

Allocation as of September 15th, 2020

GA Selects Models

Key Takeaways*

- **Equity positioning remains overweight across most risk profiles:** August marked another month where U.S. economic data generally exceeded consensus forecasts, and the stronger than expected numbers touched wide swaths of the U.S. economy. Robust federal stimulus, coupled with unprecedented monetary policy support, has combined to support spending levels as the U.S. and the world continue to battle the COVID-19 pandemic. Despite risks of further economic disruptions caused by the virus and possibly higher equity market volatility as we move closer to the U.S. elections, we are comfortable remaining overweight equities.
- **Staying focused on secular growth, but increasing exposure to cyclicals:** While we prefer to remain focused on those businesses whose cash flows have remained highly reliable throughout the COVID-19 economic environment, we are growing increasingly optimistic regarding the prospects for the global growth. This confidence leads us to maintain our modest equity overweights across most risk profiles. Our outlook for growth is also resulting in a gradual, but consistent rotation toward more cyclical stocks, particularly semiconductors, as well as a more balanced distribution of value and growth exposure.
- **Underweight bonds, emphasizing a “barbell approach” in fixed income:** The sharp decline in spreads, particularly within high quality segments of the U.S. bond market, such as agency mortgages and investment grade bonds, has resulted in underweight exposures to these asset classes across most risk profiles. Instead, we are in favor of more aggressive areas of fixed income, including U.S. high yield bonds and emerging market debt. Given our constructive view on the global economy, we remain underweight duration across most risk profiles.

Trade Rationale*

- **Modest recalibrations across equities in favor of cyclicals:** Although we have witnessed a spike in recent market volatility, we remain optimistic that global economic activity continues to recover, as the plurality of recent economic data out of the U.S., Europe, and China has generally exceeded consensus expectations. Although our portfolios continue to seek strategic exposure to long-term secular growth themes, our adjustments within equities this month reflect a nuanced rotation toward those companies poised to benefit from a cyclical upturn in the global economy.
- **Tactically added to value, industrials, and semiconductors:** Given our belief that the global economy will accelerate in 2021, we have continued to slowly increase the cyclical sensitivity of the equity portions of our various portfolios. In addition to adding broadly to a pair of U.S. value focused ETFs, we made tactical additions to both a U.S. industrials ETF and a global semiconductors ETF across several risk profiles. These additions were sourced, generally speaking, from modest reductions to a U.S. quality factor ETF, a U.S. momentum factor ETF, and a U.S. financials sector ETF.
- **Fixed income exposure largely unchanged:** Given our constructive view on the global economy, we are also modestly trimming our duration exposure and moving toward a more meaningful underweight to interest rate sensitivity across nearly all of our risk profiles.






* Source: BlackRock views and Bloomberg as of 9/15/20. **Past performance is not a guarantee of future results.** Forecasts are based on estimates and assumptions. There is no guarantee that they will be achieved. ** Diversification does not guarantee a profit or eliminate the potential for loss.

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Target Portfolio Holdings (%)

As of September 15th, 2020

		Asset Allocation				
		Conservative	Moderate Growth	Growth	Aggressive Growth	Equity
						
Weighted Average Net Expense Ratio (%)		29 bps	30 bps	30 bps	22 bps	14 bps
U.S. Fixed Income		68.0%	48.0%	29.0%	7.0%	--
BSIIX	BlackRock Strategic Income Opportunities Fund	10.0%	10.0%	10.0%	3.0%	--
MAHQX	BlackRock Total Return Fund	10.0%	10.0%	9.0%	2.0%	--
SCHO	Schwab Short Term US Treasury ETF	7.0%	4.0%	1.0%	1.0%	--
IEI	iShares 3-7 Year Treasury Bond ETF	7.0%	--	--	--	--
SCHR	Schwab Intermediate-Term U.S. Treasury ETF	20.0%	16.0%	4.0%	--	--
TLT	iShares 20+ Year Treasury Bond ETF	3.0%	2.0%	1.0%	--	--
LQD	iShares iBoxx \$ Investment Grade Corporate Bond ETF	9.0%	5.0%	2.0%	1.0%	--
HYG	iShares iBoxx \$ High Yield Corporate Bond ETF	2.0%	1.0%	2.0%	--	--
Global & International Fixed Income		2.0%	1.0%	1.0%	1.0%	--
EMB	iShares J.P. Morgan USD Emerging Markets Bond ETF	2.0%	1.0%	1.0%	1.0%	--
U.S. Equity		10.0%	23.0%	37.0%	53.0%	64.0%
QUAL	iShares Edge MSCI USA Quality Factor ETF	1.0%	4.0%	4.0%	7.0%	9.0%
MTUM	iShares Edge MSCI USA Momentum Factor ETF	--	2.0%	2.0%	4.0%	7.0%
VLUE	iShares MSCI USA Value Factor ETF	--	--	2.0%	1.0%	--
SCHG	Schwab US Large-Cap Growth ETF	3.0%	7.0%	13.0%	17.0%	17.0%
SCHV	Schwab US Large-Cap Value ETF	3.0%	7.0%	11.0%	18.0%	19.0%
XLF	Financial Select Sector SPDR® Fund	--	--	--	--	1.0%
XLI	Industrials Select Sector SPDR® Fund	1.0%	1.0%	1.0%	1.0%	2.0%
XLK	Technology Select Sector SPDR® Fund	--	--	1.0%	1.0%	2.0%
XLV	Health Care Select SPDR® Fund	1.0%	1.0%	1.0%	1.0%	3.0%
XLY	Consumer Discretionary Select Sector SPDR® Fund	1.0%	1.0%	2.0%	3.0%	4.0%
Global & International Equity		5.0%	14.0%	21.0%	27.0%	31.0%
IEFA	iShares Core MSCI EAFE ETF	--	2.0%	6.0%	7.0%	8.0%
IEMG	iShares Core MSCI Emerging Markets ETF	--	--	--	2.0%	4.0%
ACWV	iShares Edge MSCI Min Vol Global ETF	3.0%	6.0%	6.0%	4.0%	5.0%
MCHI	iShares MSCI China ETF	--	1.0%	1.0%	2.0%	1.0%
FEZ	SPDR® EURO STOXX 50® ETF	2.0%	5.0%	7.0%	11.0%	12.0%
SMH	VanEck Vectors Semiconductor ETF	--	--	1.0%	1.0%	1.0%
Multi-Asset		10.0%	10.0%	10.0%	10.0%	3.0%
MALOX	BlackRock Global Allocation Fund	10.0%	10.0%	10.0%	10.0%	3.0%
Cash		5.0%	4.0%	2.0%	2.0%	2.0%






