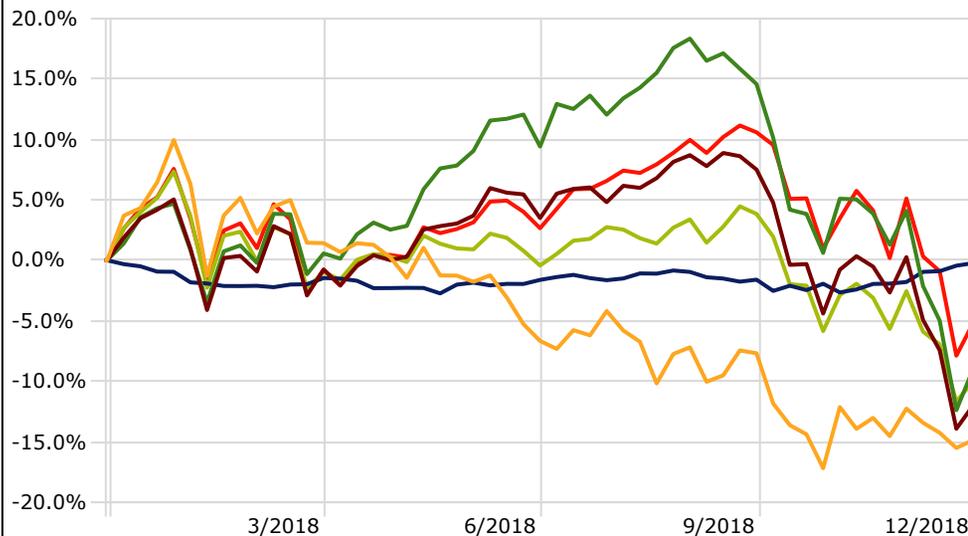




1 Year Market Returns

Time Period: 12/30/2017 to 12/29/2018



— 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: 12/29/2018

	1 Week	1 Month	3 Month	6 Month	1 Year
BBgBarc US Agg Bond TR USD	0.21	1.64	1.39	1.41	-0.23
S&P 500 TR USD	2.90	-9.05	-14.26	-7.65	-5.20
S&P MidCap 400 TR	2.23	-11.64	-18.12	-14.95	-11.99
S&P SmallCap 600 TR USD	3.85	-11.97	-20.55	-16.81	-9.00
MSCI ACWI NR USD	1.85	-7.42	-13.33	-9.62	-10.01
MSCI EM NR USD	0.76	-3.29	-7.77	-8.78	-14.85

Market Commentary

A volatile week capped off a volatile year for the markets. Last Monday saw the largest drop ever for a Christmas Eve in the Dow Jones Industrial Average, followed by the biggest point gain on Wednesday. The S&P 500 finished up 2.90%, while small caps were up 3.85% for the week.

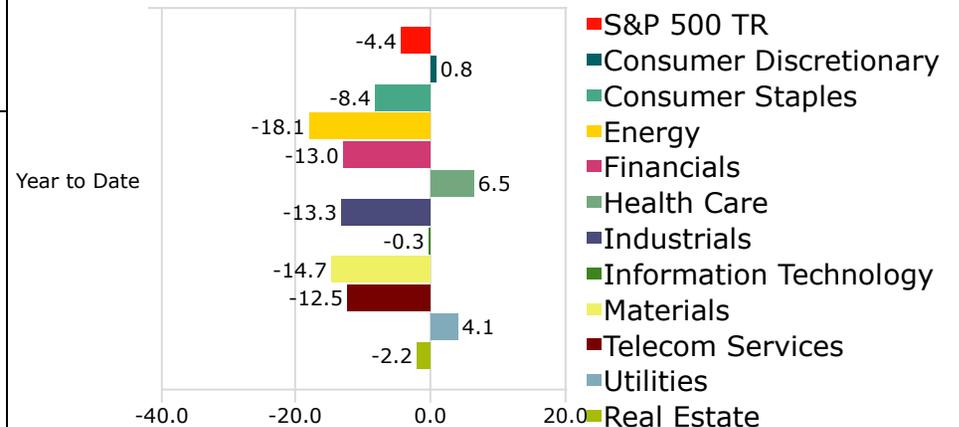
It was a rough year for investors, with equities all down through Friday and one more day to go. Growth outperformed Value for the year. Health Care and Utilities ended up the top sectors. U.S. domestic equities outperformed International, with the MSCI EAFE and Emerging Markets down -13.74% and -14.52%, respectively. Municipal Bonds were one of the few bright spots, up 1.38% for the year.

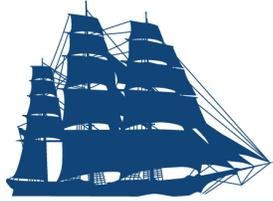
U.S. GDP growth will likely be around 3% for the year, the strongest since 2008, and the U.S. added 2.3 million jobs. The yield curve flattened as the Fed pushed short-term rates up with 4 rate hikes, while slowing economic growth kept long term rates low. Central bank policy will remain a key issue going into 2019. Trade and tariff tensions escalated throughout 2018 and will likely continue. Adding in Brexit and potential gridlock in Washington, volatility is likely here to stay.

Some perspective is needed for recent stock market performance. Even with recent pullbacks, the S&P 500 is still up 15% over the last 2 years, 29% over the last 3 years, and 50% over the last 5 years. Corporate earnings were very strong, up 20% in 2018, helped along by tax reform. Earnings will likely continue to rise but at a slower rate.

We wish everyone good health and a Happy New Year!

