~ Prevailing Winds ~

A Quarterly Market Update *September 30, 2019*

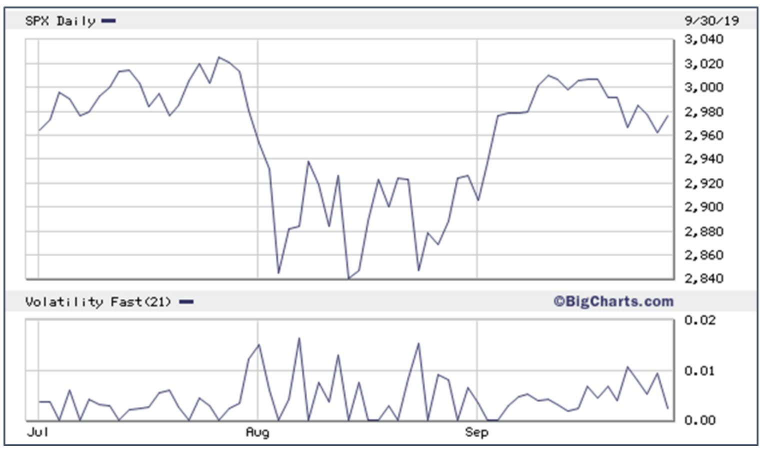
CHARTER RESEARCH and INVESTMENT GROUP

Quarterly Recap:

Some general themes have been consistent this year...Stocks keep edging higher, bond yields keep dropping, and uncertainty seems to build endlessly. The constant barrage of negative news ranging from Brexit, the trade war, middle east tensions, and a global growth slowdown have been too much to bear for many. Still, the coordinated reduction in interest rates and decent corporate earnings have allowed the bull market in stocks to continue and provided a burst of rocket fuel for the bond markets.

Quarter Ending September 30, 2019

Equity Indexes	Close	% Change
DJIA	26916.83	1.2%
S&P 500	2976.74	1.2%
NASDAQ	7999.34	-0.1%
Treasuries	**Close**	**Change**
10-Year Yield	1.68%	-0.32
2-Year Yield	1.63%	-0.12

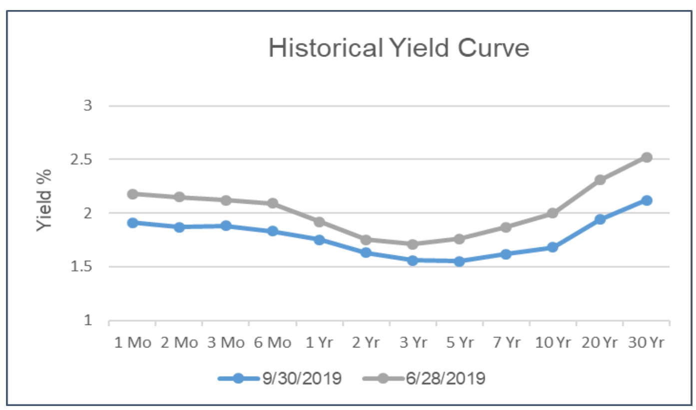


The Stock Market:

Apparently, stock investors were on vacation in August and were not actively buying stocks. Much like last quarter, the steep declines were followed by a brief period of consolidation and then a robust recovery. Once again, market averages ended up slightly higher despite the challenging month of August. What the averages do not show is a significant shift away from growth stocks towards stocks with lower valuations and often attractive dividends. This is a clear break in the market leadership which has existed for several years.

The Bond Market:

The Federal Reserve decreased interest rates in both July and September. These cuts were anticipated (and even demanded) by investors. While rates across all maturities fell during the quarter, we have seen a rebound in recent weeks. Much of this may be due to the lessening of tension with China in hammering out a trade agreement. Many investors have also become increasingly concerned about rising bond prices and the relative attractiveness of dividend paying stocks. It is perhaps a reminder that trends do not last forever.



Looking Ahead:

How we long for a reliable crystal ball. With the many uncertainties, it would be true folly to predict what lies ahead. For much of this year, we have resisted the temptation to allow fear or greed to influence decision-making. We remain optimistic that the strength of corporate earnings and accommodative monetary policy will allow for future growth. Still, we are also actively mindful of valuations and are equally focused on responsible risk management.