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

Monthly Rebalancing Bulletin and Commentary

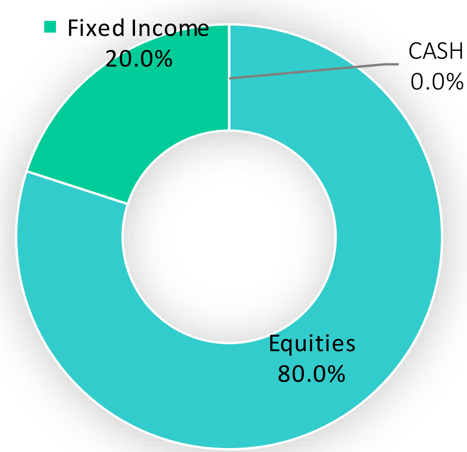
August 1, 2018

U.S. Domestic Composite

On August 1, 2018 U.S. Domestic Composite ("ARUSDOM"- Bloomberg ticker) monthly rebalancing slightly adjusted down its exposure to Equities from 85% to 80% and increased the fixed income allocation to 20% from 15%.

- The S&P 500 Total Return Index gained +3.6% in July, bolstered by robust economic growth and strong corporate earnings driven by tax cuts.
- The S&P 500 Index's gains this month were broadly distributed across all industry sectors with the exception of Real Estate (-0.89 percent). Strongest returns were posted by Financials (+5.87 percent), Health Care (+5.45 percent), and Industrials (+5.07 percent) and Consumer Staples (+3.47 percent).
- Ongoing global trade disputes between the U.S. and other trading partners continued to unfold, however markets ultimately remained hopeful focusing on positive economic news.
- The 10-year U.S. Treasury yield rose 11 basis points to end the month at 2.96%.
- The spread between yields on two- and 10-year U.S. Treasury notes tightened 4 basis points to 29 basis points nearing 11-year lows, a sign that investors have remain cautious about the outlook for the economy.
- Investment-grade debt benefitted from second-quarter corporate earnings- spreads tightened 14 basis points to 109 basis points on an option-adjusted spread basis.
- The economic data showed ongoing strength-
    - The U.S. economy grew 4.1% in the second quarter – its strongest pace in nearly four years helped by strong exports and a rebound in consumer spending.
    - Core personal consumption expenditure index rose 1.9% for the third straight month in June.
    - Jump in exports; may reflect private-sector efforts to get ahead of impending tariff increases on goods.
    - June's headline core price index came in slightly below expectations.
- Some less positive economic news-
    - Second quarter residential investment fell 1.1% – the second consecutive decline. And for the third straight month existing home sales fell 0.6% (m/m) in June, despite a slight increase in inventories. Sales of new homes fell by 5.3%.
    - ISM's nonmanufacturing index dipped to 55.7 in July from 59.1 in June.

U.S. Domestic Composite
August 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) allocation to risk assets from 62.5% to 66.7%.

- The MSCI World ex USA increased by 3.0 percent and MSCI Emerging Markets Index was up 2.1 percent for the month.
- Progress in working out a post-Brexit trade continue to be stymied and political disarray in Italy following the election of a populist coalition promising relief from fiscal austerity.
- The euro ended the month at 1.17 against the dollar, up 0.2% on the month.

Eurozone:

- MSCI Europe Index rose 3% on solid corporate earnings and easing trade sanctions with the U.S.
- European economy showed signs of slowing growth as GDP rose at a slower annualized rate of 1.4%, down from 1.5% in the first quarter.
- Eurozone inflation rose to 2.1% in July.
- Eurozone government bonds declined modestly as the market absorbed ECB's previously announced plan to wind down its €30-billion-a-month bond-buying program by December.
- The yield on Germany's benchmark 10-year note rose 7 basis points to end the month at 0.38%.

Japan:

- Japanese stocks rose 1% in July as weakness in the yen offered support for Japan's export-oriented economy.
- Bank of Japan said it would maintain for an "extended period" and accommodative monetary policy.
- The yen hit a six-month low against the USD, before ending July down 1%.
- Core inflation remained tame at 0.8% in June, well below the BOJ's 2% target.

