INVESTMENT UPDATE: COLEMAN FOUNDATION ***Performance as of March 31, 2019***

To: Michael W. Hennessy (MH), Esther Barron (EB), & R. Michael Furlong (MF)

From: Daniel B. Wanzenberg (DW) & Alison Fitzgerald (AF)

Re: **Market Update with performance as of March 31, 2019**

Allocation and Performance *(please see the asset allocation spreadsheet* ***as of 05/28/2019****, which is at the end of this report)*

After a severe downtown in the markets in which many major indices saw double digit losses in the 4th quarter of 2018, the first quarter of 2019 was set up for a recovery (in the equity markets) and most all delivered with some having their best quarter in the last several years. The S&P 500 gained 13.6%, its best quarter since 2009, while the DOW, NASDAQ, and Russell 2000 all gained over 10% over the first three months of the year. Per asset classes and style, REITs led the way, gaining 16.7% in Q1, followed by Growth stocks gaining 15.1%, and Small Cap gaining 13.9% after a rough 2018 where Small Cap stocks lost -12.2%. The Federal Reserve (Fed) responded to the market weakness and slower global growth by not moving too quickly in raising rates and the market rally continues to gain momentum. U.S. crude oil had its best quarter since 2002, as it soared 32% while the 10-year Treasury remained near its lowest level in over a year.

Globally, the MSCI Europe ex UK gained 12.6%, the MSCI Asia ex Japan gained 11.6%, MSCI EM gained 9.9%, while the UK FTSE 100 gained 9.5%, and the Japan TOPIX reversed a tough 2018 (-16.0%) and appreciated 7.7%. There continues to be tension from the U.S. administration continuing to increase tariffs, predominantly spillover from the fourth quarter of 2018; however, China was able to stimulate its economy during the start of 2019 through increased domestic demand via tax cuts, investment in infrastructure, and supporting bank credit growth, which should all help to stabilize Chinese growth. In the UK, the economy is being supported by a strong labor market as unemployment stands at 3.9% and wages have risen 3.4% year-over-year. Further, the European Central Bank kept their deposit rate steady at -0.4% and said it would not raise rates until at least next year to keep growth steady. "Brexit" remains in limbo as politicians were supposed to close the deal last Friday, but to few investors' surprise, there has been little progress as Prime Minister Theresa May and Parliament continue to discuss the possibility of her stepping down and how a new plan will be conceived.

CFI Equity: (Current 71.7% vs. Target 70.0%)

CFI US Public Equity *(*review manager commentaries and additional attachments/performance attribution)

(=/=) Dana: *Large Cap* - performed in-line with the Russell 3000 index (13.55% vs. 13.88%) for the first quarter.

Small Cap **-** performed in-line the Russell 2000 index (14.75% vs. 14.47%) for the first quarter.

(+) **In-House Equities:** As of 05-28-19, CFI owned 11 stocks in the In-House Equities (this section of our portfolio will be discussed at the BOD meeting)

(+) **Pinnacle Associates:** Pinnacle outperformed the Russell 2500 index (18.98% vs. 15.69%) during the first quarter.

(+) **Fuller & Thaler (F&T)**: The F&T Micro-cap portfolio outperformed the Russell Microcap index (21.35% vs. 13.10%) for the first quarter.

(-) **LaSalle Street**: The LaSalle Street Small Cap portfolio underperformed the Russell 2000 index (13.77% vs. 14.47%) for the fourth quarter.

CFI International Equity:

(=) Blackrock Passive (MSCI ACWI ex/US): The MSCI ACWI ex/US index returned 10.31% for the first quarter.

(+) **WCM Focused International Growth:** WCM Focused Growth outperformed the MSCI ACWI ex US Growth index (13.17% vs. 12.31%) for the first quarter.

(+) **WCM Focused International Value:** WCM Focused Value outperformed the MSCI ACWI ex US Value index (9.86% vs. 8.33%) for the first quarter.

CFI Private Equity:

CFI now is invested in five funds managed by two different firms (Portfolio Advisors and Brickman) in the Private Equity space.

