Quarterly Market Review

First Quarter 2019

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This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets.

The report also illustrates the impact of globally diversified portfolios and features a quarterly topic.

Overview:

Executive Summary

What a difference a quarter makes. Coming out of a turbulent fourth quarter of 2018, including the worst December since 1931 for the S&P 500[i], equity markets have staged an impressive rebound. Our message to investors coming out of Q4 last year was to ***stay the course and let the markets work for you***.

We received numerous inquiries as to whether we would consider reducing the equity allocation within the portfolio, which many investors ended up doing right before this recent rally[ii]. Based on the existing market fundamentals[iii], it seemed to us that if anything, it'd make more sense to increase our equity position going into Q1 2019. As fiduciaries and risk managers of your capital, we opted for the conservative approach and stuck with your strategic asset allocation, allowing you to capture the strongest first quarter performance in a decade.[iv]

What were some positive drivers for returns this quarter? Well, sticking with the fundamentals, we had a very strong earnings season, with approximately 69% of companies in the S&P 500 exceeding earnings expectations and year over year earnings growth at a robust 13.1%[v]. Additionally, US GDP growth for 2018 printed a robust 2.9%, the most since 2015 and one of the strongest since 2005.[vi] Ten years into an expansion, the economy is still humming along.

Another positive driver was the Federal Reserve. While investors became increasingly worried about the potential for rising interests in late 2018, the Federal Reserve changed course in early 2019 and indicated a willingness to be patient with interest rate hikes[vii] and the liquidation of their balance sheet.[viii]

After such a strong quarter, you may be surprised to hear that we are now more cautious about your portfolio than we were at the end of Q4 2018. The yield curve briefly inverted, recession probabilities are climbing,[ix] and the risk priced into markets is low relative to history.[x] **This is not to say markets will sell off but that we are at a period where we may begin making defensive tactical shifts throughout later quarters**.

Risk Type	Asset Class	Asset	QTD	YTD	1-Yr
Risk Asset	*Equities*	MSCI ACWI	12.3%	12.3%	3.2%
Risk Asset	*Equities*	S&P 500 Index	13.6%	13.6%	9.5%
Risk Asset	*Equities*	MSCI ACWI ex-US Index	10.4%	10.4%	-3.7%
Risk Asset	*Equities*	MSCI EAFE Index	10.2%	10.2%	-3.2%
Risk Asset	*Equities*	MSCI Emerging Markets Index	9.9%	9.9%	-7.1%
Risk Asset	*Equities*	MSCI AC Asia Pacific Index	9.7%	9.7%	-4.8%
Risk Asset	*Commodities*	S&P GSCI TR Index	15.0%	15.0%	-3.0%
Risk Asset	*Commodities*	WTI Crude Oil TR Index	30.7%	30.7%	-4.3%
Risk Mitigator	*Fixed Income*	Barclays Agg Index	2.9%	2.9%	4.5%
Risk Mitigator	*Fixed Income*	Muni Bond Index	2.8%	2.8%	5.1%
Risk Mitigator	*Fixed Income*	Barclays US Treasury TR Index	2.1%	2.1%	4.2%
Risk Mitigator	*Fixed Income*	Barclays TIPS Index	3.2%	3.2%	2.7%

Source: Bloomberg

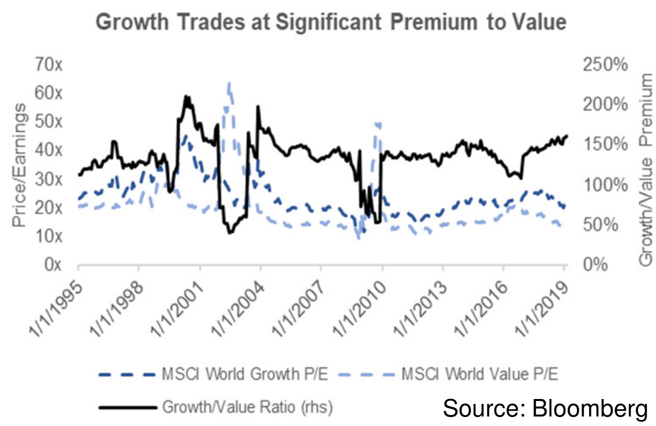
Quarterly Commentary: *Staying the Course*

It was only a quarter ago that fear permeated the investment landscape as investors saw double-digit losses in both US and International Stocks.[xi] Since then, those who chose to stay the course have been rewarded with one of the strongest market rallies in history. It should be noted that "staying the course" was neither a trivial nor easy course of action. As evidenced by equity market flows, a significant portion of investors reduced at least some of their net stock exposure at the end of Q4 2018[xii].

Historically, investors have significantly underperformed equity and bond benchmarks because of emotional buying and selling at the wrong time.[xiii] This highlights the importance of finding an advisor who will help you stay the course in turbulent times and perhaps hedge when markets seem frothy after a strong rally.

This long-term investing philosophy extends beyond broad equity market performance. We not only stayed the course in terms of staying invested, we are also staying the course in terms of our factor tilts towards value, small-cap, and profitability stocks.

In aggregate, the "tilts" we have chosen, Which have yielded premiums over the long term,[xiv] have been out of favor recently. For example, growth has significantly outperformed value in recent history. The chart to the right shows that the growth over value premium is now the highest it has been since the dot-com bust! With such a high premium in growth stocks, we believe that value stocks will eventually outperform again as they have in previous cycles.

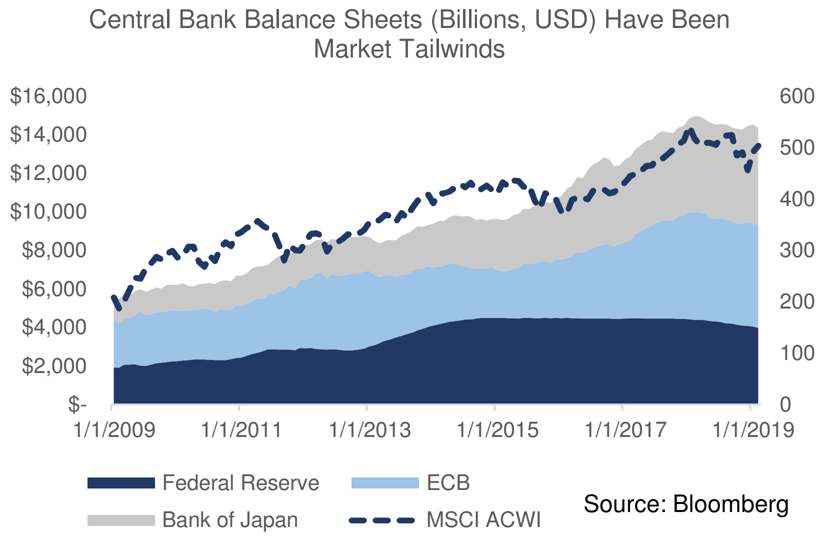


Source: Bloomberg

Our philosophy is to intentionally make a few important and well-thought out investment decisions and generally stick with those decisions over the long-term. Periodically, we may tactically deviate from those decisions if we see a significant and temporary market dislocation that we believe we can take advantage of over the short-term. However, those tactical opportunities do not come around often, perhaps once every year or so. Even during the decline of Q4 2018, when we believed stocks may have been somewhat cheap, we could not identify a hard catalyst that we thought was meaningful enough to justify overweighting equities. Thus, we felt it best to stay the course in your portfolio. Our investment philosophy centers on preserving and growing your capital, and we believe a conservative and patient approach to investing is the best solution for the long-term growth and preservation of your wealth.

