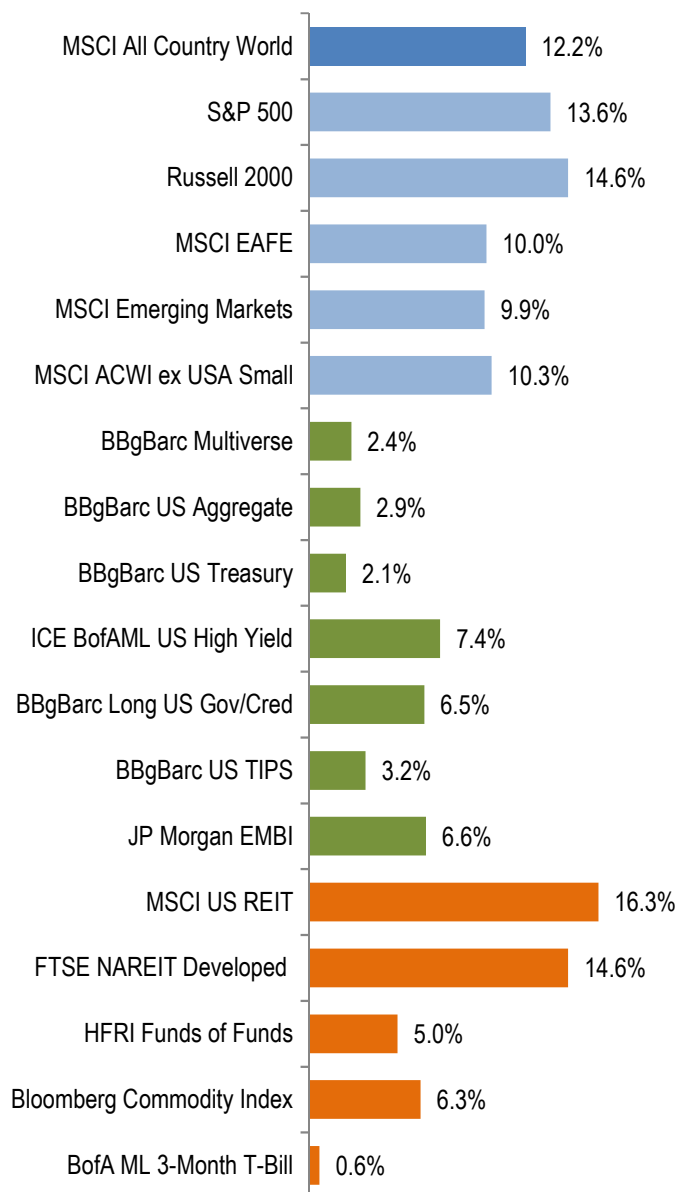


First Quarter 2019



First Quarter 2019: March Madness, or Just an Incredible Rebound?

After a turbulent fourth quarter, equity markets quietly rallied, largely erasing 2018 losses. The S&P 500, which plunged 13.5% in the fourth quarter, gained 13.6% and is once again within striking distance of all-time highs. While risk assets posted gains across the board, the hardest-hit segments of the market during the fourth quarter were the largest rebounders, with small-cap and growth stocks leading the rally. Emerging and developed international equity, which had sold off slightly less than the U.S. market, bounced back nicely as well, both posting approximately 10% returns for the first quarter. Real estate and high-yield junk bonds also rallied.

While it has been a fabulous start to the year, this turbulent turnaround is the latest of several gyrations since volatility returned to equity markets last year. After one of the longest low-volatility rallies on record, investors began fretting early in 2018 about a laundry list of possible triggers that could derail global growth. Investor concerns over corporate profits, tightening central banks, and trade wars have whipsawed market sentiment. Adding to the market drama has been the will-they won't-they trade negotiations between the U.S. and China, which have recently been outdone by the will-they won't-they Brexit negotiations playing out within the United Kingdom Parliament.

