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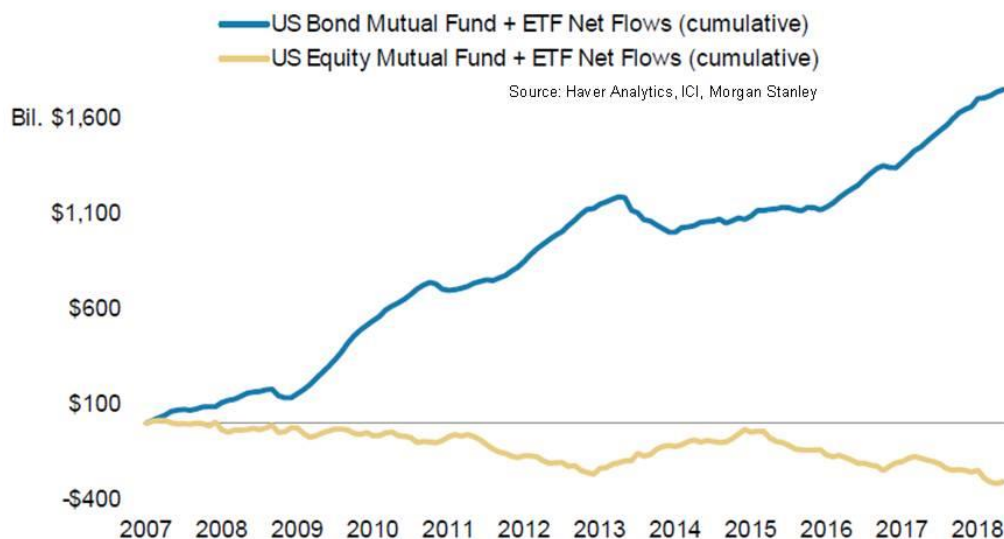
July 13, 2018

The Bareback Bull

Since March 6, 2009, the S&P 500 is up roughly 400%. The 10-year average annual return through Wednesday of this week is 10.6%. The S&P 500 index is within about 4% of its all-time high. The U.S. stock is enjoying a multi-year bullish run.

Although the stock market is experiencing a major bull move, many individual investors have not participated fully. The chart below shows that the cumulative fund flows into U.S. equity mutual funds and ETFs since 2007 is negative.

US Equity Flows Still Negative Since 2007



By contrast, individual investors have purchased over \$1.6 billion into bond funds since 2007. During this bull market, owning bonds rather than stocks has been a significant lost money making opportunity.

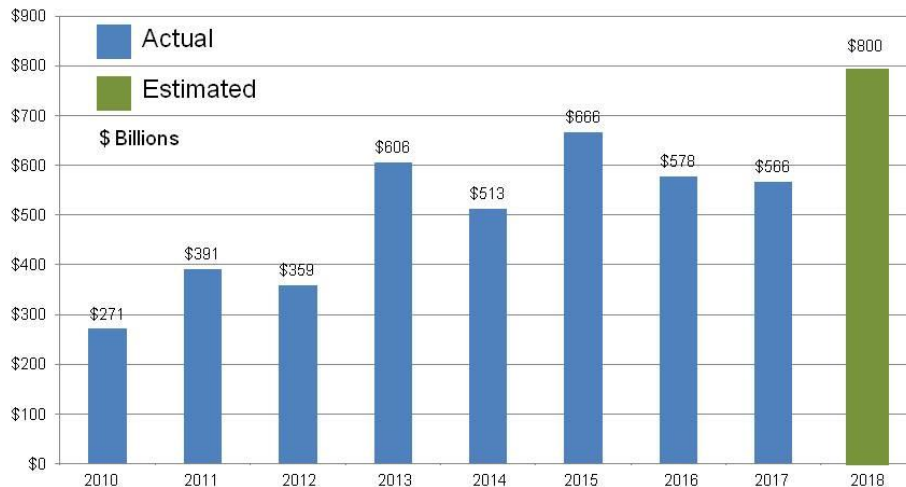
Opportunity Cost of Buying Bonds Rather than Stocks

	S&P 500 Total Return Index	iShares Core U.S. Aggregate Bond ETF (AGG)	Stock Less Bond Return Difference	Impact on \$100,000 Portfolio
Year-To-Date	5.40%	-1.51%	6.91%	\$ 6,910
1-Year	17.22%	-0.09%	17.31%	\$ 17,310
3-Year	12.60%	1.80%	10.80%	\$ 36,025
5-Year	13.27%	2.43%	10.84%	\$ 67,295
10-Year	10.60%	3.52%	7.08%	\$ 98,191

Data as of market close 7/10/2018

If individual investors are not buying stocks, who is? Like the PBR (Professional Bull Riding) circuit, this bull is being ridden by professionals in the form of stock buybacks. Stock buybacks are expected to reach an all-time high of \$800 billion this year.

