Dynamic Global Rotation Strategy

WILLIAMS MARKET ANALYTICS

January 2025

Master Account
Net Asset Value: 213.07 (+2.18%)

January Monthly Strategy Update

Equity markets rose to start the new year, carrying forward the momentum from 2023 and 2024. In the absence of news or catalysts, by default equities will grind higher. The return of Trump and his pro-business policies is seen as a positive for U.S. companies. In this sense, we would expect domestic-oriented small caps to outperform fully valued multinational large caps. For January, there was not much dispersion across major equity classes. The S&P 500, Nasdaq, and Russell 2000 small caps were all up about +2.5%. Global stocks outperformed with the All Country World ex-U.S. up +3.5%, led by Europe with the Stoxx 600 up +6.3%.

On the macro front, not much has changed. Inflation remains elevated, above central bank 2% targets, the jobs market is still strong, and U.S. economic growth came in at 2.3%, showing no significant weakening in Q4 2024. The Trump tariff policy, although well known, will cause volatility in markets, as seen with the equity price reversal on the announcement of the 25% tariffs on Canada and Mexico. As of now, the red flags – valuations, the tightest credit spreads in history, uninverting yield curve, equity concentration – are not enough to disrupt markets. Whether it be tariffs or an unknown catalyst, something will occur in 2025 to provoke at least a -10% S&P 500 correction. Diversification across non-U.S. equites classes is essential.

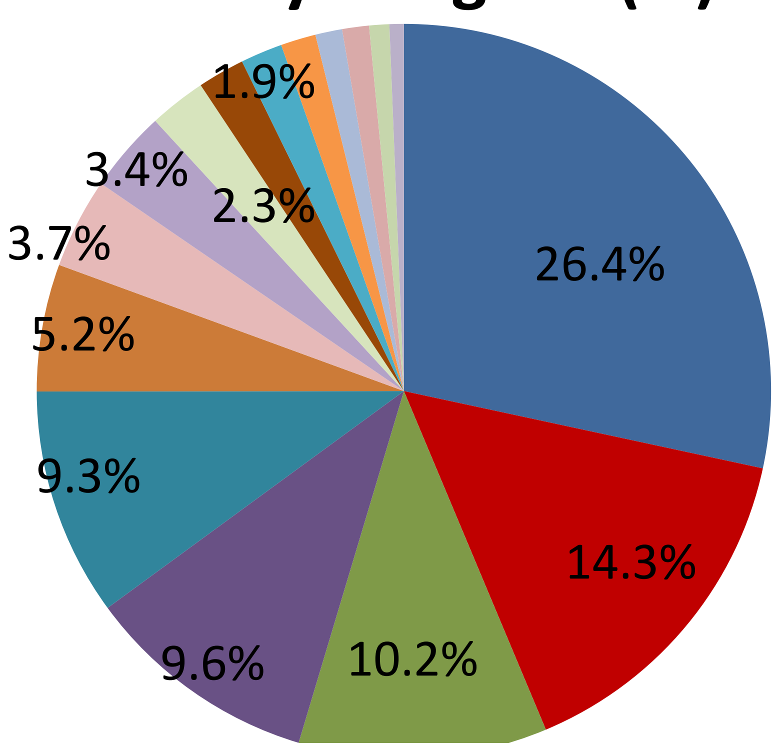
For the month of December, our DGR Strategy gained +2.18%. The FTSE All-World rose +3.26%. Despite our concerns, we are getting the DGR fully invested. Waiting for markets to do what we think should happen is an interminable wait, and it is said more performance is lost waiting for a correction than the savings from avoiding the correction! That said, we will use hedges on holdings with liquid options markets to provide a cushion should prices fall. Moreover, we are strategically allocating across the U.S., developed, and emerging markets in a 30% / 30% / 40% weighting. Our U.S. allocation focuses on Growth stocks, the international allocation is broad market, and the EM allocation is naturally growth-oriented at very reasonable prices. We will rotate more weight into equity classes that show relative strength after pull-backs and adjust allocations as macro conditions warrant.

