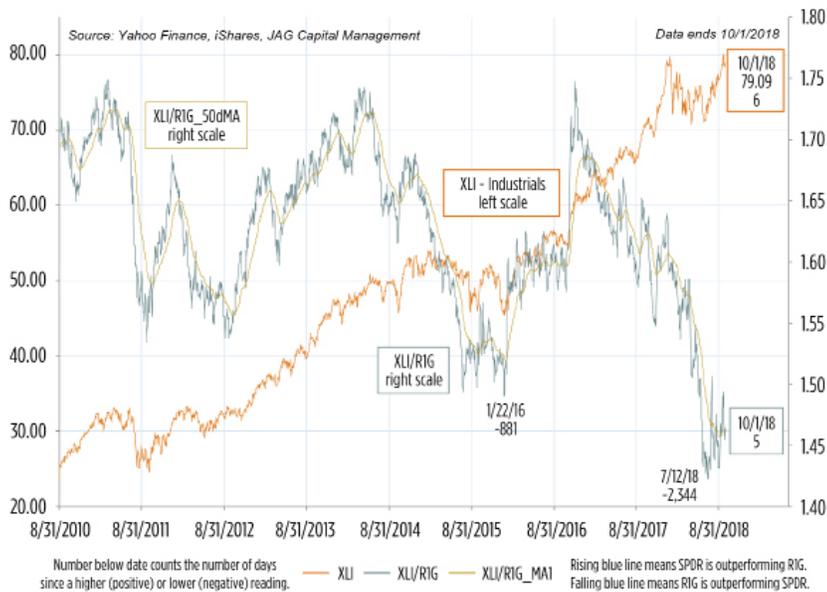


## Timely Insights from JAG's Research Team

Total reading time = 2 minutes

### XLI vs. XLI / Russell 1000 Growth (R1G) with MovAvg



A little over two months ago, we noted how poorly the Industrials sector was performing. We noted that tariff threats, a strong dollar, and rising input costs were headwinds. However, **after hitting a 2,344-day relative strength low versus the Russell 1000 Growth Index in mid-July, Industrials seem to be making a stand.** In fact, Industrials were the 3rd-best performing sector in the Russell 1000 Growth index for the 3rd quarter, generating returns of almost 11% (Only the Tech and Healthcare sectors did better). **It seems to us that investors are beginning to sense that the risks of a global, multi-front trade war are subsiding.** The recent USMCA agreement ("New NAFTA") seems likely to calm tensions between the US, Mexico, and Canada. Add to this the US/South Korea trade accord and progress in talks with the EU, and we are left with China as the only major remaining flash-point in trade. **If the Trump Administration is able to negotiate a deal with China in the coming months, we think the rally in Industrials could have room to run into 2019.**

### XLV vs. XLV / Russell 1000 Growth (R1G) with MovAvg



With a 12.8% quarterly gain, the Healthcare sector's third quarter performance was second only to Technology. We think concerns over the political risks (i.e. drug pricing) are beginning to abate. **Also, after three years of relative underperformance, valuations are relatively attractive in many areas of the group, including biotechnology and pharmaceuticals.** Many Healthcare constituents have rock-solid balance sheets, good product pipelines, and strong margins. Our aging population ensures that demand for drugs and medical devices will remain high. And historically, Healthcare stocks tend to have defensive characteristics, particularly during Fed rate-hike cycles. **We continue to view this sector as a great hunting ground for growth-oriented investors.**

## Disclosures

These comments were prepared by Norm Conley, an investment advisor representative of JAG Capital Management, LLC, an SEC registered investment advisor. The information herein was obtained from various sources believed to be reliable; however, we do not guarantee its accuracy or completeness. The information in this report is given as of the date indicated. We assume no obligation to update this information, or to advise on further developments relating to securities discussed in this report. Opinions expressed are those of the advisor listed above as of the date of this report and are subject to change without notice. Opinions of individual representatives may not be those of the Firm. Additional information is available upon request.

The information contained in this document is prepared for general circulation and is circulated for general information only. It does not address specific investment objectives, or the financial situation and the particular needs of any recipient. Investors should not attempt to make investment decisions solely based on the information contained in this communication as it does not offer enough information to make such decisions and may not be suitable for your personal financial circumstances. You should consult with your financial professional prior to making such decisions. For institutional investors: J.A. Glynn Investments, LLC, and JAG Capital Management, LLC, both have a reasonable basis to believe that you are capable of evaluating investment risks independently, both in general and with regard to particular transactions or strategies. For institutions who disagree with this statement, please contact us immediately.

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.

This document does not constitute an offer, or an invitation to make an offer, to buy or sell any securities discussed herein. J.A. Glynn & Co., JAG Capital Management, LLC, and its affiliates, directors, officers, employees, employee benefit programs and discretionary client accounts may have a position in any securities listed herein.



---

9841 Clayton Road | St. Louis, MO 63124

800.966.4596 [www.jagcapm.com](http://www.jagcapm.com)

Securities offered through JAGlynnInvestmentsLLC, Member FINRA and SIPC

