

Investment Strategy and Objectives

Outcome Wealth Management manages portfolios comprised of large, liquid ETFs. Our strategies are designed to provide efficient global diversification, offer better protection in bear markets, and deliver higher long-term returns.

Global Tactical Asset Allocation (GTAA) Strategies¹

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
GTAA Growth 100	2017	-	-	-	-	1.63%	-0.09%	1.98%	0.05%	0.43%	1.47%	0.37%	1.40%	7.45%
GTAA Income 100	2017	-	-	-	-	0.75%	-0.17%	1.25%	-0.18%	-0.48%	0.75%	0.34%	0.78%	3.08%
GTAA Moderate 50	2017	-	-	-	-	0.63%	-0.12%	0.95%	-0.10%	-0.57%	0.79%	0.09%	0.53%	2.21%

GTAA Growth 100

The GTAA Growth 100 strategy was 90% invested in growth assets in December. Leading the way were emerging market stocks, which rose 3.7%, for the month and ended up 37.1% for the year. The second largest contribution came from international REITs, which rose 3.3% during the month. On the negative side, U.S. preferred shares were a drag on performance, declining 0.5% for the month.

For January, the strategy decreased its exposure to growth assets by 10% to 80%, with the remaining 20% of the portfolio equally split between U.S. Treasuries and U.S. short-term investment grade corporate bonds. Specifically, the strategy continued to shun exposure to U.S. high yield bonds while liquidating its exposure to U.S. preferred shares.

GTAA Income 100

The GTAA Income 100 strategy was 89% invested in growth assets during December. International REITs were the largest positive contributor to performance, rising 3.3% for the month. Our long positions in U.S. high dividend stocks and U.S. investment grade corporate bonds also made positive contributions, with both asset classes rising 1.2% for the month. Results were dragged down by our position in U.S. preferred shares, which declined 0.5%.

For January, the strategy decreased its exposure to growth assets by 11% to 78%, with the remaining 22% of the portfolio equally split between U.S. Treasuries and U.S. short-term investment grade corporate bonds. In terms of individual positions, the strategy continued to avoid U.S. high yield bonds while liquidating its exposure to U.S. preferred shares.

GTAA Moderate 50

The GTAA Moderate 50 strategy was 50% invested in growth assets during the month, with performance drivers that were similar to the GTAA Income 100 strategy, albeit on a muted scale due to the former strategy's lower aggregate weighting in growth assets. For January, the strategy is maintaining the same level of exposure to growth assets, with the remainder of the portfolio invested in U.S. short-term investment grade corporate bonds (43%) and U.S. Treasuries (7%).

1. Returns are gross of OWM management fees and recoverable withholding taxes on foreign dividends.

ETF Dashboard

Symbol	Geography	Asset Class	Dec	YTD	1 Year	3 Year	5 Year
XIU	Canada	Stocks	1.2	9.4	9.4	6.6	8.6
SPY	U.S.	Stocks	1.2	21.5	21.5	10.9	15.1
VNQ	U.S.	REITs	-0.2	4.8	4.8	4.9	8.6
PFF	U.S.	Preferred Shares	-0.5	8.0	8.0	4.2	4.6
HYG	U.S.	High Yield Corporate Bonds	0.2	6.0	6.0	4.1	3.7
SJNK	U.S.	Short Term High Yield Corporate Bonds	0.2	5.2	5.2	3.6	3.0
LQD	U.S.	Inv. Grade Corporate Bonds	1.2	7.0	7.0	3.7	3.2
SDY	U.S.	High Dividend Stocks	1.2	15.6	15.6	10.5	14.2
TLT	U.S.	Long Term Treasuries	1.8	9.1	9.1	2.6	3.3
VCSH	U.S.	Short Term Inv. Grade Corporate Bonds	0.0	2.2	2.2	2.0	1.8
IEV	Europe	Stocks	1.1	24.7	24.7	6.0	6.3
RWX	International	REITs	3.3	15.3	15.3	3.4	3.5
EWJ	Japan	Stocks	0.7	24.2	24.2	11.5	10.2
EEM	Emerging Markets	Stocks	3.7	37.1	37.1	8.0	2.9
EMB	Emerging Markets	Sovereign Bonds	1.2	10.1	10.1	6.3	2.9

Source: FactSet Research Systems Inc.

ETF Spotlight | VCSH

The Vanguard Short-Term Corporate Bond ETF tracks a market-weighted index of investment-grade, fixed-rate corporate bonds with maturities between 1 and 5 years.

Offering diversified exposure to the short-term investment-grade U.S. corporate bond market, VCSH follows a passively managed, index sampling approach.

Net Assets	\$27 B
Average Daily \$ Volume	\$125 M
Year-to-Date Return	2.5%
Expense Ratio	0.07%

Source: FactSet Research Systems Inc.

In the News

The Other Difference Between Mutual Funds and Jeans. Read the article [here](#).

Buffett Says Money Spent on Plumbers Better Than on Hedge Funds. Read the article [here](#).

Worthwhile Reading

[Irrational Exuberance](#), by Robert J. Shiller.

Nobel Prize-winning economist Robert Shiller, who warned of both the tech and housing bubbles, cautions that signs of irrational exuberance among investors have only increased since the 2008–9 financial crisis. With high stock and bond prices and the rising cost of housing, the post-subprime boom may well turn out to be another illustration of Shiller's influential argument that psychologically driven volatility is an inherent characteristic of all asset markets.

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