Left to right:

J. Wade Stinnette, Jr.
Principal and
Senior Portfolio Manager

Daniel T. Wallick
Managing Partner and
Chief Investment Officer

Susan H. Wallick
Principal and Director of
Marketing and
Communication

Jacob D. Wallick
Jr. Portfolio Manager
and Managing Partner
Associate

Wallick Investments Fidelis Composite received Morningstar's 5-Star rating for 3-year risk-adjusted performance among 450 large-cap value products, and a 4-star Morningstar Rating™ for 5-year and Overall risk-adjusted performance among 450 large-cap value products as of June 30, 2019†. This is the 14th out of 19 quarters that WI Fidelis has received a 4-star or greater Overall Morningstar Rating.

Wallick Investments' Core Growth Composite received a 4-star Morningstar Rating among 160 mid-cap blend managers for 3-year, 5-year, 10-year and Overall performance as of June 30, 2019†. This is the 22nd out of 29 quarters that WI Core Growth Composite has received a 4-star or greater. *Money Manager Review*, a San Francisco-based firm providing independent analysis of private money manager firms, ranks **Wallick Investments Core Growth Composite #3 in the nation among 15 multi-cap managers for 10-year performance as of June 30, 2019.**

Also in 2Q2019, Wallick Investments was proud to sponsor the following events:

- Brookland Foundation Golf Tournament
- Lexington Chamber Golf Tournament
- SJN Knights of Columbus Golf Tournament
- Columbia International University Golf Tournament
- National Right to Life Convention

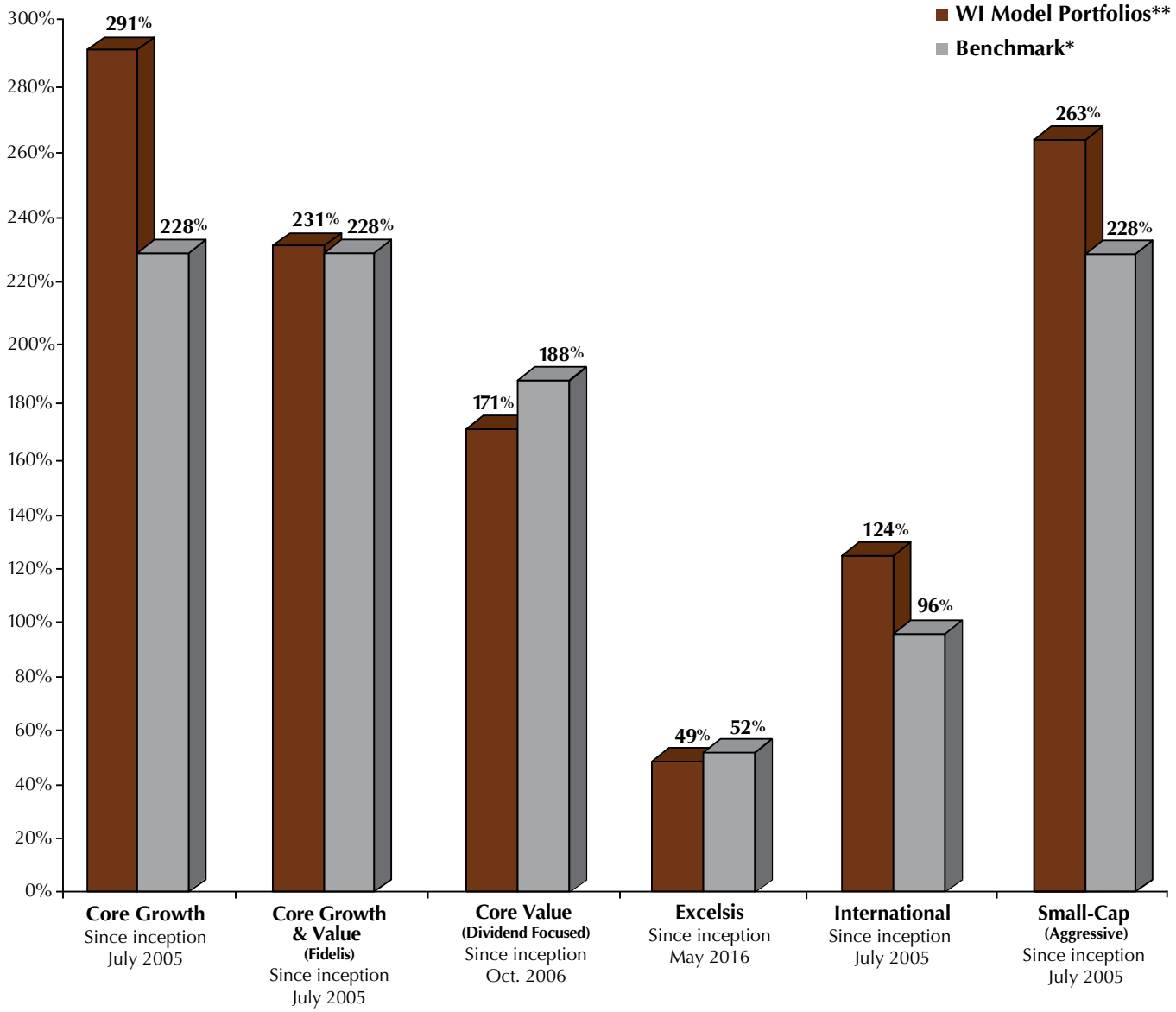
Wallick Investments offers free, no-obligation portfolio reviews, including an evaluation of performance and holdings.

