



The Panopoulos Group Inc.

a Registered Investment Advisor

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2020 Outlook

2019 was a banner year for the stock market. It was the kind of year that makes long term averages look really good, and one that investors could not afford to miss. Coming off a disappointing 2018, 2019 needed to recoup the small loss from the year prior and make up for lost time. It sure did. The MSCI ACWI (All Cap World Index) was up 26.6%! There was uncertainty throughout the year with regard to China and the trade negotiations, the Fed and its interest rate policy, the fear of slowing growth in the economy, etc.

North American markets and many foreign markets left their lows for the year in early January, traded sideways through the summer months, and finished strong in the fourth quarter. The returns were helped by a Fed that admitted they were wrong on the economy and interest rates for the short and long term. They moved from hiking rates to cutting rates three times in 2019. Corporate earnings continued to grow, albeit at a slower pace than we had grown accustomed to.

The major averages enter the New Year just off record highs as investors count on a trade deal and a return to positive earnings growth in 2020. With Q4 earnings scheduled to roll out the week of January 13, analysts will be keying in on forward guidance in hopes that the 'phase 1' trade deal will lead to raised earnings estimates going forward. January is usually a barometer for the year and according to the 'Stock Trader's Almanac', over the last 40 years a positive start to the month leads to a better than 80% chance of a positive yearly gain for equities. Also, Presidential election years are typically positive for the markets, except year eight, and always interesting.

Many positives exist for the economy and the markets in 2020:

1. we have lower interest rates to work with
2. while some economists are predicting world GDP to slow, it is still growing
3. the job market is strong, and when people work, people spend

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4. strong fundamentals define the direction of asset prices
 5. sentiment is stronger to start 2020 than the prior few years

While it was challenging to perform as well as the market and simultaneously protect to the downside, our proprietary Maverick Momentum Models (MMM) performed very well in 2019. Models increased between 26.3% and 28.7%. The momentum has also continued into the New Year.

Our process for decision making is void of emotion for good reason. Fear causes investors to sell low. Greed causes investors to buy high. Comfort causes investors to do nothing and hope for the best. Hope is not a strategy. Our strategies continue to make money and beat the respective indices.

George Panopoulos

President