

Asset Allocation Across the Business Cycle

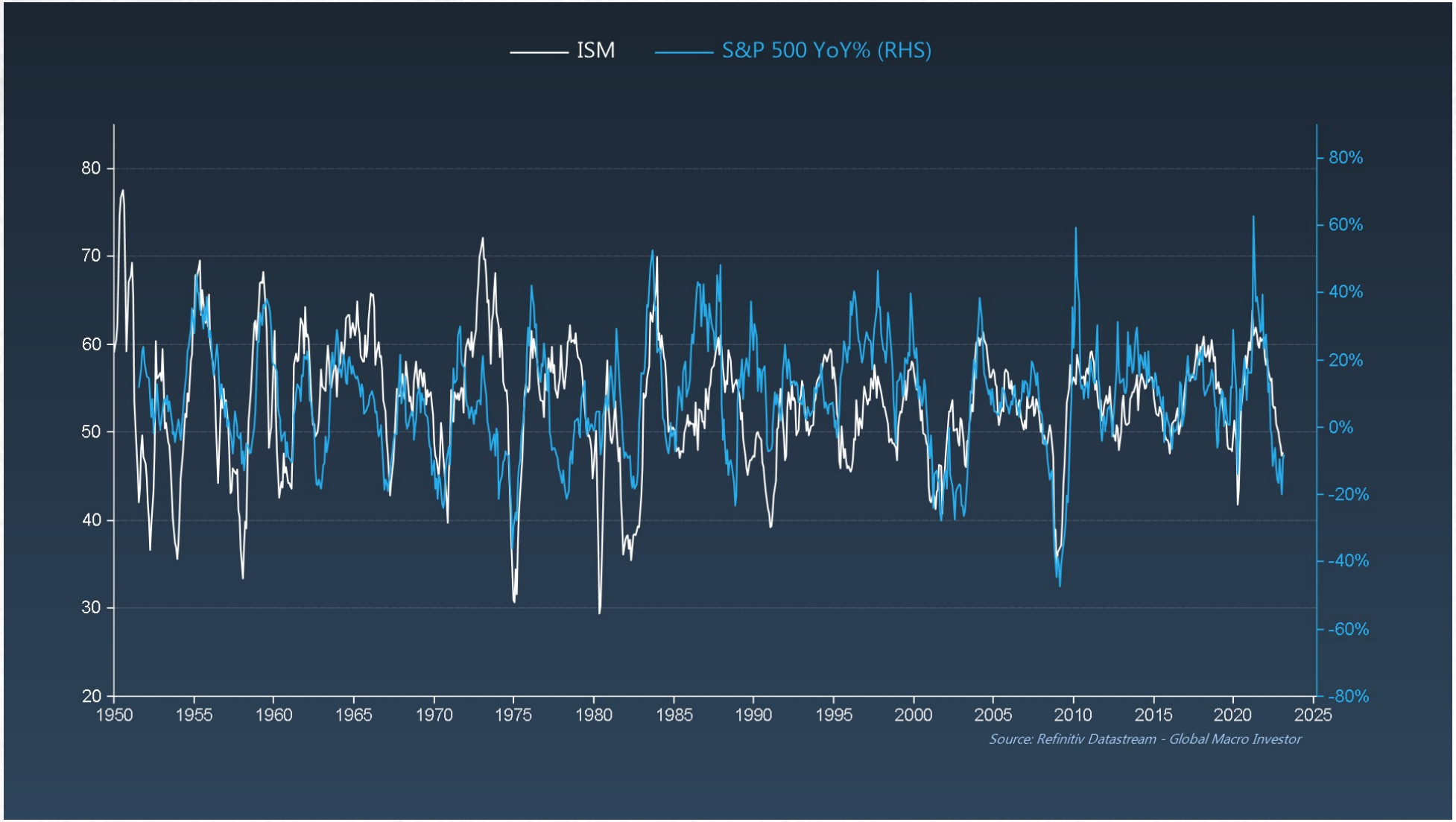
Why study the business cycle?

THE BUSINESS CYCLE

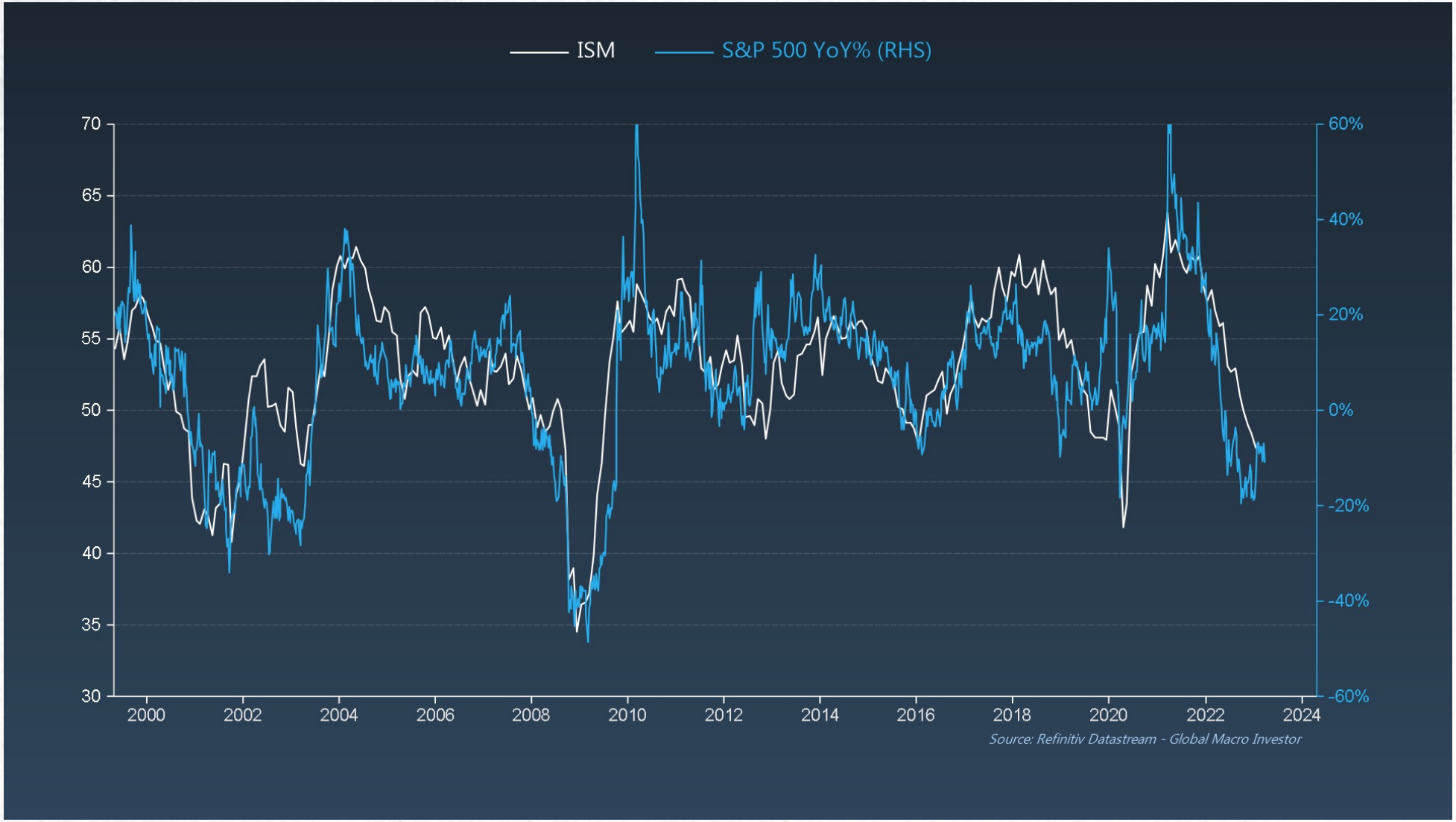
drives the performance of **ALL asset classes** in the medium term (6-18 months). This is essential to understand for **successful asset allocation and risk management**.

PRINCIPLE #3 *(redux)*

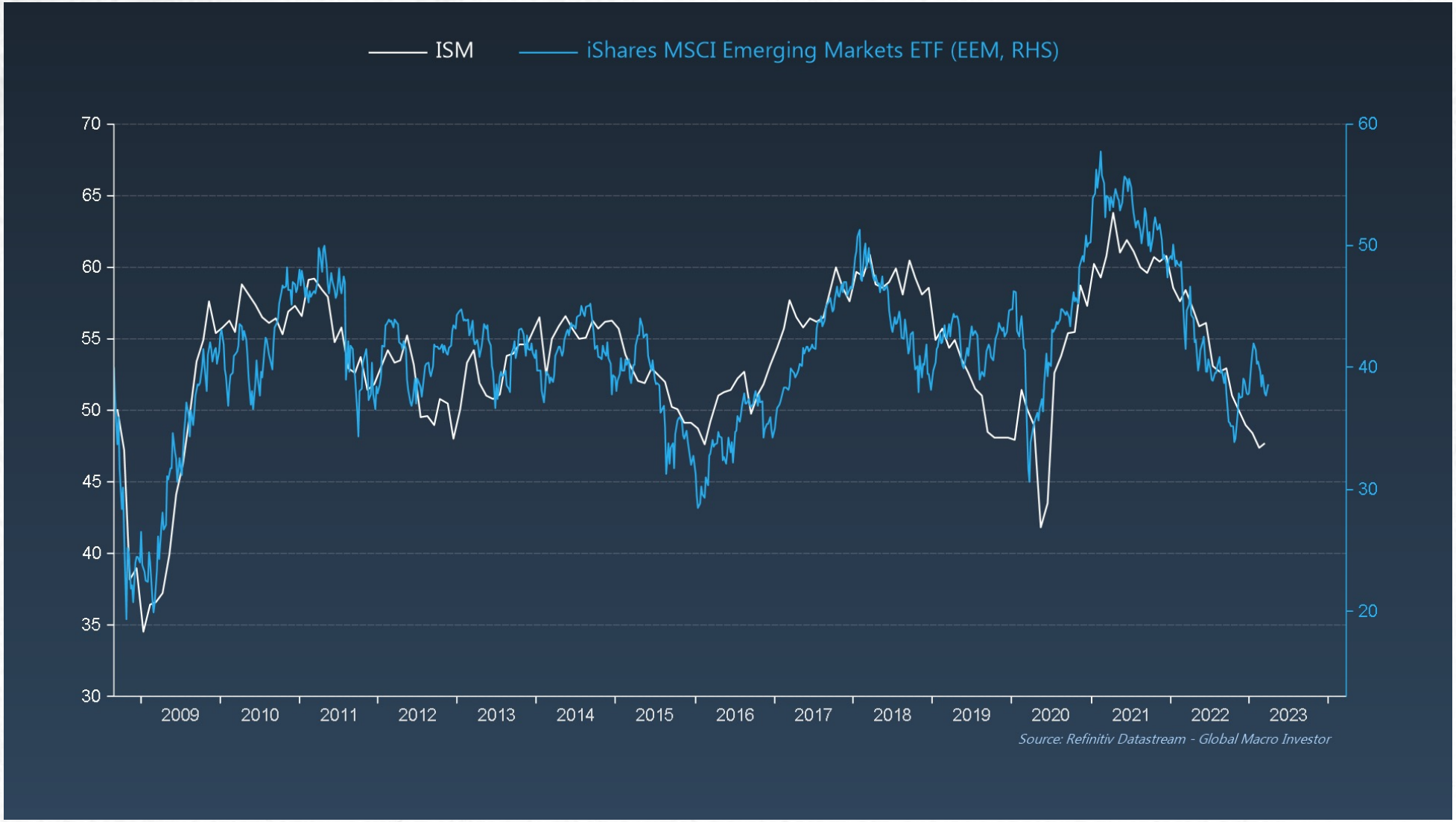
It drives…**Equities**



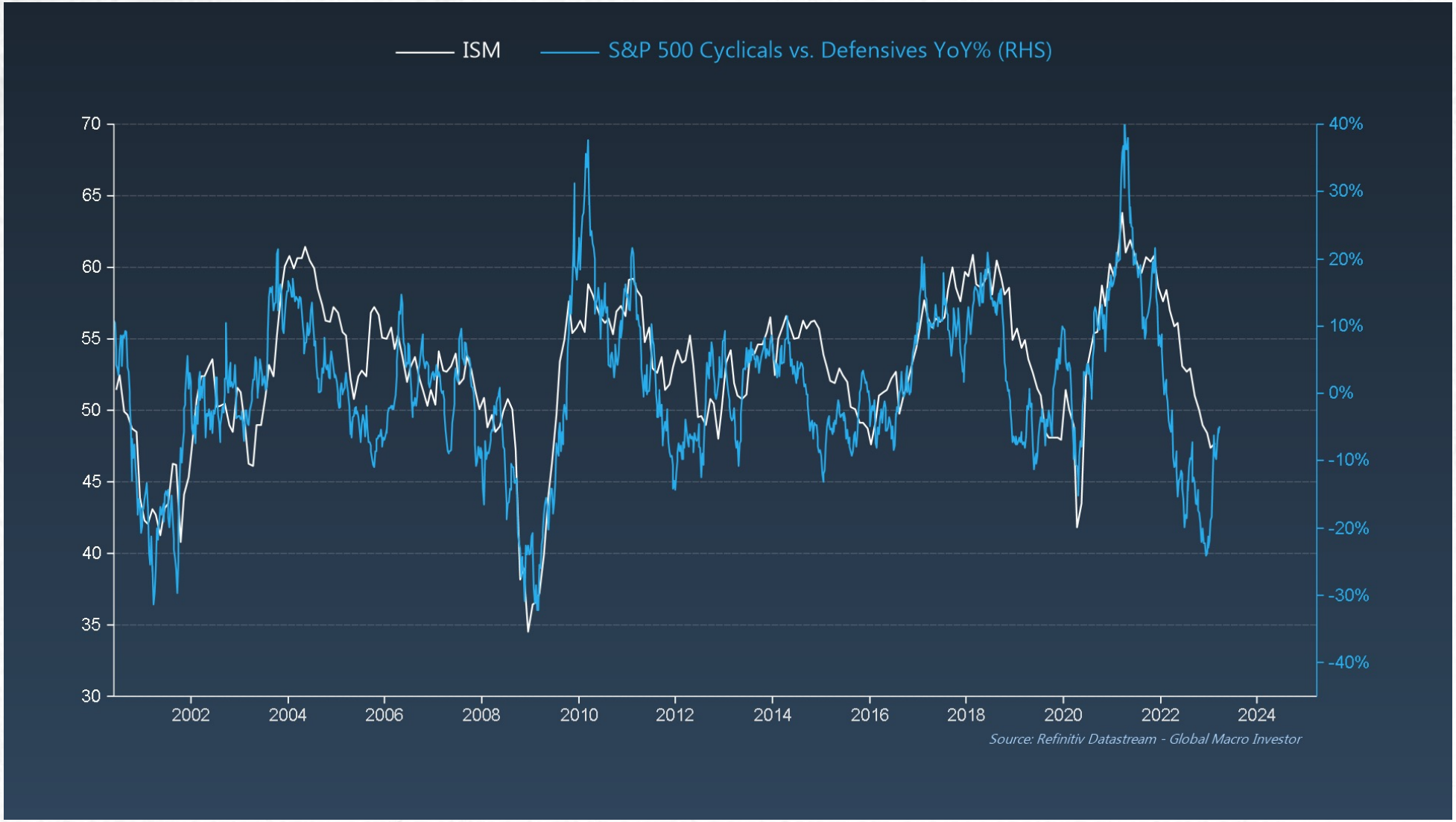
It drives…**Equities** (zoomed in)



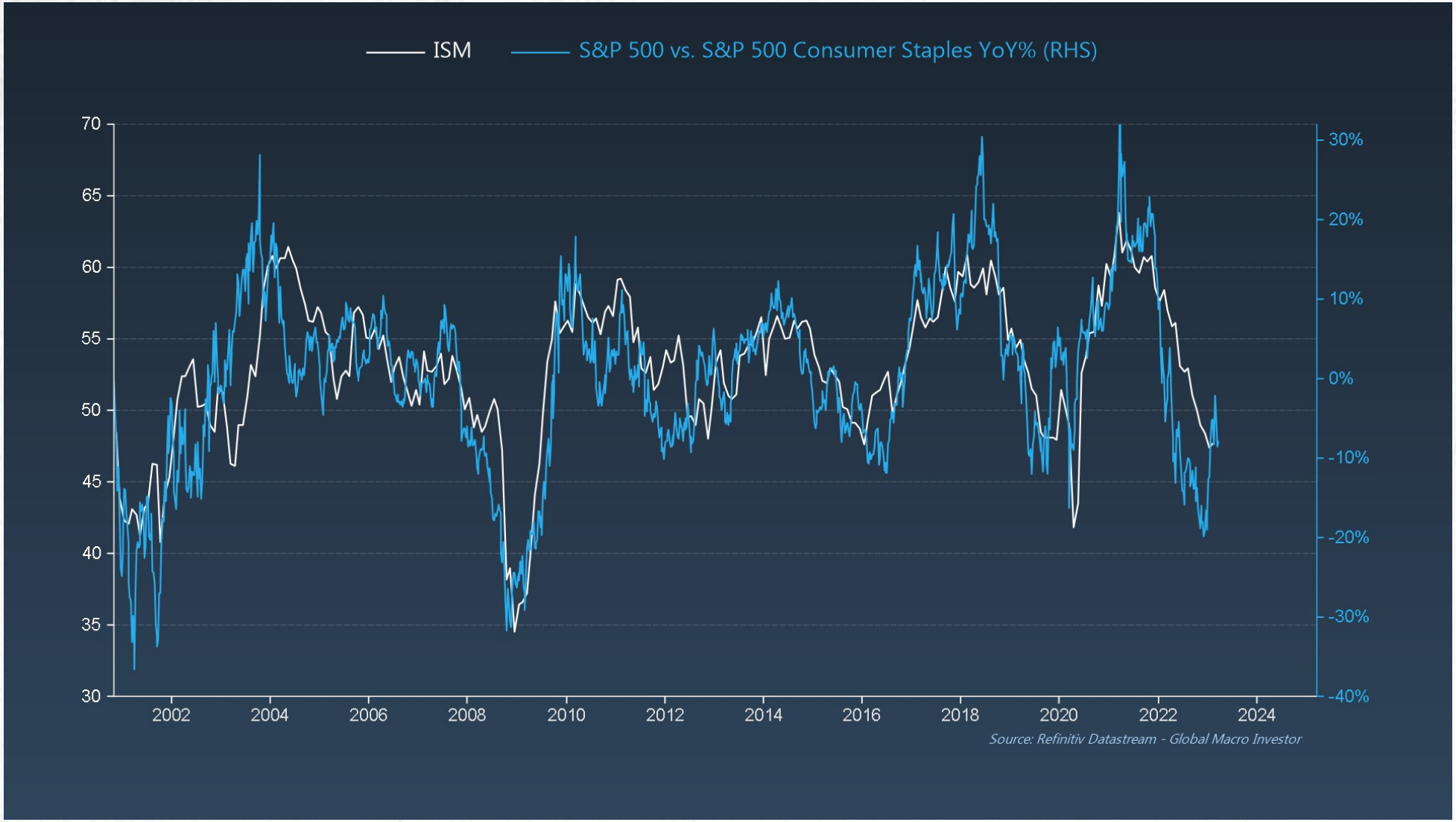
It drives…**Emerging Markets**



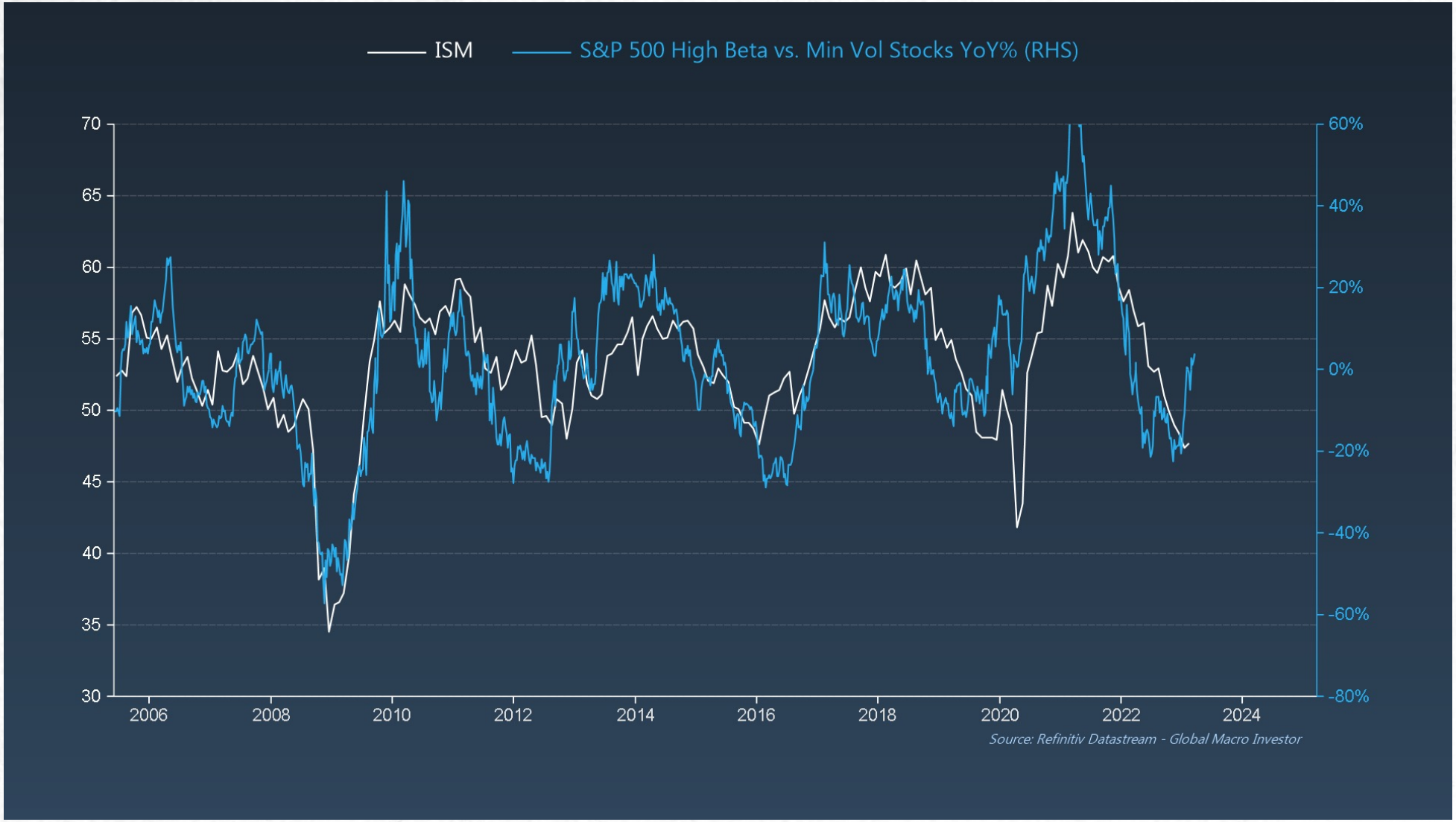
It drives…**Equity Sectors** (1/2)



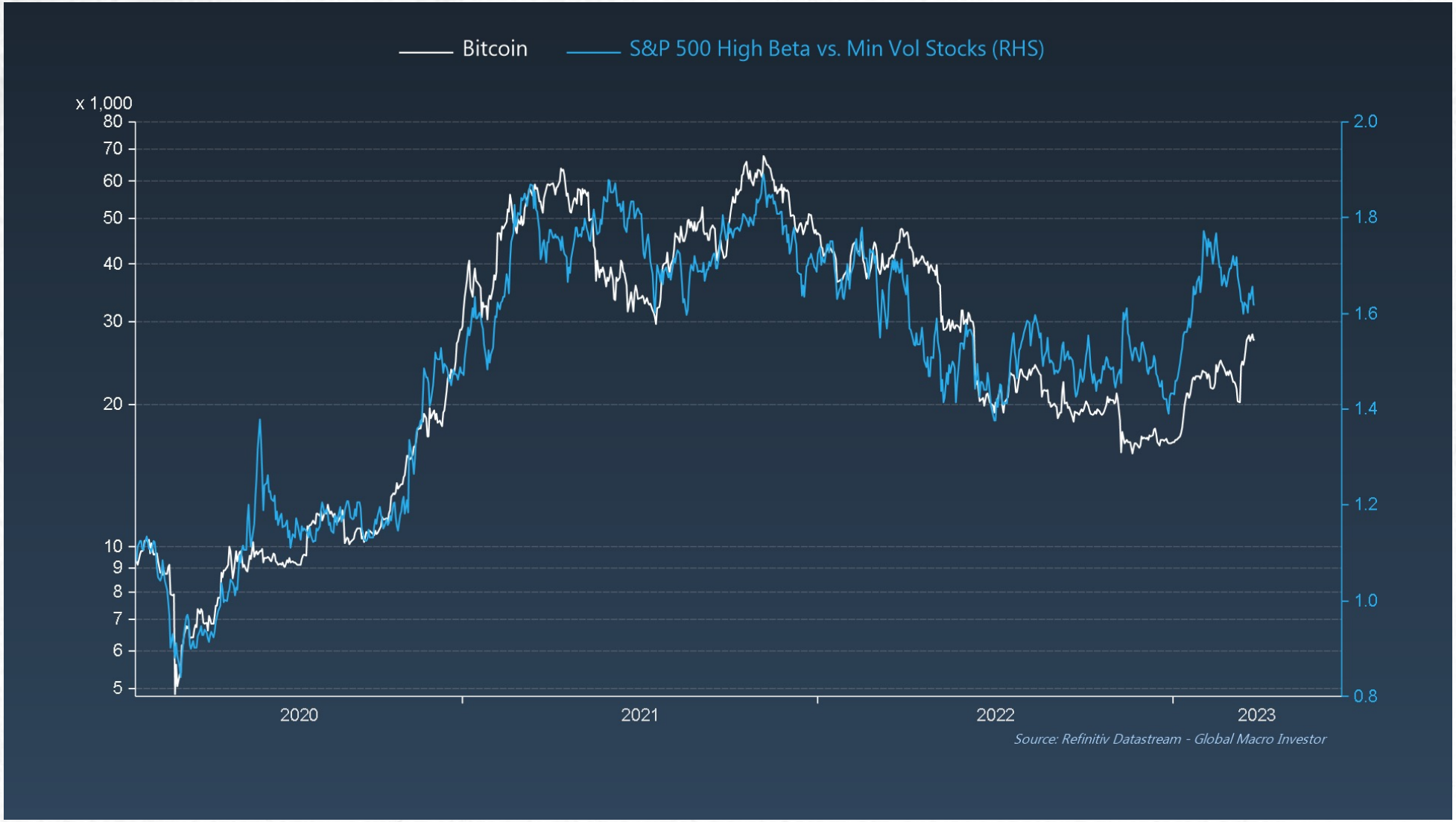
It drives…**Equity Sectors** (2/2)