Contact us today.

WALLICK INVESTMENTS, LLC
RIA ▪ Strategic Moral Investing
1122 Lady Street, Suite 810, Columbia, SC 29201
803.699.9400

Wallick Investments Model Portfolios vs. Benchmarks

Performance through June 30, 2019



*** Comparable Benchmark Indices**

Core Growth: Wilshire 5000 represented by Vanguard Total Stock Market ETF / VTI
Core Growth & Value (Fidelis): Wilshire 5000 represented by Vanguard Total Stock Market ETF / VTI
Core Value (Dividend Focused): S&P 500 represented by the Vanguard 500 Index Fund Admiral Shares / VFIAX
Excelsis: S&P 500 represented by the Vanguard 500 Index Fund Admiral Shares / VFIAX
International: MSCI EAFE represented by iShares MSCI EAFE ETF / EFA
Small-Cap (Aggressive): S&P 600 represented by iShares Core S&P Small-Cap ETF / IJR

** WI Model portfolios are developed and managed by Wallick Investments, LLC. They do not represent an actual account or a composite of accounts. Each client's portfolio holdings and weightings vary based on individual time frames and risk tolerance. The portfolio models display performance data to illustrate past performance and do not guarantee future results.

In June 2013, Wallick Investments improved its previously subjective filtering process by adopting formal moral investment guidelines and began utilizing a Biblically responsible filtering database.

WALLICK INVESTMENTS, LLC
RIA ▪ Strategic Moral Investing

A Current Investment Perspective

2nd Quarter Market Commentary
August 2019

At Wallick Investments at least 70% of our asset allocation decisions are strategically based upon an individual client's risk tolerance and time horizon. The other 30% of our asset allocation decisions are tactical and made based upon our top-down economic and market perspective. Although 30% is a smaller percentage, we believe it is important enough to share our view below.

Key points

1) The main question facing investors for the rest of this year and into the next is whether the economy is just slowing down or heading into recession.

2) The effects from the ongoing trade wars are visible, but the overall impact on the economy is difficult to quantify. For now, we believe the most likely scenario is not a recession, but an economy that is slowing to a rate consistent with the long-run trend.

3) Recent volatility in the equity markets reflects growing concern that escalating trade wars are threatening to unravel decades of globalization and trade integration, with unpredictable consequences for companies and stocks.

4) Fixed income investors have earned much more than their coupons so far in 2019, but we expect returns for the rest of the year to be more moderate.

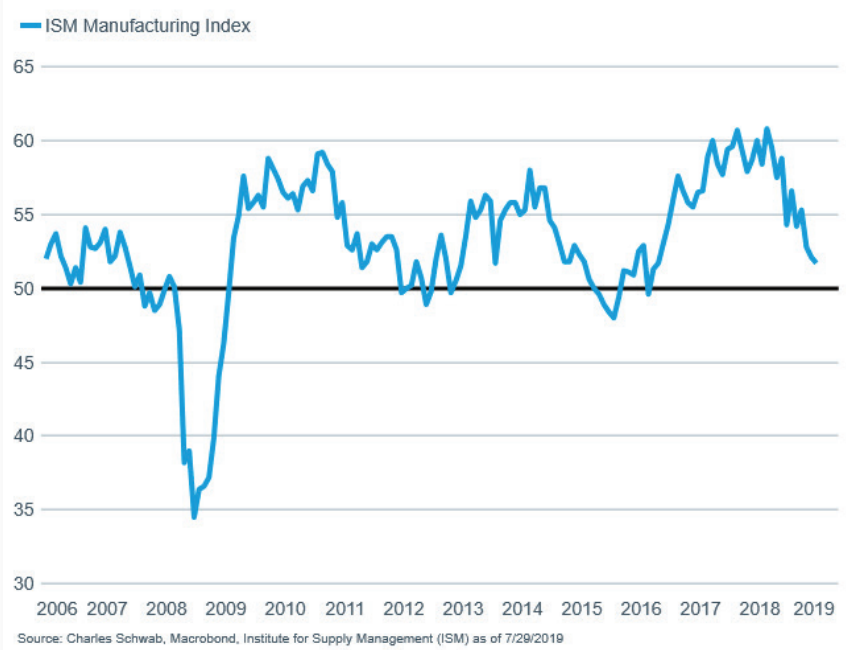
Overview

The key question facing investors for the rest of this year and into the next is whether the economy is just slowing down or is it heading into recession? After nine rate hikes by the Federal Reserve that began in December 2015 and ended in December 2018, slower growth was to be expected, but we are watching closely for signs that the current trade conflicts might be the catalyst for a recession.

