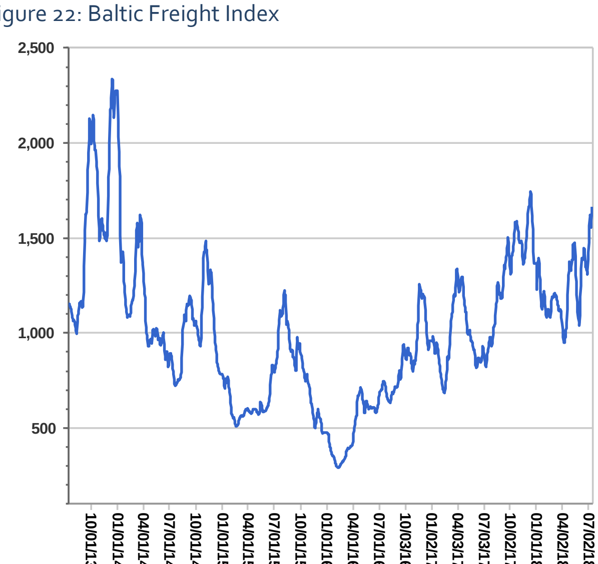
Source: FactSet

Figure 21: ISM New Orders



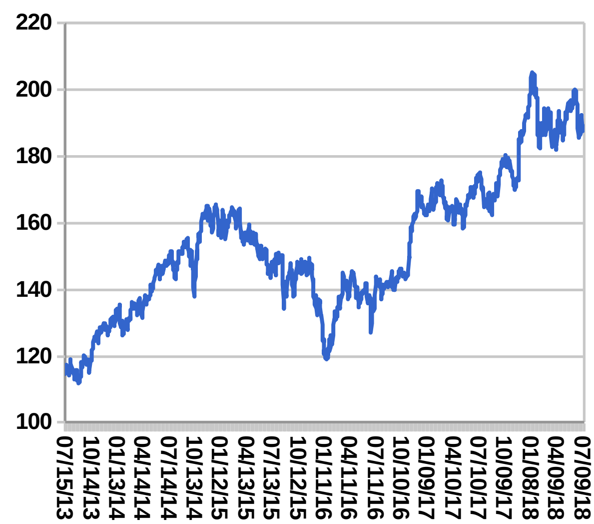
Source: St. Louis Federal Reserve, FRED Database

Figure 22: Baltic Freight Index



Source: FactSet

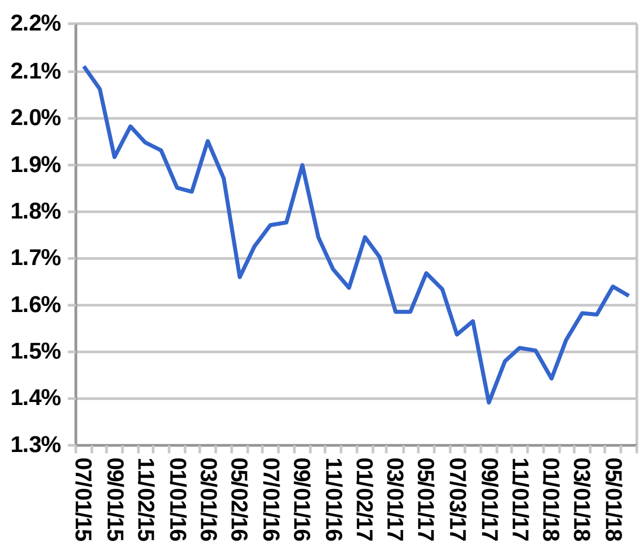
Figure 23: DJ Transports



Source: FactSet

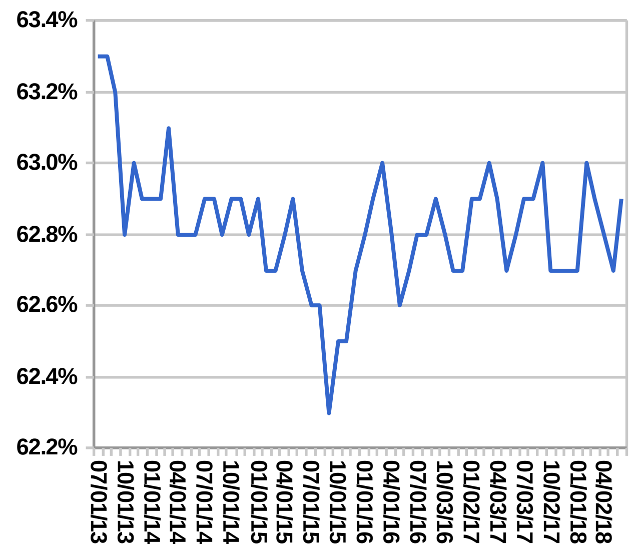
Labor Market Indicators

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



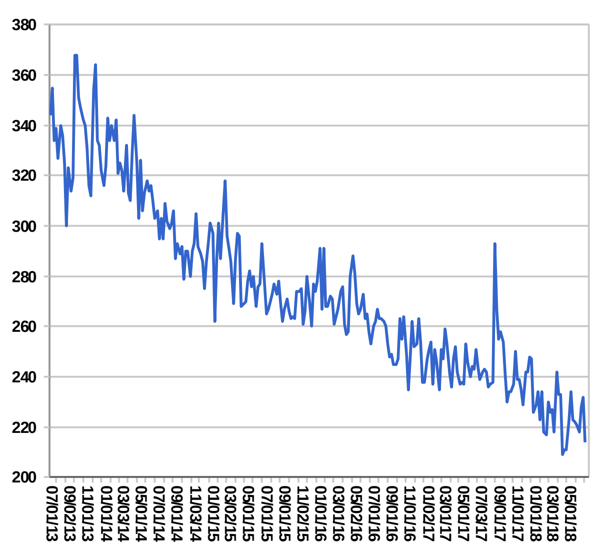
Source: FactSet

Figure 25: Labor Participation Rate (% of Workforce)



