



# REDUCING STOCK EXPOSURE

## Portfolio Adjustments

### Conservative

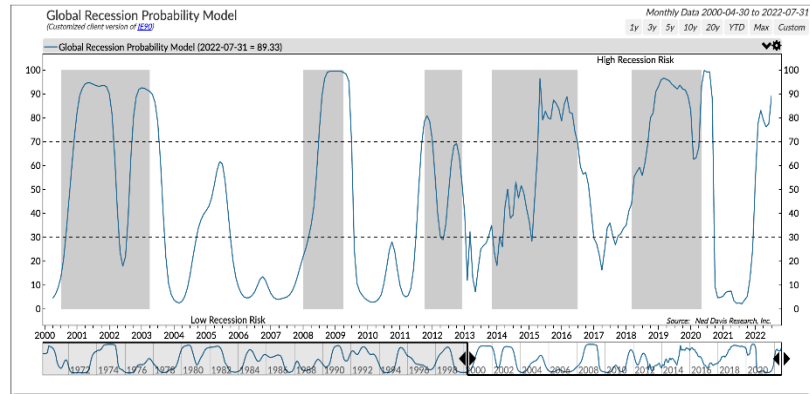
- Reducing stock exposure by 5%.
- Reducing gold mining and clean power exposure and investing the proceeds into a short-term bond fund
- New stock exposure 22%
- Benchmark stock exposure is 30%

### Moderate

- Reducing stock exposure by 5%
- Reducing thematic growth and clean power exposure and investing the proceeds into a short-term bond fund
- New stock exposure 53.5%
- Benchmark stock exposure is 60%

### Aggressive

- Reducing stock exposure by 5%
- Reducing thematic growth and clean power exposure and investing the proceeds into a short-term bond fund
- New stock exposure 80.5%
- Benchmark stock exposure is 85%



### Respect the Data

The above model is NDR's Global Recession Probability Model. It tracks *leading* indicators for 35 countries. When the score reaches 70+ then the model is calling for a high risk of a global recession. Since 1970, when the model is 70+ a resulting recession occurred roughly 87% of the time. That means 13% of the time is triggered a false alarm. We want to keep your portfolio in line with the statistical evidence, and as a result **we reduced your portfolio's stock exposure by 5%.**

Inflation continues to remain stubbornly high and as a result the Federal Reserve recently decided to raise interest rates by 0.75% in hopes of deflating consumer demand. Higher prices accompanied by the Fed's actions should result in lower prices ahead. At that time the Fed will likely shift their attention to the economy in hopes of avoiding a US recession. Their success will heavily influence the path ahead for stocks and bonds.

TD Ameritrade will be sending you trade confirmations shortly with the exact trades that we placed in your portfolio. If you would like to review these trades or your portfolio then please let us know.

We will send you another note the next time we adjust the stock exposure within your portfolio.

-SCM Investment Committee