



WEEKLY UPDATE

PERSPECTIVE for BETTER FINANCIAL OUTCOMES

New Feature!

Below is a recording of our Redhawk Live Update to help our clients better understand what we are doing with our portfolios. We hope to send these out every week moving forward. Click the button below below to listen!

[Redhawk Live!](#)

Market Commentary

Last week stocks finished higher for a second week in row, with the S&P 500 sitting within striking distance of a record high. News that the U.S. and China agreed to hold trade talks in Washington in October was the main catalyst for the rally. Economic data was mixed as the manufacturing activity contracted, falling to a three-year low, while non-manufacturing activity (which accounts for the bulk of economic activity) expanded and accelerated versus the pace of activity in July. August's jobs report showed that hiring slowed, but to a level strong enough to hold the unemployment steady at a near 50-year low, with solid wage growth.



Volatility in August reflected the prevalent risks of the U.S. and China trade situation and a growing concern for an impending recession. Stocks seesawed through August as investors focused on trade turmoil and recession-signals from interest rates (inverted yield curve) drove the market more than 6% lower during the month. September, so far, has been the exact opposite and the quick rebound has returned the stock market to within 1.5% of its all-time high.

There are still many concerns in the market, namely tariff uncertainties and the ongoing manufacturing downturn to continue to cast worries of an impending recession. Additionally, the seesaw market has everyone focusing on what the Fed will do and say in September.

Proper expectations can help set the stage for appropriate investment decisions as the market twists and turns. The bad news is that over the past 30 years, September has had the third-worst average monthly return behind August and June. Additionally, September is also, on average, the second most volatile month of the year. The good news is that October, November and December are among the best-performing months, with an average monthly return of 1.6%. September will live up to its reputation in terms of volatility given the delicate trade situation between the U.S. and China, along with the upcoming Fed rate meeting, where consensus expectations have set a high bar for lower rates.

The market has shown a consistent pattern to overreact to both escalating tariff threats as well as the promise of renewed negotiation talks. The most concerning, is not the impact on the U.S. economy, instead, it's the potential for trade uncertainties to spill over into businesses' willingness to invest and hire, which in turn would begin to impact

household consumption (which does determine the health of the expansion). Final resolution of a trade deal is still a way off, but it will be important for the trade spat not to negatively impact business and consumer confidence. In addition, the Fed will be a key contributor in the economic and market story ahead. The Fed is likely to cut rates in September, with the recent jobs report not doing anything to alter that expectation. Markets are pricing in several rate cuts from the Fed in the coming year and if economic or inflation data come in hotter than anticipated, the recalibration of Fed rate-cut expectations could drive temporary pullbacks.

INDEX	CLOSE	WEEK
Dow Jones Industrial Average	26,797	1.5%
S&P 500 Index	2,979	1.8%
NASDAQ	8,103	1.8%
MSCI EAFE	1,882	2.2%
10-yr Treasury Yield	1.56%	0.06%
Oil (\$/bbl)	\$56.62	2.8%
Bonds	\$113.67	-0.2%

Source: Bloomberg, 09/06/19. Bonds represented by the iShares Core U.S. Aggregate Bond ETF. Past performance does not guarantee future results.

Victoria Capital's Strategy Update

Thank you for your prayers as Hurricane Dorian (for the most part) missed our blessed Charleston.

There is an interesting parallel between equity market performance and the recent local weather patterns here in South Carolina. Just when the stock market bears were ready to take charge in August and investors took refuge in cash, the residents of Charleston were asked to leave town (aka a mandatory evacuation). We didn't! The storm was scary due to erratic and high winds, but we have been through four of these hurricanes over the past five years and have had little damage. Once the storm passed, we had three days of beautiful sunny blue-sky weather. Let's just say that we have become accustomed to Mother Nature's September cleanup but recognize that recovery always follows the storms.

The same can be said for equity markets that suffer from temporary short-term downturns that keep investors on edge as to when the "storm" will be over. During the month of August domestic equity funds experienced a bumpy ride and fell 3% while their international brethren declined by 2% according to Thomson Reuters Lipper. Year-to-date, domestic equity funds are up by 16.6% while international equity funds have gained 10.3%.

