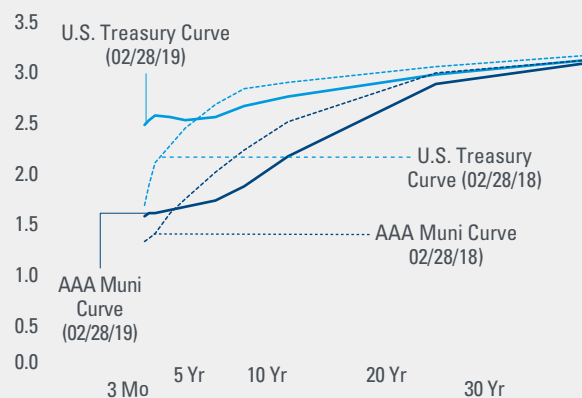


EQUITY PERFORMANCE



Source: Bloomberg, FactSet 02/28/19

DOMESTIC YIELD CURVE



Source: Bloomberg, FactSet 02/28/19

		1 Mo	3 Mos	YTD	12 Mos
Large Cap	S&P 500	3.21	1.42	11.48	4.68
	DJIA	4.03	2.03	11.62	5.95
	Russell 1000	3.39	1.84	12.05	4.99
	Russell 1000 Value	3.20	0.55	11.23	3.16
	Russell 1000 Growth	3.58	3.18	12.89	6.62
Small/Mid Cap	Russell 2000	5.20	3.13	17.03	5.58
	Russell 2000 Value	3.89	1.32	15.25	4.42
	Russell 2000 Growth	6.46	4.88	18.75	6.70
	Russell Microcap	5.48	2.50	16.54	2.10
	Russell Midcap	4.30	4.09	15.55	5.63
	Russell Midcap Value	3.18	1.86	13.81	2.63
All Cap	Russell Midcap Growth	5.86	7.32	18.03	9.85
	Russell 3000	3.52	1.94	12.40	5.05
	Russell 3000 Value	3.24	0.60	11.50	3.28
International Markets	Russell 3000 Growth	3.79	3.31	13.31	6.63
	MSCI EAFE	2.56	4.03	9.32	-5.57
	MSCI ACWI ex US	1.97	4.76	9.69	-6.00
	MSCI Europe	3.37	5.14	10.21	-4.85
	MSCI Japan	-0.03	-0.99	6.07	-9.98
International Markets	MSCI AC Asia Pacific ex Japan	2.32	6.76	9.77	-6.82
	MSCI EAFE SMID	2.26	3.89	10.24	-8.89

		1 Mo	3 Mos	YTD	12 Mos
Int'l - Continued	MSCI ACWI ex US SMID	1.97	4.56	9.98	-8.93
	MSCI Emerging Mkts	0.23	6.20	9.02	-9.54
	MSCI EMEA	-3.44	5.40	7.00	-13.32
	MSCI Latin America	-3.69	9.89	10.72	-4.86
	MSCI Frontier Markets	0.81	2.51	5.60	-15.06
Sectors - S&P 500 GICS	Consumer Discretionary	0.78	1.85	11.16	6.18
	Communication Services	0.82	3.16	11.27	4.15
	Consumer Staples	2.30	-2.20	7.61	5.22
	Energy	2.62	-0.43	14.02	0.87
	Financials	2.42	-1.10	11.47	-6.34
	Healthcare	1.17	-3.06	6.07	10.82
	Industrials	6.40	5.87	18.55	1.63
	Information Technology	6.89	4.67	14.34	5.83
	Materials	3.28	1.44	8.96	-5.81
	Real Estate	0.95	3.51	11.76	19.99
Utilities	4.16	3.39	7.73	20.35	

Source: Bloomberg, FactSet 02/28/19

(Data continued on following page.)

All data represent total returns, where applicable. Information contained in this report is from sources deemed to be reliable. We cannot guarantee the accuracy or completeness of such information and we assume no liability for damages resulting from or arising out of the use of such information. Further, please note that past performance is not indicative of future results.