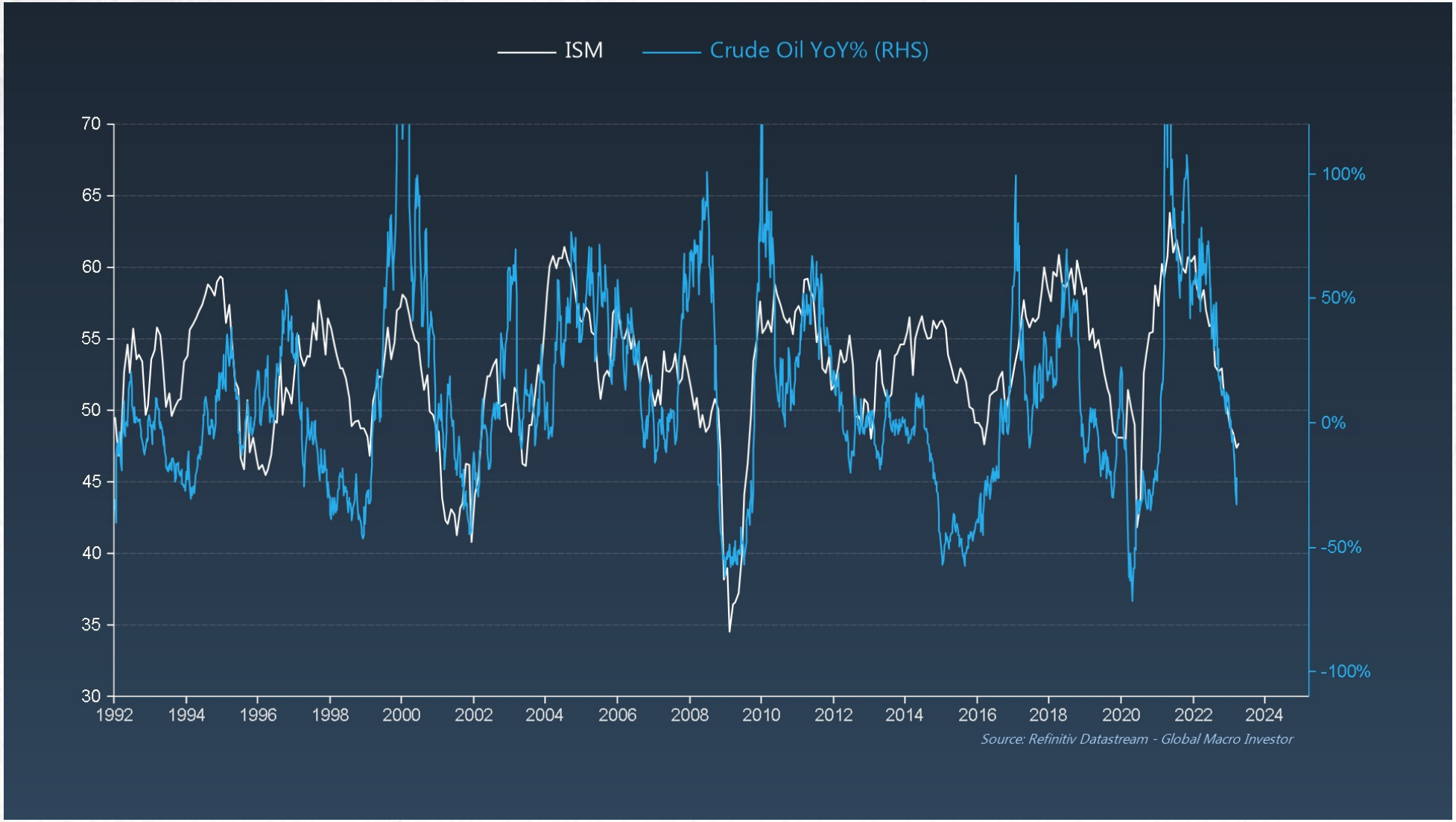
It drives…**Equity Style Factors**



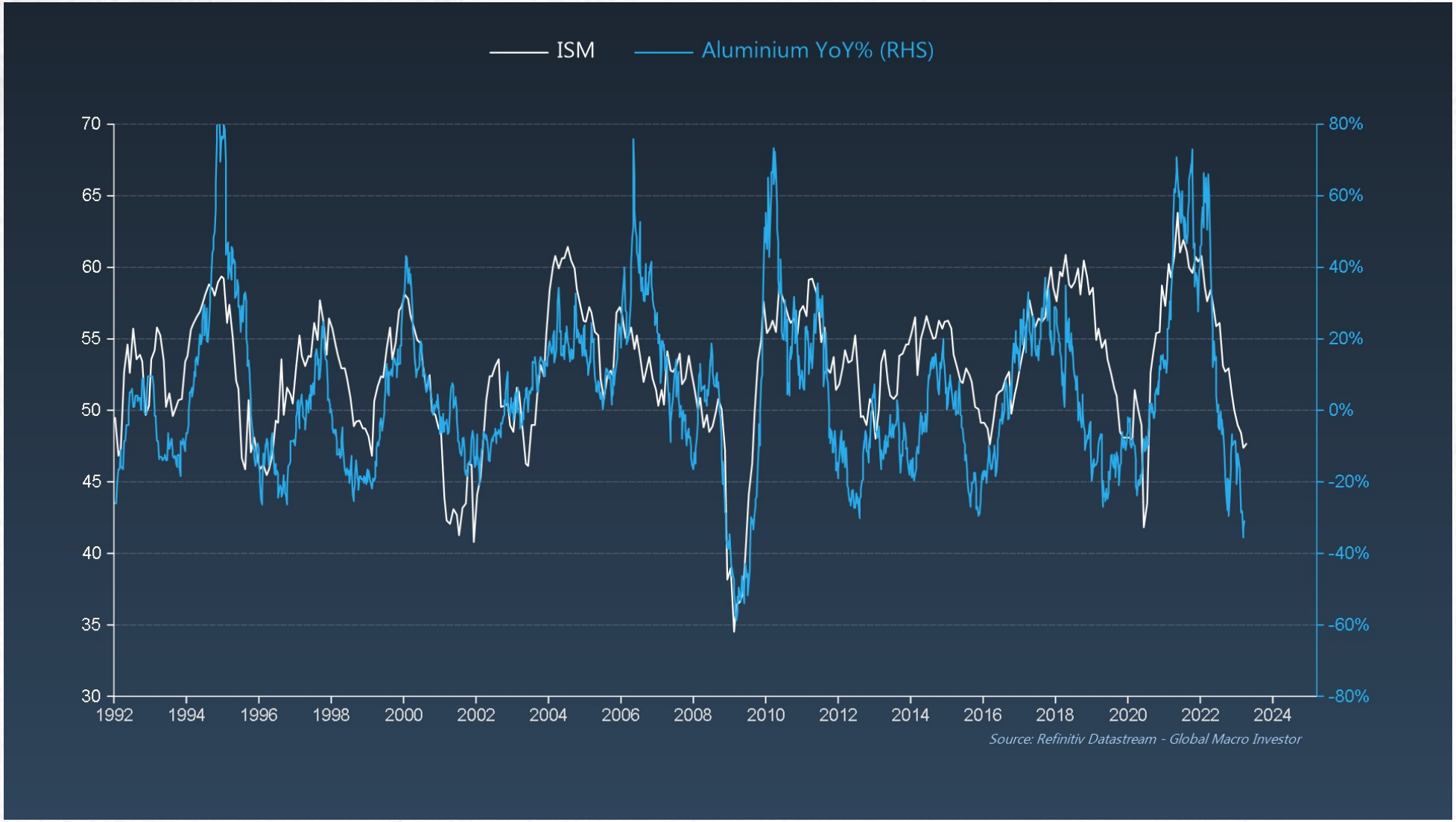
It drives…**Crypto**



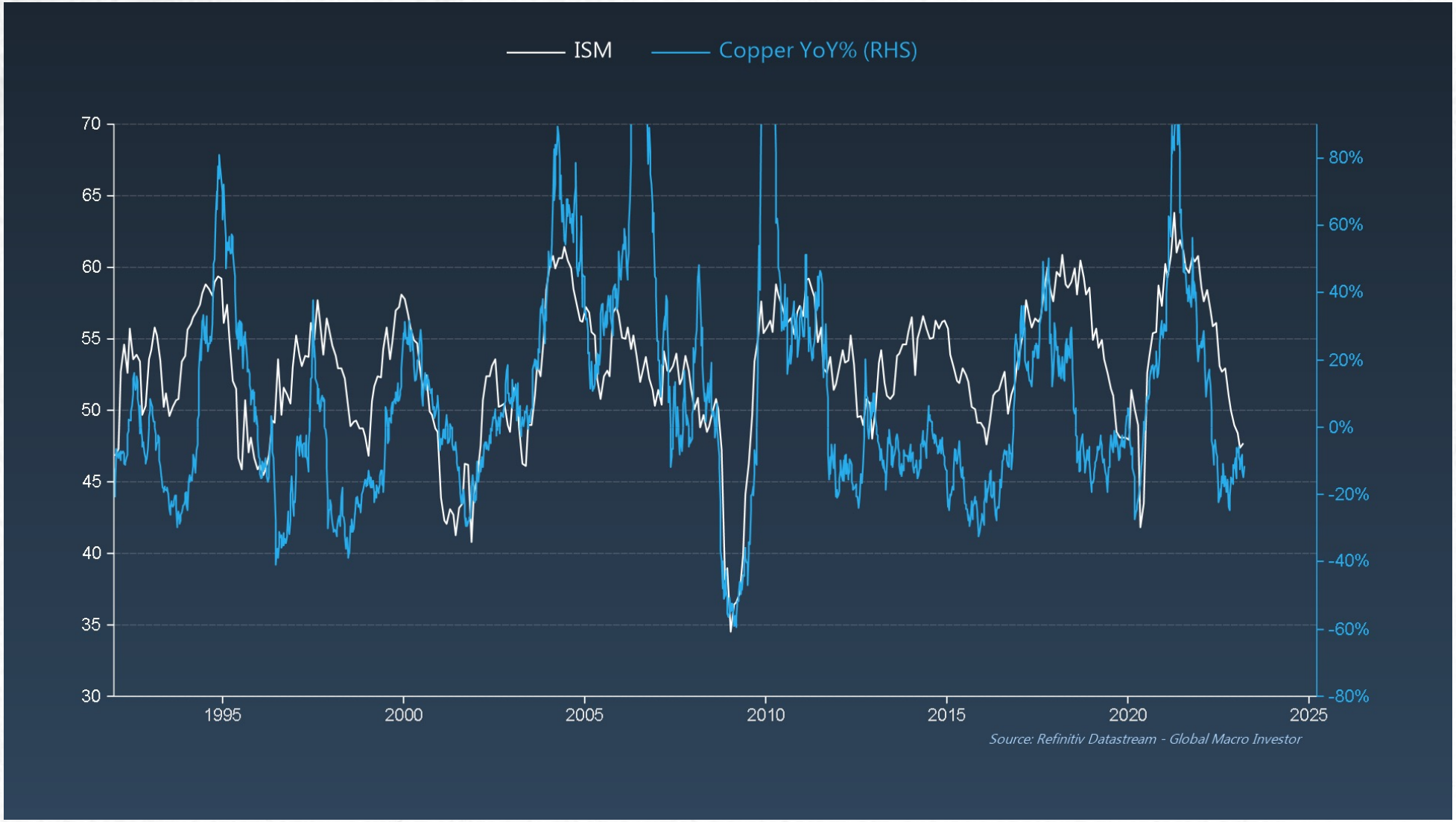
It drives…**Oil**



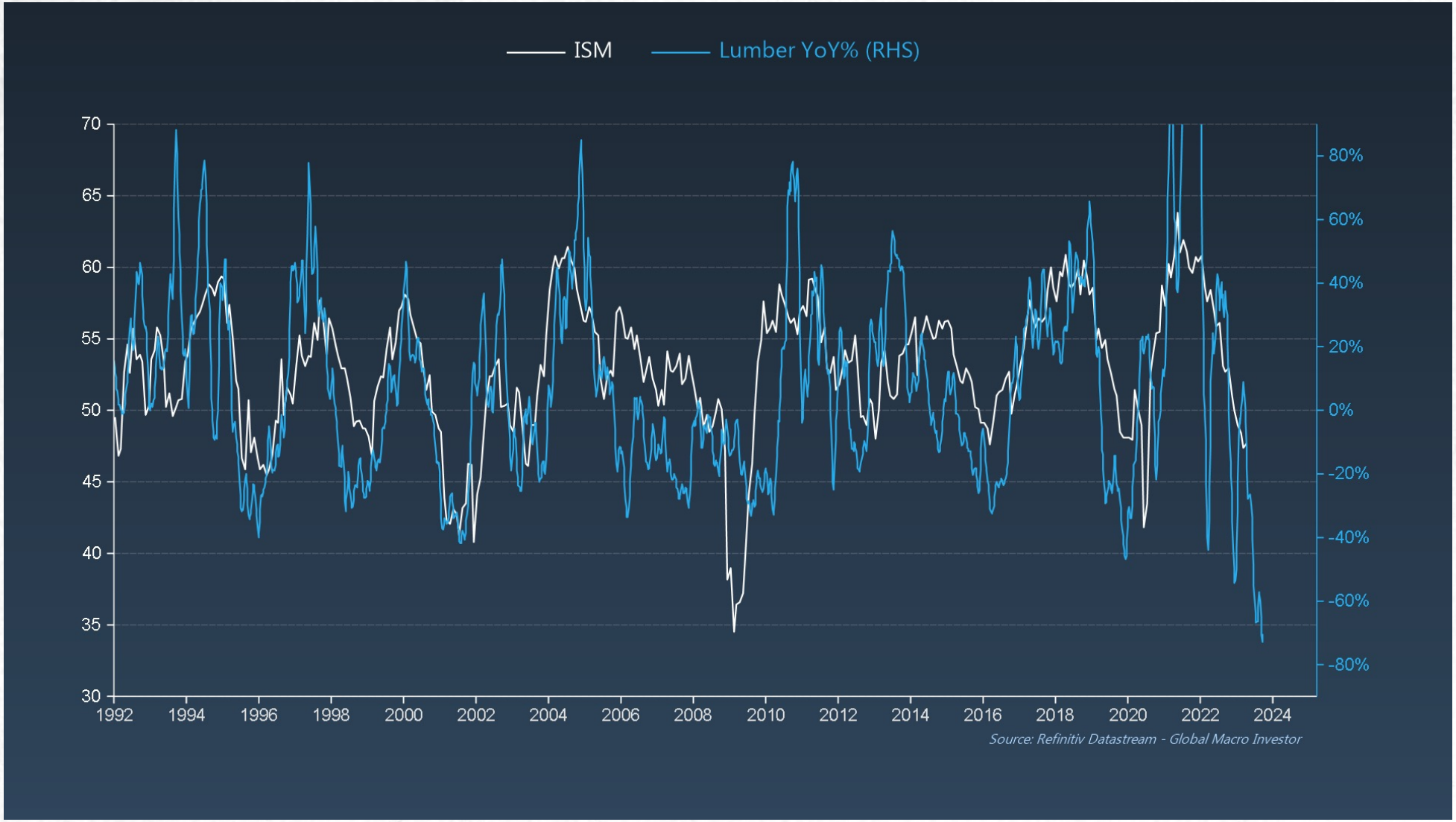
It drives…**Base Metals** (1/2)



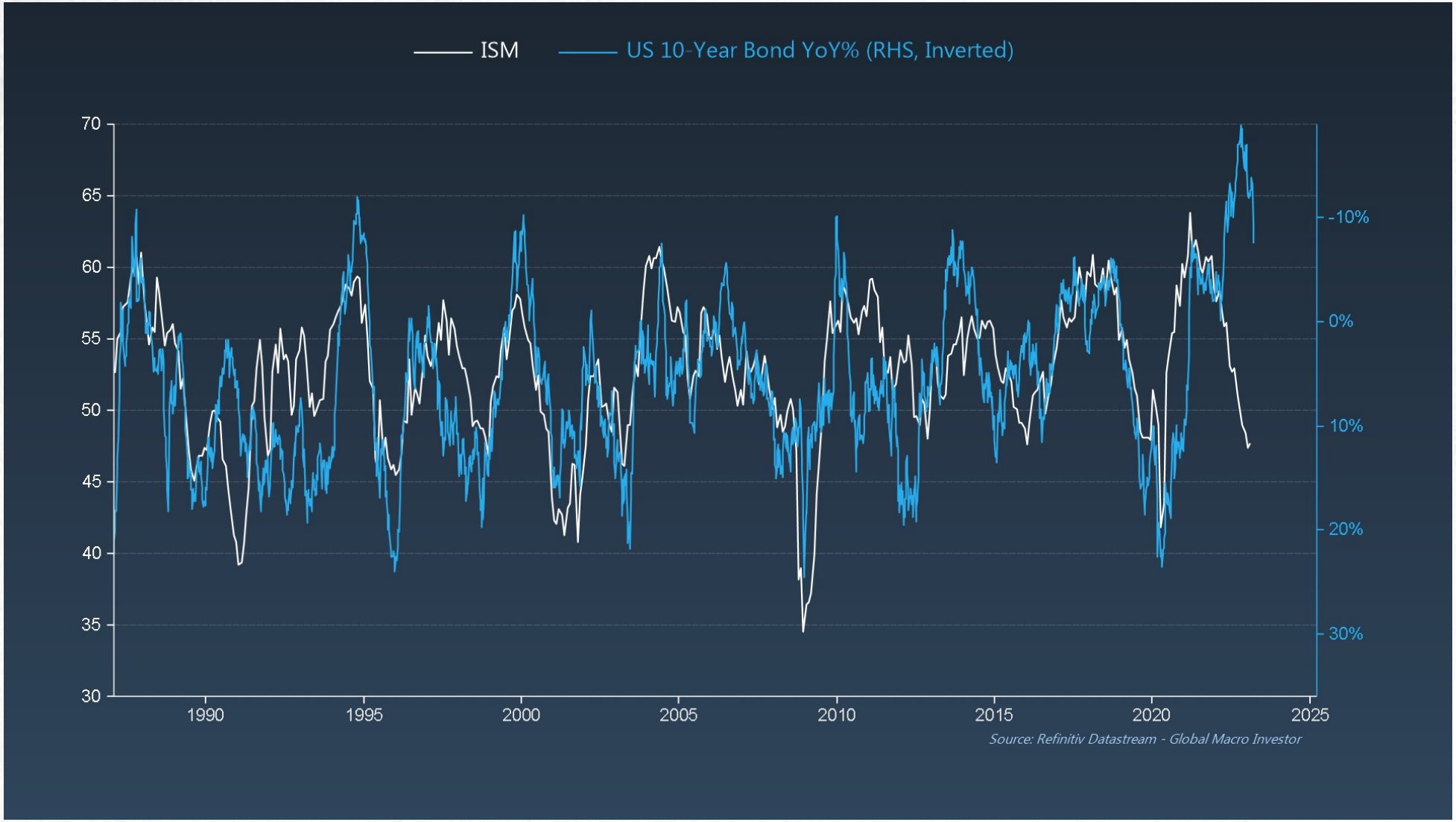
It drives…**Base Metals** (2/2)



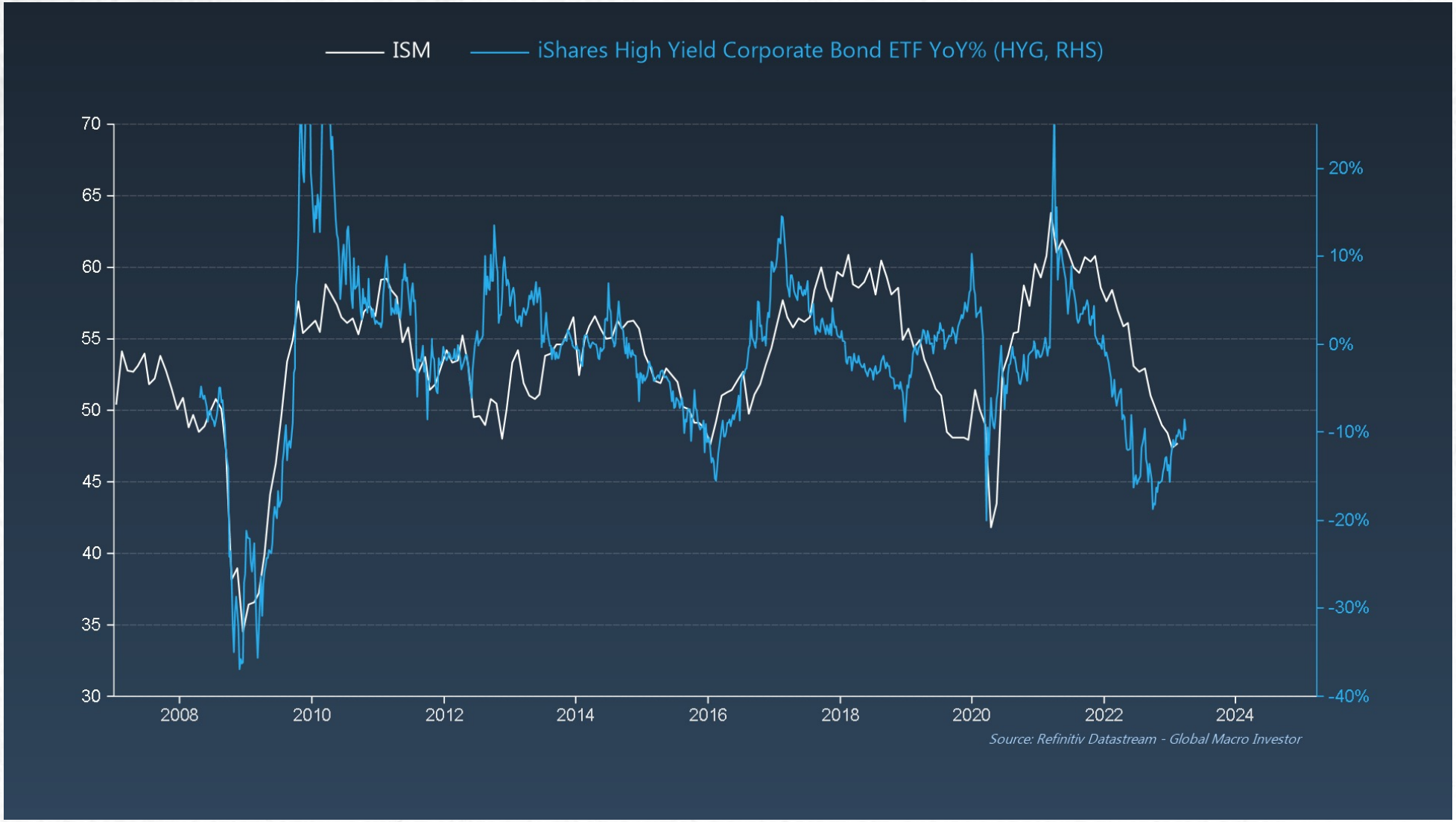
It drives…**Construction Inputs**



It drives… **Govt. Bonds**



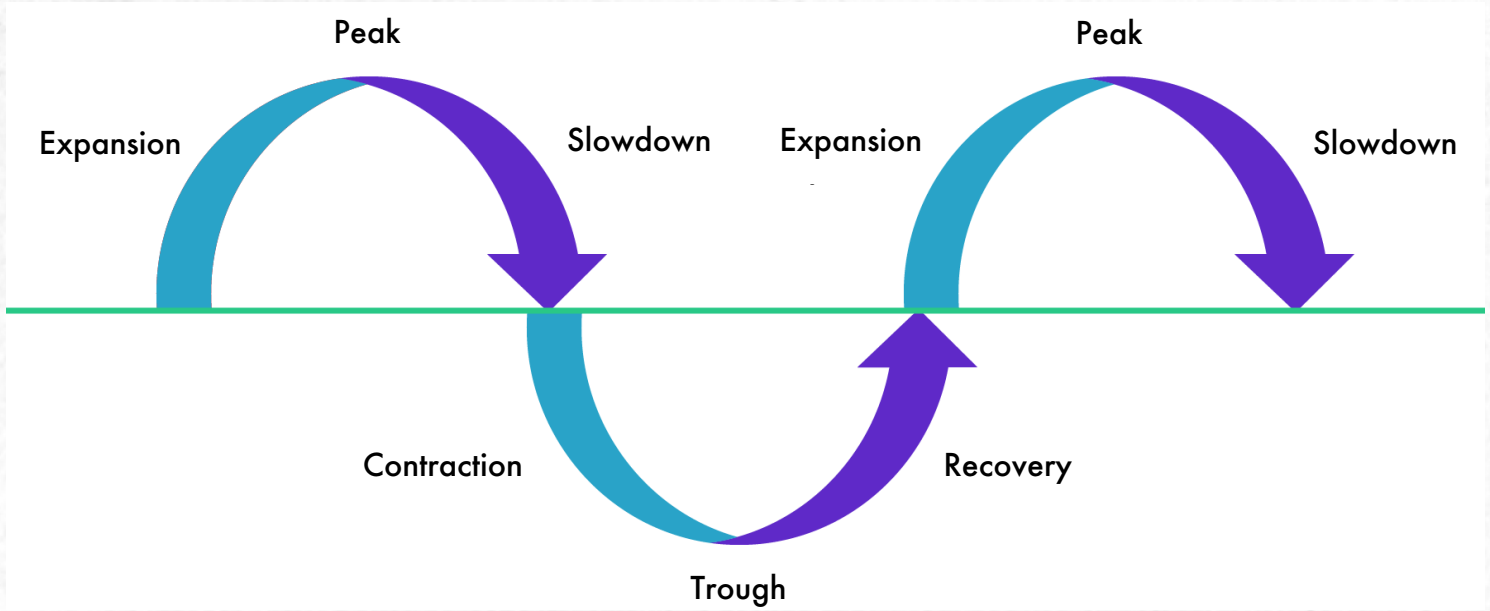
It drives…**Credit**



THIS IS WHY WE STUDY THE BUSINESS CYCLE

HOW TO INVEST
ACROSS THE CYCLE?

The Business Cycle (simplified)



4 GROWTH REGIMES

Recovery – growth is recovering but remains below trend

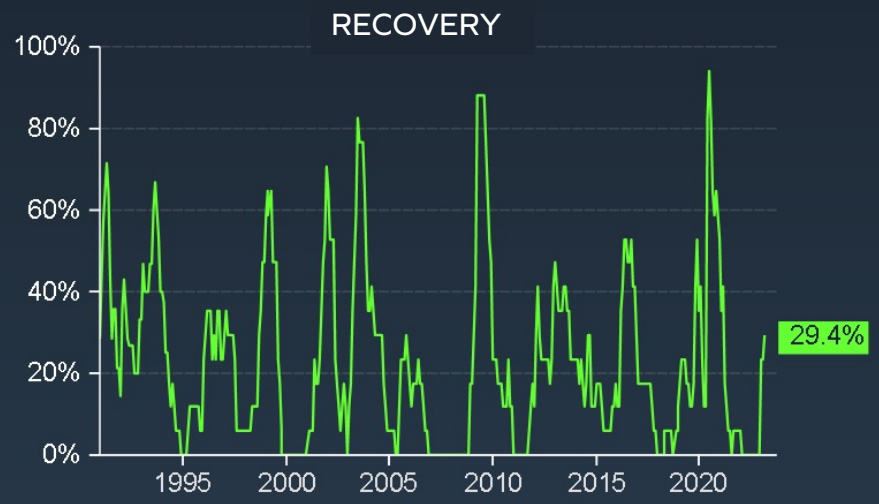
Expansion – growth is accelerating and above trend

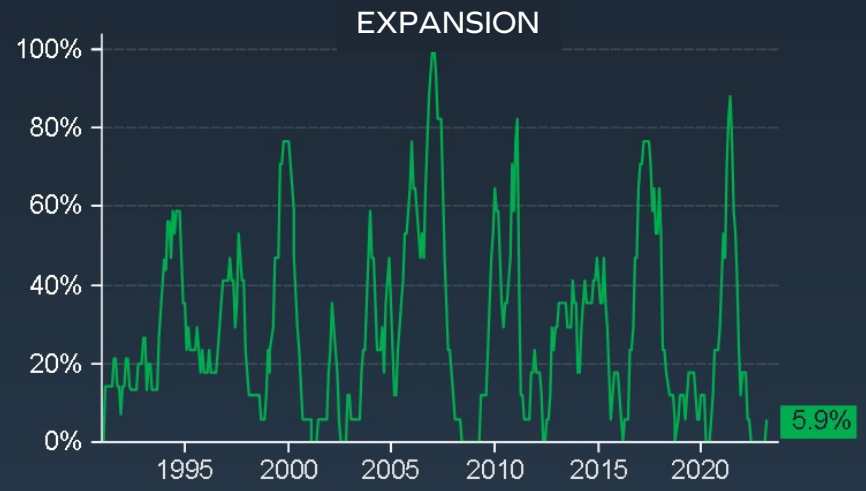
Slowdown – growth is above trend but slowing

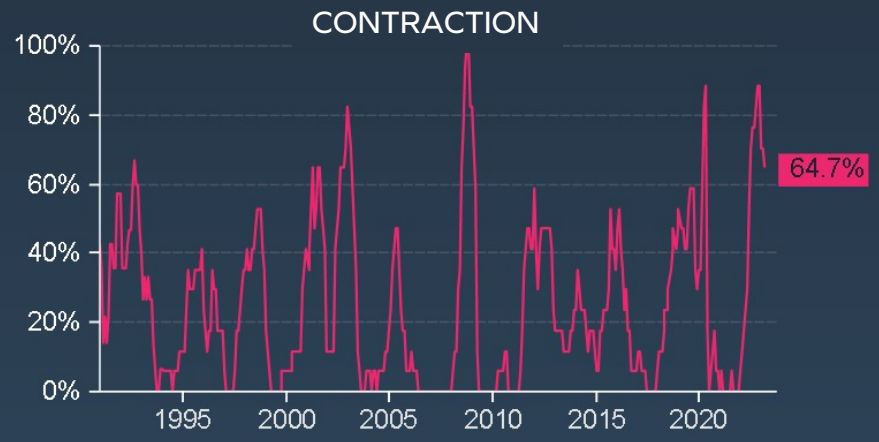
Contraction – growth is below trend and contracting

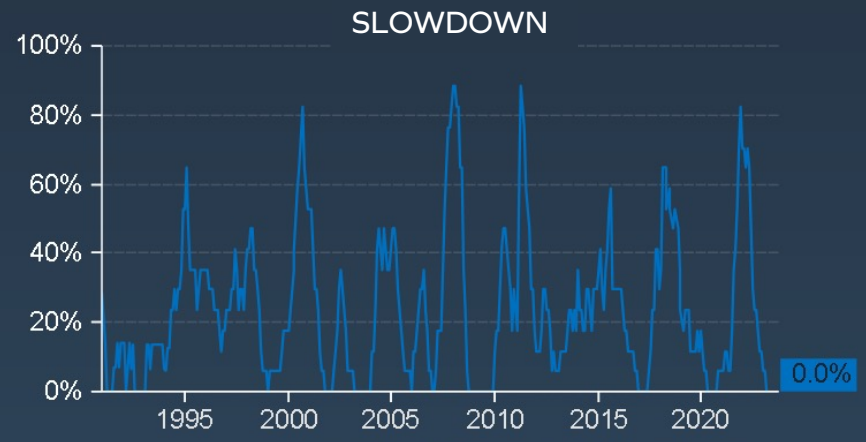
Importantly: *different assets will have wildly varying performance across the stages of the cycle*

% OF COUNTRIES IN EACH GROWTH QUADRANT



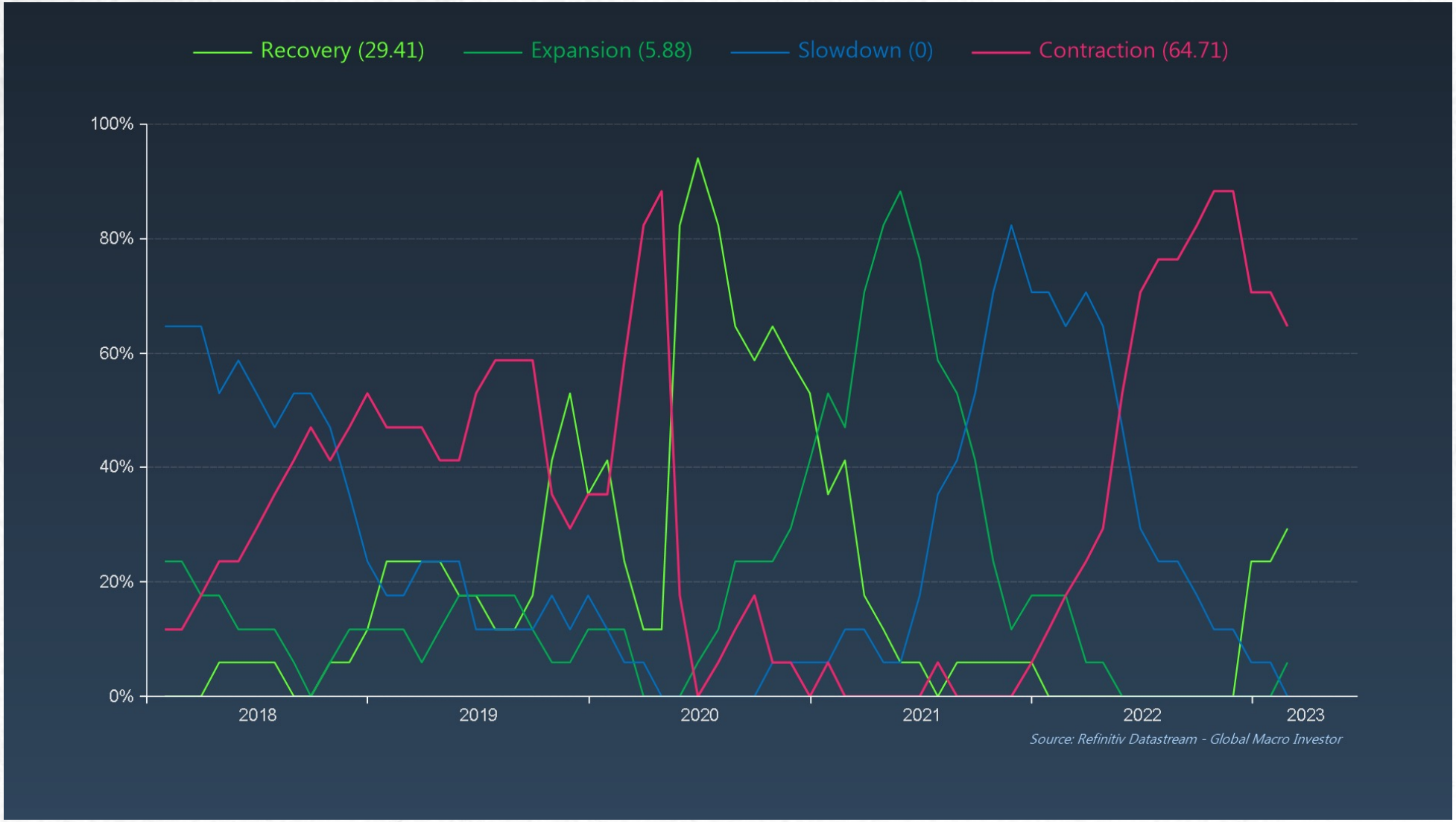






Source: Refinitiv Datastream - Global Macro Investor

The Growth Stages Tend to Repeat (but no always…)



Growth Across Countries

	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	
US	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	**US**
Canada	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	**Canada**
UK	CON	CON	CON	REC	CON	REC	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	REC	REC	REC	**UK**
Euro Zone	REC	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	REC	REC	**Euro Zone**
Germany	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	REC	REC	REC	Germany
France	REC	REC	REC	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	France
Italy	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	REC	REC	REC	Italy
Spain	REC	REC	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	REC	REC	REC	Spain
Major 5 Asia	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	**Major 5 Asia**
China	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	REC	China
India	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	India
Indonesia	CON	REC	REC	REC	REC	REC	REC	REC	REC	REC	CON	REC	REC	REC	REC	REC	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	Indonesia
Japan	REC	REC	REC	REC	REC	REC	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	Japan
South Korea	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	South Korea
Australia	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	**Australia**
South Africa	REC	REC	REC	REC	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	EXP	**South Africa**
Brazil	EXP	EXP	EXP	EXP	EXP	SLO	SLO	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	**Brazil**
Mexico	CON	REC	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	**Mexico**
Global	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	**Global**
% Recovery	58.8%	64.7%	58.8%	52.9%	35.3%	41.2%	17.6%	11.8%	5.9%	5.9%	0.0%	5.9%	5.9%	5.9%	5.9%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.5%	23.5%	29.4%	**% Recovery**
% Expansion	23.5%	23.5%	29.4%	41.2%	52.9%	47.1%	70.6%	82.4%	88.2%	76.5%	58.8%	52.9%	41.2%	23.5%	11.8%	17.6%	17.6%	17.6%	5.9%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%	**% Expansion**
% Slowdown	0.0%	5.9%	5.9%	5.9%	5.9%	11.8%	11.8%	5.9%	5.9%	17.6%	35.3%	41.2%	52.9%	70.6%	82.4%	70.6%	70.6%	64.7%	70.6%	64.7%	47.1%	29.4%	23.5%	23.5%	17.6%	11.8%	11.8%	5.9%	5.9%	0.0%	**% Slowdown**
% Contraction	17.6%	5.9%	5.9%	0.0%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%	0.0%	0.0%	0.0%	0.0%	5.9%	11.8%	17.6%	23.5%	29.4%	52.9%	70.6%	76.5%	76.5%	82.4%	88.2%	88.2%	70.6%	70.6%	64.7%	**% Contraction**

Peak Global Mfg PMI

REC	RECOVERY = economic growth is recovering but remains below trend.
EXP	EXPANSION = economic growth is accelerating and above trend.
SLO	SLOWDOWN = economic growth is above trend but slowing.
CON	CONTRACTION = economic growth is below trend and decelerating.

