

This past quarter continued a pattern of volatility following the market's peak in early 2018. It seems every bit of potentially negative news sends traders into a tizzy and they sell, sell, sell driving the price of stocks down, down, down. They lose sight of the fact that our economy is strong and continues to be so. The follow quote is from our favorite economist, Brian Wesbury:

"Consider the litany of horror stories analysts and investors have obsessed over during the past ten years, dating back to the oft predicted "double-dip" recession. There were fears over foreclosures, defaults on muni debt, commercial real estate, the banking crisis in Cyprus, a China slowdown (multiple times!), Greece leaving the Euro, the Fiscal Cliff, Brexit, Obamacare, hyperinflation from Quantitative Easing, a recession from Quantitative Tightening,....and on and on and on. Regardless of whether your personal politics were conservative or liberal, the bombardment was enough to send many headed for financial cover.

The story that should have held the spotlight these past ten years is entrepreneurs overcoming political obstacles to keep the US economy growing. But that doesn't make for a sexy headline, so don't expect the financial media to give it much heed.

In the past few years, the direction of policy has finally shifted pro-growth, with a deep cut in corporate tax rates, full expensing for plant and equipment, and deregulation. And the US economy responded, with growth accelerating in 2017 and 2018, and on-track for another year of growth near 3.0%."

As investors, we filter the news cycle through economic reality. Here's what we see as we dig through the data:

- Personal income is rising (4.1% in just the past year) ¹
- Inflation is moderate at 2.8% annualized ¹
- Annual GDP is strong 3.1% ¹
- Corporate profits continue to rise ¹
- Jobless claims are the lowest since 1969 ²
- Interest rates remain low for borrowers

Your quarterly report provides detailed performance information for your portfolio. Strong quarters, like the first quarter 2019, are usually followed by weaker performance. The good news is that

not only did our client portfolios hold on to the first quarter's outstanding returns, but most had a gain for the second quarter which elevated total returns for the past six months to 12% or more.

No one knows how long this current economic cycle will continue. There will always be something that will cause concern, whether international trade disputes, political unrest, regulatory policies, and such. Regardless, our economy is very resilient and has proven that it can, and will, overcome any obstacles placed before it.

We are here for you. Please contact us any time you have questions or concerns. The opportunity to be of service to you is appreciated.

CERTIFICATE OF DEPOSIT STRATEGY ON HOLD

In our fourth quarter 2018 commentary, we discussed a strategy of moving a portion of our client accounts out of the stock market and into certificates of deposit (CDs) as clients move through their retirement years. At that time, we were able to purchase CD ladders which averaged greater than 3%, and five year yields greater than 3.55%. Today, we get just barely 2.1% on CDs. We can get a bit higher yield with lower quality bonds but are reluctant to purchase those. We are suspending the strategy to add CDs.

We can get 3.1% guaranteed for five years using guaranteed fixed annuities as an alternative to CDs. We will need to meet with you in order to complete paperwork required for an annuity. Please contact us if you would like more information on guaranteed annuities.

EMAIL COMMUNICATION REMINDER

If you communicate with us regularly via email, due to our vacation schedules and such, please be sure to address all your business-related emails to both of us:

ed@investorfan.com

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¹ FTAdvisors Data Watch dated 06/28/2019

² BLS.gov