Market Commentary
July 16, 2018

Dear Investors:

Investors are becoming more discriminating.

Trade tensions escalated as the U.S. administration expanded tariffs on Chinese goods last week. You wouldn't have known by watching the performance of benchmark indices, though. Just four of the 25 national stock market indices tracked by *Barron's* – Australia, Italy, Spain, and Mexico – moved lower.

However, if you look a little deeper into the performance of various market sectors, you discover an important fact: The market tide wasn't lifting all stocks.

It has been said a rising tide lifts all boats. When translated into stock-market speak, the saying becomes, 'A rising market tide lifts all stocks.' In other words, when the market moves higher, stocks tend to move higher, too. That wasn't the case last week.

Barron's reported investors have become more selective:

> "We went from a market where everything moved largely together to one where sector fundamentals began to matter more than where the S&P 500 was going...At the sector level, it's apparent that no one has been ignoring tariffs. While the S&P 500 has gained 1.7 percent over the past month of trading, industrials and materials have dropped 2.5 percent, while financials have slumped 2.9 percent, hit by a double whammy of trade fears and a flattening yield curve. Utilities and consumer staples have outperformed, gaining 8.1 percent and 3.5 percent, respectively."

Utilities and Consumer Staples are considered to be non-cyclical or defensive sectors of the market because they are not highly correlated with the business cycle.

Defensive companies tend to perform consistently whether a country's economy is expanding or in recession. For example, a household's need for power, soap, and food doesn't disappear during a recession. As a result, the revenues, earnings, and cash flows of defensive companies remain relatively stable in various economic conditions.

In addition, the share prices of these companies tend to be less susceptible to changing economic conditions. Defensive stocks tend to outperform the broader market during periods of recession and underperform it during periods of expansion.

Data as of 7/13/18	**1-Week**	**Y-T-D**	**1-Year**	**3-Year**	**5-Year**	**10-Year**
Standard & Poor's 500 (Domestic Stocks)	1.5%	4.8%	14.4%	10.1%	10.7%	8.6%
Dow Jones Global ex-U.S.	0.5	-4.3	4.2	3.2	3.3	1.0
10-year Treasury Note (Yield Only)	2.8	NA	2.4	2.4	2.6	3.9
Gold (per ounce)	-1.1	-4.2	1.9	2.5	-0.7	2.5
Bloomberg Commodity Index	-2.8	-4.9	2.3	-5.6	-8.2	-9.6
DJ Equity All REIT Total Return Index	-0.9	2.2	6.8	8.3	8.3	9.1

S&P 500, Dow Jones Global ex-US, Gold, Bloomberg Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT Total Return Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

WHAT ARE THE BIGGEST RISKS FOR RETIREMENT INVESTORS? If market risk, inflation risk, and interest rate risk were on the tip of your tongue, you need to update your list.

Recently, *T. Rowe Price* surveyed employers that make defined contribution plans, like 401(k) plans, available to their employees. The company asked plan sponsors to rank the risks they were most concerned about for the people who saved in the plan. The top concerns were:

42 percent = **Longevity Risk.** No one knows exactly how long they will live, which makes it difficult for plan participants (and anyone else planning for retirement) to be certain future retirees won't outlive their savings. Longevity risk was among the top three risks listed by 95 percent of plan sponsors.

25 percent = **Participant Behavioral Risk.** "Left on their own, participants tend to take on either too much or too little risk by: failing to properly allocate and diversify their savings; overinvesting in company stock (or stable value/money market funds); neglecting to rebalance in response to market or life changes; and attempting to time the market," explained *T. Rowe Price*.

14 percent = **Downside Risk.** This is the likelihood an investment will fall in price. For instance, stocks have higher return potential than Treasury bonds, and higher potential for loss. When planning for retirement, it's important to balance the need for growth against the need to preserve assets.

If you would like to learn more about these risks and strategies that may help overcome them, give us a call.

Weekly Focus – Think About It

"Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat."

--Sun Tzu, Chinese general and military strategist

Best regards,

SYMPHONY FINANCIAL SERVICES, INC.

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this email with their email address and we will ask for their permission to be added.

Securities offered through LPL Financial, Member FINRA/SIPC.

* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
* Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* All indexes referenced are unmanaged. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
* The Dow Jones Global ex-U.S. Index covers approximately 95% of the market capitalization of the 45 developed and emerging countries included in the Index.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the afternoon gold price as reported by the London Bullion Market Association. The gold price is set twice daily by the London Gold Fixing Company at 10:30 and 15:00 and is expressed in U.S. dollars per fine troy ounce.
* The Bloomberg Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT Total Return Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* These views are those of Carson Group Coaching, and not the presenting Representative or the Representative's Broker/Dealer, and should not be construed as investment advice.
* This newsletter was prepared by Carson Group Coaching. Carson Group Coaching is not affiliated with the named broker/dealer.

* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.
* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
* You cannot invest directly in an index.
* Stock investing involves risk including loss of principal.
* Consult your financial professional before making any investment decision.

Sources:
https://money.cnn.com/2018/07/11/news/economy/china-us-tariffs-list/index.html
http://www.barrons.com/mdc/public/page/9_3063-economicCalendar.html (Click on U.S. & Intl Recaps, then "Trade jitters cont'd") (*or go to* https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/07-16-18_Barrons-Global_Stock_Market_Recap-Footnote_2.pdf)
https://www.barrons.com/articles/nasdaq-hits-record-high-defying-tariffs-1531526401 (*or go to* https://s3-us-west-2.amazonaws.com/peakcontent/+Peak+Commentary/07-16-18_Barrons-NASDAQ_Hits_Record_High_Defying_Tariffs-Footnote_3.pdf)
https://www.investors.com/how-to-invest/investors-corner/follow-the-best-stocks-in-the-market/
https://www.investopedia.com/terms/d/defensivestock.asp
https://www4.troweprice.com/gis/content/dam/ide/articles/pdfs/2018/Q2/advancing-the-way-we-think-about-perceptions-of-risk.pdf
https://www.naic.org/cipr_topics/topic_longevity_risk.htm
https://www2.troweprice.com/rms/rps/Marketing/Assets/pdf/Portfolio%20Perf%20Analysis%20Paper%20022908%2005169-963.pdf
http://www.investinganswers.com/financial-dictionary/investing/downside-risk-2510
https://www.khorus.com/blog/14-inspirational-quotes-strategy-execution

4100 Embassy Parkway, Suite 100, Akron, Ohio 44333-1783
330-434-2000 / Fax: 330-665-1515
www.symphony-financial.com