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Third Quarter 2019 Review

For the first three quarters of 2019, U.S. stocks appreciated 20.6%, world stocks 16.2%, and U.S. bonds 8.5%*. Your portfolios are tracking close to their global benchmarks, and we are pleased with our risk/return positioning.

The collective outlook seems to be all doom and gloom, with President Trump's trade war top of mind amid increasing evidence that the tariffs are having a chilling effect on global trade. The prospect of a hard Brexit still looms, and erratic pricing in the overnight repurchase agreement (repo) funding market has required Federal Reserve intervention. Add to that the dysfunction in Washington as impeachment proceedings and subpoenas top the news.

Chief Allocation Strategist Steve Bobo and I continue to follow the news closely. We are prepared for a downturn, but markets continue to rise, though perhaps more quickly than global economic growth.

We started preparing for market dangers several years ago. In fact, we made the difficult decision to maintain our US Treasury allocation after the 2016 election when the conventional wisdom told us that interest rates could only go up and we were idiots to think otherwise. Interest rates have dropped steadily since then, and our clients have been rewarded.

The best way to protect and grow your wealth is to make continuous and moderate adjustments rather than to follow the conventional wisdom. This is how we will get you to your goals with assets intact. Please contact us with any questions. Our money is invested right alongside yours.

*As represented by the S&P 500 US Large Company Index, the MSCI All Country World Index, and the Bloomberg Barclays Aggregate Bond Index.