

Economic Update

Xavier Martinez, CFA
Senior Portfolio Manager
Managing Director
305-349-2374
xmartin@ftci.com

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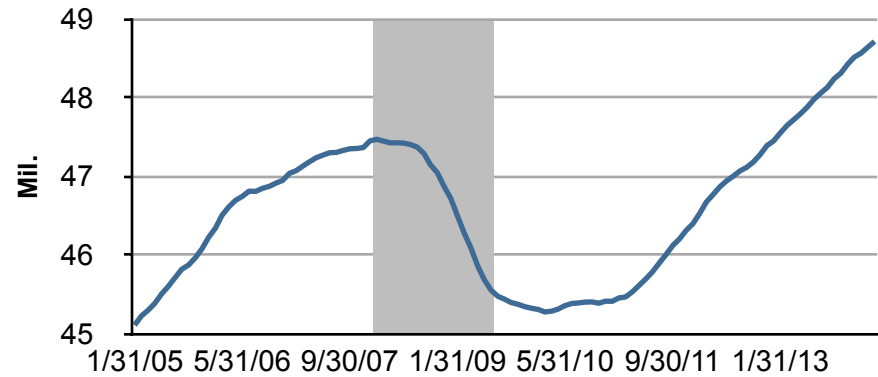
Fiduciary
Trust
International

Strength of U.S. Companies Has Contributed to Job Growth and Increased Cap Ex

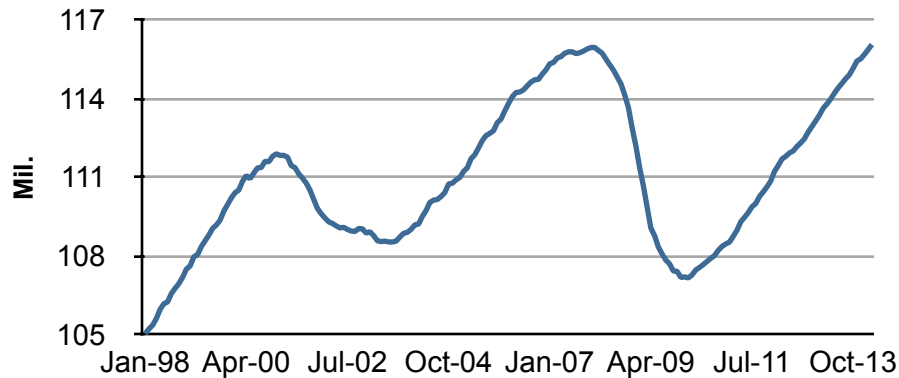
U.S. Unemployment Rate Mar: 6.7%



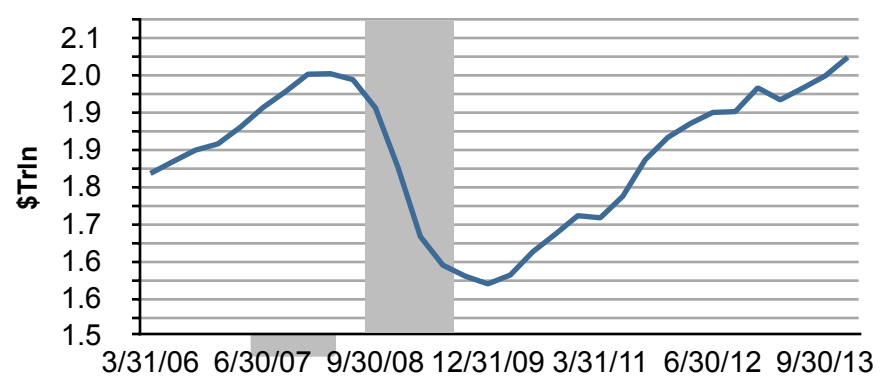
U.S. Private Employment (ADP) Small Business Mar: 48.7 Million



