



Private Capital Group Q3 2019 Review

Good afternoon!

With summer days already behind us, we know that the end of 2019 is already in sight, and with this year's end, comes thoughts of what the next year might hold. We share and celebrate the overall positivity that 2019 has held thus far with all of you, and yet, just as we've seen in this rocky start to Q4, we also expect continued market volatility in the coming year.

As always, we consider our partnership with you to be a privilege that inspires us to bring you sound investment strategies, research, expertise, and a commitment to serve your ongoing financial needs. Looking ahead to the upcoming year, now is the perfect time to refresh and review your personal financial goals and strategy, and we always welcome the opportunity to discuss yours with you.

Third Quarter 2019: Market Update

Financial Market	Q3 2019	YTD 2019
S&P 500 (Domestic Stocks)	1.70%	20.55%
EAFE (International Stocks)	-1.07%	12.80%
U.S. Government / Credit Intermediate Bonds	1.37%	6.41%

Looking Ahead

Like many of you, we've certainly heard the word "recession" in the media quite a bit lately. Since the media often trends towards the sensationalist when speaking of recessions or market downturns, we thought we'd spend a bit of time sharing our own thoughts on what a recession is, when and if we can expect one soon, and how best to prepare to weather the storm.

What Is a Recession?

A financial recession is broadly defined as a downturn in overall economic activity. Although a number of factors come into play when categorizing a time period as a recession versus a simple market downturn, a general rule of thumb is that a recession is typically indicated by two consecutive quarters of a falling GDP. (Gross Domestic Product) Generally, the stock market declines when there is an anticipated recession in the forecast.



Can We Expect a Recession in 2020?

While no one, not even those with all of the most sophisticated research models and data available to them can say for certain when a recession will happen, we can certainly say that based on historical precedents, a recession is a natural and expected economic occurrence. It is quite possible that a certain confluence of factors such as the negative impact of global trade tariffs, an inverted yield curve, challenges with Brexit and/or other unknowns could drive us into a recession in 2020. There is also a possibility of continued slow economic growth without a recession. If a recession does occur, the stock market will likely experience a decline. Take a bear market, for instance, which is defined as a stock market decline of 20% or more. A bear market occurs, on average, about every 6 years. History has also shown us that bear markets are not permanent, and on average, the time it has taken for equity markets to recover from the bear market low and reach new highs has been 22 months – a short blip in a sound, long-term investment strategy.

What Can We Do to Prepare for a Recession?

While even the most seasoned investors are rightfully unsettled by the talk of a looming recession, part of that sensitivity may come from the uncommon absence of volatility over the last few years. We must remember that we are not entering into a new, volatile world, but merely returning to a more normal world of more regular market fluctuations after a period characterized by stability and positive growth. At Private Capital Group, we pride ourselves on properly assessing your objectives, goals and risk tolerances to build successful, long-term investment portfolios. We don't measure financial success in single days, weeks, quarters, or even years. We measure in decades and lifetimes.

So, as unpleasant as a recession may sound, know that our process anticipates such declines and allocates accordingly. Put simply, we address risk in advance of volatility, not in reaction to it. We know that the time ahead may hold greater unpleasantness and disconcerting news that may challenge us. It is always difficult to see hard earned capital decline in value, and yet, we have seen market volatility many times before, and these are the times when our communication and partnership are most important. We would welcome the opportunity to share our thoughts on any market events or on your own personal financial strategies and goals. We value and appreciate the trust that you place in us and look forward to continuing to work together towards your financial success.

10-07-2019

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Private Capital Group, LLC ("PCG")), or any non-investment related content, made reference to directly or indirectly in this communication will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Information contained in this communication is based on data gathered from what we believe are reliable sources. It is not guaranteed by PCG as to accuracy, does not purport to be complete,

Town Center, 29 South Main St. | West Hartford, CT 06107
Phone 860.561.1162 | Fax 860.561.1018 | Toll free 877.561.1162
www.pcgct.com



and is not intended to be used as a primary basis for investment decisions. Further, you should not assume that any discussion or information contained in this communication serves as the receipt of, or as a substitute for, personalized investment advice from PCG. To the extent discussed herein, investment indices are unmanaged and cannot be purchased directly. Historical performance results for investment indexes and/or categories are included for informational purposes only and generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the US stock market. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. PCG is neither a law firm nor a certified public accounting firm and no portion of the communication should be construed as legal or accounting advice. A copy of the PCG's current written disclosure Brochure discussing our advisory services and fees is available upon request.

Please Note: If you are a PCG client, please remember to contact PCG, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. PCG shall continue to rely on the accuracy of information that you have provided.

Disclosure from our Author:

Investment advisory services offered through PCG, a registered investment advisor. This e-mail may include forward-looking statements that are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. The above communication is written by Madison Kille. Any comments, opinions or facts listed are those of Madison Kille.

If you do not want to receive further editions of this weekly newsletter, please contact Private Capital Group at 860.561.1162, or e-mail: privatecapitalgroup@pcgct.com, or write to us at Private Capital Group, LLC, 29 S. Main Street, West Hartford, CT 06107.