Impairments to global trade can cause serious disruptions. Earlier in the year it was widely hoped that a trade deal would be reached between the United States and China; however, when trade negotiations broke down in May and the Trump administration upped the ante by raising tariffs (which are paid by U.S. importers) on $200 billion worth of Chinese goods, it became apparent the U.S. economy would not be immune. To date, the escalation in the trade war has hit the U.S. economy on both the import and export sides as both have declined. The impact is also being felt through the disruption in integrated global supply chains, production disruptions, higher operating costs, misallocation of resources, and weaker profit margins and/or higher consumer prices as companies decide whether to absorb higher tariff costs or pass them on to their customers.

Current data suggest the economy's growth rate has, indeed, slowed. GDP growth fell from 3.1% in the first quarter to 2.1% in the second. Other recent data indicate that U.S. GDP growth will likely average

around 1.5% to 2% in the second half of the year. The manufacturing sector, which is sensitive to trade and tends to be a leading indicator of economic activity, is still expanding but is showing signs of weakness. The Institute for Supply Management (ISM) Manufacturing Index dropped to 51.2 in July, a level signaling growth, but just barely.

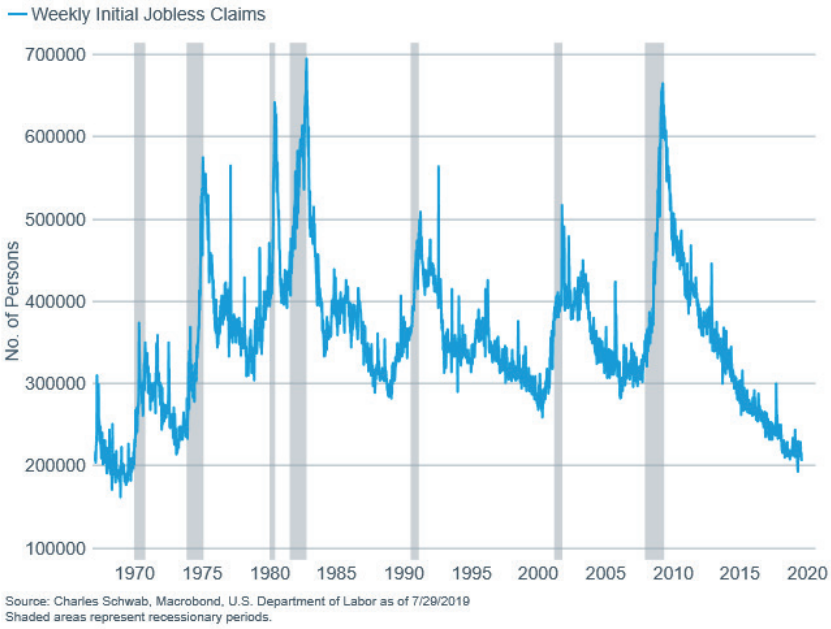


Unsurprisingly, the ISM survey indicated that trade was a significant contributor to the weakness in manufacturing activity, and there are concerns it may start to bleed through to other areas of the business world. Based on Fed regional surveys, for example, planned capital expenditures have declined sharply, which historically has led to a decline in actual capital spending.

Thus far, the weakness in the business world has not spilled over into consumer sentiment. The labor market has remained strong and businesses have continued hiring at a solid pace. Jobless claims remain near historic lows while the unemployment rate has stayed at a low 3.7%. Sustained strength in employment data has elevated consumer confidence, which should in turn help support the economy in the near term.

