



FLRN Sell Pitch

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Financials and Fixed Income Sector

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Recommendation

"We recommend a full sale of FLRN"

Recommendation

Total Shares	200
TD #1 (unrestricted) Shares	67
TD #2 (endowment) Shares	133
Market Price	\$30.81
Current Value	\$6,162
% of Portfolio	1.43%
Potential Upside	\$210

The Backbone of the Internet

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Section I. ETF Overview



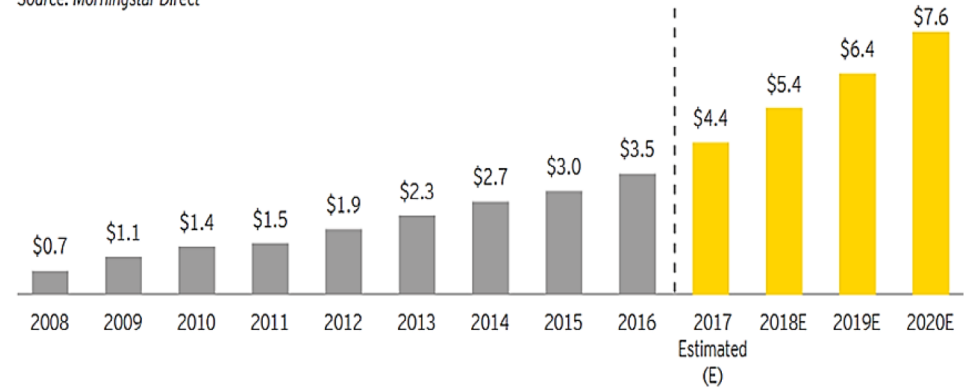
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What is an ETF?

- Exchange Traded Fund
- Collection of securities
- Bought and sold easily

The future growth of global ETFs: market analysis and forecasts 2017 to 2020 (net assets in US\$ trillions)

Source: Morningstar Direct



ETF Overview

FLRN

Summary

- Provide exposure to debt instruments that pay a variable coupon rate
- Corresponds to the price and yield performance of the Bloomberg Barclays U.S. Dollar Floating Rate Note <5 Years Index.

Financials Snapshot

Current Price	\$30.81
# Shares	200
Value	\$6,162.00
% Gain/Loss	0.59%
52 week high	\$30.82
52 week low	\$30.60
Distribution Yield	2.76%
Beta	-0.02

Section II. ETF Breakdown



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ETF Breakdown

- 0% Stock
- 90% Bond
- Avg. bond rating - A

Top Ten Holdings	6.13%
Morgan Stanley 3%	0.87%
Goldman Sachs Group, Inc. 2.66%	0.81%
Asian Development Bank 1.9%	0.61%
Morgan Stanley 3.2%	0.61%
UBS AG, London Branch 2.46%	0.56%
Bank of America Corporation 2.8%	0.55%
Inter-American Development Bank 1.83%	0.55%
Wells Fargo & Company 3.01%	0.53%
Inter-American Development Bank 2.03%	0.52%
JPMorgan Chase & Co. 2.44%	0.52%



Section III. Investment Thesis



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- **Possible upcoming recession**

- Half of a panel of more than 100 real estate and economic experts said they expect next recession in 2020
- Trade policy, geopolitical crisis and a stock market correction were among the top causes of forecasted recession
- Housing slowdown was said to be least likely to cause recession
- However, housing market will surely be affected by sluggish economic conditions

Sell Thesis

- FLRN has had a 52 week high of \$30.82 and a low of \$30.58, it has stayed stagnant and is not poised to rise or fall significantly anytime soon.
- If we liquidate this holding and invest in something that could make us money, such as fintech, then we could make profits on an investment instead of virtually holding onto cash.
- Interest rates have declined over the past year, and most analysts agree that they will either take a very small dip this year, but they will most likely stay low.
- A recession is not likely to come anytime soon, and if one is to come, we will be able to get out in time to stop losses. (in regards to a fintech buy)

Section IV. Risks and Catalysts



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Risks and Catalysts

Risks

- If the rates continue to fall or stay very low this ETF will lose value quickly
- Risk with floating rate notes: higher losses are incurred when rates decrease or stay low, and are not gained back until rates rise again.
- In the case that a recession does occur and the market takes a sharp decline, the etf value could decrease.

Therefore, considering the current views of the Fed, we think the risks are not bearable as the interest rates continue to stay low. The stock will lose value if rates continue to decrease or stay stagnant.

Catalysts

- **Rising interest rates:** if the interest rates take a sudden change and go up, this etf will also go up in tandem.
- **Possibility of a new president:** If America elects a new president, they may have a completely different influence on the Fed, and could cause interest rates to rise again.

The etf will do well if the interest rates start to climb back up again, however we do not see that happening in the foreseeable future.