# QUARTERLY MARKET REVIEW

## SECOND QUARTER 2019


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JULY 12, 2019

Dear Investors,

Welcome to the second half of 2019 and to your second quarterly letter from Sargent Investment Group. We are very pleased to report that our continued evolution as an RIA is going as well as we could have hoped. This August will bring our one year anniversary of being fully independent and we are already ahead of schedule in terms of the initiatives we had planned to implement, the quarterly letter being one of them. We are excited to continue to introduce new and enhanced ways to communicate and interact with our clients throughout the investment process, all of which are designed to enrich your experience, increase transparency, and enable us to deliver quality investment services.

The first half of 2019 saw remarkably strong stock and bond markets, as the Dow Jones rose 14%, the S&P was up 17% and NASDAQ climbed 20%, while the interest rate on the 10-years U.S. Treasury fell from 2.69% to 2%. Indeed, the stock market begins the second half of the year on the heels of a 6.9% rise in June—its best June in 50 years. If we think back to the beginning of 2019, having just experienced a major correction in the fourth quarter of last year, most Wall Street pundits were predicting a subdued stock market in 2019 with prospects of a recession lurking around every corner. Although we were a bit more cautious at the beginning of the year, we are glad to have stayed the course. The volatility over the last three quarters is another good reminder of why it is so important to stick to our long term plan and avoid the temptation of trying to time the market. This can be particularly challenging during times of weakness, as it was in December of last year. At Sargent Investment Group, we are more interested in, and remain committed to, how our portfolio companies are progressing on a fundamental basis and whether our managed funds are performing as expected for the benefit of our clients' portfolios, in good markets and bad.

The markets received an important boost early in the year when the Fed indicated that it would be "patient" before raising interest rates, and then followed in the second quarter with a statement that it would "act as appropriate to sustain the expansion". Meanwhile, the U.S. economy continues to grow at a faster rate than the rest of the developed world. As markets continue to display bouts of volatility, it is important to remember that year over year inflation rates and interest rates in the U.S. remain relatively low when compared to historical data, and that most indicators seem to point to a slow, growth trajectory in both rates. Trade tensions appear to be abating just in time to perhaps alleviate concerns that the economies here and abroad are slowing. While there will always be geopolitical tensions, it now appears that China and the United States are slowly moving toward rapprochement, the outcome of which should be beneficial to economies around the globe. Also, we believe the Fed's more accommodating posture will help stock market valuations, thereby easing the effects on market indices of the more modest earnings growth now expected for U.S. companies. Nevertheless, following such a strong start to the year, we would expect more moderate performance from the markets during the remainder of the year and we will continue to look to take profits where appropriate, as we likewise continue to search for new opportunities.

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As always, we thank you for your faith and confidence in us, and we look forward to the opportunity to continue to earn both.

Best Regards,

Chris

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Ricardo

**RICARDO ROSENBERG**
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Brian

**BRIAN McGREGOR**
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*The views and opinions expressed are for informational purposes only as of the date of writing and may change at any time based on market or other conditions and may not come to pass. This material is not intended to be relied upon as investment advice or recommendations to buy or sell securities. The information provided is taken from sources we believe to be reliable but it has not been independently verified. All investments carry a certain degree of risk and there is no assurance that an investment will provide positive performance over any period of time. Past performance is not a guarantee of future results.*

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