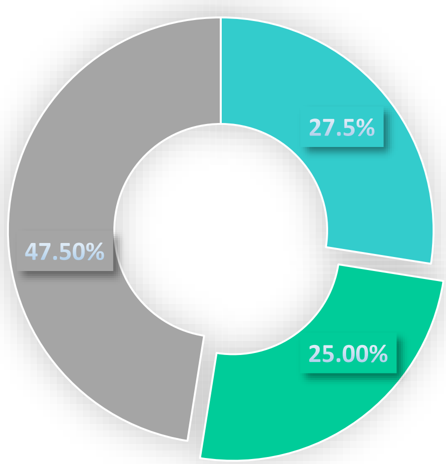
AllocateRite | Cloud-Based AI-Powered Digital Wealth Management™

Monthly Rebalancing Bulletin and Commentary

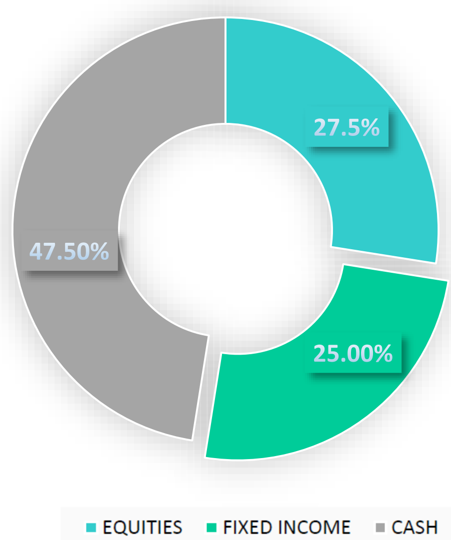
July 5, 2017

U.S. Domestic

June 2017



July 2017



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 EQUIVALENTCASH & CASH EQUIVALENT	
1-3 Month T-Bill	■

▲ Out-perform

▼ Under-perform

■ Hold signal

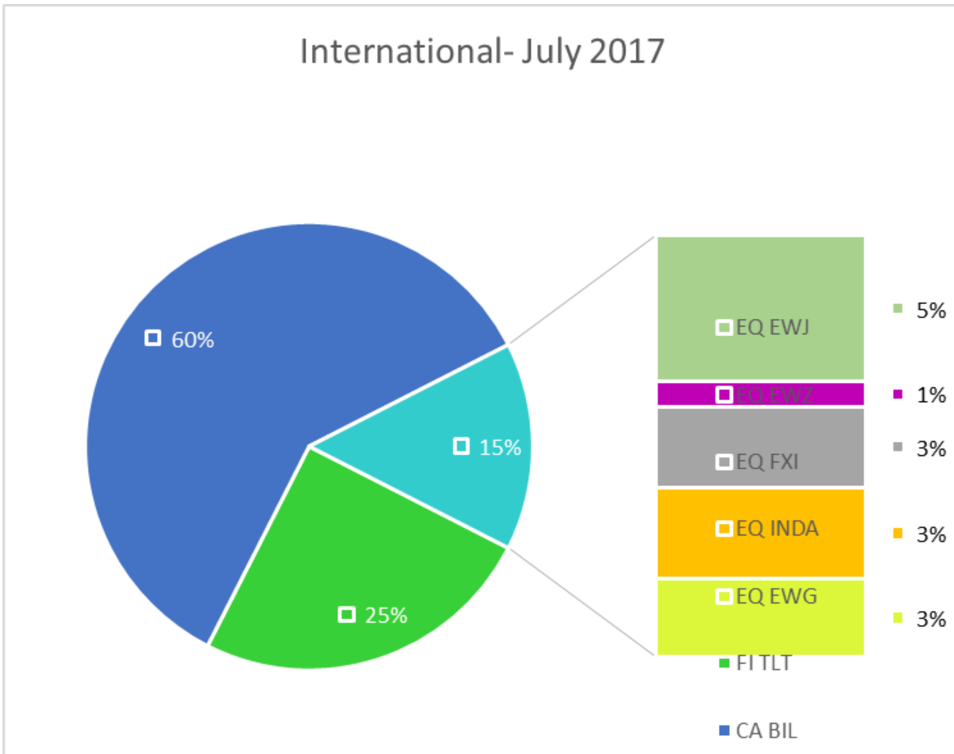
On July 5, 2017, the U.S. Domestic Composite ("ARUSDOM"- Bloomberg ticker) maintained its overall lower risk posture. Allocations across asset classes were static. Changes within the equity sector included moving the Technology sector weighting to zero, reducing Financials by two thirds, increasing exposures to Utilities and t Consumer Staples, 7.5% and 5%, respectively. The model continues to see reasons for the curve to flatten with longer term yields not rising. Technical factors are showing the market being overbought is most sectors. AR's model reversed its over-weighting to Financials in June, and moved the over-weighting to the Utilities and Consumer Staples sectors for the July rebalancing.

