

Below is a snapshot of last week's market performance and what to watch in the weeks ahead from Chadd Mason, Cabana CEO and co-founder.

Last week culminated a great quarter for investors. As bad as the fourth quarter of 2018 was, the first quarter of 2019 was almost as good. This was true for all equities, domestic and international, as well as bonds, real estate and commodities.

We commented numerous times over the past quarter on the likelihood of continued advancement in stocks, as the major indexes cleared important technical resistance levels, thereby forcing large professional investors off the sidelines. We've seen this trend continue as money gets deployed into equities each time there is a pullback. I am especially optimistic given the outperformance in emerging markets (China) and commodities. Energy has been a standout and is up 17% since the Christmas low. Copper is up 15%. The transportation index (IYT) has blown the doors off and is up 18%. These segments of the world markets are important to watch, as they evidence demand all along the supply chain. They all lagged behind U.S. markets throughout the second half of last year. In my opinion, that was a major factor in the selloff we saw during the fourth quarter. Investors were simply not seeing sufficient growth to withstand the increase in interest rates being introduced by the Federal Reserve.

Not surprisingly, the Central Bank has since backed off and forecast no new rate increases for the remainder of 2019. This dovishness caused a drop in rates all along the yield curve. This resulted in a yield curve inversion for the first time since 2007, which is not a healthy condition long term. Over the short term, it benefits income investments such as real estate, treasuries, corporate bonds and utilities. We will have to see which market has the growth story correct going forward. Emerging markets, transportation, energy and commodities are signaling growth, while the bond market is not. Unfortunately, the bond market usually gets it right.

For now, we can just hope to see longer-term interest rates begin to pick up and the yield curve normalize.

Last week's market commentary is available [here](#).



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.



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.

No client should assume that the future performance of any specific investment or strategy will be profitable or equal to past performance. 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 any investor. Asset allocation and diversification will not necessarily improve an investor's returns and cannot eliminate the risk of investment losses. While loss tolerance and targeted "drawdown" are identified on the front end for each portfolio, Cabana's algorithm does not take any one client's situation into account. It is the responsibility of the advisor to determine what is suitable for the client. An advisor should not simply rely on the name of any portfolio to determine what is suitable. Cabana manages assets on multiple custodial platforms. Performance results for specific investors may vary based upon differences in associated costs and asset availability.

