



BWM Investment Strategy

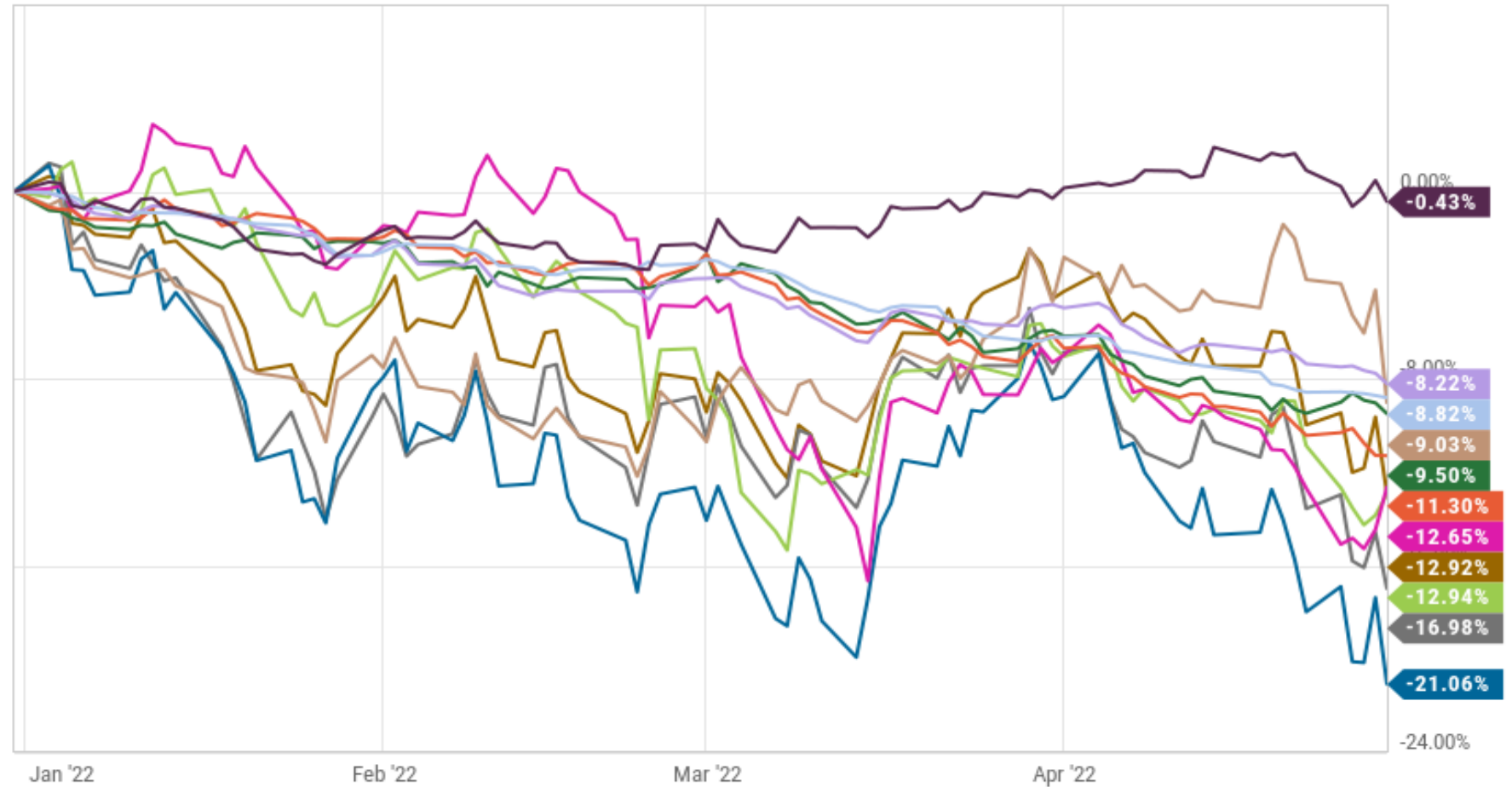
Conflicting Signals in an Unpredictable Environment

No place to hide

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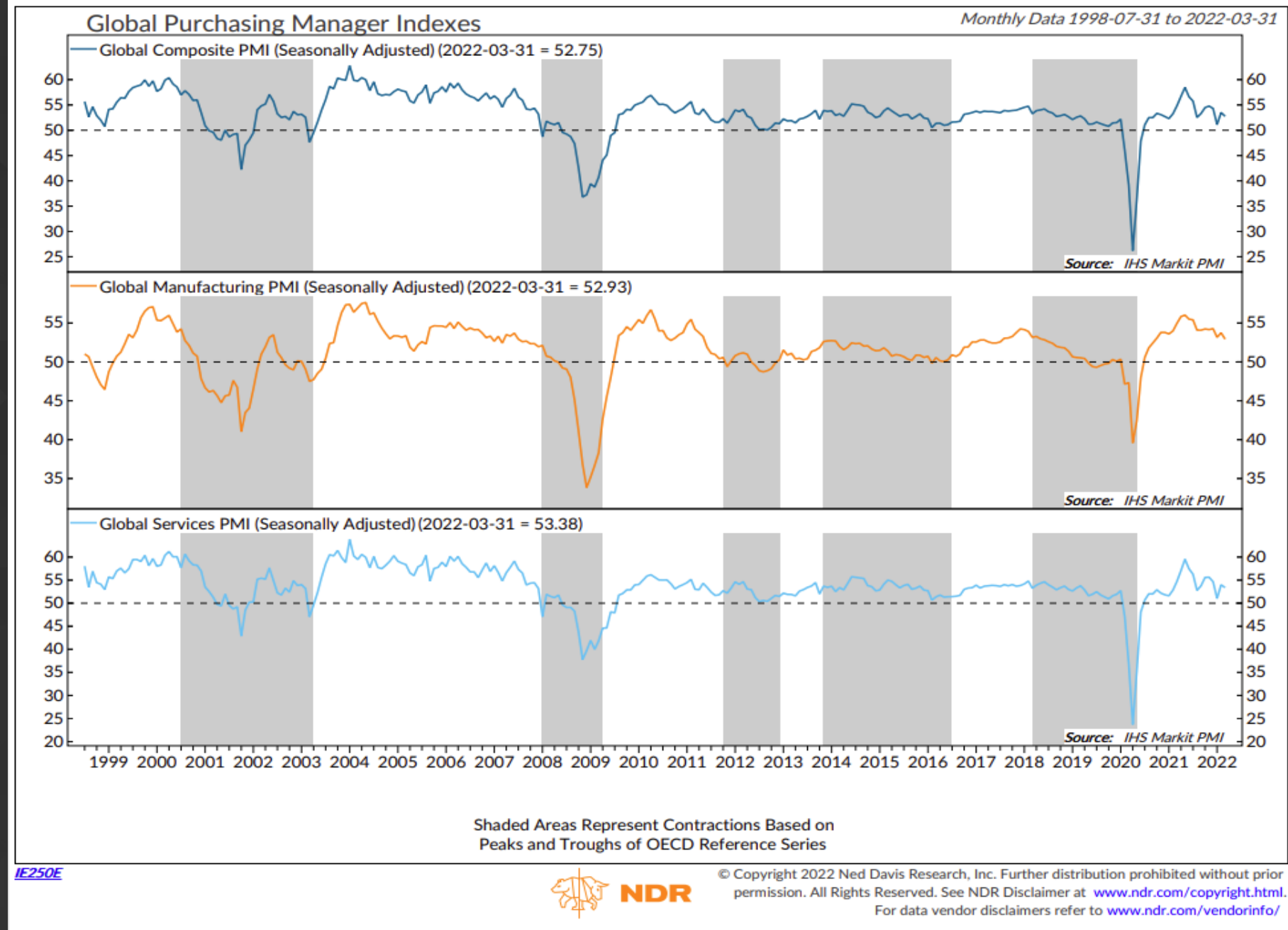
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- S&P 500 Total Return Level % Change
- Russell 2000 Level % Change
- Nasdaq-100 Total Return Level % Change
- MSCI EAFE Level % Change
- MSCI Emerging Markets Level % Change
- S&P US REIT Level % Change
- Bloomberg US Aggregate Level % Change
- Bloomberg Global Aggregate Level % Change
- Bloomberg US Corporate High Yield Level % Change
- Bloomberg Municipal Bond Level % Change
- Morningstar Diversified Alternatives Total Return Level % Change



