

The appropriate asset allocation for your risk tolerance should be more important than short-term market performance. In order to participate in bull market gains, you must also endure the corrections. Active managed funds typically outperform in flat and bear markets and index funds outperform in bull markets.

## Market Summary

S&P 500 Market Cap Weight (SPY) -4.7%, S&P 500 Equal Weight (RSP) -7.8% (Year-to-date total return)  
 Vanguard Total World Stock Index ETF (VT) -9.8% (Year-to-date total return)  
 Healthcare 5.6%, Utilities 4.4%, Technology 2.5%, Consumer Discretionary -2.3%, Large Growth -3.3%.  
 Large Value -5.4%, Mid Cap Growth -5.6%, Small Growth -5.7%, Real Estate -6.0%, Consumer Staples -7.8%.  
 Small Value -12.3%, Mid Cap Value -12.5%, Financial -13.5%, Asia -14.4%, Industrials -14.0%, International -14.2%,  
 Communication -16.8%, Materials -17.5%, Energy -20.0%.  
 Bonds: Merger 7.7%, Global Bond 2.8%, ST Bond 0.9%, IT Bond -0.2%, Bank Loan -1.3%, EM Bond -2.9%, HY Bond -3.3%.

### Our Strategy in this Market

Tactical Asset Allocation (0), Asset Classes (-), Value Funds (0), Small Cap Funds (-), My Sector Funds (0), High Yield Bond Funds (-), Active Funds and Stock Selection. (+).

Our strategy score is Negative at -2. (Range +7 to -7) The higher the score, the better our strategy performs.

Sector performance benchmark data is from Vanguard, iShares and SPDR Exchange Traded Funds.

## Portfolio Performance

Joint Taxable portfolio moderate risk -6.5% return year-to-date. (Large Size, Sectors, Active Funds)  
 \*David's IRA portfolio moderate-aggressive risk -7.5% return year-to-date. (Small Size, Passive Funds)

The Fidelity Asset Manager 70% Moderate Risk Benchmark saw a -7.7% return in this period.

The Fidelity Asset Manager 70%/85% Moderate-Aggressive Risk Benchmark saw a -8.5% return in this period.

\*Inaccurate portfolio and benchmark comparisons. Portfolios with > 7% cash additions or subtractions, timing not monthly or at the beginning or end of the year. Benchmarks above do not reflect the cash movements in the portfolio. For these portfolio's we will review and use the most appropriate of the following methods; Raw calculation, monthly, average or our model performance.

For performance less portfolio management fee, subtract 0.70%. (0.7% annual fee x 12/12 months).

## Portfolio Performance Influences

Our portfolios are outperforming due to their larger positions in large cap growth, small cap growth and sectors.

### Joint Taxable Portfolio Moderate Risk (Score= +3)

Large diversified portfolio (+), Sectors in portfolio (+), Active managed funds (+), Strategic Allocation (+)

Portfolio mutual fund variation (+), No individual stocks (NA)

Early year rebalancing cost and timing (-)

Conservative portfolios are outperforming Aggressive portfolios (-)

Cash additions or subtractions implemented in corrections or at market highs (NA)

One-time implementation costs for new portfolios (NA)

### David's IRA Portfolio Moderate-Aggressive Risk (Score= -2)

Small less diversified portfolio (-), No sectors in portfolio (-), Passive managed funds (0), Fixed Allocation (0)

Portfolio mutual fund variation (+), No individual stocks (NA)

Early year rebalancing cost and timing (0)

Conservative portfolios are outperforming Aggressive portfolios (-)

Cash additions or subtractions implemented in corrections or at market highs (NA)

One-time implementation costs for new portfolios (NA)

The statements above are our opinion based on our research and experience. They may affect your portfolio.

