



# iSectors<sup>®</sup> Market Review 2Q 2023

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# What Our Research Tells Us

- iSectors® Allocations remain conservatively invested
  
- Some economic data continues to be challenging
  - Inverted yield curve
  - Unprecedented \$1.5T annual deficit spending as government debt levels exceed \$32.5T and interest expense on government debt nears \$1T annually
  - Restrictive interest rate environment
  - Stagflation

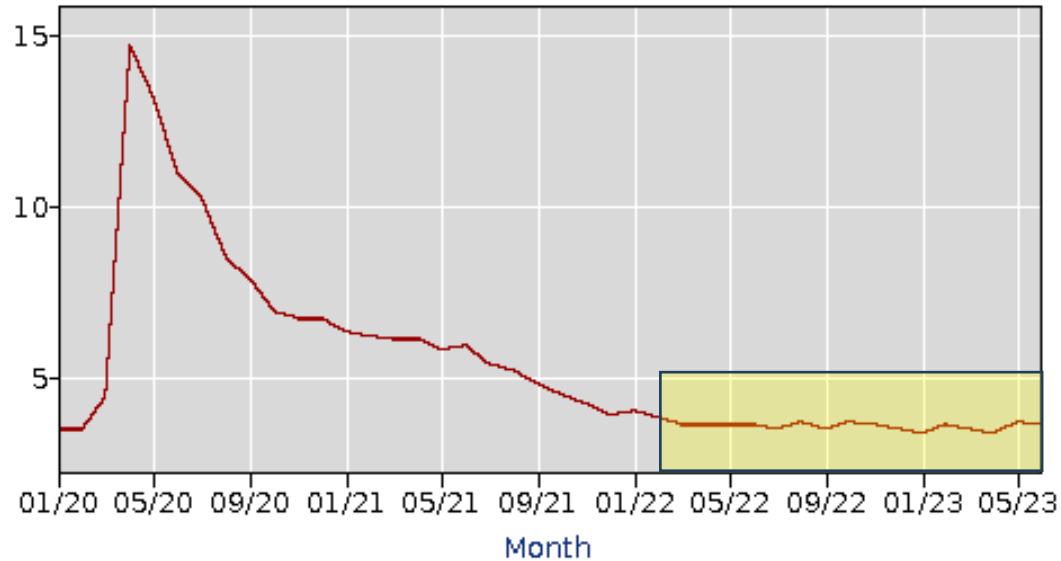
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# But It's Not All Bad

