ABL Money Management Update

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2nd Quarter 2019

On June 3rd, after a significant sell-off in May that was beginning to look like what investors experienced last December, we wrote a research piece entitled "Everything Falling into Place". This may have seemed strange after the U.S stock market faced six consecutive weeks of declines, something that had occurred only a handful of times since 1900. When investors look back, they will understand that just like last December, this sell-off was a solid buying opportunity. The Fed had gone from raising rates to now a lower interest rate stance, unemployment was hitting a 51-year low and the U.S economy was still leading their international counterparts in terms of growth even with the tariffs. All that was needed was progress with the stalled tariff talks with China and stocks were poised for a strong bounce back from the May sell-off. The general stock market is showing its resilience just like it did after the nearly 20% sell-off in last year's fourth quarter. Not to burst anyone's enthusiasm but we plan to get more cautious and reduce risk as valuations rise into the 3rd Quarter. Not only is the 3rd Quarter typically more challenging especially after strong first half again, but the euphoria from any kind of deal with China will likely fade as investors simply get too excited. The devil will be in the details with any agreement, plus investors will need to factor in the probability of China not adhering to the terms if an agreement is reached.

Lower interest rates will keep bonds stable from recent gains but Long-Term Treasuries with the 10-year yielding less than 2% seem more a matter of a low-yield versus the high-risk combination in which we would not participate.

Investors should expect more volatility into the latter half of 2019. Energy rebounded significantly from their lows last month and other commodities came to life as well. Gold pushed ahead to hit levels not seen since 2013 as investors seek other investments to hedge the gains of stocks. It is not a time to get caught up with the major swings, but rather utilize them to your advantage.

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EQUITY INDICES	2nd QUARTER	YTD (6/30/19)	1-YR (6/30/19)
S & P 500	3.8%	14.8%	8.2%
D.J.I.A.	2.6%	14.0%	9.6%
NASDAQ	3.6%	20.7%	6.6%
Russell 2000	1.7%	16.2%	-4.7%
International Stocks (*MSCI* EAFE NR USD)	3.7%	14.0%	1.1%
Emerging Mkt Stocks (*MSCI EM PR USD*)	0.8%	10.8%	1.6%
China (CSI 300)	-1.0%	27.1%	12.3%
Germany (DAX)	6.8%	17.4%	2.1%
Japan (NIKKEI 225)	1.1%	6.3%	-2.3%
India (SENSEX)	2.1%	9.2%	12.5%

**Global Indices returns exclude dividends and are in local currency except where noted otherwise*

U.S. EQUITY SECTORS	2nd QUARTER	YTD (6/30/19)	1-YR (6/30/19)
S&P 500 Utilities	2.7%	12.8%	15.1%
S&P 500 Telecom	-4.3%	18.3%	10.9%
S&P 500 Consumer Staples	3.0%	14.5%	12.9%
S&P 500 Materials	5.7%	16.0%	1.0%
S&P 500 Industrials	3.1%	20.2%	8.2%
S&P 500 Energy	-3.7%	11.1%	-16.1%
S&P 500 Information Technology	5.7%	26.1%	12.6%
S&P 500 Consumer Discretionary	4.9%	21.0%	8.7%
S&P 500 Health Care	0.9%	7.1%	11.1%
S&P 500 Financials	7.4%	15.9%	4.0%

FIXED INCOME AND ALTERNATIVE INVESTMENTS BENCHMARKS	2nd QUARTER	YTD (6/30/19)	1-YR (6/30/19)
Real Estate (*DJ US REIT*)	-0.1%	14.5%	5.6%
Interm-Term Bond (*Barclarys Interm. Gov/Credit*)	2.6%	5.0%	6.9%
High Yield Bond (*BofA/ML Hi Yld Mst II*)	2.6%	10.1%	7.6%
Muni Bond (*S&P 7-12 Yr Muni*)	2.4%	5.7%	7.9%
Short-Term Bond (iShares *Gov/Credit Bond ETF*)	1.4%	2.1%	2.0%
Commodities (*Bloomberg Commodity*)	-1.8%	5.1%	-8.9%
Master Limited Partnerships (*S&P MLP*)	-2.5%	13.5%	-4.5%

Sources: The Wall Street Journal, Yahoo, and Standard & Poor's. Performance is for 2nd quarter and 12 months ending 6/30/19. Performance includes dividends, except where noted otherwise.