



*Churchill Management Group*

Monthly Market Update  
December 6, 2017

## TACTICAL STRATEGIES

---

### PREMIER WEALTH TACTICAL & PREMIER WEALTH TACTICAL CORE

The market's positive momentum continued unabated in November with all of the major indices seeing returns in excess of two percent and positioned at or around record highs. We did see volatility increase in the last couple of days of the month and into the early part of December. It appears to be coinciding with the prospect of Trump's tax reform passing and is likely driving the rotation and volatility we are seeing as market participants anticipate and reallocate based on who the perceived winners and losers will be. We are also keenly aware that this could also be a "buy the rumor and sell the news" type of event where markets rise in anticipation of the tax reform only to sell off on the completion of it. We have been in one of the least volatile periods in history and an increase in volatility to bring us back to normal levels would not be surprising. For now, the markets remain in good shape with the technicals leading the way. Until that changes, we will continue to be bullish in what we believe is a later stage technical rally.

Technically, the action in the market remains robust. Breadth continues to make new highs and the participation remains very broad. While there has been some short term rotation away from some of this year's leaders like Technology, we have yet to see much damage in those areas. Drawdowns this entire year have been short lived as buyers have stepped in to scoop up lower prices in relatively short order. The buy the dip trade has resulted in the smallest drawdown of any calendar year in history.

Fundamentally we have seen an uptick in corporate earnings and general economic activity. Coupled with the likelihood of the tax cuts, it has prompted the Fed to lean on reducing accommodation in the marketplace with a rate hike expected in December and two to three more in 2018. In addition, the balance sheet re-investment reduction is now under way and will accelerate in the coming quarters until it reaches the cap of \$50 billion at the end of next year. Whether and when that has a material impact on the markets and the economy is unknown, but some analysts peg its impact equivalent to a 100bps interest rate hike. That would be a material impact.

Several old and new concerns remain. An interesting newer development is whether we will see a major makeover at the Fed. With the appointment of Jerome Powell as Fed chairman and Ms. Yellen's exit, that leaves three empty seats on the board. Should President Trump fill all three, the potential is there for a drastically different Fed of Trump's making going forward. While that is not our expectation, it is considered a risk that we will monitor as stimulative monetary policy has been at the forefront of the current Bull Market. With less accommodation, valuations could recede. We acknowledge the risks in the market but we remain indicator based and until our technical indicators turn, we will remain constructively bullish.

---

## TACTICAL OPPORTUNITY

Some turbulence during the month as our overweight in Semi-Conductor stocks hit some bumps. After some great gains from holdings such as Western Digital and Micron Technology, the group sold off in the last few weeks of the month, forcing us to cut loose Western. We did replace it with a Financial ETF which keeps our percent invested up in the 90% area. It was a good month for Home Depot, Allstate, and Owens Corning.

---

## FULLY INVESTED

---

## ETF SECTOR ROTATION

There has been a bit of a rotation over the last month as the leading group for the year, Technology, took a breath. Technology was the only group down since the first of November, though just down a percent. The Consumer spiked during the month, with both Consumer Discretionary and Consumer Staples up around six percent. Financials and Industrials also had strong months. There have been no changes for our model which remains overweight in Technology, Financials, Healthcare, Industrials and Materials.

Keeping with the slight rotation theme, Value outpaced Growth for the first time in a while. Across the board, all cap sizes hung right around the market's two percent increase. Internationals lagged, down slightly for the month but we continue to have a green light on the group.

---

## EQUITY GROWTH AND VALUE

This was generally a strong month from our group of stocks. It was a great month from recent addition Dollar Tree, as well as long time holding Home Depot. Material and Industrial holdings were also good. Light activity remains as the portfolios look positive.

---

## EQUITY DIVIDEND INCOME

A slow, steady climb for the Dividend group continued during the month. Nothing performed out of the ordinary, either up or down. The 10 year Treasury continues to stay around 2.4% keeping dividend yields attractive. The good news is there is little room for tax selling as most holdings are in the green.

---

For a full description of each strategy, please [click here](#).

Best regards,

**CHURCHILL MANAGEMENT GROUP**

**877-937-7110**

---

**\*\*** This report is meant to inform the reader of our current market opinion, which we, as professional money managers, use in our decision-making. It should be noted that stock market and bond market data are subject to varying interpretations and any one interpretation will not necessarily guarantee investment success. The information obtained from the sources specified herein and used as basis for our current market opinion is believed reliable, but we do not guarantee the accuracy of such information.

This email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed. If you have received this email in error please notify the system manager. Please note that any views or opinions presented in this email are solely those of the author and do not necessarily represent those of the Company. Finally, the recipient should check this email and any attachments for the presence of viruses. The Company accepts no liability for any damage caused by any virus transmitted by this email.

We reserve the right to monitor and review the content of all e-mail communications sent and/or received by its employees. Orders and/or instructions transmitted by e-mail will not be accepted. Churchill Management Group will not be responsible for carrying out such orders and/or instructions.

This e-mail may be considered an advertisement or solicitation. If you do not wish to receive further e-mails from Churchill Management Corporation, please click the SafeUnsubscribe link below.

Hi, just a reminder that you're receiving this email because you are a client or have expressed an interest in Churchill Management Group. You can also call our Los Angeles Headquarters at 877-937-7110 or email us at