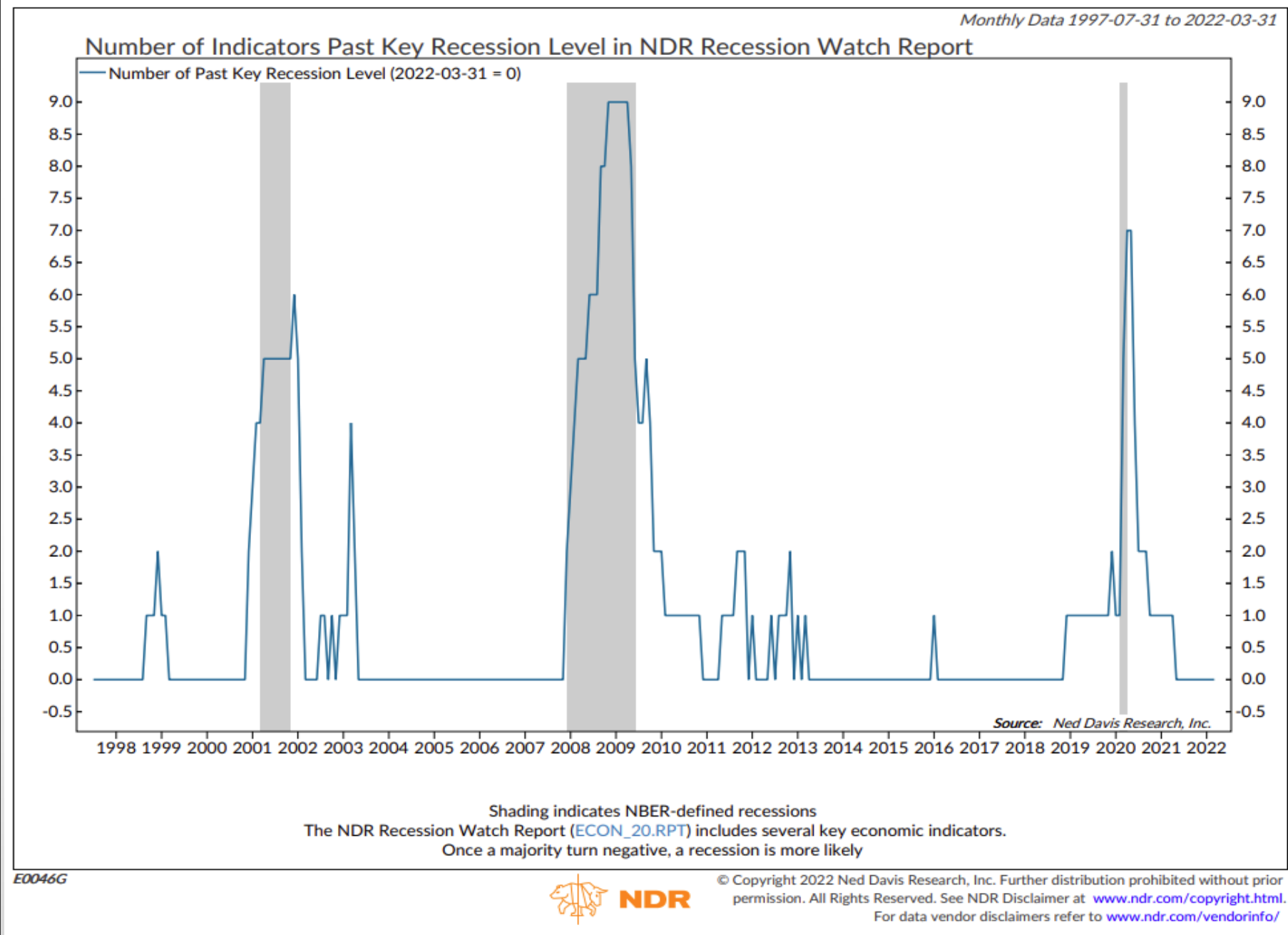
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Global Economy: Neutral



US Economy: Bullish

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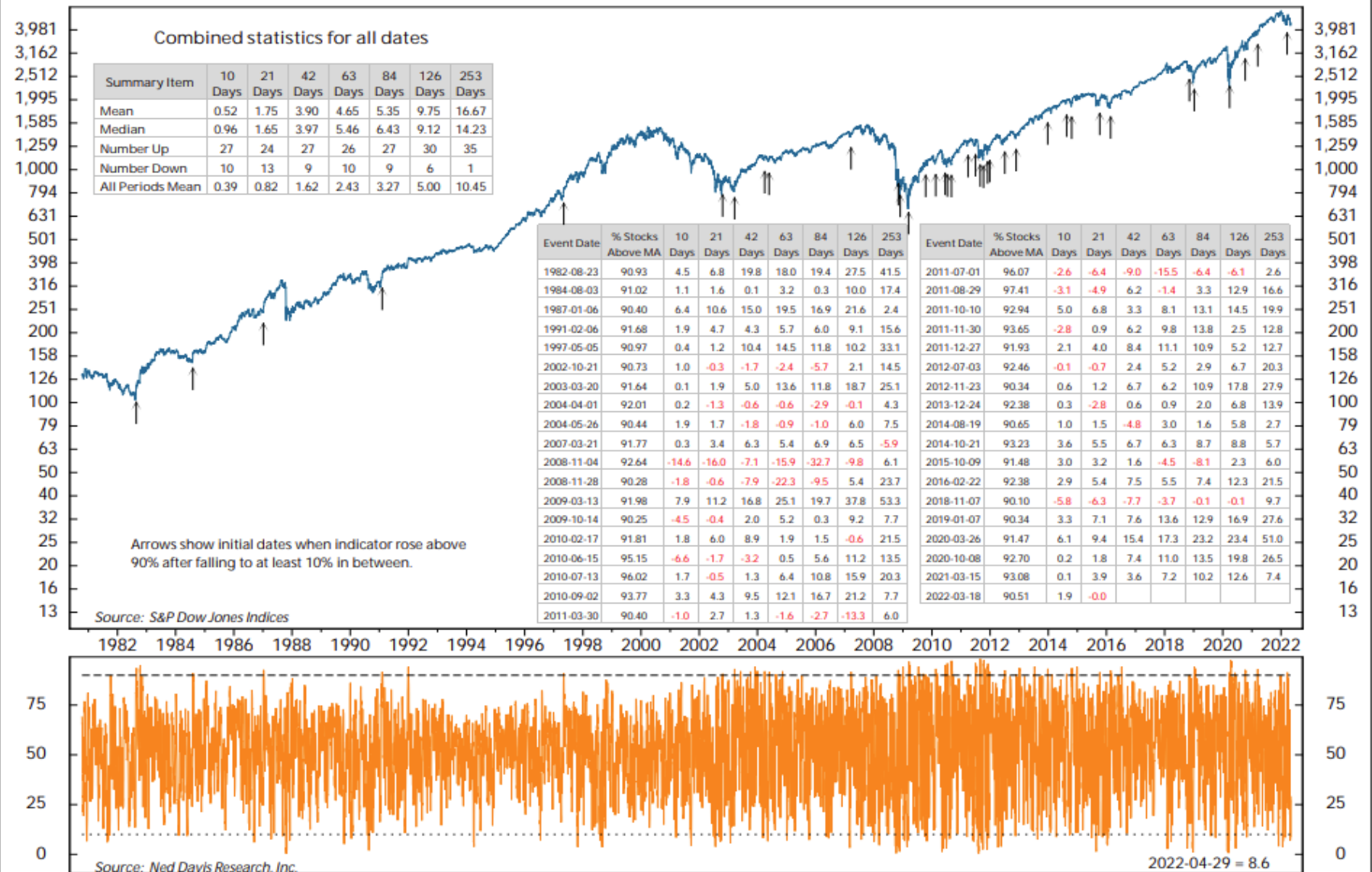
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US Equities Breadth Thrust: Bullish

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Standard & Poor's 500 Stock Index

Daily Data 1980-10-10 to 2022-04-29 (Log Scale)



