Monthly Update: December 2019

Dear Clients:

In 1688, Jose de la Vega noteably said "The expectation of an event creates a much deeper impression on the exchange than the event itself."

> **We had the beginning of impeachment hearings in Congress, and violent street demonstrations in Chile, Iran and Hong Kong. However, the stock market was calm and set new record highs.**

The Month of November in Brief

Stock indexes making up the S&P 500 "SPY" and the Dow "DIA" ended the month higher than the previous month of October. We had the beginning of impeachment hearings in Congress, and violent street demonstrations in Chile, Iran and Hong Kong. However, the stock market was calm and set new record highs. This was not surprising to us as we see no signs of a recession soon. Job growth remains strong, wage growth is solid and the data shows that wages are growing faster for low-income workers versus high-income workers. Overall, private sector wages are up 5.2% from a year ago. Consumer debts are the lowest relative to assets since 1984. These are all very positive signs that we are still in a period of economic expansion.

Major Index Data

During the month of November both stocks representing the S&P 500 (SPY) and the Dow (DIA) were up from the previous month. Bonds making up the U.S aggregate index (AGG) were down from the previous month. The "SPY" and "DIA" both continue to outperform the "AGG" for the year.

Index	Year 2019
AGG (Bonds)	5.98 %
DIA (Stocks)	20.48 %
SPY (Stocks)	25.76 %

(Source: Bloomberg) [1]

December Outlook

We continue to believe stocks will outperform bonds for the near future and being invested in this low interest rate environment will likely continue as a winning strategy. We are seeing the global economic environment continue to get noticeably healthier than what we have seen over the last year. Solid growth around the world and not just in the U.S. would be a positive sign of things to come soon. Our managed portfolios will reflect this theme going into the new year.

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We will continue to monitor the U.S./China trade progression which likely will represent the most short-term risk, along with the monetary policy of the Federal Reserve. The Federal Reserve has hinted that they are done lowering interest rates for now. Over the coming months we will be focused on client's reviews to proactively communicate any needed changes in client portfolios.

We think risk, as usual, will continue to exist in the market this year and volatility is likely to increase. We will continue to monitor this. It is our philosophy not to chase performance which tends to increase risk. We choose to focus on proper asset allocation per any given level of risk tolerance. We recommend strategies such as using fixed and indexed annuities, and short-term bonds as ways to reduce risk and portfolio volatility for more conservative investors. We appreciate the opportunity to serve you. Our goal is building your wealth and controlling your risk!

Thanks,

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