Portfolio Advisors: CFI started investing in these Funds in 2007 and 2008. All three Funds will no longer make any major new investments and any remaining commitments will be used as a reserve for existing investments and netted against distributions from each fund as needed. All these Funds are in the process of liquidation of their Investments and returning the proceeds to Investors.

Brickman Real Estate LP (Brickman Fund V and Fund VI and commitment to Fund VII) Current Estimated MV of Fund V at 12-31-18 is $828,398. Fund V will no longer make any major investments in Buildings, only improvements to currently owned Buildings. Fund V is also in the process of liquidation of their Buildings over the next several years which will affect the Overall Performance of this Fund. Estimated MV of Fund VI at 12-31-18 is $5,016,222. During 2017, CFI committed $5 million to Brickman's Fund VII, no Funds have been called to date and the first call is anticipated in the first half of 2019.

Hillcrest Credit and Income Fund II, LP: CFI has committed $5 million to this Fund, initial closing 7-28-16, which will target a market segment in subordinate debt and preferred equity in high quality real estate assets in top U.S. metropolitan markets. CFI is considering this to be a Fixed Income Investment.

CFI Fixed Income: (Current 26.1% vs. Target 28.5%)

(=) Wasmer Schroeder (WS) Traditional: The Coleman Foundation Main account performed in-line with its primary benchmark, gross of management fees, for the 1st quarter. The account returned 2.38% against 2.14% for the index.

(+) **Wasmer Schroeder CMBS/Hybrid Account:** The MITX account returned a positive 4.58% in the 1st quarter. The allocation at quarter-end was 21% preferred stock, 31% corporate bonds, 47% municipal bonds with the remainder in cash.

(+) **NorthCoast Tactical Income:** outperformed the Barclays Agg. 3-5 yr. index (5.25% vs. 2.14%) for the 1st quarter.

(=) Lord Abbett Short Duration Funds – performed in-line with its primary benchmark, gross of management fees, for the 1st quarter. The account returned 1.98% against 2.14% for the index.

(+) **Goldman Sachs Broad Street Realty Fund:** annualized distributions are providing income at approximately 9% (income Return).

(+) **Hillcrest Realty Income:** just started with capital calls in 2018 and started paying out interest quarterly.

Daniel B. Wanzenberg

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Alison Fitzgerald

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Dana Investment Advisors

Market Commentary:

Total Return (TR) 3/31/2019	Q1 2019	Last 12 Months
S&P 500 Index	13.65%	9.50%
Russell 3000 Index	14.04%	8.77%
Russell 2000 Index	14.58%	2.05%
S&P Midcap 400 Index	14.49%	2.59%

- Equities performed strongly in Q1, reversing losses from Q4.

Growth Companies Outperformed Value Companies in the First Quarter

Total Return (TR) 3/31/2019	Q1 2019	Last 12 Months
Russell 1000 Growth Index	16.10%	12.75%
Russell 1000 Value Index	11.93%	5.67%

- *Growth factors outperformed value factors and the Russell 1000 Growth Index outperformed the Russell 1000 Value Index by 4.17%.*
- *Falling interest rates due to a shift in Fed policy helped longer duration assets, including growth stocks.*

Broader Market with Solid Performance Across Most Sectors

- 9 of 11 S&P 500 sectors were up double-digits for the quarter, with the strongest being Information Technology, Real Estate, and Industrials. A broader market usually represents a healthier market and is typically a positive for active management.
- Sentiment improved as trade fears subsided and Fed policy became more accommodative.
- The economy seems to be slowing, but growth should remain positive as consumer sentiment is strong, employment and wages continue to grow, and businesses continue to invest.

Summary of S&P 500 GICS Sector:	Total Return	
3/31/2019	Q1 2019	Last 12 Months
Information Technology	19.86%	17.53%
Real Estate	17.54%	20.97%
Industrials	17.29%	3.43%
Energy	16.42%	1.33%
Consumer Discretionary	15.33%	14.28%
Communication Services	14.31%	9.18%
S&P 500 Index	13.65%	9.50%
Consumer Staples	12.01%	9.73%
Utilities	10.84%	19.33%
Materials	10.30%	-0.42%
Financials	8.56%	-4.65%
Health Care	6.50%	15.13%

We believe that a broader market is a sign of a healthier market in which fundamental analysis will be rewarded, a positive for active management in general and Dana in particular. Our focus continues to be on high-quality companies trading at reasonable valuations, characteristics we believe will result in superior risk-adjusted returns.

