



## 1Q 2022 Rebalance – ETF Global® Dynamic Model Portfolios Tuesday, January 4, 2022

Approaching the second anniversary of the COVID pandemic, 2022 will begin in an all too familiar environment of uncertainty. Mixed attitudes have reigned since the pandemic’s U.S. onset in March 2020, a period that began with a sudden and dramatic downturn, followed by a rapid and powerful rebound. This period has since been marred by swings in optimism in response to the vicissitudes of COVID 19. Numerous factors have contributed to this fluctuating sentiment, but three factors, each on the upside and downside, stand out. On the positive end, substantial monetary and fiscal policy support, vaccinations and therapeutics, and unleashed pent-up consumer demand have fueled a swift economic bounce back. Conversely, COVID-induced supply and labor disruptions, rising and persistent inflation, and a variable, resistant virus have acted as formidable countervailing influences against sustained investor optimism.

These factors will be entrenched for the foreseeable future, making thoughtful portfolio construction and risk management more important than ever. Our diversified, risk-oriented model portfolios can help serve as a solution to meet your unique investment goals and navigate the mounting risks ahead.

Here’s how our model portfolio looks heading into the first quarter of 2022:

Q4 2021 Equity Positions		Q1 2022 Equity Positions	
Equity		Equity	
<b>Domestic</b>		<b>Domestic</b>	
IJJ	iShares S&P Mid-Cap 400 Value ETF	MDYG	SPDR S&P 400 Mid CapGrowth ETF
IJS	iShares S&P Small-Cap 600 Value ETF	IJK	iShares S&P Mid-Cap 400 Growth ETF
MDYG	SPDR S&P 400 Mid CapGrowth ETF	IJS	iShares S&P Small-Cap 600 Value ETF
SYLG	SPDR S&P 600 Small Cap Growth ETF	IJJ	iShares S&P Mid-Cap 400 Value ETF
<b>Developed International</b>		<b>Developed International</b>	
ISDX	Invesco RAFI Strategic Developed ex-US ETF	IMTM	iShares Edge MSCI Intl Momentum Factor ETF
INTE	iShares Edge MSCI Multifactor Intl ETF	VYMI	Vanguard International High Dividend Yield ETF
EWU	iShares MSCI United Kingdom ETF	EWP	iShares MSCI Spain ETF
BBJP	JPMorgan BetaBuilders Japan ETF	EWU	iShares MSCI United Kingdom ETF
<b>Emerging</b>		<b>Emerging</b>	
ISEM	Invesco RAFI Strategic Emerging Markets ETF	ESGE	iShares MSCI EM ESG Optimized ETF
ILF	iShares Latin America 40 ETF	ILF	iShares Latin America 40 ETF

new etf  
 repositioning  
 removed

### Equity

While the composition of our domestic equity sleeve changed, our models continue to prize the size factor with growth and value orientations. MDYG rose to the top allocation, while IJS and IJJ fell to 3<sup>rd</sup> and 4<sup>th</sup> from 1<sup>st</sup> and 2<sup>nd</sup> in the previous quarter. Additionally, SYLG was replaced by IJK, which has our 2<sup>nd</sup> highest quant score as of quarter end. All 4 ETFs scored well across our component quant scores, but notably fared well in our fundamental ratings.

Stylistically, our international portion experienced a marked change. During the previous quarter, our models valued factor diversification. In contrast, this quarter we see opportunity in targeted factor exposures with IMTM and VYMI, representing the momentum and dividend yield factors, receiving our 1<sup>st</sup> and 2<sup>nd</sup> international allocations. IMTM and VYMI replaced INSDX and INTF in their respective spots, while EWP supplanted BBJP and EWU fell down a spot to 4. IMTM and VYMI scored particularly well in their sentiment scores, whereas EWP and EWU stood out in their P/CF fundamental ratings.

Lastly, our top emerging market-rated ETF underwent a change, while our 2<sup>nd</sup> position held steady. ESGE supplanted ISEM at 1 and ILF retained the 2<sup>nd</sup> spot. Reflecting both surging sentiment and improving fundamentals in the ESG space, ESGE vaulted up to our top-rated emerging markets ETF position. ILF held its ground owing to a combination of positive behavioral and fundamental scores.

Thank you for following the ETF Global Dynamic Model Portfolios, you can find an overview and performance information at <http://www.etfg.com/about-model-portfolios>. To learn more about our ETFG Model Portfolio strategy, please email us at [sales@etfg.com](mailto:sales@etfg.com) or call us at (212) 223-ETFG (3834).

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