

# Oklahoma Tribal Finance Consortium

## Global Market Outlook



233 South Detroit Avenue, Suite 100 Tulsa, Oklahoma 74120  
(918) 582-9823 (800) 582-9823  
[www.indianfundadvisors.com](http://www.indianfundadvisors.com)

# NAFA INVESTMENT MANAGEMENT

---

## Firm History

- Founded in 1996
- Registered with SEC
- Five Native American Partners
- Managing Tribal Portfolios since 1999
- Investment Team Includes Eight Professionals

## 2019 Market Review

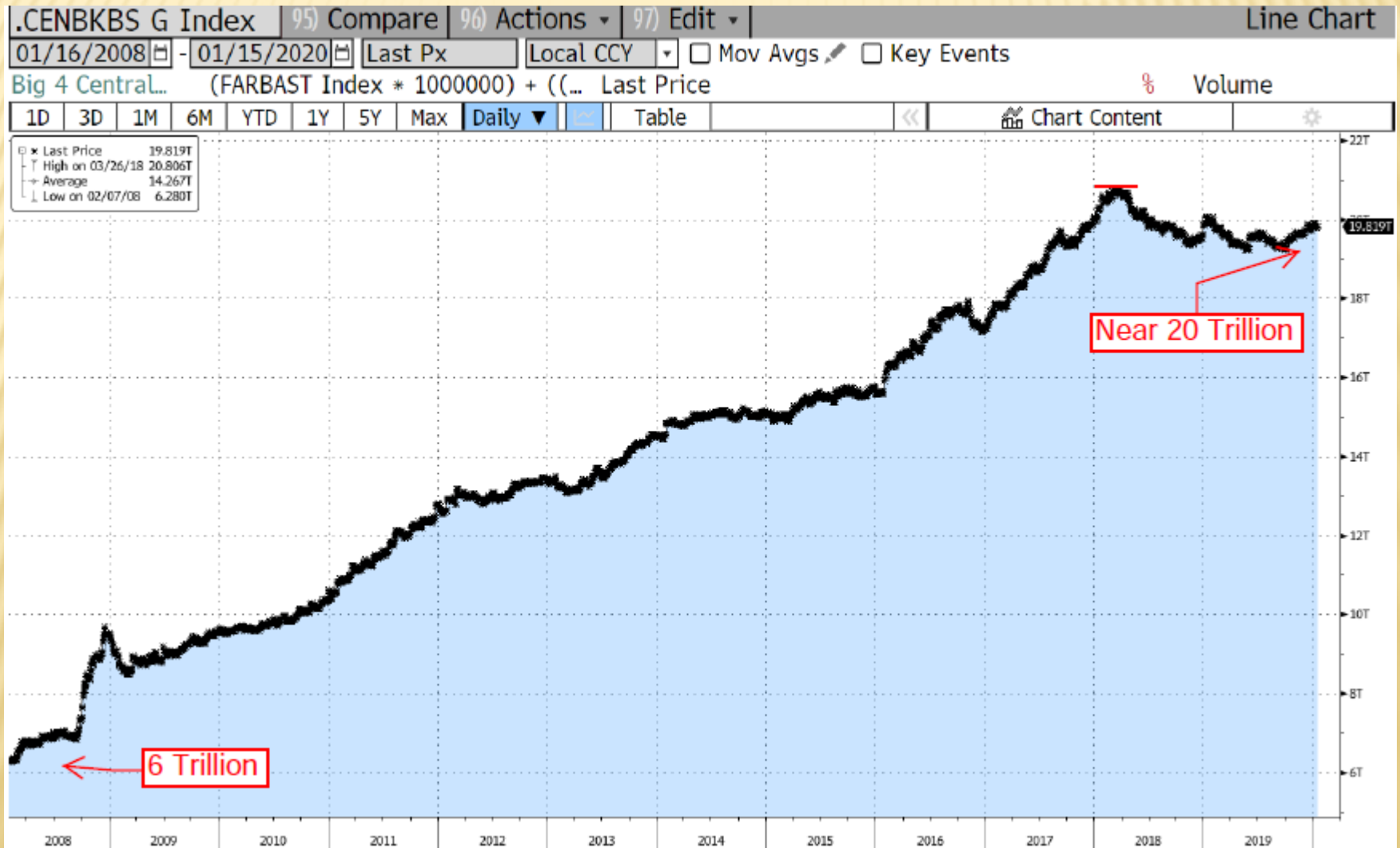
- Started from Deep Decline in 4<sup>th</sup> Quarter of 2018
- Federal Reserve Reversed Course
- Global Central Bank Stimulus
- Trade War
  
- Results
  - S&P 500 Index Gained 31.45%
  - Interest Rates Declined

## 2019 Market Review

- Short Term Yields
  - 3 –Month Treasury to 2 Year Treasury = 1.55% - 1.57%
  - CDs – 1.75% - 2.10%
  - Consumer Price Index Annual Change = 2.3%
  - Short Term Safe Investments Have Negative Real Returns

# 2020 OUTLOOK – GLOBAL CENTRAL BANKS SUPPORT GROWTH

Major Central Banks: Federal Reserve, European Central Bank, Bank of Japan, Bank of England



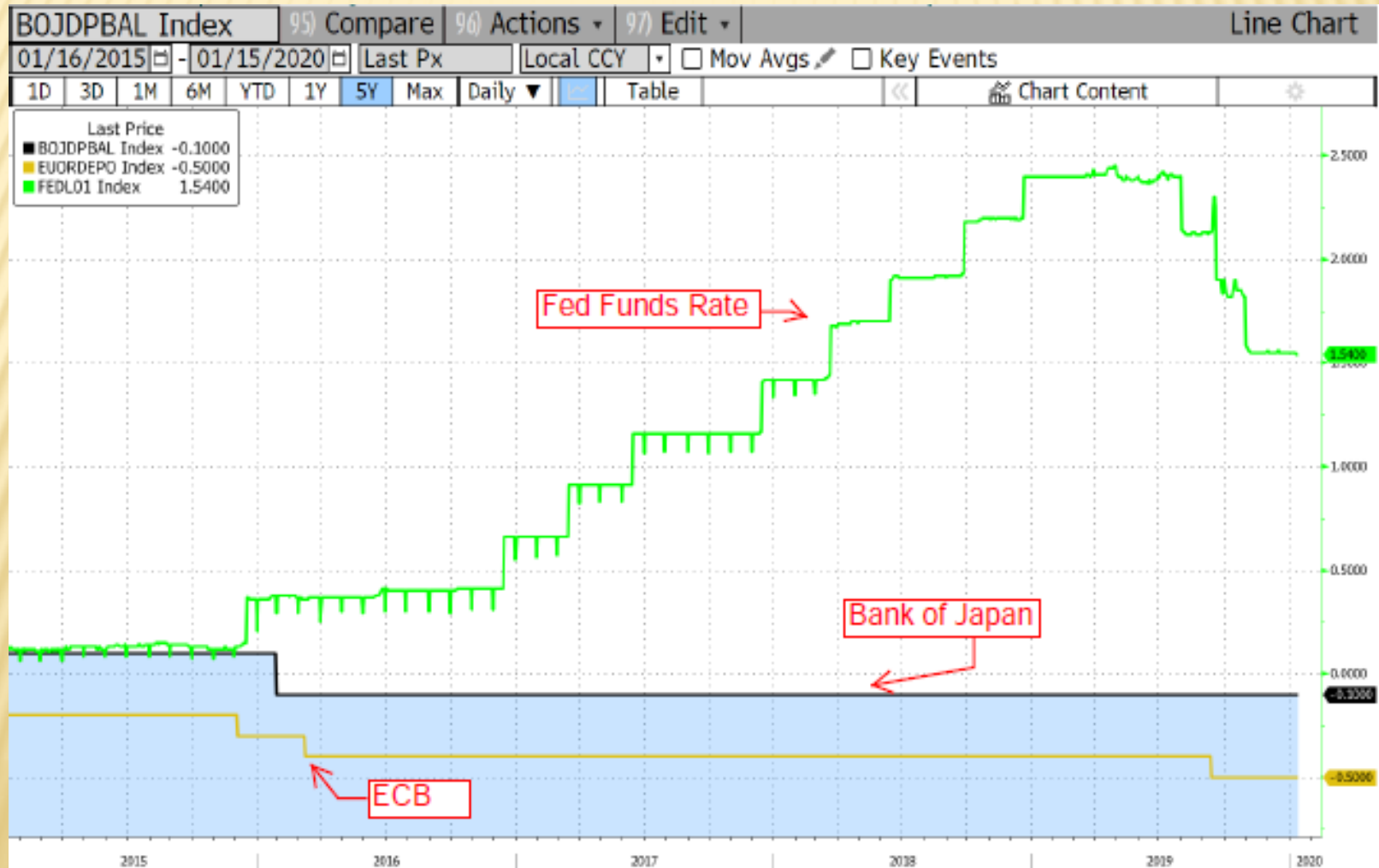
## 2020 OUTLOOK

Negative Interest Rates – Do They Work?