[Critical Issue: *Hedging*]

The bull market following the Great Financial Crisis hit its tenth birthday this quarter from the lows in March 2009[xvi]. This entire bull market has coincided with dovish monetary policy, near zero interest rates, and significant balance sheet accumulation by global central banks. However, global central banks are now *reducing* their net balance sheets,[xvii] so what has been a market tailwind quickly turns to headwind. We saw shades of this last year, when the selloff in Q4 was exacerbated by the Federal Reserve's comments about continuing their path of balance sheet liquidation. Though the Fed indicated this quarter that they will take a significantly more accommodative stance, total central bank purchases will continue to decelerate, removing this market tailwind and introducing more risk of shocks. The Fed's quick change of tone, the first yield curve inversion since 2007,[xix] and softening economic data[xx] invoke fears that recession is looming. **Thus, despite a strong quarter of performance, we remain more cautious about your portfolio than we did at the end of Q4 2018.**



Source: Bloomberg

This takes us into the topic of hedging. On one side, we are more uncertain about markets than ever as monetary policy seems to have reached its limits across most of the developed world, and we do not believe business cycles have somehow given way to perpetually smooth economic growth. On the other side, despite increased uncertainty, the cost of hedging is significantly below historical averages.[xxi] **In other words, in a period where uncertainty is elevated, the market is offering cheap ways to protect against this uncertainty.** We will not go into all the mechanisms for why this phenomenon exists, but the gist of it is that dovish monetary policy led to historically low levels of volatility, which then coincided with investment universe shifting to an ecosystem that sought to profit off low volatility,[xxii] driving it even lower. **We are currently researching this area because we like the idea of buying portfolio insurance cheaply.** This is not a solution that may be necessary or preferred for your portfolio, but this is a service that we want you to be mindful of in our future communications.

Disclosures

This was prepared by WealthStone LLC, a federally registered investment adviser under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser. For more information please visit: https://adviserinfo.sec.gov/ and search for our firm name. This is for informational purposes only. Past performance is not indicative of future results.

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An index is a portfolio of specific securities, the performance of which is often used as a benchmark in judging the relative performance of certain asset classes. An investor cannot invest directly in an index. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown.

ADV Part 2 A copy of WealthStone's ADV Part 2A and 2B is always available upon request. This document is a detailed filing with the SEC that outlines our entire asset management operation.

Equities

The **MSCI ACWI (All Country World Index)** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. The index includes a representative sample of 500 leading companies in leading industries of the U.S. economy. The S&P 500 Index focuses on the large-cap segment of the market; however, since it includes a significant portion of the total value of the market, it also represents the market.

The **MSCI ACWI (All Country World Index) Ex-US** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, excluding the U.S.

The **MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The **MSCI Emerging Markets (EM) Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

The **MSCI AC Asia Pacific Index Fixed Income (Australiasia, Far East)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of 5 developed market countries, and emerging market countries in the Asia Pacific region.

Commodities

The **S&P GSCI TR Index** is calculated primarily on a world production-weighted basis and measures the principal physical commodities that are the subject of active, liquid futures markets.

The **Bloomberg WTI Crude Oil TR Index** is a single commodity subindex of the Bloomberg Commodity Index composed of futures contracts on crude oil. It reflects the return of underlying commodity futures price movement.

Fixed Income

The **Bloomberg Barclays (BC) US Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and nonagency).

The **Bloomberg Barclays (BC) Muni Bond Index** measures the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds.

The **Bloomberg Barclays (BC) US Treasury Index** measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index.

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[i] The S&P 500 returned -14.5% in December of 1931. *Source: Bloomberg*
[ii] Per TD Ameritrade's Investor Movement Index
[iii] Per our previous letter, we identified a healthy banking system, below average market valuations, and low probability of recession. *Source: Federal Reserve, Bloomberg*
[iv] *Source: Market Watch.* The S&P 500 recorded its strongest quarter since Q2 2009. https://www.marketwatch.com/story/stocks-end-higher-sp-records-strongest-quarter-in-a-decade-2019-03-29

[v] *Source: Factset Insights*
[vi] *Source: Trading Economics.* https://tradingeconomics.com/united-states/gdp-growth
[vii] *Source: Reuters. https://www.reuters.com/article/us-usa-fed-minutes/fed-flags-end-to-balance-sheet-runoff-patience-on-rates-idUSKCN1Q92MI*
[viii] *Source: Federal Reserve.* https://www.federalreserve.gov/monetarypolicy/policy-normalization.htm
[ix] *Source: New York Fed.*
[x] One way of proxying risk is through the VIX and other implied probability curves. *Source: Bloomberg.*
[xi] The S&P 500 returned -13.5%, the MSCI ACWI ex-US Index returned -11.4%, and the MSCI ACWI returned -12.7%.
[xii] *Source: TD Ameritrade.* TD Ameritrade's Investor Movement Index showed stock exposure was at 6-year lows.
[xiii] *Source: Blackrock.* From 1996-2015, the "average investor" returned 2.1%, compared to 5.34% for bonds and 8.2% for stocks. The average investor even underperformed inflation of 2.2%.
[xiv] *Source: Dimensional Fund Advisors.*
[xv] *Source: MSCI, Bloomberg*. Valuation is measured by forward-looking price/earnings ratios.
[xvi] The S&P 500 hit its local lows of 666.79 on March 6th, 2009.
[xvii] Source: Yardeni Research
[xviii] *Source: Haver Analytics*
[xix] Yield curve inversion as measured by the 3-month yield minus the 10-year yield.
[xx] https://www.bloomberg.com/news/articles/2019-03-27/recession-risks-creep-beyond-yield-curve-into-u-s-economic-data
[xxi] *Source: Bloomberg*. Cost of hedging proxied by 1Y options implied volatility on the S&P 500 Index.
[xxii] For example, CTAs, quant, risk parity, volatility arbitrage, and short volatility strategies have seen increased assets over the past decade, and all are generally related to the volatility complex.

Déjà Vu All Over Again

First Quarter 2019

Investment fads are nothing new. When selecting strategies for their portfolios, investors are often tempted to seek out the latest and greatest investment opportunities.

Over the years, these approaches have sought to capitalize on developments such as the perceived relative strength of particular geographic regions, technological changes in the economy, or the popularity of different natural resources. But long-term investors should be aware that letting short-term trends influence their investment approach may be counterproductive. As Nobel laureate Eugene Fama said, “There’s one robust new idea in finance that has investment implications maybe every 10 or 15 years, but there’s a marketing idea every week.”

WHAT’S HOT BECOMES WHAT’S NOT

Looking back at some investment fads over recent decades can illustrate how often trendy investment themes come and go. In the early 1990s, attention turned to the rising “Asian Tigers” of Hong Kong, Singapore, South Korea, and Taiwan. A decade later, much was written about the emergence of the “BRIC” countries of Brazil, Russia, India, and China and their new place in global markets. Similarly, funds targeting hot industries or trends have come into and fallen out of vogue. In the 1950s, the “Nifty Fifty” were all the rage. In the 1960s, “go-go” stocks and funds piqued investor interest. Later in the 20th century, growing belief in the emergence of a “new economy” led to the creation of funds poised to make the most of the rising importance of information technology and telecommunication services. During the 2000s, 130/30 funds, which used leverage to sell short certain stocks while going long others, became increasingly popular. In the wake of the 2008 financial crisis, “Black Swan” funds, “tail-risk-hedging” strategies, and “liquid alternatives” abounded. As investors reached for yield in a low interest-rate environment in the following years, other funds sprang up that claimed to offer increased income generation, and new strategies like unconstrained bond funds proliferated. More recently, strategies focused on peer-to-peer lending, cryptocurrencies, and even cannabis cultivation and private space exploration have become more fashionable. In this environment, so-called “FAANG” stocks and concentrated exchange-traded funds with catchy ticker symbols have also garnered attention among investors.

THE FUND GRAVEYARD

Unsurprisingly, however, numerous funds across the investment landscape were launched over the years only to subsequently close and fade from investor memory. While economic, demographic, technological, and environmental trends shape the world we live in, public markets aggregate a vast amount of dispersed information and drive it into security prices. Any individual trying to outguess the market by constantly trading in and out of what’s hot is competing against the extraordinary collective wisdom of millions of buyers and sellers around the world.

With the benefit of hindsight, it is easy to point out the fortune one could have amassed by making the right call on a specific industry, region, or individual security over a specific period. While these anecdotes can be entertaining, there is a wealth of compelling evidence that highlights the futility of attempting to identify mispricing in advance and profit from it.

It is important to remember that many investing fads, and indeed, most mutual funds, do not stand the test of time. A large proportion of funds fail to survive over the longer term. Of the 1,622 fixed income mutual funds in existence at the beginning of 2004, only 55% still existed at the end of 2018. Similarly, among equity mutual funds, only 51% of the 2,786 funds available to US-based investors at the beginning of 2004 endured.

Déjà Vu All Over Again

(continued from page 18)

WHAT AM I REALLY GETTING?

