

Core Tactical/Strategic Portfolio Outlook/Adjustments

We made no adjustments last week. We have cash to add to EM and EAFE exposure on weakness. We expect more volatility and opportunity in Q3. The stronger US dollar will allow us to shift some additional exposure to international markets. We will also look to hedge US dollar exposure back to CAD below 80 cents. EM dividends will be a big focus for us in the coming years where there is much better valuation and exposure could get as high as 30% of the portfolio. It's currently about half that exposure (EDIV, DVEY, DEM, DGS). Currency exposure could add materially to total return. The index is very close to 52-week highs last seen in Dec and Feb. A breakout here is very bullish for EM total return.

Macro Market Strategy

US dividend exposure remains very overvalued relative to EM and EAFE yields. We see a good tactical opportunity developing in Q3. The stronger US dollar offers a good opportunity. Our feature chart highlights expect (real) average total returns over the next decade. It's clear US large cap are not the place to be, but the place to have been.

PRO-EYES - Berman's Call

The current core portfolio beta is 66.5% The current degree of beta protection is about -29%.

When the PRO EYES indicator is at elevated levels (above 75%), as it is recently hit, we will have higher degree of beta protection on the portfolio. Historically, corrections that follow have a median of 7.3% and an average of 11.1% over the past 20 years. We have our downside hedge on the S&P 500 in place from 4200-3750 with a covered call at 4400 through Sept 30th. This is a tactical hedge and is actively adjusted as opportunities develop. For details of the [PRO-EYES-Berman's Call](#) Tactical Risk Models click link above.

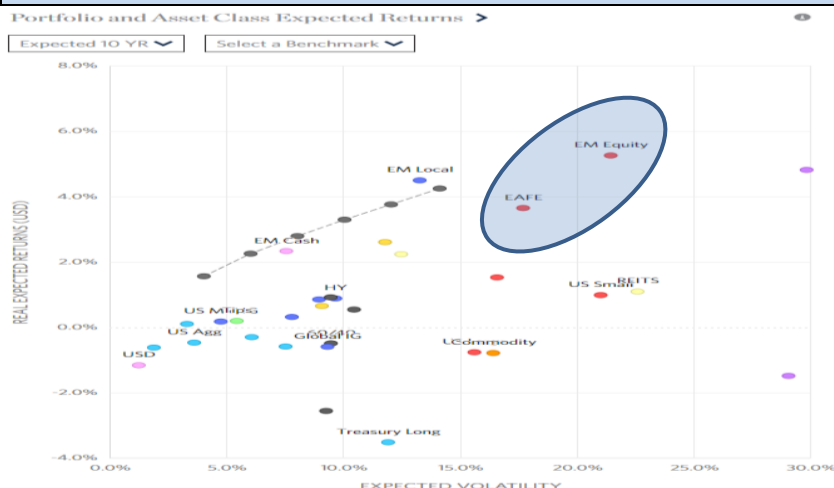
Performance Metrics (A-Series) as of (06/30/21)

Total Return	Net	Gross	Upside/Downside ⁵	
YTD	2.42%	3.35%	Upside	26%
Previous Quarter	4.16%	4.64%	Downside	49%
Previous Year	-2.14%	-0.22%	Months Up	63
3-Year	-1.41%	0.51%	Months Dn	31
5-Year	2.40%	4.32%		
Ann. SI (08/12/13)	3.62%	5.54%	Sharpe Ratio	0.46
Fund Codes:	Advisor: BM09734; E-Class: BM095734; F6: BM095734			

Top Holdings

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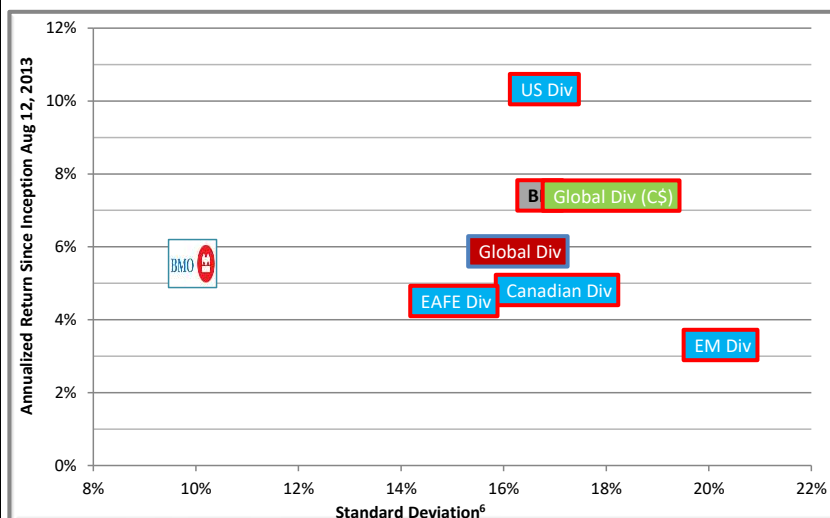
Chart of the Week