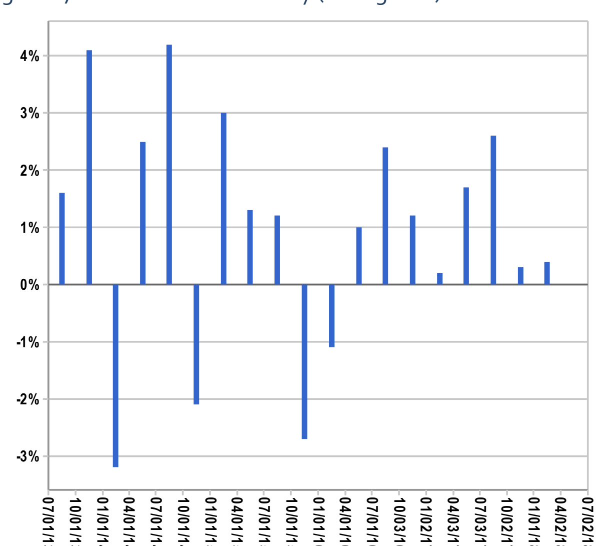
Source: FactSet

Figure 26: Initial Unemployment Claims



Source: FactSet

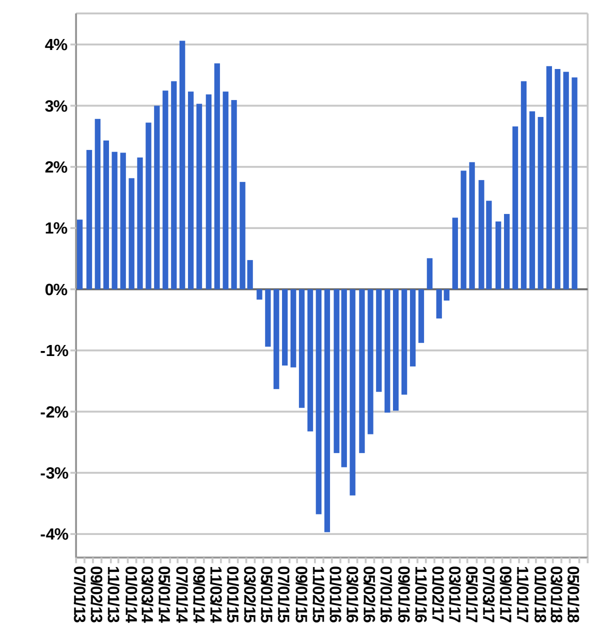
Figure 27: Non-Farm Productivity (% Chg YoY)



Source: FactSet

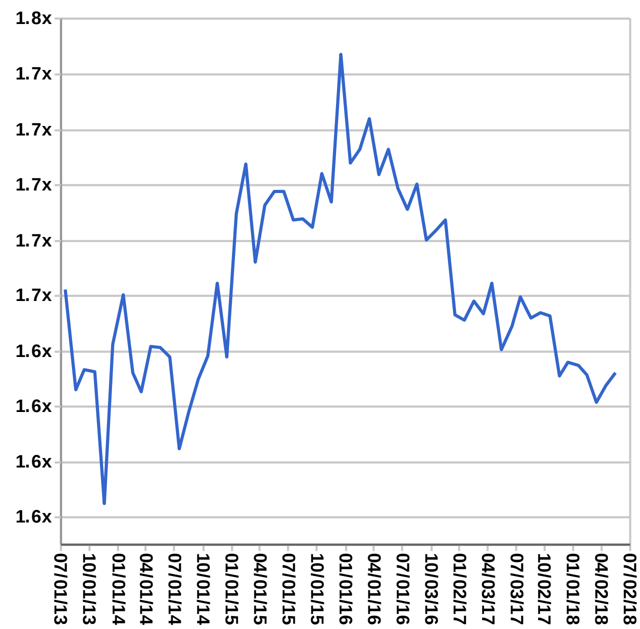
Production and Business Activity Indicators

Figure 28: Industrial Production (% Chg YoY)



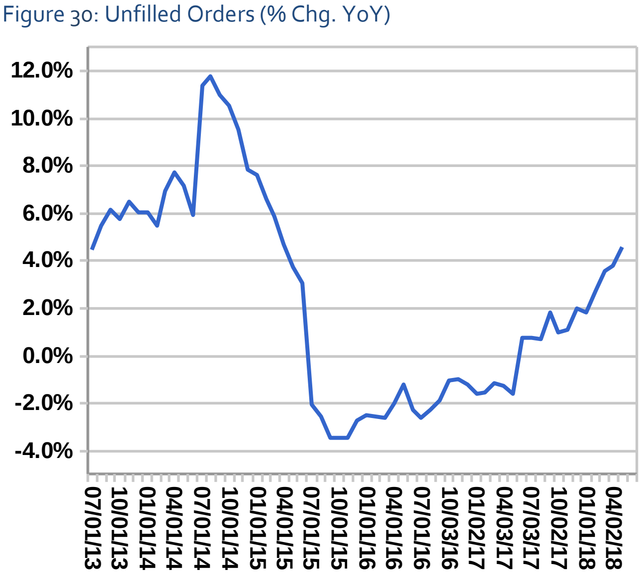
Source: FactSet

Figure 29: US Inventory to Shipment Ratio



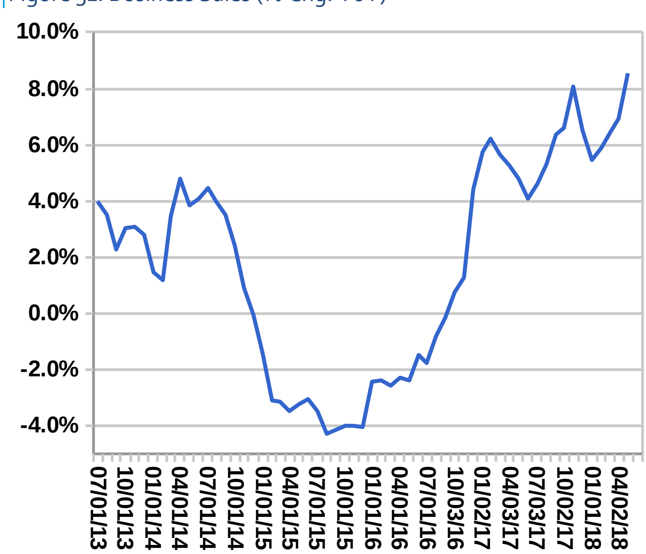
Source: FactSet

Figure 30: Unfilled Orders (% Chg. YoY)



