

Delta Investment Management is a registered investment advisory firm headquartered in San Francisco. Delta welcomes discussions with individuals seeking investment advice and advisors seeking a new partner. Delta manages portfolios at TD Ameritrade and Schwab. Please contact Delta at info@deltaim.com or 415-249-6337 to learn more.

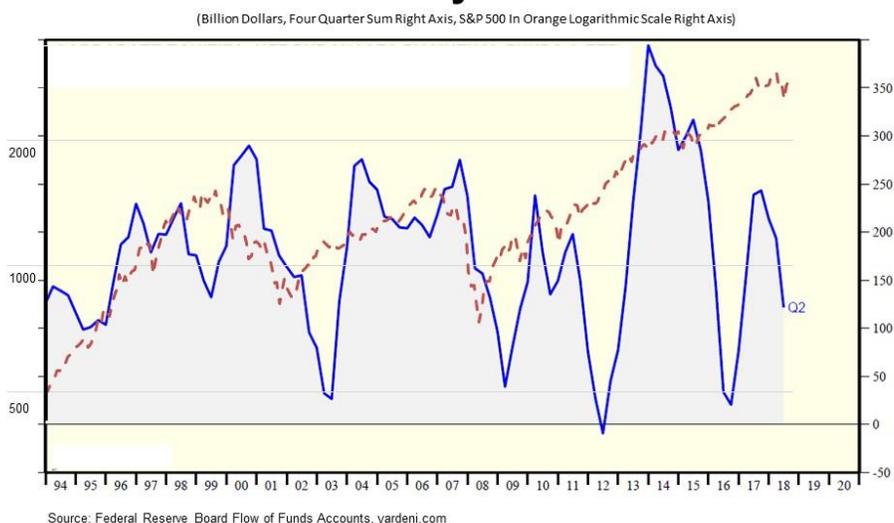
March 8, 2019

10-Year Anniversary

This week marks the 10-year anniversary of the S&P 500's intraday low of 666.79. At the low, it was prophesied by many prominent investors including Bill Gross, Chief Investment Officer of Pimco at the time, that we had entered a "New Normal" that would be characterized by slow growth. Through yesterday, the S&P 500 average annual return including dividends over the past ten years is 17.4%. If we extend back the performance period to include the 50% sell-off of 2007-2009, the 15-year average annual return of the S&P 500 is 8.2%.

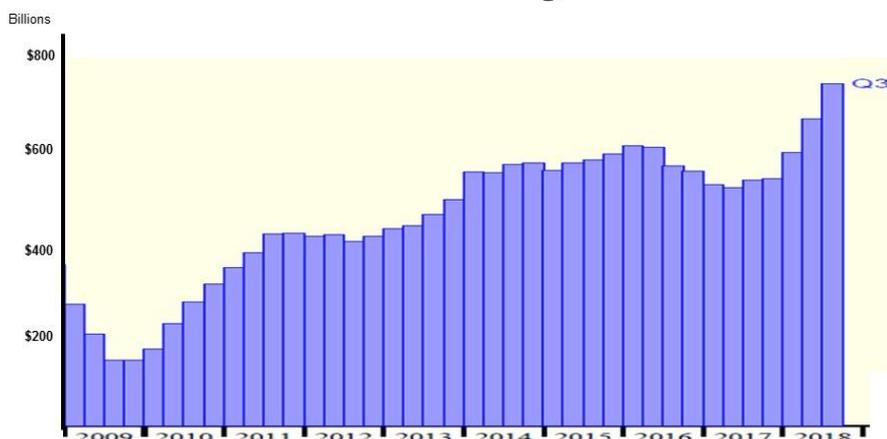
In the moment, it can seem as if the world really has changed and that the investment environment is unlike anything that has come previously. There have been multiple occasions over the past decade when many investors believed a recession was just around the corner. This is evidenced by the radical swings in individual investor buying interest in mutual funds and ETFs. While the stock market has climbed higher, investor emotions have been on a rollercoaster.

