FIRST QUARTER | 2019

INVESTMENT COMMENTARY

At a Glance

During the first quarter of 2019, the Global Wealth Strategy portfolio produced a net return of 7.68%. We believe the combination of an oversold market and changes in the U.S. Federal Reserve's (Fed) outlook on interest rates helped all asset segments in the portfolio gain more than 5% for the quarter.

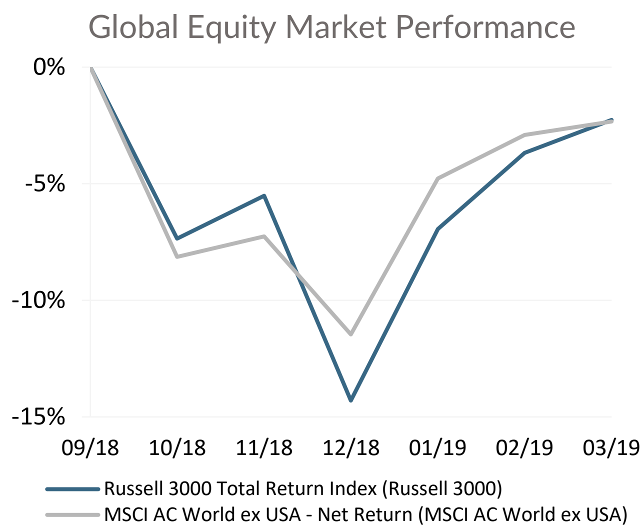
Market Recap

Global equity markets rebounded after suffering large losses in the fourth quarter of 2018 over concerns of a global economic slowdown and uncertainty around trade agreements between the US and China.

Fueling the rebound was a surprise announcement from the Fed that there would be a pause on hiking interest rates. This helped alleviate concerns over the impact additional rate hikes would have on an already slowing global economy.

The chart to the right shows the first quarter's dramatic turnaround in equity markets.

U.S. equities lead global equity markets with the Russell 3000 producing a return of 14.04%, while international markets also put in a strong quarter with a 10.31% return for the MSCI AC World–ex USA.



What Helped and What Hurt

All asset segments benefited from the broad-based market rally and made positive contributions to GWS portfolio's return for the first quarter.

Our Fixed Income allocation reacted favorably, as expected, to the Fed's halt on raising interest rates. This guided the Fixed Income class to be the largest contributor of performance for the quarter. Fixed Income was led by our allocation to High Yield and Emerging Market Bonds with the iBoxx Liquid High Yield Index up 7.53% and the Barclays Emerging Market Bond Index up 5.43%.

Our Inflation Hedges asset class was just behind Fixed Income in terms of contribution for the quarter. The declining yield of the 10-year treasury helped spark a move higher in REITs and MLPs with the MSCI US REIT Index up 16.27% and the Alerian MLP Index up 16.82%.

Market expectations that the Fed won't raise rates again over the next couple of years far outweighed the lower earnings estimates and mixed economic data in the US. This provided a favorable environment for our US Equities asset class, which finished the quarter up 12.93% and made a significant contribution to the portfolio's overall return.

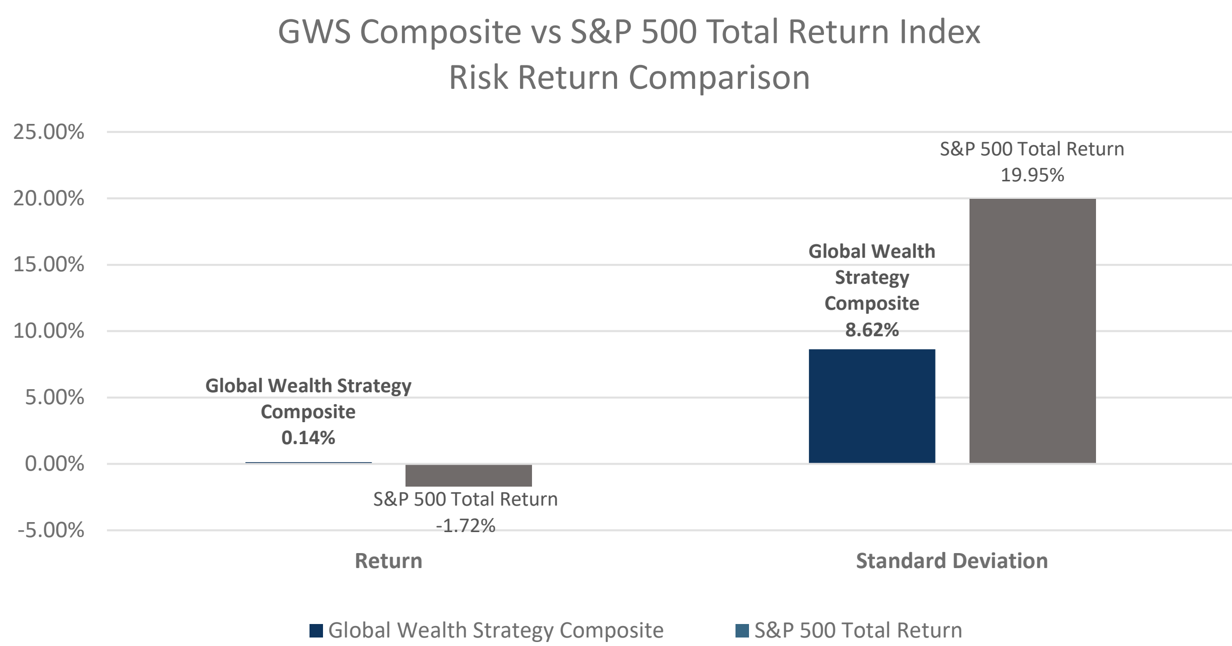
Internationally, concerns over an economic slowdown outside the US, had a greater impact on our International Equities exposure tempering the performance of the asset class which was only up 8.83%.

