Churchill Management Group

Monthly Market Update

November 7, 2017

TACTICAL STRATEGIES

PREMIER WEALTH TACTICAL & PREMIER WEALTH TACTICAL CORE

All the major indices soared to all-time highs in October, continuing the steady advance we have seen all year long. Like a broken record, the story in the market remains the same, although the results are anything but ordinary. We are currently experiencing a market rally that is the least volatile in history, and we have seen the longest time period ever without a mere 3% pullback in the stock market. The old adage of the markets climbing an economic wall of worry is in effect with the end result being an exceptional technical rally that we are fully participating in.

The latest development that is gathering headlines is the unveiling of the tax reform plan. Although we are still in the early stages of the 429 page bill, it is positive that we are seeing something constructive on the table. The details of the plan will continue to be revised as we go along but corporations are the clear winner with a proposed 20% tax rate from 35%, while the losers are home builders and electric cars as the mortgage interest deduction limit is cut in half and the federal electric car rebate is potentially axed. The fundamental landscape has been improving as we have seen roughly 75% of companies beat Q3 earnings estimates as well as more companies guiding higher. The next big event on the radar is the Federal Reserve meeting in December in which the odds are likely for another rate hike.

Our tactical portfolio has remained steady with limited activity needed in October. Our plan of attack is to continue fully participating in this market strength while maintaining relatively low portfolio beta. Until we see any breakdown within our indicators, it remains a bull market until proven otherwise.

TACTICAL OPPORTUNITY

The percent invested remains high as the holdings continue to perform well. We saw strong showings from Amazon, Netflix, Becton Dickinson, Micron, and Total Systems, all of which were up more than ten percent for the month. No significant changes were seen in October.

FULLY INVESTED

ETF SECTOR ROTATION

Technology continued to be the leading group in the market, jumping over 6.5% during the month. Additional outperformance came from the Materials, Utilities, and Financials. Surprisingly, three sectors were down for the month – Energy, Consumer Staples, and Healthcare. The model is overweight Technology, Financials, Healthcare, Materials and Industrials.

Behind the strength in Technology, the Growth side of the ledger was much stronger than Value. The Growth holdings were up around 2.75% compared to 54 bps for Value. Large Caps were also much stronger, up twice as much as Small Caps. The International markets were up, though Euro holdings lagged the U.S. while Emerging Markets outperformed.

EQUITY GROWTH AND VALUE

Good numbers from the big names like Apple, Amazon, Google, Microsoft and Broadcom have kept the portfolio on strong footing. The portfolios remain weighted heavier in Technology, Financials, and Healthcare. Activity remains light.

EQUITY DIVIDEND INCOME

Though dividend stocks did not see some of the leaps that Growth stocks experienced during October, it was still a good month for the group. Most of the stocks posted positive results, gaining between one and five percent. With year-end nearing, we have begun to do some rotating and tax harvesting where prudent.

For a full description of each strategy, please click here.

Best regards,

CHURCHILL MANAGEMENT GROUP

877-937-7110

info@churchillmanagement.com

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