



Market & Economic Review

Second Half 2019



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Overview

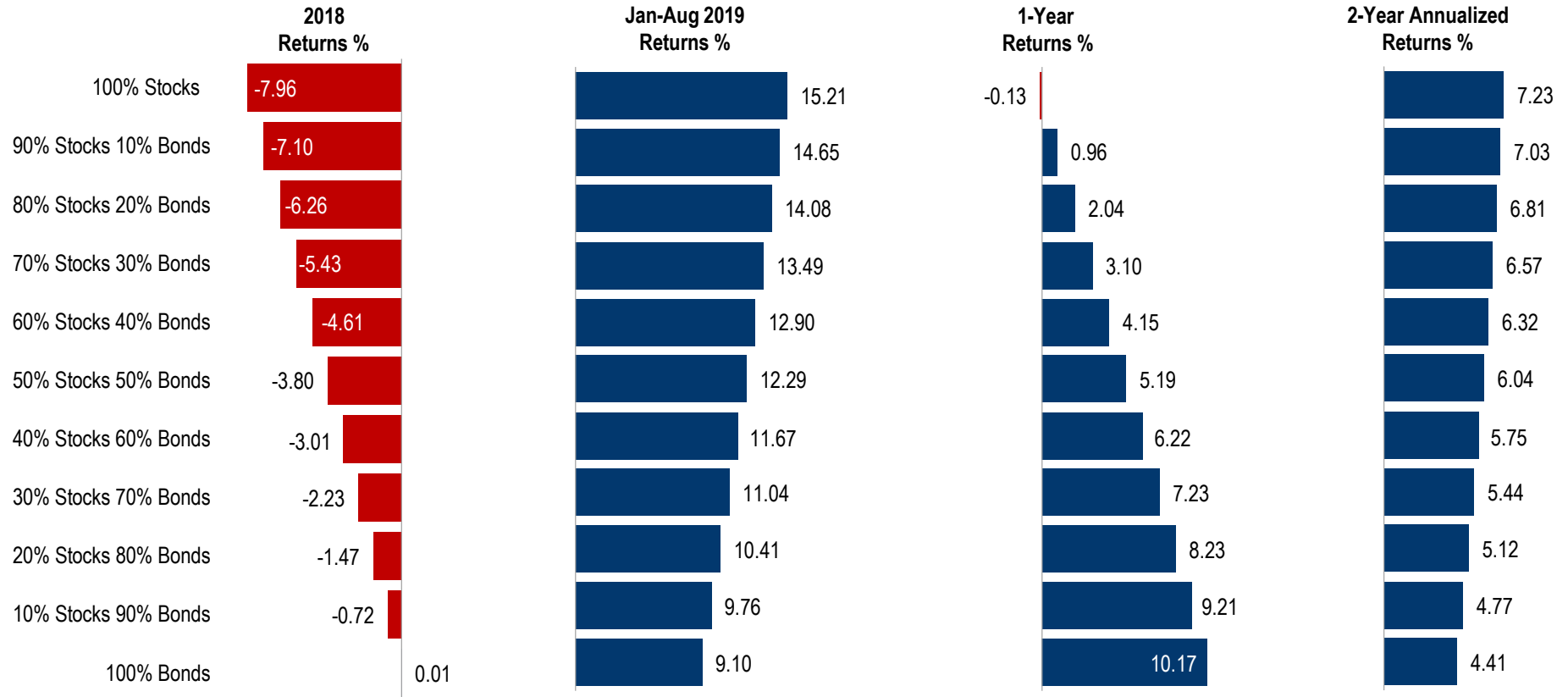
- Balanced Portfolios Returns
- Asset Class Returns
- US Stocks
- International Stocks
- U.S. Interest Rates
- U.S. Inflation Expectations
- Energy Prices
- Currency
- Stock Market Valuations
- U.S. Corporate Earnings Growth
- Bond Market Valuations



Market Review: Balanced Portfolios

Index Returns (%)

So far in 2019, balanced portfolios have more than recovered their losses from 2018. Over the past year, bonds have outperformed med stocks significantly, reinforcing their importance in balanced portfolios. Despite market volatility over the last two years, all balanced portfolios have delivered positive returns.



Source: Morningstar Direct. Data as of 08/31/2019. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

Stocks = 70% Russell 3000 TR USD + 30% MSCI ACWI Ex USA IMI NR USD, Bonds = 100% BBgBarc US Agg Bond TR USD

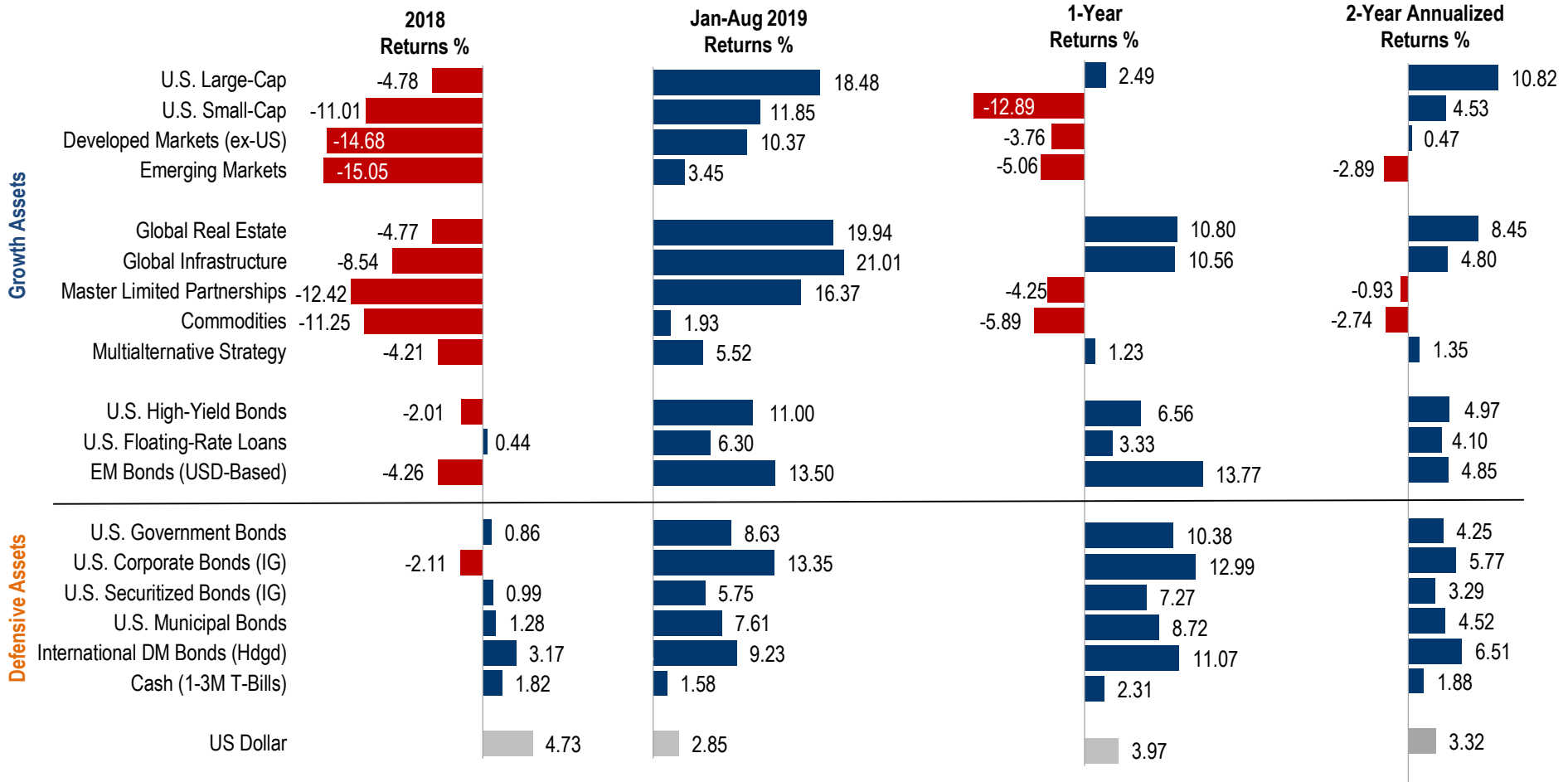
Assumes portfolios are rebalanced monthly.



Market Review: Asset Classes

Index Returns (%)

Despite slowing global growth and uncertainty around trade, both Growth and Defensive Assets have surged so far in 2019 due to declining interest rates around the world.



Source: Morningstar Direct. Data as of 08/31/2019. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

U.S. Large-Cap = Russell 1000 TR USD, U.S. Small-Cap = Russell 2000 TR USD, Developed Markets (ex-US) = MSCI World Ex USA IMI NR USD, Emerging Markets = MSCI EM IMI NR USD, Global Real Estate = S&P Global REIT TR USD, Global Infrastructure = DJ Brookfld Gbl Infra Comp TR USD, Master Limited Partnerships = Alerian Midstream Energy Select TR USD, Commodities = Bloomberg Commodity TR USD, Multialternative Strategy = Morningstar Category Multialternative (Average), U.S. High-Yield Bonds = BBgBarc High Yield Corporate TR USD, U.S. Floating-Rate Loans = S&P/LSTA Leveraged Loan TR, EM Bonds (USD-Based) = JPM EMBI Global Diversified TR USD, U.S. Government Bonds = BBgBarc US Treasury TR USD, U.S. Corporate Bonds (IG) = BBgBarc US Credit TR USD, U.S. Securitized Bonds (IG) = BBgBarc US Scrtzd MBS ABS CMBS TR USD, U.S. Municipal Bonds = BBgBarc Municipal TR USD, International DM Bonds (Hdgd) = BBgBarc Gbl Agg Ex USD TR Hdgd USD, Cash (1-3M T-Bills) = BBgBarc US Treasury Bill 1-3 Mon TR USD, US Dollar = ICE USD Spot.



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Market Review: U.S. Stock Market

Index Returns (%)

- After investor pessimism pulled U.S. stocks down sharply at the end of 2018, U.S. stocks have more than recovered their losses in 2019 and are trading near all-time highs once again. This illustrates the importance of staying invested and avoiding market timing when markets get shaky.



- The Russell 3000 Index is a capitalization-weighted stock market index, maintained by FTSE Russell, that seeks to be a benchmark of the entire U.S. stock market. It measures the performance of the 3,000 largest publicly held companies incorporated in America as measured by total market capitalization, and represents approximately 98% of the American public equity market.

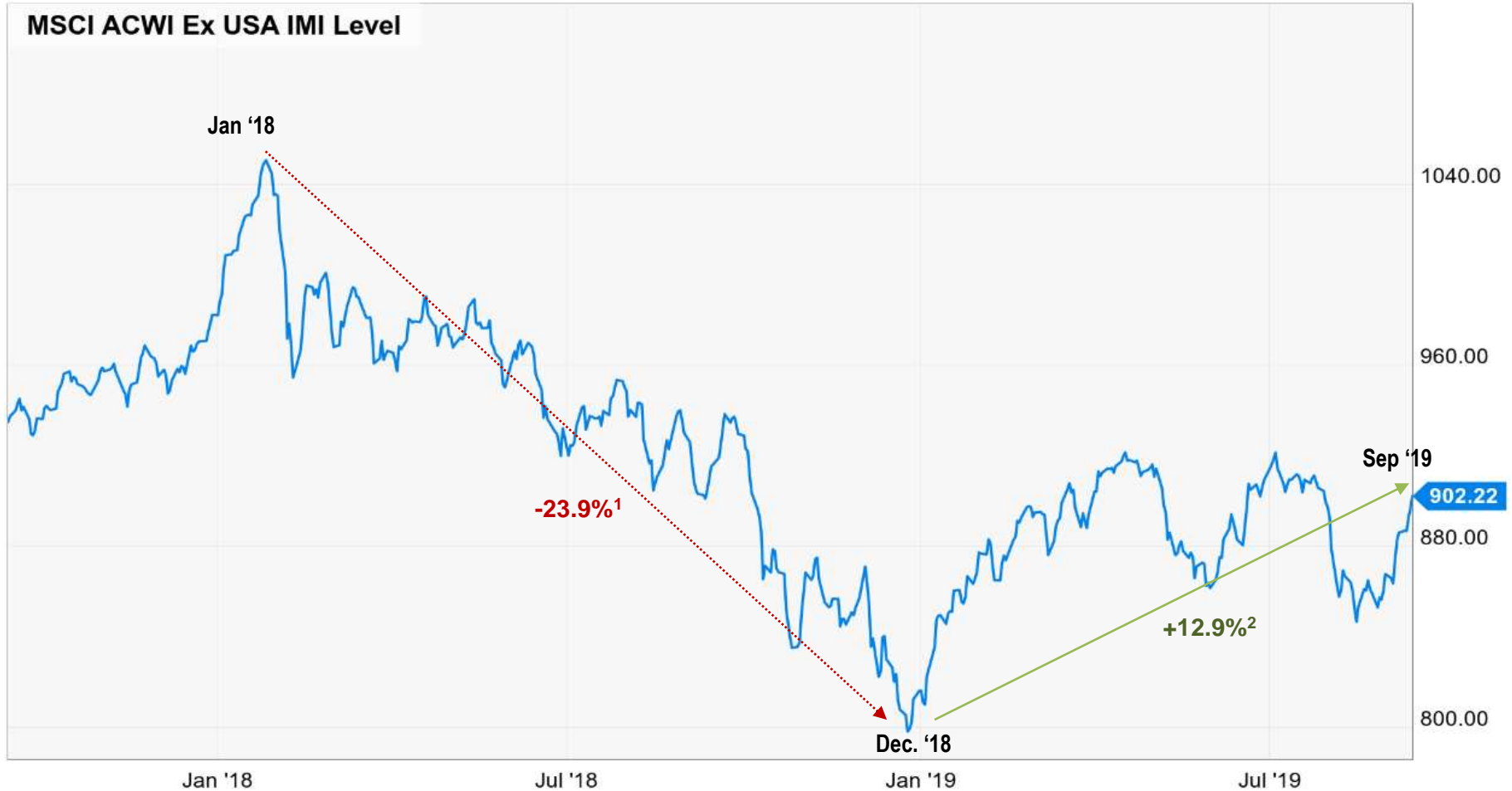




Market Review: International Stock Market

Index Returns (%)

- While international stocks have recovered some of their losses so far in 2019, slowing global growth combined with geopolitical uncertainty have held back international stocks broadly. Continued U.S. dollar appreciation has further detracted from international returns measured in USD.



- The MSCI ACWI ex USA IMI Index is a capitalization-weighted stock market index that captures large, mid, and small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 24 Emerging Markets (EM) countries. With 6,396 constituents, the index covers approximately 99% of the global equity opportunity set outside the US.





Market Review: Market Volatility

CBOE S&P 500 Volatility Index

- Stock market volatility has slightly declined in 2019 compared to 2018. Average volatility over the last two years has increased relative to 2016 and 2017. Trade tensions, geopolitical risk, oil price swings, and rising interest rates in the U.S. have been among the biggest contributors to recent volatility.



- Created by the Chicago Board Options Exchange (CBOE), the Volatility Index, or VIX, is a real-time market index that represents the market's expectation of 30-day forward-looking volatility. Derived from the price inputs of the S&P 500 index options, the VIX provides a measure of market risk and investors' sentiments.

Source: YCharts, Chicago Board of Exchange, Investopedia. Data as of September 2019. Past performance is not a guarantee of future results.



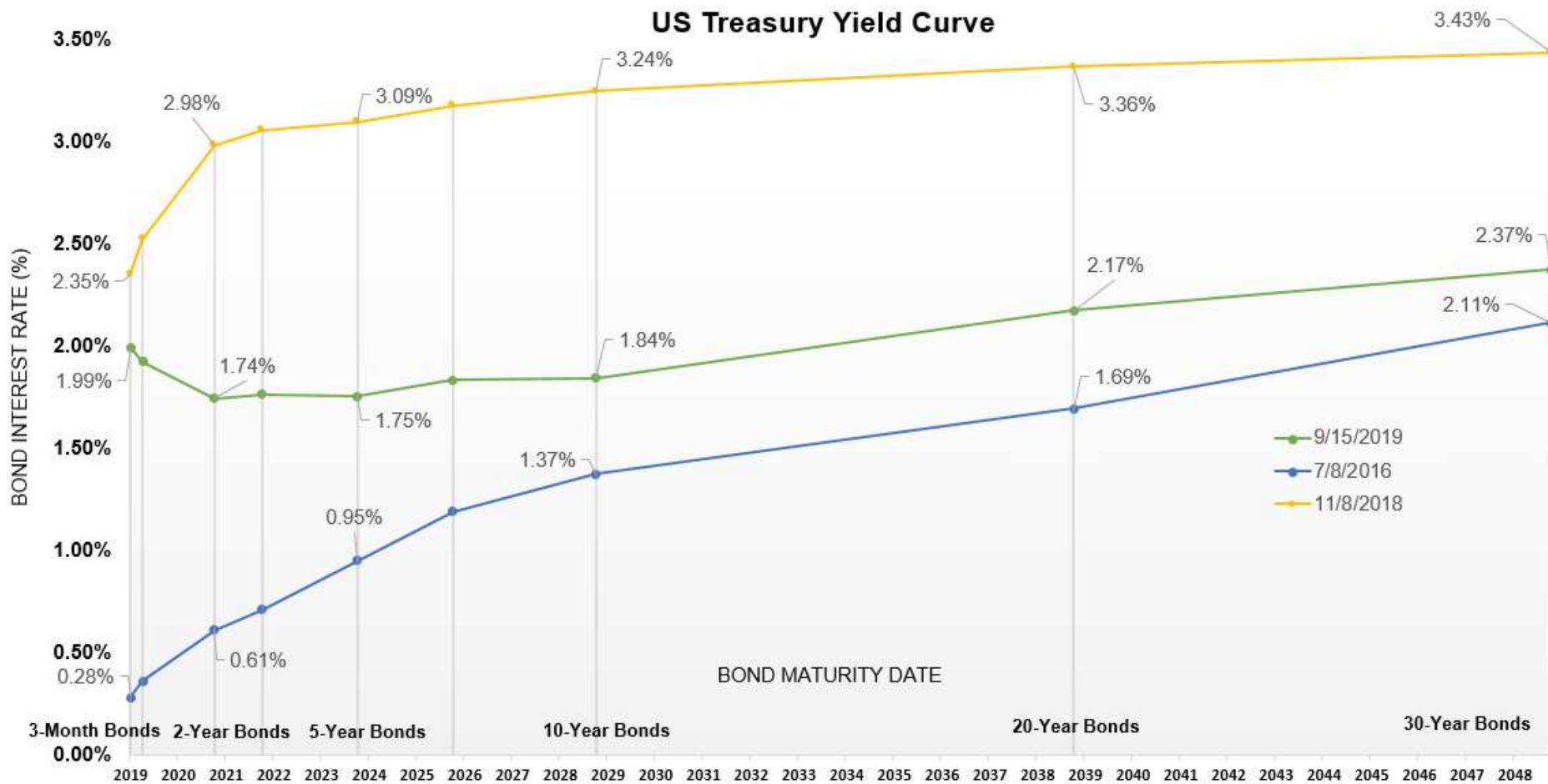
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Market Review: US Interest Rates

Treasury Yield Curve

- Short-term interest rates in the U.S. have declined since late 2018 in line with a Fed interest rate cut and expectations of more to come. Longer-term rates have declined more significantly due to decreasing growth and inflation expectations; this has caused the yield curve to flatten and partially invert.