U.S. Private Employment Mar: 116.1



U.S. Real Total Capex 2013 4Q: \$2.03 Trillion*

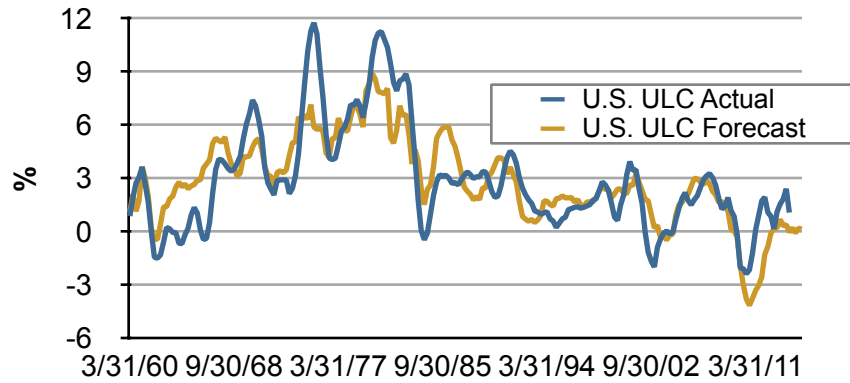


As of April 1, 2014. Source Cornerstone Macro.

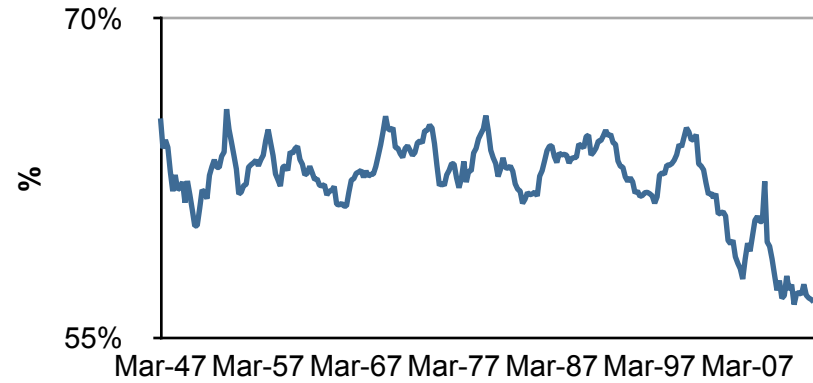
* As of March 26, 2014. Source Cornerstone Macro.

