

Economic & Market Commentary

Market Update – February 2019

After volatility scared investors in the 4th quarter of 2018, holding stocks continued to pay off in February. Once more, U.S. small cap stocks led the charge, rising 5.2%, with large caps following suit, up 3.2%. International developed (+2.5%) and emerging markets stocks (+0.2%) were not as strong but still produced healthy returns.

Economy

- Consumer confidence remains near all-time highs.
- The latest release of unemployment data measured the unemployment rate at 3.8%. Nonfarm payrolls increased by just 20,000, falling short of the expected 180,000.
- Lower than expected job numbers can partially be attributed to the longer than expected government shutdown that took place earlier this year, squeezing out work for private contractors.

Stocks

- The S&P 500 gained 3.2% while U.S. small stocks (+5.2%) continued to outpace large stocks in the U.S.
- On a relative basis, international large (+2.5%) and small (+2.5%) stocks underperformed U.S. counterparts.
- Year-to-date, U.S. small (+17.0%) and small value (+15.5%) lead all stock asset classes.

Bonds

- Bond returns were mostly flat in the month of February.
- International bonds (0.0%) and TIPS (0.0%) remained unchanged from the previous month.
- Short-term bonds outpaced intermediate-term bonds, up 0.2% compared to 0.1%, respectively.

Alternatives

- Among alternatives, global REITs continue to have a strong start to 2019, up 11.0%.
- Commodities continued to push higher, backed by higher oil prices, up 1.0% for the month.
- Reinsurance (-0.1%) and managed futures (-1.2%) both struggled to push higher in February.

Tax Reform Aftermath

Have you filed your taxes for 2018 yet? There are big changes after the Tax Cuts and Jobs Act was passed in late 2017. Higher standard deductions, state and local tax limitations, and lower tax brackets will affect taxpayers for six years until the new law sunsets December 31, 2025.

With this provision, a notable change which increased the standard deduction to \$24,000 for married filing jointly and \$12,000 for single filers alleviates the chore of recording and reporting itemized expenses. In 2017, approximately 30% of taxpayers itemized their deductions. That number is expected to be fewer than 10% in 2018.

State and local taxes (SALT), which includes property taxes, personal income tax, and sales tax, are capped at \$10,000 annually per tax return. Interest paid on home equity lines of credit (HELOC), including interest paid on existing line of credit borrowings, will no longer be deductible unless loan proceeds are used to build, buy, or substantially improve the home that secures the loan. Miscellaneous itemized deductions such as tax prep fees are no longer deductible subject to the 2% floor.

The new law keeps seven tax brackets for personal income but makes significant changes to the tax rates. The new tax rates and brackets work in unison and should result in lower tax bills for the majority of taxpayers.

With change comes new opportunities. Bundling a number of years of charitable donations into a Donor Advised Fund (DAF) would potentially benefit taxpayers if they exceed the standard deduction. For those 70½ or older, consider donating part of your required minimum distribution (RMD) from your IRA directly to a charity of your choice and avoid taxation up to a maximum limit of \$100,000 per year.

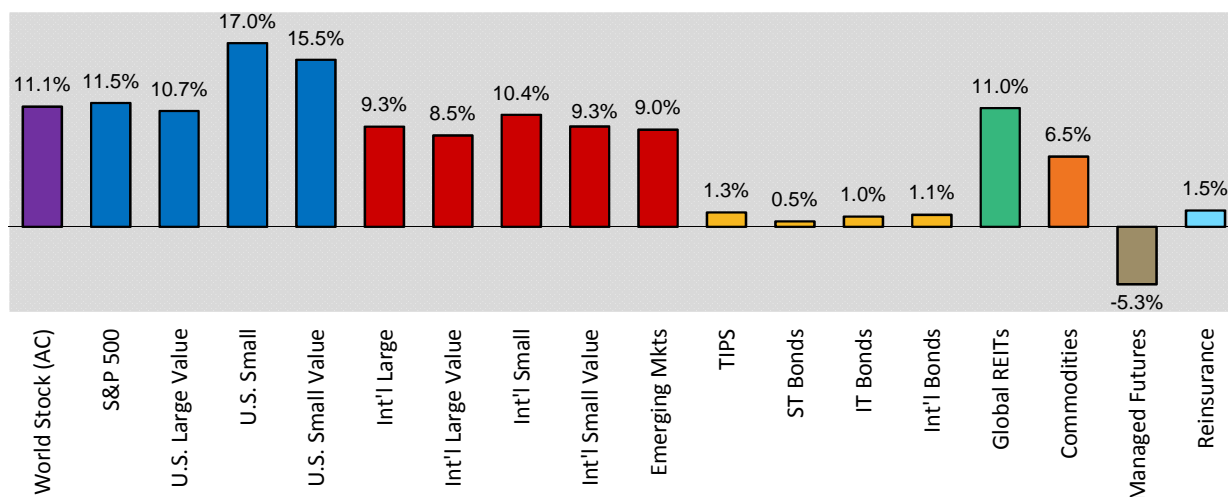
As the new tax law sunsets in six years, it is important to meet with your advisor to discuss potential tax planning strategies around the new law.

