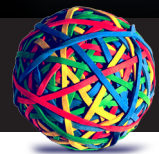


SPOTLIGHT ON GLOBALIZATION AND DEMOGRAPHICS

*TWO MEGAFORCES SURE TO STEER THE ECONOMY
FOR YEARS TO COME*

DECEMBER
2016
WHITE PAPERS

 WEALTHMANAGEMENT



Ask any political junkie, and they'll tell you that the 2016 presidential campaign season has been one of the strangest they've ever experienced. The rise of billionaire/reality-TV star Donald Trump and Vermont Senator Bernie Sanders, the wild-and-woolly TV debates, and the Twitter wars and pundits being just flat-out wrong at predicting much of anything have been unprecedented in American history. Even things as predictable as the stock market didn't react to a Trump win the way millions of analysts had forecast.

However, if we set aside the drama, we may discover that the most important thing we can learn from this election season has nothing to do with the candidates or the results. Instead, the key takeaways, in our view, are: (1) how the two megaforges of globalization and demographics have changed our country, and (2) the influence they will have on our national and global economies for years to come. It would be wise to pay attention to this.

WE'RE LIVING IN A GLOBAL VILLAGE

First, let's look at globalization. We've heard a lot of talk about trade, trade agreements and jobs, especially from the eventual winner, Donald Trump. However, unless you've been personally affected, much of it seems more abstract than real. So let's make it real.

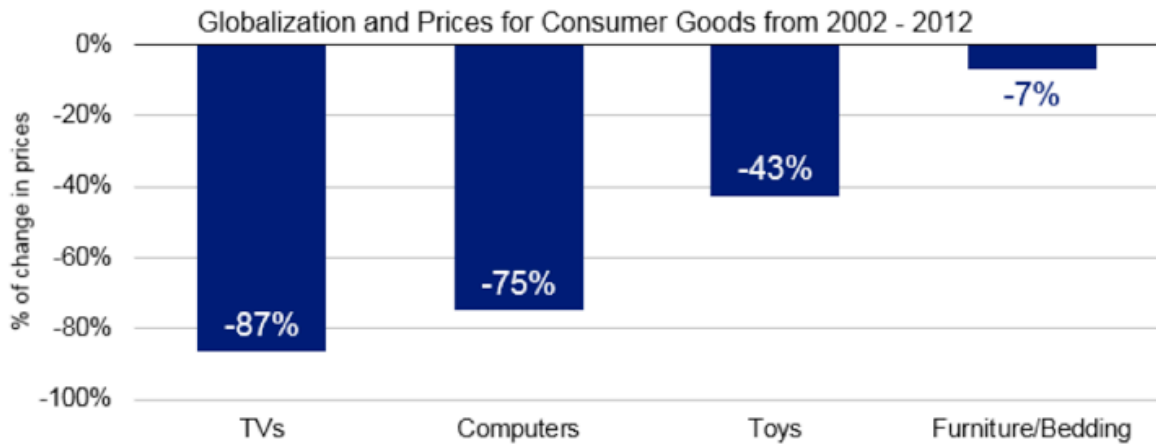
There's little question that we have reaped economic benefits from globalization. Trade liberalization alone increases our annual GNP by \$300 billion to \$500 billion, according to the Peterson Institute. Trade creates new jobs while destroying old ones. In 1992, 14.5 million, or 10.4%, of all jobs were tied to trade. By 2014, that

