

TPFG Manager Commentary:

Global equities were mixed last week as moderating economic data vied with a strong start to Q4 earnings. The S&P 500 was down -0.21%, and US Small Caps fell -0.13%. Emerging markets did well, up 1.42%. Roughly one-fifth of the S&P 500 have reported earnings for 4Q2018, with 71% of those showing a positive earnings surprise. The Federal Reserve meets this week, and we expect interest rates to stay on hold. We will be looking at Fed comments for economic outlook, and potentially an extended pause in future hikes. Outside of the U.S., China's GDP growth slowed slightly to 6.4% year-over-year as expected, and eurozone PMI manufacturing data declined to 50.5, below expectations.



Economic Review*

- Existing home sales fell -6.4% m/m
- Manufacturing PMI (flash) at 54.9

The Pacific Financial Group

The Pacific Financial Group (TPFG) was founded with a vision to create an agile, boutique investment firm. TPFG utilizes a proprietary investment research and portfolio construction process called "Rational Analysis™" to select investments for each portfolio. This process, in coordination with RiskPro®, ensures that our portfolio management team utilizes all three major types of portfolios analysis disciplines: Fundamental Analysis, Technical Analysis and Quantitative Analysis. By integrating the best features of these disciplines, Rational Analysis™ has become a timetested, process oriented, risk management approach to decision-making that adapts to changing and volatile market conditions.



Spotlight: Balanced SMA Strategy

The Balanced SMA Strategy is for the investor who would like to have exposure to stocks and bonds. This blended strategy proactively adjusts the stock-bond ratio in response to the market environment. The objective of the Balanced SMA Strategy is to provide returns that fall between stocks and bonds. To achieve this objective, a blend of mutual funds and ETFs are used in the allocation.

Current Balanced SMA Positioning

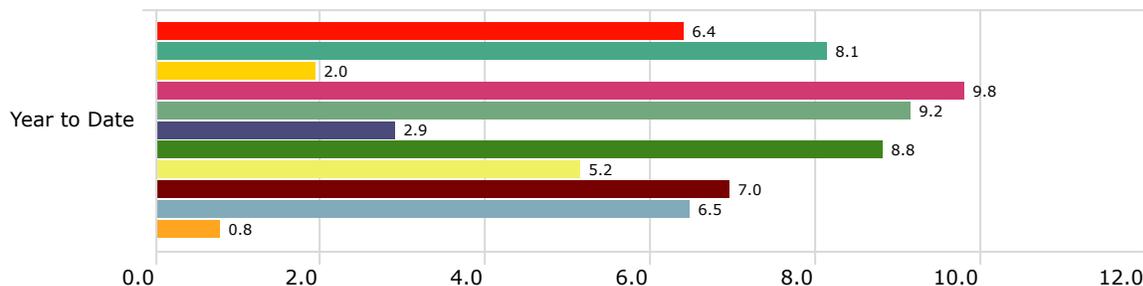
Despite the recent volatility, we remain constructive on economic growth and maintain an overweight to equities. Within our equity exposure, we focus on exposure across large, mid and small cap companies. Mid and small cap companies can have higher earnings growth and tend to be domestically focused, insulating them from trade and currency issues. In fixed income holdings, we look to diversify away from benchmark exposure. We find non-agency MBS attractive due to less sensitivity to changes in interest rates and solid supporting fundamentals.

Trailing Returns

	1 Week	1 Month	3 Month	1 Year
S&P 500 TR USD	-0.21	13.50	-0.99	-4.28
S&P MidCap 400 TR	0.09	16.17	0.69	-6.99
S&P SmallCap 600 TR USD	-0.13	16.40	-1.53	-4.14
MSCI ACWI NR USD	0.22	11.30	1.15	-9.58
MSCI EM NR USD	1.42	8.90	9.19	-16.26
BBgBarc US Agg Bond TR USD	0.30	0.56	2.52	1.05

YTD S&P Sector Returns

- S&P 500 TR
- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Health Care
- Industrials
- Materials
- Real Estate
- Technology
- Utilities





THE
PACIFIC
FINANCIAL
GROUP
INC.

Weekly Manager's Pulse

January 28, 2019

Disclosure

The information provided herein is the opinion of The Pacific Financial Group ("TPFG") and may change without notice at the discretion of TPFG. Strategic Partner represents a summary of selected strategists used within the TPFG offerings. Spotlight contains strategies managed by TPFG and represent TPFG's opinion and evaluation of its managed strategies. 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. 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/gim/adv/insights/weekly-market-recap>

CID.TPFG.016