



**Wealth  
Management**

**Abrahamson Investment Group**  
1250 NW 128<sup>th</sup> Street, Suite 200  
Clive, IA 50325  
Phone: (515) 225-4502  
Toll-Free: (866) 223-8336  
Fax: (515) 225-4550  
[www.abrahamsoninvestmentgroup.com](http://www.abrahamsoninvestmentgroup.com)

**July 2019**

### **2<sup>nd</sup> Quarter 2019 Market Commentary**

#### **2<sup>nd</sup> Quarter Market and Economic Summary**

- Fed hints at rate cuts in 2019; stocks rally on the news
- Domestic equity markets continue their momentum from the 1<sup>st</sup> quarter
- Trade talks with China grind to a halt, lawmakers prepare to meet regarding the USMCA trade deal
- Unemployment figures continue to be low, even with more people re-joining the workforce. Sub-par wage growth persists alongside an extended period of low inflation
- U.S. recession indicators turn mixed, cautious outlook for the months ahead

**Period Ending June 30, 2019**

	YTD	Annualized Total Returns					Calendar Period Total Returns						
		1 year	3 year	5 year	7 year	10 year	2018	2017	2016	2015	2014	2013	2012
Dow Jones Industrial Average	<b>15.40%</b>	<b>12.20%</b>	<b>16.80%</b>	<b>12.29%</b>	<b>13.67%</b>	<b>15.03%</b>	<b>-3.48%</b>	<b>28.11%</b>	<b>16.50%</b>	<b>0.21%</b>	<b>10.04%</b>	<b>29.65%</b>	<b>10.24%</b>
NASDAQ Composite Index	<b>21.33%</b>	<b>7.78%</b>	<b>19.56%</b>	<b>13.97%</b>	<b>16.80%</b>	<b>17.19%</b>	<b>-2.84%</b>	<b>29.64%</b>	<b>8.87%</b>	<b>6.96%</b>	<b>14.75%</b>	<b>40.12%</b>	<b>17.45%</b>
S&P 500	<b>18.54%</b>	<b>10.42%</b>	<b>14.19%</b>	<b>10.71%</b>	<b>13.98%</b>	<b>14.70%</b>	<b>-4.38%</b>	<b>21.83%</b>	<b>11.96%</b>	<b>1.38%</b>	<b>13.69%</b>	<b>32.39%</b>	<b>16.00%</b>
Russell 2000	<b>16.98%</b>	<b>-3.31%</b>	<b>12.30%</b>	<b>7.06%</b>	<b>11.63%</b>	<b>13.45%</b>	<b>-11.01%</b>	<b>14.65%</b>	<b>21.31%</b>	<b>-4.41%</b>	<b>4.89%</b>	<b>38.82%</b>	<b>16.35%</b>
MSCI EAFE	<b>14.03%</b>	<b>1.08%</b>	<b>9.11%</b>	<b>2.25%</b>	<b>7.31%</b>	<b>6.90%</b>	<b>-13.79%</b>	<b>25.03%</b>	<b>1.00%</b>	<b>-0.81%</b>	<b>-4.90%</b>	<b>22.78%</b>	<b>17.32%</b>
Barclays US Aggregate	<b>6.11%</b>	<b>7.87%</b>	<b>2.31%</b>	<b>2.95%</b>	<b>2.62%</b>	<b>3.90%</b>	<b>0.01%</b>	<b>3.54%</b>	<b>2.65%</b>	<b>0.55%</b>	<b>5.97%</b>	<b>-2.02%</b>	<b>4.21%</b>
Barclays Global Agg. Ex-US	<b>4.99%</b>	<b>4.10%</b>	<b>0.97%</b>	<b>-0.12%</b>	<b>0.71%</b>	<b>2.10%</b>	<b>-2.15%</b>	<b>10.51%</b>	<b>1.49%</b>	<b>-6.02%</b>	<b>-3.08%</b>	<b>-3.08%</b>	<b>4.09%</b>

