

VIEWPOINT: MARKET BOTTOM IN PLACE, EASY MONEY FOR 2019 HAS BEEN MADE

On December 26th Luxon Global published a viewpoint illustrating the extreme degree of fear in equities markets, and correctly forecast a significant rally following December's sell off. Our sentiment indicators, which work most efficiently at extremes, were indicating a massively oversold market at that point. Since that viewpoint was published, equities have rallied +21.23% as measured by the S&P 500, and 16.86% as measured by the MSCI All Country World Index. A lot of easy money is made from market bottoms. Following the first quarter of 2019, sentiment indicators are no longer anywhere near extremes, and corporate earnings comparisons are going to be a bit tough over the next few quarters. Consequently, equity prices can grind higher from here, but we may have seen the bulk of gains for 2019. At the same time, over the first quarter, volatility has plunged.

Going forward, Luxon Global has a positive, but muted outlook for the remainder of 2019. As markets have moved away from the December bottom (in terms of both time and distance), it is increasingly unlikely that we will re-visit that low. Volatility will return to the market, consequently, risk-averse investors should consider properly structured bond allocations and hedged equity strategies as part of a diversified portfolio. International equities and bonds, both of which have been sources of frustration for Luxon Global since 2017, continue to offer attractive value. A likely catalyst for those securities to move higher in dollar terms would be a Federal Reserve pause in rate hikes or possible easing of rates later this year.

The death of bonds, widely subscribed to in late 2018, has proven to be a myth. While equity returns will always play the larger role in the return profile of a diversified portfolio, bonds can offer significant comfort in terms of risk aversion. Since the peak of the stock market, September 21, 2018, through the end of the recently concluded first quarter, 2019, Luxon Global bonds have returned 3.23%. Meanwhile, the S&P 500 lost 2.25% during that same time period.

2019 Q1 PERFORMANCE RECAP:

EQUITIES

Luxon Global Equities finished ahead of their primary benchmark for the quarter, driven primarily by significant allocations to mid and small cap equities. US stocks outperformed international stocks again this quarter, as the largest tech stocks in the S&P roared back from the previous quarter.

FIXED INCOME

Luxon Global All Bond returns (+2.74%) outperformed the Barclay's Global Aggregate (+2.20%) on the quarter. Our international bonds, which underperformed last quarter, rallied to substantial gains this quarter. This outperformance happened despite the All Bond portfolio holding roughly half the duration of its primary benchmark (3.7 years vs. 7.0).

HEDGED EQUITY

The Luxon Global Hedged Equity Portfolio outperformed it's benchmark, the Wilshire Focused Liquid Alternative Index, by +0.72% for the quarter. Our hedged equity option positions participated in market upside while our significant holdings in ultra-short term bonds and cash equivalents provided ballast to the portfolio during market volatility.



PORTFOLIO CHANGES DURING Q1 2019

- We introduced the John Hancock Disciplined Alternative Yield fund into the Hedged Equity Portfolio in January. This fund uses a unique deep-in-the-money call writing strategy. This position compliments the other Luxon Global options-based hedging strategies in the portfolio.

ECONOMIC UPDATE

- Both stock and bond markets rallied significantly in the first quarter of 2019, providing relief for investors in a broad spectrum of asset classes.
- The yield curve continued to face downward pressure, particularly in the middle of the curve. It is now in an unusual "U" shape with very short and long end rates higher than intermediate term rates. This was very positive for most bond investments. When long rates (such as 30 Yr) become lower than short term rates (such as 3 mo), it is known as an inverted yield curve and can be a signal predicting a recession. This subject has been in the news frequently in the first quarter. While the current curve demands watchfulness, it is not yet significantly inverted nor flashing clear warning signs.

Date	1 Mo	3 Mo	6 Mo	1 Yr	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	20 Yr	30 Yr
12/31/2018	2.44	2.45	2.56	2.63	2.48	2.46	2.51	2.59	2.69	2.87	3.02
3/29/2019	2.43	2.40	2.44	2.40	2.27	2.21	2.23	2.31	2.41	2.63	2.81

- Global growth continued to face the headwinds of uncertain US-Chinese trade negotiations and Brexit.
- Q4 US GDP growth was revised down to +2.2%, but stock markets were sanguine in the face of this news, implying a lower GDP number had already been priced into stock valuations.



