FORESTVIEW
—FINANCIAL PARTNERS—
HELPING YOU SEE THE FOREST *AND* THE TREES

2019 1st Quarter Newsletter

2018 4th Quarter Review

Happy January, and Happy New Year! I hope that you had a wonderful holiday season surrounded by friends and family. I and my family spent some time in Wisconsin (Madison area) visiting my wife's family. We had a ton of fun, including an ugly sweater/ holiday dress-up party, which I've shared a picture from that night here for your amusement.

Unfortunately, as much as I would have liked, I was not able to "disconnect" all that much during the trip. This crazy stock market had me glued to my laptop and iPad (which continually streamed Bloomberg and CNBC) every day except for the two days the market was closed (Christmas day and New Year's day). My wife, of course, was super happy about this situation (read with a great deal of sarcasm), but alas was understanding and as supportive as any loving wife would be.

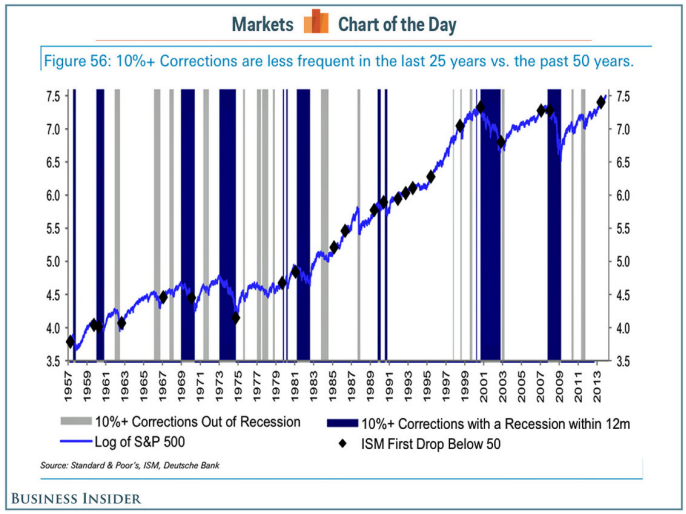
I've been a financial advisor for over 21 years now and have been through a number of market corrections, crashes and two recessions. I've been trained to keep a long-term view in mind and educate clients as to

the importance of doing the same. However, I do freely admit that market declines are never easy to go through, and always produce varying degrees of stress and anxiety. But they are a necessary part of investing - if our goal is to grow our investments at a higher rate than inflation, whereby investing (at least some portion) of our funds in higher-risk, higher-return asset classes like stocks.

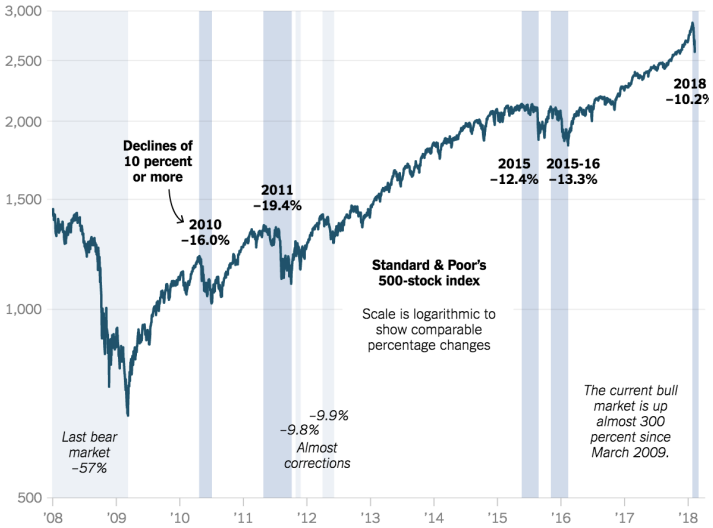
Roller coaster ride

2018 felt like the stock market took us on a wild roller coaster ride. The 4th quarter certainly felt like a punch to the gut, especially because we had just experienced a correction earlier in the year, and in August the S&P 500 had just gotten back to its previous high set at the end of January. However, let's keep this in perspective. Statistically, market corrections actually happen more frequently than we've experienced since the Great Recession ended, and really even since the go-go bull market of the '90s - but that is overshadowed by the two crashes we experienced since then with the dot-com bust and then the financial crisis.