	1 Mo	3 Mos	YTD	12 Mos
BI BarCap US Agg	-0.06	2.86	1.00	3.17
BI BarCap US Credit Total Return Value	0.22	3.92	2.38	2.72
BI BarCap 1-10 Muni	0.44	2.21	1.27	3.60
BI BarCap HY Muni	0.54	2.09	1.22	6.96
BI BarCap Inv. Grade Credit	0.22	4.08	2.57	2.63
BI BarCap Muni Long Bond (22+)	0.64	2.59	1.20	3.89
BI BarCap US Agg Securitized MBS	-0.09	2.53	0.70	3.58
BI BarCap US TIPS	-0.01	1.89	1.33	1.91
BI BarCap US Treasury Intern	-0.08	1.86	0.35	3.08
BI BarCap US Treasury	-0.27	2.35	0.20	3.23
S&P/LSTA US Leveraged Loan	2.01	2.30	5.63	3.80
ML Preferred Stock Hybrid	1.71	8.36	7.79	3.63
BI BarCap Credit-Corporate-High Yield	1.66	3.98	6.26	4.31
ML US Convert ex-Mandatory	3.11	5.45	10.33	8.59
JPM GBI Global ex US Hedged	0.01	2.61	1.12	4.70
JPM GBI Global ex US Unhedged	-1.28	3.27	0.62	-3.50
JPM GBI-EM Global Div	-1.09	5.67	4.30	-5.38
JPM ELMI+	-0.49	2.91	2.21	-2.95
JPM EMBI+ Composite	-0.08	6.70	5.00	2.19

Fixed Income

	1 Mo	3 Mos	YTD	12 Mos
HFRX Absolute Return	-0.10	0.15	1.13	0.18
HFRX Market Directional	0.42	0.22	1.85	-9.22
HFRX Convertible Arb.	0.48	1.15	2.22	0.67
HFRX Distressed	0.04	0.99	2.52	-7.55
HFRX Equity Hedge	1.16	0.68	5.13	-6.52
HFRX Market Neutral	-1.43	-1.72	-1.30	-5.26
HFRX Event Driven	-0.18	1.15	2.35	-7.09
HFRX Merger Arb.	-2.99	-2.41	-2.04	-2.70
HFRX Relative Value Arb.	0.30	0.71	2.78	0.26
HFRX Global Hedge Fund	0.63	0.79	2.77	-4.10
HFRX Macro Index	0.76	-0.41	-1.16	-3.17
HFRX Systematic Diversified	-0.02	-1.44	-2.61	-4.72
Bloomberg Commodity	1.01	-0.82	6.51	-5.67
DJ Select US REIT	0.96	2.82	12.49	20.90
Alerian MLP	0.27	2.37	12.94	3.57

Alternatives

	Latest Mo End (02/28/19)	3 Mos Ago (11/30/18)	Latest Yr End (12/31/18)	12 Mos Ago (02/28/18)
U.S. Dollar Index Value	96.16	97.27	96.17	90.61
USD vs. Yen	111.39	113.51	109.65	106.68
Euro vs. USD	1.14	1.13	1.15	1.22
Gold (\$ per Troy Ounce)	1312.90	1222.10	1282.10	1317.80
Crude Oil (\$ per Barrel)	57.22	50.93	45.41	61.64

Currency

Comdty

Source: Bloomberg, FactSet 02/28/19

FEBRUARY 2019 IN REVIEW

March Update | As of February 28, 2019

ECONOMY

SOUND ECONOMIC DATA IN FEBRUARY AMID GLOBAL UNCERTAINTY

U.S. economic data were sound in February, even as confidence fell amid uncertainty from global trade and political headwinds. The Conference Board's Leading Economic Index (LEI), an aggregate of ten leading indicators, declined 0.1% in January, but grew 3.5% year over year. While the LEI declined month over month, positive year-over-year momentum signaled low odds of recession in the coming year [Figure 1].

