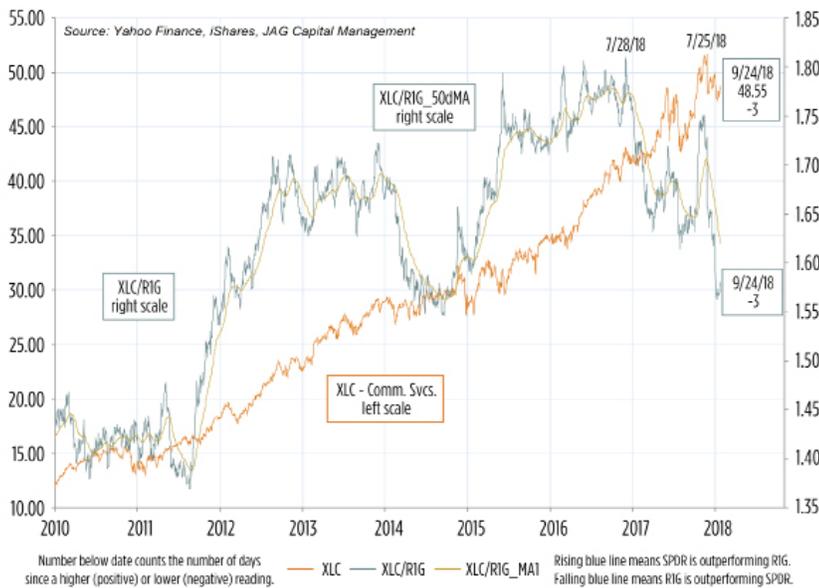


Timely Insights from JAG's Research Team

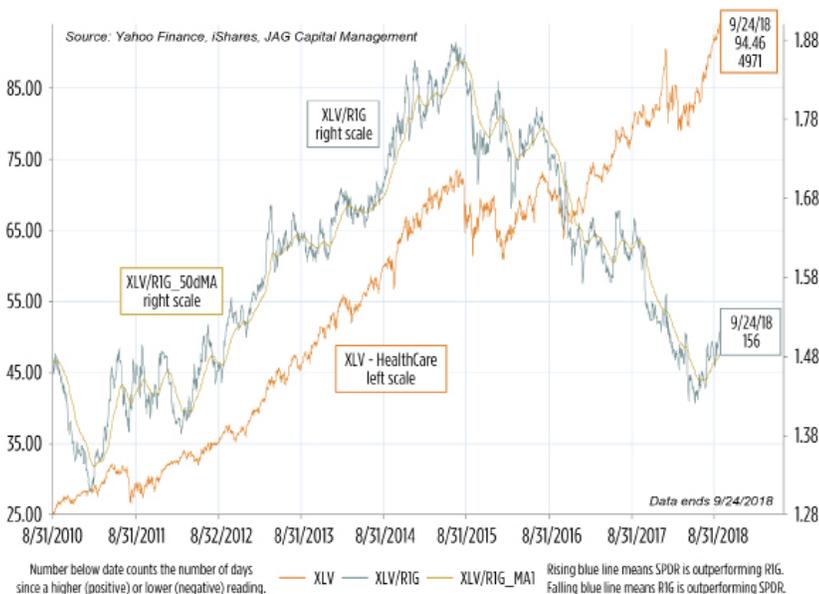
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Communications Svcs: XLC and XLC/Russell 1000 Growth Index



Here's our first look at the relative strength of the newly-reconstituted Communications Services sector compared to the Russell 1000 Growth Index. No longer the exclusive domain of traditional telecom companies like AT&T (T) and Verizon (VZ), **Communications Services now includes massive former Technology constituents like Facebook (FB) and Alphabet (GOOGL), as well as media players like Walt Disney (DIS) and Netflix (NFLX).** As shown on this chart, the sector has lagged the broader market recently. **This is probably due to the fact that over 40% of this sector's weighted holdings are in so-called "FANG" stocks that are under increasing threat of higher government regulation.** Sector and ETF-focused investors need to be aware that the investment proposition of investing in this sector has recently changed dramatically – for better or worse.

HealthCare Sector: XLV and XLV/Russell 1000 Growth Index



After lagging the Russell 1000 Growth materially between 2015 and this past summer, Healthcare stocks are perking up. **There has been broad strength in this group during the 3rd quarter, led by pharmaceuticals, medical devices, and biotechnology.** We are increasingly intrigued by the investment opportunity in pharma and biotech. We think these groups have done enough "penance" for the drug price inflation controversies that have emerged over the past few years. Importantly, growth-adjusted valuations appear more attractive to us than they have in the past couple of years. **Putting the pieces together, we like the fundamental and technical set-up within Healthcare as we look through to 2019.**

Disclosures

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Market Index performance statistics are provided by Advent Axys via benchmark data from FT Interactive Data and are presented for the time frame noted. Individuals cannot invest directly in an index. PAST PERFORMANCE SHOULD NOT BE CONSIDERED INDICATIVE OF FUTURE PERFORMANCE. ANY INVESTMENT CONTAINS RISK INCLUDING THE RISK OF TOTAL LOSS.

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