## ➤ Unemployment

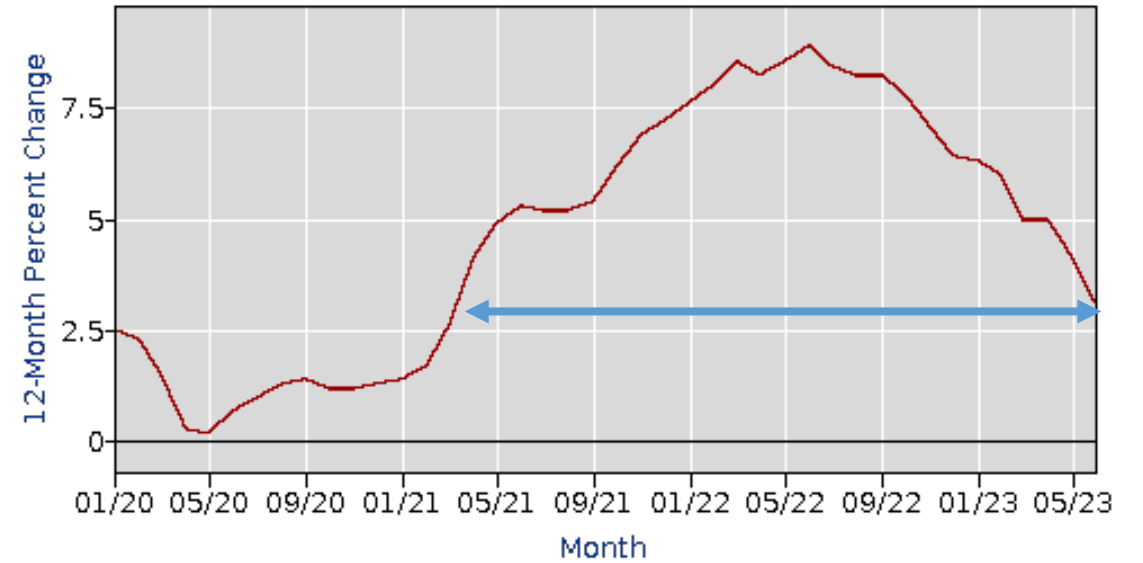
### Unemployment Rate Since 2020



Source: BLS.gov

## ➤ Inflation

### YoY Inflation Since 2020

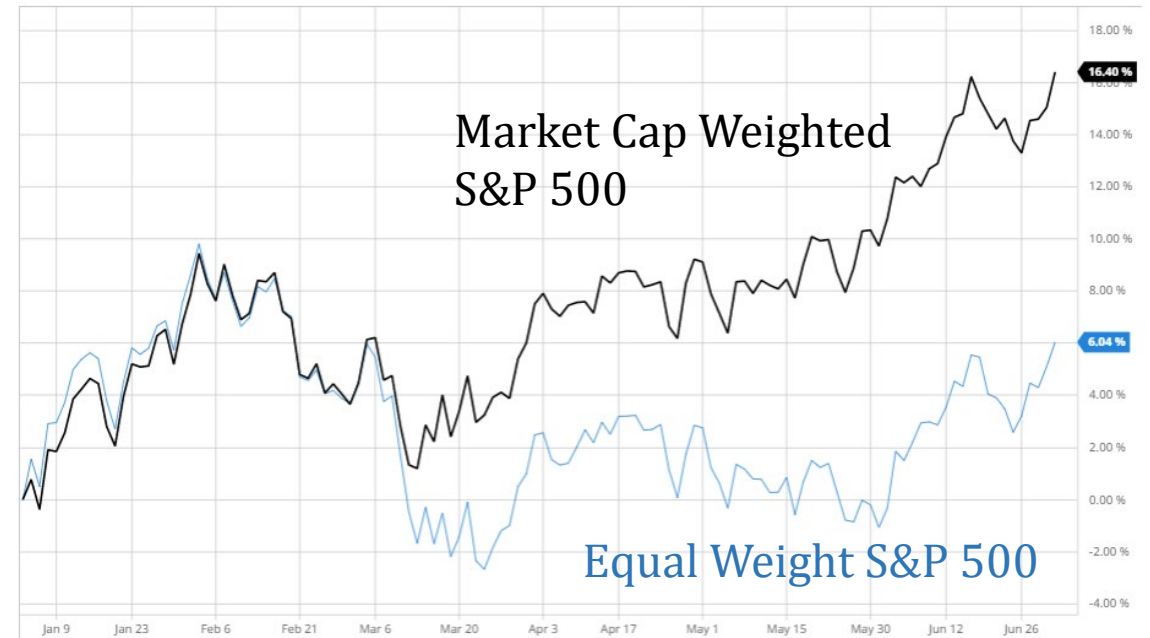


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# But It's Not All Bad

- **Market Breadth**
  - Top 10 powered most YTD returns
  - However, breadth is improving
  - 63% of S&P 500 components now positive YTD
  
- **Equal weight vs. Market Cap**
  - Market cap weighted outperforming YTD
  - Equal weight outperformed in June



Source: Barchart.com

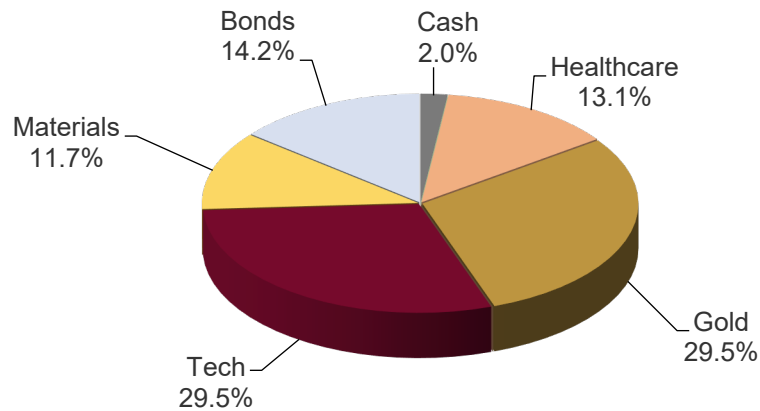
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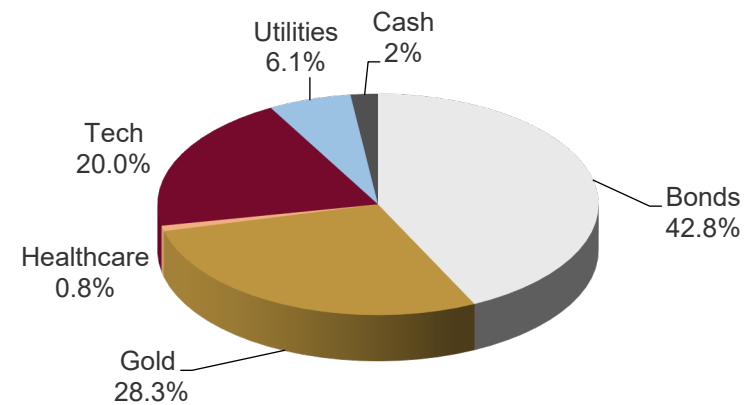
# But It's Not All Bad

