



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 to listen!

[Redhawk Live!](#)

Market Commentary

Last week stocks declined for the fourth straight week due to rising trade tensions and geopolitical uncertainty. The White House announced the U.S. will impose tariffs on Mexico due to the border crisis, adding to concerns about the unresolved U.S. China trade issues and their impact to global growth. While May marked the most sizable stock market pullback this year, bonds rallied significantly. The U.S. and global yields declined, with the 10-year Treasury ending at 2.13%, the lowest level in 21 months, and German yields dipping further into negative territory.



Over the past month, stock prices are down, and bond prices are up, pushing interest rates down, as investors reacted to higher tariffs on imports and increased trade tensions with China. But the most recent tariff surprise was from a different direction as the U.S. proposed to raise tariffs on all imports from Mexico in a bid to stop illegal immigration. No one is sure whether higher tariffs on China and Mexico are short-term tactics designed to achieve specific actions or long-term strategies that could remain in place even when other countries respond. Higher tariffs on U.S. imports generally lead to higher prices here and slower economic growth for the countries involved, and these impacts increase as tariffs rise or last longer. But the impacts are also likely to be relatively small compared to the overall \$21 trillion U.S. economy.

Investors who focused on this month's stock market pullback may have missed the more unexpected drop in the 10-year Treasury rate to 2.13% at the end of May. That's the lowest rate in almost two years, and once again below the 2.29% rate on 3-month Treasury bills, which is an inverted yield curve. Since recessions followed past yield curve inversions, investors have become more concerned about slower U.S. economic growth. Although an inverted yield curve has been a reliable recession signal, the lag has ranged from six months to almost three years.

Negotiations between the U.S. and China over the trade tariffs will resume eventually but not soon. Both sides appear to think the other is more vulnerable and therefore want to show they're not scared of each other's threats and actions. In response to the U.S. restrictions on U.S. companies' sales to Huawei, China has stopped soybean purchases, threatened to stop exports of rare earths, and said it will create its own list of unreliable foreign companies. Both sides have strong incentives to negotiate and eventually reach some type of agreement:

- China wants the U.S. to remove the higher tariffs, not impose 25% tariffs on the remaining \$300 billion in imports and return to buying U.S. agricultural products.
- The U.S. wants China to open more of its markets, protect intellectual property, and reduce state subsidies to companies, as well as take other actions.

Friction with China isn't new, and it has been rising in many places over many years and isn't likely to end anytime soon. China's economy doubled in size over the past decade, becoming the second largest in the world. It has aggressive strategies for continued growth and rising influence, and therefore many of its actions and strategies are likely to put it in conflict with other countries. Although that means more uncertainty ahead, China's growth is still likely to be a positive for global markets and growth. Not only has China's per capita income doubled over the past decade, but its growth has helped spawn rising incomes and faster economic growth across Asia and in parts of Europe.

INDEX	CLOSE	WEEK	YTD
Dow Jones Industrial Average	24,815	-3.0%	6.4%
S&P 500 Index	2,752	-2.6%	9.8%
NASDAQ	7,453	-2.4%	12.3%
MSCI EAFE*	1,817.39	-1.9%	5.7%
10-yr Treasury Yield	2.13%	-0.19%	-0.55%
Oil (\$/bbl)	\$53.37	-9.0%	17.5%
Bonds	\$110.4	0.9%	4.7%

Source: Bloomberg, 05/31/19. *5-day performance ending Friday. Bonds represented by the iShares Core U.S. Aggregate Bond ETF. Past performance does not guarantee future results.

Victoria Capital's Strategy Update

Summer doldrums hit the U.S. mainland this month as record high temperatures and record numbers of tornadoes and flooding devastated the Midwest; while serving up triple-digit temperatures on the East Coast. These natural disasters seemed to parallel the manmade disasters that were bubbling up on the trade front. Rumors that the Chinese were about to halt shipments of rare earth materials to the U.S. was a step up in the trade war. Tariffs add costs to trade but embargos (such as the one rumored among knowledgeable Chinese) take the battle to a higher level. We don't look forward to another hot summer especially with the uncertainty surrounding Brexit, the continuing flow of illegal immigrants and ongoing trade wars -- now including the latest flare-up with Mexico. Last week marked the sixth consecutive weekly decline for the Dow Jones Industrial Average. Over the past 25 years (only six occurrences), declines lasting this long have led to more favorable returns as the median return has been 7% in the twelve months following.