Successfully highlights peaks in a regime

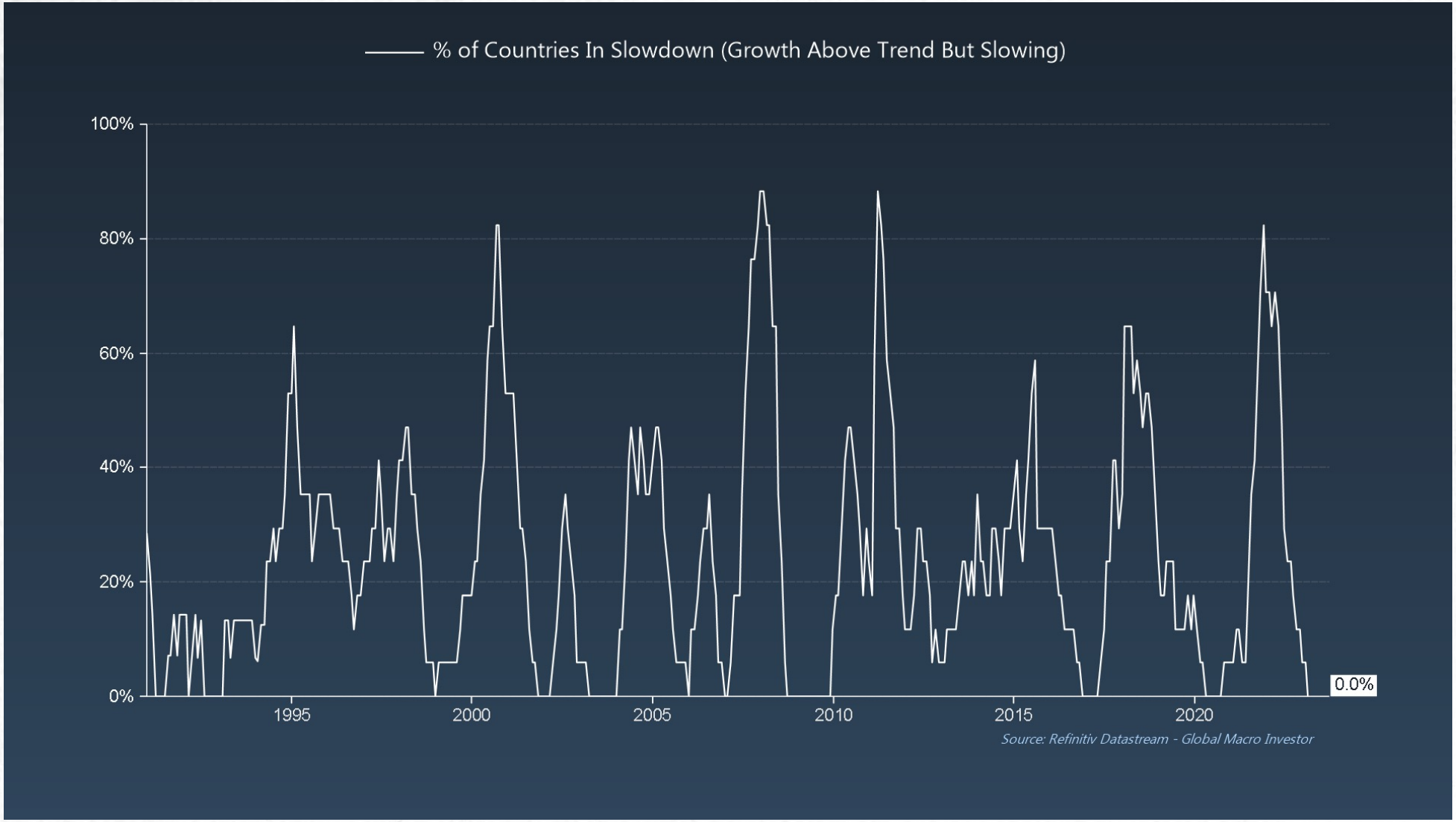
Top in Bitcoin



Top in Stocks



% of Countries in Slowdown



Growth Across Countries

	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	
US	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	**US**
Canada	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	**Canada**
UK	CON	CON	CON	REC	CON	REC	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	REC	REC	REC	**UK**
Euro Zone	REC	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	REC	REC	**Euro Zone**
Germany	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	REC	REC	REC	Germany
France	REC	REC	REC	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	France
Italy	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	REC	REC	REC	Italy
Spain	REC	REC	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	REC	REC	REC	Spain
Major 5 Asia	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	**Major 5 Asia**
China	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	REC	China
India	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	India
Indonesia	CON	REC	REC	REC	REC	REC	REC	REC	REC	REC	CON	REC	REC	REC	REC	REC	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	Indonesia
Japan	REC	REC	REC	REC	REC	REC	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	Japan
South Korea	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	South Korea
Australia	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	**Australia**
South Africa	REC	REC	REC	REC	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	EXP	**South Africa**
Brazil	EXP	EXP	EXP	EXP	EXP	SLO	SLO	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	**Brazil**
Mexico	CON	REC	REC	REC	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	**Mexico**
Global	REC	REC	EXP	EXP	EXP	EXP	EXP	EXP	EXP	EXP	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	SLO	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	CON	**Global**
% Recovery	58.8%	64.7%	58.8%	52.9%	35.3%	41.2%	17.6%	11.8%	5.9%	5.9%	0.0%	5.9%	5.9%	5.9%	5.9%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.5%	23.5%	29.4%	**% Recovery**
% Expansion	23.5%	23.5%	29.4%	41.2%	52.9%	47.1%	70.6%	82.4%	88.2%	76.5%	58.8%	52.9%	41.2%	23.5%	11.8%	17.6%	17.6%	17.6%	5.9%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%	**% Expansion**
% Slowdown	0.0%	5.9%	5.9%	5.9%	5.9%	11.8%	11.8%	5.9%	5.9%	17.6%	35.3%	41.2%	52.9%	70.6%	82.4%	70.6%	70.6%	64.7%	70.6%	64.7%	47.1%	29.4%	23.5%	23.5%	17.6%	11.8%	11.8%	5.9%	5.9%	0.0%	**% Slowdown**
% Contraction	17.6%	5.9%	5.9%	0.0%	5.9%	0.0%	0.0%	0.0%	0.0%	0.0%	5.9%	0.0%	0.0%	0.0%	0.0%	5.9%	11.8%	17.6%	23.5%	29.4%	52.9%	70.6%	76.5%	76.5%	82.4%	88.2%	88.2%	70.6%	70.6%	64.7%	**% Contraction**

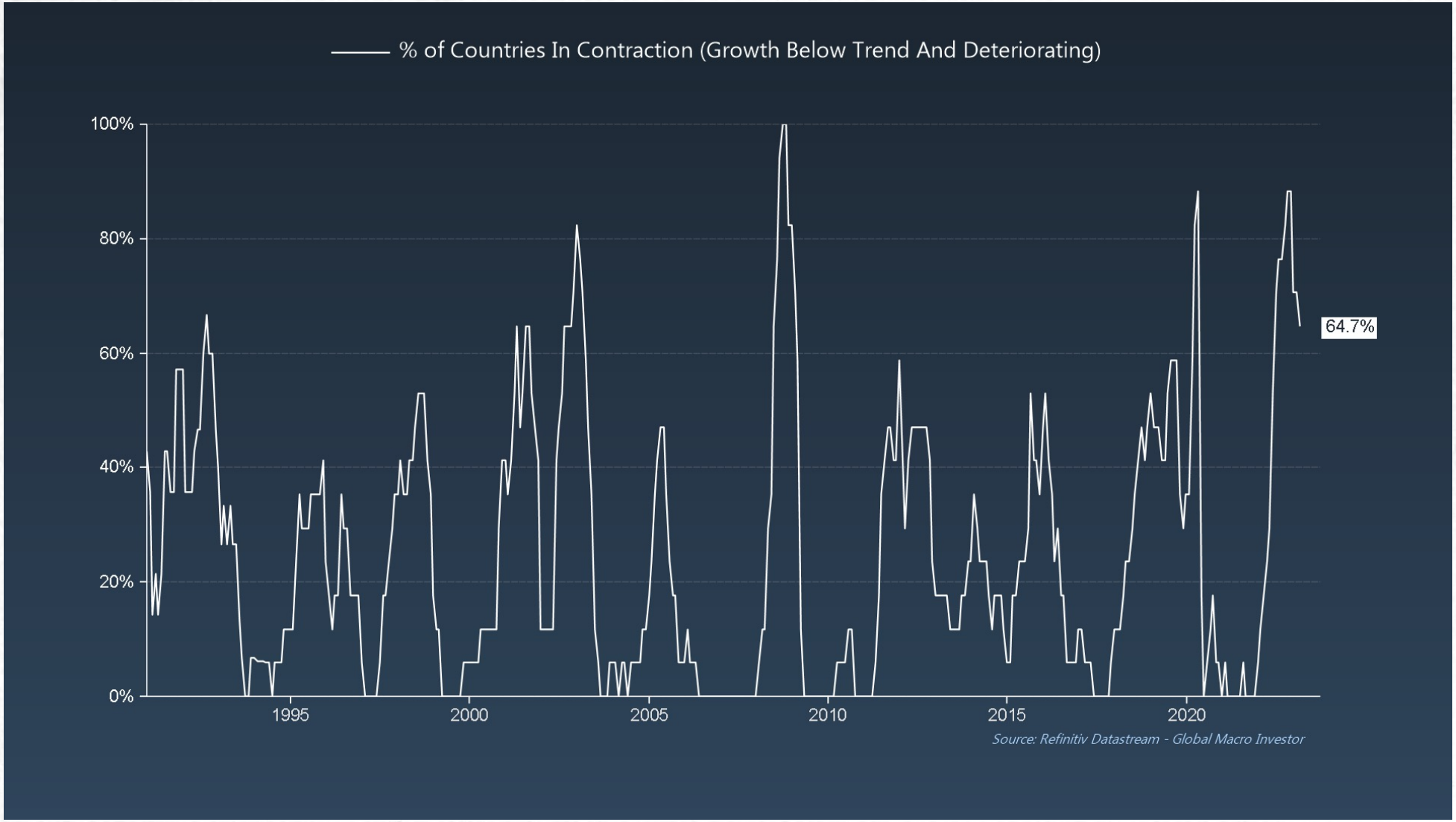
Peak Global Mfg PMI

Trough Global Mfg PMI

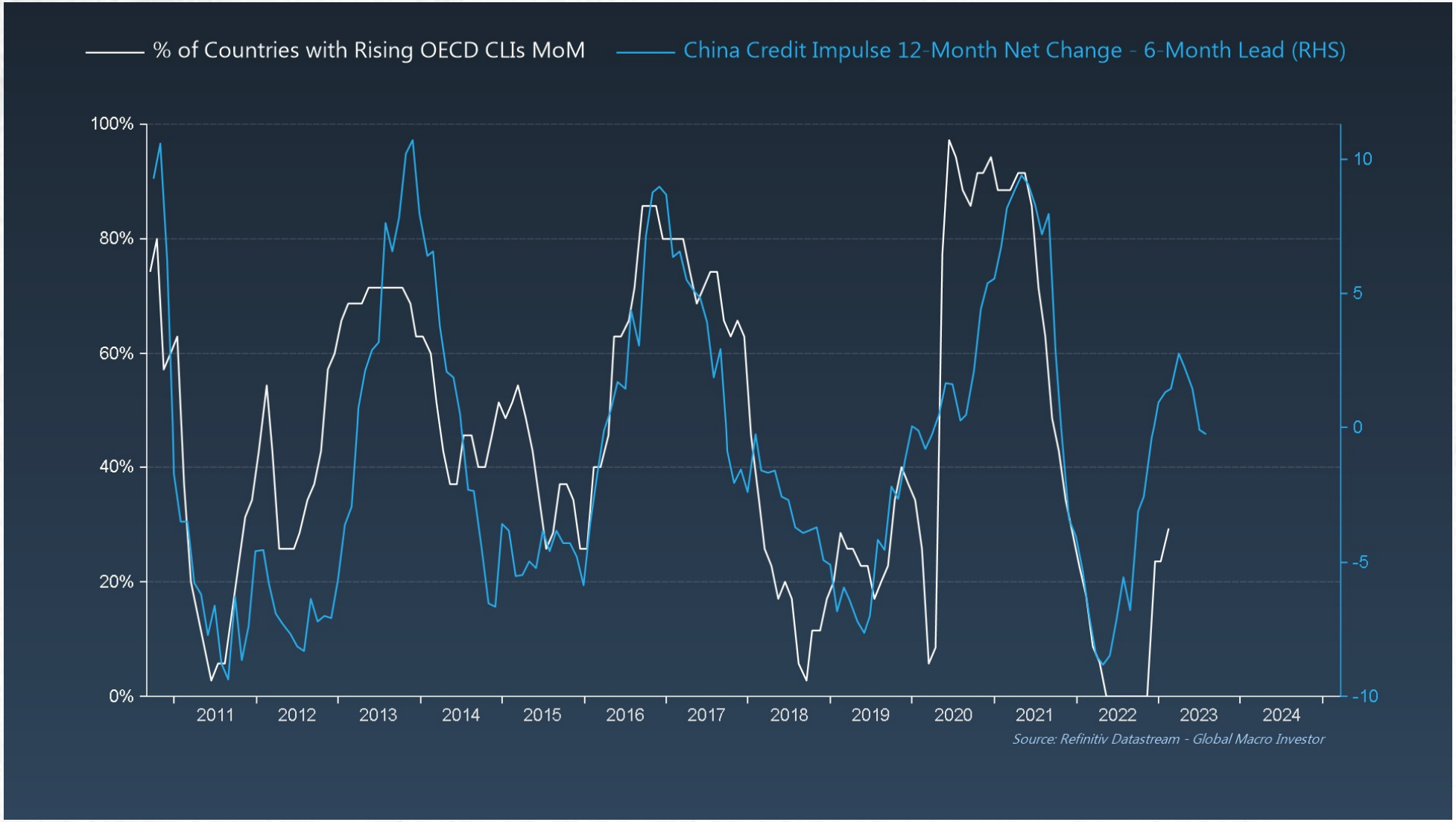
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Successfully highlights peaks in a regime

% of Countries in Contraction



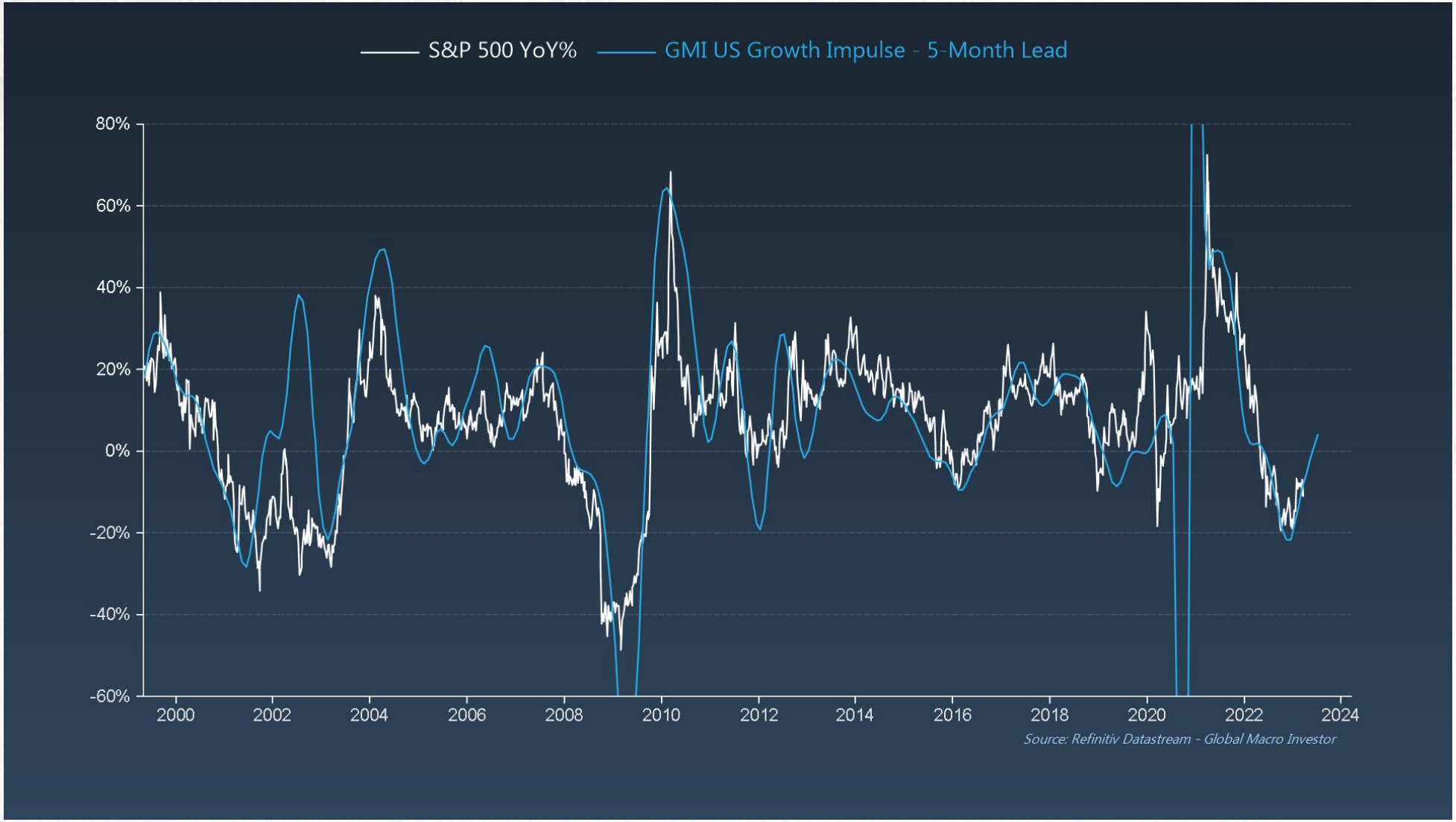
Improving momentum



Local Bottom in Stocks



Local Bottom in Stocks



ECONOMIC GROWTH

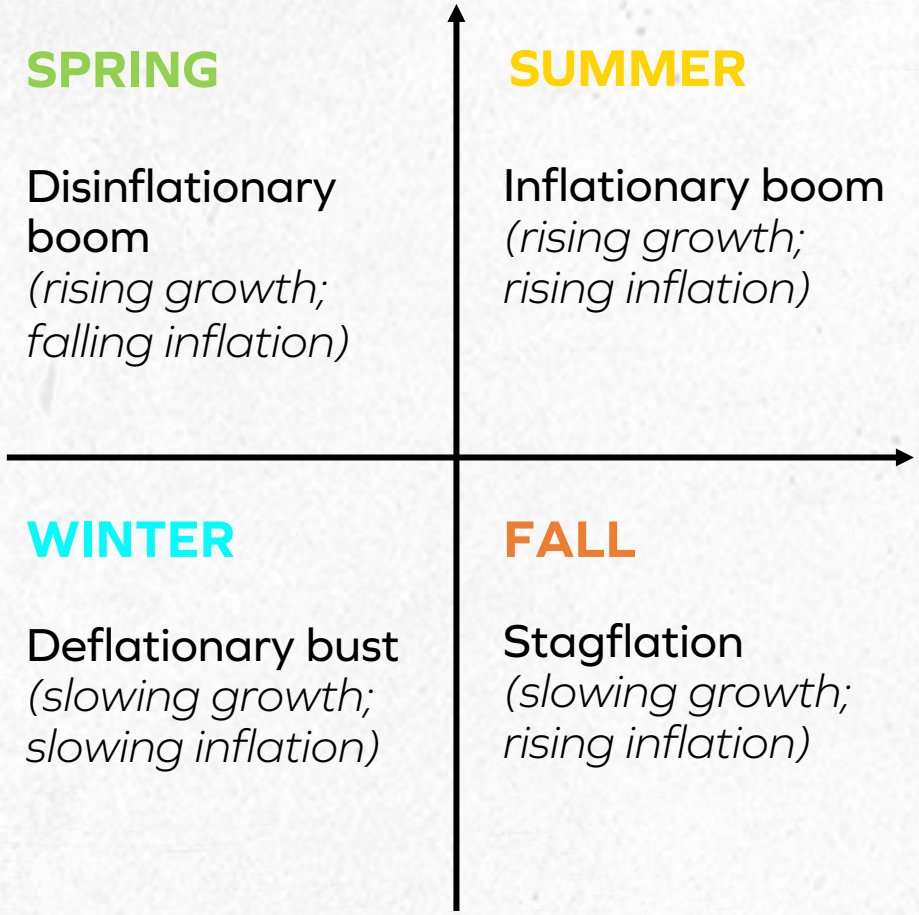
is an essential input in asset allocation that drives ***beta*** (i.e. market) returns. Ultimately, getting growth right is important but one-dimensional.

*To extract consistent **alpha** returns investors should also understand one more variable – **INFLATION**.*

PRINCIPLE #4

THE FOUR SEASON OF ASSET ALLOCATION

GROWTH + INFLATION



Disinflationary Boom: is classic ***"early cycle"***. Due to the tightening of financial conditions (monetary drag), less credit availability leads to reduced spending, which drives profit growth lower, prompting central banks to counter-ease and the yield curve bull steepens.

Inflationary Boom: is typical of ***"mid-cycle"***. Central banks are still easing. The flood of liquidity creates a decline in interest rates and tighter risk premiums. This self-reinforcing expansion supports cash flows and, later during this cycle stage, central banks become less accommodative. The output gap is shrinking.

Stagflation: is typical of the ***"late cycle"***. Growth is above potential but peaking and central banks are turning hawkish. Risk assets are typically in their final melt-up phase. Later in this cycle stage, monetary tightening pushes asset yields higher, amplifying market reactions to adverse news and events.

Deflationary Bust: is characteristic of ***"slowdown/recession"***. Monetary drag generates wider risk premiums, filtering through to the real economy and earnings with a lag. The output gap is wide.

The Seasons Across Countries

	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	
US	SUM	SUM	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	WIN	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	WIN	WIN	WIN	**US**
Canada	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	WIN	WIN	WIN	**Canada**
UK	SPR	WIN	FAL	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	SPR	SPR	**UK**
Euro Zone	SPR	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	SPR	**Euro Zone**
Germany	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	WIN	WIN	FAL	FAL	FAL	FAL	FAL	WIN	FAL	FAL	FAL	WIN	WIN	SPR	Germany
France	SPR	SPR	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SPR	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	FAL	FAL	FAL	WIN	FAL	France
Italy	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	SPR	SPR	Italy
Spain	SPR	SPR	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	SPR	SPR	Spain
Major 5 Asia	SPR	SPR	SPR	SPR	SPR	SPR	SUM	SUM	FAL	FAL	FAL	WIN	FAL	FAL	FAL	FAL	FAL	WIN	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	FAL	FAL	**Major 5 Asia**
China	SPR	SPR	SPR	SPR	SPR	SPR	FAL	FAL	FAL	FAL	FAL	WIN	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	FAL	FAL	FAL	FAL	WIN	WIN	WIN	FAL	SPR	China
India	SUM	SUM	SUM	SPR	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SPR	SPR	SPR	WIN	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	FAL	FAL	WIN	WIN	WIN	FAL	India
Indonesia	SPR	SPR	SUM	SUM	SUM	SPR	SPR	SPR	SUM	SPR	SUM	WIN	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	FAL	Indonesia
Japan	SPR	SPR	SPR	SPR	SPR	SUM	SUM	SPR	SPR	SPR	SUM	SUM	FAL	FAL	FAL	FAL	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	Japan
South Korea	SUM	SPR	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SUM	FAL	WIN	FAL	FAL	FAL	FAL	FAL	WIN	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	WIN	WIN	South Korea
Australia	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	WIN	WIN	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	**Australia**
South Africa	SUM	SUM	SUM	SUM	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SPR	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	WIN	**South Africa**
Brazil	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	SUM	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	WIN	WIN	WIN	WIN	**Brazil**
Mexico	SUM	SUM	SPR	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SPR	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	**Mexico**
Global	SUM	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	WIN	**Global**
% Spring	50.0%	37.5%	43.8%	50.0%	31.3%	25.0%	6.3%	12.5%	6.3%	12.5%	12.5%	18.8%	6.3%	6.3%	0.0%	0.0%	0.0%	6.3%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.8%	31.3%	**% Spring**
% Summer	50.0%	56.3%	50.0%	50.0%	68.8%	75.0%	81.3%	75.0%	81.3%	81.3%	62.5%	43.8%	50.0%	37.5%	25.0%	18.8%	25.0%	18.8%	12.5%	6.3%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**% Summer**
% Fall	0.0%	0.0%	6.3%	0.0%	0.0%	0.0%	12.5%	12.5%	12.5%	6.3%	25.0%	12.5%	31.3%	56.3%	68.8%	75.0%	62.5%	50.0%	75.0%	87.5%	87.5%	100.0%	87.5%	68.8%	62.5%	56.3%	43.8%	25.0%	12.5%	18.8%	**% Fall**
% Winter	0.0%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.0%	12.5%	0.0%	6.3%	6.3%	12.5%	25.0%	6.3%	6.3%	6.3%	0.0%	12.5%	31.3%	37.5%	43.8%	56.3%	75.0%	68.8%	50.0%	**% Winter**

Peak Global Mfg PMI

Commodities Peak

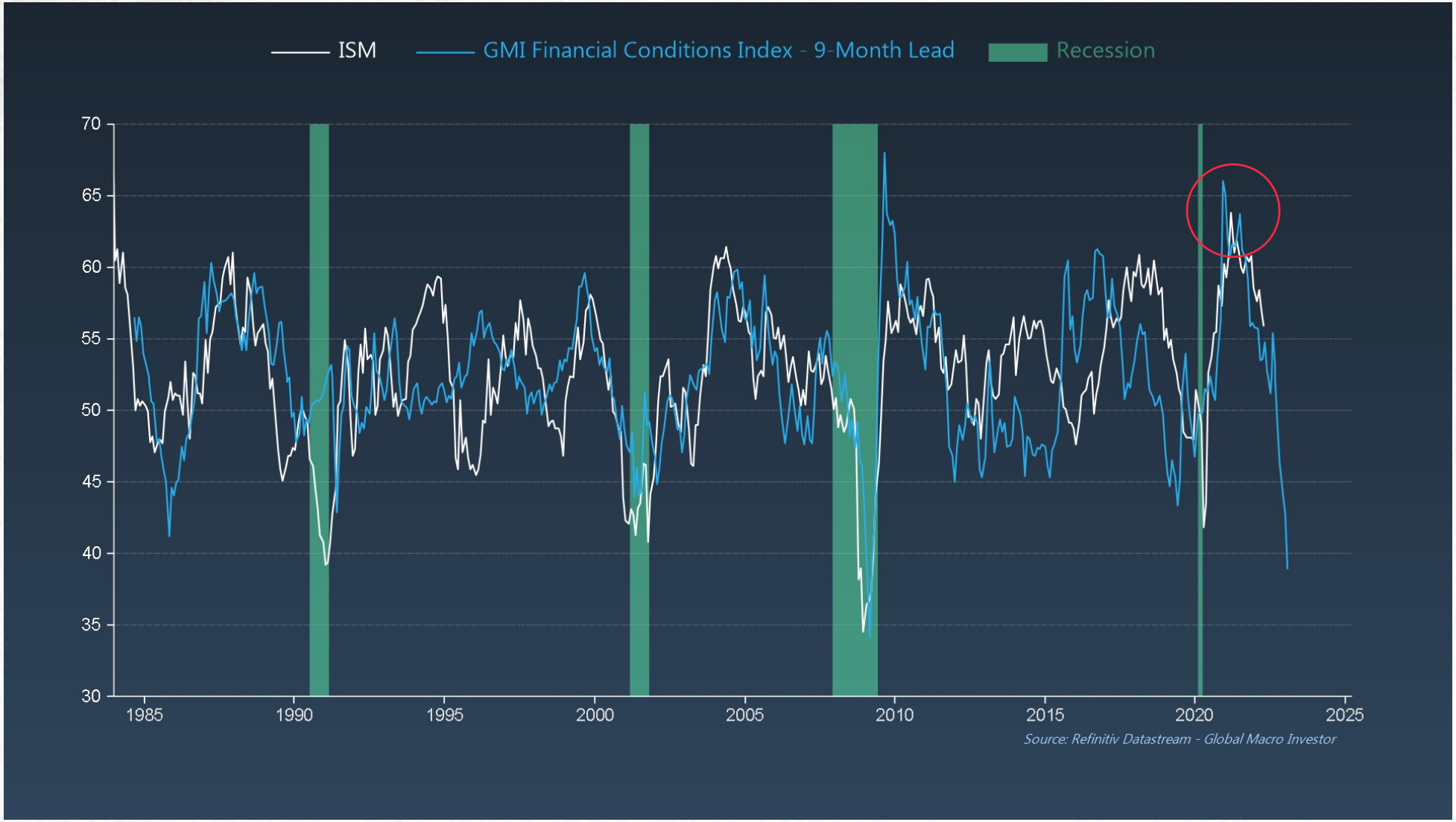
SPR	SPRING = Disinflationary Boom (rising growth with falling inflation).
SUM	SUMMER = Inflationary Boom (rising growth and rising inflation).
FAL	FALL = Stagflation (falling growth with rising inflation).
WIN	WINTER= Deflationary Bust (falling growth and falling inflation).

