WCM | WILDE CAPITAL MANAGEMENT

PORTFOLIO UPDATE – MARCH 8, 2019

For the most part, these are good problems to have. After one of the more turbulent quarters in the history of the market, complete with an unusually active week between Christmas and New Year's Day, we have booked a powerful and rapid recovery nearly retaking previous high watermarks. The quickness of these types of reversals seems to point toward informationless reactiveness, which is to say things move far and fast based more on mood and less on fundamentals. About the only thing of any substance that is different is the tonality of the Fed's comments, and even that is not particularly material because Powell was already signaling that we were closer to the end than the beginning of the current tightening cycle.

We see growth moderating in the US and abroad, but we still see growth. This keeps us positive about equities and less concerned about rates. But, the market giveth and the market taketh away. Double-digit moves to the upside tend to be followed by periods of healthy consolidation. There are some clouds looming on the horizon as well which may not provide enough substance to take the market down and keep it there, but certainly could be the trigger for that short term retracement. Brexit in particular sits out there as a key concern. There is little to suggest any of the stakeholders within the UK or across Europe are inclined toward compromise at the moment, and the Brits crashing out of the Union could create enough upset to trigger some volatility and a rush for safety. We are also aware of, but less concerned about, trade tensions with the US since we have now been there and back multiple times over the last two years. Markets now seem to be trundling along ignoring the side show until there is something material to price. If anything, trade issues are dragging on the US growth story, but even with that factored in, it is still a (slower) growth story.

Taking this all into account, we stepped back toward a more neutral footing for stocks proportionally from large, mid and small cap equities in the US, kept our underweight in cash instruments, and within our bond allocations reduced direct exposure to corporate risk. By moving into a more "core" position in bonds we effectively raised duration in recognition that the risk of rising rates has receded into the distance for the time being. The rest of the portfolio allocations remain the same, with an overweight to emerging market stocks in Asia, and counterbalancing that and the increased US bond position, a continuing underweight to developed international stock and bond markets.

WCM | WILDE CAPITAL MANAGEMENT

DISCLOSURES

Wilde Capital Management, LLC is a registered investment adviser. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and, unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein. Past performance is not indicative of future performance.

It is important to remember that there are risks inherent in any investment and that there is no assurance that any money manager, fund, asset class, style, index or strategy will provide positive performance over time.

Diversification and strategic asset allocation do not guarantee a profit nor protect against a loss in declining markets. All investments are subject to risk, including the loss of principal.

The information contained herein is based upon the data available as of the date of this document and is subject to change at any time without notice.

Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, the risk of issuer default, liquidity risk and market risk. These risks can affect a security's price and yield to varying degrees, depending upon the nature of the instrument, and may occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets. In general, a bond's yield is inversely related to its price. Bonds can lose their value as interest rates rise and an investor can lose principal. If sold prior to maturity, fixed income securities are subject to gains/losses based on the level of interest rates, market conditions and the credit quality of the issuer.

Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic and political risks, and may follow different accounting standards than domestic investments. Investments in emerging or developing markets involve exposure to economic structures that are generally less diverse and mature, and to political systems that can be expected to have less stability than those of more developed countries. These securities may be less liquid and more volatile than investments in U.S. and longer-established non-U.S. markets.

An investment in small/mid-capitalization companies involves greater risk and price volatility than an investment in securities of larger capitalization, more established companies. Such securities may have limited marketability and the firms may have more limited product lines, markets and financial resources than larger, more established companies.

Portfolios that invest in real estate investment trusts (REITs) are subject to many of the risks associated with direct real estate ownership and, as such, may be adversely affected by declines in real estate values and general and local economic conditions.
Portfolios that invest a significant portion of assets in one sector, issuer, geographical area or industry, or in related industries, may involve greater risks, including greater potential for volatility, than more diversified portfolios.

Important Disclosures: Exchange-Traded Funds

Exchange-traded funds (ETFs) are investment vehicles that are legally classified as open-end investment companies or unit investment trusts (UITs), but differ from traditional open-end investment companies or UITs. ETF shares are bought and sold at market price (not net asset value) and are not individually redeemed from the fund. This can result in the fund trading at a premium or discount to its net asset value, which will affect an investor's value. Shares of certain ETFs have no or limited voting rights. ETFs are subject to risks similar to those of stocks.

ETFs included in portfolios may charge additional fees and expenses in addition to the advisory fee charged for the Selected Portfolio. These additional fees and expenses are disclosed in the respective fund/note prospectus. For complete details, please refer to the prospectus.

For additional information regarding advisory fees, please refer to the Fee Summary and/or Fee Detail pages (if included with this report) and the program sponsor's/each co-sponsor's Form ADV Part 2, Wrap Fee Brochure or other disclosure documents, which may be obtained through your advisor.

Certain ETFs have elected to be treated as partnerships for federal, state and local income tax purposes. Accordingly, investors in such ETFs will be taxed as a beneficial owner of an interest in a partnership. Tax information for such ETFs will be reported to investors on an IRS schedule K-1. Investors should consult with their tax advisors in determining the tax consequences of any investment, including the application of state, local or other tax laws and the possible effects of changes in federal or other tax laws.