When confronted with choices about whether to add additional types of assets or strategies to a portfolio, it may be helpful to ask the following questions:

1. What is this strategy claiming to provide that is not already in my portfolio?
2. If it is not in my portfolio, can I reasonably expect that including it or focusing on it will increase expected returns, reduce expected volatility, or help me achieve my investment goal?
3. Am I comfortable with the range of potential outcomes?

If investors are left with doubts after asking any of these questions, it may be wise to use caution before proceeding. Within equities, for example, a market portfolio offers the benefit of exposure to thousands of companies doing business around the world and broad diversification across industries, sectors, and countries. While there can be good reasons to deviate from a market portfolio, investors should understand the potential benefits and risks of doing so.

In addition, there is no shortage of things investors can do to help contribute to a better investment experience. Working closely with a financial advisor can help individual investors create a plan that fits their needs and risk tolerance. Pursuing a globally diversified approach; managing expenses, turnover, and taxes; and staying disciplined through market volatility can help improve investors' chances of achieving their long-term financial goals.

CONCLUSION

Fashionable investment approaches will come and go, but investors should remember that a long-term, disciplined investment approach based on robust research and implementation may be the most reliable path to success in the global capital markets.

Source: Dimensional Fund Advisors LP.
Past performance is no guarantee of future results. This information is provided for educational purposes only and should not be considered investment advice or a solicitation to buy or sell securities. There is no guarantee an investing strategy will be successful. Diversification does not eliminate the risk of market loss.
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Eugene Fama is a member of the Board of Directors of the general partner of, and provides consulting services to, Dimensional Fund Advisors LP.

Market Summary

Index Returns

Q1 2019	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
	STOCKS				BONDS	
	14.04%	10.45%	9.92%	14.07%	2.94%	2.96%

Since Jan. 2001	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
Avg. Quarterly Return	2.0%	1.4%	2.9%	2.6%	1.1%	1.1%
Best Quarter	16.8% **2009 Q2**	25.9% **2009 Q2**	34.7% **2009 Q2**	32.3% **2009 Q3**	4.6% **2001 Q3**	4.6% **2008 Q4**
Worst Quarter	-22.8% **2008 Q4**	-21.2% **2008 Q4**	-27.6% **2008 Q4**	-36.1% **2008 Q4**	-3.0% **2016 Q4**	-2.7% **2015 Q2**

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net div.]), Emerging Markets (MSCI Emerging Markets Index [net div.]), Global Real Estate (S&P Global REIT Index [net div.]), US Bond Market (Bloomberg Barclays US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Barclays Global Aggregate ex-USD Bond Index [hedged to USD]).

Long-Term Market Summary

Index Returns

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
	STOCKS				BONDS	
1 Year	8.77%	-3.14%	-7.41%	13.93%	4.48%	5.23%
5 Years	10.36%	2.20%	3.68%	6.63%	2.74%	4.27%
10 Years	16.00%	8.82%	8.94%	14.84%	3.77%	4.29%

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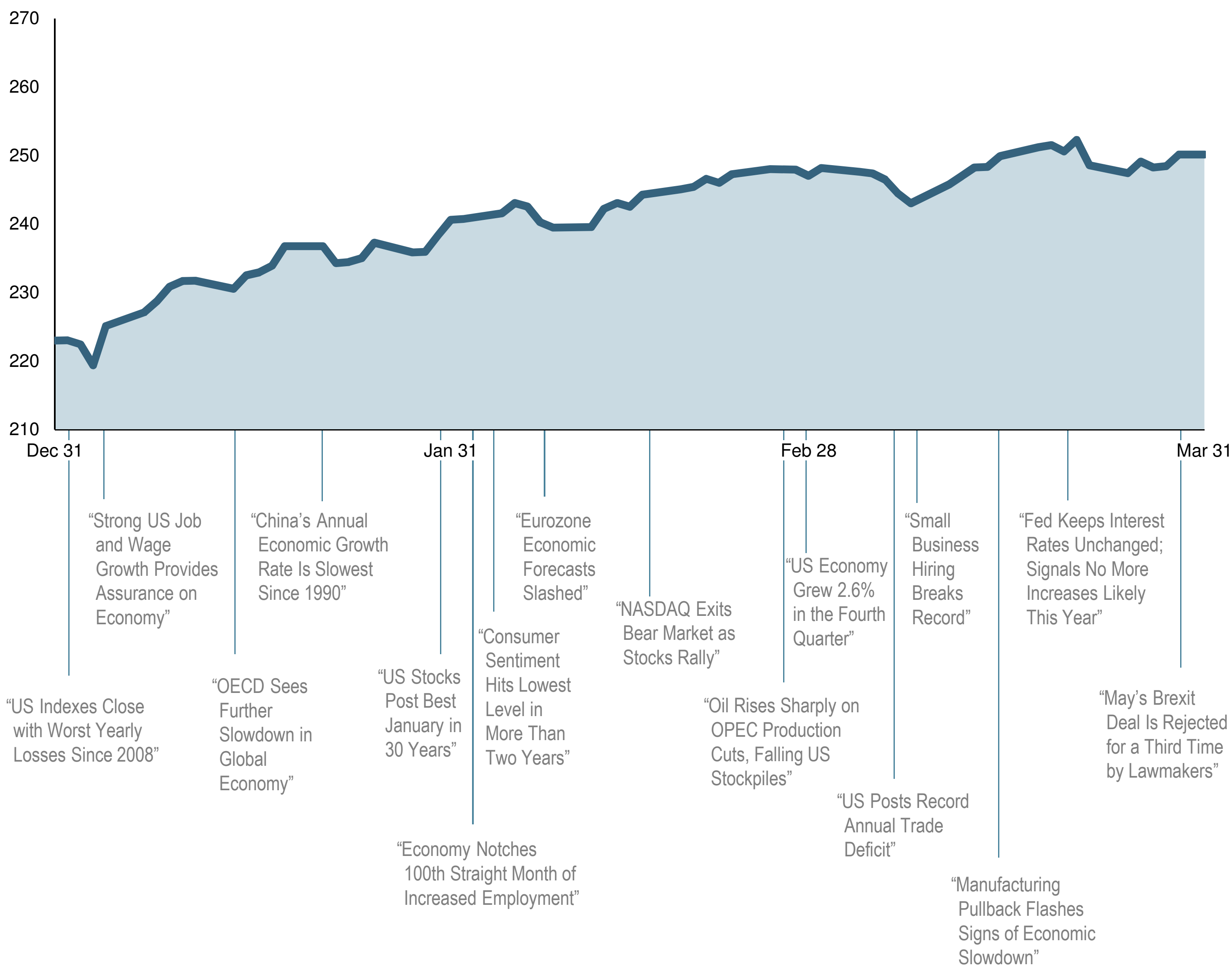
World Stock Market Performance