# Joint Taxable Portfolio

Account Name	David & Deborah Smith	STRATEGIC SECTORS	MODERATE RISK	D4	Dec 2018		
Account Type	Joint Taxable	2 to 4 FUNDS PER ASSET CLASS	25 to 40 FUNDS + STOCKS		TD Ameritrade		
Account Number	xxxxx xxxxx	PORTFOLIO SIZE: \$50,000 to \$2,000,000			2018 Leaders		
ASSET CLASS	FUND NAME	SYMBOL	# SHARES	\$/SHARE	VALUE	TOTAL	ACTION
Large Cap Growth 2 to 3	Price Blue Chip Growth	TRBCX	163.31	96.03	15683	3%	
	PRIMECAP Odyssey Gro. (LCG, HC, TEC)	POGRX	760.13	34.73	26399	5%	
	Vanguard Growth ETF (LCG)	VUG	40.00	134.33	5373	1%	
					<b>47455</b>	<b>8%</b>	
Large Cap Value 4 to 6	AMG Yacktman Fund	YACKX	439.26	19.05	8368	1%	
	Oakmark Fund (LCB)	OAKMX	181.54	68.29	12397	2%	
	Pamassus Endeavor (LCB)	PARWX	327.38	28.87	9451	2%	
	Mairs & Power Growth (LCB)	MPGFY	58.75	106.45	6254	1%	
	Vanguard Equity Income	VEIRX	90.74	66.43	6028	1%	
	Dodge & Cox Stock	DODGX	57.21	172.81	9886	2%	
	Vanguard Value ETF	VTV	0.00	0.00	0	0%	
					<b>52385</b>	<b>9%</b>	
Mid Cap Growth 2 to 3	Eventide Gilead (MCG, TECH, HC)	ETGLX	267.76	31.67	8480	2%	
	Akre Focus (MCG)	AKREX	421.99	33.93	14318	3%	
	Champlain Mid Cap(MCG)	CIPMX	830.02	16.57	13753	2%	
	Vanguard Mid Cap Growth ETF (MCG)	VOT	0.00	0.00	0	0%	
					<b>36552</b>	<b>6%</b>	
Mid Cap Value 2 to 3	Diamond Hill Small-Mid Cap (MCV)	DHMIX	237.41	18.76	4454	1%	
	Pamassus Mid Cap (MCV)	PARMX	215.98	28.86	6233	1%	
	Vanguard Mid Cap Value (MCV)	VOE	43.00	95.26	4096	1%	
					<b>14783</b>	<b>3%</b>	
Small Cap Growth 2 to 4	Brown Capital Mgr. Small Co. (SCG, M, T)	BCSIX	142.49	83.33	11874	2%	
	Price QM US Small Cap Stock	PRDSX	398.80	31.16	12427	2%	
	Mairs & Power Small Cap (SCB)	MSCFX	275.32	22.48	6189	1%	
	Virtus KAR Small Cap Growth ESG	PXSGX	144.59	29.59	4278	1%	
	Vanguard Small Cap Growth ETF (SCG)	VBK	0.00	0.00	0	0%	
					<b>34768</b>	<b>6%</b>	
Small Cap Value 2 to 3	Sterling Capital Stratten SCV (SCV, MCG)	STSCX	100.87	68.05	6864	1%	
	Vanguard Strategic Small Cap Equity (SCB)	VSTCX	239.21	28.15	6734	1%	
	Vanguard Small Cap Value ETF (SCV)	VBR	0.00	0.00	0	0%	
					<b>13598</b>	<b>2%</b>	
International 2 to 4	Oakmark International (LCV)	OAKIX	178.30	20.46	3648	1%	
	Harding Loevner International Equity (LCG)	HLMNX	718.51	19.31	13874	2%	
	Vanguard International Growth (LCG)	VWILX	157.41	79.22	12470	2%	
	FMI International (LCB, Dollar Hedged)	FMIJX	419.73	28.63	12017	2%	
	Price International Disc. (MCG, ASIA)	PRIDX	118.48	55.48	6573	1%	
	Virtus KAR International Small Cap	VIIIX	443.88	15.22	6756	1%	
	Oakmark International Small Cap (MCV)	OAKEX	261.88	12.46	3263	1%	
	Fidelity International Small Cap (MCB, SCV)	FISMX	167.06	23.69	3958	1%	
	Fidelity Pacific Basin	FPBFX	339.73	26.32	8942	2%	
	Matthews Pacific Tiger (ASIA, LCG)	MAPTX	480.71	26.86	12912	2%	
					<b>84413</b>	<b>15%</b>	
Technology 2 to 3 Plus 2-3 stocks	Price Global Technology (TECH, LCG)	PRGTX	510.24	12.20	6225	1%	
	Fidelity Select IT Services (TECH, LCG)	FBSOX	192.50	54.14	10422	2%	
	Google	GOOGL	6.00	1044.96	6270	1%	
	Intuit	INTU	30.00	196.85	5906	1%	
	EPAM Systems	EPAM	0.00	0.00	0	0%	
	Vanguard Information Technology (LCG)	VGT	40.00	166.83	6673	1%	
					<b>35495</b>	<b>6%</b>	
Financial 2 to 3 Plus 2-3 stocks	Price Financial (FIN, MCV)	PRISX	410.12	22.55	9248	2%	
	First Trust Financial AlphaDEX (MCV)	FXO	225.00	27.01	6077	1%	
	Visa	V	35.00	131.94	4618	1%	
	Worldpay	WP	50.00	76.43	3822	1%	
	Vanguard Financials ETF (FIN, LCG)	VFH	70.00	59.36	4155	1%	
					<b>27920</b>	<b>5%</b>	
Healthcare 2 to 3	Price Health Sciences (HC, LCG, MCG)	PRHSX	198.75	67.01	13318	2%	
	Fidelity Select Healthcare (HC, LCG, MCG)	FSPHX	807.95	22.05	17815	3%	
	Vanguard Health Care ETF (HC, LCG)	VHT	35.00	160.60	5621	1%	
					<b>36755</b>	<b>7%</b>	
Other Leaders	SPDR S&P Defense & Aerospace ETF	XAR	65.00	78.92	5130	1%	
	Vanguard Consumer Discretionary ETF	VCR	0.00	0.00	0	0%	
	SPDR S&P Regional Banking ETF	KRE	0.00	0.00	0	0%	
					<b>5130</b>	<b>1%</b>	
Bonds 4 to 7	Guggenheim Total Return Bond (ITB)	GIBLX	224.93	26.56	5974	1%	
	Vanguard Intermediate Term Bond ADM (ITB)	VFIXD	1230.22	9.39	11552	2%	
	Diamond Hill Corporate Credit (HYB)	DHSTX	447.23	10.74	4803	1%	
	Vanguard High Yield ADM (HYB)	VVWAX	3479.84	5.43	18896	3%	
	Fidelity Floating Rate High Income (BL)	FFRHX	2592.52	9.20	23851	4%	
	Merger Fund	MERFX	1607.68	16.42	26398	5%	
	Vanguard Short Term Inv. Grade Bond ADM	VFSUX	4224.03	10.44	44099	8%	
					<b>135573</b>	<b>24%</b>	
Cash	Money Market	CASH	38844.94	1.00	38845	7%	
							<b>38845</b>