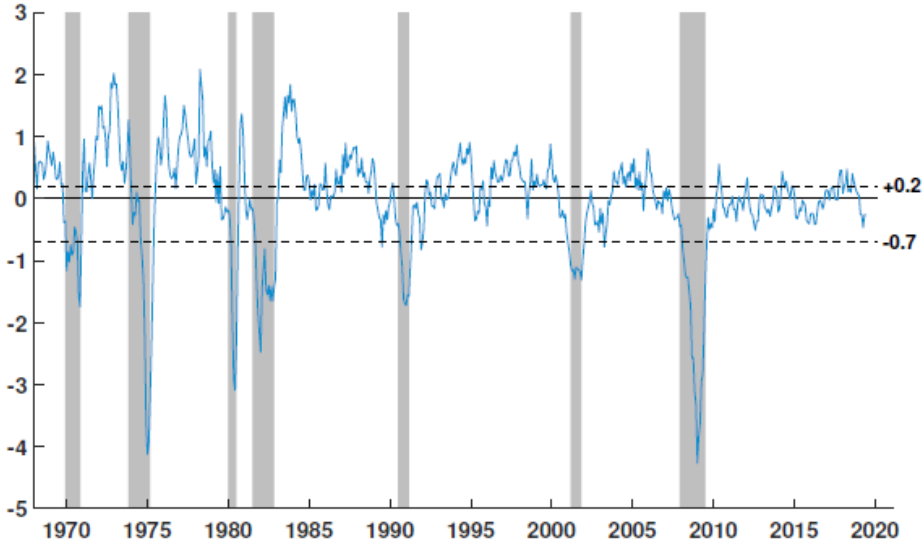
A change in monetary policy by the Federal Reserve to a more accommodative stance should also help. Trade uncertainty and slowing global growth contributed to the Fed's decision to cut rates in July, and easier policy in the future remains a possibility. Likewise, global monetary policy is more accommodative now than it was late last year. The European Central Bank (ECB) also has softened its stance by eliminating the prospects of a rate hike in 2019 and by adding accommodation via new long-term loans. A more dovish stance by the Fed and the ECB has extended in recent weeks to much of world. The central banks that have shifted to easing this year include India, the Philippines, Malaysia, New Zealand, Australia, Iceland, and Chile. With many major central banks loosening monetary policy, the environment for equities and bonds has improved because lower

The labor market remains healthy.



rates make the higher return potential of equities and longer-dated bonds look more attractive.

Two other indicators we monitor closely are the Chicago Fed National Activity Index (CFNAI) and The Conference Board's Leading Economic Index (LEI). Currently, both benchmarks are indicating slower but continued growth with no imminent recession.



Notes: Shading indicates official periods of recession as identified by the National Bureau of Economic Research. Following a period of economic expansion, an increasing likelihood of a recession has historically been associated with a CFNAI-MA3 value below –0.70. Conversely, following a period of economic contraction, an increasing likelihood of an expansion has historically been associated with a CFNAI-MA3 value above –0.70 and a significant likelihood of an expansion has historically been associated with a CFNAI-MA3 value above +0.20.

Source: Federal Reserve Bank of Chicago

The CFNAI is a weighted average of 85 indicators of growth in national economic activity drawn from four broad categories of data: 1) production and income; 2) employment, unemployment, and hours; 3) personal consumption and housing; and 4) sales, orders, and inventories. Month-to-month movements can be volatile, so we rely on the monthly index's three-month moving average, the CFNAI-MA3. The CFNAI-MA3 was –0.26 in June, indicating an economy that is growing below trend, but growing nonetheless.

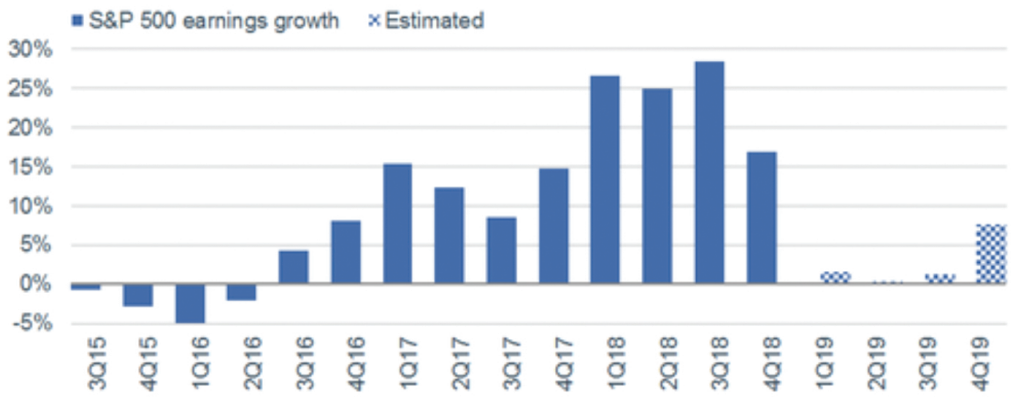
The LEI is intended to forecast economic activity six months into the future. It declined 0.3% in June following no change in May and a 0.1% increase in April. June's decline was the first since last December and was primarily driven by weaknesses in new orders for manufacturing, housing permits, and unemployment insurance claims. It suggests growth is likely to remain slow in the second half of the year.

The trade war and the related slowdown in manufacturing, global trade, and economic growth have contributed to rising recession risk. The effects from the ongoing trade wars are visible, but the overall impact on the economy is difficult to quantify. For now, we believe the most likely scenario is not a recession, but that of an economy that appears to be slowing to a rate consistent with the long-run trend.

