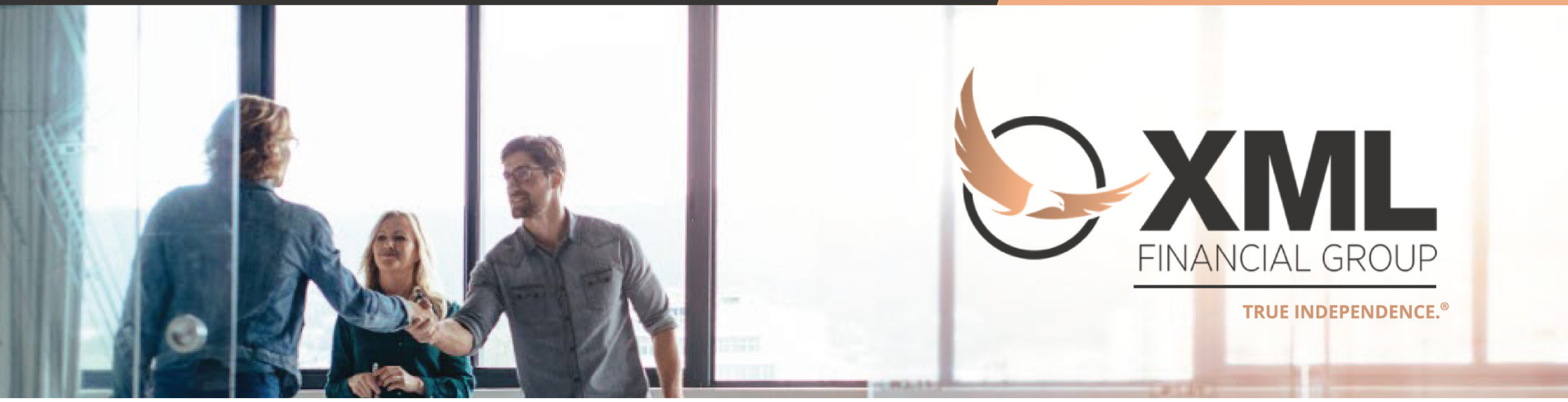

SPOTLIGHT ON FINANCE

Inside this Issue:

XML'S VIEW ON THE MARKET

The second half of the year started off with a surge in the markets as the U.S. and China agreed to hold off on placing additional tariffs on their products in an effort to resume trade talks. Those discussions primed Wall Street to start the second half of the year with a bang following a solid first half. The S&P 500 rallied more than 17% to start off 2019, notching its best first half in more than 20 years. The surge came after stocks recovered in June from a less than stellar May performance. The Dow soared 7.2% in June, its biggest gain for that month since 1938. The S&P 500, meanwhile, jumped 7.9% for the month of June, making it the best June performance since 1955. Calendar second-quarter earnings for the S&P 500 are expected to fall on a year-over-year basis, according to FactSet1 data. Analysts also lowered their third-quarter earnings forecast to show a contraction from the previous year, as profit expectations for multinationals with exposure to China have soured.

The markets on a whole appear to be content with the cooperative tone coming out of the side meetings at the G-20 Summit. There was a great deal of bearishness in sentiment headed into that summit. Many market observers were discounting any change in the narrative, which made many believe the risk was to the downside. While there is no immediate escalation, there is still no clear path toward a comprehensive deal. The lingering uncertainty around the U.S.-China trade relations will continue to dampen the outlook on corporate earnings. China and

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the U.S. have been embroiled in a trade war for more than a year. In that time, the U.S. has slapped tariffs on more than $250 billion worth of Chinese imports. China has retaliated with levies of its own on U.S. products.

As trade uncertainty continued in the second quarter, this raises concerns about the potential for a broad slowdown of global economic activity. This development led global central banks to signal monetary easing in the months ahead. The U.S. core fixed income returned 3.1% for the first half of the year, as the U.S. 10-year Treasury yield fell 42 bps over the course of the quarter. However, Emerging Markets struggled against a weaker economic backdrop and ended the quarter only producing a 0.7% return.

> **"While the market hit new highs the first half of the year, the markets are only slightly higher than they were in January of 2018, when the Dow closed at 26,616."**

As we look at the remainder of 2019, it seems unlikely that trade tensions will dissipate, and investors will be closely watching how negotiations evolve over the coming months. Beyond politics, the Federal Reserve is expected to cut rates in the second half of the year and global central banks will likely follow suit. While the prospect of lower interest rates clearly helped riskier assets in the second quarter, the issues that are driving them lower suggest a more defensive strategy going forward, emphasizing quality and income.