# 2020 OUTLOOK

## Negative Interest Rates – Do They Work?



# 2020 OUTLOOK

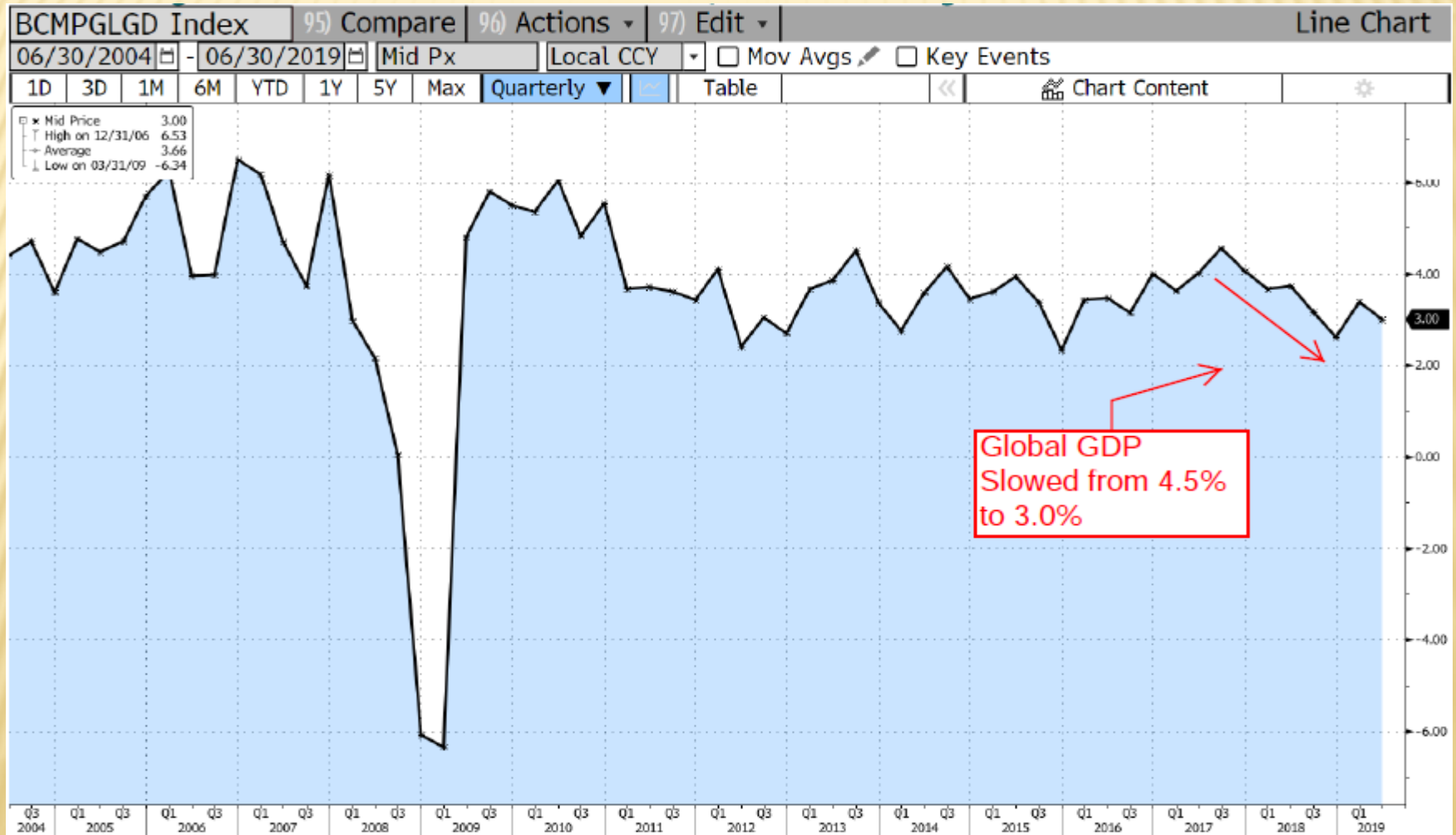
## Total Par Value of Negative Yielding Bonds





# 2020 OUTLOOK

## Trade War Drag on Global Growth



## 2020 OUTLOOK

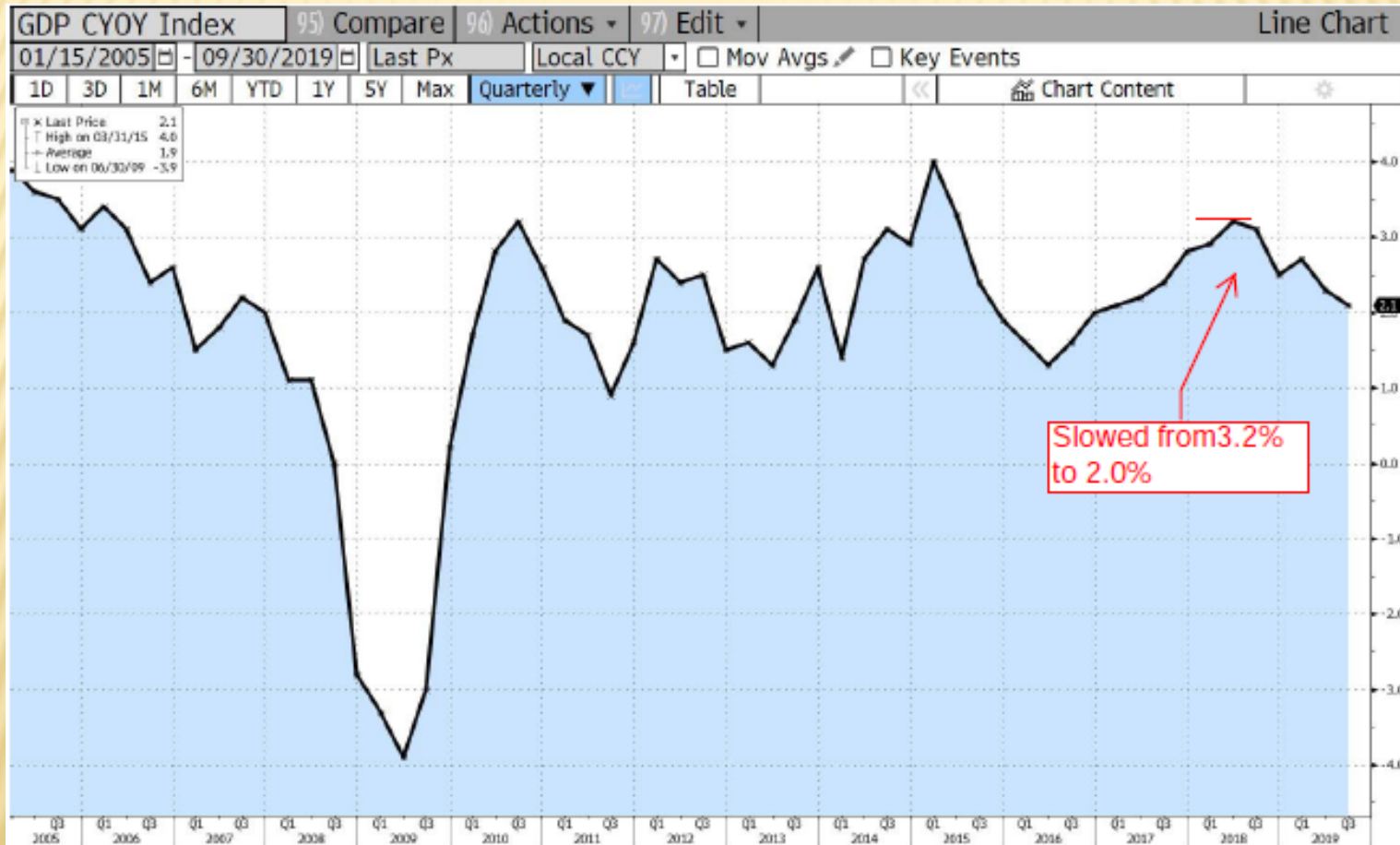
---

### FINANCIAL MARKETS TRIVIA

Who was the first large financial entity to fail prior to the Credit Crisis?

