> "If you are not willing to risk the usual, you will have to settle for the ordinary."
>
> Jim Rohn

Year in Review

- The S&P 500 hit an all time high recently based on Fed rate cut hopes and good economic conditions.
- Bonds continue to perform well through mid year 2019. The bond fund returns of the funds we use ranged between +3.13% and 6.82% thru 6.30.19.
- Net worth spreadsheet: We believe that keeping track of your Net worth will help you build long term success. We have emailed our Net Worth spreadsheet several times but if you need a copy, please let us know.
- Allocation: With the markets reaching new highs, it's critical to review your allocation. While it's nice to see the account balances increase, it's also important to remember that equities can be volatile.

BENCHMARK CENTRAL JUNE 30, 2019

Citi World Gov't Bond Index 3-7 Yr. Hedged	+4.04%
Russell 2000 (US Small Cap index)	+16.17%
S&P 500 (US Large Cap index)	+17.35%
Wilshire 5000 (US Total Market index)	+17.55%
MSCI EAFE (International Stock index)	+11.77%

Bonds: 2018 vs 2019

While anything can change as we move through 2019, bonds have had a major reversal between 2018 and 2019. During our Quarterly Reviews in 2018 we received a consistent question: What do we do in a rising interest rate environment? The reason why this came up so often was because the Fed was not only actively raising rates BUT there were predictions that the rate hikes would continue throughout 2019.

That all came to end or at least a major stall in 2019. If we were to look at the 10 year Treasury yield as an example we would find the following:

November 8, 2018: 3.24%
July 3, 2019: 1.96%

Between these dates the 10 year Treasury yield declined -1.28% or –39.5% on a percentage basis. In fact, if we look back over a year ago:

January 1, 2018: 2.47%
July 3, 2019: 1.96%

Over 18 months after the Feds rate hikes and predicted rate hikes, the 10 year Treasury declined 0.51% or –20.6% on a percentage basis.

Why does this matter? Because once again its very difficult to predict the markets. There are various reasons why these rates have declined so aggressively. Too many times investors focus on the short term instead of the long term and changes to a portfolio based on short term market movements can serve as a negative to long term performance. If you have questions, please contact your advisor.

Quarterly Client Webinar

Date: Thursday, July 25th, Starting time: 12:30 pm, Eastern Standard Time

Meeting Number: 791 824 274

Website link: https://afadvisorsevents.webex.com/afadvisorsevents/onstage/g.php?MTID=ed4ab0aad556deec59adb93cad3660e60

To join the teleconference only: US TOLL: +1-415-655-0002 Access code: 791 824 274

If you cannot join us for this important webinar, we will post a recording of the entire presentation on our website at www.afadvisors.com.