S45



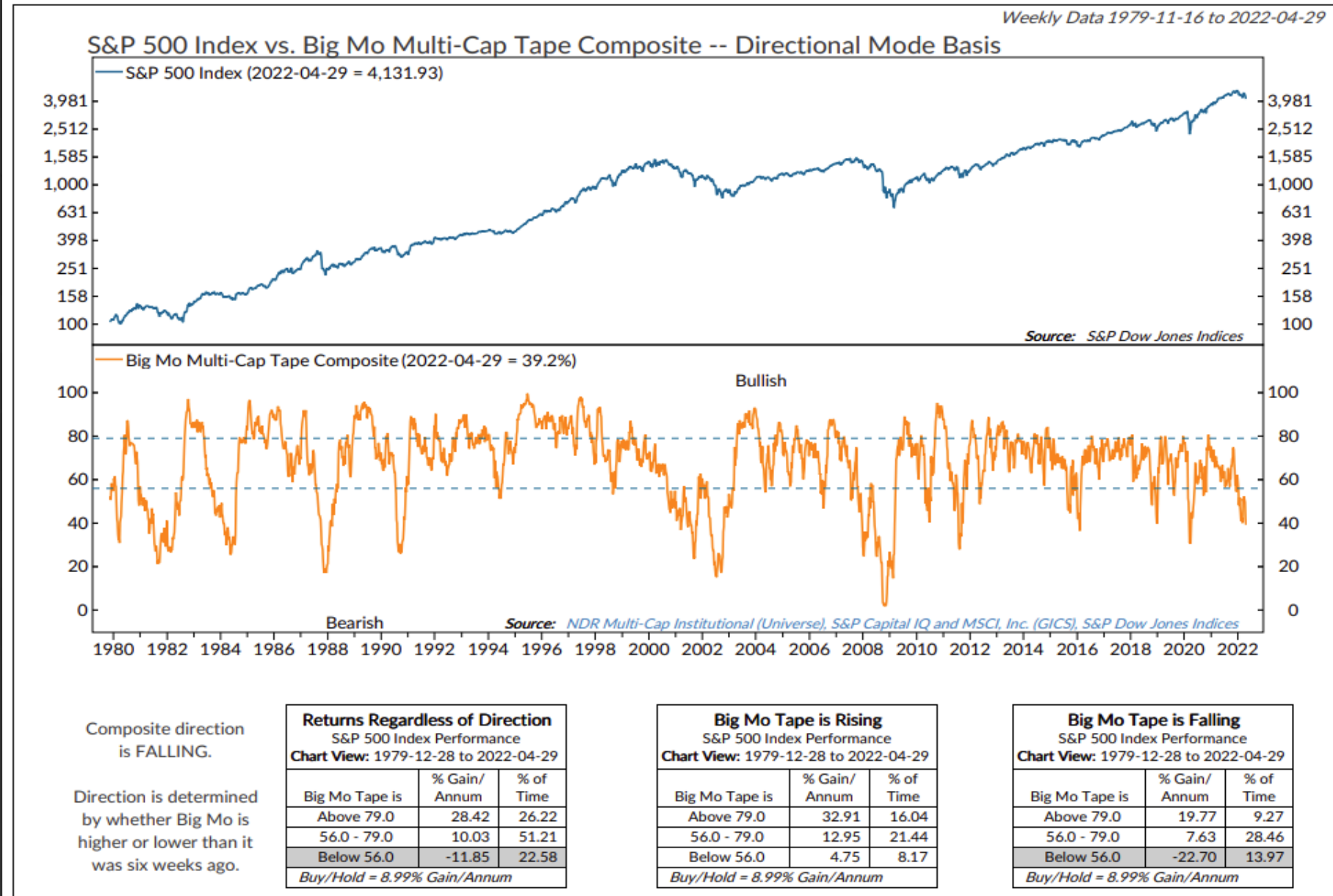
NDR

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US Equities Intermediate Momentum: Bearish

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DAVIS250

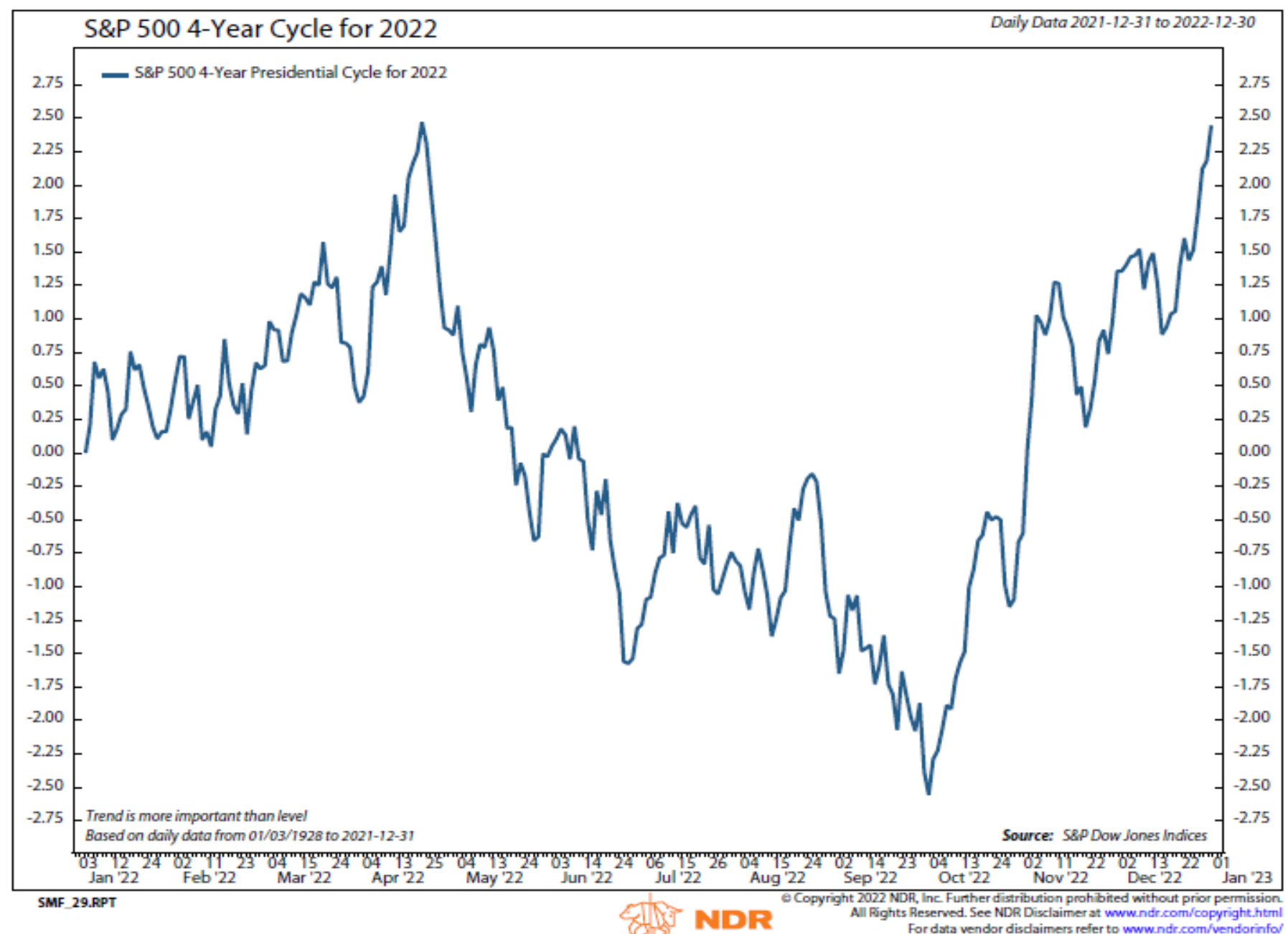


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Cycle Composite: Bearish

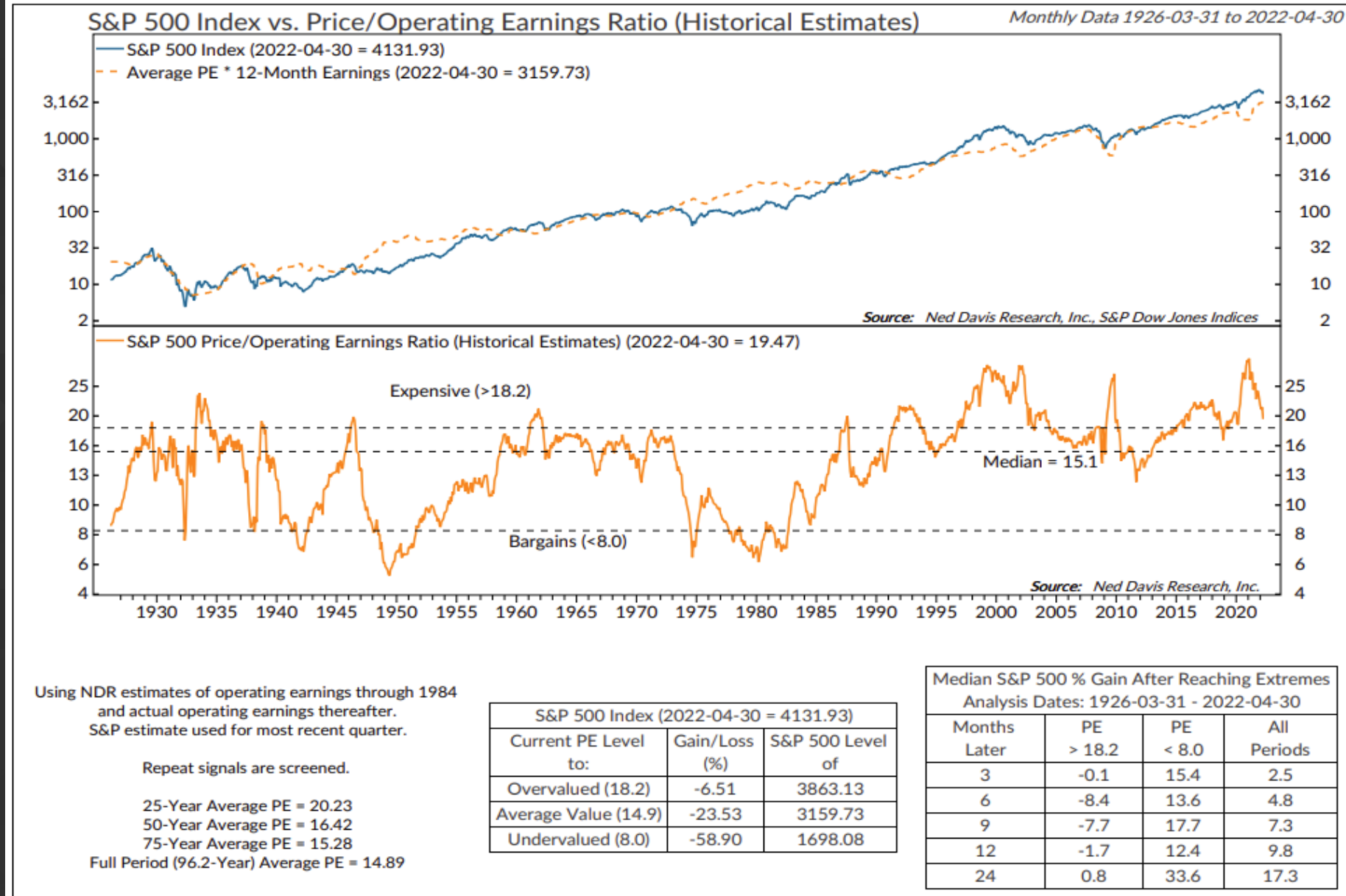
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US Equities: PE Ratio Better but Elevated