Here is a chart of the S&P 500 with corrections highlighted from 1957 - 2013. Notice the frequency of corrections prior to the late 80s/early 90s versus afterwards.



And another chart with more recent years since the Great Recession.



According to Deutsche Bank, the stock market, on average, has a correction (defined as a decline of at least 10%) every 357 days, or about once a year - and we went through the entire year of 2017 without one. Another statistic shows that over a typical 12-month period of time, the odds of making money in stocks is about 75%, and prior to 2018 the S&P 500 had not posted a loss since 2008. To say we were "overdue" is an understatement. So, why now? What was the catalyst?

"A long way from neutral…"

Through the end of September, the S&P 500 was sitting at a positive 10.56% and looking like we'd end the year with healthy returns. That picture changed quite dramatically during the month of October, starting on Wednesday October 3rd with some words spoken by Fed Chairman[1], Jerome Powell. During an interview on PBS he said that the current "interest rates are still accommodative (to the overall economy), but we're gradually moving to a place where they will be neutral." He added, "*We may go past neutral, but we're a long way from neutral at this point, probably*". I italicized that last sentence, because that was the bombshell that dropped on the bond market where the 10-year U.S. Treasury note's yield jumped to 3.21% - its highest level in seven years.

You see, after 8 rate hikes since the Fed started raising rates again in late 2015, the general consensus on Wall Street was that the Fed was close to the end of their rate increase cycle, where the Fed's goal was to stop at a "neutral" Fed Funds rate - one that would neither aid in stoking the fire of the American economy, nor one that would dampen it. Hearing the Chairman say those words sent the bond market's "Spidey sense" tingling, thinking that meant there were going to be many more rate hikes still to come than originally anticipated.

The stock market didn't like it either, but it took it in stride at first. However, the highly over-valued tech sector declined at a faster pace than the overall market, declining almost 4% in three trading days. But, it wasn't until the following week that the proverbial shoes started to drop. The International Monetary Fund (aka IMF) cut its global growth forecast for both 2018 and 2019, also projecting weaker growth in certain major economies, higher oil prices and increasing trade tensions. Then on Wednesday, October 10th, the U.S. government released data showing that producer prices rebounded sharply, stoking fears for higher inflation, which in-turn would lend support to the Federal Reserve for further rate hikes.

Faced with the prospects of a slowing economy within a higher inflationary environment, the markets sold off suffering their worst losses in eight months, led by a sharp decline in tech stocks. The Dow Jones Industrial Average and S&P 500 slid 3.2% and 3.3%, respectively, while the Nasdaq declined 4.1% on the day. The S&P 500 technology sector had its worst day in seven years, declining 4.8%.

As the month went on and more companies continued to announce earnings, things did not get better. On October 24th the S&P 500 closed below the level it was on January 1st, erasing the gains it was sitting at just three weeks before. It slipped past two key technical levels: falling more than 10% from its high on September 21st (defined as an official "correction"); and falling below its 200-day moving average.

All this despite the fact that 78% of S&P 500 companies that had reported earnings by the end of October (which amounted to almost three-fourths of all companies in the index) had reported earnings-per-share (EPS) that beat analysts estimates. In fact, 3rd quarter earnings results were turning out to be amazingly good, with FactSet[2] projecting a year-over-year earnings growth rate of 24.9% - the second highest growth rate since Q3 2010.

However, this good news was not met with the positive reaction from Wall Street as one might expect. FactSet reported that it was the worst price reaction to positive EPS surprises since Q2 2011.[3]

Helping to increase fears of a slowing global economy, several companies, including a few really important ones, announced lower forward guidance during their calls. Caterpillar, 3M and DowDuPont all made various comments during their announcements forecasting cost increases due to global risks such as rising interest rates, a stronger U.S. dollar, and the trade war with China.

