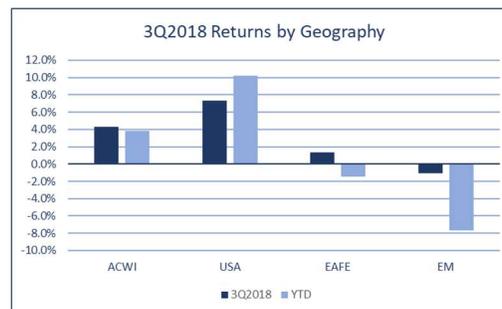


## **A Look Back...3<sup>rd</sup> Quarter 2018**

We call our quarterly review “A Look Back” to remind our readers that is all it is – backward looking. While it is important to keep tabs on what your portfolio is doing, it is equally important to ignore short-term results. Keep focused on the long-term goals of your portfolio and whether or not it is achieving them.

### ***The Markets***

During the third quarter of 2018, developed markets (as measured by USA and EAFE, which stands for Europe, Australasia and Far East) fared well while emerging markets (EM) slumped. Overall, this led to a net positive return for the MSCI All Country World Index (ACWI) of over 4%. This follows on a strong second quarter as economic data continued to trend positively and the market shrugged off trade war concerns and higher interest rates.



Source: Morningstar

### ***The Factors***

As is to be expected during a strong quarter of returns, Momentum outperformed all other factors. Although Value turned in a positive quarter, it lagged the market and remains negative for the year. Small cap remains behind as well, while Quality and Low Volatility continue to be steady earners. For a refresher on the factors, please see disclosures at the end for definitions.



Source: Morningstar

### ***The Metric All-Equity Portfolio***

Results are mixed for the third quarter. As can be seen from the charts on the next page, Metric 100-0 underperformed the ACWI over the three months on a gross and net basis. However, looking out

further, the portfolio was modestly ahead of the index thus far this year, over the last year, and back to the earliest available period for gross returns. For net returns, the portfolio is in-line with the market. Please be aware that these results represent those of our model portfolio that rebalances monthly and individual results may vary meaningfully from these.

Metric 100-0 Gross Return	3Q18	YTD	1-Year	Earliest Available	Metric 100-0 Net Return	3Q18	YTD	1-Year	Earliest Available
Price Return	3.91%	4.26%	10.50%	13.11%	Price Return	3.72%	3.68%	9.68%	12.28%
NAV Return	3.95%	4.44%	10.78%	13.11%	NAV Return	3.76%	3.85%	9.95%	12.28%
MSCI ACWI	4.29%	3.83%	9.78%	12.32%	MSCI ACWI	4.29%	3.83%	9.78%	12.32%

Source: Morningstar and Metric Financial

### Disclosures

Model performance may not be indicative of actual client results and is not impacted by cash flows as client accounts are. Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of any specific investment or investment strategy will be profitable or equal the corresponding indicated performance level(s). Moreover, you should not assume that any of the above content serves as the receipt of, or as a substitute for, personalized investment advice from Metric Financial. Historical performance results for investment indices and/or categories have been provided for general comparison purposes only, and, unless otherwise noted, do not reflect the deduction of transaction, custodial, or investment management fees, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your account holdings do or will correspond directly to any comparative indices. Investing involves risk, including loss of principal.

Price return is the return of an ETF (Exchange Traded Fund) calculated using the midpoint of bid/ask spreads at 4:00 pm EST. NAV (Net Asset Value of fund holdings) return is the return of an ETF calculated using daily closing NAVs. Price and NAV can vary by a lot or a little depending on many factors including the liquidity of the ETF and the liquidity of the underlying securities. NAV returns account for dividend reinvestment, while price returns do not.

Earliest Available refers to the earliest date for which performance is available for all funds in the portfolio, January 1, 2016.

Metric Portfolios are live effective 9/1/2018. Prior to 9/1/2018, results are backtested. Models were created and then weighted performance of each fund was calculated back to the earliest date that all funds were available (1/1/16). This model is based on non-taxable accounts \$200,000 and larger. Taxable accounts and those below that threshold will be managed differently and achieve different results.

Net returns are calculated by subtracting 1/12 of 0.75% from monthly returns to reflect Metric's maximum advisory fee. For our full fee schedule, please visit <https://metricfin.com/our-fees>. Model portfolios do not account for commissions that would be paid during the rebalancing period.

### The Factors

**Momentum:** Data suggests that stocks that have outperformed recently may continue to do so in the near-term.

**Value:** Data suggests that relatively cheap stocks may outperform more expensive ones over time.

**Small Cap:** Data suggests that stocks of smaller companies may outperform those of larger ones over time.

**Quality:** Data suggests that stocks of high quality companies may outperform those of lesser quality over time.

**Low Volatility:** Data suggests that low volatility stocks may outperform on a risk-adjusted basis over time.