May Barnhard Investments, LLC
Wealth Management

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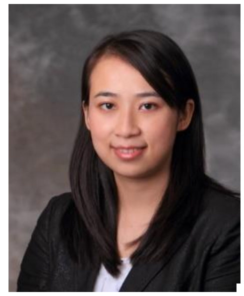
Senior Investment Advisor/COO



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

May Barnhard Investments (MBI) 2019 Q2 Quarterly Commentary

We hope all is well with you and your family and that you are enjoying summer! Our market commentary is summarized below (we also attached in Adobe Acrobat format for your convenience). Please do not hesitate to contact us if you have any questions.

The second quarter of 2019, as well as the first six months of the year, turned out to be unusually volatile and particularly profitable for those who were willing to tolerate the "noise" and stick with the plan. U.S. equities returned +4.20% for the quarter, with mid-cap stocks in the lead with a quarterly return of +4.35%.

The table below summarizes the performance of various domestic equity categories over the past 3- and 12-month periods. *(Image Source: Morningstar)*

3 Month Return % as of 6-30-2019

	Value	Core	Growth	
Large Cap	3.10%	4.23%	5.05%	4.33%
Mid Cap	2.03%	3.64%	7.06%	4.35%
Small Cap	0.22%	3.63%	2.47%	2.21%
	2.70%	4.06%	5.16%	4.20% US Market

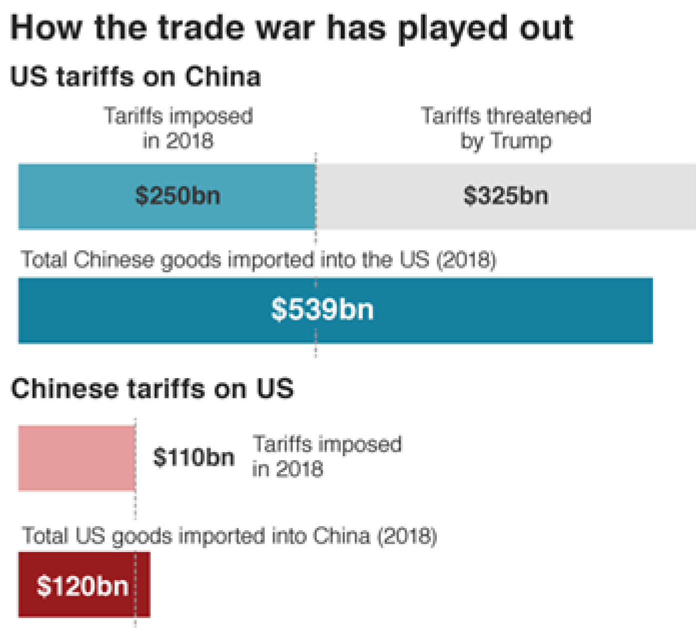
12 Month Return % as of 6-30-2019

	Value	Core	Growth	
Large Cap	9.98%	10.14%	11.43%	10.82%
Mid Cap	1.87%	7.90%	15.64%	8.56%
Small Cap	-7.22%	-0.61%	3.47%	-1.50%
	7.15%	9.10%	11.32%	9.51% US Market

Developed international equities were mostly "in-sync" with domestic equities and returned +3.75% for the quarter as measured by the MSCI EAFE index. Emerging markets were only slightly up in the same period, +0.95%, after a robust return of +11.35% in the first three months of the year (FTSE Emerging Index).

We are finally seeing meaningful returns in the fixed income sector. We consider allocations to bonds as a buffer in most of the portfolios we manage. This portion normally needs to be liquid and readily available for current or future cash distributions. We are pleased to see bond returns of +3.07% for the quarter (+6.10% year-to-date) as measured by the Barclays U.S. Aggregate Bond Index.

The potential effects of additional tariffs and continuations of the trade war with China have captured most of the investment news headlines. Much of the market volatility in the middle of the quarter can be attributed to the President's comments on imposing tariffs on an additional $325 billion of Chinese goods. The U.S. has already imposed duties of up to 25% on close to $250 billion of products coming from China. Market participants were eagerly anticipating the discussions at the G-20 conference at the end of June which, thankfully, resulted in an agreement to resume trade talks. We note this truce had been heavily expected by the investors as the markets around the world kept going up in the week before the G-20 meeting. This reminds us about the efficiency and speed with which any relevant updates are absorbed by the markets. The chart below summarizes the status of the trade negotiations between the U.S. and China.