Successfully highlights peaks in a regime

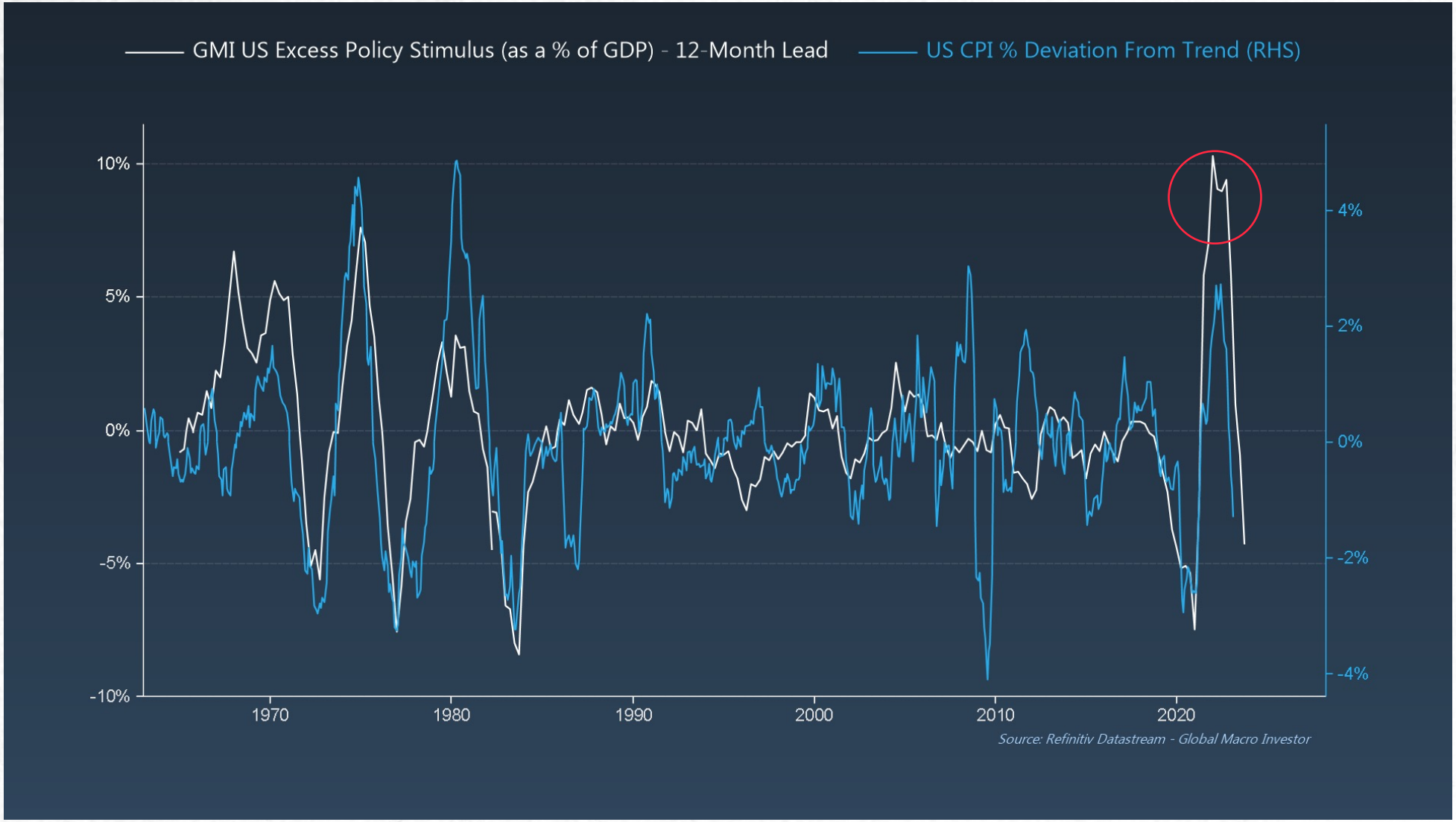
Top in Oil


CL1 ↑70.57 +1.31 70.56 /70.57 5 x 3 Prev 69.26
At 10:28d Vol 118379 Op 69.42 Hi 70.92 Lo 69.13 OpenInt 342475
CL1 Comdty
94) Suggested Charts
96) Actions
97) Edit
G 37: GMI Template
03/14/2021 - 03/27/2023
USD
1D 3D 1M 6M YTD 1Y 5Y Max Daily Table
Add Data
Edit Chart
Track Annotate News Zoom
130
120
110
100
90
80
70.57
60
Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar
2021
06/14/22 2022
2023
Source: Global Macro Investor

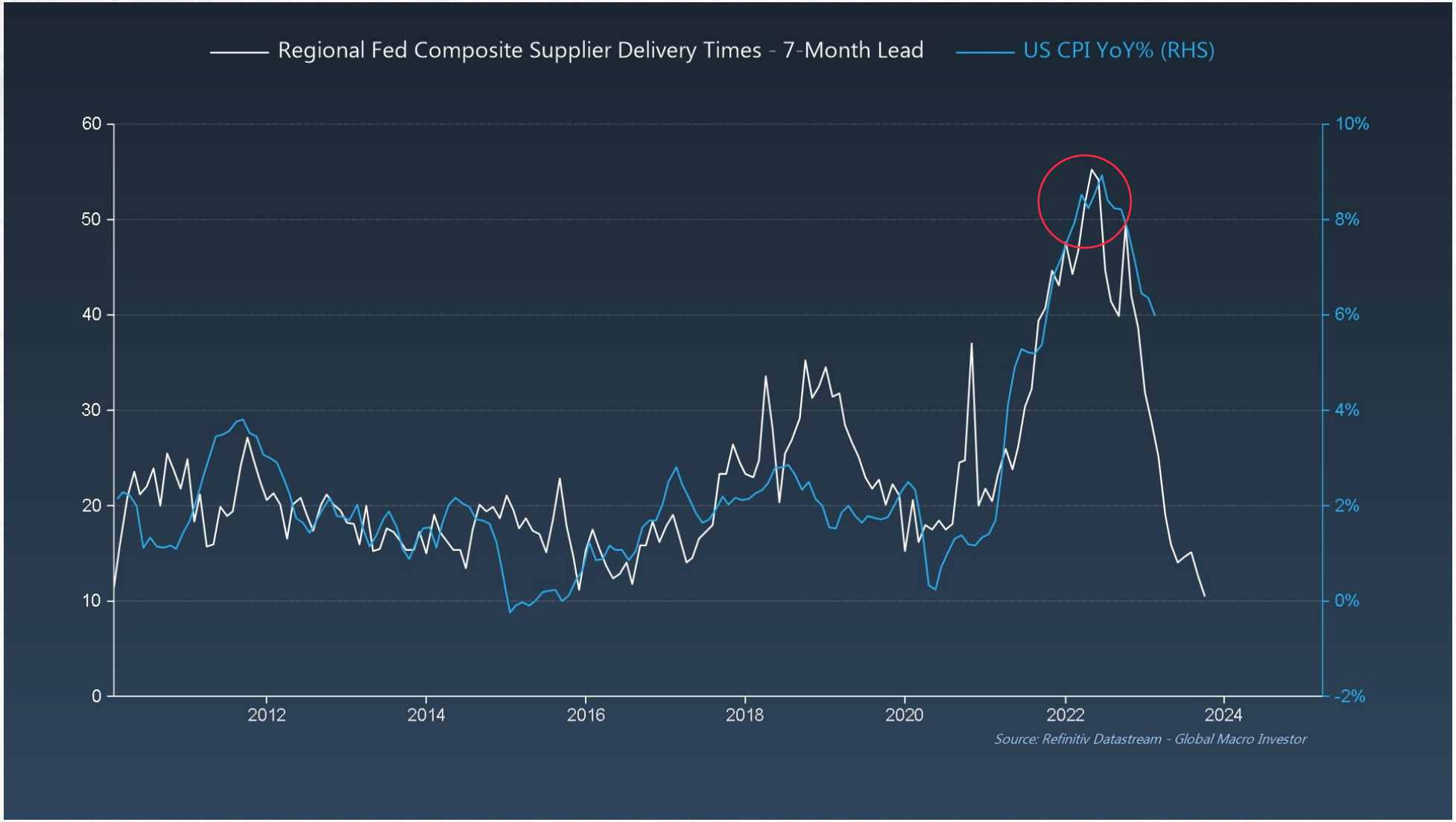
ISM Headed Below 50



Peak in Inflation (1/2)



Peak in Inflation (2/2)



The Seasons Across Countries

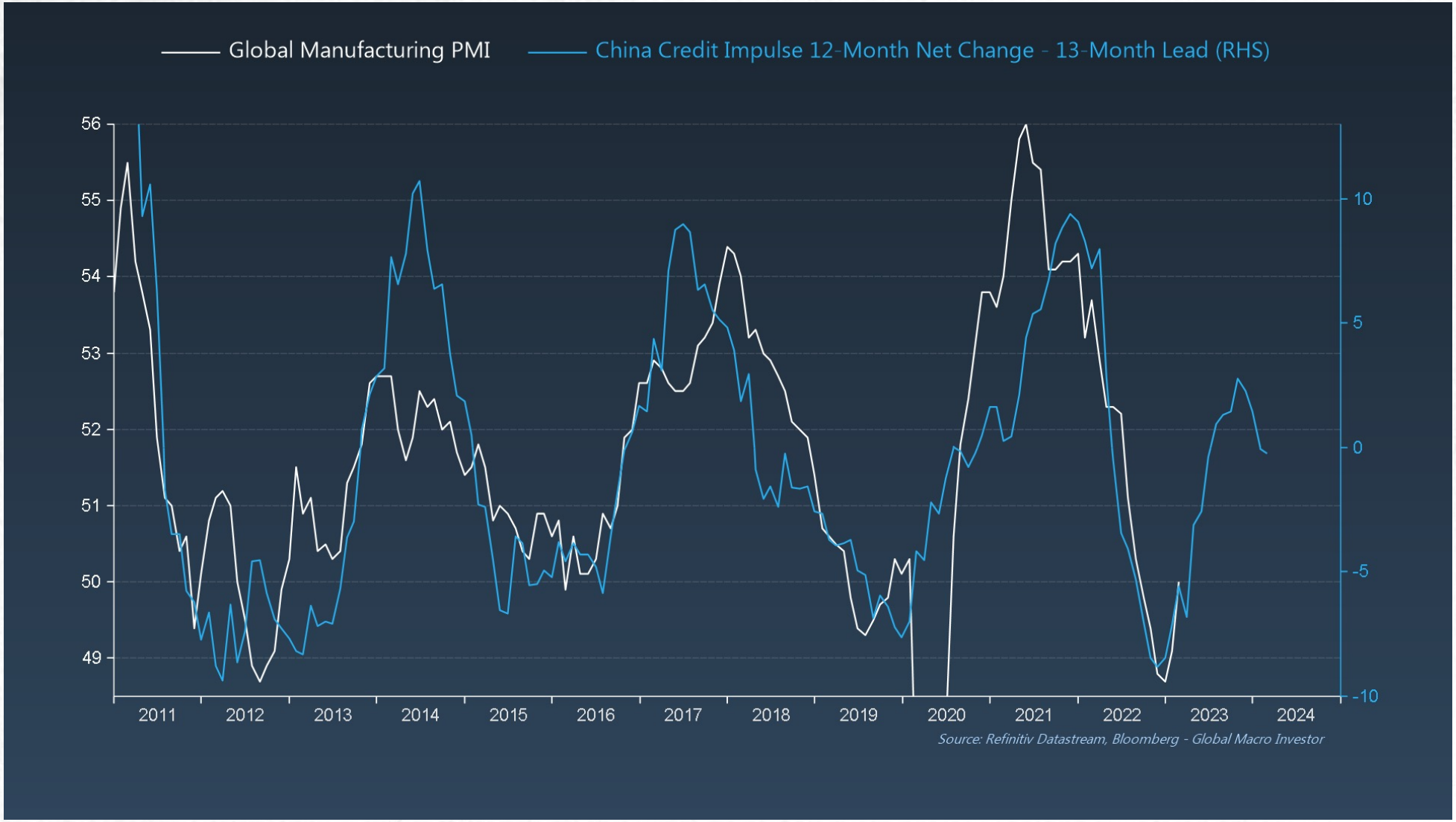
	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	
US	SUM	SUM	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	WIN	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	WIN	WIN	WIN	**US**
Canada	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	WIN	WIN	WIN	**Canada**
UK	SPR	WIN	FAL	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	SPR	SPR	**UK**
Euro Zone	SPR	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	SPR	**Euro Zone**
Germany	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	WIN	WIN	FAL	FAL	FAL	FAL	FAL	WIN	FAL	FAL	FAL	WIN	WIN	SPR	Germany
France	SPR	SPR	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SPR	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	FAL	FAL	FAL	WIN	FAL	France
Italy	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	SPR	SPR	Italy
Spain	SPR	SPR	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	SPR	SPR	Spain
Major 5 Asia	SPR	SPR	SPR	SPR	SPR	SPR	SUM	SUM	FAL	FAL	FAL	WIN	FAL	FAL	FAL	FAL	FAL	WIN	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	FAL	FAL	**Major 5 Asia**
China	SPR	SPR	SPR	SPR	SPR	SPR	FAL	FAL	FAL	FAL	FAL	WIN	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	FAL	FAL	FAL	FAL	WIN	WIN	WIN	FAL	SPR	China
India	SUM	SUM	SUM	SPR	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SPR	SPR	SPR	WIN	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	FAL	FAL	WIN	WIN	WIN	FAL	India
Indonesia	SPR	SPR	SUM	SUM	SUM	SPR	SPR	SPR	SUM	SPR	SUM	WIN	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	FAL	Indonesia
Japan	SPR	SPR	SPR	SPR	SPR	SUM	SUM	SPR	SPR	SPR	SUM	SUM	FAL	FAL	FAL	FAL	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	Japan
South Korea	SUM	SPR	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SUM	FAL	WIN	FAL	FAL	FAL	FAL	FAL	WIN	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	WIN	WIN	South Korea
Australia	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	WIN	WIN	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	**Australia**
South Africa	SUM	SUM	SUM	SUM	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SPR	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	WIN	**South Africa**
Brazil	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	SUM	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	WIN	WIN	WIN	WIN	**Brazil**
Mexico	SUM	SUM	SPR	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SPR	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	**Mexico**
Global	SUM	SPR	SPR	SUM	SUM	SUM	SUM	SUM	SUM	SUM	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	FAL	WIN	WIN	WIN	WIN	WIN	**Global**
% Spring	50.0%	37.5%	43.8%	50.0%	31.3%	25.0%	6.3%	12.5%	6.3%	12.5%	12.5%	18.8%	6.3%	6.3%	0.0%	0.0%	0.0%	6.3%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.8%	31.3%	**% Recovery**
% Summer	50.0%	56.3%	50.0%	50.0%	68.8%	75.0%	81.3%	75.0%	81.3%	81.3%	62.5%	43.8%	50.0%	37.5%	25.0%	18.8%	25.0%	18.8%	12.5%	6.3%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**% Expansion**
% Fall	0.0%	0.0%	6.3%	0.0%	0.0%	0.0%	12.5%	12.5%	12.5%	6.3%	25.0%	12.5%	31.3%	56.3%	68.8%	75.0%	62.5%	50.0%	75.0%	87.5%	87.5%	100.0%	87.5%	68.8%	62.5%	56.3%	43.8%	25.0%	12.5%	18.8%	**% Slowdown**
% Winter	0.0%	6.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	25.0%	12.5%	0.0%	6.3%	6.3%	12.5%	25.0%	6.3%	6.3%	6.3%	0.0%	12.5%	31.3%	37.5%	43.8%	56.3%	75.0%	68.8%	50.0%	**% Contraction**

Peak Global Mfg PMI — Commodities Peak — Trough Global Mfg PMI

SPR	SPRING = Disinflationary Boom (rising growth with falling inflation).
SUM	SUMMER = Inflationary Boom (rising growth and rising inflation).
FAL	FALL = Stagflation (falling growth with rising inflation).
WIN	WINTER= Deflationary Bust (falling growth and falling inflation).

What comes after peak **WINTER?**

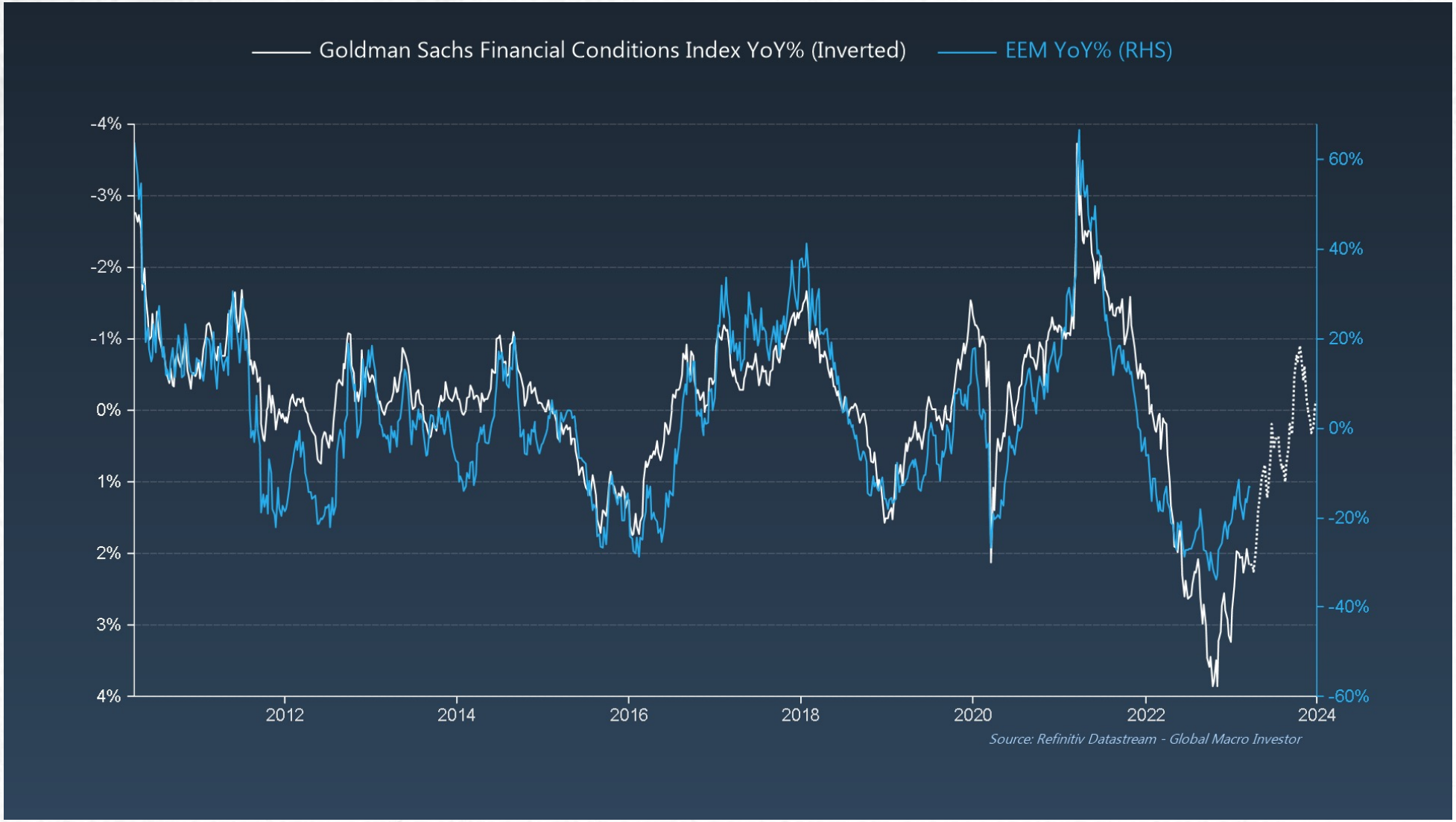
Bottom in Global Growth…?



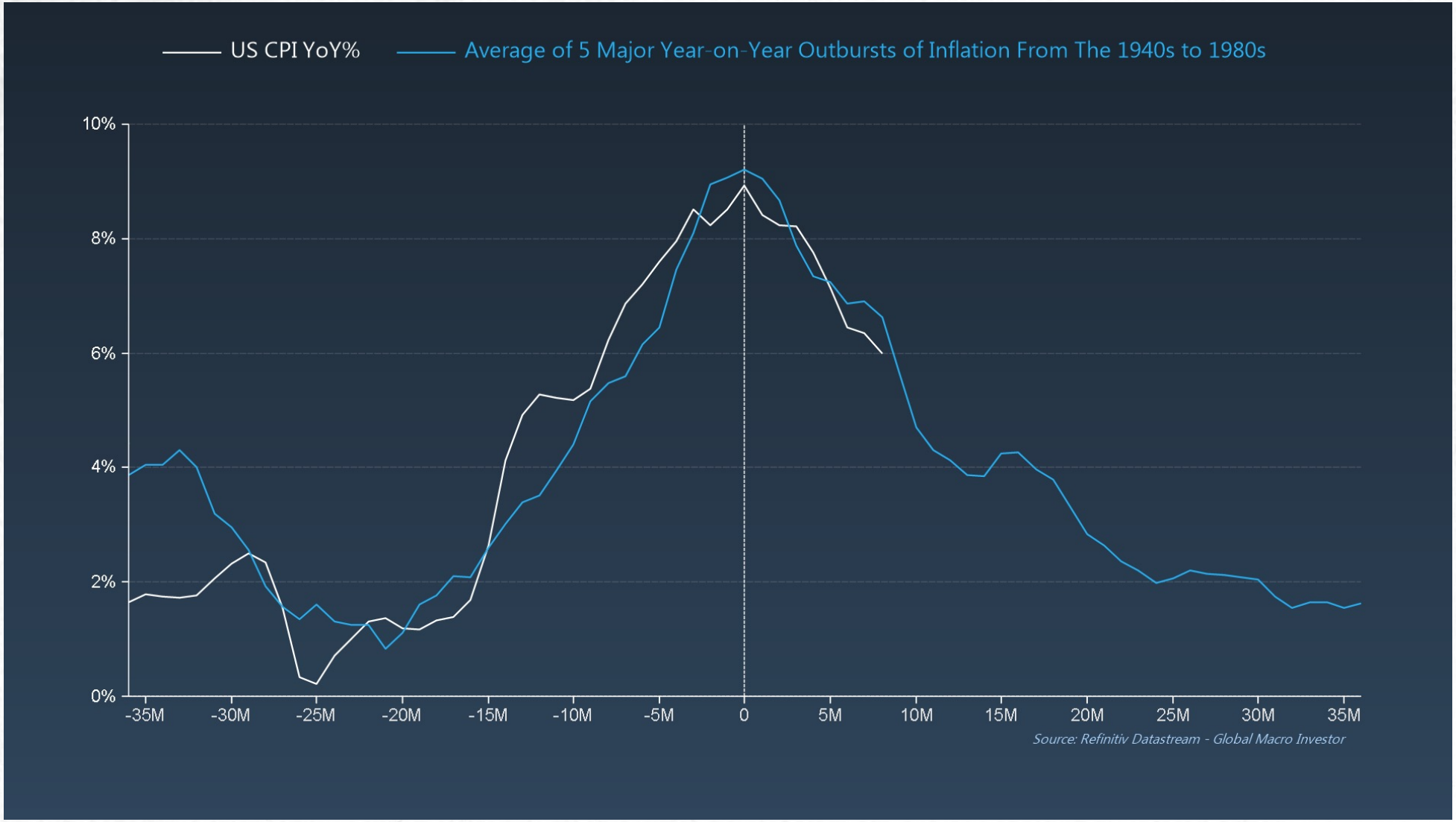
Easing Financial Conditions...



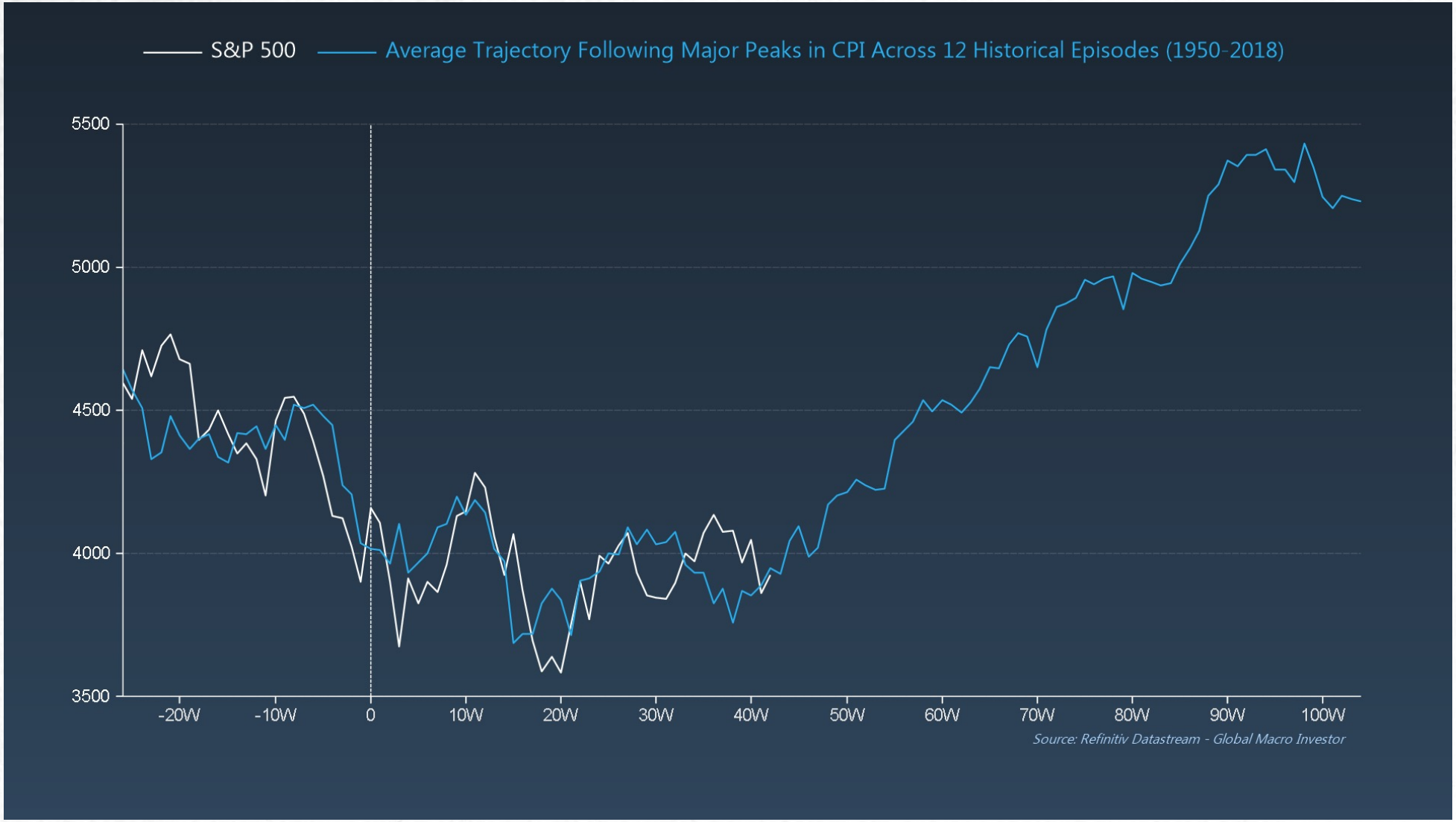
Positive for Emerging Markets...



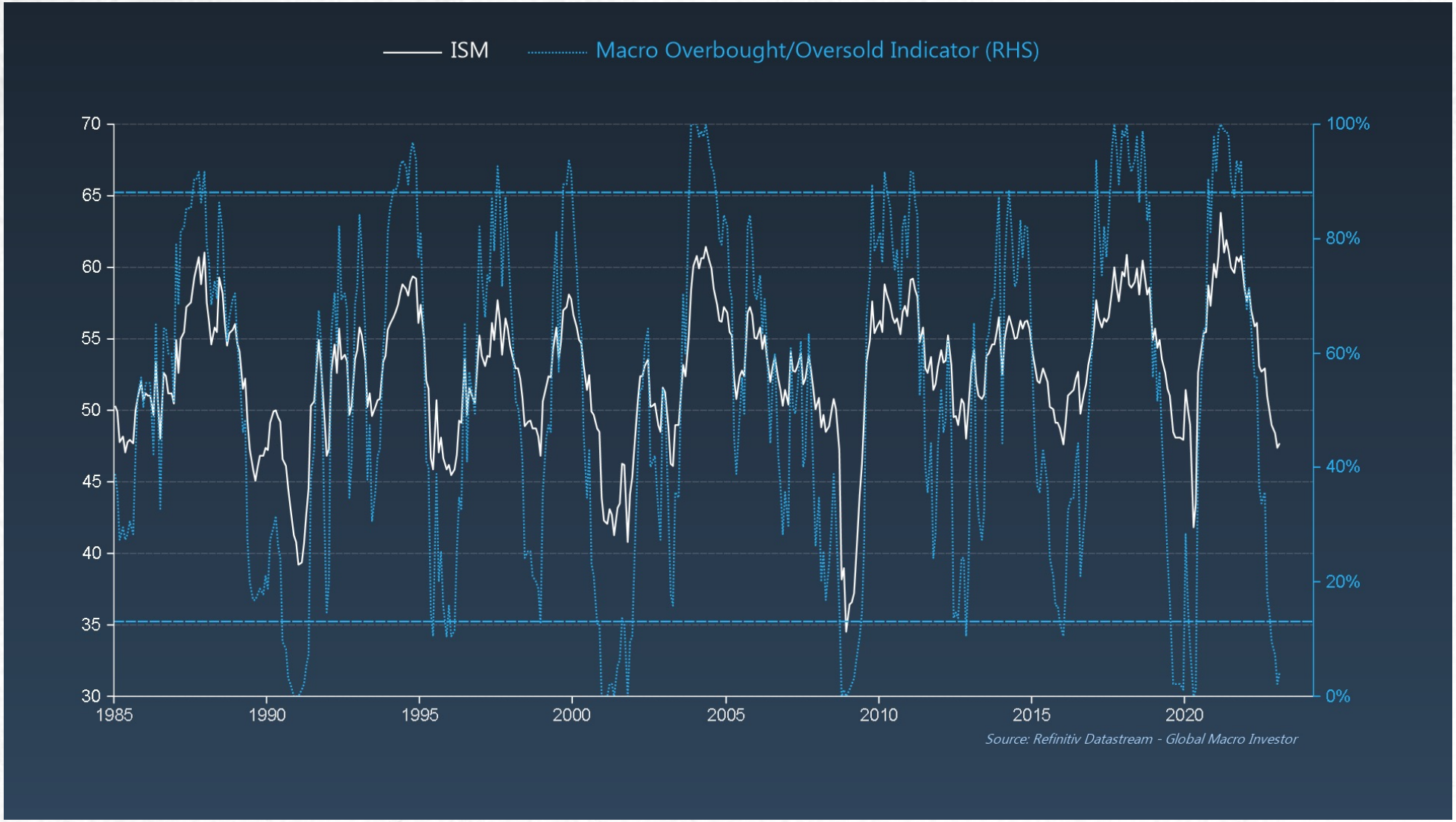
Peak in Inflation...