Source: FactSet

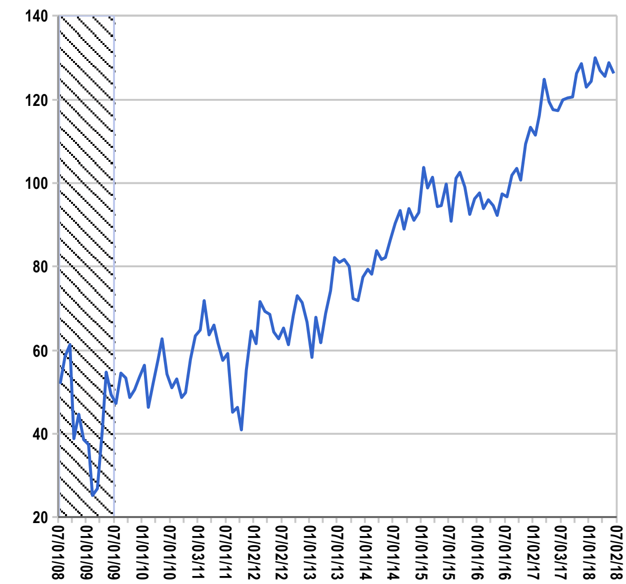
Figure 31: Business Sales (% Chg. YoY)



Source: FactSet

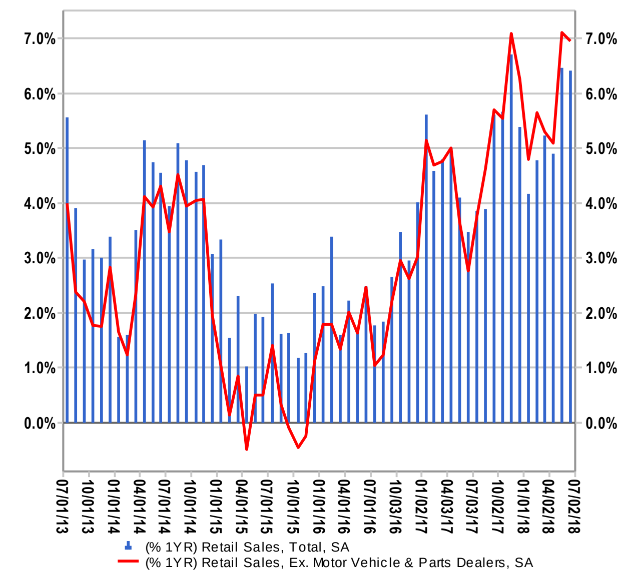
Consumer and Household Activity Indicators

