Cloud-Based AI-Powered Digital Asset Management Technology™

Monthly Rebalancing Bulletin and Commentary

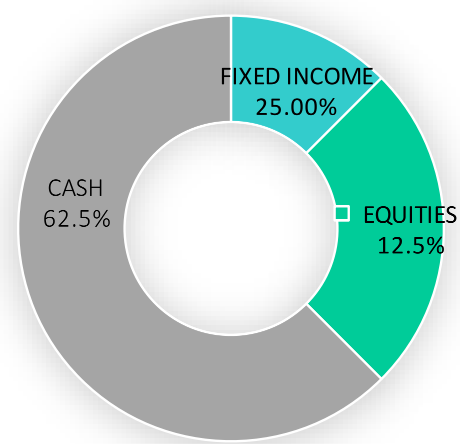
March 7, 2018

U.S. Domestic Composite

The March 7, 2018 U.S. Domestic Composite ("ARUSDOM"- Bloomberg ticker) monthly rebalancing dramatically changed course to a "risk off" position, reducing significantly Equities exposure down from 100% to 12.5%..

- Inflation fears have caused the Dow and S&P 500 to do something they haven't in 11 months: decline. The S&P 500 fell 3.89% and volatility spiked significantly in February.
- February was easily one of Wall Street's wildest months since 2008 with the Dow plunging more than 3,200 points, or 12%, in just two weeks. Then stocks raced back, at one point recovering about three-quarters of those losses.
- February ended with more drama. The Dow tumbled 680 points during the month's final two days, leaving it down about 1,600 points from the record high in late January.
- The market insanity was even more startling because it followed a period of extreme calm.
- Sector returns again continued to vary significantly; the spread between the best and worst sector for the month was about 10.4%.
- Energy was the worst performing sector, down -10.85% for the month due to supply pressures. Consumer staples was again underperforming, down -7.64% followed by real estate -6.77%.
- Economic data for February showed-
    - Tepid economic growth and higher wage inflation
    - Retail sales -0.3 vs expected 0.2
    - CPI ex food and energy 0.3 VS 0.2 expected 2.1 VS 1.9
    - Payroll inflation 2.9% vs 2.6% expected
- Vix (volatility index) went from 13.1% to a high of 50.3% ending at 19.85%
- In early February, the runaway train stock market ran smack into spiking bond rates with the 10-year Treasury rate creeping closer to 3%- pricing in the threat of inflation. Investors suddenly became worried the economy, boosted by huge tax cuts, could overheated and force the Federal Reserve to raise interest rates.
- IN RESPONSE TO A HUGE SPIKE IN VOLATILITY and uncertainty ahead of proposed tariffs and Fed rate decision, Allocaterite's model de-risked in March.

U.S. Domestic Composite
March 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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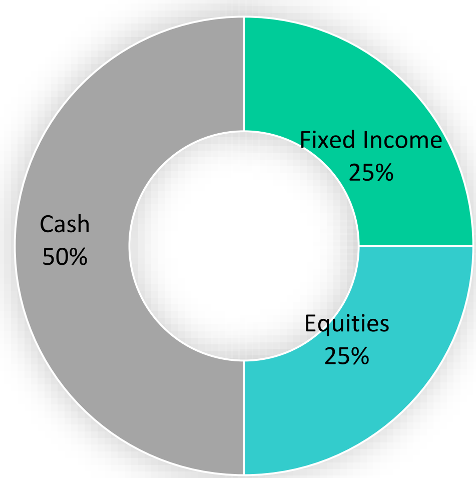
International & Dynamic Blend Composites

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.

- In line with the U.S. Domestic Composite, AllocateRite's international Composite de-risked aggressively (selling out of risk assets and moving into bills), sensing increased uncertainty and volatility.
- In February, most of the rest of the world followed the U.S. market's downward move: Japan (-7.2 percent), France (-3.8 percent), and Germany (-2.3 percent).
- World markets look headed toward a period of greater volatility and, quite possibly, what's called a correction. Japan's Nikkei already got there, with shares declining just over 10 percent since their highs last month. The Standard and Poor's 500, which is a broader market index than the Dow, was down nearly 8 percent.
- The global investors were jolted out of a remarkable complacency – where stocks were expected to keep going up indefinitely – to a new appreciation of the rising risks to the world economy after one of history's longest bull markets. Fear, in other words, is now competing with greed.
- Markets have been addicted to low interest rates and global central banks pumping money into the financial system," As economies around the world improve, higher interest rates and less stimulus will be provided from central banks. This is beginning to make investors nervous.
- Another worry: China's expanding private debt and soaring real estate prices. Analysts have warned for months that the bursting of those twin bubbles could trigger a worldwide crash. But Beijing is working hard to tamp down private borrowing, and the Shanghai Composite index is already down more than 25 percent from its 2015 highs.

Diversified International Composite
March 2018



Japan	**EWJ**	**-13.4%**
Brazil	**EWZ**	**-5.4%**
China	**FXI**	**-7.3%**
India	**INDA**	**-9.8%**
Germany	**EWG**	**-12.4%**

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International & Dynamic Blend Composites

The optimal ratio for the Global Dynamic Blend Composite (ARDYBLD) was reweighted at 57.6% to U.S. Domestic and 42.4% to International for the March 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.

- Challenges for the U.S. markets-
    - 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.
- Continued justification for adding to Diversified International exposure over the longer term –
    - International stocks have better valuations than the U.S.
    - In the U.S. tax reform has provided a further justification for equity values, however increasing deficit projections, higher interest rates and political uncertainty around health care, etc. and concerns around the 2018 mid-term elections are challenging bonds and the dollar.
    - Synchronized global expansion is spurring an embrace of risk assets outside the U.S. and thereby making the case for better risk/reward opportunities. Transitioning of central bank policy is adding further reason for this change.
    - EM Price-to-Book ratios remain cheaper than average.
    - Compared with developed markets, most emerging markets have more attractive demographics and a stronger tailwind from rising consumption.

Dynamic Blend Composite
March 2018