By the end of October, the US Stock market, as measured by the Russell 3,000 index (an index that encompasses 98% of all US Stocks) had lost $3.5 trillion dollars since the 9/20/2018 peak. This blog post from Bespoke Investment Group (who I follow and purchase research from) charts the losses per sector, as well as the individual stocks with the largest market cap losses: https://www.bespokepremium.com/think-big-blog/trillions-in-losses/

However, the rout was not done…not by a long shot, as we will review shortly. Before that, I want to share this chart that Bloomberg's David Wilson emailed out on 10/29 to his "Chart of the Day" subscribers (of which I am one) that, in hindsight, was a foreshadow of what was to come. The chart shows that while the S&P 500 had experienced a correction, the world markets were already in a

bear market (a decline of at least 20%).

ABOUT-FACE!

November started off well with the S&P 500 rising about 3.5% in the first week before reversing and declining about 6% from there for the next two weeks.

The November 6th mid-term election results saw the House flip control to the Democrats while the Republicans increased their majority control of the Senate by two seats. All-in-all, my opinion is that the results did very little to move the market either way. Uncertainty about the direction of the economy, Treasury yields, and U.S.-China trade talks were all the buzz.

Then on November 28th, in what was probably the most remarkable "about-face" ever executed by a Federal Reserve Chairman, Jerome Powell made comments during a speech at the New York Economic Club[4] that indicated that the Fed was nearing the end of its rate-hiking cycle. He said that the Fed's key benchmark interest rate was near the neutral rate. Absolutely bizarre considering that the Fed had not increased rates at all since his comments on 10/3 stating they were "a long way from neutral"! Stocks surged that day, and the yield on the 2-year U.S. Government Bond fell hard to 2.79% from a high of 2.85%. Stocks continued to increase the next two days pulling the S&P 500 out of negative territory for the year and November ended with a year-to-date gain of about 3%.

The yield on other maturity Treasuries had also been falling and the 10-year bond, since peaking early November at 3.25%, had fallen to just below 3% on the first day of December. It was also on this day when Presidents Trump and Xi Jinping agreed to a truce and continued talks, putting a hold on any further tariffs for a 90-day period.

December is generally a strong month for stocks, with eight of the last ten Decembers (2008-2017) posting positive returns. This, along with Powell's recent comments and the "Trade Truce" as a backdrop, investors entered December with cautious optimism for a "Santa Clause rally" to salvage a positive return for 2018. After-all, stocks had not fallen in a mid-term election year since 1946!

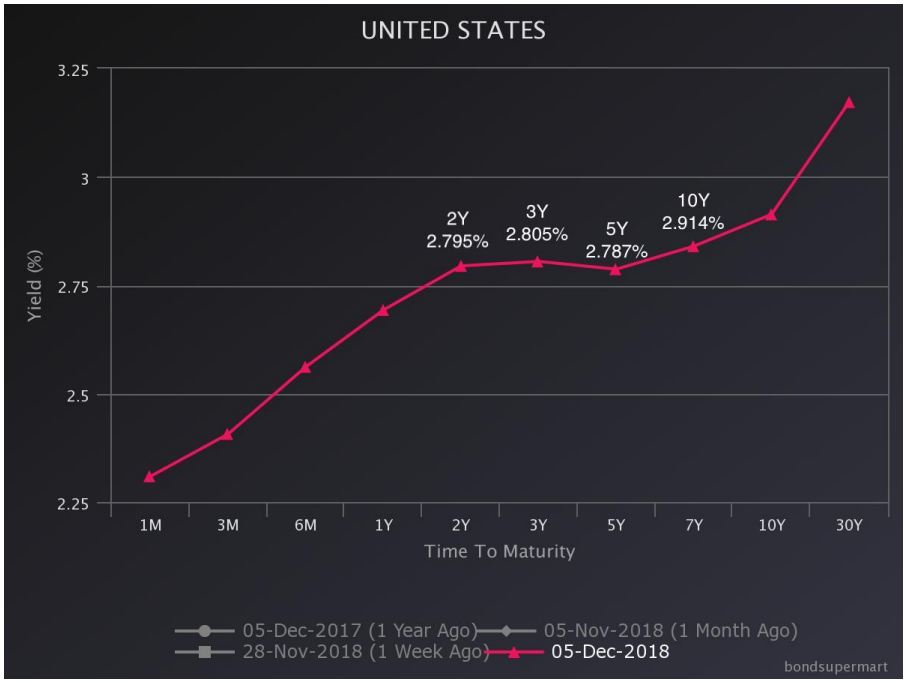
Santa-Clause delivers a gift of coal to investors

