

Please continue to look to our frequent blog posts for additional insights into investing, the economy, and financial planning.

Q2

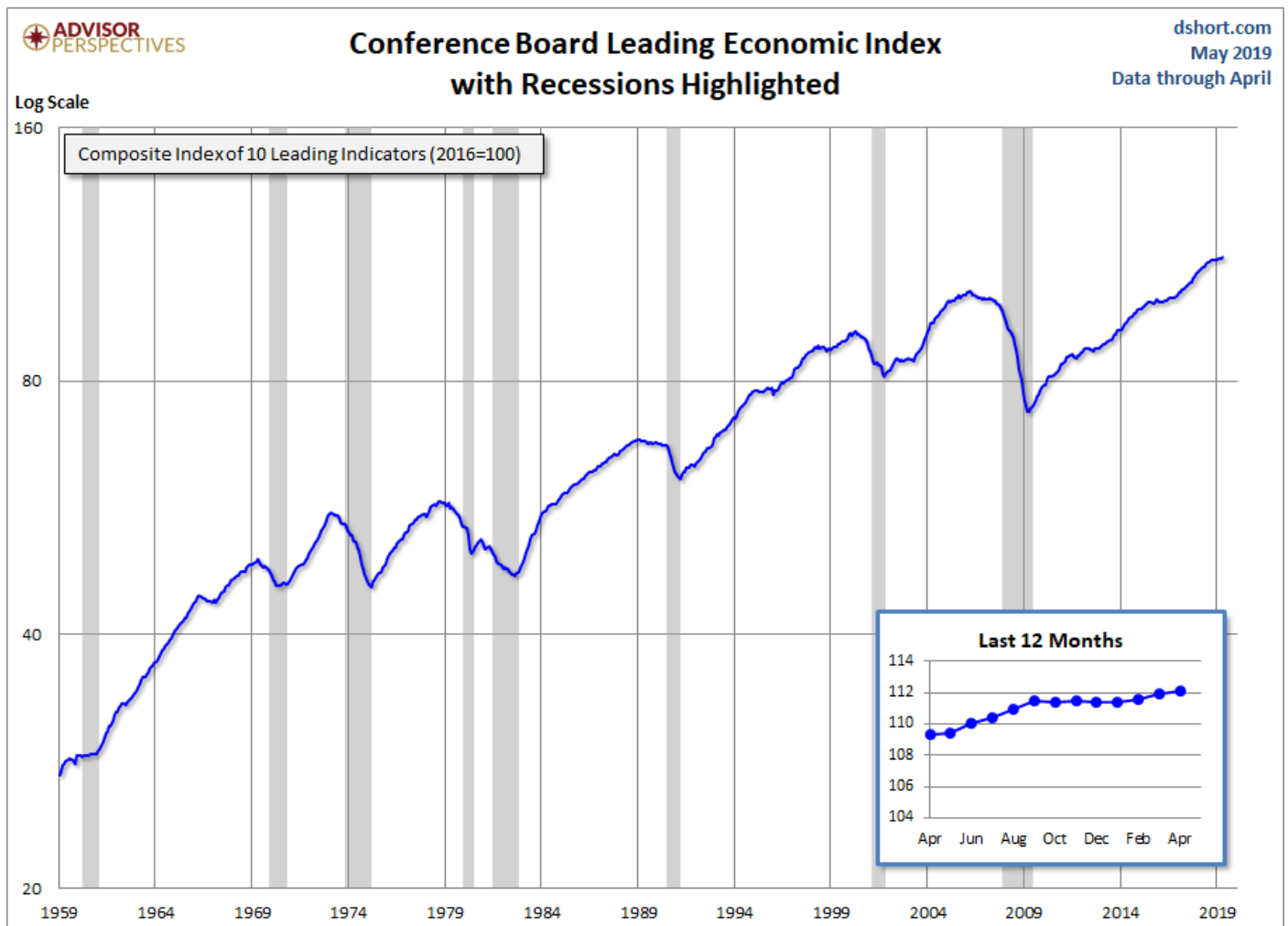
Quarterly Market Review
Second Quarter 2019

U.S. Economic Update – Leading Economic Indicators (LEI)

Below is the full-history chart (since 1959) of the Leading Economic Index (LEI).

