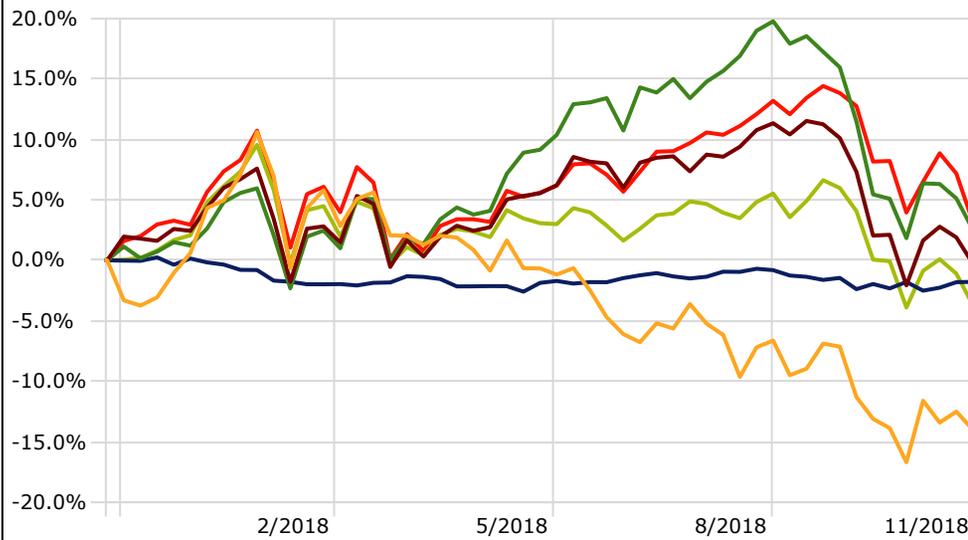




November 23, 2018

## 1 Year Market Returns

Time Period: 11/25/2017 to 11/24/2018



— S&P 500 TR USD      — S&P MidCap 400 TR      — S&P SmallCap 600 TR USD  
— MSCI EM NR USD      — BBgBarc US Agg Bond TR USD      — MSCI ACWI NR USD

## Trailing Returns

As of Date: 11/24/2018

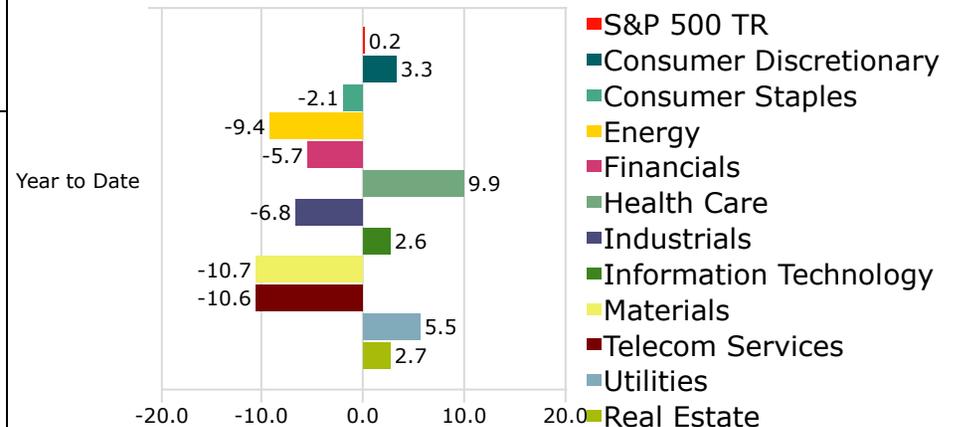
	1 Week	1 Month	3 Month	6 Month	1 Year
BBgBarc US Agg Bond TR USD	0.03	0.21	-1.09	0.32	-1.78
S&P 500 TR USD	-3.77	-0.69	-7.98	-2.55	3.12
S&P MidCap 400 TR	-2.15	2.18	-9.97	-5.75	-0.30
S&P SmallCap 600 TR USD	-2.47	1.90	-13.82	-6.11	2.51
MSCI ACWI NR USD	-2.65	-0.27	-8.14	-6.83	-3.72
MSCI EM NR USD	-1.73	1.75	-7.34	-13.26	-14.00

## Market Commentary

It was a rough week for equities, with the S&P 500 returning -3.8%, led down by technology stocks. Defensive sectors, such as real estate and utilities, did better. The MSCI EAFE index and Emerging Markets were also down, -1.1% and -1.7% respectively. Fixed Income was steady, with Treasuries up 0.1%, Municipals up 0.2%, and Investment Grade Corporates flat. It is important to remember that market volatility is usually the norm for equities. On average, the S&P 500 has movements of more than 1% over 60 times in a year. Last year's low volatility environment was the outlier.