PORTFOLIO RETURNS		QTD	YTD	1 YEAR	3 YEAR	INCEPTION	INCEPTION DATE
ALL EQUITY	Luxon Global All Equity	12.52%	12.52%	1.11%	10.54%	7.61%	12/31/2014
	Luxon Global All Equity net 0.25%	12.45%	12.45%	0.85%	10.26%	7.35%	12/31/2014
	100% MSCI ACWI	12.18%	12.18%	2.60%	10.68%	6.88%	12/31/2014
	Luxon Global All Equity Blended Benchmark	12.54%	12.54%	4.19%	11.22%	7.65%	12/31/2014
80/20	Luxon Global 80-20	10.52%	10.52%	1.59%	9.24%	6.78%	12/31/2014
	Luxon Global 80-20 net 0.25%	10.46%	10.46%	1.34%	8.96%	6.52%	12/31/2014
	80% MSCI ACWI 20% BC Global Agg	10.18%	10.18%	2.28%	8.93%	5.96%	12/31/2014
	Luxon Global 80-20 Blended Benchmark	10.61%	10.61%	4.57%	9.58%	6.76%	12/31/2014
70/30	Luxon Global 70-30	9.49%	9.49%	1.56%	8.54%	6.35%	12/31/2014
	Luxon Global 70-30 net 0.25%	9.42%	9.42%	1.31%	8.27%	6.09%	12/31/2014
	70% MSCI ACWI 30% BC Global Agg	9.18%	9.18%	2.07%	8.03%	5.47%	12/31/2014
	Luxon Global 70-30 Blended Benchmark	9.52%	9.52%	4.33%	8.64%	6.26%	12/31/2014
60/40	Luxon Global 60-40	8.43%	8.43%	1.34%	7.70%	5.82%	12/31/2014
	Luxon Global 60-40 net 0.25%	8.36%	8.36%	1.09%	7.43%	5.55%	12/31/2014
	60% MSCI ACWI 40% BC Global Agg	8.19%	8.19%	1.82%	7.12%	4.97%	12/31/2014
	Luxon Global 60-40 Blended Benchmark	8.48%	8.48%	4.29%	7.74%	5.75%	12/31/2014
50/50	Luxon Global 50-50	7.37%	7.37%	1.32%	6.91%	5.36%	12/31/2014
	Luxon Global 50-50 net 0.25%	7.31%	7.31%	1.07%	6.65%	5.10%	12/31/2014
	50% MSCI ACWI 50% BC Global Agg	7.19%	7.19%	1.53%	6.21%	4.45%	12/31/2014
	Luxon Global 50-50 Blended Benchmark	7.45%	7.45%	4.13%	6.78%	5.17%	12/31/2014
30/70	Luxon Global 30-70	5.31%	5.31%	1.14%	5.17%	4.25%	12/31/2014
	Luxon Global 30-70 net 0.25%	5.24%	5.24%	0.89%	4.91%	3.99%	12/31/2014
	30% MSCI ACWI 70% BC Global Agg	5.19%	5.19%	0.87%	4.35%	3.37%	12/31/2014
	Luxon Global 30-70 Blended Benchmark	5.34%	5.34%	3.71%	4.86%	4.02%	12/31/2014
ALL BOND	Luxon Global All Bond	2.74%	2.74%	1.05%	3.03%	2.61%	12/31/2014
	Luxon Global All Bond net 0.25%	2.68%	2.68%	0.80%	2.77%	2.35%	12/31/2014
	100% BC Global Agg	2.20%	2.20%	-0.38%	1.49%	1.65%	12/31/2014
	Luxon Global All Bond Blended Benchmark	2.09%	2.09%	2.33%	1.71%	2.02%	12/31/2014
HEDGED EQUITY	Luxon Global Hedged Equity	3.78%	3.78%	-1.77%	-	1.41%	5/31/2017
	Luxon Global Hedged Equity net 0.25%	3.71%	3.71%	-2.01%	-	1.16%	5/31/2017
	Wilshire Focused Lqd Alt	3.07%	3.07%	0.77%	-	1.65%	5/31/2017
70/00 /30	Luxon Global Equity Alt	9.74%	9.74%	0.46%	-	-2.94%	1/31/2018
	Luxon Global Equity Alt net 0.25%	9.67%	9.67%	0.21%	-	-3.18%	1/31/2018
	70%ACWI 0%Global Agg 30%Wil Fcsd Alt	9.44%	9.44%	2.25%	-	-2.52%	1/31/2018
	Luxon Global 70-0-30 Blended Benchmark	9.65%	9.65%	3.17%	-	-1.75%	1/31/2018
60/20 /20	Luxon Global Multi-Asset	8.94%	8.94%	0.44%	-	-2.70%	1/31/2018
	Luxon Global Multi-Asset net 0.25%	8.87%	8.87%	0.19%	-	-2.94%	1/31/2018
	60%ACWI 20%GlobalAgg 20%Wil Fcsd Alt	8.36%	8.36%	1.96%	-	-1.98%	1/31/2018
	Luxon Global 60-20-20 Blended Benchmark	8.51%	8.51%	3.23%	-	-0.92%	1/31/2018

Past performance is not indicative of future results. See disclosure for relevant Benchmark information. Returns are annualized for periods of 1 year or greater.

