

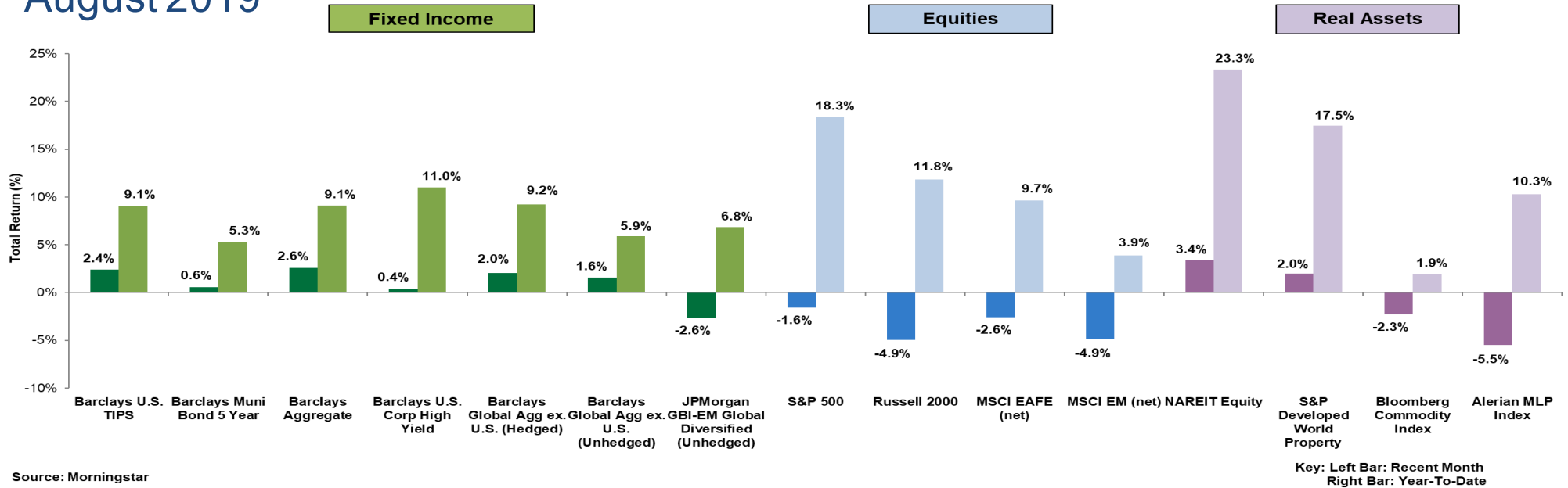
Market Commentary

August 2019

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Global Markets Summary August 2019

Asset Class Returns



Fixed Income

- U.S. Treasury yields fell across all maturities with the ten-year rate finishing at 1.50 percent. The yield curve further inverted with the two-year trading above the ten-year rates.
- All domestic fixed income sectors posted positive returns as markets showed strong consensus that the Federal Reserve would continue lowering interest rates.
- International developed bond markets rose as global yields continued to fall. Emerging markets debt decreased in value due to U.S. Dollar strength.

Equities

- Domestic equities posted negative returns following a volatile month driven by amplified U.S. – China trade tensions.
- Growth broadly outperformed value during the month. Information technology, health care, communication services, and consumer staples led while energy, financials and industrials lagged the benchmark.
- International equities fell on global growth concerns augmented by trade tensions. Emerging markets fell on U.S. Dollar strength and risk-off sentiment.

Real Assets

- Commodity prices fell due to live stock and agriculture oversupply, but were buoyed by gains made by precious metals on expectations of continued interest rate cuts.
- Domestic and international REITs generated positive returns influenced by falling interest rate expectations.
- MLPs underperformed as energy prices fell due to oversupply on the U.S. Gulf Coast and falling demand on U.S. – China trade fears.

Global Highlights

August 2019

United Kingdom equities dragged lower on concerns following Prime Minister Boris Johnson's request to suspend parliament in an attempt to force through Brexit with or without a deal by October 31st.