While international turmoil is concerning, the domestic economy continues to grow as witnessed by the first quarter estimate revision of real GDP growth to a 3.1% annual rate. Inflation continues to remain tame at 1.5% year-over-year.

Some forecasters expect inflation to move higher in the next few months but with a strong dollar and a fall (again) in oil prices to \$53 per barrel, we don't see that happening. Consumer confidence strengthened in May and April's personal income and spending figures were in line with expectations. The Chicago purchasing managers index rose in May so the slowdown that everyone is anticipating isn't reflected in the latest data. More importantly, first quarter earnings season was much better than expected, driven by companies with more exposure to the U.S. (and less overseas). S&P 500 companies with over 50% of revenues from the U.S. had 5.6% sales growth and 8.1% earnings growth on average, whereas those with over 50% of revenues from abroad grew sales and earnings by an average of 2.1% and 4.0%, respectively.

This week ushers in President Trump's visit to England which will give insight into the current state of the relationship between the two historically aligned G7 powers, especially as Prime Minister Theresa May formally steps down this Friday. Tomorrow marks two significant historical events: the British completed the "Miracle of Dunkirk" by evacuating 338,226 allied troops from France, and the Tiananmen Square Massacre where Chinese troops cleared student protesters from this historically peaceful square leaving nearly 1,000 dead. The rest of this week is filled with economic reports, including the ISM surveys, motor vehicle sales, and the employment report. These reports will be closely watched as concerns about the strength of the economy grows.

We continue to implement our strategy of holding winners and selling losers in the Growth Equity portfolio by selling Arista Networks, Fortinet and Zebra Technologies. We will hold cash until the current volatility settles down. No changes were made to the Target Return portfolios due to market volatility and unusual declines in interest rates that affect the yield on fixed income funds.

Redhawk's Strategy Update

The Dow fell for the sixth week in a row, its longest such losing streak since 2011, while the S&P 500 dropped for the fourth straight week. The indexes sustained deep losses, falling around 3% for the week, as rising trade tensions fueled worries about the economy. May proved to be no match for this past December in terms of a monthly decline, but the market's drop from near-record highs at the start of the month was steep, nevertheless. The S&P 500 and the Dow both fell nearly 7% in May while the NASDAQ tumbled almost 8%. The yield of the U.S. 10-year Treasury bond fell on Friday to around 2.13%, the lowest in nearly two years. The decline caused a deepening of an inversion in the yield curve, with some categories of short-term debt yielding more than long-term debt, which is a phenomenon that has often preceded economic recessions in the past.

Trade tensions between the U.S. and China appeared to grow, and the Trump administration raised the stakes in another conflict by announcing plans to impose 5% tariffs on all imports from Mexico beginning June 10, with the threat of a further increase to 25% in October. The U.S. government's latest estimate put first-quarter GDP growth at 3.1%, slightly below an earlier estimate. However, it was well ahead of the fourth quarter's 2.2% figure and a further indication that the economy remains strong for now, despite the recent market slump. Companies were busy dialing back profit expectations during the quarterly earnings season that's now wrapping up. About 76% of the companies that updated their second-quarter outlooks scaled back their earnings forecasts.

[Redhawk Live Update - Click Here](#)

Redhawk Model Signals

Time Period:				6/3/2019	5/27/2019
Redhawk S&P 500 and Dynamic Portfolios (RSPC, RSPM, RSPA, RDA, RDC, RDA)	Symbol		Action	Redhawk Score	Redhawk Score