Equity Commentary

U.S. equities advanced in the second quarter, but the path was rocky. Four months of strong gains in early 2019 were disrupted by sharp declines in May as trade fears reemerged to dominate market sentiment. Then in June, investors shifted focus to the Fed's expected first rate cut and the S&P 500 Stock Index rebounded, making a new record high. All S&P 500 sectors advanced, led by economically sensitive Materials, Energy, and Technology.

Historically, the market's reaction to an initial Fed rate cut is bullish. The Dow Jones Industrials Average (DJIA) has climbed an average of 16% in the year following the first cut and has risen in 18 out of 23 cases since 1921.



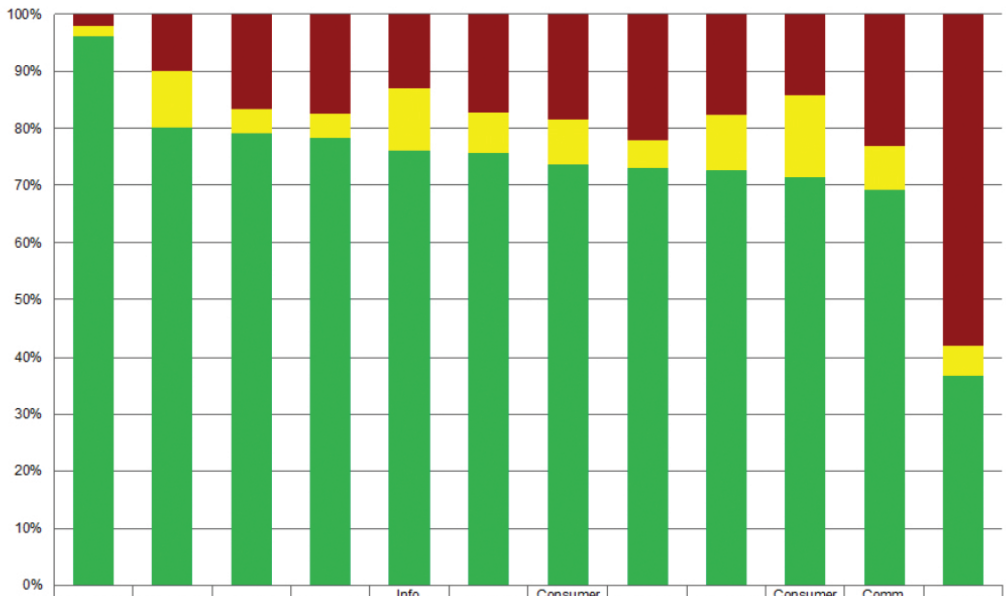
Source: Charles Schwab & Co., Inc.

With so much focus on the Fed and expected rate cuts, however, it is easy to forget that equity investors are buying ownership stakes in companies and their ability to generate profits should determine their value, at least in the long run. Recent volatility in the equity markets reflects growing concern that rising populism, punctuated by escalating trade wars, is threatening to unravel decades of globalization and trade integration, with unpredictable consequences for companies and stocks.

Corporate profit growth was generally expected to slow this year as the stimulating effects of 2017's Tax Cuts and Jobs Act subsided and as the Fed's interest rate hikes began to be felt, but there is a risk of even slower growth if the trade concerns persist. If tariffs continue to escalate and remain in effect for a prolonged period, consumer demand may slow due to higher prices, or corporate profit margins may take a hit if companies do not, or cannot, pass on the cost of tariffs to consumers. From a rate of more than 20% in 2018, profit growth slowed to just 3.1% in the first quarter of this year and expectations going into the second quarter were relatively downbeat, with a slight negative year-over-year change anticipated. Estimates are for barely any earnings growth in the third quarter, and only a slight increase in the fourth (see chart above). If the trade war continues to escalate, earnings estimates may be cut more significantly, meaning an earnings recession becomes a distinct possibility.

The good news is that to date, 75% of companies in the S&P 500 that have announced results for the second quarter have

S&P 500 Earnings Above, In-Line, Below Estimates: Q2 2019
(Source: FactSet)



	Health Care	Real Estate	Energy	Materials	Info. Technology	S&P 500	Consumer Disc.	Financials	Industrials	Consumer Staples	Comm. Services	Utilities
Below	2%	10%	17%	17%	13%	17%	18%	22%	18%	14%	23%	58%
In-Line	2%	10%	4%	4%	11%	7%	8%	5%	10%	14%	8%	5%
Above	96%	80%	79%	78%	76%	76%	74%	73%	73%	71%	69%	37%

Source: FactSet

reported actual earnings above estimates. Additionally, 57% are reporting actual sales above estimates. This illustrates the difficulty of trying to estimate the impact of the trade wars on future revenue and earnings.

Despite the uncertainty created by the ongoing trade tensions, we think there are good reasons to stay invested in stocks. Corporate earnings have been better than expected, and equity valuations, while not cheap, are not overly stretched either. Continued stimulus and lower interest rates should support equity gains, even as earnings growth moderates. In this environment, we think equities can deliver moderate gains, though returns will be more volatile than in recent years. Should there be any improvement on the trade front, stock prices could easily and rapidly return to record highs.

