

MAI TACTICAL

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Returns, Strategies & Holdings

Returns

The MAI Tactical Model Portfolio is a long/short equity portfolio structured to produce substantial gains from unexpected economic and market turbulence, including tail events and structural market changes. The portfolio returned +0.71% in May, and has returned +1.01% in 2017 and +10.17% since its January 2016 inception.¹

MAI Tactical Model Portfolio

	Total Return			
	MAI Tactical	S&P 500	MAI Tactical	S&P 500
	2016		2017	
January	-2.15%	-5.07%	1.75%	1.79%
February	1.52%	-0.41%	-0.54%	3.72%
March	2.46%	6.60%	-0.59%	-0.04%
April	4.14%	0.27%	-0.30%	0.91%
May	-4.46%	1.53%	0.71%	1.16%
June	2.67%	0.09%		
July	2.08%	3.56%		
August	0.98%	-0.12%		
September	0.52%	-0.12%		
October	1.90%	-1.94%		
November	-0.40%	3.42%		
December	-0.16%	1.82%		
YTD	9.16%	9.55%	1.01%	6.49%

Strategies

The MAI Tactical model portfolio is informed and constructed based on our world view. Generally, we believe global economies and markets are fundamentally unstable. The prevailing capital market environment is no longer reflective of economic and financial cycles, but rather implies the secular decline of a decades-long dependence on global growth through credit growth. The inevitability of balance sheet de-leveraging – through debt deflation and/or currency inflation - further suggests developed and emerging economies will become increasingly volatile and that global capital markets will not generally

¹ The MAI Tactical model portfolio was originally structured in mid-December 2015. January 2016 was its first full month. Returns reflect hypothetical long and short positions in liquid assets, but do not represent an investable portfolio offered by MAI. Returns include interest and dividends. The portfolio's assets and portfolio weightings, as well as return contributions for each long and short position, are available upon request. Return figures may be periodically adjusted to reflect ongoing corrections.

produce positive real (inflation-adjusted) returns. Tactically, we constructed the portfolio to profit from: 1) declining global real output growth; 2) the increasing potential for structural economic and market change, and; 3) an increase in financial asset volatility.

BTC: Last year we owned and profited from a small long position in Bitcoin, but removed it to accommodate the limitations of conventional portfolios. We are re-initiating a significant position in BTC as of June 1. Frankly, it was a mistake to liquidate the position in light of our expectations for negative real output growth and imminent structural change, which conventional portfolios are not equipped to anticipate. BTC represents crypto currency in general, and we believe the doubling of BTC's exchange rate to the dollar last month potentially implies the nascent onset of such a macro environment.

We left all other long and short positions and portfolio weightings constant from May. MAI subscribers may find discussions of position rationales archived at www.macro-allocation.com.

Holdings

Below, please find a complete list of holdings and asset weightings as of June 1, 2017:



MAI Tactical Model Portfolio - June 1, 2017

Asset Class	Sector	Asset	Ticker	L/S	Weight	Gross	Price	Yield
					40.00%	190.00%		-0.16%
Fixed Income								
DM Sovereign	TSY - Long Term	ProShares 20+ year TSY	TLT	L	20.00%	20.00%	124.40	2.81%
Credit	High Yield	iShares iBoxx \$ Inv. Grade Corp Bond	HYG	S	-20.00%	20.00%	88.65	-5.17%
Credit	Inv. Grade	iShares iBoxx \$ High Yld Corp Bond	LQD	L	10.00%	10.00%	120.25	3.29%
					10.00%	50.00%		-0.14%
Equity & Resources								
DM Equity	Value	iShares Russell Value	IWD	L	5.00%	5.00%	114.53	2.16%
DM Equity	Growth	iShares Russell Growth	IWF	S	-5.00%	5.00%	119.34	-1.33%
DM Equity	Preferreds	iShares US Preferred Stock	PFF	L	5.00%	5.00%	39.04	5.67%
DM Equity	Japan	Wisdom Tree Japan Hedged Equity	DXJ	L	5.00%	5.00%	50.99	1.93%
DM Equity	Cons. Discret.	Consumer Discret Sel Sect SPDR	XLY	S	-10.00%	10.00%	91.05	-1.61%
DM Equity	Financials	Financials Sel Sect SPDR	XLF	S	-10.00%	10.00%	23.25	-1.62%
EM Equity	Emerging Markets	Vanguard FTSE Emerging Markets	VWO	L	5.00%	5.00%	40.74	2.32%
EM Equity	Mining	Rio Tinto	RIO	L	5.00%	5.00%	40.31	4.25%
Real Estate	US Real Estate	Vanguard REIT	VNQ	S	-12.50%	12.50%	82.19	-4.66%
Real Estate	US Homebuilders	iShares US Home Construction	ITB	S	-12.50%	12.50%	32.41	-0.39%
Resources	Uranium	Cameco Corporation	CCJ	L	5.00%	5.00%	9.22	2.80%
Resources	Natural Gas	US Natural Gas Fund LP	UNG	S	-5.00%	5.00%	6.92	0.00%
Resources	Agriculture	PowerShares DB Agriculture Fund	DBA	L	15.00%	15.00%	19.98	0.00%
Resources	Gold	SPDR Gold Shares	GLD	L	20.00%	20.00%	120.62	0.00%
Resources	Crypto Currency	Bitcoin	BTC	L	20.00%	20.00%	2,424.24	0.00%
					30.00%	140.00%		-0.06%

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