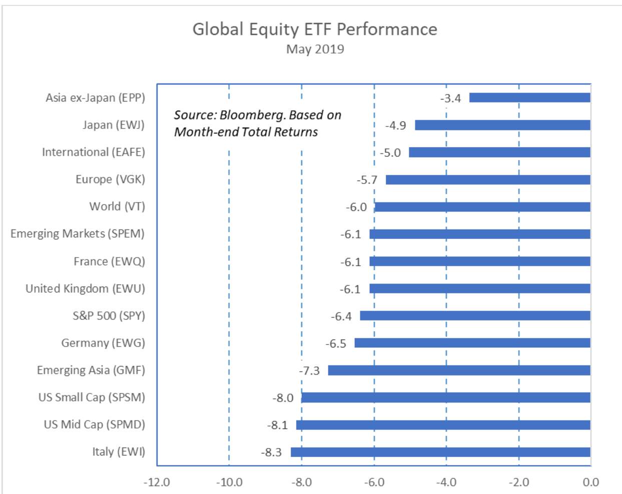
WILDE CAPITAL MANAGEMENT

MAY 2019 CAPITAL MARKET REVIEW

Global stock markets corrected painfully in response to the ongoing trade dispute between the United States and key trading partners. U.S. Large, Mid Cap and Small Cap equities underperformed along with key European markets. U.S. Long Term Treasuries rallied nearly 7% and longer duration U.S. bonds also outperformed.



Equity Markets*

Global equities sold off hard in the month of May due to concerns that the ongoing trade-related jousting between the Trump administration, China and now Mexico may complicate growth prospects going forward.

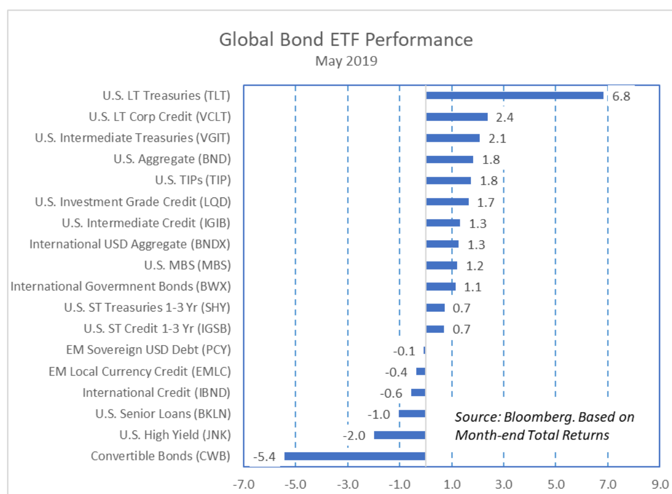
Italian stocks fell the most, declining by 8.3%. U.S. Large, Mid and Small companies underperformed their global counterparts falling 6.4, 8.0 and 8.1 percent respectively. Emerging Asia also underperformed, dragged down by China's concentration in that regional index.

Bond Markets*

The flight to quality led longer duration bonds higher for the month of May as the yield on the benchmark U.S. 10-year Treasury fell from 2.5% to 2.12% (as of May 31, 2019). U.S. Long-term Treasuries rallied 6.8% followed by Long-term Corporate Credit and Intermediate-term Treasuries each rallying over 2%.

International developed market government bonds benefited from the lower rate environment. Higher risk and more equity market sensitive fixed income instruments declined along with global stocks.

The U.S. dollar posted a gain of 0.55% for the month as measured by the Bloomberg Dollar Spot Index.



**The returns cited reflect total return performance of exchange traded funds listed in the corresponding bar charts*

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How Low can U.S. Treasury Yields Go?

The yield on the 10-year U.S. Treasury has fallen to 2.12%, which is 110 basis points from the recent high reached on November 8, 2018. The rapid decline in rates, so far a fall of 29.8% from last November's levels, has many investors unnerved as a portion of the yield curve is inverted that historically has signaled oncoming recessions. Interest rates could fall further from here. Over the past decade, there have been at least seven distinct periods where yields have fallen, averaging over 39% from peak-to-trough levels. The duration of those periods averaged 7.6 months while the current downtrend has lasted six months, 11 days and counting. There are several reasons why rates could continue to fall ranging from the ongoing and unpredictable effects of the U.S. – China trade negotiations, political dysfunction in the EU and Great Britain, the lack of inflationary pressures globally, and negative interest rates for comparable government bonds – notably in Germany and Japan. The challenge for investors who might consider chasing this treasury rally is that with yields at such low levels, any escalation in yields would result in material loss of principal.

