THE ROSELINE GROUP™

TAXES | PLANNING | INVESTMENTS

THIRD QUARTER 2019 MARKET PERSPECTIVE

ASSET CLASS RETURNS FOR Q3 2019

INDEX	QTD	YTD
US Equities		
S&P 500 Index	1.70%	20.55%
NYSE	-0.34%	14.33%
NASDAQ	-0.09%	20.56%
Equal-Weight Indices		
Value Line Geometric	-2.36%	10.23%
Economically-Sensitive Indices		
Dow Jones Transportation Index	-0.94%	13.01%
Hedged Equity Benchmark Index		
HFRX Equity Hedge Index	1.79%	7.87%
International Equities		
MSCI EAFE (Developed Markets)	-1.07%	12.80%
MSCI Emerging Markets	-4.25%	5.90%

INDEX	QTD	YTD
Fixed Income		
US 10Y Treasury Bond (Price)	1.83%	6.80%
Barclay's US Aggregate Bond Index	2.27%	8.52%
Low Quality Corporate Bonds	1.18%	15.13%
Precious Metals		
Gold Bullion	4.44%	14.77%
Silver Bullion	12.33%	9.79%
Precious Metals Miners (GDX)	4.50%	26.65%
Commodities		
Blooomberg Commodity Index	-2.35%	1.38%
S&P GSCI Commodity Index	-4.18%	8.61%
Currencies		
US Dollar (DXY)	3.40%	3.34%

Sources: Kitco, Google Finance, Standard & Poors, HFR, StockCharts. Data as of September 30, 2019.
See the end of this document for an explanation of the indices mentioned above. An investor cannot invest in an index.

The third quarter saw renewed volatility in equities, additional gains in fixed income, and strong movement in precious metals.

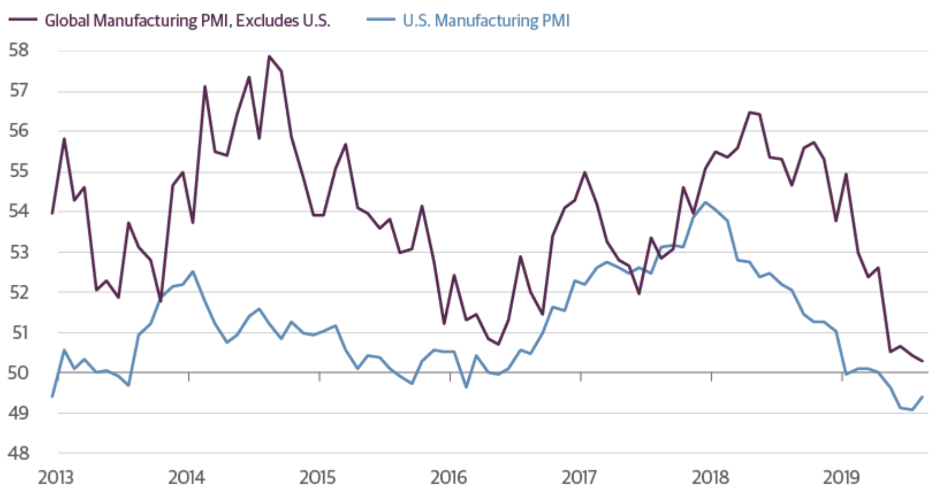
| EQUITY MARKETS

The S&P 500 was up 1.7% for the quarter, but the NYSE as a whole and NASDAQ both declined slightly (0.34% and 0.09% respectively). International stocks in both developed and emerging markets were down: -1.07% for developed and -4.25% for emerging markets.

