Balanced Investment Review | as of March 31, 2019

Outlook/Review

The first quarter was a strong one for equities in the US, with major indices rebounding and recouping much of the declines suffered in December. We do not believe that the severity of the declines in December were driven by fundamentals, but rather by technical factors, including quantitative trading and also tax loss selling by investors. The economy in the US remains fundamentally healthy, with low unemployment and generally robust levels of GDP growth and business activity[i]. There are areas of concern that have arisen, however, and we will be watching them for cues to increase our level of caution[ii]. These factors include a partially inverted yield curve in the US (often an early harbinger of recession), and sharp slowdowns in the economies of China and Germany[iii]. While the US economy remains relatively strong in our opinion, the Fed has taken note of slowing in other economies and has paused rate hikes for the time being. We believe that this policy is supportive of equities for the near future.

Managed Accounts Model Performance[iv v]

Past performance is not indicative of future results. Inherent in any investment is the possibility of loss.

Strategy Performance	1Q19	YTD	10 Year
			Annualized
Anchor Balanced (Pure Gross)	7.33	7.33	8.99
Anchor Balanced (Net)	6.53	6.53	5.77
60/30/10 (R1000V/BCIGC/CG90TBIll)	7.87	7.87	9.78
Russell 1000 Value	11.93	11.93	14.52

Top/Bottom Equity Portfolio Contributors[vi]

Security Contribution	Average Weight	Total Return	Contribution to Return
5 Highest			
Zimmer Biomet Holdings, Inc.	1.67	23.35	0.36
Analog Devices, Inc.	1.64	23.27	0.34
BWX Technologies, Inc.	1.13	30.14	0.30
Mondelez International, Inc. Class A	1.14	25.36	0.26
BP p.l.c. Sponsored ADR	1.54	16.99	0.25
5 Lowest			
Biogen Inc.	0.93	-21.45	-0.17
Amdocs Limited	0.71	-9.27	-0.09
Pfizer Inc.	1.77	-1.88	-0.04
Berkshire Hathaway Inc. Class B	1.62	-1.61	-0.03
SunTrust Banks, Inc.	0.74	-2.48	-0.02

Sector Contribution	Average Weight	Total Return	Contribution to Return
3 Highest			
Financial Services	15.76	10.53	1.68
Health Care	12.84	8.11	1.03
Producer Durables	5.24	19.32	0.94
3 Lowest			
Materials & Processing	0.81	0.37	0.01
Utilities	3.79	10.46	0.39
Consumer Discretionary	4.15	12.60	0.51

Strategy Review & Positioning

Anchor's Balanced strategy slightly underperformed the 60/30/10 (R1000V/BCIGC/CG90TBIll) Blended Benchmark in the first quarter. The top three factors that contributed to performance were security selection in Consumer Staples, sector overweighting in Producer Durables and security selection in Financial Services. The largest detractors from performance included security selection in Energy, security selection in Technology, and security selection in Materials & Processing.

Zimmer Biomet Holdings, Inc. (ZBH) was the largest contributor to performance in the first quarter, followed by Analog Devices, Inc. (ADI), BWX Technologies, Inc. (BWXT) Mondelez International, Inc. Class A (MDLZ), and BP p.l.c. Sponsored ADR (BP). The largest detractors included Biogen Inc. (BIIB), Amdocs Limited (DOX), Pfizer Inc. (PFE), Berkshire Hathaway Inc. Class B (BRK.B) and SunTrust Banks, Inc. (STI).

Five names were added to the portfolio during the first quarter TE Connectivity Ltd (TEL), Amdocs (DOX), SunTrust Banks Inc. (STI), CDK Global (CDK) and A.O. Smith Corporation (AOS). We exited three names during the quarter, Welltower Inc. (WELL), Wells Fargo & Co. (WFC) and Sabra Health Care (SBRA).

We brought down our equity allocation slightly in the quarter. We used strength to sell names where we thought their ability to raise dividends was impaired and reinvested the proceeds into better valuations and outlooks. Our pool of investable name continues to grow. Notable purchases in the quarter include TE Connectivity (TEL), a global leader in connectivity and sensor solutions for the transportation, industrial and communication sectors. In our opinion, TE Connectivity continues to outpace the broader market as connector and sensor content per vehicle or device increases. We believe that Amdocs (DOX) has a niche in providing software and service solutions to the communications and media markets. In our estimation, the company has no debt, generates good amounts of cash, and is dedicated to growing the dividend. From our read, we were able to buy the stock at the cheapest valuation it has traded at in five years. Our timing in purchasing SunTrust (STI) was fortuitous, as the company received a takeover bid from BB&T Bank soon after our purchase. We own BB&T, and we believe the two banks together makes for a more solid investment. CDK Global is the market leader in providing integrated information technology to the automotive retail industry[vii]. We believe the technology edge that CDK provides is a competitive advantage to its customer base, and the opportunity for CDK to add new products and take market share is only increasing. A.O. Smith is a global manufacturer of residential and commercial water heating equipment and purification products[viii]. We believe that the market is not assigning a fair value to the business considering the company's dominant share in water heaters, growth trends in China and India, water and air purification opportunity, and the management's disciplined capital allocation.

