October 2019 Market Commentary

We are continuing the rollout of our secure online Client Portal to all clients. The Toth Financial Client Portal will allow for the daily viewing of portfolio values, secure document exchange, net worth reporting and future enhancements.

This new offering will be available online using your desktop or mobile device. The desktop experience can be accessed by visiting our web page www.tothfinancial.com while the mobile experience can be accessed by downloading the "Toth Financial Client Portal" app from your respective app store.

Through the first three (3) quarters of the year, the S&P 500 has performed exceptionally well, up 18.74%.

While China trade tensions are dominating the headlines, the angst surrounding increasing tensions with China triggered us to dig deeper into the details. China is a major trade partner with the United States and as of last year was our largest trade partner but has fallen to 3rd , behind Canada and Mexico, as we have moved through this year.

The top five consumers of US goods are the European Union, Canada, Mexico, China, and Japan respectively, with China accounting for 8% of US exports. While tensions with the Chinese have received most of the attention, the United States has quietly renegotiated trade agreements with Canada, Mexico, and Japan over the course of the past year. These three (3) countries combined account for 38% of all US exports. There are also efforts being put forth for a trade agreement with the European Union. If this comes to fruition, it would mean the US has renegotiated trade agreements with four (4) of the five (5) largest consumers of US exports and account for over 55% of all US exports.

We believe these trade agreements are positive for the United States and will bode well for US corporations once ratified. While we have confidence a trade agreement will be reached with China in the future, we wanted to provide a perspective on achievements thus far and scope the relative impact to a delayed trade agreement with the Chinese government.

We will restate the reasons why we remain steadfast on the US economy:

- The US consumer makes up roughly 2/3 rds of the economy and is proving to be resilient with Real Consumer Spending up 4.7% in Q2.
- The labor market remains tight and healthy with sustained signs of growing wages.
- In September the Federal Reserve again decided to cut rates by 0.25% bringing the rate down to 1.75%-2.00%. This is the 2nd cut of the year. We view the rate cuts as the Fed keeping to their overarching goal to "sustain the economic expansion" as mentioned in June of this year.

As we've stated before, defensive dividend paying stocks should be the most important element to a long-term equity strategy and has proven to assist in weathering market volatility.

Tom

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