Figure 32: University of Michigan Consumer Sentiment



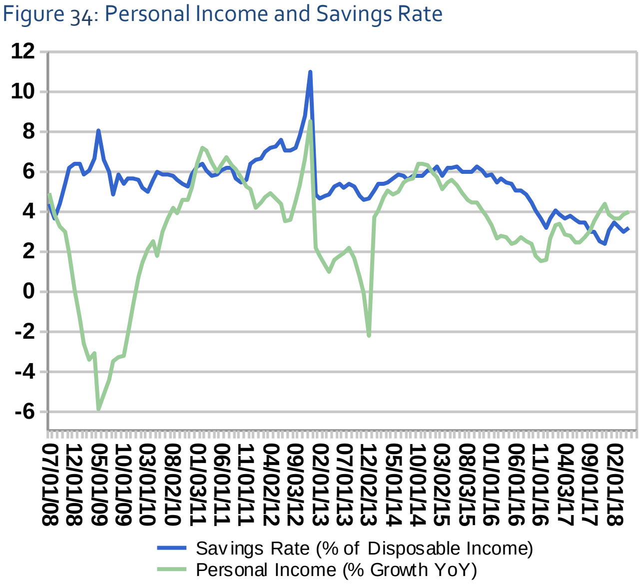
Source: FactSet

Figure 33: Retail Sales



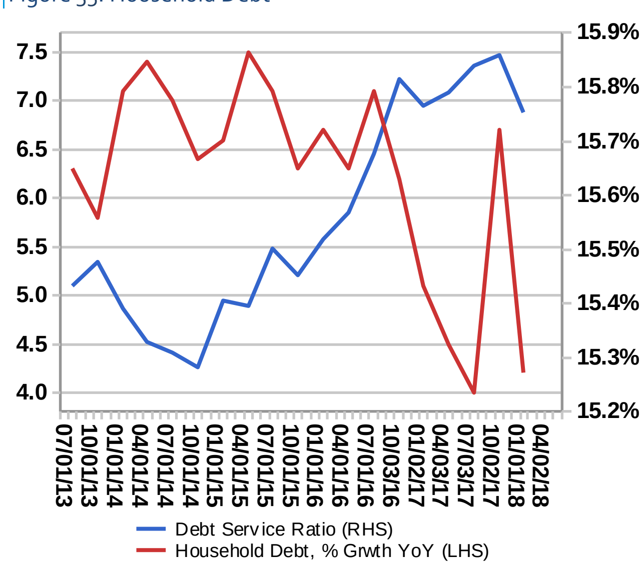
Source: FactSet

Figure 34: Personal Income and Savings Rate



Source: FactSet

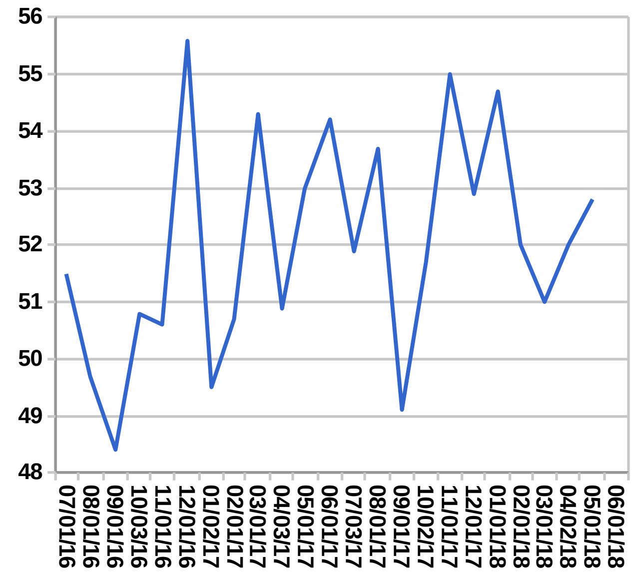
Figure 35: Household Debt



Source: FactSet

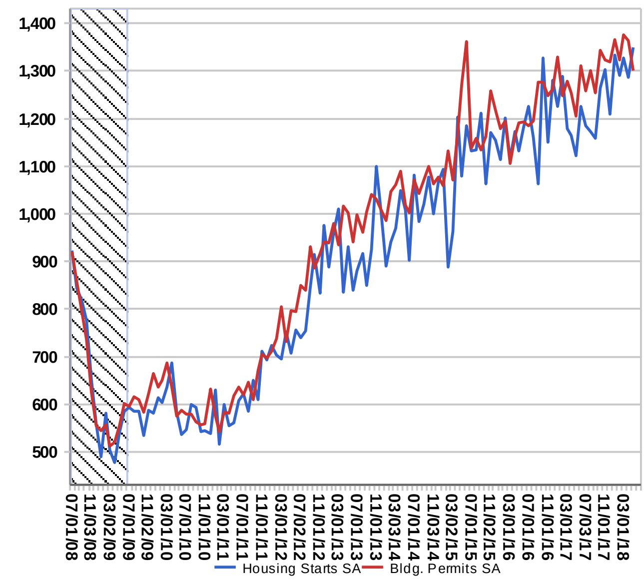
Housing and Construction Indicators

Figure 36: Architecture Billings Index



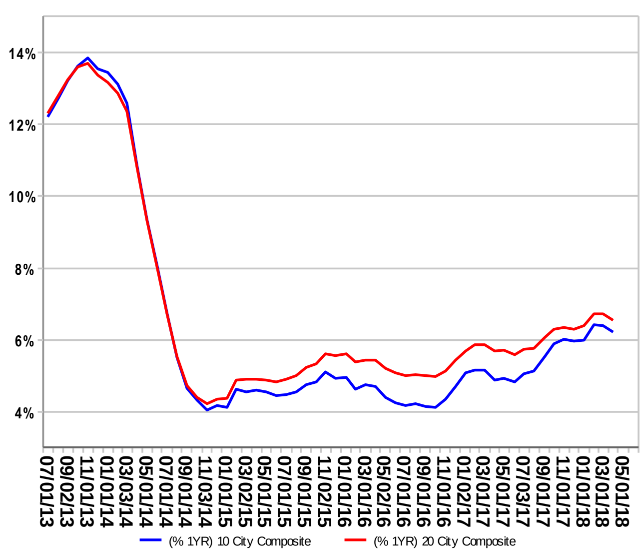
Source: FactSet

Figure 37: Housing Starts and Building Permits



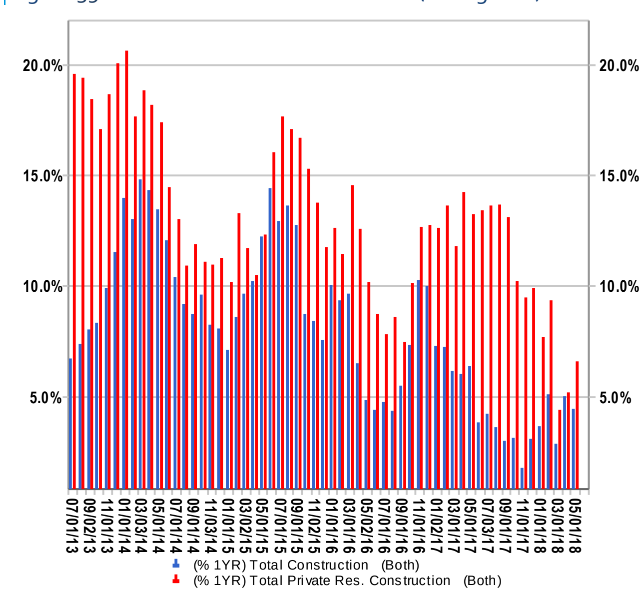
Source: FactSet

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



Source: FactSet

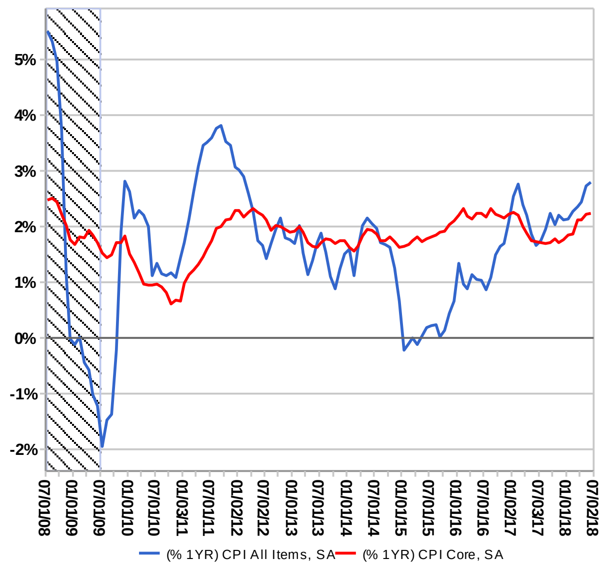
Figure 39: Private and Total Construction (% Chg YoY)