One source of investor strain was removed this quarter however, thanks to Federal Reserve Chairman Jerome Powell. In a press conference early in the year, Mr. Powell relayed that the Fed would be "patient" when raising rates going forward. In March, Mr. Powell signaled that the Fed was likely done raising rates for the year. These statements represent a far cry from the official Fed projections from 2018, which had been showing the possibility of two to three rate hikes in 2019 alone. Fixed income markets rallied as rates dropped across the yield curve. The 10-year U.S. Treasury yield fell to a 15-month low and the yield curve, depending on which short-term rate is used for measuring, has flirted with inversion.

| | QTD | YTD | 1 Year | 3 Years | 5 Years | 15 Years |
|-------------------------------|-------|-------|--------|---------|---------|----------|
| S&P 500 | 13.6% | 13.6% | 9.5% | 13.5% | 10.9% | 8.6% |
| S&P 500 Value | 12.2% | 12.2% | 5.9% | 10.6% | 8.0% | 7.3% |
| S&P 500 Growth | 15.0% | 15.0% | 12.8% | 15.9% | 13.4% | 9.4% |
| Russell 2000 | 14.6% | 14.6% | 2.0% | 12.9% | 7.1% | 8.0% |
| Russell 2000 Value | 11.9% | 11.9% | 0.2% | 10.9% | 5.6% | 7.2% |
| Russell 2000 Growth | 17.1% | 17.1% | 3.9% | 14.9% | 8.4% | 8.7% |
| MSCI EAFE (USD) | 10.0% | 10.0% | (3.7%) | 7.3% | 2.3% | 5.1% |
| MSCI EAFE (Local) | 10.6% | 10.6% | 2.8% | 8.5% | 6.0% | 5.7% |
| MSCI Emerging Markets (USD) | 9.9% | 9.9% | (7.4%) | 10.7% | 3.7% | 7.9% |
| MSCI Emerging Markets (Local) | 9.8% | 9.8% | (1.9%) | 11.2% | 7.1% | 9.2% |
| BBgBarc US Aggregate | 2.9% | 2.9% | 4.5% | 2.0% | 2.7% | 3.9% |
| FTSE NAREIT Developed | 14.6% | 14.6% | 13.3% | 5.7% | 6.4% | 6.9% |
| HFRI Fund of Funds | 5.0% | 5.0% | 0.5% | 4.1% | 2.3% | 2.8% |
| BofA ML 3-Month T-Bill | 0.6% | 0.6% | 2.1% | 1.2% | 0.7% | 1.3% |

Sources: Sellwood Consulting LLC, Morningstar Direct, Investment Metrics, Federal Reserve Economic Data
Returns for periods longer than 1 year are annualized.

As of March 31, 2019

A mere 20,000 jobs were added in February (the lowest number since September 2017), but wage growth and jobless figures showed the continued strength of the labor market.

