

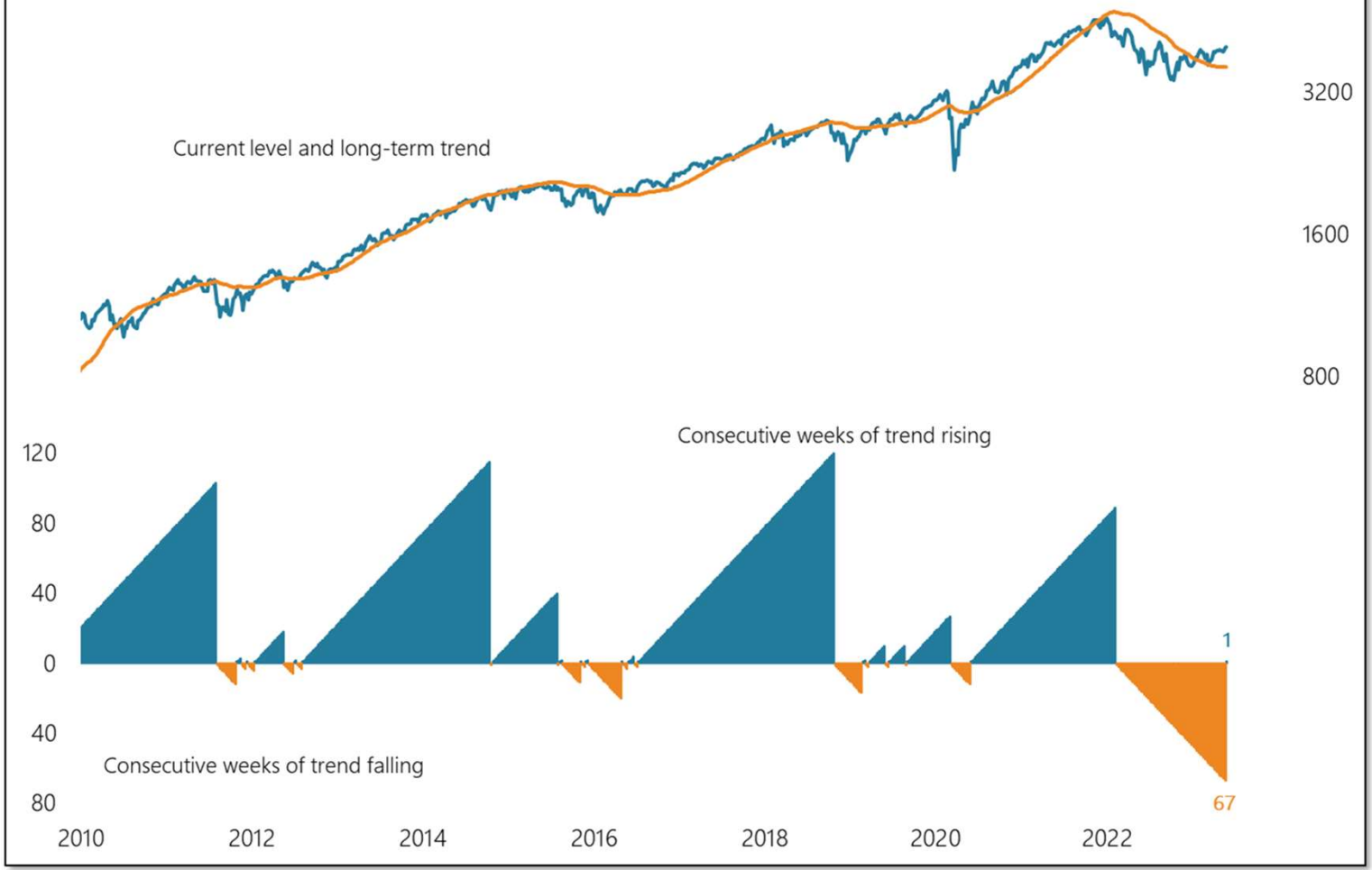


ASSET ALLOCATION MODEL

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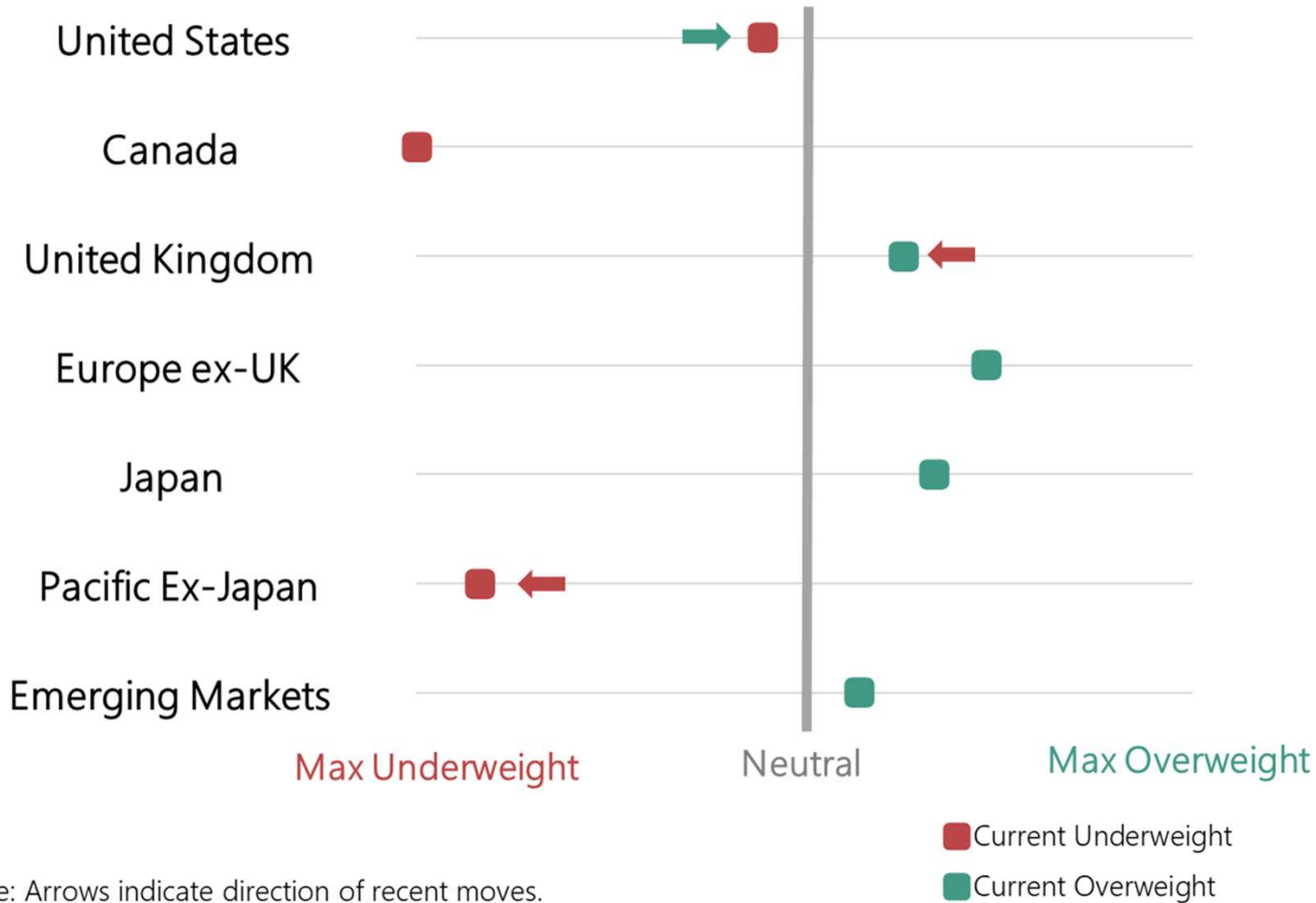
# MSCI US INDEX



With the long-term trend in the MSCI US index turning higher for the first time in 68 weeks, the longest sustained downtrend in more than a decade has ended.



