Altus

Wealth Management, LLC

Reaching Higher

Market & Portfolio Update

January 2018

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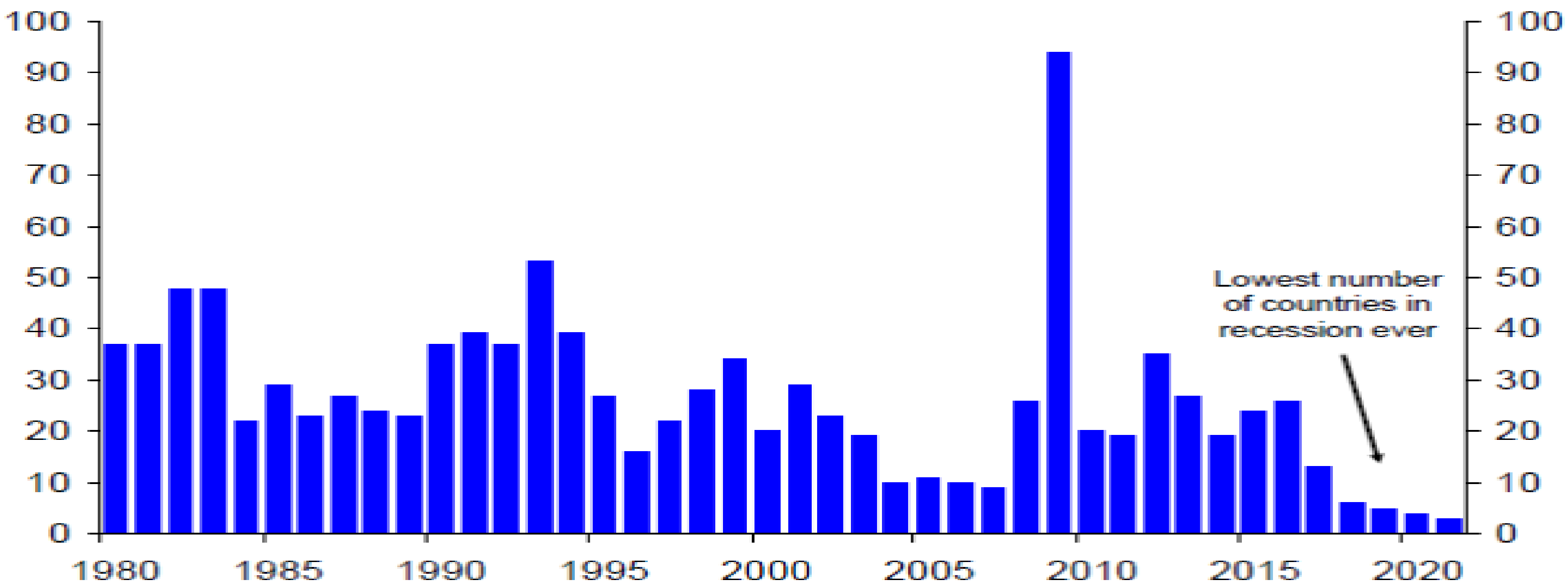
The world economy has never been in better shape

We are in the midst of a synchronized global economic expansion. Markets are flush with liquidity and financial conditions have loosened as a result of decreased government regulation. Corporate earnings growth has been healthy and should be boosted by US corporate tax cuts which will take effect in 2018.

