

DATE: FEBRUARY 21, 2023



TALKING POINTS: *This weeks' conversation starters for advisors to educate and inform your clients*

Market News

- Major indexes were mixed last week as growing fears that the Federal Reserve may need to raise rates more than previously expected surfaced. Treasury yields rose in response to this sentiment, alongside a rise in the U.S. Dollar.
- Because oil is priced in U.S. Dollars on the international market exchange, oil prices and energy stocks underperformed most for the week as the U.S. Dollar strengthened, ultimately ending more than -6% lower.
- Inflation data released showed that the Consumer Price Index continues along its path lower, although at a slower rate. Headline inflation fell from 6.5% to 6.4% year-over-year in January and -0.5% month-over-month. Core inflation, excluding food and energy, fell to 5.6% from 5.7% year-over-year, and 0.4% month-over-month.
- The Producer Price Index surprised on the upside, rising 0.7% in January, its biggest gain since June. Excluding food and energy, the index rose 0.5%, its largest gain since May.

PFG Strategy News:

PFG JPM Tactical Aggressive and Moderate Strategies' exposure in Ex U.S. equities has been able to take advantage of the outperformance of the global equity markets last week, as well as YTD

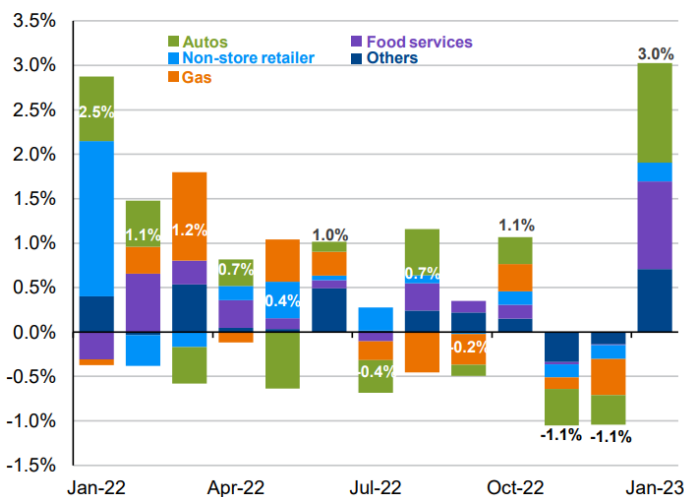
- The strategies tilted into Ex U.S. (Developed and EM) at the beginning of the year in part due to the attractive valuations vs. the U.S. equity market
- Most recently, it has taken equity exposure back to neutral from large cap to ultra-short duration fixed income as the economy slows and margin compression
- This strategy is part of our Focus PLUS models

PFG Active Core Bond Strategy is a tactical fixed income strategy incorporated into the Focus PLUS models

- The strategy currently holds ~5% in a real return strategy that provides some inflation hedge for the elevated CPI
- PFG Active Core Bond Strategy is also currently positioned to take advantage of the attractive valuations of mortgage-backed securities given PIMCO's view that the housing market may be resilient in the event of a recession

CHART OF THE WEEK:

Contribution to m/m% change in retail sales, s.a.



Retail sales had its largest increase in almost two years this January, indicating that the U.S. consumer continues to spend. The roughly 3% rise last month more than offset the declines in 4Q22 and was well above expectations of around 2%. A large contributor to this reporting came from auto sales and food services, as seen in the chart to the left.

Chart Source:
https://am.jpmorgan.com/content/dam/jpm-am-aem/americas/us/en/insights/market-insights/wmr/weekly_market_recap.pdf

THE WEEK AHEAD

Tuesday, February 21:

- S&P Flash U.S. Services PMI
- S&P Flash U.S. Manufacturing PMI
- Existing Home Sales

Wednesday, February 22:

- FOMC Minutes of Feb. 1 Meeting

Thursday, February 23:

- Initial Jobless Claims
- GDP

Friday, February 24:

- Consumer Spending (Nominal)
- Personal Income (Nominal)
- PCE Index Report
- New Home Sales
- Consumer Sentiment

MODEL HIGHLIGHT



The Focus PLUS models are designed for investors who seek concentrated exposure to strategies through our Strategy PLUS offering. Each model is uniquely constructed to highlight strategies that we believe are best positioned for the current market environment. Holdings include both Tactical and Strategic strategies. Underlying holdings within the models provide Active management via individual stock or bond selection, as well as Passive investing which provides investors lower-cost, passive exposure to a specific index or benchmark. We believe the combination of these Strategic, Tactical, Active and Passive elements can deliver the desired portfolio outcome with greater diversification, improved risk management, and enhanced returns.