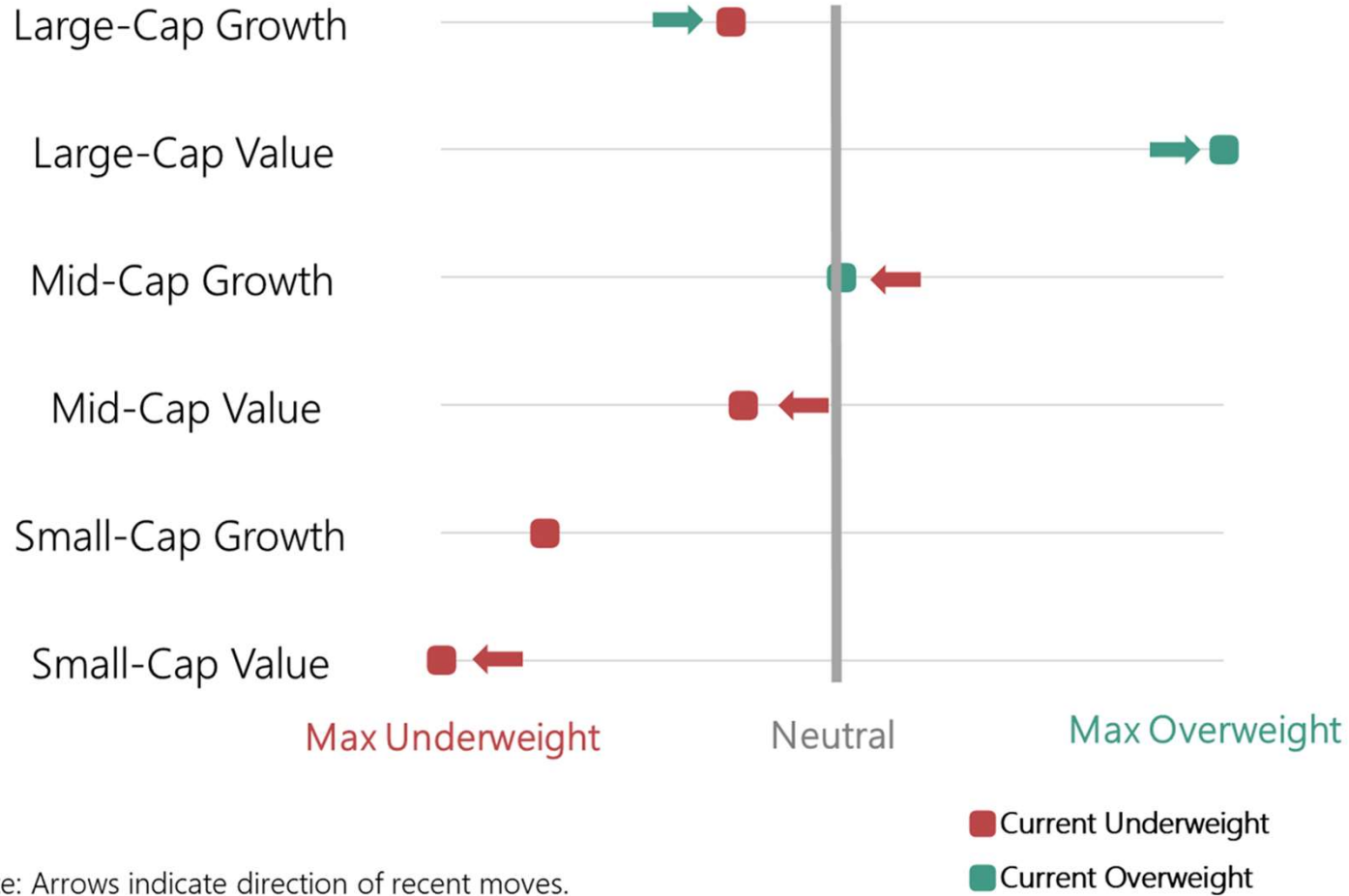
# GLOBAL EQUITY ALLOCATION



At the index-level, the US is joining most of the rest of the world in an up-trend. Pacific ex-Japan joined Canada in a downtrend (together those two regions represent ~10% of global equity exposure on average).



