



Weekly Wrap Up • June 10-14, 2019 • formanis.com

What's Jim Doing These Days? An Update on Jim Forman



In the financial management business, one would think the number one question would be related to investing and wealth management. In the case of FIS, our number one most asked question is "How is Jim doing?".

To answer this question, we asked Jim himself about how retirement is treating him and his wife, Barb.

As many already know, Jim retired from Forman Investment Services in December 2017 after a minor heart attack in July of that year. "Unfortunately, as much as I loved working at FIS and with our clients, the financial management business is a stressful one and not conducive to heart-healthy living. Barb and I decided that it was time to step aside and allow Troy to take on the day-to-day running of the business and to spend some time together enjoying each other and our shared hobbies."

So, what does a day in the life of Jim and Barb Forman look like now? It still includes attending activities with their kids and grandkids, volunteering at First Christian Church in Columbus, where Jim serves as

Chair of the Board of Trustees and both are involved in various other groups and activities, serving as President of the Foxpointe Office Park Condominium Association (where the FIS offices are located) and working together on various home improvement projects. Jim has also been a faithful follower of the exercise regimen prescribed by his cardiologist and remains in excellent health.

Jim and Barb have also joined many of their clients in Florida during the winters. They've wintered in Bonita Springs and Siesta Key/Sarasota and plan to return to Bonita Springs this winter. As Jim tells it, "Barb and I are both beach bums at heart, so there's nothing better than January and February spent in 70s and 80s with your toes in the sand!"

As far as being missed, Jim appreciates all the clients who have asked after him. "I miss working day-to-day with our clients, who are the best in the world," he said. "However, I am so fortunate that Troy and Cindy have built such a wonderful team to support our clients. I have no doubts that they are receiving the very best care."

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What happened in the markets last week?



by **David Abuaf** - Investment Manager, RJFS

News for the Week

General Markets / Economic

1. Chinese authorities summoned some of the world's largest tech firms last week to tell them they could face repercussions if they respond too aggressively to US trade restrictions
2. Factories have shifted into low gear after a year of record output and big job gains, putting more pressure on the US economy
3. The FCC passed rules that will let phone companies automatically block more robocalls, without defining which calls are covered

Company News

1. United Technologies struck an all stock deal to merge with military contractor Raytheon, continuing the industrial conglomerate's transformation into a company focused on aerospace and defense
2. Salesforce agreed to buy data-analytics platform Tableau for over \$15B in stock, aiming to counter business software rivals
3. Apollo is acquiring Shutterfly and Snapfish and plans to combine them to create a bigger player in online-photo services
4. Wells Fargo is having trouble getting top bankers interested in its open chief executive officer job
5. Tyson Foods plans to introduce plant-based nuggets, competing for a slice of the meat replacement business

Interesting Stories

1. In Rockville, Canada, a 56 y/o man was camping with his son and his son's girlfriend. Then a debate over the earth being flat erupted. The son's girl friend said the earth is flat. Dale (the father) got so upset he began throwing stuff onto the campfire, including a decently sized propane tank, which exploded. Authorities are trying to track down the father and charge him with one count of criminal mischief.
2. In Ringold, Georgia, a lady was attending a minor league wrestling match. Wrestler Paul Lee began to tie up his opponent and hit him with a chair. The lady then pulled a gun on Paul Lee. The wrestlers and fans all had to calm her down and tell her it was a pretend fight. When asked why she did it, the lady, Patricia, replied that "Paul is a heel, a bad guy, and he deserved it."



TURNING BACK THE CLOCK TO 1999

Jun 13, 1999: *Austin Powers: The Spy Who Shagged Me* earned \$54 million at the box office, breaking *Batman Forever's* record for the highest weekend in June.



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Weekly Commentary

Bad news poured down this past week, yet the market kept on dancing in the rain.

There was bad geopolitical news as the U.S. blamed Iran for attacking two tankers carrying petroleum products. There was bad news about corporate profits as Broadcom (ticker: AVGO) lowered its full-year sales guidance by \$2 billion. And there was bad trade news, as China continued to insist it won't be pressured into a deal and President Donald Trump kept the pressure on.

"The escalation of trade policy rhetoric and potential implementation is piling up to a degree that it's no longer ignorable," says Jason Pride, chief investment officer of private wealth at Glenmede.

And yet the market shrugged it off, with the S&P 500 advancing 0.5%.

After last week's rally, the S&P 500 is up 4.9% in June and just 2% away from its record close. Still, there was one thing the S&P 500 couldn't do—close above 2900, a level that has been identified as resistance by technical analysts, despite two attempts early in the week. From there, it was awfully quiet.

And for good reason—two of them, actually. First, there's the meeting of the Federal Open Market Committee this coming Tuesday and Wednesday. Investors will be watching closely for signs that their hopes for a Federal Reserve interest-rate cut at the July meeting will be met. "I'm anticipating a change in the language, but no action taken," says Carmel Wellso, director of research at Janus Henderson.

As soon as the meeting is finished, the market will turn its attention to the gathering of the G20 nations in Japan on June 28 and 29, when Trump and President Xi Jinping of China may meet, and may—or may not—reach a deal to end the trade war between the two countries.

We feel comfortable predicting a rate cut in the next few months, but what happens at the G20 is beyond our ken. Still, that means we're left with just two different outcomes: a rate cut and new tariffs, or a rate cut and a de-escalation of the trade war. In the latter case, we can imagine the market taking off in a 1999-like rally of epic proportions, but we can also picture the former—and the decline that might follow.

When faced with what is essentially a coin flip, we look for trades that might win either way, and small-company stocks fit the bill. Consider: The small-cap Russell 2000 index has dropped 7.2% during the past 12 months, even as the S&P 500 index has gained 6.2%, observes Raymond James strategist Tavis McCourt, just the fifth time in the past 20 years that small has underperformed large by 10 percentage points or more based on monthly prices. That underperformance tends to reverse quickly. The last time it happened, at the end of March 2016, the Russell went on to gain 12% over the next six months, while the S&P 500 rose just 5.3%.

"This performance differential typically only lasts a few months and has historically resolved itself through relative outperformance by the Russell 2000," McCourt writes. This could mean that both indexes rally but the Russell rallies more, or that both fall but the Russell falls less.

Either way, we'll take it.

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The yield curve is a graphic depiction of the relationship between the yield on bonds of the same credit quality but different maturities.

Investing in commodities is generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

There is no assurance any of the trends mentioned will continue or forecasts will occur. Forward looking data is subject to change at any time and there is no assurance that projections will be realized.

The companies engaged in the communications and technology industries are subject to fierce competition and their products and services may be subject to rapid obsolescence. Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated. Be advised that investments in real estate and in REITs have various risks, including possible lack of liquidity and devaluation based on adverse economic and regulatory changes. Additionally, investments in REITs will fluctuate with the value of the underlying properties, and the price at redemption may be more or less than the original price paid.

Diversification and asset allocation do not ensure a profit or protect against a loss.

Investing in oil involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility.

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