

Summary of the RiskTailors Investment Committee 20 July 2023

Agenda

1. The latest macro and market outlook
2. The performance of each RiskTailors portfolio during 2022 Q4
3. The performance of each portfolio under alternative assumptions to test the robustness of the performance, signals and portfolio construction process

Conclusions

1. The committee agreed to switch all portfolios to a risk-on position based on the more resilient economic backdrop, the FROG signal and waning recession odds over the remainder of this year
2. The committee emphasised the need to remain watchful of the macroeconomic and market landscape as risks remain on the horizon and that we may only be at the beginning of a turn in the credit cycle.
3. The portfolios remain ahead of their benchmarks and new analysis suggests that both asset and macro diversification add significant value relative to a passive allocation. The benefits are in terms of better returns for 'return focused' portfolios and better risk profiles for 'risk focused' and 'smooth' portfolios
4. Adopt the weights in the table below for Q3 2023. The main rebalancing changes will see most portfolio increase the exposure to equities. This higher allocation comes at the expense of a lower allocation to fixed income and precious metals

Suggested allocation for 2023 Q3				
Product name	Suggested allocation, RISK-ON, percentage points			
	Equity	Precious metals	Government FI	Corporate FI
	MSCI world	S&P precious metals	34-33-33% Inflation-GVT-Cash	80-20% IG-HY
High wealth preservation; return focused	14.80	15.60	15.20	54.80
High wealth preservation; risk focused*	13.00	0.60	30.00	55.40
Wealth preservation; smooth	22.20	0.00	15.80	62.40
Balanced; risk focused*	25.00	0.00	47.20	27.00
Balanced; smooth	47.60	1.80	20.40	29.60
Reward; return focused	59.40	10.40	15.00	16.20
Reward; smooth	55.60	3.80	15.40	24.20
High reward; return focused	85.00	15.00	0.20	0.80

Government FI: 25-25-50% Inflation-GVT-Cash

Source: RiskTailors

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