Final Thoughts

The past 6 months highlight how our proprietary process of evaluating market risk was effective in both up and down markets.

The S&P 500 Total Return Index was down -13.52% during the fourth quarter of 2018 (GWS -6.96%) but rallied back 13.65% in the first quarter of 2019. This produced significant volatility and subjected investors to an uncomfortable roller coaster ride. The question is, was it worth it?

The chart below shows the return and standard deviation for the S&P 500 Index and the GWS portfolio from 10/1/18 to 3/31/19.



Based on our evaluation of risk, the GWS strategy adapted to the fourth quarter's high-risk environment.

As our measurement of risk continued to decline throughout the first quarter, the strategy took advantage of the declining risk environment by increasing the allocation to growth assets.

In the end, the GWS strategy delivered more return with significantly less volatility than the S&P 500 Total Return Index over the six-month period. We believe producing a smoother ride gives investors the confidence to stay invested and grow their wealth - even during turbulent markets.

Important Disclosures

THIS DOCUMENT HAS BEEN PREPARED BY PARITAS CAPITAL MANAGEMENT, LLC ("PARITAS") SOLELY FOR THE PURPOSES OF PROVIDING SUMMARY INFORMATION REGARDING PARITAS AND ITS GLOBAL WEALTH STRATEGY ("GWS") COMPOSITE. THE INFORMATION CONTAINED HEREIN IS NOT, AND SHOULD NOT BE CONSTRUED, AS AN OFFER OR SOLICITATION OF AN OFFER TO BUY ANY FINANCIAL INSTRUMENT. AN INVESTMENT IN ACCORDANCE WITH THE GWS COMPOSITE DESCRIBED HEREIN HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION ("SEC"), ANY STATE SECURITIES COMMISSION, OR OTHER ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THESE AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL AND A CRIMINAL OFFENSE.

ANY REPRODUCTION, DISTRIBUTION, OR OTHER UNAUTHORIZED USE OF THIS DOCUMENT, AS A WHOLE OR IN PART, OR THE DISCLOSURE OF THE CONTENTS HEREOF, OTHER THAN TO THE RECIPIENTS FINANCIAL, TAX AND/OR LEGAL ADVISORS WITHOUT THE PRIOR WRITTEN CONSENT OF PARITAS IS PROHIBITED.

THE STRATEGIES AND/OR INVESTMENTS REFERENCED MAY NOT BE SUITABLE FOR ALL INVESTORS AS THE APPROPRIATENESS OF A PARTICULAR INVESTMENT OR STRATEGY WILL DEPEND ON AN INVESTOR'S INDIVIDUAL CIRCUMSTANCES AND OBJECTIVES.

THE INDICES ARE INCLUDED TO SHOW RELATIVE MARKET PERFORMANCE FOR THE PERIODS INDICATED AND ARE NOT NECESSARILY STANDARDS OF COMPARISON, SINCE INDICES ARE UNMANAGED, BROADLY BASED AND DIFFER IN NUMEROUS RESPECTS FROM THE GWS COMPOSITE. MARKET INDEX INFORMATION WAS COMPILED FROM SOURCES THAT PARITAS BELIEVES TO BE RELIABLE. HOWEVER, PARITAS DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH DATA.