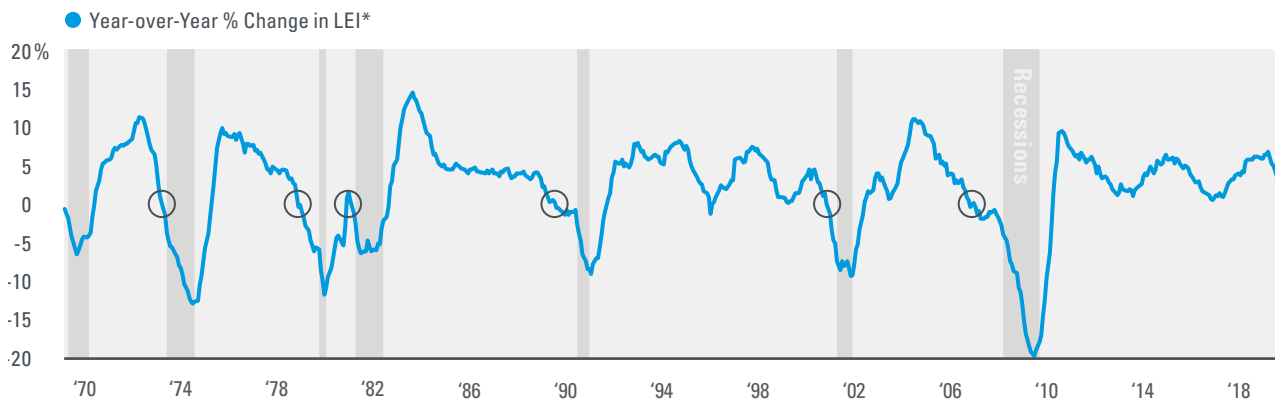
The delayed fourth quarter gross domestic product (GDP) report was an encouraging sign to investors that global uncertainty hadn't significantly derailed output. Fourth quarter GDP grew 2.6% from the prior quarter, higher than consensus estimates for a 2.2% gain. GDP grew 2.9% overall in 2018 and 3.1% year over year for the fourth quarter. Consumer spending

contributed 1.9%, the biggest component of fourth quarter output growth, while business spending added 0.8%.

Labor market strength was another bright spot. Nonfarm payrolls rose in January, capping jobs' biggest two-month increase since July 2016. The participation rate also climbed to its highest point since 2013, indicating more participants were enticed by solid economic conditions to enter the workforce. The unemployment rate did tick up to 4% in January, but the increase came with caveats due to the government shutdown and higher participation.

Inflation data remained at manageable levels. Average hourly earnings rose 3.2% year over year, around the fastest pace of the cycle, but materially

1 LEADING INDICATORS TYPICALLY TURN NEGATIVE BEFORE RECESSIONS



Source: Conference Board 02/28/19

*The Conference Board Leading Economic Index

lower than the 4% growth that has preceded recessions historically. Pricing gauges also showed that inflationary pressures remain manageable. The core Consumer Price Index, which excludes food and energy, increased 2.2% year over year, while the core Producer Price Index climbed 2.8% year over year. Core personal consumption expenditures, the Federal Reserve’s (Fed) preferred inflation gauge, rose 1.9% year over year, its eighth-straight month within 0.1% of policymakers’ 2% target.

Manufacturing rebounded from a discouraging slide through the end of 2018. The Institute for Supply Management’s (ISM) manufacturing Purchasing Managers Index (PMI), a gauge of U.S. manufacturing health, rose to 56.6 in January. Markit’s PMI also ticked up to 54.9 in January, confirming the improvement in manufacturing activity. While recent manufacturing data are encouraging, we see the ongoing U.S.-China trade dispute as the primary obstacle to consumer and corporate health. Once trade risk subsides, we expect manufacturing activity to improve further as companies resume business investment.

Confidence continued to deteriorate though, fueling speculation of an economic slowdown. The Conference Board’s Consumer Confidence Index slid for a third straight month in January, its biggest three-month decline since 2011, while NFIB’s measure of business confidence fell for a fifth-straight month. Drops in consumer confidence have been late-cycle signals historically, as lower confidence could weigh on consumer spending, and consequently, on output [Figure 2]. Separately, a report delayed by the government shutdown showed retail sales fell the most in December on a monthly basis since 2009, boosting speculation that lower confidence could be cooling consumer activity.

Central Banks Take a Break

Major central banks around the world took a break, as the Fed, European Central Bank, and Bank of Japan did not have meetings scheduled in February. However, financial markets’ expectations for policy were consistent during the month. Fed fund futures implied an 85% probability that rates will remain unchanged through the rest of 2019, and an 11% chance that rates will be cut before the end of the year.