Whatever little cautious optimism Wall Street held onto going into December was thrown out the window early in the month. On December 4th the Yield Curve inverted for the first time since 2007. On this day, the yield on 5-year Treasuries dipped below the yield on 2-year Treasuries (meaning that investors were earning more interest on buying a U.S. Treasury bond that matures in 2 years versus the one that matures in 5. See the chart below of the curve on the day after.

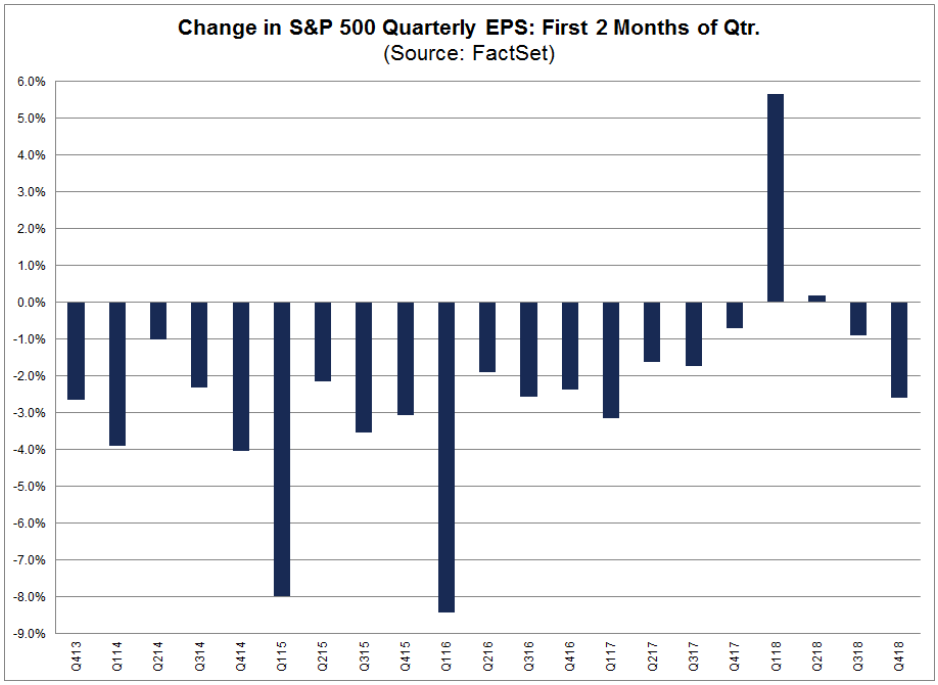
While the 2-year/5-year spread isn't followed as much as the 2-year/10-year spread, it was important nonetheless. It sparked the next leg down in the stock market with the S&P 500 losing over 3% on the day and the Nasdaq losing nearly 4%.

(For those that want a refresher on the Yield Curve and the dreaded "inversion" can refer to my newsletter from July 2018 here: https://static.fmgsuite.com/media/documents/d14eb599-68a7-4e76-8b0f-5127d0fb25e0.pdf)

Here's a good article from Forbes on the inversion event with a good explanation on how it got this way. https://www.forbes.com/sites/jimcollins/2018/12/04/the-yield-curve-just-inverted-sort-of-and-that-is-a-sell-signal-for-stocks/#6462cdf13eaa



What was also preying on the minds and fears of Wall Street was the projected slowdown in earnings growth from the largest publicly-traded companies in the U.S. By the end of November, all of the S&P 500 companies had reported their 3rd quarter earnings. The projections that FactSet had reported at the end of October had held pretty true. When all had been reported[5], 78% of companies had, indeed, exceeded EPS estimates. Furthermore, the annualized growth rate of those earnings clocked in at a full percentage point higher than their October estimates, coming in at 25.9% - which was *the highest* growth rate since Q3 2010!