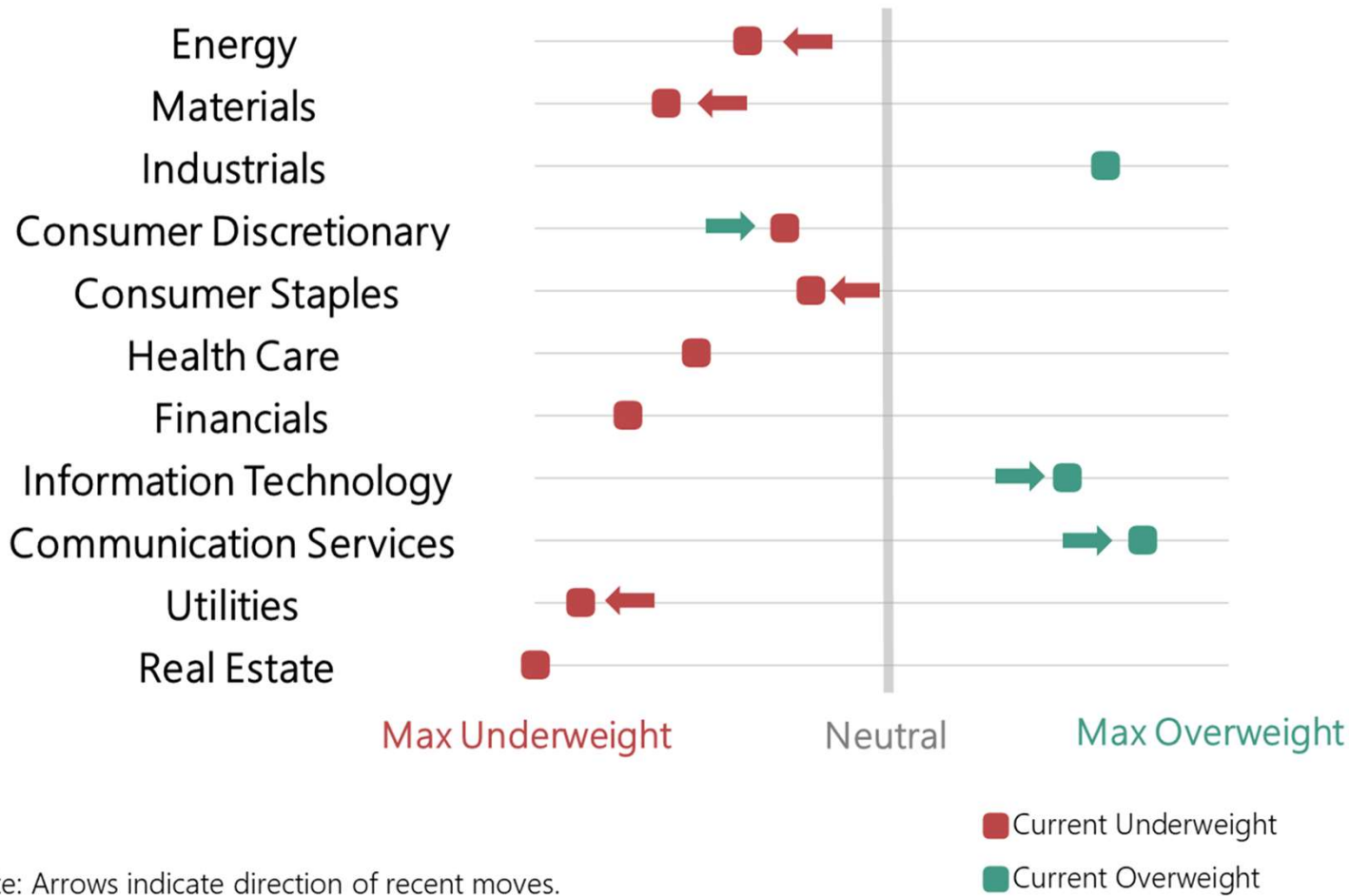
# US EQUITY ALLOCATION



Within the US, Large-cap value remains the only area showing meaningful trend strength, though large-cap growth is on the rise.