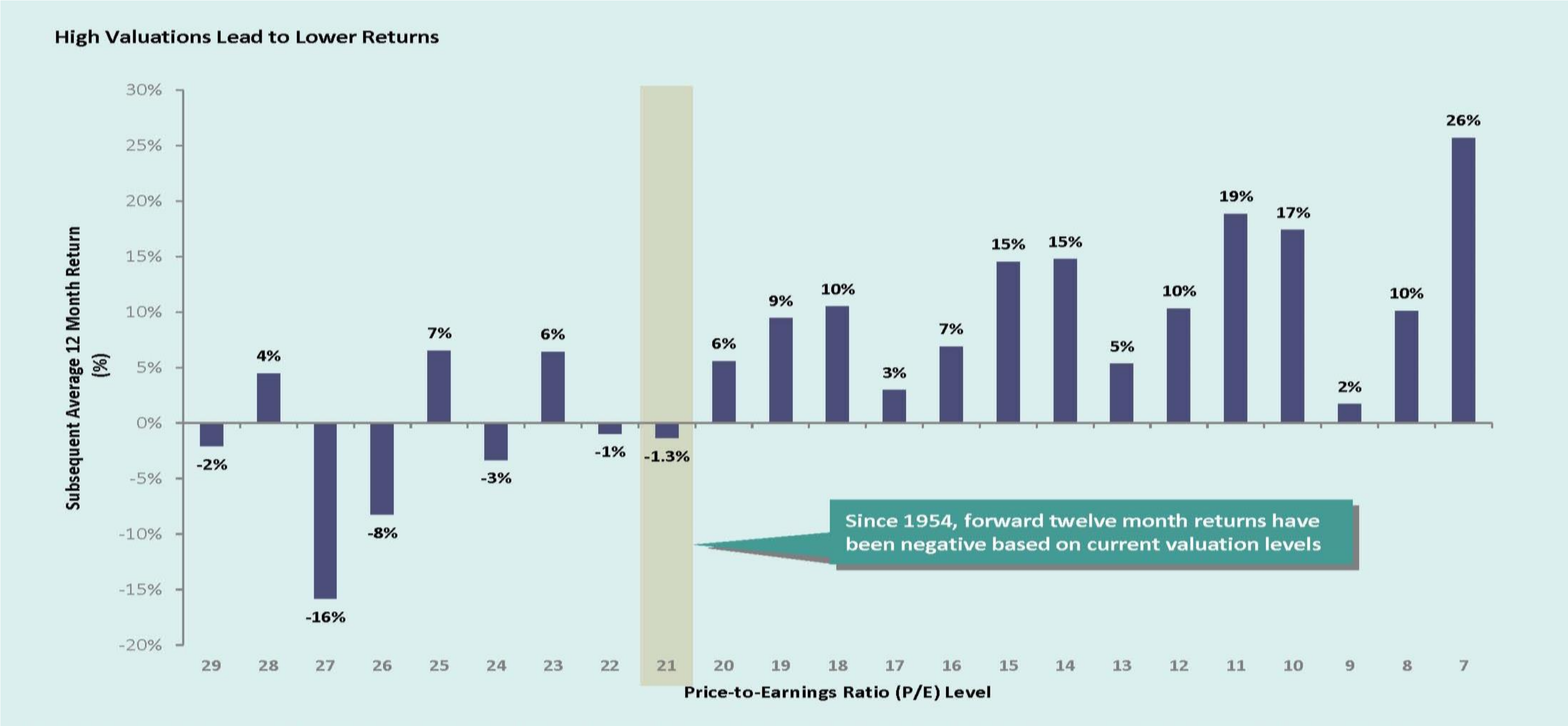
Number of countries in the world currently in recession