Market Environment Saw Big Changes in Q1

- The year started with negative sentiment as fears around trade, Brexit, and the government shutdown dominated the headlines.
- While Brexit remains a wild card, the U.S. and China appear closer to a trade deal, and the government shutdown is a distant memory
- Perhaps the biggest change in the environment was the pivot at the Federal Reserve:
    - With the Fed now unlikely to raise interest rates, investors are less concerned about a Fed induced recession.
    - Falling rates should help boost economic growth as large ticket items like homes and vehicles become cheaper to finance.

1st Quarter 2019 Summary

- U.S. equities rebounded strongly even as earnings estimates trended lower.
- Fed reversed course and shifted to neutral which helped the rebound.
- Geopolitical concerns especially in Europe with Brexit and French protest.
- Large IPO's returning to the market.

Large Cap – Strategy Commentary

The Dana Large Cap Equity Strategy benefited from overall market breadth and the return of quality as an important factor, finishing the quarter up +13.55%. The strongest relative sector performance was in the Consumer Discretionary sector, while Real Estate holdings produced the Strategy's highest absolute sector return. Health Care was the weakest sector of the market, and Strategy holdings in this sector lagged on both an absolute and relative basis. The Strategy gained from the opportunistic addition of fundamentally attractive companies during the Q4 decline and solid performance from several long-term holdings. The Dana Large Cap Equity Strategy continues to exhibit strong growth and relative valuation characteristics compared to the S&P 500 Index.

Sector Contributors

Consumer Discretionary – Best Buy Company, Inc. (BBY) and Lululemon Athletica, Inc. (LULU) were the Strategy's top two performers during Q1; Best Buy exceeded expectations and showed good uptake of new initiatives such as Total Tech Support; LULU impressed with 60% and 70% growth in Europe and China respectively, and strong overall same-store-sales growth

Financials – rebounds from American Express Company (AXP) and Starwood Property Trust, Inc. (STWD) powered relative performance in the Financials sector; lack of exposure to weak capital markets stocks also benefited the Strategy

Sector Detractors

Health Care – the Strategy produced positive overall returns within the sector, but relative returns lagged and CVS Health Corporation (CVS) was the Strategy's worst performer for the quarter

Consumer Staples – positive but modest returns from all four Strategy holdings in Consumer Staples did not keep pace with the Index sector's double-digit quarterly returns

Select Additions

Accenture PLC (ACN) – Accenture is the world's leading technology and business processes consultant; the company is increasingly entrenched as a partner of choice for the world's largest corporations seeking transformational digital change; the long-term and strategic nature of its customer engagements highlights a resilient business model

Raytheon Company (RTN) – Raytheon has exposure to the areas of defense that should see significant growth, including missile systems and missile defense; their best-known product, the Patriot Missile, is sold out for the next 5 years; defense budgets in the U.S. and the world are on the rise

Select Deletions

Boeing Company (BA) – Boeing has been a stellar performer over the past 3 years as airplane demand, supported by increased air travel, resulted in strong cash flow generation; other names in the Industrial sector appear to have more favorable risk/reward ratios given the uncertainty introduced by the grounding of the latest 737 MAX aircraft following two fatal crashes

Sabre Corporation (SABR) – Sabre's recent earnings report and 2019 guidance disappointed; the company pointed to much higher than expected levels of cash investment and slowing revenue growth

Small Cap

Strategy Commentary

The Dana Small Cap Equity Strategy was up +14.75% for the quarter, outperforming both the benchmark and the S&P 500 Index. The strongest relative and absolute sector performance was in the Information Technology sector, with several holdings up over 50%. Industrials and Consumer Discretionary sector holdings also performed well. Health Care, Communication Services and Consumer Staples holdings lagged their respective sector benchmarks. The Strategy gained from the opportunistic addition of fundamentally attractive companies during the Q4 decline and continued solid performance from several long-term holdings. The Dana Small Cap Equity Strategy remains sector neutral and focused on selecting stocks with good growth characteristics at attractive relative valuations.