Restrained Labor Costs Have Helped Keep Inflation Low and Profitability High

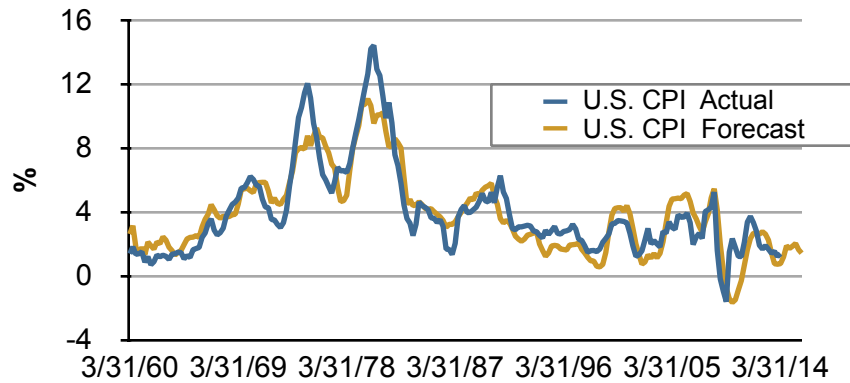
U.S. Unit Labor Costs \$ Qtr. Avg. Y/Y%



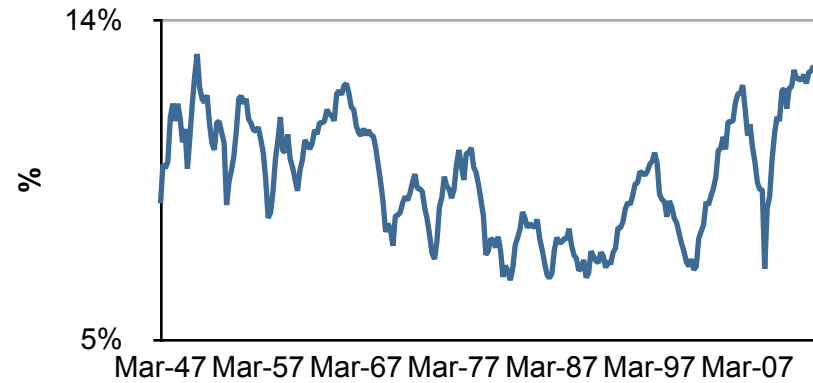
Labor Share of Corporate GDP



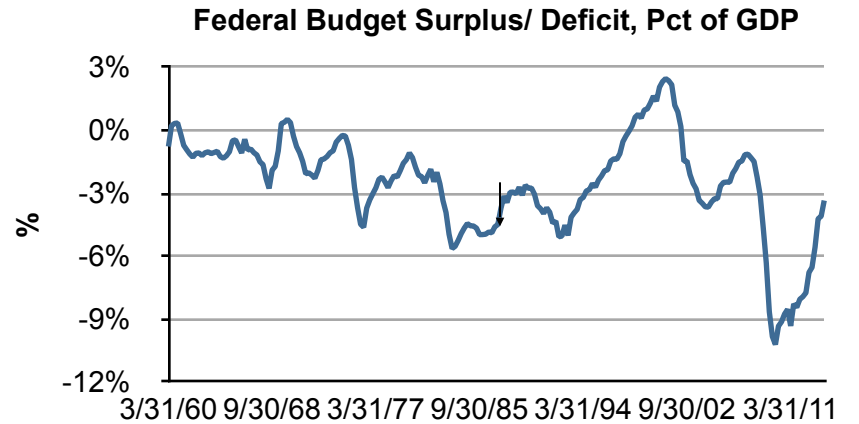
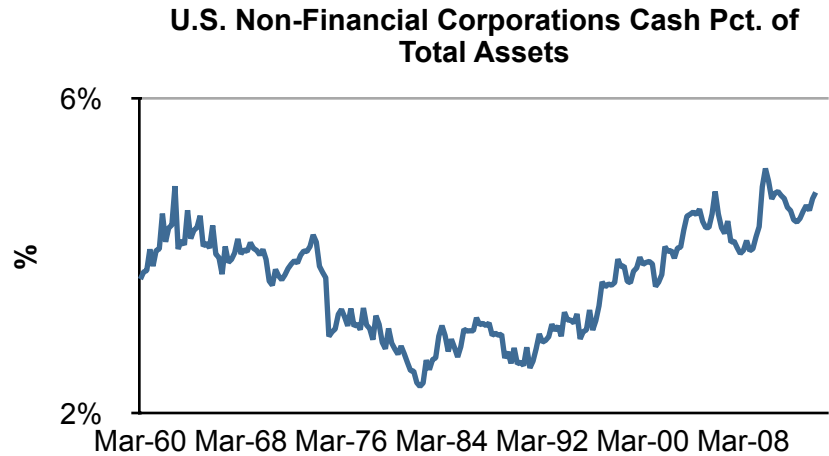
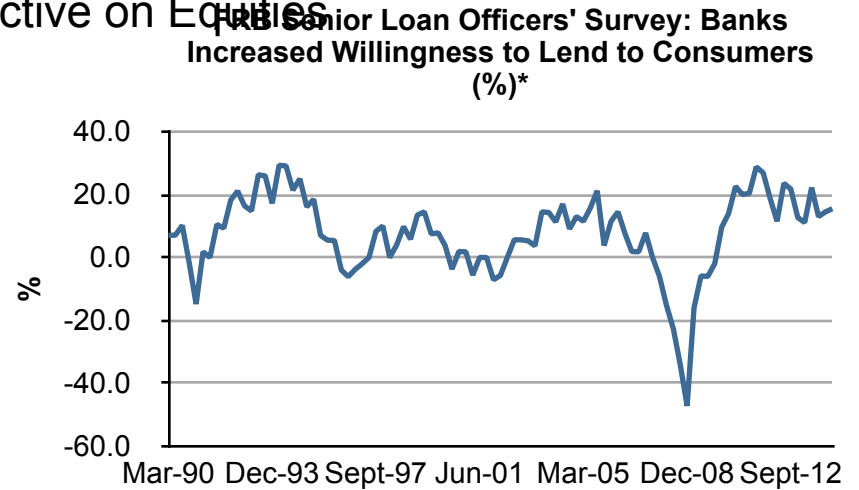
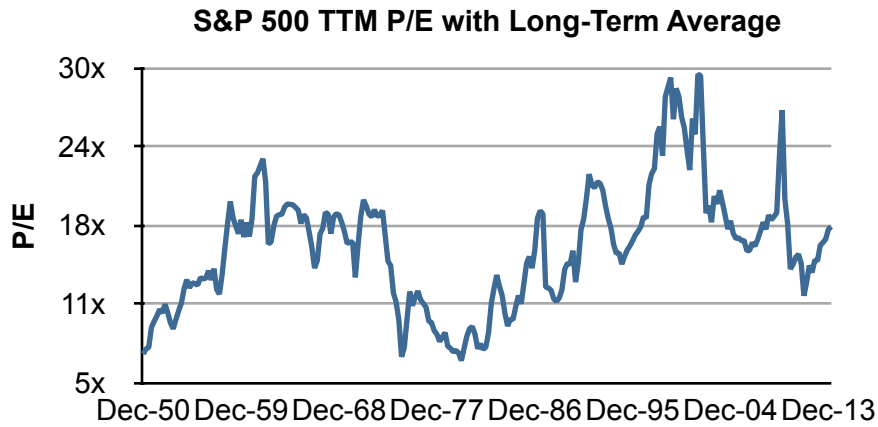
U.S. CPI Y/Y%