The sun came out in early September providing investors with fresh optimism and pushing major equity indices towards all-time highs. For the current financial market environment, rather than draw a parallel between hurricanes and stock prices, we might use another scary physical event—the earthquake. Having lived in California and experienced a few movers and shakers, the similarity is that the "earth" shakes whenever President Trump decides to tweet. Having

survived August that can be referred to as the Month of Tweets, investors still are concerned about the circumstances surrounding the current trade war with China. But again, experience tells us that earthquakes, surprising as they may be, end as quickly as they start meaning that the president has been quick to react to any market selloff by reversing course: we call it the “on-again, off-again trade war.”

For long-term investors, these market declines offer an opportunity to take advantage of weakness. Similarly, hurricanes and earthquakes tend to temporarily lower real estate prices. Such is the case today with the stock market as there are still many strong trends in place that should allow the U.S. economy to grow at a reasonable pace for the foreseeable future. Just remember that there could be more storms on the horizon...

Last week, there were no changes in the Growth Equity or the Growth & Income portfolios. We reduced our exposure to foreign equities in the Moderate and Growth Target Return portfolios.

Redhawk's Strategy Update

U.S. stocks maintained the previous week's positive momentum, regaining more of the ground lost in a four-week string of declines. With the latest week's gain of nearly 2%, the S&P 500 was within 2% of its record high set in late July. While neither side retreated from recent tariff increases, U.S. and Chinese officials on Wednesday confirmed plans to hold more high-level trade negotiations in early October. Leading up to those talks, mid-level officials plan to discuss details to lay the groundwork for the broader discussion, which will be held in Washington. The U.S. economy continues to generate new jobs, but at a slower rate. August's gain of 130,000 left the year-to-date monthly jobs growth average at 158,000, down from 2018's 223,000. The slowdown could bolster the case for another interest-rate cut at the U.S. Federal Reserve's September 17–18 policy meeting. For the first time since early 2016, a gauge of U.S. manufacturing fell to a level that indicates a contraction in activity, rather than expansion. The Institute for Supply Management's manufacturing index fell to 49.1% in August from 51.2% in July.

The recent bond price rally finally paused, as yields rose sharply Thursday following news that the United States and China planned to resume trade negotiations. The yield of the 10-year U.S. Treasury bond jumped from as low as 1.43% on Wednesday to 1.57% on Thursday. Data on the recently concluded earnings season confirms that profits decreased for the second consecutive quarter. Earnings for companies in the S&P 500 slipped 0.4% relative to the same quarter a year earlier, according to FactSet. On the positive side, 75% of companies exceeded analysts' earnings expectations.

Thursday's release of monthly data on inflation will be one of the week's most closely watched economic reports, and it could provide a key data point heading into the U.S. Federal Reserve's September 17–18 policy meeting. The monthly Consumer Price Index report could indicate whether recent acceleration in the inflation rate extended into August.

[Redhawk Live Update - Click Here](#)

Redhawk Model Signals

Time Period:				9/9/2019	8/26/2019
Redhawk S&P 500 and Dynamic Portfolios (RSPC, RSPM, RSPA, RDC, RDM, RDA)	Symbol		Action	Redhawk Score	Redhawk Score
Equity Precious Metals	GDX	VanEck Vectors Gold Miners ETF		218.08	175.71
Commodities Precious Metals	IAU	iShares Gold Trust		161.96	147.61
Long-Term Bond	IGLB	iShares Long-Term Corporate Bond ETF		134.04	137.21
Utilities	VPU	Vanguard Utilities ETF		121.40	101.25
Consumer Defensive	VDC	Vanguard Consumer Staples Index Fund ETF		119.60	99.93
Intermediate Government	VCLT	Vanguard Long-Term Corporate Bd ETF		112.71	141.63
Real Estate	XLRE	Real Estate Select Sector SPDR ETF		111.68	126.43
Short-term Bond	SLQD	iShares 0-5 Year Invmt Grade Corp Bd ETF		106.41	105.65