Source: FactSet

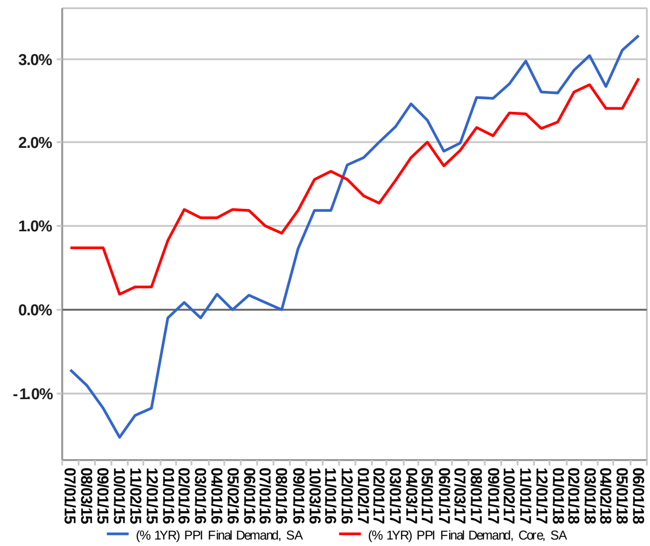
Price Indicators

Figure 40: Consumer Price Index



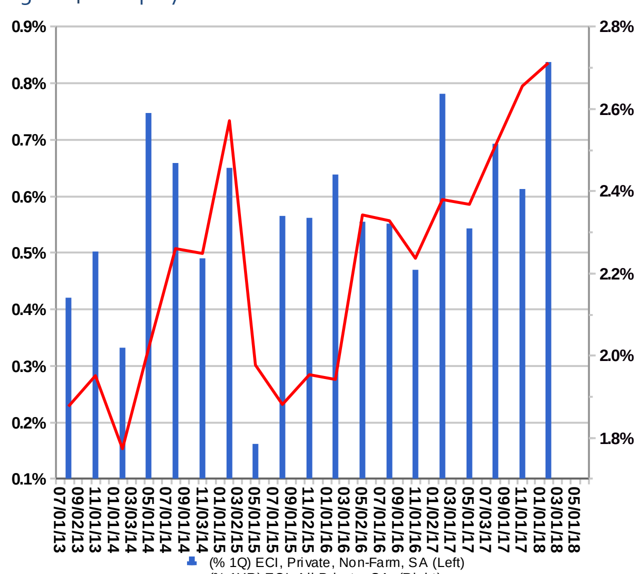
Source: FactSet

Figure 41: Producer Price Index



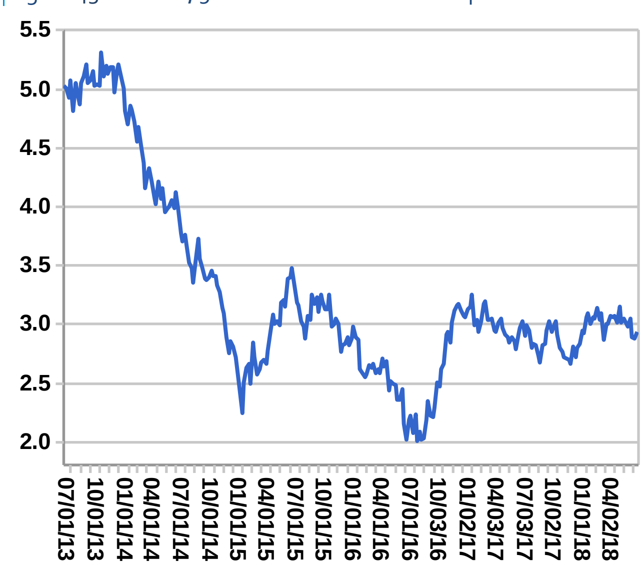
Source: FactSet

Figure 42: Employment Cost Index



Source: FactSet

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



Source: FactSet

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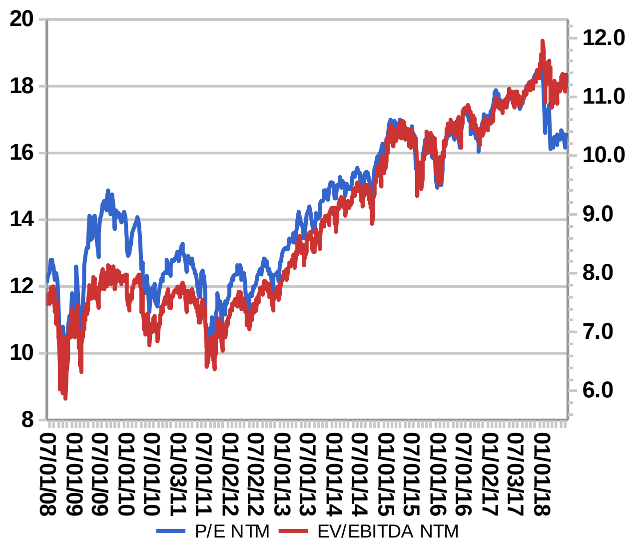
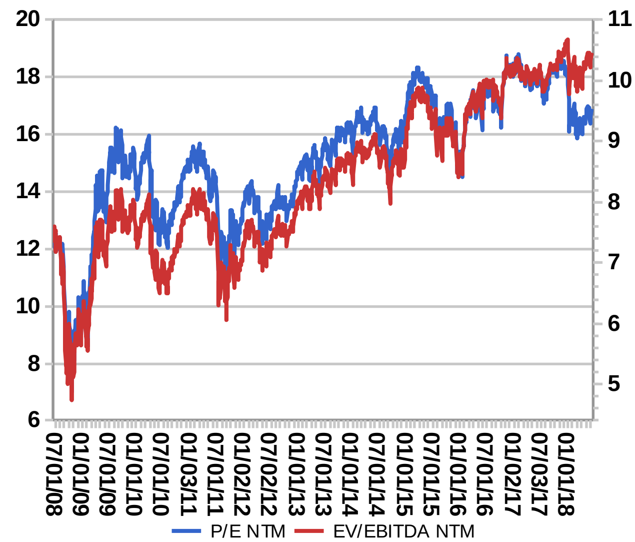
Valuation Indicators