Portfolio Data

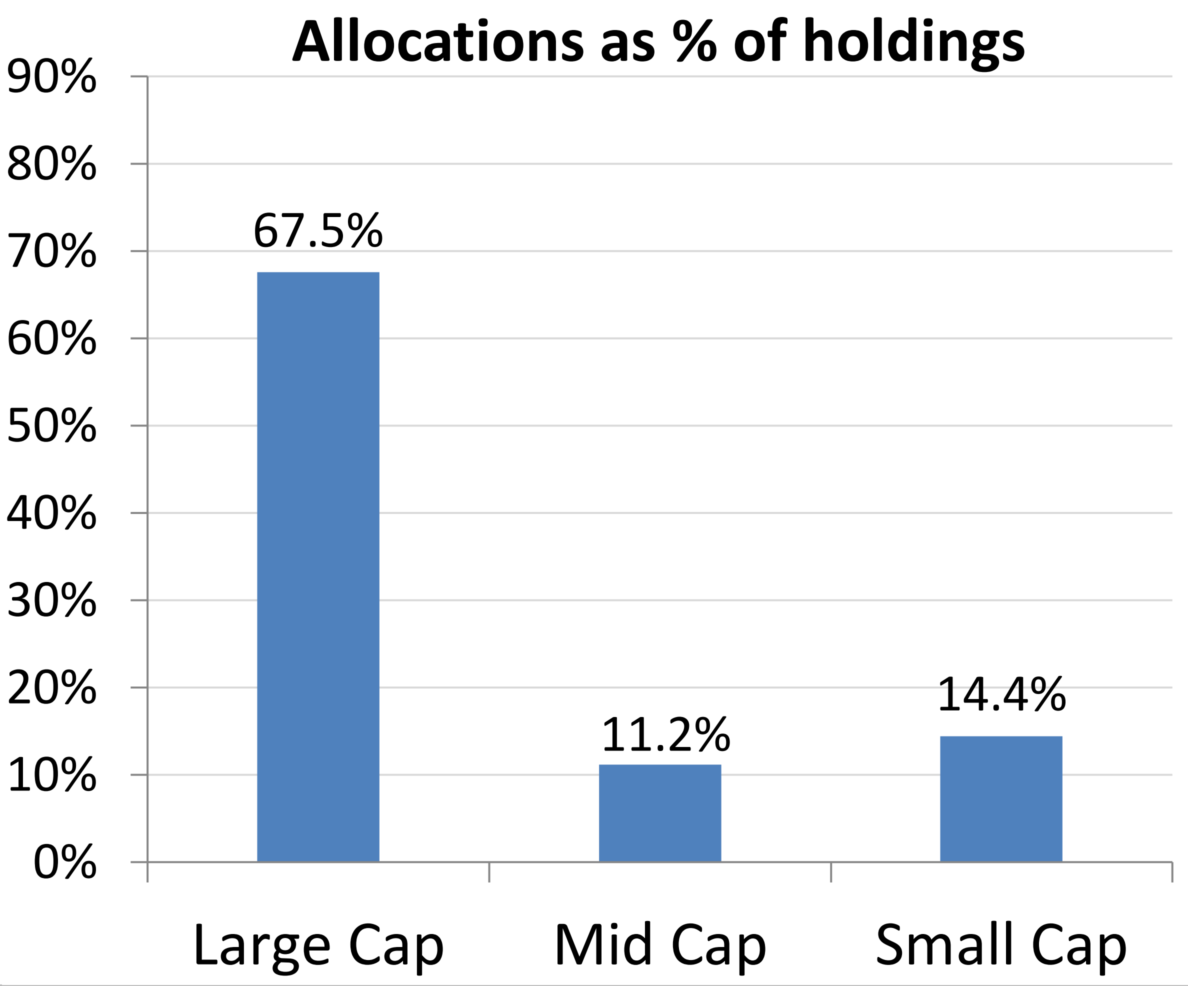
Number of Holdings	11
Currency	USD
Current Risk Level (β & σ)	Low
Dividend Yield	2.60%
Correlation with Benchmark	0.14
52-Week High & Low	213.1 & 193.5

Country Weightings

U.S.	26.4	U.K.	3.7
China	14.3	India	3.4
Latin America	10.2	Switzerland	2.3
Eurozone	9.6	Other Developed	1.9
S.E. Asia	9.3	Emerging Asia	1.7
Japan	5.2	Africa/Mid-East	1.4