MSCI All Country World Index with selected headlines from Q1 2019



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

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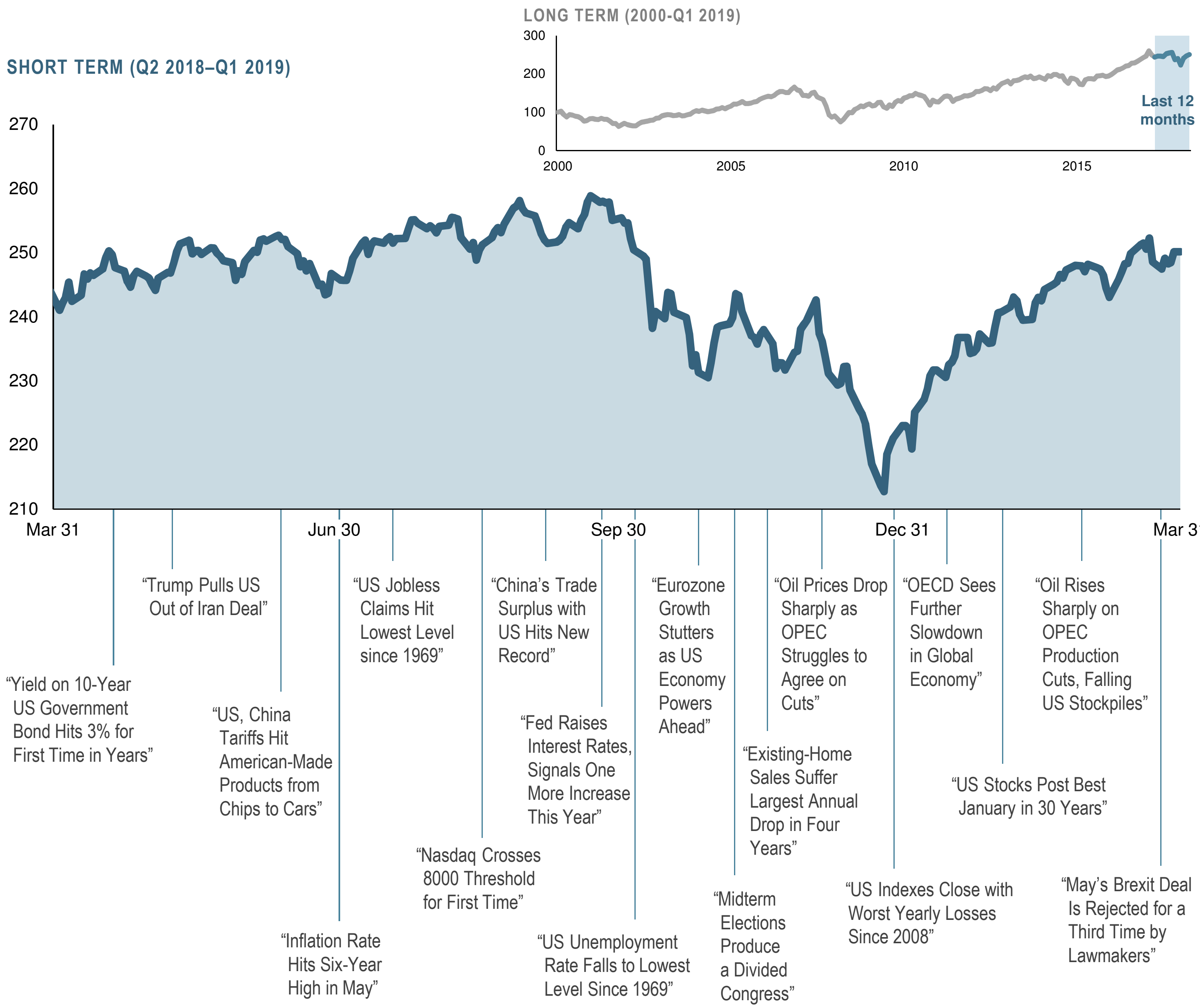
World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



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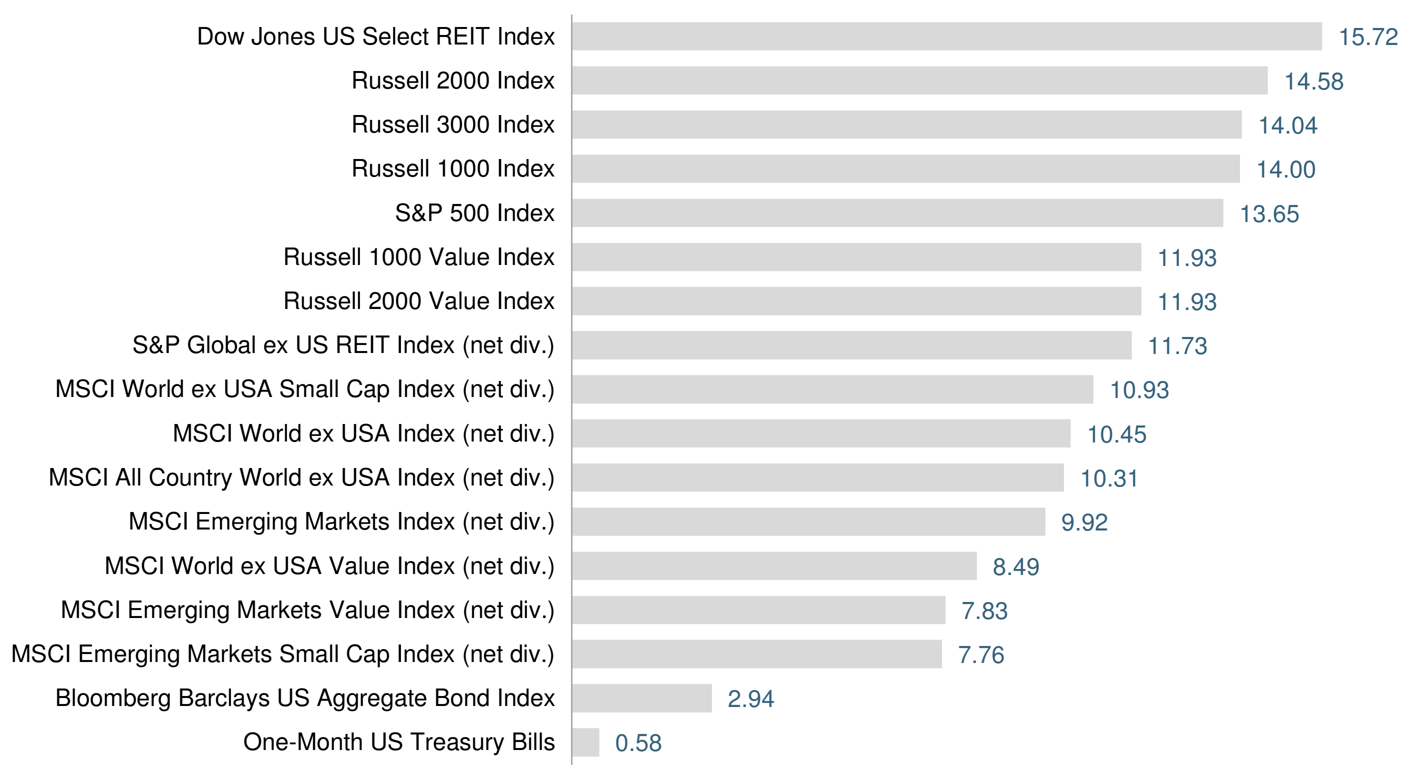
World Asset Classes

First Quarter 2019 Index Returns (%)

Equity markets posted positive returns around the globe in the first quarter. Looking at broad market indices, US equities outperformed non-US developed and emerging markets.

Small caps outperformed large caps in the US and non-US developed markets but underperformed in emerging markets. Value stocks generally underperformed growth stocks in all regions.

REIT indices outperformed equity market indices in both the US and non-US developed markets.



Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. The S&P data is provided by Standard & Poor's Index Services Group. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Bloomberg Barclays data provided by Bloomberg. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefield).

US Stocks

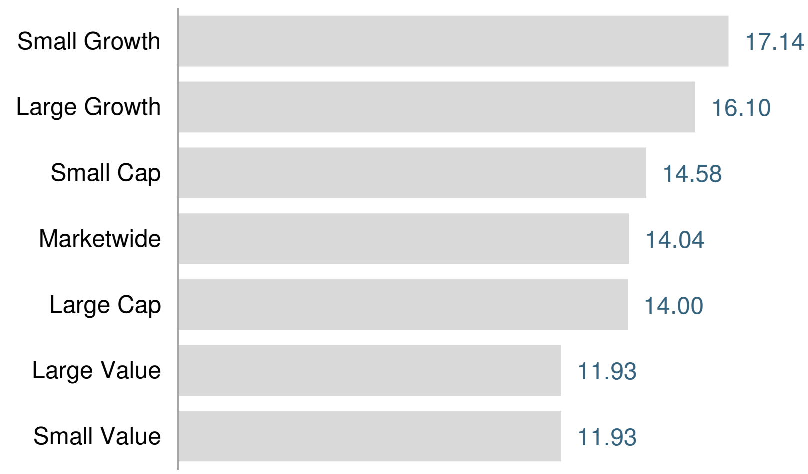
First Quarter 2019 Index Returns

US equities outperformed both non-US developed and emerging markets.

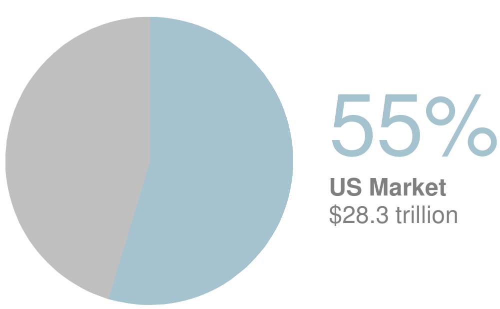
Small caps outperformed large caps in the US.