Source: IMFWEO, Haver Analytics, DB Global Markets Research

Temper your Expectations in 2018

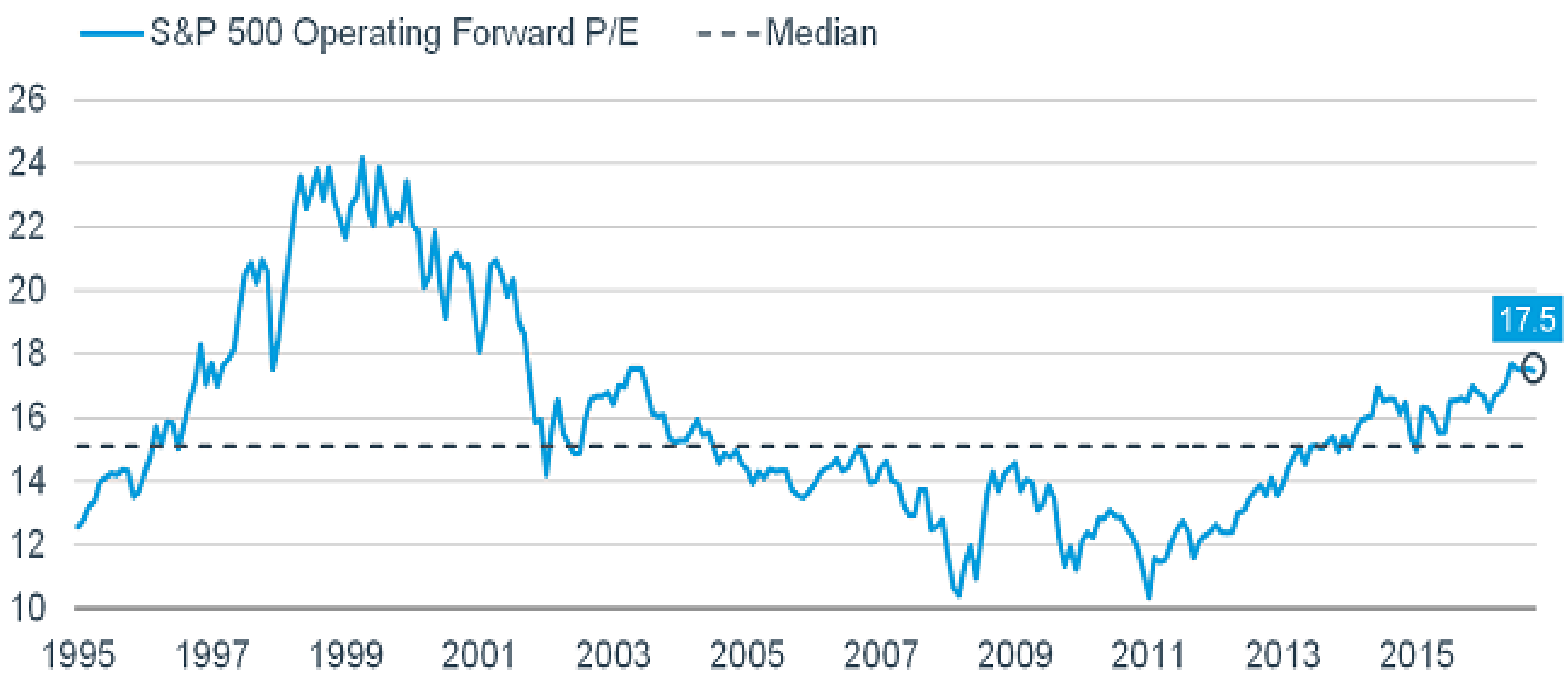
It's easy to get lulled into complacency by low economic and financial market volatility. Not to mention that global markets had a great 2017! The current double-digit pace of earnings growth remains supportive of US stocks; but any deterioration in the earnings outlook could result in much lower returns for 2018.



Source: Source: Bloomberg Finance L.P., State Street Global Advisors as of 11/17/2017

Valuation

US equity valuations are high by any metric (see chart below). We would stress that valuation alone typically has been a condition more than a catalyst for market moves. Equity-market corrections generally require an external shock of some sort. Rather than a geopolitical event, **the biggest risk to stock market performance is an easing of the expectations for economic and earnings growth that have been supporting stocks' above-average valuations.**



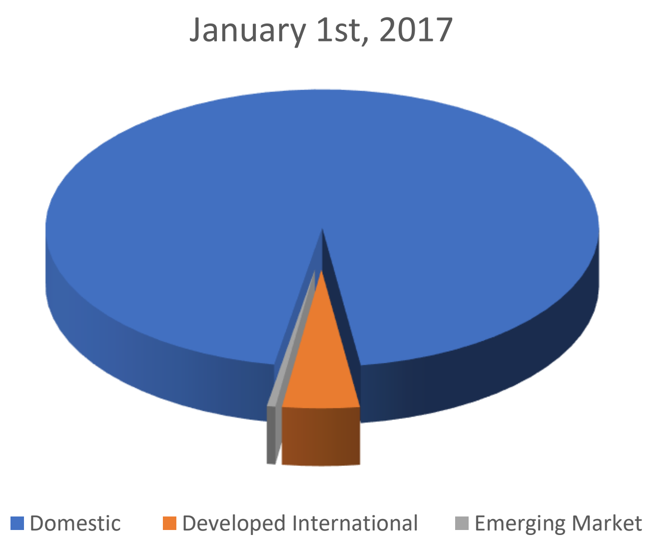
Source: FactSet, as of September 30, 2017. P/Es are based on forward 12-month consensus operating earnings.

