Axxcess Wealth Management Trade Rationale - January 2019

As of: [1/10/2019]

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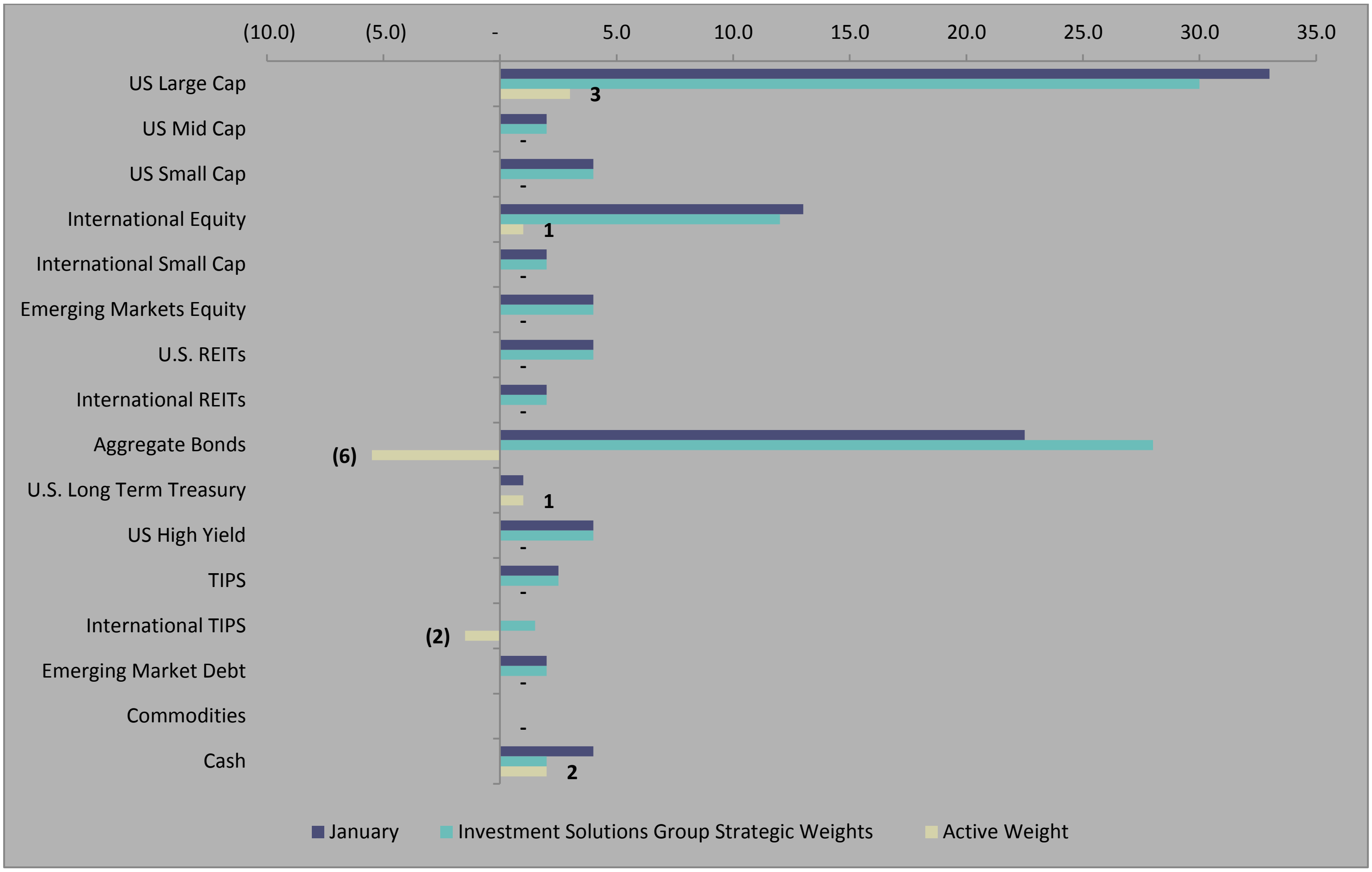
	Positioning	Factors and Qualitative View
Risk Regime	• "Crisis" Market Regime Indicator (MRI) reading for December often points to mean reversion and team looked to carefully add to growth assets	• The MRI (5 days moving average) finished December 2018 in Crisis regime • MRI finished higher than past months due to many of the factors that have plagued markets for 2018: Italy, trade war, and Brexit. December presented a new challenge of an additional factor, a hike from the Fed, which caused more intra-month volatility
US Equity	• -1% US Large Cap • -1% US Small Cap	• In an effort to increase the overweight to growth assets but diversify across asset classes, team reduced exposure to US Large Cap and US Small Cap • Decreased US exposure modestly due to potential volatility around trade, Fed rate increases and fading benefits from tax reform
International	• +3% International Developed • +1% Emerging Markets	• Valuations in non-US developed and emerging markets are attractive • The team also noted that there has been improvement in earnings sentiment and momentum as well
Fixed Income	• +0.5% US Aggregate Bonds • -1% High Yield • -0.5% Long Treasury	• Team continued to trim underweight to Agg position • HY Bond position was brought to neutral as model is predicting widening spreads due to increased volatility in the market • Long Treasury position was moderated after drop in yields in December and with less hawkish commentary from the Federal Reserve
Real Assets	• +1% REITs	• Yield and Valuations in REITs is favorable
Cash	• -2% Cash	• Team deployed cash as consensus was that market volatility would exhibit mean reversion to more normal levels and that this was not a time to avoid growth assets

State Street Global Advisors Tactical Asset Allocation – Moderate Risk Profile



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