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



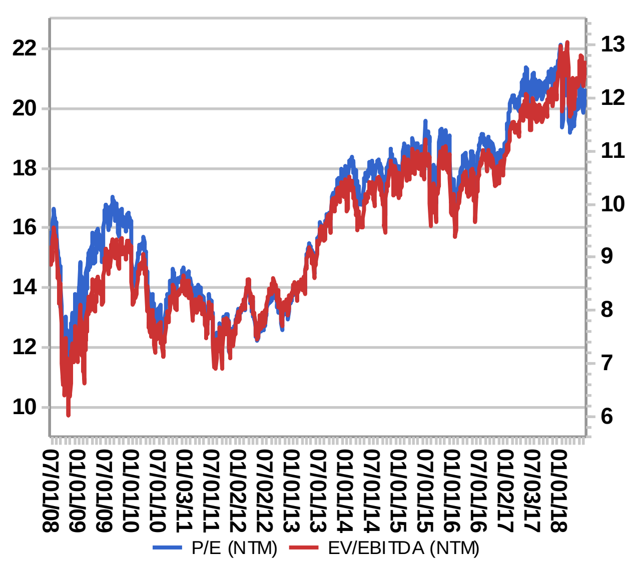
Source: FactSet

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



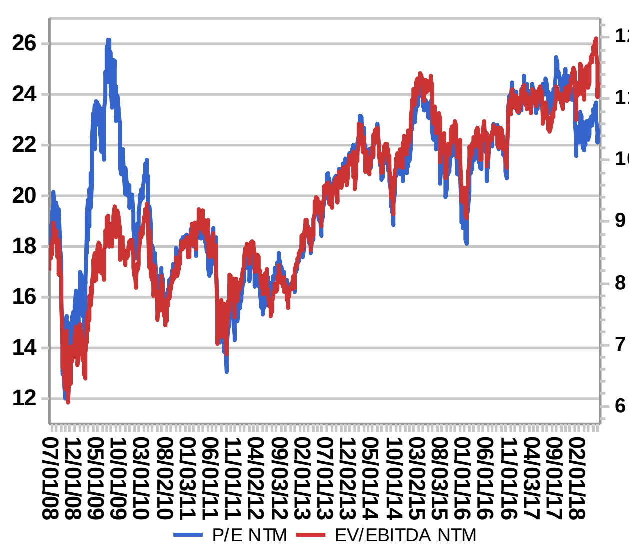
Source: FactSet

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



Source: St. Louis Federal Reserve, FRED Database

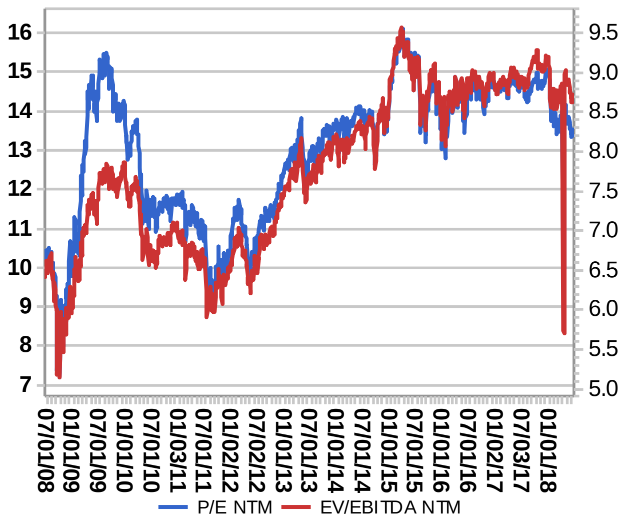
Figure 47: Russell 2000 P/E (LHS) & EV/EBITDA (RHS)



Source: St. Louis Federal Reserve, FRED Database

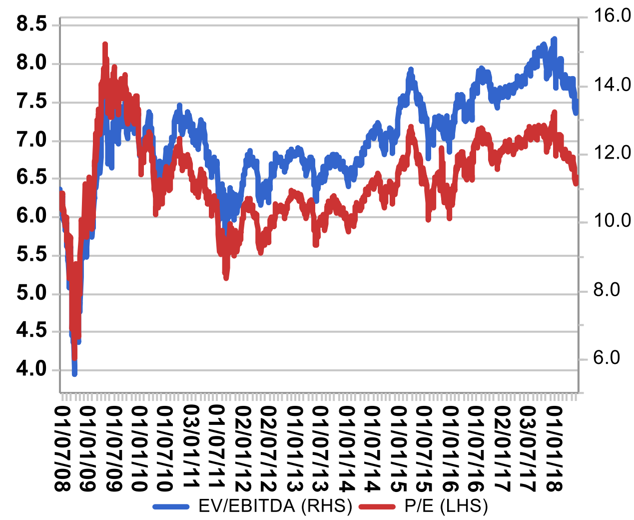
Valuation and Volatility Indicators

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



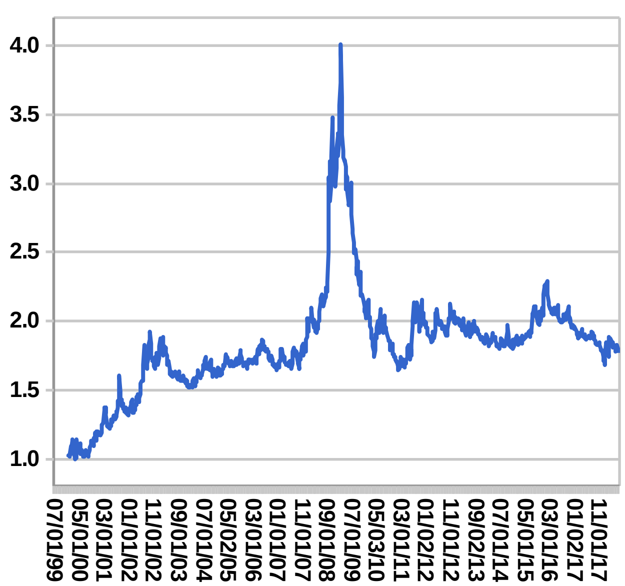
Source: Robert Shiller, Yale University, Rockingstone Advisors, Standard & Poor's