Corporate Bond	VCI	Vanguard Interm-Term Corp Bd ETF		90.31	93.97
Ultrashort-Term Bond	GSY	Guggenheim Ultra Short Duration ETF		86.32	88.44
Multisector Bond	DIAL	Columbia Diversified Fixed Inc Allc ETF		85.27	81.74
Multisector Bond	BTAL	AGFIQ US Market Neutral Anti-Beta		83.90	83.74
Short-term Bond	SPSB	SPDR® Portfolio Short Term Corp Bd ETF		83.20	80.88
Ultrashort-Term Bond	ICSH	iShares Ultra Short-Term Bond ETF		75.86	77.67

Redhawk Environmental, Social, and Governance Portfolio (RESG)	Symbol		Action	Redhawk Score	Redhawk Score
Global Real Estate	CSSPX	Cohen & Steers Global Realty I		111.94	94.57
Corporate Bond	CBFSX	JPMorgan Corporate Bond I		101.95	101.04
Large Growth	CEYIX	Calvert Equity I		100.19	90.08
Mid-Cap Growth	AVEGX	Ave Maria Growth		99.12	95.42
Large Blend	VFTAX	Vanguard FTSE Social Index Admiral		95.97	88.96
Small Growth	IHSIX	Hartford Small Company I		75.27	76.71

Redhawk Income Portfolios (RBI, RHY, RTHI)	Symbol		Action	Redhawk Score	Redhawk Score
Emerging Market Bond	EMB	iShares JP Morgan USD Em Mkts Bd ETF		109.04	103.42
Intermediate Core Bond	AGGY	WisdomTree Yield Enhanced U.S. Agg. Bond ETF		108.65	105.47
Intermediate Core Bond	BIV	Vanguard Interm-Term Bond ETF		100.63	
Long-Term Bond	VCLT	Vanguard Long-Term Corporate Bd ETF		100.06	102.19
Long-Term Bond	IGLB	iShares Long-Term Corporate Bond ETF		97.11	96.75
Long Government	EDV	Vanguard Extended Duration Trs ETF		96.66	
World Bond-USD Hedged	IAGG	iShares Core International Aggt Bd ETF		86.52	
Corporate Bond	IGIB	iShares Intermediate-Term Corp Bd ETF		85.13	86.39

Redhawk Liquid Income Portfolios (LINCC, LINCM, LINCA, LINCB)	Symbol		Action	Redhawk Score	Redhawk Score
High Yield Muni	NHMRX	Nuveen High Yield Municipal Bond I		115.50	117.24
Corporate Bond	VCLT	Vanguard Long-Term Corporate Bd ETF		110.71	112.27
Short-term Bond	SLQD	iShares 0-5 Year Invmt Grade Corp Bd ETF		109.69	105.96
Long-Term Bond	IGLB	iShares Long-Term Corporate Bond ETF		106.98	106.15
Muni National Long	VWAHX	Vanguard High-Yield Tax-Exempt		91.69	98.02
Ultrashort-Term Bond	GSY	Guggenheim Ultra Short Duration ETF		90.30	94.16
Short-term Bond	SPSB	SPDR® Portfolio Short Term Corp Bd ETF		86.10	86.88
Muni National Long	FTABX	Fidelity® Tax-Free Bond		84.65	85.22
Multisector Bond	DIAL	Columbia Diversified Fixed Inc Allc ETF		84.04	80.42
Ultrashort-Term Bond	ICSH	iShares Ultra Short-Term Bond ETF		81.22	82.44
Corporate Bond	VCIT	Vanguard Interm-Term Corp Bd ETF		79.43	84.57
Muni National Interm	AXBIX	American Century IntermTrm Tx-Fr Bd I		75.14	72.66
Muni National Interm	VWIUX	Vanguard Interm-Term Tx-Ex Adm		70.81	73.30