2 CONFIDENCE SHIFTS COULD BE LATE-CYCLE RED FLAGS

Economic Cycle Trough	Economic Cycle Peak	Consumer Confidence Peak	Date of Max Confidence	Time from Peak Confidence to Start of Recession (Months)	Consumer Confidence at Start of Recession	Drop in Consumer Confidence from Peak to Start of Recession
03/1975	07/1981	110	04/1978	39	84	26
11/1982	07/1990	121	02/1989	17	102	19
03/1991	03/2001	145	01/2000	14	117	28
11/2001	12/2007	112	07/2007	5	91	21
06/2009	?	138	10/2018	?	?	?
Average (Before Current Cycle)		122		19	99	23

Source: Conference Board 02/07/19

Economic recessions noted are from the National Bureau of Economic Research, which defines a recession as “a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in real GDP, real income, employment, industrial production, and wholesale-retail sales.”

GLOBAL EQUITIES STRONGEST TWO-MONTH START FOR STOCKS SINCE 1991

Stocks followed their best January in more than 30 years with more gains in February. The S&P 500 Index's 3.2% gain for the month brought its two-month return to 11.5%, its best start since 1991. The Dow Jones Industrial Average (Dow) and Nasdaq also delivered solid gains with advances of 4% and 3.6% on a total return basis (including dividends).

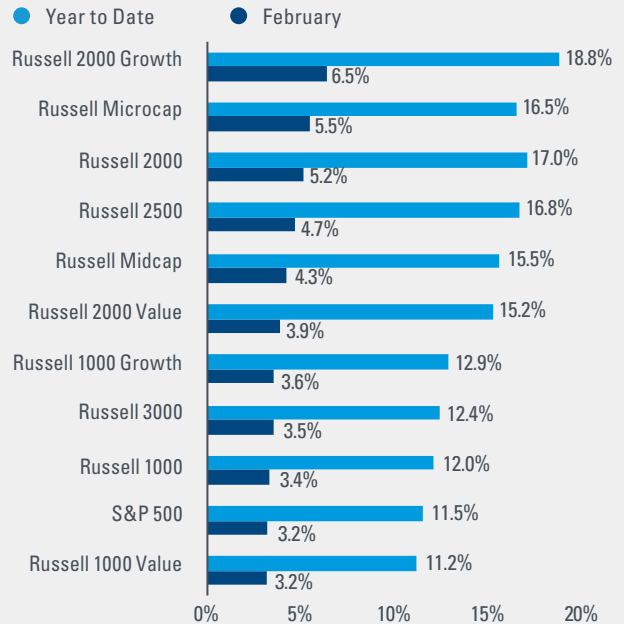
The drivers for January's stock market gains remained in place in February. First and foremost, U.S. trade negotiators made further progress in talks with China. A Fed on hold, the end of the government shutdown (though expected), and a strong jobs report in early February also helped buoy sentiment, offsetting a mixed earnings season, weak December retail sales data, and weaker growth in Europe.

U.S. and China negotiations continued to progress. Talks at the end of January and throughout February reportedly yielded progress on Chinese commitments to purchase U.S. goods, greater market access, intellectual property theft prevention, and eliminating forced technology transfers. Progress was sufficient for President Trump to remove the threat to impose tariffs on an additional \$200 billion of Chinese goods if a deal were not reached by March 1. As March began, questions about enforcement of an eventual deal lingered, but confidence in an agreement remained high, and President Trump and President Xi are expected to meet in late March or shortly thereafter.

Fed communications during February reinforced the market's expectation that rates would likely remain unchanged throughout 2019, although resolution of trade tensions could catalyze enough economic growth and potentially bring a late-year hike. In his congressional testimony, Fed Chair Jerome Powell reiterated the Fed's favorable economic outlook while acknowledging challenges to growth, including

DOMESTIC INDEX PERFORMANCE

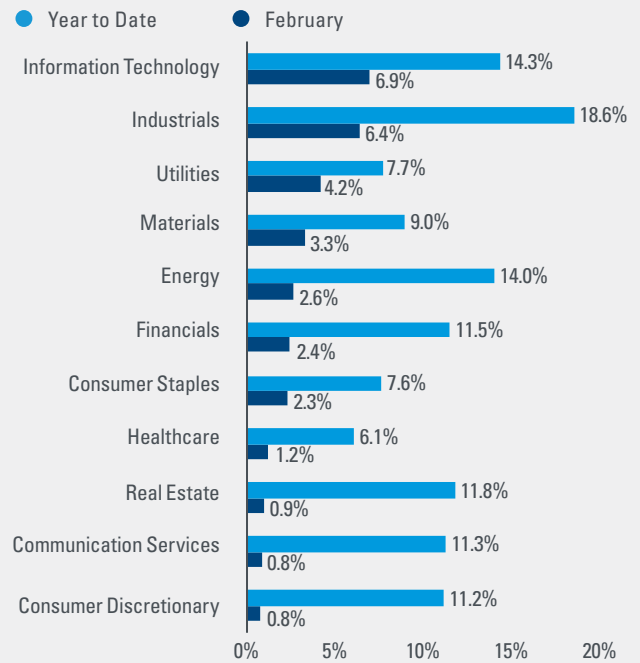
(Sorted by Monthly Return)



