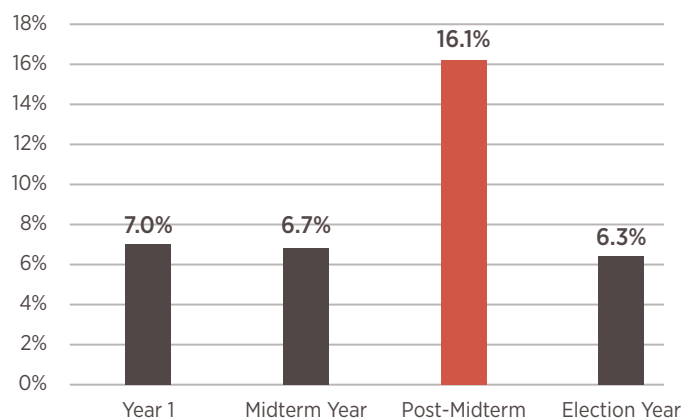


Chart of the Month →

Coming out of midterm elections, many Americans are probably excited to be done with politics for another year. Historically, markets have behaved the same way. Over the past 70 years, average return for the S&P 500 has been the highest by far in the third year of presidential terms, or the year following midterms. The chart breaks down the annual average price appreciation by year of the election cycle. This isn't just a couple of good years pulling the average up either - the median price change for the year after midterms is even higher at 17.3%.

The current election cycle has been far from ordinary, however, and we don't advise timing markets based on rules of thumb. On the other hand, if history does repeat itself then 2019 could shape up to be a good year for the stock market.

Average S&P 500 Price Change per Year of Election Cycle
1948-Present



Source: Bloomberg 2018



The Advisor Survey:

Andrew Mies, CFA®, Chief Investment Officer

What books would you suggest for the upcoming year?

In 2018 I went back to literary basics. My oldest child is in 8th grade and is starting to read some classics so I decided to go back and read (or re-read) books that are staples of middle-school and high school literature classes. My list for 2018 included *To Kill a Mockingbird*, *The Great Gatsby*, *The Grapes of Wrath*, *Adventures of Huckleberry Finn*, *Lord of the Flies* and *A Brave New World*. Why go back to books that are 50 to 125 years old? Precisely because they are 50 to 125 years old and are still being read and taught. These books stand the test of time because they teach us something meaningful. *The Grapes of Wrath* will give you better insight into immigration and poverty than listening to the evening news. *The Lord of the Flies* reminds us how power can corrupt and the importance of independent thinking. *The Great Gatsby* and *Adventures of Huckleberry Finn* made me think about the importance of friendship and family and *A Brave New World* reminds us that without some pain in life it is difficult to truly have joy. While I enjoyed all of these books, my favorite was *To Kill a Mockingbird*. Do yourself a favor and read or re-read it in 2019. You will be glad you did.

	Source: FactSet 2018	November	YTD	2017	Benchmark
Stocks	United States	2.0%	5.1%	21.8%	S&P 500
	Intl Developed	-0.1%	-9.0%	25.6%	MSCI EAFE
	Emerging Markets	4.1%	-12.0%	37.8%	MSCI Emerging Markets
Bonds	US Investment Grade	0.6%	-1.8%	3.5%	Barclays US Aggregate
	US Municipals	1.4%	-0.1%	6.9%	Barclays Municipal Bond 15y
	Intl Investment Grade	0.1%	-4.3%	10.5%	Barclays Global Aggregate xUSD
	Global High Yield	-1.0%	-3.3%	10.4%	Barclays Global High Yield
	Emerging Markets \$	-0.2%	-3.8%	8.2%	Barclays Emerging Markets USD Aggregate
Other	Commodities	-0.6%	-4.7%	1.7%	Bloomberg Commodity
	Gold	0.7%	-6.2%	13.2%	Gold New York Spot (\$/oz)
	Oil	-22.2%	-16.0%	12.5%	Crude Oil WTI/Global Spot NYMEX

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