Victoria Capital Management Target Return Portfolios (TRCI, TRMI, TRAI, TRCE, TRCM, TRAE, TRIP)	Symbol		Action	Redhawk Score	Redhawk Score
Large Blend	SPLG	SPDR Portfolio Large Cap ETF		100.51	90.98
Large Value	DGRO	iShares Core Div Growth ETF		99.71	84.95
High Yield Bond	HYG	iShares iBoxx \$HY Corp ETF		98.58	83.93
Large Blend	IVV	iShares Core S&P 500 ETF		98.15	87.10
Large Blend	IWB	iShares Russell 1000		95.21	86.57
Corporate Bond	VCIT	Vanguard Int Crp Bd ETF		90.31	93.97
Large Value	VTV	Vanguard Value Idx ETF		88.13	72.28
Mid-Cap Blend	SCHM	Schwab DJ Mid Cap Core		86.00	77.03
Small Blend	VB	Vanguard Small-Cap ETF		79.66	77.75
Small Value	VBR	Vanguard SC Val Idx ETF		71.41	65.94
Large Value	VYM	Vanguard High Dividend Yield ETF		70.59	48.83
Small Growth	VBK	Vanguard SC Gr Idx ETF		67.84	68.22
Mid-Cap Value	MDYV	SPDR S&P 400 Mid Cap Val ETF		47.72	30.11
Small Value	IWN	iShares Russell 2000 Value		42.87	52.76
High Yield Bond	SHYG	iShares 0-5 HY Corp Bd ETF		35.05	38.91

Small Blend	IJR	iShares S&P Small Cap Core		31.14	21.33
Mid-Cap Growth	MDYG	SPDR S&P 400 Mid Cap Gro ETF		9.55	5.85

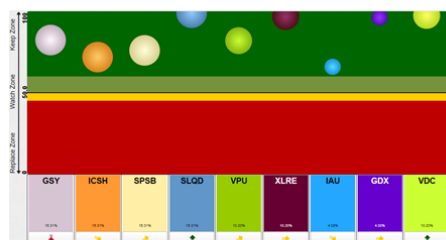
Keep	Keep.	
Watch	Watch.	
Replace	Replace with another fund or cash.	FUND

S&P and Dynamic Portfolios: Placed the Market Neutral sub-category (BTAL) on the watch list due to underperformance.

S&P and Dynamic Portfolio Bubble Reports as of 8/31/2019

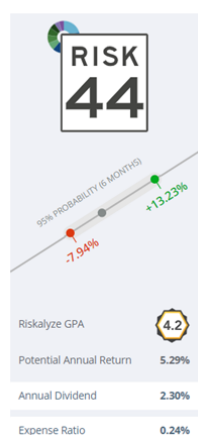
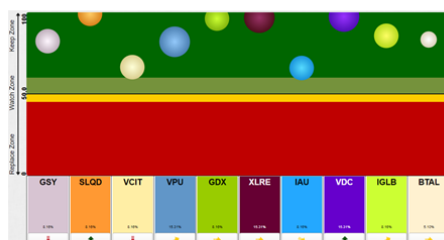
RSPC

E-Valuator Score 95.19	E-Valuator Trend Continued Momentum
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



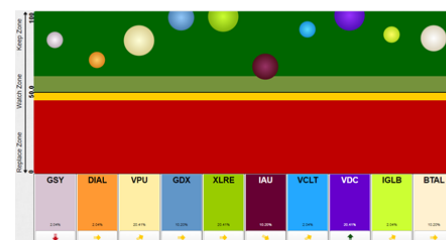
RSPM

E-Valuator Score 95.66	E-Valuator Trend Continued Momentum
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



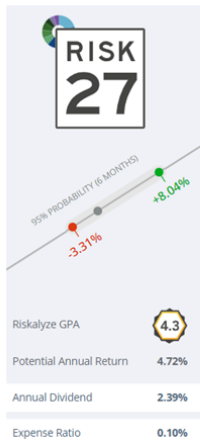
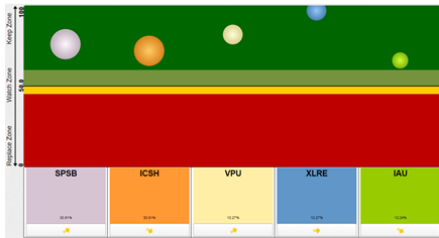
RSPA

E-Valuator Score 95.23	E-Valuator Trend Negative Reversal
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