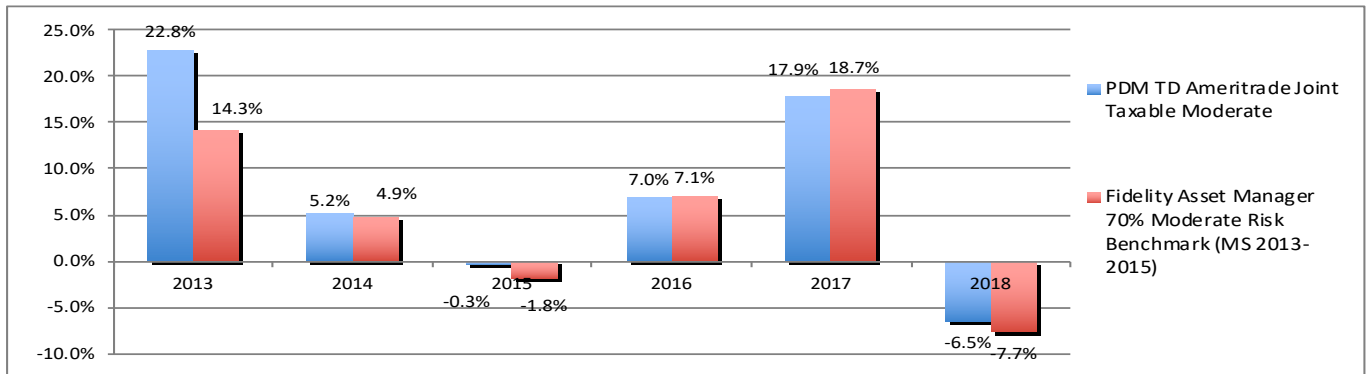
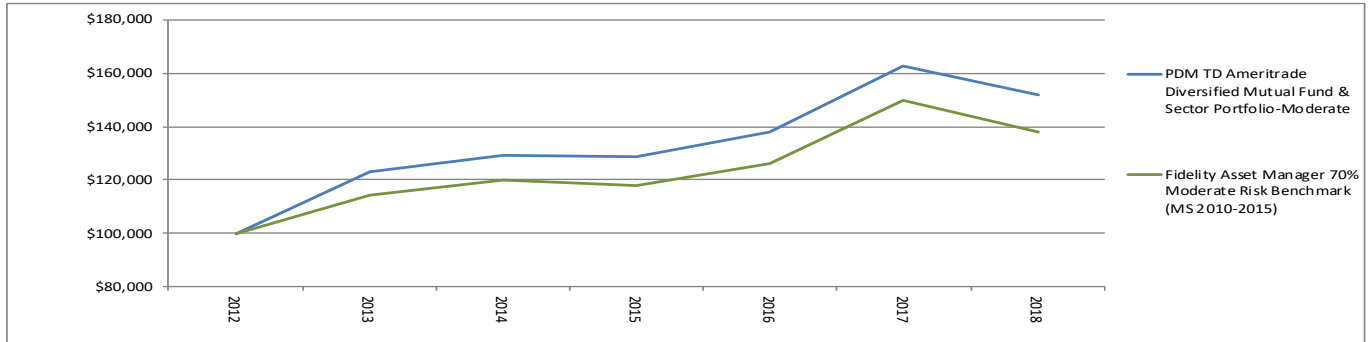
  

