

Early-year rally to kick off 2019

Market Review

Global stocks continued their early-year rally through Q1 2019, posting significant gains, rebounding back from a weak end to 2018. Hopes that a compromise deal is near in the long-running U.S.-China trade negotiations fueled most of those gains combined with official indications from major central banks that tighter monetary policy in the U.S. and Europe may be on hold for now.

In mid-March, the Federal Reserve decided to leave the fed funds rate unchanged at 2.25-2.50% and signaling that it does not expect any more rate hikes for the rest of 2019. This limited further gains in the Financial Sector with the path of interest rates now projected to be less steep going forward.

The S&P 500 Index ended the quarter up over 13% with Information Technology sector leading the way.

Eurozone equity markets also recovered well, supported by central banks stepping away from tighter monetary policy. However, overhanging concern from Brexit, slowing economic data, and other political and monetary uncertainty lingered throughout Q1.

Emerging market equities registered a strong return in Q1, led by China. Optimism over a trade agreement with the US and ongoing government policy stimulus for the Chinese domestic economy supported gains.

The broad US bond market as measured by the Bloomberg Barclays US Aggregate Index, rallied 2.9% in Q1, however, investors will keep a watchful eye as the market's attention, was directed to the 3-month/10-year spread which inverted in March.

Investment Implications

Our investment implications remain unchanged from last quarter. We are predicting lower returns and higher volatility throughout the remainder of the year.

Investors shouldn't expect this American exceptionalism to continue. The concerns remain as they did last quarter – rising interest rates, global trade war and uncertain European politics. Rising US protectionism in the form of tariffs and trade wars are the largest risk factor to near term performance.

We reiterate: it will be very important to remember to keep a long term focus during periods of volatility and large market movements. Our investment specialists can assist.

We also suggest you contact one of our financial consultants if you have any questions or concerns over your portfolio. They can be contacted at 295-5566 or via email at retirement@bfm.bm.

The information and opinions in this newsletter are intended to provide a general commentary on areas which may be of interest to readers. This publication is not intended to provide specific financial advice or recommendations. Readers should consult with their personal financial advisor before acting on any information or opinions contained in this publication.



Target Date Performance by Profile	Annualized Returns at March 31, 2019				
	10 years	5 years	3 years	1 year	YTD
GlidePath Retirement	5.10	2.26	4.13	2.81	5.51
Index	5.16	2.62	4.02	3.48	5.18
GlidePath 2020	7.41	2.91	5.49	2.49	6.63
Index	6.94	3.52	5.57	3.43	6.22
GlidePath 2030	8.65	3.89	7.53	2.08	9.58
Index	9.10	4.71	7.63	2.91	8.54
GlidePath 2040	9.03	4.36	8.60	1.89	11.09
Index	9.92	5.48	9.02	3.21	10.37
GlidePath 2050	9.23	4.61	9.19	1.63	12.21
Index	10.47	5.88	9.76	3.07	11.40
GlidePath 2060				1.73	12.26
Index				3.08	11.43

Risk-Based Performance by Profile	Annualized Returns at March 31, 2019				
	10 years	5 years	3 years	1 year	YTD
Guaranteed Interest	1.15	0.92	1.04	1.55	0.44
Index	1.15	0.92	1.04	1.55	0.44
Conservative Risk	4.17	2.54	3.49	2.69	3.80
Index	3.52	2.03	2.71	2.19	3.05
Moderate Risk	5.35	3.20	4.69	2.83	5.86
Index	4.29	2.22	3.40	1.72	4.52
Accumulator	8.14	4.46	6.59	3.49	8.32
Index	6.52	3.13	4.79	2.24	6.46
Stable Growth	9.32	5.30	8.13	4.33	10.09
Index	7.46	3.87	5.92	2.35	7.74
Growth Risk	9.36	6.10	9.50	4.67	12.31
Index	7.52	4.35	6.81	2.17	9.40
Aggressive Risk	12.75	7.81	12.23	6.08	15.07
Index	10.55	5.99	9.07	3.48	11.67

Data obtained from Morningstar Direct. Risk profile performance is based on historical blend of actual managers. Individual fund performance reflects only the manager currently used for that asset class. Past performance is no guarantee of future performance. The price of the shares of each Profile and the income received from each Profile may go down as well as up, and investors may not get back the full amount that they invested. Investment in any of the Profiles involves risks. Currency fluctuations will affect the value of overseas investments. Information has been provided by BF&M Investment Services Limited, which is licensed to conduct Investment Business by the Bermuda Monetary Authority under the Investment Business Act.