Value underperformed growth across large and small cap stocks.

Ranked Returns for the Quarter (%)



World Market Capitalization—US



Period Returns (%)

** Annualized*

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Large Growth	12.75	16.53	13.50	17.52
Large Cap	9.30	13.52	10.63	16.05
Large Value	5.67	10.45	7.72	14.52
Small Growth	3.85	14.87	8.41	16.52
Small Cap	2.05	12.92	7.05	15.36
Small Value	0.17	10.86	5.59	14.12
Marketwide	8.77	13.48	10.36	16.00

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International Developed Stocks

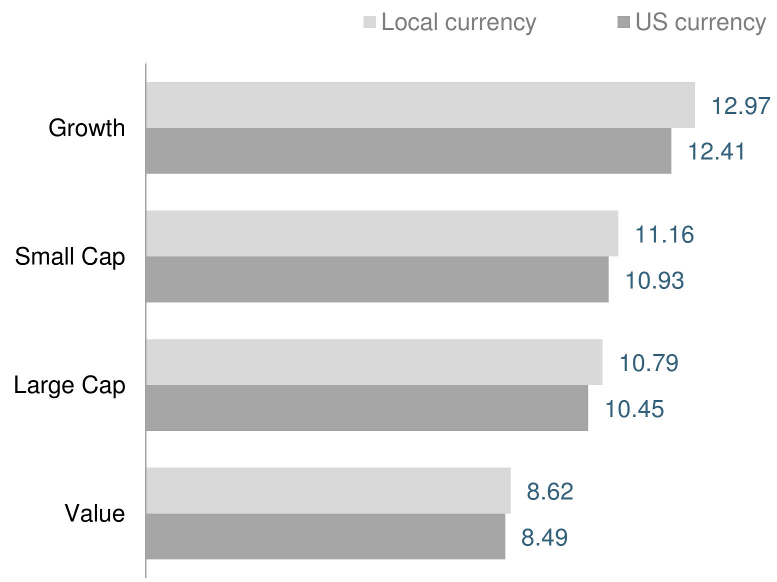
First Quarter 2019 Index Returns

In US dollar terms, developed markets outside the US outperformed emerging markets but underperformed the US equity market during the quarter.

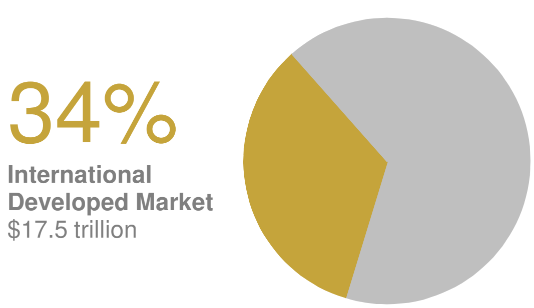
Small caps outperformed large caps in non-US developed markets.

Value underperformed growth across large and small cap stocks.

Ranked Returns for the Quarter (%)



World Market Capitalization—International Developed



Period Returns (%)

** Annualized*

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Growth	-0.82	7.42	3.67	9.35
Large Cap	-3.14	7.29	2.20	8.82
Value	-5.46	7.13	0.68	8.25
Small Cap	-8.66	7.28	3.69	12.25

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Large Cap (MSCI World ex USA Index), Small Cap (MSCI World ex USA Small Cap Index), Value (MSCI World ex USA Value Index), and Growth (MSCI World ex USA Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI World ex USA IMI Index is used as the proxy for the International Developed market.

Emerging Markets Stocks

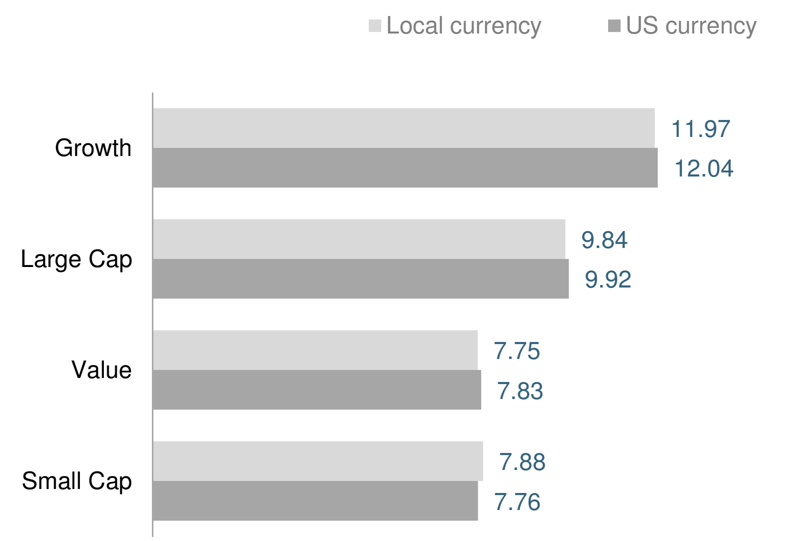
First Quarter 2019 Index Returns

In US dollar terms, emerging markets underperformed developed markets, including the US.

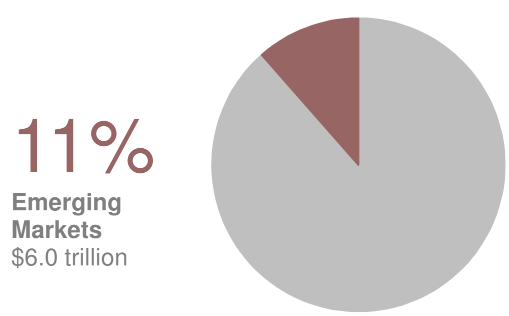
Value outperformed growth across small cap stocks but underperformed in large caps.

Small caps underperformed large caps.

Ranked Returns for the Quarter (%)



World Market Capitalization—Emerging Markets



Period Returns (%)

** Annualized*

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
Value	-5.27	9.54	2.21	7.83
Large Cap	-7.41	10.68	3.68	8.94
Growth	-9.52	11.75	5.04	9.98
Small Cap	-12.42	5.95	1.76	10.37

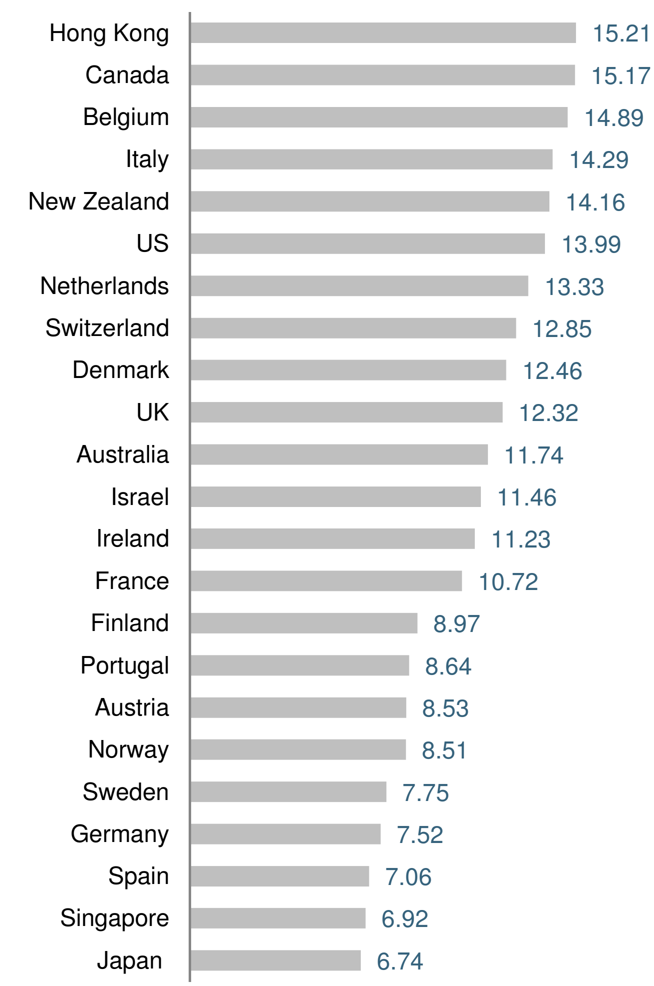
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Large Cap (MSCI Emerging Markets Index), Small Cap (MSCI Emerging Markets Small Cap Index), Value (MSCI Emerging Markets Value Index), and Growth (MSCI Emerging Markets Growth Index). All index returns are net of withholding tax on dividends. World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. MSCI Emerging Markets IMI Index used as the proxy for the emerging market portion of the market. MSCI data © MSCI 2019, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

