Trade Alert For Equity & ETF Models

As we have noted in recent commentaries, we are using rallies to reduce risk in portfolios until the market provides a clear signal that the *"bearish"* backdrop is over. This morning we further rebalanced and reduced exposure by selling equity positions and raising cash. We are also starting to build a hedge in the portfolio by adding 2.5% of the S&P 500 Short ETF (SH) to both models.

We are concerned the recent bounce is getting long in the tooth and may reverse quickly. Any catalyst for a sustained rally, such as easing Fed rhetoric, lower inflation, and financial instability, is not likely to materialize in the coming weeks which puts markets at risk. Furthermore, as noted by Target (TGT) this morning, consumer concerns and recessionary risks are rising.

Equity Model

- *Rebalanced MRO to model weight of 1.5% of the portfolio*
- *Took profits in XOM reducing weight to 1.5% of the portfolio*
- *Reducing CVS to 2.5% of the portfolio.*
- *Took profits in COST trade reducing weight to 3% of the portfolio*
- *Reduced PG to 2% of the portfolio.*
- *Added 2.5% of S&P 500 Short ETF (SH) to start building a hedge in portfolios*

ETF Model

- *Added 2.5% of S&P 500 Short ETF (SH) to start building a hedge in portfolios*
- *Reduced XLE to 2.5% of the portfolio to take profits.*
- *Reduced XLK to 8% of the portfolio to lower beta risk and raise cash*.