

Open-End Net Fund Flows (\$)	5/19	4/19	YTD (May)
Equity	-8.16B	-42.41B	-78.34B
Taxable Bond	6.62B	28.04B	87.36B
Municipal Bond	7.68B	6.34B	40.54B
Hybrid	-4.17B	-5.74B	-19.63B
Taxable Money Market	83.62B	-7.24B	114.39B

Key Interest Rates	6/28/19	12/31/18	6/29/18
Federal Funds Target Rate	2.50%	2.50%	2.00%
ICE LIBOR (3-Month)	2.32%	2.81%	2.34%
2-Year T-Note	1.76%	2.49%	2.53%
10-Year T-Note	2.01%	2.69%	2.86%
Bond Buyer 40	3.70%	4.09%	3.98%

Commodities/U.S. Dollar	6/19	YTD	12 Mo.
U.S. Dollar Index (DXY)	-1.66%	-0.04%	1.76%
TR/CC CRB Commodity Index	3.24%	6.62%	-9.66%
Crude Oil/WTI (per Barrel)	9.29%	28.76%	-21.15%
Natural Gas (per million BTUs)	-5.71%	-21.43%	-20.89%
Gold Bullion (Ounce)	8.26%	10.33%	12.69%

Total Return Performance

U.S. Stock Indices	6/19	YTD	12 Mo.
S&P 500	7.05%	18.54%	10.41%
DJIA	7.31%	15.40%	12.20%
NASDAQ 100	7.69%	21.85%	10.16%
S&P MidCap 400	7.64%	17.96%	1.34%
Russell 2000	7.07%	16.97%	-3.35%
Russell 3000	7.02%	18.71%	8.98%

U.S. Styles/Market Caps	6/19	YTD	12 Mo.
S&P 500 Growth	6.17%	20.19%	12.02%
S&P 500 Value	8.08%	16.70%	8.65%
S&P MidCap 400 Growth	7.04%	19.05%	1.94%
S&P MidCap 400 Value	8.28%	16.84%	0.74%
Russell 2000 Growth	7.70%	20.34%	-0.53%
Russell 2000 Value	6.37%	13.45%	-6.26%

Foreign Stock Indices (USD)	6/19	YTD	12 Mo.
MSCI World NET (Ex-U.S.)	5.94%	14.64%	1.29%
MSCI Emerging Markets NET	6.24%	10.58%	1.21%
MSCI Europe NET	6.72%	15.80%	1.88%
MSCI BRIC NET	6.29%	13.74%	3.27%
MSCI EM Latin America NET	6.16%	12.64%	18.45%
Nikkei 225	4.02%	10.05%	0.08%

Barclays Bond Indices	6/19	YTD	12 Mo.
U.S. Treasury: Intermediate	0.83%	3.99%	6.19%
GNMA 30 Year	0.81%	4.12%	6.10%
Municipal Bond (22+)	0.24%	6.85%	7.93%
U.S. Aggregate	1.26%	6.11%	7.87%
Intermediate Corporate	1.61%	7.08%	8.57%
U.S. Corporate High Yield	2.28%	9.94%	7.48%
Global Aggregate	2.22%	5.57%	5.85%
EM Hard Currency Aggregate	2.90%	8.85%	9.84%

Sources: Bloomberg, Barclays, Investment Company Institute

Past performance is no guarantee of future results. Historical performance figures for the indices are for illustrative purposes only and not indicative of any actual investment. Indices are unmanaged and an investor cannot invest directly in an index.

Climate

Over the past three months (April-June), investors have gone from risk-on to risk-off to risk-on again. The most notable change in that period was the Trump administration's ratcheting up of tariffs on roughly \$200 billion of imported goods from China, in our opinion. On 5/10/19, tariffs jumped from 10% to 25%. President Trump continues to threaten China with extending the tariffs to the remaining \$300 billion or so in goods shipped to the U.S. annually. President Trump often communicates his thoughts on policy matters via tweets, often later walking back his comments. He's been doing so since he won office on 11/8/16. He creates headlines, and headlines sometimes move the securities markets, particularly the stock market. While traders naturally respond to headlines and breaking news, we believe investors are likely better served by staying the course. From 11/8/16 (Election Day)-6/28/19, the S&P 500 Index posted a cumulative total return of 44.97%, or an average annualized total return of 15.13%, according to Bloomberg. For comparative purposes, from 1926-2018 (93 years), the S&P 500 Index posted an average annual total return of 9.99%, according to Ibbotson Associates/Morningstar. While we can only wonder how many controversial tweets have been sent out by President Trump since 11/8/16, we are guessing it is a lot. Regardless of the number, those investors that have committed capital to the U.S. stock market have been rewarded in the Trump Era.