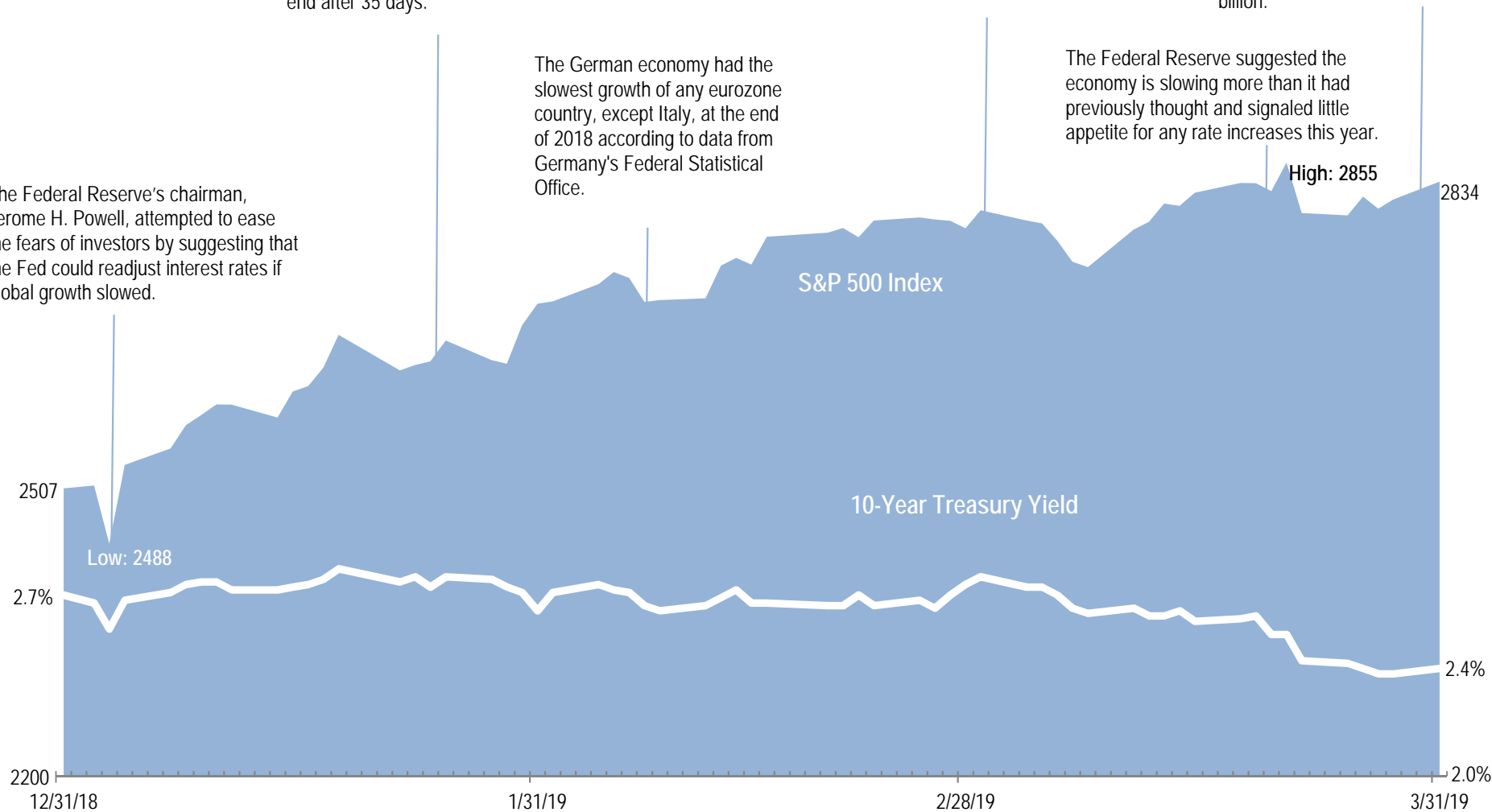
Lyft became the first publicly traded ride-hailing company, debuting on the Nasdaq with a pre-trading valuation of \$24 billion.

The longest shutdown in U.S. government history came to an end after 35 days.

