



Naples Asset Management Company®, LLC

[WWW.NAMCOA.COM](http://WWW.NAMCOA.COM)

## NAMCOA Monthly Needs™ Portfolio

First Quarter Report as of 03/31/2019

### Investment Objective & Strategy

NAMCOA® Monthly Needs Portfolio™ is a actively managed equity long portfolio with an objective of providing long term capital appreciation and dividends. The Portfolio adheres to a simple strategy of investing in a weighted portfolio of 25 stocks consisting of sectors that the average consumer spends monies on each month. Even though the portfolio has some companies with retail distribution, the portfolio is not weighted to that sector and is not focused on the retail end, but is mainly made up of manufactures, processors, and service providers for each one of the sectors selected. The Portfolio focuses primarily on U.S large-cap value stocks, but can invest in mid to small cap equities and foreign companies as well. The portfolio does not use any leverage.

### Investment Performance

Monthly Total Returns Gross of Fees Since 2007

Hypothetical Returns before 07/08/2005

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
January	-5.32%	-7.07%	-2.72%	1.16%	0.04%	5.61%	-3.20%	-2.20%	-0.62%	0.004%	1.74%	5.15%
February	-2.15%	-8.11%	2.89%	4.07%	4.67%	3.76%	2.51%	3.28%	0.83%	2.70%	-4.77%	0.97%
March	-1.16%	3.52%	4.41%	0.38%	1.92%	4.81%	3.12%	-1.26%	4.33%	-0.27%	-1.40%	3.38%
April	2.30%	2.97%	-0.29%	4.87%	0.45%	2.43%	1.14%	0.23%	1.40%	0.23%	1.45%	
May	1.20%	5.98%	-7.59%	-0.47%	-3.02%	-0.87%	2.44%	1.73%	1.53%	-0.69%	-0.26%	
June	-7.14%	0.94%	-1.39%	-1.56%	5.12%	0.90%	1.40%	-1.42%	3.53%	1.80%	1.38%	
July	1.59%	5.62%	5.13%	-1.66%	1.69%	3.85%	-2.58%	2.57%	1.33%	1.76%	2.65%	
August	1.53%	0.48%	-0.59%	-1.11%	1.06%	-3.85%	4.42%	-3.64%	-0.68%	0.25%	1.98%	
September	-4.13%	0.93%	4.94%	-3.79%	2.21%	1.01%	0.24%	-0.72%	-0.43%	1.39%	0.90%	
October	-10.62%	0.36%	2.38%	6.46%	1.43%	5.08%	3.50%	7.34%	-1.14%	1.56%	-2.52%	
November	1.82%	3.68%	-2.37%	2.56%	-0.37%	2.74%	1.79%	-0.71%	0.77%	4.13%	3.13%	
December	0.70%	1.76%	3.09%	3.52%	-1.20%	1.37%	0.12%	0.09%	2.21%	1.35%	-7.56%	
Annual Returns	-20.22%	10.44%	7.31%	14.83%	14.61%	29.88%	15.63%	4.94%	13.70%	15.06%	-3.81%	
S&P 500	-36.99%	26.45%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%	-4.38%	

Annualized Total Returns Since Inception (07/08/2005) Gross of Fees as of 03/31/2019

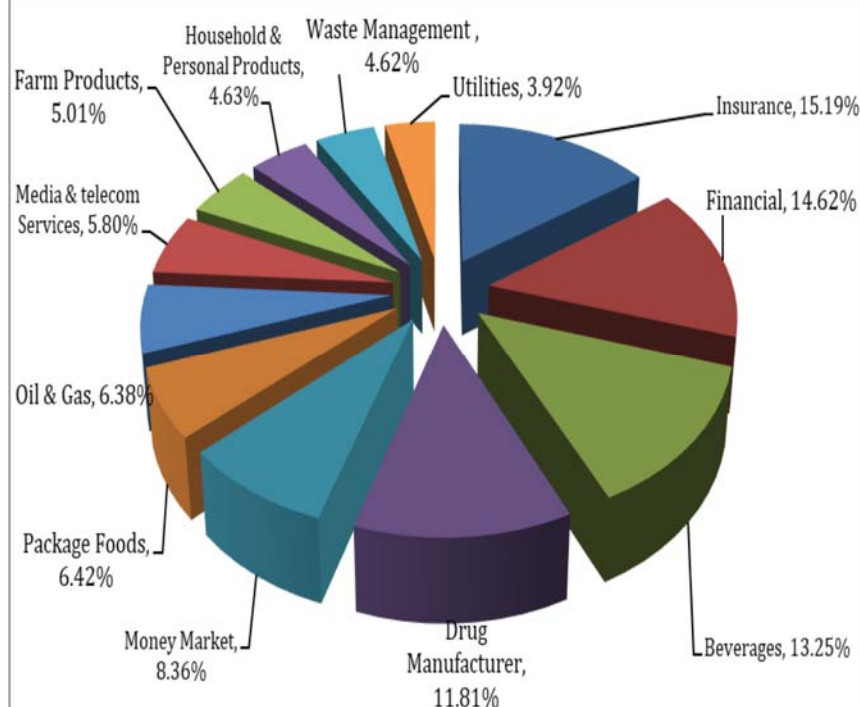
	1 Month	YTD	1 Year	3 Year	5 Year	10 Year	SI
NMNP	3.38%	9.76%	10.52%	9.73%	10.37%	14.40%	9.25%
S&P 500	1.94%	13.65%	9.50%	13.51%	10.91%	15.92%	8.76%
Excess returns	1.44	-3.89	1.02	-3.78	-0.54	-1.52	0.49

