



Private Capital Group Q4 2019 Review

Good morning!

We thank you for another year of partnership. Our resolution for 2020 is to continue to raise the bar by enhancing your financial well-being with excellent advice, sound strategies, and decades of expertise. The start of a new year is a time of reflection on the past and thoughtful planning for the future. Now is the perfect time to evaluate your current financial goals and strategies, and as always, we encourage you to reach out to us with any thoughts or questions.

What a year! 2019 certainly had many surprises, and many of them were pleasant ones! The past year was one of the strongest in the history of financial markets. Concerns around a US-China trade war have lessened, and central banks worldwide are in an easing mood with lower interest rates to spur their respective economies. As illustrated in the chart below, all major, non-cash financial markets did exceptionally well in 2019.

Fourth Quarter 2019: Market Update

Financial Market	Q4 2019	YTD 2019
S&P 500 (Domestic Stocks)	9.07%	31.49%
EAFE (International Stocks)	8.17%	22.01%
U.S. Government / Credit Intermediate Bonds	0.37%	6.8%

Looking Ahead

While it's tempting to focus on the positive year end numbers and the continued upward trajectory we've enjoyed over the last six months, we would be remiss in our year-end review if we didn't also acknowledge not only the more volatile first half of 2019, but also the altogether likely possibility of volatility retuning in 2020. After six months of great growth and gains in the financial markets, we would all like to consider this state of optimistic affairs as our new normal, but history tells us that the markets are cyclical. So, as much as we would like to see another repeat year of record-breaking highs, we know that the only certainty in the future is change. We are happy to share the joys of the present with you, but it is our true privilege to work with you to ensure peace and security in your future with a financial legacy built over a lengthy time and many market cycles.

We enter 2020 in good spirits, buoyed by the great returns of 2019, but also with a keen eye toward what we know will be an eventful year given the current state of the US administration



and the upcoming presidential election. Last quarter, we focused on the increasing dialogue of a recession in 2020, and while talk of a recession has certainly declined, we can't rule out the possibility. There are always reasons to be both optimistic and pessimistic with short-term predictions, but longer term, the probability of success generally rewards those investors who stay the course.

Financial Mindfulness

At Private Capital Group, we pride ourselves in the use of forward looking capital market assumptions and asset allocation modeling to build portfolios that are designed for success rates over market cycles. Because our natural tendency is to focus on the past and future, we can sometimes forget to bring our awareness to the present moment. We would like to encourage you to take a moment to celebrate and acknowledge the decades of hard work, effort, and sacrifice that have brought you to this present moment.

2019 was a great year – enjoy it. We look forward to sharing in the good news and returns of the moment, and we truly appreciate the trust and confidence you place in us. We look forward to another year of partnership and working towards your financial goals. Please contact us with any questions. We wish you and yours a healthy and happy new year.

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