- The Treasury Yield Curve is a graph of the interest rates (yields) of U.S. government bonds plotted against the time they have to maturity. Treasury yields impact consumer and business borrowing rates (e.g., 10-year Treasury yields influence 30-year mortgage rates).

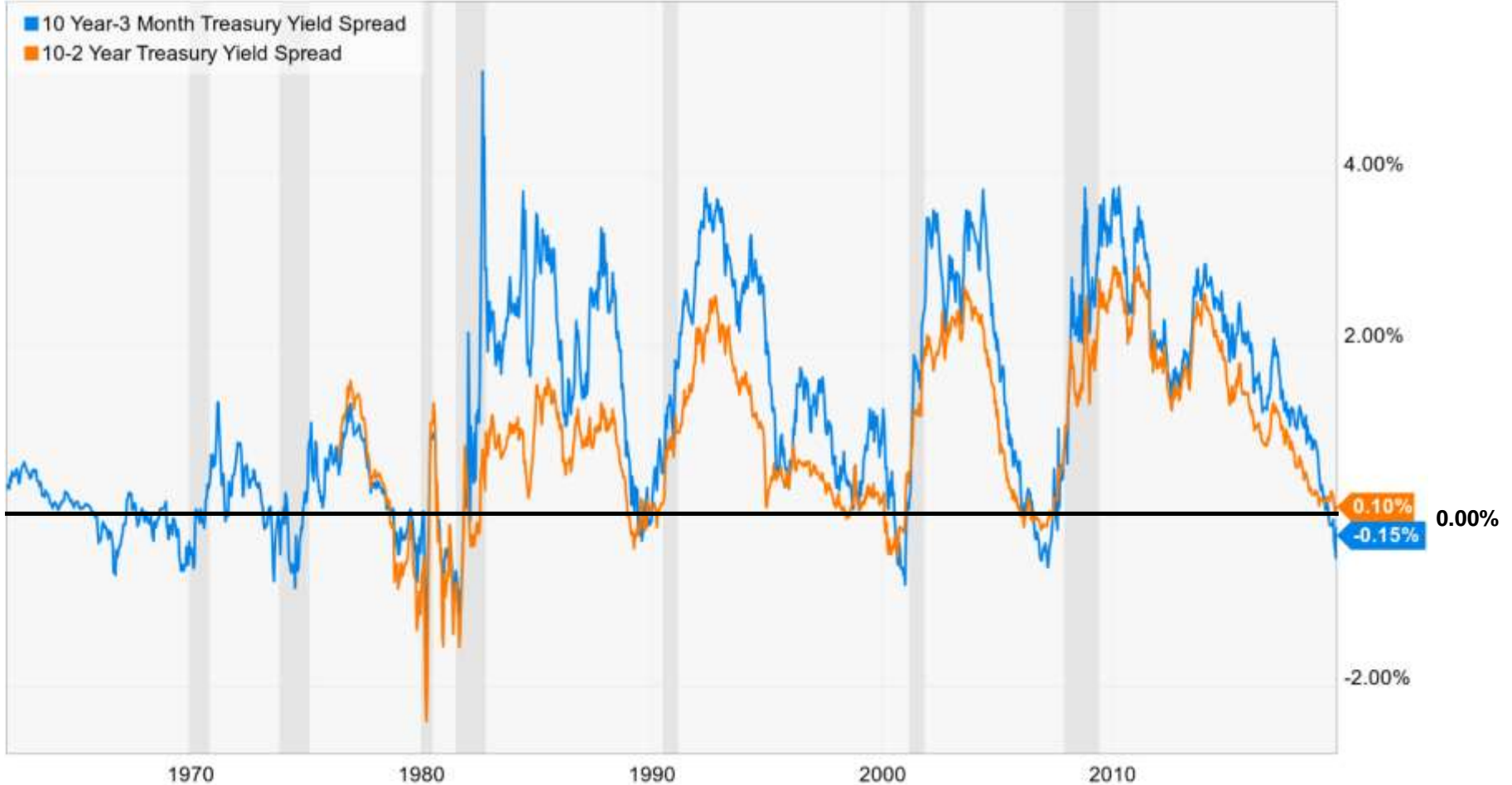




Market Review: US Interest Rates

Treasury Yield Curve Slope

- In 2019, the 3-month and 2-year yield slightly dipped below the 10-year interest rate. Inversions usually mean that the market is expecting short-term policy rates to fall because growth and inflation are expected to slow. This has historically been an indicator of a forthcoming recession.



- The slope of the yield curve provides an important clue to the direction of future short-term interest rates; an upward sloping curve generally indicates that the financial markets expect higher future interest rates (i.e., a stronger economy); a downward sloping curve indicates expectations of lower rates in the future..

Source: YCharts. Data as of September 2019. Past performance is not a guarantee of future results. Shaded areas indicate past U.S. recessions.



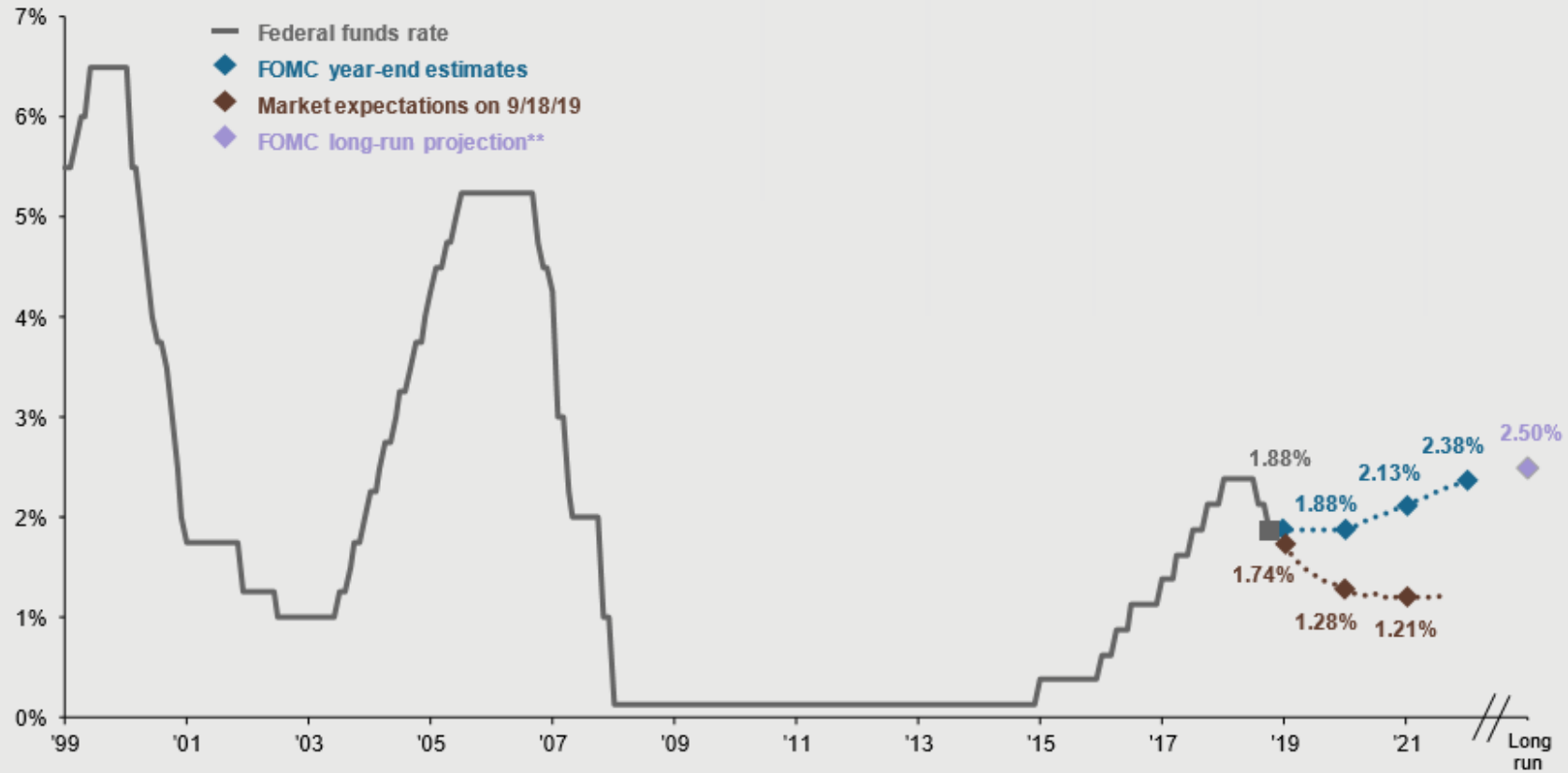
Market Review: US Interest Rates

Federal Funds Rate

- The Fed has cut interest rates twice so far this year (in July and September). Market expectations are for the Fed to cut rates at least two more times by 2021.

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



- The federal funds rate is rate at which banks can borrow and lend to each other overnight. It is one of the most influential interest rates in the U.S. economy because it affects other short-term and long-term lending rates in the U.S. economy (e.g., credit cards, mortgages, home equity lines, etc.). Market expectations are the federal funds rates priced into the fed futures market as of the date of the June 2019 FOMC meeting and are through December 2021.

Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Data as of September 2019. Past performance is not a guarantee of future results.



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Market Review: US Interest Rates

US 10-Year Treasury Yields

- The 10-Year treasury yield, which various borrowing rates are based on, had moved up from early-2016 to late-2018 in line with short-term rate hikes by the Fed. Since November, the 10-Year yield has come down significantly as government bond markets priced in a rising risk of recession.



- The 10-year treasury yield is the benchmark yield that borrowing rates for mortgage rates and home equity loans, Federal student loans (once a year in May reset) are based on.

Source: YCharts. Data as of September 2019. Past performance is not a guarantee of future results. Shaded areas indicate past U.S. recessions.



Market Review: US Interest Rates

Fixed Mortgage Rates

- ❑ Mortgage rates peaked in November but have come back down to where they were in late-2016. While the spike in rates last year had a dampening effect on the housing market the recent declines are having the opposite effect.



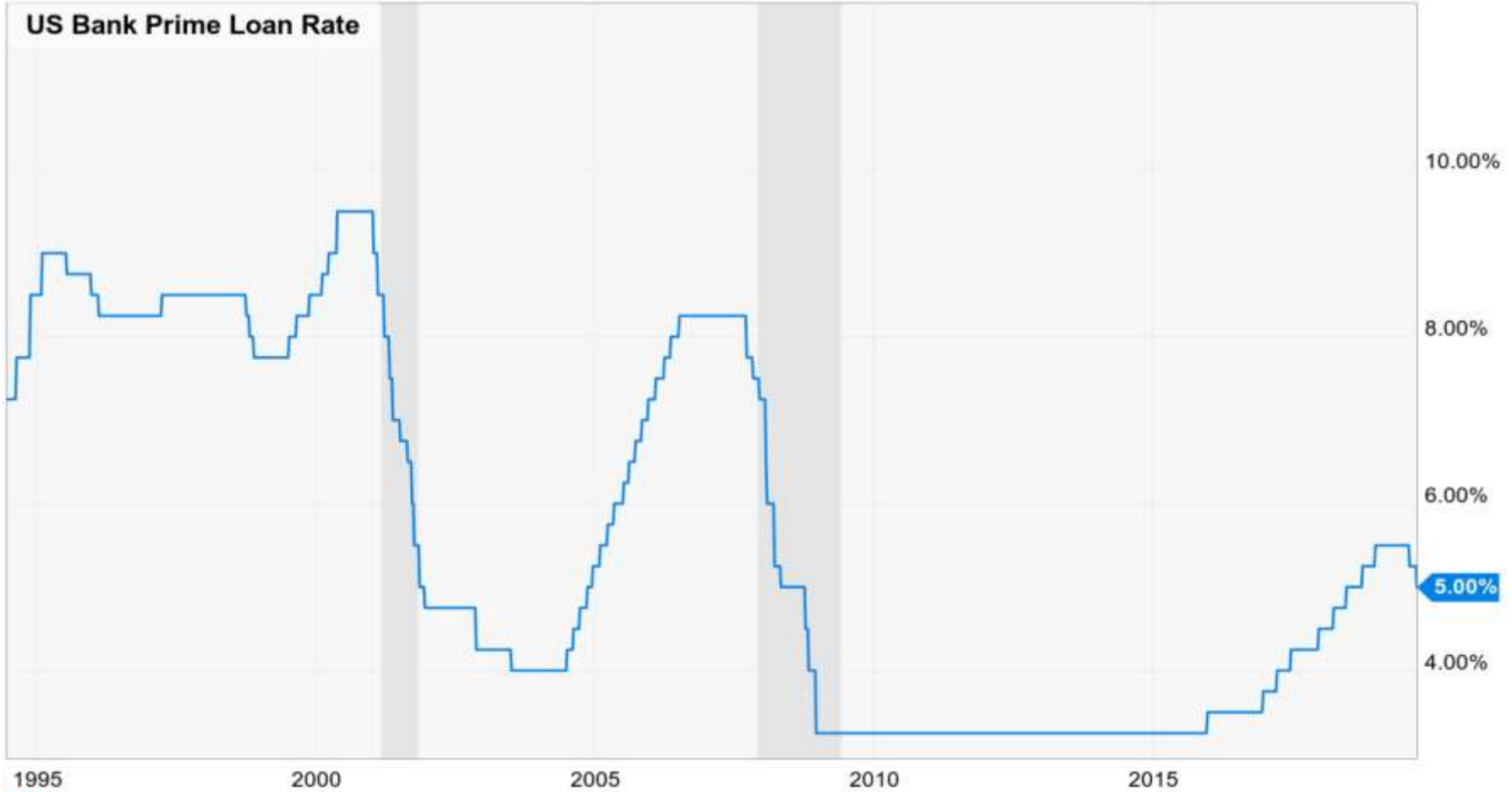
Source: YCharts, Freddie Mac. Data as of September 2019. Past performance is not a guarantee of future results. Shaded areas indicate past U.S. recessions.



Market Review: US Interest Rates

Prime Rate

- Many of the major banks increased their prime rates following the Federal fund rate increases over the last three years and should follow suit with Fed rate cuts. Rates on credit cards, brokerage margin loans, and home equity lines of credit remain low by historical standards.



- The prime rate is the interest rate that commercial banks charge their most credit-worthy customers and large corporations. The prime interest rate, or prime lending rate, is largely determined by the federal funds rate; the prime rate is also important for individual borrowers as it influences credit card rates, 401(k) loans, and home-equity lines of credit.

Source: Board of Governors of the Federal Reserve System (US), YCharts. Data as of September 2019. Past performance is not a guarantee of future results. Shaded areas indicate past U.S. recessions.

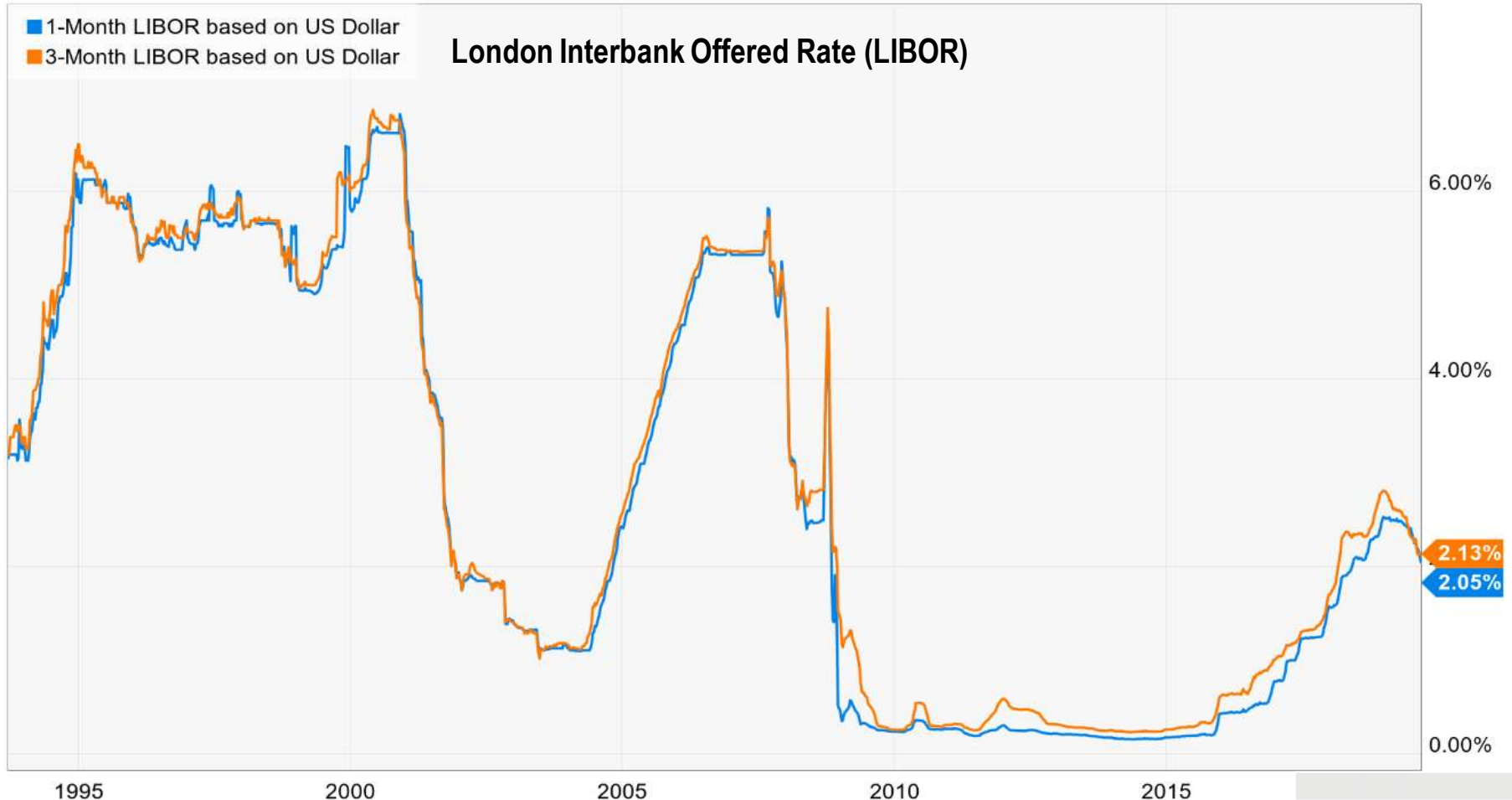




Market Review: US Interest Rates

London Interbank Offer Rate (LIBOR)

- LIBOR rates have recently declined but the 1-month and 3-month LIBOR remain above 2%. Some variable rate loans (e.g., ARMs) and leveraged loans have been impacted.



