

**iSectors® Current Research Updates**

**Measured Optimism** - Economic data stabilizing and remains trending in a positive direction.

- Unemployment rate 19 consecutive months under 4%. Longest such streak since 1967.
- Rolling 6-month change in industrial capacity increasing. See chart below.
- Credit spreads remain tight.
- Strong YTD stock market performance and improving breadth in the stock market.

**Stagflation still looms** - The Fed orchestrating a soft landing is no sure thing.

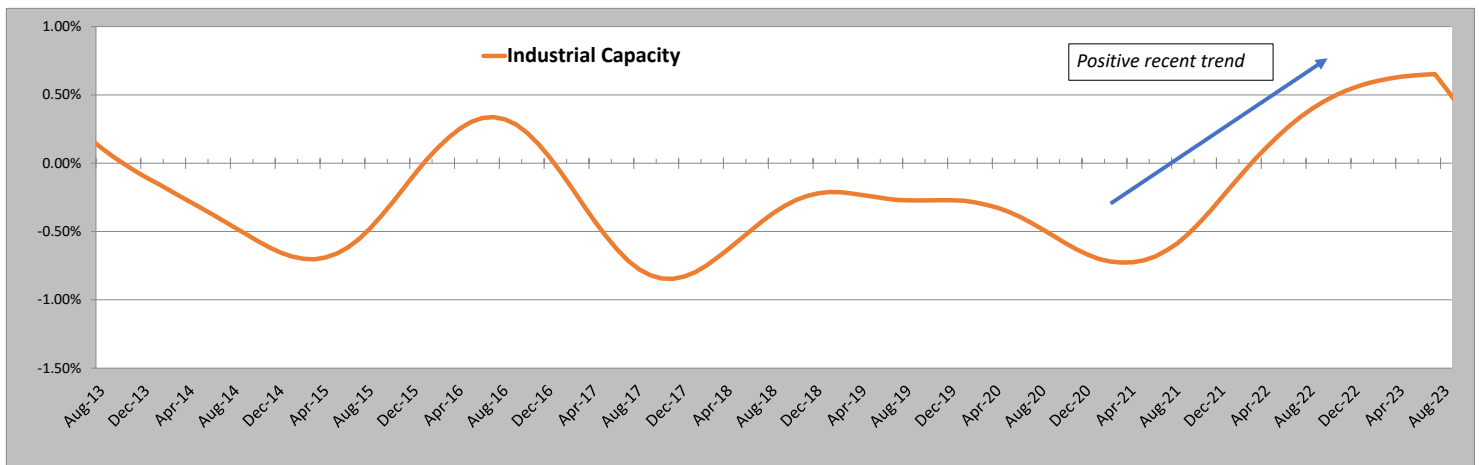
Inflationary pressures remain a concern.

- Money supply remains over \$20T.
- Dovish fiscal policy continues to be contrary to a hawkish monetary policy.

A recession is still in the range of outcomes.

- Inverted yield curve.
- High interest rates can slow growth.

**Chart 1: Manufacturing Industrial Capacity Rolling 6-Month Change - Last 10 Years**



**iSectors® Post-MPT Allocations September 2023 Update**

iSectors Post-MPT Allocations both have moved to less conservative positioning. This is most evident in Moderate as it has reduced its treasury bond exposure to 11.70%, the lowest it has been since 2014.

Gold bullion remains at a near maximum weighting in each model as both a potential recession, dollar, and inflation hedge. Our model seems to be focusing on the inflationary pressures mentioned above. This large weighting to gold signals: we are not out of the woods yet and being invested in the equity markets still carries significant risks.

Even with the current risks that are present, both the iSectors Post-MPT Growth Allocation and the iSectors Post-MPT Moderate Allocation have allocated to traditional equity sectors like healthcare and technology in a higher proportion than they have since the 2013-2014 period, which was a very strong period for equity performance. Both models have a nearly equal weight to technology as the S&P 500, while the healthcare position in each model is about 2x the index.

**Post-MPT Growth Allocation History**

	Sep 2023	Aug 2023	July 2023	June 2023	May 2023	Apr 2023
Materials	5.30	19.60	11.70	3.70	12.10	17.60
Bond	6.50	11.80	14.20	12.90	13.80	7.30
Energy	0.00	0.00	0.00	0.00	1.90	12.30
Financials	0.00	0.00	0.00	0.00	0.00	0.00
Gold Miners	0.00	0.00	0.00	0.00	0.00	29.40
Gold Bullion	29.60	29.60	29.50	29.40	29.40	0.00
Healthcare	27.80	7.40	13.10	22.60	24.30	19.00
Real Estate	0.00	0.00	0.00	0.00	0.00	0.00
Technology	28.80	29.60	29.50	29.40	9.70	9.30
Utilities	0.00	0.00	0.00	0.00	6.80	3.10
Cash	2.00	2.00	2.00	2.00	2.00	2.00

**Post-MPT Moderate Allocation History**

	Sep 2023	Aug 2023	July 2023	June 2023	May 2023	Apr 2023
Materials	0.00	0.00	0.00	0.00	0.90	8.90
Bond	11.70	40.60	42.80	40.80	37.20	48.00
Energy	0.00	0.00	0.00	0.00	0.00	0.00
Financials	0.00	0.00	0.00	0.00	0.00	0.00
Gold Miners	0.00	0.00	0.00	0.00	0.00	2.40
Gold Bullion	29.00	28.30	28.30	28.80	29.00	0.00
Healthcare	28.20	0.00	0.80	5.50	23.50	29.00
Real Estate	0.00	0.00	0.00	0.00	0.00	0.00
Technology	25.70	21.60	20.00	18.30	2.10	1.00
Utilities	3.40	7.50	6.10	4.60	5.30	8.70
Cash	2.00	2.00	2.00	2.00	2.00	2.00

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