Source: FactSet 02/28/19

S&P 500 SECTOR PERFORMANCE

(Sorted by Monthly Return)



Source: FactSet 02/28/19

Indexes are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results.

Stock investing involves risk, including loss of principal.

Because of its narrow focus, sector investing will be subject to greater volatility than investing more broadly across many sectors and companies.

an economic slowdown in major foreign economies, Brexit uncertainty, and U.S.-China trade relations.

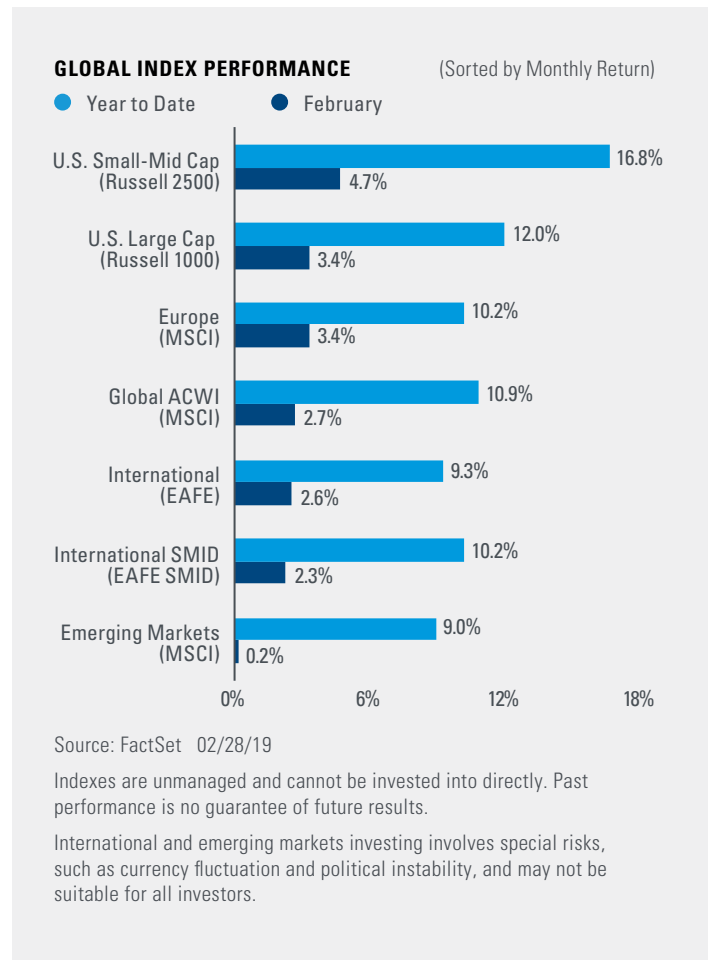
Small caps outperformed their large cap counterparts for the second straight month, benefiting from relatively greater economic and market sensitivity. The Russell 2000 Index returned 5.2% during the month, above the 3.4% and 4.3% returns for the large cap Russell 1000 and Russell Midcap indexes.

Growth outpaced value for the second straight month, as the Russell 1000 Growth Index returned 3.6%, slightly ahead of the 3.2% return for the Russell 1000 Value Index. Growth stocks have generally performed better during rising markets in recent years and have outperformed during most of the nearly 10-year old bull market. In February, the growth style benefited from outperformance of technology and industrials stocks, while the value style was weighed down by underperformance of the financials sector.

Technology topped the February sector leaderboard with a 6.9% return, followed closely by industrials, which returned 6.4%. Software strength propelled technology while industrials got a boost from the aerospace and defense and capital goods industry groups. The strong performance by these industries, which are among the most sensitive to trade with China, reflects the market's increasing optimism toward a deal. Sector laggards included consumer discretionary and communication services, with notable weakness in the media, retail, and telecom services industry groups.