- The Intercontinental Exchange London Interbank Offered Rate (LIBOR or ICE LIBOR) is a benchmark rate that some of the world's leading banks charge each other for short-term loans. It stands for and serves as the first step to calculating interest rates on various loans throughout the world.

Source: YCharts, ICE. Data as of September 2019. Past performance is not a guarantee of future results. Shaded areas indicate past U.S. recessions.



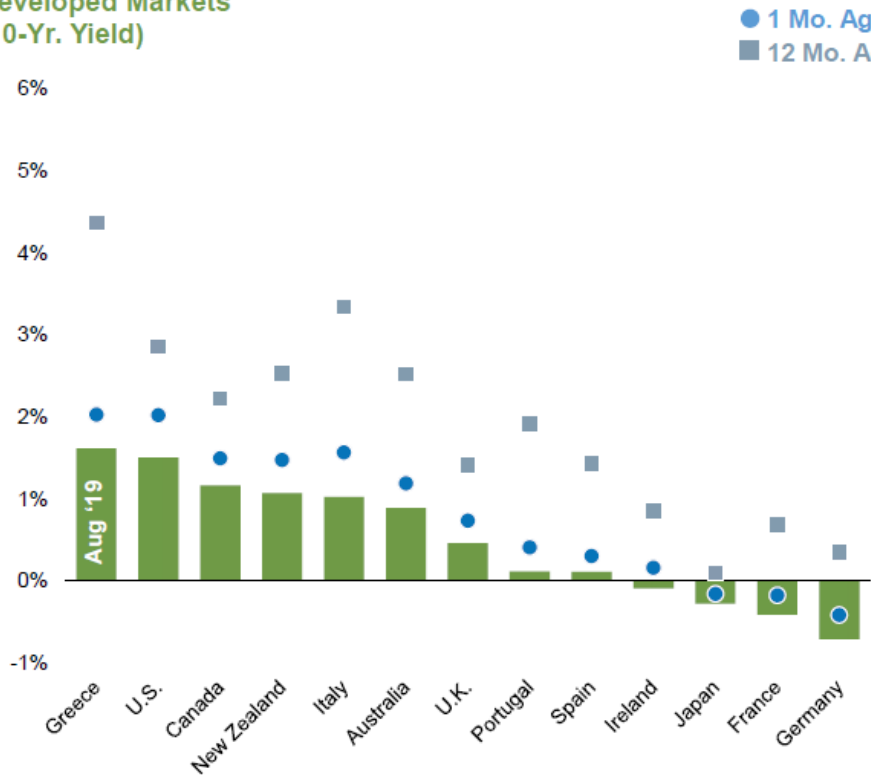


Market Review: International Interest Rates

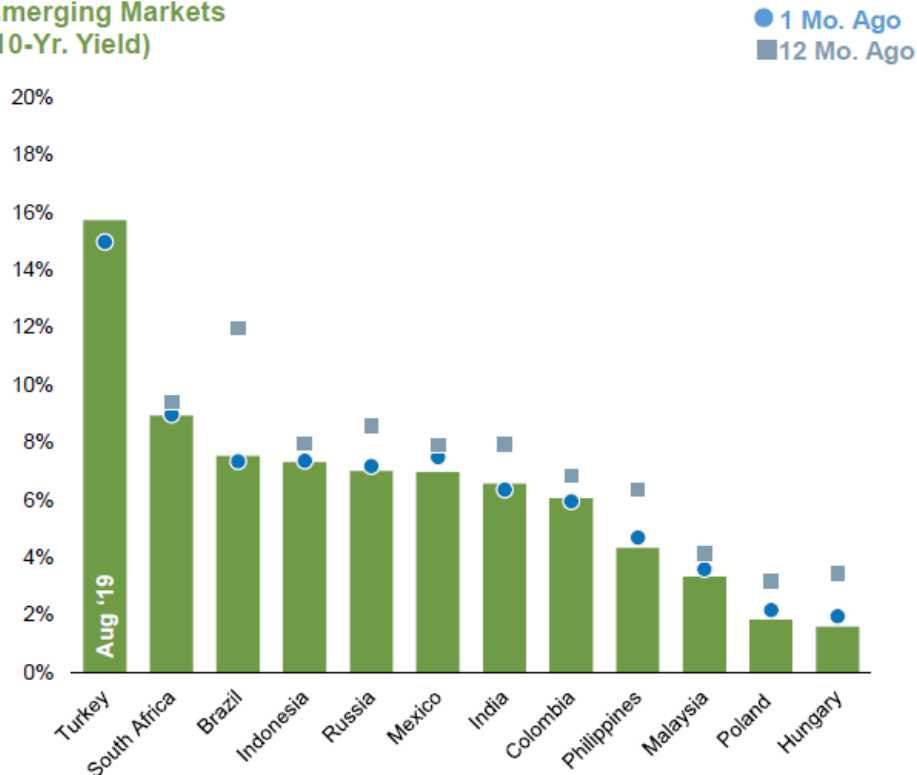
Government Bond Yields (10-Year)

Amongst almost all other developed market countries, U.S. government bonds offer higher yields. Interest rates in countries including Germany, France, Japan, and Ireland are negative. Emerging market bond yields are amongst the highest in the world but come with greater geopolitical and policy risk.

Developed Markets (10-Yr. Yield)



Emerging Markets (10-Yr. Yield)



Source: Easton Vance, Factset. Data as of 08/31/2019. Past performance is not a guarantee of future results.

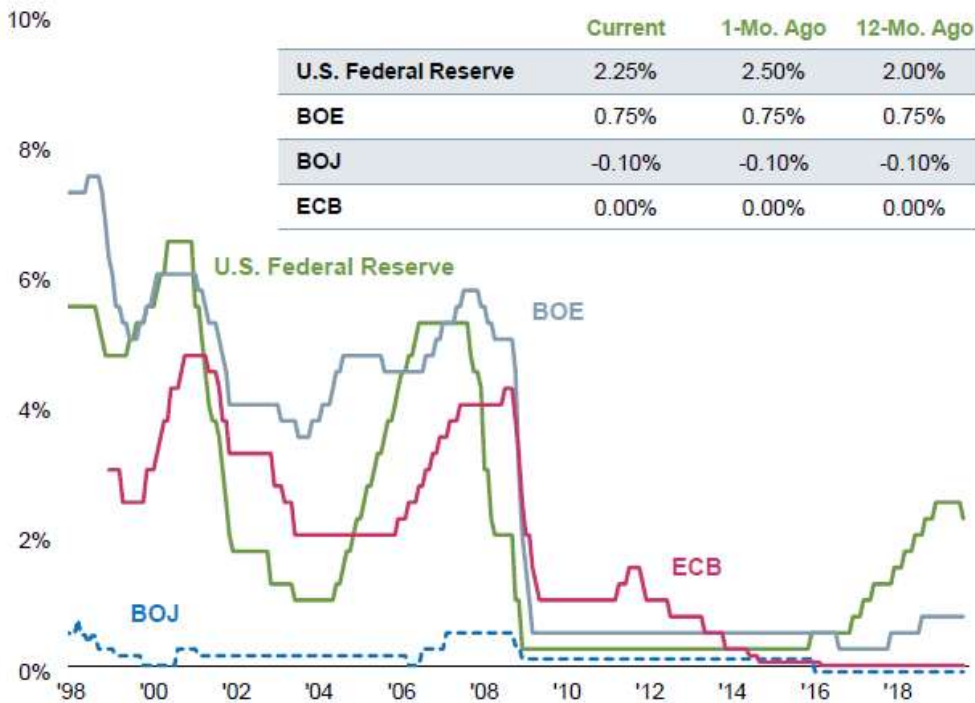


Market Review: International Interest Rates

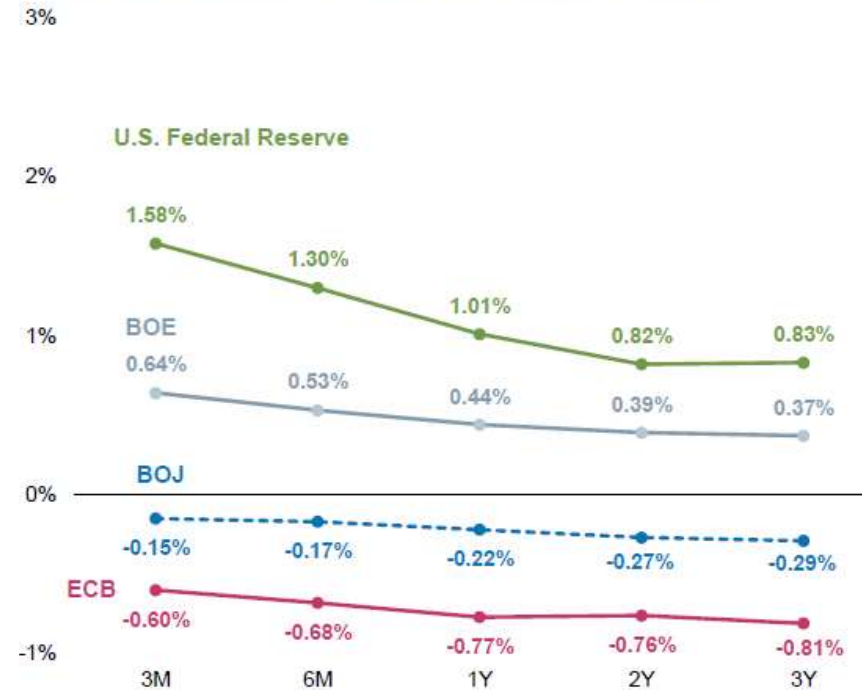
Central Bank Policy Rates

Market expectations are for major central banks around the world to gradually lower rates over the next two years in response to slowing economic growth and falling inflation expectations.

Central Bank Policy Rates



Market Expectations for Future Central Bank Rates



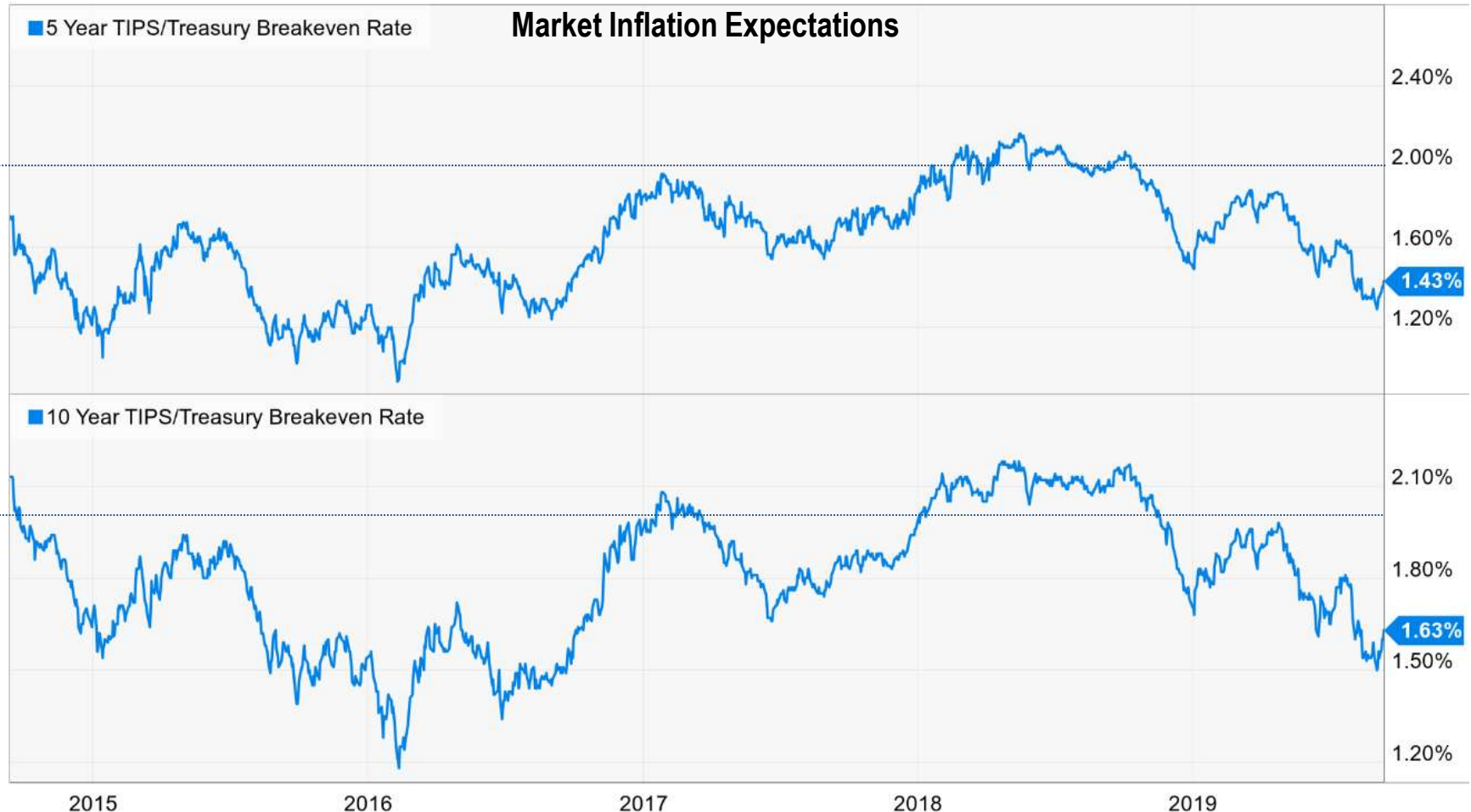
Source: Easton Vance, Factset. Data as of 08/31/2019. Past performance is not a guarantee of future results.



Market Review: US Inflation Expectations

Breakeven Rates

- Market expectations of future inflation in the U.S. are much lower than they were a year ago. Expectations are now for sub-2% inflation which is considered a muted level of inflation under the Fed's target rate of inflation.



- Breakeven rates are market-based inflation indicators. They are the differential between nominal (non-inflation-adjusted) Treasuries and Treasury-Inflation-Protected-Securities. Policy makers pay close attention to inflation expectation because they can influence firms' and households' spending decisions, which affect actual prices.

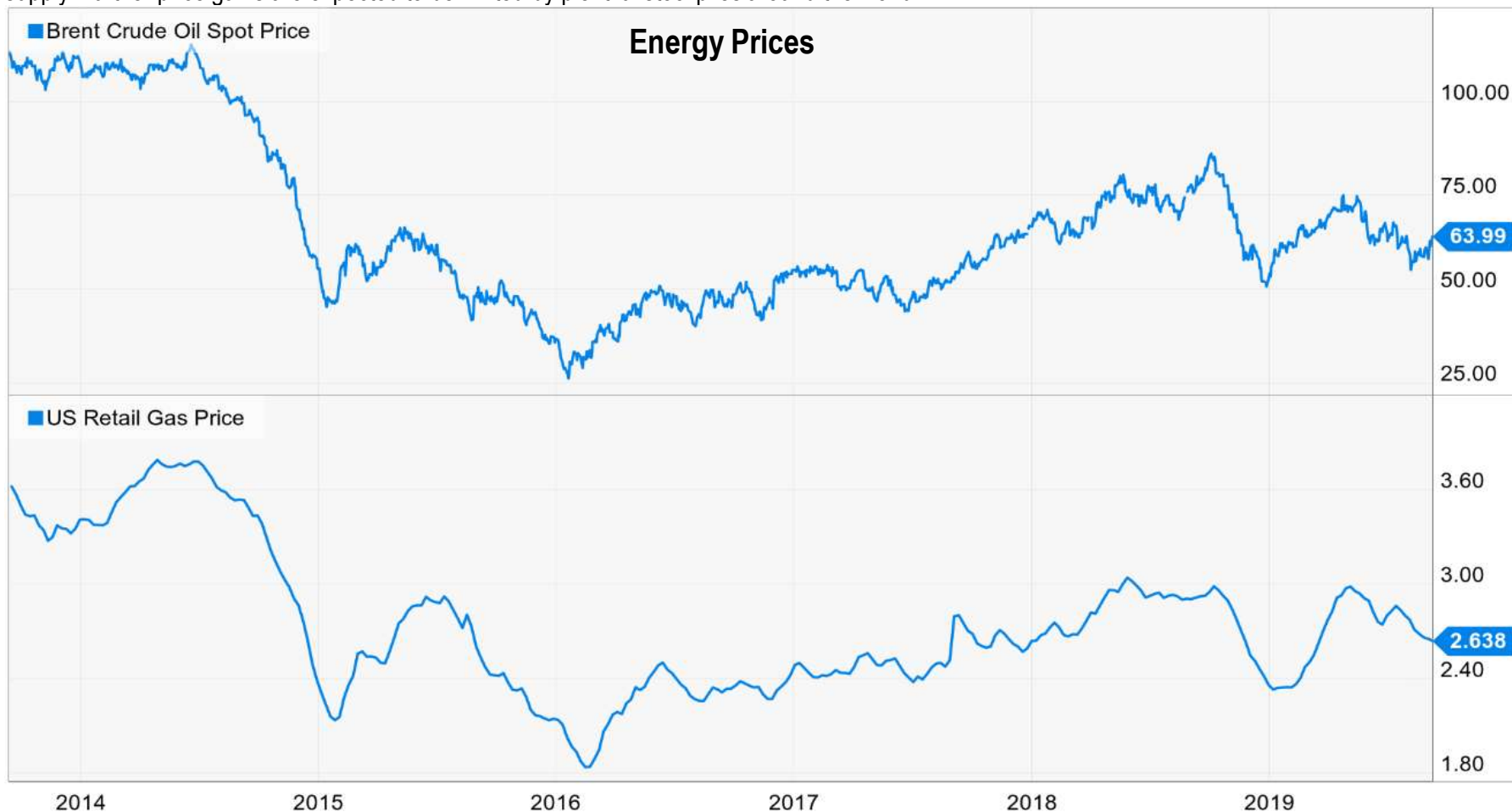




Market Review: Energy Prices

Oil & Gas

- Oil prices recently soared 15% following strikes in Saudi Arabia that disrupted 5.7 million barrels a day of oil production, or roughly 5% of the world's total supply. Further price gains are expected to be limited by plentiful stockpiles around the world.