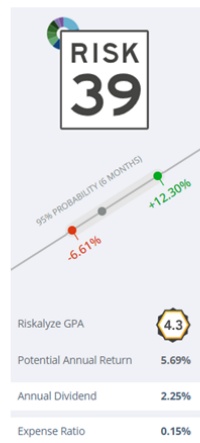
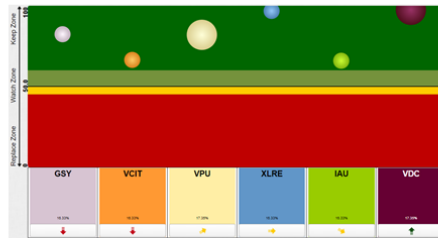
RDC

E-Valuator Score 82.11	E-Valuator Trend Negative Reversal
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



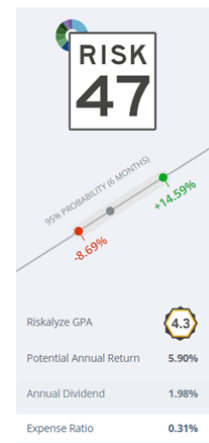
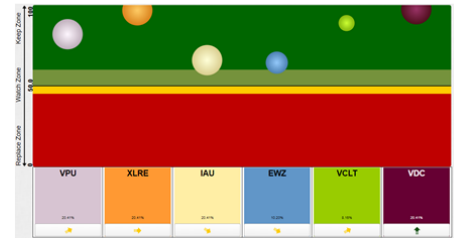
RDM

E-Valuator Score 91.27	E-Valuator Trend Negative Reversal
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



RDA

E-Valuator Score 93.54	E-Valuator Trend Negative Reversal
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).

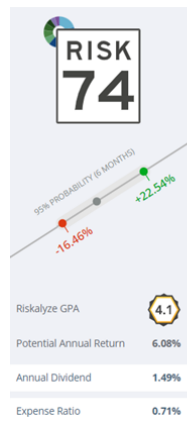
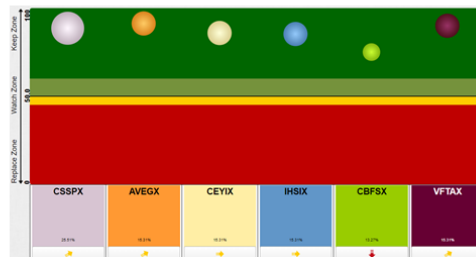


Environmental, Social, and Governance Portfolio: Placed the Small Growth sub-category (IHSIX) on the watch list due to underperformance.

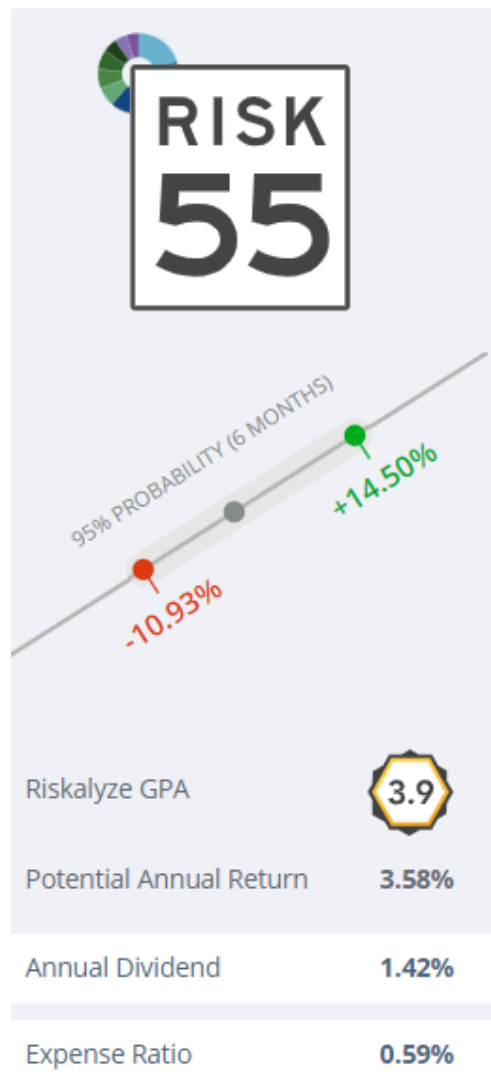
Portfolio Bubble Reports as of 8/31/2019

