



Economic Review

International equity markets demonstrated resilience in the second quarter and have now fully rebounded from the losses that occurred last year, as shown in the market performance table below. In the U.S., interest rates declined in response to a modestly decelerating economy and U.S. stocks rose on projections of an increasingly

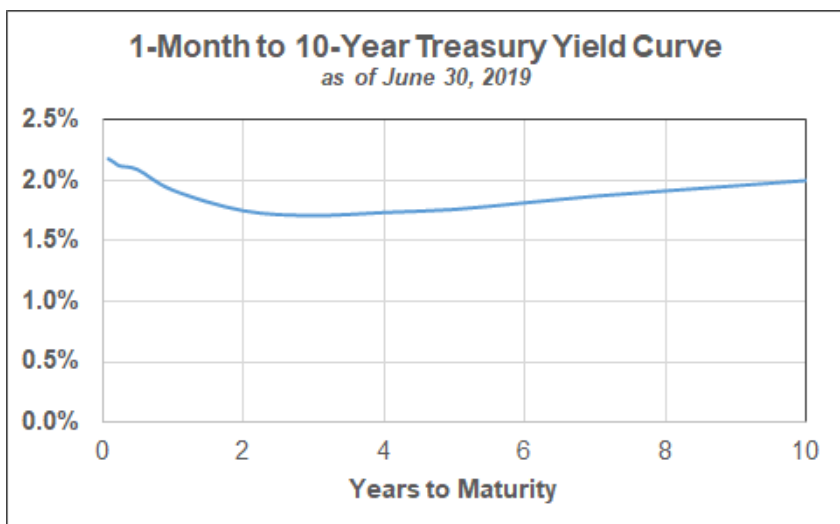
conventional logic, the surge in stock prices came despite a year-to-date decline in corporate earnings.

Concerns about slowing growth are tied to factors such as the waning stimulus effects of tax cuts, trade tensions, and a weakening global economy.

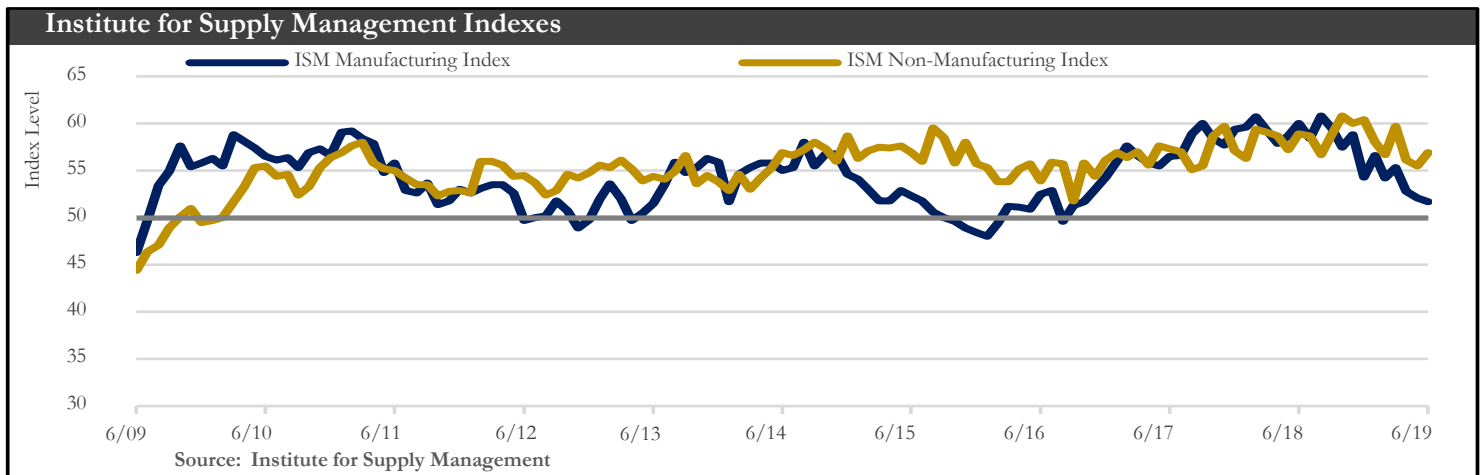
Market Performance							
(Annualized if more than one year) As of 6/30/2019							
Index	Sector	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Bloomberg Barclays U.S. Aggregate	US Bond	3.08%	6.11%	7.87%	2.31%	2.95%	3.90%
Russell 3000	US Stock	4.10%	18.71%	8.98%	14.02%	10.19%	14.67%
MSCI EAFE	Int'l Developed Stock	3.68%	14.03%	1.08%	9.11%	2.25%	6.90%
MSCI Emerging Markets Stock	Emerging Market Stock	0.61%	10.58%	1.21%	10.66%	2.49%	5.81%