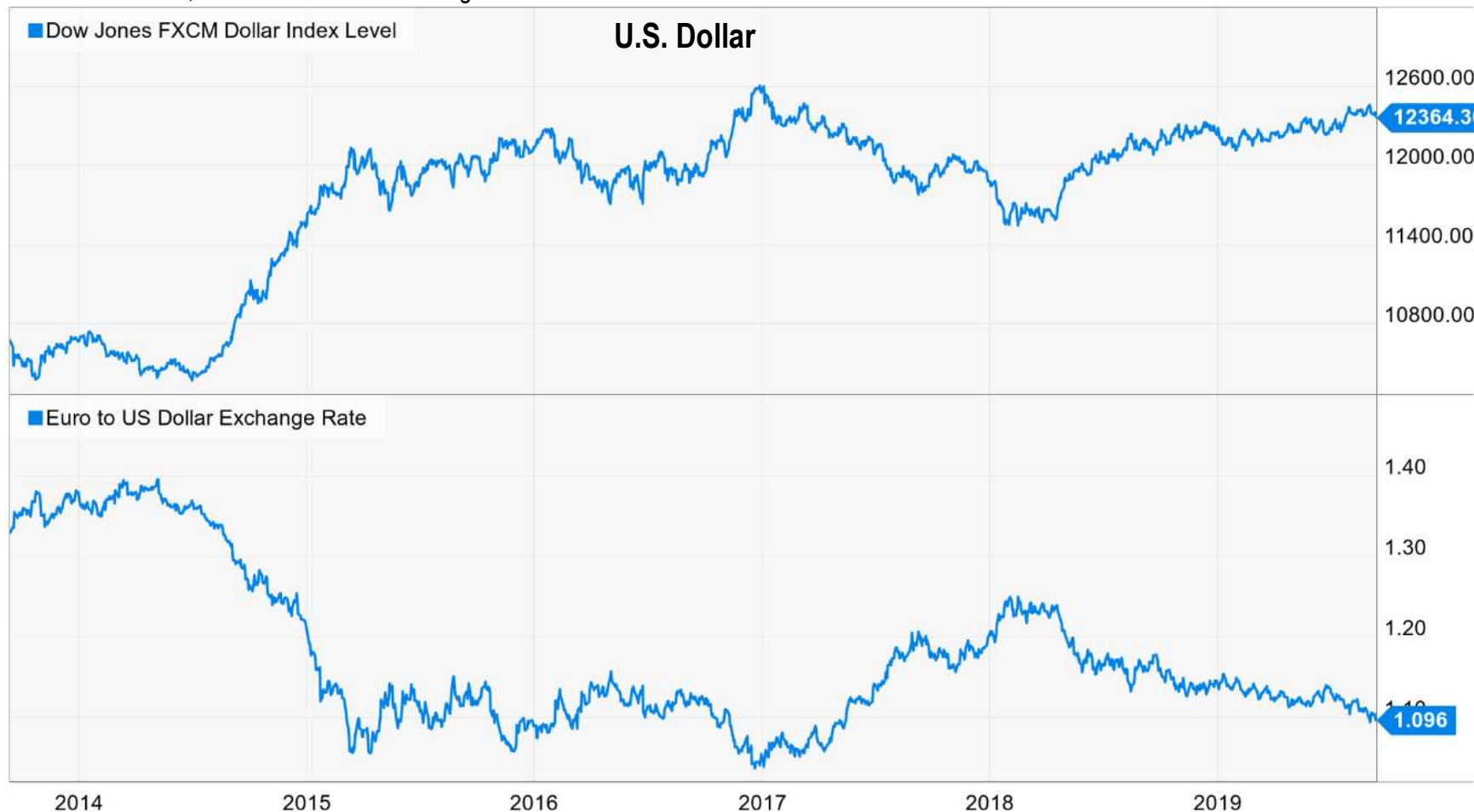
Source: YCharts, Energy Information Administration. Data as of September 2019. Past performance is not a guarantee of future results.



Markets Review: Currency

US Dollar

- US Dollar appreciated has continued into 2019, negatively impacting the US-dollar returns of international investments. Although interest rates in the U.S. have come down, demand for the dollar has grown because interest rates abroad have declined as well.



- The US Dollar Index (DXY) is an index (or measure) of the value of the United States dollar relative to a basket of foreign currencies, often referred to as a basket of US trade partners' currencies. It is a weighted geometric mean of the dollar's value relative to other select currencies. The Euro to US Dollar Exchange Rate is a direct quote of the U.S. dollars per unit of Euro.

Source: YCharts. Data as of September 2019. Past performance is not a guarantee of future results.

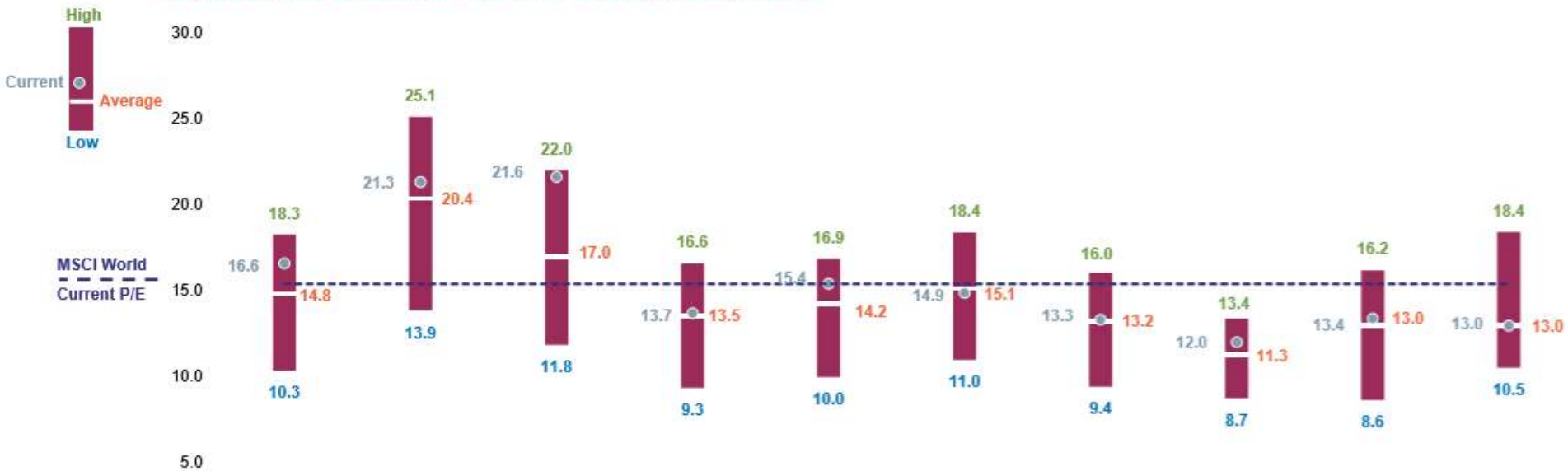


Markets Review: Valuations

Stock Valuations

- Valuations are currently above average but not at excessively high levels relative to recent history. Large-cap growth stocks in the U.S. are currently the most expensive stocks. International stock valuations broadly remain lower than U.S. stocks.

Regions/Styles: Current NTM P/E vs. 10-Year High, Low, Average



	S&P 500	Russell 2000	Russell 1000 Growth	Russell 1000 Value	MSCI World	MSCI World ex USA Small Cap	MSCI EAFE	MSCI EM	MSCI Europe	MSCI AC Asia Pac
High Date	11/17	9/17	7/19	2/17	1/18	9/09	5/15	9/09	3/15	9/09
Low Date	9/11	9/11	9/11	9/11	9/11	9/11	9/11	9/11	9/11	9/11

Source: Eaton Vance, Factset. Data as of 08/31/2019. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

NTM P/E is market price per share divided by expected earnings per share over the next twelve months. ...

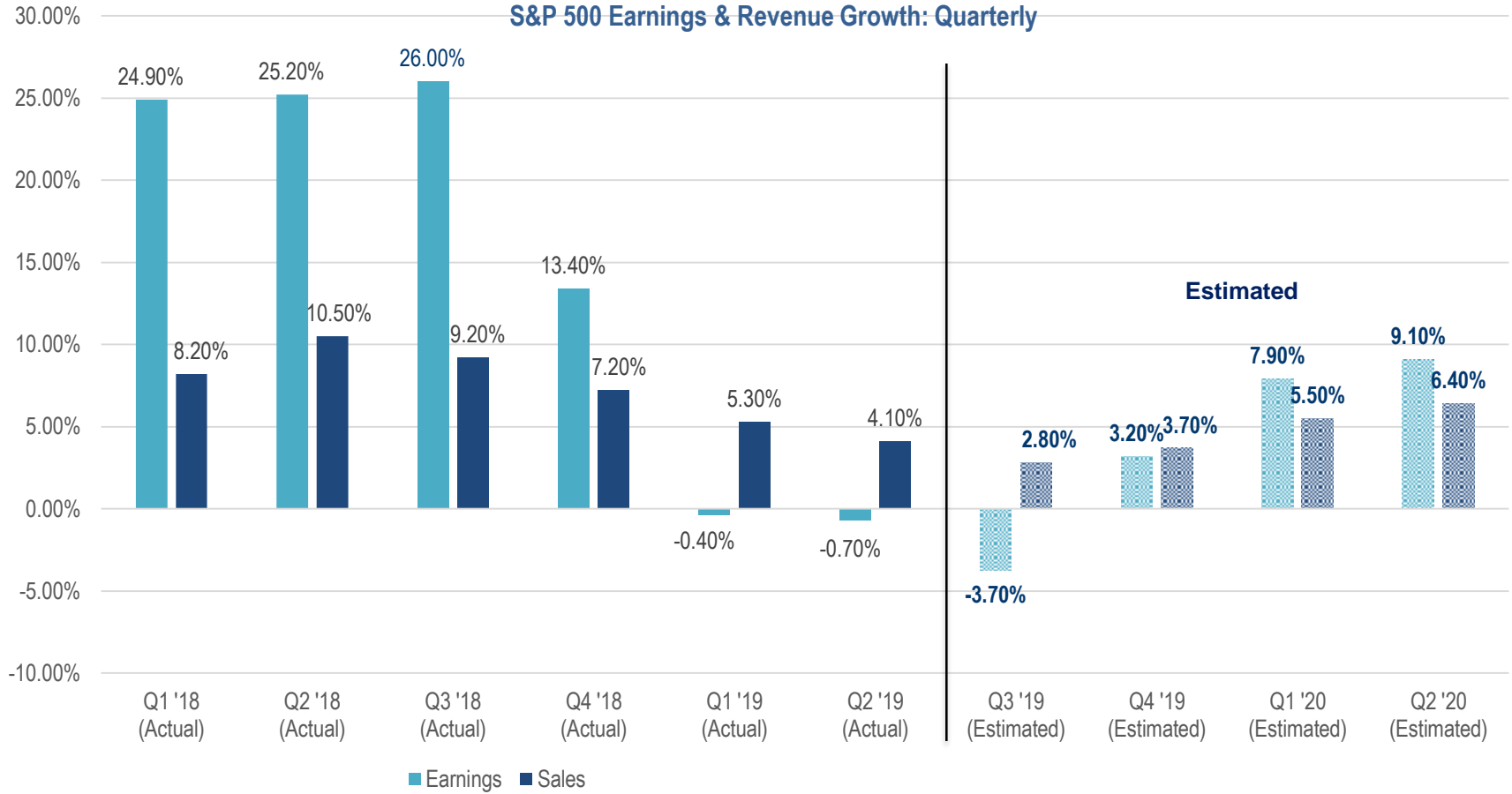


Markets Review: U.S. Earnings Growth

U.S. Corporate Earnings Growth (By Quarter)

For Q3 2019, U.S. S&P500 stock earnings are expected to decline -3.7%, which would mark the first time the index has reported three straight quarters of YoY earnings declines since Q4-2015 through Q2-2016. Analysts see low single-digit earnings growth in the fourth quarter followed by high single-digit earnings growth early on in 2020.

S&P 500 Earnings & Revenue Growth: Quarterly



Source: Factset. Data as of 09/13/2019. Past performance is not a guarantee of future results.

Earnings Growth is the % change in YoY EPS from the prior year.

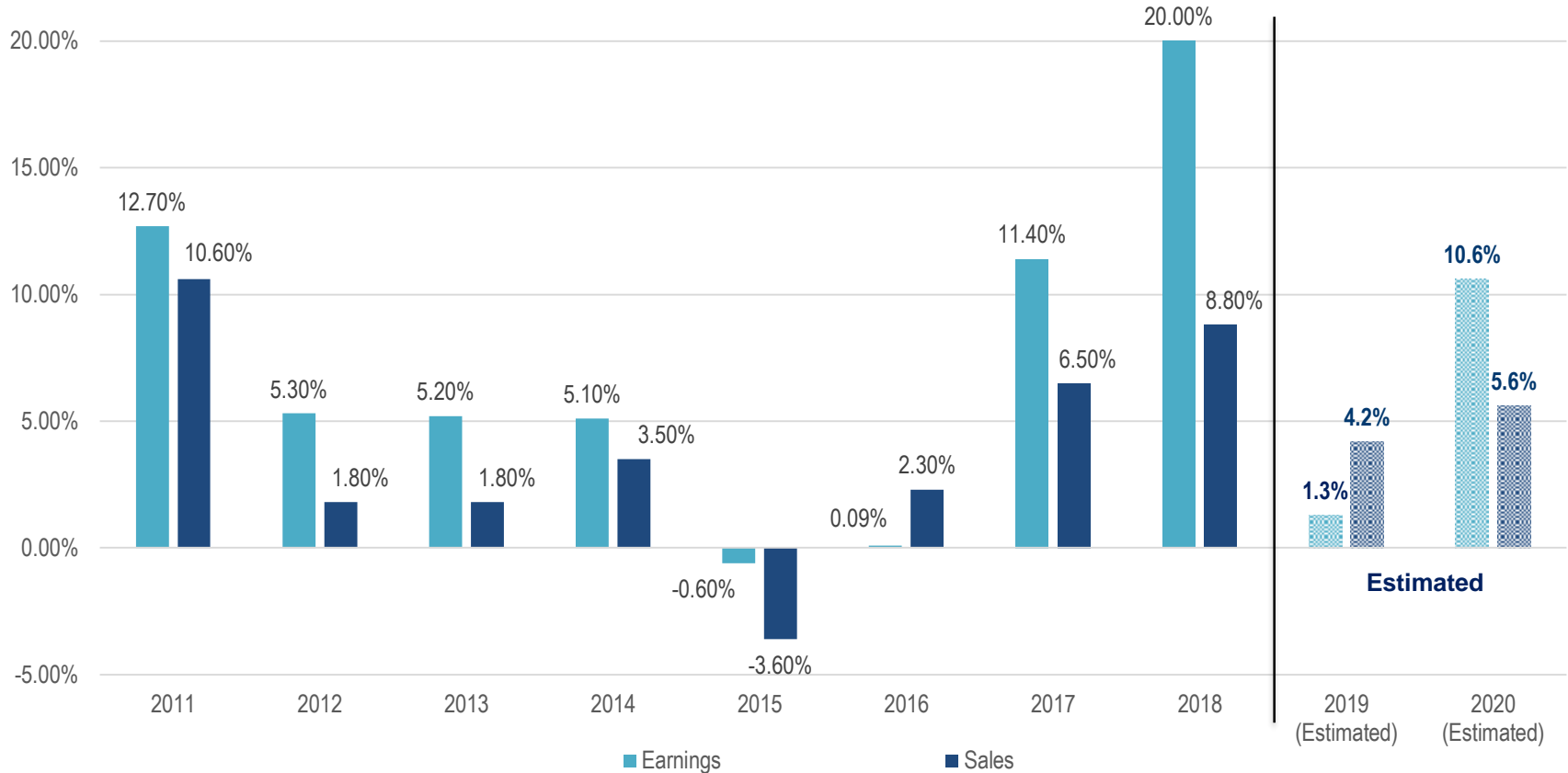


Markets Review: U.S. Earnings Growth

U.S. Corporate Earnings Growth (By Calendar Year)

Following a year of 20% earnings growth (2018) analysts expect more moderate growth but positive earnings growth for 2019 due to moderating economic growth, and the first-year effect of U.S. tax cuts passing. Analysts currently expect growth to increase in 2020.

S&P 500 Earnings & Revenue Growth: 2011-2018



Source: Factset. Data as of 09/13/2019. Past performance is not a guarantee of future results.

Earnings Growth is the % change in YoY EPS from the prior year.



Markets Review: Valuations

Bond Valuations

☐ Credit spreads are still at historically tight levels given the significant improvements in corporate fundamentals. Spreads remain tight for lower-grade bonds despite slowing growth and trade concerns in 2019.



Aggregate Agency MBS ABS CMBS Corporate Preferred Floating-Rate Loans Emerging Markets (USD) High Yield

	Aggregate	Agency	MBS	ABS	CMBS	Corporate	Preferred	Floating-Rate Loans	Emerging Markets (USD)	High Yield
Max Spread Date	12/3/2008	11/20/2008	12/3/2008	1/6/2009	11/21/2008	12/3/2008	3/9/2009	12/19/2008	10/24/2008	12/15/2008
Min Spread Date	2/23/2005	3/12/2013	7/27/2010	10/1/2009	12/8/2004	3/11/2005	12/6/2017	3/31/2006	6/1/2007	6/1/2007
Spread on 12/31/18	54	16	35	53	86	153	242	551	415	533
Spread on 12/31/17	36	14	25	36	62	93	-30	405	285	358
Spread on 12/31/16	43	21	15	59	75	123	211	465	342	421

Source: Eaton Vance, Factset. Data as of 08/31/2019. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.