Net Stock Purchases by Mutual Funds & ETFs



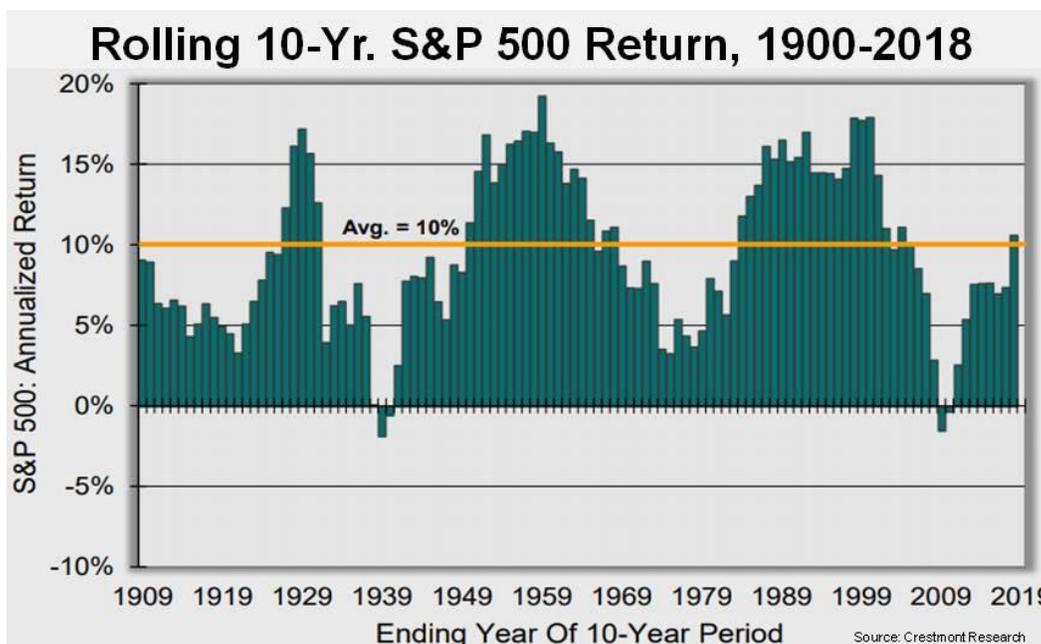
In stark contrast to retail buying and selling, insiders/institutions have been buying at an increasing pace. Stock buybacks reached and all-time high in 2018 and are on pace to do the same in 2019.

S&P 500 Buybacks



Possibly the single biggest objection to investing in the stock market is “volatility” – code word for potential substantial loss. Many investors want the upside of stocks but can’t stomach the downside. Historically, the antidote to market volatility has been time.

On an annual rolling 10-year basis, the S&P 500 has only had negative returns two times: in the Great Depression and in the Great Recession. The average annual 10-year return of the S&P 500 has been roughly 10%.



Stock market investors who have remained invested for multi-year periods (not let their emotions cause them to buy and sell at highs and lows) have generally made positive returns.

In many ways, the past 10-years of market history have demonstrated that the world did not change this time. The return characteristics that have generally played out over the past 70 years were what we have experienced over the past ten years.

So What's Next?

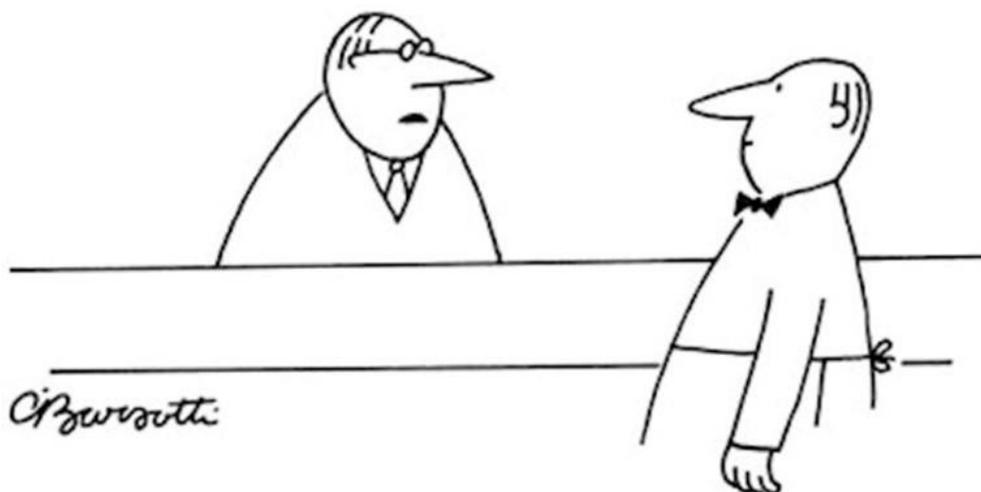
An important tenet of successful investing is to keep emotions out of the decision making process and look to reliable, robust, time-proven relationships to make decisions about equity exposure.

There is no question earnings growth is slowing, GDP growth in the U.S. and abroad is slowing, and valuations are near 25-year average levels. Macro-economic indicators show we are unlikely to experience a recession in 2019 despite the slowdown in growth.

This set of factors leads Delta to have significant equity exposure across its various investment strategies. But, this set of factors suggests that the past 10-years of 17.4% average annual appreciation may be coming to an end and to preserve gains made over the past decade, it may be necessary to significantly reduce equity exposure when the indicators so dictate.

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.



"A dash of hope, a dollop of optimism, a hint of courage—and gin—on the rocks."

Delta Stock Market Dashboard

MARKET SENTIMENT IS

BULLISH

THIS WEEK'S NUMBER IS

75.9

Our technical indicator decreased
this week from 77.7 to 75.9

INDICATOR STATISTICS

Consecutive Bullish Weeks:	6
Cycle Inception Date:	1/31/2019
Range:	59.5 – 77.7
Mean:	72.0
Bullish Weeks YTD:	6
Bearish Weeks YTD:	4
*S&P 500	1.6%
*DJIA	1.9%
*NASDAQ	1.8%

* Percentage change during current cycle



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

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