

Investment Newsletter

NOVEMBER 2019

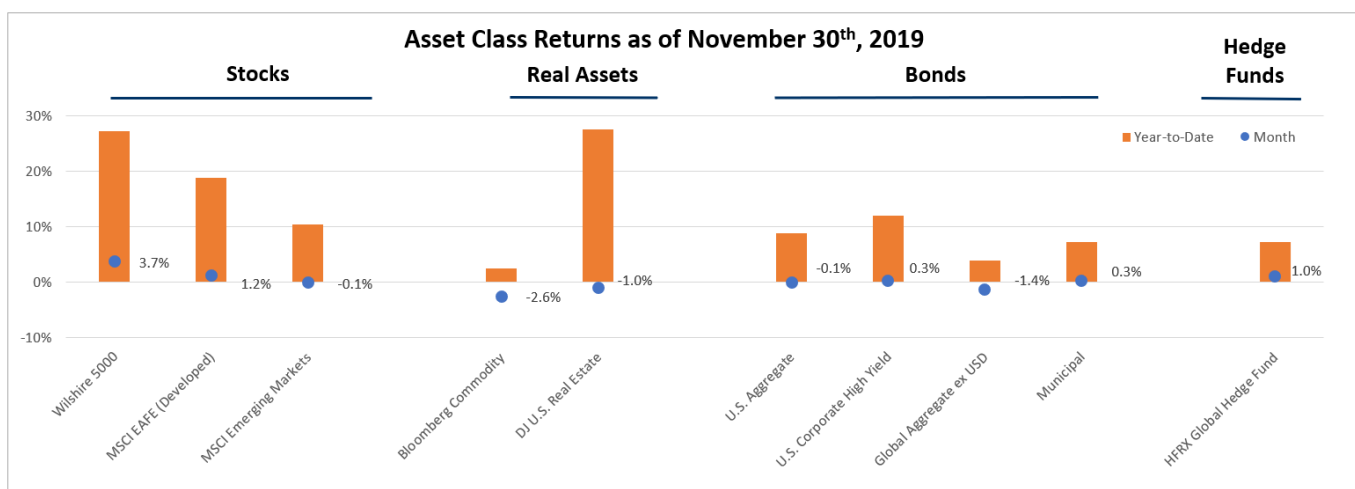
Global markets have managed the numerous headline geopolitical risks well this year with several indices advancing, some setting all-time highs. November was mostly a continuation of trends in various economic areas. Trade deal negotiations between the U.S. and China have not been finalized, but seem to be inching towards a preliminary "phase one" deal. Notably, progress may be slower than expected. This will inevitably have an effect on the potential tariff hike on December 15th if a deal is not reached by then. Although the Federal Reserve did not implement another U.S. interest rate reduction, monetary policy remains at the forefront of many central banking systems globally. In the U.K., the outcome of the upcoming general election on December 12th will ultimately have a large impact on the future of Brexit and any monetary policy moves made by the Bank of England. Within equities, emerging markets lagged their developed markets counterparts and growth once again outperformed value. However, within fixed income, yields moved slightly higher over the month translating to flat or slightly negative performance.

In the U.S., the ISM indices for both services and manufacturing improved, although manufacturing remains in contraction. Housing data improved substantially although the overall consumer confidence level was lower than anticipated. Numerous factors, including positive trade deal activity and broad earnings estimates beats, led the S&P 500 to rise by 3.6%. This particular index is currently on pace for the best calendar year of performance in six years. Yield sensitive sectors, namely real estate and utilities, fell for the month while information technology advanced, the best performing sector for the year so far. Thought of as broad barometers for fixed income markets, both the two-year and 10-year government bond yields increased for the month and consequently Treasury bond returns fell.

Internationally, the Eurozone surprised many investors with some positive news. More specifically, the manufacturing sector and consumer confidence improved, perhaps also partially influenced by the aforementioned easing trade conflicts. Despite encouraging reports, business sentiment hasn't fully turned the corner to positivity just yet. Overall, European developed markets largely advanced for the month. It remains to be seen what actions the new European Central Bank president, Christine Lagarde, will put in place as investors are eagerly awaiting. Elsewhere, in China, both industrial output and retail sales disappointed versus estimates. The delicate trade deal activity can ultimately be influenced by the Hong Kong protests and overall slowing of Chinese economic growth figures, a risky situation.

