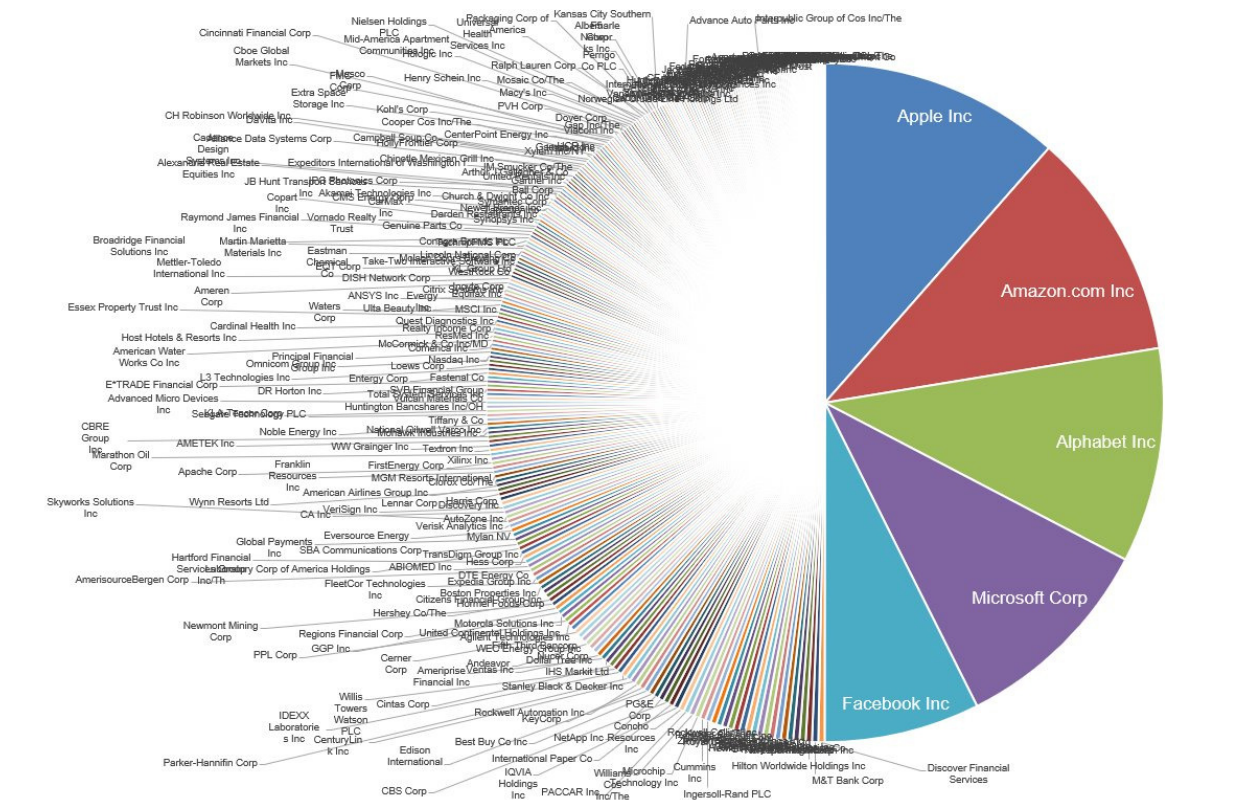


CENTURION COUNSEL MARKET COMMENTARY Q2 2018

The Dow Jones Industrial Average ended the halfway point of 2018 down 1.79%, while the S&P 500 showed a gain of 1.69%. The market action this year is reminiscent of the last days of the dot com bubble. Today the market capitalization of the bottom 282 companies in the S&P 500 is \$4,092,769,755,136, while the capitalization of the largest 5 companies (Apple, Amazon, Google Microsoft and Facebook) is \$4,095,058,706,432. A capitalization-weighted index is a type of market index with individual components that are weighted according to their total market capitalization. The larger components carry higher percentage weightings, while the smaller components in the index have lower weights. (See chart below)



The rest of the market has been buffeted by rising interest rates and resident Trump's tough talk on trade. By and large the market has traded sideways while being punctuated by large daily moves both up and down.

We feel that we have had a good six months compared to the market and we have achieved this without the increased volatility that has plagued the market this year. As contrarian managers, we have taken advantage of drops in some of the equities that we own to increase positions while on the other hand we have reduced exposure during some of the rallies.

Valuation always matters, in spite of the fact that markets sometimes lose their senses (see first paragraph above). Being contrarian just to be avoiding the herd is likely to be the wrong strategy. Just because something is unpopular does not necessarily make it a good investment. We combine fundamental analysis with asset class diversification