The average span between LEI peaks and recession starts has been 13 months, **with a range of 8 to 21 months**. The LEI has never failed to give a heads up that a recession was coming.

While the LEI data series has hit an all-time high most recently as last month (May, 2019), you can see from the inset that economic momentum has been flatlining since last September. This data series warrants close observation for hints at forward economic growth and/or recessions.



Economic Momentum - 6 Month Rate of Change of Leading Economic Indicators

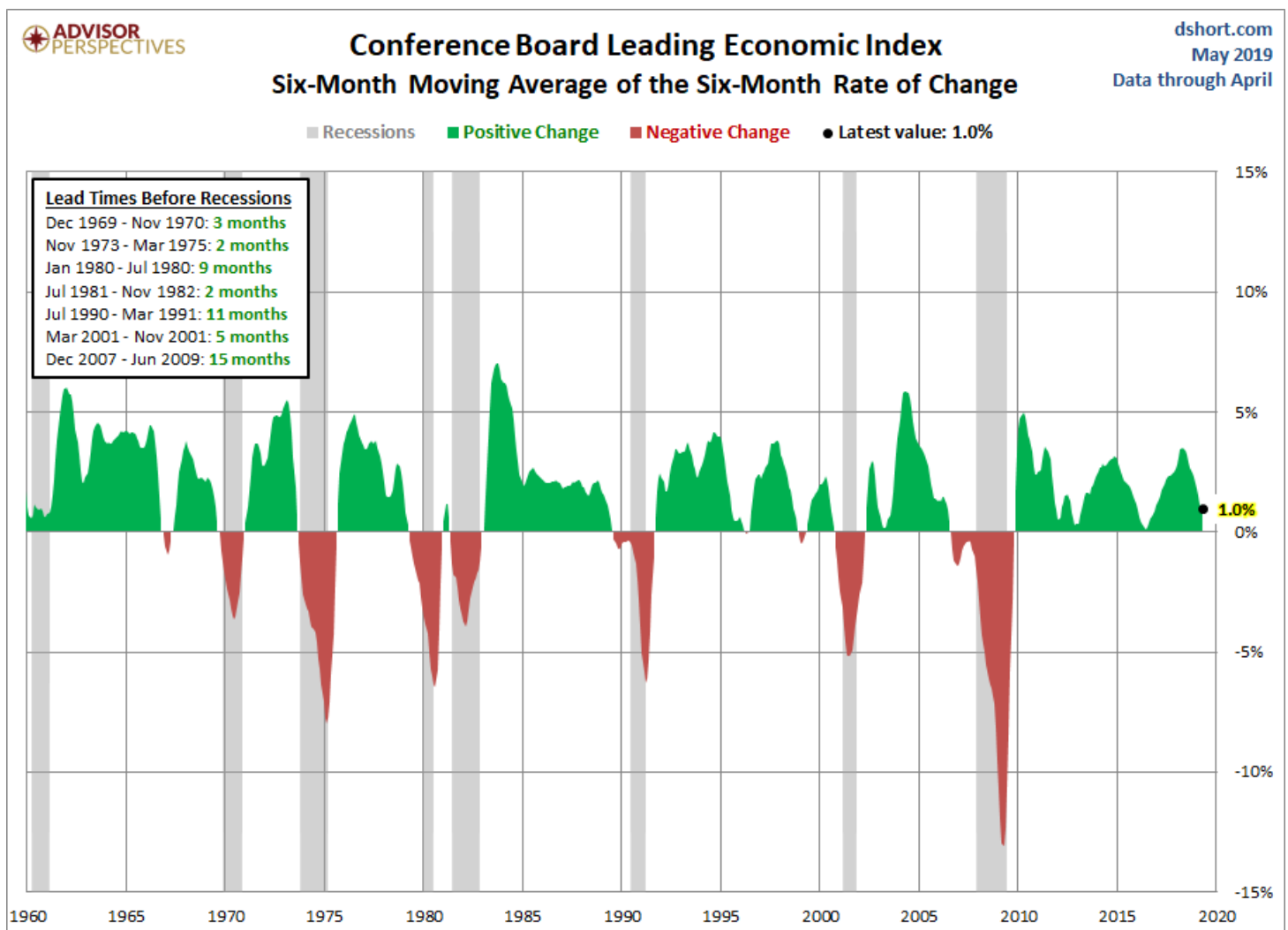
Another way to view strength within the U.S. economy is to examine the *6-month rate-of-change* for the LEI.