Economic Review

Overview

Overview

- U.S. Growth
- U.S. Inflation
- U.S. Job Market
- U.S. Consumer
- U.S. Housing Market

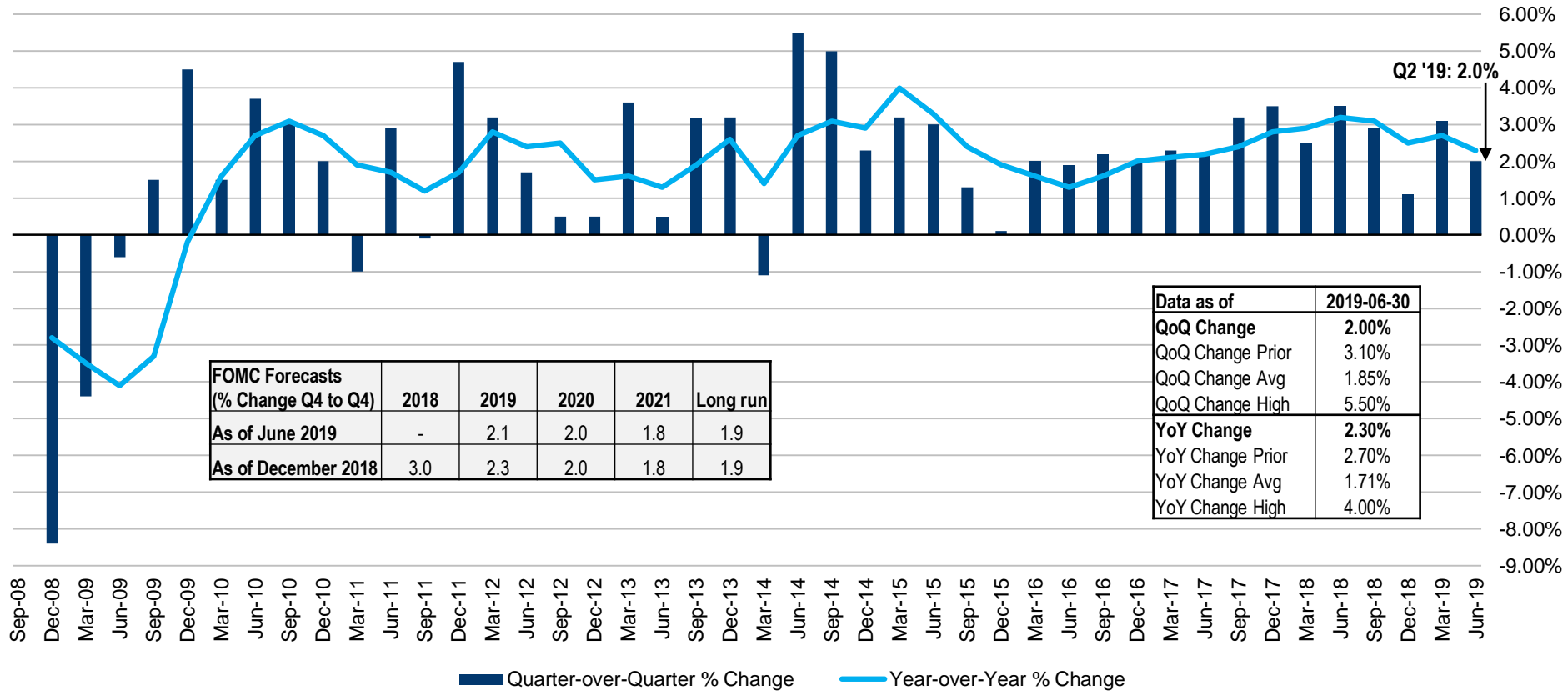


Economy: US Growth

Gross Domestic Product (GDP)

- The U.S. economy has continued to expand modestly while economic growth rates have decelerated across the globe. After growing at a 3% rate in 2018 following U.S. fiscal stimulus measures (i.e., tax cuts and new government spending), growth in the U.S. is expected to moderate toward 2% in 2019.

US Real GDP Growth



- Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. Though GDP is usually calculated on an annual basis, it can be calculated on a quarterly basis as well. GDP includes all private and public consumption, government outlays, investments and exports minus imports that occur within a defined territory. GDP is a broad measurement of a nation's overall economic activity.

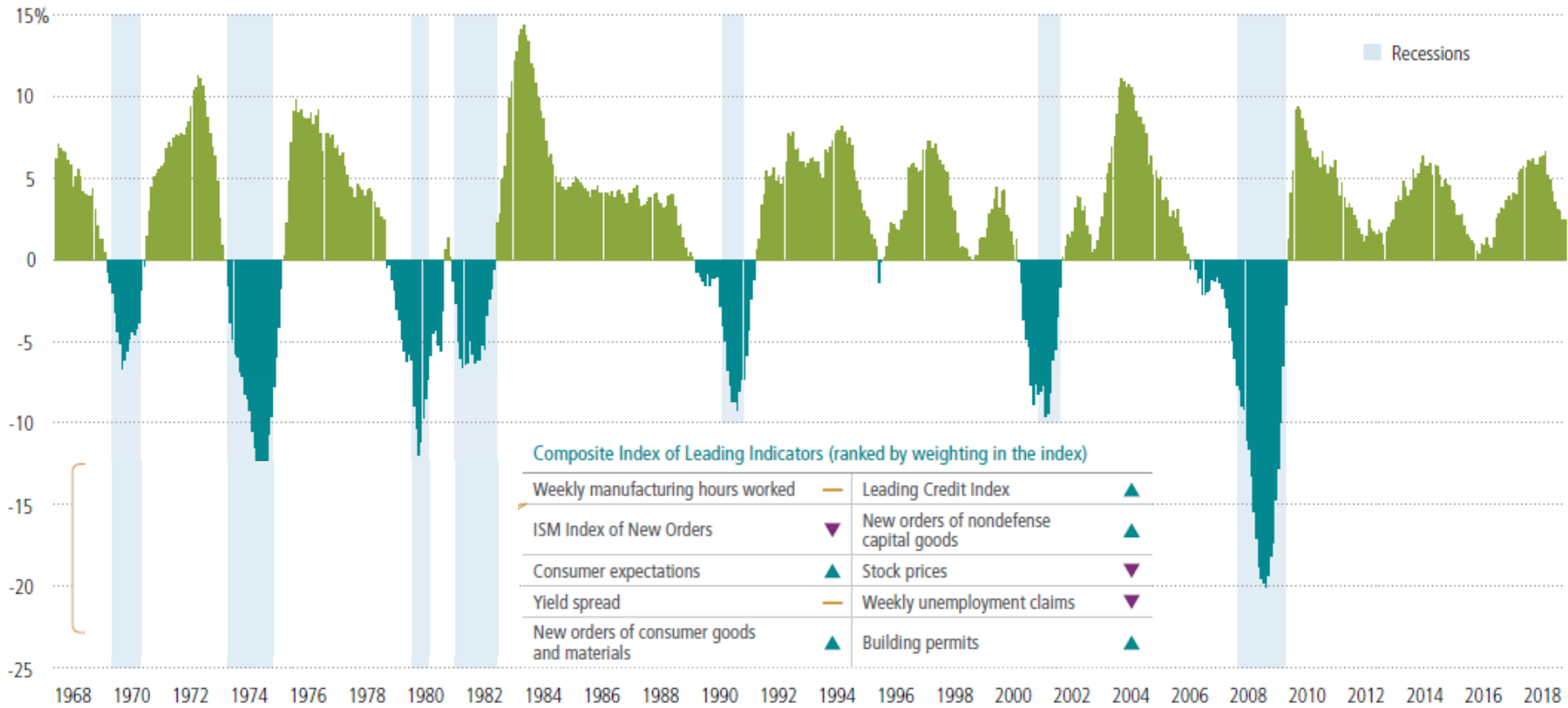


Economy: US Growth

Leading Economic Indicators

- Leading economic indicators (LEI) in the U.S. have been declining lately and point to a moderation of growth. However, LEI remain positive and not showing evidence of trouble yet.

Year-over-year change in the Composite Index of Leading Indicators



- The Composite Index of Leading Indicators is an index published monthly by The Conference Board, used to predict the direction of the economy's movements in the months to come. The index is made up of 10 economic components whose changes tend to precede changes in the overall economy.



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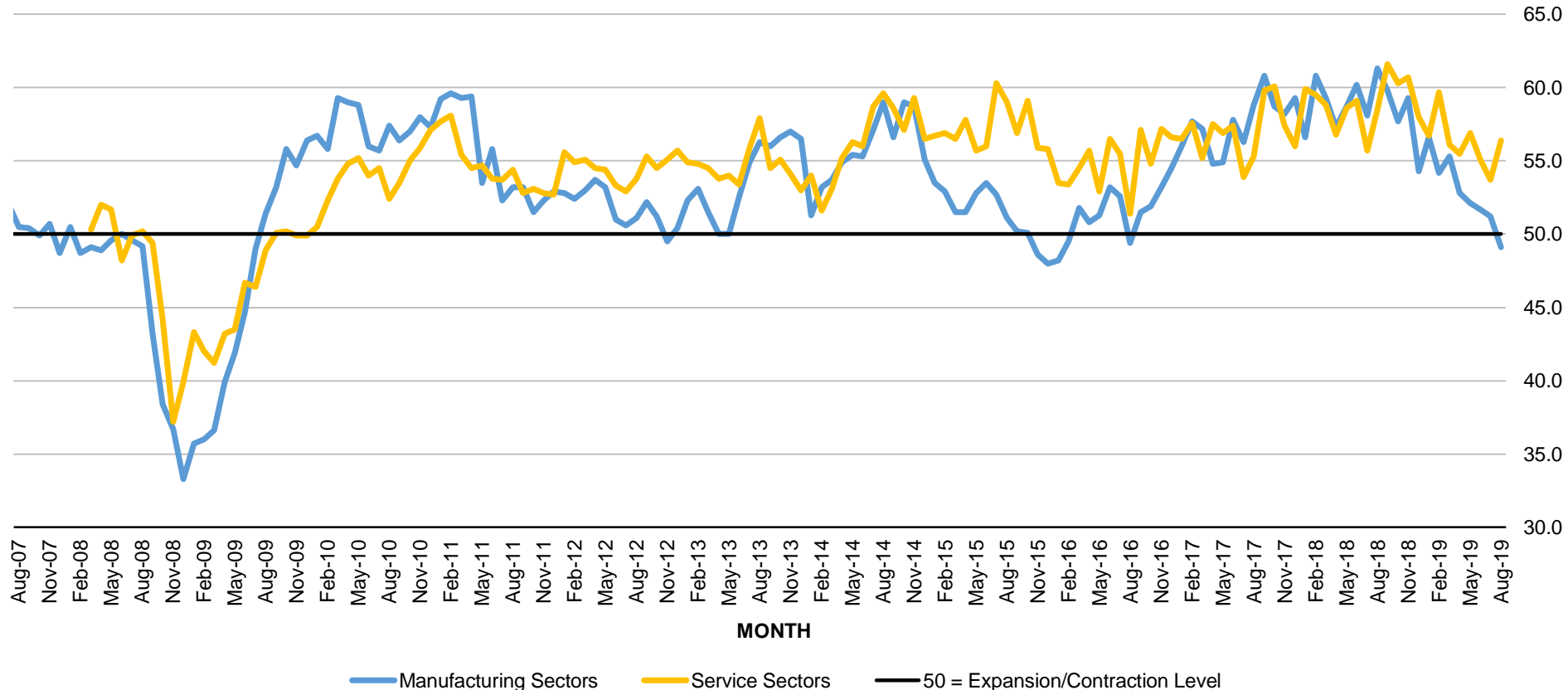


Economy: US Growth

Manufacturing & Service Sectors

- The health of U.S. service sectors remains strong, while the health of the manufacturing sectors has deteriorated as the manufacturing sector continues to struggle with trade-related headwinds

US ISM Manufacturing PMI



- The Purchasing Managers' Index (PMI) is an indicator of the economic health of the manufacturing and service sectors. The PMIs based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. It provides information about current business conditions to company decision makers, analysts and purchasing managers. It is produced from monthly surveys sent to purchasing executives at approximately 300 companies. Readings over 50 imply expansion.





Economy: US Inflation

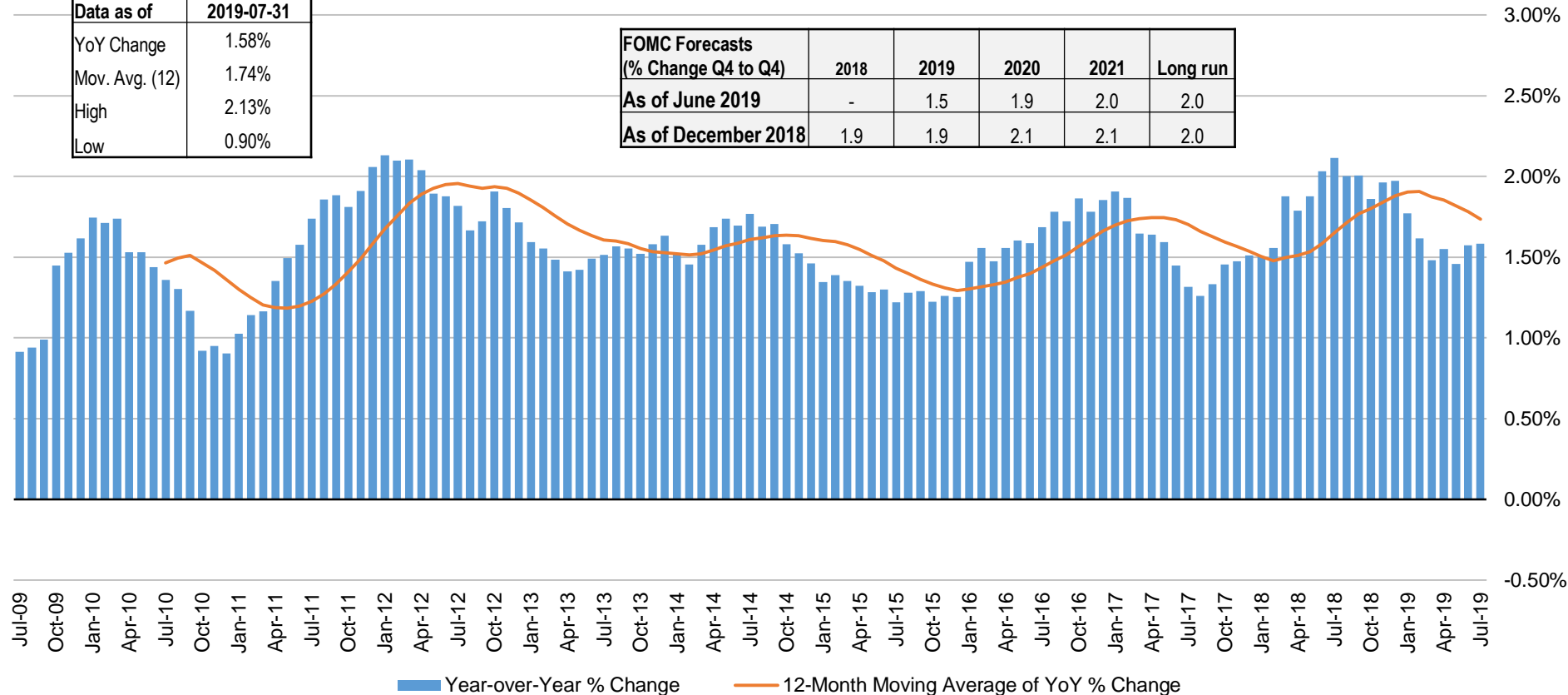
Core Personal Consumption Expenditures Price Index (Core PCE)

Inflation has declined once again in 2019. The Federal Reserve's preferred measure of inflation, Core PCE, has fallen significantly since mid-2018, after it finally reached their target of 2%. FOMC forecasts are now for 1.5% Core PCE inflation in 2019 and back to 1.9% in 2020.

US Core PCE Price Index

Data as of	2019-07-31
YoY Change	1.58%
Mov. Avg. (12)	1.74%
High	2.13%
Low	0.90%

FOMC Forecasts (% Change Q4 to Q4)	2018	2019	2020	2021	Long run
As of June 2019	-	1.5	1.9	2.0	2.0
As of December 2018	1.9	1.9	2.1	2.1	2.0



The Core Personal Consumption Expenditures (PCE) Price Index is a measure of the price changes of consumer goods and services excluding food and energy. While it shares similarities with the Consumer Price Index (CPI), it is considered a more comprehensive, dynamic and reliable inflation metric. The Fed prefers it when reviewing economic conditions.



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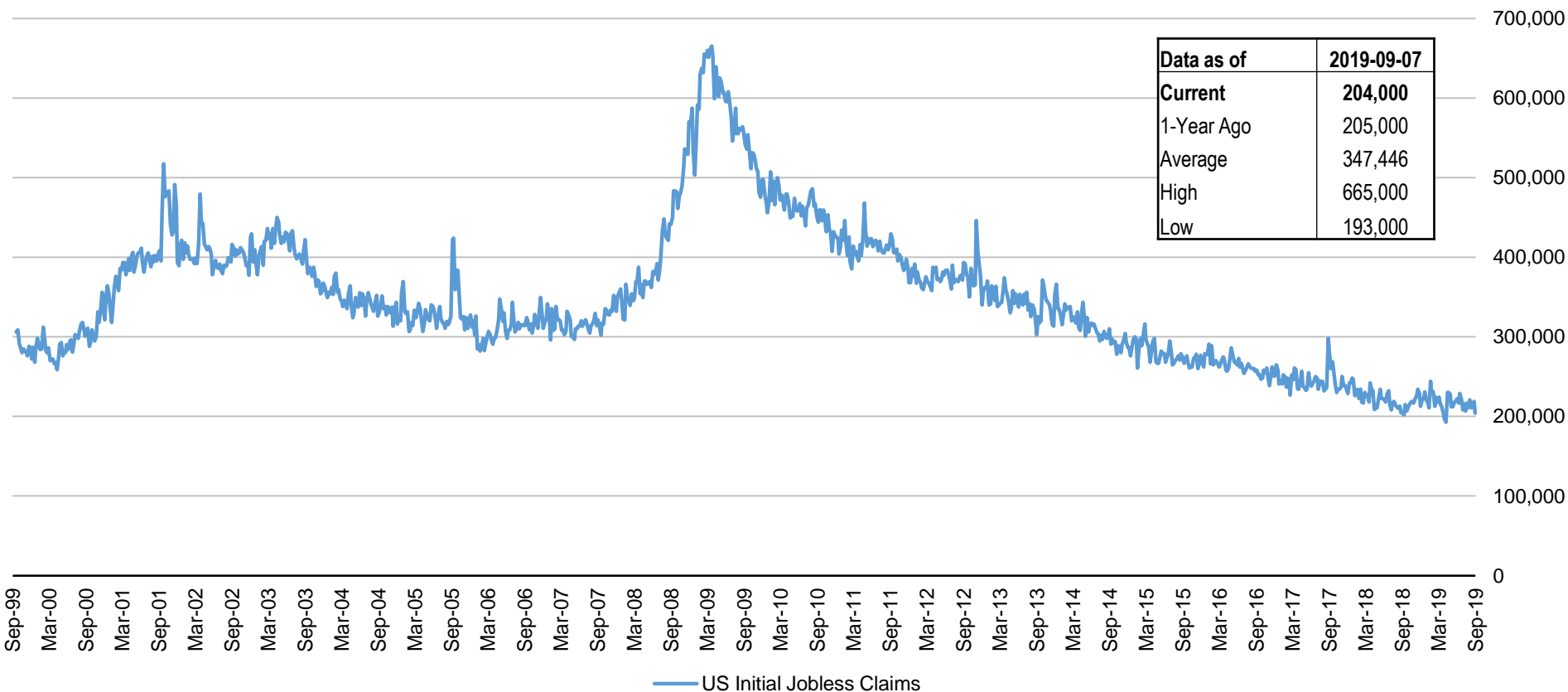


Economy: US Job Market

Jobless Claims

- The downward trend in Jobless Claims, a proxy for layoffs, has continued throughout 2019, and is at a historically low level signaling a healthy job market. The number remains at the lowest level since November 1973. This means that employers are generally content to maintain and expand their payrolls.

