

MONTHLY ECONOMIC UPDATE

INVESTMENT NEWSLETTER / OCTOBER 2019

October Summary

Investors were on edge exiting the third quarter as the wall of worry continued mounting. The United States' trade negotiations with China were going nowhere, global bond yields were falling, and economic data was highlighting slower growth around the world. Fast forward one month and perception has turned more favorable. Trade negotiations advanced, the Brexit deadline was extended avoiding a hard exit for the time being, and select economic data was less bad than anticipated. The U.S. Federal Reserve also delivered a widely expected 25 basis point interest rate reduction, the third so far this year. Less bad news is the new good news and was enough to push U.S. large-cap equity markets to fresh all-time highs. U.S. yields rose ever so slightly in-line with improved sentiment, although they remained well below levels reached earlier this year.

The world economy remains in a tight spot despite a recovery in sentiment. Most signs point to slower growth across most major

developed and emerging market countries. In particular, Europe and Japan are stuck between the proverbial 'rock and hard place' as their vast monetary easing attempts have largely failed to stimulate extensive growth and inflation. China, the gorilla within emerging markets, has also seen its growth level come down, although the People's Bank of China is committed to prop up activity at next to any cost.

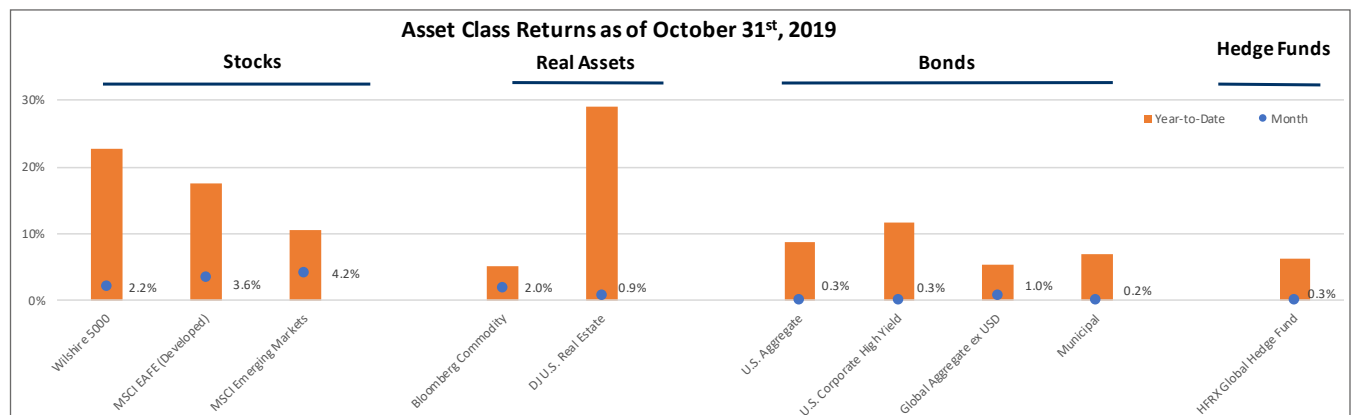
The U.S. remains a better house on a bad block with the consumer being a core bright spot. This reflects historically low unemployment levels and associated wage growth. That said, the domestic economy is also flashing select warning signals as economic growth and business spending have declined recently. Elsewhere in the U.S. economy, things are mixed. The housing market is riding a healthy tailwind from falling borrowing costs and average national home prices continued to rise in recent months, albeit at a slower pace. Limited inventory at entry-level price points has especially

boosted prices in that portion of the market. Third-quarter corporate earnings exceeded expectations despite still falling.

Consumer confidence, on the other hand, fell over the past three months to the surprise of many economists. Ultimately, the impending holiday season will be an important indicator on the forward health of the domestic consumer.

Equity markets were positive over October. In contrast to much of this year, international markets outperformed U.S. counterparts and smaller market-cap securities outperformed large-caps. Many equity markets continue to have impressive year-to-date returns well into the double-digits. Bond markets fared well amidst a supportive credit environment and little change in yields. Overall, a diversified portfolio is the best defense against today's uncertain and confusing landscape that is likely to include heightened levels of volatility going forward.