The bullish argument for U.S. equities going forward is built on continued economic growth and an accommodative monetary policy by the Federal Reserve. While growth in GDP has predictably slowed from 2018 (when it got a temporary boost from tax cuts), the U.S. economy continues to grow. Corporate profits are up modestly from 2018,[1] which grew over 20% compared to 2017 from the corporate tax rate reductions enacted.[2]

The bearish argument against U.S. equities is that the inevitable global recession will come at a time when central bankers have little room to maneuver. Geopolitical risks from trade disruption to international conflicts have intensified.[3] The consensus of most economists is that recession is expected sometime for the U.S. in 2020.[4] JP Morgan has gone on record with two warnings: first, that the U.S. consumer will weaken rapidly in 2020; and second, that financial markets will sink alongside economic expectations.[5]

The stock market typically starts to decline before a recession begins, often as early as six to nine months beforehand.[6] Germany is the first major economy to slip into an official recession according to the country's central bank, as the German manufacturing sector continued a 13-month decline. The German economy contracted in the third quarter after declining 0.1% in the second quarter. This is Germany's first recession in six years.[7]



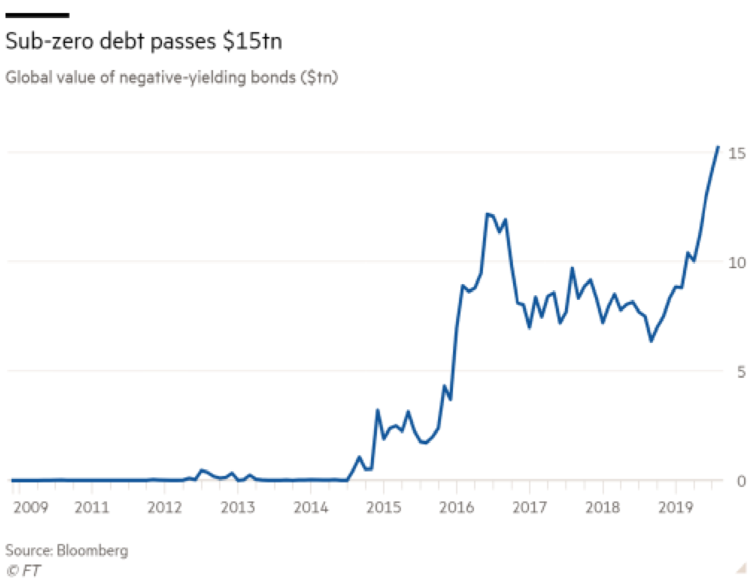
Source: Guggenheim Investments. Data as of 08.31.2019.
Purchasing managers indexes (PMI) are GDP-weighted. A PMI reading above 50 represents an expansion in manufacturing activity.

U.S. manufacturing similarly hit a ten-year low in September.[8] The U.K., Italy, China, Brazil, and Mexico, among others, are also experiencing continued economic slowdowns.[9]

The back-and-forth between these divergent bullish and bearish views, accentuated by geopolitical events, has resulted in increased volatility. It seems inevitable that will continue.

| FIXED INCOME

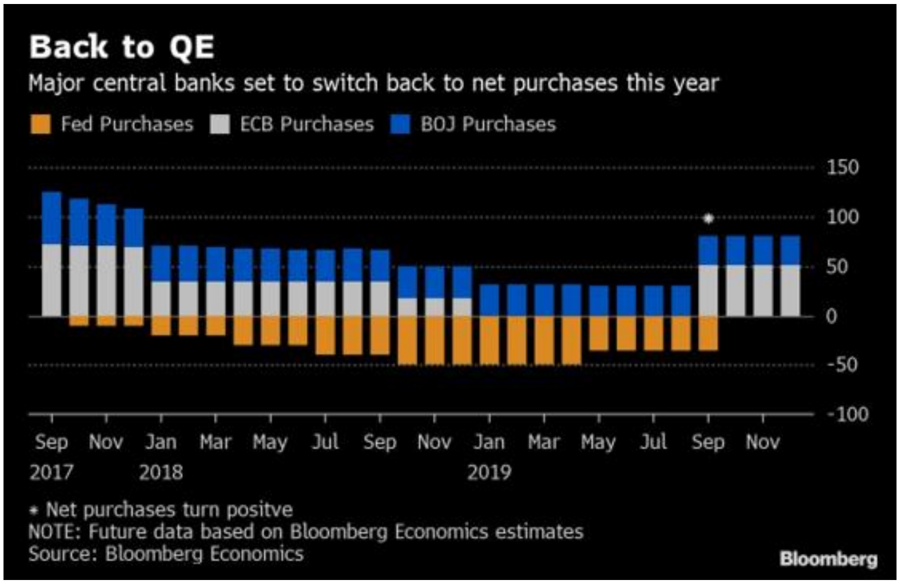
Fixed income appreciated during the third quarter regardless of quality or duration as rates moved down in the U.S. and around the world. The U.S. dollar strengthened significantly as negative yields on global debt became more pervasive.[10] The European Central Bank (ECB) reduced its borrowing rate to -0.5% and announced that it will begin buying $20 billion of Eurozone debt starting in November.[11] The entire German yield curve went negative during the quarter.[12]



