



# Global Asset Allocation

April 20, 2021

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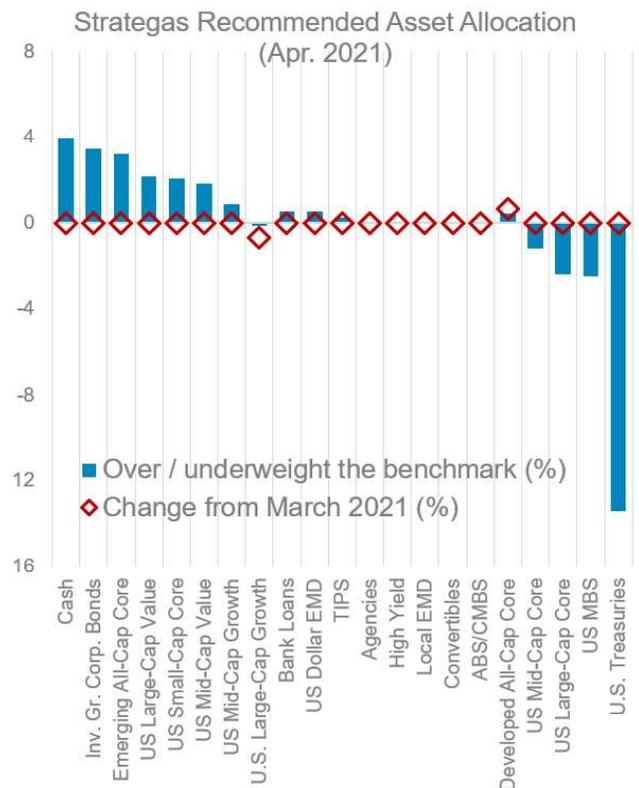
## INCREASING EXPOSURE TO DEVELOPED ECONOMIES OUTSIDE THE U.S.

2021 is shaping up well with progress made toward the widespread vaccination that we believe will be a catalyst that can continue to transition the economy from recovery to expansion.

In light of this, we shifted our tactical allocation toward a more cyclical bias over the last six months. In November we increased allocations to Value (over Growth) and Small & Mid-cap (over Large & Mega-cap). In January we moved modestly above-benchmark in Emerging Market equities. Beginning in late January, price action suggested investors were adopting a more neutral “wait-and-see” stance with placeholders for mounting concerns on long-term trends in fiscal spending, inflation, and profitability.

We are **increasing exposure to International Developed (i.e. non-U.S.) equities** because of potential domestic issues on the horizon. This decision is based on three working assumptions:

- 1.) We have yet to see what organic driver of economic growth would carry the projected expansion beyond the surge we expect to come from stimulus spending, Fed policy and release of pent-up demand.
- 2.) Questions regarding the longer-term economic implications of Biden administration spending proposals have effectively split investment considerations into two time-horizons: 2021 and 2022-2023.
- 3.) Europe is more experienced with progressive investment policies than the U.S., so large-scale spending proposals there are less of a departure from standard operating procedure. We also note the improving trends in profit expectations for non-U.S. developed economies.



**See page 3 for disclosures and an important note on risk**

**Equities**

- Developed All-Cap Core
- Emerging Market All-Cap Core
- U.S. Large-Cap Core
- U.S. Large-Cap Growth
- U.S. Large-Cap Value
- U.S. Mid-Cap Core
- U.S. Mid-Cap Growth
- U.S. Mid-Cap Value
- U.S. Small-Cap Core
- U.S. Small-Cap Growth
- U.S. Small-Cap Value

**Fixed Income**

- Extended Credit
- Core Credit
- Investment Grade Corporates
- High Yield
- U.S. Mortgage-Backed Securities
- Asset-Backed Securities (ABS)
- Commercial Mortgage-Backed Securities (CMBS)
- U.S. Treasuries
- Treasury Inflation-Protected Securities (TIPS)
- Bank Loans
- U.S. Dollar Emerging Market Debt (EMD)
- Convertibles

**Strategas Recommended Asset Allocation (Apr. 2021)**

Equities			Bonds		Cash & Equivalents	
<b>Strategas</b>			<b>27%</b>		<b>6%</b>	
<b>Benchmarks</b>	MSCI ACWI	60%	Barclays Agg	38%	Cash	2%
	Domestic	39%	Core Credit	26%	Cash	3%
	International	28%	Ext. Credit	1%	Gold	3%
		<b>67%</b>		<b>27%</b>		<b>6%</b>
<b>Over-weight</b>	US LC Value	10%	IG Corporates	14%	Cash	3%
	EM AC Core	9%			Gold	3%
	US MC Value	3%				
	US SC Core	3%				
<b>Neutral</b>	Dev AC Core	19%	ABS/CMBS	1%		
	US LC Growth	14%	Agencies	1%		
	US MC Growth	2%	TIPS	0%		
			Bank Loans	1%		
			US Dollar EMD	1%		
<b>Under-weight</b>	US LC Core	5%	US MBS	8%		
	US MC Core	0%	US Treasuries	3%		
<b>Equities 67%</b>			<b>Bonds 27%</b>		<b>Cash &amp; Eq. 6%</b>	

EQUITY				
	Strategas Equity Only	Benchmark Equity Only	Strategas Blended Allocation	Benchmark Blended Allocation
Domestic	57%	58%	38%	35%
International	43%	42%	29%	25%
	<b>100%</b>	<b>100%</b>	<b>67%</b>	<b>60%</b>
Dev AC Core	29%	32%	19%	19%
US LC Value	15%	13%	10%	8%
US LC Core	8%	13%	5%	8%
US LC Growth	21%	24%	14%	14%
US MC Value	5%	3%	3%	2%
US MC Core	0%	2%	0%	1%
US MC Growth	3%	2%	2%	1%
US SC Core	5%	2%	3%	1%
EM AC Core	14%	10%	9%	6%
	<b>100%</b>	<b>100%</b>	<b>67%</b>	<b>60%</b>

Benchmark: MSCI All-Country

FIXED INCOME				
	Strategas Fixed Only	Benchmark Fixed Only	Strategas Blended Allocation	Benchmark Blended Allocation
Core Credit	96%	100%	26%	38%
Extended Credit	4%	0%	1%	0%
	<b>100%</b>	<b>100%</b>	<b>27%</b>	<b>38%</b>
IG Corporates	50%	26%	14%	10%
Agencies	3%	2%	1%	1%
ABS/CMBS	3%	2%	1%	1%
US Dollar EMD	2%	0%	1%	0%
TIPS	1%	0%	0%	0%
Local EMD	0%	0%	0%	0%
US MBS	28%	26%	8%	10%
U.S. Treasuries	11%	43%	3%	16%
High Yield	0%	0%	0%	0%
Convertibles	0%	0%	0%	0%
Bank Loans	2%	0%	1%	0%
	<b>100%</b>	<b>100%</b>	<b>27%</b>	<b>38%</b>

Benchmark: Barclay's Aggregate

**Index definitions** (it is not possible to invest directly in an index):

**The MSCI All Country World Index** tracks broad global equity-market performance. Maintained by Morgan Stanley Capital International, the index is composed of the stocks of about 3,000 companies from 23 developed countries and 26 emerging markets.

**Bloomberg Barclays U.S. Aggregate Bond Index** is a broad, market-capitalization-weighted index representing intermediate term, investment grade bonds trade in the U.S. Investors frequently use it as a stand-in for the U.S. bond market. In order to be included in the index, bonds must be of investment grade or higher, have an outstanding par value of at least \$100 million and have at least one year until maturity. The index is maintained by Bloomberg LP. It is not possible to invest directly in an index.

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