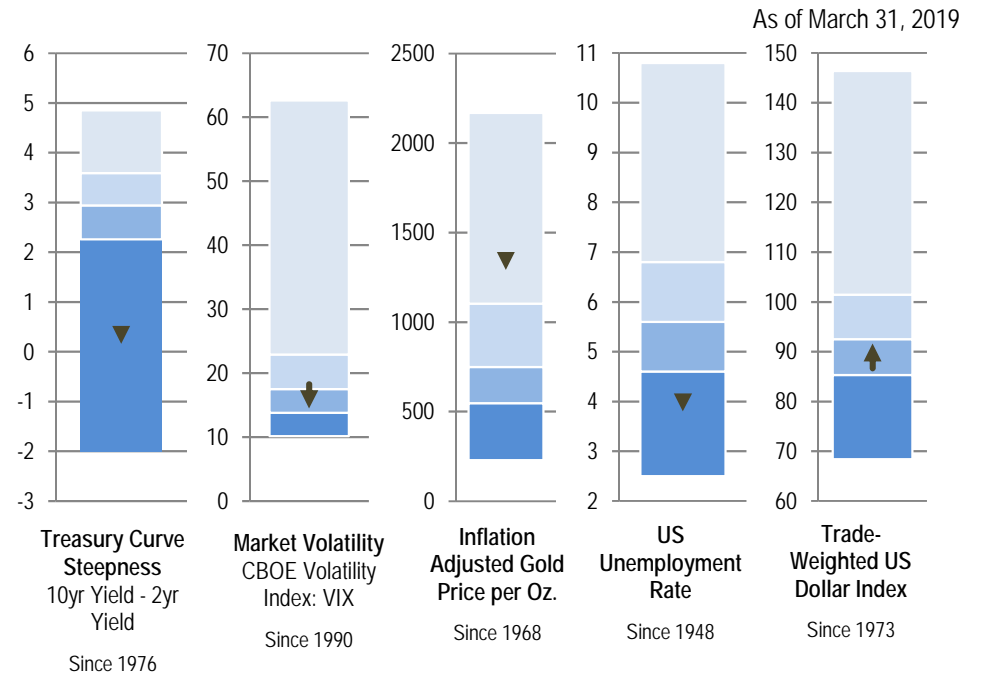
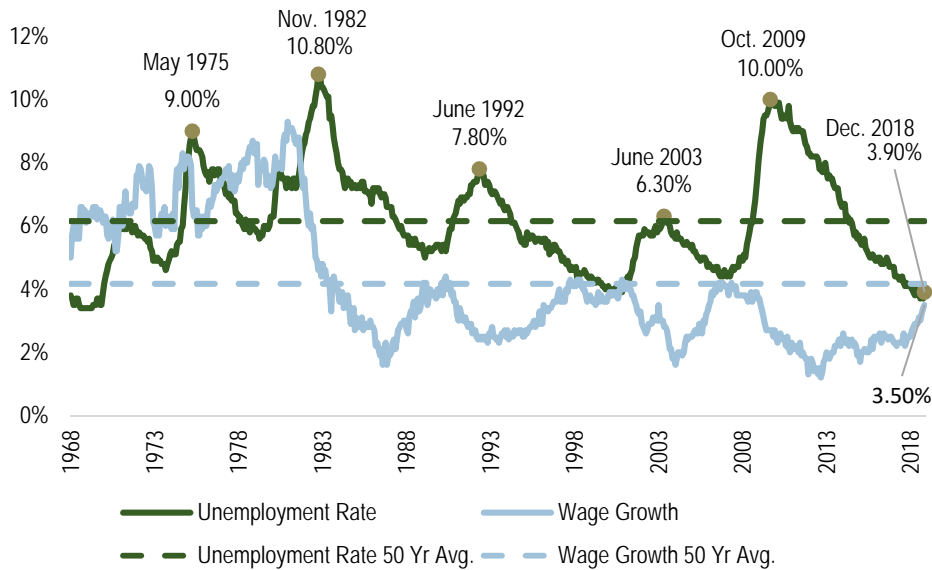
The German economy had the slowest growth of any eurozone country, except Italy, at the end of 2018 according to data from Germany's Federal Statistical Office.

The Federal Reserve suggested the economy is slowing more than it had previously thought and signaled little appetite for any rate increases this year.

The Federal Reserve's chairman, Jerome H. Powell, attempted to ease the fears of investors by suggesting that the Fed could readjust interest rates if global growth slowed.