US Initial Jobless Claims



- Initial claims for unemployment insurance offer weekly information on layoff activity. Any reading below 300,000 is considered low in a historical context. In the post-war period, when initial claims head above 320,000 per week on a consistent basis, a recession is just around the corner.

Source: YCharts, Department of Labor. Past performance is not a guarantee of future results.



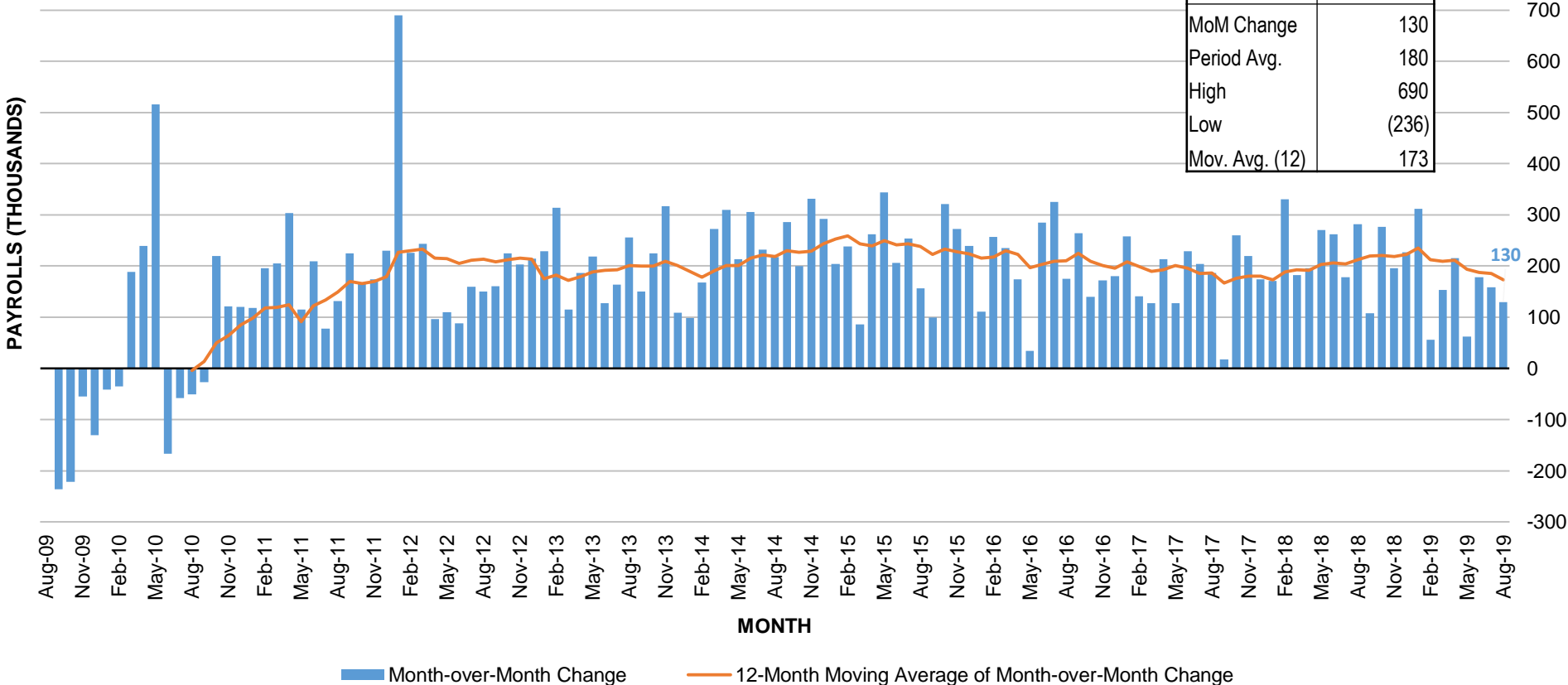
Economy: US Job Market

Change in Nonfarm Payrolls

U.S. companies continue to hire at a healthy pace. Over the last 12 months, employers have added an average of 173,000 jobs per month, but there has been a declining trend. Slowing job growth is not unusual or unexpected for this late in the economic expansion given the extremely tight labor market.

US Total Nonfarm Payrolls

Data as of	2019-08-31
MoM Change	130
Period Avg.	180
High	690
Low	(236)
Mov. Avg. (12)	173



Nonfarm payroll is a monthly report intended to represent the number of additional jobs added from the previous month. Despite the name nonfarm payroll, the report excludes workers from general government jobs, private household jobs, employees of nonprofit organizations and farm employees.



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Source: YCharts, Bureau of Labor Statistics. Past performance is not a guarantee of future results.

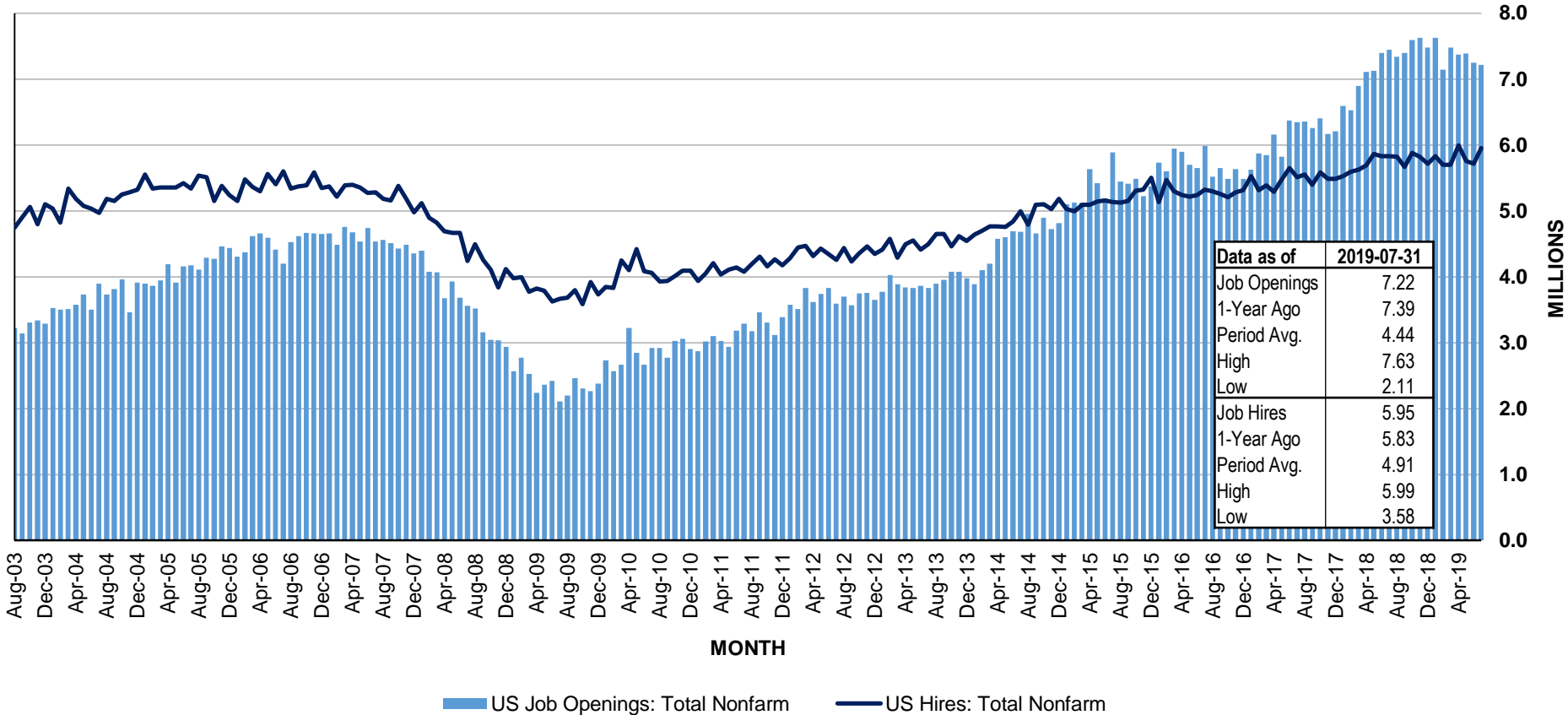


Economy: US Job Market

Job Openings and Labor Turnover Survey (JOLTS)

- The lack of labor market slack is evident in the near record number (7.2M) of job openings, which are well above the level of hiring (5.9M), also at cycle highs. Recently however, job openings have been decreasing, which could be a sign of waning confidence and expectations for diminished demand ahead.

U.S. Job Openings & Hires



- The job openings and labor turnover survey (JOLTS) is a survey done to help measure job vacancies. It collects data from employers each month. The survey results include total job openings, hires, and separations (including quits, layoffs and discharges, and other separations). The difference between total hires and separations is approximately equal to the increase or decrease in monthly payrolls.

Source: YCharts, Bureau of Labor Statistics. Past performance is not a guarantee of future results.





Economy: US Job Market

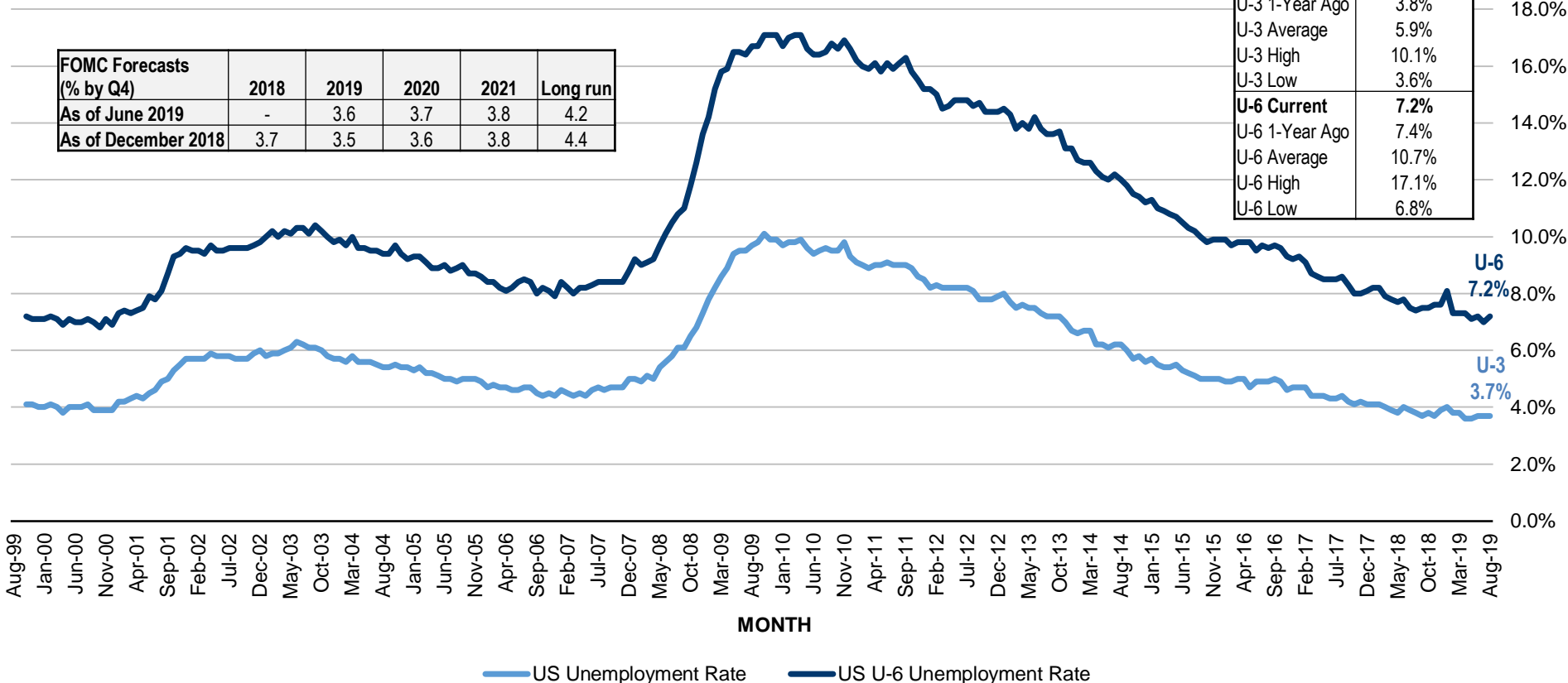
Unemployment Rate

- The official unemployment rate (U-3) remains below a level that is consistent with “full employment” (i.e., 5%). The broader unemployment rate that includes part-time workers (U-6) is now below its pre-2008/2009 recession levels. FOMC forecasts are for a 3.6% unemployment rate (U-3) in 2019.

US Unemployment Rate

FOMC Forecasts (% by Q4)	2018	2019	2020	2021	Long run
As of June 2019	-	3.6	3.7	3.8	4.2
As of December 2018	3.7	3.5	3.6	3.8	4.4

Data as of	2019-08-31
U-3 Current	3.7%
U-3 1-Year Ago	3.8%
U-3 Average	5.9%
U-3 High	10.1%
U-3 Low	3.6%
U-6 Current	7.2%
U-6 1-Year Ago	7.4%
U-6 Average	10.7%
U-6 High	17.1%
U-6 Low	6.8%



- The unemployment rate is the percentage of the total labor force that is unemployed but actively seeking employment and willing to work. The U-3 rate is the officially recognized rate of unemployment, measuring the number of unemployed people as a percentage of the labor force. The U-6 rate includes people who work part time because full-time work is not available due to economic conditions.

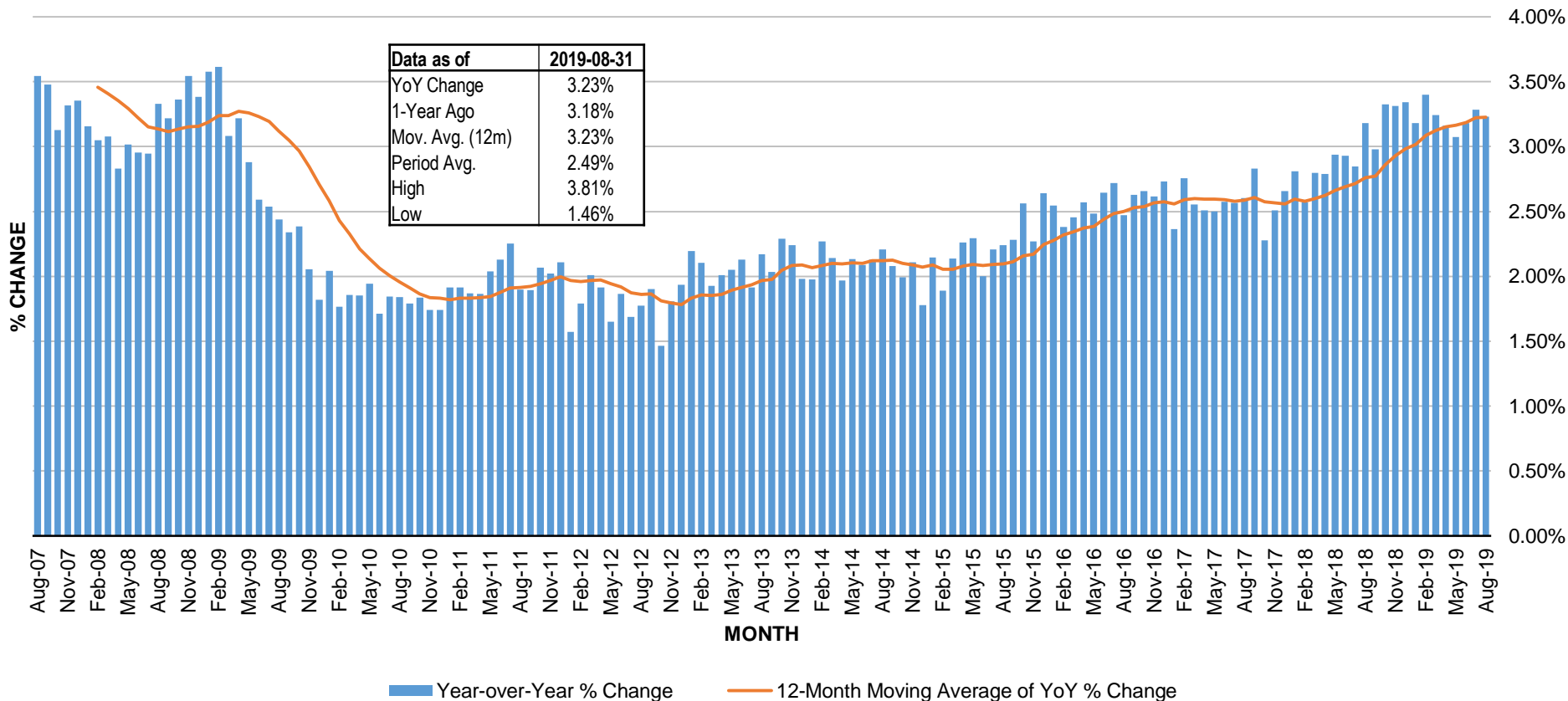


Economy: US Job Market

Wage Growth

Hiring has reduced enough slack in the labor market to put upward pressure on wages, but not enough (i.e. >4%) to put pressure on the Fed. Wage growth has outpaced inflation in recent years and is now growing at its highest rate since 2009. Wage growth has started to put pressure on corporate margins.