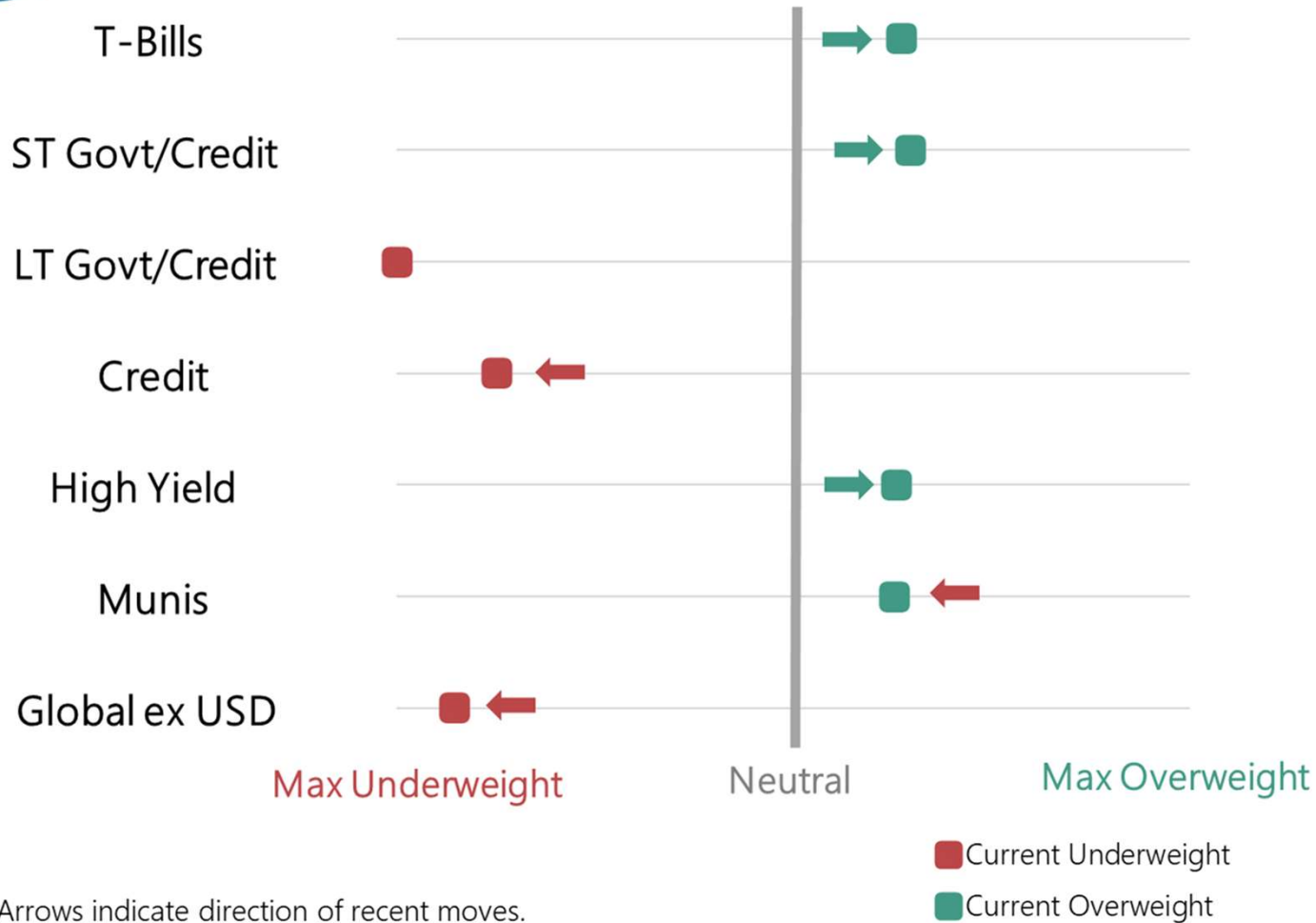
# US SECTOR MODEL



At the sector level we are seeing a rotation in strength away from Energy and Materials (which make up less than 7% of the S&P 500) and toward Technology and Communication Services (which account for 40% of the S&P 500). This shift in sector strength helps explain why index-level trends are able to improve even as breadth remain poor.



# FIXED INCOME ALLOCATION



Within the fixed income model, Munis are seeing some relative slippage, but remain overall in an uptrend.



# HIGH YIELD BONDS

Current level and long-term trend

2500

2000

1500

1000

Consecutive weeks of trend rising

80

40

0

40

80

Consecutive weeks of falling

120

2010

2012

2014

2016

2018

2020

2022

7


Continued trend strength in high yield bonds suggests the market is not experiencing much overall stress.

