



## Portfolio Trade Alert - February 2, 2026

### Trade Alert - Equity & ETF Models

We adjusted the fixed-income component of our equity and sector models by swapping a portion of our short-term Treasury holdings (IEI) for a mortgage-backed securities ETF (MBB). The trade is to capitalize on the administration's recent push to lower mortgage rates. The combination of Fannie Mae and Freddie Mac beginning to purchase \$200 billion in mortgage-backed securities (MBS), coupled with a shortage of mortgage securities, should help MBS outperform similar-maturity Treasury securities.

We also reduced NLY and REM (mortgage REITs) by 1%. The rationale was two-fold. First, the shares continue to trade at a high premium to their book value, which incentivizes their portfolio managers to dilute shareholders' holdings through new share issuance. Second, we are concerned that the yield curve could flatten, which would reduce profit margins, even if MBS trade better as we suspect.

&#2013266080;

### Equity Model

- *Sell 5% of IEI*
- Buy 5% MBB
- Sell 1% NLY

### ETF Model

- *Sell 5% of IEI*
- Buy 5% MBB
- Sell 1% REM

---

### Want These Alerts Via TEXT?

To receive trade information via text, click on your user name in the upper right corner of the website. **Then click My Account and the title SMS Notification Preferences.**

**NOTE: You must add your country code in front of your number.** The U.S. code is 1.

Please let us know if you have any problems.