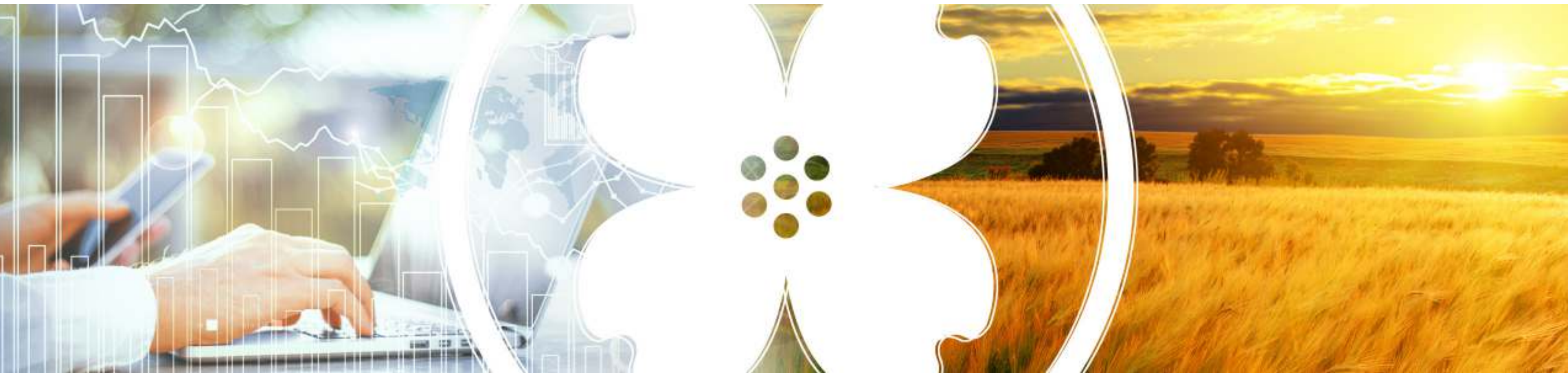


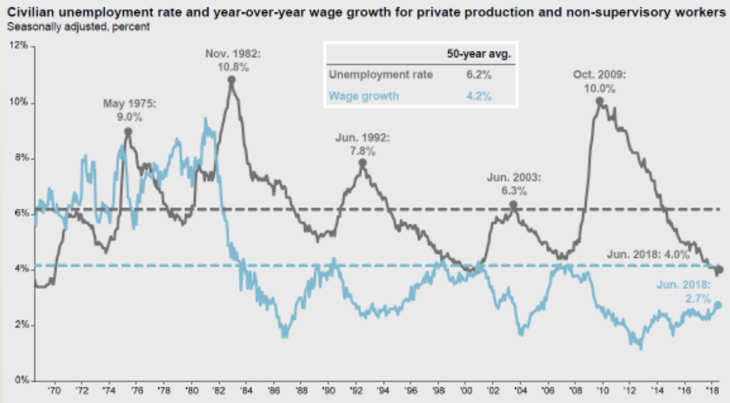
MID-YEAR INVESTMENT OUTLOOK

THIRD QUARTER **2018**

After a robust 2017, the first half of 2018 was more challenging for investors as equity returns were essentially flat, with the U.S. up 2% and the rest of the world down 2%. Bond returns fell 1.5% as the U.S. 10-year yield rose 50 basis points.

FIGURE 1: U.S. CORPORATE EARNINGS
Source: Strategas - July 2018

FIGURE 2: U.S. UNEMPLOYMENT RATE AND WAGE GROWTH
Source: BLS, FaceSet, J.P. Morgan Asset Management.



2018 began with rising optimism after the passage of tax reform in December and strength in the global economy. This led to a very strong start to January with a 7% gain by the end of the month. We entered the year predicting a 10 to 15% correction in stocks during the year as the market had not had a 3% correction since the November 2016 election. Stocks peaked on January 26th and then corrected 12% the following 12 days, reaching a low on February 9. Since that low, the U.S. stock market has been in a recovery process moving toward the all-time highs of late January. While the S&P 500 remains below all-time highs, the NASDAQ Composite and small cap Russell 2000 indices have registered new highs.