The problem, however, was with the forward guidance. What started with those few bellwethers I spoke of earlier, turned into a tsunami of bad news. 77% of S&P 500 companies issued negative EPS guidance for Q4 earnings. According to FactSet[6], This was the largest cut to EPS estimates since Q1 2017. Here's a chart they posted offering a great visual of this.

More Fed-speak

The Federal Open Market Committee (FOMC) met December 18 & 19 and, as most expected, they raised the Fed Funds rate another 0.25% to a target range of 2.25% - 2.50%. Additionally, Chairman Powell offered guidance on what they were thinking as far as further rate hikes.

"Many FOMC participants had expected that economic conditions would likely call for about three more rate increases for 2019. We have brought that down a bit and now think it is more likely that the economy will grow in a way that will call for two interest rate increases over the course of next year."

This just wasn't good news to Wall Street analysts and market pundits who had been listening to CEOs and CFOs for the past two months on their earnings calls sharing how bad things looked on the horizon for their companies. Wall Street wanted the Fed to stop with the December raise. In fact, many thought that they shouldn't have even raised then. Global economy was slowing at a faster rate. Fortune 500 companies were projecting negative earnings growth. Part of the yield curve had already inverted, with the most important section of the curve (the 2/10 spread) extremely close to inverting. Continued uncertainty with the U.S.-China trade skirmish, as well as with Great Britain's tumultuous political process to exit from the European Union (which I won't even get into in this writing). Now they feared that the Fed was going to push us right into the next recession with two more rate hikes in 2019.

From then until Christmas Eve the S&P 500 dropped another 8%, with the index losing 2.7% on Christmas Eve alone. It ended up being the worst Christmas Eve[7] *ever!*

Has the tide turned?

Then, the very next trading day - the day after Christmas, it was as if the Christmas Spirit filled up Ole Ebenezer (or should I say "E-***bear***-nezer"?) Scrooge and money flowed back into the markets, bidding up shares of over-sold, "on sale" stocks in dramatic fashion. The S&P 500 gained just about 5% on the day, as did the Dow Jones Industrial Average which posted its biggest one-day point gain ever of 1,086 points.

There was no new news that sparked this buying spree. No major economic reports were released, however there were several retailers that indicated that holiday sales were strong, despite the fears that the economy was stalling out. It's possible that with the start of the 4th quarter earnings season just a few weeks away, investors held out hope that companies would be providing fresh guidance for 2019 that would alleviate their worst fears.

It's also possible that the triggering of a technical event is what turned the tides. At the close of the market on Christmas Eve, the S&P 500 was down just shy of 20% from its high set on September 20th. A 20% decline is considered a "bear market", and historically speaking, a "V" shaped recovery typically follows a bear market decline in the absence of a recession. And while recessionary fears certainly have been mounting, the country's GDP numbers are still indicating that we are not in a recession yet (The final reading of Q3 GDP growth came in at 3.4%).

In any case, the "rally", if I dare call it that at this point, is showing promise. As of writing this the weekend of January 12-13, the S&P 500 is up almost 10.5% from its recent bottom on 12/24 through January 11th.

As for December, the S&P 500 lost 13.52% for the month. It was the worst month that the stock market had seen since October 2008 - in the throes of the financial crisis; and it was the worst

December that the market had seen since December of 1931 - during the massive stock market wipe-out of the Great Depression!

For the full year, the S&P 500 index posted a loss of 4.38%. Here's a chart I created of 2018 with some of the notable events that occurred in the 4th quarter that I've mentioned in this writing. Each one of the vertical bars (green or red) represents a day that the market was open for trading.
As for the rest of the indexes, I've provided a full list of index returns on one of the last pages of the newsletter, courtesy of Morningstar.

Update on Portfolios and Strategies

The three stock model strategies that I use to fill the large-cap (primarily) stock asset class in client portfolios held up pretty well. These are active stock portfolios that come from research that I buy from Morningstar, Inc., a renowned independent research company founded 35 years ago. I'll go through each of them and share some highlights.

"Summer" Growth Strategy

I'll start off with the model that held up the best - the growth strategy. This strategy seeks long-term capital appreciation by investing in 19-25 companies with strong and growing competitive advantages. While it focuses on large-cap stocks, it may also invest in mid-cap and small-cap companies as well. It uses a growth at a reasonable price strategy (GARP), by investing in companies with consistent, above-average earnings growth whose stocks are not trading at overly high valuations.

