

Commentary

Key US fixed income indexes declined during the quarter, as interest rates rose, credit spreads widened and bond yields hit four-year highs across the maturity spectrum. The US Federal Reserve (Fed) raised its benchmark interest rate to 1.50%-1.75% at the March Federal Open Market Committee (FOMC) and reiterated its projection for two more rate hikes in 2018. Fed Chair Powell downplayed concerns about accelerating inflation.

Relative to the benchmark¹, contributors to performance during the quarter included our overweight to high yield corporate bonds and our underweight to US Treasuries. Our overweight to mortgage-backed securities and investment-grade corporate bonds and our longer bond duration than the benchmark index all detracted, as credit spreads widened and US Treasury yields rose/prices fell in all maturities across the yield curve.

Outlook

The yield curve (10-year minus two-year maturities) continued to flatten during the quarter, finishing at +47 basis points. Although flattening is frequently a warning sign of future economic weakness, we believe this quarter's stemmed from a combination of rising short-term rate expectations, due to improving economic data, and well-anchored (that is, prices higher and yields lower) longer maturity yields, due in part to strong pension fund and foreign central bank demand.

We continue to favor investment-grade US corporate bonds and mortgage-backed securities over government bonds and have kept portfolio duration near, but slightly longer than, the benchmark's duration. We believe the yield curve flattening is likely to continue as we near the end of the current business cycle and approach an economic slowdown in the coming years.

In our view, bonds may not be unquestionably attractive at current yield levels, but tend to provide a stable source of income and act as a low-risk diversifier in balanced portfolios. We believe that bond yields are not likely to rise in a significant and lasting way until inflation turns markedly higher.

Individual Taxable Bond Description

The NewSquare Individual Taxable Bond Strategy is a separately managed account bond portfolio for investors who seek income and long-term capital appreciation. Our seasoned management team uses macroeconomic analysis to aim for low volatility and enhanced risk-adjusted returns through duration positioning, sector allocation and security selection. The portfolio is built around a long-term, strategic allocation that typically includes investments in high-quality, investment-grade corporate notes/bonds, mortgage-backed securities, federal agency securities and US Treasuries.

Please see important disclosure on page 2

¹ The Bloomberg Barclays Intermediate Government/Credit Index, which comprises one- to 10-year maturity investment-grade corporate notes/bonds, federal agency securities and US Treasuries.

NewSquare Capital, LLC, a registered investment advisor. The views expressed are those of the author at the time written and are subject to change at any time based on market, economic, and other conditions. This is not an offer or solicitation for the purchase or sale of any security and should not be construed as such. References to specific securities and issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities.

NewSquare Capital, LLC is a U.S. registered investment advisor specializing in global asset allocation strategies. The firm manages the NewSquare Portfolios, a proprietary family of investment strategies implemented primarily with ETFs. The NewSquare Portfolios include the Strategic Series, Macro Series, Relative Strength Series, Income Series, and Focused Series of investment strategies. All client assets are independently custodied with Charles Schwab or TD Ameritrade.

All investing involves risk, including possible loss of principal. While diversification through an asset allocation strategy can help manage overall portfolio risk and volatility, it does not promise any level of performance or guarantee against loss of principal. All performance figures, including the comparative indexes, are total return figures. Index performance is provided as a reference to broad market segments. Indices do not have fees or other costs and it is not possible to invest directly in an index. This communication may include forward-looking statements that are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied.

In general the ETF-based NewSquare Portfolios seek to outperform their benchmarks by raising and lowering asset class exposures, fixed income sector or industry sector exposures, country exposures, currency exposures, and various alternative asset class exposures to anticipate relative price movements. To this end, the portfolios may utilize fixed income ETFs, U.S. equity ETFs, international ETFs, currency strategy ETFs, and alternative class ETFs (including real estate, commodities, hedge fund strategies, private equity strategies, and potentially others) to adjust exposures where appropriate. There are risks involved with investing in ETFs, including possible loss of money. Index-based ETFs are not actively managed. Actively managed ETFs do not necessarily seek to replicate the performance of a specified index. Both index-based and actively-managed ETFs are subject to risks similar to stocks, including those related to short selling and margin maintenance. Some NewSquare Portfolios invest directly in individual securities (typically stocks and bonds) that pursue more traditional strategies.

In addition to the normal risks associated with investing, international investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. Emerging markets and frontier markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Investments in smaller companies, in narrowly focused sectors, and in individual foreign countries typically exhibit higher volatility. Real estate investments are subject to changes in economic conditions, credit risk and interest rate fluctuations. Commodity-related investments are speculative and involve a high degree of risk. Commodity markets have historically been extremely volatile, creating the potential for losses regardless of the length of time an investment is held. Bonds and bond funds will decrease in value as interest rates rise. Investment return and principal value will fluctuate so that an investor's shares, when sold or redeemed, may be worth more or less than the original cost and potentially subject to capital gains taxes. Tax-exempt fixed income strategies invest in securities designed to pay income that is exempt from certain income taxes, but a portion of the income may be subject to federal or state income taxes or the alternative minimum tax. Federal or state changes in income or alternative minimum tax rates or in the tax treatment of municipal bonds may make them less attractive as investments and cause them to lose value.

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by NewSquare Capital), or any non-investment related content, made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this commentary serves as the receipt of, or as a substitute for, personalized investment advice from NewSquare Capital. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. NewSquare Capital is neither a law firm nor a certified public accounting firm and no portion of the commentary content should be construed as legal or accounting advice. A copy of the NewSquare Capital's current written disclosure statement discussing our advisory services and fees is available upon request. If you are a NewSquare Capital client, please remember to contact NewSquare Capital, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/ revising our previous recommendations and/or services. Any offer to invest in the firm's investment strategies can be made by a written agreement only. The information in this document is intended for U.S. residents only. Before investing, an investor should carefully consider the portfolio objectives, risks, charges, and expenses. For more information on NewSquare Capital and its investment strategies, visit www.newsquarecapital.com.