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



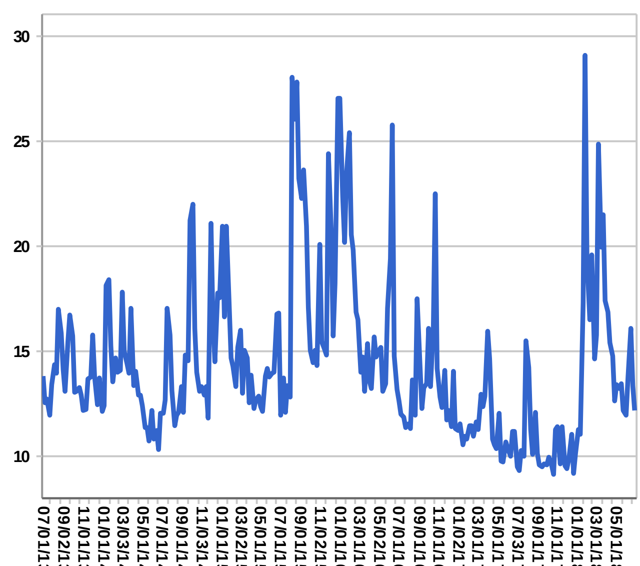
Source: Robert Shiller, Yale University, Rockingstone Advisors, Standard & Poor's

Figure 50: S&P 500 Dividend Yield



Source: FactSet

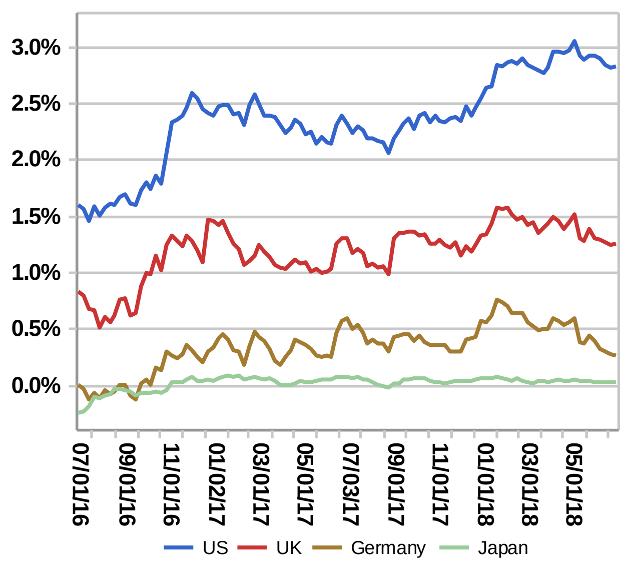
Figure 51: CBOE Volatility Index



Source: FactSet

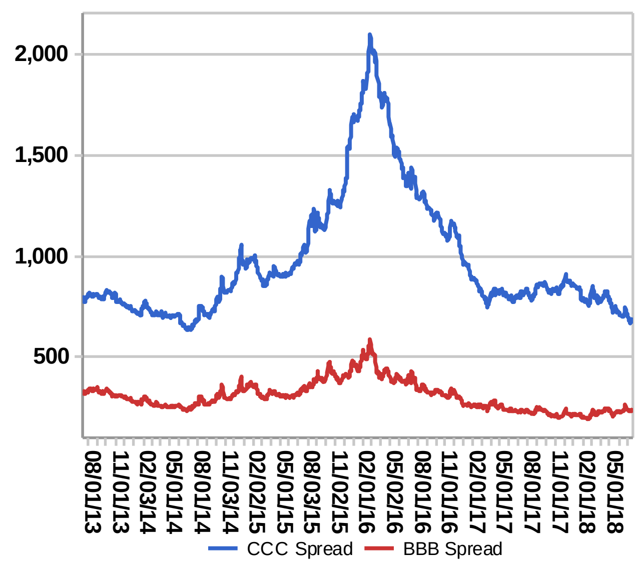
Bond Market Indicators

Figure 52: 10-Year Global Bond Yields



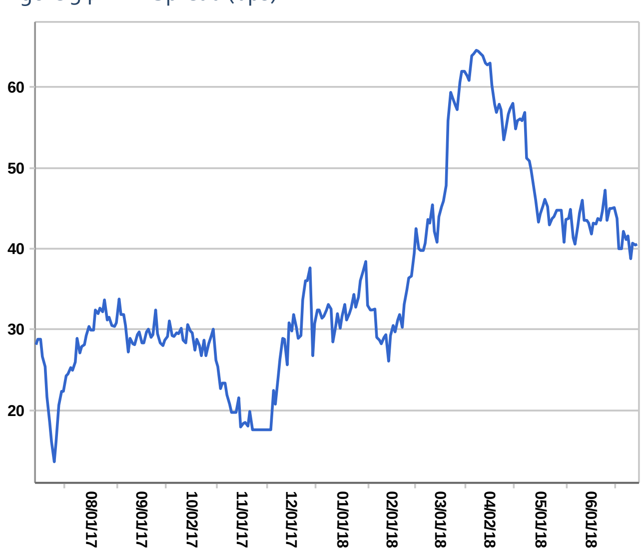
Source: FactSet

Figure 53: CCC and BBB Spreads (Option Adjusted)