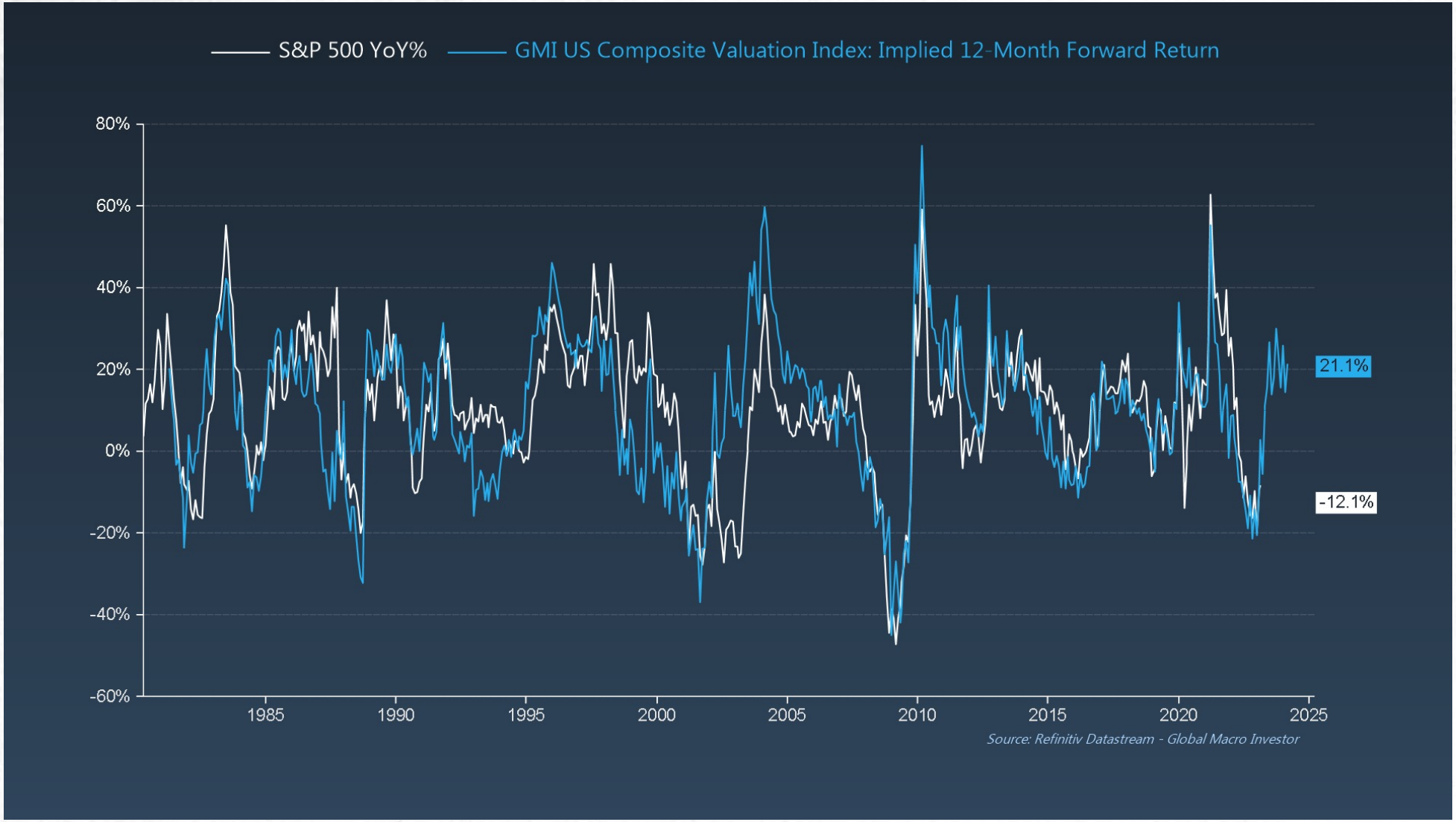
Good News for Equities...?



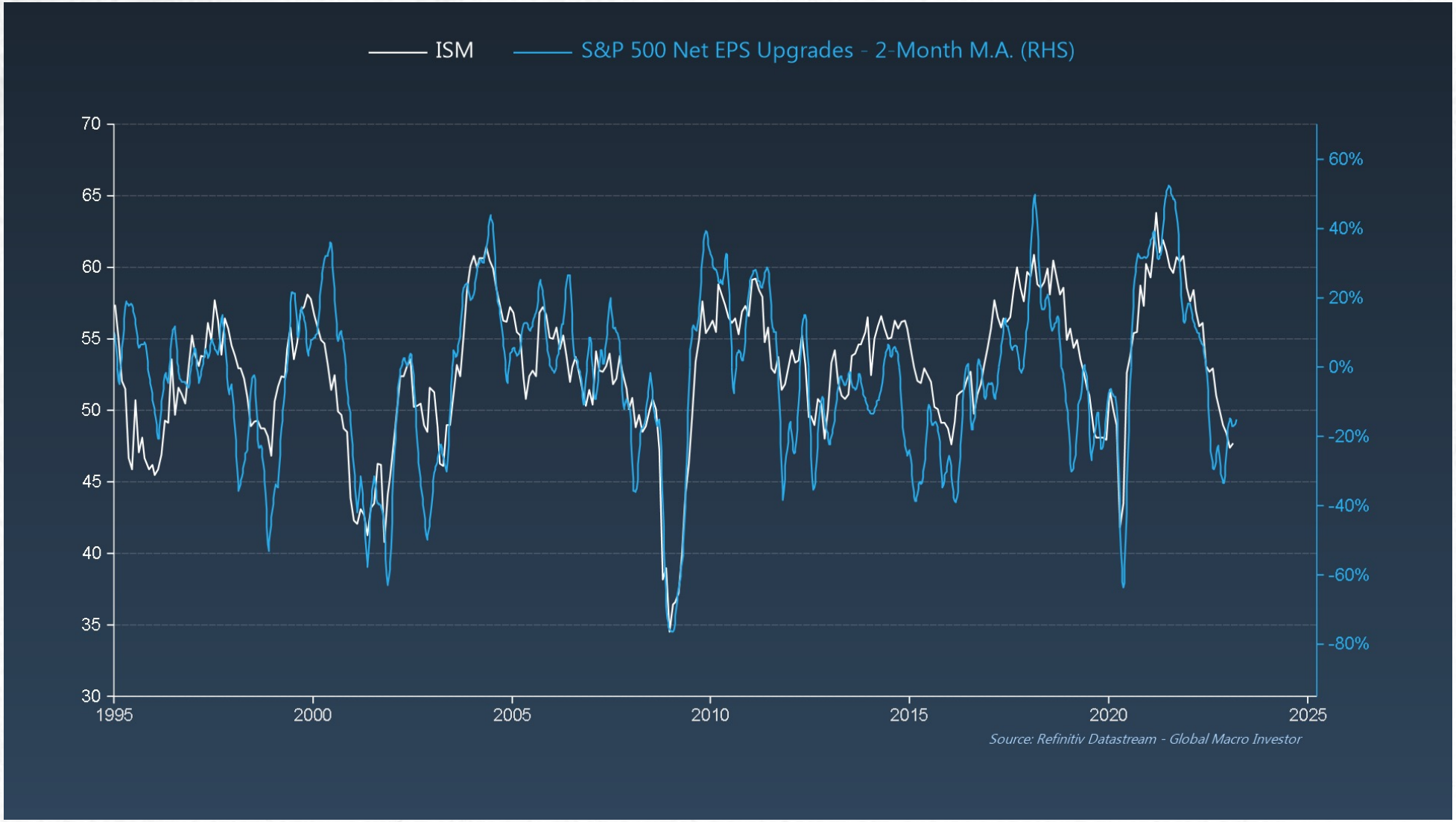
Growth Momentum Oversold



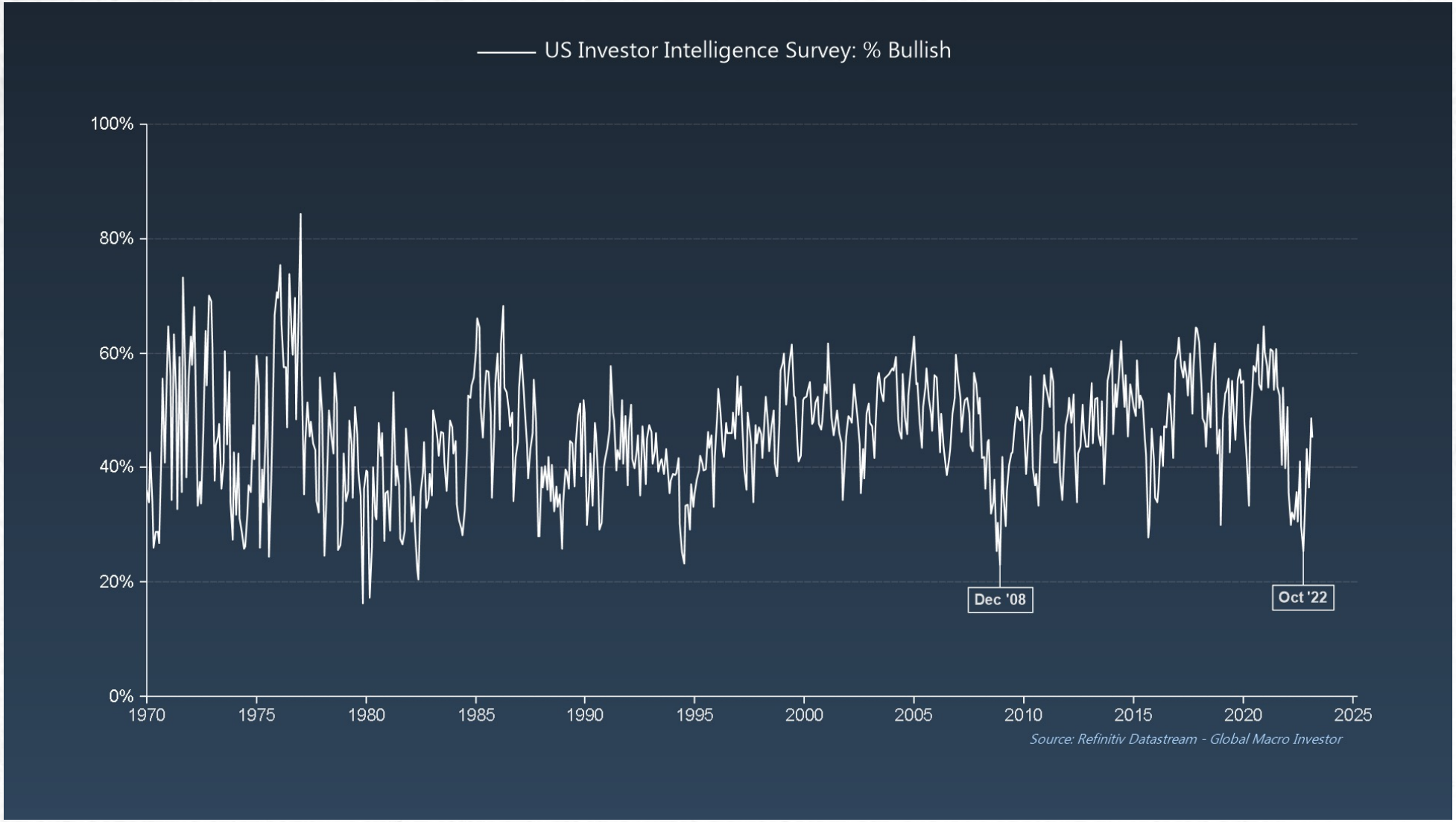
Valuations have dropped



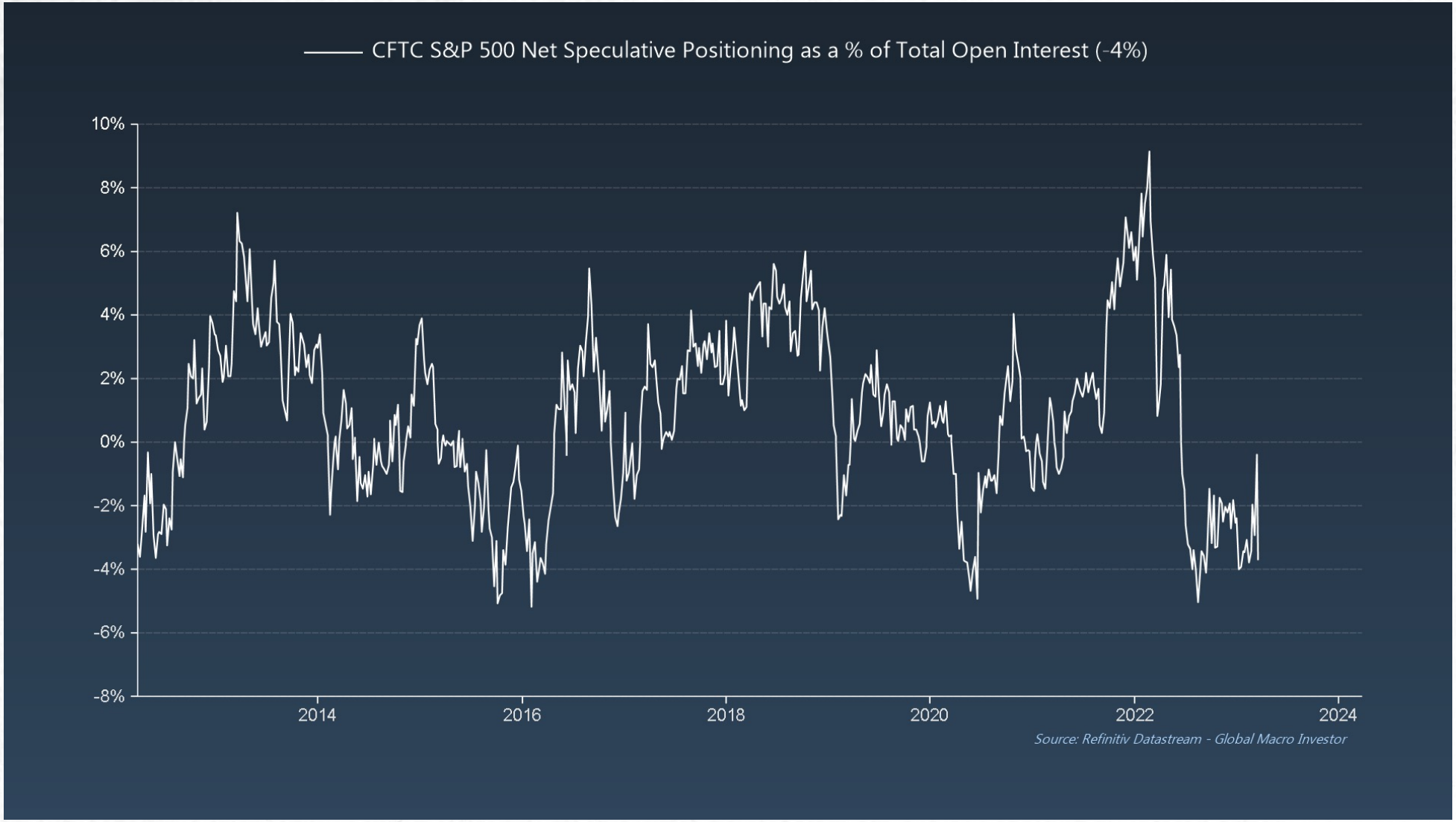
Earnings have corrected



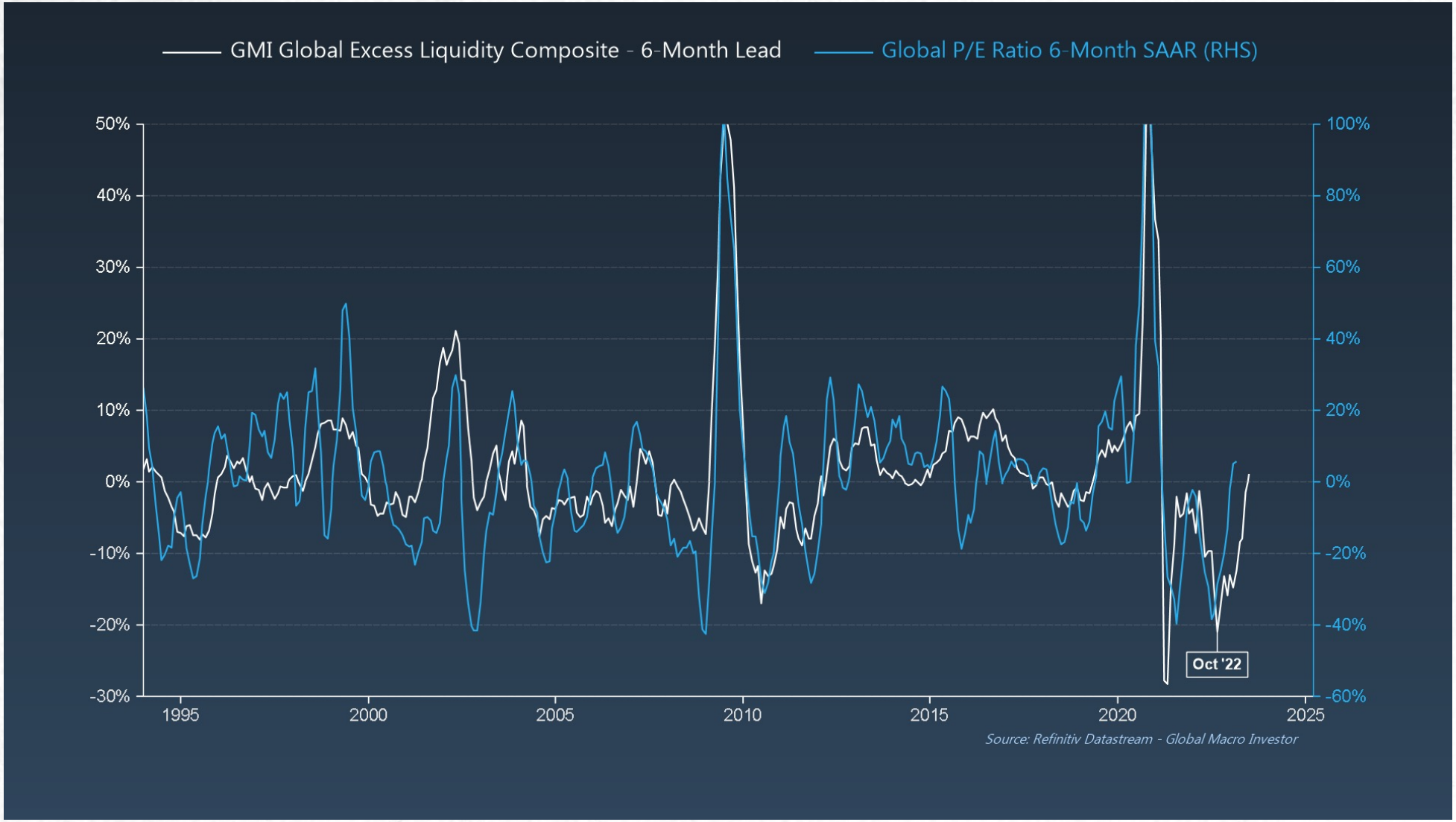
Sentiment was extreme…



Positioning was extreme…



BUT... Liquidity was improving



TIME OUT

Now you understand how **GROWTH** and **INFLATION** create distinctive environments that drive financial markets.

Let’s now turn to each of the distinctive seasons to highlight the specific asset allocation that performs best (and worst).

SPRING

What works in **SPRING**

GMI Macro Factor Correlation Table

	Asset Class Rankings	RORO	Growth	Inflation	ST Rates	Liquidity	USD	Oil	GMI Traffic Lights
		0	1	-1	0	0	0	0	
Asset Classes Ranked 1-5	Equities	0.94	0.61	0.23	0.24	0.84	-0.41	0.53	1.00
	Credit	0.42	0.33	-0.09	-0.32	0.53	-0.49	0.22	0.62
	Commodities	0.68	0.54	0.67	0.33	0.04	-0.48	0.93	-0.28
	Cash	-0.41	-0.20	-0.45	-0.98	0.62	-0.05	-0.31	-0.51
	Bonds	-0.49	-0.34	-0.48	-0.77	0.51	-0.01	-0.42	-0.84
Equity Regions Top 3	China	0.10	0.08	-0.12	-0.22	-0.44	-0.23	0.02	1.37
	EM	0.36	0.30	0.13	-0.05	-0.58	-0.43	0.30	0.95
	US	-0.03	0.07	-0.05	-0.18	0.71	-0.10	-0.04	0.61
Equity Regions Bottom 3	Pacific ex-Japan	0.36	0.27	0.27	0.15	-0.44	-0.44	0.38	-0.14
	Switzerland	-0.44	-0.40	-0.19	-0.12	0.02	0.47	-0.48	-0.81
	UK	-0.38	-0.36	0.01	0.10	-0.73	0.24	-0.12	-1.97
Equity Sectors Top 3	Consumer Discretionary	0.22	0.23	-0.26	-0.11	0.08	0.08	-0.07	1.93
	Semiconductors	0.30	0.26	-0.05	-0.02	0.27	-0.04	0.09	1.27
	Technology	0.25	0.27	-0.05	-0.12	0.44	-0.07	0.04	1.26
Equity Sectors Bottom 3	Energy	0.17	-0.02	0.41	0.41	-0.56	-0.09	0.53	-1.52
	Utilites	-0.70	-0.47	-0.14	-0.18	-0.50	0.24	-0.39	-1.56
	Consumer Staples	-0.83	-0.56	-0.24	-0.34	-0.53	0.39	-0.56	-1.56
Fixed Income Top 3	US HY	0.83	0.64	0.31	0.29	0.63	-0.51	0.56	0.70
	US IG	0.54	0.40	0.02	-0.09	0.49	-0.49	0.30	0.66
	EM Bonds	0.74	0.60	0.28	0.15	0.52	-0.55	0.52	0.61
Fixed Income Bottom 3	US TIPS	0.37	0.29	0.29	-0.11	0.65	-0.46	0.37	-0.45
	7-10Y USTs	-0.47	-0.35	-0.45	-0.66	0.45	0.00	-0.41	-0.63
	20Y+ USTs	-0.49	-0.37	-0.47	-0.58	0.52	0.10	-0.45	-0.66

GMI Macro Factor Correlation Table

	Asset Class Rankings	RORO	Growth	Inflation	ST Rates	Liquidity	USD	Oil	GMI Traffic Lights
		0	1	-1	0	0	0	0	
Currencies Top 3	AUD	0.73	0.56	0.30	0.09	0.10	-0.75	0.57	0.88
	KRW	0.68	0.43	0.26	0.17	0.20	-0.61	0.40	0.57
	CAD	0.67	0.52	0.35	0.13	0.32	-0.66	0.61	0.44
Currencies Bottom 3	MXN	0.65	0.37	0.41	0.26	-0.17	-0.46	0.50	-0.30
	BRL	0.54	0.41	0.42	0.23	-0.15	-0.49	0.49	-0.34
	DXY	-0.52	-0.38	-0.21	0.09	-0.35	1.00	-0.41	-1.60
Commodites Top 3	Copper	0.02	0.08	-0.24	-0.11	0.32	-0.06	-0.35	1.32
	Crude Oil	0.47	0.42	0.44	0.17	0.05	-0.24	0.84	0.98
	Cotton	-0.19	-0.05	-0.36	-0.23	0.23	0.17	-0.47	0.87
Commodites Bottom 3	Coffee	-0.47	-0.33	-0.38	-0.33	0.32	0.24	-0.63	-0.67
	Gold	-0.65	-0.50	-0.64	-0.49	0.00	0.24	-0.76	-0.74
	Natural Gas	-0.33	-0.19	-0.08	-0.08	-0.04	0.24	-0.37	-0.98
Style Factors Top 3	High Beta	0.72	0.53	0.14	0.24	0.43	-0.16	0.42	1.10
	Small Caps	0.64	0.54	0.16	0.36	-0.04	-0.19	0.41	0.93
	Growth	-0.07	-0.03	-0.14	-0.29	0.51	0.08	-0.14	0.42
Style Factors Bottom 3	Value	0.41	0.25	0.23	0.44	-0.45	-0.01	0.22	-0.37
	Large Caps	-0.02	-0.17	0.02	0.17	0.71	0.41	-0.16	-0.72
	Min Vol	-0.50	-0.27	-0.06	0.04	-0.31	0.43	-0.25	-1.04

SUMMARY

Risk On/Off: **ON**

Sector Tilt: **Cyclical**

Style Factor: **High beta / Growth**

Credit Risk Exposure: **High**

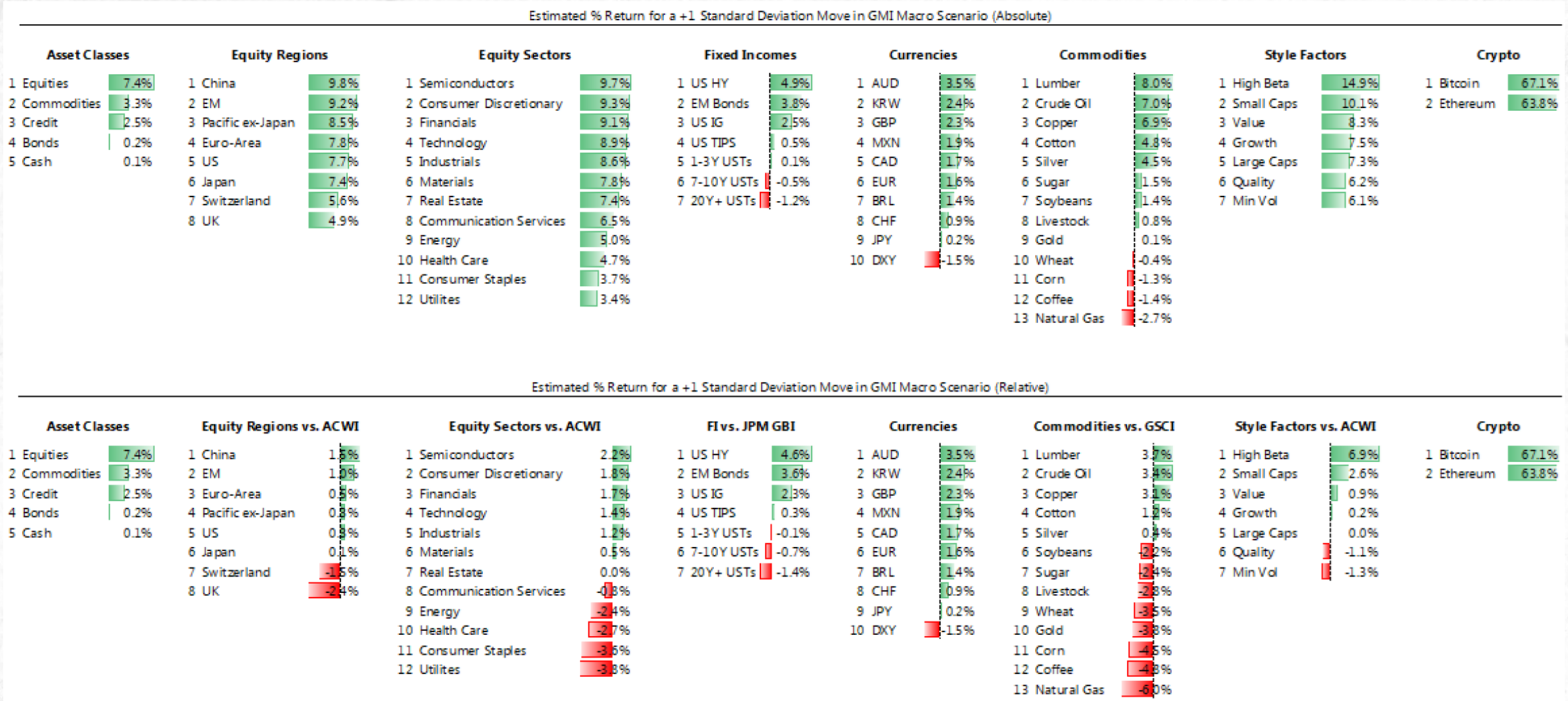
Fixed Income: **Front-end**

Inflation hedge: **OFF**

FX Allocation: **Short USD**

Crypto Exposure: **High**

Absolute / Relative Returns



Are Global Stocks Basing...?



Is China basing...?



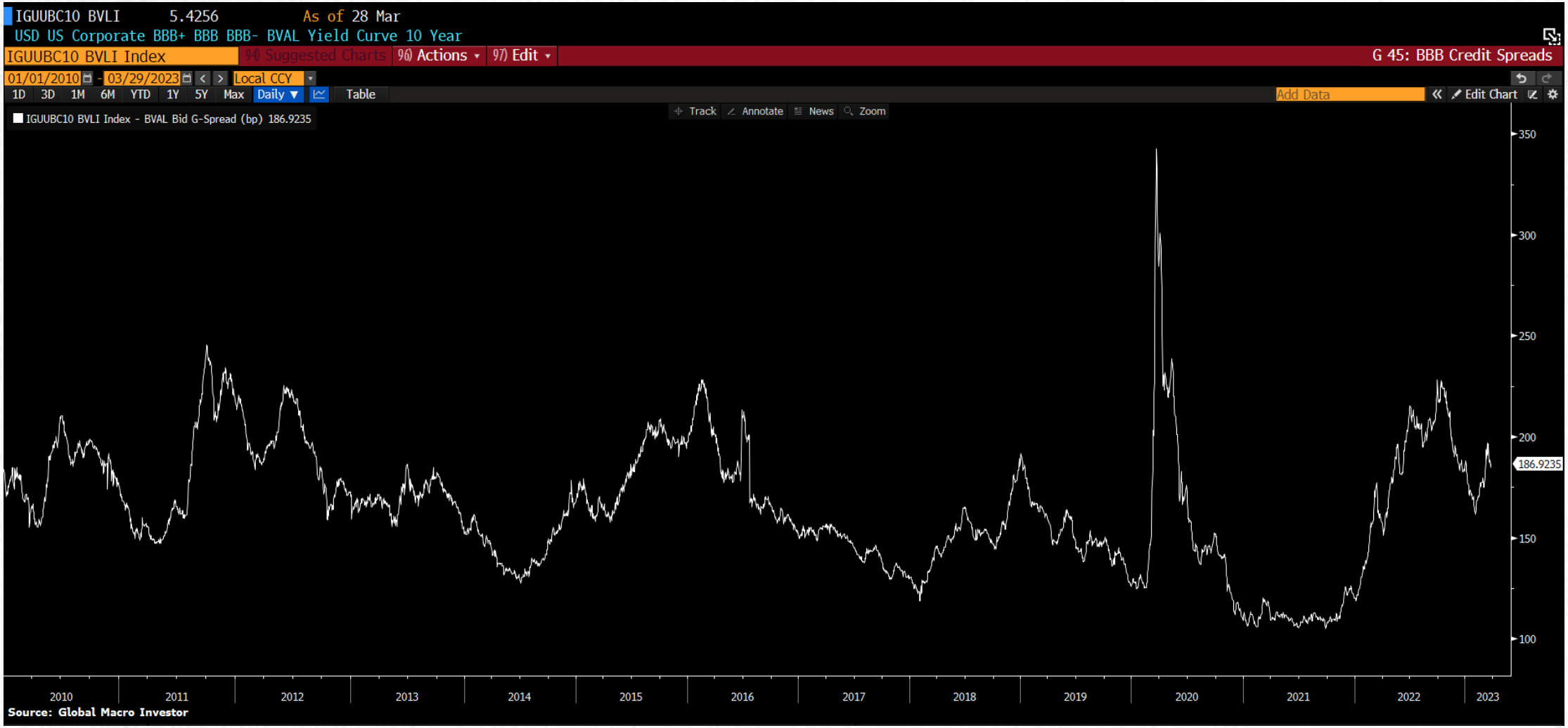
Semiconductors outperforming



Exponential age…?