This strategy was down -10.89% (net of fees) for the 4th quarter, but managed to eke out a positive return for 2018. The return for the full year was +0.56% (net of fees).

Notable portfolio changes in the 4th quarter: sold out of Cerner Corp (CERN) and Starbucks Corp (SBUX); and established a new position in Microsoft (MSFT).

"Spring" Value Strategy

The Spring Investment Strategy seeks long-term capital appreciation by investing in 25-30 companies whose stocks are trading at discounts to their fair value. They have competitive advantages relative to their peers and they have strong balance sheets. While it focuses on large-cap stocks, it may also invest in mid-cap and small-cap companies as well.

Historically, this investment strategy has lagged the S&P 500 in bull markets but significantly outperformed it in bear markets.

This strategy actually has two separate models - one that is used in tax-deferred (IRA) accounts, and another that is used in taxable accounts. The two models are almost identical except for two positions. The taxable version has two stocks that are taxed as master-limited-partnerships (MLPs). Because these are generally not good investments for IRAs, the tax-deferred version has replaced these with two different, but similar stocks that are not MLPs.

The taxable model was down -9.51% for the 4th quarter and it was down -5.94% for the year. The tax-deferred model was down -8.36 for the 4th quarter and down -6.08% for the year (all returns are net-of-fees).

Notable portfolio changes in the 4th quarter: reduced the positions of Visa (V) and Berkshire Hathaway (BRK.B); added to Alphabet (GOOGL); and established new positions in Facebook (FB) and Charles Schwab (SCHW).

Growth vs. Value

I'll take the opportunity here to briefly discuss the growth vs. value debate. If you read my comments on this topic in the July 2018 newsletter (https://static.fmgsuite.com/media/documents/d14eb599-68a7-4e76-8b0f-5127d0fb25e0.pdf) this will be somewhat of a little update to that. Prior to 2009, value outperformed growth most of the time. From 1995 to 2008 (14 years) value outperformed growth in 10 of those years. However, since 2009, when the markets began to recover from the Great Recession rout, value has only outperformed in just 3 of the last 10 years. (See the year by year returns of both the Russell 1000 Growth Index and the Russell 1000 Value Index below)

	Return	Year	Return	
Russell 1000Æ Growth Index	37.18	1995	38.36	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	23.12	1996	21.64	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	30.49	1997	35.18	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	38.71	1998	15.63	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	33.16	1999	7.35	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	-22.42	2000	7.01	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	-20.42	2001	-5.59	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	-27.88	2002	-15.52	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	29.75	2003	30.03	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	6.3	2004	16.49	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	5.26	2005	7.05	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	9.07	2006	22.25	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	11.81	2007	-0.17	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	-38.44	2008	-36.85	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	37.21	2009	19.69	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	16.71	2010	15.51	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	2.64	2011	0.39	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	15.26	2012	17.51	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	33.48	2013	32.53	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	13.05	2014	13.45	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	5.67	2015	-3.83	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	7.08	2016	17.34	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	30.21	2017	13.66	Russell 1000Æ Value Index
Russell 1000Æ Growth Index	-1.51	2018	-8.27	Russell 1000Æ Value Index

However, value outperformed growth in the 4th quarter, which isn't surprising since growth tends to decline harder and faster in a "sell-off" market. On the next page you'll see a chart that Bloomberg put out at the end of November showing the extent that value had outpaced growth. To be clear, value still declined in the 4th quarter…it just didn't do as bad as growth.

"Autumn" High Dividend Strategy

The third stock model, Autumn Investment Strategy, holds 20-30 high-quality stocks that pay large, reliable, and growing cash dividends. The goal of the portfolio is to earn

annual total returns of 8% - 10% over any three-to-five year rolling time period, with current yields of 3% or more. It aims to select stocks capable of dividend growth in excess of inflation and avoid those whose dividends are vulnerable to being reduced. By default, this portfolio leans very heavily to the "value" style since it is these types of companies that generally pay higher dividends. Growth oriented companies typically don't pay any dividends at all, instead plowing all of their net income back into the development of new products and services, rather than pay out a cash dividend to shareholders.