India Equity	INDY	iShares India 50 ETF		109.50	
Short-term Bond	SLQD	iShares 0-5 Year Invmt Grade Corp Bd ETF		102.06	102.02
Short-term Bond	SPSB	SPDR® Portfolio Short Term Corp Bd ETF		91.95	91.91
Corporate Bond	VCIT	Vanguard Interm-Term Corp Bd ETF		87.42	87.58
Intermediate Government	SCHR	Schwab Intermediate-Term US Trs ETF		86.92	85.07
Ultrashort-Term Bond	GSY	Guggenheim Ultra Short Duration ETF		86.39	86.50
High Yield	HYLB	Xtrackers USD High Yield Corp Bd ETF		86.14	90.59
Ultrashort-Term Bond	ICSH	iShares Ultra Short-Term Bond ETF		80.52	80.63
Mid-Cap Growth	IWP	iShares Russell Mid-Cap Growth ETF		71.53	77.36
Multisector Bond	DIAL	Columbia Diversified Fixed Inc Allc ETF		70.01	70.70
Technology	VGT	Vanguard Information Technology ETF		45.01	68.15
Consumer Cyclical	PBS	Invesco Dynamic Media ETF		33.39	55.48

Redhawk Environmental, Social, and Governance Portfolio (RESG)	Symbol		Action	Redhawk Score	Redhawk Score
Corporate Bond	CBFSX	JPMorgan Corporate Bond I		97.23	97.39
Global Real Estate	CSSPX	Cohen & Steers Global Realty I		88.33	98.63
Large Growth	CEYIX	Calvert Equity I		74.78	97.92
Large Blend	VFTAX	Vanguard FTSE Social Index Admiral		72.66	92.19
Mid-Cap Growth	AVEGX	Ave Maria Growth		70.33	92.62
Global Real Estate	IHSIX	Hartford Small Company I		66.34	92.57

Redhawk Income Portfolios (RBI, RHY, RTHI)	Symbol		Action	Redhawk Score	Redhawk Score
Emerging Market Bond	EMB	iShares JP Morgan USD Em Mkts Bd ETF		116.62	116.68
High Yield	FIHBX	Federated Instl High Yield Bond Instl		112.01	112.01
Corporate Bond	BSCP	Invesco BulletShares 2025 Corp Bd ETF		107.04	106.17
Preferred Stock	PSK	SPDR® Wells Fargo Preferred Stock ETF		106.99	107.05
High Yield	HYG	iShares iBoxx \$ High Yield Corp Bd ETF		106.74	106.71
Corporate Bond	IGIB	iShares Intermediate-Term Corp Bd ETF		96.88	96.88
Multisector Bond	DIAL	Columbia Diversified Fixed Inc Allc ETF		84.43	84.46
Emerging Market Bond	EMHY	iShares Emerging Markets High Yld Bd ETF		84.22	84.22

Redhawk Liquid Income Portfolios (LINCC, LINCM, LINCA, LINCB)	Symbol		Action	Redhawk Score	Redhawk Score
High Yield Muni	NHMRX	Nuveen High Yield Municipal Bond I		120.16	120.16
High Yield	HYLB	Xtrackers USD High Yield Corp Bd ETF		113.78	113.78
Corporate Bond	BSCP	Invesco BulletShares 2025 Corp Bd ETF		113.19	113.19
Short-term Bond	SLQD	iShares 0-5 Year Invmt Grade Corp Bd ETF		106.96	106.96
Muni National Long	VWAHX	Vanguard High-Yield Tax-Exempt		98.09	98.09
Short-term Bond	SPSB	SPDR® Portfolio Short Term Corp Bd ETF		96.25	96.25
Ultrashort-Term Bond	GSY	Guggenheim Ultra Short Duration ETF		90.56	90.56
Corporate Bond	VCIT	Vanguard Interm-Term Corp Bd ETF		88.67	88.67
Muni National Long	FTABX	Fidelity® Tax-Free Bond		86.47	86.47
Ultrashort-Term Bond	ICSH	iShares Ultra Short-Term Bond ETF		85.71	85.71
Muni National Interm	VWIUX	Vanguard Interm-Term Tx-Ex Adm		80.84	80.84
Multisector Bond	DIAL	Columbia Diversified Fixed Inc Allc ETF		77.47	77.47
Muni National Interm	AXBIX	American Century IntermTrm Tx-Fr Bd I		73.55	73.55