Source: Morningstar Direct, Bloomberg, Eaton Vance, Tax Foundation.

For more information, call 866.489.0500
or visit www.savantcapital.com.

 **SAVANT**[®]
BUILDING IDEAL FUTURES

MARKET RETURNS
Year-To-Date as of 2/28/2019



MARKET RETURNS - Longer Term Annualized as of 2/28/2019

	1 Month	YTD	1 Year	3 Years	5 Years	10 Years	15 Years
STOCKS							
S&P 500	3.2%	11.5%	4.7%	15.3%	10.7%	16.7%	8.3%
U.S. Large Value	3.2%	10.7%	4.0%	13.4%	9.0%	15.5%	7.7%
U.S. Small	5.2%	17.0%	5.6%	16.7%	7.4%	16.6%	8.3%
U.S. Small Value	3.6%	15.5%	4.6%	13.9%	7.1%	16.8%	8.4%
Int'l Large	2.5%	9.3%	-6.0%	9.3%	2.1%	9.6%	5.1%
Int'l Large Value	1.7%	8.5%	-7.9%	9.4%	0.6%	8.9%	4.6%
Int'l Small	2.5%	10.4%	-10.8%	10.2%	4.5%	13.3%	8.0%
Int'l Small Value	1.9%	9.3%	-12.7%	9.3%	3.7%	13.1%	8.1%
Emerging Mkts	0.2%	9.0%	-9.9%	15.1%	4.1%	10.3%	8.0%
World Stock (AC)	2.8%	11.1%	-1.0%	12.9%	6.2%	13.1%	6.9%
BONDS							
TIPS	0.0%	1.3%	1.9%	1.7%	1.5%	3.8%	3.6%
Short-Term Bonds	0.2%	0.5%	2.0%	0.9%	0.5%	0.4%	1.4%
Interm-Term Bonds	0.1%	1.0%	3.2%	1.4%	1.8%	3.1%	3.3%
International Bonds	0.0%	1.1%	4.7%	2.9%	4.3%	4.1%	4.4%
ALTERNATIVES							
Global REITs	0.0%	11.0%	15.0%	7.9%	7.2%	16.3%	7.7%
Commodities	1.0%	6.5%	-5.7%	3.6%	-8.8%	-2.2%	-2.6%
Managed Futures	-1.2%	-5.3%	-7.2%	-4.7%	2.8%	0.9%	4.2%
Reinsurance	-0.1%	1.5%	2.8%	3.6%	4.1%	6.9%	7.1%

Source: Morningstar Direct. Indices used in above graphs: S&P 500 Index, U.S. Large Value-MSCI U.S. Prime Market Value Index, U.S. Small-Russell 2000 Index, U.S. Small Value-MSCI U.S. Small Value Index, Int'l Large-MSCI EAFE Index, Int'l Large Value-MSCI EAFE Value Index, Int'l Small-S&P EPAC Small Index, Int'l Small Value-S&P EPAC Small Value Index, Emerging Mkts-MSCI Emerging Markets Index, World Stock Index-MSCI All Country World IMI Index, TIPS-Barclays Gbl Infl Linked US TIPS Index, Short-Term Bonds-Ibbotson 1 Yr Treasury Const Mtly Index, Interm-Term Bonds-Barclays Interm-Term Govt/Credit Index, International Bonds-JPM GBI Global Ex US Hdq, Global REITs-S&P Global REIT Index, Commodities-Bloomberg Commodity Index, Managed Futures-Credit Suisse Mgd Futures Liquid Index, Reinsurance-SwissRe Global Cat Bond Index.