The U.S. economy is outperforming overseas economies with tailwinds from tax reform, a more business friendly regulatory environment, fiscal stimulus and still accommodative financial conditions. Corporate earnings are rising (Figure 1). The labor market has been strong with unemployment dipping below 4% for the first time in two decades. Wages have begun to move higher after a decade of stagnation (Figure 2). Inflation has been increasing only moderately and remains low (Figure 3). U.S. GDP growth has increased to 3% annually, which is up substantially from the 1.8% level of the last two administrations.

The Federal Reserve raised interest rates for the second time in June to a level of 1.75 to 2.00%. The yield curve continues to flatten (Figure 4). The Fed is likely to continue to raise short-term rates gradually, with one or two more interest rate increases by year end. The Fed's dot plot

Continued next page...

FIGURE 3:

Source: J.P. Morgan Asset Managment - July 2018

FIGURE 4: THE YIELD CURVE CONTINUES TO FLATTEN BUT IS NOT INVERTED

Source: J.P. Morgan Asset Managment - July 2018

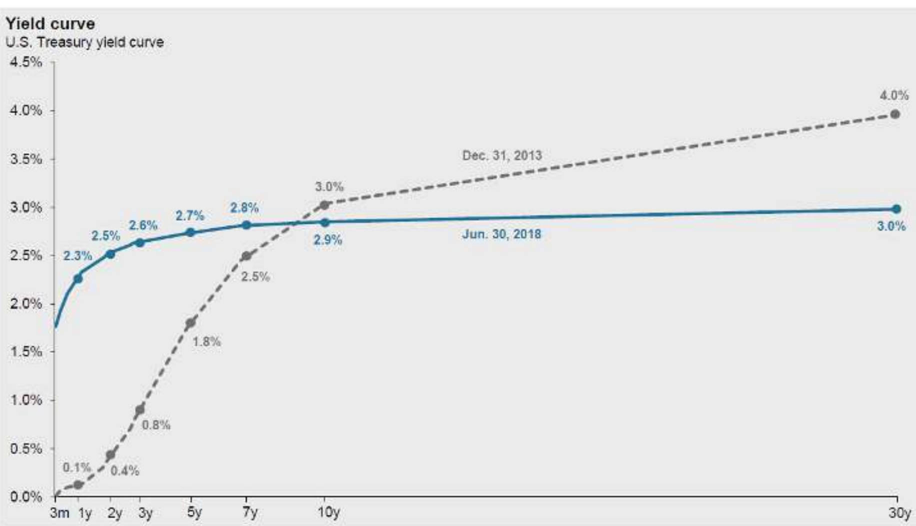
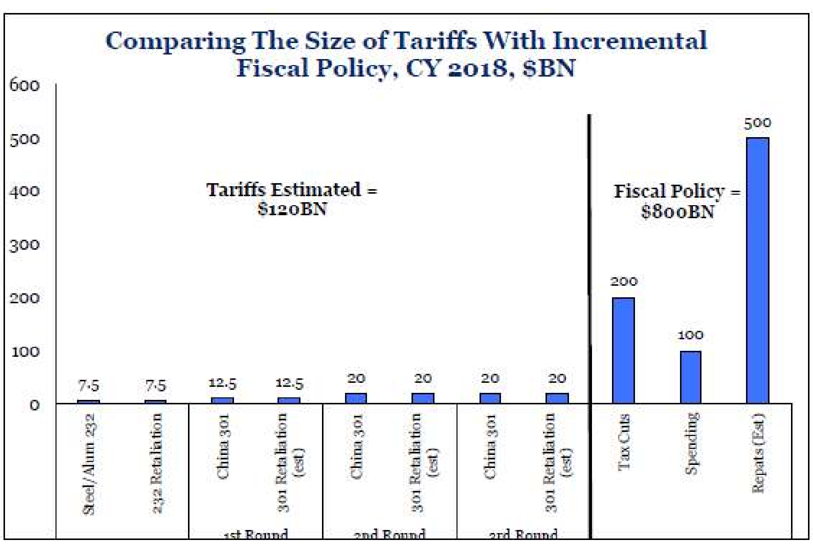


FIGURE 5: FISCAL STIMULUS DWARFS SIZE OF TARIFFS

Source: Strategas - July 2018



show expectations of further rate increases that would cause further flattening or possible inversion of the yield curve.

Corporate earnings have been very strong with estimates moving higher since the beginning of the year. For 2018, earnings are expected to advance 20.5% with revenues growing 7.6% (FactSet). This is the best earnings growth in a decade.

