**December 2018**

**Monthly Market Commentary**

The holiday season is here, and we are wishing you all the hope, wonder, and joy that the season can bring! After a rocky couple of months, markets took a breather heading toward the end of the year. Volatility remains elevated globally and cross asset class volatility is on the rise. Elevated levels of volatility in markets does not bode well for risk assets, which has been our primary reason for being selective in our exposure and maintaining adequate levels of cash this year. As we discussed previously, we believe YoY economic growth in the US may have peaked in the third quarter of 2018. By the end of 2019, we expect growth to slow to average levels seen throughout the current expansion. Global growth estimates have also been lowered in past few months. Earnings for S&P 500 companies came in strong for the third quarter of 2018; however, aggregate sales and earnings slowed slightly compared to the previous quarter and future guidance has been weak. All these factors have implications on asset classes, style factors, and sectors. Considering that we are in the late stage of the economic expansion, it is appropriate to be more defensive for the next few quarters as assets reprice. As opportunities arise, we will reposition to take advantage of any short-term weakness in the coming months.