Like the Spring model, this model has two different versions. However, the taxable version has four MLPs in it, so the tax-deferred model has four different stocks in it when compared to the taxable version. Therefore the returns of the two are usually more divergent.

The taxable model was down -4.79% in the 4th quarter and down -6.14% for the year. The tax-deferred model was down only -2.95% for the 4th quarter and down -4.87% for the year (all returns net-of-fees).

Notable portfolio changes in the 4th quarter: Trimmed Amgen Inc (AMGN); established new positions in BlackRock Inc (BLK) and Lloyds Banking Group (LYG); added to United Parcel Service Inc (UPS); added to Enterprise Products Partners (EPD) in the taxable model; and added to FirstEnergy Corp (FE) and established a new position in Enbridge Inc (ENB) in the tax-deferred m odel.

The Strangest Thing

How would you like to be the winning bidder on a piece of art at an auction, only to have that piece of art self-destruct just seconds after you bought it? On October 5th that very thing happened at Sotheby's in London.

BANKSY PAINTING SELF-DESTRUCTS IMMEDIATELY AFTER BEING SOLD FOR $1.4 MILLION

The piece "Girl With Balloon", a spray paint on canvas work done in 2006 by the British street artist Banksy was bid up to more than 1 million pounds ($1.4 million USD). Seconds after the gavel went down, an audible alarm went off emanating from the artwork. Patrons and buyers were alarmed themselves as they watched the canvas slowly slip through the bottom of it's frame passing through a shredder that was hidden inside.

It was later reported that the buyer, a female European collector and longstanding client of Sotheby's would be going ahead with the purchase, after realizing that she would end up owning a piece of art history.

Some people have "money to burn"…this person has "money to shred"!

https://www.nytimes.com/2018/10/06/arts/design/uk-banksy-painting-sothebys.html?module=inline

https://www.theguardian.com/artanddesign/2018/oct/11/woman-who-bought-shredded-banksy-artwork-will-go-through-with-sale

Once again, Happy New Year! Please email or call with any comments or questions you may have.

