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Summary Overview

- Standard & Poor's 500 (S&P 500) Index fell 4.60% during the quarter, but it was up 15.65% over the past twelve months.
- MSCI All Country World ex-US Index (international stocks) lagged U.S. stocks in the 1st quarter, with the index down 5.26%. The index rose 7.73% over the past twelve months.
- MSCI Emerging Markets Equities Index was down 6.92% for the quarter and down 11.08% over the past twelve months.
- Bloomberg U.S. Aggregate Bond Index underperformed stocks, falling 5.93% during the quarter. The index is down 4.15% over the past twelve months.
- Bloomberg 1-3 Year Government Bond Index fell 2.49% in the quarter and 2.91% over the past twelve months.
- S&P Goldman Sachs Commodities Index increased by 33.13% for the quarter and was up 64.55% over the past twelve months.

iSectors[®] Allocation Model Commentary

[iSectors[®] Post-MPT Allocations](#)

- The iSectors[®] Post-MPT Growth Allocation outperformed during the first quarter of 2022, rising 2.78% versus the S&P 500's loss of 4.60%. iSectors[®] Post-MPT Moderate Allocation also outperformed its benchmark: gaining 4.45% versus its 60/40 stock/bond benchmark, which was down 5.07% (60/40 = 60% S&P 500 and 40% Barclays U.S. Aggregate Bond Index).
- Historically, the iSectors[®] Post-MPT Growth Allocation and the iSectors[®] Moderate Allocation tend to outperform the S&P 500 index when the S&P 500 index's returns grow at an annualized rate of less than 10% or when the S&P 500's returns are negative. Over the last few years, the outperformance of FAANG stocks has dominated the S&P 500's returns, but in recent months the iSectors[®] Post-MPT Allocation models have shown that there is still value to optimizing asset allocation and that markets don't only go up.
- During the quarter, energy and gold miner index ETFs positively impacted the iSectors[®] Post-MPT Growth Allocation and the iSectors[®] Post-MPT Moderate Allocation. Long-term treasury bond and technology index ETFs held back returns in both allocations.
- During the quarter, the iSectors[®] Post-MPT Growth Allocation reduced exposure to long-term treasury bond ETFs and increased exposure to both gold miner and energy index ETFs. The iSectors[®] Post-MPT Moderate Allocation sold financials, while adding a small amount of gold miners.

[iSectors[®] Domestic Equity Allocation](#)

- The iSectors[®] Domestic Equity Allocation was down 3.54% for the quarter. Over the past 12 months, the strategy increased by 11.42%.
- Quality dividend focused ETFs helped relative performance by outperforming the S&P 500 in the quarter, while large cap growth ETFs underperformed the S&P 500.
- The fundamentally weighted iSectors[®] Domestic Equity Allocation focuses on companies with less volatility and a history of increasing dividend payments for many consecutive years. The portfolio's current dividend yield is 1.78%.

[iSectors[®] Domestic Fixed Income Allocation](#)

- The iSectors[®] Domestic Fixed Income Allocation was down 2.58% for the quarter and 1.77% over the past twelve months.
- High yield corporate bonds outperformed investment grade corporate bonds during the quarter, however both asset classes contributed negatively to returns.
- With an effective duration of approximately 2.2 years and an average investment-grade rating, iSectors[®] Domestic Fixed Income seeks to provide investors attractive income (current yield of 2.68%) while experiencing low principal volatility.

[iSectors[®] Enhanced Allocations](#)

- The iSectors[®] Enhanced Balanced Allocation decreased by 1.81% which outperformed the Morningstar Moderate Target Risk benchmark's decrease of 5.19% in the quarter. Over the last 12 months, iSectors[®] Enhanced Balanced Allocation was up 6.76%, while the moderate risk benchmark rose only 2.26%.
- The Allocations' only investments with positive returns in the quarter were energy and gold miner index ETFs. Quality dividend focused index ETFs were flat to mildly negative which helped limit losses as well.
- The iSectors[®] Enhanced Allocation series includes Income, Conservative, Balanced, Growth, and Aggressive allocation models. Each allocation blends short-term laddered bonds and equities focused on owning stocks that have increased their dividends for many consecutive years, with a 20% satellite allocation to iSectors' Post-MPT Growth Allocation.