GLOBAL VILLAGE CONTINUED ON P2

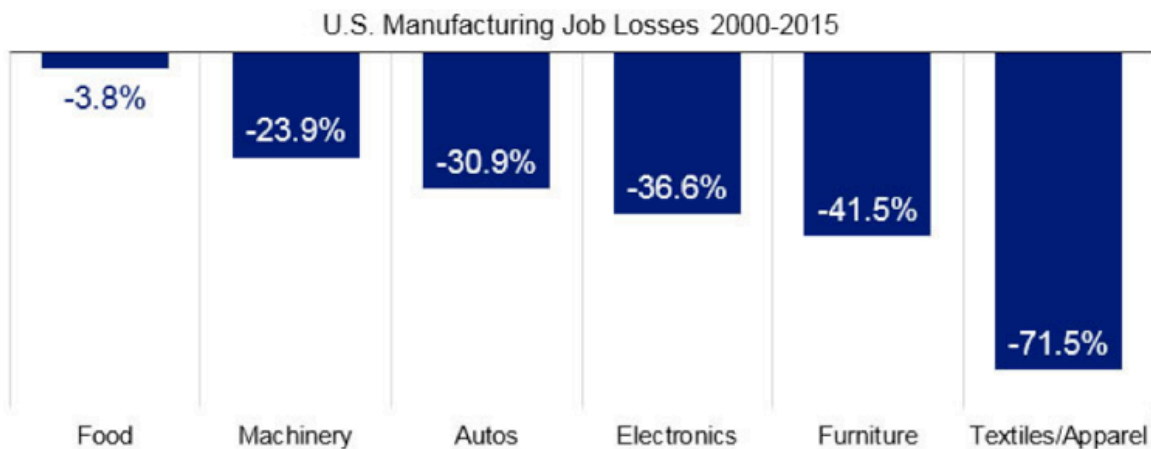


WE'RE LIVING IN A GLOBAL VILLAGE CONTINUED

number had grown to 41 million, or 21.7% of all jobs, according to Business Roundtable. But many of us were unaware that globalization also gave us the benefit of lower prices on personal goods. The following chart indicates what happened to the prices of some commonly purchased goods between 2002 and 2012:



Yes, these consumer benefits have their downsides. Globalization's first tradeoff has been domestic job losses, which were hard to miss on the campaign trail. The chart below shows manufacturing job losses by sector between 2000 and 2015. While a number of sectors have been hit, a few have been decimated:





WE'RE LIVING IN A GLOBAL VILLAGE CONTINUED

When we see that 31% of all automobile workers have lost their jobs since 2000, we can understand why Michigan and Ohio voters were angry, which ultimately decided the election. When we observe that 71% of all textile and apparel jobs have been lost, it's easy to relate to concerns voters in the Carolinas expressed at the ballot box.

The second trade-off has been lower wages. The next chart shows the change in real wages by sector between January 2009 and December 2015. While wages haven't grown dramatically for any sector (except financial services), individuals in the services sectors (financial services, information, education/health, leisure/hospitality) have clearly fared much better than those in the construction, manufacturing and auto sectors:



So globalization is a double-edged sword. Many individual companies and investors have benefited from rising stock prices tied to increased corporate sales and profits. But it has been devastating for a number of U.S. cities, workers and families. During this election cycle, we've heard the voices, and seen the pictures, of many of those affected individuals.

CHANGING DEMOGRAPHICS

For the first time, the Millennial generation (individuals between 18 and 43 years of age) will match up with the Baby Boomers (born between 1946 and 1964) in population size. As the Baby Boomer population decreases, the Millennials will take their place in history as the largest generation of Americans. What many don't understand is that we're just beginning to see what happens when the Millennials flex their cultural and political muscles.



CHANGING DEMOGRAPHICS CONTINUED

Looking back, it's easy to see how the Baby Boomer generation dramatically affected our country and the economy. According to a 2008 McKinsey & Company study, Baby Boomers broke all previous generations' records for attaining the highest levels of education and the highest incomes. Therefore:

- As consumers, Baby Boomers have been the dominant spenders for two decades and have spent more at every age than prior generations. They have thus driven the growth of industries such as personal electronics, recreation and healthcare.
- As investors, Baby Boomers have prospered from unprecedented stock and real estate market growth. As the value of their assets rose, their spending increased, and the generation's savings rate fell to all-time lows. Now, as they look ahead to the end of their careers, they will change the face of retirement in America.

Like Baby Boomers, the Millennials will make their mark on the country by influencing our culture and economy. They have been particularly visible in their support of Democrat Sanders and his message. In the Michigan primary in early March, exit polling found that 81% of Democratic voters aged 18 to 29 cast their ballots for Sanders. In New Hampshire, 83% of Democratic voters chose him.