PORTFOLIO WEIGHTS

		ALL EQUITY	80/20	70-30	60-40	50-50	30-70	ALL BOND	HEDGED EQUITY	60-20-20	70-00-30
TICKER	EQUITY FUND NAME	%	%	%	%	%	%	%	%	%	%
AUEIX	AQR LARGE CAP DEFENSIVE STYLE I	4	4	3	3	3	3	0	0	3	3
APHKX	ARTISAN INTERNATIONAL VALUE INSTL	6	5	4	4	3	3	0	0	4	4
DODFX	DODGE & COX INTERNATIONAL STOCK	6	4	4	3	3	0	0	0	3	4
JVLIX	JHANCOCK DISCIPLINED VALUE I	7	6	5	5	4	3	0	0	5	5
JVMIX	JHANCOCK DISCIPLINED VALUE MID CAP I	6	3	0	0	0	3	0	0	0	0
GICIX	GOLDMAN SACHS INTL SM CP INSGHTS INSTL	5	4	4	3	3	3	0	0	3	4
GOGIX	JHANCOCK INTERNATIONAL GROWTH I	10	7	7	6	5	0	0	0	6	7
VSEIX	JPMORGAN SMALL CAP EQUITY I	5	4	3	3	4	0	0	0	3	3
JMUEX	JPMORGAN US EQUITY L	6	6	6	4	4	3	0	0	4	6
POGRX	PRIMECAP ODYSSEY GROWTH	7	6	5	5	4	3	0	0	5	5
PCBIX	PRINCIPAL MIDCAP INSTITUTIONAL	3	3	3	4	3	0	0	0	4	3
RPTIX	T. ROWE PRICE MID-CAP GROWTH I	3	3	3	0	0	0	0	0	0	3
TQAIX	T. ROWE PRICE QM US SMALL-CAP GR EQ I	4	3	3	3	0	0	0	0	3	3
VEU	VANGUARD FTSE ALL-WLD EX-US ETF	9	7	7	6	3	3	0	0	6	7
VUG	VANGUARD GROWTH ETF	7	6	5	4	4	3	0	0	4	5
VOE	VANGUARD MID-CAP VALUE ETF	3	3	3	3	3	0	0	0	3	3
VTV	VANGUARD VALUE ETF	7	6	5	4	4	3	0	0	4	5
EQUITY SUBTOTAL %		98	80	70	60	50	30	0	0	60	70
TICKER	BOND FUND NAME	%	%	%	%	%	%	%	%	%	%
CASH	BBGBARC US TREASURY BILL 1-3 MON TR USD	2	2	2	2	2	2	2	2	2	2
DBLFX	DOUBLELINE CORE FIXED INCOME I	0	3	4	5	6	10	14	0	4	0
DIBRX	DREYFUS INTERNATIONAL BOND I	0	3	3	5	6	8	9	0	3	0
ICSH	ISHARES ULTRA SHORT-TERM BOND ETF	0	3	2	4	5	6	9	14	2	4
FPNIX	FPA NEW INCOME	0	0	3	3	4	5	8	0	0	0
OIBIX	OPPENHEIMER INTERNATIONAL BOND I	0	3	4	5	7	10	17	0	3	0
OUSIX	OPPENHEIMER LIMITED TERM BOND I	0	0	3	3	4	6	10	0	0	0
PIMIX	PIMCO INCOME INSTL	0	3	3	5	6	8	10	0	3	0
BIV	VANGUARD INTERM-TERM BOND ETF	0	3	3	3	4	7	11	0	0	0
WACPX	WESTERN ASSET CORE PLUS BOND I	0	0	3	5	6	8	10	0	3	0
BOND SUBTOTAL %		2	20	30	40	50	70	100	16	20	6
TICKER	HEDGED EQUITY FUND NAME	%	%	%	%	%	%	%	%	%	%
BPIRX	BOSTON PARTNERS LONG/SHORT RSRCH INST	0	0	0	0	0	0	0	0	0	0
EIGMX	EATON VANCE GLBL MACR ABSOLUTE RETURN	0	0	0	0	0	0	0	11	4	7
GTEYX	GATEWAY Y	0	0	0	0	0	0	0	17	0	0
GLSOX	GLENMEDE SECURED OPTIONS INSTITUTIONAL	0	0	0	0	0	0	0	22	6	6
JTRIX	JHANCOCK DISCIPLINED ALT YIELD I	0	0	0	0	0	0	0	12	4	5
JHEQX	JPMORGAN HEDGED EQUITY I	0	0	0	0	0	0	0	22	6	6
HEDGED EQUITY SUBTOTAL %		0	0	0	0	0	0	0	84	20	24
GRAND TOTAL %		100	100	100	100	100	100	100	100	100	100



