View from the Observation Deck

1. On 3/8/18, President Trump signed orders imposing tariffs on imported steel (25%) and aluminum (10%). Since then, trade tensions with China have escalated and we believe such tensions are weighing on global growth projections and the stock market.

2. The hope is that things do not evolve into an all-out trade war. The U.S. and China agreed to a 90-day truce on tariffs at the beginning of this month.

3. As of 12/17/18, the S&P 500, S&P MidCap 400 and S&P SmallCap 600 Indices stood 13.13%, 17.36% and 21.92% (down 20% or more is bear market territory) below their respective all-time closing highs, according to Bloomberg.

4. These three indices together comprise the S&P Composite 1500 Index, which represents approximately 90% of total U.S. equity market capitalization (cap), according to S&P Dow Jones Indices.

5. Sector performance can vary widely by market cap. Some of the sectors reflect a significant disparity in performance (see table). The more defensive-oriented sectors performed the best for investors.

6. While down, large-cap stocks, as measured by the S&P 500 Index, have significantly outperformed their mid- and small-cap counterparts since the tariffs began (3/8/18).

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The S&P 500 Index is a capitalization-weighted index comprised of 500 stocks (currently 505) used to measure large-cap U.S. stock market performance. The S&P MidCap 400 Index is a capitalization-weighted index that tracks the mid-range sector of the U.S. stock market. The S&P SmallCap 600 Index is a capitalization-weighted index that tracks U.S. stocks with a small market capitalization. The 11 major S&P 500, S&P MidCap 400 and S&P SmallCap 600 Sector Indices are capitalization-weighted and comprised of S&P 500, S&P MidCap 400, and S&P SmallCap 600 constituents, respectively, representing a specific sector. The S&P Composite 1500 Index is comprised of the S&P 500, S&P MidCap 400 and S&P SmallCap 600 Indices.

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