Sector Contributors

Information Technology – The Trade Desk, Inc. (TTD) rallied early in Q1 and gapped higher on a very strong quarter as operating momentum accelerated; Quantenna Communications (QTNA) recaptured Q4 losses in January and then continued its rally after posting earnings and guidance that met consensus; Upland Software reported an adequate quarter and raised guidance modestly, highlighted by their best-ever 10% organic growth rate, suggesting management improvements in execution; Mellanox Technologies (MLNX) had been looking at strategic opportunities and reported a solid quarter and later entered a deal to sell themselves to Nvidia (NVDA)

Consumer Discretionary – oversold names triumphed in January; Boot Barn Holdings (BOOT) withstood the downward pressure from lower crude prices and had a solid Q4 with its shares sharply up in Q1; G-III Apparel Group (GIII), Boyd Gaming (BYD) and Marriott Vacations Worldwide (VAC) all rebounded strongly after the Q4 rout

Sector Detractors

Health Care – biotech stocks in the index were strong, yet biotech holdings Ligand Pharmaceuticals (LGND) and Emergent BioSolutions (EBS) gapped down during the quarter; Ligand retreated as investors focused on competitive uncertainty around Promacta revenue stream, yet pipeline with development partners is underappreciated; EBS reported a solid Q4, but guided Q1 down

Communication Services – Marcus Corporation (MCS) and QuinStreet, Inc. (QNST) detracted from performance; QNST faced questions on slowing organic growth

Select Additions

W R Grace & Co. (GRA) – specialty chemical and materials manufacturer with two primary business segments Catalysts Technologies and Materials Technologies; end markets are defensive relative to some peers; capable of organic sales growth of 6%+ and has a margin improvement ramp

Curtiss-Wright Corp. (CW) – precision component manufacturer selling into industrial, defense and power end markets; 40% of revenues from defense end market with good growth visibility of mid-single digits out the next few years

Select Deletions

The Trade Desk, Inc. (TTD) – disruptive company continues to exceed expectations; shares more than doubled in value in less than a year and market cap reached over $9b; sold position because expected gains had been achieved

Weight Watchers (WTW) – we gave the company the opportunity to demonstrate its ability to execute its digital marketing plan after some early setbacks in the fall, but it became clear that rebranding efforts missed the mark

Pinnacle Associates

Strengths

1. Health Care
2. Consumer Staples
3. Industrials

Weaknesses

1. Information Technology
2. Real Estate

The Russell 2500 Growth Index returned 18.99%* in the first quarter while the Small/Mid Cap portfolio generated an equity return of 19.57%.

Following the sharp sell-off in late 2018, U.S. equity markets rebounded strongly in the first quarter. Driving the turnaround was a reversal in the Federal Reserve's guidance on future rate increases. Late last year the Fed considered multiple additional rate increases likely, while in early 2019 they said future decisions would be data dependent. Increasing optimism for a U.S./China trade deal also contributed to the recovery.

In the first quarter, Health Care was by far the largest sector contributor to portfolio return, with holdings altogether up more than 30%. Positive fundamentals and an increase in M&A activity boosted several portfolio holdings. Industry M&A activity was noticeably focused on oncology assets (Bristol Myers announced it would buy Celgene, Eli Lilly buying Loxo Oncology) and gene therapy, a new treatment platform that some believe will deliver cures for diseases caused by isolated genetic defects. One direct portfolio beneficiary was Spark Therapeutics which rocketed 191% after agreeing to be acquired by Roche for $114.50 per share cash. Spark was known to have a promising gene therapy for hemophilia. Array BioPharma rose 71% after revenues for its new melanoma drug significantly exceeded expectations. Array also likely benefitted from heightened M&A activity in the oncology area and in particular due to the fact it has a collaboration agreement with Loxo Oncology. Ionis Pharmaceuticals jumped 50% on better than expected earnings and multiple positive pipeline developments. Pivotal data for Ionis' drug for Huntington's disease, developed with partner Roche, is now likely to read out one year earlier than expected, meaning its potential FDA approval could come in 2020 instead of 2021. Additionally, partner Novartis decided to 'opt in' on a promising cardiovascular drug candidate, prompting a $150 million payment to Ionis. Lastly, Portola Pharmaceuticals advanced 79% after it gained FDA approval for its commercial stage manufacturing process, which assures supply of its drug Andexxa, the first approved antidote that quickly reverses the effect of blood thinners. Two other sectors that aided performance were Staples and Industrials. For Staples, the portfolio's zero allocation to this underperforming sector (+6.3% return vs +19.0% for the index) added to relative performance. In Industrials, a lower portfolio weighting to this slightly underperforming sector, combined with better stock selection, led to a positive contribution. Aerospace-related holdings CAE Inc. and Hexcel Corp., as well as railroad operator Kansas City Southern, all outperformed on strong earnings reports.

