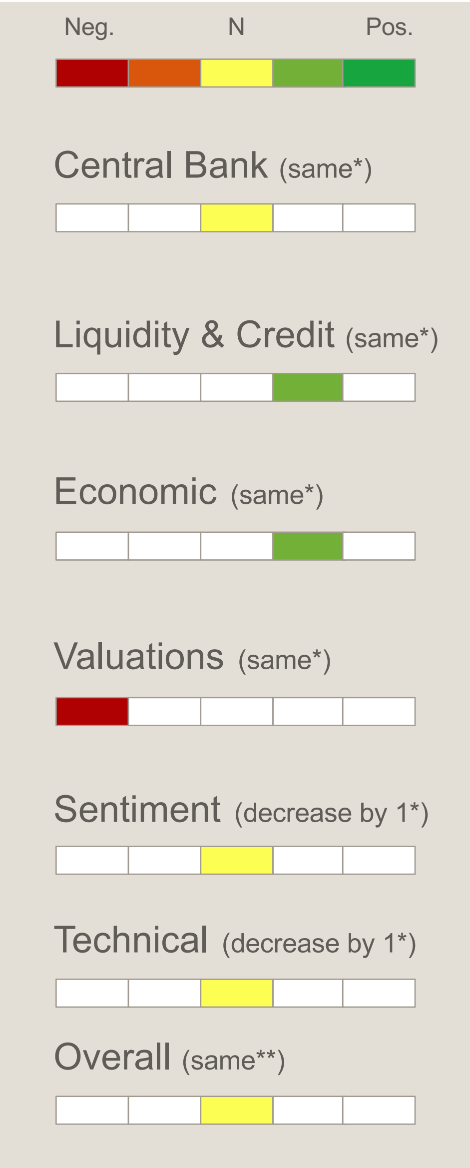

Macro and Market Outlook – as of 31 Mar 2018

(12-month outlook, updated quarterly)

- Central banks are raising interest rates and removing quantitative easing. While increasing rates is often a challenge for risk assets, the pace of increases and magnitude are not so great as to quell investor demand for such assets.

- Financial conditions have fallen, bond yields have increased and there are some early signs of weakening credit, yet these signs might just be a blip as a new trend has yet to be formed.
- There is still plenty of easy credit available and liquidity is abundant.

- A $1.7 trillion tax cut and an increase in infrastructure spending will grease the wheels of the US economic machine this year. The US is at full employement and inflation is not yet a concern.
- The European and Japanese economies are positive and maintain progress.
- The US and China continue to saber rattle on trade. If these tactics lead to an all-out trade war or spreads to include other regions, the current economic expansion might start to stumble.

- The recent decline in equity prices and strong earnings have made short term valuations metrics more attractive; however, long term metrics continue to be in extreme territory.
- Fixed income has been repriced and some of the froth has come out of the market.

- The consumer continues to show a high degree of confidence, but institutional investors are
- less optimistic.
- Geopolitical risk is increasing globally and the “Doomsday Clock” is creeping closer to midnight.

- The rapid increase in volatility and the recent correction has removed momentum from technical indicators. Most markets are in a consolidation pattern. This will remain for the medium term, until the old direction is re-established or a new direction develops.

Conclusion:

Our outlook is neutral. Gains in 2018 will be harder to come by than last year. On balance we believe investors with patience will be rewarded. We are cognizant of shifts in factors that drive the markets. While pressures are building, for now there has not been a change in direction.

ARGUS Wealth Management

*Change from the previous 12-month outlook.
** The Overall rating is not a simple average. The weights are determined by AFL at its discretion based on market conditions.

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