

DATE: March 27, 2023



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

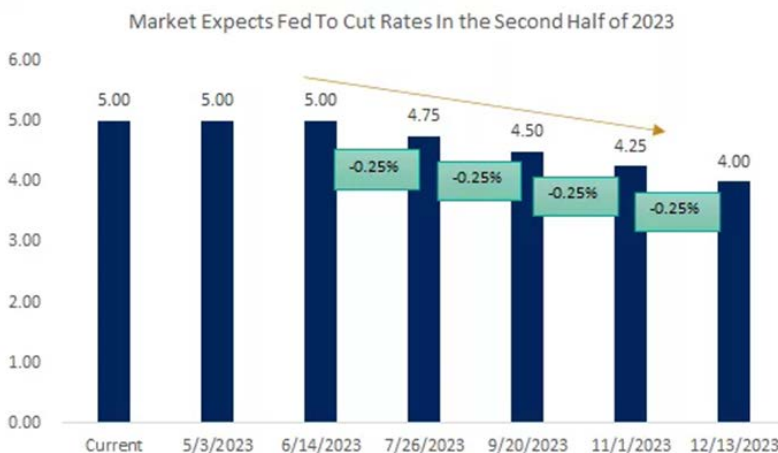
### Market News

- Major U.S. benchmarks finished higher last week, with continued stress from the financial sector, recession worries, and the Fed's rate hike decision being felt by investors. Growth outperformed its Core and Value counterparts, while Large Caps outperformed Small and Mid Caps.
- The Federal Reserve announced that it would be raising interest rates by +25 bps last week, to a total of around 4.75% - 5.00% over the past year or so of tightening, but also implied the Fed may be nearing the end of its rate-hiking cycle sooner than expected, hinting at possibly one more +25 bps rate hike before shifting gears.
- At the start of 2023, equity markets had more of a risk-on approach with more cyclical equities outperforming, although more defensive sectors have begun to rebound over the past month. Also, more growth-oriented investments, especially technology, have appeared to remain resilient, even throughout the banking turmoil, outperforming value, with around a 3.2% return over the past month.

### PFG Strategy News

- Within the Multi PLUS Models is the PFG American Funds Growth Strategy (PFGGX), an outperforming fund YTD and last week relative to our other PFG strategies
  - PFGGX has been able to take advantage of this year's rally in growth-oriented equities, especially with its roughly 21% allocation to the Technology sector, which is the second-best performing sector YTD. PFGGX also has around 17% within Consumer Discretionary, which has been another outperformer for the year.
- Another top performer among PFG strategies last week was the PFG JP Morgan Tactical Aggressive Strategy, which has also been able to take advantage of the growth rally with its roughly 19% allocation to Technology.
  - JP Morgan's Large Cap Growth Fund holds the largest allocation within this strategy, and has been one of the top underlying investments YTD, seeking to capture the return potential of some of the fastest growing Large Cap companies within the U.S.

## CHART OF THE WEEK:



According to Edward Jones, the market is currently expecting the Fed to begin cutting rates as early as July, with around 4 cuts priced in for 2023. This would essentially bring the fed funds rate down to around 4.0%, below the 5.1% expectations previously stated by the Fed.

Chart Source:  
<https://www.edwardjones.com/us-en/market-news-insights/stock-market-news/stock-market-weekly-update>

## THE WEEK AHEAD

### Tuesday, March 28:

- Advanced U.S. Trade Balance in Goods
- Advanced Retail Inventories
- Advanced Wholesale Inventories
- FHFA Home Price Index
- U.S. Consumer Confidence

### Wednesday, March 29:

- Pending U.S. Home Sales

### Thursday, March 30:

- GDP (2<sup>nd</sup> Revision)
- Initial and Continuing Jobless Claims

### Friday, March 31:

- Personal Income (Nominal)
- Personal Spending (Nominal)
- PCE Index
- U of Mich Consumer Sentiment (Final)