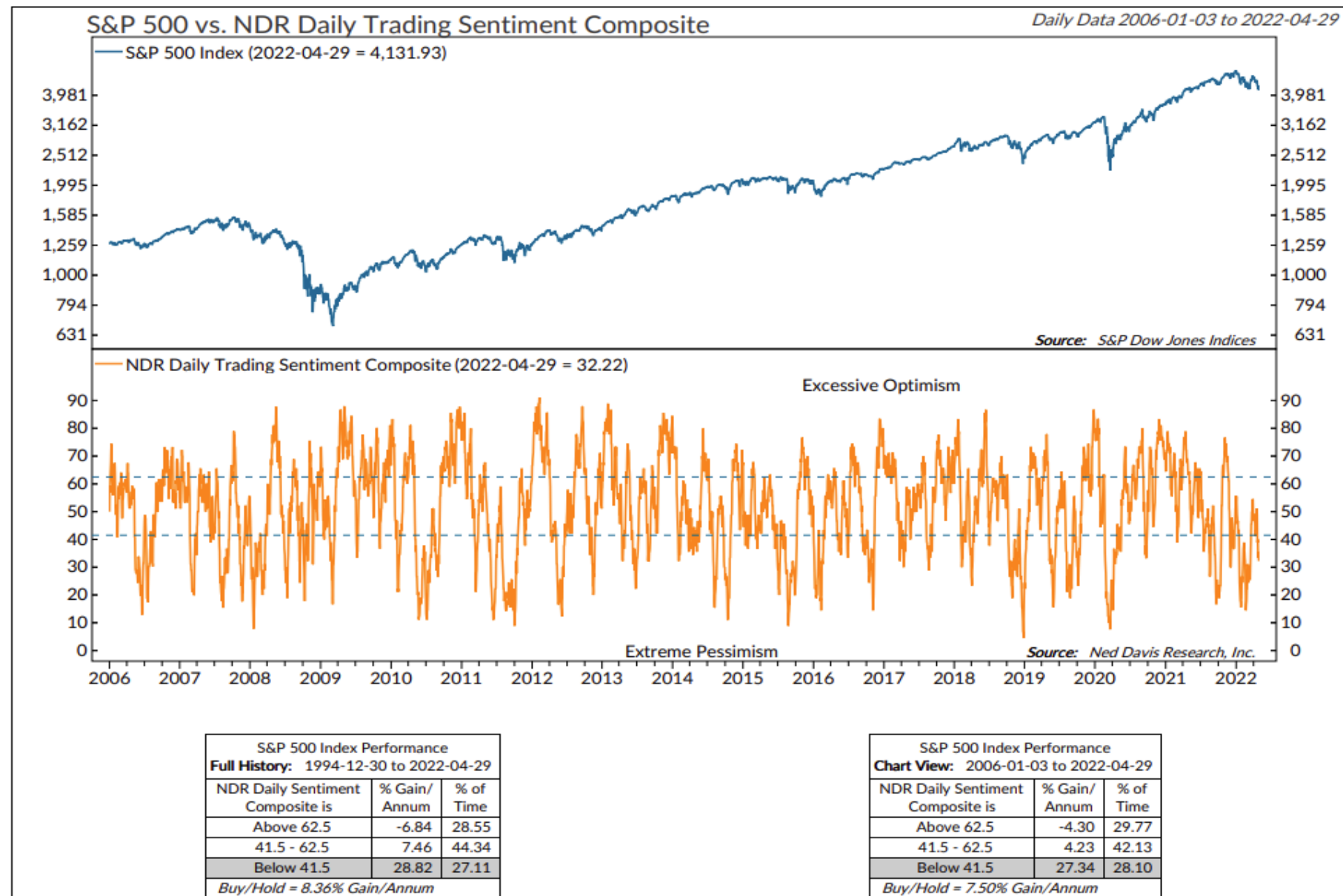
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Sentiment: Bullish

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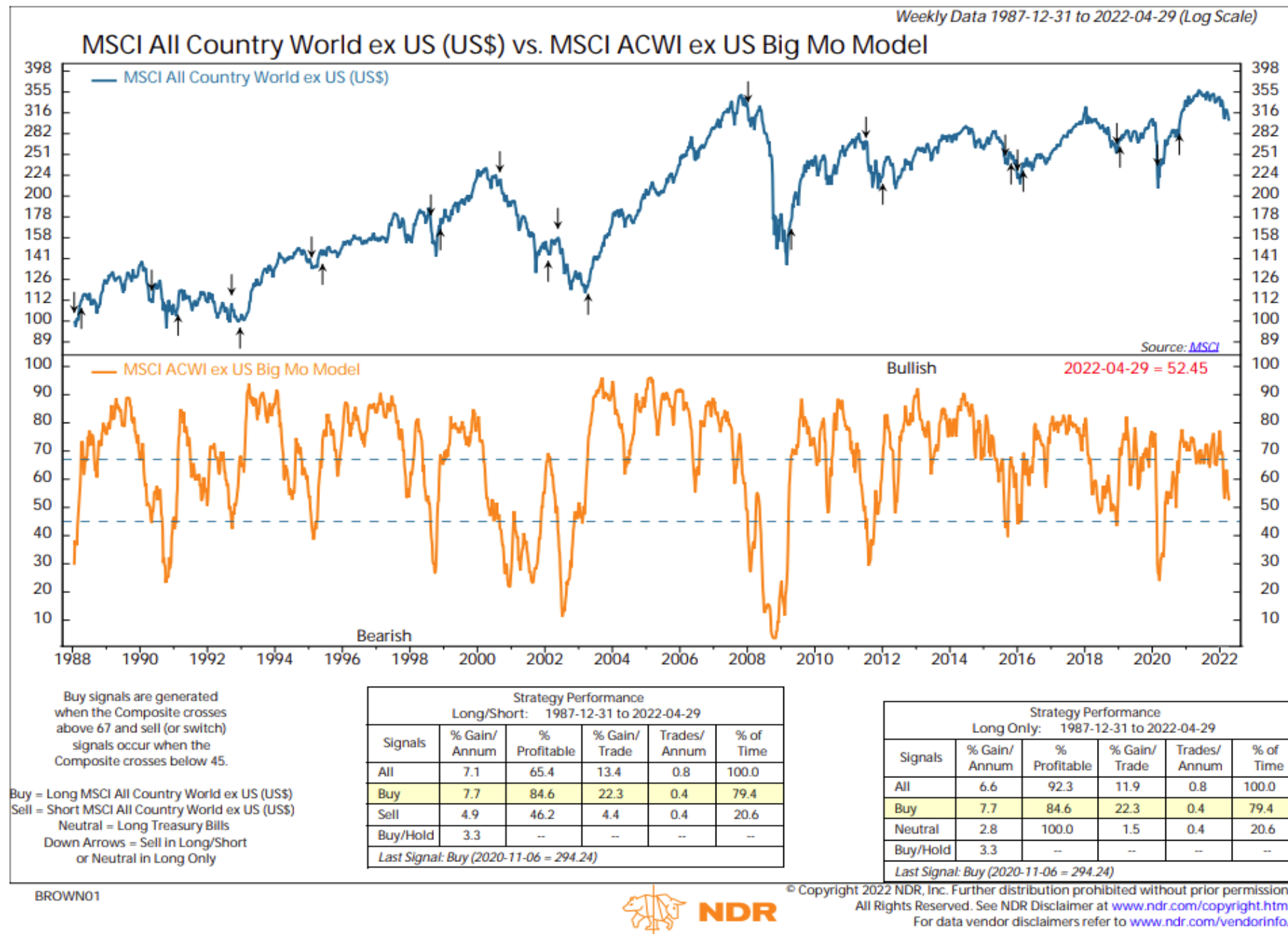


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International Equities: Neutral

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Fixed Income: How much worse?