Key Data Points in Our Asset Allocation and Factor Rotation Analysis

What does the data that we monitor regularly, and which we believe are most important to foreseeing economic recessions and associated Bear markets, currently say?

- Leading economic indicators were down 0.3% in June and up 0.2% over the past 6 months. The six month reading indicates continued economic growth, although potentially slower. Following are the five largest contributors to this month's reading:

  Building Permits -0.18%
  ISM New Orders Index contributed -0.12%
  Leading Credit Index contributed 0.12%
  Interest rate spread contributed -0.04%
  Average Consumer Expectations for Business Conditions contributed 0.03%

- The Chicago Federal Reserve's National Activity Index was -0.02 for June and -0.26 for the last three months, indicating below average, but not recessionary, economic activity. The contribution of each of the major index categories were as follows:

  Production and Income contributed -0.00
  Employment contributed 0.06
  Personal consumption contributed -0.05
  Sales, Orders and Inventories contributed -0.03

- The National Financial Conditions Index (NFCI) was most recently -0.86. Negative values indicate looser credit conditions—a hallmark of more buoyant financial markets.

Wallick Investments Asset Allocation conclusions: Wallick Investments' overweight to equity since 2009 has been very beneficial to our clients. We will continue to stay over weighted equity until economic data changes. This data also leads us to "tilt" our factor rotation portfolio towards high value companies.

Wallick Investments' Equity Composites Performance Review

Wallick Investments makes security selection decisions through a non-emotional, bottom-up, "factor-based" process. Clients own a portfolio(s) of stocks which have a proprietary blend of multiple factors that have

shown to outperform the overall market on a risk-adjusted basis over the long term. In addition to adding value through long-term outperformance, Wallick Investments also adds value by being transparent in performance reporting. When clients are aware of where they stand and the cyclicality of markets, they are better able to handle volatility and not make poor investment decisions based on emotion. Of course, past results are no guarantee of future returns.

Performance results of traditional market indices, our composites, and custom-weighted benchmarks based on traditional indices, Morningstar® style categories and factor-based indices as published by Morningstar®, are displayed below. The weighted traditional indices' benchmarks and weighted-factor benchmarks are weighted according to target factor allocations for each Wallick Investments' composite. The weighted Morningstar® Style benchmarks are weighted according to actual allocations at the end of the quarter.

WI Core Growth Comparative Performance	2Q2019	1-yr.	3-yr.	5-yr.	10-yr.
WI Core Growth Composite	**5.00**	**5.73**	**13.97**	**9.71**	**15.60**
Weighted traditional indices benchmark	*3.73*	*6.80*	*13.14*	*8.89*	*14.08*
Weighted Morningstar® style benchmark	*3.45*	*4.52*	*12.16*	*7.76*	*13.26*
Weighted factor benchmark	*4.16*	*8.46*	*14.41*	*11.51*	*16.07*

WI Dividend Focused Comparative Performance	2Q2019	1-yr.	3-yr.	5-yr.	10-yr.
WI Dividend Focused Composite	**3.75**	**4.02**	**9.61**	**7.91**	**12.32**
Weighted traditional indices benchmark	*3.84*	*8.43*	*11.77*	*8.15*	*12.45*
Weighted Morningstar® style benchmark	*3.24*	*5.46*	*11.16*	*7.44*	*12.75*
Weighted factor benchmark	*3.56*	*8.01*	*12.91*	*10.22*	*15.47*

WI Fidelis Comparative Performance	2Q2019	1-yr.	3-yr.	5-yr.
WI Fidelis Composite	**4.59**	**7.14**	**13.88**	**9.81**
Weighted traditional indices benchmark	*3.79*	*7.64*	*12.55*	*8.59*
Weighted Morningstar® style benchmark	*3.42*	*5.22*	*11.77*	*7.73*
Weighted factor benchmark	*3.77*	*8.00*	*13.23*	*10.52*

Traditional Indices	2Q2019	1-yr.	3-yr.	5-yr.	10-yr.
iShares Core S&P 500	*4.29*	*10.37*	*14.14*	*10.66*	*14.63*
iShares S&P Mid-Cap	*3.02*	*1.25*	*10.83*	*7.94*	*14.52*
iShares S&P Small-Cap	*1.86*	*-4.86*	*11.96*	*8.39*	*14.94*
iShares MSCI International EAFE	*3.75*	*1.04*	*9.04*	*2.18*	*6.79*
iShares Russell 3000	*4.05*	*8.80*	*13.84*	*10.02*	*14.48*
iShares Russell 1000 Value	*3.79*	*8.30*	*10.01*	*7.28*	*12.98*