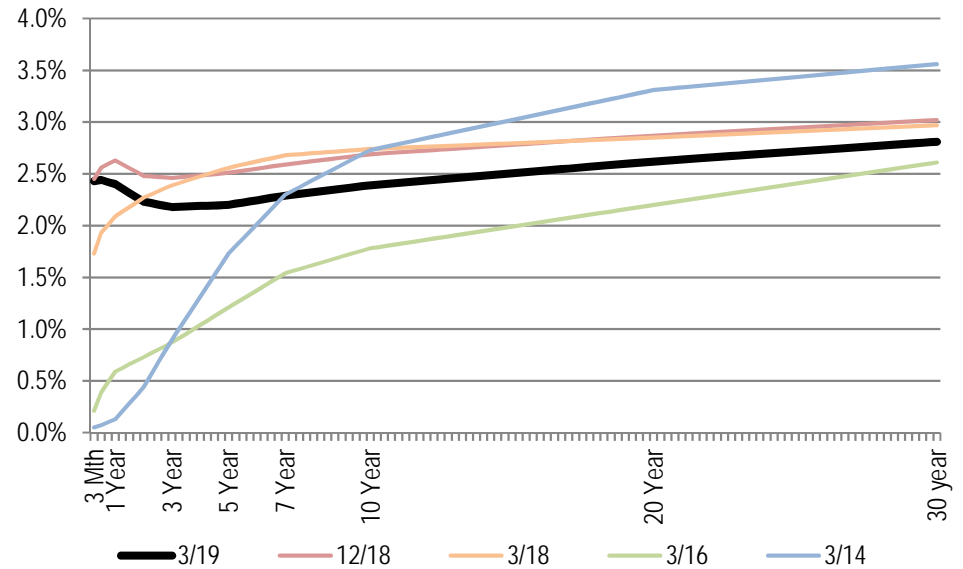


Civilian Unemployment Rate & Year-Over-Year Wage Growth for Private Production and Non-Supervisory Workers



