Quarterly Investment Summary

JUNE 2019

Performance Summary (as of 06/30/2019)

	Target Allocation	Trailing Returns				
	Equity/Fixed	3 Months	YTD	1 Year	3 Year	5 Year
Fixed Income	0%/100%	2.37%	5.15%	6.48%	2.55%	2.21%
Conservative	25%/75%	2.58%	7.73%	6.40%	4.86%	3.68%
Balanced	50%/50%	2.87%	10.36%	6.16%	7.10%	4.87%
Growth	75%/25%	3.09%	12.97%	5.97%	9.32%	6.10%
Equity	100%/0%	3.34%	15.77%	5.72%	11.39%	7.41%

Market Commentary

- The US economy continued to show strength throughout the month of June. Still, uncertainty about trade policies and speculation over Federal Reserve interest rate policy dominated the minds of investors, leading to another volatile month for financial markets. US economic growth continues to be robust as GDP was up 3.1% for the first quarter of 2019. The US labor market maintained its prolonged period of growth with both initial jobless claims and continuing claims steadily improving. Payroll growth, which started strong early in the second quarter did begin to show some signs of weakening later. The overall unemployment rate, however, remains strong at 3.6%, the lowest level observed since 1969. Consumer and producer prices alike continue to be subdued with both price indices hovering at or slightly above the 2% range. Although the retail purchase habits of Americans are constantly changing and adapting to new venues, retail sales numbers remained solid, signaling continued strength in the American consumer. In spite of numerous potential headwinds, the US economy continues to show strength and vitality, disproving all those who bet against it. Although no one logically thinks the current economic expansion will last forever, any resolution of the current trade dispute with China could put our economic system on a track for continued expansion for some time to come.

- As the equity market reacts to the ever-evolving foreign trade situation, stock price volatility continues to display its ugly head, although in a more constructive manner during June. Perceptions of the trade dispute with China turned more positive and the tumultuous May was followed by a strong June. Returns during June were the best since 1955 for the S&P500 and 1938 for the Dow. Equity returns for the month were positive across the board with the tech laden NASDAQ leading the way by posting a solid 7.51%. Meanwhile, YTD returns for equities remain impressive by virtually any measure. Expect the market to keep focusing on a trade resolution as key to continuing US economic expansion and corporate earnings growth.

- Returns on bonds finished the month strongly, with corporate debt offering the best performance, logically moving in lockstep with the equity market. The US Treasury market saw yields in the 10-year note decline to 2.01% while the 2-year note yield declined to 1.76%. Notable was the yield on the 3-month T-Bill, which ended the month at 2.09%. This inversion of the yield curve, where shorter maturities offer higher yields than longer issues is often considered as predictive of an oncoming recession. Bond investors will keep a keen eye for clues as to how the Fed will navigate this potential economic downturn, and how any resolution on the trade dispute with China, or lack thereof, might affect the future interest rate environment.