RESG

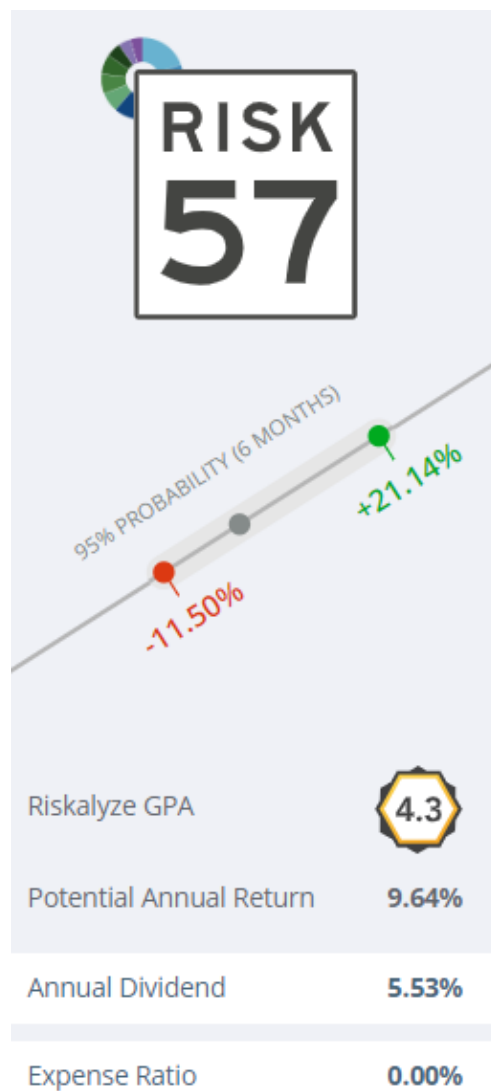
E-Valuator Score 93.65	E-Valuator Trend Positive Reversal
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



Growth Stock Portfolio: No changes.



High Dividend Stock Portfolio: No changes.

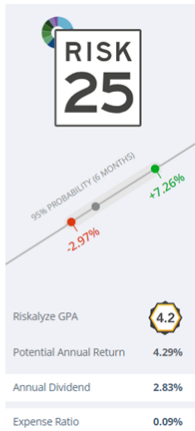
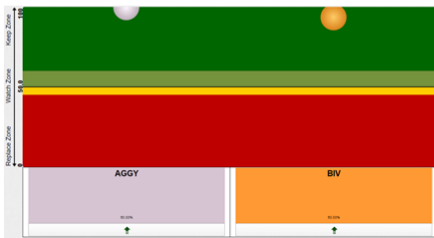


High Income Portfolios: No changes.

High Income Portfolio Bubble Reports as of 8/31/2019

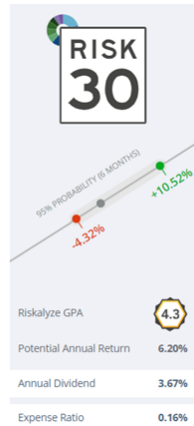
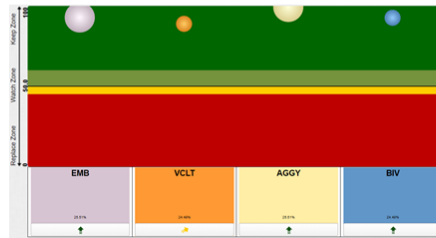
RBI

E-Valuator Score 99.08	E-Valuator Trend Positive Momentum
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



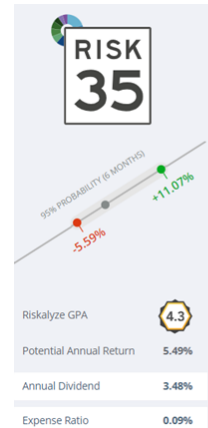
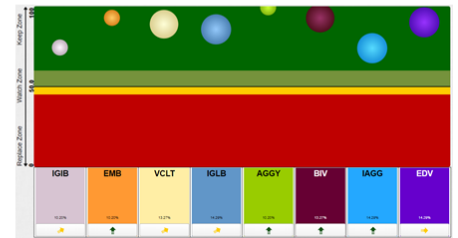
RHY

E-Valuator Score 96.14	E-Valuator Trend Positive Momentum
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



RTHI

E-Valuator Score 85.55	E-Valuator Trend Negative Momentum
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



Liquid Income Portfolios: No changes.