[iSectors[®] Global Allocations](#)

- First-quarter returns for the iSectors[®] Global Allocations ranged from -4.85% for iSectors[®] Global Fixed Income Allocation to -4.99% for iSectors[®] Global Equity Allocation.
- Developed international and emerging market dividend ETFs were the only positive contributors to the quarter's performance for the iSectors[®] Global Equity Allocation. Growth ETFs, both domestic and developed international, were the worst performers.
- The iSectors[®] Global Fixed Income Allocation's active senior loan ETF exposure performed the best in the quarter. Mortgage-backed securities (MBS) ETFs, long duration government bonds, and international corporate bonds had the worst returns in the model.

[iSectors[®] Liquid Alternatives Allocation](#)

- The iSectors[®] Liquid Alternatives Allocation rose 0.31% during the quarter and 2.86% over the past twelve months.
- The portfolio's allocations to real asset ETFs (broad commodities and precious metals) and hedged strategy mutual funds (market neutral and long/short funds) contributed positively to returns. Alternative private equity ETFs hurt performance the most during the quarter.
- The iSectors[®] Liquid Alternatives Allocation has outperformed its HFR hedge fund benchmark over the last 1, 3, 5, and 10 years.

[iSectors[®] Endowment Allocation](#)

- The iSectors[®] Endowment Allocation's total return was down 0.57% for the quarter and up 4.05% over the past twelve months.
- The model's allocation to domestic and international high dividend equity ETFs and global infrastructure funds were the best performing positions in the quarter. Preferred securities ETFs hurt the strategy the most in the last quarter.
- The iSectors[®] Endowment Allocation's objective is current income rather than total return. The strategy diversifies across 16 equity, fixed income, and alternative funds with low to moderate correlations to equity and fixed income markets. The Allocation's current yield is 5.15%.

[iSectors[®] Inflation Protection Allocation](#) and [iSectors[®] Precious Metals Allocation](#)

- The iSectors[®] Inflation Protection Allocation increased by 5.45%, and the iSectors[®] Precious Metals Allocation gained 8.16% during the quarter. Over the past twelve months, Inflation Protection was up 14.48%, and Precious Metals gained 1.87%.
- Rising palladium, gold, and silver prices most positively impacted the iSectors[®] Precious Metals Allocation. The iSectors[®] Inflation Protection Allocation was aided both by precious metals ETFs exposure and broad commodity ETFs.
- We believe inflation and higher interest rates are the most significant risk factors investors are currently facing and will continue to face over the next 10-15 years. The recent recovery in precious metals and other commodity prices is an indication that this process is well underway. Investors would be wise to place a portion of their portfolios in inflation-protected assets, particularly precious metals, to hedge against inflation and the potential decline in the value of the dollar.

[iSectors[®] Capital Preservation Allocation](#)

- The iSectors[®] Capital Preservation Allocation was down 1.71% for the quarter and 1.87% over the past 12 months. It has outperformed the Barclays 1-3 Year Government Bond Index since its January 2010 inception.
- The model has a current yield of 1.26% with an effective duration of 1.35 years and an average investment-grade rating.
- The iSectors[®] Capital Preservation Allocation offers a cash alternative with short durations to preserve investment principal in an economic environment characterized by volatile interest rates. It also provides the potential for enhanced returns versus money market funds while maintaining daily liquidity.

[iSectors[®] Tactical Global Balanced Allocation](#)

- The iSectors[®] Tactical Global Balanced Allocation lost 0.20% during the quarter. Its 60/40 stock/bond benchmark, was down 5.07% (60/40 = 60% S&P 500 and 40% Bloomberg U.S. Aggregate Bond Index).
- The model was up 8.75% over the past year, outperforming the 60/40 stock/bond index, which was up 7.50% over the last year.
- Broad commodity holdings contributed positively to returns, while the large allocations to short term bonds and notes helped limit losses during the quarter.
- The iSectors[®] Tactical Global Balanced Allocation is currently invested in U.S. large-cap equities, gold, commodities, and real estate.

[iSectors[®] CryptoBlock[™] Allocations](#)

- The iSectors[®] CryptoBlock[™] Allocation lost 10.16% during the quarter, and the iSectors[®] CryptoBlock[™] II Allocation was down 14.45%.
- Spot bitcoin exposure, obtained via the Grayscale Bitcoin Trust (GBTC), hurt returns in the original CryptoBlock[™] Allocation, while blockchain equity ETFs and crypto miner ETFs had negative returns that hurt performance in both models.
- CryptoBlock[™] is a suite of models designed to take advantage of the rapid adoption of cryptocurrency and the evolution of the underlying technology that makes it possible: blockchain technology.

All model returns presented gross of fees. Index comparisons are provided for information purposes. You cannot invest directly in an index, only in index funds that charge fees.

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