According to a 2014 Pew Research Center study, Millennials also look different than the preceding generations. For example, they are:

- **more ethnically diverse:** 43% are nonwhite, compared to 28% of Baby Boomers;
- **less religious:** 35% have no religious affiliation, compared to 17% of Baby Boomers;
- **inclined to marry later in life:** 26% of Millennials between 18 and 33 are married, compared to 48% of individuals in that age range in 1980.

These results shouldn't be surprising. This generation was shaped by the shock of 9/11 and the Great Recession. Yet, Millennials are more supportive on such issues as gay marriage and are more open to different ways of life than previous generations.

This past election season, the Millennial generation made itself heard—and this is just the beginning. While we can't be sure where they will take us, we do know they will be a socioeconomic force for many years to come. Globalization and demographics—two megaforges and hot topics this election—will continue to influence the markets in the future.

WT Wealth Management's game plan? To continue to keep our eyes and ears open for sectors and companies that develop in the best ways, so we can help our clients capitalize upon these forces, invest accordingly, and grow their portfolios.



DISCLOSURE

WT Wealth Management is a manager of Separately Managed Accounts (SMA). Past performance is no indication of future performance. With SMA's, performance can vary widely from investor to investor as each portfolio is individually constructed and allocation weightings are determined based on economic and market conditions the day the funds are invested. In a SMA you own individual ETFs and as managers we have the freedom and flexibility to tailor the portfolio to address your personal risk tolerance and investment objectives – thus making your account “separate” and distinct from all others we potentially managed.

An investment in the strategy is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Any opinions expressed are the opinions of WT Wealth Management and its associates only. Information is neither an offer to buy or sell securities nor should it be interpreted as personal financial advice. You should always seek out the advice of a qualified investment professional before deciding to invest. Investing in stocks, bonds, mutual funds and ETFs carry certain specific risks and part or all of your account value can be lost.

In addition to the normal risks associated with investing, narrowly focused investments, investments in smaller companies, sector ETF's and investments in single countries typically exhibit higher volatility. International, Emerging Market and Frontier Market ETFs investments may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles or from economic or political instability that other nation's experience. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Bonds, bond funds and bond ETFs will decrease in value as interest rates rise. A portion of a municipal bond fund's income may be subject to federal or state income taxes or the alternative minimum tax. Capital gains (short and long-term), if any, are subject to capital gains tax.

Diversification and asset allocation may not protect against market risk or a loss in your investment.

At WT Wealth Management we strongly suggest having a personal financial plan in place before making any investment decisions including understanding your personal risk tolerance and having clearly outlined investment objectives.

WT Wealth Management is a registered investment adviser in Arizona, California, Nevada, New York and Washington with offices in Scottsdale, AZ Jackson, WY and Napa Valley, CA. WT Wealth Management may only transact business in those states in which it is registered, or qualifies for an exemption or exclusion from registration requirements. Individualized responses to persons that involve either the effecting of transaction in securities, or the rendering of personalized investment advice for compensation, will not be made without registration or exemption. WT Wealth Management's web site is limited to the dissemination of general information pertaining to its advisory services, together with access to additional investment-related information, publications, and links. Accordingly, the publication of WT Wealth Management web site on the Internet should not be construed by any consumer and/or prospective client as WT Wealth Management solicitation to effect, or attempt to effect transactions in securities, or the rendering of personalized investment advice for compensation, over the Internet. Any subsequent, direct communication by WT Wealth Management with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of WT Wealth Management, please contact the state securities regulators for those states in which WT Wealth Management maintains a registration filing. A copy of WT Wealth Management's current written disclosure statement discussing WT Wealth Management's business operations, services, and fees is available at the SEC's investment adviser public information website – www.adviserinfo.sec.gov or from WT Wealth Management upon written request. WT Wealth Management does not make any representations or warranties as to the accuracy, timeliness, suitability, completeness, or relevance of any information prepared by any unaffiliated third party, whether linked to WT Wealth Management's web site or incorporated herein, and takes no responsibility therefor. All such information is provided solely for convenience purposes only and all users thereof should be guided accordingly.