China:

- U.S. trade tariffs started to weigh on China's economy, which in the second quarter grew at its slowest pace since 2016.
- Chinese policymakers unveiled fresh stimulus measures and loosened monetary policy

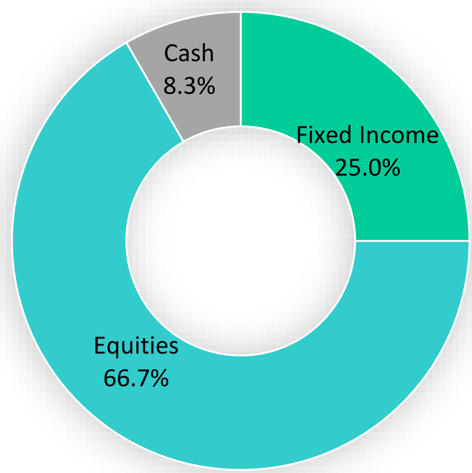
Brazil:

- MSCI Brazil IMI rebounded 11.5% while the Brazilian real rose 2% against the dollar.

India:

- Ongoing economic expansion, strong corporate earnings and limited exposure to recent trade tariffs aided Indian stocks +6.0% in July.

Diversified International Composite
August 2018



Change in Country Allocations:

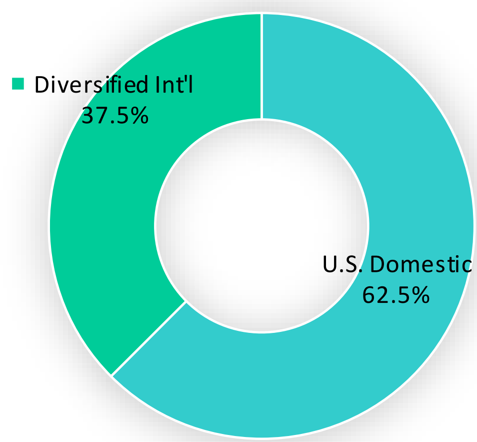
Japan	**EWJ**	**-3.1%**
Brazil	**EWZ**	**+1.4%**
China	**FXI**	**-0.6%**
India	**INDA**	**+1.3%**
Germany	**EWG**	**+1.0%**

International & Dynamic Blend Composites

The optimal ratio for the Global Dynamic Blend Composite (ARDYBLD) has increased again to 62.5% for the U.S. Domestic allocation and down to 37.5% for the Diversified International as of the August rebalancing.

AR allocation further reduced its exposure to the Diversified International Composite. Supporting a shorter-term view that the U.S. economy continues to show growth and relative out-performance.

Dynamic Blend Composite
August 2018



- U.S. market's positive growth and fiscal stimulus supports the increased allocation-
  - Propelled by fiscal stimulus- Pro-growth deregulation, tax cuts, and increased government spending continue to be positive catalysts for equities.
  - The positive tailwinds from tax reform and the strong jobs market are driving consumer and business spending.
  - The US economy is growing and corporate profits are rising supporting higher stock prices.
  - Inflation for June's headline core price index came in slightly below expectations, but general price levels are still firming.
  - Longer term caution for the U.S market:
    - 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.
    - Current valuations have fallen but remain above average.
    - Yield curve flattening concerns.
    - Fears of an escalating trade war impacting the economy.

- Diversified International exposure decreased significantly–
  - Political uncertainty, however the economy appears stable, although growth is slowing.
  - European Central Bank announced that it plans to end its stimulus programs and to hike rates within the next year.
  - Higher U.S. short-term rates mean renewed competition for capital as investors are able to get above-inflation returns in short-term "risk-free" debt with lower risk.
  - Positives still include:
    - International stocks have better valuations than the U.S. markets.
    - Synchronized global expansion should aid risk assets outside the U.S. and thereby making the case for better risk/reward opportunities.
    - More 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. Tighter funding conditions have recently played a role in this year's EM hardships.