

1Q2019 Review: Tactical Trend

The Tactical Trend strategy is designed to allocate capital to the strongest primary asset classes, including equities, fixed income, commodities, and cash. The strategy will always allocate to a minimum of two asset classes in an attempt to diversify risk.



A solid bounce in the equity markets off the late December lows has continued through March. The initial move higher was led by small- and mid-cap stocks, but recently large-cap has rallied strongly. Over the past 12 months, growth stocks have traded with higher relative strength than value stocks. The tech-heavy Nasdaq 100 (QQQ) remains our largest broad index holding, while small-cap is represented by the S&P Small-Cap 600 Growth ETF, IJT.

Our sector and industry exposure leans on technology, with allocations to the S&P 500 Tech Index ETF, RYT, as well as to Microsoft stock. The holding in RYT is equal-weighted, which allows us to get further down into the mid-cap space and not duplicate the weightings in QQQ. The strategy has also been helped by our biotech investment. After a brutal Q4, XBI has rallied well as one of the leading sectors YTD.

After a difficult 2018, international emerging markets began

to rally late in the year and bottomed ahead of domestic stocks. Our allocation to emerging markets through the IEMG ETF provides the strategy exposure to the Asian and Latin American markets. While an added dose of volatility can be present in emerging markets, it is difficult to ignore their impressive growth forecasts.

Matthew C. McAleer

Executive Vice President and Director of Equity Strategies

[Email](#) | [Bio](#)

Cumberland Advisors invites you to our third annual Financial Literacy Day, to be held April 11, 2019, from 8:30 AM to 4 PM at the Selby Auditorium of the University of South Florida Sarasota-Manatee.

Our focus is **“Financial Markets and the Economy,”** featuring:

Panels –

- The Stock Market
- Health Hunger and Philanthropy
- How the World Looks to Me – A Global Economic Outlook

Special Presentations –

- A Conversation with Susan Harper, Canada’s Consul Gen in Fla, on Trade/World Affairs
- Keynote by Gretchen Morgenson, Senior Special Writer in the Investigations Unit at The Wall Street Journal and Former Business and Financial Editor for the New York Times.

We welcome and encourage the participation of our friends, colleagues, and clients. The cost is only \$50 to register, and includes coffee, pastries, catered lunch, and a light reception with Gretchen Morgenson. Please reserve your spot soon – we expect a full auditorium. Learn more: <https://www.cumber.com/financial-literacy-day/>