The yield curve inverted from 1 year out to 7 years in March[ix]. Most importantly, in our opinion, the Fed has finally issued guidance that the rate hiking cycle is over, at least for 2019. From our read, the forward curves are pricing in a rate cut by the end of 2019 or early 2020. We do not think the Fed will cut rates this year, but it looks like the Fed is ready to react to any weakness in the U.S. economy. As the old investing mantra goes, "don't fight the Fed".

Inflation readings continue to weaken, from our read, and the Fed is not hitting its stated goal of 2% inflation[x]. This adds to our view that rates will stay lower for longer.

Including our cash position, the duration of the total bond portfolio is about 2 years.

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[i] U.S. Department of Commerce; https://www.usa.gov/federal-agencies/u-s-department-of-commerce

[ii] FactSet financial data and analytics; Business Description

[iii] U.S. Federal Reserve; https://www.federalreserve.gov/

[iv] StyleAdvisor. Gross of fee returns are presented Pure Gross and are calculated before management fees, custodial fees and transaction costs.

[v] The information herein is reflective of the equity portion of the Balanced Model Portfolio

[vi] Factset financial data and analytics; Attribution reporting

[vii] https://www.cdkglobal.com/us

[viii] https://www.aosmith.com/

[ix] Factset financial data and analytics; Tullett Prebon

[x] www.stlouisfed.org/open-vault/2019/january/fed-inflation-target-2-percentite

Balanced Model Disclosures

MODEL DESCRIPTION: The Anchor Managed Accounts Balanced (Bal) model was created on 12/31/05. The model returns do not reflect actual trading. Anchor Capital's Managed Accounts Division created this model for purposes of presenting performance results, which approximate those of the Managed

Accounts Balanced sponsor program portfolios in aggregate. The investment objective for the model is to achieve a high rate of return through the purchase of equity and fixed income securities.

MODEL DISCLOSURES: The model transaction history does not reflect all portfolio transaction activity for accounts in the sponsor program. Model transactions correspond with trading activity generated in the course of investment for substantially all accounts in the sponsor Balanced program. Model transactions and holdings do not reflect individual portfolio activity for new account investments, or account activity and holdings in various individual portfolios subject to tax considerations or individual client discretion. Model performance may differ materially from individual client portfolio results.

CALCULATION OF RATES OF RETURN: All securities in the model are valued at last sale price, as provided by independent pricing services. The portfolio valuation is reflected on a trade date basis. Model investment returns include the reinvestment of dividends and other earnings. Effective 1/1/2010, dividends (excluding income on money market securities) are credited on an accrual basis. Time-weighted portfolio returns are calculated for each monthly period in the prior quarter. Monthly model results are linked to determine annual returns. Individual client portfolio results may vary from the results presented for the model because of different investment objectives, tax status and other considerations. Returns of individual client accounts will be reduced by advisor fees and other expenses which might be incurred to provide investment management, custody, administrative, actuarial, accounting or other services to the client. The benchmark indices exclude fees. The Managed Accounts Balanced model returns are by compounding the monthly net returns to calculate the quarterly, YTD and annual returns. The numbers may be slightly different from net returns published in other Anchor Capital materials created outside of Style Advisor prior to 6/30/2017, which were calculated by simply subtracting 3% from the annual gross return. Additional information regarding policies for calculating and reporting model returns is available upon request.

BENCHMARK DESCRIPTION: Information about indices is provided to allow for comparison of the performance of the Adviser to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of indices may be materially different from the performance of the Adviser. In addition, the Adviser's recommendations may differ significantly from the securities that comprise the indices. The benchmark is a static blend of: 60% Russell 1000 Value Index; 30% Barclays Capital U.S. Government/Credit Intermediate Bond Index; 10% Citigroup 90-Day Treasury Bill Index. The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The Index is completely reconstituted annually to ensure new, growing equities are included, and that the represented companies continue to reflect value characteristics. The Barclays Capital U.S. Intermediate Government/Credit Bond Index measures the performance of U.S. dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than or equal to 1 year and less than 10 years. Securities have $250 million or more of outstanding face value and must be fixed rate and non-convertible. The Citigroup 90-Day Treasury Bill Index measures the average return of the last three-month U.S. Treasury Bill issues. U.S. Treasury Bills are short-term securities issued by the U.S. government with maturities of up to one year. They are backed by the faith and credit of the U.S. government who guarantees full payment of principal and interest at maturity. Total return comprises price appreciation/depreciation and income as a percentage of the original investment. All benchmark returns include the reinvestment of income.

For a complete listing of all strategies contact Anchor Capital Advisors LLC (617) 338-3800.