Looking ahead, Buenos Aires will host the G20 summit later this week, and a meeting between U.S. President Donald Trump and Chinese President Xi Jinping could lead to trade de-escalations. The U.K. parliament is set to vote on a draft Brexit agreement, and there is speculation of a pause in the U.S. Federal Reserve's interest rate hikes. We should also see economic data on home sales, consumer spending and consumer confidence in the U.S. Black Friday unofficially kicked off the holiday shopping season, and retail sales appear to be healthy. Two other large economies will also release signals on global growth: Japan will provide manufacturing data, and Germany will report on business sentiment.

## Year to Date S&P Sector Returns



## Managed Strategist

The Managed - Focused models are more concentrated than our other Managed models, holding a smaller number of RiskPro® funds.

### Conservative - Focused

Approximately 82% of this model is concentrated in bonds, using PIMCO and BNY as strategists. The current allocation has approximately 11% in U.S. stocks, and 7% in non-U.S. stocks. Over 80% of bond positions are Investment Grade or above. Equity sector and geographic exposures roughly match its benchmark, the Morningstar Conservative Target Risk Index.

### Moderate Conservative - Focused

This model has a roughly 40/60 equity to bond asset allocation, and uses PIMCO and J.P. Morgan as strategists. Compared to its benchmark, the Morningstar Moderate Conservative Target Risk Index, the portfolio is overweight in domestic equities compared to international equities. Roughly two thirds of bond investments are Investment Grade or above.

### Moderate - Focused

This model includes strategists J.P. Morgan, PIMCO, MFS and TPGF. It has a roughly 60/40 equity to bond asset allocation. Relative to its benchmark, the Morningstar Moderate Target Risk Index, it has an overweight to domestic equities relative to international equities.

### Moderate Aggressive - Focused

Approximately 80% of this model is allocated to equities, using TPGF, MFS, J.P. Morgan, and PIMCO as strategists. Relative to its benchmark, the Morningstar Moderate Aggressive Target Risk Index, the model is overweight to domestic equities, the Technology sector, and the Consumer Cyclical sector.

### Aggressive - Focused

Approximately 40% of this model is allocated to TPGF's Equity strategy, and another 20% to TPGF's Global strategy. Other strategists include MFS and Wilshire. The current allocation offers a blend of approximately 71% domestic equity, and 24% international equity exposure. Relative to the benchmark, the Morningstar Aggressive Target Risk Index, the model is overweight to domestic equities, the Technology sector, and the Consumer Cyclical sector.

## Separately Managed Accounts

### Income

Treasury yields moved modestly lower last week, with the 10-Year finishing the week at 3.05%. Treasury bonds have rallied over the last two weeks as credit spreads have widened modestly. We remain broadly diversified across income generating sectors, including bank loans, preferred securities and non-agency MBS. We believe this approach allows us to manage duration and credit risk, while providing a solid risk adjusted yield.

### Balanced

Stocks retreated due to concerns over the global growth outlook, while Treasuries rallied modestly. Mid and small caps, along with defensive large cap holdings, provided support by outperforming large caps. Fixed income exposure was mixed, as preferred securities and MBS lagged. Our outlook remains positive despite the recent pullback in risk assets. We expect growth to continue but at a more modest pace.

### Equity

Technology and Energy stocks led the S&P 500 lower last week, which finished the week down -3.77%. Mid and small caps held up better and boosted performance in the portfolio. Allocations to low volatility ETFs and Health Care also provided support while growth and Technology holdings detracted. We continue to maintain our allocation in the portfolio but are monitoring momentum and trends in the market for risks and opportunities.

## Economic Data \*

- Housing starts at 1.228mm
- Durable goods orders fell -4.4% m/m
- Consumer sentiment at 97.5
- Existing home sales +1.4% m/m