US Average Hourly Earnings



Average hourly earnings is the average basic hourly rate for most major industries.

Source: YCharts, Bureau of Labor Statistics. Past performance is not a guarantee of future results.

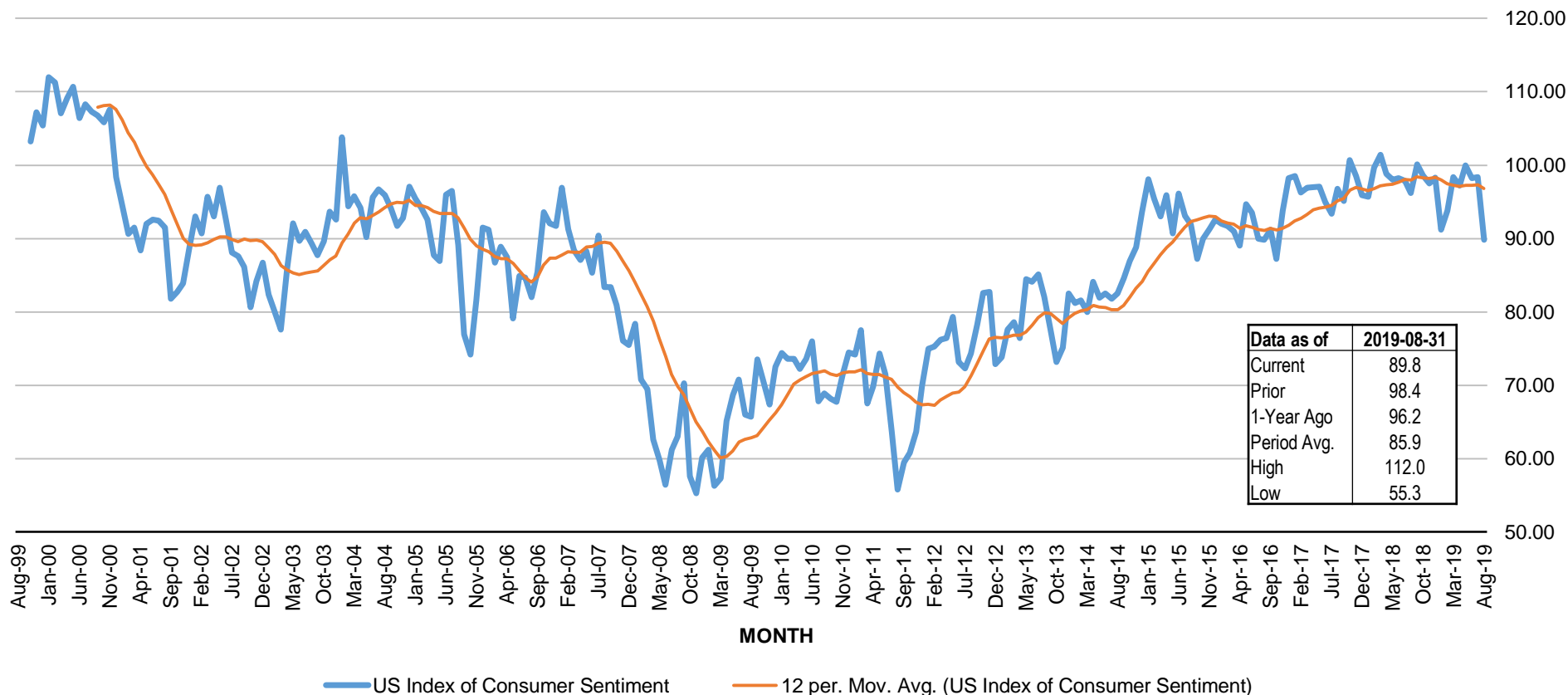


Economy: US Consumer

Consumer Sentiment

- Consumer sentiment remains high but upward trend has flattened recently. This level of consumer sentiment however, is still consistent with improving labor market conditions and growing wealth.

US Index of Consumer Sentiment



- The U.S. Consumer Sentiment report is published by the University of Michigan. Data is collected from a query of 500 adults regarding their attitude on financial and income situations. Interviewers ask 50 core questions, and the responses are standardized on a 100 point scale.



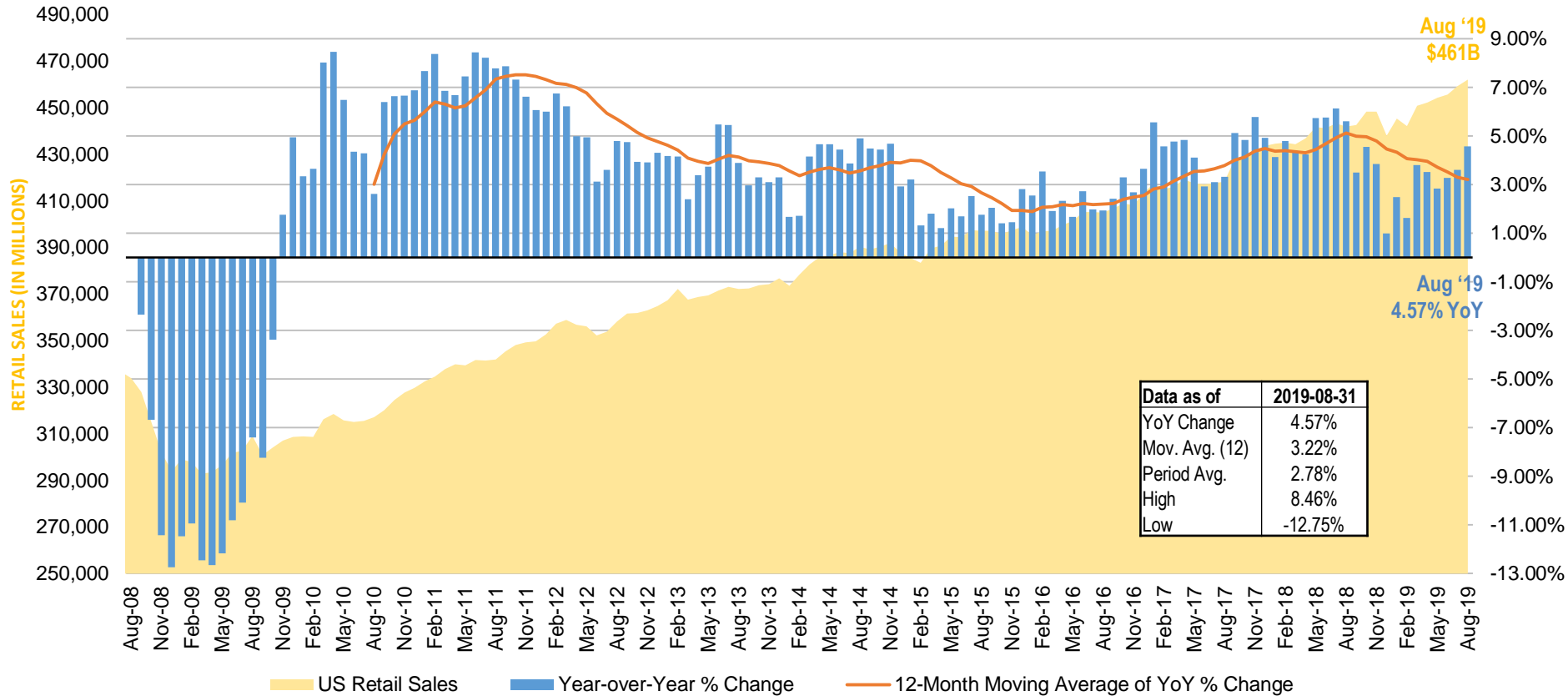


Economy: US Consumer

Retail Sales (Consumer Spending)

- Growth of household spending has picked up throughout 2019 due to still favorable economic conditions in the U.S. particularly the job market. After dropping at the end of 2018, sales have been climbing their way back up.

US Retail Sales



- Retail sales, a measure of purchases at stores, gas stations, car dealerships, restaurants and online, is a substantial portion of consumer spending and an important indicator of economic health. Increased consumer spending is generally considered a sign of stability and growth. Retail sales are important measure of consumer spending, which accounts for more than two-thirds of economic activity in the U.S



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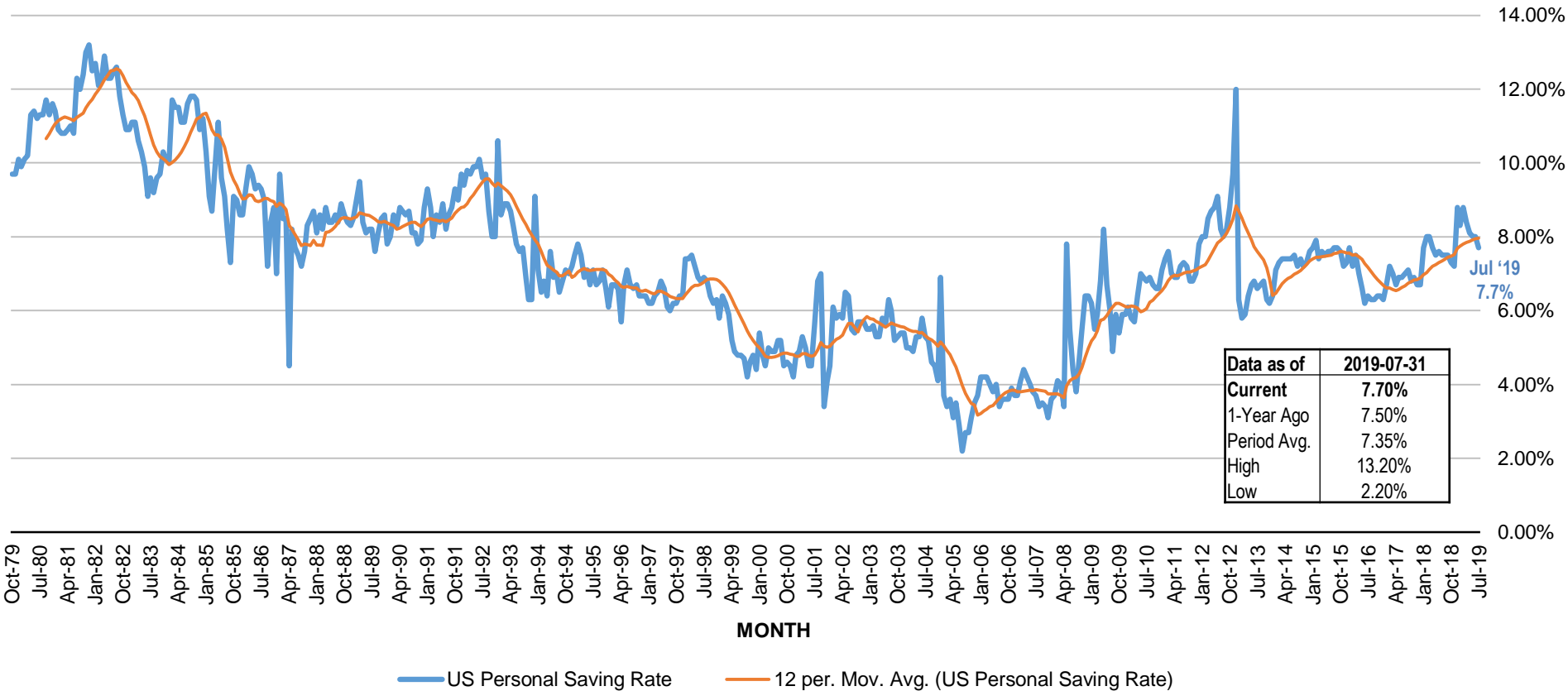


Economy: US Consumer

U.S. Personal Savings Rate

The personal savings rate in the US has been on a long decline since the 1970s, a trend that began to reverse after the financial crisis. Recently it has been increasing.

US Personal Saving Rate



A savings rate is the amount of money, expressed as a percentage or ratio, that a person deducts from his disposable personal income to set aside as a nest egg or for retirement.



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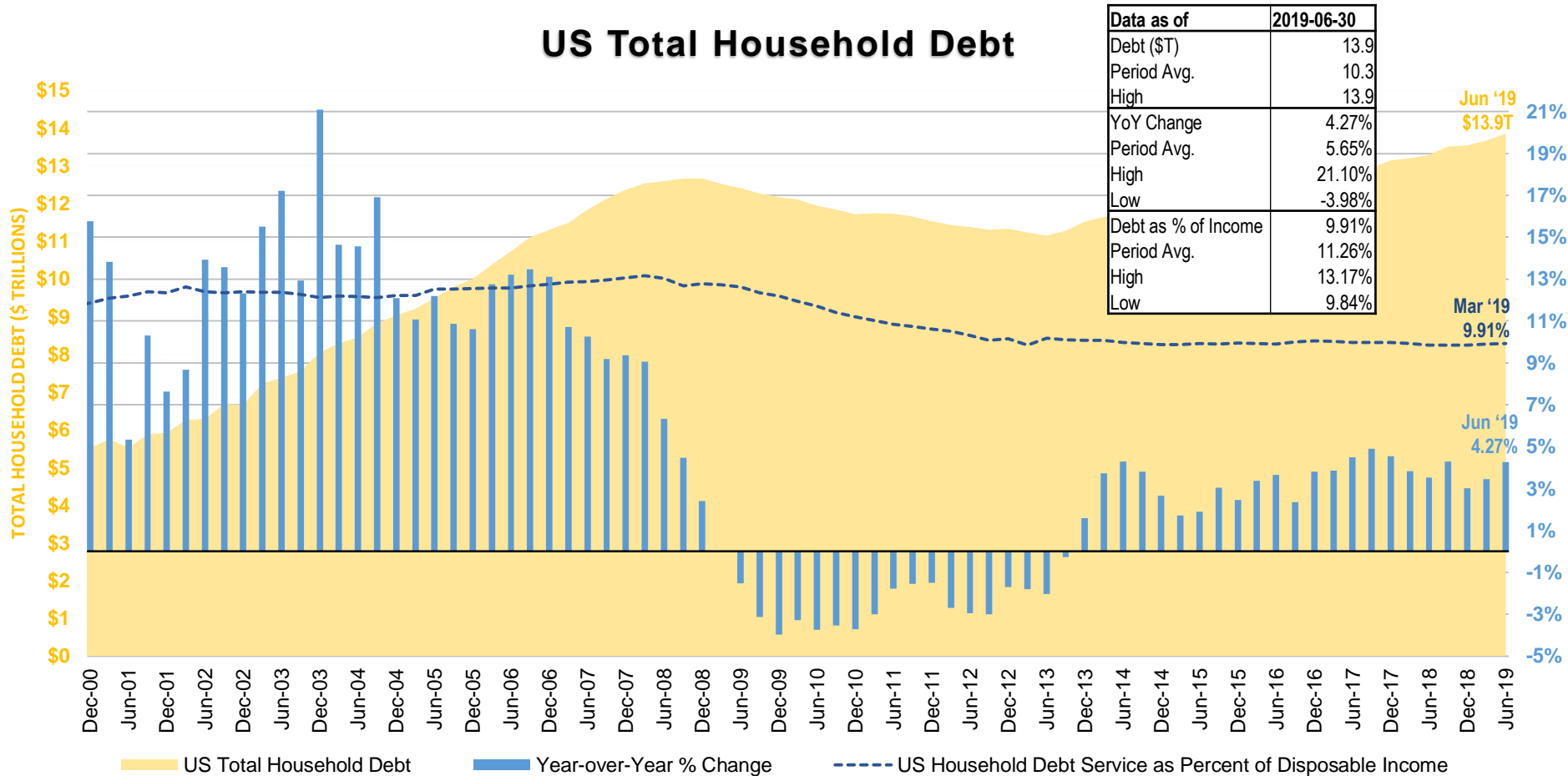


Economy: US Consumer

U.S. Total Household Debt

Household debt reached \$13.9 trillion as of June 30, 2019, 21% above the post-financial-crisis low that hit in the second quarter of 2013.

US Total Household Debt



Household debt includes home mortgages, home equity loans, auto loans, student loans, and credit cards. The household debt service ratio is an estimate of the ratio of debt payments to disposable personal income.



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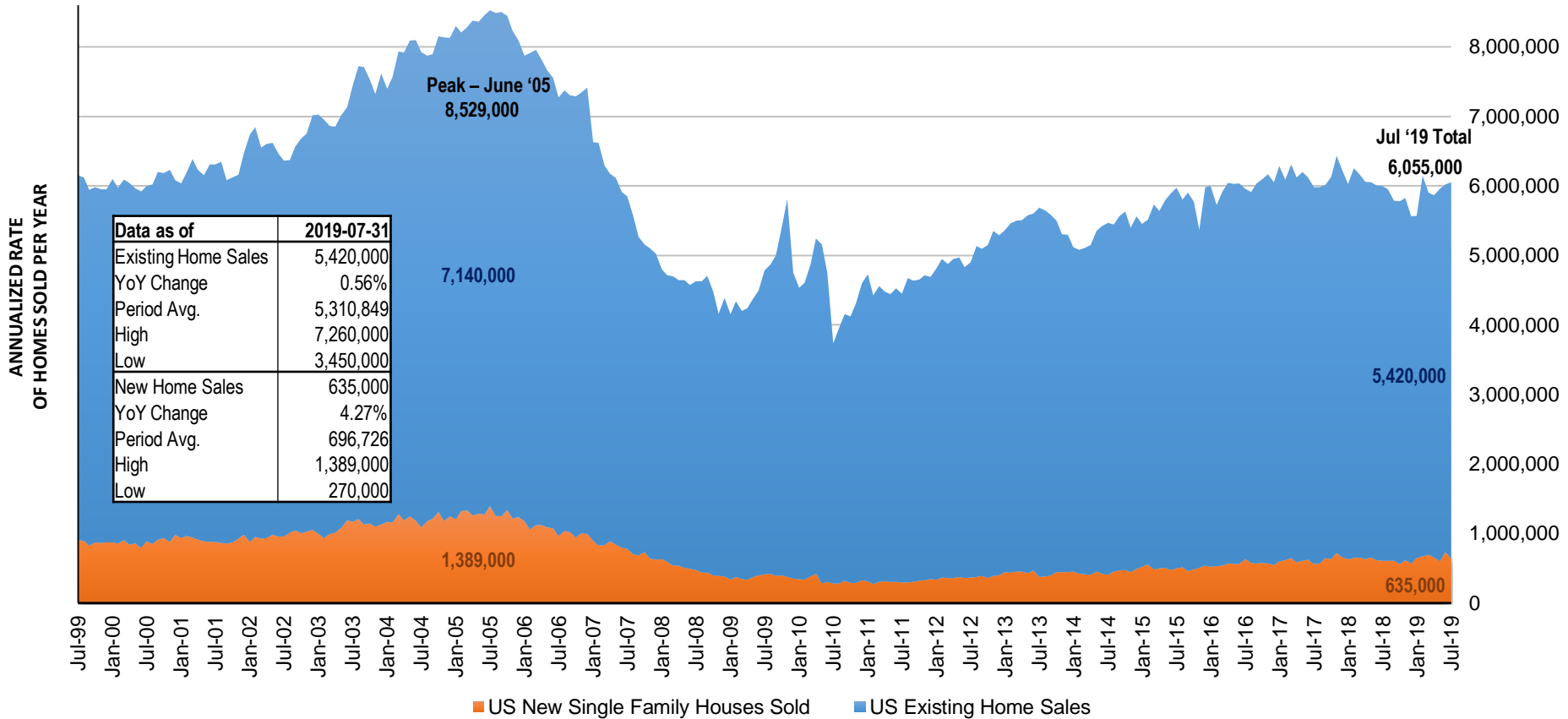


Economy: US Housing Market

Home Sales

- The housing market is still healthy, supported by home buying. The current annual rate of home sales is around 65% of the rate in 2005. Higher mortgage rates in 2018 weighed on activity, but given the decline in rates this year, housing sales may begin to pick back up.