DISCLOSURES

If applicable, the net expense ratio has been applied to the calculation of the average weighted expense ratio.

Indexes are unmanaged and used for illustrative purposes only and are not intended to be indicative of any fund or the managed model's performance. It is not possible to invest directly in an index.

Luxon Global Models are proprietary products of Luxon Asset Management, LLC, Luxon Asset Management is a subsidiary of Luxon Financial Holdings, LLC.

The below Models included in this document have been independently verified by ACA Performance Services, LLC for the period of 1/1/15 - 12/31/17. Independent Performance Certification Reports for each Model are available upon request by contacting info@luxonglobal.com. Performance shown after 12/31/17, though believed to be accurate, have not been independently verified. Luxon plans to have ongoing performance audits completed on these models annually.

Luxon Global All Bond Model: The Luxon Global All Bond Model seeks to conserve capital while generating income. The Model's target allocations provide investors with a 100% allocation to fixed income investments. The Long-Term Benchmark is the Barclays Global Aggregate Bond Index. The Variable Blended Benchmark (the Blended Benchmark) is shown as additional information. As of 1/1/2019, the Blended Benchmark had the following weights: 25% Barclays Global Aggregate ex USD Bond Index, and 75% Barclays USA Intermediate Aggregate Bond Index, rebalanced quarterly.

Luxon Global 30/70 Model: The Luxon Global 30/70 Model seeks to generate income while maintaining some modest growth in invested capital. The Model's target allocations provide investors with a 30% allocation to equities and 70% allocation to fixed income investments. The Long-Term Benchmark is a blended benchmark of 30% MSCI ACWI (Net) Index, and 70% Barclays Global Aggregate Bond Index, blended quarterly. The Variable Blended Benchmark (the Blended Benchmark) is shown as additional information. As of 1/1/2019 it had the following weightings: 7% MSCI AWCI ex USA (Net) Index, 23% MSCI USA Index, 19% Barclays Global Aggregate ex USD Bond Index, and 51% Barclays USA Intermediate Aggregate Bond Index, rebalanced quarterly.

The Luxon Global 50/50 Model seeks to grow invested capital. The Model's target allocations provide investors with an 50% allocation to equities and 50% allocation to fixed income investments. The Long-Term Benchmark is a blended benchmark of 50% MSCI ACWI (Net) Index, and 50% Barclays Global Aggregate Bond Index, blended quarterly. The Variable Blended Benchmark (the Blended Benchmark) is shown as additional information. As of 1/1/19, the Blended Benchmark had the following weightings: 13% MSCI AWCI ex USA (Net) Index, 37% MSCI USA Index, 15% Barclays Global Aggregate ex USD Bond Index, and 35% Barclays USA Intermediate Aggregate Bond Index, rebalanced quarterly.

Luxon Global 60/40 Model: The Luxon Global 60/40 Model seeks to grow invested capital. The Model's target allocations provide investors with an 60% allocation to equities and 40% allocation to fixed income investments. The Long-Term Benchmark is a blended benchmark of 60% MSCI ACWI (Net) Index, and 40% Barclays Global Aggregate Bond Index, blended quarterly. The Variable Blended Benchmark (the Blended Benchmark) is shown as additional information. As of 1/1/19 the Blended Benchmark had the following weightings: 17% MSCI AWCI ex USA (Net) Index, 43% MSCI USA Index, 12% Barclays Global Aggregate ex USD Bond Index, and 28% Barclays USA Intermediate Aggregate Bond Index, rebalanced quarterly.