Select Country Performance

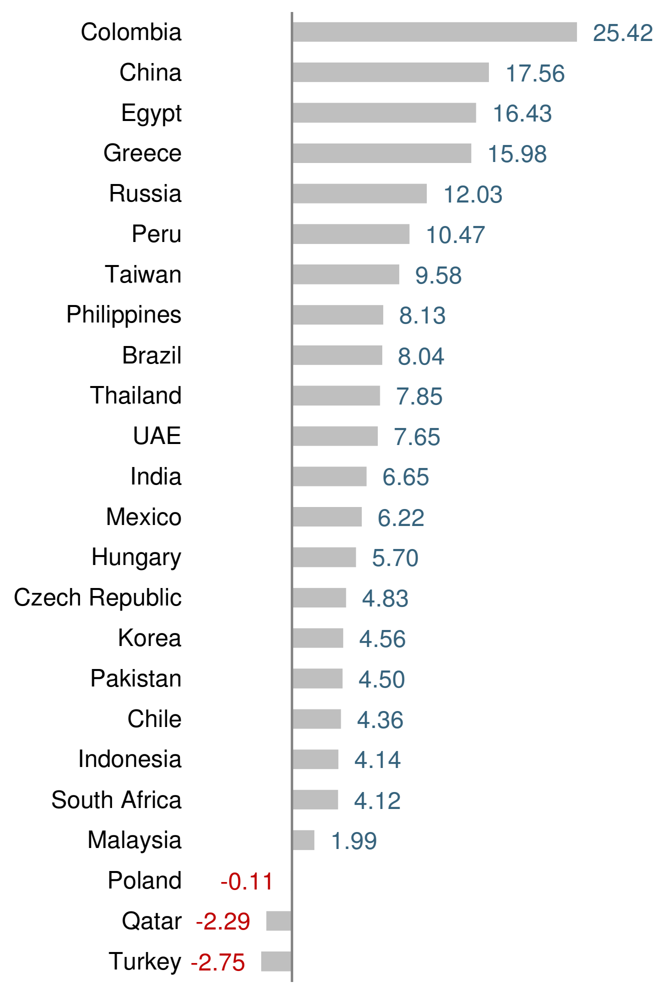
First Quarter 2019 Index Returns

In US dollar terms, Hong Kong and Canada recorded the highest country performance in developed markets, while Japan and Singapore posted the lowest returns for the quarter. In emerging markets, Columbia and China recorded the highest country performance, while Turkey and Qatar posted the lowest performance.

Ranked Developed Markets Returns (%)



Ranked Emerging Markets Returns (%)



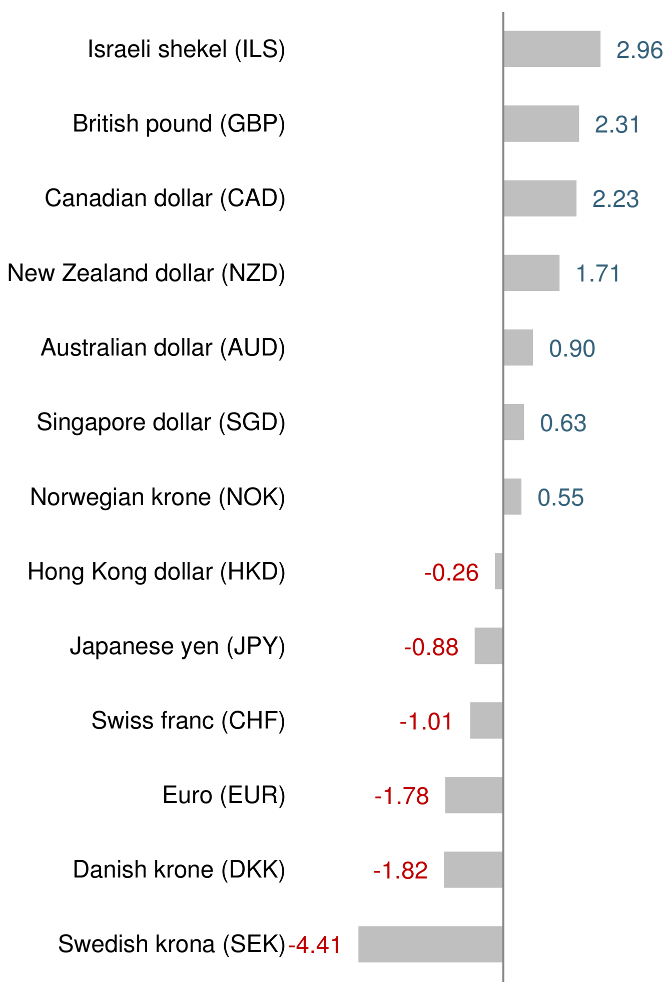
Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Country performance based on respective indices in the MSCI World ex US IMI Index (for developed markets), MSCI USA IMI Index (for US), and MSCI Emerging Markets IMI Index. All returns in USD and net of withholding tax on dividends. MSCI data © MSCI 2019, all rights reserved. UAE and Qatar have been reclassified as emerging markets by MSCI, effective May 2014.

Select Currency Performance vs. US Dollar

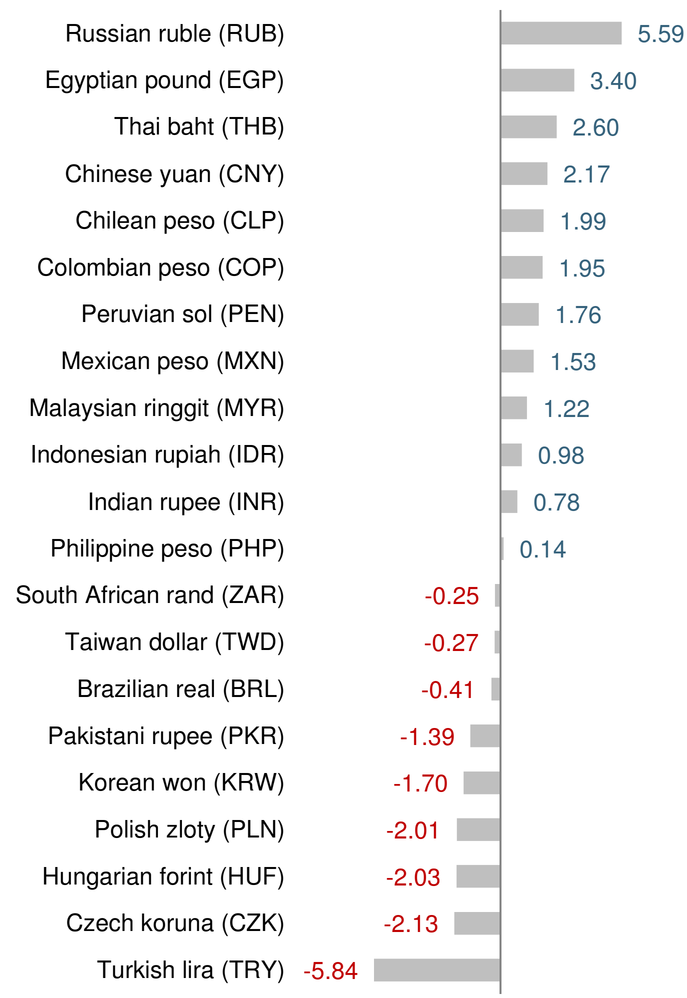
First Quarter 2019

Currencies were mixed against the US dollar in both developed and emerging markets.

Ranked Developed Markets Returns (%)



Ranked Emerging Markets Returns (%)



Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.