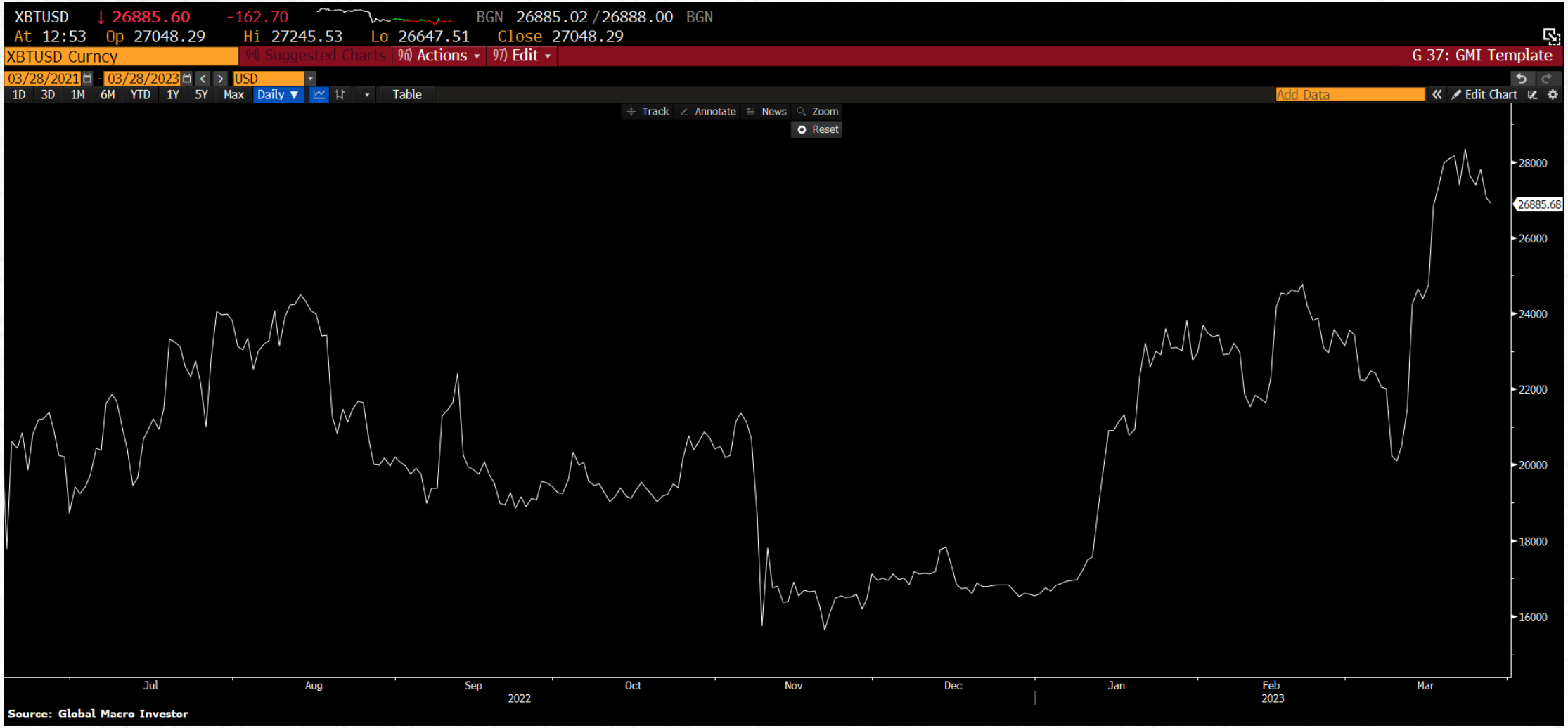
Peak in Credit Stress…?



Peak in USD…?


DXY ↑102.631 -.226 -- / -- -- x -- Prev 102.857
At 7:02d Vol -- Op 102.710 Hi 102.759 Lo 102.531 OpenInt --
DXY Curncy
94) Suggested Charts
90) Actions
97) Edit
G 37: GMI Template
03/28/2021 - 03/28/2023
USD
1D 3D 1M 6M YTD 1Y 5Y Max Daily Table
Add Data
Edit Chart
Track Annotate News Zoom
Reset
115
110
105
102.631
100
95
Aug Sep Oct Nov Dec Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr May
2021
2022
2023
Source: Global Macro Investor

Bottom in Bitcoin…?



SUMMER

What works in **SUMMER**

GMI Macro Factor Correlation Table

	Asset Class Rankings	RORO	Growth	Inflation	ST Rates	Liquidity	USD	Oil	GMI Traffic Lights
		0	1	1	0	0	0	0	
Asset Classes	Commodities	0.68	0.54	0.67	0.33	0.04	-0.48	0.93	2.41
Ranked 1-5	Equities	0.94	0.61	0.23	0.24	0.84	-0.41	0.53	1.78
	Credit	0.42	0.33	-0.09	-0.32	0.53	-0.49	0.22	0.27
	Cash	-0.41	-0.20	-0.45	-0.98	0.62	-0.05	-0.31	-2.02
	Bonds	-0.49	-0.34	-0.48	-0.77	0.51	-0.01	-0.42	-2.44
Equity Regions	Pacific ex-Japan	0.36	0.27	0.27	0.15	-0.44	-0.44	0.38	3.02
Top 3	EM	0.36	0.30	0.13	-0.05	-0.58	-0.43	0.30	2.15
	Japan	0.11	0.06	0.07	0.31	-0.63	0.39	-0.07	0.64
Bottom 3	China	0.10	0.08	-0.12	-0.22	-0.44	-0.23	0.02	-0.62
	UK	-0.38	-0.36	0.01	0.10	-0.73	0.24	-0.12	-1.82
	Switzerland	-0.44	-0.40	-0.19	-0.12	0.02	0.47	-0.48	-3.40
Equity Sectors	Materials	0.37	0.33	0.34	0.23	-0.19	-0.44	0.48	2.67
Top 3	Industrials	0.57	0.36	0.24	0.40	0.09	-0.22	0.29	2.45
	Financials	0.51	0.29	0.22	0.37	0.08	-0.12	0.26	2.14
Bottom 3	Health Care	-0.68	-0.50	-0.24	-0.26	-0.33	0.42	-0.52	-2.66
	Consumer Staples	-0.83	-0.56	-0.24	-0.34	-0.53	0.39	-0.56	-2.93
	Communication Services	-0.58	-0.36	-0.43	-0.56	0.41	0.09	-0.34	-2.97
Fixed Income	US HY	0.83	0.64	0.31	0.29	0.63	-0.51	0.56	2.41
Top 3	EM Bonds	0.74	0.60	0.28	0.15	0.52	-0.55	0.52	2.19
	US TIPS	0.37	0.29	0.29	-0.11	0.65	-0.46	0.37	1.37
Bottom 3	1-3Y USTs	-0.32	-0.24	-0.47	-0.81	0.53	-0.13	-0.29	-2.10
	7-10Y USTs	-0.47	-0.35	-0.45	-0.66	0.45	0.00	-0.41	-2.37
	20Y+ USTs	-0.49	-0.37	-0.47	-0.58	0.52	0.10	-0.45	-2.48

GMI Macro Factor Correlation Table

	Asset Class Rankings	RORO	Growth	Inflation	ST Rates	Liquidity	USD	Oil	GMI Traffic Lights
		0	1	1	0	0	0	0	
Currencies	CAD	0.67	0.52	0.35	0.13	0.32	-0.66	0.61	1.59
Top 3	AUD	0.73	0.56	0.30	0.09	0.10	-0.75	0.57	1.56
	BRL	0.54	0.41	0.42	0.23	-0.15	-0.49	0.49	1.45
Bottom 3	CHF	0.32	0.23	0.15	-0.18	0.16	-0.80	0.23	-0.44
	JPY	-0.18	-0.12	-0.25	-0.51	0.34	-0.43	-0.07	-3.53
	DXY	-0.52	-0.38	-0.21	0.09	-0.35	1.00	-0.41	-4.46
Commodites	Crude Oil	0.47	0.42	0.44	0.17	0.05	-0.24	0.84	5.81
Top 3	Lumber	-0.11	0.05	-0.13	-0.14	0.25	0.14	-0.29	1.74
	Copper	0.02	0.08	-0.24	-0.11	0.32	-0.06	-0.35	1.56
Bottom 3	Soybeans	-0.41	-0.30	-0.48	-0.32	-0.18	0.17	-0.61	-1.25
	Livestock	-0.60	-0.37	-0.54	-0.22	-0.03	0.43	-0.75	-1.89
	Gold	-0.65	-0.50	-0.64	-0.49	0.00	0.24	-0.76	-2.86
Style Factors	Small Caps	0.64	0.54	0.16	0.36	-0.04	-0.19	0.41	2.30
Top 3	High Beta	0.72	0.53	0.14	0.24	0.43	-0.16	0.42	2.23
	Value	0.41	0.25	0.23	0.44	-0.45	-0.01	0.22	1.83
Bottom 3	Growth	-0.07	-0.03	-0.14	-0.29	0.51	0.08	-0.14	-1.07
	Min Vol	-0.50	-0.27	-0.06	0.04	-0.31	0.43	-0.25	-1.44
	Quality	-0.61	-0.46	-0.30	-0.42	0.67	0.22	-0.38	-3.30

SUMMARY

Risk On/Off: **ON**

Sector Tilt: **Cyclical**

Style Factor: **High beta / Small Cap**

Credit Risk Exposure: **High**

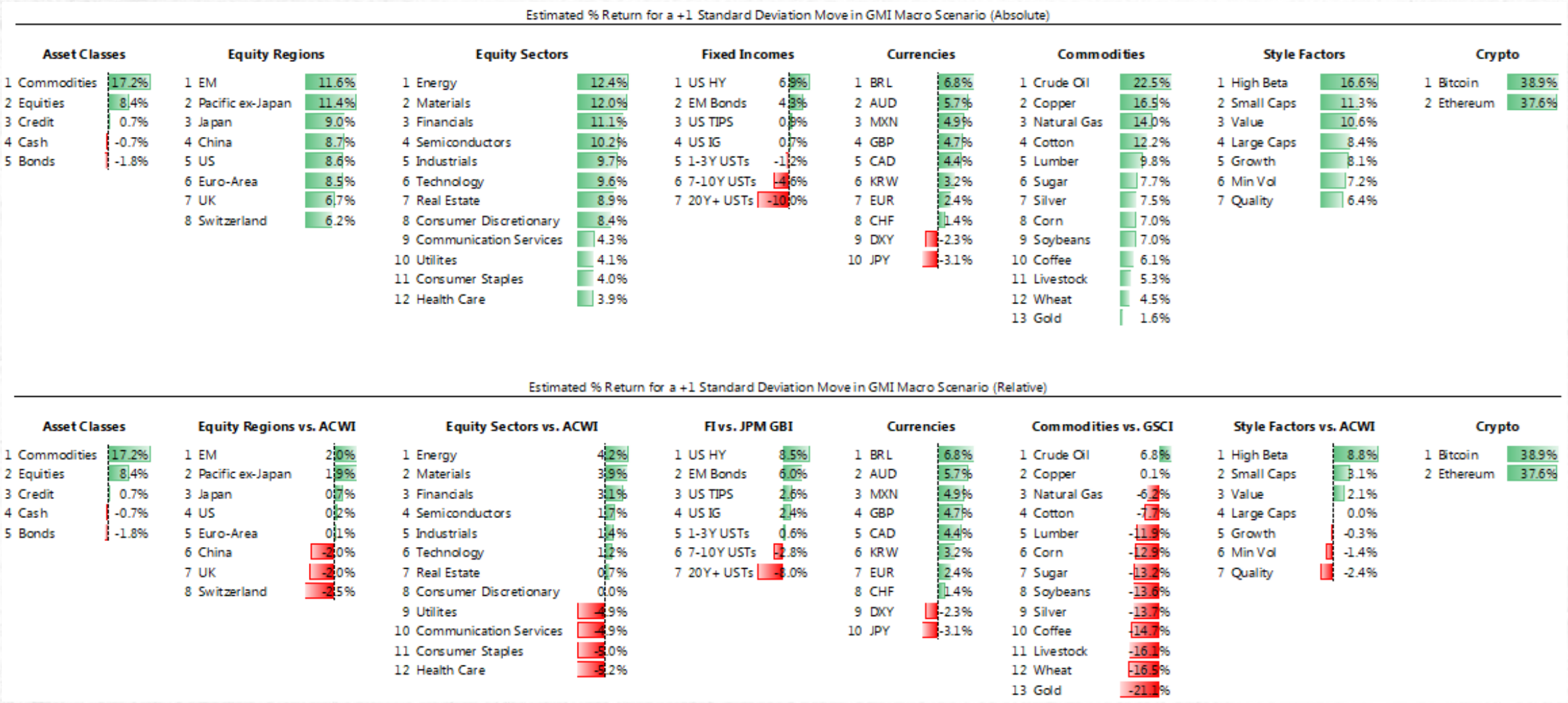
Fixed Income: **Front-end**

Inflation hedge: **ON**

FX Allocation: **Short USD**

Crypto Exposure: **High**

Absolute / Relative Returns



FALL

What works in **FALL**

GMI Macro Factor Correlation Table

	Asset Class Rankings	RORO	Growth	Inflation	ST Rates	Liquidity	USD	Oil	GMI Traffic Lights
		0	-1	1	0	0	0	0	
Asset Classes Ranked 1-5	Commodities	0.68	0.54	0.67	0.33	0.04	-0.48	0.93	0.66
	Bonds	-0.49	-0.34	-0.48	-0.77	0.51	-0.01	-0.42	0.25
	Cash	-0.41	-0.20	-0.45	-0.98	0.62	-0.05	-0.31	0.04
	Credit	0.42	0.33	-0.09	-0.32	0.53	-0.49	0.22	-0.46
	Equities	0.94	0.61	0.23	0.24	0.84	-0.41	0.53	-0.48
Equity Regions Top 3	UK	-0.38	-0.36	0.01	0.10	-0.73	0.24	-0.12	1.29
	Pacific ex-Japan	0.36	0.27	0.27	0.15	-0.44	-0.44	0.38	0.66
	Euro-Area	0.29	-0.04	0.05	0.17	0.10	0.03	0.08	0.15
Equity Regions Bottom 3	EM	0.36	0.30	0.13	-0.05	-0.58	-0.43	0.30	-0.41
	US	-0.03	0.07	-0.05	-0.18	0.71	-0.10	-0.04	-0.60
	China	0.10	0.08	-0.12	-0.22	-0.44	-0.23	0.02	-1.25
Equity Sectors Top 3	Energy	0.17	-0.02	0.41	0.41	-0.56	-0.09	0.53	1.62
	Utilites	-0.70	-0.47	-0.14	-0.18	-0.50	0.24	-0.39	0.88
	Consumer Staples	-0.83	-0.56	-0.24	-0.34	-0.53	0.39	-0.56	0.75
Equity Sectors Bottom 3	Semiconductors	0.30	0.26	-0.05	-0.02	0.27	-0.04	0.09	-0.90
	Technology	0.25	0.27	-0.05	-0.12	0.44	-0.07	0.04	-0.90
	Consumer Discretionary	0.22	0.23	-0.26	-0.11	0.08	0.08	-0.07	-1.63
Fixed Income Top 3	US TIPS	0.37	0.29	0.29	-0.11	0.65	-0.46	0.37	0.62
	20Y + USTs	-0.49	-0.37	-0.47	-0.58	0.52	0.10	-0.45	0.09
	7-10Y USTs	-0.47	-0.35	-0.45	-0.66	0.45	0.00	-0.41	0.08
Fixed Income Bottom 3	US HY	0.83	0.64	0.31	0.29	0.63	-0.51	0.56	-0.13
	1-3Y USTs	-0.32	-0.24	-0.47	-0.81	0.53	-0.13	-0.29	-0.20
	US IG	0.54	0.40	0.02	-0.09	0.49	-0.49	0.30	-0.36

GMI Macro Factor Correlation Table

	Asset Class Rankings	RORO	Growth	Inflation	ST Rates	Liquidity	USD	Oil	GMI Traffic Lights
		0	-1	1	0	0	0	0	
Currencies Top 3	BRL	0.54	0.41	0.42	0.23	-0.15	-0.49	0.49	0.53
	MXN	0.65	0.37	0.41	0.26	-0.17	-0.46	0.50	0.52
	DXY	-0.52	-0.38	-0.21	0.09	-0.35	1.00	-0.41	0.50
Currencies Bottom 3	KRW	0.68	0.43	0.26	0.17	0.20	-0.61	0.40	-0.28
	AUD	0.73	0.56	0.30	0.09	0.10	-0.75	0.57	-0.45
	JPY	-0.18	-0.12	-0.25	-0.51	0.34	-0.43	-0.07	-0.52
Commodites Top 3	Natural Gas	-0.33	-0.19	-0.08	-0.08	-0.04	0.24	-0.37	0.93
	Coffee	-0.47	-0.33	-0.38	-0.33	0.32	0.24	-0.63	0.36
	Corn	-0.35	-0.33	-0.37	-0.23	-0.09	0.20	-0.57	0.30
Commodites Bottom 3	Silver	-0.25	-0.21	-0.46	-0.35	0.05	-0.07	-0.44	-0.49
	Cotton	-0.19	-0.05	-0.36	-0.23	0.23	0.17	-0.47	-0.66
	Copper	0.02	0.08	-0.24	-0.11	0.32	-0.06	-0.35	-0.79
Style Factors Top 3	Value	0.41	0.25	0.23	0.44	-0.45	-0.01	0.22	0.65
	Min Vol	-0.50	-0.27	-0.06	0.04	-0.31	0.43	-0.25	0.56
	Large Caps	-0.02	-0.17	0.02	0.17	0.71	0.41	-0.16	0.53
Style Factors Bottom 3	Small Caps	0.64	0.54	0.16	0.36	-0.04	-0.19	0.41	-0.36
	High Beta	0.72	0.53	0.14	0.24	0.43	-0.16	0.42	-0.49
	Growth	-0.07	-0.03	-0.14	-0.29	0.51	0.08	-0.14	-0.55

SUMMARY

Risk On/Off: **Risk Neutral**

Sector Tilt: **Barbell**

Style Factor: **Value / Min. Vol**

Credit Risk Exposure: **IG > HY**

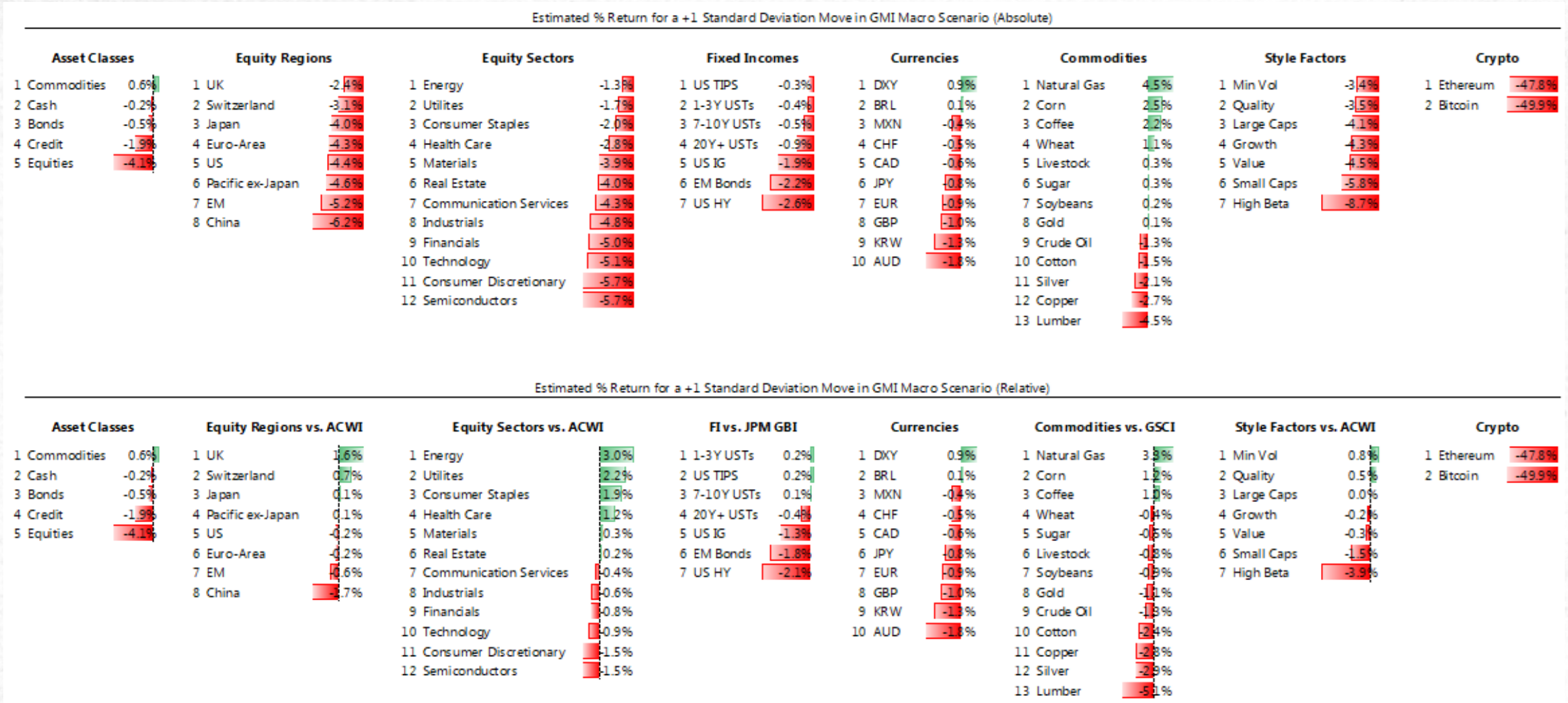
Fixed Income: **Curve belly**

Inflation hedge: **ON**

FX Allocation: **Energy FX, USD**

Crypto Exposure: **Moderate**

Absolute / Relative Returns



WINTER

What works in **WINTER**

GMI Macro Factor Correlation Table

	Asset Class Rankings	RORO	Growth	Inflation	ST Rates	Liquidity	USD	Oil	GMI Traffic Lights
		0	-1	-1	0	0	0	0	
Asset Classes Ranked 1-5	Bonds	-0.49	-0.34	-0.48	-0.77	0.51	-0.01	-0.42	2.80
	Cash	-0.41	-0.20	-0.45	-0.98	0.62	-0.05	-0.31	2.32
	Credit	0.42	0.33	-0.09	-0.32	0.53	-0.49	0.22	-0.57
	Commodities	0.68	0.54	0.67	0.33	0.04	-0.48	0.93	-2.21
	Equities	0.94	0.61	0.23	0.24	0.84	-0.41	0.53	-2.34
Equity Regions	Switzerland	-0.44	-0.40	-0.19	-0.12	0.02	0.47	-0.48	3.83
Top 3	UK	-0.38	-0.36	0.01	0.10	-0.73	0.24	-0.12	2.79
	US	-0.03	0.07	-0.05	-0.18	0.71	-0.10	-0.04	0.19
Bottom 3	Euro-Area	0.29	-0.04	0.05	0.17	0.10	0.03	0.08	-0.73
	EM	0.36	0.30	0.13	-0.05	-0.58	-0.43	0.30	-2.54
	Pacific ex-Japan	0.36	0.27	0.27	0.15	-0.44	-0.44	0.38	-2.92
Equity Sectors	Consumer Staples	-0.83	-0.56	-0.24	-0.34	-0.53	0.39	-0.56	3.71
Top 3	Health Care	-0.68	-0.50	-0.24	-0.26	-0.33	0.42	-0.52	3.21
	Utilites	-0.70	-0.47	-0.14	-0.18	-0.50	0.24	-0.39	2.97
Bottom 3	Financials	0.51	0.29	0.22	0.37	0.08	-0.12	0.26	-2.49
	Materials	0.37	0.33	0.34	0.23	-0.19	-0.44	0.48	-2.55
	Industrials	0.57	0.36	0.24	0.40	0.09	-0.22	0.29	-2.84
Fixed Income	20Y+ USTs	-0.49	-0.37	-0.47	-0.58	0.52	0.10	-0.45	2.81
Top 3	7-10Y USTs	-0.47	-0.35	-0.45	-0.66	0.45	0.00	-0.41	2.69
	1-3Y USTs	-0.32	-0.24	-0.47	-0.81	0.53	-0.13	-0.29	2.21
Bottom 3	US IG	0.54	0.40	0.02	-0.09	0.49	-0.49	0.30	-1.34
	EM Bonds	0.74	0.60	0.28	0.15	0.52	-0.55	0.52	-2.47
	US HY	0.83	0.64	0.31	0.29	0.63	-0.51	0.56	-2.76

GMI Macro Factor Correlation Table

	Asset Class Rankings	RORO	Growth	Inflation	ST Rates	Liquidity	USD	Oil	GMI Traffic Lights
		0	0	0	0	0	0	0	
Currencies	DXY	-0.52	-0.38	-0.21	0.09	-0.35	1.00	-0.41	5.25
Top 3	JPY	-0.18	-0.12	-0.25	-0.51	0.34	-0.43	-0.07	3.64
	CHF	0.32	0.23	0.15	-0.18	0.16	-0.80	0.23	0.49
Bottom 3	MXN	0.65	0.37	0.41	0.26	-0.17	-0.46	0.50	-1.34
	CAD	0.67	0.52	0.35	0.13	0.32	-0.66	0.61	-1.74
	AUD	0.73	0.56	0.30	0.09	0.10	-0.75	0.57	-1.92
Commodites	Gold	-0.65	-0.50	-0.64	-0.49	0.00	0.24	-0.76	3.19
Top 3	Livestock	-0.60	-0.37	-0.54	-0.22	-0.03	0.43	-0.75	2.27
	Wheat	-0.47	-0.33	-0.43	-0.31	-0.11	0.23	-0.62	1.47
Bottom 3	Lumber	-0.11	0.05	-0.13	-0.14	0.25	0.14	-0.29	-1.86
	Copper	0.02	0.08	-0.24	-0.11	0.32	-0.06	-0.35	-2.22
	Crude Oil	0.47	0.42	0.44	0.17	0.05	-0.24	0.84	-6.36
Style Factors	Quality	-0.61	-0.46	-0.30	-0.42	0.67	0.22	-0.38	3.46
Top 3	Min Vol	-0.50	-0.27	-0.06	0.04	-0.31	0.43	-0.25	2.09
	Growth	-0.07	-0.03	-0.14	-0.29	0.51	0.08	-0.14	0.90
Bottom 3	Value	0.41	0.25	0.23	0.44	-0.45	-0.01	0.22	-1.70
	Small Caps	0.64	0.54	0.16	0.36	-0.04	-0.19	0.41	-2.68
	High Beta	0.72	0.53	0.14	0.24	0.43	-0.16	0.42	-2.78