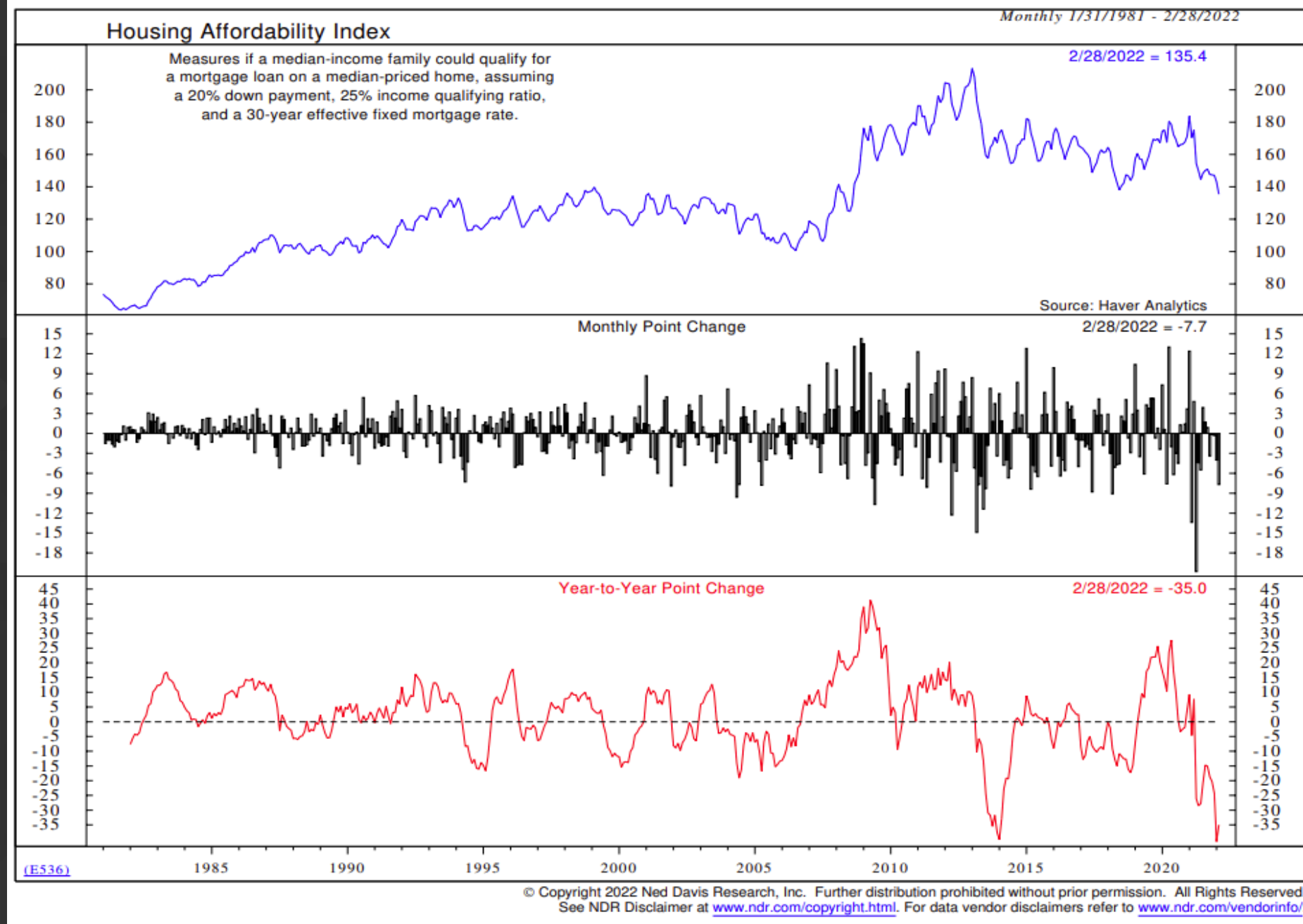
Bond Market Performance During Tightening Cycles

10-Year Treasury Note Yields (%)

Beginning Date of Tightening Cycle	Ending Date of Tightening Cycle	Number of Days	Beginning Value	Ending Value	Basis Point Change
07/17/1963	12/06/1965	873	4.03	4.61	58
11/20/1967	04/03/1969	500	5.85	6.26	41
01/15/1973	04/25/1974	465	6.44	7.63	119
08/31/1977	02/15/1980	898	7.28	12.20	492
09/26/1980	05/05/1981	221	11.99	14.69	270
09/04/1987	02/24/1989	539	9.30	9.38	8
02/04/1994	02/01/1995	362	5.94	7.66	172
06/30/1999	05/16/2000	321	5.81	6.43	62
06/30/2004	06/29/2006	729	4.62	5.22	60
12/16/2015	12/19/2018	1099	2.30	2.77	47
Mean					133
Median					61

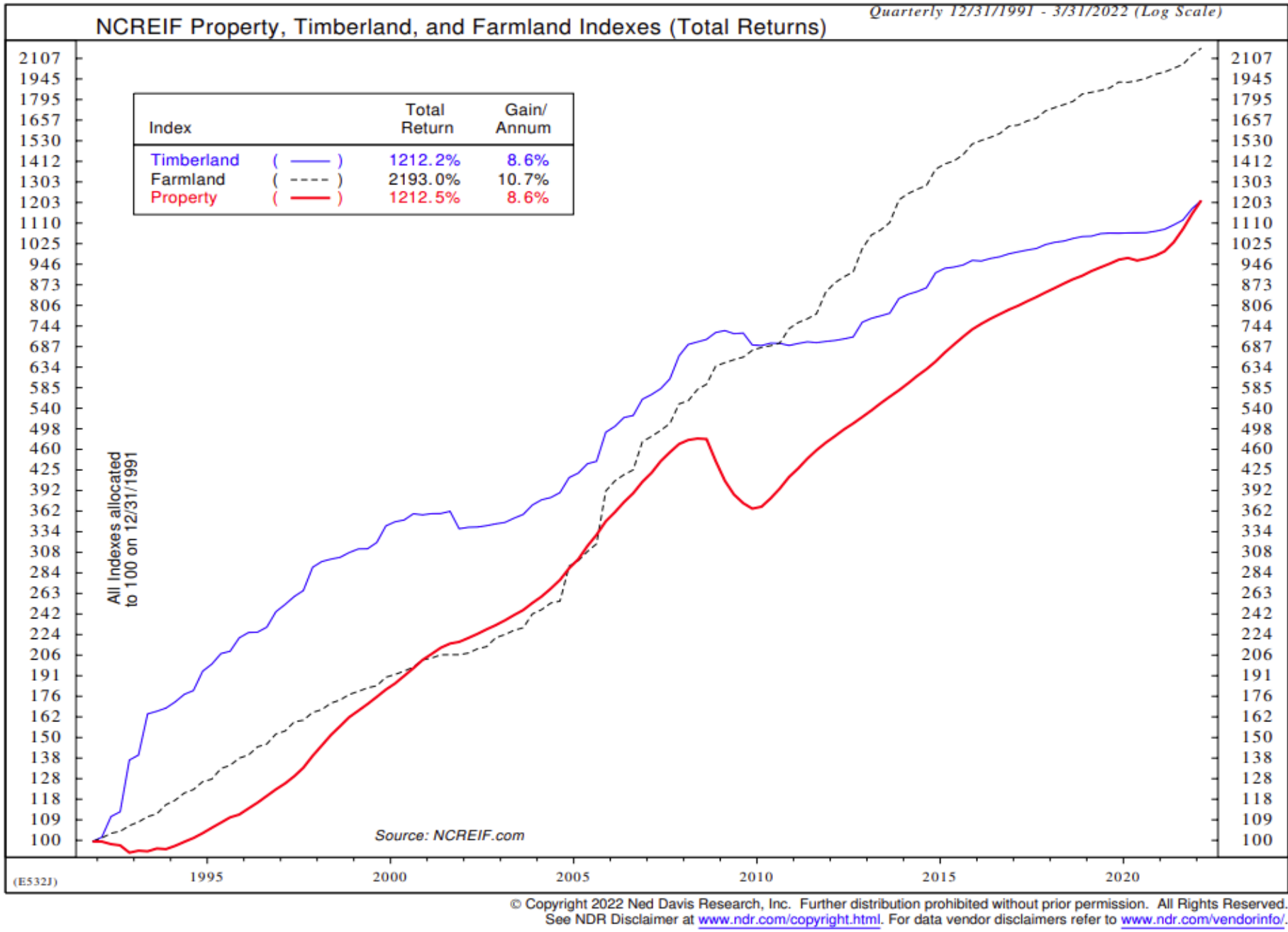
Source: Federal Reserve, Ned Davis Research calculations.