## MODEL HIGHLIGHT



The Multi PLUS models are the most diversified set of models within our Strategy PLUS offering. Each model is uniquely constructed to provide the most comprehensive exposure to our Strategy PLUS offering. Holdings include Tactical strategies, which range from those that will implement high cash/fixed income positions during periods of market volatility, to strategies that maintain full market exposure, but tactically adjust various asset classes, sectors, or regions. Strategic strategies are also included and are built on long-term market expectations to offer investors full market exposure at all times. In addition, underlying holdings within the models provide both Active management via individual stock or bond selection, as well as Passive, lower-cost exposure to a specific index or benchmark. We believe the combination of all these elements can deliver the desired portfolio outcome with greater diversification, improved risk management, and enhanced returns.

## STRATEGIST SPOTLIGHT

### Janus Henderson INVESTORS

#### PFG Funds:

PFG Janus Henderson Balanced  
Strategy  
PFG Tactical Income Strategy

*Commentary and Insights from one of our world class investment managers:*

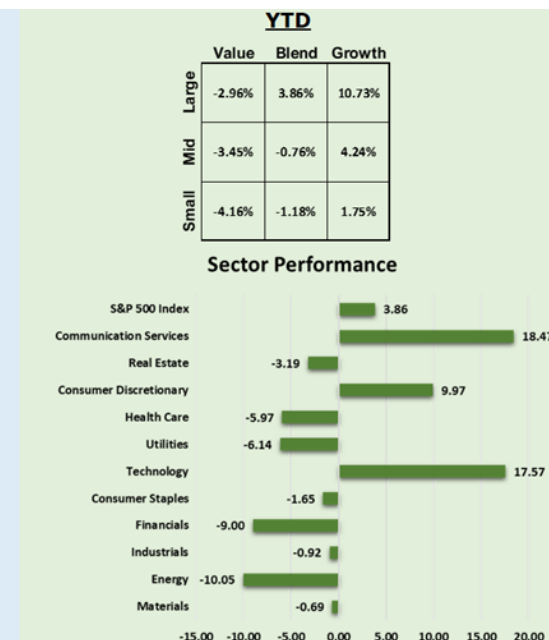
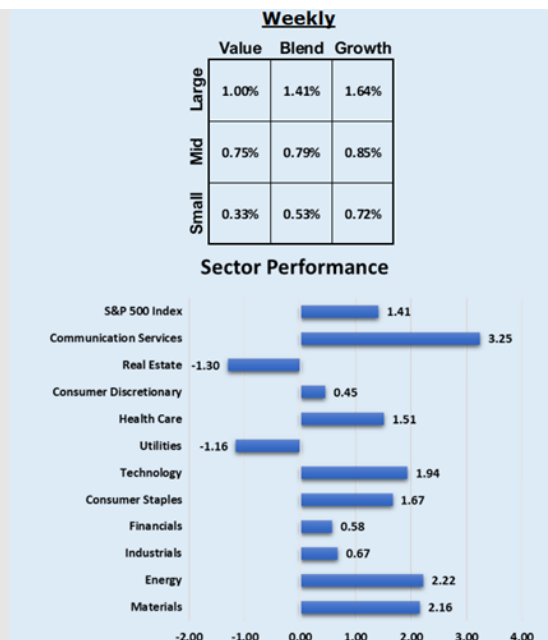
*PFG Janus Henderson Balanced Strategy:*

We are reducing the exposure to smaller companies by selling the position in the Small Cap Growth Alpha strategy and reducing the exposure to the Small/Mid Cap Growth Alpha strategy. The proceeds are being switched into the defensive Short Duration Income strategy. This reduces the overall equity exposure at a time when we are concerned about the rising risk of recession. Various indicators continue to suggest that there is an increasing probability of a dip in economic growth, with recent stresses in the financial sector serving to highlight the late-economic cycle environment that we now find ourselves in. Smaller companies tend to be more sensitive to economic growth and usually underperform through periods of economic contraction. Therefore, we think it is prudent to reduce exposure at this point.