In/Out Flow Activity	Asset Class	2016		2016%		Risk Level
		Actual Allocation	Target Allocation	Passive Allocation	Moderate	
Deposits		\$0				
		\$0				
<b>Performance (Excluding Management Fees)</b>						
Start		\$602,636				
Current		<b>\$563,671</b>				
Increased Year-to-Date		(\$38,965)				
Additions/Withdrawals		\$0				
Year-to-Date Gain (\$)		(\$38,965)				
Year-to-Date Gain (%)		<b>-6.5%</b>				
<b>Asset Management Fees (No fees)</b>						
January 2018	Q4 Portfolio Management Fee	\$0				
April 2018	Q1 Portfolio Management Fee	\$0				
July 2018	Q2 Portfolio Management Fee	\$0				
October 2018	Q3 Portfolio Management Fee	\$0				
SUM		\$0				
	Extra Cash & Bonds		6%	100%	100%	

Thank you for your business  
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## Joint Taxable Portfolio Performance

- The portfolio produced an 5.7% annual return over the past 3 years, 4.3% over 5 years and 6.8% over 8 years.
- The portfolio outperformed the Fidelity Asset Manager 70% Moderate Risk Benchmark (MS 2010-2015) by 0.2% over the past 3 years, +0.4% the past 5 years and +1.1% the past 8 years.
- 83% of the 6 years the portfolio outperformed or performed close to its benchmark.
- The worst performing year the portfolio saw a -6.5% drop compared to its benchmark at -7.7% in 2018. The performance calculation includes capital gains, dividends and custodial transaction fees (0.2%)  
The performance calculation excludes portfolio management fees and taxes.



### Accumulated Gains

Calculations are from year end portfolio summary reports. Gains are calculated after portfolio management fees are deducted. Gains do not include contributions or withdrawals.

	TD Ameritrade Joint Taxable	TD Ameritrade David's IRA		Totals
'2011	-\$3,800	-\$3,800		-\$7,600
'2012	\$13,379	\$13,379		\$26,758
'2013	\$24,063	\$24,063		\$48,126
'2014	\$5,871	\$5,871		\$11,742
'2015	-\$1,532	-\$1,532		-\$3,064
'2016	\$18,000	\$18,000		\$36,000
'2017	\$34,600	\$34,600		\$69,200
'2018	-\$38,965	-\$38,965		-\$38,965
<b>Totals</b>	<b>\$51,616.00</b>	<b>\$51,616.00</b>		<b>\$142,197.00</b>