Residential Real Estate: Affordability vs Supply



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Real Assets: Inflation Hedge?

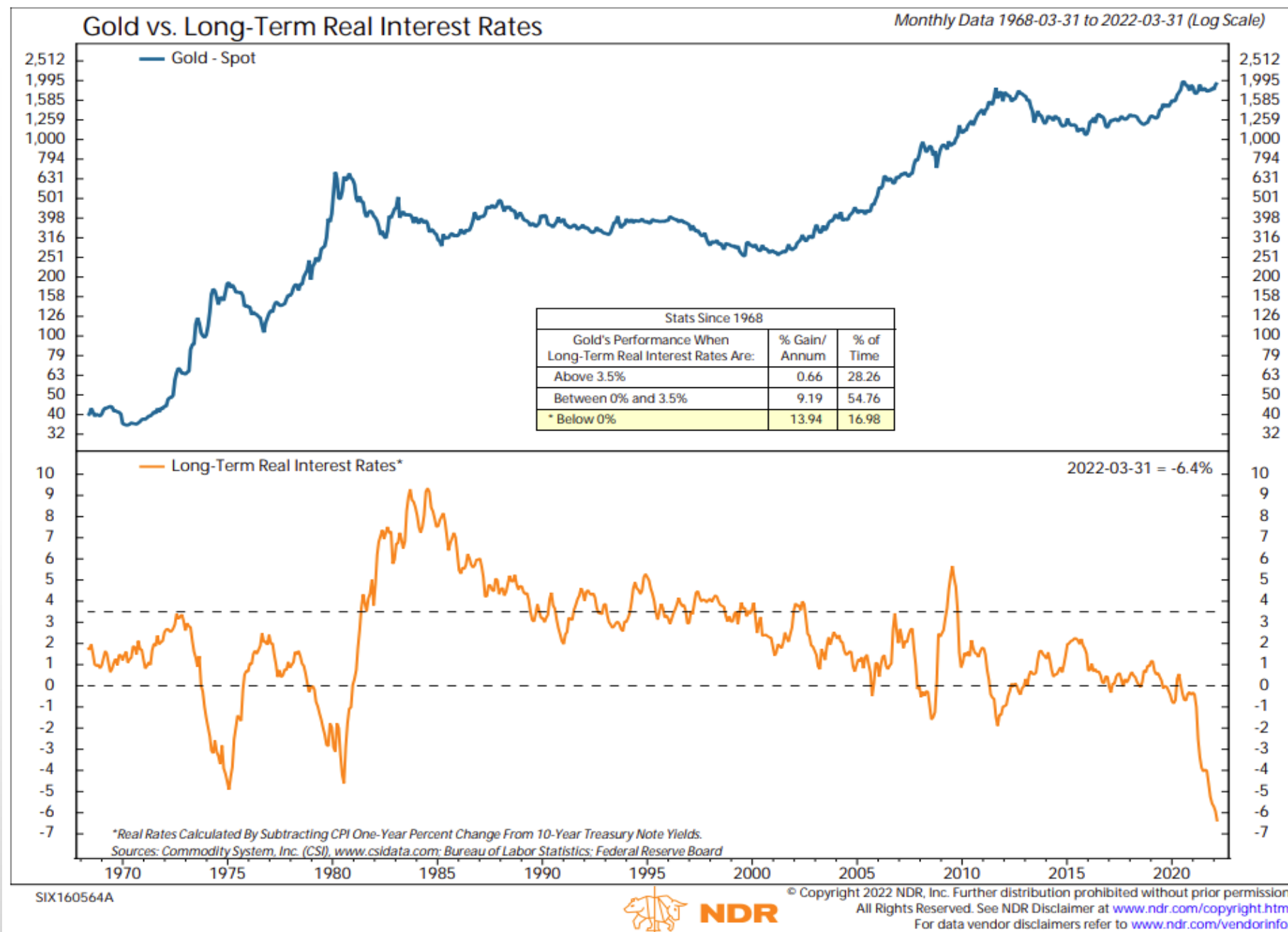


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Gold: An Alternative Safe Haven?

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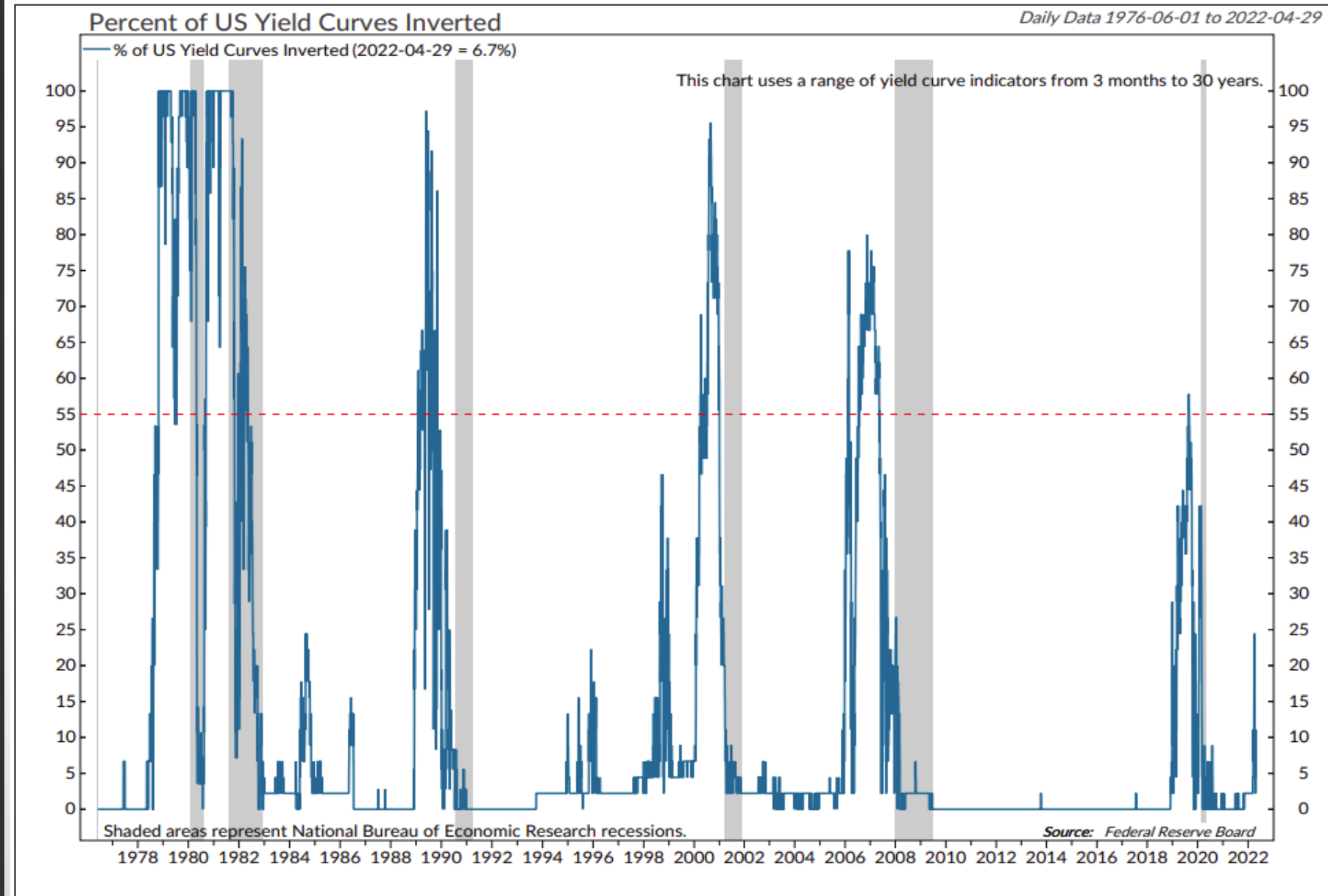


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Yield curve: Safe for Now?