accommodative monetary policy, resulting in bond returns of over 6% and stock returns of nearly 19% year-to-date. The Federal Reserve has now cut rates once this year, and is expected to do so at least once more to produce a boost to economic activity. While the bond market followed

Export-dependent economies like China, Japan, and Germany have felt the biggest impacts of slowing global trade. Sectors of the US economy that are tied to trade like manufacturing, housing, energy, and technology may be seeing some impacts by the increased uncertainty.



Interest rates on 10-year Treasury notes dropped sharply over the last year (see the Key Economic Indicators table on the following page). As shown to the left, the 1-month to 10-year yield treasury curve is now fully inverted, meaning short-term rates are higher than longer-term rates. This is a possible indicator of an upcoming recession. However, as illustrated in the ISM Manufacturing and Non-Manufacturing Index chart, while manufacturing was weak, the service sector recently ticked up, sending a positive signal that strength in the service sector may buffer against a sharper slowdown or recession.



Consumers are benefiting from low unemployment, low inflation and low interest rates. Consumer spending, which accounts for two-thirds of GDP, was the bright spot of the economy in the second quarter. However, consumer confidence is trending downward at a fairly dramatic pace. The Purchasing Managers Index, a measure of borrower confidence, is also down sharply (see key economic indicators chart below).

Two separate trajectories for the U.S. economy have surfaced during the escalation of trade tensions in recent months. Under one scenario, worsening trade frictions and weak global growth would lead to a sharper

slowdown for the U.S. economy. If the global central banks respond to the economic uncertainty with an additional willingness to cut interest rates, the markets would likely continue to react positively. If, however, the central banks decided to take a less accommodative stance, the markets would likely suffer a correction. On the other hand, successful trade negotiations would avoid further disruption of global supply chains and would likely result in a pickup in business investment and corporate earnings. This could give the stock market a second wind and provide further upside for the second half of the year.

Key Economic Indicators			
Indicator	Current 6/30/2019	3 Months Ago (3/31/2019)	1 Year Ago (6/30/2018)
US Economy			
Quarterly GDP	2.1%	3.1%	4.2%
Unemployment Rate	3.7%	3.8%	4.0%
U.S. CPI (Core)	2.0%	2.0%	2.2%
Interest Rates			
Effective Fed Funds Rate	2.38%	2.41%	1.82%
10-Year Treasury Rate	2.07%	2.57%	2.91%
Currency & Commodities			
Crude Oil (WTI)	\$58.20	\$58.15	\$67.87
Gold Price	\$1,358.48	\$1,302.29	\$1,282.13
Trade Weighted Dollar Index	128.3	127.2	123.4
Confidence			
Consumer Confidence Index ISM	121.5	124.2	127.1
Purchasing Managers Index	51.7	55.3	60
Stock Prices			
Dow Jones Industrial Average	26,600	25,929	24,271
S&P 500 Forward P/E ratio	17.3x	16.4x	17.1x



We advise clients that are entering the market for the first time to take their time and “average in”. For those who are already fully invested, we advocate staying invested over the long run to take advantage of the upward trend of the market, because trying to time the market rarely works out as planned.

Spotlight on Property & Casualty Insurance

We partner with select subject matter experts to help our clients gain confidence in all areas of their financial picture. In this edition of the newsletter, Jen Meyer with Lockton Signature Group shares some key insights into special insurance considerations for high net worth (HNW) families.