- US equities gained despite some mixed economic data and amid political uncertainty over the ability of the US administration to push through its fiscally expansive policies.
- Concerns surfaced with the Fed indicating it would likely be reducing monetary stimulus simultaneously in the near future.
- Healthcare, industrials and financials were among the top performing sectors, while consumer staples, energy and telecommunication services underperformed.
- S&P financials gained 6 percent, with tech sliding almost 4 percent. Financials still lag behind the S&P 500 for the year, and well behind the roughly 17 percent gain for tech. The boost to Financials may be both technical and the belief higher interest rates are more likely coming sooner.
- All major financial institutions passing the Fed's stress tests for the first time was received positively by the market.
- Having fallen since March, government bond yields saw a sharp spike upwards at the end of June as investors responded to a less dovish tone from central bankers.
- U.S. unemployment rate rose from 4.3 to 4.4 percent. Appears that the rise in labor force participation is indicating there is slack remaining in the labor market. Explaining why wages showed little improvement.
- U.S. financial markets are discounting a benign outcome for interest rates. This could reflect expectations of a weaker economy, or the appointment of a new Fed chair who would be reluctant to tighten (perhaps under political pressure from the president).
- The CBOE Volatility Index (VIX), a.k.a. the fear gauge, has only closed below 10 sixteen times; seven occurred during the second quarter of 2017.
- The U.S. economy appears to be growing, albeit slowly. Last week, the Federal Reserve Bank of Atlanta forecast real GDP (Gross Domestic Product) growth during the second quarter of 2017 at 2.7 percent. Updated returns through June 30th -

Data as of 6/30/17	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.6%	8.2%	15.5%	7.3%	12.2%	4.8%
Dow Jones Global ex-U.S.	-0.2	12.6	17.4	-1.1	5.1	-1.2
10-year Treasury Note (Yield Only)	2.3	NA	1.5	2.5	1.6	5.0
Gold (per ounce)	-1.1	7.2	-5.9	-1.9	-4.8	6.6
Bloomberg Commodity Index	3.7	-5.6	-7.0	-15.0	-9.5	-7.0
DJ Equity All REIT Total Return Index	-1.0	4.9	0.2	9.0	9.7	5.9

International and Dynamic Blend

Beginning May 3, 2017, AllocateRite introduced two new models AllocateRite Diversified International Composite ("ARINTNL") and AllocateRite Global Dynamic Blend Composite ("ARDYBLD") strategies. 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 currently weighted at 55.47% and 44.53%, respectively.*



The Dynamic International model ("ARINTNL"- Bloomberg ticker) has further decreased risk assets (from 25% to15%) across all country groups for the July rebalancing.

- Eurozone equities gained. Reduced political risk, positive economic data and improved corporate earnings all supported shares.
- The euro-area recovery continues to strengthen, inflation is still weak and wages and investment increases remain subdued.
- Concerns that the European Central Bank (ECB) could soon begin reducing its quantitative easing (QE) purchases capped market gains.
- The German Ifo business climate survey reached another record high in June. Eurozone annual inflation dipped to 1.3% in June from 1.4% in May but ECB President Draghi commented that the threat of deflation is over.
- Eurozone government bond yields were well-supported for much of the period, though a sell-off in the last week of June resulted in losses for Bunds and gilts for the quarter overall.
- The yield on 10-year German Bunds (Germany's government bonds) reached an 18-month high of 0.58 percent.

- China saw better economic data and a landmark decision in mid-June, by index provider MSCI, to include Chinese A-shares2 in a range of its benchmark indices supported positive sentiment.
- The Chinese yuan also finished up strongly as the currency rebounded over the period to finish up 1.6% against the US dollar.
- Chinese macroeconomic data remained firm, despite measures to gradually withdraw liquidity.
- Japan registered positive returns amid an encouraging corporate earnings season and an upbeat assessment from the Bank of Japan on the health of the economy.

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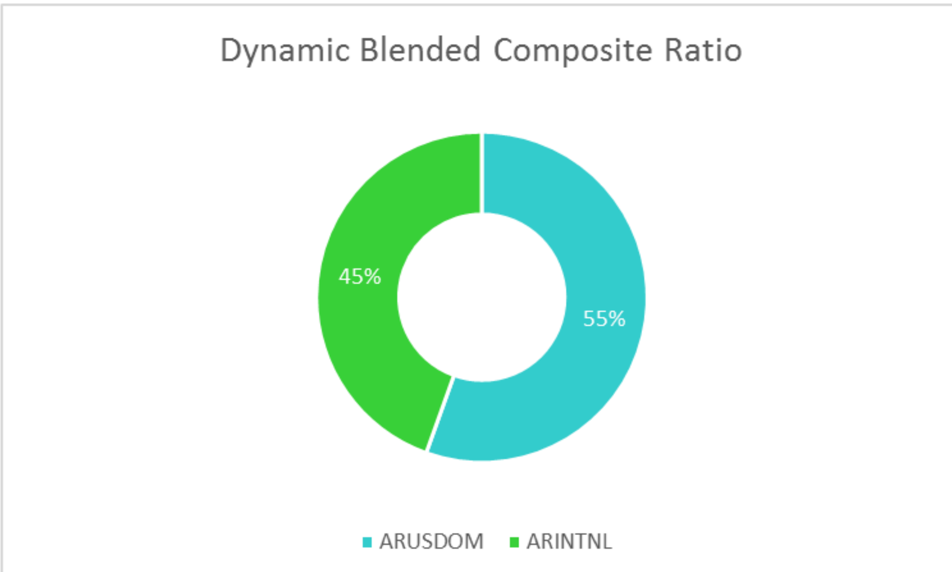

The current optimal ratio for AllocateRite's U.S. Domestic vs. Diversified International model in July continued to move towards more International exposure, however within a framework of risk aversion:

- Better technical and fundamental factors
- Relatively cheaper valuations
- Better macroeconomic underpinning (as implied by relative economic growth between Asia, Europe and U.S.)

As a result, AR's view continues to forecast an increase in its proportion of assets in the Diversified International Composite within the Global Dynamic Blend Composite. However, the current view is that global risk assets are expensive and overbought factoring the increasingly hawkish stance of the central banks.