The recent trend illustrates a waning economic growth momentum over the last several months.

A reading below zero would suggest that economic recession risk is high.

Average lead time to the beginning of a recession once this data series dips below zero has been 7 months, with a range of 2 to 15 months.

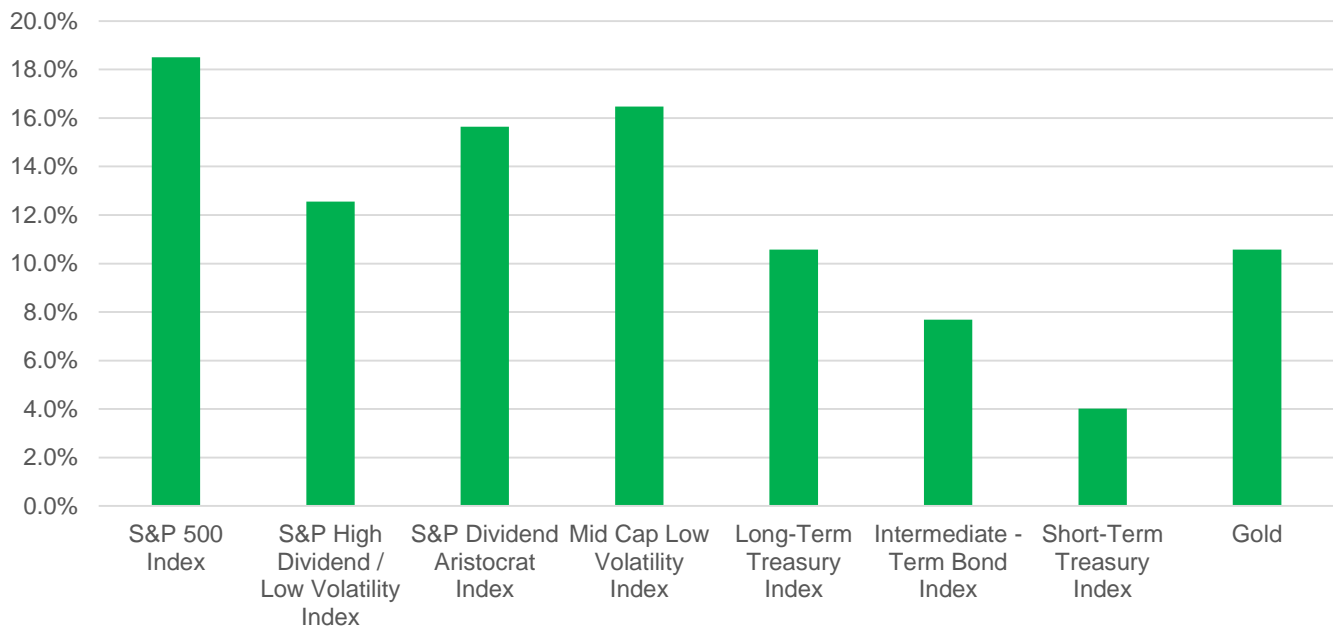
As with the LEI, this is a data series we watch closely for hints at forward economic growth and/or recessions.



Asset Class Returns

Year-to-date 2019 Asset Class Returns (%)

So far, it has been a good year across virtually every asset class.