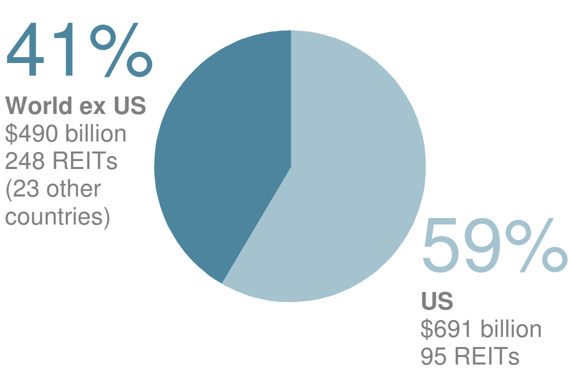
Real Estate Investment Trusts (REITs)

First Quarter 2019 Index Returns

US real estate investment trusts outperformed non-US REITs in US dollar terms.

Ranked Returns (%)

Total Value of REIT Stocks



Period Returns (%)

** Annualized*

Asset Class	1 Year	3 Years*	5 Years*	10 Years*
US REITS	19.73	5.29	8.93	18.50
Global ex US REITS	4.75	4.34	5.03	12.18

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market.

Commodities

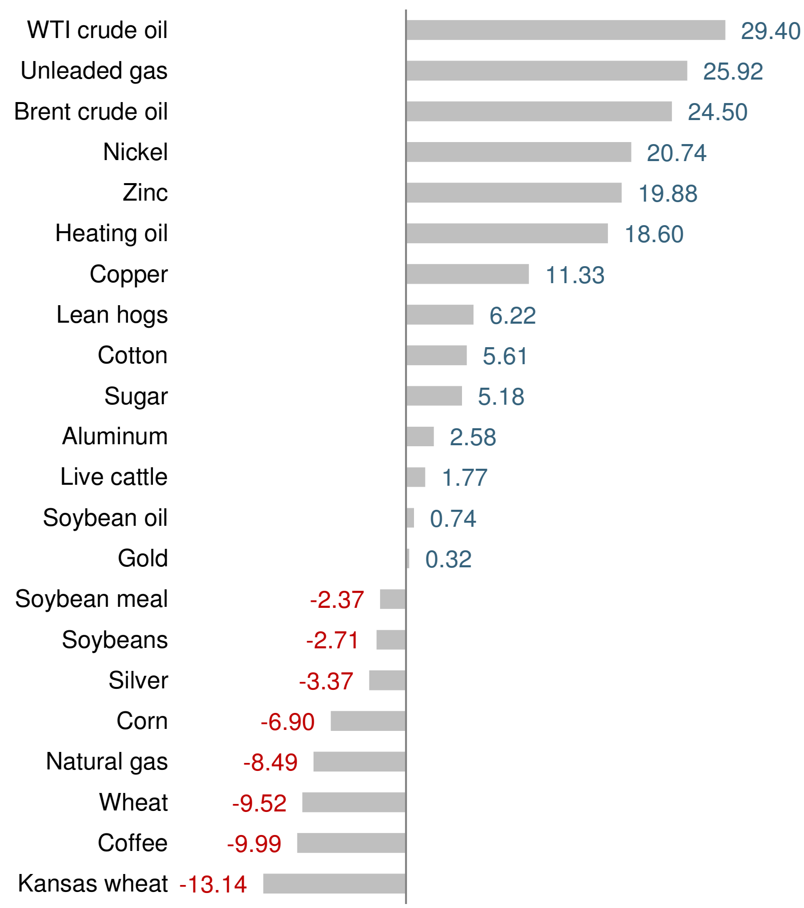
First Quarter 2019 Index Returns

The Bloomberg Commodity Index Total Return returned 6.32% for the first quarter of 2019.

The energy complex led quarterly performance. Crude oil gained 29.40%, and unleaded gas added 25.92%.

Grains was the worst-performing complex. Wheat (Kansas) and wheat (Chicago) declined by 13.14% and 9.52%, respectively.

Ranked Returns for Individual Commodities (%)



Period Returns (%)

** Annualized*

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Commodities	6.32	-5.25	2.22	-8.92	-2.56

Past performance is not a guarantee of future results. Index is not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Commodities returns represent the return of the Bloomberg Commodity Total Return Index. Individual commodities are sub-index values of the Bloomberg Commodity Total Return Index. Data provided by Bloomberg.

Fixed Income

First Quarter 2019 Index Returns

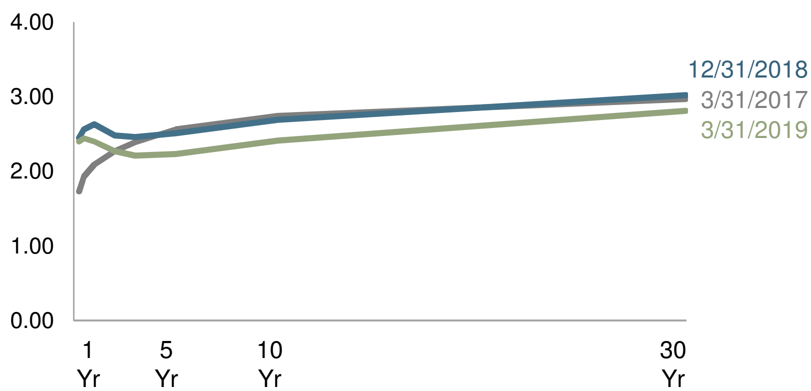
Interest rates decreased in the US Treasury fixed income market during the first quarter. The yield on the 5-year Treasury note declined 28 basis points (bps), ending at 2.23%. The yield on the 10-year Treasury note decreased 28 bps to 2.41%. The 30-year Treasury bond yield fell 21 bps to finish at 2.81%.

On the short end of the curve, the 1-month T-bill bill yield was relatively unchanged at 2.43%, while the 1-year T-bill yield dipped 23 bps to 2.40%. The 2-year Treasury note finished at 2.27% after a 21 bps decrease.

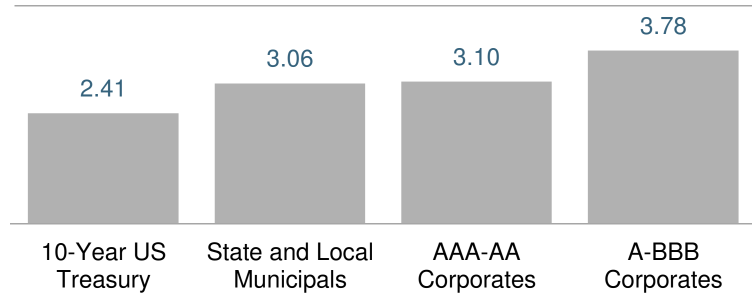
In terms of total returns, short-term corporate bonds gained 1.83%. Intermediate-term corporate bonds had a total return of 3.82%.

Total returns for short-term municipal bonds were 1.33%, while intermediate munis gained 2.78%. Revenue bonds outperformed general obligation bonds.

US Treasury Yield Curve (%)



Bond Yields across Issuers (%)



Period Returns (%)

* Annualized

Asset Class	QTR	1 Year	3 Years*	5 Years*	10 Years*
Bloomberg Barclays Municipal Bond Index	2.90	5.38	2.71	3.73	4.72
Bloomberg Barclays US Aggregate Bond Index	2.94	4.48	2.03	2.74	3.77
Bloomberg Barclays US Government Bond Index Long	4.64	6.20	1.54	5.43	5.19
Bloomberg Barclays US High Yield Corporate Bond Index	7.26	5.93	8.56	4.68	11.26
Bloomberg Barclays US TIPS Index	3.19	2.70	1.70	1.94	3.41
FTSE World Government Bond Index 1-5 Years	0.34	-2.04	0.40	-0.95	0.71
FTSE World Government Bond Index 1-5 Years (hedged to USD)	1.16	3.13	1.59	1.65	1.73
ICE BofAML 1-Year US Treasury Note Index	0.82	2.44	1.21	0.85	0.70
ICE BofAML US 3-Month Treasury Bill Index	0.60	2.12	1.19	0.74	0.43

One basis point equals 0.01%. **Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio.** Yield curve data from Federal Reserve. State and local bonds are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofAML US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofAML US Corporates, BBB-A rated. Bloomberg Barclays data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (SBBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefield). FTSE fixed income indices © 2019 FTSE Fixed Income LLC, all rights reserved. ICE BofAML index data © 2019 ICE Data Indices, LLC. S&P data © 2019 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Global Fixed Income

First Quarter 2019 Yield Curves

Interest rates in the global developed markets generally decreased during the quarter.

