SAGE

PRIVATE WEALTH GROUP

April 4th, 2018

SAGE Investment Committee

The following is a summary of our thoughts regarding recent market activity, why it reflects natural market behavior as well as our view on economic conditions going forward.

Entering 2018, the US stock market effortlessly soared to new heights, fueled by economic optimism and sweeping tax reform. January's euphoria quickly turned to February's capitulation as wage gains ignited fears that inflation would lead to more-than-expected Fed rate hikes. During this first leg down, value oriented stocks bared the brunt of the selling as investors traded dividend payers for suddenly attractive yields in the bond market. Meanwhile, growth stocks quickly shook off concerns and leapt to fresh highs by mid-March. This recovery was short lived as uncertainty surrounding tariffs clouded the global growth outlook, leading to a second round of selling in late March.

It is our view that recent market activity reflects many defining characteristics of a natural market correction. Not only did we witness a 12% drop from January's peak to February's low, but we nearly retested the February low in late March; something which is typical of any market correction. Furthermore, the fact that both value and growth stocks experienced a selloff indicates to us that there were very few places to hide, which we believe is another defining characteristic of a correction.

It is our opinion that fiscal reforms here and abroad have the potential to make 2018 another noteworthy year for capital markets. We remain constructive on global expansion and we feel that the overhaul to the U.S. tax code promises to make domestic businesses more competitive, however, central bank accommodation abroad should keep the cost of capital low in those regions, incentivizing foreign businesses to expand. Regardless of which regions prevail, increased economic activity should have a positive impact on all market participants. It is our Investment Committee's belief that baring escalated geo-political tensions, rampant inflation, and/or global monetary policy divergence, that the current economic conditions should remain favorable for investors.

We act with purpose, are intentional with our advice, and serve as a catalyst to help you create your lasting legacy.

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