UK
-4.7%

USA
-1.6%

Brazil
-9.2%

U.S. equities slumped as U.S. – China trade rhetoric continued to be front of mind for investors, amid underwhelming economic data. Federal Reserve Chairman Jerome Powell assured that the central bank will “act as appropriate” to extend the current economic expansion, but did not give any direction as to what the next move will likely be. Powell's comments drew direct criticism from President Trump, exacerbating market volatility and investor sentiment.

Brazilian markets fell sharply on sluggish economic growth and weak currency. Foreign investment outflows worsened losses as investors weighed the possibility of a global recession.

Stated returns reflect each country's MSCI Gross Country Index in U.S. Dollars

Financial Markets Performance

Total Returns as of August 31, 2019

Periods greater than one year are annualized

All returns are in U.S. dollar terms

| Global Fixed Income Markets | 1 MO | 3 MO | YTD | 1YR | 3YR | 5YR | 7YR | 10YR | 15YR |
|--|--------|--------|-------|---------|--------|--------|--------|--------|--------|
| Bloomberg Barclays 1-3-Month T-Bill | 0.2% | 0.6% | 1.6% | 2.3% | 1.4% | 0.9% | 0.7% | 0.5% | 1.3% |
| Bloomberg Barclays US TIPS | 2.4% | 3.6% | 9.1% | 7.5% | 2.9% | 2.2% | 1.3% | 3.8% | 4.0% |
| Bloomberg Barclays Municipal Bond (5 Year) | 0.6% | 2.0% | 5.3% | 6.3% | 2.3% | 2.4% | 2.3% | 3.1% | 3.5% |
| Bloomberg Barclays HY Muni | 2.4% | 3.6% | 9.9% | 9.8% | 6.0% | 6.2% | 5.9% | 8.1% | 5.9% |
| Bloomberg Barclays US Aggregate | 2.6% | 4.1% | 9.1% | 10.2% | 3.1% | 3.3% | 2.8% | 3.9% | 4.3% |
| Bloomberg Barclays U.S. Corporate High Yield | 0.4% | 3.3% | 11.0% | 6.6% | 6.2% | 4.9% | 6.0% | 8.5% | 7.4% |
| Bloomberg Barclays Global Aggregate ex-US Hedged | 2.0% | 4.8% | 9.2% | 11.1% | 4.3% | 4.7% | 4.7% | 4.6% | 4.7% |
| Bloomberg Barclays Global Aggregate ex-US Unhedged | 1.6% | 3.9% | 5.9% | 5.7% | 1.3% | 0.3% | 0.5% | 1.7% | 3.3% |
| Bloomberg Barclays U.S. Long Gov / Credit | 7.9% | 11.7% | 23.3% | 22.3% | 5.8% | 6.7% | 5.5% | 7.9% | 7.2% |
| JPMorgan GBI-EM Global Diversified | (2.6%) | 3.7% | 6.8% | 11.9% | 3.4% | (0.7%) | (0.1%) | 2.7% | 6.1% |
| Global Equity Markets | 1 MO | 3 MO | YTD | 1YR | 3YR | 5YR | 7YR | 10YR | 15YR |
| S&P 500 | (1.6%) | 6.9% | 18.3% | 2.9% | 12.7% | 10.1% | 13.4% | 13.4% | 9.0% |