# 2020 OUTLOOK

## Domestic Growth Stable – Boeing Drag in 1st Half



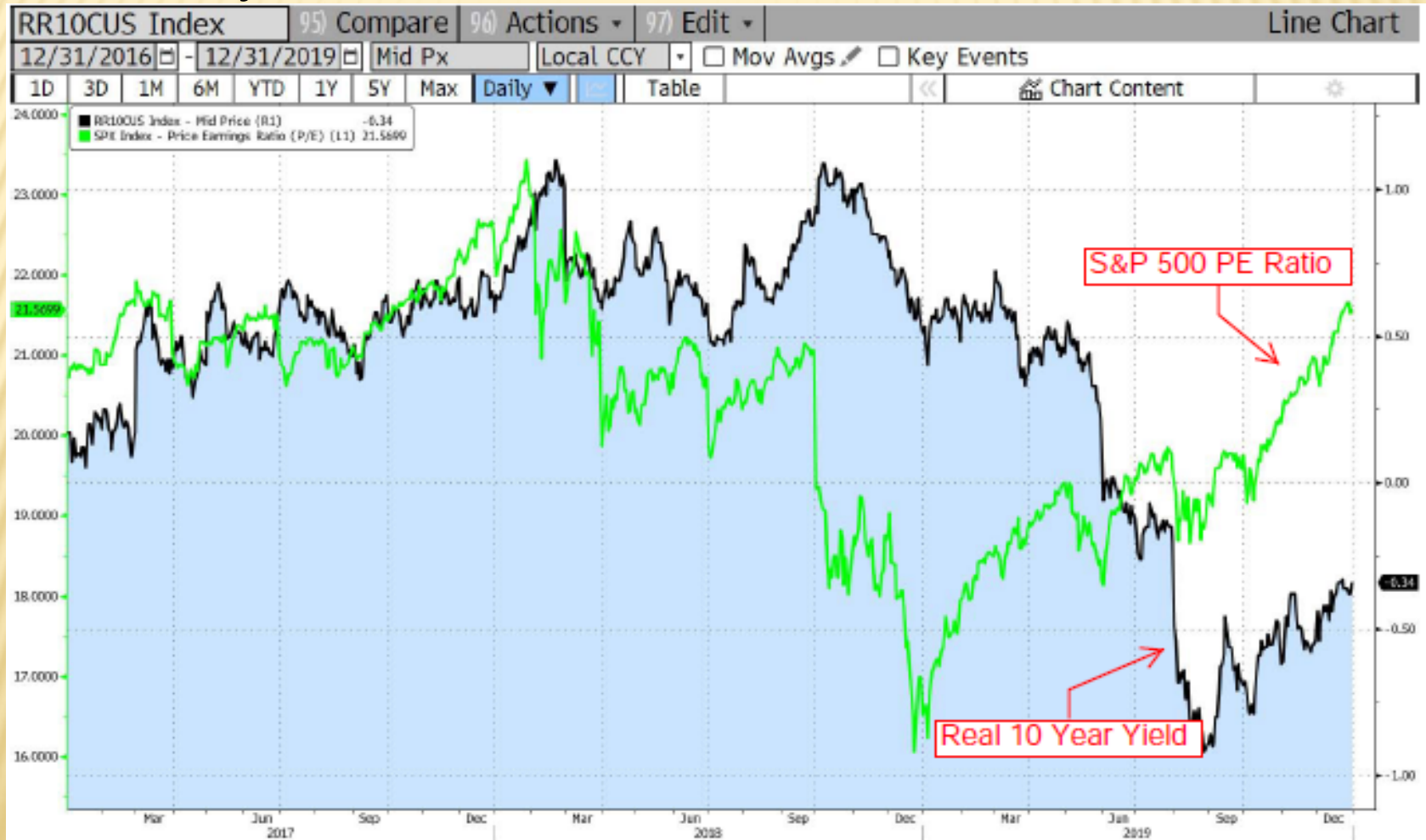
# 2020 OUTLOOK

## Domestic Market Valuations - High



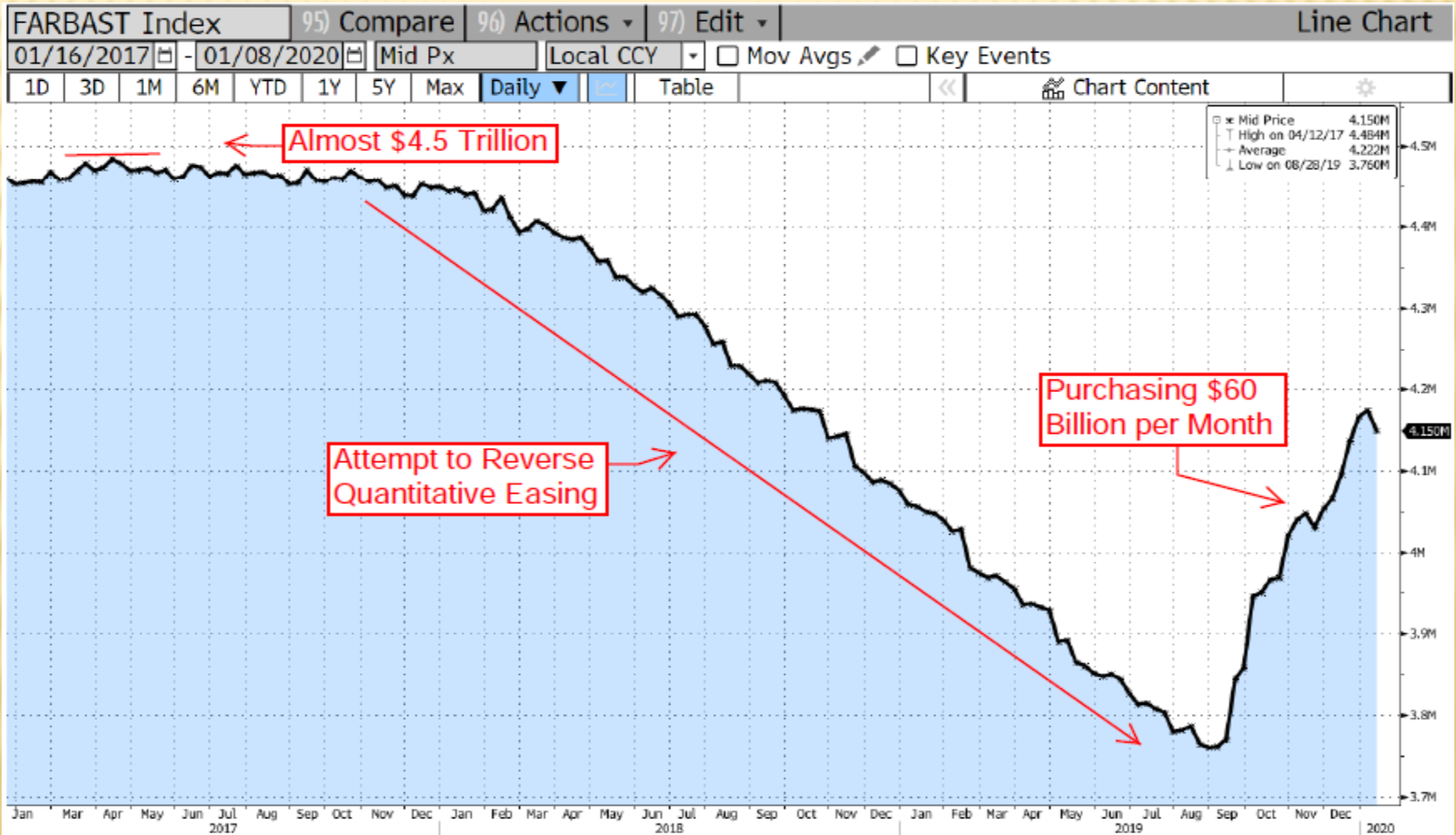
# 2020 OUTLOOK

## Historically Low Interest Rates



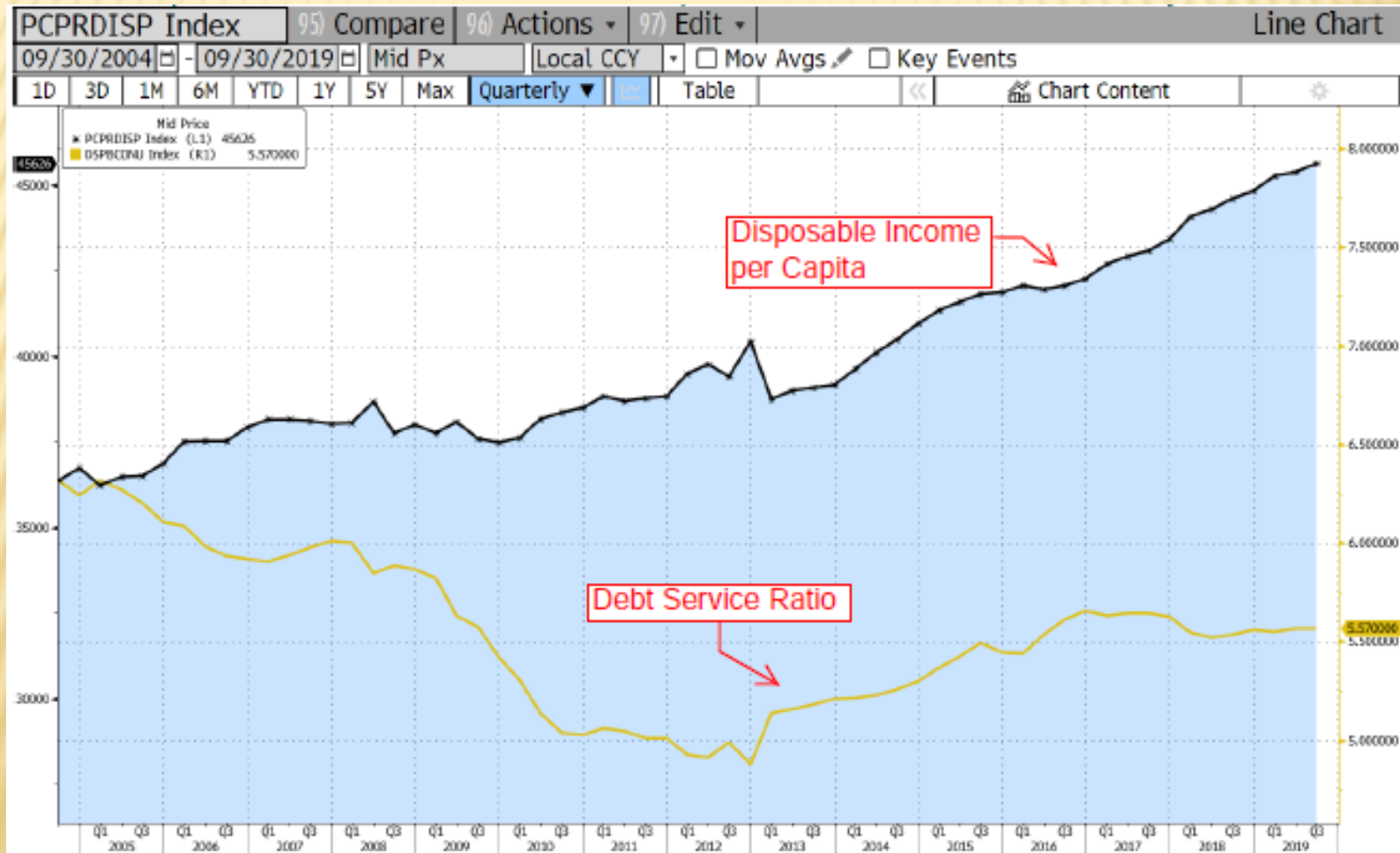