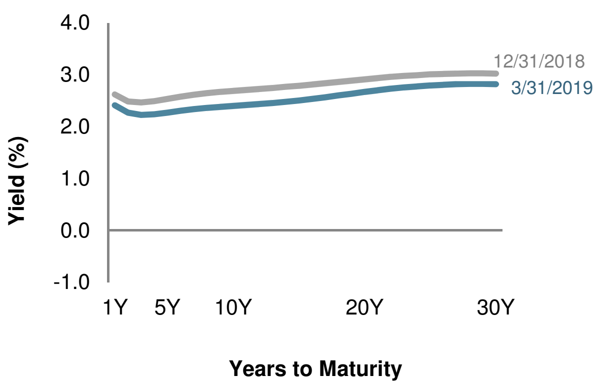
Longer-term bonds generally outperformed shorter-term bonds.

Nominal rates in Germany and Japan are negative out to approximately 10 years.

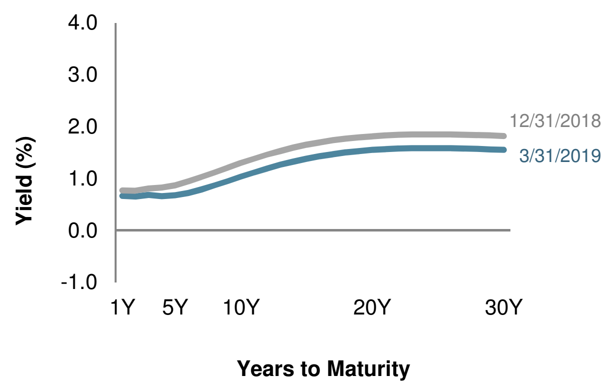
Changes in Yields (bps) since 9/30/2018

	1Y	5Y	10Y	20Y	30Y
US	-20.7	-26.5	-29.1	-24.5	-20.4
UK	-10.2	-19.5	-26.4	-26.4	-27.0
Germany	17.9	-17.9	-33.6	-31.0	-29.0
Japan	-3.4	-5.6	-9.5	-16.8	-21.5

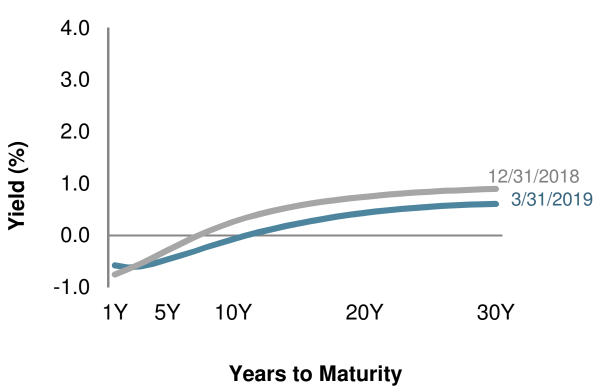
US



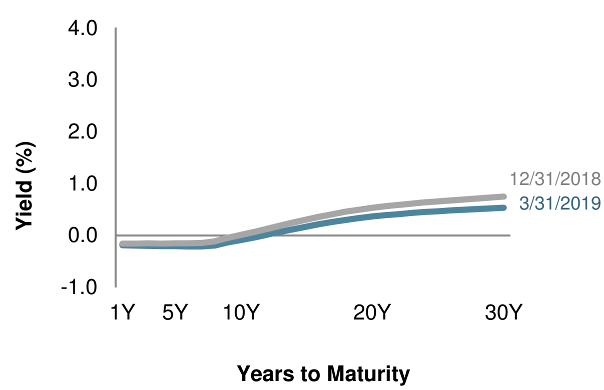
UK



Germany



Japan



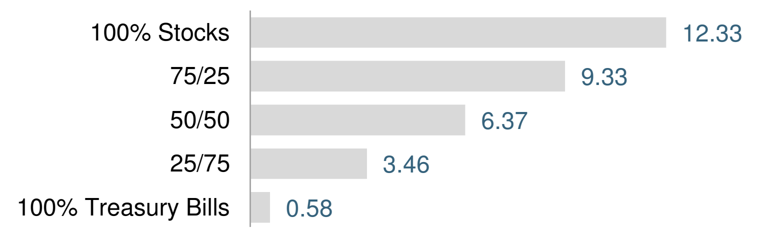
One basis point equals 0.01%. Source: ICE BofAML government yield. ICE BofAML index data © 2019 ICE Data Indices, LLC.

Impact of Diversification

First Quarter 2019 Index Returns

These portfolios illustrate the performance of different global stock/bond mixes and highlight the benefits of diversification. Mixes with larger allocations to stocks are considered riskier but have higher expected returns over time.

Ranked Returns (%)

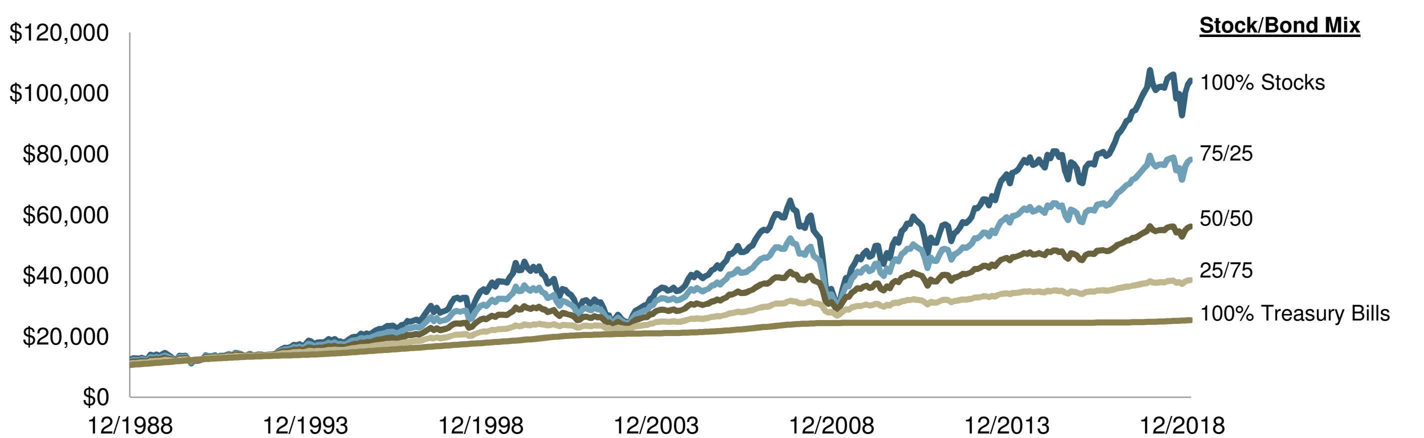


Period Returns (%)

** Annualized*

Asset Class	1 Year	3 Years*	5 Years*	10 Years*	10-Year STDEV[1]
100% Stocks	3.16	11.27	7.03	12.58	13.92
75/25	3.07	8.75	5.53	9.60	10.44
50/50	2.85	6.21	3.97	6.57	6.95
25/75	2.51	3.67	2.35	3.49	3.48
100% Treasury Bills	2.05	1.11	0.68	0.37	0.18

Growth of Wealth: The Relationship between Risk and Return



1. STDEV (standard deviation) is a measure of the variation or dispersion of a set of data points. Standard deviations are often used to quantify the historical return volatility of a security or portfolio.

Diversification does not eliminate the risk of market loss. **Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect expenses associated with the management of an actual portfolio.** Asset allocations and the hypothetical index portfolio returns are for illustrative purposes only and do not represent actual performance. Global Stocks represented by MSCI All Country World Index (gross div.) and Treasury Bills represented by US One-Month Treasury Bills. Globally diversified allocations rebalanced monthly, no withdrawals. Data © MSCI 2019, all rights reserved. Treasury bills © Stocks, Bonds, Bills, and Inflation Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefield).

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An index is a portfolio of specific securities, the performance of which is often used as a benchmark in judging the relative performance of certain asset classes. An investor cannot invest directly in an index. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown.

ADV Part 2
A copy of WealthStone's ADV Part 2A and 2B is always available upon request. This document is a detailed filing with the SEC that outlines our entire asset management operation.