See the WCM website for more market commentary or contact us with any questions.

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PORTFOLIO POSITIONING

In terms of overall positioning, we remain modestly overweight to U.S. equities and fixed income. Within U.S. equities, we are overweight Large Cap, Mid and Small Cap stocks versus our benchmark. We are significantly underweight non-U.S. equities; however, we do have a sizeable position in Emerging Asia. Our overweight to U.S. is primarily funded from non-U.S. stocks and bonds. Within fixed income, we are overweight in the U.S. with a preference for mortgages. At the policy level, we are targeting low or no current exposure to non-U.S. fixed income. Our portfolios maintain lower duration than the benchmark. Our cash position is also lower than our benchmark.

RISK OUTLOOK

The U.S. is exhibiting favorable economic trends – low inflation, accommodative monetary policy, strong productivity gains, high labor participation and robust GDP growth – although there are signs that momentum may be slowing. China's economy has responded positively to fiscal and monetary stimulus, but the ongoing trade row with the Trump administration may compromise the recovery. The results of the European Union elections have weakened centrist, pro-EU parties while more nationalist parties gained ground. With economic growth on the Continent anemic, the prospects for pro-growth policy measures may be limited given the political climate. The following are key risks we are monitoring:

- The ongoing trade jousting between the Trump administration and China (and now Mexico) is likely to continue to cause market volatility and may well lead to lower economic activity globally. Even if the rhetoric settles down and the various sides form agreements, disputes will likely continue for the foreseeable future causing periodic disruption in the world's capital markets.
- U.S. inflation measures continue to fall below Federal Reserve targets, which have some investors concerned about deflationary pressures and the carry-on effects to domestic demand. With policy rates at historically low levels, the Federal Reserve may not have a great deal of leverage to stimulate demand when the time arises.
- European equities, while attractively valued, face several challenges in the new political landscape. Sluggish economic activity, Italian debt, Brexit negotiations, and budget-related issues remain major hurdles for the economy and the Euro.
- Highly indebted emerging economies, particularly in Latin America, may continue to face headwinds due to the combination of a strong U.S. dollar and higher interest rates.

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KEY EVENTS IN JUNE

Week 1

- 6/3 U.S.: Markit Composite PMI
- 6/3 Eurozone: Markit Composite PMI
- 6/4 U.S.: Durable Goods Orders
- 6/4 Eurozone: Price Index Surveys
- 6/4 U.K.: Markit/CIPS Composite PMI
- 6/4 Japan: Nikkei Composite PMI
- 6/4 China: Caixin Composite PMI
- 6/5 Eurozone: PMIs
- 6/6 U.S.: Nonfarm Productivity
- 6/6 U.S.: Initial Jobless Claims

Week 2

- 6/9 Japan: GDP releases
- 6/10 U.K.: GDP MoM
- 6/11-6/13 U.S.: Price Index Surveys
- 6/11 China: Price Index Surveys
- 6/11 Eurozone: Sentix Investor Confidence
- 6/13 Eurozone: Industrial Production
- 6/14 U.S.: U of Michigan Sentiment Reports

Week 3

- 6/15 U.S.: Fed Beige Book Release
- 6/19 U.S.: Fed Rate Decision
- 6/21 U.S.: Markit PMIs
- 6/18 Eurozone: Consumer Price Index
- 6/19 Japan: BoJ Balance Rate, 10Y Yield Tgt
- 6/20 Eurozone: EC Consumer Confidence
- 6/21 Eurozone: PMIs

Weeks 4

- 6/25 U.S.: Conf. Board Consumer Confidence
- 6/27 U.S.: Initial Jobless Claims
- 6/27 Eurozone: EC Confidence Surveys
- 6/27 Eurozone: EC Confidence Surveys
- 6/28 U.S.: Core PCE index releases
- 6/28 Eurozone: CPI Core
- 6/28 U.K.: GDP releases
- 6/30 Japan: Tankan Indexes

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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.

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