Victoria Capital Management Target Return Portfolios (TRCI, TRMI, TRAI, TRCE, TRCM, TRAE, TRIP)	Symbol		Action	Redhawk Score	Redhawk Score
Short-Term Bond	VCSH	Vanguard ST Corp Bd ETF		103.43	103.39
High Yield Bond	HYG	iShares iBoxx \$HY Corp ETF		92.36	96.81
Corporate Bond	VCIT	Vanguard Int Crp Bd ETF		87.31	87.47
Large Value	DGRO	iShares Core Div Growth ETF		72.64	90.34
Large Blend	SPLG	SPDR Portfolio Large Cap ETF		71.44	90.97
Large Blend	IWB	iShares Russell 1000		65.29	84.82
Mid-Cap Blend	SCHM	Schwab DJ Mid Cap Core		62.36	82.05
Large Blend	IVV	iShares Core S&P 500 ETF		61.50	81.03
Large Value	VYM	Vanguard High Dividend Yield ETF		60.08	77.78

High Yield Bond	SHYG	iShares 0-5 HY Corp Bd ETF		59.25	63.70
Large Value	VTV	Vanguard Value Idx ETF		55.64	73.34
Small Blend	VB	Vanguard Small-Cap ETF		55.25	77.70
Small Growth	VBK	Vanguard SC Gr Idx ETF		49.13	75.36
Mid-Cap Value	MDYV	SPDR S&P 400 Mid Cap Val ETF		48.64	67.70
Diversified Emerging Markets	SPEM	SPDR Portfolio Emerging Markets ETF		44.11	42.66
Small Value	VBR	Vanguard SC Val Idx ETF		43.15	63.65
Foreign Large Blend	SCHF	Schwab International Developed Equity		31.47	39.62
Small Value	IWN	iShares Russell 2000 Value		23.73	44.23
Small Blend	IJR	iShares S&P Small Cap Core		11.59	34.04
Mid-Cap Growth	MDYG	SPDR S&P 400 Mid Cap Gro ETF		(17.51)	4.78

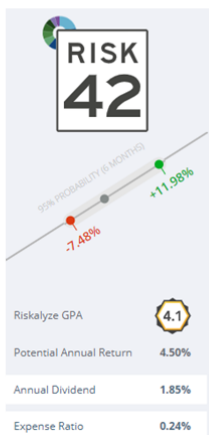
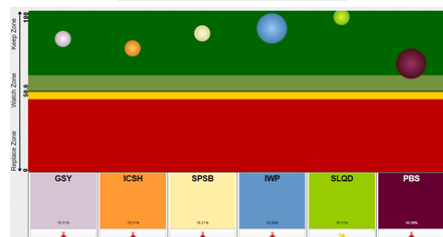
Keep	Keep.	
Watch	Watch.	
Replace	Replace with another fund or cash.	FUND

S&P and Dynamic Portfolios: Purchased the India Equity sub-category (INDY) from the cash portion. Kept the Mid-Cap Growth sub-category (IWP), the Technology sub-category (VGT), and the Consumer Cyclical sub-category (PBS) on the watch list due to performance.

S&P and Dynamic Portfolio Bubble Reports as of 4/30/2019

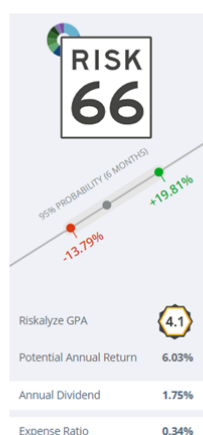
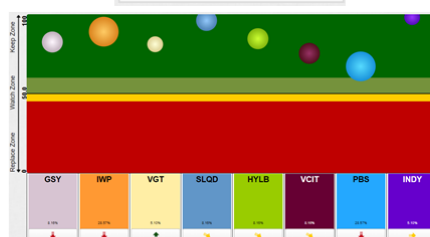
RSPC

E-Valuator Score 83.46	E-Valuator Trend Negative Momentum
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



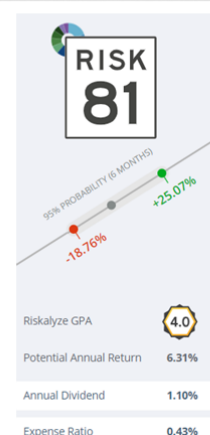
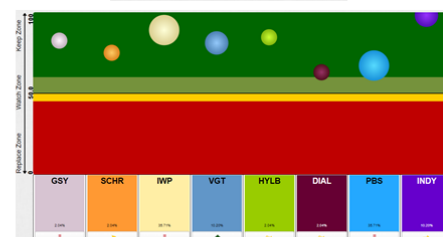
RSPM

E-Valuator Score 81.34	E-Valuator Trend Negative Momentum
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).