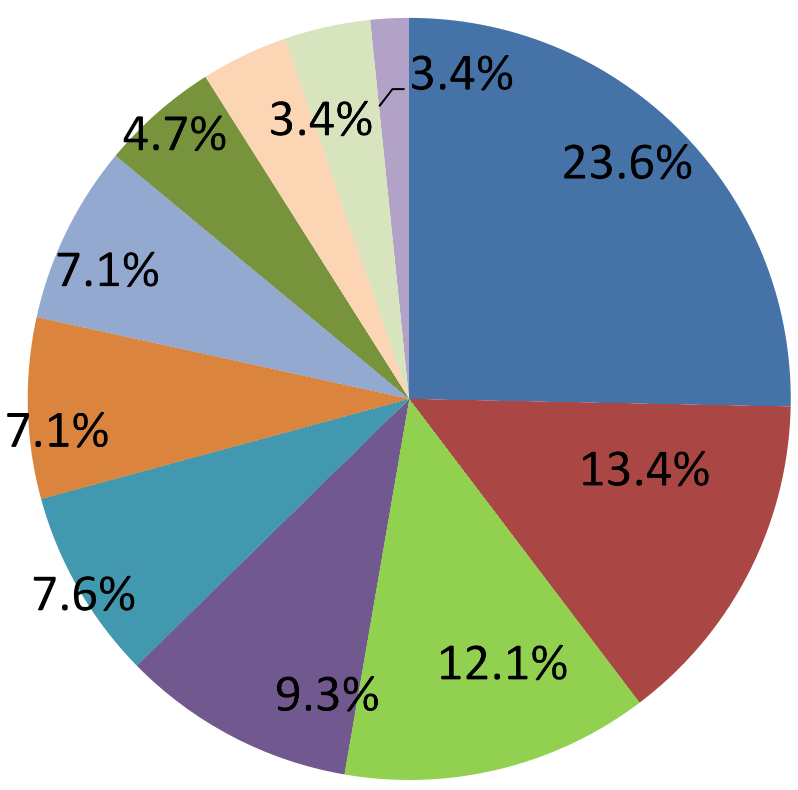


Market Capitalizations



Sector Weightings

Sector	%
Financials	23.6
Technology	13.4
Industrial	12.1
Consumer Discretionary	9.3
Energy	7.6
Health Care	7.1
Materials	7.1
Staples	4.7
Utilities	3.4
Communication Services	3.4
Real Estate	1.5



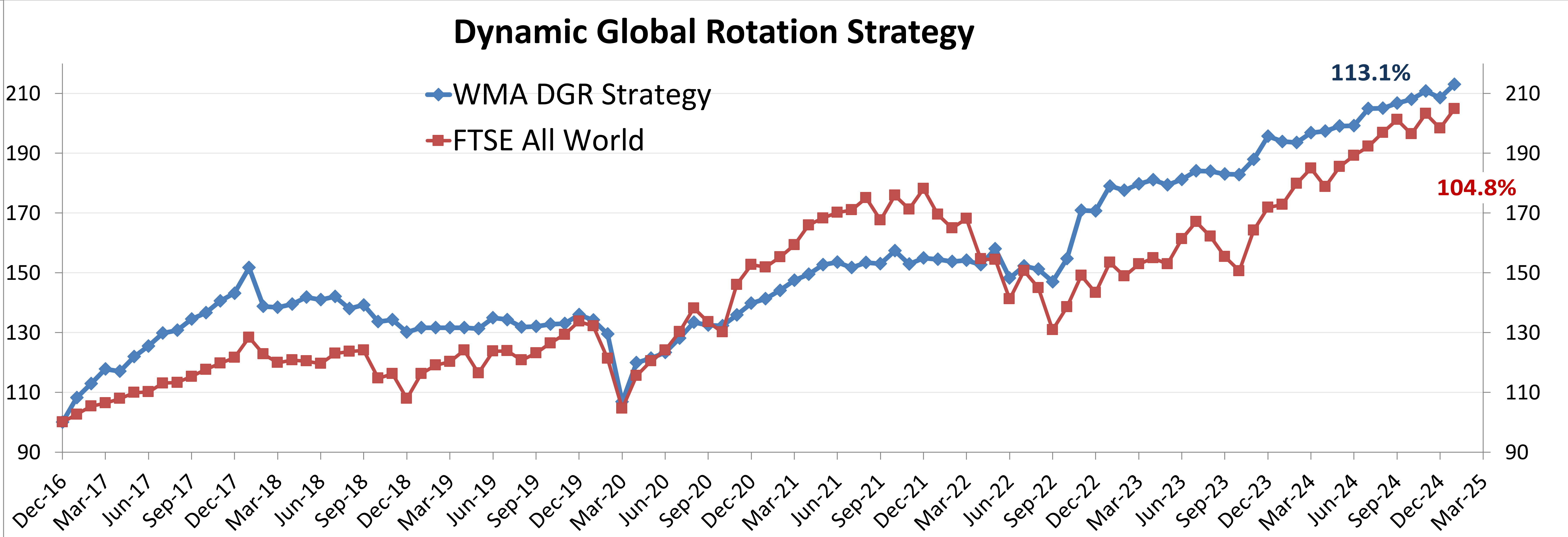
Historical Performance

Risk Characteristics

	Annualized Volatility	Beta	Sharpe Ratio
WMA DGR Strategy	11.8%	0.57	2.89
FTSE All World	15.3%	1.00	2.10

Price Return as of 01/31/2025

	YTD	1-Year	2-Year	3-Year	4-Year	5-Year	Since Inception
WMA DGR Strategy	8.89%	9.9%	19.0%	37.9%	50.8%	58.8%	113.1%
FTSE All World	19.18%	18.6%	33.5%	20.9%	34.9%	55.0%	104.8%



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