Year to Date S&P Sector Returns





Managed Strategist

These models hold at least a 50% allocation to Loring Ward's Global Equity strategy, which seeks to maximize long-term growth potential and is for designed for investors with a long-term investment horizon. The funds within the Loring Ward model are sub-advised by DFA. DFA's approach to investing is centered around Nobel prize winning research that suggests investors will be rewarded for overweighting small-cap and value-oriented securities in their allocations.

Moderate featuring Loring Ward

Approximately half of this model is allocated to Loring Ward's Global Equity strategy. Other strategists used in this model include: TPGF, JPMorgan and PIMCO. The current allocation offers a blend of approximately 41% domestic equity, 21% international equity exposure and 38% fixed income.

Moderate Aggressive featuring Loring Ward

Approximately half of this model is allocated to Loring Ward's Global Equity strategy. Other strategists used in this model include: TPGF, and JPMorgan. The current allocation offers a blend of approximately 66% domestic equity, 23% international equity exposure and 11% fixed income.

Aggressive featuring Loring Ward

Approximately 55% of this model is allocated to Loring Ward's Global Equity strategy. Other strategists used in this model include: TPGF, IVY, and Wilshire. The current allocation offers a blend of approximately 3% fixed income, 68% domestic equity, and 29% international equity exposure.

Separately Managed Accounts

Income

The majority of fixed income sectors posted positive returns as yields fell, with the 10 Year Treasury finishing the week at 2.72%. Real estate holdings and dividend paying equities were the top performers. Mortgage related bonds posted positive results for the week, while floating rate bank loans detracted slightly.

Balanced

Stocks fell sharply on Monday but then rallied to post solid returns. Bonds were also positive due to a decline in yields. The strategy benefited from a tilt towards equity, with small cap and large cap growth holdings leading performance. Non-agency MBS exposure posted positive results but trailed the Barclays US Aggregate Bond Index, detracting slightly.

Equity

After a sharp fall on Monday, stocks rallied the remainder of the week with the S&P 500 posting a 2.90% return. Growth stocks outpaced value, led by the Consumer Discretionary and Technology sectors. Small cap exposure and large cap growth holdings contributed to performance. Sector exposure also provided a boost, while low volatility positions detracted.

Economic Data *

- Consumer confidence at 128.1
- Pending home sales at -0.7% m/m
- Case-Shiller HPI rose 0.4% m/m
- Jobless claims at 216K

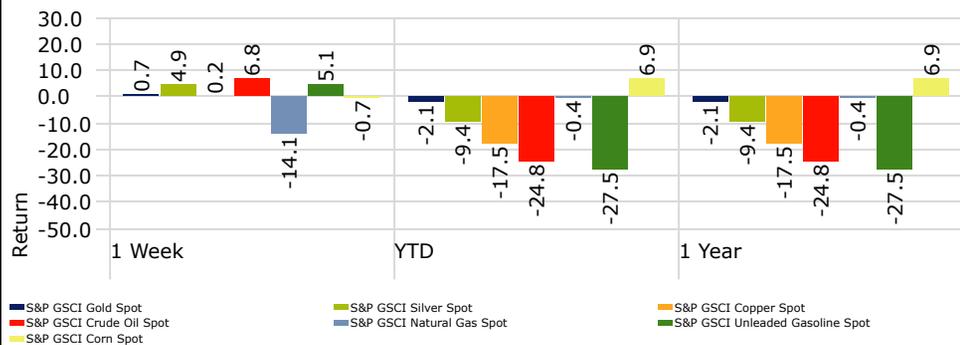
Managers Spotlight - Loring Ward

- Founded in 1990
- Headquartered in California's Silicon Valley
- Strong partnerships with leading academics, including Nobel Laureate Dr. Harry Markowitz and Behavioral Financial pioneer Dr. Meir Statman
- 25-Year relationship with Dimensional Fund Advisors
- \$17 Billion in Assets Under Management (as of 03/2018)

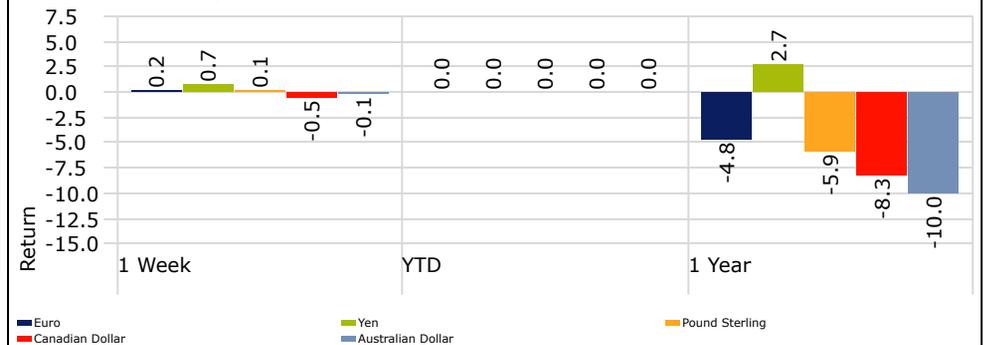
Treasury Yields

	3 Month Treasury	2 Year Treasury	5 Year Treasury	10 Year Treasury	30 Year Treasury
12/28/2018	2.40%	2.52%	2.56%	2.72%	3.04%

Select Commodity Returns



Select Currency Returns vs. US Dollar





Weekly Manager's Pulse

December 31, 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/us/en/asset-management/qim/adv/insights/weekly-market-recap>