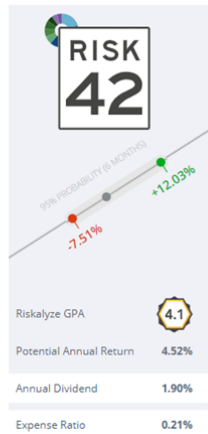
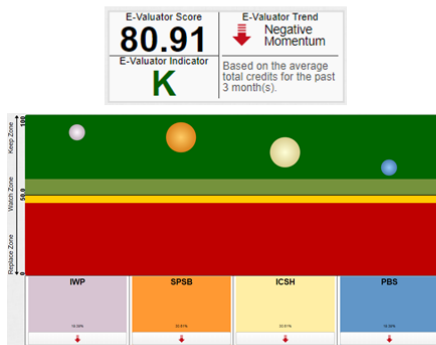


RSPA

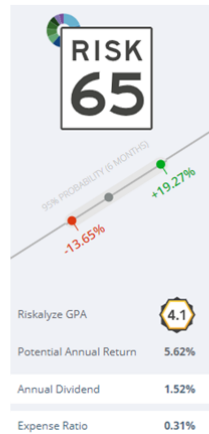
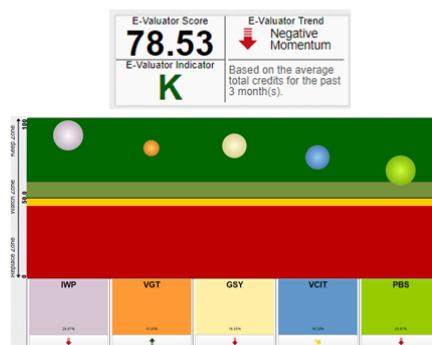
E-Valuator Score 81.16	E-Valuator Trend Positive Reversal
E-Valuator Indicator K	Based on the average total credits for the past 3 month(s).



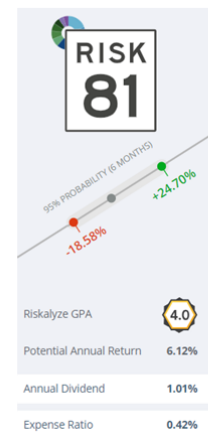
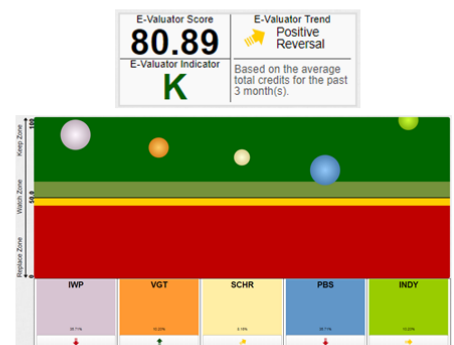
RDC



RDM



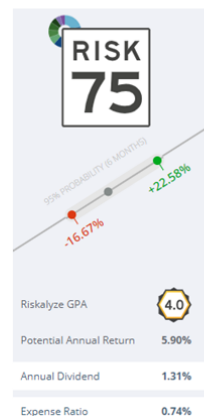
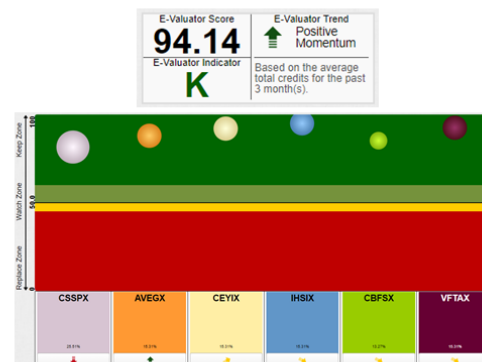
RDA



Environmental, Social, and Governance Portfolio: Kept the Small Growth sub-category (IHSIX) on the watch list due to performance. Placed the Large Growth sub-category (CEYIX), the Mid-Cap Growth sub-category (AVEGX), and the Large Blend sub-category (VFTAX) on the watch list due to underperformance.

