



Market Commentary April 22, 2019

Dear Investors:

And the answer is...

A Jeopardy! contestant captured the nation's attention last week by setting multiple records for the most money earned in a single episode. The Standard & Poor's 500 Index has been setting some records, too.

Michael Mackenzie of *Financial Times* explained:

“Less than four months through the year, the S&P 500 including the reinvestment of dividends has returned to record territory, along with the technology sector...Around the world, many benchmarks enjoy double-digit gains, led by China's CSI 300 index, having risen more than a third already during 2019.”

Pessimism about economic growth prospects has kept institutional investors – including professional money managers whose performance is typically evaluated quarterly – on the sidelines. As a result, despite a “market-friendly shift by central banks and an expansion in China's credit growth that laid the ground for a rebound in activity,” they have missed out on some significant gains.

Financial Times suggested when institutional investors begin moving money into stock markets, we could see the market ‘melt up.’ A melt up occurs when valuations surge for reasons that have little to do with improving fundamentals and a lot to do with investors rushing into a market because they fear missing out on gains.

Investors seeking safe havens could temper any gains from institutional investors entering the market. Jack Hough of *Barron's* suggested investors ignore safe havens, even though stock valuations remain high. He wrote, “...elevated prices don't rule out more gains. The S&P 500 was this expensive at the end of 2016. It has returned 36 percent since.”

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Some will take those words as encouragement, others as a warning. No matter which camp you are in, it may be a good time to have a carefully diversified portfolio.

Data as of 4/19/19	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.1%	15.9%	7.3%	11.5%	9.2%	13.3%
Dow Jones Global ex-U.S.	0.3	12.2	-6.9	5.6	0.9	6.0
10-year Treasury Note (Yield Only)	2.6	NA	2.9	1.8	2.7	2.8
Gold (per ounce)	-1.4	-0.5	-5.6	1.1	-0.2	3.8
Bloomberg Commodity Index	-1.2	6.5	-9.7	0.4	-9.8	-2.9
DJ Equity All REIT Total Return Index	-3.0	15.2	18.0	7.1	9.2	17.0

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.

Sources: Yahoo! Finance, MarketWatch, djindexes.com, London Bullion Market Association.

Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

WHAT DO YOU THINK? A special item went up for sale on a popular online market, last week. It's a 15-foot, 68 million-year-old skeleton of a juvenile Tyrannosaurus rex, according to *The Washington Post*. The 'buy it now' price is \$2,950,000, which puts it beyond the budgets of most people, as well as many museums and universities.

The listing sparked lively debate.

The *Society of Vertebrate Paleontology* responded to the sale with a letter stating:

“The Society of Vertebrate Paleontology is concerned because the fossil, which represents a unique part of life’s past, may be lost from the public trust, and because its owner used the specimen’s scientific importance, including its exhibition status at [Kansas University], as part of his advertising strategy. These events undermine the scientific process for studying past life as well as the prospect for future generations to share the natural heritage of our planet.”

It's a bit of a conundrum since many museums and universities rely on fossil hunters for specimens.

A paper in *The Journal of Paleontological Sciences* explained:

“The commercial fossil business has led to an abundance of paleontological discoveries and has resulted in that industry becoming a leader in museum fossil preparation, restoration, and mounts. This, in turn, has motivated many museum directors and trustees to turn to the fossil industry to acquire noteworthy and exciting specimens. This is often frugal and necessary especially when many museums do not have the staff or ability to mount collecting expeditions, create and house a preparation facility, or hire a fully trained and educated staff.”

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The Washington Post interviewed the fossil hunter, who indicated, "...he has given scientists and the public ample access to the T. rex these past two years. Now, he contends, he deserves to be compensated. [The owner of the T-rex skeleton] has yet to receive an offer but says that he's heard from prospects all over the world and that some people have even asked about shipping costs."

Weekly Focus – Think About It

"It is better to debate a question without settling it than to settle a question without debating it."

--Joseph Joubert, French philosopher and essayist

Best regards,

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P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

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- * All indexes referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
- * The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
- * The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
- * Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
- * The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
- * The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
- * The Dow Jones Industrial Average (DJIA), commonly known as "The Dow," is an index representing 30 stock of companies maintained and reviewed by the editors of The Wall Street Journal.
- * The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ system.

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- * Consult your financial professional before making any investment decision.

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