The Federal Reserve reduced interest rates by a quarter percent in late October and indicated that further changes would not occur during the remainder of the year. This leaves the U.S. with the highest interest rates among developed countries.[13] Kevin Muir, strategist at East West Investment Management, points out that "The country with the world's reserve currency has the highest policy rates out there in the developed world. If we look back over time, this has often coincided with market crises."[14]

Historically, there is a positive correlation between interest rates and economic growth.[15] The prevailing level of U.S. interest rates is consistent with low growth and flat corporate revenues.

The Federal Reserve was forced to intervene in the repurchase market last month, when liquidity dried up and overnight borrowing rates spiked. They announced a new bond buying program earlier this month that began with $20 billion of purchases of short-term treasury bills, and will initially target $60 billion per month.[16]

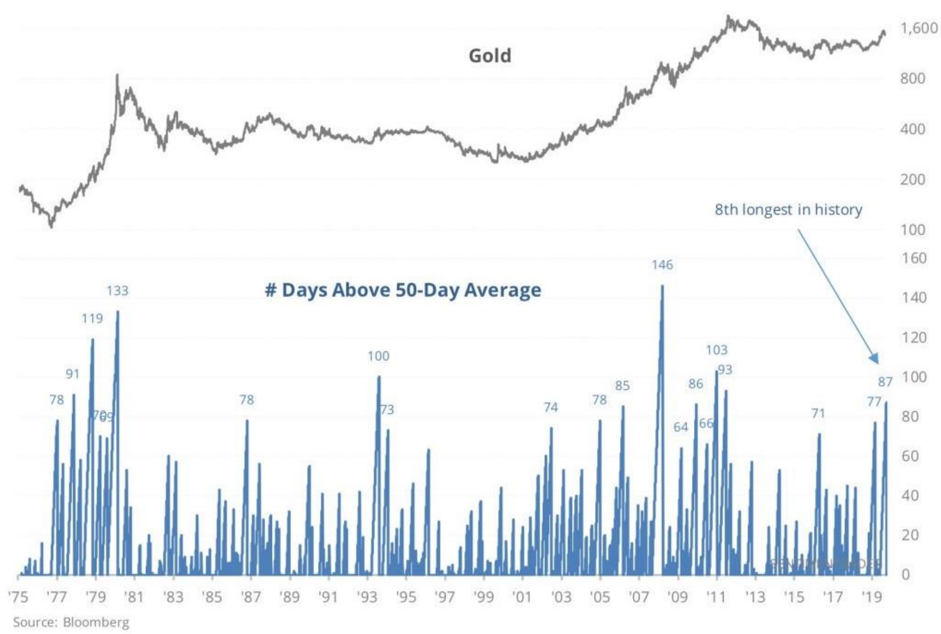


Major central banks around the world have resumed quantitative easing as September marked the first month of net bond purchases by the Federal Reserve, ECB, and the Bank of Japan.