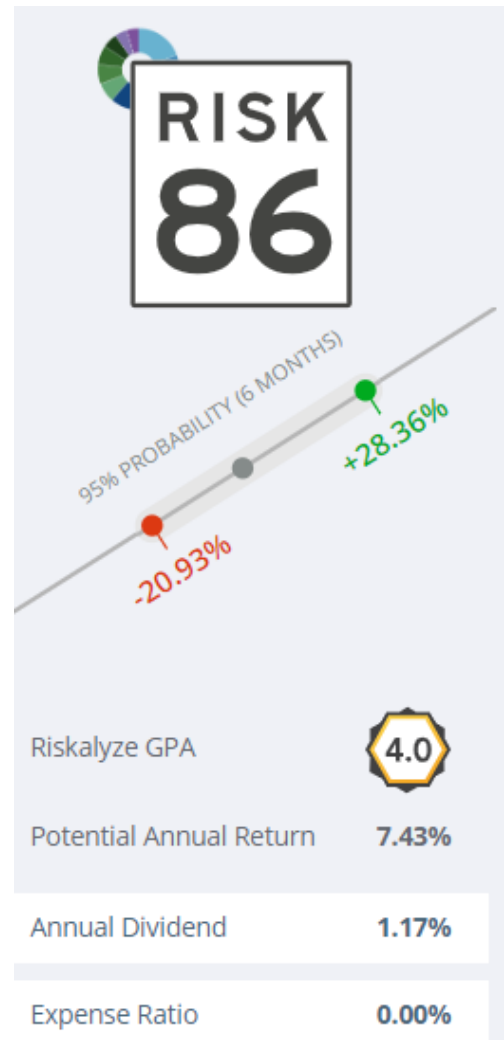
Portfolio Bubble Reports as of 4/30/2019

RESG

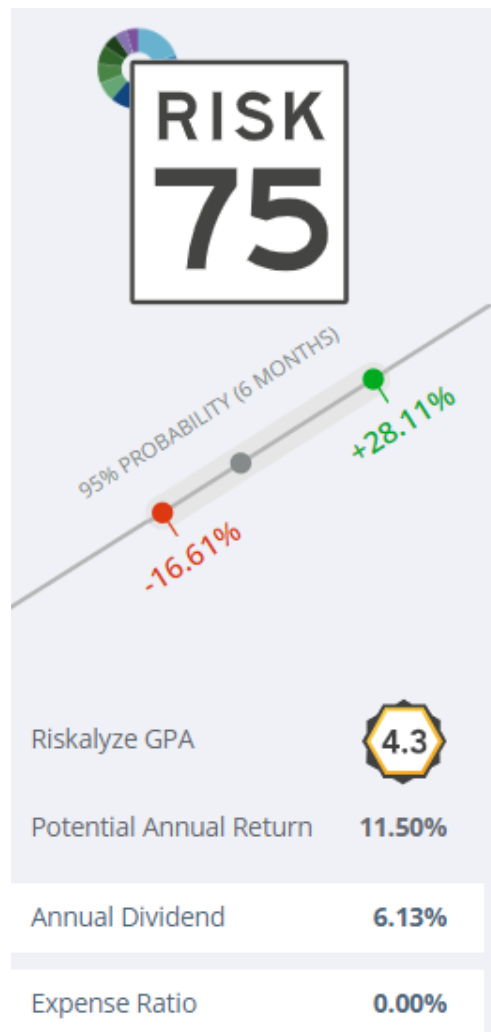


Growth Stock Portfolio: Replaced Weibo Corp ADR Class A (WB) with Boston Scientific Corp (BSX), World Wrestling Entertainment Inc Class A (WWE) with Bruker Corp (BRKR), China Life Insurance Co Ltd ADR Class H (LFC) with

Pfizer Inc, (PFE), and Energy Recovery Inc (ERII) with PGT Innovations Inc (PGTI) due to underperformance.