| Dow Jones Industrial Average | (1.3%) | 7.1% | 15.1% | 4.1% | 15.5% | 11.8% | 13.3% | 13.6% | 9.3% |
| NASDAQ Composite | (2.5%) | 7.1% | 20.9% | (0.7%) | 16.4% | 13.0% | 16.0% | 16.1% | 11.4% |
| Russell 3000 | (2.0%) | 6.4% | 18.0% | 1.3% | 12.2% | 9.6% | 13.1% | 13.3% | 9.1% |
| Russell 1000 | (1.8%) | 6.7% | 18.5% | 2.5% | 12.6% | 9.8% | 13.3% | 13.5% | 9.1% |
| Russell 1000 Growth | (0.8%) | 8.4% | 23.3% | 4.3% | 17.0% | 13.1% | 15.3% | 15.4% | 10.5% |
| Russell 1000 Value | (2.9%) | 4.9% | 13.8% | 0.6% | 8.1% | 6.6% | 11.2% | 11.5% | 7.7% |
| Russell Mid Cap | (2.8%) | 5.3% | 19.6% | 0.5% | 10.1% | 7.9% | 12.6% | 13.5% | 10.0% |
| Russell Mid Cap Growth | (1.8%) | 7.5% | 26.7% | 6.0% | 14.9% | 10.7% | 14.3% | 14.9% | 10.9% |
| Russell Mid Cap Value | (3.5%) | 3.8% | 14.8% | (3.1%) | 6.5% | 5.9% | 11.3% | 12.5% | 9.2% |
| Russell 2000 | (4.9%) | 2.4% | 11.8% | (12.9%) | 7.9% | 6.4% | 10.6% | 11.6% | 8.4% |
| Russell 2000 Growth | (4.3%) | 4.1% | 16.3% | (11.0%) | 10.6% | 8.1% | 12.0% | 13.1% | 9.5% |
| Russell 2000 Value | (5.6%) | 0.6% | 7.3% | (14.9%) | 5.0% | 4.6% | 9.1% | 10.0% | 7.1% |
| MSCI ACWI (net) | (2.4%) | 4.3% | 13.8% | (0.3%) | 9.2% | 5.5% | 9.0% | 8.6% | 7.1% |
| MSCI ACWI ex. U.S. (net) | (3.1%) | 1.5% | 8.8% | (3.3%) | 5.9% | 1.4% | 5.2% | 4.7% | 5.7% |
| MSCI EAFE (net) | (2.6%) | 1.9% | 9.7% | (3.3%) | 5.9% | 1.9% | 6.1% | 5.0% | 5.3% |
| MSCI EAFE Growth (net) | (1.2%) | 4.8% | 16.6% | 0.8% | 7.9% | 4.5% | 7.7% | 6.8% | 6.4% |
| MSCI EAFE Value (net) | (4.1%) | (1.3%) | 2.7% | (7.4%) | 3.8% | (0.8%) | 4.5% | 3.1% | 4.1% |
| MSCI EAFE Small Cap (net) | (2.5%) | 0.9% | 9.0% | (9.2%) | 6.0% | 4.3% | 8.9% | 7.7% | 7.3% |
| MSCI Emerging Markets (net) | (4.9%) | (0.2%) | 3.9% | (4.4%) | 5.8% | 0.4% | 3.0% | 4.1% | 8.1% |
| Real Assets | 1 MO | 3 MO | YTD | 1YR | 3YR | 5YR | 7YR | 10YR | 15YR |
| FTSE NAREIT Equity REITs | 3.4% | 6.0% | 23.3% | 12.1% | 5.7% | 8.3% | 9.3% | 13.4% | 8.8% |
| S&P Developed World Property ex-US | 0.8% | 2.4% | 12.4% | 5.1% | 5.2% | 3.7% | 6.9% | 7.4% | 6.6% |
| S&P Developed World Property | 2.0% | 4.2% | 17.5% | 8.6% | 5.6% | 6.0% | 8.3% | 10.2% | 7.7% |
| Bloomberg Commodity Total Return | (2.3%) | (0.4%) | 1.9% | (5.9%) | (0.9%) | (8.6%) | (8.1%) | (4.3%) | (2.8%) |
| Alerian MLP | (5.5%) | (3.2%) | 10.3% | (10.2%) | (2.1%) | (9.1%) | (0.8%) | 6.7% | 7.6% |