Stock Market

The S&P 500 Index ("index") closed at 2,941.76 on 6/28/19, 0.42% below its all-time high of 2,954.18 on 6/20/19, according to Bloomberg. The index posted a total return of 7.05% in June. All 11 major sectors that comprise the index were up on a total return basis. The top-performer was Materials, up 11.71%, while the worst showing came from Real Estate, up 1.76%. Year-to-date through June, the index posted a total return of 18.54%. All 11 major sectors were up on a total return basis. The top-performer was Information Technology, up 27.13%, while the worst showing came from Health Care, up 8.07%. S&P 500 Index stock buybacks totaled \$205.81 billion (preliminary) in Q1'19, down 7.7% from the all-time high of \$222.98 billion executed in Q4'18, but up 8.9% from the \$189.05 billion spent on buybacks in Q1'18, according to S&P Dow Jones Indices. In Q1'19, Information Technology, Financials and Health Care were the most active sectors by far accounting for 33.0%, 20.8% and 14.9%, respectively, of all buyback expenditures. S&P 500 companies distributed \$117.33 billion in dividend payments in the quarter, down 2.1% from the all-time high of \$119.81 in Q4'18, but up 7.5% from the \$109.18 paid out in Q1'18. There is plenty of cash on hand for more buybacks and dividends, in our opinion.

Bond Market

The yield on the benchmark 10-year Treasury note (T-note) closed trading on 6/28/19 at 2.01%, down 12 basis points (bps) from its 2.13% close on 5/31/19, according to Bloomberg. The yield stood 47 bps below its 2.48% average for the 10-year period ended 6/28/19. Since the start of April, the yield curve in the government bond market has once again flattened out due to the decline in the yield on the 10-year T-note. At the end of March 2019, both President Trump and White House economic advisor Larry Kudlow called on the Federal Reserve ("Fed") to lower the federal funds target rate by 50 basis points, according to CNBC. While the Fed has yet to do any rate cuts, through their purchasing power bond investors have pushed the yield on the 10-year T-note down from 2.50% at the close on 4/30/19 to 2.01% on 6/28/19, or 49 bps, according to Bloomberg. Investors have signaled to the Fed that they like the idea of a couple of rate cuts over the coming months.