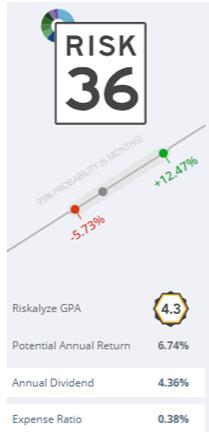
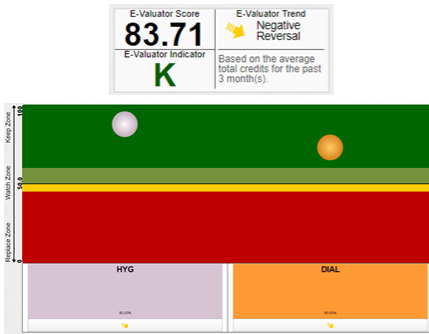
High Dividend Stock Portfolio: Replaced Tenaris SA ADR (TS) with Energy Company of Minas Gerais ADR (CIG) and Equinor ASA ADR (EQNR) with CoreCivic Inc (CXW).



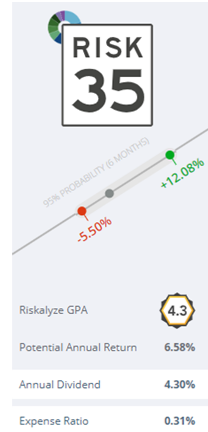
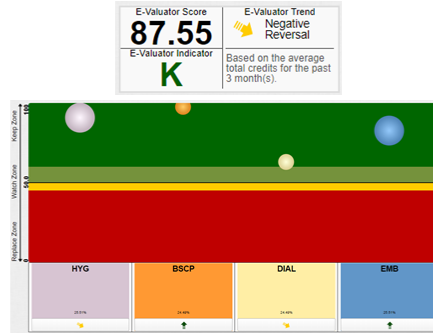
High Income Portfolios: No changes.

High Income Portfolio Bubble Reports as of 4/30/2019

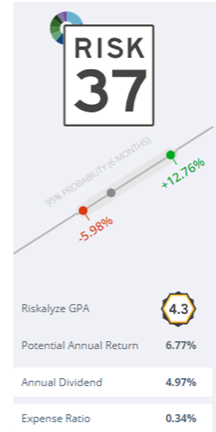
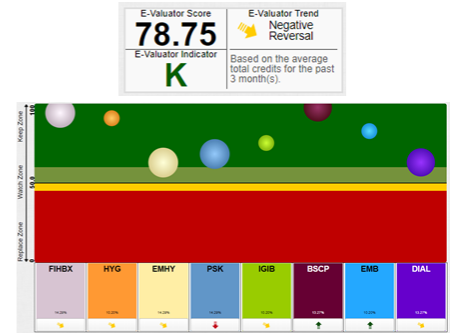
RBI



RHY



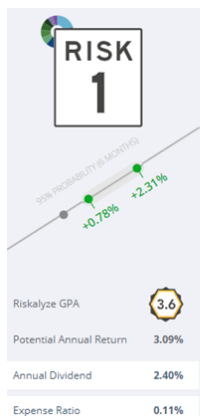
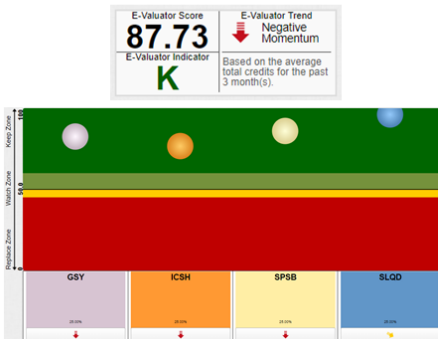
RTHI



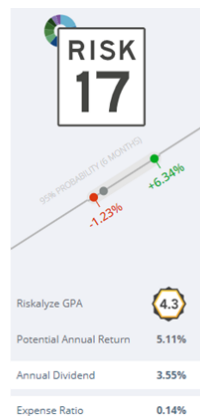
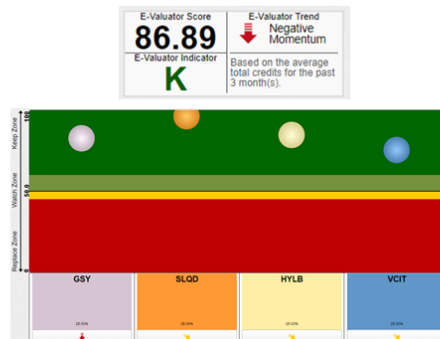
Liquid Income Portfolios: No changes.