Warm regards,

Matt

Index Returns

Category	Name	Q4 2018	1 Year	3 Year	5 Year	10 Year	15 Year
Broad U.S. Market	Morningstar US Market TR USD	-14.08	-5.05	9.05	8.06	13.27	8.09
	DJ Industrial Average TR USD	-11.31	-3.48	12.94	9.70	13.16	8.19
	S&P 500 TR USD	-13.52	-4.38	9.26	8.49	13.12	7.77
	NASDAQ Composite TR USD	-17.29	-2.84	11.10	10.97	16.76	9.39
U.S. Style	Morningstar US Large Cap TR USD	-13.29	-3.44	9.62	8.78	12.96	7.75
	Morningstar US Large Core TR USD	-14.82	-8.22	8.52	8.20	12.78	8.48
	Morningstar US Large Growth TR USD	-14.48	2.94	11.18	11.10	15.92	7.91
	Morningstar US Large Value TR USD	-9.59	-5.90	8.80	6.76	10.17	6.51
	Morningstar US Mid Cap TR USD	-15.08	-8.34	7.80	6.74	14.31	9.07
	Morningstar US Mid Core TR USD	-14.22	-11.20	6.16	6.46	14.43	8.94
	Morningstar US Mid Growth TR USD	-17.26	-3.16	9.02	7.15	14.54	9.07
	Morningstar US Mid Value TR USD	-13.48	-10.63	8.14	6.55	13.88	9.03
	Morningstar US Small Cap TR USD	-19.54	-12.11	6.73	4.33	13.09	8.15
	Morningstar US Small Core TR USD	-17.54	-13.66	6.50	4.33	12.84	8.10
	Morningstar US Small Growth TR USD	-21.44	-5.67	8.57	5.53	13.89	8.14
	Morningstar US Small Value TR USD	-19.19	-16.61	4.97	3.06	12.47	8.02
U.S. Stock Sector	Morningstar US Basic Materials TR USD	-15.38	-18.23	6.68	2.95	10.32	6.41
	Morningstar US Communication Svc TR USD	-8.13	-6.70	5.41	5.47	13.88	8.51
	Morningstar US Consumer Cyclical TR USD	-15.62	0.09	9.62	8.74	18.62	9.25
	Morningstar US Consumer Dfnsve TR USD	-6.03	-8.40	3.55	6.49	11.21	8.85
	Morningstar US Energy TR USD	-25.64	-19.41	0.49	-6.49	5.13	7.94
	Morningstar US Financial Svc TR USD	-13.32	-9.90	10.06	8.22	11.33	3.35
	Morningstar US Healthcare TR USD	-10.05	5.91	7.86	11.09	15.15	9.78
	Morningstar US Industrials TR USD	-17.55	-11.90	8.59	6.35	13.04	8.38
	Morningstar US Real Estate TR USD	-6.84	-4.16	3.36	7.62	11.87	7.71
	Morningstar US Technology TR USD	-18.02	-1.29	15.58	13.83	17.66	9.65
	Morningstar US Utilities TR USD	0.92	4.65	11.20	10.79	10.74	9.73
Economic Moat	Morningstar Wide Moat Focus TR USD	-10.25	-0.74	14.56	9.56	15.95	12.03
Foreign Markets	MSCI ACWI Ex USA NR USD	-11.46	-14.20	4.48	0.68	6.57	5.22
	MSCI EAFE NR USD	-12.54	-13.79	2.87	0.53	6.32	4.74
Bond: Broad Market	Morningstar Intermediate Core TR	2.13	0.93	1.93	2.65	3.49	4.20
	Morningstar Long-Term Core TR	1.32	-3.24	3.30	4.55	5.37	5.66
	Morningstar Short-Term Core TR	1.32	1.46	1.35	1.17	1.80	2.49
	Morningstar US Core Bd TR USD	1.69	-0.01	2.08	2.64	3.43	4.03
	Bloomberg Barclays US Agg Bond TR USD	1.64	0.01	2.06	2.52	3.48	3.87
Bond: Corporate	Morningstar Inter-Term Corp TR	0.65	-0.43	2.85	2.85	5.80	4.71
	Morningstar Long-Term Corp TR	-1.15	-5.51	4.25	4.44	7.22	5.82
	Morningstar Short-Term Corp TR	0.86	1.32	2.06	1.78	3.51	3.10
	Morningstar US Corp Bd TR USD	-0.11	-2.30	3.23	3.26	5.69	4.67
Bond: Government	Morningstar Intermediate US Govt TR	2.89	1.44	1.40	1.95	2.41	3.68
	Morningstar Long-Term US Govt TR	4.10	-0.74	2.17	4.85	3.76	5.40
	Morningstar Short-Term US Govt TR	1.53	1.53	1.01	0.91	1.16	2.24
	Morningstar US Govt TR	2.60	0.86	1.41	2.03	2.12	3.49
Bond: Other	Morningstar Mortgage TR	2.16	1.02	1.91	2.85	3.46	4.17
	Morningstar TIPS TR USD	-0.47	-1.27	2.14	1.74	3.63	3.84

Source: Morningstar Direct. Data as of 12-31-18. 3-, 5-, 10-, and 15-year returns annualized.

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Endnotes:

[1] https://www.cnbc.com/2018/10/03/powell-says-were-a-long-way-from-neutral-on-interest-rates.html

[2] https://insight.factset.com/sp-500-earnings-season-update-november-2-2018

[3] https://insight.factset.com/sp-500-companies-see-worst-price-reaction-to-positive-eps-surprises-since-q2-2011b

[4] https://www.cnbc.com/2018/11/28/markets-see-fewer-rate-hikes-in-powell-comments.html

[5] https://insight.factset.com/earnings-insight-q318-by-the-numbers-infographic

[6] https://insight.factset.com/largest-cuts-to-sp-500-eps-estimates-since-q1-2017

[7] https://www.marketwatch.com/story/the-sp-500-is-on-the-verge-of-tumbling-by-the-most-it-has-ever-fallen-on-christmas-eve-2018-12-24