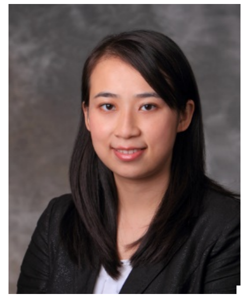
Alex Seleznev, MBA, CFP®, CFA



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May Barnhard Investments, LLC is the investment advisory affiliate of Councilor, Buchanan & Mitchell, P.C.

May Barnhard Investments (MBI) 2019 Q1 Quarterly Commentary

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"The key to making money in stocks is to not get scared out of them."
- *Peter Lynch*

We hope all is well with you and your family and that you are enjoying Spring! The first quarter of 2019 turned out to be positive for most asset classes, domestic and international. Most of the diversified portfolios on our investment platform have fully recovered from the market sell off that was experienced in the market the last quarter of 2018. This is one of the main benefits of our disciplined approach to asset allocation and systematic portfolio rebalancing, to take advantage of the market movements, both positive and negative.

The U.S. stocks market was up +14% for the quarter. Domestic mid-cap growth equities were the best performing sub-asset class with a return of +21%. More mature and dividend oriented domestic stocks in the "value" style increased +11% while their growth-oriented counterparts returned +18% for the quarter. We pay attention to the performance of different equity styles as their performance tends to be different in various economic environments. To

The tables below summarize the performance of the domestic asset classes for this quarter and the 12-month period.

3 Month Return % as of 3-31-2019

	Value	Core	Growth	
Large Cap	10.32%	12.87%	15.76%	13.18%
Mid Cap	12.73%	16.72%	21.03%	16.93%
Small Cap	12.48%	14.71%	19.43%	15.50%
	10.93%	13.82%	17.67%	14.09% US Market

12 Month Return % as of 3-31-2019

	Value	Core	Growth	
Large Cap	7.17%	6.81%	13.51%	10.02%
Mid Cap	2.40%	5.80%	13.39%	7.28%
Small Cap	-1.08%	1.93%	8.94%	3.14%
	5.73%	6.63%	14.02%	9.00% US Market

Source: www.Morningstar.com

Most developed and emerging markets also recovered from their losses in the 4th quarter of 2018. Developed international stocks were up +11% for the quarter as measured by the MSCI EAFE index. Emerging market stocks, as computed by the FTSE index, increased in value by close to +13% over the same time period. Stocks of Chinese companies, fueled by mostly positive expectations from trade negotiations, were up approximately +27% in the first quarter of the year. Our outlook on emerging markets remains positive given lower valuations when compared to the U.S. and European companies. We realize that the higher levels of market volatility will likely persist in those markets and proceed with caution.

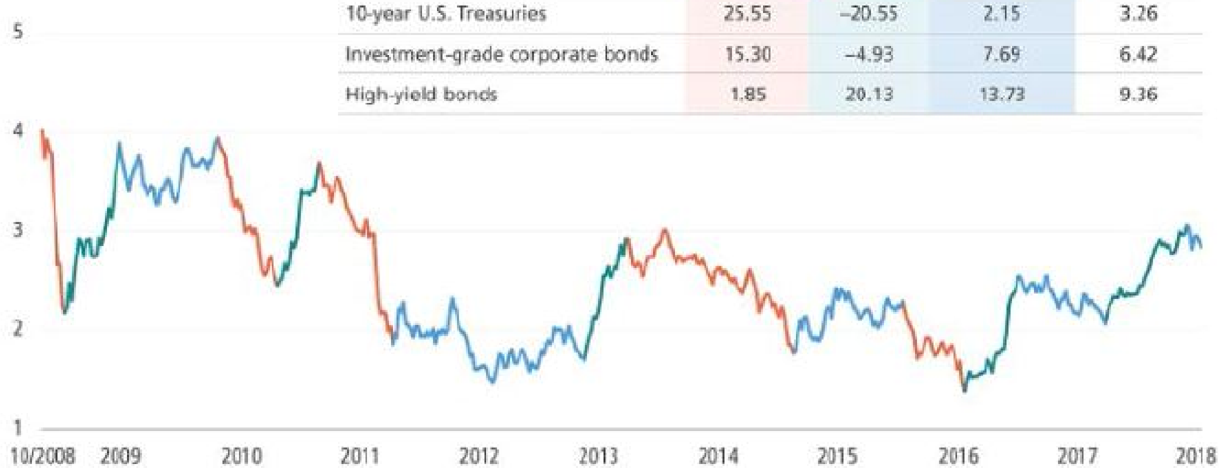
The U.S. bond market, as measured by the Barclays U.S. Aggregate bond index, was up close to +2.5% for the quarter. This is certainly a positive update for those who require significant allocations to fixed income for projected cash needs. As you may recall, the return on the U.S. bond market was flat last year (after the adjustment for income payments).