Performance by Fund	Annualized Returns at March 31, 2019				
	10 years	5 years	3 years	1 year	YTD
Guaranteed Interest Account (GIA5)	1.15	0.92	1.04	1.55	0.44
Money Market – Payden USD Liquidity (MMKT)	0.65	1.17	1.76	2.53	0.94
Bank of America ML US Treasury Bill 3 Month TR USD	0.43	0.74	1.19	2.12	0.60
Short Duration - Logan Circle Short Duration 1-3yr (BFMSDF)	2.33	1.37	1.58	2.91	1.18
BofAML US Treasuries 1-3 Year TR USD	1.04	0.98	0.99	2.72	0.98
Global Bond - Lazard Global Bond Core Plus (BFMGBF1)	3.17	0.57	1.35	-0.86	2.25
Barclays Global Aggregate TR USD	3.05	1.04	1.49	-0.38	2.20
US Bond - PIMCO Total Return (BF1)	4.27	2.71	2.64	3.21	2.96
Barclays US Aggregate Bond TR USD	3.77	2.74	2.03	4.48	2.94
Inflation Strategy - PIMCO Inflation Strategy (INFLTN)	3.53	0.42	2.63	3.51	7.51
PIMCO Inflation Strategy Benchmark USD	5.74	0.63	2.58	4.19	6.61
Global TIPS - Standard Life Global Inflation Linked Bond	4.60	4.27	4.10	4.05	4.17
Barclays Gbl. Inflation Linked TIPS TR USD	3.41	1.94	1.70	2.70	3.19
High Yield Bond – Alliance Bernstein Global High Yield (HYLDBD)	10.55	3.26	6.39	0.52	5.88
Barclays Global High Yield TR USD	11.12	3.99	7.33	2.38	6.33
Emerging Mkt Bond - MFS Meridian EM Debt (EMKBD)	7.91	4.07	5.08	2.36	6.16
JPM EMBI Plus TR USD	7.67	4.50	4.04	2.59	6.16
Global Value Stock - Causeway Global Value (GVF)	14.27	4.48	9.10	2.48	11.26
MSCI ACWI NR USD	11.98	6.45	10.67	2.60	12.18
Global Growth Stock - Artisan Global Opportunities (IGF)	17.16	10.10	12.88	2.67	15.95
MSCI ACWI NR USD	11.98	6.45	10.67	2.60	12.18
US Growth Stock - Franklin US Opportunities (USGF)	16.17	11.20	16.47	11.67	18.98
MSCI US Large Cap Growth PR USD	15.70	12.11	15.05	11.01	15.66
US Value Stock - MFS Meridian US Value (USVF)	12.85	7.34	9.23	3.65	12.53
MSCI US Large Cap Value PR USD	10.85	5.34	7.93	4.48	10.18
US Stock Index - Vanguard US 500 Stock Index (INDUSE)	15.00	10.14	12.72	8.69	13.46
S&P 500 NR USD	15.19	10.22	12.82	8.84	13.47
Global Stock Index - Vanguard Global Stock Index (INDGEQ)	12.14	6.62	10.53	3.90	12.48
MSCI World Free NR USD	12.38	6.78	10.68	4.01	12.48
Global Small Cap Stock - Vanguard Gbl. Small Cap Index (GSMCEQ)	N/A	5.78	10.18	-1.60	13.72
MSCI World Small Cap NR USD	14.73	5.99	10.39	-1.50	13.72
Emerging Market Stock - Schroder Global EM Opp. (EMKEQ)	8.93	4.64	12.50	-8.97	12.14
MSCI EM PR USD	6.38	1.24	8.14	-9.63	9.56

The Current Guaranteed Interest Crediting Rate is 2.00%