| PRECIOUS METALS

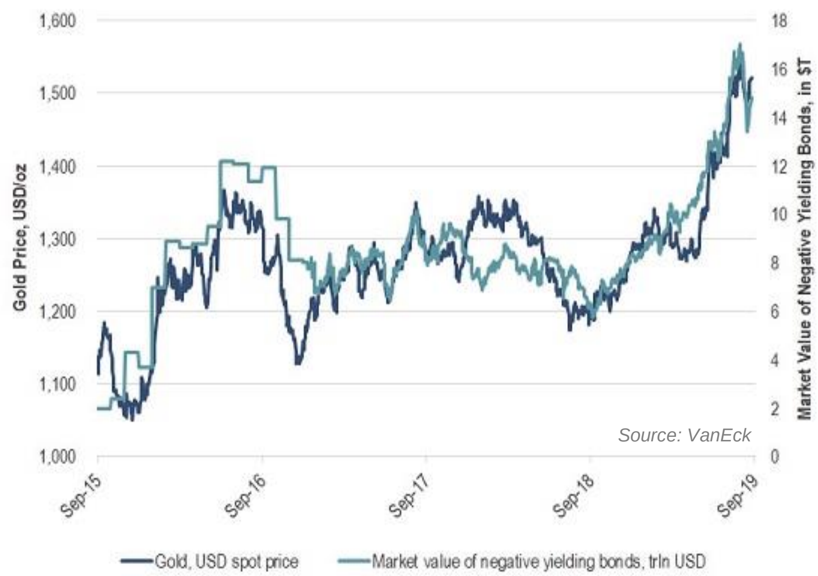
Precious metals built on the strong gains started in the second quarter. Gold, silver and mining companies all went up sharply, reaching highs on September 4 before correcting to the end of the month. Gold finished the quarter up 4.4%; silver was up 12.3% for the quarter after being down through June; and the miners were up 4.5% for the quarter.[17]

Gold spent 87 trading days above its 50-day moving average in the third quarter; this was the eighth-longest period ever above that average. Historically, when it has outperformed that average for extended periods of time, the following twelve months have averaged gains of 30%.[18]