AN INVESTMENT IN ACCORDANCE WITH THE GWS COMPOSITE MAY NOT BE SUITABLE FOR ALL INVESTORS. THIS MATERIAL HAS BEEN PREPARED FOR INFORMATIONAL PURPOSES ONLY, AND IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED ON FOR, INVESTMENT, ACCOUNTING, LEGAL OR TAX ADVICE.

INVESTING INVOLVES RISK, INCLUDING THE POTENTIAL OF LOSS OF SOME OR ALL PRINCIPAL INVESTED. INTERESTED PARTIES ARE ENCOURAGED TO REVIEW PARITAS' FORM ADV PART 2A, AS WELL AS PERTINENT PRODUCT DESCRIPTIONS TO CONSIDER SUCH RISK PRIOR TO INVESTING. THERE IS NO GUARANTEE THAT A DIVERSIFIED PORTFOLIO WILL ENHANCE OVERALL RETURNS OR OUTPERFORM A NON-DIVERSIFIED PORTFOLIO. DIVERSIFICATION DOES NOT PROTECT AGAINST MARKET RISK. STOCK INVESTING INVOLVES RISK INCLUDING LOSS OF PRINCIPAL. PAST PERFORMANCE IS NO GUARANTEE OR PROMISE OF FUTURE SUCCESS.

A PRO FORMA 0.60% MANAGEMENT FEE WAS APPLIED TO THE GROSS PERFORMANCE OF THE GWS COMPOSITE TO ARRIVE AT NET PERFORMANCE.

THE MSCI INDICIES ARE MARKET CAPITALIZATION-WEIGHTED INDICIES THAT ARE DESIGNED TO MEASURE THE INVESTABLE EQUITY MARKET PERFORMANCE OF US, INTERNATIONAL OR EMERGING MARKET STOCKS IN SUCH DEVELOPED AND EMERGING MARKETS. INDEX RETURNS INCLUDE REINVESTMENT OF CAPITAL GAINS AND DIVIDENDS, IF ANY, BUT DO NOT REFLECT ANY FEES OR EXPENSES. IT IS NOT POSSIBLE TO INVEST IN AN INDEX.

THE SHARES OF EXCHANGE-TRADED FUNDS ("ETFS") MAY TRADE AT PRICES AT, BELOW, OR ABOVE THEIR MOST RECENT NET ASSET VALUE. EQUITY SECURITIES WILL FLUCTUATE IN PRICE; THE VALUE OF INVESTMENTS IN ACCORDANCE WITH THE GWS COMPOSITE WILL THUS FLUCTUATE, AND THIS MAY RESULT IN A LOSS. SECURITIES IN CERTAIN FOREIGN COUNTRIES MAY BE LESS LIQUID, MORE VOLATILE, AND LESS SUBJECT TO GOVERNMENTAL SUPERVISION THAN IN THE UNITED STATES. THE VALUES OF THESE SECURITIES MAY BE AFFECTED BY CHANGES IN CURRENCY RATES, APPLICATION OF A COUNTRY'S SPECIFIC TAX LAWS, CHANGES IN GOVERNMENT ADMINISTRATION, AND ECONOMIC AND MONETARY POLICY. EMERGING MARKET SECURITIES CARRY SPECIAL RISKS, SUCH AS LESS DEVELOPED OR LESS EFFICIENT TRADING MARKETS, A LACK OF COMPANY INFORMATION, AND DIFFERING AUDITING AND LEGAL STANDARDS.

AN INVESTMENT IN BONDS CARRIES RISK. IF INTEREST RATES RISE, BOND PRICES USUALLY DECLINE. THE LONGER A BOND'S MATURITY, THE GREATER THE IMPACT A CHANGE IN INTEREST RATES CAN HAVE ON ITS PRICE. SELLING A BOND BEFORE IT REACHES ITS MATURITY MAY RESULT IN A LOSS UPON ITS SALE. BONDS ALSO CARRY THE RISK OF DEFAULT, WHICH IS THE RISK THAT THE ISSUER IS UNABLE TO MAKE FURTHER INCOME AND PRINCIPAL PAYMENTS. OTHER RISKS, INCLUDING INFLATION RISK, CALL RISK, AND PRE-PAYMENT RISK, ALSO APPLY. HIGH YIELD SECURITIES (ALSO REFERRED TO AS "JUNK BONDS") INHERENTLY HAVE A HIGHER DEGREE OF MARKET RISK, DEFAULT RISK, AND CREDIT RISK.

PARITAS CAPITAL MANAGEMENT, LLC IS A REGISTERED INVESTMENT ADVISOR WITH THE STATES OF CALIFORNIA, CONNECTICUT, MASSACHUSETTS, NEW JERSEY, NEW YORK, PENNSYLVANIA, AND TEXAS.