Source: Morningstar

Disclosures

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When referencing asset class returns or statistics, the following indices are used to represent those asset classes. Each index is unmanaged and investors can not actually invest directly into an index: Cash – Citigroup 90 Day T-Bill; TIPS – Bloomberg Barclays US Treasury TIPS; Aggregate Bond – Bloomberg Barclays US Aggregate Bond Index; Municipal Bond – Bloomberg Barclays Municipal 5-Year Bond; High Yield – Bloomberg Barclays US Corporate High Yield; Foreign Bond – Bloomberg Barclays Global Aggregate Ex USD; Local Currency Denominated Emerging Markets Debt – JPMorgan GBI-EM Global Diversified Unhedged Index; Large Value – Russell 1000 Value; Large Blend – S&P 500; Large Growth – Russell 1000 Growth; Small Value – Russell 2000 Value; Small Blend – Russell 2000; Small Growth – Russell 2000 Growth; International – MSCI EAFE; Emerging Markets – MSCI EM; REITs – FTSE NAREIT Equity REITs; Commodities – Bloomberg Commodity Index; MLP – Alerian MLP; Hedge Funds – HFRI Fund of Funds Composite Index; Balanced – 5% Bloomberg Barclays US Treasury TIPS, 10% Bloomberg Barclays US Aggregate Bond Index, 4.5% Bloomberg Barclays Global Aggregate Ex USD, 4.5% Bloomberg Barclays Global Aggregate Ex USD (Hedged), 9% Bloomberg Barclays US Corporate High Yield, 2% JPMorgan GBI-EM Global Diversified Unhedged Index, 16% S&P 500, 5% Russell 2000, 12% MSCI EAFE, 7% MSCI EM, 5% FTSE NAREIT Equity REITs, 5% Bloomberg Commodity Index, 5% Alerian MLP, 10% HFRI Fund of Funds Composite Index; Domestic Equity Indices – Russell 1000, Russell 1000 Growth, Russell 1000 Value, Russell Mid-Cap, Russell Mid Cap Growth, Russell Mid-Cap Value, Russell 2000, Russell 2000 Growth, Russell 2000 Value; International Developed Markets – MSCI EAFE; US Dollar – US Dollar Index; Unhedged Developed Fixed Income – Bloomberg Barclays Global Aggregate Ex USD (Hedged); Real Assets – Bloomberg Commodity Index; Materials, Financials, Energy, Oil & Gas, Healthcare, Information Technology, Consumer Related Sectors – Dow Jones Sector Indices; Small Cap Securities – Russell 2000, Russell 2000 Growth, Russell 2000 Value; Large Cap Securities – Russell 1000, Russell 1000 Growth, Russell 1000 Value; Mid Cap Securities – Russell Mid Cap, Russell Mid Cap Growth, Russell Mid Cap Value; Growth – Russell 1000 Growth, Russell Mid Cap Growth, Russell Small Cap Growth; Value – Russell 1000 Value, Russell Mid Cap Value, Russell 2000 Value; Fixed Income Markets – Bloomberg Barclays US Treasury TIPS, Bloomberg Barclays Municipal 5-Year Bond, Bloomberg Barclays Aggregate; Investment Grade Corporate Securities – Bloomberg Barclays US Credit; Long Maturity Treasuries – Bloomberg Barclays US Treasury 20+ Year; Shorter Dated Issues – Bloomberg Barclays US Treasury 1-3 Year; Industrial-, Financial-and Utility- Related Credits – Bloomberg Barclays Fixed Income Sector Indices; BB-Rated, B-Rated and CCC-Rated – Bloomberg Barclays Fixed Income Credit Quality Indices; MBS – Bloomberg Barclays US MBS; ABS – Bloomberg Barclays ABS; Crude Oil – Bloomberg Composite Crude Oil; Australia, New Zealand, Japan, China, India, Taiwan, South Korea, Brazil, Mexico, Chile, South Africa, Turkey, Egypt, Hungary, Poland, Russia, Canada, United Kingdom, Spain, Germany, Italy, France – MSCI Country Index Gross Return USD; Natural Gas – Bloomberg Natural Gas.