Negative impacts on portfolio performance came from the Technology and Real Estate sectors. Much of the Technology underperformance was tied to holdings that are in the process of being acquired. Integrated Device Technology, Arris International and Finisar Corp. are all holdings to be acquired in cash deals. All three holdings registered small single digit returns versus better than 20% returns for Technology stocks overall. The transactions for Integrated Device Technology and Arris International have closed since quarter end. In Real Estate, the portfolio's sole holding, data center REIT CyrusOne, underperformed when the company issued new shares to help fund its next expansion. The company has issued new equity in similar situations in the past, and although slightly dilutive in the short term, the capital expansions have provided a high return on investment and the shares subsequently advanced to new highs. We expect a similar outcome again as demand in the industry remains strong.

During the quarter, we established new positions in Cubic Corp., Evoqua Water Technologies Corp., Faro Technologies Inc. and Tutor Perini Corp. We also added to existing positions Boyd Gaming, Immunogen Inc., Macrogenics Inc., Portola Pharmaceuticals and Spark Therapeutics (prior to acquisition). We reduced weightings in Qorvo Inc. and Integrated Device Technology.

Fuller & Thaler

The best quarter for the Russell Microcap Index since Q1 of 2012 went as expected given the drawdown that preceded it. More liquid stocks that were decimated between September and December of last year bounced back the most, while less liquid stocks that held up best on the way down fared worst on the way back up. It's a pattern that has repeated itself over and over since the benchmark was launched in 2000.

As the upper boundary of Microcap indices has expanded, our portfolio is no longer reliably overweight the most liquid names. In fact, it is currently underweight in the two most liquid quintiles (38% portfolio weight vs. 40% benchmark weight). It is, however, consistently and significantly underweight the least liquid names. That underweight (7% portfolio weight vs. 20% index) added ~1% to our outperformance during the quarter.

Most of the outperformance, as is frequently the case, came from large winners. The portfolio had 11 names increase more than 50% during the quarter, helping the portfolio return +21.04% net-of-fees, compared to +13.10% for the Russell Microcap Index. It was the best quarter of relative performance for the portfolio since Q2 of 2003.

We are always grateful for periods of performance like these and hope some of the 12 new names purchased during the quarter will help keep the portfolio pointed in the right direction for our clients.

Wasmer Schroeder

Main Account -

- The Coleman Foundation account outperformed its primary benchmark, gross of management fees, for the 1st quarter. The account returned 2.73% against 2.32% for the index.
- The overweight to corporate bonds in the account was the primary driver of outperformance during the quarter. The rebound in risk assets made corporate bonds the best performing fixed income sector in the first quarter.
- Taxable municipal bonds also outperformed their Treasury benchmarks.
- Duration management of the portfolio was neutral to the benchmark from both an overall standpoint and yield curve placement.

- Sector allocation at quarter end was 51% corporate bonds, 44% taxable municipal bonds, 4% Canadian provinces and a small allocation to securitized bonds with the remainder in cash.

Secondary Account -

- The MITX account returned 4.58% in the 1st quarter of 2019.
- The allocation at quarter-end was 21% preferred stock, 31% corporate bonds, 47% municipal bonds with the remainder in cash.

WCM

Focused International Growth

Performance Review

The major non-U.S. equity benchmarks (i.e., ACWI ex US, EAFE) snapped back in Q1 following Q4's carnage. FGI outpaced that rebound in a broad-based way: all sectors contributed to absolute returns, and relative performance was positive in six of the nine sectors in which FGI has holdings. Despite some headwinds (strong index returns in Energy and Real Estate), other factors, like "growth" (using MSCI's style indices) and "quality" (meaning higher ROEs), worked in FGI's favor. Most importantly, the fact that stock selection was the primary source of outperformance highlights, in our view, the tangible benefit of owning positive-moat-trajectory businesses.

