CLARO ADVISORS

Quarterly Newsletter
July 2019

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CLARO NEWS AND ANNOUNCEMENTS

Greetings from Boston, we hope you are enjoying your summer. At Claro, it has been the perfect combination of productive and energizing. Jeff Corey, an advisor in the Boston office welcomed his first son, Liam to the family. Happy to report Liam and his mother's good health. In addition, we continue to search for office space as our current lease ends December 31st. We will communicate our plans accordingly.

A Moment of Team Recognition…

We were informed recently that we made a special list in an industry magazine. We were recognized as a top 50 fastest growing firm, nationwide. We ranked #19 and the highest of any Boston firm. Given there are thousands of RIA firms in the country, we are very proud of this accomplishment. In my opinion, it is you, our client, deserved of this recognition. We mostly grow by referral and we are humbled that you continue to introduce us to your dearest family, friends and colleagues. Thank you.

TOP 50 FASTEST-GROWING FIRMS* With More Than $300 Million in AUM

GROWTH RANK	FIRM NAME	LOCATION	2018 CLIENTS	YEAR END 2018 ASSETS ($MM)	% GROWTH IN ASSETS 2017-2018	% GROWTH IN ASSETS PER CLIENT
1	The Mather Group	Chicago, Ill.	1,138	3,873.06	156.12%	101.71%
2	Cabana Asset Management	Fayetteville, Ark.	3,539	608.01	101.87%	63.94%
3	Cefaro Greenleaf	Red Bank, N.J.	400	4,300.00	86.96%	-29.89%
4	Per Stirling Capital Management	Austin, Texas	941	1,087.99	74.82%	36.92%
5	GM Advisory Group	Melville, N.Y.	414	1,415.46	72.35%	66.93%
6	Intelligence Driven Advisers	Carlsbad, Calif.	1,200	740.00	68.18%	19.13%
7	Camden Capital	El Segundo, Calif.	302	3,174.61	60.53%	44.05%
8	Miracle Mile Advisors	Los Angeles, Calif.	493	1,399.69	55.89%	3.06%
9	Madison Wealth Management	Cincinnati, Ohio	465	791.86	54.90%	2.60%
10	Accession Wealth Management	Carlsbad, Calif.	875	777.74	50.65%	11.31%
11	Rash Brock Capital Management	Larkspur, Calif.	3,063	1,912.82	50.04%	177.15%
12	Segall Bryant & Hamill	Chicago, Ill.	2,101	18,627.05	49.38%	52.56%
13	Argent Advisors	Ruston, La.	2,095	782.16	47.82%	1.11%
14	Lido Advisors	Los Angeles, Calif.	1,594	4,086.49	47.58%	-5.79%
15	Carson Wealth Management Group	Omaha, Neb.	2,000	7,502.98	46.93%	22.24%
16	Artemis Wealth Advisors	New York, N.Y.	13	1,198.97	42.73%	31.76%
17	Advanced Capital Group	Minneapolis, Minn.	256	22,774.70	38.18%	48.42%
18	Allworth Financial	Sacramento, Calif.	6,623	3,453.73	38.93%	-7.45%
19	Claro Advisors	Boston, Mass.	456	339.67	38.60%	11.55%
20	Glassman Wealth Services	Vienna, Va.	246	1,370.86	37.99%	26.49%
21	Rowling & Associates	San Diego, Calif.	295	545.80	37.84%	28.16%
22	Mariner Wealth Advisors	Overland Park, Kan.	15,813	22,043.09	37.22%	14.69%

Ryan Belanger
Managing Principal

GLOBAL FINANCIAL MARKETS HIGHLIGHTS - Q2 2019 Update

By Michael E. Mullin, CFA

What a difference each month can make. April and May might have seemed like a roller-coaster. The markets go up and then down. Solid company earnings become overshadowed by global trade fears. June brought a fresh bout of optimism to equity markets as a less restrictive Federal Reserve and a trade war "cease fire" agreement between the U.S. and China at the G20 summit gave investors hope that the market cycle can continue for a while longer.

We saw broad gains across most of the major indices as the S&P, Dow Industrial Average, Nasdaq Composite and Russell 2000 all advanced +7% in June. The S&P 500 is now up over 17% at the midpoint of the year. It's the largest such gain to start a year in more than two decades[1]. Even International markets have joined in the party as both Developing and Emerging market indices rose almost 6% in June and are up a healthy 12% and 9% respectively year-to-date.

