

Global Asset Allocation

February 22, 2024

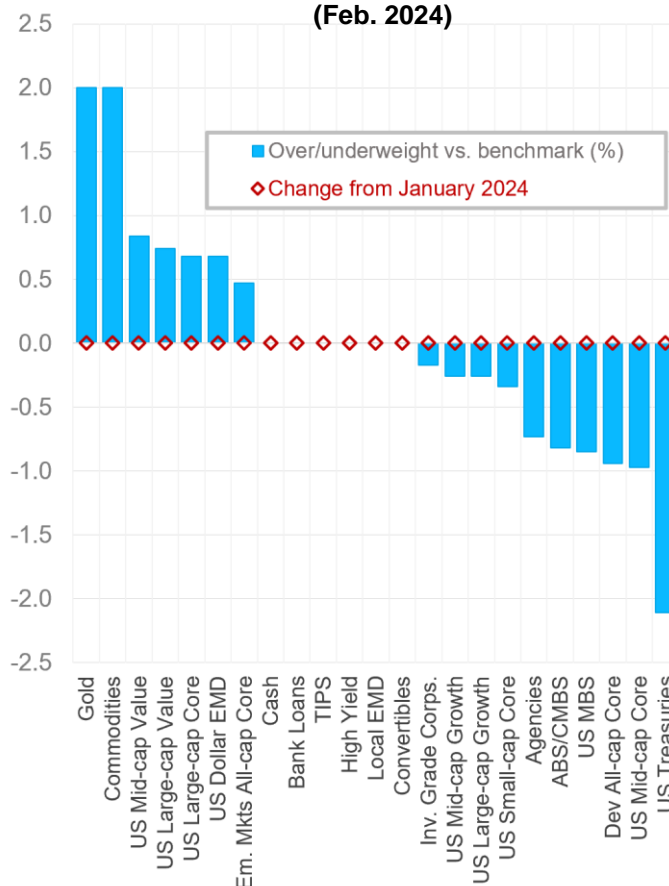
THE WIND IS STILL AT BULLS' BACKS, FOR NOW

The U.S. equity market continues to chart a choppy course toward all-time highs. On the one hand, these animal spirits are fueled by modestly stronger-than-expected corporate data, persistent strength in the labor market, and continued fiscal accommodation from policymakers. In this light, the market is in a good setup with little cause for immediate concern.

On the other hand, the global economy (most recently, Japan) shows signs of rippling weakness. Stressors related to shifting export dynamics are contributing to stickier inflation on goods that most impact “the common man.” In addition, the long-tailed effect of Covid on commercial real estate seem to be lingering, if not intensifying.

All in, we appreciate the inclination to remain bullish. We are neutral Equities with a modest tilt toward Value over Growth. Our antennae are alert for signs of an over-concentration of earnings strength in the mega-caps over companies lower on the capitalization scale. For Fixed Income, we remain overweight Investment Grade corporate credit. However, we are increasingly cautious about this exposure, as spreads have quietly dipped below 100 basis points (1 percentage point), a level that is typically hard to sustain. We would likely begin to trim this allocation in favor of mortgage-backed securities or Treasuries if spreads dip below 90 basis points.

Strategas Recommended Asset Allocation
(Feb. 2024)



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 (February 2024)

	Equities		Bonds		Cash & Equivalents		Alternatives	
Strategas								
Benchmarks	MSCI ACWI	60%	Barclays Agg	34%	Cash	4%	---	2%
	Domestic	36%	Core Credit	33%	Cash	2%	Commodities	2%
	International	24%	Ext. Credit	1%	Gold	2%		
		60%		34%		4%		
Over-weight	US LC Value	12%			Gold	2%	Commodities	2%
	US LC Core	10%						
Neutral	US LC Growth	11%	IG Corporates	10%	Cash	2%		
	EM AC Core	7%	US MBS	9%				
	US MC Value	2%	US EMD	1%				
	US MC Growth	1%						
Under-weight	US SC Core	1%	US Treasuries	14%				
	Dev AC Core	17%	Bank Loans	0%				
			TIPS	0%				
			Agencies	0%				
			ABS / CMBS	0%				
	Equities	60%	Bonds	34%	Cash & Equiv.	4%	Commodities	2%

Due to rounding, percentages on this page may not add up to 100

EQUITY

	Strategas Equity Only	Benchmark Equity Only	Strategas Blended Allocation	Benchmark Blended Allocation
Domestic	60%	59%	36%	36%
International	40%	41%	24%	24%
	100%	100%	60%	60%
Dev AC Core	28%	30%	17%	18%
US LC Value	20%	19%	12%	11%
US LC Core	16%	15%	10%	9%
US LC Growth	18%	18%	11%	11%
EM AC Core	12%	11%	7%	7%
US MC Value	4%	3%	2%	2%
US SC Core	1%	1%	1%	1%
US MC Growth	1%	1%	1%	1%
US MC Core	0%	2%	0%	1%
	100%	100%	60%	60%

Benchmark: MSCI All-Country

FIXED INCOME

	Strategas Fixed Only	Benchmark Fixed Only	Strategas Blended Allocation	Benchmark Blended Allocation
Core Credit	98%	100%	33%	38%
Extended Credit	2%	0%	1%	0%
	100%	100%	34%	38%
US Treasuries	42%	43%	14%	16%
IG Corporates	29%	26%	10%	10%
US MBS	27%	26%	9%	10%
ABS/CMBS	0%	2%	0%	1%
US Dollar EMD	2%	0%	1%	0%
Agencies	0%	2%	0%	1%
Bank Loans	0%	0%	0%	0%
TIPS	0%	0%	0%	0%
Local EMD	0%	0%	0%	0%
High Yield	0%	0%	0%	0%
Convertibles	0%	0%	0%	0%
	100%	100%	34%	38%

Benchmark: Barclay's Aggregate

IG Corporates consists of 24% Long-Term Corporates and 5% Short-Term Corporates. Strategas currently has a 4% allocation to Cash (including 2% in Gold), compared to a benchmark weight of 2%.

Index definitions:

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.

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