International

Neither international developed market nor emerging market (EM) equities were able to keep up with U.S. equities during February. The MSCI EAFE Index returned 2.6% for the month, while the MSCI EM Index managed only a 0.2% gain. More evidence of weakening economic growth in Europe and Japan and a firm U.S. dollar weighed on developed international equity indexes. At the country level, markets in Hong Kong, Switzerland, and France



performed best (based on MSCI country equity indexes). Japan and Germany lagged, with the latter narrowly avoiding recession during the fourth quarter of 2018. February's Brexit news was well received and propelled the U.K. equity market 3.4% higher during the month.

Progress on U.S.-China trade talks, prospects for fiscal stimulus, and the Fed's pause in hiking rates all should have helped support EM equities in February, as they did in January. However, the MSCI EM Index managed only a marginal gain. China wasn't the problem, as its equity market rallied 3.5%. Secondary EM countries such as Brazil, South Korea, and South Africa all suffered losses and dragged the overall index down. Although oil rallied, commodities markets were not strong enough broadly to offset EM headwinds.

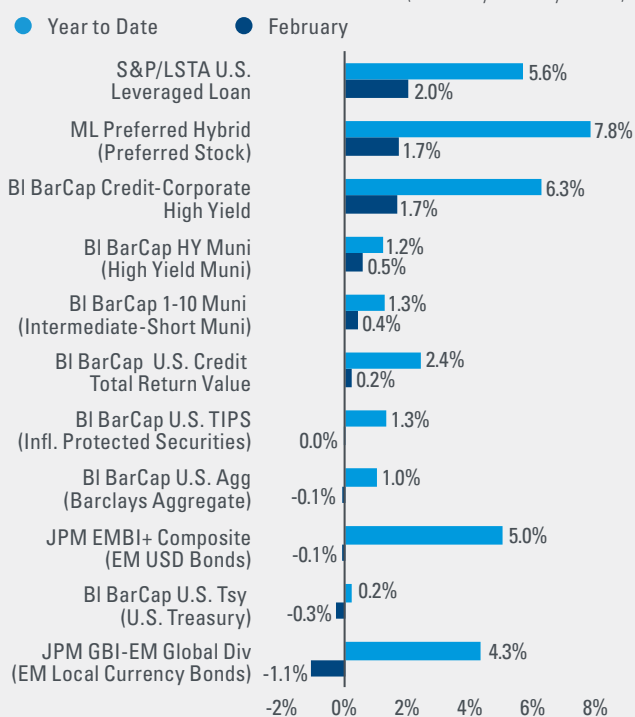
FIXED INCOME

TREASURY YIELDS JUMP FOR FIRST TIME SINCE OCTOBER 2018

Treasury prices fell while yields rose for the first time since October 2018 amid solid inflation reports and increased risk-on appetite in financial markets. The 10-year Treasury yield climbed 9 basis points (bps) (.09%) to end February at 2.72%, its highest point of the month. The yield curve steepened during the month, as the spread between the 2-year and 10-year yields climbed to 20 bps (.20%).

Five of the nine fixed income classes we track rose in February (as shown in the Fixed Income Performance Table). Lower-quality debt generally outperformed, with bank loans rising 2% to lead all groups. High-yield corporate bonds increased 1.7%, while investment-grade corporate bonds (represented by the Bloomberg Barclays U.S. Aggregate Credit Index) added 0.2%. The broader Bloomberg Barclays U.S. Aggregate Bond Index fell slightly during the month, while mortgage-backed securities slid 0.1%. Treasury prices fell 0.3%, the worst performer among domestic fixed income classes. Emerging market debt fell 1.1%.

FIXED INCOME PERFORMANCE (Sorted by Monthly Return)



U.S. TREASURY YIELDS

Security	01/31/19	02/28/19	Change in Yield
3 Month	2.41	2.45	0.04
2 Year	2.45	2.52	0.07
5 Year	2.43	2.52	0.09
10 Year	2.63	2.73	0.10
30 Year	2.99	3.09	0.10

AAA MUNICIPAL YIELDS

Security	01/31/19	02/28/19	Change in Yield
2 Year	1.70	1.65	-0.05
5 Year	1.93	1.85	-0.08
10 Year	2.43	2.35	-0.08
20 Year	2.97	2.92	-0.05
30 Year	3.11	3.06	-0.05

Source: Bloomberg, FactSet 02/28/19

Indexes are unmanaged and cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values and yields will decline as interest rates rise, and bonds are subject to availability and change in price.