US New and Existing Homes Sold



- Existing home sales is an economic indicator of both the number and prices of existing single-family homes, condos and co-op sales (which is the vast majority of home sales) over a one-month period. New Homes Sales measures sales of newly built homes. A new home sale is considered to be any deposit or contract signing either in the year the house was built or the year after it was built.

Source: YCharts, U.S. National Association of Realtors. Past performance is not a guarantee of future results.

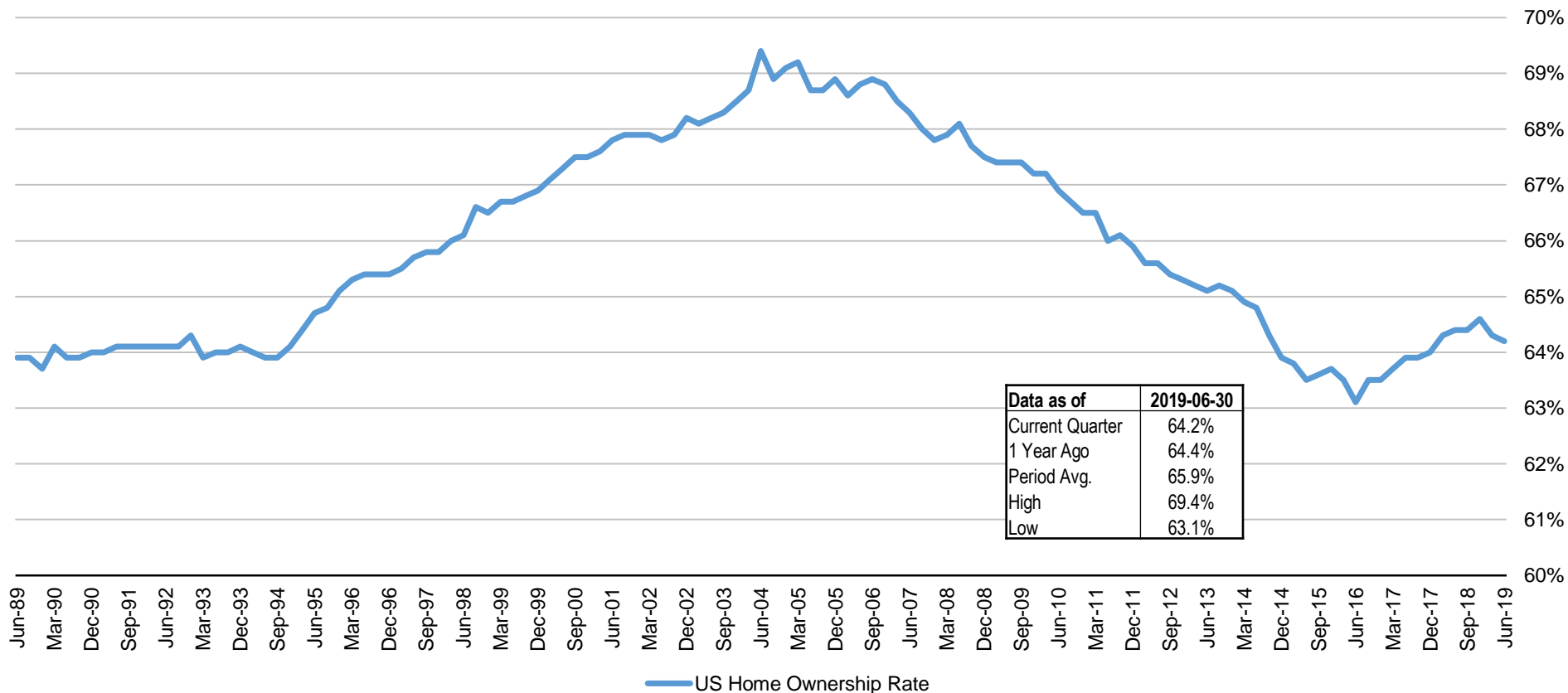


Economy: US Housing Market

Homeownership Rate

- Homeownership remains at a 50-year low. Although mortgage rates have remained affordable, many economists believe the main reason for falling homeownership is mortgage availability due to tough lending standards. Homeownership has declined the most among people under the age of 30.

US Home Ownership Rate



- The homeownership rate is the percentage of homes that are owned by their occupants; it is not the percentage of adults that own their own home. The homeownership rate is computed by dividing the number of owner-occupied housing units by the total number of occupied housing units



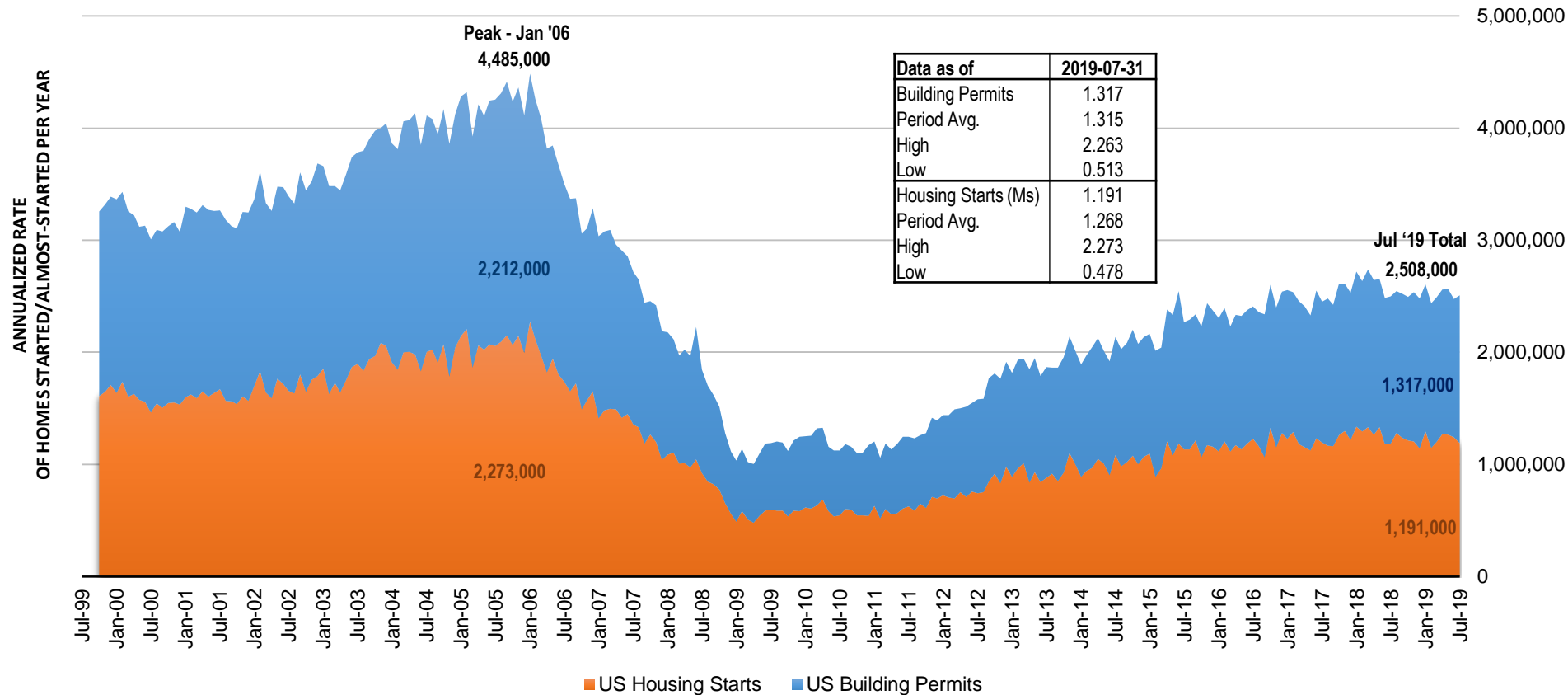


Economy: US Housing Market

Home Building

- Homebuilders continue to slowly increase the pace of construction. Shortages of skilled workers and available lots have weighed on the industry. Recent moderation in home-buying demand has tempered the pace of construction lately. The current annual rate of home building is around 56% of the rate in 2006.

US Housing Start + Building Permits



- Housing starts are the number of new residential construction projects that have begun during any particular month. Building permits are a type of authorization that must be granted by a government or other regulatory body before the construction of a new or existing building can legally occur..

Source: Census Bureau, YCharts. Past performance is not a guarantee of future results.



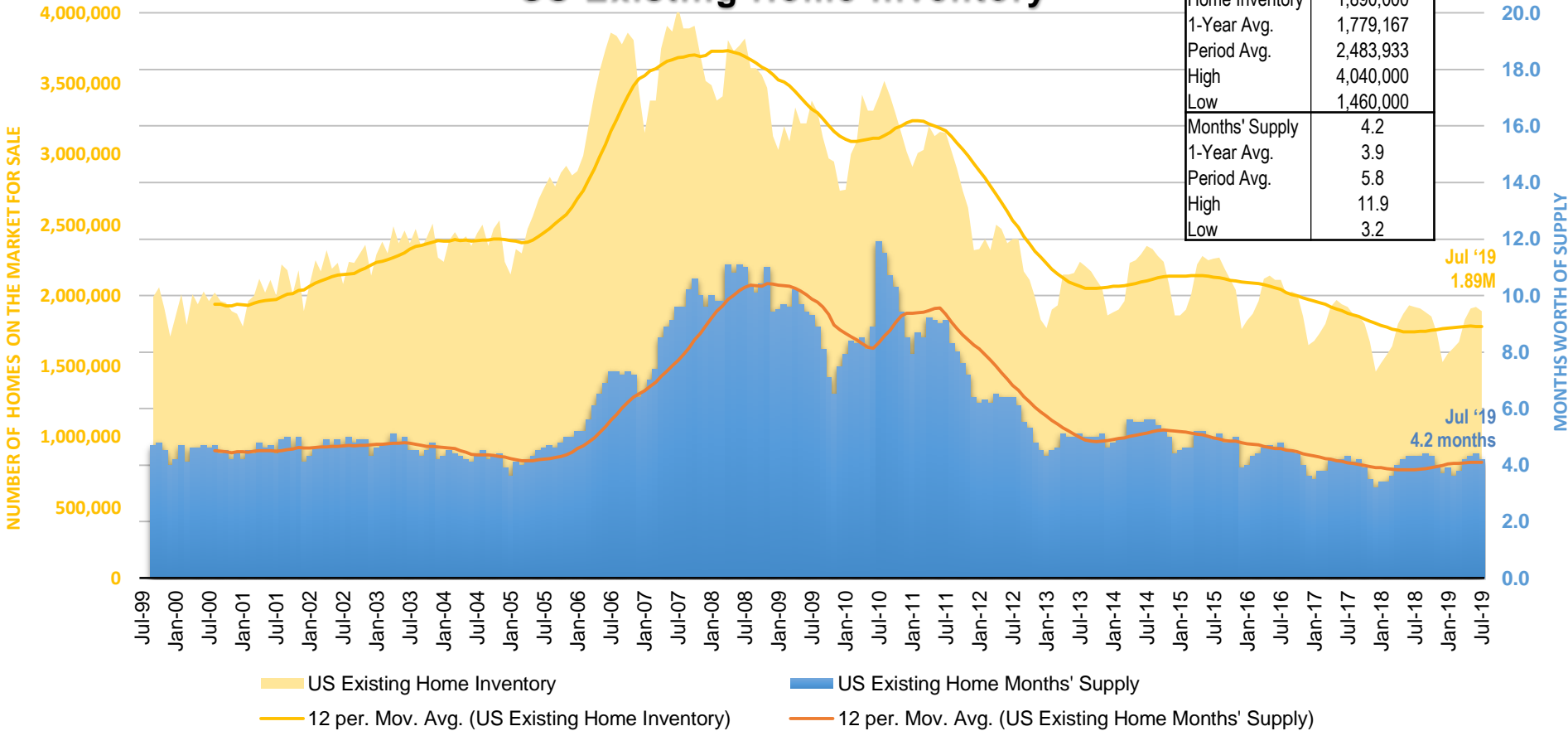
Economy: US Housing Market

Home Supply

- The supply of homes available for sale remains tight. There are currently 1.89 million existing homes for sale, which equates to about 4.2 months' supply. A balanced market holds about 6 months' supply.

US Existing Home Inventory

Data as of	2019-07-31
Home Inventory	1,890,000
1-Year Avg.	1,779,167
Period Avg.	2,483,933
High	4,040,000
Low	1,460,000
Months' Supply	4.2
1-Year Avg.	3.9
Period Avg.	5.8
High	11.9
Low	3.2



- Existing home inventory is the number of existing single-family homes, condos and co-ops for the United States. Inventory levels are provided through the "months' supply" figure, a number that represents the length of time in months required to burn through all of the existing inventory measured during the period.



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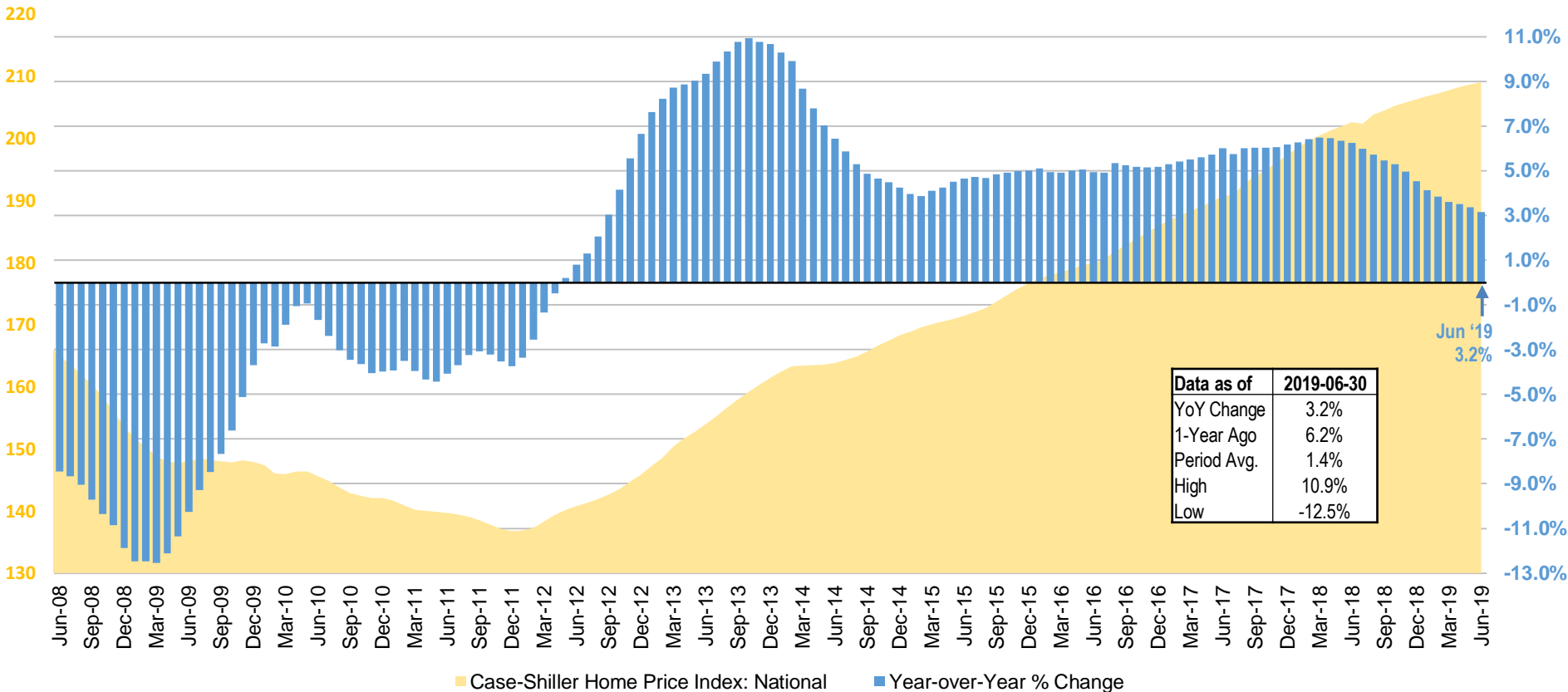


Economy: US Housing Market

Home Prices

- On a national level, single-family home prices have increased 3.2% over the past year, as of June 2019. Low inventories continue to push prices higher as buyers compete over limited number of homes; however, the rate of price increases has declined as the homeownership rate has remained low.

Case-Shiller Home Price Index: National



- The S&P/Case-Shiller U.S. National Home Price Index is a composite of single-family home price indices for the nine U.S. Census divisions. It is calculated monthly, using a three-month moving average. The S&P national index is normalized to have a value of 100 in the January 2000.





Important Disclosure Information

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