Liquid Income Portfolio Bubble Reports as of 8/31/2019

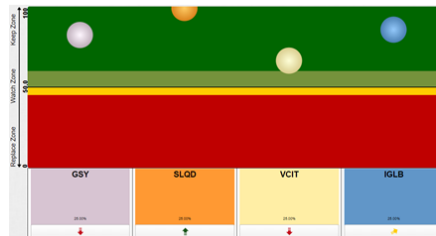
LINCC

E-Valuator Score 85.69	E-Valuator Trend Positive Reversal
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



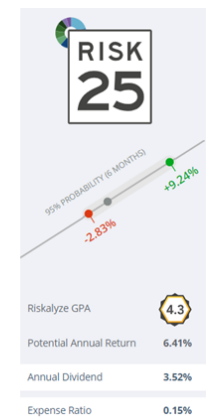
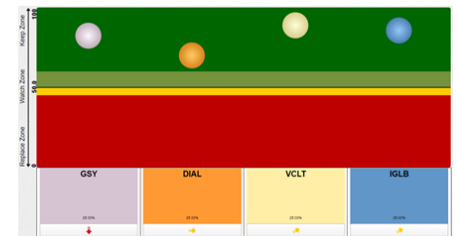
LINCM

E-Valuator Score 85.47	E-Valuator Trend Positive Reversal
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



LINCA

E-Valuator Score 90.20	E-Valuator Trend Positive Reversal
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



LINCB



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Economic Data for this Week

Monday:

1. Consumer credit, U.S. Federal Reserve.

Tuesday:

1. Job Openings and Labor Turnover Survey, U.S. Bureau of Labor Statistics.

Wednesday:

1. Producer Price Index, U.S. Bureau of Labor Statistics.
2. Wholesale inventories, U.S. Census Bureau.

Thursday:

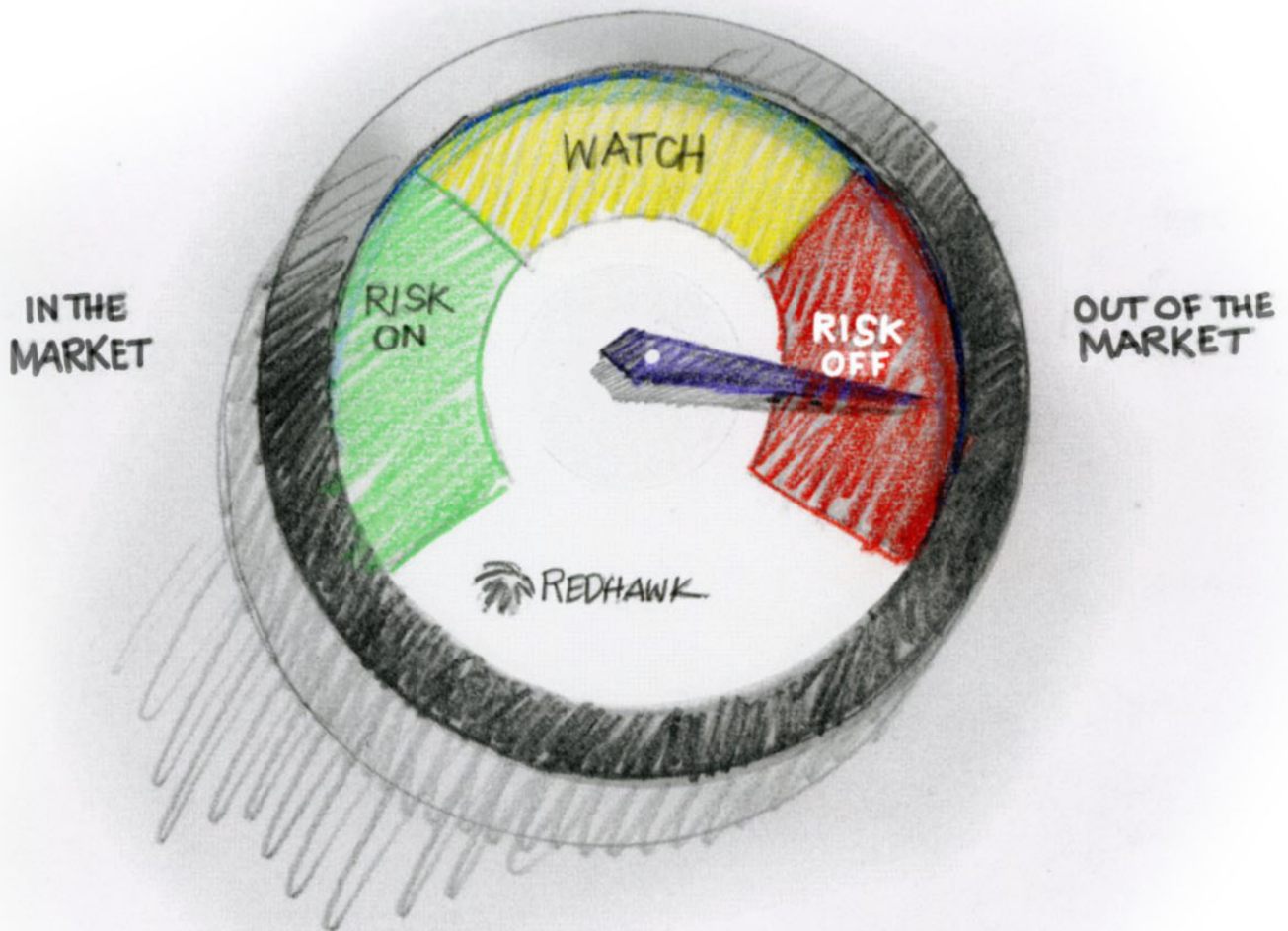
1. Consumer Price Index, U.S. Bureau of Labor Statistics.
2. Federal budget, U.S. Department of the Treasury.

Friday:

1. Retail sales, U.S. Census Bureau.
2. Business inventories, U.S. Census Bureau.
3. Export and import prices, U.S. Bureau of Labor Statistics.
4. University of Michigan Index of Consumer Sentiment, preliminary result.

On 8/5, our “risk on/off” VIX algorithm tripped and we moved to the “Risk Watch” zone. On 8/30, the “Risk Watch” went into “Risk Off” territory. So, what does that mean?

1. We sold the stocks held in the Redhawk Growth Stock portfolio (RGS) and moved into defensive non-correlated asset classes, such as utilities, gold, gold miners, consumer staples, and a market neutral anti-beta ETF.
2. We stayed invested in the positions held in the S&P and Dynamic growth portfolios. These have gradually migrated into defensive asset classes over the last three months.
3. Maintained positions in the following portfolios:
 - a. Redhawk High-Dividend Portfolio (RHDS).
 - b. Redhawk high income portfolios (RBI, RHY, and RTHI).
 - c. Redhawk liquid income portfolios (LINC, LINCM, and LINCA).
 - d. Redhawk Environmental, Social, and Governance portfolio (RESG).



Portfolio Managers



The Target Return (TR) portfolios consist of a blend of exchange-traded funds (ETFs) to provide a range of risk and return characteristics that should meet the needs of

investors saving for retirement. Each of these portfolios is designed to achieve a long-term target rate of return. By utilizing low cost ETFs and by keeping portfolio turnover low, the ability to produce targeted rates of return is dramatically increased. For investors seeking current income, the TR Income Portfolio (TRIP) has been structured to focus on producing both high current income and growing dividend income. The goal of the Victoria Capital Growth (VCG) portfolio is to provide long-term growth through a diversified portfolio of individual equities. A theme-based investment strategy concentrates investments in common stocks of companies that are expected to grow faster than the overall economy. Owning individual stocks gives greater flexibility to make changes on a stock by stock basis for each client. By applying a bottom-up defensive tactical trading discipline, substantial portfolio reserves can be generated.

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