Additional Performance Statistics Since Inception (07/08/2005) Gross of Fees as of 03/31/2019

Average Return	0.78
Average Positive Return	2.33
Average Negative Return	-2.48
Total # of Months Above Index	84
Total # of Months Below Index	81

Past Performance is no guarantee of future results and the actual performance of the portfolio may be lower or higher than the performance of the strategy. Investment return and principle value of the portfolio will fluctuate causing shares of the portfolio, when redeemed, to be worth more or less than their original cost. Strategy returns do not reflect a maximum charge of 0.75% a year in management fees. There may be tax consequences unless purchased in an IRA or other qualified plan.

## Sector Allocation



## 2018 Sector Performance

### Best Performing Sector

Farm Products	20.04%
Waste Management	17.34%

### Worst Performing Sector

Insurance	3.34%
Beverages	5.35%

### Portfolio's Top 5 Holdings

UnitedHealth Group	11.00%
Constellation Brands	6.95%
Visa	6.26%
Johnson & Johnson	6.22%
PepsiCo	5.45%

Top five holdings as a percent of Portfolio's gross assets based on closing prices As of 03/31/2019

## Risk & Regression Analysis

	1 Year	3 Year	5 Year
Standard Deviation	11.37	8.20	8.36
Annualized Alpha	4.04	1.21	3.18
Beta	0.65	0.63	0.65
R <sup>2</sup> Squared	0.83	0.63	0.65

## Fundamental Characteristics

Dividend Yield (Forward)	2.48%
Current PE (12 mo. Trailing)	16.20
Current PE (12 mo Forward)	15.20
Weighted Avg. Mkt. Cap (Mil)	181,328.83

## Efficiency Measures

	1 Year	3 Year	5 Year
Sharpe ratio	0.74	1.04	1.15
Sortino Ratio	1.02	1.51	1.92
Treynor Ratio	12.94	13.48	14.93
Tracking Error	7.31	6.01	5.76
Information Ratio	0.14	-0.63	-0.09
Batting Average	0.58	0.42	0.52
Upside Market Capture	77	70	75
Downside Market Capture	74	78	63

## Drawdown Analysis

1 Year					3 Year				
Depth	Length	Recovery	Peak	Valley	Depth	Length	Recovery	Peak	Valley
-13.58%	230 Days		01/26/2018	12/24/2018	-13.58%	230 Days		01/26/2018	12/24/2018

## First Quarter In Review

### Portfolio Managers Commentary

The NAMCOA Monthly Needs™ Portfolio was up 9.73% for the first quarter, but trailing the S&P 500 benchmark by -393 basis points which was up 13.65% for the quarter. The farm products sector led the portfolio in the quarter up 20.04%. The sector was led by Tyson Foods which was up 30.72%. The insurance sector was the weakest performing sector up 3.34%. The insurance sector was held back by UnitedHealth Group which was down -0.39% for the quarter. There were several changes in the 1st quarter to the portfolio which brought the portfolio up to 23 positions from 22 at the end of the 2018. Still 2 positions below our targeted 25. In the months of February and March, we added three more companies to the portfolio and liquidated two. These purchases increased the beverage sectors weighting from 5.36% at the end of 2018 to currently 13.25% and increased the packaged food sectors weighting from 4.44% at the end of 2018 to currently 6.42%. These transactions also reduced the oil and gas sector (from 9.12% at the end of 2018 to currently 6.38%) and the money market fund (from 15.98% at the end of 2018 to currently 8.33%). The annual turnover ratio increased to 16.63% and I expect the annual turnover ratio to continue to increase throughout 2019 as the portfolio returns to its targeted 25 holdings.. The forward dividend yield end the quarter at 2.48%.