Based on U.S. dollars

Source: RBC Wealth Management as of  
June 30, 2019



## Wealth Management

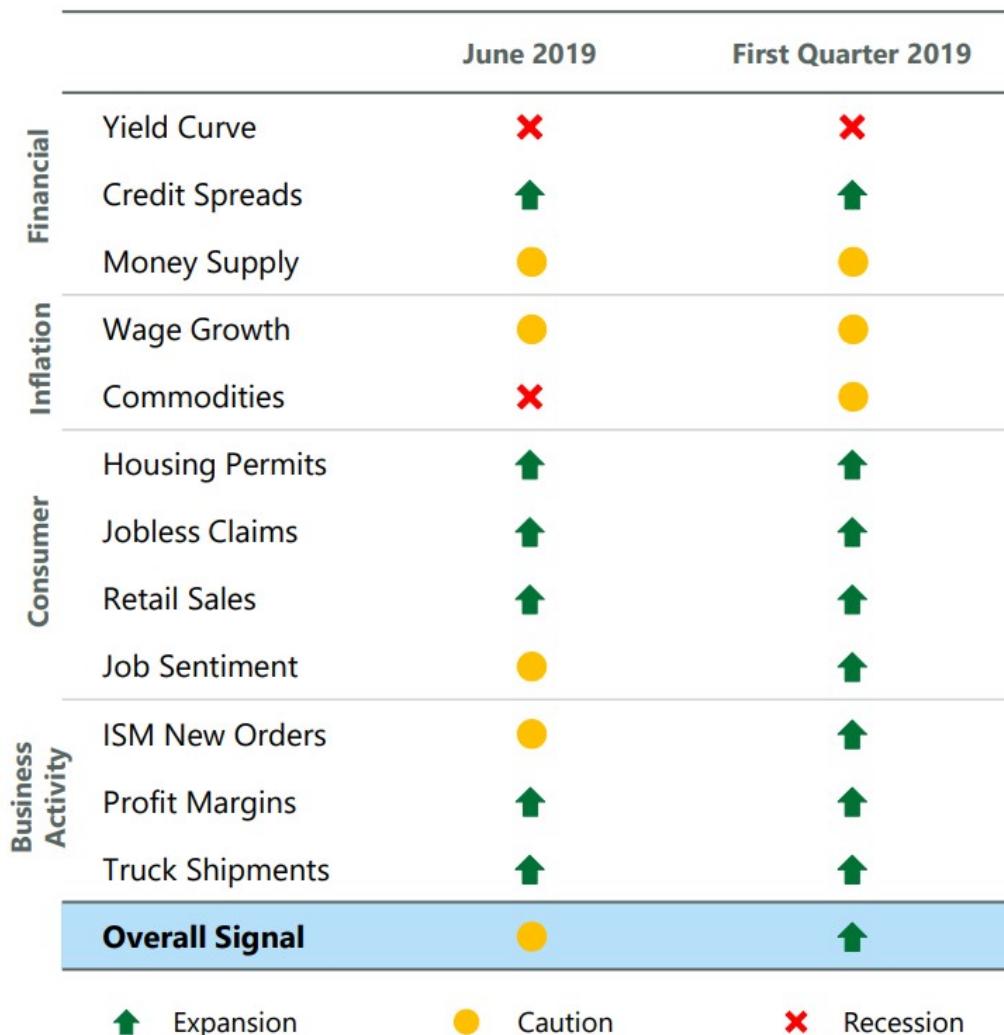
**Abrahamson Investment Group**  
1250 NW 128<sup>th</sup> Street, Suite 200  
Clive, IA 50325  
Phone: (515) 225-4502  
Toll-Free: (866) 223-8336  
Fax: (515) 225-4550  
[www.abrahamsoninvestmentgroup.com](http://www.abrahamsoninvestmentgroup.com)

**July 2019**

### 2<sup>nd</sup> Quarter 2019 Market Commentary

#### U.S. Recession Indicators

Below you will find a chart assembled by ClearBridge Investments used to illustrate how variables that "have historically foreshadowed a looming recession" changed from the 1<sup>st</sup> quarter of 2019 to the 2<sup>nd</sup>:



Data as of June 30, 2019. Source: ClearBridge Investments via BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, and Bloomberg.

