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## Q2 2019 Newsletter

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The US women's national soccer team has just won their second consecutive World Cup championship, the American League edged out the National League in the MLB All-Star game, and Tour de France is now under way, sure signs we are in the prime days of summer. While most of us generally think of summer fondly – a time of year filled with barbecues, afternoons relaxing by the pool, and family vacations – historically, summer has tended not to be a great time for the US equity market, a phenomenon which has led to the well-known market adage “Sell in May and go away”.

However, 2019 appears to be bucking the trend. While the second quarter wasn't exactly smooth sailing, the US equity market wrapped up the quarter with a bolt as the S&P 500 had its second-best June in the modern era (since 1950) gaining more than 7% during the month, giving the index a total return of more than 18% through the first half of the year. The second quarter was also kind to fixed income investors, as falling interest rates provided a tailwind for bonds, helping the Bloomberg Barclays US Aggregate Bond Index gain more than 3%. In fact, despite the current geopolitical uncertainty – US/China trade tensions, Brexit, etc. – most segments of the US equity, international equity, and fixed income markets are in positive territory for the year.

With the S&P 500 having gained more than 18% during the first half of the year and each of the major US equity indices recently hitting new all-time highs, many investors may be wondering if US stocks have anything left in the tank. If history is any guide, there is no reason to assume that the market is running out of steam. Since its inception, there have been 31 occasions when the S&P 500 gained 10% or more through the first half of the year. In 23 out of those 31 years, the second half of the year produced positive returns and across all 31 years, the index has produced an average gain of more than 6% during the final six months of the year. Obviously, we cannot know how the second half of this year will turn out, however, it is encouraging to know that in years past the market has indeed had the steam to continue on an upward trajectory after notching a double-digit gain in the first half of the year.

Like the US women's national soccer team, US equities continue to reign supreme heading into the third quarter, as it is the top-ranked asset class from a relative strength perspective. From a style perspective, we continue to see growth showing strength over value across all three style boxes. Meanwhile, technology continues to lead the race amongst the domestic equity sectors.

As always, we continue to closely monitor your portfolio and stand ready to take appropriate action should the current market landscape shift. If you would like to become more familiar with my investment process and the tools I use to identify market leadership across and within asset classes, please don't hesitate to contact to me at 585-512-2392, or email [pformicola@sagerutty.com](mailto:pformicola@sagerutty.com).

Pina Formicola

Wealth Manager

P.S. If you think this type of information would be of benefit to anyone you know, please share this communication with them.

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Investments that are concentrated in a specific sector, industry, country or commodity increases its vulnerability to any economic, political, currency or regulatory development, which may result in greater price volatility.

The suitability of individual securities should be reviewed by investors with their Financial Advisors to determine whether a particular security is suitable for their portfolios, with full consideration given to existing portfolio holdings.

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