Running Oak's Efficient Growth portfolio finished April up **4.23%**, gross of fees, versus **4.05%** for the S&P 500 Total Return Index. Here are a few quick takeaways:

- Since launch, Efficient Growth's annualized return of **14.7**%, gross of fees, is **1.3%** greater than that of the S&P 500 Total Return Index.
- Efficient Growth has generated **23%** more risk-adjusted return, gross of fees, than the S&P 500 Total Return Index.
- Efficient Growth achieved the above despite a poor environment for strategies focused on risk, valuation, and debt. How might it perform in a positive environment?

For more information, please see the strategy fact sheet.

It can be tough managing a rules-based strategy in an emotion-driven market. Benjamin Graham famously said, "in the short run, the market is a voting machine, but in the long run, it is a weighing machine." Regardless, we will continue to manage our strategy for the long run, weighing risk in the process.

From my perspective, I'm not seeing a whole lot of weighing going on. Last Wednesday (5/15), both retail sales and industrial production came in below their forecasts, both negative. Meanwhile, President Trump tweeted that he would delay placing tariffs on EU and Japanese automobiles - as everyone expected. In sum, there were two significant negative economic surprises and one tweet that everyone expected. The market's reaction: up 0.6% for the S&P 500.

Two weeks ago, the Russell 2000 rose almost 2% following the most recent monthly jobs report; that's a big move for an index. While the headline number was certainly decent, the government added more jobs than in any month since last August, and 490,000 people apparently left the labor force, leading to a decline in unemployment. The headline may have been 3.6% unemployment, but the details were critical and seem to have been overlooked.

Market participants' response to the most recent GDP number was even more perplexing. 3.2% year over year growth sounds great. However, private-sector consumption and investment slowed to 1.3%, annualized, the lowest reading in six years. The primary drivers of that optically positive 3.2% number were increased government spending, a buildup in inventories, and a change in the trade balance. I don't view the first two as positives, particularly given the massive budget deficit we're already running, and the third is nebulous. While I would have taken a hard pass on that GDP release, the S&P 500 traded up half of a percent.

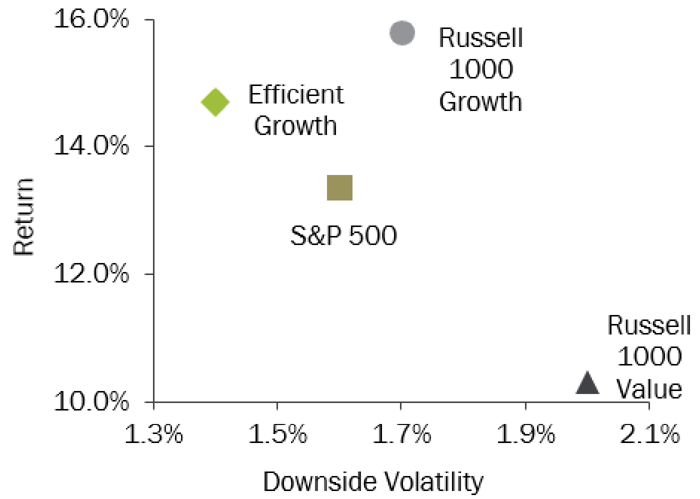
Here are a few more tidbits: as of early May, Apple, Amazon, and Microsoft - the three largest companies in the S&P 500 - were up almost 50% from their late-December lows. That's an incredible move for three roughly trillion-dollar companies. Beyond Meat, a recent IPO, rose almost 400% in only 10 days. Zoom Media, another IPO, rose over 250% in 22 days. Bitcoin is up almost 150% from its December lows and 100% in less than 3 months.

When things get frothy - and they are definitely frothy - discipline is essential. Running Oak's disciplined, rules-based process ensures that we (and our investors) don't get caught up in the euphoria. When stocks become overvalued, we sell. When stocks within our portfolio go on a tear, we pare them back. This is a time for weighing, not voting.

Performance Statistics, Gross (9/13 - 4/19)

	EG	S&P 500
Annualized Return	14.7%	13.4%
Up/Down Capture	99/85	100/100
Alpha	1.4%	0%
Ulcer Perf. Index	5.0	4.1
Sortino Ratio	1.7	1.5

Risk vs. Return, Gross (Sep. 2013 – Apr. 2019)



Returns, Gross

	EG	S&P 500
April	4.23%	4.05%
YTD	20.32%	18.24%
Cumulative (9/13)	117%	104%

If you have any questions or if there is any way we can help, please don't hesitate to reach out. Whether through higher returns and greater financial well-being, lower risk and increased peace of mind, or full transparency and rules-based discipline, Running Oak Capital's mission is to make the lives of our clients easier.

Sincerely,

Seth

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Investment Advisory Services are offered through Running Oak Capital, a registered investment adviser.

*Past performance is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investments and strategies may be appropriate for you, consult with us at Running Oak Capital or another trusted investment adviser.

Stock prices and index returns provided by Standard & Poor's.