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NewSquare CAPITAL

Simple, Efficient, Innovative

Strategic Series

A STRATEGY UPDATE FROM THE
PORTFOLIO MANAGEMENT TEAM

January 23, 2018

NewSquare Strategic Series
GLOBAL, MULTI-ASSET PORTFOLIOS
RULES-BASED, RELATIVE STRENGTH ANALYSIS

STRATEGIC 40/60
STRATEGIC 60/40
STRATEGIC 80/20

4th Quarter 2017 Review

The Strategic Series

Description

The NewSquare STRATEGIC Series blends a constant core allocation strategy with an active sector rotation strategy. This blend produces a series of managed ETF portfolios designed to deliver: (1) predictable exposures to opportunities for both growth and income, (2) a sector rotation strategy driven by momentum trends, and (3) low-cost, one-stop diversification designed for long-term growth. NewSquare employs a rigorous multi-factor screening process that favors ETFs with low expense ratios, low total ownership costs, greater diversification, trading support, sponsor strength, and strong institutional support. Clients may choose their top-level asset class exposure — conservative, moderate, aggressive — by selecting from NewSquare's three equity/fixed income blends: Strategic 40/60, Strategic 60/40, or Strategic 80/20.

The NewSquare Strategic Series delivers globally-diversified, multi-asset portfolios to conservative, moderate, and aggressive investors.

Commentary

We seem to remember that the typical asset allocation portfolio (for example, a portfolio made up of 60% stocks and 40% bonds) was declared "dead" in 2008-2009. We were told equity returns in the future would be muted, and those years encompassed a market crash that would affect generations of investors. Fast forward almost 10 years, and we have seen an equity market advance that rivals some of the best bull markets in history. Assuming you're an investor that sticks to your plan, you deserve credit for

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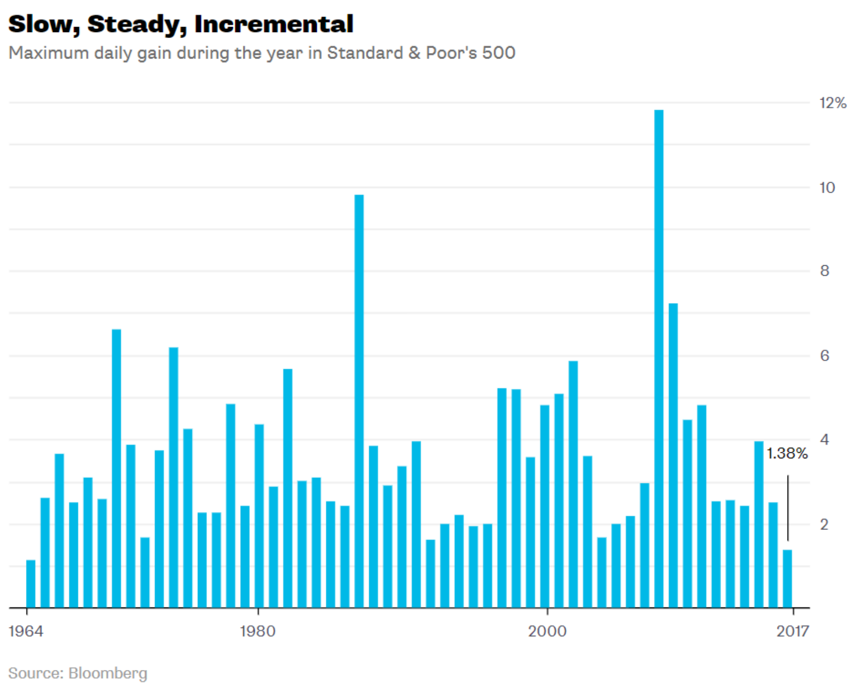
understanding your own personalized investment approach, and allowing yourself the discipline to follow through on that plan.

The glaring question is “Can this market continue?” Often, we hear pundits espousing that the market has moved “too far, too fast.” Or, we hear clients ask “Should I get in now after the market has run up so much?” One measure that we found interesting is the fact that we’ve seen tepid daily gains this past year.

> “U.S. stocks were up more than 20 percent, but it has been a surprisingly slow, steady grind. The single best day for the S&P 500 in 2017 was a rise of just 1.38 percent. There just hasn't been much in the way of giant euphoric gains of bull markets past. Small gains do add up over time; however, the lack of outsized single-day increases should make us question claims of reckless purchases and a stock-market bubble. See the following chart.”
> *(Source: Barry Ritholtz, “Taking Stock of a Very Weird Year in Markets”)*



Even if the market has made a significant run, clients (along with their advisors) that know their overall risk tolerance can translate that into better returns. Because, they’ll stay invested. As easy as that sounds, often times it is difficult. And, an appropriate level of diversification can aid when it’s needed most (in market downturns). Like all investment philosophies, it comes with some drawbacks.

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"Diversification will make you feel silly. Any long-term investment strategy is bound to make you feel foolish over the short-term. This is especially true at market extremes as the limits of your patience and discipline are sure to be tested. Diversification is for patient people and that requires ignoring those market environments that make you feel like an idiot for spreading your bets and managing risk."
(Source: Ben Carlson, "10 Things Investors Can Expect in 2018")

Performance for the STRATEGIC portfolios in the 4th quarter was in line with our market benchmarks. All portfolios are positive for the year, with the more aggressively allocated portfolios outperforming the more conservatively allocated ones. There were a few trades in the quarter. We executed two trades in the International Equity space and one trade in the Alternatives space to take advantage of prevailing trends. We will continue to look for sectors and areas of the market to deploy client capital in the most responsible manner.