SUMMARY

Risk On/Off: **OFF**

Sector Tilt: **Defensive**

Style Factor: **Quality / Min. Vol**

Credit Risk Exposure: **None**

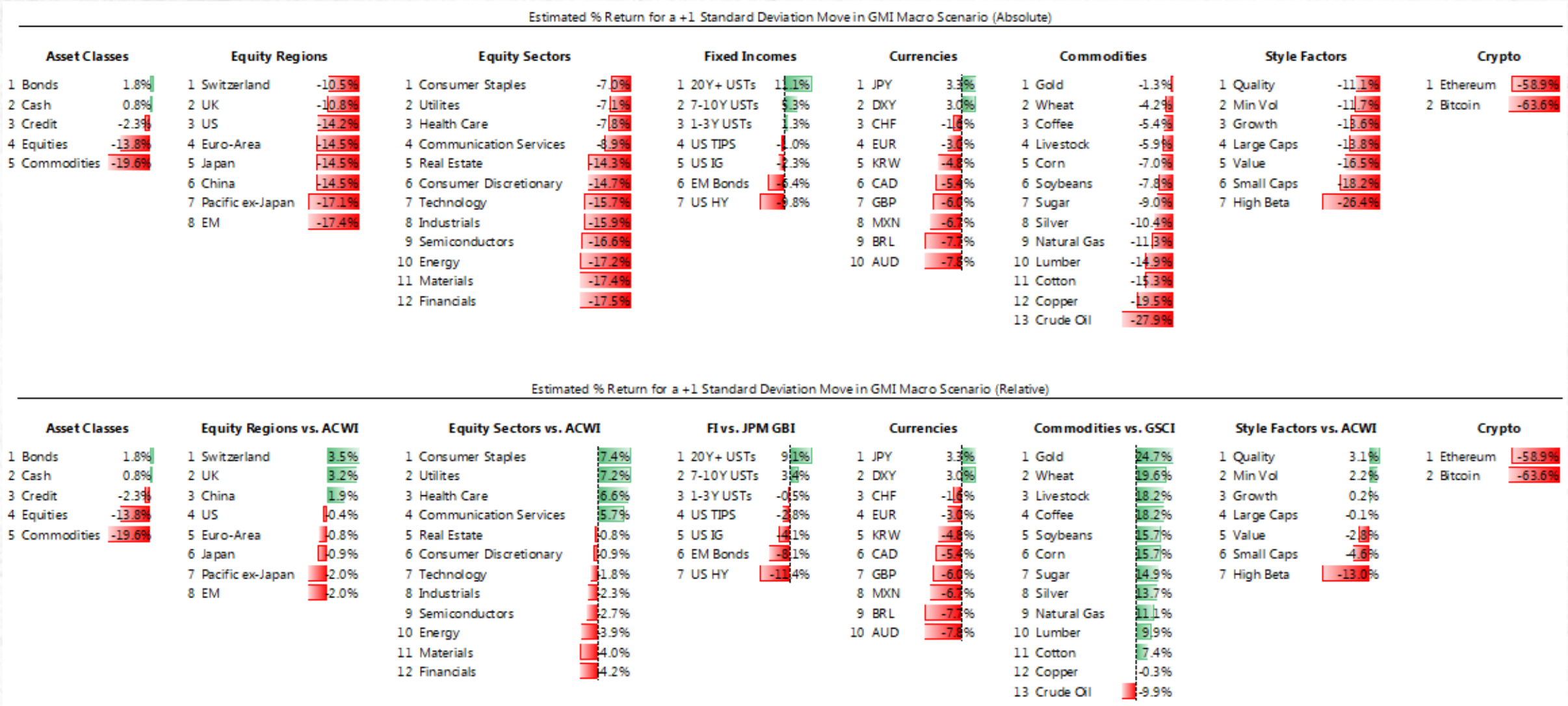
Fixed Income: **Long-end**

Inflation hedge: **OFF**

FX Allocation: **Long USD**

Crypto Exposure: **Low**

Absolute / Relative Returns



CHEAT SHEET

Asset Class Watchlist

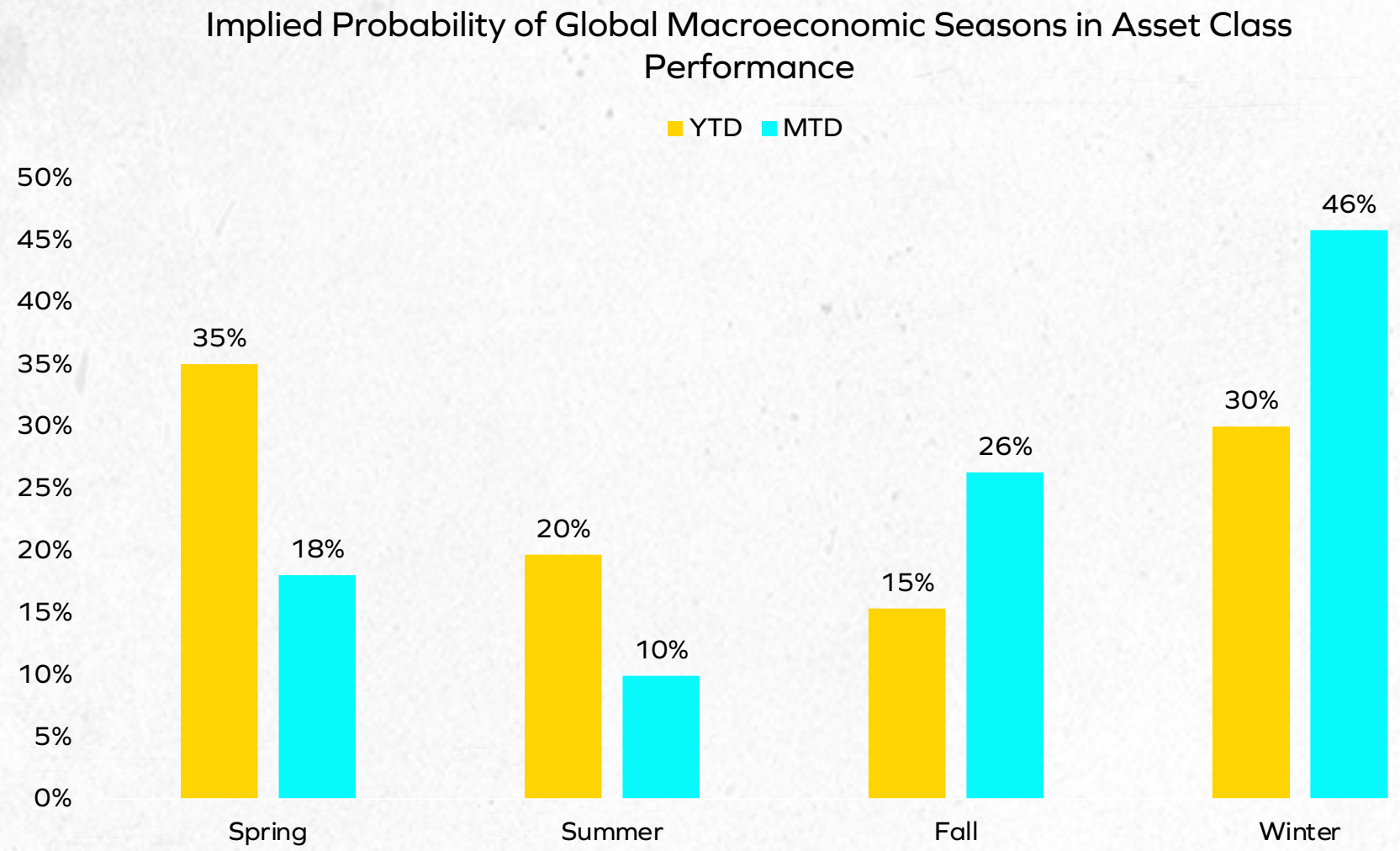
Index	Bloomberg	Spring	Summer	Fall	Winter
Equities	ACWI	🟢	🟢	🔴	🔴
Credit	LQD	🟢	🟡	🔴	🟡
Commodites	DN1	🔴	🟢	🟢	🔴
Bonds	TY1	🔴	🔴	🟡	🟢
Cash	TB1	🔴	🔴	🟡	🟢
S&P 500	ES1	🟢	🟡	🔴	🟡
NASDAQ 100	NQ1	🟢	🟢	🔴	🔴
Euro STOXX 50	VG1	🟡	🟢	🟡	🔴
FTSE 100	Z 1	🔴	🔴	🟢	🟢
Swiss Market Index	SM1	🟡	🔴	🟡	🟢
Nikkei 225	NQ1	🟡	🟡	🟡	🔴
MSCI China	FXI	🟢	🟡	🔴	🟡
MSCI Emerging Markets	EEM	🟢	🟢	🟡	🔴
MSCI Pacific ex-Japan	EPP	🟡	🟢	🟢	🔴
Energy	XLE	🔴	🟢	🟢	🔴
Materials	XLB	🟡	🟢	🟡	🔴
Industrials	XLI	🟡	🟢	🟡	🔴
Consumer Discretionary	XLY	🟢	🟡	🔴	🔴
Consumer Staples	XLP	🔴	🔴	🟢	🟢
Health Care	XLV	🔴	🔴	🟡	🟢
Financials	XLF	🟡	🟢	🟡	🔴
Technology	XLK	🟢	🟢	🔴	🔴
Communication Services	XLC	🔴	🔴	🔴	🟢
Real Estate	XLRE	🟡	🟡	🟢	🟡
Utilites	XLU	🔴	🔴	🟢	🟢
Semiconductors	SMH	🟢	🟢	🔴	🔴
Home Builders	XHB	🟢	🟡	🔴	🔴
Regional Banks	KRE	🟡	🟢	🟡	🔴
Gold Miners	GDX	🔴	🟡	🟡	🟡
1-3Y USTs	SHY	🔴	🔴	🔴	🟢
7-10Y USTs	IEF	🔴	🔴	🟡	🟢
20Y+ USTs	TLT	🔴	🔴	🟡	🟢
US HY	HYG	🟢	🟢	🔴	🔴
US IG	LQD	🟢	🟢	🔴	🔴
EM Bonds	EMB	🟢	🟢	🔴	🔴
US TIPS	TIP	🔴	🟢	🟢	🔴

Index	Bloomberg	Spring	Summer	Fall	Winter
DXY	DXY	🔴	🔴	🟢	🟢
EUR	EURUSD	🟢	🟢	🔴	🔴
GBP	GBPUSD	🟢	🟢	🟡	🔴
JPY	USDJPY	🔴	🔴	🔴	🟢
CHF	USDCHF	🔴	🟡	🟡	🟡
CAD	USDCAD	🟢	🟢	🟡	🔴
AUD	AUDUSD	🟢	🟢	🔴	🔴
KRW	USDKRW	🟢	🟢	🔴	🔴
MXN	USDMXN	🟡	🟢	🟢	🔴
BRL	USDBRL	🟡	🟢	🟢	🔴
WTI Crude	CL1	🟢	🟢	🟡	🔴
Copper	HG1	🟢	🟢	🔴	🔴
Nat Gas	NG1	🔴	🟢	🟢	🟡
Gold	XAU	🔴	🔴	🟡	🟢
Silver	XAG	🟡	🟡	🔴	🟢
Lumber	LB1	🟢	🟢	🟡	🔴
Wheat	W 1	🔴	🔴	🟡	🟢
Cotton	CT1	🟢	🟡	🔴	🟡
Soybeans	S 1	🟡	🔴	🟡	🟢
Corn	C 1	🔴	🔴	🟡	🟢
Livestock	FC1	🔴	🔴	🟡	🟢
Coffee	KC1	🔴	🔴	🟡	🟢
Sugar	SB1	🔴	🔴	🟡	🟢
Carbon	MO1	🟢	🟢	🟡	🟡
Min Vol	SPLV	🔴	🔴	🟢	🟢
High Beta	SPHB	🟢	🟢	🔴	🔴
Growth	IWF	🟢	🔴	🔴	🟡
Value	IWD	🔴	🟢	🟢	🔴
Small Caps	IWM	🟢	🟢	🔴	🔴
Large Caps	URTH	🔴	🟡	🟢	🟡
Quality	QUAL	🔴	🔴	🔴	🟢
BTC	BTCUSD	🟢	🟢	🟡	🔴
ETH	XETUSD	🟢	🟢	🟡	🔴
Exponential Age Digital Asset Fund	EADAF	🟢	🟢	🔴	🔴

Source: Global Macro Investor

WHERE ARE WE NOW?

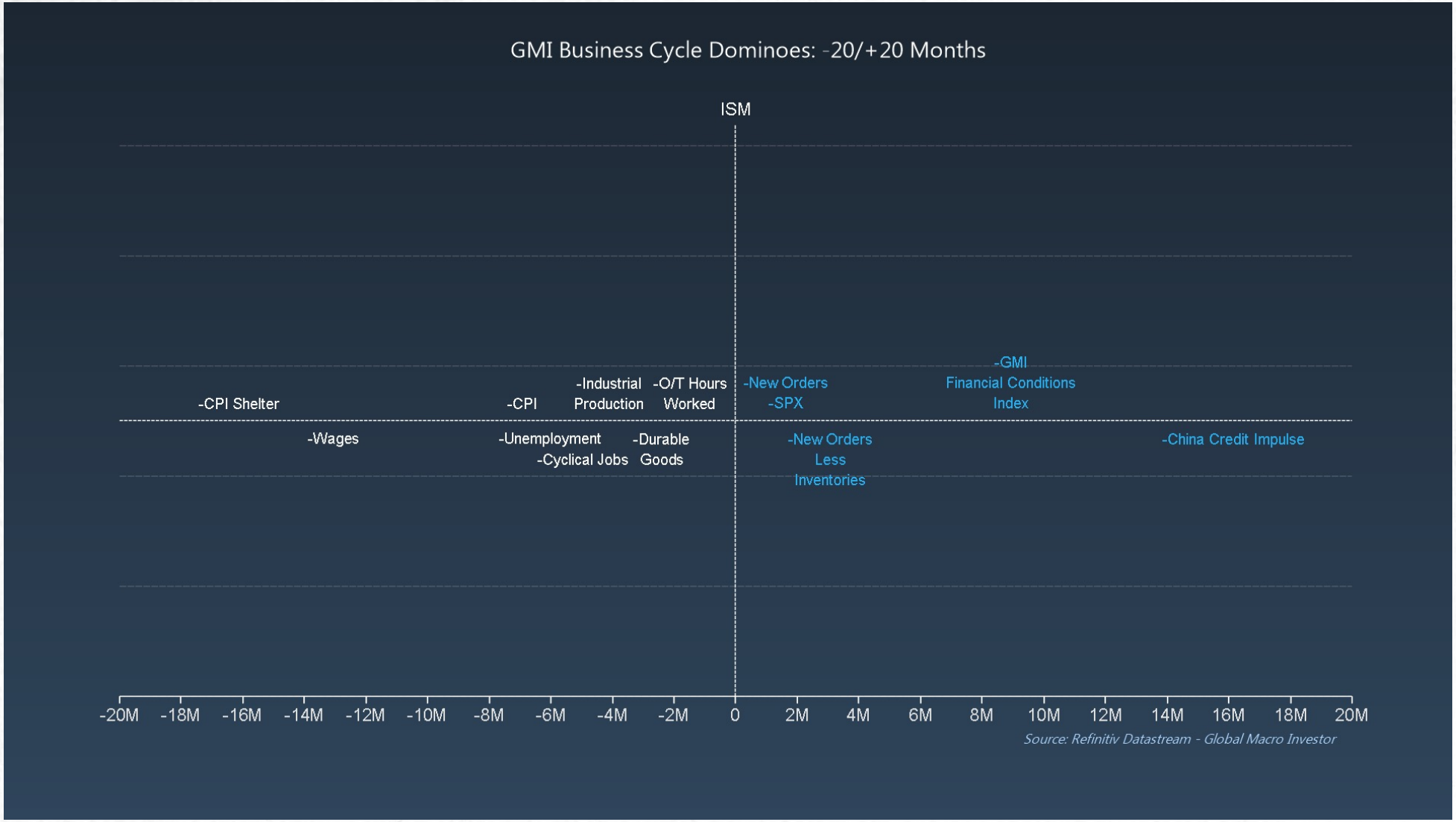
What are markets saying



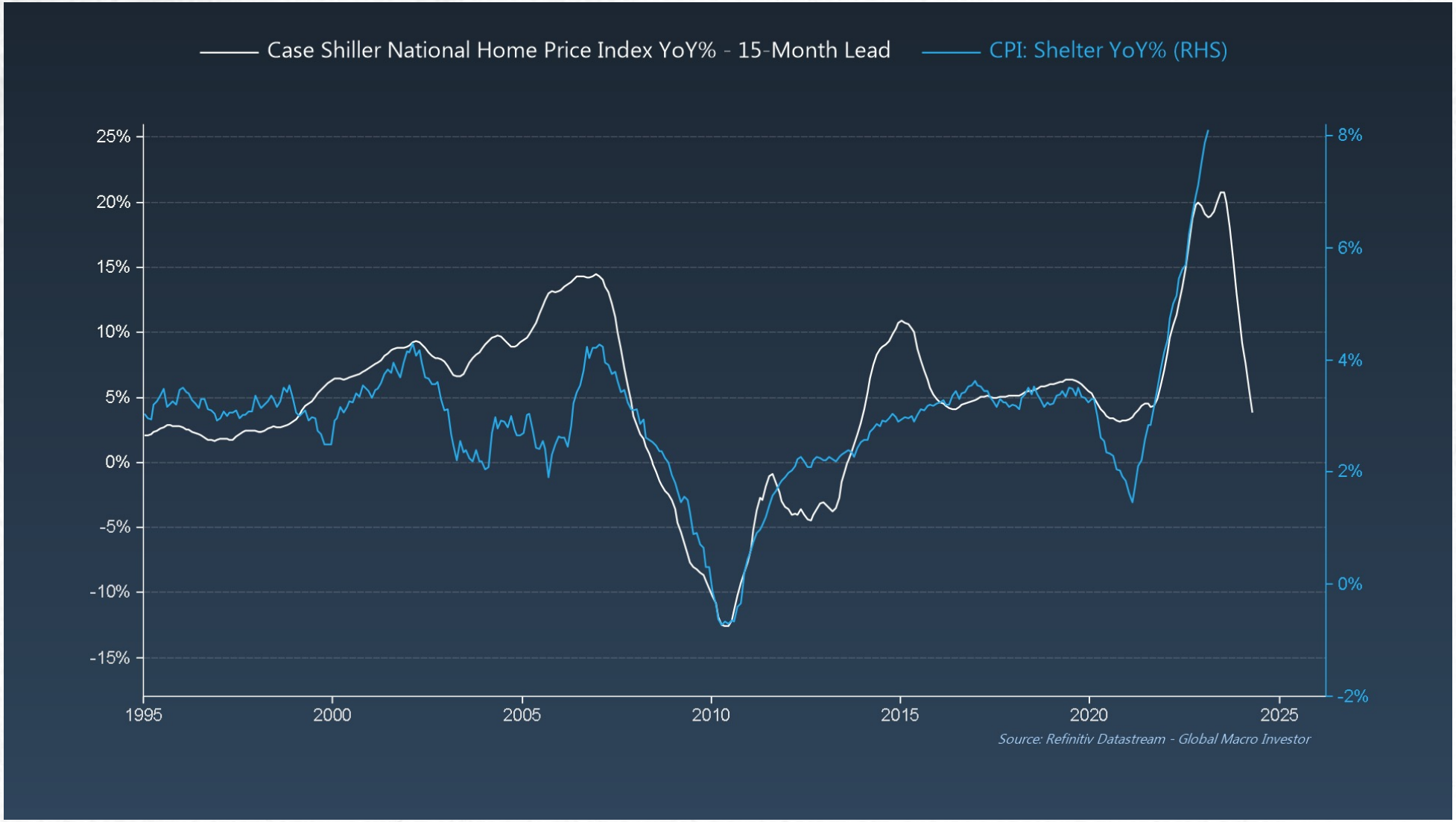
Leading Indicators



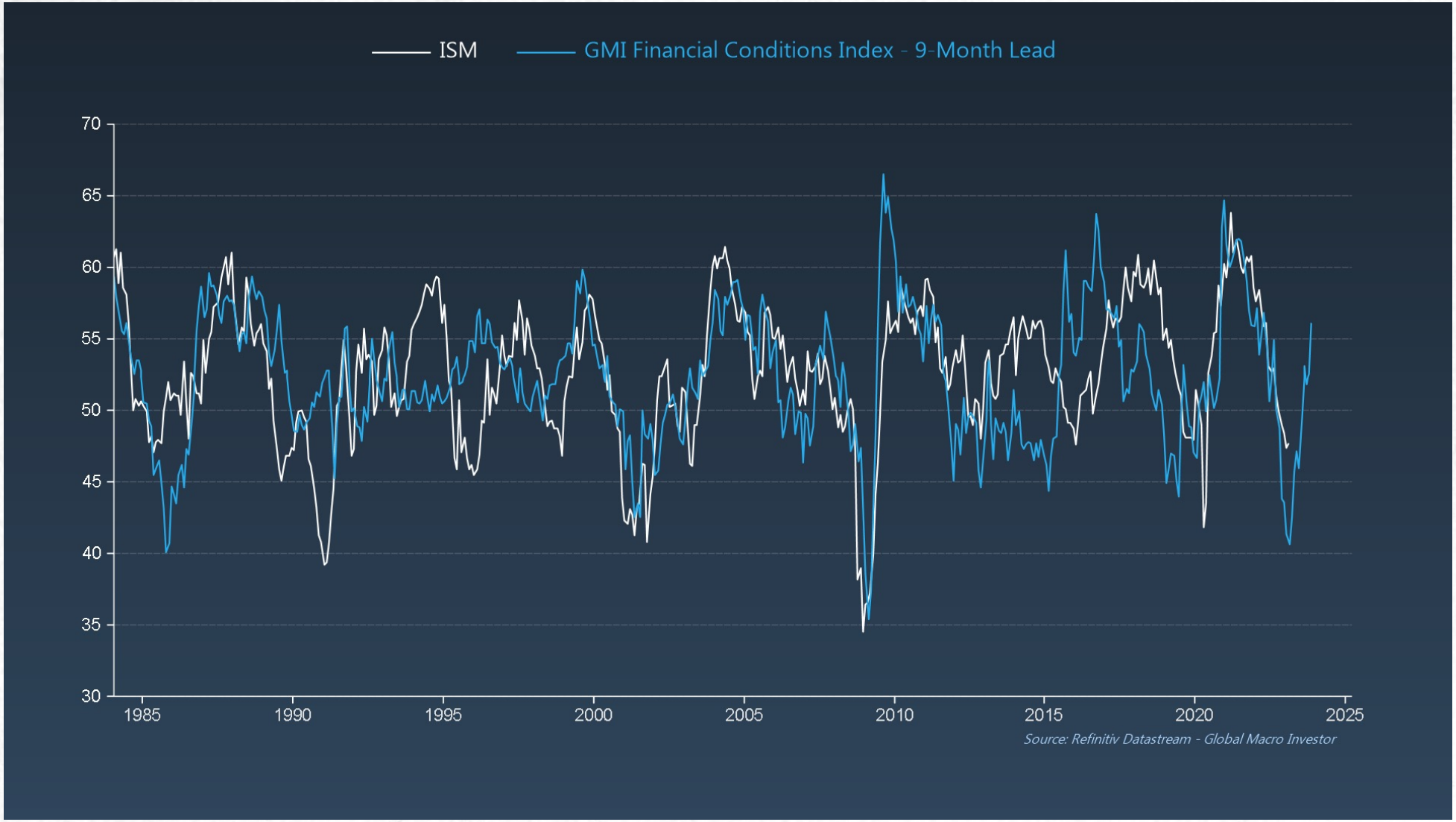
Follow the Dominoes



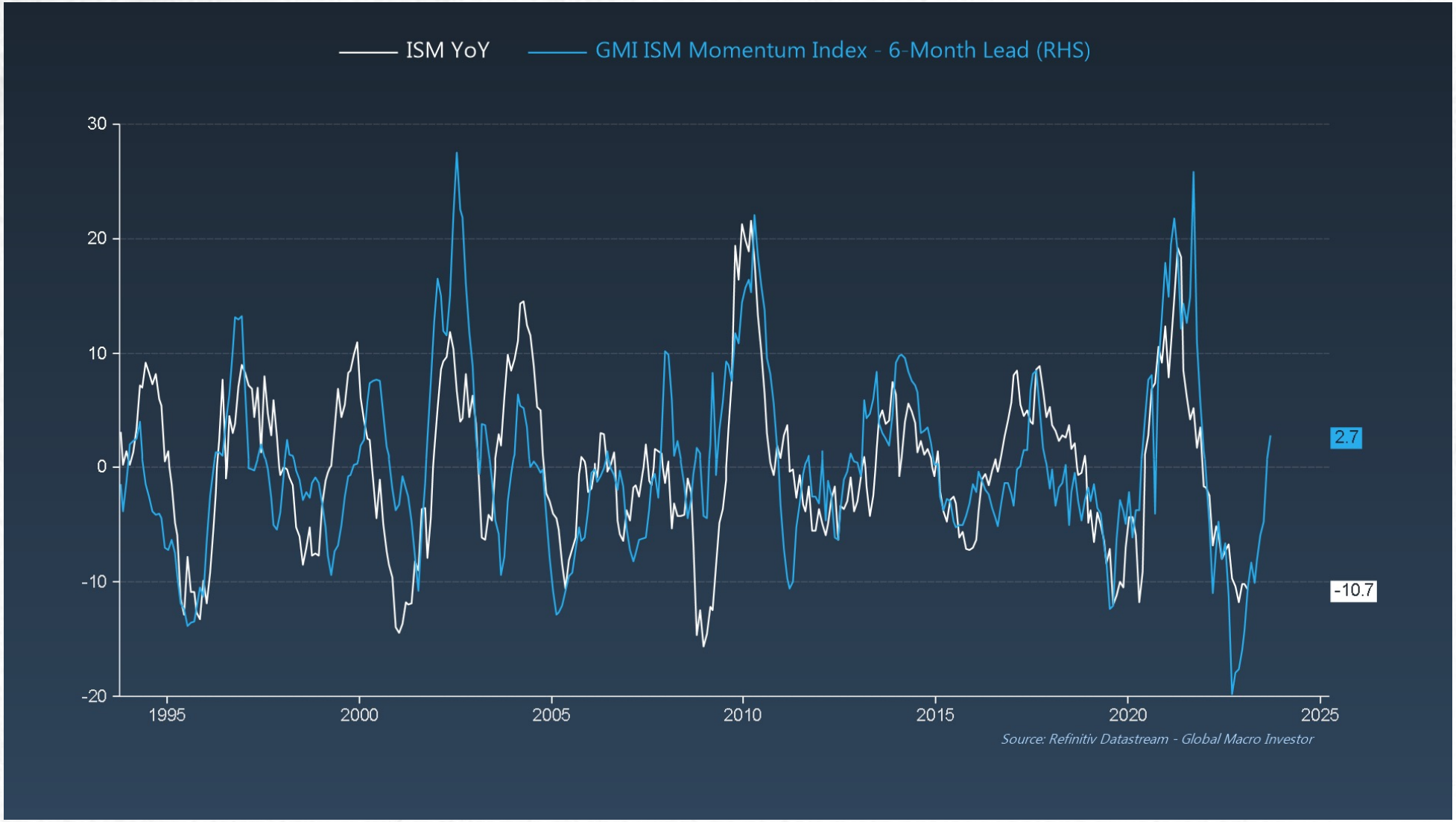
Shelter = Last man standing...



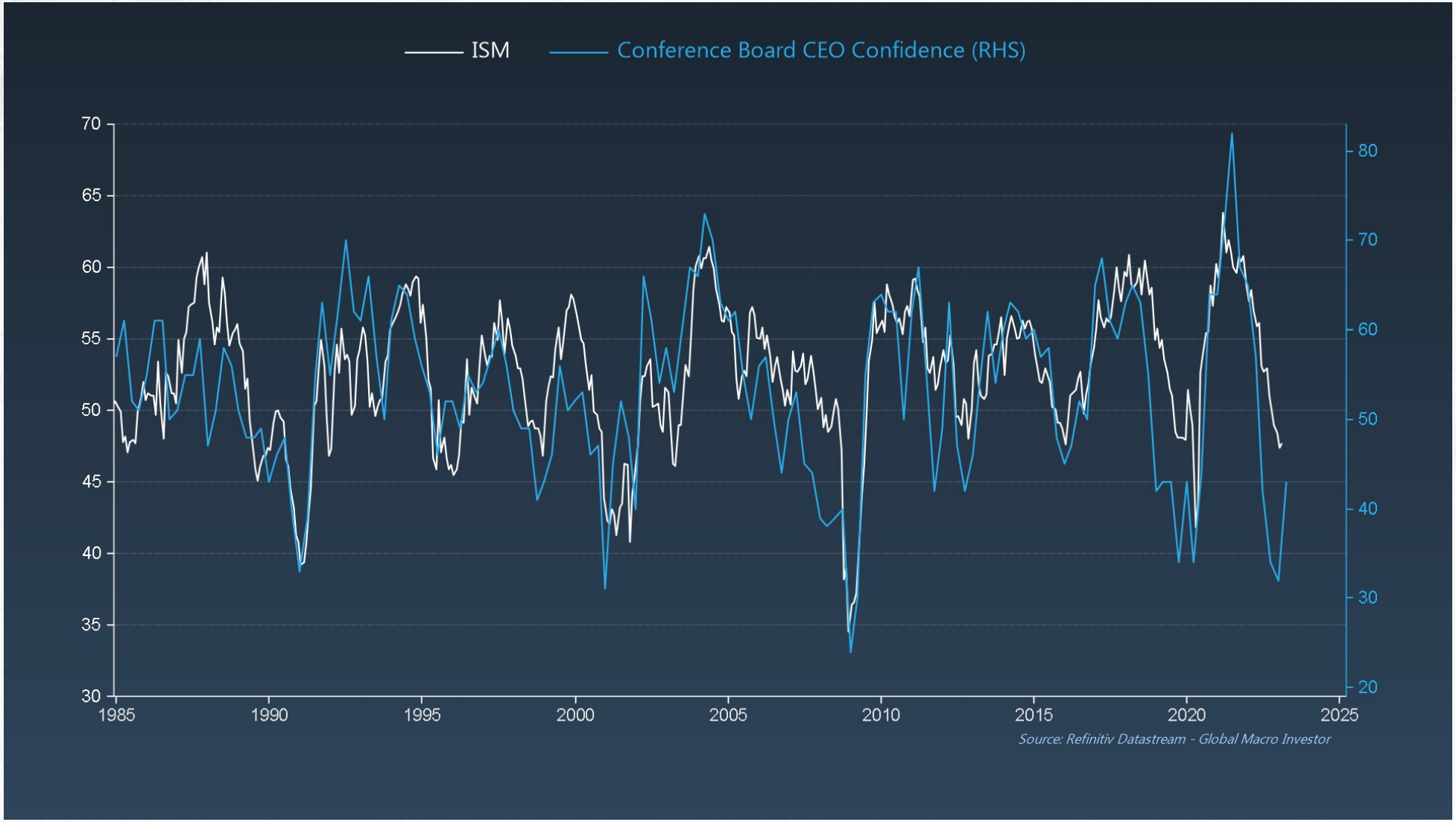
Next Move for…ISM? (1/4)



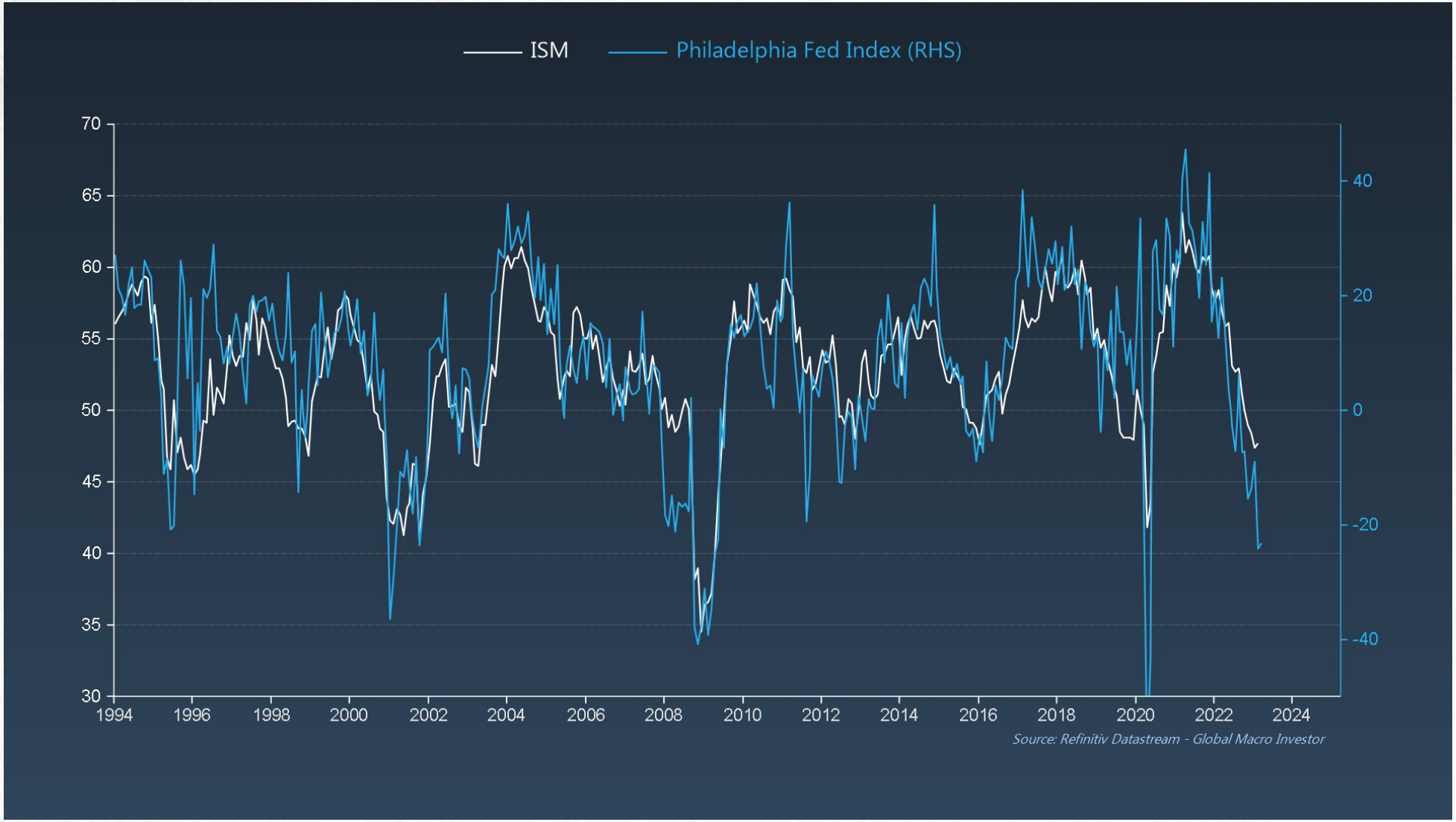
Next Move for…ISM? (2/4)



