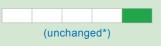
ARGUS Wealth Managemen

Macro & Market Outlook

as at March 31, 2021

Central Banks



- Central banks continue to be highly supportive of financial markets. This is happening
 in the US, Europe and China, and is projected to extend into 2022. Accordingly, interest
 rates will remain low.
- Central bankers are willing to tolerate higher inflation to drive an economic recovery.
 Current headline inflation is above 2%, but the Fed is taking an average view over an undisclosed time period.
- Core inflation is still modest at 1.6%.
- Inflation comparisons with the prior year are coming off a low base, so inflation in the coming months will likely be higher, but not sustainable.
- The US Federal Reserve has additional levers to pull (i.e., push out duration on bond purchases to lower yields) if the economic recovery falters.

Liquidity & Credit



- Financial conditions and market stress indicators are at their most positive levels over the past 5 years.
- Corporate credit spreads across all levels of the credit spectrum have tightened, indicating investors' appetite remains strong.
- Excess liquidity is ending up on the Fed's balance sheet, which currently accounts for over 36% of GDP, up from 20% pre-pandemic, and only 6% before the Global Financial Crisis.
- Yields on medium and longer dated bonds yields have increased significantly YTD, providing some balance in fixed income against ever increasing equity prices.
- If central bankers lose credibility, a taper tantrum is a potential risk.

Economics



- Economic activity is diverging. The US & China are strong, but Europe, Asia and South America are struggling. It is a race between the distribution of a vaccine and the spread of Covid variants. Lockdowns continue to be deployed, and Covid cases are increasing. A sustainable decline in Covid is required to allow for economic growth.
 - China grew at 18% in the first quarter.
 - US Retail sales were up almost 10% in March coupled with solid gains in manufacturing and services sectors.
 - US employment numbers have been strong.
- The US is two-thirds of the way back to pre-pandemic levels (travel, school, entertainment, workplace and bricks and mortar shopping).
- With the two largest global economies firmly in growth mode, our outlook for economic activity has improved.

Valuations



- Equity valuations are being supported by monetary and fiscal stimulus. In the US, valuations are clearly stretched, but participants are ignoring current levels and expecting improving earnings to justify elevated P/E ratios.
- The increase in bond yields has slowed the rise in equity prices.
- Tax rates are under discussion and will be increased, but not until 2022.

Legend:



- * Change from the previous 12-month outlook.
- ** The weights to calculate the Overall rating are determined by Argus Wealth at its discretion based on market conditions.

Macro & Market Outlook as at March 31, 2021

Sentiment Consumer confidence and investor sentiment are both improving. • Margin debt has increased to all-time highs, indicating a bullish outlook. · Equities as a percent of household assets have surpassed the 'dotcom bubble' peak and (increase by 1*) risen to record-highs. · While some believe investors are acting with "irrational exuberance", momentum continues to be positive. Investors are learning to live with higher yields, but higher yields could be pointing to a reflation trade or a valuation trap. Positive momentum is very strong – supported by the 50 day/200 day moving average, **Technical** the RSI and the MACD. These indicate a continuation of the current bull trend seems likely as long as the S&P stays above 3,200. (unchanged*) A very high bullish consensus is often a contrarian signal that the stock market has gone too far and may be vulnerable to a near-term pullback or a larger correction. **Overall** Conclusion: As mentioned in our previous outlook, major uncertainties have been removed. Combined with a faster than expected distribution of the vaccine in the US and a historic \$1.7 trillion fiscal spending plan, the US economy is taking off. When blended (increase by 2**) with growth in China and ultra-low interest rates, this has created a robust atmosphere for investors. Investors have been adding risk without fear since the conclusion of the US election. Our current outlook reflects these significantly improved fundamentals. The challenge is that markets are priced to perfection. As long as the positive trend remains, investors will seek out risk assets. A stumble, with the current amount of leverage, could rapidly lead to a correction as investors seek to hold onto early gains and margin is reduced. Fed policy will continue to be a key driver of investor sentiment.

The opinions expressed herein are those of Argus Wealth Management and the report is not meant as legal, tax or financial advice. You should consult your own professional advisors as to the legal, tax, or other matters relevant to the suitability of potential investments. The external data presented in this report have been obtained from independent sources (as noted) and are believed to be accurate, but no independent verification has been made and accuracy is not guaranteed. The information contained in this report is not intended to address the needs of any particular investor.

This presentation is solely for the recipient. By accepting this report, the recipient acknowledges that distribution to any other person is unauthorized, and any reproduction of this report, in whole or in part, without the prior consent of Argus Wealth Management is strictly prohibited. This communication is not to be construed as an offer to sell or the solicitation of an offer to buy any security. Such as an offer can only be made through receipt of an offering memorandum which will explain all risks. All figures are estimated and unaudited. Past performance is not necessarily indicative of future results.

IF YOU ARE LOOKING FOR EXCEPTIONAL SERVICE IN PRIVATE WEALTH MANAGEMENT, PLEASE GIVE US A CALL. WE WOULD LOVE TO HELP YOU ACHIEVE YOUR GOALS.

Argus Wealth Management ("AWM") is a wholly owned subsidiary of The Argus Group and was founded in 2005 to provide investment solutions for the pension portfolio of the Argus Group. AWM expanded its investment offering beyond the institutional space to offer its full range of services to high net worth clients, institutions and endowments. AWM is registered under the Investment Business Act 2003 (Bermuda) and licensed to conduct Investment Business by the Bermuda Monetary Authority.