While the market hit new highs the first half of the year, the markets are only slightly higher than they were in January of 2018, when the Dow closed at 26,616. For the past year and a half, the markets have gone sideways however with a lot of Volatility. All eyes are on the Federal Reserve. The Fed Fund futures market is showing a 92% probability of a rate cut in July. Most observers feel the rate cut is already baked into the current market levels.

Based on all the current data, the U.S. economy is slowing, but not stalling. The Federal Reserve has also changed its tune "Crosscurrents have reemerged," Fed chair, Jerome Powell said. "Many FOMC participants saw that the case for a somewhat more accommodative monetary policy had strengthened. Since then, based on incoming data and other developments, it appears that uncertainties around trade tensions and concerns about the strength of the global economy continue to weigh on the U.S. economic outlook." We expect this summer will give clearer guidance on where the markets will end 2019, as, earnings come out, the U.S.-China trade talks continue, and the political climate intensifies toward the 2020 election.

1 FactSet Research Systems Inc.is a financial data and software that provides financial information and analytic software for investment professionals.

SPECIAL ANNOUNCEMENT

We are excited to introduce...John Sciuto, who has joined XML Financial Group as a Wealth Advisor. John specializes in guiding his clients through their most important financial and investing decisions. He focuses on comprehensive financial planning, personally curated investment portfolios, and listening to the specific needs of his clients. John's expertise in holistic financial planning and in-depth market analysis helps his clients navigate today's complex economic environment. He previously worked as a financial advisor at Wells Fargo Advisors before joining XML Financial Group.

John received his Bachelor of Arts degree from the University of Richmond and earned his Master's degree from George Washington University. John previously served on the board of the non-profit organization United Community and acted as the board's investment research lead. He currently lives in Alexandria, VA with his wife and new puppy Cal.

To learn more, check out our website: https://www.xmlfg.com/

ANNUAL REPORT ON SOCIAL SECURITY

On April 22nd, the Social Security Board of Trustees released its annual report on the current and projected financial status of the Old-Age and Survivors Insurance (OASI) and Disability Insurance (DI) Trust Funds.

The combined funds are projected to become depleted in 2035, one year later than projected last year, with 80 percent of benefits payable at that time. The DI Trust Fund is estimated to become depleted in 2052, extended 20 years from last year's estimate of 2032, with 91 percent of benefits still payable.

To learn more, please visit https://www.ssa.gov/news/press/releases/2019/#4-2019-1.

A(NOTHER) GOOD REASON TO SET UP "MY SOCIAL SECURITY" ACCOUNT

If you haven't already set up *my* Social Security account, here is another reason to do so without delay.

When it's time to enroll in Medicare, you must log into your "my Social Security" account. If you don't have one, you will need to establish one, and that's where you can run into problems. If you have put a freeze on your credit reports (and this is something we recommended after the Equifax hack), the Social Security Administration will not be able to verify your identity. You will need to call Equifax and have the freeze lifted. Click here (https://www.ssa.gov/myaccount/create.html) to learn more, or go the Social Security website: www.ssa.gov.

12 TAX BREAKS FOR HOMEOWNERS AND HOME BUYERS

Owning your own home is the American dream, but there can be expensive costs associated with that dream. Before taking the leap into home ownership, please be sure to discuss with your advisor.

To learn more about 12 tax breaks that can help both buys and home sellers, visit https://www.kiplinger.com/slideshow/taxes/T010-S001-tax-breaks-for-homeowners-and-home-buyers/index.html.

10 THINGS YOU SHOULD KNOW ABOUT CREDIT SCORES

1. What's in a number? A credit score is a three-digit number used by lenders to evaluate your ability to repay debt on time. It's not the same as a credit report—that's a list of your credit accounts and activity used to calculate your credit score.

2. Information such as your age, income, and employment status don't count toward your score. Lenders may consider personal information such as salary and employment history when deciding whether to approve you for a loan, but these aren't factored into your credit score.

3. Higher is better. You may have multiple credit scores because there are several companies that provide them, each with varying calculations and ranges. FICO scores tend to be the most common and their base scores range from 300 to 850. A score around 750 or higher means you're more likely to get approved for new credit with better (lower) interest rates or terms (see page 2).