With earnings growth remaining solid and stock prices having corrected, stock valuation levels in the U.S. have moderated from 19 times to 17 times forward earnings, which is in line with the 25-year long-term average of 16 times earnings.

Overall, macroeconomic fundamentals and momentum are positive, GDP growth is rising globally and in the U.S., earnings growth is robust, and inflation/interest rates are still low. Leading economic indicators are not pointing to a recession. Despite this positive backdrop, we look for what could go wrong and are keeping a close eye on the following potential risks in the changing macro landscape.

TRADE CONFLICTS

Global trade conflicts have been in headlines over the last few months and have been behind the increase in uncertainty about the future, which has led to bouts of volatility in markets. Clearly, the market does not like tariffs and does not want to see escalating trade conflicts that would be bad for global growth. This has been a headwind for the markets this year. The market consensus appears to be that the trade conflicts between the U.S., EU and China will not develop into a full blown trade war that would damage global growth and corporate earnings.

Importantly, the recent fiscal stimulus (tax cuts, repatriation and spending) dwarfs the size of tariffs and provides a buffer for the economy (Figure 5). Our base case remains that the current skirmish will not turn into a full-blown trade war and will result in free and fairer trade over time. The best case would be a substantial reduction in global tariffs that results in accelerating productivity and growth. The path going forward for trade negotiations is likely to be bumpy and we are monitoring this closely.

CENTRAL BANKS ARE BEGINNING TO SLOWLY TIGHTEN AT A TIME OF PEAK GLOBAL GROWTH

Global monetary accommodation is receding as the Federal Reserve is raising short-term interest rates and reducing its balance sheet, the European Central Bank is closer to exiting its asset purchase program and raising interest rates, the Bank of Japan has reduced bond purchases, and several countries have hiked interest rates. This comes at a time when the rate of improvement in earnings and growth are likely peaking. A moderation in growth is not enough to cause a recession. The risk is global central banks tightening too much and causing a slowdown or recession.

BUSINESS CYCLES AND EXPANSIONS

The current expansion has entered its tenth year, making it the second longest on record. The average expansion lasts six years. The slow growth trajectory of this recovery has elongated this cycle as typical late stage constraints such as labor and supplies shortages have been slow to develop. Late cycle environments typically have rising inflation, which is present in this stage of the current cycle. This business cycle, like all business cycles, will end in a recession and recessions coincide with bear markets. The current expansion and bull market remain intact.

BULL MARKETS TYPICALLY END FOR ONE OF FOUR REASONS:

1. RECESSION

Global GDP is expected to increase from 3.8% last year to 4.1% in 2018. U.S. growth is accelerating from 2.3% last year to 3.0% this year (Figure 6). Global growth continues even as it is less synchronized than it was during the last 18 months. High consumer confidence and leading economic indicators still don't point to an imminent recession.

FIGURE 6: REAL GDP GROWTH Y/Y

GDP Growth Forecasts	2016 A	2017 E	2018 E	2019 E
World	3.1%	3.8%	4.1%	3.9%
Emerging Markets	4.5%	5.1%	5.4%	5.5%
Advanced Economies	1.7%	2.3%	2.4%	2.1%
USA	1.5%	2.3%	3.0%	2.3%

