

Market Recap Q3 Jerry Chafkin – AssetMark CIO

Investors this quarter were faced with navigating the crosscurrents of easier monetary policy, slowing growth, rising core inflation and on-again, off-again trade tensions with China.

Bonds outperformed stocks for the quarter as interest rates fell globally. Given falling interest rates, both stocks and bonds have performed well year-to-date 9-30-19, presenting investors an atypical investing environment.

Index	Q3 2019	YTD 2019	5 Year	10 Year
S&P 500	+1.70%	+20.55%	+10.84%	+13.24%
MSCI ACWI	(0.03%)	+16.20%	+6.65%	+8.35%
Barclays Global Bond Agg	+0.66%	+6.44%	+1.94%	+2.65%
Bloomberg Commodity	(-1.84%)	+3.13%	(-7.18%)	(-4.32%)

*Clark Capital Review

Given the current uncertainties, especially regarding the Fed's future actions, now is not the time for investors to try to maximize return by doubling down on the best-performing asset classes and strategies over the past year or two. Instead, investors should emphasize protecting capital against a sudden trend reversal by broadly diversifying across risk assets and strategies even if they have been relatively poor performers over the past decade.

For now, money is cheap, but interest rates will eventually rise somewhere in the developed world, and when they do those markets and strategies that had been laggards will become leaders.

Disclaimer: This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events. Index returns are for illustrative purposes only. Indexes are unmanaged and cannot invest directly in an index. Past performance does not guarantee future results.

Office Changes Afoot

In January 2020, I will begin to share office space with tax professional, Dennis Morrisette, who some of you know. He is a valued partner, and the office space is centrally located in Bellevue and of the professional caliber I seek.

This move coincides with Elizabeth's recent surgery and rehabilitation period. Elizabeth and I have worked together for the past 2 plus years, and like you, I have deeply appreciated her assistance and collaboration here at the firm. I wish her nothing but the very best in her healing process and as she moves on to new and wonderful endeavors beginning November 1, 2019.

The transition to the new office in Bellevue will officially be effective January 1, 2020. Aside from a new address and office number*, my other contact information remains the same. We look forward to welcoming you there.

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Bear Markets are Normal

As we have discussed, it is only a matter of time before we encounter the next bear market. Given all I see and read, we likely have another 12 to 18 months before the current market cycle ends and the next one begins. The caveat is "if we don't suffer a significant geopolitical or terrorist event". Should you be worried about a bear market? No, I don't think so.

- Bear markets tend to be short-lived. Average length of a bear market is 10 months vs. 31 months for average bull market – 1/3rd as long.
- Nearly half (48%) of the S&P 500 Index's strongest days occurred during a bear market.
- You'll likely live through 14 bear markets (given a 50 year investment horizon). This won't be your last one.
- Overall, markets are positive a majority of the time. Bear markets have comprised 20 of the past 90 years of market history. Put another way, stocks have been on the rise 77% of the time.

Excerpted from the article "10 Things You Should Know About Bear Markets" – Hartford Funds (attached)

Rest in Peace

Tom Stevens was "good people". His constant companions, Sandy, his wife, and Sylvia, his cat, were always along for whatever new project or adventure Tom had going. And, he had many! I have never known a person, who knew so much about electronics, motors and making things run. And, a man, who meant so much to so many. He is now gone but never forgotten by all those who loved and respected him. Rest in peace my friend.



b. September 8, 1945
d. September 29, 2019

1st KSH Charity Pumpkin Growing Contest Results



We had so much fun with this contest over the past 5 months. Thanks everyone for being such great sports for charity! We started with 12 clients participating and by the end, about half remained. Why? Some lost plants to deer, others could grow wonderful big blossoms but they could not get pumpkins to grow and still others, found it took until late in the growing season to get a pumpkin growing. Even some of the “greenest of the green thumbs” were disappointed. It was quite surprising. But, most of you tell me you’re game to “do it again” so... look for your pumpkin seeds in April. Enjoy your well-deserved rest and hearty congratulations to our winners.

Grand Prize \$250



Val & Mike 150 lbs.

2nd Prize \$100



Lani 51.2 lbs.

3rd Prize \$50



Linda & Steve 25 lbs.

Kathy’s Corner

There are some periods in our lives where things just feel so good and so right and you know you will never forget them as long as you live. This year has been one of those moments in my life as a Mom. When the stars and the moon aligned for me (and Jay, as parents).

My daughter, Kate, and I took a much awaited “Mom/Daughter” London trip. We completely immersed ourselves in this great city by bike, bus, tube and foot, thoroughly enjoying the incredible sights, energy, fashion, history, and culture. It was an unforgettable adventure between a mom and daughter who genuinely love and enjoy each other’s company.

And, if that wasn’t enough, my son married an amazing woman named Nina, in September. We didn’t lose a son, we gained a daughter. An incredibly awesome, lovely, kind, thoughtful, hardworking, smart young lady. She is going to be the mother of my grandchildren. YES!

The wedding weekend was, in Nina’s words, “dreamy”. And, it was, along with warm, sweet, intimate and full of the personal touches I have come to expect from these two. To meet, and get to know, the special people in their lives, who came to “out of the way” Sunriver from all corners of the globe, touched my heart. They have incredible friends, co-workers and neighbors just as lovely and wonderful as they are. Wow.

Feeling grateful and proud of my awesome children who happen to be some of the coolest human beings I know.



Kathy and Kate



Nina, Kate and Andrew