**You should consider the Portfolio's objective, risk, charges and expenses and tax consequences carefully before investing**

Naples Asset Management Co.® LLC (NAMCOA) is an independent, privately owned investment management firm registered with the Securities and Exchange Commission (SEC). Naples Asset Management LLC (NAMCOA) offers the management of asset allocated portfolios of equities and fixed income.

The Performance returns reflect the reinvestment of capital gains and not dividends. Performance data is shown gross of all model advisory management fees. The model advisory management fee was 0.75% through 03/31/2019 and is based upon the highest fee paid. by an Naples Asset Management Co.® LLC (NAMCOA) client whose portfolio is managed in accordance with this strategy. The investment management fee may be lowered depending upon the size of the clients assets.

All returns prior to 07/08/2005 are hypothetical returns.

There are four statistical measurements/technical risk ratios used in modern portfolio theory (MPT). They are as follows: alpha, beta, standard deviation, and sharp ratio. The purpose of these indicators is to help investors determine the risk-reward profile of an investment's returns. Alpha measures risk-adjusted performance. Factoring in the risk due to the specific portfolio, rather than the overall market. A positive alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%, adjusted for the risk taken (as measured by beta). Correspondingly, a similar negative alpha would indicate an underperformance of 1%, adjusted for risk. Beta is a quantitative measure of the volatility of a given stock, mutual fund or portfolio, relative to the overall market, usually the S&P 500. A beta of 1 indicates that the security's price will move with market. A beta less than 1 means that the security will be less volatile than the market. A beta greater than 1 indicates that the security's price will be more volatile than the market. Standard deviation is a statistical measurement that quantifies historical volatility. Sharp ratio is a risk adjusted measure of performance. It balances volatility against total return to reveal funds that have delivered the most gains with the least volatility risk. The greater a portfolio's sharp ratio, the better its risk-adjusted performance has been.

All information provided by Naples Asset Management Co.® LLC (NAMCOA) is impersonal and not tailored to the needs of any person, entity or group of persons. Naples Asset Management Co.® LLC (NAMCOA) does not guarantee the accuracy and/or completeness of any Naples Asset Management Co.® LLC. (NAMCOA). Portfolio's, any data included therein, or any data from which it is based, and Naples Asset Management Co.® LLC (NAMCOA). Shall have no liability for any errors, omissions, or interruptions therein. Naples Asset Management Co.® LLC (NAMCOA) makes no warranties, express or implied, as to results to be obtained from use of information provided by Naples Asset Management Co.® LLC. (NAMCOA). And used in this documents and Naples Asset Management Co.® LLC (NAMCOA) expressly disclaims all warranties of suitability with respect thereto. While Naples Asset Management Co.® LLC. (NAMCOA) has obtained information believed to be reliable, Naples Asset Management CO.® LLC. (NAMCOA). Shall not be liable for any claims or losses of any nature in connection with information contained in this document, including but not limited to, lost profits or punitive or consequential damages, even if it is advised of the possibility of same. This material has been prepared solely for informational purposes based upon information generally available to the public from sources believed to be reliable. Naples Asset Management Co.® LLC. (NAMCOA). Makes no representation with respect to the accuracy or completeness of these materials, the content of which may change without notice. The methodology involves rebalancing and maintenance of the indices that are made during each year and may not, therefore, reflect real-time information.

Redistribution, reproduction and/or photocopy in whole or in part is prohibited without written permission from Naples Asset Management Co.® LLC (NAMCOA).

Past Performance is no guarantee of future results and the actual performance of the portfolio may be lower or higher than the performance of the strategy. Investment return and principle value of the portfolio will fluctuate causing shares of the portfolio, when redeemed, to be worth more or less than their original cost. Strategy returns do reflect a maximum charge of 0.75% a year in management fees. There may be tax consequences unless purchased in an IRA or other qualified plan.

For More information contact  
Walter Hester, Senior Portfolio Manager  
Naples Asset Management Co.® LLC.  
Phone: 941-870-5674 Ext. 1  
E-Mail: [whester@namcoa.com](mailto:whester@namcoa.com)  
[www.namcoa.com](http://www.namcoa.com)