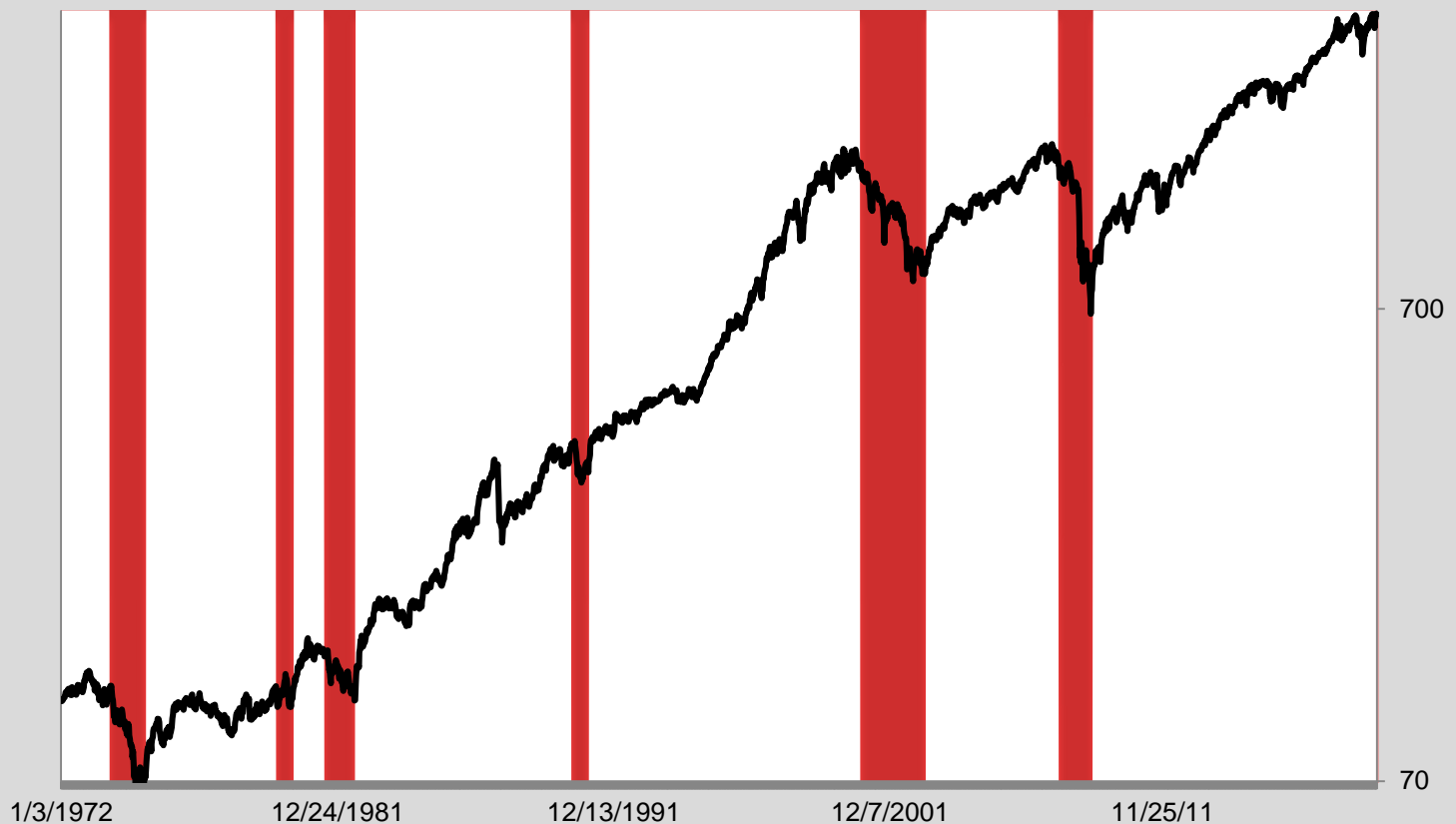


The BCM Market Risk Model

Our Proprietary Risk Guide to Portfolio Allocation

Measuring and reacting to the sum total of all inputs (*economic, financial and monetary*), our primary risk management tool, the *BCM Market Risk Model*, continues to suggest (at this time) **a fully invested bullish posture for both stocks and bonds consistent with the allocation you've chosen**, Tactical All-Weather and/or Tactical Balanced Growth.