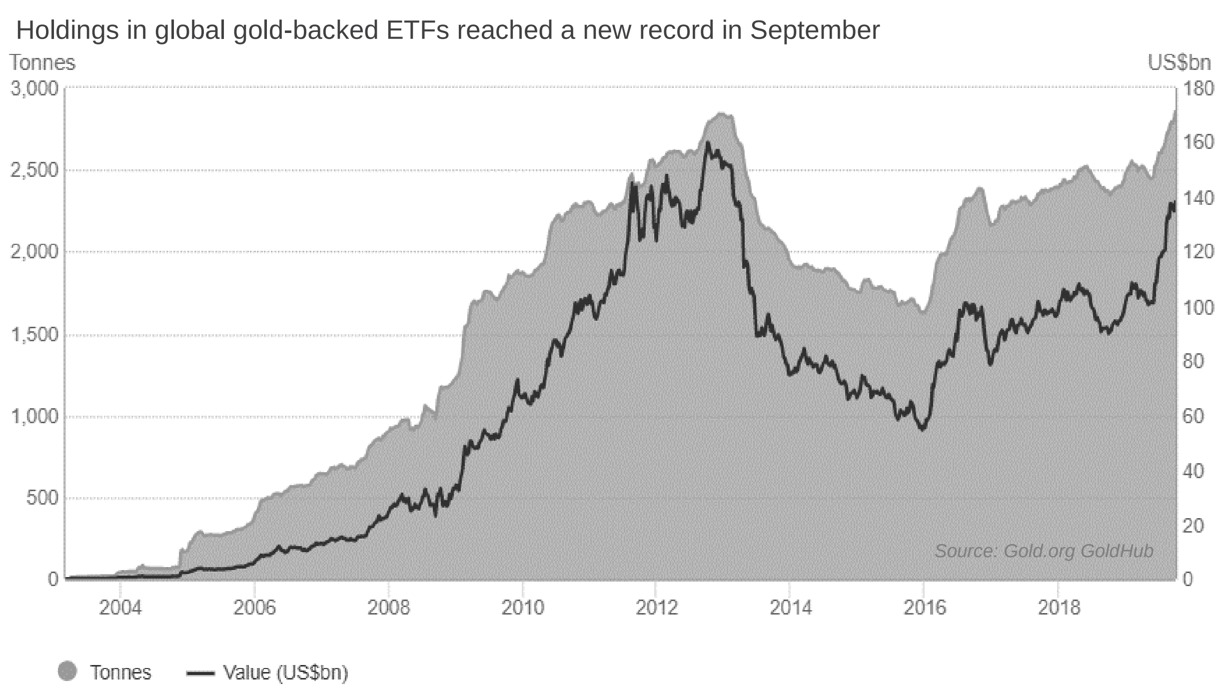


Gold has traded higher on high volume and is widely understood to be benefitting from globally falling yields.[19] In fact, changes in gold prices have tracked closely for the last four years with changes in the market value of negative yielding debt.

Given concerns over global economic slowdowns, it seems as though the amount of negative yielding debt will grow in the near term, which we view as another positive for the gold market.



We have discussed in previous letters that demand for gold by central banks is surpassing record levels. Investment demand for gold by the private sector reached a new record in the third quarter. Holdings in gold-backed exchange-traded-funds hit an all-time high of 2,855 tonnes in the third quarter. This milestone eclipses the previous peak in late 2012, when the gold price per ounce was $200 higher.[20]



| CONCLUSION

We remain cautious of U.S. equity markets as the economy experiences the longest economic expansion on record. Globally, the trend in interest rates appears lower as central banks cut policy rates during the quarter and began new easing programs. Historically, these types of actions occur when there are problems with global growth, liquidity concerns, or both. Stocks, bonds, and gold behave quite differently during challenging economic environments, as noted by the table below.[21] Precious metals appear well-positioned after some consolidation for another move higher.

Performance of major asset classes in last three recessionary drawdowns

	1990-1991	2001	2007-2009	Average
Gold	**7%**	**8%**	**25%**	**13%**
S&P 500 Index	-20%	-30%	-57%	-35%
U.S. Bloomberg Barclays Aggregate Bond Index	0%	6%	7%	4%
Bloomberg Barclays U.S. Corporate High Yield	-10%	-6%	-29%	-15%

Source: Bloomberg, as of June 2019. Notes: Drawdowns are quantified by the peak (highest level of the S&P 500) to trough (lowest level of the S&P 500) during National Bureau of Economic Research (NBER) designated recessions. Average is of the three periods listed. Gold is measured by the Bloomberg Gold Spot Index. **Index performance is for illustrative purposes only. Index performance does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. Index performance does not represent actual iShares Fund Performance. For actual fund performance, please visit www.ishares.com or www.blackrock.com**

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[7] *"German manufacturing stuck in recession, factory job losses accelerate: PMI". Reuters. 4 November 2019.*
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[9] *"Here Are The Countries On The Brink Of Recession Going Into 2020". Forbes, 28 October 2019.*
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DISCLOSURES

A. Past performance is not a guarantee of future results.

B. Global/International investing involves risks not typically associated with U.S. investing, including currency fluctuations, political instability, foreign taxation, uncertain economic conditions and different accounting standards. Investing in emerging markets can be riskier than investing in well-established foreign markets due to their relative smaller size and lesser quality.

C. Investments that are concentrated in a specific sector or industry may be subject to a higher degree of market risk than funds whose investments are more diversified.

