Global Asset Allocation ETF Strategies

Performance Commentary | Second Quarter 2026

SAGE
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EQUITY ALLOCATION PERFORMANCE

Contributors

- US Growth/Banks/Healthcare
- International Dev and EM

Detractors

- All Segments Positive on the Quarter

The unstoppable AI Capex spending and robust earnings growth resulted in a strong rebound from Q1 and large gains in equities broadly. Easing Iran/US tensions and falling energy prices served as a tailwind as US equities outperformed, particularly in AI-related segments, although unlike the narrow rally of the past few years, there was broader participation from a myriad of industries, such as banks and healthcare.

The strategy posted a strong quarter, outperforming a robust equity market, with the US equity allocation leading the way, although all regions contributed to the positive risk sentiment backdrop.

Notable Portfolio Adjustments During the Quarter

- Exited US Value
- Initiated Software
- Reduced Banks, Industrials

FIXED INCOME ALLOCATION PERFORMANCE

Contributors

- MBS
- EM Debt

Detractors

- All Segments Positive on the Quarter

The dominant factor for bond markets in the second quarter was the shift in Fed expectations toward hikes amid an energy shock and improving economic growth in the US. Fixed income returns were modest, with yields under upward pressure from more hawkish FOMC expectations, but high levels of income carry helped cushion total returns.

The fixed income strategy was positive on the quarter, outperforming its benchmark. The overweight to MBS was the primary contributor, while improving sentiment toward emerging markets supported EM debt returns.

Notable Portfolio Adjustments During the Quarter

- Initiated CLOs
- Trimmed IG Corporates

OUTLOOK & CURRENT POSITIONING

- The global growth picture looks to remain firm and supportive of markets and sentiment going into the back half of the year, especially in the US, where a strong profit cycle that is showing signs of broadening and a historic spending cycle tied to AI continue to provide dominant tailwinds. For the back half of the year, we do not believe the primary challenge for investors will be monetary tightening or economic weakness, but rather, high expectations. Valuations are fuller across most asset classes, and returns are more dependent on continued robust earnings growth, corporate spending, and fading geopolitical risk.
- Across our multi-asset strategies, our positioning continues to reflect upside potential, with an overweight to equities relative to fixed income. We have continued to broaden portfolio exposures as valuation disparities have increased. In addition to tilts toward large-cap growth sectors, we are overweight banks, industrials, and healthcare, where improving earnings breadth and attractive relative valuations provide a compelling complement to technology and AI-related exposures.
- Within the fixed income allocation, we also continue to overweight MBS, which we view as offering the best risk-reward profile within core fixed income. We maintain well-diversified exposure to non-core sectors, including loans, bank preferreds, and emerging market debt.