

Monthly Market Commentary

We hope that you were able to enjoy the warm weather with your family and friends over Labor Day weekend! The markets had an amazing run of growth acceleration over the past eight quarters, fueled by strong fundamentals and favorable policy. Earnings season for the 2Q of 2018 is coming to an end with 97% of companies reporting stellar aggregate sales and earnings growth of 9.8% and 25.4%, respectively. US markets have run up and made all-time highs while various European and Asian markets continue to be choppy at best. Global growth projections have been lowered in wake of a slowdown in China and certain European countries. Overall, the US remains the relatively stronger economy; however, it is important to consider that some of the tailwinds from tax reform may be nearing their later innings. In absolute terms, economic activity remains strong but is starting to show signs of drop in momentum, which will impact asset class performance going forward. Looking at the sector level, we observe that certain defensive sectors have started to show strength over the last three months after an extended period of underperformance. Considering various economic factors, we prefer to remain slightly defensive as we believe risk is not being discounted appropriately.

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May Lose Value