FORMAN INVESTMENT SERVICES

20th Anniversary 1999 - 2019

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IN THE NEWS THIS MONTH

Long-lost 13th-century Painting Found Hanging in Woman's Kitchen

by Ben Hooper

Sept. 24 (UPI) – A long-lost painting by pre-Renaissance painter Cimabue is headed to auction after being found hanging in an older French woman's kitchen.

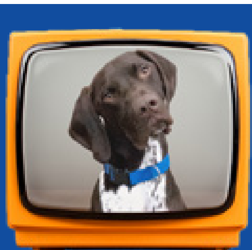
Experts said the Compiegne woman decided to have the painting hanging in her kitchen appraised and numerous tests were conducted that confirmed it to be the work of 13th-century Italian artist Cimabue, aka Cenni di Pepo.

Eric Turquin, an expert who examined the painting, said it appears to be a panel from a polyptych, a work of several painted scenes divided into multiple panels. He said the wood panel of the painting matches with other known Cimabue paintings from the same work.

The 10-inch painting, titled Mocking of Christ, is expected to fetch up to $6.5 million when it is auctioned Oct. 27 by Acteon.

MARK YOUR CALENDAR

- **Tuesday, October 15:** Open enrollment for Medicare Parts C and D begins. Make any changes to your coverage by December 7.
- **Tuesday, October 15:** The final day to file a 2018 income tax return for those issued an extension.



Turning Back the Clock to 1999

October 1, 1999: In a blockbuster NBA trade, the Houston Rockets move All Star forward Scotty Pippen to Portland Trail Blazers for Kelvin Cato, Stacey Augmon, Walt Williams, Carlos Rogers, Ed Gray and Brian Shaw

2019 Retirement Plan Contribution Limits

For the 2019 tax year, individual investors can contribute up to $6,000 to either a traditional or Roth IRA. If you're age 50 or older, you can contribute an extra $1,000. I wanted to remind you so you can take full advantage of your ability to save toward retirement. Contributing as much as you can as early as possible allows those assets more time to grow and compound. Keep in mind that contributions generally must be made before you file your tax return in April.

You may also contribute up to $19,000 to applicable 401(k), 403(b) and 457 plans, SAR-SEP plans and the federal government's Thrift Savings Plan. The catch-up contribution limit for individuals age 50 or older remains $6,000. Employee contributions to qualified plans generally must be made by December 31.

Please be proactive and remember it is not recommended to wait until the last minute to contribute as holiday hours can make it difficult to meet the deadline.

Plan limits for year	2019	2018	2017	2016
401k/403(b)/457 Elective Deferrals	$19,000	$18,500	$18,000	$18,000
Annual Defined Contribution Limit	$56,000	$55,000	$54,000	$53,000
Annual Compensation Limit	$280,000	$275,000	$270,000	$265,000
Catch-Up Contribution Limit	$6,000	$6,000	$6,000	$6,000
Highly Compensated Employees	$125,000	$120,000	$120,000	$120,000
Key Employees	$180,000	$175,000	$175,000	$170,000
Social Security Wage Base	$132,900	$128,400	$127,200	$118,500
Defined Benefit Annual Benefit Maximum	$225,000	$220,000	$215,000	$210,000
SIMPLE Employee Deferrals	$13,000	$12,500	$12,500	$12,500
SIMPLE Catch-Up Deferral	$3,000	$3,000	$3,000	$3,000
Traditional/Roth IRA Contribution Limit	$6,000	$5,500	$5,500	$5,500
Traditional/Roth IRA Catch-Up Contribution Limit	$1,000	$1,000	$1,000	$1,000

MARKETS AND INVESTING

The Markets Rebound as Trade Tensions Cool

Though many market-influencing variables remain in play, the S&P 500 neared all-time high levels in September.

The markets have a lot to contend with as we close out the third quarter and the month of September. Financial fundamentals are taking a back seat to political considerations and trending sentiment partly because the data has been mixed, reports Raymond James' Doug Drabik, managing director for fixed income research. Raymond James Chief Economist Scott Brown says job gains and wage growth should support consumer spending growth into 2020, more than offsetting a slow patch in business investment, while the Federal Reserve (Fed) has again lowered short-term interest rates to ensure against downside risks.

Adding to the mix are impeachment inquiries, unsettled Brexit, growth concerns in Germany and China, and pending U.S. elections. Trade negotiations between the U.S. and China remain uncertain, though officials are set to meet in both October and November, increasing optimism for a mini-deal. However, Washington Policy Analyst Ed Mills expects fluctuating sentiments between the two countries to fuel market volatility through the 2020 election.