U.S. Stock Markets	June Closing Price	June Monthly	Q2 Quarter	2019 YTD
S&P 500 Index TR	$2,941.76	6.9%	3.8%	17.3%
Dow Jones Industrials	$26,599.96	7.2%	2.6%	14.0%
NASDAQ Composite	$8,006.24	7.4%	3.6%	20.7%
Russell 2000 Index	$1,692.02	7.1%	2.1%	17.0%
International Stock Markets				
MSCI EAFE Index	$1,922.3	5.8%	2.5%	11.8%
MSCI Emerging Markets Index	$1,054.86	5.7%	-0.6%	8.9%
U.S. Fixed Income				
90 Day T-Bill	2.12% (Yield)	0.2%	0.6%	1.2%
Barclays Aggregate Bond Index	$2,171.71	1.3%	3.1%	6.1%
S&P National AMT-Free Muni	$164.72	0.4%	2.3%	5.1%
Gold	$1,409.00	8.8%	9.9%	10.2%
Oil (WTI Spot)	$58.20	8.8%	-8.8%	28.9%
Bitcoin	$12,017.20	40.4%	131.1%	219.7%
** As of June 30, 2019*				

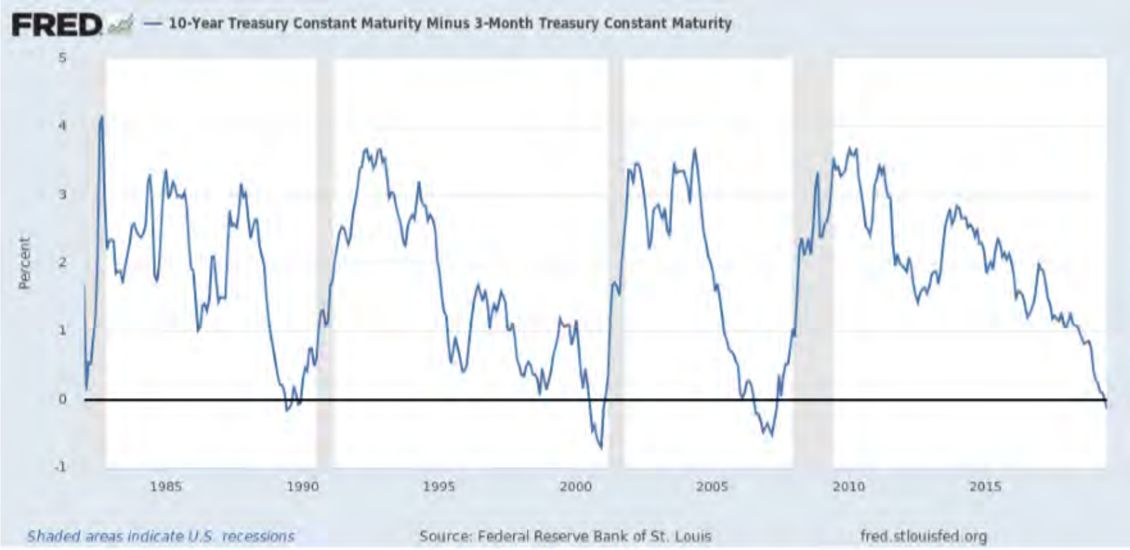
Meanwhile, the wild and feverish ride of Bitcoin continued as it gained +131% over the quarter and is now up +220% in 2019. Whether it's the impact of Facebook's announcement of their Libra digital currency project, the global trade war, FOMO (fear of missing out) or just a move away from traditional currencies and banking systems, it's certainly been a crazed path upward for Bitcoin so far this year.

Fixed Income

Treasury yields continued to move lower as investors anticipate the Federal Reserve will cut interest rates at their July meeting. The 10-year Treasury has fallen to 2% at the end of June from 3.24% back in November 2018, and is now at the lowest level since November 2016[2]. As a result, the yield curve as

1 S&P Dow Jones Indices; Data Sources: https://us.spindices.com/ https://www.msci.com/indexes https://ycharts.com/ https://www.morningstar.com/

measured by the 10-year Treasury minus the 3-month Treasury has been inverted since the end of May. Looking at the graph below, this is often a precursor to a recession 6 - 18 months down the road, which hopefully this time around can be avoided.



Economic Strength, Despite Some Hiccups

We have seen some slowing pockets of growth as manufacturing and consumer optimism have waned slightly while trade disruption has persisted. Still, there are plenty of economic positives to note; labor markets have remained strong and wages have been going up, the consumer has benefited which has allowed spending to remain robust. It will be interesting to see how central banks respond to perceived slowing growth. And if interest rate cuts are warranted, then by how much?

Riding the Old Bull

It's always good to note the adage that expansions don't die of old age, but rather from policy mistakes. There are a lot of policy decisions up in the air currently; whether they involve fiscal policy, trade policy or monetary policy. Let's hope one of them doesn't trip up the expansion. In the meantime, while its okay to remain constructive, it may be prudent to take a more neutral approach in portfolios with a focus towards quality. This can be accomplished by keeping portfolios near the middle of their equity range and firming up fixed income by mitigating credit risk. For long-term investors this may simply mean rebalancing portfolios to long-term allocation weightings.

As we've said many times before, investors should have a steady hand and not let emotions drive investment decisions. Just as we should avoid getting caught up in doom and gloom headlines, we should also avoid the euphoria that exists during bull markets. Instead we need to remain focused on our long-term goals and make sure that portfolios are positioned accordingly.

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2 U.S. Department of the Treasury: www.treasury.gov

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