ALLOCATE RITE | Cloud-Based AI-Powered Digital Asset Management Technology™

Monthly Rebalancing Bulletin and Commentary

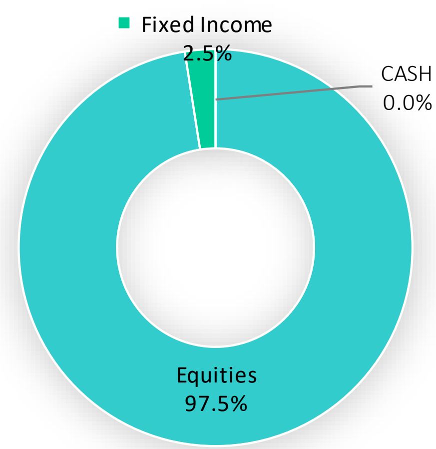
April 4, 2018

U.S. Domestic Composite

The April 4, 2018 U.S. Domestic Composite ("ARUSDOM"- Bloomberg ticker) monthly rebalancing changed direction back again to a "risk on" position, significantly increasing Equities exposure down from 12.5% to 97.5%.

- The S&P 500 Index's drop in March marked its first back-to-back monthly decline in over two years.
- Fixed income assets were a beneficiary of the flight to safety backdrop, as yields moved lower across the intermediate and long end of the curve in March.
- Investors rotated out of more cyclical sectors toward more defensive and higher dividend yielding stocks. Real estate +3.78% and Utilities +3.76, were among the few key groups of the S&P 500 Index with a positive return for the month. The financials -4.31%, materials -4.24%, and technology sectors -3.90% were among the worst performing groups.
- Treasury bond yields were lower by 14 bps. The Fed has suggested that it may increase the federal funds rate at least three times this year. With inflation and economic growth insufficient to support monetary tightening, the spread between yields on two- and 10-year Treasuries could go negative by the end of the year - another bond-positive development. The spread has already shrunk from a recent high of 78 basis points on Feb. 12 to 55 basis points on March 16.
- The economic news was again mixed-
    - The Federal Reserve lifted its target rate range by another quarter-point to 1.50%–1.75% and presented higher economic projections for inflation and growth. Fed's rate forecast continued to indicate a total of three rate increases 2018, however it projected a slightly steeper path for rates beginning in 2019.
    - The increase in average hourly earnings has slowed appreciably, reducing the risk of aggressive monetary tightening by the Federal Reserve. Inflation moderated from levels recorded at the beginning of the year. Retail sales dropped for a third month, belying expectations of an increase. Finally, data released March 16 showed that February housing starts fell more than expected, providing another indication of slower economic growth.
- Back-up in Treasury Bond yields and oversold technical equity market conditions have afforded a short-term repositioning into equities.
- Longer term expectations are for the yield curve to invert suggesting slower growth, lower bank earnings and overall lower equity prices.

U.S. Domestic Composite
April 2018



AllocateRite Model's Trending Indicators

EQUITIES	
Consumer discretionary stocks	▲
Consumer staples stocks	▲
Energy stocks	▲
Financial stocks	▲
Healthcare stocks	▲
Industrial stocks	▲
Materials stocks	▲
Technology stocks	▲
Utilities stocks	▲
Real-Estate stocks	▲
FIXED INCOME	
20+ Year Treasury Bond	▼
CASH & CASH EQUIVALENT	
1-3 Month T-Bill	▼

LEGEND
▲ Out-perform
▼ Under-perform
■ Hold signal

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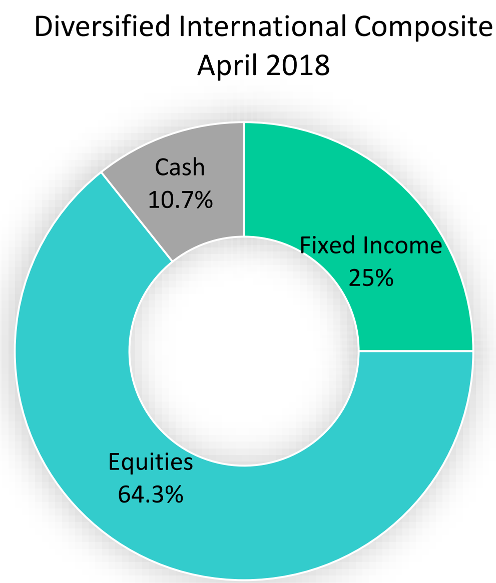
International & Dynamic Blend Composites

