

Commentary

“The best-performing mutual fund between 2000 and 2009 was up 18% annualized, an incredible performance because it came during a time when the market was flat. The average investor in that fund managed to lose 11% a year on a dollar-weighted basis by going in and out at the wrong times. The manager stuck to his guns, but the investors didn’t get to capture it.”

--Famed value investor Joel Greenblatt, to “Forbes” magazine, 2017

When you look at a fund’s returns, the numbers assume that investors bought it at the beginning of a period and held it until the end. That’s usually not the case. Investors, often driven by emotions, tend to make unsound investment decisions, such as pulling out of a fund when it struggles. Dollar-weighted (or investor) returns reflect that movement, and can teach a valuable lesson: Being out of the market, or in the wrong areas of the market, can be the enemy of long-term wealth creation.

At NewSquare Capital, we stick to our process, because achieving your most important long-term goals—striking the right balance between capital preservation and “growth” investing—requires it. The Strategic Series can help you manage risk through targeted asset allocation, and also help you find opportunities that present themselves within that framework.

For example, early 2018 was a bumpy ride for many investors, especially in the US equity market. Our portfolios remained largely unchanged and held up well. When markets do dip, it’s important to remember that down periods tend to be short-term corrections and should not represent anything more than “noise” to long-term investors.

The second quarter was much different than the first, with less volatility. We executed trades in every asset class of the Strategic Series portfolios, with the exception of currencies, to take advantage of changing trends. We saw some signs of a change in leadership, centered around weakness in international equities, specifically among emerging markets, which struggled during the quarter. A change in leadership can sometimes have a significant short-term negative impact on the portfolios’ performance, but that was not the case during

Strategic Description

The NewSquare Strategic Series is a suite of actively managed portfolios for investors who want to manage portfolio risk with diversification, but also seek growth opportunities through supplemental investments in momentum-driven sectors. The portfolios invest in exchange-traded funds, or ETFs, which offer cost effectiveness and tax efficiency. Investors can lock in an asset allocation ratio of equity/fixed income blends: Strategic 40/60, Strategic 60/40, or Strategic 80/20. Within that framework, the Strategic Series uses relative performance analysis to emphasize areas of each asset class with the potential to outperform.

(Continued on page 2)

Please see important disclosure on page 3

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.

the quarter. More aggressively allocated portfolios outperformed the more conservatively allocated ones. From a fixed income perspective, interest rates fluctuated wildly and ended the quarter close to where they began, which caused largely flat performance in the overall bond market.

Outlook

Mr. Greenblatt, a Wall Street legend who runs Gotham Asset Management, first wrote about the idea of investors missing out on gains in even the best-performing funds in his 2011 book: “The Big Secret for the Small Investor.” The moral of the story is to keep the emotions out of investing and stay focused on your long-term goals and results.

At NewSquare Capital, we believe another way to ensure that you can stay the course is to know what you own in your investing portfolio, and why you own it. That knowledge helps you better understand why particular investments respond to market blips, which can help you avoid the mistakes so many investors make.

With our Strategic Series, you know what you’re investing in, and why. You choose the ratio of equity to fixed income, locking in a core allocation level that matches your time horizon, risk tolerance, and investment objectives. Then, the relative performance strategy goes to work, aiming to find those pockets of opportunity through sector rotation.

The philosophy behind our momentum-based strategy has existed for several decades, with a strong track record of revealing true demand trends in investment markets. In our view, more than company fundamentals or day-to-day market noise, demand influences market performance. By consistently tilting toward areas of high demand and away from those in low demand, the strategy focuses on the market components that are performing best.

In short, the Strategic Series helps you stick to your guns.

*(Continued on page 3)
Please see important disclosure on page 3*

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.