# 2020 OUTLOOK

## Fed Expected to Stay on Sidelines (?)



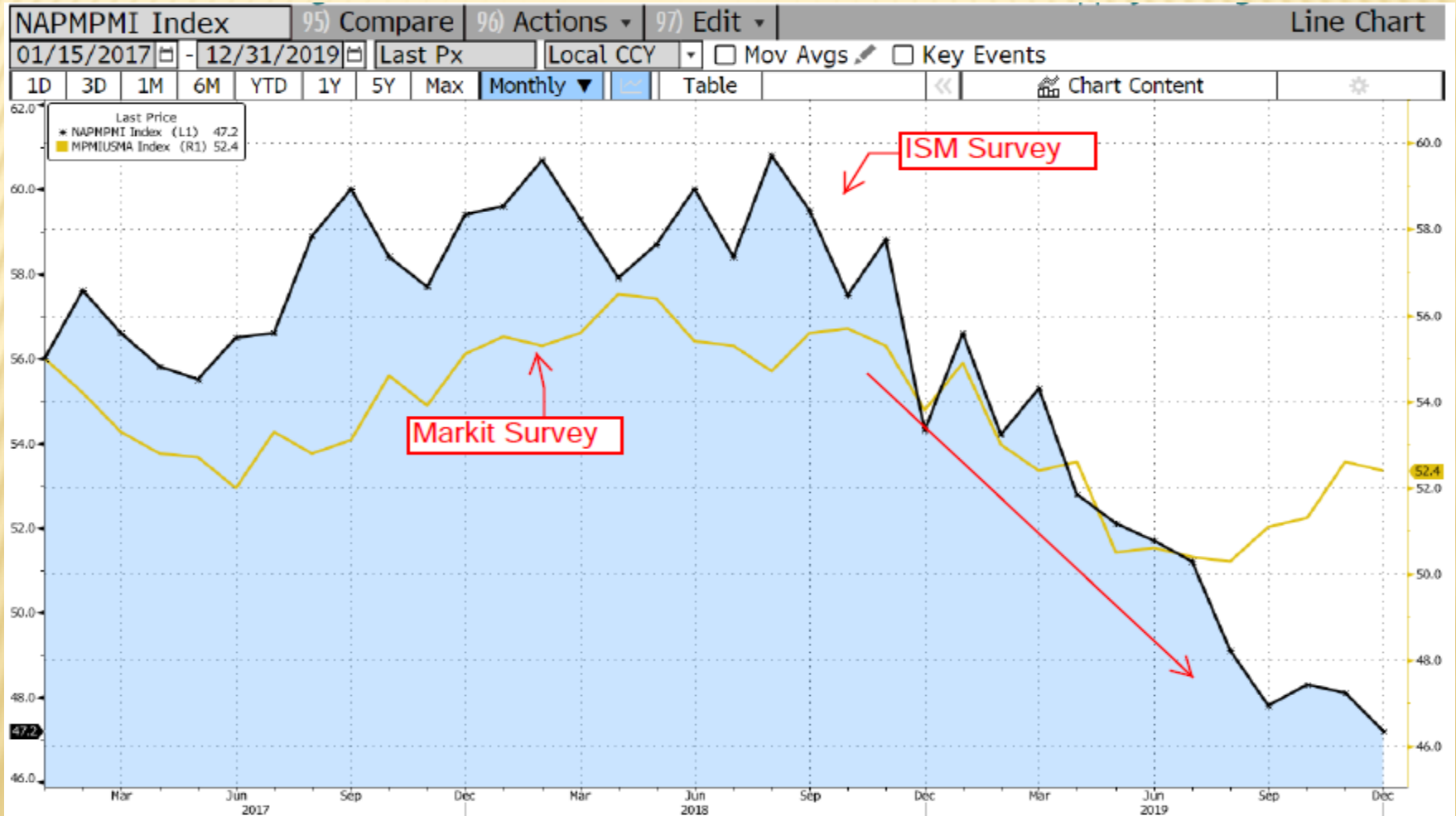
# 2020 OUTLOOK

## Domestic Consumer – Relative Strength



# 2020 OUTLOOK

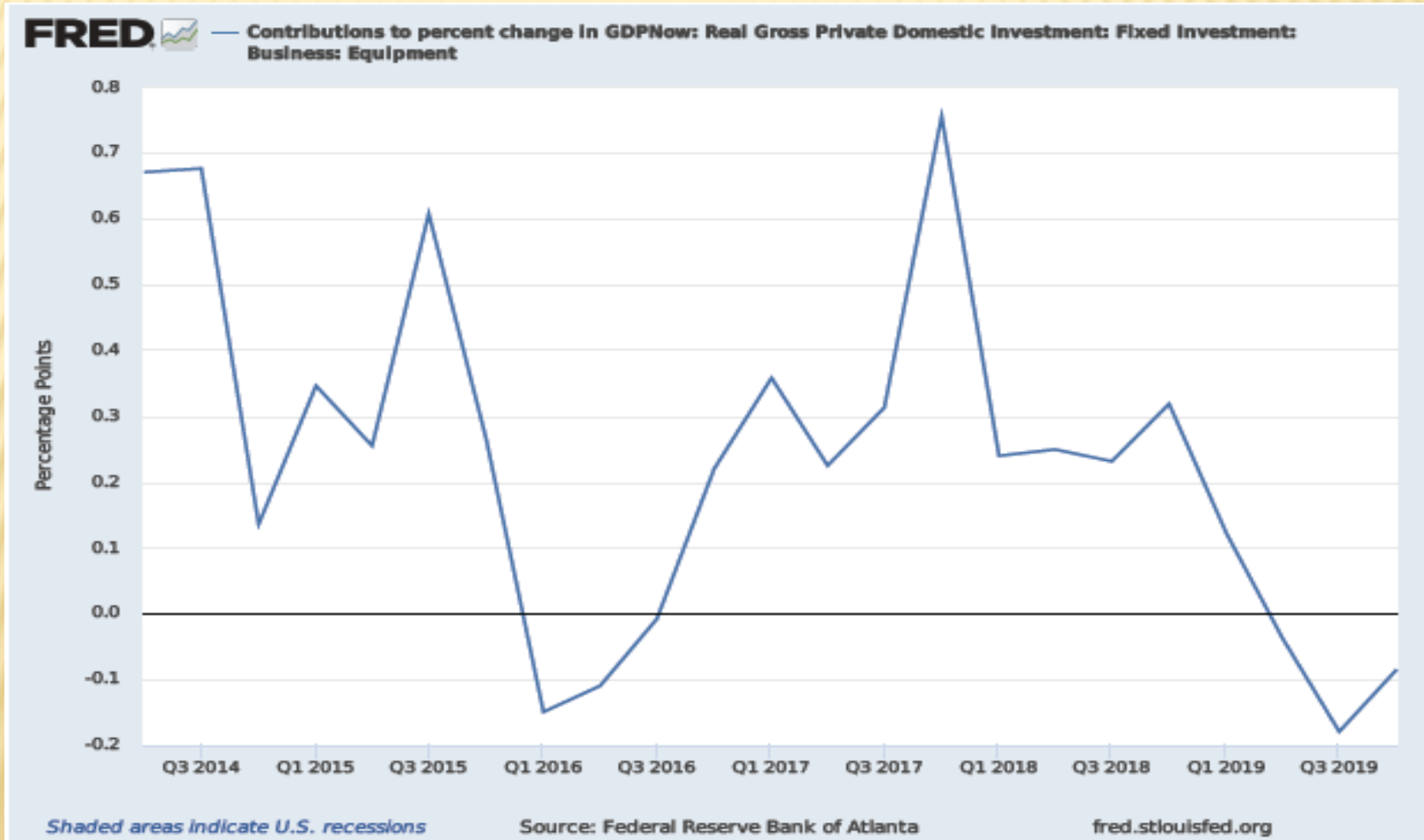
## Business Sector - Cautious





# 2020 OUTLOOK

## Business Sector - Cautious



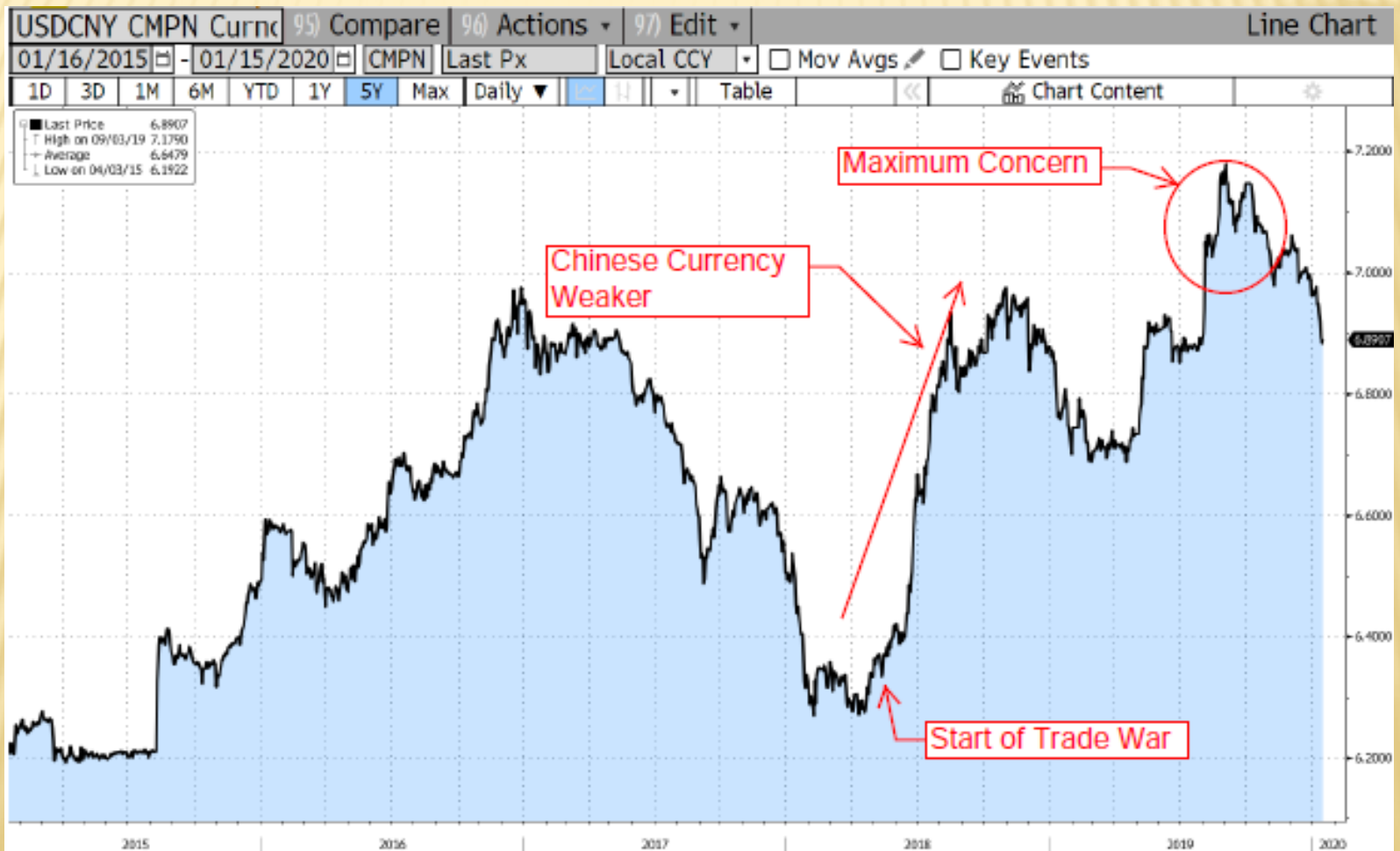