Keeping an eye on the longer term, the three-year excess return relative to the benchmark now stands at ~+440 bps (annualized)[1], the five-year is ~+570 bps (annualized)[1], and the ten-year excess is ~+520 bps (annualized)[1].

Contributors:

From a sector allocation perspective, the largest contributors were our overweight to Tech (best in benchmark) and our underweight to Financials (2nd worst in bench). Looking at selection, six of the nine sectors we're in were contributors, with Tech the strongest, followed by Industrials, and then Financials. By geography, every super region (Americas, Europe, Asia/Pacific, Africa/Middle East) was a contributor for both selection and allocation.

Detractors:

The only slight detractors vis-à-vis sector allocation were our underweights to Energy (3rd best in bench), Real Estate (2nd best in bench), and Materials (4th best in bench). Discretionary and Health Care were the only mild detractors from the sector selection angle. Regionally, there were no detractors from either selection or allocation.

Other Factors:

In Q1, the market did not discriminate between large or small capitalization. However, “quality” (meaning higher ROEs) and “growth” (using MSCI’s style indices) outperformed and were tailwinds for FGI ADR.

Comments:

At the end of 2018, US financial news media were fanning the flames of fear, predicting only doom and gloom in the wake of the worst year since 2008, the worst Q4 since 2011, and—particularly frightening—the worst December since 1931. Today, they’ve pivoted to touting (without any remorse or humility about how wrong they were just 90 days earlier) the US market's best first quarter since 1998. Media prognostications about the macro outlook were even worse, as one of our favorite writers observed, “*Late last year, the Fed raising interest rates was held to be the death by strangulation of this great economic expansion; now the Fed's backing away from rate hikes is reported as fear that the economy is seriously weakening. Anything the Fed does is bad news; indeed, all news is bad.*”

Hopefully such examples elucidate one of the key reasons for our constant refrain, “macro guesswork analysis is mostly a low value, low return-on-time exercise.” And it’s also why an uncertain macro outlook tends to be favorable for our kinds of companies: businesses with good growth and expanding moats usually stand out, over time, among their peers, and that’s a great thing for patient, long-term investors.

Portfolio Activity

Sell: Hexagon AB

A combination of factors led to our sale. Hexagon is a roll-up story; the good news is that it has transformed its business model from highly cyclical hardware sales to more recurring software. The bad news: there’s been a material drop in cash flow conversion, and a significant growth in accounts receivable. On the former, we suspect aggressive M&A accounting: Hexagon over-provisions acquired assets by writing down deferred revenues, R&D assets, etc. These costs fall below the line and rarely get noticed due to their one-time nature. In subsequent quarters/years they release these provisions, directly benefiting the top line growth and EBIT margins. On the A/R increase—especially since it’s happening as they face some macro headwinds—we are concerned it might mean channel stuffing, or low credit-quality sales. Couple that with the news that the CEO recently sold half his shares, and it rang alarm bells for us.

Buy and Manage:

We added to ResMed Inc. and ASML Holdings NV, rounding to a fuller position on weakness.

We trimmed Core Laboratories NV and ICON Plc, both as risk control / position-size management moves.

Focused International Value

The major non-U.S. equity benchmarks (i.e., ACWI ex US, EAFE) recovered sharply in Q1 following the sell off in the previous quarter. The recovery was broad-based and all sectors within FIV and the benchmark were positive for the quarter. "Growth" stocks (as defined by MSCI's style indices) were back in vogue, as ACWI ex US Growth outperformed ACWI ex US Value by ~390 bps. FIV was unable to overcome this headwind, but only modestly trailed the core benchmark, but outpaced ACWI ex US Value by ~140 bps.

Keeping an eye on the longer term, the five-year excess return relative to the core benchmark now stands at ~+100 bps (annualized)[1], the seven-year at ~140 bps (annualized)[1] and since inception is ~+180 bps (annualized)[1].