Forecast As of August 2018

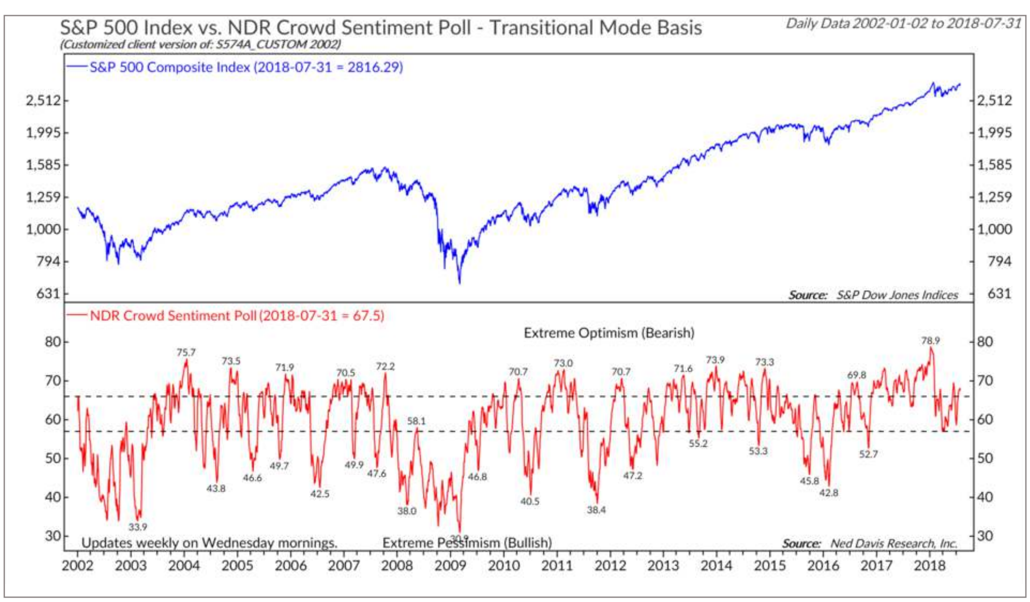
2. HOSTILE FED TIGHTENING

In typical cycles, inflation and wage growth spike causing the Federal Reserve to aggressively raise interest rates to cool off an overheating economy. With inflation still low and interest rates slowly rising, the Fed is slowly increasing interest rates in a gradual manner. Federal Reserve risk is two-fold: if the economy overheats prompting the Fed to aggressively raise rates, or if the economy begins to slow and the Fed continues to tighten interest rates. For now, the Fed continues its balancing act to normalize interest rates without making an error and causing a recession.

3. INVESTOR EUPHORIA

Investor sentiment is not excessively optimistic at present as can be seen in Figure 7. Many investors are trying to forecast when this current cycle will end. Investors have taken substantial sums out of equities and increased their investment in bonds since 2008. Additionally, valuations are in-line with historical levels as the forward price-earnings ratio has fallen to 17 times earnings, substantially below prior valuation peaks.

FIGURE 7: INVESTOR SENTIMENT
Source: Ned Davis Research - August 2018



4. GEOPOLITICAL/ EXTERNAL SHOCKS

Geopolitical events like wars or external events like oil shocks can cause a recession and end a bull market.

Financial market weakness and rising volatility could also trigger a recession. Past financial crises have included the dot.com bubble (2000-02), the mortgage meltdown (2008) and Euro debt crisis (2011). In the current environment, key risks would include trade wars, a conflict with NK/Iran and extreme populism that leads to rising protectionism.

Overall, 2018 has been more mixed than the near perfect 2017. We expect equity markets will continue to be volatile until further clarity on trade emerges and as we approach mid-term elections. We are not yet seeing major red flags that would indicate a recession and the end of the expansion and bull market. To reflect the late-cycle environment and risks outlined above, we have rebalanced portfolios to protect against rising inflation and have increased defensive holdings. We want to be prepared for potential challenges ahead while continuing to take advantage of the current economic expansion.

MID-YEAR UPDATE AND REVIEW

Our overall view of 2018 has been that it would be a constructive year for investors given the strong fundamental backdrop. However, we have anticipated a bumpier ride and lower returns than the stellar 2017. At the beginning of the year, we laid out our base case comprised of 10 themes. Overall, half way through the year, our themes have played out mostly as we expected and are on track.

1. **Global Synchronized Expansion Continues With OECD Countries' PMIs Expanding.**

   The global economy is continuing to expand but the synchronization has peaked with growth in select countries beginning to moderate. Global GDP is expected to grow 4.1% in 2018.

2. **U.S. Growth Improves and Real GDP Expands at 3% Plus Rate.**

   The U.S. is leading global growth as the U.S. is on track to grow 3% this year.

3. **Inflation Reaches Fed's 2% Target Driven by Rising Commodity Prices and Wages.**

   Inflation has reached 2% and the Fed has indicated it will accept a modest overshoot in inflation.

4. **Interest Rates Move Higher and the Yield Curve Flattens. The U.S. 10-Yr Treasury Reaches 3%.**

   The 10-Yr yield hit 3% in May. The consensus going into the year was that higher growth would result in a 3.0% to 3.5% yield on the 10-Yr Treasury. We have been more conservative on our estimates for U.S. yields due to significantly lower rates overseas. The yield curve has flattened but has not inverted.