Corporate Profits as % of GDP



Valuations Have Risen but We Remain Constructive on Equities



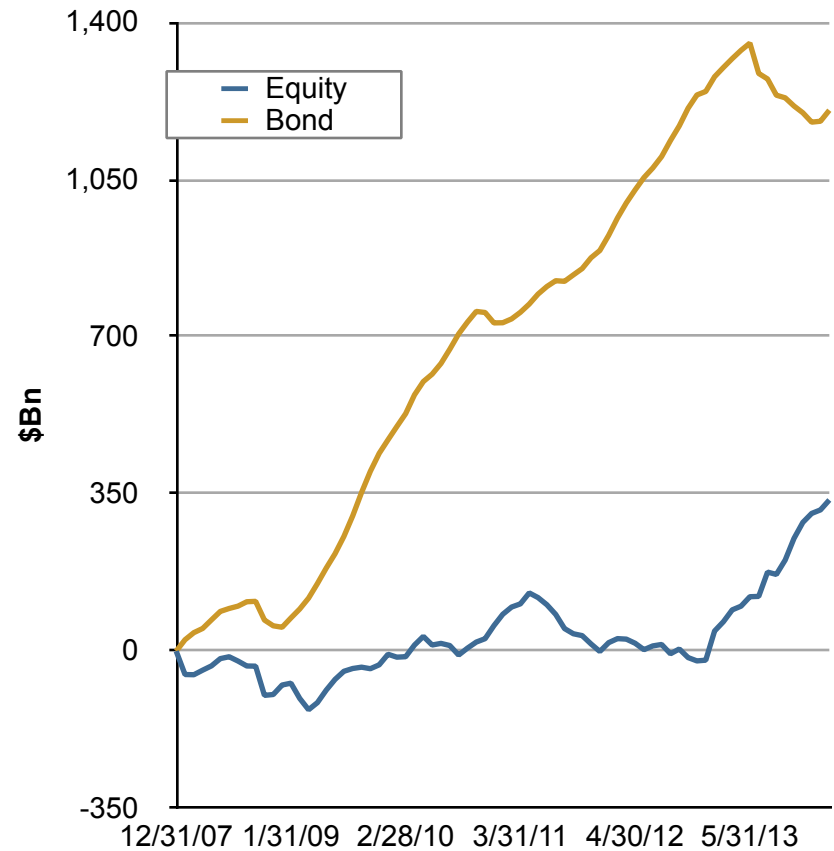
As of April 1, 2014. Source Strategas.
 * Federal Reserve Board / Haver Analytics.

“Great Rotation” is Nascent

Net Flows into Mutual Funds & ETFs (\$BN)

	Year	Equity		Bond	Money Mkt
		Domestic	International		
2008-2013	2008	(20.4)	(55.0)	52.7	644.9
	2009	2.3	66.0	425.5	(583.6)
	2010	(34.5)	98.5	265.0	(529.0)
	2011	(85.5)	28.1	170.5	(16.6)
	2012	(78.8)	58.0	355.8	(0.3)
	2013	121.9	205.3	(71.4)	15.1
	TOTAL	(95)	401	1,198	(470)
2014 YTD	Jan	(7.8)	15.7	(0.5)	(9.4)
	Feb	10.8	11.3	23.6	(46.7)
	Mar	NA	NA	NA	NA
	TOTAL	3	27	23	(56)

Cumulative Net Flows into Equity vs. Bond Mutual Funds (\$BN, 1/1/08 through 2/28/14)



The best way to potentially capture each year's winners is to diversify and have broad exposure to many asset classes