ALLOCATION MODEL - ASSET CLASS								
5/26/2023	Min	Average	Max	Current	UW	OW	Absolute Trend	
Stocks (ACWI)	27%	54%	75%	75%		100%		Rising
Bonds (BB Aggregate)	11%	29%	54%	25%	-22%			Falling
Commodities (CRB)	0%	17%	43%	0%	-100%			Falling

ALLOCATION MODEL - GLOBAL EQUITY								
5/26/2023	Min	Average	Max	Current	UW	OW	Absolute Trend	
United States	41%	54%	71%	53%	-11%			Rising
Canada	0%	4%	13%	0%	-100%			Falling
Emerging Markets	3%	9%	17%	10%		14%		Rising
Europe ex-UK	5%	13%	24%	18%		47%		Rising
United Kingdom	0%	6%	13%	7%		26%		Rising
Pacific Ex-Japan	0%	6%	12%	1%	-84%			Falling
Japan	0%	8%	15%	10%		33%		Rising

ALLOCATION MODEL - US EQUITY								
5/26/2023	Min	Average	Max	Current	UW	OW	Absolute Trend	
Large-Cap Growth	8%	28%	49%	23%	-26%			Falling
Large-Cap Value	8%	24%	49%	49%		100%		Rising
Mid-Cap Growth	4%	14%	29%	14%		2%		Falling
Mid-Cap Value	4%	14%	35%	11%	-23%			Falling
Small-Cap Growth	0%	11%	29%	3%	-74%			Falling
Small-Cap Value	0%	10%	26%	0%	-100%			Falling

ALLOCATION MODEL - FIXED INCOME								
5/26/2023	Min	Average	Max	Current	UW	OW	Absolute Trend	
T-Bills	0%	17%	52%	26%		27%		Rising
ST Govt/Credit	0%	16%	39%	23%		29%		Rising
LT Govt/Credit	0%	12%	31%	0%	-100%			Falling
Credit	0%	13%	27%	3%	-75%			Falling
High Yield	0%	15%	52%	25%		26%		Rising
Munis	0%	15%	39%	21%		26%		Rising
Global ex USD	0%	11%	39%	2%	-86%			Falling

	BLUE HERON PORTFOLIOS	STATIC ASSET ALLOCATION						BLUE HERON PORTFOLIOS WITH DYNAMIC ALLOCATION
Equities	Current Weight	100%	80%	60%	40%	20%	0%	75%
US Large-Cap Growth	12.1%	12.1%	9.6%	7.2%	4.8%	2.4%	0.0%	9.0%
US Large-Cap Value	25.6%	25.6%	20.5%	15.4%	10.2%	5.1%	0.0%	19.2%
Mid-Caps	13.6%	13.6%	10.8%	8.1%	5.4%	2.7%	0.0%	10.2%
Small-Caps	1.5%	1.5%	1.2%	0.9%	0.6%	0.3%	0.0%	1.1%
Canada	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Emerging Markets	10.0%	10.0%	8.0%	6.0%	4.0%	2.0%	0.0%	7.5%
Europe ex-UK	18.4%	18.4%	14.7%	11.0%	7.4%	3.7%	0.0%	13.8%
United Kingdom	7.5%	7.5%	6.0%	4.5%	3.0%	1.5%	0.0%	5.6%
Pacific ex-Japan	1.0%	1.0%	0.8%	0.6%	0.4%	0.2%	0.0%	0.7%
Japan	10.4%	10.4%	8.4%	6.3%	4.2%	2.1%	0.0%	7.8%
Fixed Income	Current Weight	0%	20%	40%	60%	80%	100%	25%
T-Bills	26.2%	0.0%	5.2%	10.5%	15.7%	21.0%	26.2%	6.6%
ST Govt/Credit	23.0%	0.0%	4.6%	9.2%	13.8%	18.4%	23.0%	5.7%
LT Govt/Credit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Credit	3.3%	0.0%	0.7%	1.3%	2.0%	2.6%	3.3%	0.8%
High Yield	24.6%	0.0%	4.9%	9.8%	14.8%	19.7%	24.6%	6.1%
Munis	21.3%	0.0%	4.3%	8.5%	12.8%	17.0%	21.3%	5.3%
Global ex USD	1.6%	0.0%	0.3%	0.7%	1.0%	1.3%	1.6%	0.4%
Commodities		0%	0%	0%	0%	0%	0%	0%

as of: 5/26/2023