VAN LEEUWEN & COMPANY, LLC

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QUARTERLY NEWSLETTER

Van Leeuwen & Company witnessed positive traction in the 3rd quarter in all markets. As the presidential election nears, we find ourselves bombarded by a barrage of he said she said they said - unlike any other election cycle we have witnessed. November is right around the corner and the final ballots will be cast soon enough. How the markets react depending upon who is elected and how individual sectors will perform based on the election is something we are watching closely. Regardless, Van Leeuwen & Company remains steadfast in our objective to take advantage of opportunities based on our process, and if consistently implemented over time, has the potential to benefit your portfolio through the investment cycle.

HIGHLIGHTS

- ✓ U.S. MARKETS RESILIENT IN THE 3RD QTR
- ✓ OPEC'S DECISION TO CUT PRODUCTION
- ✓ 156,000 NEW JOBS ADDED
- ✓ THERESA MAY NEW U.K. PRIME MINISTER

KEY FACTORS INFLUENCING GLOBAL MARKETS

U.S. equity markets proved to be resilient in the 3rd quarter. Market volatility continued in the 3rd quarter with its share of ups and downs with the S&P 500 gaining 3.85%. Despite strong market performance, fundamentals weakened as earnings continued to disappoint[1].

In bond markets, the Barclays U.S. Aggregate Index rose 0.46%. The 10-year Treasury yield ended the quarter at 1.60%. The fixed income markets continue to be rattled[1] as a result of possible rate increases, continued volatility as we head into the November elections and impending Federal Reserve announcements following their meetings in the fall.

European stocks outperformed U.S. Stocks and the S&P 500 after the Brexit low and for the 3rd quarter the FTSE Europe Index gained 4.4%. They still trail US stocks for the year.

Emerging markets performed well, as the MSCI Emerging Markets Index was up 9.15% for the quarter. Continued action by central banks, and in particular the decision by the Federal Reserve (Fed) not to raise interest rates in September, has supported these markets.[1]

OPEC's (Organization of the Petroleum Exporting Countries) decision to cut production may help prevent another near-term collapse in oil prices. Details are vague and market is skeptical over exactly how production cuts will occur but the decision to cut production is significant. Increased odds of oil price stability are positive for both the global economy and financial system.[2]

156,000 jobs added in September indicating the U.S. labor market is settling into a pace that will support the economy. While expectations were 172,000 jobs originally forecasted by economists, steady progress will underpin further wage gains and consumer spending, the main driver of U.S. expansion this year, and may encourage Federal Reserve policy makers to follow through on their forecast for an interest-rate increase by the end of 2016.[3]

Theresa May appointed U.K. Prime Minister. The curtailed immigration stance in May sent the sterling to a 31-year-low against the dollar. The British government wishes to control EU (European Union) immigration while also retaining as much access to the single market. These objectives are not popular with European leaders as they feel the two are irreconcilable[4].

China's economy picked up, boosted by government infrastructure spending that is stabilizing growth. Industrial output rose 6.3% in August from a year earlier, which is on course to hit its 6.5% to 7% growth target. Momentum is expected to weaken in the 4th quarter as property and infrastructure spending loses steam[5].

European Central Bank left rates unchanged at zero. Rates will remain at present or lower levels for an extended period of time. While the overall picture is steady but with sluggish growth in the 3rd quarter of 0.3%, inflationary pressures are also cooling amid intense competition. Hiring is also on the wane as businesses grow more concerned about the outlook[3, 6].

WHAT'S NEXT?

Like most of you, we will continue to closely observe the outcome of the presidential election along with a possible interest rate hike later in the year and how those two events will potentially impact the portfolio. A common question we continue to receive from you is "…how will the election impact my portfolio?"

Historically, long-term investors who began investing in any election year have generally come out ahead, regardless of the winning party. An individual investment time horizon is likely to be longer than a four-year presidential term. Looking beyond the headlines, focusing on long-term goals and avoiding timing the markets helps to create a sound investment strategy. At Van Leeuwen & Company we believe this strategy is best applied at all times, not just when we are preparing to elect a new president or to welcome in a different political party. That is why we construct the portfolios so that whatever volatility may arise, we are prepared to take advantage of any opportunities that may present themselves.

As always, Van Leeuwen & Company remains strongly committed to focusing everything we do with your best interest in mind for your continued confidence and the trust which you have bestowed upon us.

[1] Commonwealth – Market Commentary
[2] Nuveen Investments
[3] Bloomberg News
[4] BBC News
[5] Wall Street Journal
[6] Business Insider