Total Returns by Asset Class and Style

10-yrs. 2004-2013

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Cum.	Ann.
MSCI EAFE Small Cap 31.3	MSCI EM 34.5	MSCI EM 32.6	MSCI EM 39.8	Russell 2000 -33.8	MSCI EM 79.0	Russell 2000 26.9	Russell 1000 Growth 2.6	MSCI EAFE Small Cap 20.4	Russell 2000 38.8	MSCI EM 197.7	MSCI EM 11.5
MSCI EM 26.0	MSCI EAFE Small Cap 26.6	MSCI EAFE 26.9	Russell 1000 Growth 11.8	Russell 1000 Value -36.8	MSCI EAFE Small Cap 47.3	MSCI EAFE Small Cap 22.4	S&P 500 2.1	MSCI EM 18.6	Russell 1000 Growth 33.5	MSCI EAFE Small Cap 156.0	MSCI EAFE Small Cap 9.9
MSCI EAFE 20.7	MSCI EAFE 14.0	Russell 1000 Value 22.2	MSCI EAFE 11.6	S&P 500 -37.0	Russell 1000 Growth 37.2	MSCI EM 19.2	Russell 1000 Value 0.4	MSCI EAFE 17.9	Russell 1000 Value 32.5	Russell 2000 138.3	Russell 2000 9.1
Russell 2000 18.3	Russell 1000 Value 7.1	MSCI EAFE Small Cap 19.7	S&P 500 5.5	Russell 1000 Growth -38.4	MSCI EAFE 32.5	Russell 1000 Growth 16.7	Russell 2000 -4.2	Russell 1000 Value 17.5	S&P 500 32.4	Russell 1000 Growth 112.5	Russell 1000 Growth 7.8
Russell 1000 Value 16.5	Russell 1000 Growth 5.3	Russell 2000 18.4	MSCI EAFE Small Cap 1.8	MSCI EAFE -43.1	Russell 2000 27.2	Russell 1000 Value 15.5	MSCI EAFE -11.7	Russell 2000 16.3	MSCI EAFE Small Cap 29.7	Russell 1000 Value 107.7	Russell 1000 Value 7.6
S&P 500 10.9	S&P 500 4.9	S&P 500 15.8	Russell 1000 Value -0.2	MSCI EAFE Small Cap -46.8	S&P 500 26.5	S&P 500 15.1	MSCI EAFE Small Cap -15.7	S&P 500 16.0	MSCI EAFE 23.3	S&P 500 104.3	S&P 500 7.4
Russell 1000 Growth 6.3	Russell 2000 4.6	Russell 1000 Growth 9.1	Russell 2000 -1.6	MSCI EM -53.2	Russell 1000 Value 19.7	MSCI EAFE 8.2	MSCI EM -18.2	Russell 1000 Growth 15.3	MSCI EM -2.3	MSCI EAFE 104.1	MSCI EAFE 7.4

Source: FactSet, MSCI, S&P 500®, Russell Investment Group.

MSCI EM = MSCI Emerging Markets.

All data represents total return for stated period. Past performance is not indicative of future returns. Data are as of 12/31/13.



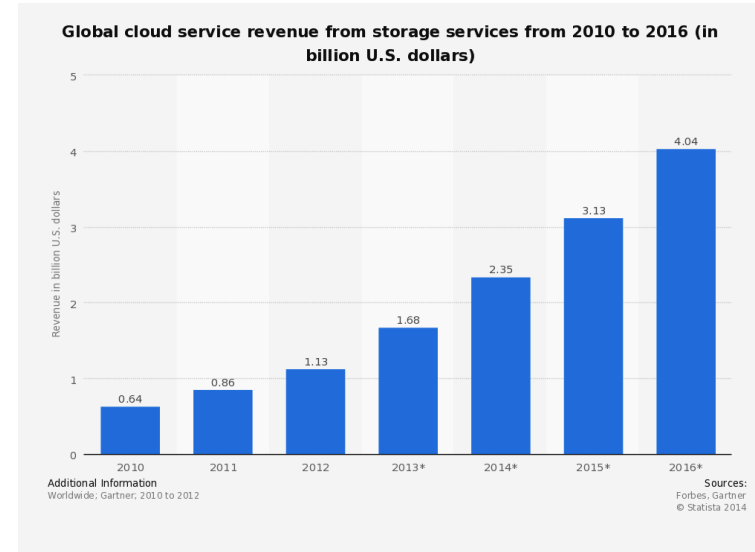
Investment Themes

SaaS/Cloud Computing



“The Cloud”

- We are in the early innings of a paradigm shift in the enterprise IT hardware group to “the cloud”.
- Cloud technologies allow for significant efficiencies by allowing companies and employees to access state-of-the-art programs on-demand at a reduced cost.
- Cloud components include:
 - Infrastructure-as-a service (IaaS)
 - Software-as-a service (SaaS)
 - Platform-as-a-service (PaaS)
- We have invested in a diversified group of companies with specialties in procurement, human resources, travel expense management, sales, and other applications.