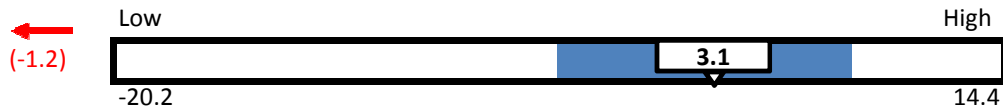
Past performance is historical and does not guarantee or indicate future results. Index returns assume reinvestment of all distributions and unlike mutual funds, do not reflect fees or expenses. It is not possible to invest directly in an index. This report is not intended to provide personalized investment advice. Some information has been produced by unaffiliated third parties, and while it is deemed reliable, the advisor does not guarantee its accuracy or completeness.

For more information, call 866.489.0500
or visit www.savantcapital.com.



Economic Indicators

Leading Economic Index Year over Year Change (%)



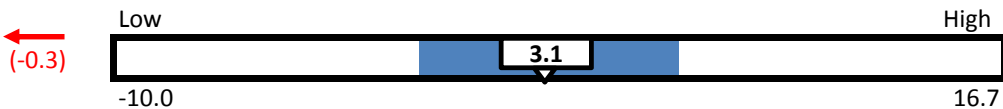
Unemployment (%)



Inflation CPI (YOY %)



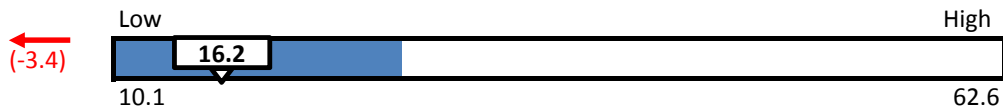
Real GDP Growth (%)



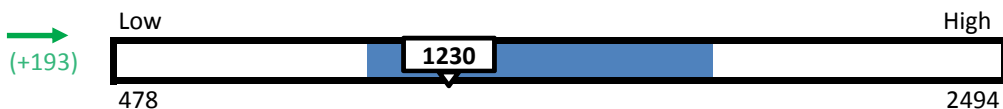
Consumer Confidence



VIX - Market Volatility




Housing Starts (000s)



10-year Treasury Yield (%)



 Typical range (within 1 standard deviation of the median)

 Current Value

 Historical Range

  Change in value since last month

*See appendix for sources and data ranges

Appendix

Leading Economic Index Year over Year Change (%)

The Leading Economic Index is composed of 10 indicators used to forecast the direction of the economy. A fall in the index over three consecutive months is seen as a sign of a recession. The value shown represents the 12-month change in the index level. *(Data Source: The Conference Board. Monthly data since 1/1/1959)*

Unemployment

The unemployment rate measures the percentage of workers that are out of work in the U.S. labor force. *(Data Source: U.S. Bureau of Labor Statistics. Monthly data since 1/1/1948)*

Inflation CPI (YOY)

The Consumer Price Index (CPI) measures the change in the price level for a broad basket of goods in the U.S. economy. The value shown represents the percent change in the index from a year ago. *(Data Source: U.S. Bureau of Labor Statistics. Monthly data since 1/1/1948)*

Real GDP Growth

Real GDP Growth represents the change in the market value of all output in the U.S. economy. It is an annualized quarterly measure. *(Data Source: U.S. Bureau of Economic Analysis. Quarterly data since 4/1/1947)*

Consumer Confidence

The Consumer Confidence Index measures the level of optimism among U.S. consumers on the economy and their overall financial situation. *(Data Source: The Conference Board. Monthly data since 1/31/1991)*

VIX

The CBOE Volatility Index (VIX) measures the volatility of the S&P 500 index. An increase in the index level represents a spike in market volatility. Conversely, a decrease in the index represents a move towards stability. *(Data Source: Chicago Board Options Exchange. Daily data since 1/2/1990)*

Housing Starts

The number of housing starts (new construction) in the U.S. each year. *(Data Source: U.S. Bureau of the Census. Monthly data since 1/1/1959)*

10-year Treasury

The annualized return that would be realized for holding a 10-year Treasury bond to maturity. The 10-year Treasury yield is the primary benchmark for measuring interest rate movements. *(Data Source: U.S. Board of Governors of the Federal Reserve System. Daily data since 1/2/1962)*

Disclosure

Savant Capital Management is a Registered Investment Advisor. Savant's marketing material should not be construed by any existing or prospective client as a guarantee that they will experience a certain level of results if they engage Savant's services. Please Note: "Ideal" is not intended to give assurance as to achieving successful results. Different types of investments and/or investment strategies involve varying levels of risk, and there can be no assurance that any specific investment or investment strategy (including the investments purchased and/or investment strategies devised or undertaken by Savant Capital Management), will be profitable for a client's portfolio.

For informational purposes only. Not intended to be personalized investment advice.