Contributors:

The primary sector-allocation contributor was our overweight to Info Tech (best benchmark sector). Our underweights to Utilities and Comm Services also helped modestly. On the selection side, most of our outperformance came from our picks within Financials, Comm Services, and Industrials.

Geographically, our overweight to the Americas and Europe helped as did underweight to Asia/Pacific. Our selections within Asia Pacific (namely Hong Kong), South Africa, and Israel also contributed.

Detractors:

The primary detractors from a sector-allocation perspective were our underweights to Real Estate (2nd best in Benchmark), Energy (3rd best in the benchmark), and Consumer Staples (Xth best in benchmark). For selection, the primary weak spot was Info Tech, followed by Consumer Discretionary, Consumer Staples, and Health Care.

Geographically, our underweight to Africa/Middle East was the only detractor vis-à-vis allocation. For selection, our picks in the UK and Brazil had the largest negative impact.

Comments:

At the end of 2018, US financial news media were fanning the flames of fear, predicting only doom and gloom in the wake of the worst year since 2008, the worst Q4 since 2011, and—particularly frightening—the worst December since 1931. Today, they've pivoted to touting (without any remorse or humility about how wrong they were just 90 days earlier) the US market's best first quarter since 1998.

Hopefully such examples elucidate one of the key reasons for our constant refrain, "macro guesswork analysis is mostly a low value, low return-on-time exercise." Instead, we continue to focus on businesses with attractive valuations and expanding moats; and we remain optimistic that we can continue to find great opportunities in any market. Looking forward, we're maintaining our overweight in Tech and Discretionary, an allocation that, we think, best positions the portfolio to take advantage of long lasting tailwinds we're seeing around the world.

Portfolio Activity

Buy: Bank Rakyat Indonesia

Bank Rakyat is one of several state-owned Indonesian banks. Rakyat's competitive advantage results from its extensive branch network and its focus on rural customers. They are the sole operator in many markets, and they're focused on micro and consumer lending in these areas. Both segments are growing with a creditworthy customer base.

Buy: Kion Group

Germany-based Kion group is one of the world's leading forklift manufacturers. In addition to the industrial lifts/trucks, they've made significant investments in factory automation systems which is helping them transition from just manufacturing high quality forklifts, to offering comprehensive 360-degree customer support including: product development, manufacturing, fleet data management, and financial services.

Buy: Mayr-Melnhof Karton

Austria-based Mayr-Melnhof Karton (MMK) engages in the production and sale of cartonboard and packaging for a wide-array of consumer goods. As the world's largest recycled cartonboard manufacturer, MMK's scale gives the company superior pricing power in the European super-region, and leaves them relatively immune to disruption from Asian competition.

Buy: RELX

UK-based RELX PLC provides data, analytics, and decision tools for business & academic customers across several fields/industries. RELX's leadership in both data quality and quantity make it an indispensable resource in the professional communities it services, and that edge continues to grow over time.

Buy: Roche Holding

Switzerland-based Roche Holding AG operates under two research divisions: pharmaceuticals and diagnostics. Roche's pharma business faces some well-understood risks from biosimilars in some of their core assets. This has overshadowed positive developments in other parts of their business, and provided an attractive long-term buying opportunity.

Sell: Amdocs

Although Amdocs is continuing to transition to more of a services & recurring revenue model, we became less comfortable with their client concentration (particularly related to AT&T). We sold in favor of other ideas.

Sell: Henkel

Henkel’s consumer products segments continued to face headwinds that are common among Staples (slowing growth, decreased pricing power), but the recent weakness in it's adhesives business prompted our sale.

Sell: LyondellBasell

We bought LyondellBasell (LYB) in 2012 based on their scale/cost advantages and ability to navigate commodity cycles. Going forward, we are less optimistic about the strength of their competitive advantage. Instead, we expect LYB to be increasingly linked to underlying commodity prices, which led us to exit our position.

Sell: NN Group

NN Group's Dutch life insurance business continues to face headwinds, and we had hoped to see more positive developments from their integration of Delta Lloyd. We sold in favor of higher conviction Financials.

Buy and Manage:

We trimmed GCI Group and TE Connectivity Ltd.