ALTERNATIVE INVESTMENTS

LONG/SHORT EQUITY REBOUND CONTINUES

Long/short equity strategies benefited from the ongoing equity market rally, as the HFRX Equity Hedge Index gained 1.2%, bringing year-to-date performance to 5.1%, the best start for the index in over 15 years. From a factor and geographic perspective, strategies favoring small cap growth and Chinese equities outperformed during the month. Given the relative outperformance of growth over value, the HFRX Market Neutral Index, which typically maintains a long-value tilt, declined 1.4%.

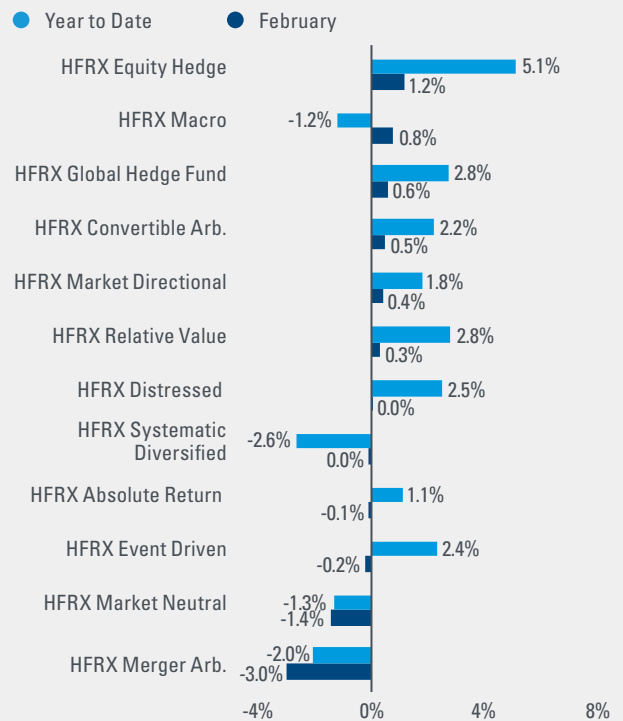
The HFRX Merger Arbitrage Index declined 3%, a surprising move lower given the equity market strength. Strategies suffered idiosyncratic losses on widening of specific deal spreads; however, there were no widespread deal breaks to note.

Performance within the HFRX Systematic Diversified Index was flat, as the index declined 0.02%. There also was a slight shift to long equity exposure within underlying models as the three-month return of many equity markets slowly turned positive while the markets recovered from the fourth quarter sell-off. Outside of the shift in equity market positioning, exposure by asset class was relatively stable for medium-term trend followers, with the most persistent trends being in the global bond markets. Strategies within the HFRX Macro/CTA Index fared marginally better with a gain of 0.76%. For many strategies, their focus continues to center on opportunities arising from the ongoing U.S.-China trade negotiations.

In the relative value space, the HFRX Convertible Arbitrage Index continued to move higher, with a gain of 0.48% during the month and 0.67% over the trailing one-year period; this was the only alternative investment subcategory with a positive return over that time period.

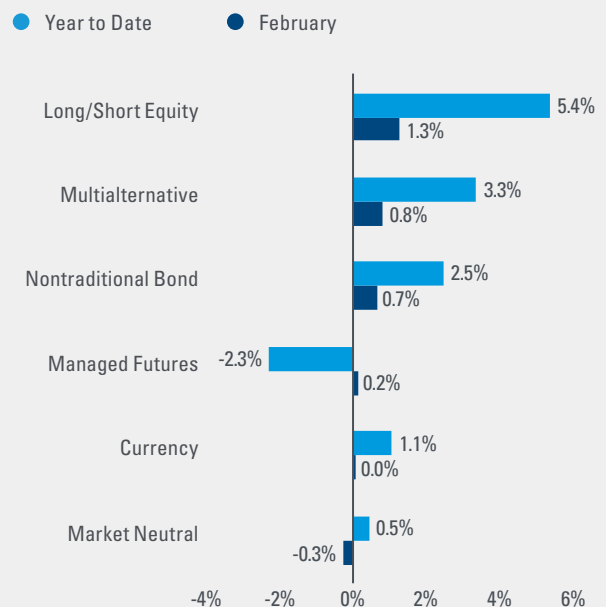
HFRX INDEX PERFORMANCE

(Sorted by Monthly Return)