Most HNW families fail to adjust their insurance programs to protect their assets. They choose their insurance agent and carrier early on in their wealth building years. Then, because few people like to think about insurance, they rarely take a close look at those choices again. They continue to place their home, auto, watercraft, valuable collections, and umbrella liability insurance with mass market carriers that are not specifically structured to meet their needs—a problem that remains unnoticed until their house burns down or they get sued, maybe for millions of dollars.

Fortunately for wealth managers and their HNW clients, 10 simple questions can in most cases identify the key areas where they are likely underinsured or missing savings opportunities.

Are you Underinsured?

If the answer is “no” or “not sure” to any of the questions listed below, you are likely at risk and should strongly consider a consultation with an independent insurance agent or broker experienced in dealing with HNW families.

1. Do you have umbrella liability coverage, and have you chosen a coverage amount that matches your net worth and future employment income stream?



2. Will your homeowners policy pay to rebuild your home with similar quality materials and craftsmanship no matter how much it costs?

3. If you recently expanded or upgraded your home, did you discuss it with your insurance agent?

4. If you own a significant amount of jewelry, artwork, fine wine, or other precious items, have you insured them with a valuables policy and made sure to account for any change in their value from year to year?

5. Do you have at least \$1 million in uninsured/underinsured liability protection, and does it apply to more than vehicular accidents?

6. If you employ household staff such as a nanny, caretaker, or chef, do you have employment practices liability insurance?

7. If you serve as an unpaid board member of a charitable organization, do you realize the organization’s insurance program may not fully protect you from liability lawsuits brought against it?

Are you Overpaying?

8. Have you recently evaluated the potential for reducing the cost of your insurance program by raising your homeowners and auto policy deductibles?



9. Have you consolidated your homeowners, valuable collections, auto, watercraft, and umbrella liability policies with a carrier that offers a package discount?
10. Have you and your agent discussed all the safety and loss prevention devices in your homes and autos?

...

We believe that property and casualty insurance is one of the many components that go into financial wellbeing and success; we don't receive compensation for referrals to insurance brokers or other independent service providers. Please contact your advisory team at Colorado Capital Management if you would like to discuss your insurance needs or any other aspect of your financial plan to help make sure you are on track to reach your financial goals.



Jennifer Meyer

Private Client Insurance Producer

LOCKTON

•SIGNATURE CLIENT GROUP•

Designations | CISR

Expertise

Jen designs and places complex personal insurance programs for successful individuals and their families. Working with the nation's premier insurance carriers enables her to provide innovative and strategic solutions that meet her clients' complex needs and keep pace with their lifestyles. Jen is passionate about winning (and keeping) the trust of her clients, colleagues, and business partners. Ultimately, her mission is simple: to guide others by providing expert insurance counsel and risk management solutions. Jen has been in the business for 16 years with the majority of her tenure focused on HNW personal insurance sales and service.

Sources: Capital Market Consultants, Dept. of Labor, Dept. of Commerce, Bloomberg, Morningstar, Federal Reserve, FactSet, and Wall Street Journal.

INVESTMENTS / PLANNING / IMPACT

COLORADO CAPITAL MANAGEMENT provides investment management and financial planning to high-net-worth individuals and their families. As fee-only advisors, we place your interests first as we develop prudent and thoughtful financial strategies designed to both limit risk and meet specific long-term goals. We also offer sophisticated impact investing strategies for investors wishing to combine financial returns with positive social and environmental impact.

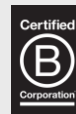
Colorado Capital Management is a Certified B Corporation (an independent certification for corporate social responsibility) and a Registered Investment Advisor (meaning we are registered with the SEC and have a fiduciary duty to always act in the best interest of our clients).



Colorado Capital
MANAGEMENT
Enriching Lives

4430 Arapahoe Ave.
Suite 120
Boulder, CO 80303

Phone: 303.444.9300
Fax: 303.444.2027
info@coloradocap.com
www.coloradocap.com



This newsletter represents the opinion of Colorado Capital Management. It is intended for informational purposes only. Furthermore, the views do not constitute investment advice or endorsement of any specific investment. The circumstances for each investor's situation differ, so you should consult your financial advisor before taking any action. While CCM believes the information to be accurate and reliable, we do not guarantee its accuracy. Past performance is not indicative of future results.