For additional context, below is a chart of the last 7 U.S. recessions and how the same variables tracked:



July 2019

### 2<sup>nd</sup> Quarter 2019 Market Commentary

#### U.S. Recession Indicators (continued)

	Recession							
	Current	2007-2009	2001	1990-1991	1981-1982	1980	1973-1975	1969-1970
Financial Inflation	Yield Curve	✗	✗	✗	✗	✗	✗	✗
	Credit Spreads	⬆	✗	✗	✗	✗	⬆	🟡
	Money Supply	🟡	✗	✗	✗	✗	✗	✗
	Wage Growth	🟡	✗	✗	✗	✗	✗	✗
	Commodities	✗	✗	✗	✗	🟡	🟡	🟡
Consumer	Housing Permits	⬆	✗	🟡	✗	✗	✗	✗
	Jobless Claims	⬆	🟡	✗	✗	✗	⬆	✗
	Retail Sales	⬆	✗	✗	✗	✗	🟡	✗
	Job Sentiment	🟡	✗	✗	✗	🟡	🟡	🟡
Business Activity	ISM New Orders	🟡	✗	✗	✗	✗	✗	✗
	Profit Margins	⬆	✗	✗	✗	✗	🟡	✗
	Truck Shipments	⬆	🟡	✗	✗	✗	n/a	n/a
<b>Overall</b>		🟡	✗	✗	✗	✗	🟡	✗
 Expansion       Caution       Recession								

Data as of June 30, 2019. Source: ClearBridge Investments via BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, and Bloomberg.

You can see that there have been several downgrades from 1<sup>st</sup> quarter to 2<sup>nd</sup> quarter, primarily from expansion to caution, in the 12 variables measured. Overall, we feel this analysis suggests caution in the coming months as we measure how additional variables measure up in the near future. As earnings season gets underway, that information should help to give us a better indication as to how domestic companies fared in the 2<sup>nd</sup> quarter and provide some insight as to potential future headwinds.

#### Account Beneficiary Arrangements

With the heat and humidity of the summer months in full swing, we thought it would be timely to discuss an important planning concept you can review in the comfort of your air conditioning. Though the process can seem overwhelming, it is important to review beneficiary arrangements on all financial accounts to ensure your wishes are met accordingly.



**July 2019**

## **2<sup>nd</sup> Quarter 2019 Market Commentary**

### **Account Beneficiary Arrangements (continued)**

#### ***I have a will that directs how my assets should be administered. Isn't that enough?***

Maybe, but it is important to keep in mind that when it comes to retirement accounts, insurance and annuity policies, and some other financial products that the beneficiary listed on these accounts will actually *supersede* any directives of your will. This is why ensuring that beneficiaries on your IRAs, 401(k) plans, insurance policies, etc. are aligned with what your final wishes might be.



#### ***What about non-retirement accounts? Do I have any options available for naming a beneficiary?***

You do! On non-retirement (taxable) accounts, you have the ability to add Transfer on Death (TOD) instructions, which acts as a beneficiary designation. TOD beneficiaries are revocable, meaning they can be amended at any time, and importantly, TOD helps to avoid probate which can delay the distribution of assets after death.

#### ***What if I have a trust?***

A trust agreement is a legally binding document, prepared by an attorney, which creates a trust and establishes the rules that control the trust's management. Trusts aren't for everyone, but a trust can offer you a variety of options and flexibility, including control and continuity as well as potential tax savings that help you reach your planning goals. If you have a trust in place and haven't reviewed the contents in some time, you can contact us to have our Wealth Strategies group review your document for any potential red flags. You can use this information, in conjunction with your attorney, to determine if any amendments need to be made.



**Wealth  
Management**

**Abrahamson Investment Group**

1250 NW 128<sup>th</sup> Street, Suite 200

Clive, IA 50325

Phone: (515) 225-4502

Toll-Free: (866) 223-8336

Fax: (515) 225-4550

[www.abrahamsoninvestmentgroup.com](http://www.abrahamsoninvestmentgroup.com)

**July 2019**

**2<sup>nd</sup> Quarter 2019 Market Commentary**

That's all we have for this quarter's edition of our newsletter. As always, If there is a topic of interest you'd like for us to cover in more detail, please email Colby at [colby.spann@rbc.com](mailto:colby.spann@rbc.com) so that we can do our best to provide material of interest to you in future editions of our newsletter.

We hope you all get a chance to enjoy your summers with family and friends, and we wish you, "safe travels," for those heading out on road trips and vacations! We appreciate the opportunity to work with you and look forward to hearing from you soon.

Warmest Regards,

The Abrahamson Investment Group

-Kirk, Mike, and Colby

The views presented herein are solely those of the Abrahamson Investment Group and do not necessarily represent the views of RBC Wealth Management. Current status of issues discussed in this letter is subject to change based upon market conditions and industry fundamentals. Clients should work with their Financial Advisor to develop investment strategies tailored to their own financial circumstances. Past performance is no guarantee of future results.