Below is a snapshot of 2018's performance and what to watch in coming year from Chadd Mason, Cabana CEO and co-founder.

Looking back on 2018…

Equity markets ended the year down across the board. International markets fared the worst, all down double digits. U.S. markets performed best of all, but still finished with the worst returns since the 2008 financial crisis. Huge price swings characterized the last two weeks of trading in 2018. The new year has given us more of the same, in that we've seen equity markets drop 3% one day and surge 3% the next. Some buying is to be expected due to the extreme oversold technical conditions, which is the result of sustained selling over the past three months.

In my opinion, the overall volatile market behavior is consistent with the early stages of a bear market. This is characterized by a bounce in equity prices from oversold conditions, followed by selling as prices meet areas of resistance that were previously areas of support in the bull market (until broken). Assets that are hit the hardest during the downturn typically outperform during rallies. These presently include commodities, energy and international equities.

How did we get here?

At the close of 2018, two particular events occurred, which I was watching for and commented on several times - most notably on October 29 and November 26.

The first was whether buyers would step in to the oversold equity market and not only buy the dip but **hold on** to the position through the typical bounce. I was worried that if they bought and then sold, it would be strong evidence of a change in behavior since the last rally began in 2016. The second thing I was watching for was behavior in the bond markets. I was particularly interested in whether bond investors were taking money out of the equity market and buying longer-term bonds. As markets swooned during October, we did not see a commensurate pullback in long-term yields, consistent with a bear market on the horizon. I am a big believer in watching the bond market, as I think monetary supply drives earnings. Where interest rates are going can tell us a lot. Based upon these two pieces of the puzzle, I held out hope for a return to the bull market. Since that time, we have seen these two questions answered definitively. Every dip that was bought immediately sold, until even the dips were sold. This is what happens when stocks break trend and technical support levels. We not only broke the October lows that started all this, but also the February lows (that really started all this)! Just as importantly, bond yields collapsed just as fast as they rose earlier in the year. The 10-year Treasury dropped from 3.25% to 2.58% in two months. This evidences that bond investors have forecasted low growth or a recession in the future - to such a degree that they are willing to tie their money up for ten years in return for a 2.58% annual yield. I believe these two early indicators forecast slower growth, or worse during 2019.

G. Chadd Mason
CEO, Cabana Holdings

For more information about Cabana, including its services, portfolio performance, professional opinion articles and industry news, visit **www.cabanaportfolio.com**.

Cabana Asset Management
Ranked #1 Fastest-Growing Firm in the U.S. in *Financial Advisor* magazine's 2018 ranking and survey.

IMPORTANT DISCLAIMERS

This material is prepared by Cabana, LLC, dba Cabana Asset Management and/or its affiliates (together "Cabana") for informational purposes only and is not intended to be relied upon as a forecast, research or investment advice, and is not a recommendation, offer or solicitation to buy or sell any securities or to adopt any investment strategy. The opinions expressed reflect the judgement of the author, are as of the date of its publication and may change as subsequent conditions vary. The information and opinions contained in this material are derived from proprietary and nonproprietary sources deemed by Cabana to be reliable, are not necessarily all-inclusive and are not guaranteed as to accuracy. As such, no warranty of accuracy or reliability is given and no responsibility arising in any other way for errors and omissions (including responsibility to any person by reason of negligence) is accepted by Cabana, its officers, employees or agents.

This material may contain 'forward looking' information that is not purely historical in nature. Such information may include, among other things, projections and forecasts. There is no guarantee that any forecasts made will come to pass. Reliance upon information in this material is at the sole discretion of the reader. Past performance is not a reliable indicator of current or future results and should not be the sole factor of consideration when selecting a product or strategy. All investment strategies have the potential for profit or loss. All strategies have different degrees of risk. There is no guarantee that any specific investment or strategy will be suitable or profitable for a particular client. The information provided here is neither tax nor legal advice. Investors should speak to their tax professional for specific information regarding their tax situation. Investment involves risk including possible loss of principal.

Cabana LLC, dba Cabana Asset Management ("Cabana"), is an SEC registered investment adviser with offices in Fayetteville, AR and Plano, TX The firm only transacts business in states where it is properly registered or is exempted from registration requirements. Registration as an investment adviser is not an endorsement of the firm by securities regulators and does not mean the adviser has achieved a specific level of skill or ability. Additional information regarding Cabana, including its fees, can be found in Cabana's Form ADV, Part 2. A copy of which is available upon request or online at www.adviserinfo.sec.gov/.

The Financial Advisor Magazine 2018 Top 50 Fastest-Growing Firms ranking is not indicative of Cabana's future performance and may not be representative of actual client experiences. Cabana did not pay a fee to participate in the ranking and survey and is not affiliated with Financial Advisor magazine. RIAs were ranked based on percentage growth in year-end 2017 AUM over year-end 2016 AUM with a minimum AUM of $250 million, assets per client, and growth in percentage assets per client. Visit www.fa-mag.com for more information regarding the ranking.

Cabana claims compliance with the Global Investment Performance Standards (GIPS®). In addition to the firm's third-party verification, six of Cabana's core portfolios have been performance examined consistent with GIPS® standards. The Global Investment Performance Standards are a trademark of the CFA Institute. The CFA Institute has not been involved in the preparation or review of this report/advertisement. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation unless an independent performance examination has been conducted for a specific time period. Past performance is not indicative of future results. Due to various factors, including changing market conditions, the portfolios may no longer be reflective of current positions.

ASSET MANAGEMENT
FINANCIAL SERVICES
LEGAL COUNSEL
CABANA