E-Commerce



- Total e-commerce sales for 2013 were estimated at \$263.3 billion, an increase of 16.9 percent from 2012, far outpacing growth of other retail channels.
- E-commerce represents an increasingly large percentage of sales, and has a long growth trajectory opportunity in coming years. E-commerce sales in 2013 accounted for 5.8 percent of total sales. E-commerce in 2012 accounted for 5.2 percent of total sales.

Oil/Gas Infrastructure



- At the outset of 2013, the Americas region accounted for one-third of proved worldwide reserves of crude oil. Recognizing the abundance of hydrocarbon resources in the Americas and the availability of technical capabilities to produce them, companies within and outside of the region have invested heavily in developing and producing liquid fuels and natural gas.
- Shifts in regional availability of crude oil and petroleum products combined with limited or fully utilized pipeline capacity have also prompted greater reliance on rail and waterborne transportation. Despite the use of alternate transport modes, pipelines remain the primary mode of transporting crude oil and petroleum products in the United States, typically accounting for more than 90% of total movements nationwide.
- According to the U.S. Department of Transportation, the total miles of crude oil and petroleum product pipelines in the United States rose at a 1.6% average annual rate from 2007 to 2012, increasing by more than 9,000 miles to almost 121,000 miles in 2012.

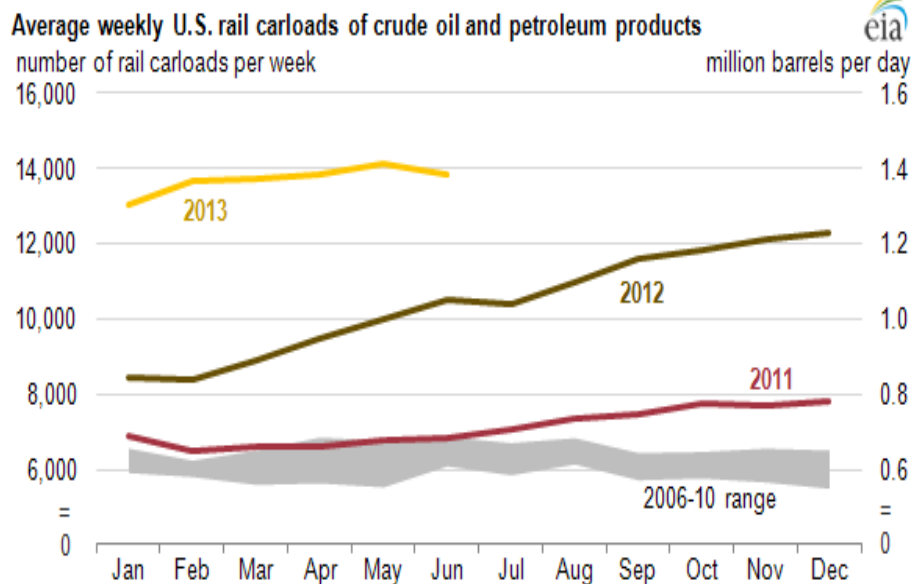
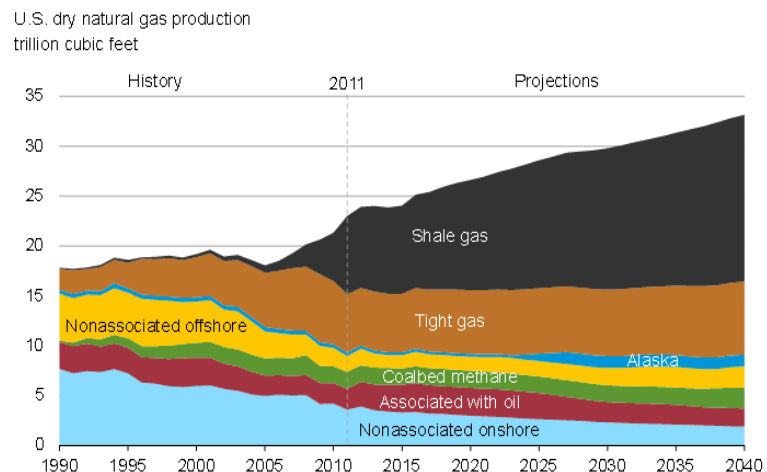
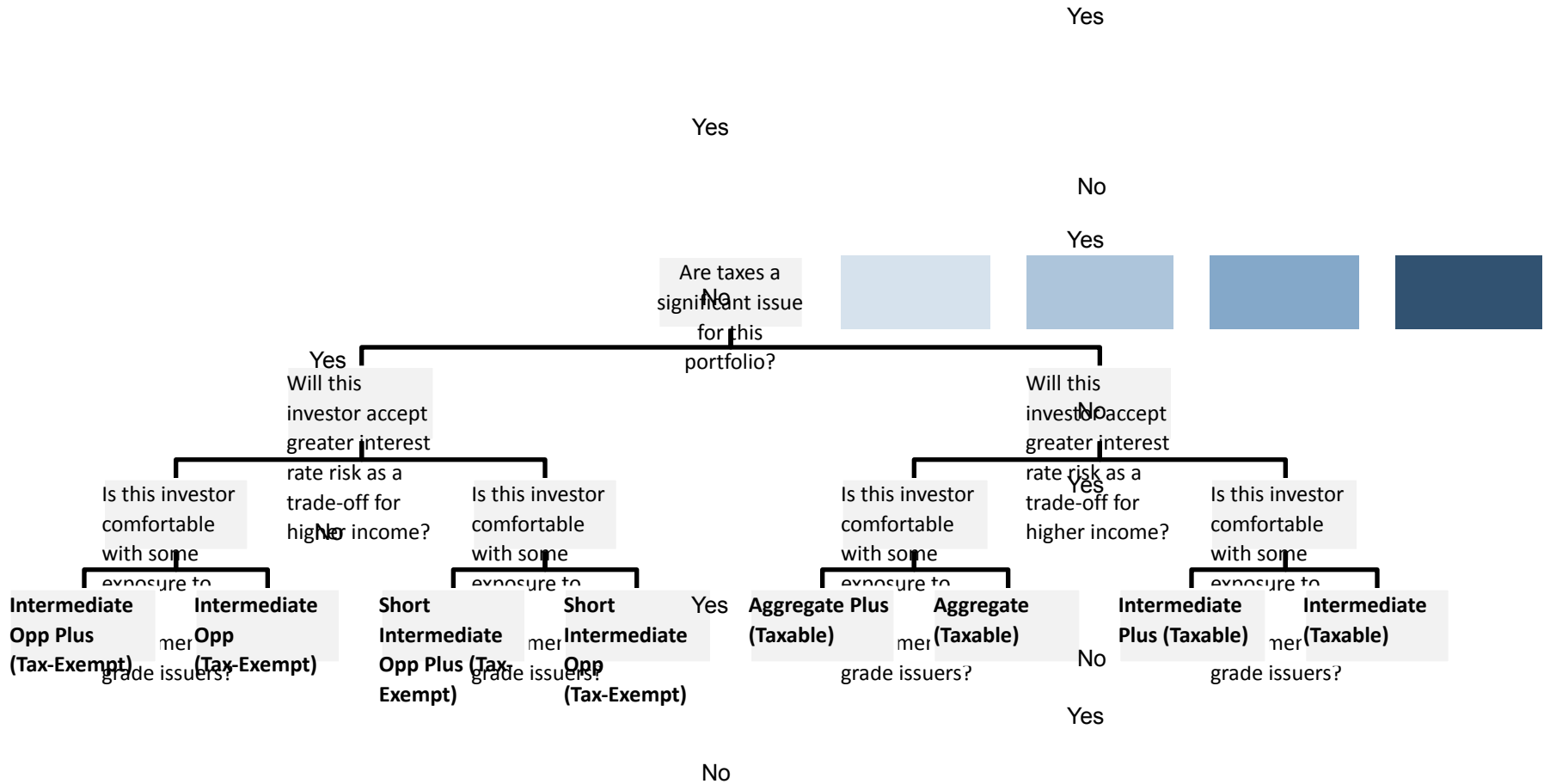


Figure 3. Shale gas leads growth in production through 2040



Source: EIA, Annual Energy Outlook 2013 Early Release

PBP Profile Map



Tax Profile



Interest Rate Risk



Credit Risk