



## Global Asset Allocation

April 23, 2025

### LIKELY THROUGH WORST OF CORRECTION • SOFTER ECONOMIC BACKDROP

The character of this bull run has clearly changed. Economic growth has overtaken inflationary pressures as the chief market concern. Uncertainty from corporate operators has intensified. The consensus outlook for corporate profits has softened.

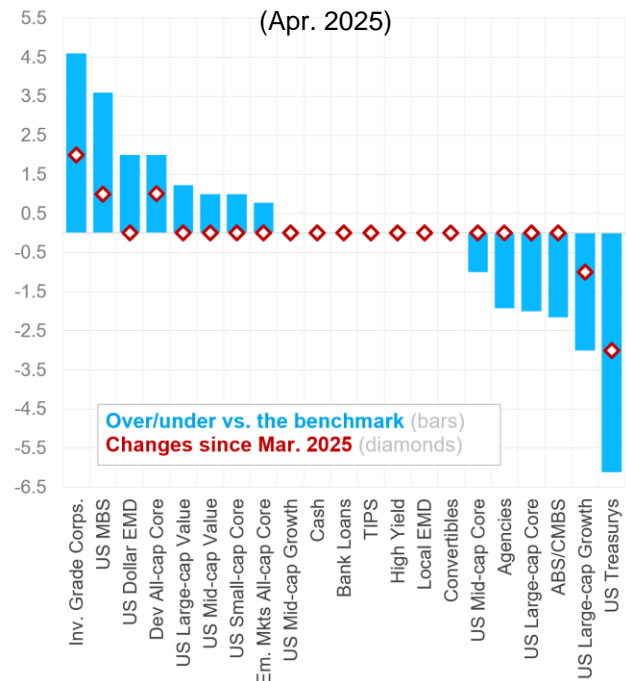
The current administration's chaotic adjudication of its vision for global trade has rolled into the "negotiating" phase. If "fairness" (defined through the prism of U.S. self-interest) can be reoriented in favor of the American middle class while the U.S. maintains its singular position as an economic growth engine, the road to get there will be rocky and not always well lit. This is not to offend anyone's politics but is meant as scaffolding on which intermediate-term investment assumptions can be built.

The U.S. economy is running at a softer pace than in 2024, as had largely been the expectation pre-tariffs. This may not be prelude to a near-term recession, but the window of opportunity to avoid one is closing and the Fed is under mounting pressure to ease monetary policy. There are signs that economic activity continues to be pulled forward (ahead of expected tariffs), and the economy may have to "pay this back" in the second half of 2025. We believe we remain in a period defined by slower flows, wider dispersion, and greater opportunity for active portfolio management (in other words, it pays more to be more selective).

We are reducing Equities from modestly overweight to neutral, largely by allocating away from U.S. Large-Cap Growth. We are suspicious of Big Tech outperforming on the "other side" of this period as enthusiasm around A.I. infrastructure begins shifting away from infrastructure and toward more application-focused use cases. We are increasing exposure (within the smaller Equity envelope) to Developed International shares. Global earnings need to continue to hold-up to justify this positioning, but valuation spreads and differences in macro policy are creating some attractive near-term opportunities. We remain very selective in Emerging Markets. We will have to see what comes from the administration's 90-day tariff-negotiating period. U.S. tariff threats introduce greater geopolitical and currency risk.

Though there are likely to be better entry points for Gold given the recent surge in prices, we believe market conditions warrant higher long-term allocation to the metal. Over the longer-term, we think Gold is likely to serve as both a core allocation and a transition asset during a period of heightened uncertainty. Further, we are increasing exposure to Investment Grade corporate bonds and increasing our existing overweight to U.S. mortgage-backed securities.