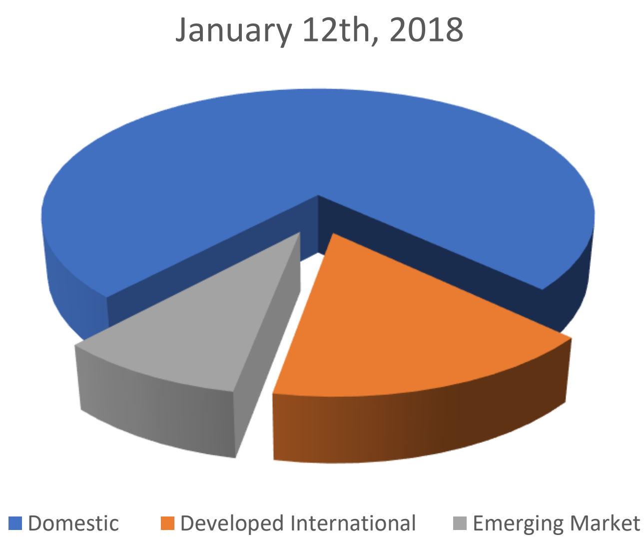
Portfolio Update

Geographic Diversification

Based on persistent overvaluation of US stocks, **we see merit not just with diversification in general, but with a particular focus on developed international and emerging markets.** Europe's economy is enjoying a cyclical upswing, supported by a still accommodative European Central Bank (ECB). A rebound in global trade has helped support emerging market growth. Emerging market valuations are still the lowest among global equities, presenting an investment opportunity going forward.

Altus Wealth Management Portfolio –Equity Allocation



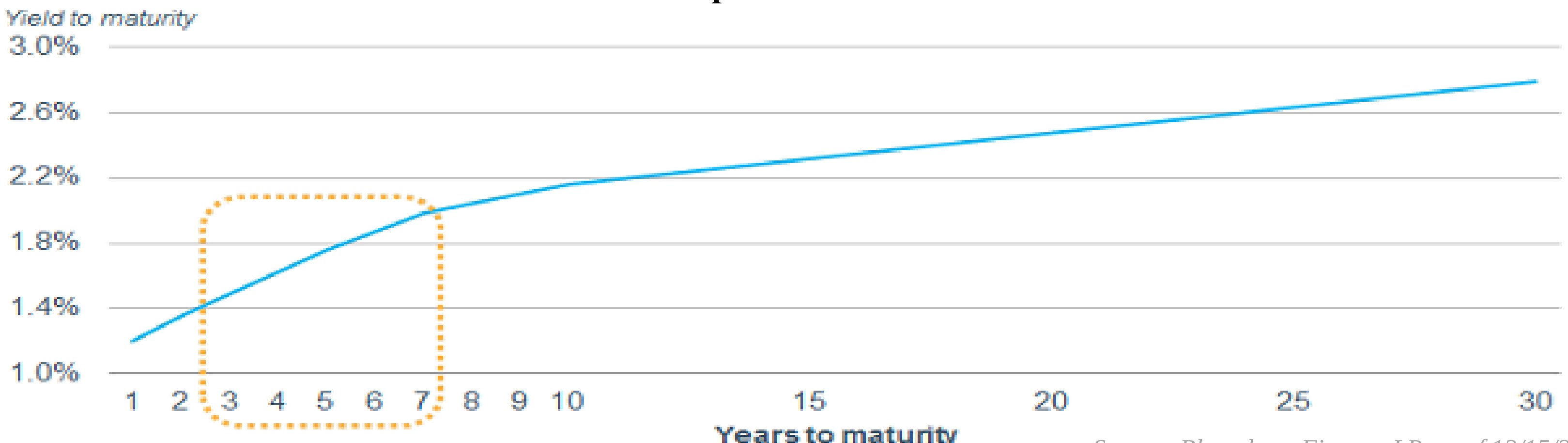


Domestic | Developed International | Emerging Market

Interest Rates

Solid global GDP growth and a tightening Fed policy suggest there is upside risk to yields from current levels. However, in the absence of higher inflation, the result is likely to be continued flattening of the yield curve. **We continue to see the greatest value in yield in the three to seven year time frame.** In that region, an investor receives about 65% of the yield available without taking all of the duration risk associated with holding long-term bonds.

"The Sweet Spot" on the Yield Curve



Source: Bloomberg Finance LP, as of 12/15/2017

We hope you find this information useful. As always, we encourage you to reach out to your advisor if you would like to talk further about any of the information presented.

Sincerely,
Your Altus Team

Altus Wealth Management, LLC

www.altuswm.com

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Fixed income securities are subject to increased loss of principal during periods of rising interest rates. Fixed-income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications and other factors. Lower-rated securities are subject to greater credit risk, default risk, and liquidity risk

A yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates. The most frequently reported yield curve compares the three-month, two-year, five-year and 30-year U.S. Treasury debt.

Diversification, automatic investing and rebalancing strategies do not ensure a profit and do not protect against losses in declining markets.

The price-earnings ratio (P/E) is the ratio for valuing a company that measures its current share price relative to its per share earnings.

Forward Price to Earnings (P/E) Ratio is similar to the price to earnings ratio. While a regular P/E ratio is a current stock price over its' earnings per share, a forward P/E ratio is a current stock's price over its "predicted" earnings per share.