Larry Berman Conference Call

Replay for Larry Berman's Dec 1st Video Call:

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Key Takeaways from the call:

U.S. markets are expensive: Goldman Sachs has stated that a 4,300 price level on the S&P 500 Index is possible, which Larry finds worrying. Larry is very concerned about valuation risk based on a number of relative value metrics – the markets have never been more expensive. Therefore the aim for his funds is to participate in this upside while also having downside protection and providing a sleep-at-night experience. To that end, the funds are tilting away from high valuation stocks towards those with more upside runway.

Beta-management emerging as a key portfolio tool: In hindsight, Larry concedes he was a bit too early in using derivatives to control market risk. Every recession over the last 30 years has seen multiple waves of selling but on this occasion that didn't occur, reducing the effectiveness of the strategy. In today's market, fixed income yields are less effective in client portfolios, and while gold has been a great help, the new hedge is the ability to manage beta.

Added Emerging Market exposure: Emerging markets have underperformed over recent years and have been largely flat, especially in comparison to U.S. equities and in particular large cap. Thus, Larry thinks there is more value in EM and this week added exposure to a Wisdom Tree EM ETF (WisdomTree Emerging Markets High Dividend ETF, NYSEARCA: DEM)

Gold trade: The last few weeks has seen a divergence of the relationship between real yields and the Gold spot price. This has been partly due to forced selling from a large U.S. fund with high gold exposure experiencing large redemptions. With yield curve control coupled with rising inflation being key drivers going forward, gold remains appealing as an uncorrelated alternative.

Growth stocks have massively outperformed value stocks: Larry intends to benefit from this by seeking exposure to international equities, where there remains plenty of value in dividend-paying value stocks.

Energy is a tradeable rally but not a long-term investment: There remain opportunities in energy but there should be an awareness that each rally is a tradeable rally to a lower high. Blue and green hydrogen is the future, with old energy such as coal being phased out. The tactical funds maintain a small amount of exposure to pipelines.

Fund Profiles

Tactical Dividend ETF Fund - Tactical Balanced ETF Fund - Tactical Global Growth ETF Fund

Weekly Commentary

Tactical Dividend ETF Fund - Tactical Balanced ETF Fund - Tactical Global Growth ETF Fund