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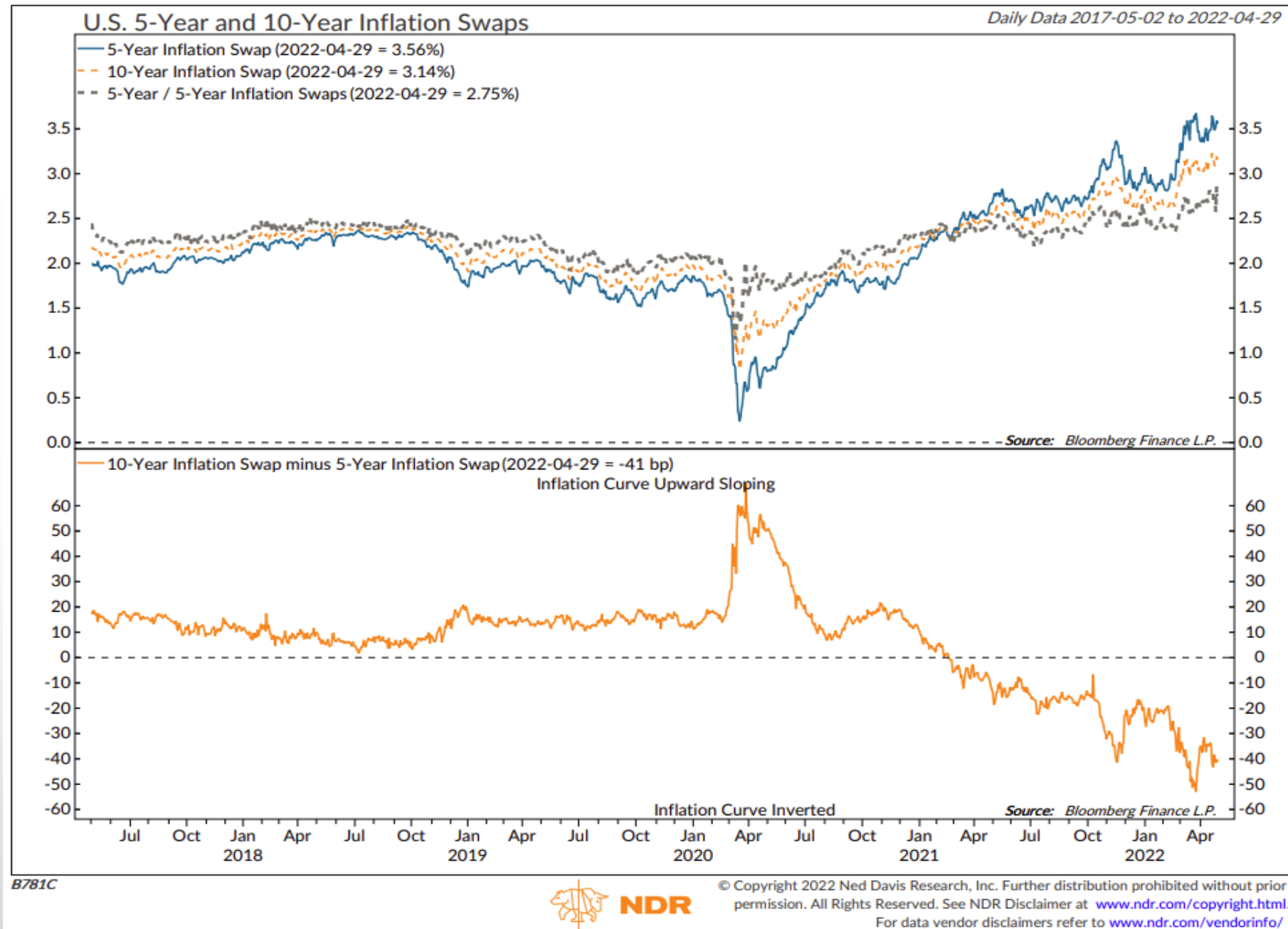
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Inflation: Peaking or Just Getting Started?

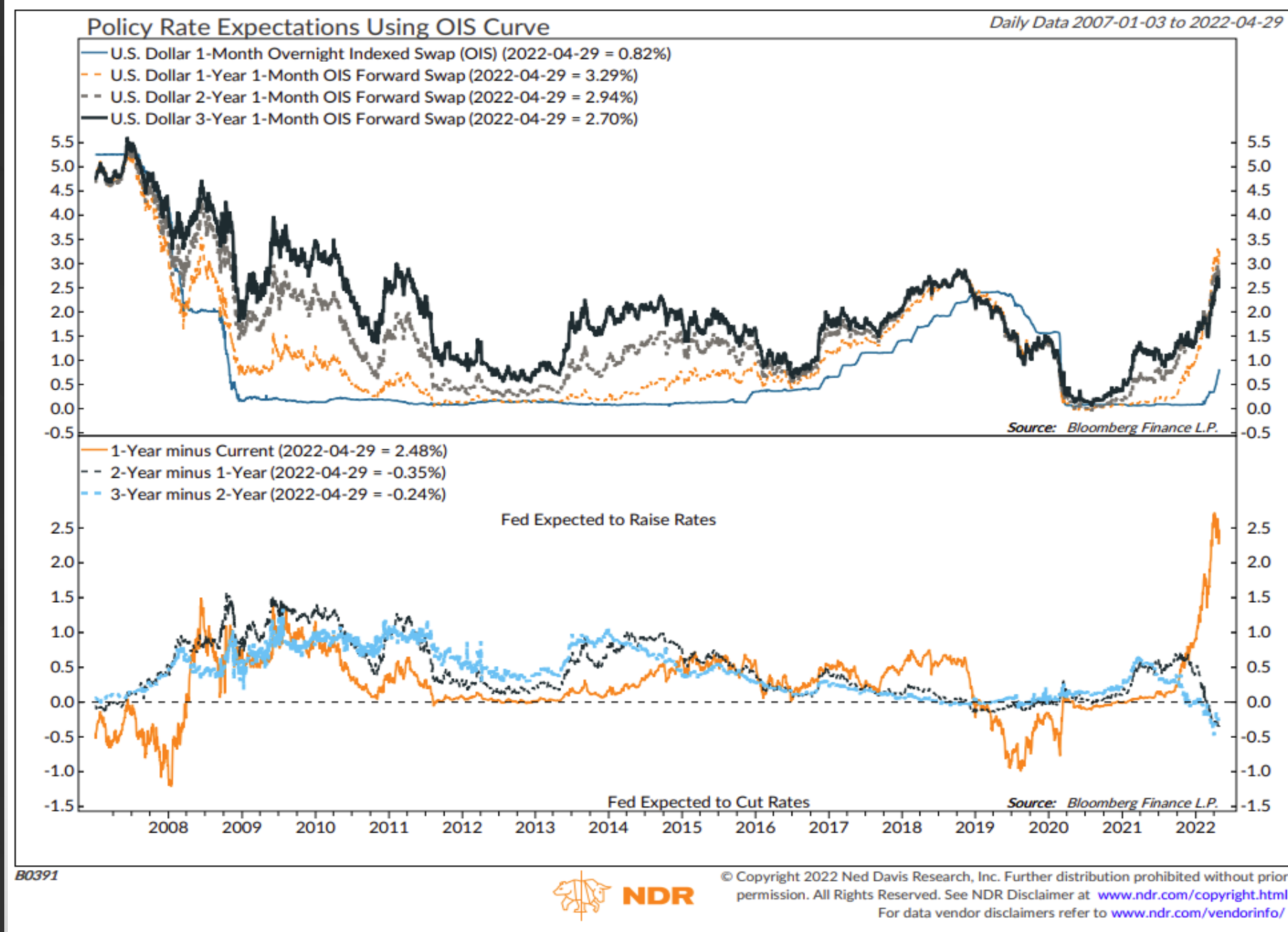
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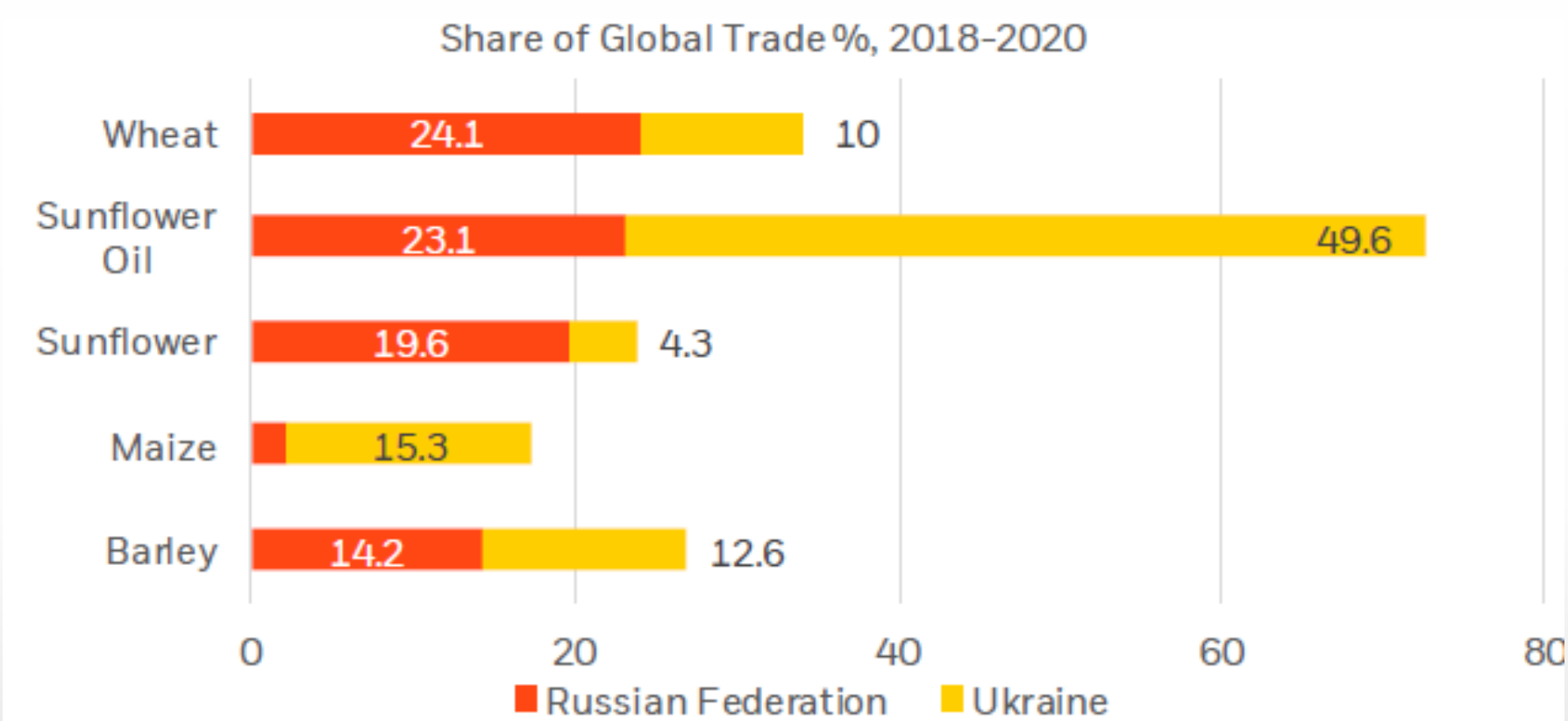
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The Fed: Easy or Hard Landing?