5. **Earnings Growth Exceeds 15% Based on Rising Global Growth and the Effects of Tax Reform.**

   Earnings growth in the U.S. has exceeded expectations and analysts now expect 20% growth in corporate earnings this year.

6. **The U.S. Dollar Stabilizes and Remains Range Bound.**

   The U.S. dollar has been a surprise in 2018 as it has strengthened 4% due to faster growth in the U.S. (relative to overseas economies) and the Fed being in a tightening mode.

7. **Stocks Outperform Bonds for the Seventh Consecutive Year, But Experience a 10% to 15% Correction.**

   The correction happened in February with a 12% correction, the first 10% correction since early 2016. At June 30th, the S&P 500 Index was up 2.6%, while the Barclays U.S. Aggregate Bond Index was down 1.6%.

8. **Protectionism Continues to Rise Without All Out Trade Wars.**

   Trade tensions have been in the headlines and escalations have occurred. Recently, progress has been made with the EU. How this plays out in the second half of the year will be an important driver for markets and returns in 2018.

9. **Political Backdrop Expands Volatility With Populism Still Alive and Major Elections in the U.S. and Mexico in 2018.**

   Political risk remains elevated with populist candidates winning in the recent Italian and Mexican elections. The upcoming mid-term elections in the U.S. are likely to add to volatility.

10. **Market Volatility Rises with Divergences Rising Among Regions, Asset Classes and Sectors.**

    This theme of divergences is definitely playing out in markets, which underscores the need for flexible and dynamic portfolio positioning.

ASSET ALLOCATION VIEWS AND PORTFOLIO POSITIONING

The following are our major asset class and asset allocation views. We build globally diversified portfolios by utilizing five major asset classes: equities, fixed income, real assets, alternatives and cash. The implications to your portfolio may vary depending on your particular individual situation. Please consult with your Central Trust advisor and team.

ASSET ALLOCATION

Our base case for 2018 continues to call for improving global growth, still accommodative monetary and fiscal policy, and low, but gently, rising inflation and interest rates. We remain moderately overweight equities and underweight bonds in balanced portfolios that have broad diversification of risk across global markets. In this late-cycle environment, we see benefits from owning assets that benefit from higher inflation. Equities benefit from higher inflation and nominal growth. In equities, we remain diversified with both U.S. and international equities, having recently increased our U.S. allocations due to faster growth in the U.S. Within fixed income, we favor shorter duration, high quality bonds and up-in-quality credit sector bonds. Gold, alternatives and cash act as portfolio diversifiers. In a late cycle environment, we continue to be watchful for signs of deterioration in economic and financial market data.

Overall, our dynamic asset allocation continues to be additive to returns, while continuing the construction of diversified, high quality global portfolios.

FORWARD LOOKING INVESTMENT RETURNS:

Due to age of the business cycle, high levels of global debt, low productivity, prospects for less monetary accommodation, and generally full valuations, the prospects for investment returns are more muted than historical averages across almost all the major asset classes over the intermediate term.

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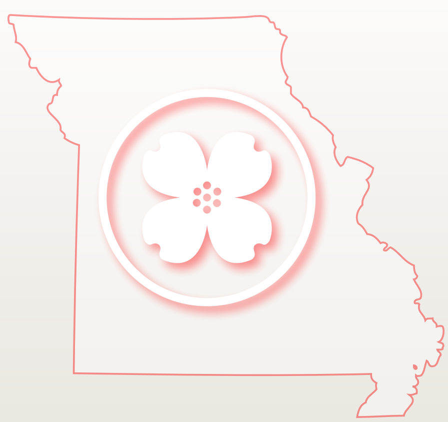

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EQUITIES

Based on a favorable macro environment, we maintain a positive tilt on equities relative to other risk assets. We prefer broad diversification of risk across global equity markets. In the U.S., earnings momentum, tax cuts, tax reform, increased capital spending and reduced regulation provide an advantage over foreign economies. We have tapered allocations to developed international and emerging markets due to the higher dollar and a moderation of global growth.

Historically, markets experience a 10% correction about once a year on average. We have increased our allocation to the hedged equity to lessen tail risks and be a bit more defensive given the current business expansion is 108 months old.