Real Time BCM Market Risk Model Readings (high-risk and low-risk periods)
S&P 500 Index 1972 - 2019 (2nd Qtr)



The facts and figures herein have been obtained or derived from original or recognized statistical sources which we believe to be reliable. Past reliability and correlation of BCM Risk Model with general market movements does not guarantee future results. There are limitations with all attempts to model market risk, and the BCM Risk Model is no exception. It is not a representative of any particular BCM client portfolio results. It is simply a correlation guide comparing the outlook and readings of the BCM Market Risk Model with general price changes of the S&P 500 stock index

BCM Composite Strategy Returns

BCM Tactical All-Weather Composite

	2017	2018	2019	2020	2021	2022	2023
Tactical All-Weather Composite (net)	11.01%	-3.60%	11.29%				
50% S&P / 40% Barclays / 10% Gold	13.37%	-2.03%	12.78%				

BCM Tactical Balanced Growth Composite

	2017	2018	2019	2020	2021	2022	2023
Tactical Balanced Growth Composite (net)	12.83%	-4.16%	12.99%				
70% S&P / 30% Barclays	16.09%	-2.81%	14.86%				

Summary of Market Conditions and Outlook

- Forward looking economic measures continue to point towards *slowing growth*. While It is too early to form a strong opinion regarding whether or not the economy is moving towards an outright recession, if the economic measures discussed in this report continue on their recent trajectories, such an outcome will be more likely than not.
- Since the economic growth rate is one of several factors considered by our *Market Risk Model*, indications of an oncoming recession would likely shift our market outlook from *Low Risk* to *High Risk*.
- If/when that happens, we will tactically adjust our exposure to both stocks (reduce) and bonds (increase).
- As always, we will adhere to our investing philosophy and strategy, implementing it as tax-efficiently and low-cost as possible, **and will absolutely maintain our investment discipline across the entire market and business cycle.**

All of our client accounts are held either at Charles Schwab & Co. or TD Ameritrade, both of which are required to send statements no less often than quarterly. If for any reason you are not receiving your accounts statements at least once each quarter, please let us know.

Notes and Disclosures to the Tactical All-Weather Performance Calculation

The Composite Performance results for the BCM strategy referred to herein include discretionary, fee-paying accounts within the BCM Tactical All-Weather Composite from 12/31/2016 through the full most recently completed reporting period, including those clients that are no longer with the firm (there are twenty-eight non-fee-paying accounts included). Total return figures and valuations are calculated using trade date accounting and are stated in U.S. dollars. All realized and unrealized capital gains and losses as well as all dividends and interest from investments and cash balances are included. Returns, expressed in U.S. dollars, include the reinvestment of all income and are presented net of brokerage commissions and all other expenses, including the firm's management fee. BCM's standard management fee is 1% per annum, paid quarterly, and can vary depending on the size of the account. Complete information regarding BCM's fees is included in its Part 2A of Form ADV. The investment results shown may not be representative of an individually managed account's rate of return, as differences can occur due to factors such as timing of initial investment, client restrictions, cash movement, portfolio security weightings, etc. All performance calculations are made by Billeaud Capital Management, LLC. The 50% S&P 500 / 40% Barclay index / 10% Gold is used to depict a blended benchmark of returns (for comparison purposes only) in a portfolio comprised of 50% of the S&P 500 Index and 40% of the Barclays broad based index of investment grade bonds and 10% Gold as expressed by the ETF GLD. All of these indices are unmanaged, and the historical performance results do not reflect the deduction of transaction costs, custodial charges or the deduction of a management fee. As it is not possible to invest directly in an Index, the benchmark returns shown for the 50% S&P 500 / 40% Barclay Index / 10% Gold do not reflect actual trading. There are no assurances that the BCM Composite will match or outperform any particular benchmark. The information provided on this page should not be considered a recommendation to purchase any particular security. There is no assurance that any securities owned by accounts included in the Billeaud Capital Tactical All-Weather Composite will remain in the portfolios. It should not be assumed that investments in all securities were or will be profitable. All investments in securities involve risk and the potential for loss of capital. Past performance is not a guarantee of future success. Figures are not audited and are subject to change.