Market Data

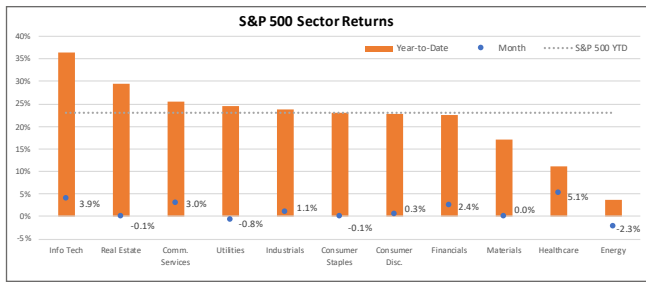


Morningstar,® bond indices from Bloomberg Barclays

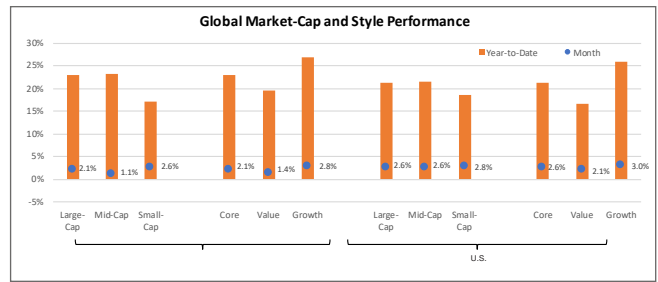


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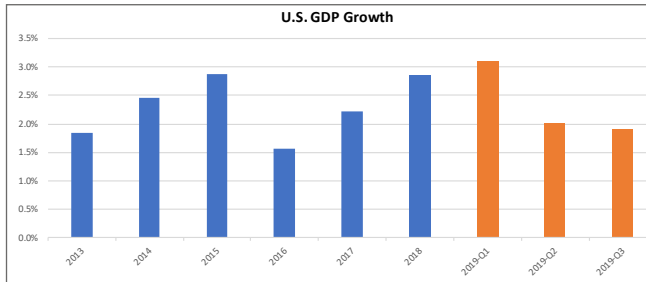


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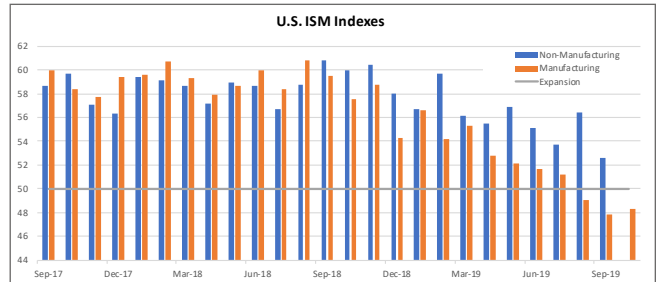