Factor-based Indices	2Q2019	1-yr.	3-yr.	5-yr.	10-yr.
MSCI USA Barra Value	*3.80*	*8.97*	*13.91*	*10.60*	*14.85*
MSCI USA Momentum	*6.23*	*10.20*	*17.67*	*15.11*	*17.42*
MSCI USA Quality	*4.17*	*14.09*	*17.03*	*13.20*	*15.84*

Vanguard High Dividend Yield	*2.75*	*8.73*	*10.28*	*9.00*	*14.16*
iShares Edge MSCI Min Vol	*5.55*	*18.55*	*12.38*	*12.91*	*16.58*
iShares Edge MSCI USA Momentum	*6.15*	*9.75*	*17.36*	*14.85*	*n/a*
iShares Edge MSCI USA Quality	*3.85*	*11.74*	*13.62*	*11.48*	*n/a*
iShares Edge MSCI USA Value	*2.34*	*0.99*	*12.30*	*7.57*	*n/a*

Morningstar Style Indices	**2Q2019**	**1-yr.**	**3-yr.**	**5-yr.**	**10-yr.**
Morningstar US Large Core	*3.81*	*8.20*	*12.53*	*8.76*	*13.24*
Morningstar US Large Growth	*4.63*	*10.02*	*16.97*	*11.33*	*14.71*
Morningstar US Large Value	*3.02*	*5.79*	*10.12*	*6.84*	*12.20*
Morningstar US Mid Core	*3.04*	*2.41*	*9.98*	*6.04*	*12.87*
Morningstar US Mid Growth	*5.61*	*9.88*	*15.59*	*9.78*	*14.53*
Morningstar US Mid Value	*2.52*	*0.25*	*8.73*	*5.57*	*12.75*
Morningstar US Small Core	*2.21*	*-3.76*	*10.09*	*5.65*	*12.70*
Morningstar US Small Growth	*4.12*	*3.22*	*16.12*	*9.18*	*14.47*
Morningstar US Small Value	*0.63*	*-8.05*	*7.69*	*3.59*	*11.65*

Wallick Investments' Equity composite performance conclusion: Although our performance has been good, we know investing themes come in and out of favor, but over the long term, Quality, Value, Momentum and Low Volatility stand out. We continue to have the utmost confidence in our investment processes and believe our factors reward patient investors. Our conviction is supported by an abundance of academic research, a rush to create new "factor-based" ETF products and lastly, historical results.

Wallick Investments' Strategic Moral Investing Commentary

Wallick Investments' stock-selection processes allow clients to integrate their faith and investments. The biggest concern with such a strategy is what might be given up in investment performance. Most studies suggest very little trade-off. During some time periods, there may be underperformance, and in others, outperformance. To evaluate the cost or benefit of our strategy, we monitor a benchmark (S&P 500 Catholic Values Index) that utilizes a moral screening strategy of the S&P 500, that is similar to ours. The results below show how the S&P 500 Catholic Values Index performed relative to the iShares Core S&P 500 ETF:

	3 mo.	**1-yr.**	**3-yr.**	**5-yr.**	**10-yr.**
S&P 500 Catholic Values Index vs. iShares Core S&P 500 ETF (IVV)	*-0.36*	*-0.59*	*+0.33*	*+0.36*	*+0.30*

2Q2019 performance data

Wallick Investments' Strategic Moral Investing conclusion: Strategic Moral Investing outperformed in the majority of time periods shown above. Most of the deviation in performance of the iShares Core S&P 500 ETF versus the S&P 500 Catholic Values index is due to the relative performance of large pharmaceutical companies. Like most academic studies suggest, Wallick Investments believes moral filtering may have a positive or negative impact over short-term periods, but has limited impact on long-term performance.

Wallick Investments' International Commentary

International equity markets rebounded strongly in the first half of 2019, with every developed market country and most emerging market countries posting positive equity returns. While international equities performed well, they significantly underperformed U.S. equities, a trend that has been in place for some time.

Over the past ten years, the U.S. equity market's annualized total return, as measured by the S&P 500 Index, was more than double that of international developed markets, represented by the MSCI EAFE Index. While earnings growth has been higher in the United States over the past decade, the current valuation spread between the U.S. and international equity markets is now near a 15-year high. In addition to lower starting valuations, many foreign companies have the potential to improve profitability and return meaningful amounts of capital to shareholders through dividends and share buybacks. We believe this combination provides a solid foundation for attractive long-term returns.