*PFG Tactical Income Strategy:*

We are reducing the exposure to smaller companies by selling the positions in the Small Cap Growth Alpha and Small/Mid Cap Growth Alpha strategies. At the same time, we are reducing the exposure to the Global Equity Income strategy, with the proceeds from each of these reductions switching into the Global Technology and Innovation strategy. The changes all serve to increase the quality of the equity exposure in the portfolio by moving into larger companies with stronger balance sheets and switching exposure back to the more defensive US equity market, away from more cyclical international stocks. Smaller companies tend to be more sensitive to economic growth and usually underperform through periods of economic contraction. At the same time, they tend to be more reliant on bank lending for access to capital, a further concern at a time of stress within the financial sector. Technology stocks have tended to be more defensive in recent years, benefitting as government bond yields have declined. We believe that interest rates are likely approaching their peak and therefore yields are more likely to be biased to the downside from here, supporting the valuations of technology companies.

	Weekly	YTD
<b>Equities</b>		
S&P 500 Index	1.41%	3.86%
Dow Jones Industrial Average	1.18%	-2.21%
NASDAQ Composite Index	1.68%	13.22%
MSCI EAFE NR	1.59%	4.28%
<b>Fixed Income</b>		
U.S. Aggregate Bond Index	0.52%	3.44%
U.S. Corporates	0.80%	3.36%
U.S. High Yields	0.35%	1.80%
<b>Rates</b>		
	3/27/2023	3/17/2023
30-Year US Treasury	3.64%	3.60%
10-Year US Treasury	3.38%	3.39%
2-Year US Treasury	3.76%	3.81%
Prime Rate	8.00%	7.75%
30-Year Fixed Mortgage	6.48%	6.71%
<b>Commodities (Levels)</b>		
	3/27/2023	12/30/2022
Oil (WTI)	\$69.96	\$80.16
Gold	\$1,994	\$1,814
Silver	\$23.17	\$23.95
Copper	\$8,927	\$8,387
Corn	\$6.10	\$6.14





**DATE: March 27, 2023**



## Important Disclosures

The information provided herein is the opinion of The Pacific Financial Group, Inc. ("TPFG") a registered investment adviser and may change without notice at the discretion of TPFG. Spotlight contains models managed by TPFG and represent TPFG's opinion and evaluation of its models. All information is believed to be accurate but has not been independently verified and TPFG makes no warranties as to the accuracy of the information or any representations made or implied. The information should not be construed or interpreted as an offer or solicitation to purchase or sell a financial instrument or service. The information is for informational purposes only and should not be relied on or deemed the provision of tax, legal, accounting or investment advice. Past performance is not a guarantee future results. All investments contain risks to include the total loss of invested principal. Diversification does not protect against the risk of loss. Investors should review all offering documents and disclosures and should consult their tax, legal or financial professional before investing.

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-marketweekly-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>

### Janus Henderson Disclosures:

The opinions and views expressed are as of 3/27/2023, are subject to change and may not reflect the views of others in the organization. They are for information purposes only and should not be used or construed as an offer to sell, a solicitation of an offer to buy, or a recommendation to buy, sell or hold any security, investment strategy or market sector. There is no guarantee that the information supplied is accurate, complete, or timely, nor are there any warranties with regards to the results obtained from its use.

Janus Henderson provides investment advisory services in the U.S. through Janus Henderson Investors US LLC, together with its participating affiliates.

Janus Henderson is a trademark of Janus Henderson Group plc or one of its subsidiaries. © Janus Henderson Group plc.  
C-0323-49065 04-30-23

FOR INSTITUTIONAL INVESTOR USE ONLY / NOT FOR PUBLIC VIEWING OR DISTRIBUTION

CID 870