# 2020 OUTLOOK

## Dollar Status Vs. World Currencies



# 2020 OUTLOOK

## Dollar Status Vs. Chinese Yuan



## 2020 OUTLOOK

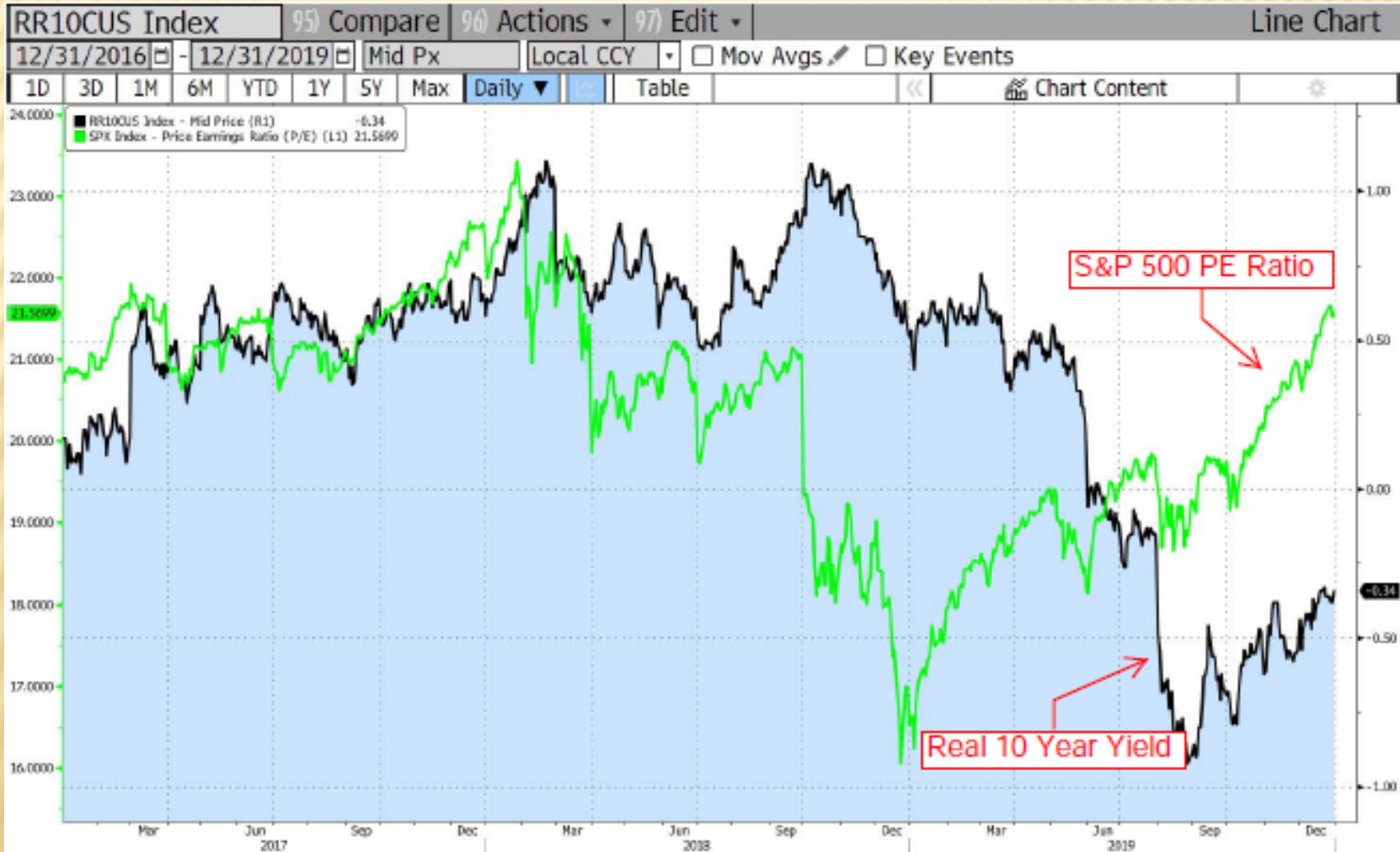
---

### FINANCIAL MARKETS TRIVIA

Which Federal Reserve Chair was known as “The Maestro”?