The War: The Big Unknown



Source: Comtrade and International Food Policy Research Institute, as of 2/24/2022

BWM Tactical Positioning



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	OVERWEIGHT	MARKETWEIGHT	UNDERWEIGHT
Stocks		○	
Bonds			○
Cash	○		
U.S.		○	
Large Cap		○	
Mid/Small Cap			
International	○	○	
Credit	○		
Duration			○
Gold	○		

No strategy assures success or protects against loss.

Bottom Line

- There are times when investing calls for making bold predictions about the future. But degree of uncertainty that markets (and indeed the world) face today means this is not one of those times.
- Many indicators are conflicting, but most support a neutral allocation to equities.
- Fixed income has been hit hard, the key to the outlook will be around inflation expectations.
- We believe the key to near term returns lies with the Fed and the War.
- BWM is neutral in allocations, awaiting the weight of the evidence to dictate the next allocation shift.



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Executive Summary



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- Slide 2 – This chart shows the year-to-date return of various major asset classes as of 4/29/2022. All indices depicted have negative returns over the time period.
- Slide 3 – This chart plots the global purchasing managers indexes (PMIs). Purchasing Managers' Indexes (PMIs) are diffusion indexes that are designed to provide analysts with relevant and timely data to help monitor underlying business conditions. The PMIs are based on monthly surveys which provide an advance indication of what is really happening in the economy by tracking changes in production, new orders, inventories, employment, and prices. The top clip plots the global composite PMI, the middle clip plots global manufacturing PMI, and the bottom clip plots global services PMI. A reading of 50% indicates "no change" from the previous month.
- Slide 4 – This chart plots the number of key indicators in NDR's "US Recession Watch Report" that have given bearish signals. As can be seen on the chart, of the 10 key indicators in the report, none are currently giving a bearish reading. Historically, when the majority of the indicators have negative readings, a recession in the United States has typically followed.
- Slide 5 – This chart represents the percentage of stocks in Ned Davis' "Multi-Cap Institutional Equity Series" that are above their 10-day moving averages. The top clip represents the Standard & Poor's 500 Stock Index and the bottom clip represents the percentage of stocks trading above their 10-day moving average as an indicator. The arrows in the top clip represent the initial dates when the indicator rose above 90% of stocks trading above their 10-day moving averages, after falling to at least 10% in between. The table in the upper left hand corner of the top clip represents statistics for the indicator arrows. The table in the bottom right hand corner of the top clip represents each signal date, the actual percentage above their 10-day moving average on that date, and the gain on the S&P 500 from 10 to 253 days out from each date. The indicator crossed above 90% on 3/18/22.
- Slide 6 – The chart's top clip plots the S&P 500. The bottom clip plots Ned Davis' Big Mo Multi-Cap Tape Composite Model. The Big Mo was created to give a composite reading on the technical health of the broad equity market. The model aggregates the signals of over 100 component indicators and generates a reading between 0% and 100%, reflecting the percentage of the component indicators which are currently giving bullish signals for the S&P 500 Index. The indicator is currently bearish.
- Slide 7 – This chart is plots a composite of the S&P 500 1-year seasonal cycle, 4-year presidential cycle, and 10-year decennial cycle. Cycle charts are based on the idea that seasonality (tendency for stock prices to behave differently during different times within a calendar year) and multi-year cycles have patterns that tend to repeat over time in the stock market. Knowing the historical tendencies of the market can often provide useful perspective on potential turning points and trends.
- Slide 8 – The top clip plots the S&P 500 against its 12-month earnings multiplied by the average historical price to adjusted earnings ratio. The resulting dashed line represents the level of the S&P 500 if it were trading at historical valuations. The bottom clip shows the adjusted S&P 500 P/E ratio, the median, and parameters that indicate extremes (expensive vs bargains). The chart currently indicates that stock valuations are expensive relative to their history.
- Slide 9 – This chart is designed to highlight short-term swings in investor psychology. It combines several individual indicators in order to represent the psychology of a broad array of investors to identify trading extremes that may be used for contra or hedging trades. The data currently indicates that sentiment is excessively pessimistic. S&P 500 have historically been better when the indicator is in excessive pessimism.
- Slide 10 – This chart measures the momentum of international equities (not including the U.S.) using NDR's BigMo model. The indication is currently neutral for international equities.

Executive Summary

- Slide 11 – this table shows 10-year treasury yields at the beginning and end of tightening central bank policy cycles. The median increase in yield over these periods was 0.61%
- Slide 12 – This chart plots the Housing Affordability Composite Index, an index produced by the National Association of Realtors using a transaction-weighted combination, based on volume, of the HAI for Fixed Rate Mortgages and the HAI for Adjustable Rate Mortgages.
- Slide 13 – This chart plots the National Council of Real Estate Investment Fiduciaries indices for Timberland, Farmland, and Property.
- Slide 14 – This chart plots the gold spot price in the top clip and long-term real interest rates in the bottom clip. Real rates are calculated by subtracting CPI one-year change from 10-year treasury yields.
- Slide 15 – This chart calculates the percentage of US yield curves that are inverted. This works by looking at every treasury yield ranging from the 30y to the 3m, calculating each yield spread, and calculating what percentage of yield spreads are negative (inverted.)
- Slide 16 – The top clip of this chart plots the price of 5-year, 10-year, and 5-year/5-year inflation swaps, market-based measures of inflation expectations over various time periods. The bottom clip plots the difference between the 10-year and 5-year swaps. When the bottom clip is negative, indicating an inverted inflation curve, it suggests inflationary pressures may be transitory.
- Slide 17 – This chart uses overnight interest rate swaps to gauge the market's expectation of Federal Reserve policy rates. The top clip plots the 1 month OIS with the 1, 2, and 3 year forward swap rates. The bottom clip plots the difference between OIS 1-year and current swaps, 2-year and 1-year swaps, and 3-year and 2-year swaps, with positive values indicating expectations the Fed will raise rates and negative values indicating expectations the Fed will cut rates.
- Slide 18 – This chart depicts the amount of wheat, sunflower oil, sunflower, maize, and barley sourced from the Russian Federation and Ukraine as a percentage of global trade.
- Slide 19 - We are currently benchmark weight for stocks, underweight bonds, overweight cash, and overweight gold. Within the equity allocation, we are marketweight US, Large Cap and mid/small cap. We are market weight International in retirement accounts and underweight in taxable accounts. Within fixed income, we are overweight credit and have a focus on owning bonds with shorter duration.



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