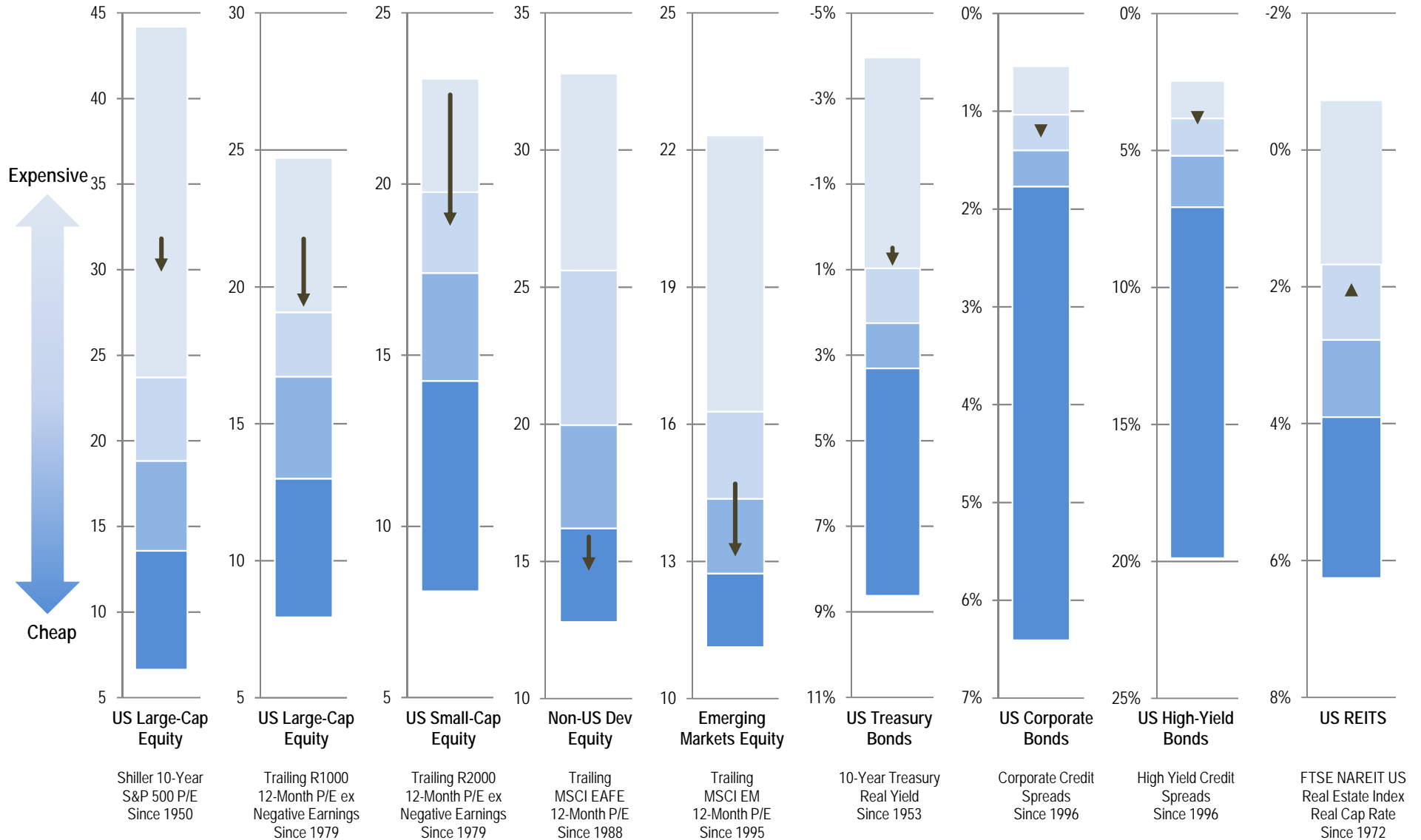
| | <u>3/2019</u> | <u>12/2018</u> | <u>3/2018</u> | <u>3/2016</u> | <u>3/2014</u> |
|-------------------------------|---------------|----------------|---------------|---------------|---------------|
| Market Inflation Expectations | | | | | |
| 5 Year | 1.7 | 1.5 | 1.9 | 1.5 | 1.7 |
| 10 Year | 1.8 | 1.7 | 2.1 | 1.6 | 2.1 |
| 20 Year | 1.9 | 1.8 | 2.0 | 1.6 | 2.3 |
| CPI Year-over-Year | --- | 1.9 | 2.4 | 0.9 | 1.6 |
| West Texas Crude Oil | 58.7 | 45.2 | 64.9 | 36.9 | 101.6 |
| Consumer Sentiment Index | 98.4 | 98.3 | 101.4 | 91.0 | 80.0 |
| US Corp Profits (% of GDP) | --- | 9% | 9% | 9% | 10% |
| Real GDP Growth YoY | --- | 2.2 | 2.2 | 1.5 | -1.0 |
| Federal Funds Rate | 2.40 | 2.27 | 1.51 | 0.36 | 0.08 |

US Treasury Yield Curve



Sources: Sellwood Consulting LLC, Morningstar Direct, Investment Metrics, Federal Reserve Economic Data
Arrows in the top-right charts represent year on year change.

As of March 31, 2019



Arrows represent year on year change. Trailing 12 month P/E and cap rate metrics exclude the top and bottom 5%.