- **Post-MPT Allocations**
  - Have added technology sector exposure based on some of this good news
  - Growth maximum 30% allocation. Moderate 20%, highest since 2020

**iSectors® Post MPT Growth Allocation  
July 2023 Target Allocations (%)**



**iSectors® Post MPT Moderate Allocation  
July 2023 Target Allocations (%)**



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# Models for Each Scenario

- Inflation concerns
  - iSectors Inflation Protection Allocation
  - iSectors Precious Metals Allocation
- High interest rates
  - iSectors Capital Preservation
  - iSectors Domestic Fixed Income
- Slowdown/recession concerns
  - iSectors Post-MPT Growth and Moderate Allocations
- Risk On/Growth Environments
  - iSectors CryptoBlock® Allocation

Model Name	2Q 2023	2Q BM Return	1 Year Return	1 Year BM Return
Capital Preservation	0.44%	-0.58%	2.12%	0.17%
CryptoBlock®	6.95%	4.41%	29.24%	16.88%
Domestic Equity	3.87%	8.74%	11.95%	19.59%
Domestic Fixed Income	0.19%	-0.84%	3.34%	-0.94%
Endowment	1.05%	4.86%	2.38%	11.24%
Enhanced Income	0.42%	2.47%	3.81%	8.39%
Enhanced Aggressive	3.46%	4.40%	11.14%	14.26%
Global Fixed Inc.	-0.43%	-1.79%	0.63%	-2.49%
Global Equity	3.34%	6.35%	10.12%	17.13%
Inflation Protection	-1.95%	0.61%	1.10%	2.79%
Liquid Alternatives	0.30%	0.64%	3.60%	1.38%
Post-MPT Growth	1.89%	8.74%	7.27%	19.59%
Post-MPT Moderate	-0.81%	4.86%	1.31%	11.24%
Precious Metals	-5.96%	0.61%	2.20%	2.79%
Tactical Global Balanced	0.55%	4.86%	-1.72%	11.24%

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\*Benchmark for Inflation Protection and Precious Metals is the CPI