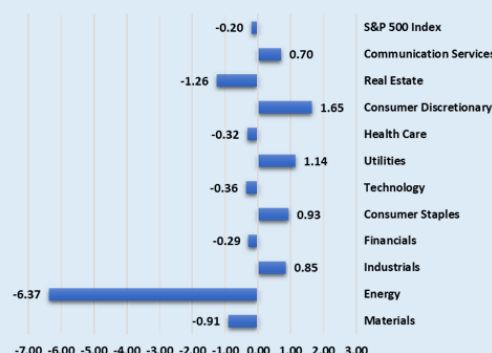
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	Weekly	YTD
Equities		
S&P 500 Index	-0.20%	6.50%
Dow Jones Industrial Average	0.02%	2.35%
NASDAQ Composite Index	0.63%	12.76%
MSCI EAFE NR	0.12%	7.47%
Fixed Income		
U.S. Aggregate Bond Index	-0.47%	1.07%
U.S. Corporates	-0.64%	1.43%
U.S. High Yields	-0.88%	2.18%
Rates		
	2/17/2023	2/10/2023
30-Year US Treasury	3.88%	3.83%
10-Year US Treasury	3.82%	3.74%
2-Year US Treasury	4.60%	4.50%
Prime Rate	7.75%	7.75%
30-Year Fixed Mortgage	6.39%	6.39%
Commodities (Levels)		
	2/17/2023	12/30/2022
Oil (WTI)	\$78.49	\$80.16
Gold	\$1,834	\$1,814
Silver	\$21.22	\$23.95
Copper	\$8,871	\$8,387
Corn	\$6.10	\$6.14

Weekly

	Value	Blend	Growth
Large	-0.26%	-0.20%	0.20%
Mid	0.24%	0.61%	1.29%
Small	1.31%	1.47%	1.63%

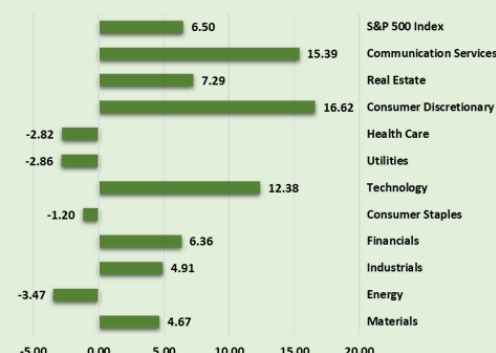
Sector Performance



YTD

	Value	Blend	Growth
Large	4.34%	6.50%	9.84%
Mid	7.59%	8.69%	10.74%
Small	10.13%	10.65%	11.16%

Sector Performance



Important Disclosures

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The indices are presented as broad-based measures of the equity, fixed income and consumer markets. The indices are provided for comparative and illustrative purpose to provide a comparison of the model against the broader based equity, fixed income and consumer market. The indices are not intended to reflect the investment objectives of the model as the securities held within the model will differ in market volatility, concentration, investment objectives and diversification among others from those of the indices. The indices are not managed, and returns do not reflect the deduction of fees, expenses, transaction costs or taxes that actual client accounts are subject to. Investors cannot invest directly in an index. Returns are not annualized for periods less than 1 year.

Trailing Major Index Returns and YTD S&P Sector Returns are sourced from Morningstar Direct.

All other economic and market data sources may include, and is not limited to:

- JPMorgan Asset Management, publicly available at <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/market-updates/weekly-market-recap/>
- Edward Jones, publicly available at <https://www.edwardjones.com/us-en/market-news-insights/stock-market-news/stock-market-weekly-update>
- Goldman Sachs, publicly available at <https://www.gsam.com/content/gsam/us/en/advisors/market-insights.html>
- T. Rowe Price, publicly available at <https://www.troweprice.com/personal-investing/resources/insights/global-markets-weeklyupdate.html>