Liquid Income Portfolio Bubble Reports as of 4/30/2019

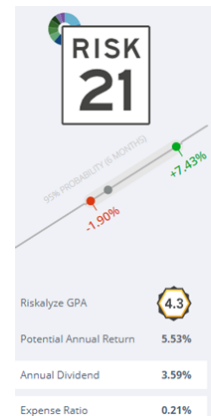
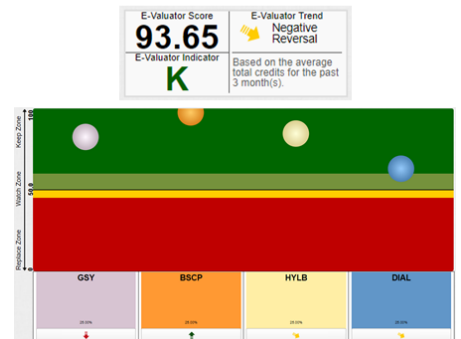
LINCC



LINCM



LINCA



LINCB



The views expressed represent the opinion of Redhawk Wealth Advisors, Inc. The views are subject to change and are not intended as a forecast or guarantee of future results. This material is for informational purposes only. It does not constitute investment advice and is not intended as an endorsement of any specific investment. Stated information is derived from proprietary and nonproprietary sources that have not been independently verified for accuracy or completeness. While Redhawk Wealth Advisors, Inc. believes the information to be accurate and reliable, we do not claim or have responsibility for its completeness, accuracy, or reliability. Statements of future expectations, estimates, projections, and other forward-looking statements are based on available information and the Redhawk Wealth Advisors, Inc.'s view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions that may involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those expressed or implied in such statements. Investing in equity securities involves risks, including the potential loss of principal. While equities may offer the potential for greater long-term growth than most debt securities, they generally have higher volatility. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Past performance is not indicative of future results.

Economic Data for this Week

Monday:

1. Institute for Supply Management's manufacturing index.
2. Construction spending, U.S. Census Bureau.
3. Vehicle sales, U.S. Department of Commerce.

Tuesday:

1. Factory orders, U.S. Census Bureau.

Wednesday:

1. ADP National Employment Report, ADP.
2. Institute for Supply Management's nonmanufacturing index.

Thursday:

1. Trade balance, U.S. Census Bureau.

Friday:

1. Jobs and unemployment, U.S. Bureau of Labor Statistics.
2. Wholesale inventories, U.S. Census Bureau.
3. Consumer credit, U.S. Federal Reserve.

On 5/7, our "risk off" VIX algorithm tripped and we moved to the "Risk Watch" zone. We will continue to watch this daily and communicate to you if we make any changes (see below).



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.

Disclaimer: Redhawk Wealth Advisors, Inc. and its officers, employees, affiliates, or members of their families may have a position, long or short, and may, from time to time, execute purchase or sale transactions in securities which may be inconsistent with the analysis given herein. The information contained herein has been derived from sources believed to be reliable, but is not guaranteed as to accuracy and does not purport to be a complete analysis of any security, company, industry, or index. This report is not to be construed as an offer to sell or a solicitation of an offer to buy or sell any security. It is not intended to provide investment advice tailored to your specific situation. You may lose part or all of any funds invested in any investment discussed in our Daily Research Updates. Past performance is no guarantee of future success. The information in this report in no way attempts to provide accounting, legal or tax advice. You should always consult your legal, financial and tax advisors before acting on any information contained in this newsletter. Additional information is available upon request.



Copyright © 2019 Redhawk Wealth Advisors, Inc., All rights reserved.

Want to change how you receive these emails?
You can [update your preferences](#) or [unsubscribe from this list](#)