MORNINGSTAR INDEX PERFORMANCE

(Sorted by Monthly Return)



Source: FactSet 02/28/19

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Alternative strategies may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

REAL ASSETS: SOLID GAINS FOR GLOBAL INFRASTRUCTURE

All liquid real asset categories we track except international real estate were positive in February after producing solid January gains. All groups did lag the S&P 500 and MSCI ACWI indexes, with global infrastructure coming closest to matching broad equity market returns.

Master Limited Partnerships

Master limited partnerships (MLP) were unable to add much to January's big gains, as the Alerian MLP index returned 0.3% during February. Some profit taking after such a strong January, the market's preference for more cyclical sectors, a mixed batch of fourth quarter earnings reports, and rising 10-year Treasury yields were the primary factors that prevented the group from benefiting more from rising oil prices. MLPs are still ahead of the S&P 500 Index year to date with a 12.9% return.

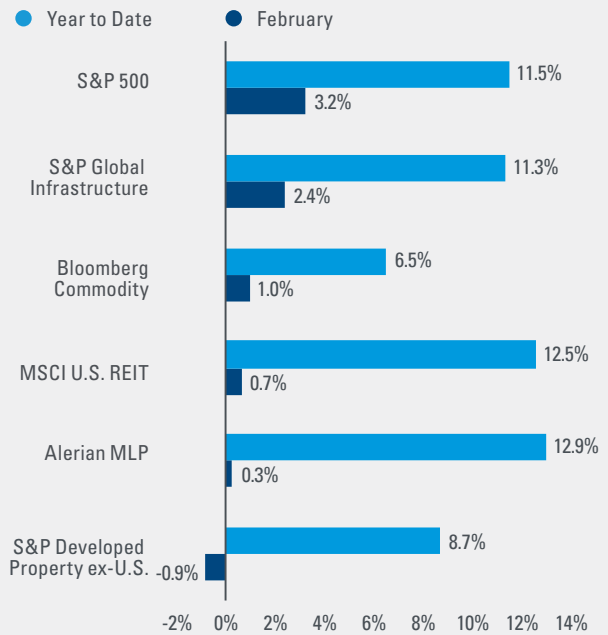
REITs and Global Infrastructure

Domestic real estate investment trusts (REIT) eked out a small 0.7% gain in February, but the MSCI U.S. REIT Index is up 12.5% year to date on the heels of a strong January. Slightly higher market-based interest rates and the market's preference for more cyclical sectors weighed on the group's relative performance for the month. Lodging/hotels was the top performing real estate sector for the month, while healthcare REITs lagged amid healthcare policy uncertainty. International real estate, measured by the S&P Developed Property ex U.S. Index, suffered modest losses for the month and underperformed U.S. REITs.

The S&P Global Infrastructure Index gained 2.4% during February. Performance within the utilities and industrial sectors supported the index's performance, while energy-related names were the predominant laggards. Year to date, the S&P Global Infrastructure Index's 11.3% return is slightly ahead of the 10.9% return for the global equity MSCI ACWI Index.

Investing in real estate/REITs involves special risks such as potential illiquidity and may not be suitable for all investors. There is no assurance that the investment objectives of this program will be attained.

LIQUID REAL ASSET PERFORMANCE (Sorted by Monthly Return)



Source: FactSet 02/28/19

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Commodities

The Bloomberg Commodity Index rose 1% in February, bringing its year-to-date advance to 6.5%. Crude oil rose 5.4% amid sustained OPEC production cuts, the Venezuelan uprising, and further optimism over a U.S.-China trade resolution, which has helped shore up confidence in the global economy. Positive economic and market sentiment spilled over to the metals markets, as industrial metals solidly outperformed precious metals. Falling natural gas, grain, and softs prices weighed on the index, with wheat prices suffering outsized declines due to concerns of increased global competition; coffee and cotton also suffered declines. ■

IMPORTANT DISCLOSURE INFORMATION

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