Stock Buybacks



We are entering second quarter earnings season. The S&P 500 index is up roughly 5% year-to-date. Earnings are expected to be up 22% year-over-year from 2017 to 2018. Based on strong revenue growth and margin expansion, we believe forward earnings expectations will be moving higher.

The stock/bond investment trade-off decision is just as active today as it has ever been. We believe that buying bonds rather than stocks today will continue to cost investors a significant amount of potential investment gain. Roughly three years ago, the Federal Reserve began raising interest rates. The average annual return in investment grade U.S. corporate bonds during this time has been about 1.8%. We would not be surprised to see this low level of return continue or deteriorate with additional Fed rate hikes. By

contrast, the S&P 500 has delivered double digit returns for the past three years. With no signs of impending recession, we expect the bull to continue to run. Saddle up.

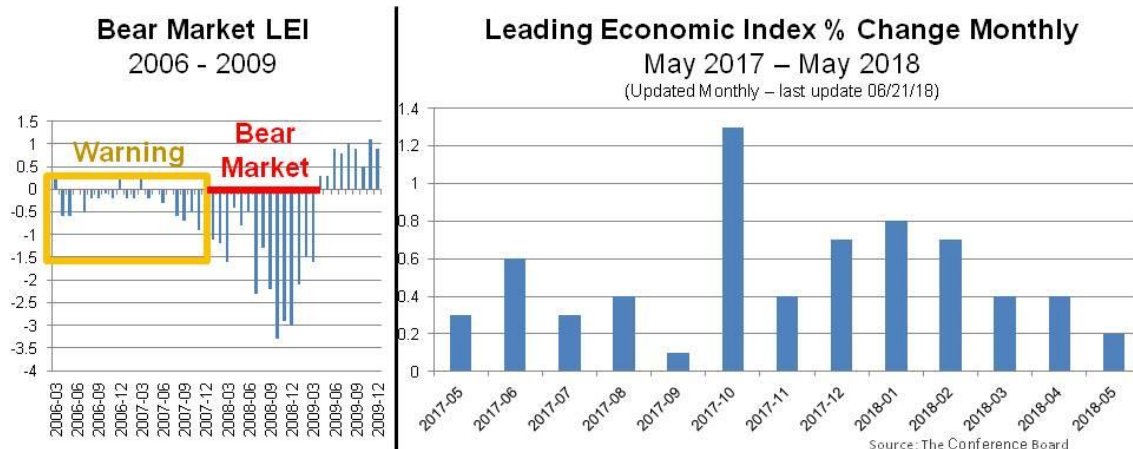
Give Us a Call Today

We invite you to give us a call at **(415) 249-6337**, visit www.deltaim.com or email us at info@deltaim.com if you have questions about how we can assist you in managing your investment accounts.



"Shall I compare thee to a summer's day?"

Delta Stock Market Dashboard



INDICATOR STATISTICS

MARKET SENTIMENT IS

BULLISH

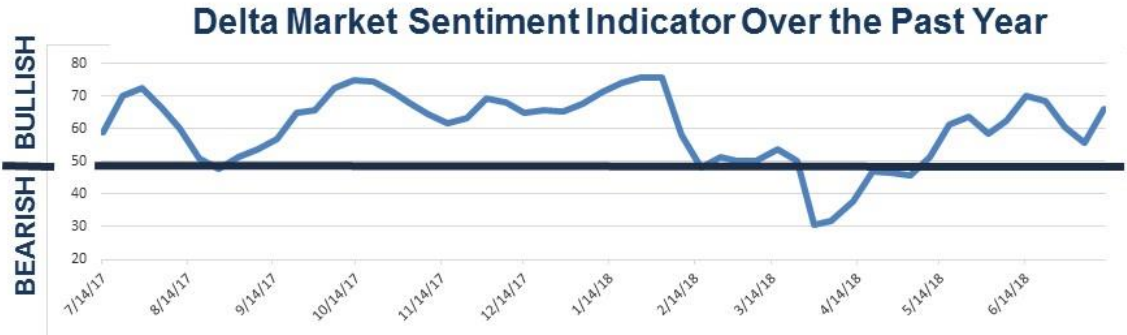
THIS WEEK'S NUMBER IS

66.2

Our technical indicator increased
this week from 55.8 to 66.2

Consecutive Bullish Weeks:	10
Cycle Inception Date:	5/10/2018
Range:	51.2 – 69.9
Mean:	61.8
Bullish Weeks YTD:	22
Bearish Weeks YTD:	6
*S&P 500	2.6%
*DJIA	0.7%
*NASDAQ	5.6%

**Percentage change during current cycle*



(Delta MSI is published in *Barron's*)

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