FIXED INCOME

With the economy at full employment and global growth expanding, we continue to be cautious on longer-dated fixed income due to the potential of higher bond yields. Therefore, we remain defensive on interest rate exposure and have shorter-term maturities that are 25-35% of benchmark duration. The combination of sustained global growth, Fed tightening, and the European Central Bank nearing a reduction in accommodation, is causing interest rates to have an upward bias over the horizon. On a global basis, U.S. yield levels are significantly higher than in the Eurozone and Japan, which make the U.S. market attractive to foreign investors.

U.S. Treasury and investment grade bonds diversify riskier growth oriented investments (e.g. equities, real assets) in portfolios, which is important in the late stages of the business cycle. When stocks have negative returns due to economic downturns or shocks, bonds historically have positive returns.

We have an allocation to TIPS (Treasury Inflation Protected Securities) that provide a hedge against rising inflation.

For diversification, we utilize the Credit sector of fixed income that has less interest rate sensitivity. Sustained global growth is supportive of the credit sector, but tight spreads and valuation limit upside returns. Floating rate bonds have yields that increase as interest rates rise offering protection in a rising rate environment. High yield bonds remain near full value. International developed market fixed income is avoided due to the low levels of interest rates relative to the U.S.

REAL ASSETS

Real assets provide inflation protection and are an important portfolio diversifier. We have an allocation to gold as a portfolio diversifier that acts as insurance during periods of inflation and financial uncertainty.

ALTERNATIVES

The alternative strategies we utilize in building portfolios are designed to lower portfolio volatility and improve portfolio efficiency due to low correlations with other asset classes. Alternatives act as a hedge in volatile markets and provide better performance in a rising interest rate environment than bonds.

CASH

Portfolios will typically have a small amount of cash due to interest income and dividends being generated. At times, higher allocations of cash are beneficial to dampen portfolio risk and provide a source of funds for purchase of attractive opportunities in times of market volatility.

MARKET RECAP – MID-YEAR (6/30/18)

After a stellar 2017, asset markets were mixed at mid-year. In the first half, stocks outperformed bonds. Global equity markets were 0.4% lower and bond markets were 1.6% lower due to rising interest rates. Concerns of rising interest rates, geopolitical issues and trade tensions were headwinds for markets. Economic growth accelerated in the U.S., and corporate earnings grew 20% in the first half due fiscal stimulus and tax cuts. Inflation and interest rates are slowly rising and remain low. Global monetary policy remained accommodative despite the Federal Reserve and the ECB beginning to slowly tighten interest rate policy.

EQUITIES

The S&P 500 gained 2.6% leading global equity markets. Overseas equities were lower as overseas growth moderated and the dollar strengthened. International developed equities declined 2.8% and emerging markets fell 6.7%. On a style basis, Growth outperformed Value especially within large-cap. Small cap outperformed large cap stocks.

The U.S. market has enjoyed a nine year advance and is over triple the level of the lows reached in 2009.

As of June 30, 2018		Trailing Performance (annualized for periods > 1 year)						
Asset Class	**Index**	**MTD**	**QTD**	**YTD**	**1Y**	**3Y**	**5Y**	**10Y**
EQUITIES								
Benchmark	MSCI All Country World IMI	-0.6%	0.7%	-0.2%	11.1%	8.3%	9.6%	6.1%
Large Cap	S&P 500	0.6%	3.4%	2.6%	14.4%	11.9%	13.4%	10.2%
Styles	Russell 1000	0.6%	3.6%	2.9%	14.5%	11.6%	13.4%	10.2%
	R1000 Growth	1.0%	5.8%	7.3%	22.5%	15.0%	16.4%	11.8%
	R1000 Value	0.2%	1.2%	-1.7%	6.8%	8.2%	10.3%	8.5%
Long-Short	S&P 500 / LIBOR plus 3	0.5%	2.4%	2.6%	9.6%	8.0%	8.6%	6.9%
Small/Mid Cap	Russell 2500	0.7%	5.7%	5.5%	16.2%	10.3%	12.3%	10.7%
International	MSCI World Ex US (net)	-1.1%	-0.7%	-2.8%	7.0%	4.9%	6.2%	2.6%
Emerging Markets	MSCI Emerging Markets (net)	-4.2%	-8.0%	-6.7%	8.2%	5.6%	5.0%	2.3%

FIXED INCOME

Interest rates rose in the first half as the yield on the 10-Yr. U.S. Treasury bond reached 3% in May, for the first time since 2014. Floating rate loans were the clear outperformer, advancing 2.2% and high-yield was the next best performer gaining 0.2%. All other sectors with the exception of ultra short-term bonds had negative returns due to rising interest rates. TIPs (Treasury Inflation Protected Securities) performed well as inflation rose.

