



Majerko Investment Management LLC

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2018 Year End Market Commentary
For the Clients of Majerko Investment Management

Well it turned out to be a volatile year indeed. Unfortunately, it was more volatile on the downside. For the year, the S&P 500 was down -6.24% on a price basis and down -4.38% on a total return basis (includes reinvested dividends). International and small cap stocks which have a place in portfolios were down even more. I know this volatility can be unsettling but periods like this happen and it is the tradeoff we as investors make to receive the long-term returns the stock market has delivered in the past. It is important to remember as the accompanied chart states.

“Volatility Does Not Equal a Financial Loss Unless You Sell”

My take is that the market is doing what it does, meaning it overshoots on the upside and the downside. I think currently it is overly pessimistic about future growth. To me, valuations look inexpensive, pessimism looks extreme, and a recession is almost priced in the market. These look like conditions you see in a bottoming process.

What is our strategy?

It is simple but not easy. Do not make moves based on emotions and for those with long-term time horizons maybe even consider buying. I will end with the quote from Mark Twain on the accompanied chart.

“I’ve Lived Through Some Terrible Times in My Life, Some of Which Actually Happened”.

As always, we will be diligently watching the markets and will be contacting our clients should changes need to be made. As always, we appreciate your loyalty and trust.

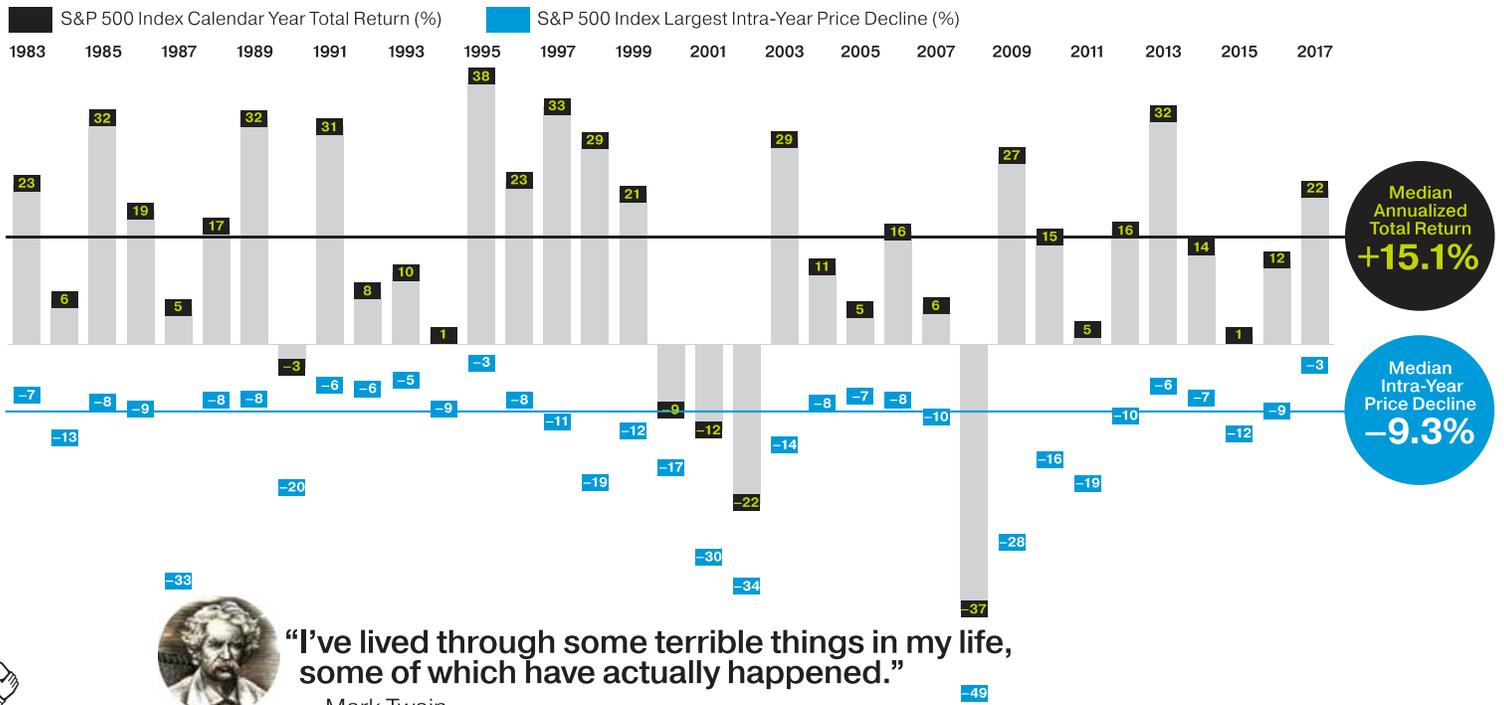
Your referrals are appreciated!

*Stock investing involves risk including loss of principal

*The opinions voiced in this material are for general information only and are not intended to provide specific advice for any individual.

*S&P 500 is an unmanaged index which cannot be invested into directly. Past performance is not a guarantee of future results. Market data sources: LPL Financial, Factset

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—Mark Twain



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Source: Bloomberg, 12/31/17. Calendar-year returns are total returns, meaning that they do include the reinvestment of dividends. The index is unmanaged and cannot be purchased directly by investors. Index performance is shown for illustrative purposes only and does not predict or depict the performance of any investment. Index definitions can be found on the last page. **Past performance does not guarantee future results.**