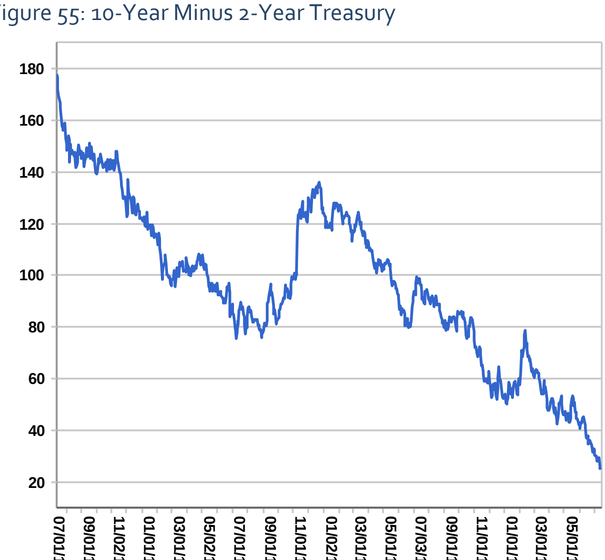
Source: FactSet

Figure 54: TED Spread (bps)



Source: FactSet

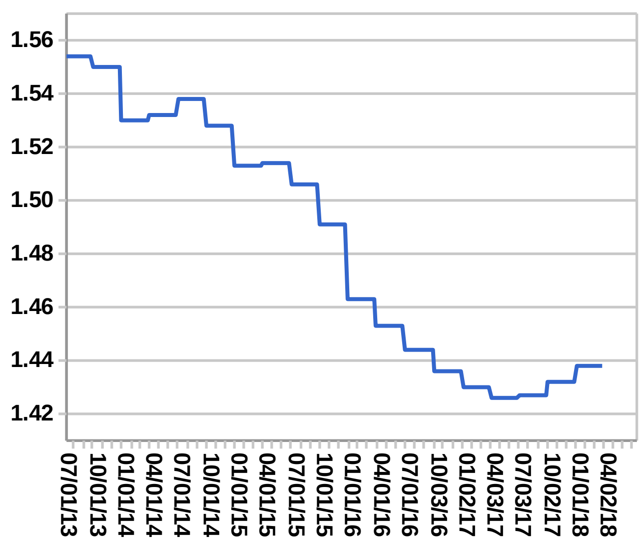
Figure 55: 10-Year Minus 2-Year Treasury



Source: FactSet

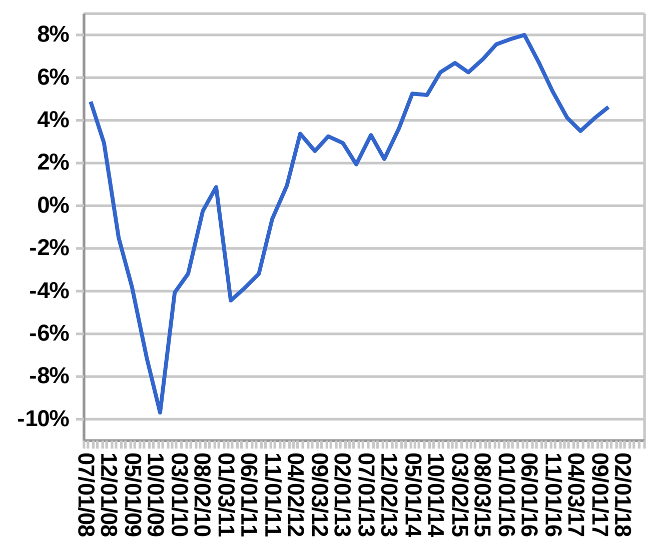
Liquidity and Other Indicators

Figure 56: Velocity of M2 Money Stock



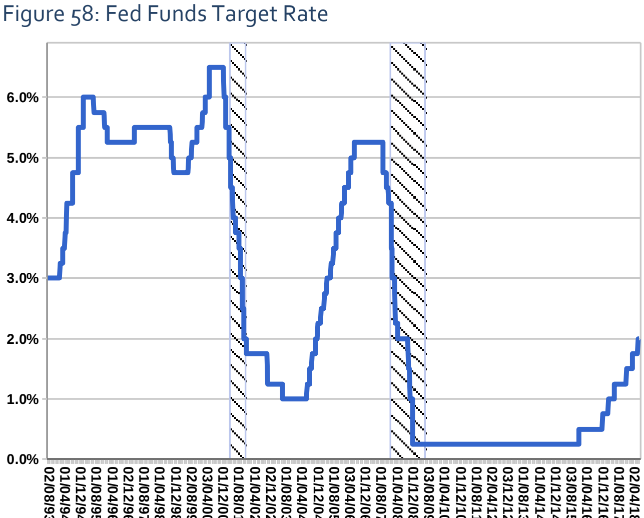
Source: FactSet

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



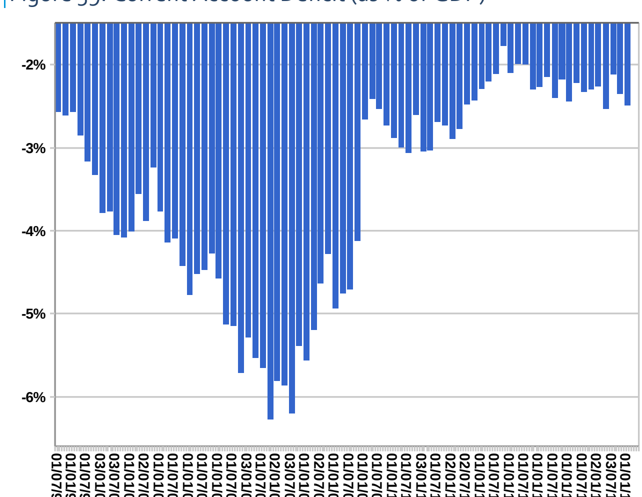
Source: FactSet

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

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 June 30, 2018; most other prices and yields are as of July 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.

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212-430-2240

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[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.

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