Luxon Global 70/30 Model: The Luxon Global 70/30 Model seeks to grow invested capital. The Model's target allocations provide investors with a 70% allocation to equities and 30% allocation to fixed income investments. The Long-Term Benchmark a blended benchmark of 70% MSCI ACWI (Net) Index, and 30% Barclays Global Aggregate Bond Index, blended quarterly. The Variable Blended Benchmark (the Blended Benchmark) is shown as additional information. As of 1/1/2019, the Blended Benchmark had the following weightings 21% MSCI AWCI ex USA (Net) Index, 49% MSCI USA Index, 9% Barclays Global Aggregate ex USD Bond Index, and 21% Barclays USA Intermediate Aggregate Bond Index, rebalanced quarterly.

Luxon Global 80/20 Model: The Luxon Global 80/20 Model seeks to grow invested capital. The Model's target allocations provide investors with an 80% allocation to equities and 20% allocation to fixed income investments. The Long-Term Benchmark is a blended benchmark of 80% MSCI ACWI (Net) Index, and 20% Barclays Global Aggregate Bond Index, blended quarterly. The Variable Blended Benchmark (the Blended Benchmark) is shown as additional information. The Blended Benchmark had the following weights as of 1/1/2019: 23% MSCI AWCI ex USA (Net) Index, 57% MSCI USA Index, 7% Barclays Global Aggregate ex USD Bond Index, and 13% Barclays USA Intermediate Aggregate Bond Index, rebalanced quarterly.

Luxon Global All Equity Model: The Luxon Global All Equity Model seeks to grow invested capital. The Model's target allocations provide investors with a 100% allocation to equities. The Long-Term Benchmark is the MSCI ACWI (Net) Index. The Variable Blended Benchmark (the Blended Benchmark) is shown as additional information. The Blended Benchmark had the following blend as of 1/1/2019: 35% MSCI AWCI ex USA (Net) Index, 65% MSCI USA Index, rebalanced quarterly.

DISCLOSURES

Luxon Global Hedged Equity Model performance has been independently audited by ACA Performance Services, LLC for a period of 5/1/17 - 12/31/17. Independent Performance Certification Reports for each Model are available upon request by contacting info@luxonglobal.com.

Luxon Global Hedged Equity Model: The Luxon Global Alternatives Model is designed to complement traditional equity/bond allocations. The Model invests only in daily liquid 40 act funds - currently mutual funds or ETFs. For comparison purposes, the Model is measured against the Wilshire Focused Liquid Alternative Index. The Wilshire Focused Liquid Alternative Index is shown as additional information.

The performance for the below models have not yet been independently verified by a third party.

Luxon Global 60/20/20 Model (The Multi-Asset Model): The Luxon Global 60/20/20 model is designed to complement traditional equity/bond allocations. The Model invests only in daily liquid 40 act funds - currently mutual funds or ETFs. The Variable Blended Benchmark (the Blended Benchmark) is shown as additional information. As of 1/1/2019 the Blended Benchmark had the following weights: 6% BBgBarc Gbl Agg Ex USD TR USD, 14% BBgBarc US Agg Interm TR USD, 22% MSCI ACWI Ex USA NR USD, 38% MSCI USA NR USD, 20% Wilshire Focused Lqd Alternative TR USD.

Luxon Global 70/00/30 Model (Equity Alternative Model): The Luxon Global 70/00/30 model is designed to complement traditional equity/bond allocations. The Model invests only in daily liquid 40 act funds - currently mutual funds or ETFs. The Variable Blended Benchmark (the Blended Benchmark) is shown as additional information. As of 1/1/2019 the Blended Benchmark had the following weightings: 26% MSCI ACWI Ex USA NR USD, 44% MSCI USA NR USD, 30% Wilshire Focused Lqd Alternative TR USD.

Past performance does not guarantee or indicate future results. All investment strategies have the potential for profit or loss. Any performance information included herein represents the performance achieved by Luxon Asset Management as a discretionary investment manager with trade implementation responsibility for the accounts included in the performance composite. The performance shown does not reflect the performance of Model-Based Program accounts managed by a Sponsor utilizing Luxon's non-discretionary investment recommendations. In Model-Based Programs, although it is generally contemplated that the Sponsor will implement Luxon's investment recommendations in Program accounts, the performance of such accounts may differ from the performance shown for a variety of reasons, including but not limited to: the Sponsor, and not Luxon, is responsible for implementing trades in the accounts; differences in market conditions; client-imposed investment restrictions; the timing of client investments and withdrawals; fees payable by Model-Based Program accounts; and/or other factors.

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