On the other hand, Chief Investment Officer Larry Adam credits cooling trade tensions between the U.S. and China, an additional Fed rate cut of 25 basis points (bps) and solid domestic U.S. economic data for a rebound in risk-asset performance this month, which led the S&P 500 to rise to within 1% of all-time highs. The U.S. dollar also rose to its highest level since May 2017, and the 10-year Treasury yield bounced approximately 25 bps after it hit its year-to-date lows and lowest level (1.46%) since July 2016 on September 3.

In September, the Fed had to address a liquidity crunch in the repo market, which briefly spiked money market rates. In response, it may bring forward the start of a mini quantitative easing, according to Fed Chair Jerome Powell.

The month ended positively for the S&P 500 (1.72%), Dow Jones Industrial Average (1.95%), NASDAQ (0.46%) and the Russell 2000 Index (1.91%). The quarter also ended positively for the S&P 500 (1.19%) and the Dow Jones Industrial Average (1.19%), but negatively for the NASDAQ (-0.09%) and Russell 2000 Index (-2.76%).

	12/31/18 Close	9/30/19 Close	Change YTD	% Gain/Loss YTD
DJIA	23,327.46	26,916.83	+3,589.37	+15.39%
NASDAQ	6,635.28	7,999.34	+1,364.06	+20.56%
S&P 500	2,506.85	2,976.74	+469.89	+18.74%
MSCI EAFE	1,719.94	1,895.72	+175.78	+10.22%
Russell 2000	1,348.56	1,523.37	+174.81	+12.96%
Bloomberg Barclays U.S. Aggregate Bond Index	2,046.60	2,219.97	+173.37	+8.47%

Performance reflects price returns as of 4:00 p.m. ET on September 30, 2019.

Here is a look at what's happening in the markets both here and abroad, as well as key factors we are watching:

Economy

Brown reports that recent economic data have been mixed, reflecting continued strength in consumer spending, but general weakness in manufacturing. Fed Chair Powell noted that businesses report that trade policy uncertainty has discouraged them from further investment.

Strong household sector fundamentals should continue to support consumer spending growth and offset weakness in other sectors, Brown adds, but a deterioration in labor market conditions would shift that outlook.

Equities

Overall, Joey Madere, senior portfolio strategist, Equity Portfolio & Technical Strategy, and his team maintain a generally positive bias toward equities. Madere notes it is too soon to tell whether the recent improvement for cyclical sectors, like banks and industrials, is sustainable – however, if the trend continues for these deep cyclical sectors and former leading sectors rebound, he sees this movement as a market positive.

He expects the third quarter to end with flattish earnings growth, however, he does expect more supportive growth from the average stock, led by companies with more exposure to the U.S. and less exposure to overseas markets.

While overall the technology sector is faring fine, the tech-heavy NASDAQ has underperformed slightly due to former leaders, like software and IT services, falling slightly as former lagging sectors, like semiconductors and hardware, perform above their norm.

Madere sees earnings season and the upcoming trade talks as the most important influences to monitor in the coming weeks and expects any market reaction to impeachment proceedings to be short-lived. He views short-term volatility as a buying opportunity.

Fixed income

The federal funds rate is now in the 1.75%–2.00% target range. Drabik believes there is a high probability that central bankers will cut once more before the end of the year.

With many economic and geopolitical factors at play, interest rates have fluctuated from week to week. However, Drabik believes the long-term outlook continues to reflect lower rates as, for example, the 10-year Treasury has rallied and pushed rates down 35% year-to-date.

International

Year-to-date, 46 central banks around the globe have cut interest rates. In addition, key banks such as the European Central Bank (ECB) have announced yet another asset purchase program, Drabik reports. The combined balance sheets of the ECB, Fed, Bank of Japan and People's Bank of China have ballooned to nearly $19.4 trillion. This has been a key factor in bringing interest rates down and will continue to affect rates as long as this accommodative monetary practice continues.

Despite continued uncertainty over Brexit in the U.K., the pan-European equity markets in September had their best monthly performance since June, reports European Strategist Chris Bailey. He says this was aided by the European Central Bank's quantitative easing efforts.

Chinese economic data continued to slow during September, and the country's policymakers also loosened policy around both monetary and fiscal initiatives. Local Asian markets were buoyed by perceived warmth between the U.S. and China regarding trade, and a trade deal between the United States and Japan was signed.

Global markets continue to offer typically lower valuations and higher dividend yields, says Bailey, although they are based in economies where global investors remain concerned about the potential for future growth.

Bottom line

Madere recommends that investors keep an eye out for buying opportunities during potential volatility related to impeachment proceedings.

As trade negotiations and global affairs progress, your advisor will continue to watch for movements that may affect your financial plan. In the meantime, please reach out to him or her if you have any questions.

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