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Market Commentary

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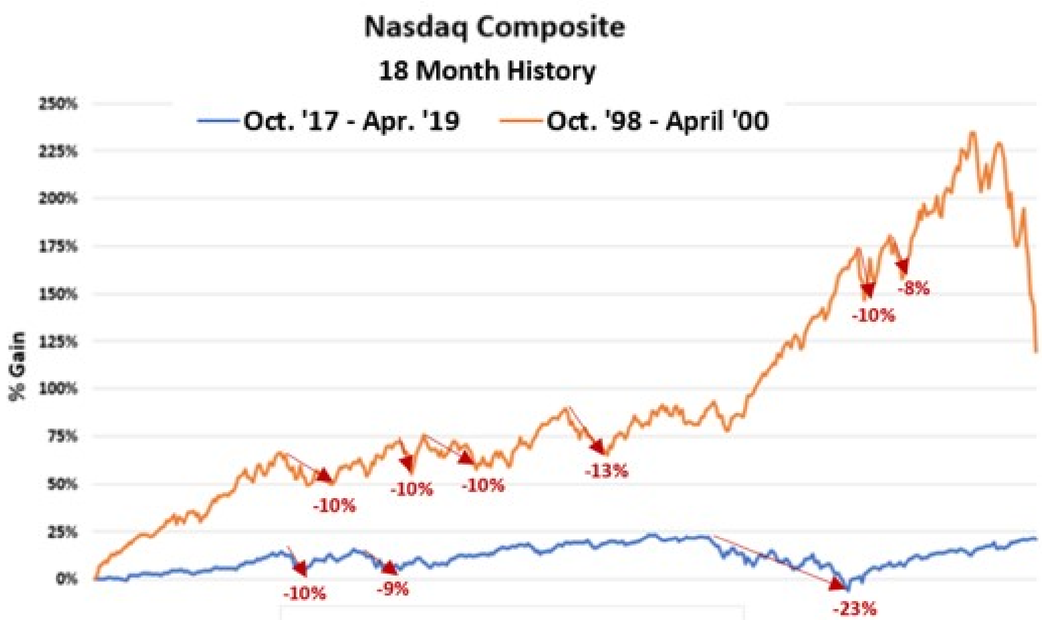
INTRODUCTION – Chase Investment Counsel Corporation uses a "bottom up" investment process combining fundamental analysis (the what) and technical indicators (the when) in making judgements about both market timing and stock selection. We focus on mitigating risk.

We used to enumerate the major negatives and positives in these commentaries. However, since the stock market itself is a discounting mechanism for all that information and participants' reaction to it, we now just concentrate on our market conclusions. Since stock prices are determined by the forces of Supply and Demand we pay particular attention to Lowry's Primary Trend Perspectives. By April 12, 2019 the S&P 500 Index was less than 1% below its all-time closing high. On April 8th Lowry's Selling Pressure Index set a new low for the entire bull market from 2009, while their Buying Power Index was at a new rally high. That resulted in a favorable new bull market high in the percent spread between those two indexes. Both the intermediate term and primary uptrends are supported by a continued expansion in breadth by the NYSE all-issues and Lowry's Operating Company Only (OCO) Advance-Decline Lines. Their Cumulative Net Upside Volume Index also reached a new all time high. Lowry's concludes that we're in "a healthy bull market headed for new highs in the weeks and months ahead," although their short-term indicators are now close to overbought levels.

On April 1st the Dow Transport Index reached a new high which triggered a new Dow Theory Buy Signal. In the late 1960s and early 1970s Richard Russell developed a proprietary Primary Trend Index (PTI), an amalgam of eight critical indicators, which has been very helpful in identifying the major market trends. It has continued to remain positive. We're in our longest bull market, but it has involved the slowest economic recovery since WWII. GDP growth has been only a third as much as during the other three lengthy post WWII recoveries. From that standpoint, it could continue for quite some time. At 2,706 the S&P 500 was recently selling at about 17 times estimated 2019 earnings, or slightly above its 16½ times five-year average multiple. We are concerned that some stock prices may not completely anticipate slowing 2019 earnings growth much less declining earnings in Q1. FactSet's consensus of analysts now expect first quarter S&P 500 companies to report a -4.2% decline in earnings and for the whole year only a +3.6% gain. After adjusting for 3.6% estimated corporate share repurchases that would mean earnings per share growth of +7.2%. Most of the estimated declines involve companies in sectors with the highest international revenue exposure: information technology, materials, and energy, reflecting a weaker global economy.

In March the yield curve inverted when the yield on 90-day T-bills rose above 10-year Treasury notes. During the last seven yield inversions recessions started an average of 19 months later, but not before the S&P 500 had risen 19% on average. The last inversion was in January 2006 when the market subsequently rose 26% over the next 21 months to peak in October 2007. So far, we haven't even had an inversion of the 10 and 2-year bonds which some analysts recognize as a more meaningful inversion. After the September 1998 inversion, the tech heavy Nasdaq Composite Index rose over 230%! (See chart on back.) It now looks like the normal melt up conclusion to long bull markets may finally be starting. Many bearish advisers who thought last year's correction was the beginning of a bear market keep mentioning various negatives, but most of those negatives do not correlate well with overall market timing. It actually seems healthy that the huge YTD recovery has been able to "climb a wall of worry."