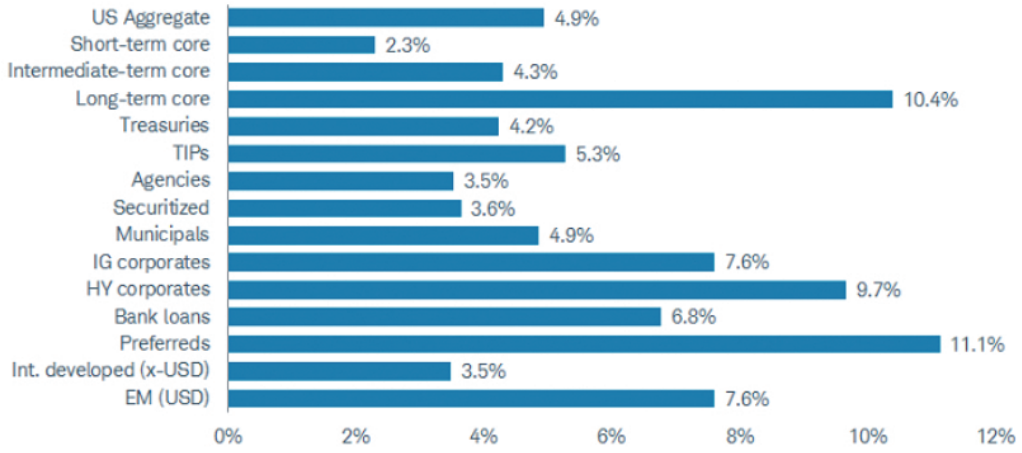
Portfolio Performance	2Q2019	1-yr.	3-yr.	5-yr.	10-yr.
WI International Model	**1.35**	**0.97**	**8.64**	**2.08**	**7.10**
iShares MSCI EAFE ETF (EFA)	*3.75*	*1.04*	*9.04*	*2.18*	*6.79*
iShares MSCI Emerging Markets ETF (EEM)	*0.50*	*0.72*	*10.03*	*1.89*	*4.93*

Wallick Investments' International conclusion: International equity markets appear undervalued relative to the U.S. equity markets. Leading economic indicators suggest improving conditions, however, trade wars will likely mean limited relative advancement for international markets.

Wallick Investments' Fixed Income Composites Commentary

Returns for fixed income investors have been very strong so far in 2019. Every class of fixed income, from the lowest risk to the riskiest, has posted gains thanks to the appreciation in bond prices that has occurred as interest rates declined across the yield curve. We expect returns to remain positive in the second half of the year, but we do not expect a repeat of sharp gains investors have enjoyed thus far.

Fixed Income total returns have been strong year to date



Source: Charles Schwab & Co., Inc.

Economic growth has been slowing around the world for the past year, and central banks in major developed countries have moved short-term interest rates to zero or even into negative territory. Yield

spreads between the U.S. and other major countries is another factor keeping domestic bond yields low as global buyers are attracted to higher U.S. rates.

Based on current yields, it appears the bond market believes the Fed is likely to cut interest rates later this year, but the market may be pricing in more aggressive policy easing than is likely to happen. Based on past cycles, there are a handful of indicators that have tended to precede Fed rate cuts:

- A rise in the unemployment rate
- Tightening financial conditions
- A decline in the Institute for Supply Management (ISM)'s manufacturing index toward 50 (an index score below 50 indicates manufacturing activity is contracting)
- An inverted yield curve

So far, only one of these four indicators—the yield curve—is signaling another rate cut. The ISM index is getting close, but it is not in contraction territory yet. Financial conditions indicate credit is widely available, and the unemployment rate is near a 50-year low.

Thus, bond returns in the second half of 2019 are likely to be primarily driven by the interest earned on bonds, and not as much by price appreciation. A slowing economy, tame inflation, and the prospect of easier monetary policy down the road should all contribute to keeping interest rates low; however, we believe the likelihood of future interest rate cuts by the Federal Reserve is already priced into current yields. Those expectations may be overdone.

Portfolio Performance	**2Q2019**	**1-yr.**	**3-yr.**	**5-yr.**
WI Bond Composite	**2.84**	**6.90**	**2.66**	**2.32**
iShares Core US Aggregate Bond ETF (AGG)	*2.83*	*7.72*	*2.18*	*2.89*
iShares Core International Aggregate Bond ETF (IAGG)	*2.96*	*7.94*	*3.52*	*n/a*
iShares JP Morgan USD Emerging Markets Bond ETF (EMB)	*4.08*	*12.42*	*4.68*	*4.59*

Portfolio Statistics	**Composite**	**AGG**
Duration	*4.66*	*5.51*
Average Credit	*BBB*	*AA*
Yield	*3.30*	*2.94*

Wallick Investments' Hedge

Where it is appropriate for the individual client, we maintain an allocation to hedging strategies to dampen volatility and/or invest in inflation protected non-correlated assets. This portfolio will range from 0–100% commodities and 0–100% long-term treasuries. It can also hold Treasury Inflation-protected securities, ETFs investing in specific commodities, currencies, market neutral strategies and small positions against market volatility. Allocations to this strategy are expected to be most effective during economic extremes with either high interest rates or recessionary contractions.

Wallick Investments' Hedging conclusion: Based on current data, Wallick Investments believes small hedges should be maintained.