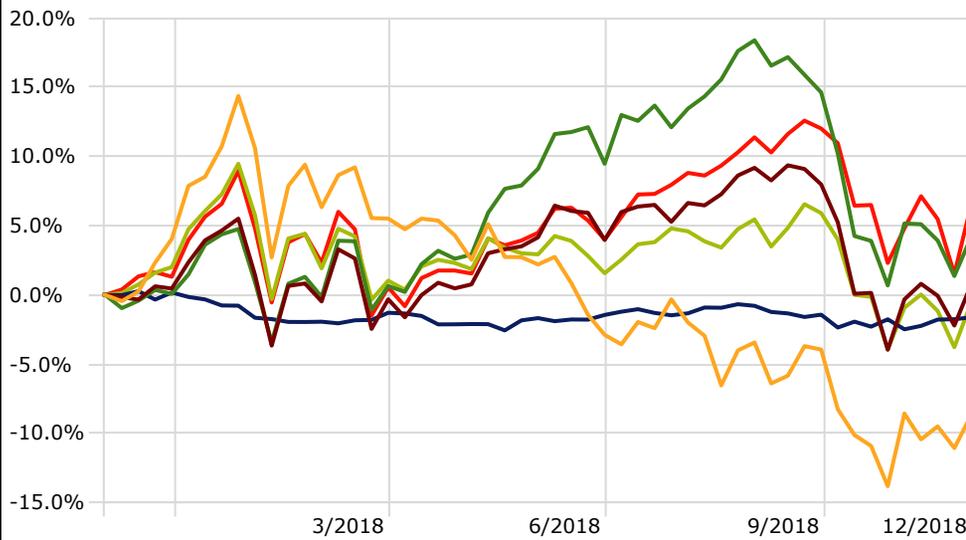




## 1 Year Market Returns

Time Period: 12/2/2017 to 12/1/2018



— 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: 12/1/2018

	1 Week	1 Month	3 Month	6 Month	1 Year
BBgBarc US Agg Bond TR USD	0.13	0.51	-0.84	0.05	-1.62
S&P 500 TR USD	4.91	0.97	-4.40	1.91	6.49
S&P MidCap 400 TR	3.00	1.09	-7.74	-3.30	0.72
S&P SmallCap 600 TR USD	2.76	-0.48	-12.02	-4.54	4.16
MSCI ACWI NR USD	3.31	0.44	-5.73	-3.42	-0.59
MSCI EM NR USD	2.65	2.45	-5.45	-10.66	-8.70

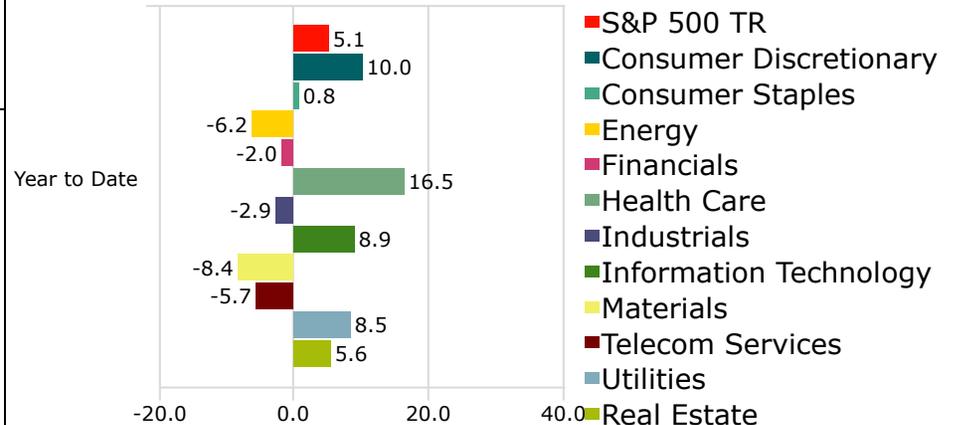
## Market Commentary

Good economic news last week caused a strong rebound in global equity markets. The S&P 500 was up 4.91%, pushing it back into positive territory for the year. Mid and small caps followed at 3.00% and 2.76%, respectively. Buenos Aires hosted the G20 summit and trade tensions de-escalated a bit. U.S. President Donald Trump and Chinese President Xi Jinping agreed to put further tariffs on hold for 90 days. Emerging Markets did well as a result, up 2.65%.

U.S. Federal Reserve Chair Jerome Powell made comments last week that interest rates may be close to "neutral", neither speeding nor slowing economic growth. In addition, core PCE inflation came in at 1.8%, below expectations, and oil prices continue to bounce on 2018 lows. Taken together, inflation seems to be under control and there are hints that the Fed's pace of rate hikes may be slower than expected next year.

This week will see a U.S. employment report on Friday. Expectations are for another strong report, with more than 200,000 jobs added. Hourly earnings are also expected to increase around 3.1%, showing continued economic growth in the U.S. OPEC will also meet, and is expected to cut oil production.

## Year to Date S&P Sector Returns





# Weekly Manager's Pulse

December 3, 2018

## Managed Strategist / SDBA

The RiskPro® Managed models are multi-asset portfolios that seek participation in market gains with limited downside volatility. The strategies use a wide variety of asset classes to dynamically manage risk while optimizing return.

### Conservative

Approximately 94% of this model is concentrated in bonds, using PIMCO and BNY as strategists. Compared to its benchmark, the Morningstar Conservative Target Risk Index, the portfolio is underweight in equities. Approximately 85% of bond positions are Investment Grade or above.