AllocateRite Diversified International Composite ("ARINTNL") and AllocateRite Global Dynamic Blend Composite ("ARDYBLD") strategies were added to include greater global diversification. ARINTNL strategy is comprised of five country ETFs (Japan, Brazil, China, India and Germany) plus a fixed income and cash component; and the ARDYBLD strategy is a dynamic blend of ARUSDOM and ARINTNL strategies.

The Diversified International model ("ARINTNL"- Bloomberg ticker) decreased its allocation to risk assets from 73.33% to 25.0% increasing the cash allocation to 50.0%. Country risk was significantly reduced across all countries.

- MSCI All Country World Index, lost 2.2% on a total-return basis. From a geographic perspective, returns were fairly bunched together. Europe losing 1.3%, was a relative winner and the Asia-Pacific region lost 2.5%. Trade worries were likely a component behind the Asian markets' underperformance.
- European markets mirrored the broad stock movements in the U.S.. In particular, tariff concerns related to Germany's large export economy and persistent low inflation in the eurozone helped drive the German market down 2%.
- European Central Bank (ECB) continued its measured approach to the removal of policy accommodation by dropping its commitment to more quantitative easing (QE) if necessary. Inflation remained well below target, and business purchasing manager indexes (PMIs) showed some signs of softening.
- Japanese equities Japan fell 2.1%. Japan saw positive economic news, including strengthened business sentiment and increased inflation was countered by a decline in manufacturing and employment growth. Also, Bank of Japan Governor Haruhiko Kuroda said that the bank was considering exiting its ultra-accommodative monetary policy in fiscal 2019 and added that policy changes could occur prior to achieving the 2% inflation target.
- Emerging markets were under pressure during the month primarily due to rising concerns over the prospect of a trade war, as well as some negative economic news in key regions.
- Chinese stocks declined on announced tariff plans on a range of Chinese-made products and tighter restrictions on acquisitions and technology transfers.
- Indian stocks were weighed down by trade concern-induced volatility and worries about India's growing trade and fiscal deficits.
- Brazilian stocks fell as the Brazilian economy grew less than forecasted- 0.1% in last year's fourth versus third quarter and 1.0% for the full year.



Japan	**EWJ**	**+8.3%**
Brazil	**EWZ**	**+7.3%**
China	**FXI**	**+5.4%**
India	**INDA**	**+9.1%**
Germany	**EWG**	**+9.2%**

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International & Dynamic Blend Composites

The optimal ratio for the Global Dynamic Blend Composite (ARDYBLD) was reweighted at 51.8% to U.S. Domestic and 48.2% to International for the February rebalancing.

AR allocation increased its exposure to the Diversified International Composite. Supporting this longer term view is continuing positive fundamentals across developed and emerging market countries versus the U.S..

- U.S. markets mixed bag-
    - Pro-growth deregulation, tax cuts, and increased government spending continue to be positive catalysts for equities.
    - Expectations that the Federal Reserve would continue to tighten monetary policy at a greater pace in terms of reversing quantitative easing and interest rate increases.
    - Annual wage growth pressures prompting higher inflation.
    - Higher bond yields.
    - Fears of a trade war, impacting the economy.

- Diversified International increased exposure–
    - International stocks have better valuations than the U.S. markets.
    - Synchronized global expansion is spurring an embrace of risk assets outside the U.S. and thereby making the case for better risk/reward opportunities. Accommodative central banks' policy adding a further buffer.
    - Compared with developed markets, most emerging markets have more attractive demographics and benefits from rising consumption. Most developing countries have smaller current account deficits, larger foreign exchange reserves, and more flexible currencies.
    - Emerging markets stocks remain attractively valued relative to developed markets stocks.