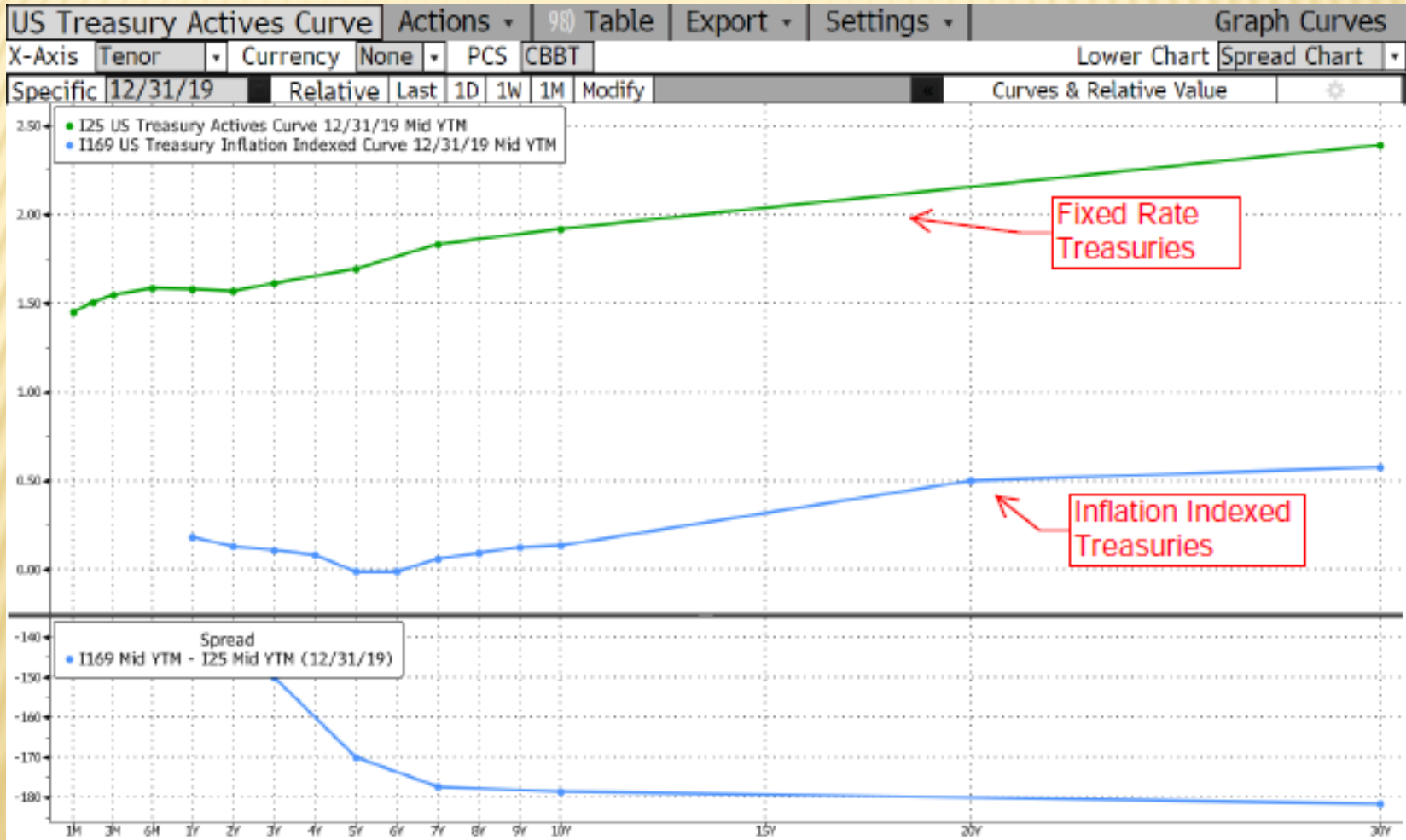
# 2020 OUTLOOK

## Asset Allocation – Bonds – Negative Real Yields



# 2020 OUTLOOK

## Asset Allocation – Treasury Inflation Index Bonds



# 2020 OUTLOOK

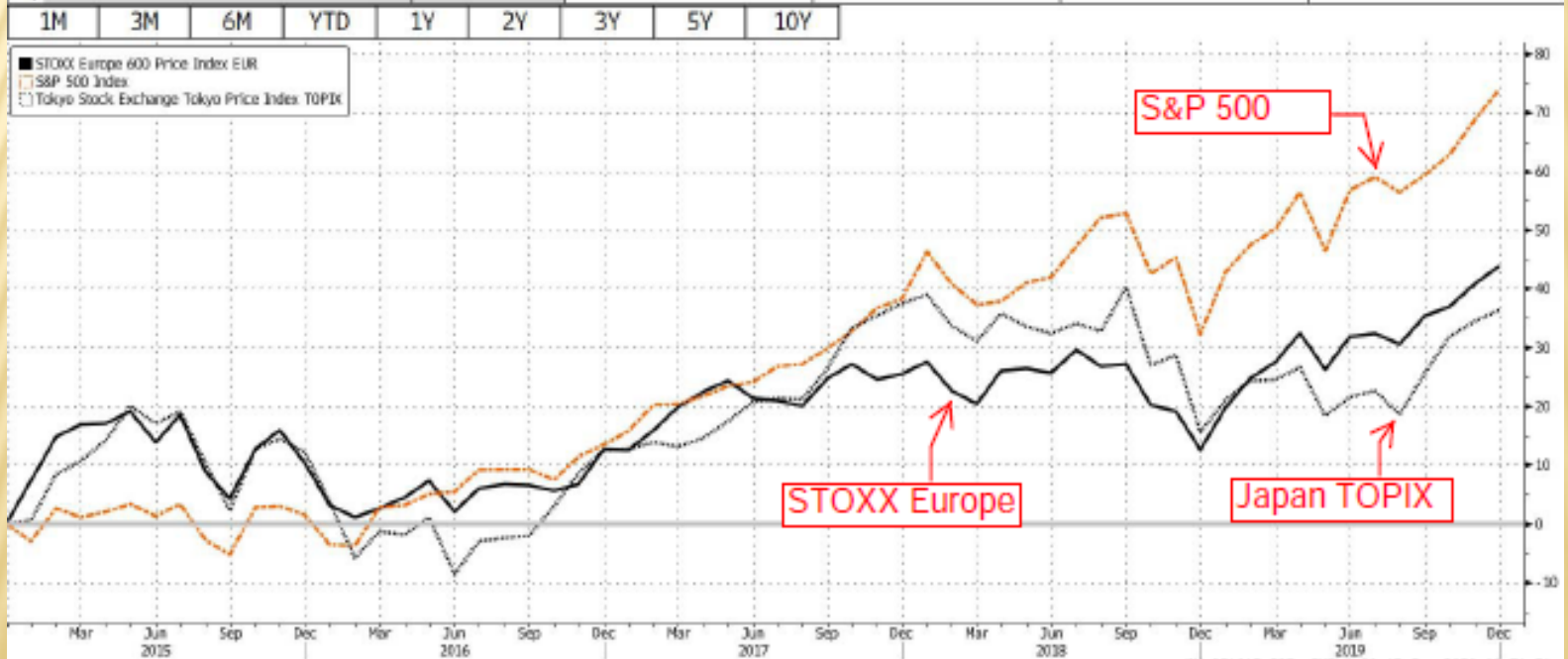
## Asset Allocation – High Yield Bonds (Misnomer)



# 2020 OUTLOOK

## Asset Allocation – Favor Domestic over Foreign Stocks

Range	12/31/2014	-	12/31/2019	Period	Monthly	No. of Period	60 Month(s)	Table
Security				Price Change		Total Return	Difference	Annual Eq
1) SXXP Index			EUR	21.40%		43.76%	-30.03%	7.53%
2) SPX Index			USD	56.92%		73.80%	--	11.68%
3) TPX Index			JPY	22.30%		36.34%	-37.45%	6.39%
4)								
5)								
6)								

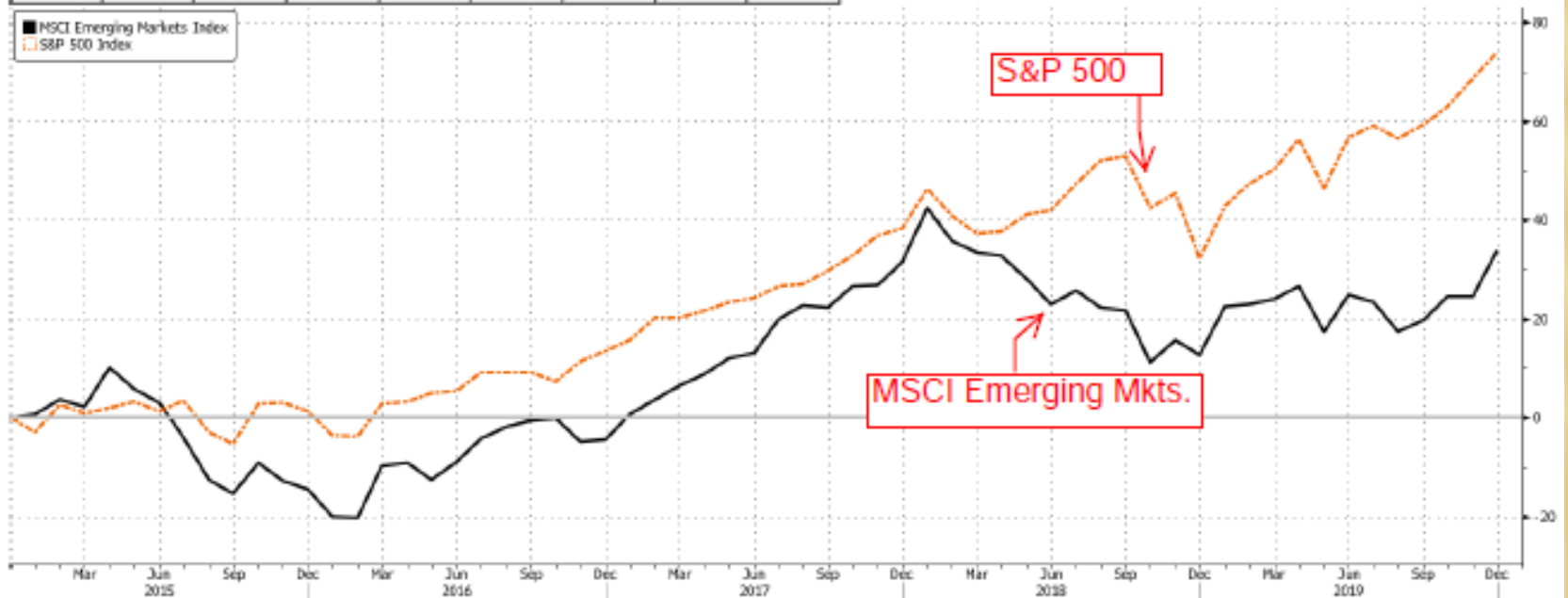




# 2020 OUTLOOK

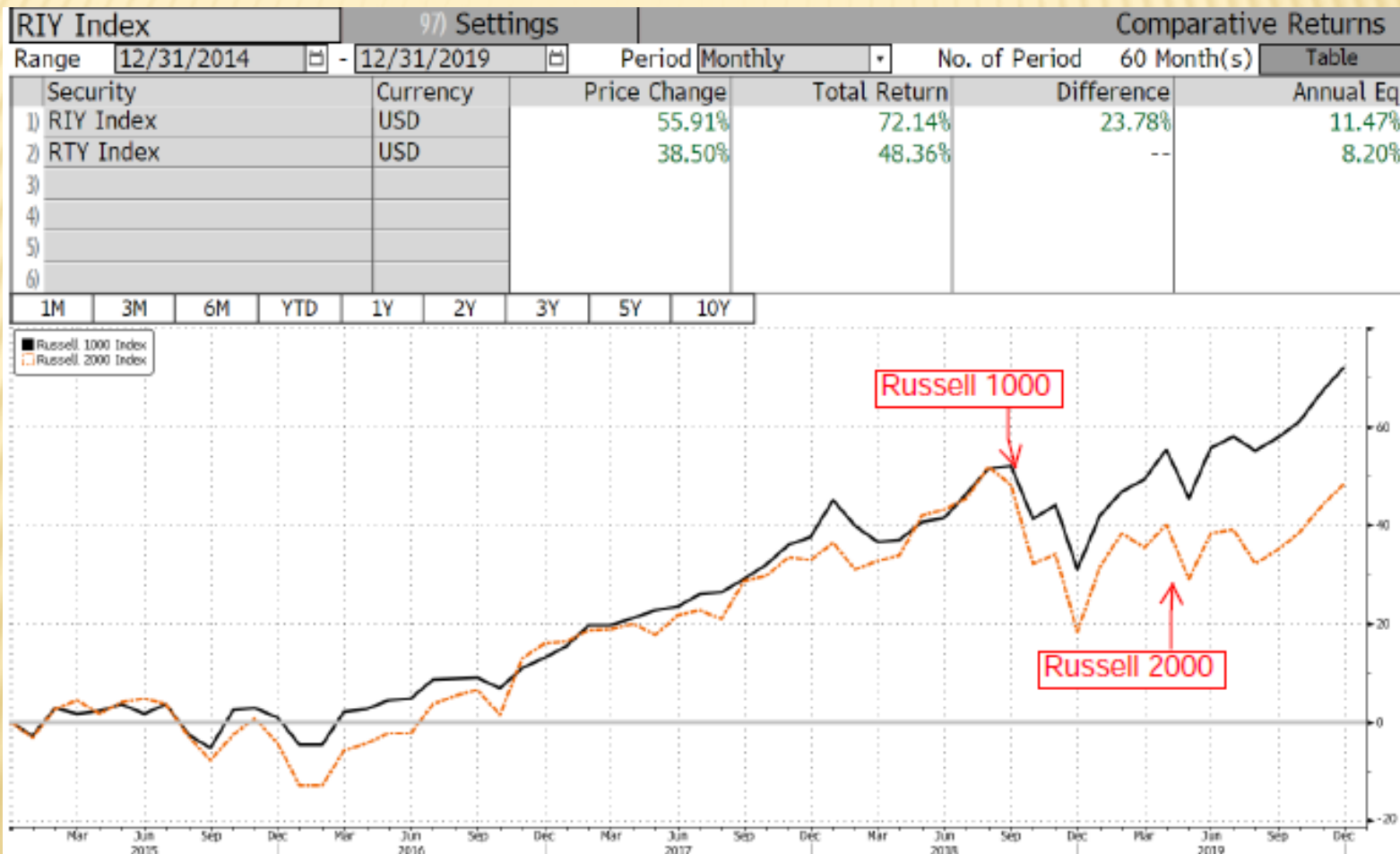
## Asset Allocation – Favor Domestic over Emerging Markets