### Moderate Conservative

This model has a roughly 40/60 equity-to-bond asset allocation, and uses PIMCO, TPGF, Meeder, and BNY 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 70% of bond investments are Investment Grade or above.

### Moderate

This model includes strategists J.P. Morgan, PIMCO, Meeder, TPGF, MFS, Wilshire, and BNY. It has a roughly 65/35 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

Approximately 89% of this model is allocated to equities, using TPGF, Wilshire, Loring Ward, J.P. Morgan, PIMCO and MFS as strategists. Relative to its benchmark, the Morningstar Moderate Aggressive Target Risk Index, the model has a style tilt to Growth, and is slightly overweight in the Consumer Cyclical sector.

### Aggressive

This model is constructed with 100% equity, using strategists from Ivy, TPGF, Wilshire, and Loring Ward. Relative to its benchmark, the Morningstar Aggressive Target Risk Index, the model is overweight to domestic equities and the Technology sector.

## Separately Managed Accounts

### Income

Fed Chair Powell signaled interest rates may be close to neutral, indicating possibly fewer rate hikes in the future. Treasuries rallied on the news, with the 10 Year Note finishing at a two month low of 3.01%. Income generating equities led performance, with real estate and longer duration instruments also contributing. Preferred securities continue to struggle on a total return basis, but carry an attractive yield for the level of risk.

### Balanced

Domestic stocks bounced back last week to post a positive return for the month of November. Bonds were also up for the month as interest rates moved lower. The portfolio benefited from large cap growth exposure as that style led performance. Asset allocation also provided a boost, as stocks outpaced bonds. Holdings in municipal bonds provided support in the fixed income allocation.

### Equity

U.S. stocks rallied on dovish comments from the Fed, with the S&P 500 posting a gain of 4.91%. Growth stocks in the Technology, Consumer Discretionary and Health Care sectors provided leadership. An overweight to growth style box, along with Technology and Health Care exposure, boosted performance. Mid and small cap stocks lagged large caps and detracted modestly.

## Economic Data \*

- Case-Shiller housing price index: 0.3% m/m
- FHFA housing price index: 0.2% m/m
- Consumer confidence at 135.7
- Second est. 3Q18 GDP at 3.5% q/q saar
- Trade deficit widened to -\$77.2bn
- New home sales at 544k
- PCE/Core PCE at 2.0%/1.8% y/y

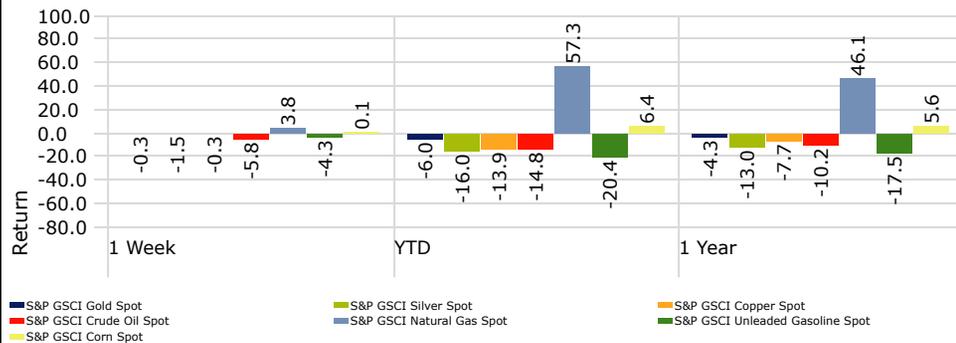
## Manager Spotlight - J.P. Morgan

J.P. Morgan is a global leader in asset and wealth management services. The Asset & Wealth Management line of business serves institutional, ultra-high net worth, high net worth and individual clients. With assets under management of \$1.71 trillion, they are one of the largest asset and wealth managers in the world. (Assets as of Sep. 30, 2018.)

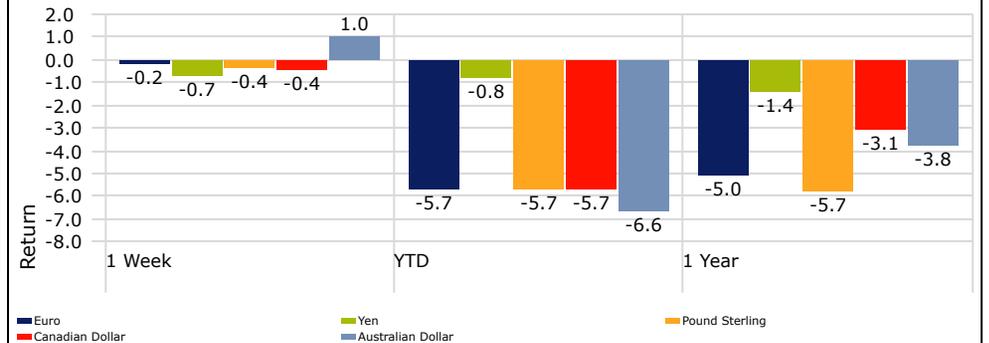
## Treasury Yields

	3 Month Treasury	2 Year Treasury	5 Year Treasury	10 Year Treasury	30 Year Treasury
11/30/2018	2.37%	2.80%	2.84%	3.01%	3.30%

## Select Commodity Returns



## Select Currency Returns vs. US Dollar



See Disclosures:



# Weekly Manager's Pulse

December 3, 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)