Bloomberg; U.S. indices from Russell and World indices from MSCI

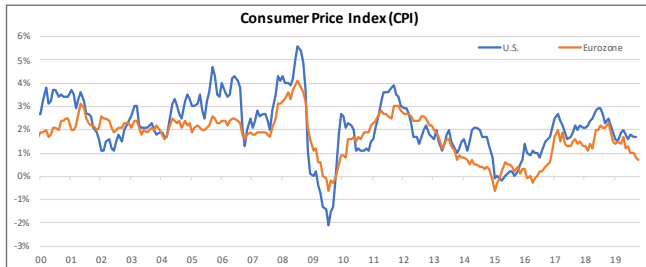
Economic Data



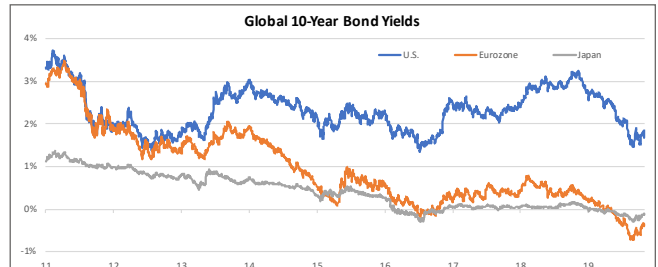
U.S. Department of Commerce



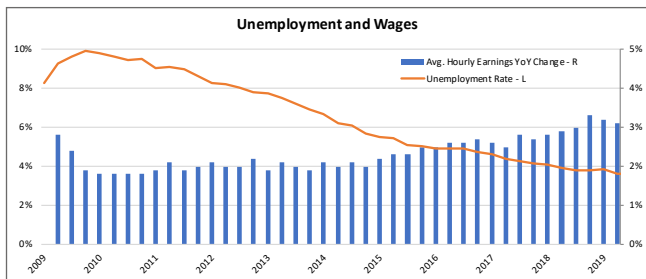
Institute for Supply Management



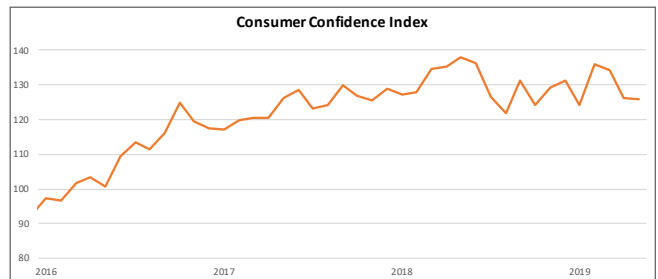
U.S. Bureau of Labor Statistics



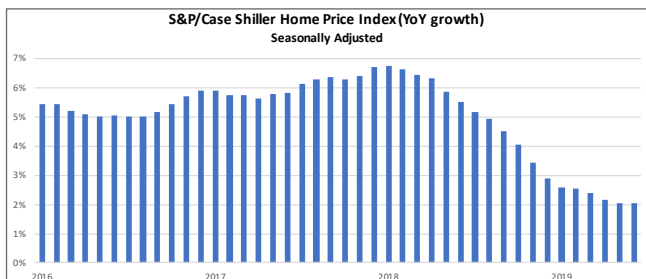
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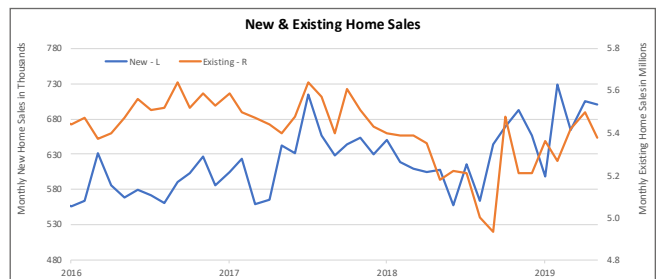
U.S. Bureau of Labor Statistics



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U.S. Bureau of the Census

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This commentary was written by Craig Amico, CFA®, CIPM®, Senior Investment Analyst, Noreen Brown, CFA®, Director of Portfolio Management and Steven Melnick, CFA®, Senior Investment Analyst at Summit Financial, LLC., an SEC Registered Investment Adviser (“Summit”), headquartered at 4 Campus Drive, Parsippany, NJ 07054, Tel. 973-285-3600. It is provided for your information and guidance and is not intended as specific advice and does not constitute an offer to sell securities. Summit is an investment adviser and offers asset management and financial planning services. Indices are unmanaged and cannot be invested into directly. The Wilshire 5000 Total Market Index measures the performance of all U.S.-headquartered equity securities with readily available price data; the Standard & Poor’s 500 Index (S&P 500) is an unmanaged group of securities considered to be representative of the stock market; the MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index designed to measure the equity market performance of developed markets, excluding the U.S. and Canada; the MSCI Emerging Markets Index is a free float-adjusted market capitalization index designed to measure the equity market performance of emerging markets; the Bloomberg Commodity Index measures the performance of an unleveraged, long-only investment

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