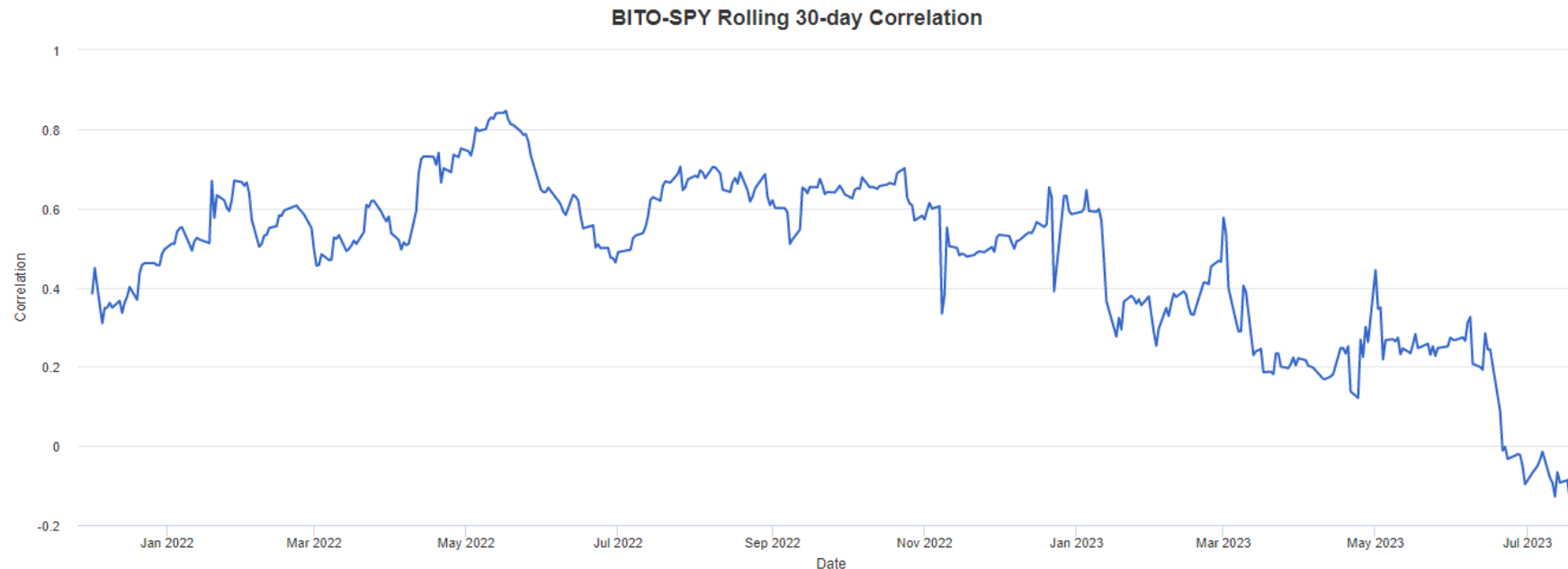
# 2Q 2023 Model Changes

## ➤ CryptoBlock<sup>®</sup>

- Added additional diversifying positions
- Bitcoin returns decoupling from equity markets

## ➤ Target Weight

- 50% Bitcoin futures ETF
- 50% blockchain equity ETFs



Source: PortfolioVisualizer.com

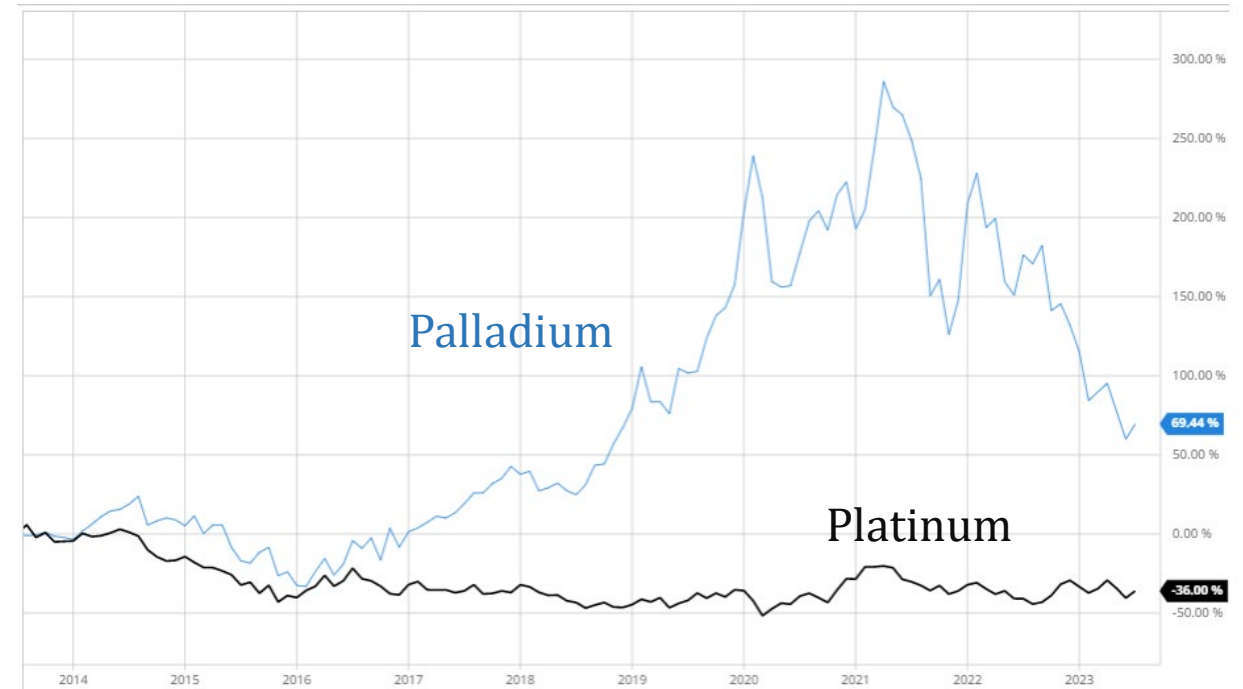
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# 2Q 2023 Model Changes

- **Precious Metals**
  - Sell palladium, buy platinum
  - Over long-term platinum undervalued compared to palladium
  - Platinum demand increasing
- **New Target Weight**
  - 50.0% gold
  - 30.0% silver
  - 12.5% platinum
  - 7.5% palladium

Platinum vs. Palladium Last 10 Years



Source: Barchart.com

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