Defense

Core Beta: 66.5%

Offense

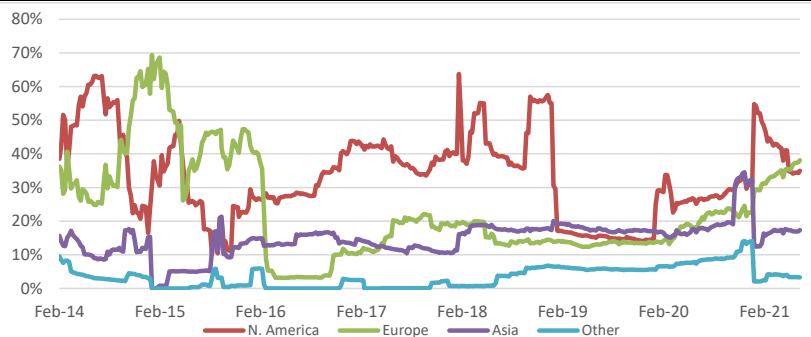


Standard Deviation

Advisor/Broker Use Only

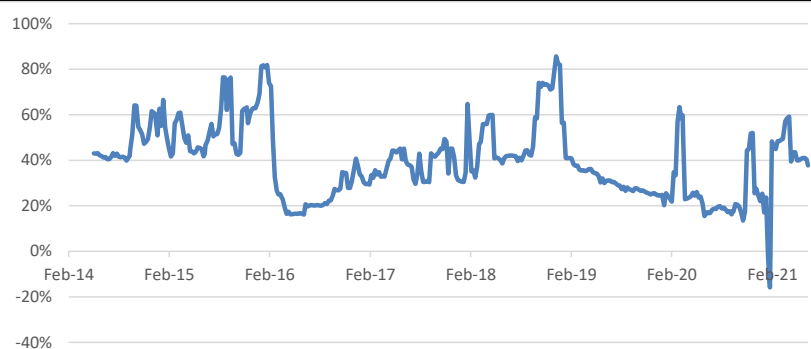
Tactical Asset Allocation

Equity	N. America	Europe	Asia	Other
06/30/21	34.9%	38.1%	17.3%	3.3%
06/25/21	34.3%	37.5%	17.0%	3.3%
Change	0.6%	0.6%	0.3%	0.0%
Benchmark	66.8%	18.1%	13.1%	2.0%



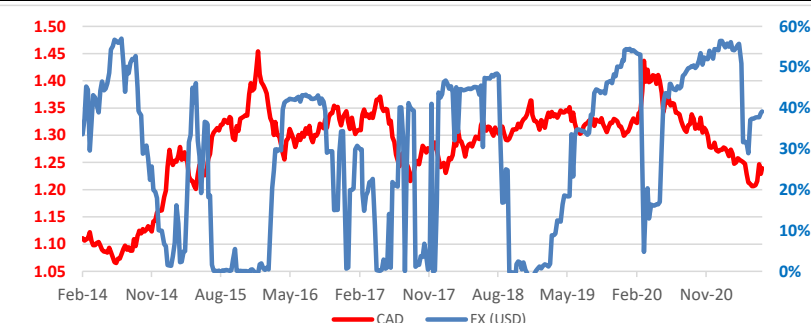
Sector	6/30/21	6/25/21	Change	BM
Basic Materials	14.05%	13.91%	0.1%	8.3%
Communications	6.66%	6.11%	0.5%	9.0%
Consumer, Cyclical	7.53%	6.60%	0.9%	4.9%
Consumer, Non-cyclical	20.33%	17.16%	3.2%	8.7%
Energy	3.27%	3.32%	0.0%	9.6%
Financial	16.19%	13.82%	2.4%	30.6%
Government	3.62%	12.11%	-8.5%	0.0%
Industrial	7.56%	6.60%	1.0%	6.4%
Technology	6.13%	4.18%	2.0%	2.6%
Utilities	8.13%	8.07%	0.1%	0.0%

Net Beta (Core - Protection): 37.8%



As of: 07/02/21	06/30/21	06/25/21	Change
FX (USD)	39.1%	38.7%	0.4%
Beta ²	66.5%	66.2%	0.3%
Protection	-28.8%	-25.9%	-2.9%
Correlation	78.1%	77.7%	0.4%
Yield ³	4.41%	4.39%	0.02%
ETF Holdings	10	10	0
Volatility ⁴	9.94%	9.95%	-0.01%
CAD	1.2398	1.2292	0.9%

Tactical FX Exposure (USD)



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