Takeaway

CNBC reported that, as of 7/1/19, the current economic expansion will become the longest in U.S. history, breaking the previous record of 120 months of growth from March 1991 to March 2001, according to data from the National Bureau of Economic Research. CNBC also reported that the S&P 500 Index posted its best first half of a year showing since 1997, with a price-only return of 17.35%. It was up 18.54% on a total return basis. A report released on 6/13/19 by the National Association of State Budget Officers revealed that states are now better prepared than ever to cope with an economic downturn, according to *The Fiscal Times*. More than 50% of states report that their 2019 revenue collections are topping expectations. These are just a sampling of the positive developments reflecting the underlying strength in today's investment climate. We hope investors take notice.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	2954.18	6/20/2019	879.13	7/10/2009	2941.76	-0.42%	18.54%	1.91%
S&P 500 Growth	1819.94	6/20/2019	459.66	7/7/2009	1803.32	-0.91%	20.19%	1.43%
S&P 500 Value	1195.51	1/26/2018	411.67	7/10/2009	1151.86	-3.65%	16.70%	2.46%
S&P MidCap 400	2050.23	8/29/2018	546.53	7/8/2009	1945.51	-5.11%	17.96%	1.70%
S&P MidCap 400 Growth	962.51	9/14/2018	237.38	7/8/2009	917.19	-4.71%	19.05%	1.39%
S&P MidCap 400 Value	680.56	8/29/2018	197.55	7/10/2009	640.34	-5.91%	16.84%	2.03%
S&P 100	1307.07	4/29/2019	412.29	7/10/2009	1297.46	-0.74%	17.72%	2.00%
DJIA	26828.39	10/3/2018	8146.52	7/10/2009	26599.96	-0.85%	15.40%	2.22%
NASDAQ 100	7845.73	5/3/2019	1404.78	7/7/2009	7671.08	-2.23%	21.85%	1.04%
Russell 2000	1740.75	8/31/2018	479.27	7/9/2009	1566.57	-10.01%	16.97%	1.49%
Russell 2000 Growth	1117.18	8/31/2018	268.10	7/9/2009	1022.70	-8.46%	20.34%	0.74%
Russell 2000 Value	2049.42	8/22/2018	650.88	7/9/2009	1805.87	-11.88%	13.45%	2.34%
Russell 3000	1737.97	9/20/2018	511.18	7/8/2009	1730.90	-0.41%	18.71%	1.91%
MSCI World Net (ex U.S.) (USD)	6487.64	1/25/2018	2989.99	7/8/2009	6012.90	-7.32%	14.64%	3.49%
MSCI Emerging Markets Net (USD)	573.23	1/26/2018	266.38	7/13/2009	492.63	-14.06%	10.58%	2.75%
Ibovespa/Brazil (USD)	43619.40	4/8/2011	9077.09	1/21/2016	26349.12	-39.59%	16.16%	2.86%
RTS/Russia (USD)	2123.56	4/8/2011	628.41	1/20/2016	1380.52	-34.99%	32.69%	5.77%
S&P BSE 500/India (USD)	245.12	1/24/2018	95.89	9/3/2013	221.85	-9.49%	6.90%	1.23%
Shanghai Composite/China (USD)	832.07	6/12/2015	314.68	12/3/2012	433.81	-47.86%	21.16%	2.33%
KOSPI/South Korea (USD)	2.42	1/29/2018	1.05	7/13/2009	1.84	-24.12%	0.69%	1.99%
Hang Seng (USD)	4241.01	1/26/2018	2087.46	10/4/2011	3654.16	-13.84%	13.05%	3.43%
MSCI Euro (USD)	1544.35	1/26/2018	814.62	6/1/2012	1323.98	-14.27%	16.62%	3.70%
S&P 500 Consumer Discretionary	957.39	4/26/2019	171.91	7/7/2009	945.58	-1.23%	21.84%	1.25%
S&P 500 Consumer Staples	605.44	6/20/2019	237.35	7/10/2009	597.34	-1.34%	16.18%	2.87%
S&P 500 Energy	737.09	6/23/2014	347.64	7/10/2009	471.28	-36.06%	13.13%	3.47%
S&P 500 Utilities	309.64	6/24/2019	136.94	7/8/2009	303.04	-2.13%	14.70%	3.21%
S&P 500 Financials	501.29	1/26/2018	149.24	7/8/2009	458.92	-8.45%	17.24%	2.04%
S&P 500 Banks	372.05	2/1/2018	100.73	7/8/2009	322.45	-13.33%	17.50%	2.75%
FTSE NAREIT All Equity REITs	766.11	6/20/2019	222.64	7/10/2009	735.87	-3.95%	19.26%	3.82%
S&P 500 Health Care	1107.28	10/1/2018	298.50	7/10/2009	1072.47	-3.14%	8.07%	1.69%
S&P 500 Pharmaceuticals	723.95	11/30/2018	249.72	7/10/2009	698.10	-3.57%	6.12%	2.58%
NYSE Arca Biotechnology	5400.34	9/27/2018	644.00	7/8/2009	4788.12	-11.34%	13.62%	0.32%
S&P 500 Information Technology	1383.92	4/23/2019	274.42	7/7/2009	1372.56	-0.82%	27.13%	1.42%
Philadelphia Semiconductor	1589.02	4/24/2019	250.94	7/8/2009	1458.96	-8.18%	27.63%	1.81%
S&P 500 Telecom Services	183.85	7/1/2016	97.80	7/10/2009	164.23	-10.67%	19.09%	1.39%
S&P 500 Industrials	678.74	1/26/2018	179.44	7/8/2009	651.69	-3.98%	21.38%	1.92%
S&P 500 Materials	401.59	1/26/2018	145.12	7/8/2009	367.14	-8.58%	17.26%	2.11%
Philadelphia Gold & Silver	228.95	4/8/2011	38.84	1/19/2016	84.13	-63.25%	19.82%	0.93%
TR/CC CRB Commodity	370.56	4/29/2011	155.01	2/11/2016	181.04	-51.14%	6.62%	N/A
ICE BofAML Perpetual Preferred	273.85	6/21/2019	112.84	7/8/2009	273.49	-0.13%	11.52%	5.45%
ICE BofAML U.S. High Yield Constrained	449.80	6/24/2019	186.33	7/13/2009	449.49	-0.07%	10.12%	6.44%

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