



REDUCING STOCK EXPOSURE

Diversified Portfolio Adjustments

Conservative

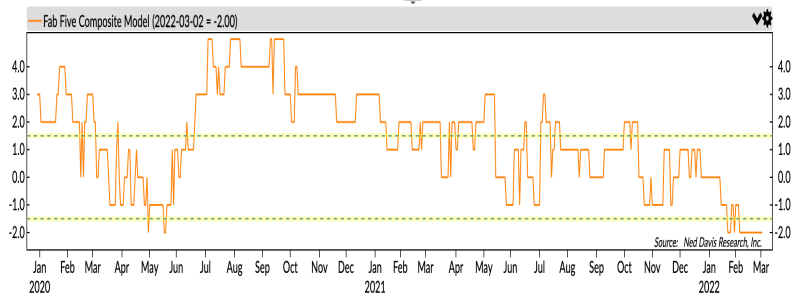
- Reducing stock exposure by 5%.
- Reduced both US stock and international stock exposure and invested the proceeds into a short-term bond fund
- New stock exposure 27%
- Benchmark stock exposure is 30%

Moderate

- Reducing stock exposure by 5%
- Reduced international stock exposure (both developed and emerging) and invested the proceeds into a short-term bond fund
- New stock exposure 58.5%
- Benchmark stock exposure is 60%

Aggressive

- Reducing stock exposure by 5%
- Reduced international stock exposure (both developed and emerging) and invested the proceeds into a short-term bond fund
- New stock exposure 85.5%
- Benchmark stock exposure is 85%



Respect The Data

The above model contains 34-indicators that have an impressive track record for identifying how markets perform moving forward. This model has been weakening as you can see on the lower right-hand corner of the above graph. When the model pierces the lower dotted line, it gets our attention. As a result, **we recently reduced your portfolio's stock exposure by 5%**. On its own, this is a relatively minor reduction in risk, however it could just be the first of many. Our goal is to stay in harmony with the data.

The good news is that the US economy is strong. This usually helps to keep recessions at bay. However, we cannot ignore recent events that could derail our economy down the road. The Federal Reserve plans to begin raising interest rates this month, with further hikes to follow. Inflation is ugly and shows few signs of easing anytime soon. And Russia's invasion of Ukraine has rattled investor confidence and will likely continue to weigh on both developed and emerging international markets the longer this crisis lasts. We are watching all of these issues very closely.

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