We've updated the adjacent chart which compares the last 18 months of a typical major bull market (orange line) with the latest 18 months (blue line). Clearly the last eighteen months has been nothing like previous major bull market conclusions. We try to mitigate risk by avoiding lower quality stocks and limiting the amount of more volatile issues, as well as reducing the emphasis on equities in balanced portfolios when it seems appropriate, which is already conservative for most of our individual clients.



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Chase Investment Counsel Corporation is the oldest independent investment counsel firm domiciled in Virginia. We're not in the brokerage business, but act as portfolio managers and purchasing agents for our clients. As Barron's described us in 1972, we're located "Far from the Madding Crowd" in Charlottesville, VA. Besides Derwood Chase, we have an excellent "next generation" group of officers that average 49 years of age and over 19 years of experience. Three of us have MBAs, one is a CFA and another is a CMT. We recognize that markets are driven by company fundamentals as well as technical factors which reflect investor sentiment.

In addition to our own research, and that from several brokerage firms, we utilize over 40 independent research sources selected with the benefit of over 50 years experience. Our investment process was developed over more than 50 years and is rather unique in combining fundamental and technical analysis to mitigate risk and build diversified, high quality, reasonably priced growth oriented portfolios. We manage large, mid-cap, and all-cap equity oriented portfolios as well as balanced funds for individuals and trust clients (minimum normally $1 million) in 15 states. We also indirectly serve about 2,500 investors through our no-load large and mid-cap equity mutual funds both of which are risk averse. As a smaller firm, we have a particular advantage in managing portfolios since we don't need huge marketability to acquire or eliminate stock positions promptly without significantly affecting the market. We are not in the brokerage or banking business and do not have the conflicts of interest and the other priorities those businesses involve.

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Lowry’s Primary Trend Perspective is weekly report published by Lowry’s Research Corporation (www.lowryresearch.com).

The S&P 500® Index is a broad-based unmanaged index of 505 stocks, which is widely recognized as representative of the equity market in general.

Lowry’s Selling Pressure Index is Lowry’s way of representing the force of supply. It is computed in the same manner as the Buying Power Index, but is constructed from the action of declining stocks in terms of points lost and Downside volume.

Lowry’s Short-Term (Buying Power) Index is a short-term measurement of the effect of buying, computed in terms of percentages and is a relatively sensitive index calculated on a time period of less than one half the average time period used for the Buying Power Measurement. The principal use of this index is for pinpointing "oversold" areas which have often proved highly profitable for buying stocks.

Lowry’s Buying Power Index measures the total demand level for stocks by both activity and intensity by tracking the number of stocks advancing while also recording their volume and points gained.

NYSE or the New York Stock Exchange is a stock exchange located in New York City that is considered the largest equities-based exchange in the world, based on the total market capitalization of its listed securities.

Lowry's OCO indicators exclude all preferred issues, all real estate partnerships, all foreign issues and ADRs, and all closed-end stock and bond funds. The remaining issues are simply domestic common stocks listed on the New York Stock Exchange. Lowry’s OCO Adv-Dec Line has provided a far more accurate measurement of the internal strength of the stock market, particularly at critical turning points.

Lowry’s Cumulative Net Upside Volume Index is the running cumulative total of daily Upside vs. Downside Volume based on NYSE Composite Volume figures.

The Dow Jones Transportation Average (DJTA, also called the "Dow Jones Transports") is a U.S. stock market index from S&P Dow Jones Indices of the transportation sector, and is the most widely recognized gauge of the American transportation sector.

The Dow Theory Buy Signal occurs when the Dow Industrials sets a new high following a new high for Dow Transports.

The Primary Trend Index (PTI) is proprietary index published daily in Richard Russell’s Dow Theory Letter (DowTheoryLetters.com). The PTI is a guide to the trend of the market.

GDP - Gross domestic product is a monetary measure of the market value of all the final goods and services produced in a period of time, often annually.

A yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates.

The Nasdaq Composite Index is the market capitalization-weighted index of over 3,300 common equities listed on the Nasdaq stock exchange.

You cannot invest directly in an index.

Volatility is a statistical measure of the dispersion of returns for a given security or market index.

Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

Index performance is not indicative of fund’s performance.

Past performance does not guarantee future results. Current performance can be obtained by calling 888-861-7556.

The funds’ investment objectives, risks, charges and expenses must be considered carefully before investing. The Statutory and Summary prospectuses (CHASX/CHAIX or CHAMX/CHIMX) contain this and other important information about the investment company, and may be obtained by calling (888) 861- 7556. Read carefully before investing.

Earnings growth is not representative of the fund's future performance.

The information on earnings growth is based on certain assumptions and historical data and is not a prediction of future results for the Funds or companies held in the Funds' portfolios. Past performance does not guarantee future results.

Earnings growth is the annual rate of growth of earnings from investments.

The opinions expressed are those of the listed authors and are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security.

Mutual fund investing involves risk. Principal loss is possible.

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