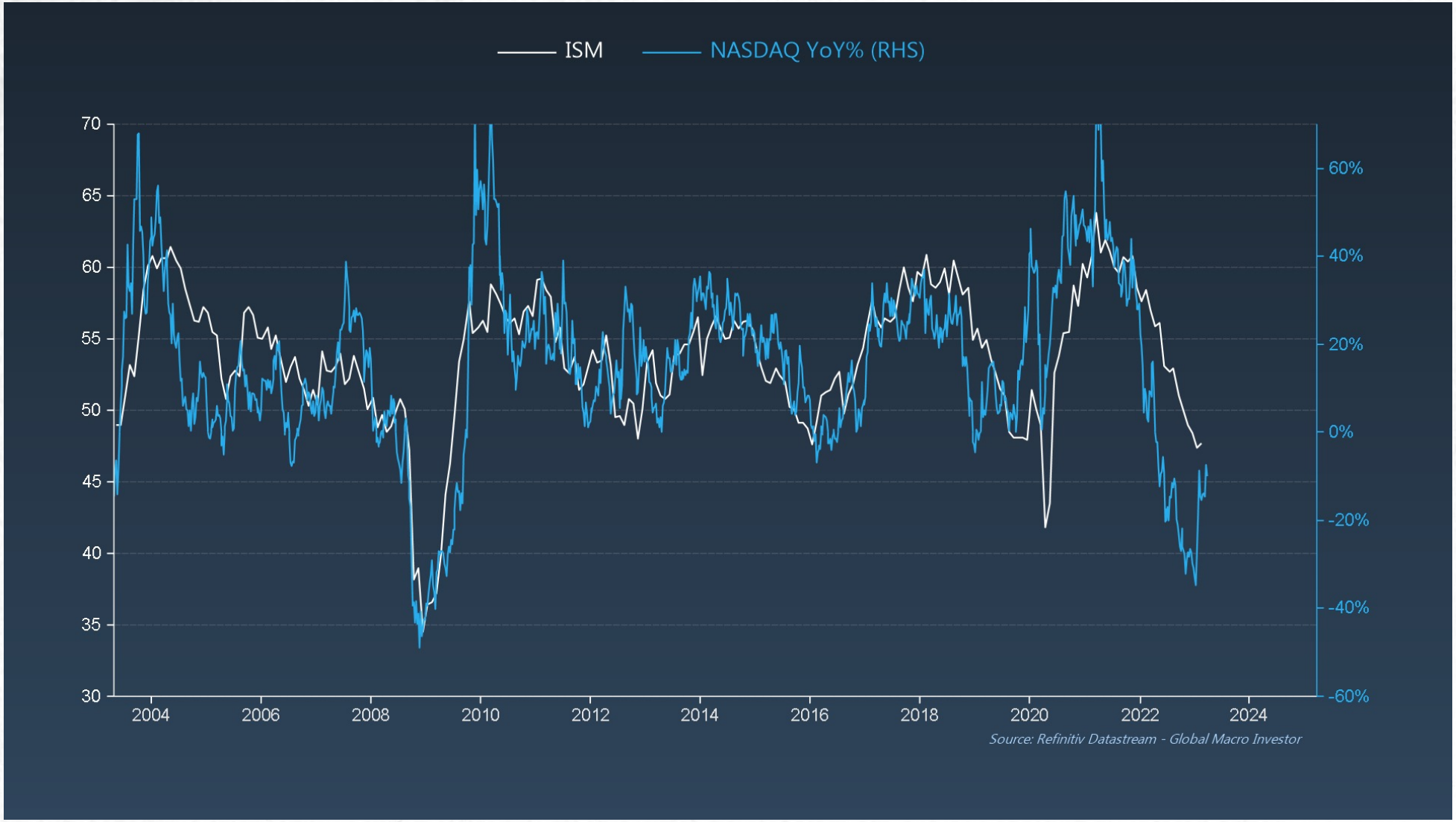
Next Move for…ISM? (3/4)



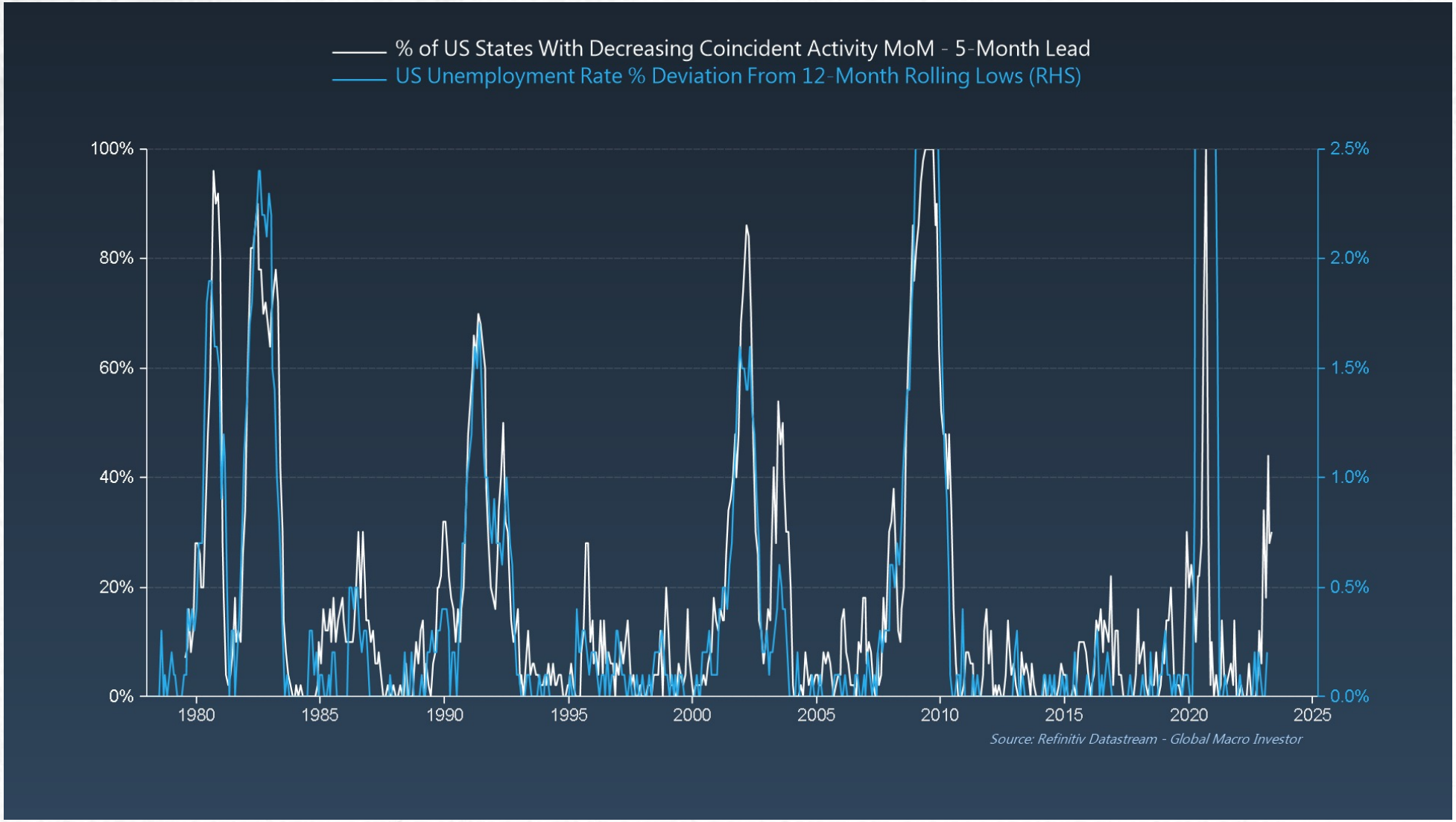
Next Move for…ISM? (4/4)



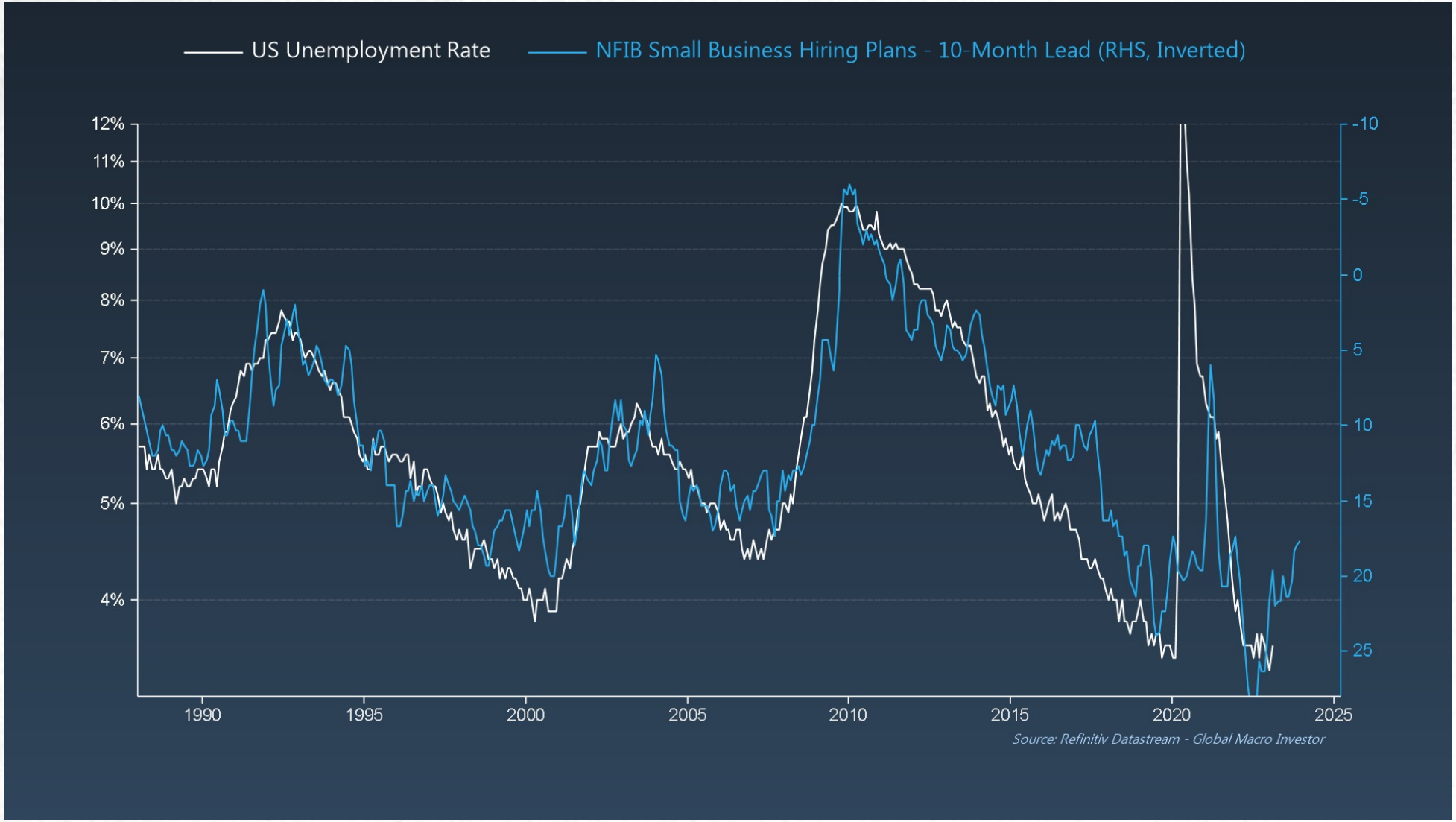
Next Move for…Tech?



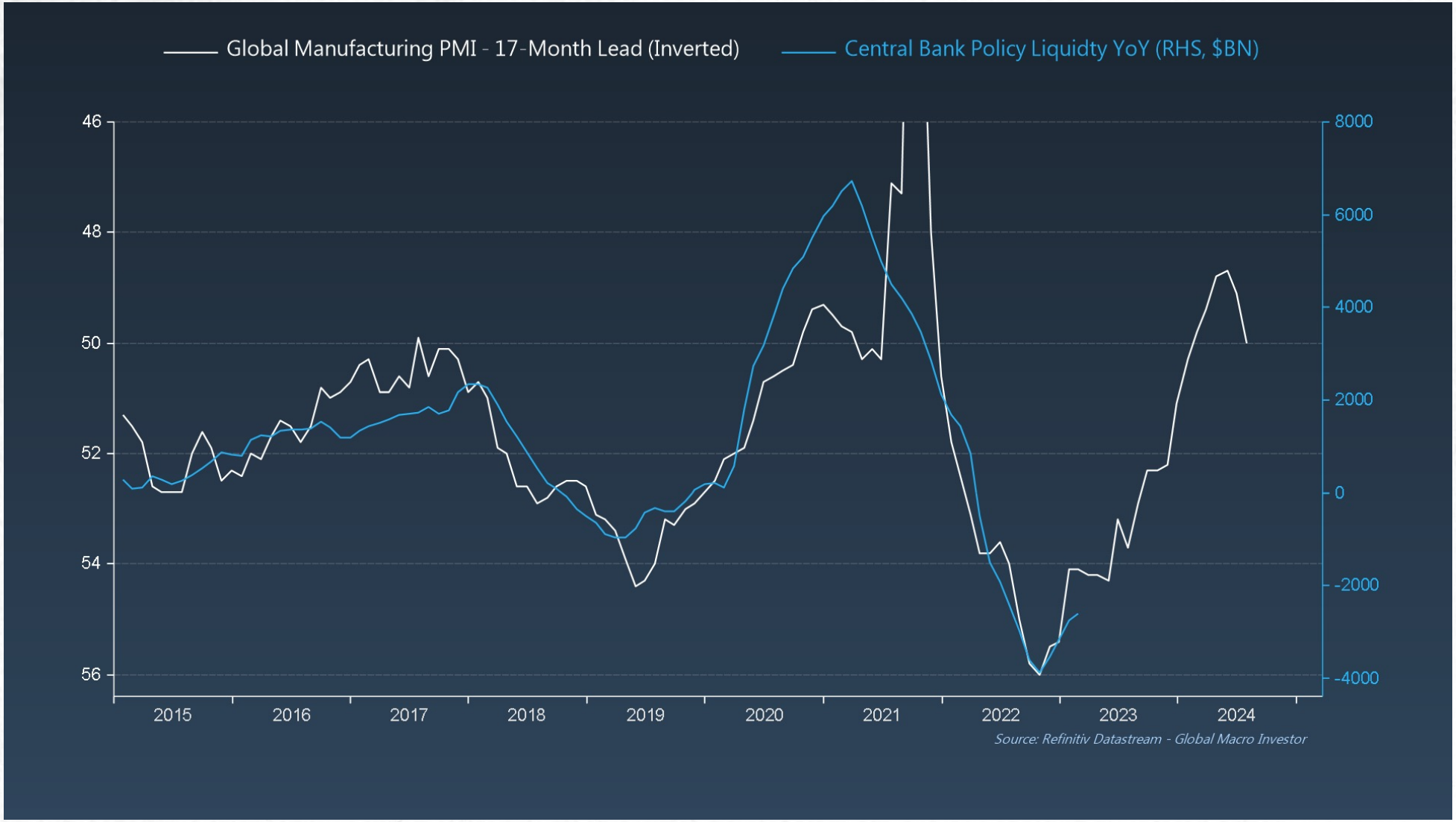
Next Move for…Unemployment?



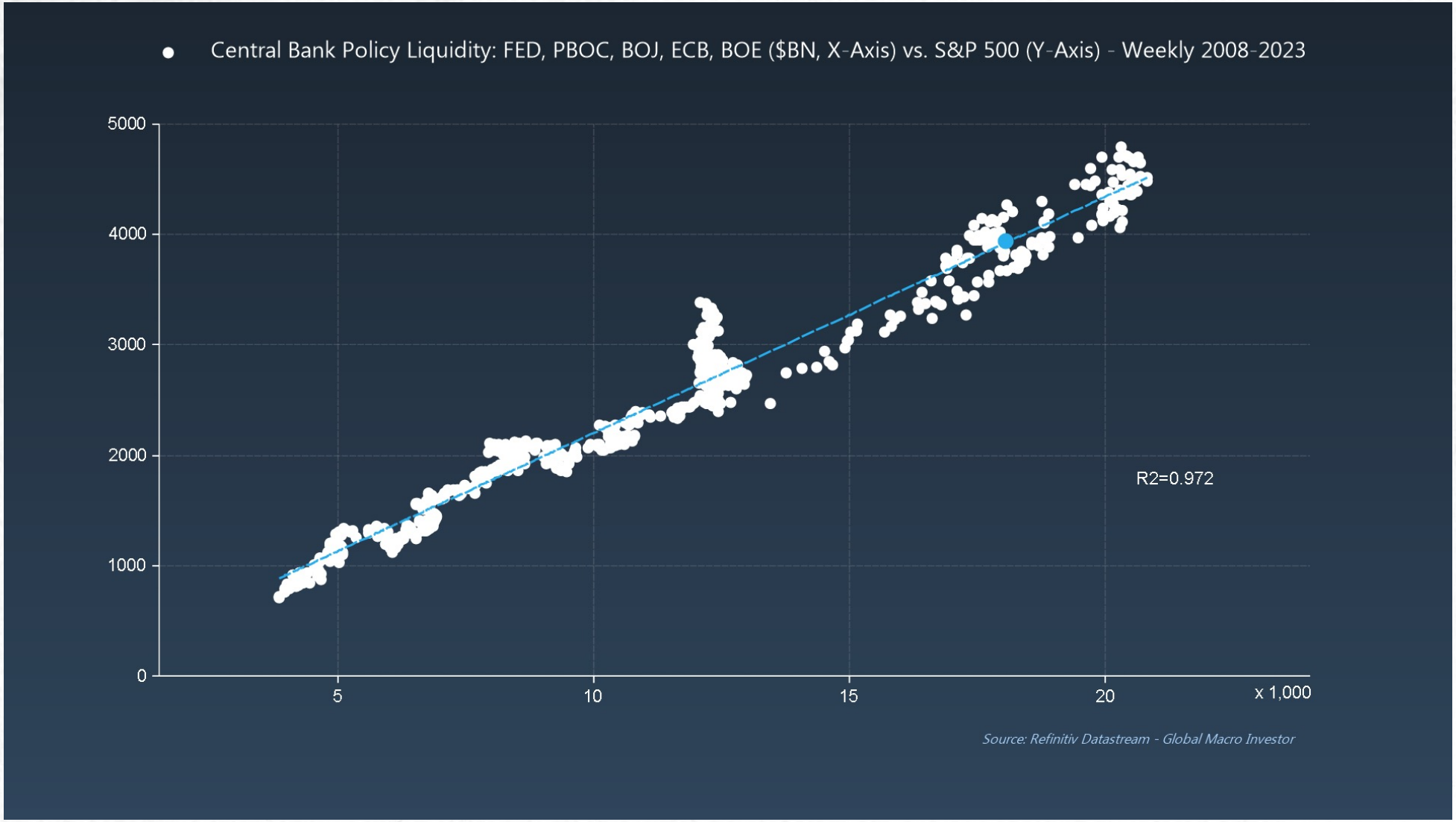
Next Move for…Unemployment?



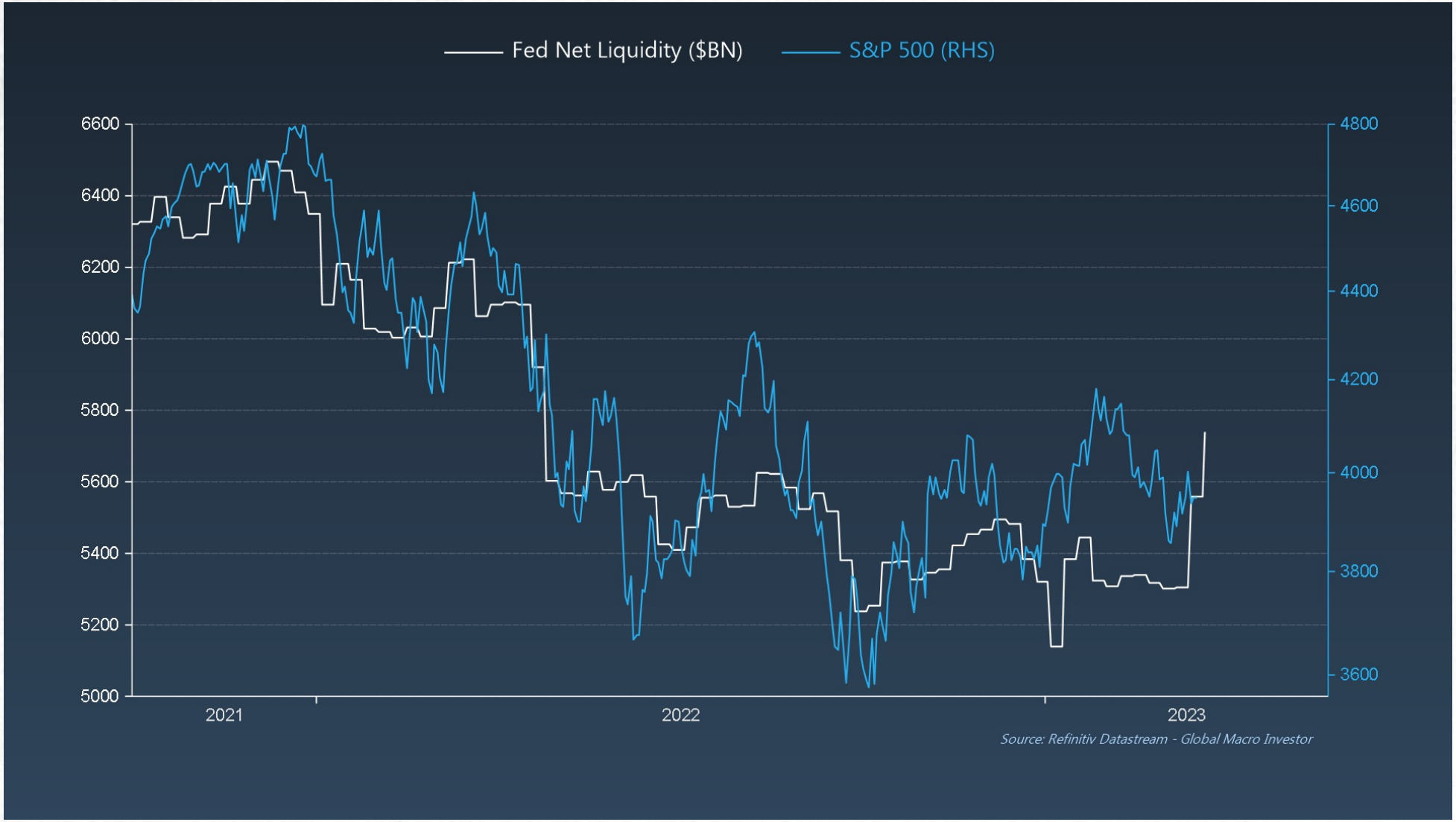
Next Move for…Liquidity?



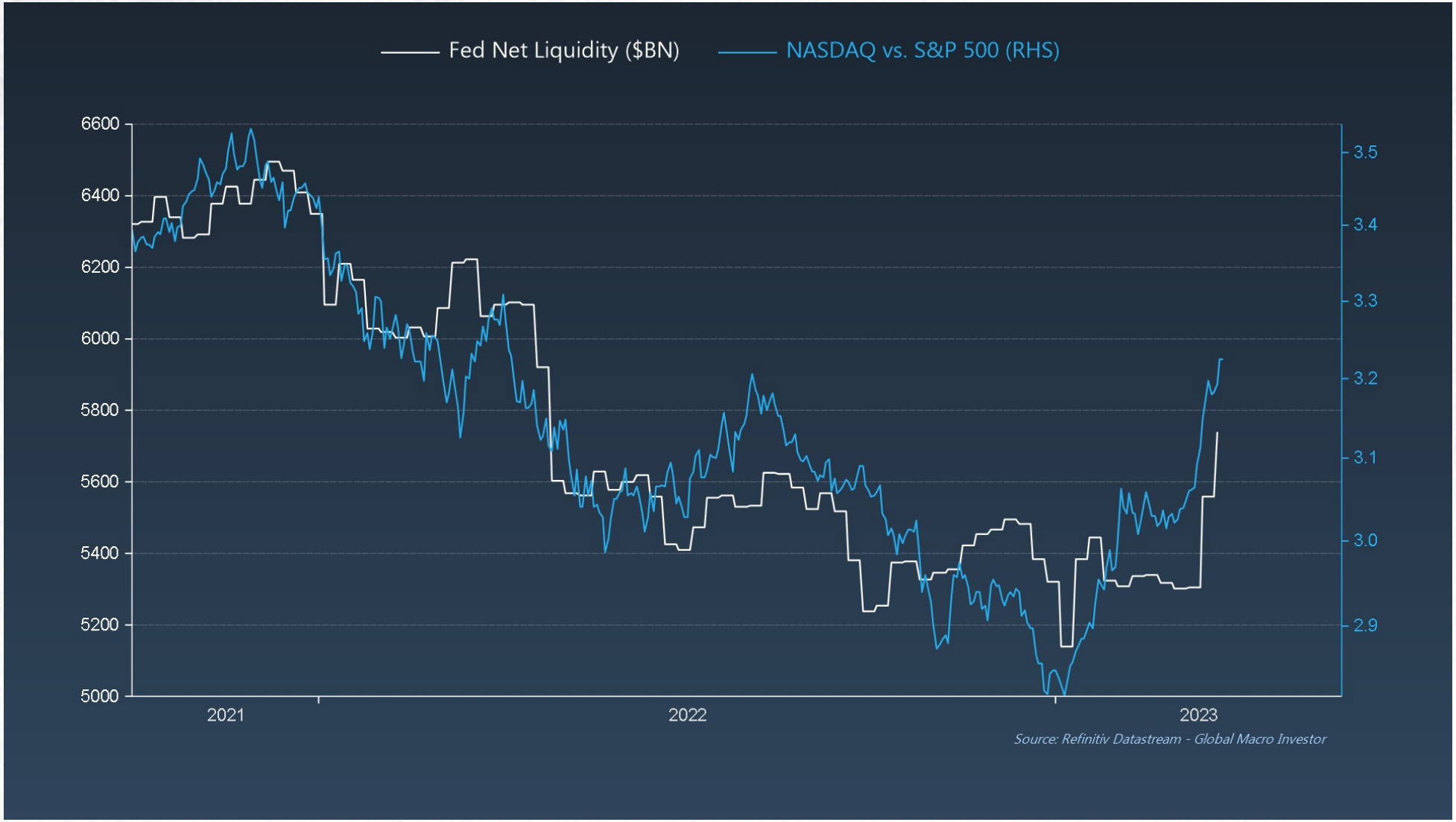
Next Move for…Equities? (1/3)



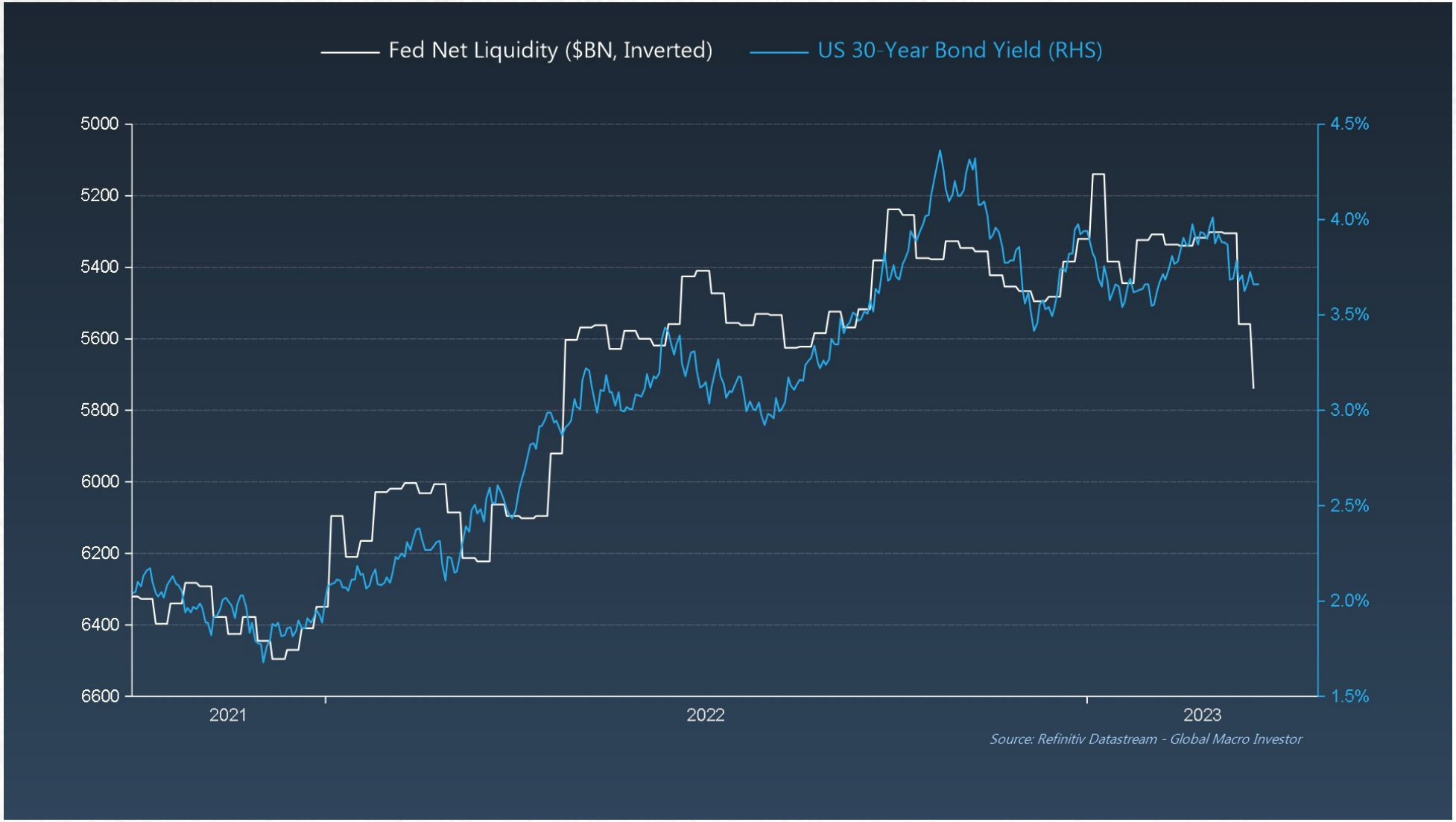
Next Move for…Equities? (2/3)



Next Move for…Equities? (3/3)



Next Move for…Bonds?



Next Move for…Bitcoin?