Investable assets have been supported by the potential for a trade deal, along with careful central bank influence throughout November. Global equity valuations have risen to or above their long-term averages while credit spreads remain low. The current holiday season will likely be a key determinant on the health of the domestic consumer and economy in general. In summary, a diversified portfolio is the best defense against today's uncertain and confusing landscape.

MARKET DATA

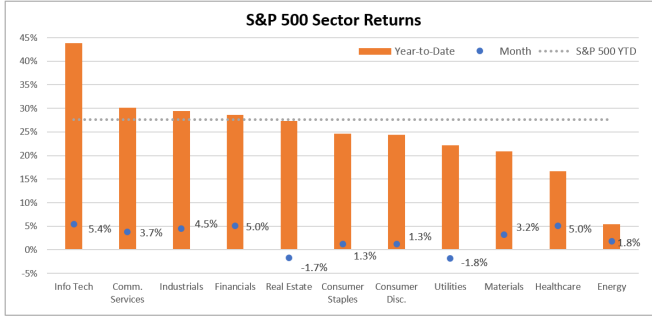


Morningstar®, bond indices from Bloomberg Barclays

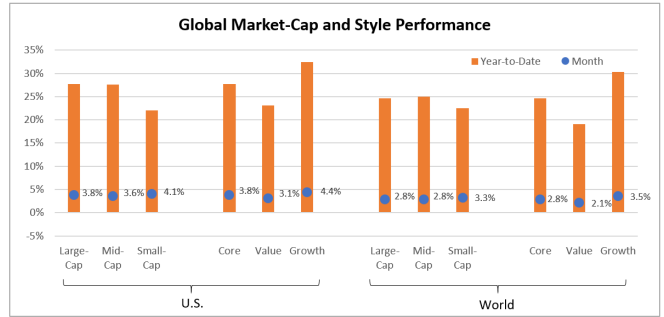


SUMMIT FINANCIAL

12042019-831

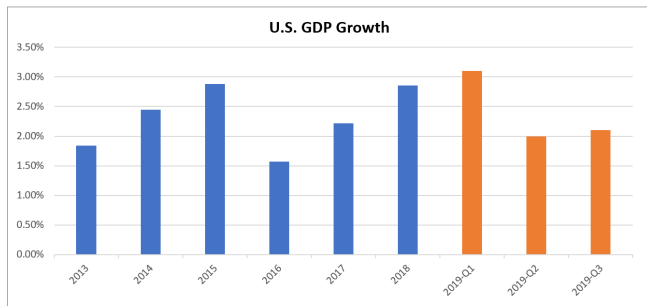


Bloomberg

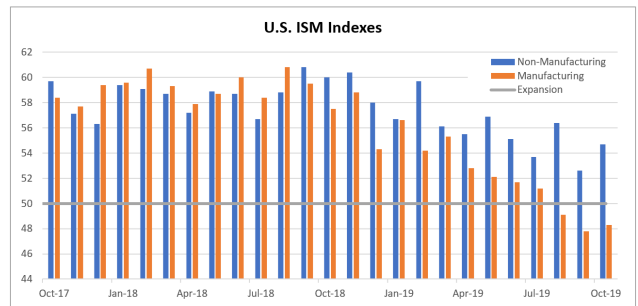


Bloomberg; U.S. indices from Russell and World indices from MSCI

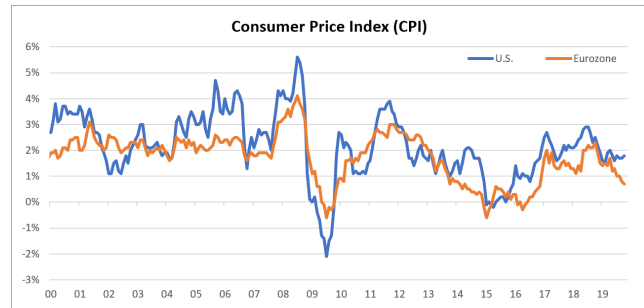
ECONOMIC DATA



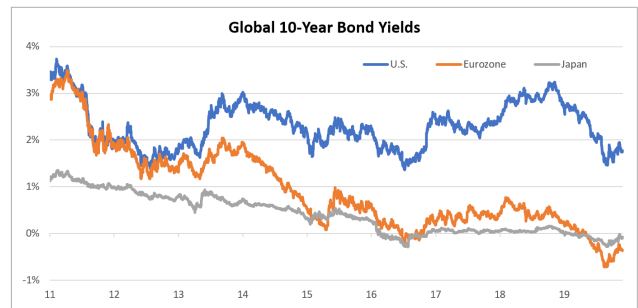
U.S. Department of Commerce



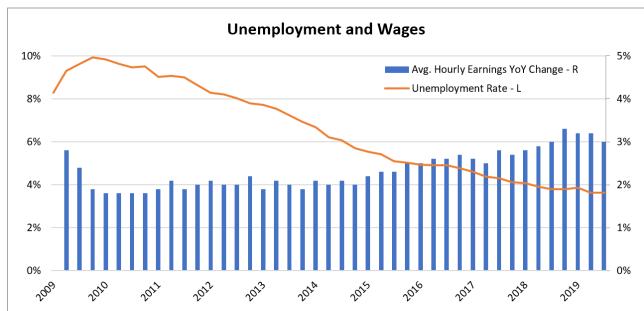
Institute for Supply Management



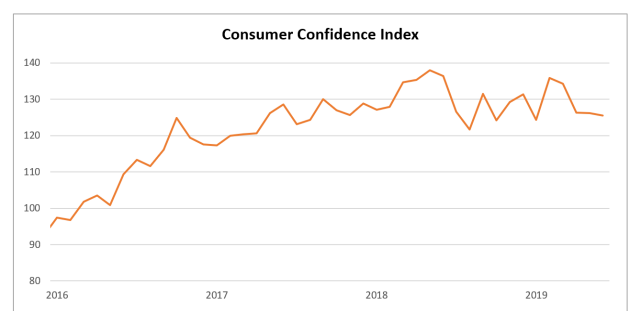
U.S. Bureau of Labor Statistics



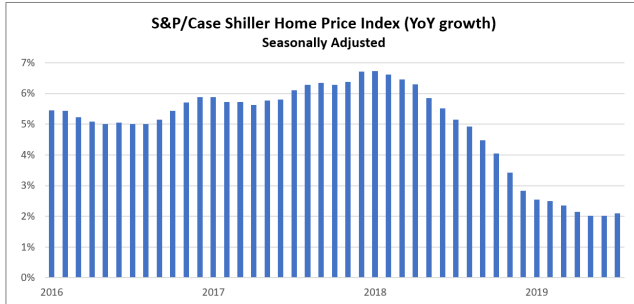
Bloomberg



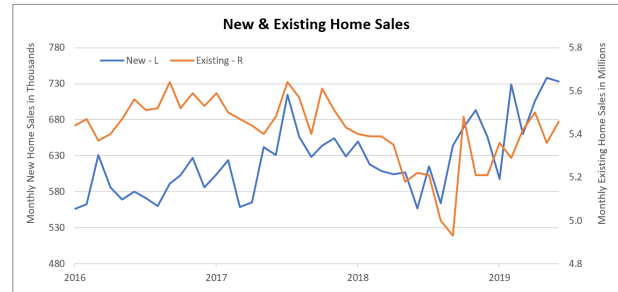
U.S. Bureau of Labor Statistics



Conference Board



S&P/Case Shiller



U.S. Bureau of the Census

DISCLAIMER

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 in commodity futures that is broadly diversified and primarily liquidity weighted; the HFRI Fund of Funds Composite Index is an equally-weighted benchmark composed of over 400 domestic and offshore constituent funds having at least \$50 million under management or having been actively trading for at least 12 months; the Bloomberg Barclays U.S. Aggregate Bond Index is a market capitalization-weighted index comprising Treasury securities, Government agency bonds, mortgage backed bonds, corporate bonds, and some foreign bonds traded in the U.S.; the Bloomberg Barclays Global Aggregate Ex U.S. Index measures the performance of global investment grade fixed-rate debt markets that excludes USD-denominated securities. The Bloomberg Barclays Municipal Bond Index covers the U.S. dollar-denominated long-term tax-exempt bond market. Data in this newsletter is obtained from sources which we, and our suppliers believe to be reliable, but we do not warrant or guarantee the timeliness or accuracy of this information. Consult your financial professional before making any investment decision. Past performance is no guarantee of future results. Diversification/asset allocation does not ensure a profit or guarantee against a loss.