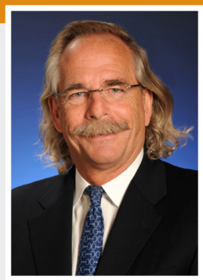
THE OMNIVEST MARKET VIEW

Investments



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The Train is Gaining Steam and Momentum.

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The performance of global equities continues to be decried by most market observers as "too much too fast". Another frequent comment is that equity rally is flawed because fundamentally nothing has changed in the global economy. Europe remains broken, Greece is unresolved and deflation is a bigger risk than inflation. The only problem with this mind-set is that it is simply wrong.

First and foremost, the PBOC, ECB, BOJ and the Fed are all engaged in either quantitative easing or some other form of monetary stimulus. Second, economic confidence is on the rise in Europe as is consumer confidence in the US. Germany's 6.7% unemployment rate is at its lowest level since the series was started in December 1991. In the US, the unemployment rate is at its lowest level at 8.3% since February 2009. And while the US unemployment rate is still unacceptably high, it is important to recognize that the US has added 2.52 million jobs in the past 16 months.

While equity markets have risen sharply since bottoming in the spring of 2009, the rally has been accompanied with an even sharper increase in corporate earnings. The result is that the global rally has yet to lift market P/E multiples to even their averages of the past four years.

The S&P 500 Index is currently sporting a P/E of 14.15X on 2012 earnings and 11.67X for 2013. These multiples compare quite favorably with the four-year average multiple of 15.6X. Germany's DAX Index is currently priced at a P/E of 11.87X versus its four year average of 17.4X. The Hang Seng Index is priced at a multiple of 10.0X with a four year average of 13.6X. Brazil's Bovespa Index is priced to an 11.4X multiple versus its four year average of 14X.

Another interesting indicator to consider is the investor sentiment reading for bulls and bears. Since the start of the year, bullish sentiment has declined from 48.88 to 43.69 while bearish sentiment has increased from 17.16 to 27.51. Since the start of the rally in March of 2009, bullish sentiment readings have averaged 39.26 with a high read of 63.3 and low read of 18.92. During the same period, the bearish reading has averaged 34.99, with a high read of 70.27 and a low read of 16.4. From these data points it is hard to find any hint that exuberance is being priced into the market.

Finally, market leadership has been very consistent with the firming of economic data. The market is being led by financials, materials, industrials and technology. Conversely, lagging sectors of the market include utilities, consumer staples and telecommunications. Yes, Iran is a problem and so too is the rise in oil and gasoline prices. However the offset to higher gas prices is extremely low natural gas prices as well as a very mild winter for much of the US. Another factor helping consumers deal with high gas prices is the fact that consumers have been deleveraging for the past 3 years. However, investors have chosen not to ignore these risks, which is why the market is cheap on a historical basis and therefore remains under owned. We see more upside to the market and remain bullish towards risk assets.

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