Notes and Disclosures to the Tactical Balanced Growth Performance Calculation

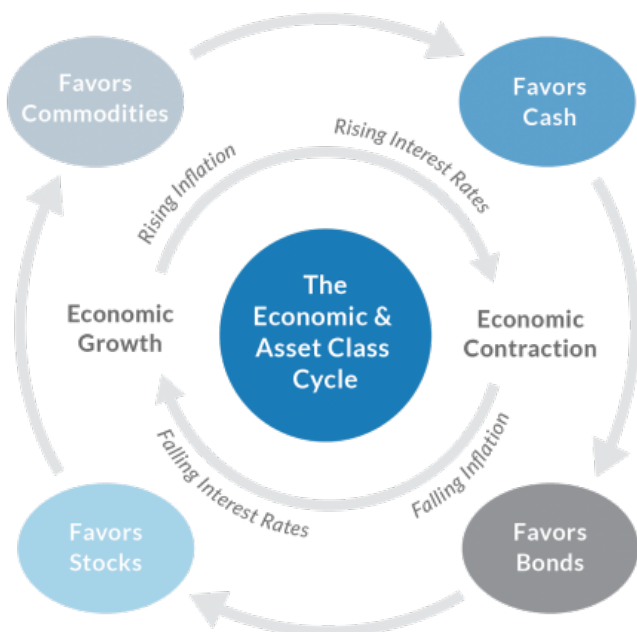
The Composite Performance results for the BCM strategy referred to herein include discretionary, fee-paying accounts within the BCM Tactical Balanced Growth Composite from 12/31/2016 through the full most recently completed reporting period, including those clients that are no longer with the firm (there are twenty-eight non-fee-paying accounts included). Total return figures and valuations are calculated using trade date accounting and are stated in U.S. dollars. All realized and unrealized capital gains and losses as well as all dividends and interest from investments and cash balances are included. Returns, expressed in U.S. dollars, include the reinvestment of all income and are presented net of brokerage commissions and all other expenses, including the firm's management fee. BCM's standard management fee is 1% per annum, paid quarterly, and can vary depending on the size of the account. Complete information regarding BCM's fees is included in its Part 2A of Form ADV. The investment results shown may not be representative of an individually managed account's rate of return, as differences can occur due to factors such as timing of initial investment, client restrictions, cash movement, portfolio security weightings, etc. All performance calculations are made by Billeaud Capital Management, LLC. The 70% S&P 500 / 30% Barclay index is used to depict a blended benchmark of returns (for comparison purposes only) in a portfolio comprised of 70% of the S&P 500 Index and 30% of the Barclays broad based index of investment grade bonds. All of these indices are unmanaged, and the historical performance results do not reflect the deduction of transaction costs, custodial charges or the deduction of a management fee. As it is not possible to invest directly in an Index, the benchmark returns shown for the 70% S&P 500 / 30% Barclay Index do not reflect actual trading. There are no assurances that the BCM Composite will match or outperform any particular benchmark. The information provided on this page should not be considered a recommendation to purchase any particular security. There is no assurance that any securities owned by accounts included in the Billeaud Capital Tactical Balanced Growth Composite will remain in the portfolios. It should not be assumed that investments in all securities were or will be profitable. All investments in securities involve risk and the potential for loss of capital. Past performance is not a guarantee of future success. Figures are not audited and are subject to change.

About Billeaud Capital Management, LLC

Billeaud Capital Management, LLC. is an independent investment advisory firm currently managing roughly \$450 million for clients as of 6/30/2019.

With more than three decades of experience, Billeaud Capital Management, LLC provides investment advisory services to individuals, corporations, trusts, endowments, foundations, and retirement plans. We focus on risk-managed, balanced portfolios, with a goal of successful capital growth and wealth preservation across an entire market cycle. BCM also offers full financial planning for a total goals-based offering for our clients.

BCM Portfolios - Tactically Managed & Process Driven.



Our Investment Philosophy & Process