As of June 30, 2018		Trailing Performance (annualized for periods > 1 year)						
Asset Class	**Index**	**MTD**	**QTD**	**YTD**	**1Y**	**3Y**	**5Y**	**10Y**
FIXED INCOME								
Benchmark	Citi World Broad Investment Grade	-0.2%	-2.7%	-1.5%	1.4%	2.6%	1.5%	2.6%
U.S. Aggregate	Barclays US Aggregate	-0.1%	-0.2%	-1.6%	-0.4%	1.7%	2.3%	3.7%
U.S. Government	Bloomberg Bond Index US Govt (LT)	0.2%	0.3%	-3.0%	-0.1%	3.5%	4.5%	6.1%
U.S. TIPS	Citi U.S. Inflation Linked Securities	0.4%	0.8%	-0.1%	2.2%	2.0%	1.8%	3.1%
Tax Exempt	BOFA Merrill Lynch US Municipal	0.1%	0.9%	-0.3%	1.7%	3.0%	3.7%	4.6%
U.S. Corp High Yield	Barclays US Corporate High Yield	0.4%	1.0%	0.2%	2.6%	5.5%	5.5%	8.2%
U.S. Floating Rate	S&P/LSTA Leveraged Loan	0.1%	0.7%	2.2%	4.3%	4.2%	4.0%	5.2%
International	Citi Non USD WGBI	-0.5%	-5.1%	-0.9%	3.2%	3.7%	1.0%	1.8%
Emerging Markets	JPM Emerging Markets	-1.0%	-3.5%	-5.2%	-2.4%	4.3%	4.4%	6.5%

REAL ASSETS

Gold is a portfolio diversifier and was lower by 4.6% due to a higher dollar after a strong gain of 13% in 2017. Commodities were up marginally for the year. Oil gained 22% and closed at $74 a barrel as demand increased and supplies tightened. Real assets benefit from the reflation trend of higher growth and inflation.

As of June 30, 2018		Trailing Performance (annualized for periods > 1 year)						
Asset Class	**Index**	**MTD**	**QTD**	**YTD**	**1Y**	**3Y**	**5Y**	**10Y**
REAL ASSETS								
Benchmark	Gold	-3.7%	-5.5%	-4.6%	0.2%	1.5%	-0.1%	2.3%
Inflation	Consumer Price Index (CPI)	0.0%	0.4%	1.3%	2.7%	1.8%	1.6%	1.4%
Commodities	Bloomberg Commodities	-3.5%	0.4%	0.0%	7.3%	-4.5%	-6.4%	-9.0%
Silver	LBMA Silver Price	-3.1%	-1.5%	-5.0%	-2.7%	0.7%	-3.2%	-1.0%

ALTERNATIVES

Alternative were mixed in the first half. Alternatives provide additional stability to portfolios by enhancing diversification and reducing volatility due to low correlations with stocks and bonds.

As of June 30, 2018		Trailing Performance (annualized for periods > 1 year)						
Asset Class	**Index**	**MTD**	**QTD**	**YTD**	**1Y**	**3Y**	**5Y**	**10Y**
ALTERNATIVES								
Benchmark	LIBOR + 3	0.4%	1.3%	2.6%	4.8%	4.1%	3.8%	3.7%
Conservative	Hedge Fund Research HFRI FOF C	0.0%	1.4%	2.5%	4.5%	2.0%	2.9%	1.3%
Multi-Strategy	Hedge Fund Research HFRI RV Mu	0.0%	0.5%	2.0%	3.0%	3.2%	3.6%	4.3%
Global Macro	Credit Suisse Global Macro Ind	0.0%	1.2%	3.3%	6.1%	1.8%	2.3%	3.7%
Managed Futures	Credit Suisse Managed Futures	0.0%	-2.0%	-3.5%	2.5%	-1.9%	0.5%	0.5%

THE CENTRAL VIEW

A publication produced by Central Trust Company providing you with up-to-date market commentary.

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Please consult with your Central Trust Company advisor for more guidance on how Central Trust can tailor solutions for your particular needs based on these evolving economic and market conditions.

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