



Monthly Update: June 2019

Dear Clients:

Warren Buffet once said *"if markets were rationale, I'd be waiting tables for a living."*

We believe this is a normal correction where the markets went up too quickly in the Spring and are now reverting to the mean.

The Month of May in Brief

Stock indexes making up the S&P 500 "SPY" and the Dow "DIA" ended the month of May down from the previous month of April. We believe this is a normal correction where the markets went up too quickly in the Spring and are now reverting to the mean. Ongoing trade talk with China and now Mexico is driving the mainstream media headlines. We encourage everyone to tune this message out. We believe this story is getting old and market prices have already been factored in. We anticipate Mexico making a deal soon with the U.S. and believe this story will be short lived. We do believe China will make a deal as well, however, this will take more time and we are not concerned about this. We are focused on growth and stock valuations, along with some key economic indicators we follow to help us tune out all the noise and focus on what we believe truly matters.

Major Index Data

During the month of May stocks representing the S&P 500 (SPY) were down and stocks making up the Dow (DIA) were down from the previous month. Bonds making up the U.S aggregate index (AGG) were up nicely from the previous month as can usually be expected when stocks dip in this type of market environment. The "SPY" and "DIA" both continue to outperform the "AGG" for the year.

Index	Year 2019
AGG (Bonds)	3.67 %
DIA (Stocks)	6.44 %
SPY (Stocks)	10.14 %

(Source: Bloomberg)

June Outlook

We expect buyers to step in soon as we are seeing some great opportunities in individual stocks due to the selling in May. We will be watching floating rate bond investments in our TrueWealth portfolios and will likely increase exposure to intermediate term bond investments and continue to add higher paying dividend holdings when we find them trading at attractive price levels. (*Continued on next page.*)

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We still believe stocks will outperform bonds this year, and the possibility of a recession next year has very low odds. We place those odds at 25% or less. So far, the economy keeps trucking along in the right direction and we think ultimately the markets will keep policymakers heading that way as well.

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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