I am sure at some point in your daily routine - perhaps as you watch the news over breakfast or dinner, or as you check your phone throughout the day - you have heard all the buzz about the strength of the capital markets this year. And now, after this week, the sharp correction of the markets.

The media often thrives on the extremes of a news story. For example, when the market is rising, the media may lead you believe your portfolio returns should be through the roof. Conversely, when the market takes a downturn, news reports may lead you into a state of panic or irrational fear. However, in many cases, only part of the story is being told through the media. Here are some important points about the financial markets that have not been widely shared through media outlets….

- **US equity market strength has *not* been broad-based**
  Even after this week's correction, most areas of the domestic stock market are still in positive territory for 2018. However, digging deeper into the numbers shows that only a few areas have been driving performance. Growth stocks, and specifically the technology sector, have been the biggest contributor to the market strength. Names like Amazon, Netflix, and Apple have seen positive returns this year well into the double digits. As you'll see in the chart below, the top 5 stocks in the S&P 500 account for almost ½ of the index's total return this year, even after the recent correction.

Returns of Top 5 Stocks in S&P 500 Performance		
	YTD as of 9/30/2018	**YTD as of 10/11/2018**
Netflix	94.9%	67.3%
Amazon	71.3%	47.0%
Mastercard	47.7%	29.2%
MicroSoft	35.4%	25.4%
Apple	34.9%	28.2%
Total S&P 500 Index	**10.6%**	**3.6%**
These 5 names combined make up almost 1/2 of the S&P 500 Return year to date		

- **Outside the US stock market, returns are negative.**
  Even though the domestic markets are positive this year, the international markets are down markedly. They continue to struggle with global trade, Brexit, and other geopolitical issues. In addition, bond markets are also negative this year, as interest rates continue to rise. So, while it may "feel" like every area of the market is doing well this year, this is not the case.

- **Very few investors are 100% invested in the stock market.**
  Very few investors have a portfolio that is 100% in stocks. Most investors hold a diversified portfolio of stocks, bonds, and perhaps other items depending on their risk level. Therefore, no matter how high or low the stock market moves, most investor portfolios are not going to shift lock-step with the market.

When it comes to your investment portfolio, the best course of action is to check with your financial advisor when you hear news that has you questioning the make-up of your portfolio and/or returns. Our job is to look after your best interests and it is our intention to keep you on track to meet your long term financial goals.

As always, we encourage you to reach out to us if you have any questions about the market environment or your portfolio. In addition, should any of your financial goals, objectives or personal financial positions change, please contact us with those details.

Data Source: Bloomberg