The Fed's decision to keep interest rates unchanged was one of the main events for financial markets this quarter. The target range for the federal funds rate was kept at 2.25% to 2.50% at the March meeting. In the beginning of the quarter, many market participants were expecting at least one additional rate hike this year. This is no longer the case and some economists are even considering the possibility of a potential rate cut depending on the direction of the economy. We carefully analyze the direction of interest rates as these moves, in conjunction with anticipation of the future moves by the market participants, tend to have short and intermediate-term impacts on the economy and financial markets.

We consider the fixed income or bond allocation as a "buffer" in most of our managed portfolios. As part of our ongoing research to identify more optimal investment strategies in each economic environment, we would likely adjust bond allocations this quarter. Our goal would be to include strategies with slightly longer maturities, between 3 to 4 years in order to take advantage of higher yields. The liquidity of these investments would remain mostly the same and, as always, we would consider the circumstances of each client before making any changes.

The chart below summarized the performance of the major bond categories in different interest rate environments.

Average annual total returns	Falling rates	Rising rates	Sideways rates	Entire period
10-year U.S. Treasuries	25.55	–20.55	2.15	3.26
Investment-grade corporate bonds	15.30	–4.93	7.69	6.42
High-yield bonds	1.85	20.13	13.73	9.36



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The U.S. GDP growth is expected to remain in the 2% to 2.5% range in 2019. This expected rate is below what we experienced in 2018, 2.9%. The current growth rate is similar to the expansion rate in 2017, 2.2%. Inflation rates, as published by the Bureau of Labor Statistics, remained below 2% in the first two months of 2019 which is lower than the 2.4% rate for the full calendar year 2018. The U.S. unemployment rate decreased to 3.8% in February from 4.0% in the previous month. According to FactSet, most industries are expected to see increased earnings in 2019. These earnings, however, are not expected to increase at the same rates as in 2018. These indicators are consistent with the late expansion stage of the business cycle.

Source: www.factset.com

Given these statistics and the fact that we have already experienced a significant market decline in the previous quarter, we expect 2019 to be a modestly positive year for financial markets. Depending on the direction of the market, we may consider partially re-balancing our managed portfolios ahead of our semi-annual cycle.

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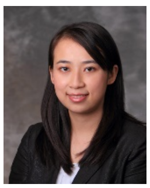
As always, we encourage you to reach out to us if you have any questions or would like to discuss your personal financial plan or investment strategy.

Thank you and enjoy the Spring!

Aleksandr S. Seleznev, MBA, CFP®, CFA
Mr. Seleznev is a founding member of May Barnhard Investments, LLC (MBI) and the Chief Operating Officer and Senior Investment Advisor. Mr. Seleznev directs the identification, development and implementation of strategies to enhance the investment performance and processes of the firm.



Jenny Wang, CFP®, CFA
Ms. Wang is an Investment Analyst specializing in securities research and comprehensive financial planning services. Her areas of expertise include analysis of individual stocks, mutual funds and exchange-traded funds (ETF).

Debora E. May, CPA, CFP®, CDFA™
Ms. May is a founding member of May Barnhard Investments, (MBI) and the Chief Investment Officer. Ms. May has over 25 years of experience providing comprehensive financial planning and over 20 years providing investment advisory services.