4. Always pay on time. Few things worry lenders more than unreliable repayments. That's why your payment history—whether you've paid on time or are prone to making late payments—is the biggest component of your credit score (35% of it according to FICO,1 one of the most well-known providers of credit scores).

5. Leave yourself some wiggle room. The second-largest part of your credit score (30%) is how much you owe. Using too much of your available credit limit can make lenders nervous that you're in over your head. Keeping usage low and consistent (below 30% of your credit limit, if possible) and paying off credit cards as soon as possible after big purchases can help reduce negative impacts on your score.

6. Give it some time. The length of your credit history is the third-largest component of your credit score (15%). This includes the age of your various accounts and how long it's been since you used some accounts. However, you can still have a high score even if you're relatively new to using credit, assuming you use credit regularly and make payments on time.

10 THINGS YOU SHOULD KNOW ABOUT CREDIT SCORES CONTINUED...

7. There's such a thing as too new. Opening too many new accounts in a short amount of time can raise a red flag (10% of your score). However, shopping around for the best rate on a single loan generally doesn't cause concern. In such a case, all the activity in a short time is ultimately considered one event once you take out the loan and only one new account is added to your credit report.

8. Variety is the spice of life. For the final 10% of your score, lenders like to see that you can responsibly manage a mix of different credit types, such as revolving (credit cards), retail accounts, and installment loans (mortgages, car loans, etc). You don't need one of each but having accounts in several categories helps boost your score.

9. Stay in the know. You can request your credit score from credit bureaus such as Experian, TransUnion, and Equifax, but you'll likely have to pay for it. You can check it for free through services such as Credit Karma and Credit Sesame, and many bank and credit card companies have started off ring free credit scores as a perk. Checking your own score doesn't lower it—this is a common myth.

10. If you need help, don't be afraid to ask for it. Having too much debt can lower your credit score, which can prevent you from getting the best interest rates and ultimately cost you more money in the long term. A financial advisor can help you come up with a strategy to pay off your debt and improve your credit score over time. Each year the IRS reviews the maximum contribution limits for retirement accounts for the following year. Sometimes they make changes sometimes they don't. In November, they announced changes to employee contributions limits for 401(k) and other retirement accounts for 2019. The annual limits have increased on the amount you can save in retirement plans. The last time the limits were increased to an IRA was in 2013!

Source: www.myfi co.com, 3/19

Article courtesy of Hartford Funds. XML Financial, nor any of its affiliates are affiliated with Hartford Funds.

WHAT MAKES A CREDIT SCORE GOOD OR BAD?

FICO Credit Score Ranges and Corresponding Categories

Credit Score	Rating	% of Americans	Impact on Financial Life
800-850	Exceptional	19.9%	Applicants with scores in this range are at the top of the list for the best rates from lenders.
740-799	Very Good	18.2%	Applicants with scores here are likely to receive better than average rates from lenders.
670-739	Good	21.5%	Only 8% of applicants in this score range are likely to become seriously delinquent in the future.
580-669	Fair	20.2%	Applicants with scores in this range are considered to be subprime borrowers.
300-579	Very Poor	17%	Credit applicants may be required to pay a fee or deposit, and applicants with this rating may not be approved for credit at all.

Data sources: Experian and Hartford Funds, as of 3/19. Article courtesy of Hartford Funds.

DID YOU KNOW?

If you have ever waited anxiously for something to arrive in the mail, then Informed Delivery may be for you! The U.S. Postal Service offers this service in many areas and signing up is free. You can preview incoming mail, track packages, leave delivery instructions or schedule a redelivery all on your computer, table or mobile device. To learn more about Informed Delivery, click the link (https://informeddelivery.usps.com/)

STAFF NEWS

The **XML-LMA** staff held their quarterly team event on June 14th at the Bowl America in Falls Church, VA. Congratulations to the winning team of Blayney Del Priore, David Margulies, Gina Neild and Curtis Congdon.

Katrin Wheatley joined **XML** in April as a Client Services Associate. Katrin's bio can be found on our website (https://www.xmlfg.com/team/katrin-wheatley/).

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We value our client relationships and appreciate you sharing your opinion about our firm. Any suggestions? Ways for us to improve? Let us know!