MXEF Index		97) Settings				Comparative Returns		
Range	12/31/2014 - 12/31/2019	Period	Monthly	No. of Period	60 Month(s)	Table		
Security	Currency	Price Change	Total Return	Difference	Annual Eq			
1) MXEF Index	USD	16.56%	33.71%	-40.09%	5.98%			
2) SPX Index	USD	56.92%	73.80%	--	11.68%			
3)								
4)								
5)								
6)								



# 2020 OUTLOOK

## Asset Allocation – Domestic Large Cap Outperforming Small Cap



# 2020 OUTLOOK

## Asset Allocation – Growth Outperforming Value

RU10GRTR Index		97) Settings				Comparative Returns				
Range	12/31/2014	-	12/31/2019	Period	Monthly	No. of Period	60 Month(s)	Table		
Security	Currency	Price Change	Total Return	Difference	Annual Eq					
1) RU10GRTR Index	USD	97.90%	97.90%	49.00%	14.62%					
2) RU10VATR Index	USD	48.90%	48.90%	--	8.28%					
3)										
4)										
5)										
6)										
		1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y



# 2020 OUTLOOK

## Asset Allocation – Growth Outperforming Value

Range	12/31/2014	-	12/31/2019	Period	Monthly	No. of Period	60 Month(s)	Table
Security				Price Change	Total Return		Difference	Annual Eq
1) RUOTR Index				56.28%	56.28%		16.08%	9.33%
2) RUJTR Index				40.20%	40.20%		--	6.99%
3)								
4)								
5)								
6)								



# 2020 OUTLOOK

## Asset Allocation – Energy Severe Underperformer

Range	12/31/2014	-	12/31/2019	Period	Monthly	No. of Period	60 Month(s)	Table
Security				Price Change		Total Return	Difference	Annual Eq
1) SPX Index				56.92%		73.80%	82.72%	11.68%
2) S5ENRS Index				-22.18%		-8.92%	--	-1.85%
3)								
4)								
5)								
6)								