Subject to change.

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Changes to Holdings (%)

Since last rebalance*

		Asset Allocation				
		Conservative	Moderate Growth	Growth	Aggressive Growth	Equity
						
Weighted Average Net Expense Ratio (%)	29 bps	30 bps	30 bps	22 bps	14 bps	
U.S. Fixed Income		--	+1.0%	-1.0%	-1.0%	--
BSIIX	BlackRock Strategic Income Opportunities Fund	--	--	--	--	--
MAHQX	BlackRock Total Return Fund	--	--	--	-1.0%	--
SCHO	Schwab Short Term US Treasury ETF	+1.0%	+1.0%	-1.0%	+1.0%	--
IEI	iShares 3-7 Year Treasury Bond ETF	--	--	--	--	--
SCHR	Schwab Intermediate-Term U.S. Treasury ETF	--	+2.0%	+1.0%	-1.0%	--
TLT	iShares 20+ Year Treasury Bond ETF	--	-1.0%	-1.0%	--	--
LQD	iShares iBoxx \$ Investment Grade Corporate Bond ETF	-1.0%	-1.0%	--	--	--
HYG	iShares iBoxx \$ High Yield Corporate Bond ETF	--	--	--	--	--
Global & International Fixed Income		--	--	--	+1.0%	--
EMB	iShares J.P. Morgan USD Emerging Markets Bond ETF	--	--	--	+1.0%	--
U.S. Equity		+1.0%	-1.0%	--	-2.0%	-1.0%
QUAL	iShares Edge MSCI USA Quality Factor ETF	--	-1.0%	-2.0%	-2.0%	-2.0%
MTUM	iShares Edge MSCI USA Momentum Factor ETF	--	--	-1.0%	-1.0%	--
VLUE	iShares MSCI USA Value Factor ETF	--	--	+2.0%	+1.0%	--
SCHG	Schwab US Large-Cap Growth ETF	--	--	--	--	--
SCHV	Schwab US Large-Cap Value ETF	--	--	+1.0%	--	+1.0%
XLF	Financial Select Sector SPDR® Fund	--	--	-1.0%	-1.0%	-1.0%
XLI	Industrials Select Sector SPDR® Fund	+1.0%	+1.0%	+1.0%	+1.0%	+1.0%
XLK	Technology Select Sector SPDR® Fund	--	-1.0%	--	--	--
XLV	Health Care Select SPDR® Fund	--	--	--	--	--
XLY	Consumer Discretionary Select Sector SPDR® Fund	--	--	--	--	--
Global & International Equity		-1.0%	--	+1.0%	+2.0%	+1.0%
IEFA	iShares Core MSCI EAFE ETF	-1.0%	--	--	--	--
IEMG	iShares Core MSCI Emerging Markets ETF	--	--	--	--	--
ACWV	iShares Edge MSCI Min Vol Global ETF	--	--	--	--	--
MCHI	iShares MSCI China ETF	--	--	--	--	--
FEZ	SPDR® EURO STOXX 50® ETF	--	--	--	+1.0%	--
SMH	VanEck Vectors Semiconductor ETF	--	--	+1.0%	+1.0%	+1.0%
Multi-Asset		--	--	--	--	--
MALOX	BlackRock Global Allocation Fund	--	--	--	--	--
Cash		--	--	--	--	--

Allocations shown are targets and are subject to change. *Last rebalance occurred on August 18th, 2020.

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