**Strategas Recommended  
Asset Allocation  
(Apr. 2025)**



Gold and Commodities are not shown on this chart because they do not have a weighting in the benchmark (MSCI All-Country Index)

## Strategas Recommended Asset Allocation (April 2025)

	Equities		Bonds		Cash & Equivalents		Alternatives
<b>Strategas</b>		<b>60%</b>		<b>32%</b>		<b>3%</b>	<b>5%</b>
Benchmarks	MSCI ACWI	60%	Barclays Agg	38%	Cash	3%	
	Domestic	36%	Core Credit	31%	Cash	3%	Commodities 3%
	International	24%	Ext. Credit	1%			Gold 3%
		<b>60%</b>		<b>32%</b>		<b>3%</b>	<b>5%</b>
<b>Over-weight</b>	Dev AC Core	17%	IG Corporates	10%	Cash	3%	Commodities <b>3%</b>
	US LC Value	12%	US MBS	10%			Gold <b>3%</b>
	US MC Value	2%	USD EMD	1%			
	US SC Core	1%					
<b>Neutral</b>	EM AC Core	7%					
	US MC Growth	1%					
<b>Under-weight</b>	US LC Growth	14%	US Treasuries	12%			
	US LC Core	6%	ABS / CMBS	0%			
	US MC Core	0%	Agencies	0%			
	<b>Equities</b>	<b>60%</b>	<b>Bonds</b>	<b>32%</b>	<b>Cash &amp; Equiv.</b>	<b>3%</b>	<b>Commodities 5%</b>

**A note on Gold's placement in the table to the left:** Since our February report, we've moved Gold to the Alternatives column (from the Cash & Equivalents column). In the context of our current overweight position, we view Gold less as a cash equivalent and more as an alternative investment that is part of a portfolio diversification strategy. We believe the case could be made for both classifications (alternative investment vs cash equivalent), but we think this switch better protects the intrinsic value of cash.

*Due to rounding, percentages on this page may not add up to 100*

## EQUITY

	Strategas Equity Only	Benchmark Equity Only	Strategas Blended Allocation	Benchmark Blended Allocation
Domestic	60%	63%	36%	38%
International	40%	37%	24%	22%
	<b>100%</b>	<b>100%</b>	<b>60%</b>	<b>60%</b>
Dev AC Core	28%	26%	17%	16%
US LC Growth	24%	27%	14%	16%
US LC Value	20%	19%	12%	11%
EM AC Core	12%	11%	7%	7%
US LC Core	10%	12%	6%	7%
US MC Value	3%	2%	2%	1%
US SC Core	2%	1%	1%	1%
US MC Growth	1%	1%	1%	1%
US MC Core	0%	1%	0%	1%
	<b>100%</b>	<b>100%</b>	<b>60%</b>	<b>60%</b>

Benchmark: MSCI All-Country

## FIXED INCOME

	Strategas Fixed Only	Benchmark Fixed Only	Strategas Blended Allocation	Benchmark Blended Allocation
Core Credit	98%	100%	32%	38%
Extended Credit	2%	0%	1%	0%
	<b>100%</b>	<b>100%</b>	<b>31%</b>	<b>38%</b>
US Treasuries	37%	43%	12%	16%
IG Corporates	31%	26%	10%	10%
US MBS	30%	26%	10%	10%
ABS/CMBS	0%	2%	0%	1%
US Dollar EMD	2%	0%	1%	0%
Agencies	0%	2%	0%	1%
Bank Loans	0%	0%	0%	0%
TIPS	0%	0%	0%	0%
Local EMD	0%	0%	0%	0%
High Yield	0%	0%	0%	0%
Convertibles	0%	0%	0%	0%
	<b>100%</b>	<b>100%</b>	<b>32%</b>	<b>38%</b>

Benchmark: Barclay's Aggregate

IG Corporates consists of 26% Long-Term Corporates and 5% Short-Term Corporates. Strategas currently has a 3% allocation to Cash compared to a benchmark weight of 2%, as well as a 5% allocation to Alternatives (2.5% to Gold and 2.5% to Commodities).

**Index definitions:**

**The MSCI All Country World Index** tracks broad global equity-market performance. Maintained by Morgan Stanley Capital International, the index is composed of the stocks of about 3,000 companies from 23 developed countries and 26 emerging markets.

**Bloomberg Barclays U.S. Aggregate Bond Index** is a broad, market-capitalization-weighted index representing intermediate term, investment grade bonds trade in the U.S. Investors frequently use it as a stand-in for the U.S. bond market. In order to be included in the index, bonds must be of investment grade or higher, have an outstanding par value of at least \$100 million and have at least one year until maturity. The index is maintained by Bloomberg LP.

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