

April 15, 2019

***“The stock market is a device for transferring money from the impatient to the patient.”***  
**– Warren Buffett**

Dear Clients and Friends,

It is the time of the year again when our firm is required to send out several disclosure documents for your review. Please know that these documents are for your benefit and it is necessary that we make them available to you each year. Also, we will be in touch with you over the next few months to execute an updated investment advisory agreement that is necessary for our compliance requirements. Accordingly, please find the following items enclosed in this reporting package:

1. Your quarterly portfolio report as of March 31, 2019
2. Annual Offer Letter of our Form ADV
3. Our Privacy Policy
4. State of New Jersey Disclosure Document

After experiencing a sharp decline of 13.5% during the fourth quarter of 2018, the S&P 500 ended the full year down 4.4%. As the losses continued to mount at the end of the year, the decline during the month of December was over 9%. This selloff saw many investors reduce or completely eliminate their equity holdings during the beginning of 2019. Many investors feared the inevitable end of the bull market was upon them and made the decision to head for the exit. These market declines occurred despite strong economic results in 2018 with solid GDP growth, low inflation and a strong job market. Of course, rising interest rates and fears of trade wars and a global slowdown added uncertainty to the outlook.

However, it seemed as if the moment that January began, the switch was turned back on for positive investment performance. January alone nearly reversed the December losses with a positive return of 8% for the S&P 500. For the entire first quarter of 2019, the S&P 500 returned a positive 13.6%. In fact, all 10 sectors that make up the S&P 500 were positive with the technology sector leading the way with a return of over 19.4% for the quarter, as shown in the table below:

Sectors	Q1	March	Vs. 52-week Low	Vs. 52-week High
Technology	19.4%	4.8%	28.5%	-3.0%
Industrials	16.6%	-1.2%	25.3%	-6.0%
REITs	16.5%	4.6%	21.9%	-0.4%
Energy	15.4%	2.0%	23.8%	-16.1%
Consumer Disc.	15.3%	3.9%	25.1%	-4.8%
Communications	13.6%	2.4%	20.6%	-2.8%
Staples	11.2%	3.7%	16.8%	-0.9%
Utilities	9.9%	2.7%	21.4%	-1.4%
Basic Materials	9.7%	0.9%	17.6%	-9.2%
Financials	7.9%	-2.7%	16.5%	-11.1%
Healthcare	6.1%	0.3%	16.5%	-4.5%

First Quarter 2019 Review and Outlook. <https://www.nasdaq.com>.

The investment performance for the first quarter of 2019 was the best start of a year that has occurred in the last 21 years. Quite a stunning turnaround from the end of 2018 with dramatically good results across all areas of the markets. These returns were turned in on the heels of solid economic news, however; there were and are many current concerns that create uncertainty in the markets: rising interest rates, trade wars and tariffs, renewed Brexit turmoil, rising global tensions and a fear of a global slowdown coupled with our divided domestic politics provide ample reasons for investors to be weary of the markets. However, the markets have soldiered on and rewarded those who have remained invested. In fact, those who viewed the previous quarter's carnage in the markets as a buying opportunity have been richly rewarded. Stocks went on sale and they smartly went shopping.

As legendary investor Warren Buffett pointed out in his quote at the top of this letter, patience is truly a virtue when it comes to investing in the markets. Patience tends to reward long-term investors at the expense of those who make emotional investing decisions. Attempting to "read the tea leaves" and jump in and out of the market is extremely difficult to successfully implement over time. Knowing when to get out and then when to get back in is challenging at best and perhaps nearly impossible to accomplish as a long-term strategy.

The history of the markets has taught us that the patience that is required to maintain a long-term investment perspective has been duly rewarded with positive investment results. Using the S&P 500 as a proxy for the market, someone who stayed invested over the last 25 year period (3/31/94 – 3/31/2019) has enjoyed an average annual return of almost 10%. This return is all the more impressive considering that events such as the bursting of the 1990's Internet bubble, the Asian crisis, 9/11, the financial crisis of 2008 – 2009 and the Flash Crash all occurred during this period of time. Imagine instead, the miraculous timing that would have been required to be out of the market for these events (and many other difficult days and weeks) and back in for all of the good days. Indeed, Buffett's sage words as usual are an excellent guide for investors to follow.

As always, we thank you for your continued support and confidence and we look forward to writing to you next in the summer. Meanwhile, please feel free to contact us anytime with questions or comments.

Best regards,

*Bob*

Robert W. Joel, CFP  
Chief Investment Officer

*Chuck*

Charles T. Woolston, CPA  
Chief Executive Officer