Source: U.S. Census Bureau, BBC Research

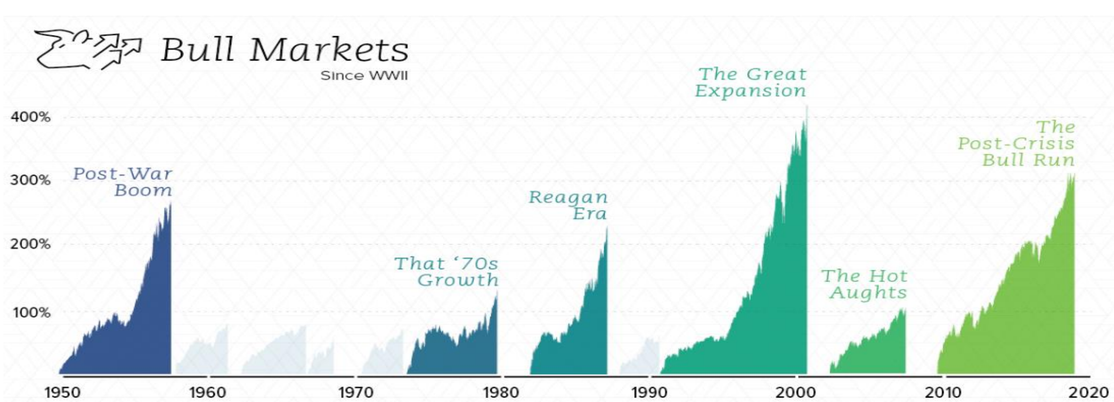
The Federal Reserve's economic outlook and potential interest rate decisions are observed and analyzed by investors with the same intensity as any updates on the trade negotiations. Over the past six months, the expectations of potential rate hikes have been fully replaced by the expectations of rate cuts. The markets are anticipating two potential rate cuts this year: the first, with near certainty, in July or September and an additional rate decrease in the later months of the year. There is also a potential for a rate cut in the beginning of 2020 if the Fed perceives that the economy is slowing down. The current benchmark rate remains at 2.25% to 2.50%.

In line with the interest rate cut expectations, we have reduced or eliminated our allocations to short-term certificates of deposit (CDs) in many of our managed portfolios. These types of liquid investments were appealing in years 2017 and 2018 as interest rates rose and expectations of additional rate increases were in place. We will continue to use CDs in some client portfolios for liquidity purposes. Overall, we believe that short- and short-intermediate term corporate bonds are more attractive in this economic and interest rate environment.

The U.S. GDP grew by 3.1% in the first quarter of 2019 and is expected to remain in the 2% to 2.5% range in 2019 as we mentioned in our previous commentary. This is significantly higher than the growth rates of the two major European economies, France and Germany. According to TradingEconomics.com, the economies of France and Germany have expanded at 0.3% and 0.4% in the first quarter of 2019, respectively. The annual GDP growth for these two countries is expected to remain at approximately 1%. Year-over-year inflation rate, as published by the Bureau of Labor Statistics, was at 1.8% as of May 2019. This is lower than the 2.4% rate for the full calendar year 2018. The U.S. unemployment rate is currently at 3.7% which is in the lower of the range of already reported monthly figures in 2019, between 3.6% and 4.0%.

We officially entered the 11th year of market expansion earlier this year, commonly referred to as the "bull" market. The bottom of the last "bear" market was reached on March 9th, 2009. Even though most of the economic indicators remain positive and, as the common adage states, "bull markets do not die of old age", we continue to remind ourselves and our clients of the importance of a disciplined approach to asset allocation. As many of you already know, we believe a cash-flow based approach is the most objective way of defining each specific investment strategy. This may be a perfect opportunity to take some capital gains "off the table" and re-position our portfolios.

Source: www.visualcapitalist.com



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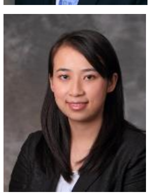
As you may already know, we fully re-balance most of the managed portfolios every January and July (in addition to any "tactic" and year-end adjustments such as tax loss harvesting). Given the market performance results, we expect to reduce allocation to equities in most of our managed portfolios in order to bring the overall allocation closer to the targets per each client's investment policy. This gives us an opportunity to increase the allocation to fixed income investments that may be used for ongoing or future cash needs and potentially re-deployed back into equities when we experience another market correction.

As always, feel free to reach out to us and we will gladly assist you.

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.