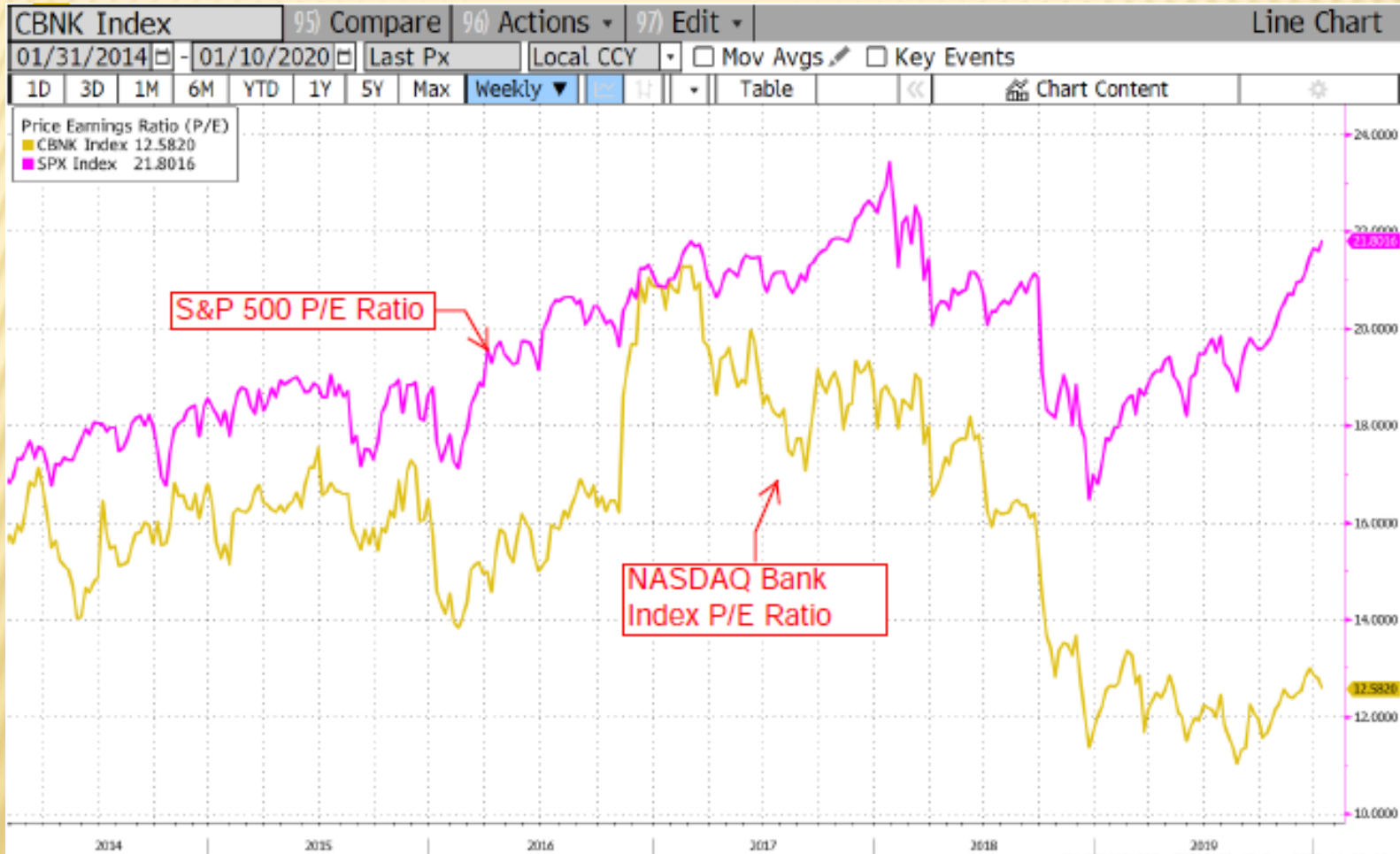
# 2020 OUTLOOK

Asset Allocation – Energy Midstream Extremely Cheap



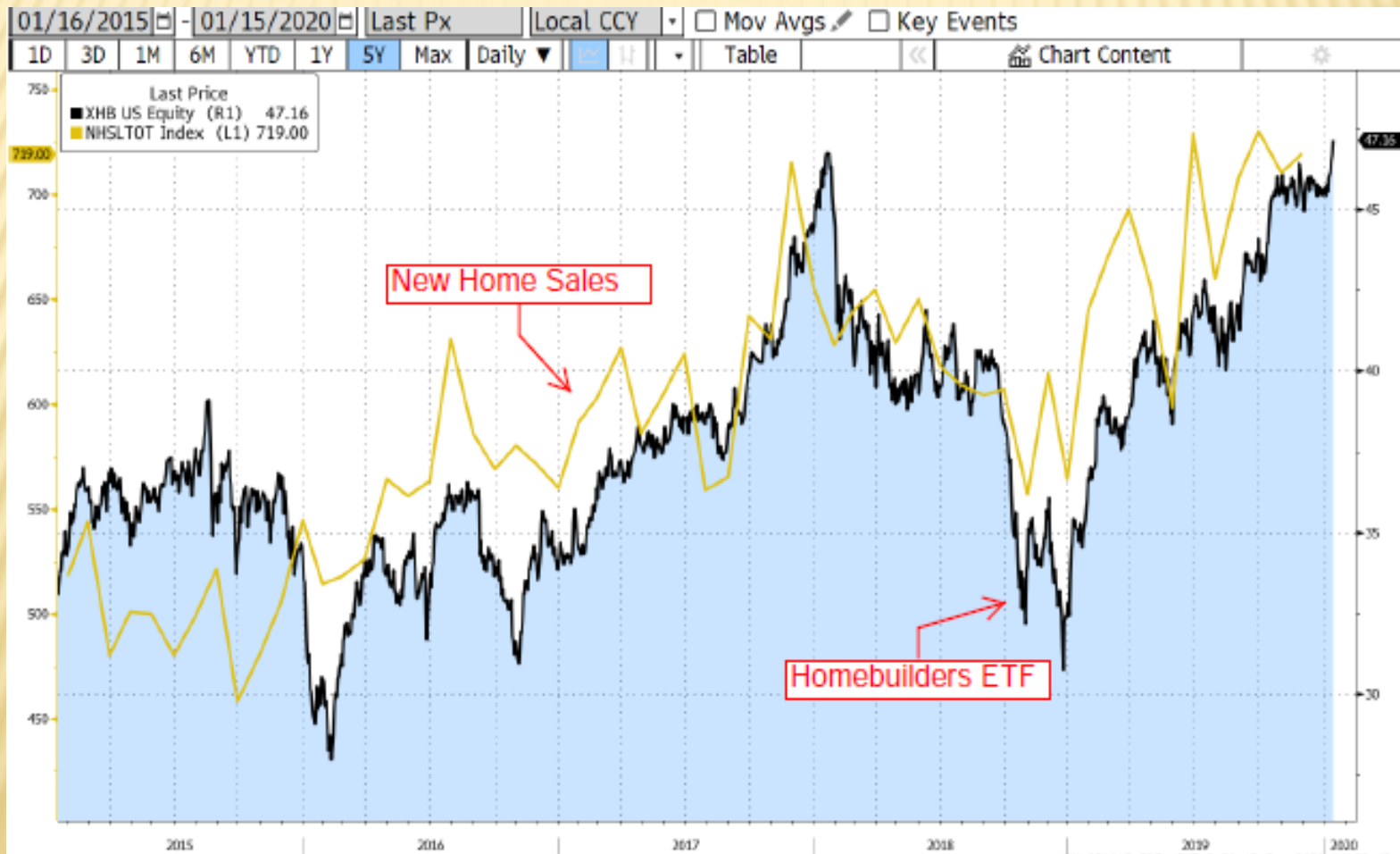
# 2020 OUTLOOK

## Asset Allocation – Financials-Strong Relative Value



# 2020 OUTLOOK

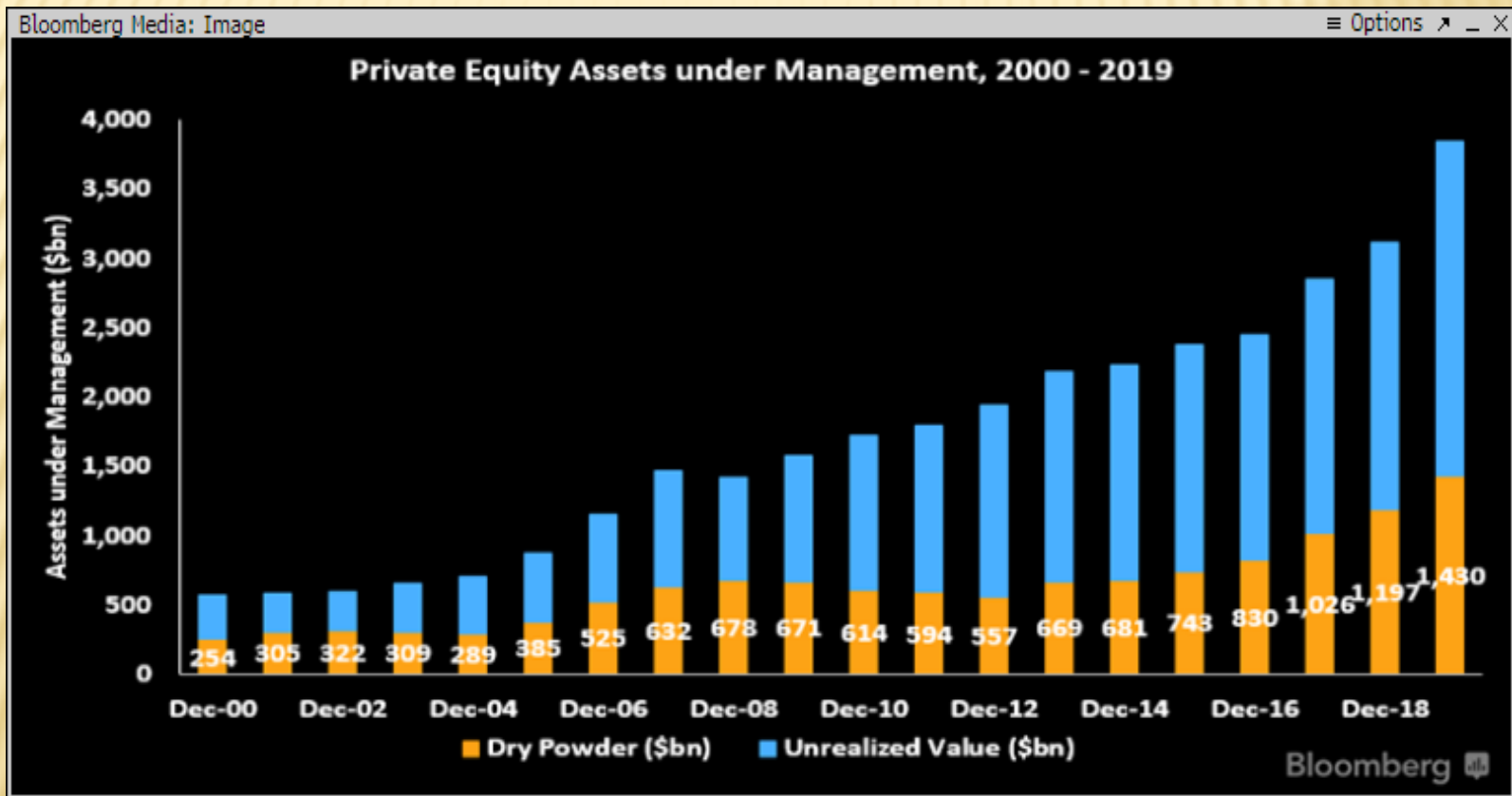
## Asset Allocation – Homebuilders Recovering





# 2020 OUTLOOK

## Asset Allocation – Private Equity Becoming Crowded



## 2020 OUTLOOK

---

### FINANCIAL MARKETS TRIVIA

What was the Top Performing Stock in the S&P 500 Index in 2019?

## 2020 OUTLOOK

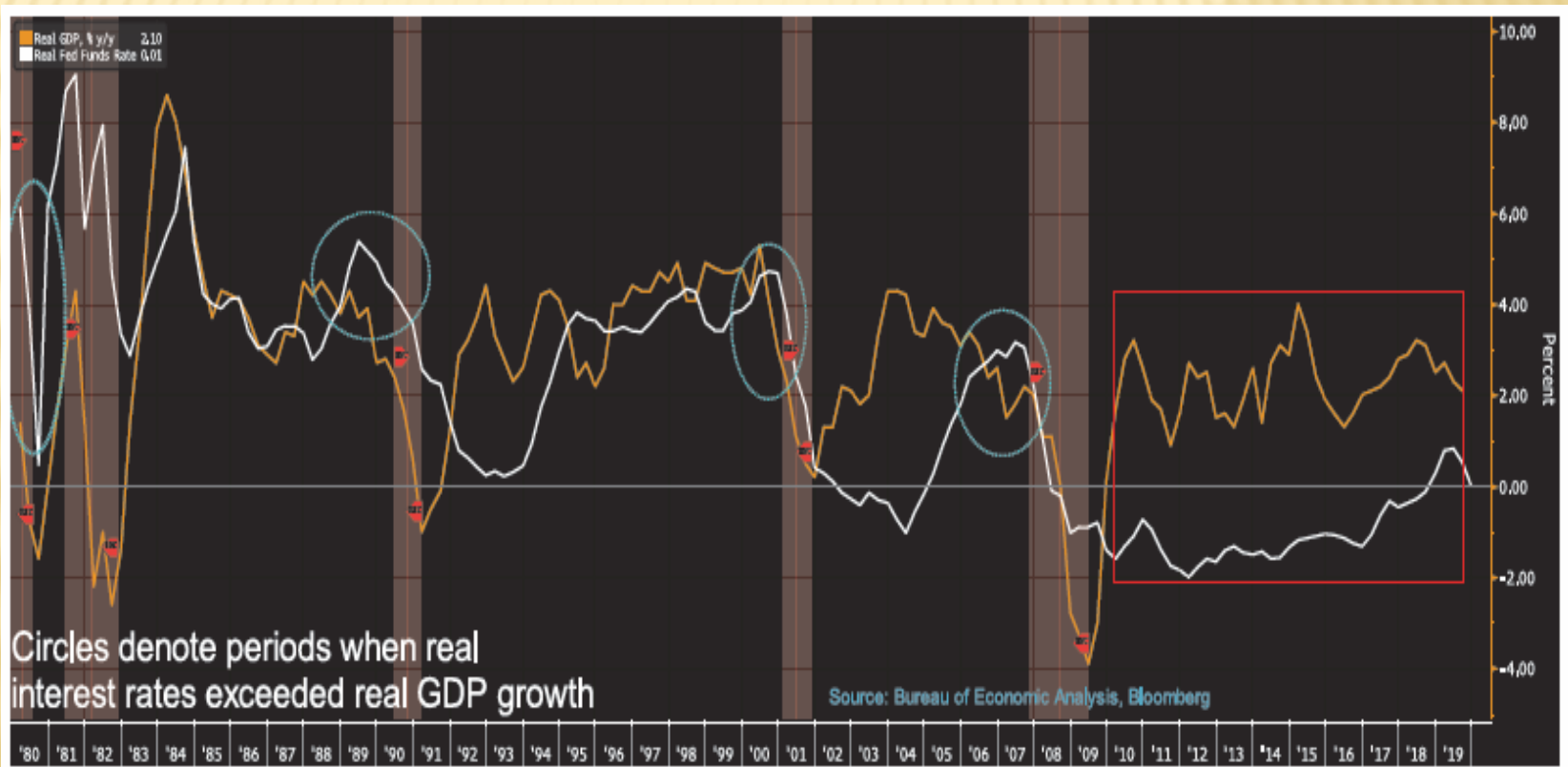
---

### WILDCARDS:

- TRADE – Will truce hold, Europe next?
- ELECTION – Policy changes?
- INFLATION – All Central Banks want higher inflation...
- HONG KONG – Spillover?
- IRAN – MIDDLE EAST – Military conflict, energy prices
- **POSITIVE OUTLOOK – BUT CAUTIOUS**

# 2020 OUTLOOK

## Real GDP and Real Fed Funds Rate - Recession Indicator



# NAFA INVESTMENT MANAGEMENT

---

## CLOSING

### Additional Questions:

**Contact:**

Tom Hayes – [thayes@indianfundadvisors.com](mailto:thayes@indianfundadvisors.com)

David Poarch – [dpoarch@indianfundadvisors.com](mailto:dpoarch@indianfundadvisors.com)

Ross Swimmer – [rswimmer@indianfundadvisors.com](mailto:rswimmer@indianfundadvisors.com)

**Direct: 918-582-9823**

**Toll Free: 800-582-9823**