D. The commentary above is not a complete analysis of every material fact in respect to any company, industry or security. The opinions expressed here reflect the judgment of the author as of the date of the report and are subject to change without notice. Information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

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DEFINITIONS

The ***Standard & Poor's 500 Index*** *(S&P 500 TR) is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.*

The ***NYSE Composite*** *is a stock market index covering all common stock listed on the New York Stock Exchange, including American depositary receipts, real estate investment trusts, tracking stocks, and foreign listings. Over 2,000 stocks are covered in the index, of which over 1,600 are from United States corporations and over 360 are foreign listings.*

The ***NASDAQ Composite*** *is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market. Along with the Dow Jones Average and S&P 500 it is one of the three most-followed indices in US stock markets. The composition of the NASDAQ Composite is heavily weighted towards information technology companies.*

The ***Value Line Geometric Composite Index*** *is an index created by the Kansas City Board of Trade in 1961, and is the first market index to trade futures market. It is an equally weighted index using a geometric average. The index contains approximately 1,675 companies from the NYSE, American Stock Exchange, Nasdaq, Toronto and over-the-counter markets.*

The ***Dow Jones Transportation*** *Average is a U.S. stock market index from S&P Dow Jones Indices of the transportation sector, and is the most widely recognized gauge of the American transportation sector.*

The ***HFRX Equity Hedge Index*** *is provided by Hedge Fund Research, Inc. and is a commonly-used benchmark for Equity Hedge funds. Equity Hedge strategies maintain positions both long and short in primarily equity and equity derivative securities.*

The ***Morgan Stanley Capital International (MSCI) EAFE Index*** *is a benchmark of the performance in major international equity markets as represented by 21 major MSCI indexes from Europe, Australia and Southeast Asia. This international index has been in existence for more than 30 years.*

The ***MSCI Emerging Markets Index*** *is an index that is designed to measure equity market performance in global emerging markets. The Emerging Markets Index is a float-adjusted market capitalization index that consists of indices in 21 emerging economies: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.*

The ***Barclays US Aggregate Bond Index*** *is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).*

The ***iShares U.S. Treasury Bond ETF (GOVT)*** *is an exchange-traded fund that seeks to track the investment results of an index composed of U.S. Treasury bonds. It offers market-cap-weighted exposure to the broad Treasury bond market across the term structure, from one year to 30 years.*

DEFINITIONS CONTINUED ON NEXT PAGE

DEFINITIONS (CONTINUED)

The ***iShares iBoxx USD Investment Grade Corporate Bond ETF (LQD)*** *is an exchange-traded fund that tracks a market-weighted index of US corporate investment-grade bonds across the maturity spectrum.*

The ***SPDR Bloomberg Barclays High Yield Bond ETF (JNK)*** *is an exchange-traded fund that tracks a market-weighted index of highly liquid, high-yield, US dollar-denominated corporate bonds.*

Gold and silver bullion *is legal tender that is held in reserves by central banks or used by institutional investors. Bullion is gold and silver that is officially recognized as being at least 99.5% pure and is in the form of bars or ingots.*

The ***VanEck Vectors Gold Miners ETF (GDX)*** *is an exchange-traded fund that seeks to track the overall performance of companies involved in the gold mining industry.*

The ***Bloomberg Commodity Index*** *is a broadly diversified commodity price index distributed by Bloomberg Indexes. The index tracks prices of futures contracts on physical commodities on the commodity markets, and is designed to minimize concentration in any one commodity or sector.*

The ***U.S. Dollar Index (DXY)*** *is an index of the value of the United States dollar relative to a basket of foreign currencies. The Index goes up when the U.S. dollar gains "strength" (value) when compared to other currencies. It is a weighted geometric mean of the dollar's value relative to the following select currencies: euro, Japanese yen, pound sterling, Canadian dollar, Swedish krona, and Swiss franc.*

The ***Invesco CurrencyShares Euro Trust (FXE)*** *is an exchange-traded fund that tracks the changes in value of the euro relative to the US dollar. The euro is the currency of 19 European Union countries.*

The ***Invesco CurrencyShares Japanese Yen Trust (FXY)*** *is an exchange-traded fund designed to track the price of the Japanese yen. The Japanese yen is the national currency of Japan and the currency of the accounts of the Bank of Japan, the Japanese central bank.*