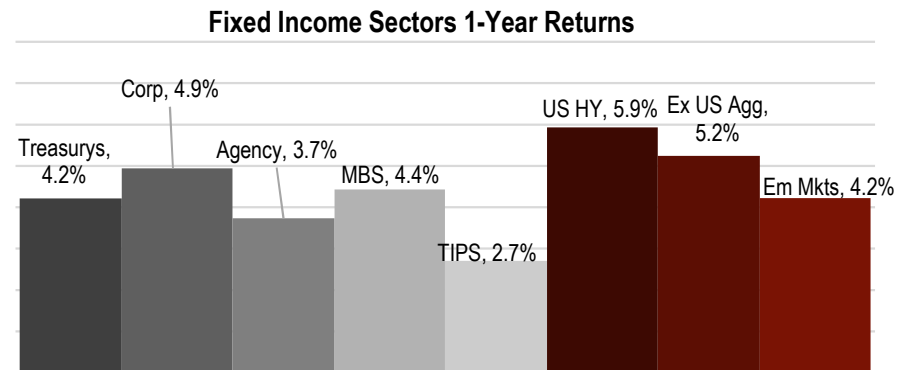
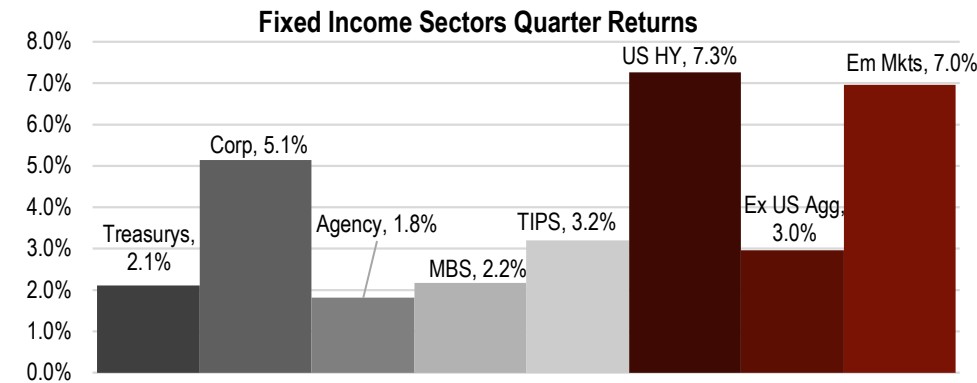
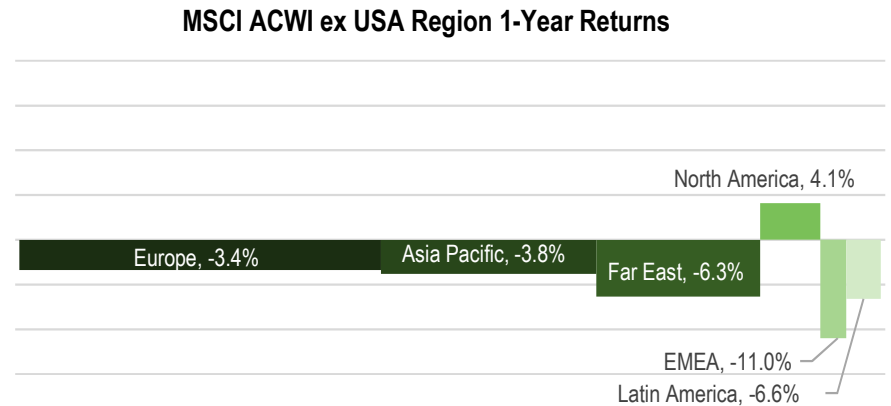
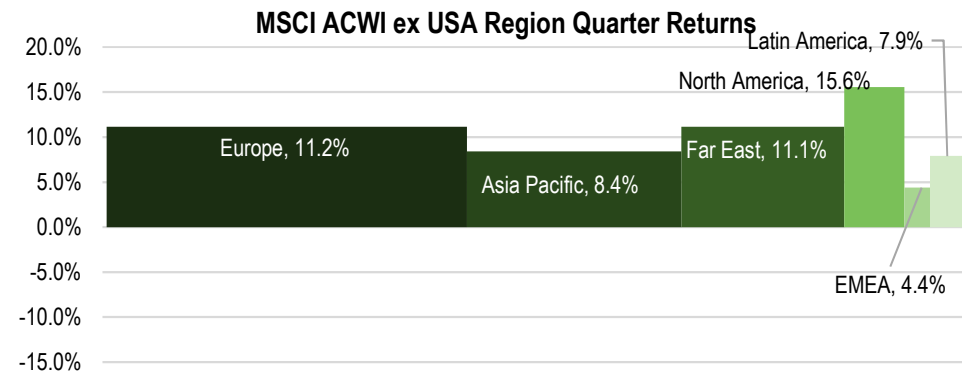
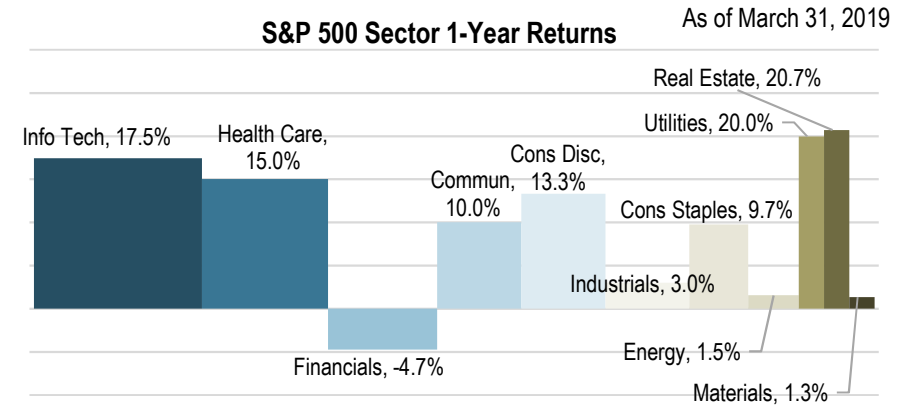
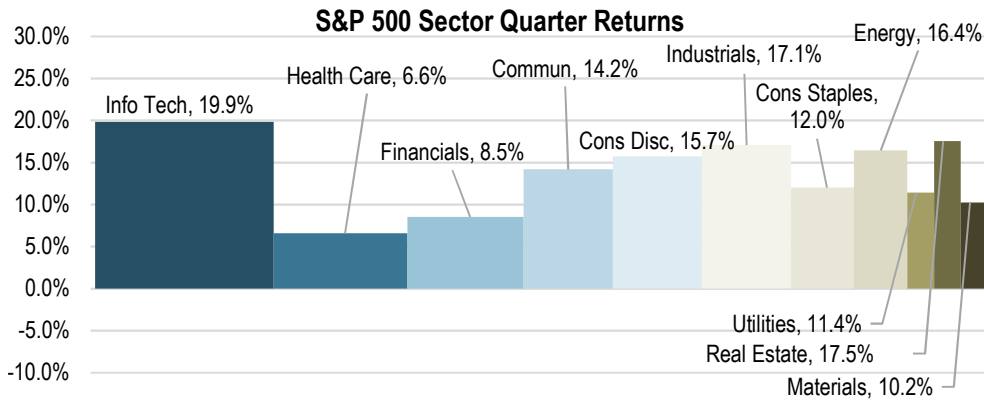
10-Year Treasury real yields are based on the constant maturity TIPS yields calculated by the Federal Reserve. Prior to 2003, real yields are calculated by adjusting the nominal yield with the prior 12-month change in core CPI-U.

Real cap rates are inflation adjusted using the applicable 10-year TIPS breakeven inflation rate. Prior to 2003, real cap rates are calculated by adjusting the cap rate with the prior 12-month change in the core CPI-U.

P/E metrics calculated by Investment Metrics and Morningstar may use different methodology.

Sources: Sellwood Consulting LLC, Robert Shiller Data, FTSE Russell, MCSI, Federal Reserve Economic Data, NAREIT

Sector and Region Returns



The equity bar widths depict end of the quarter region and sector weights. Fixed income bar widths do not depict specific sector weights.

Sources: Sellwood Consulting LLC, Morningstar Direct