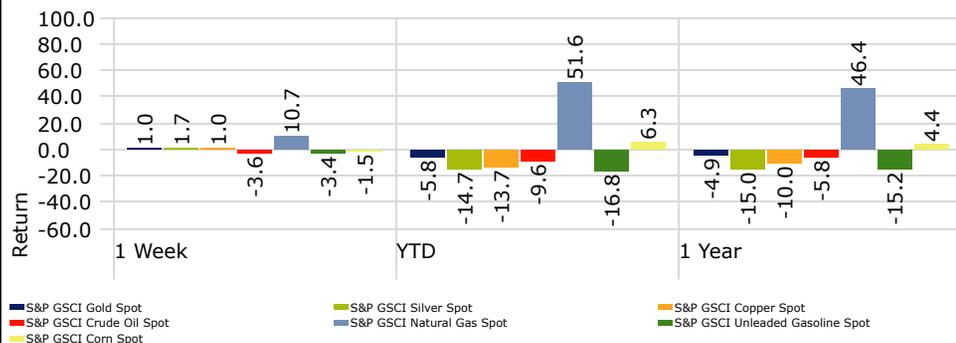
## Manager Spotlight - BNY Mellon Investment Management

BNY Mellon Investment Management is one of the world's largest multi-boutique investment managers, encompassing BNY Mellon's 10 diversified investment boutiques, wealth management business and Dreyfus, a leading North American mutual fund company and cash management business. We combine the scale of a full-service investment manager with the focused expertise of investment boutiques, each with their own style, strategy and management team.

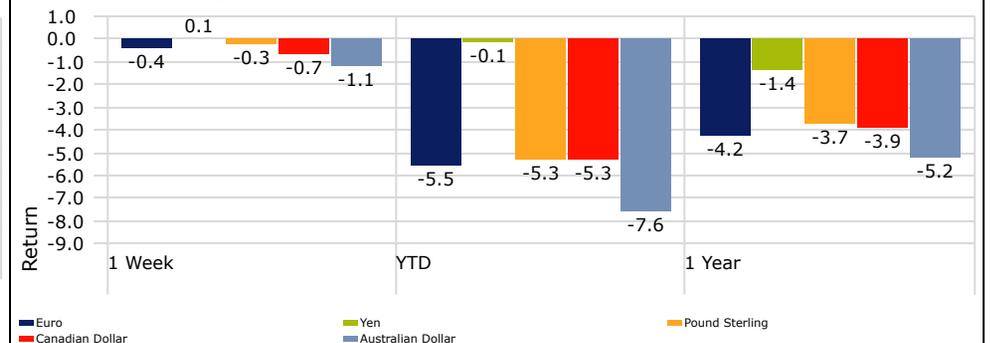
## Treasury Yields

	3 Month Treasury	2 Year Treasury	5 Year Treasury	10 Year Treasury	30 Year Treasury
11/23/2018	2.41%	2.81%	2.88%	3.05%	3.31%

## Select Commodity Returns



## Select Currency Returns vs. US Dollar





# Weekly Manager's Pulse

November 23, 2018

## **Disclosure**

The information provided herein is the opinion of The Pacific Financial Group ("TPFG") and may change without notice at the discretion of TPFG. Managed Strategist, SMA, Retirement and Annuity, are strategies managed by TPFG and represent TPFG's opinion and evaluation of its managed strategies. Manager Spotlight represents a summary of selected strategist used within the TPFG offerings. Market Commentary reflects TPFG's opinion of the general markets which may include one or more specific segments of national or global markets. Given that market conditions can change rapidly, the opinions, conclusions and/or observations expressed in the Market Commentary may change without notice. All information is believed to be accurate but has not been independently verified and TPFG makes no warranties as to the accuracy of the information or any representations made or implied. The information should not be construed or interpreted as an offer or solicitation to purchase or sell a financial instrument or service. The information is for informational purposes only and should not be relied on or deemed the provision of tax, legal, accounting or investment advice. Past performance is not a guarantee future results. All investments contain risks to include the total loss of invested principal. Diversification does not protect against the risk of loss. Investors should review all offering documents and disclosures and should consult their tax, legal or financial professional before investing.

**Indices** represent the broader market as relevant to the sector or market covered by the index. Indices are unmanaged and cannot be invested in directly. Indices do not consider the costs, fees, trading, or performance that an investor would otherwise experience when investing. **Currency Returns** represent the noted currency against the U.S. Dollar as a percent change to purchase a unit of the foreign currency with a U.S. Dollar. **Treasury Yield** is the return on investment, expressed as a percentage, on the U.S. government's debt obligations. Returns are not annualized for periods less than 1 year. Returns data sourced from Morningstar Direct.

\*Sourced from JPMorgan Chase, publicly available at [https://am.jpmorgan.com/blob-gjm/1383452890099/83456/weekly\\_market\\_recap.pdf?segment=AMERICAS\\_US\\_ADV&locale=en\\_US](https://am.jpmorgan.com/blob-gjm/1383452890099/83456/weekly_market_recap.pdf?segment=AMERICAS_US_ADV&locale=en_US)