THE PACIFIC FINANCIAL GROUP

MANAGER'S PULSE

DATE: September 18, 2023

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

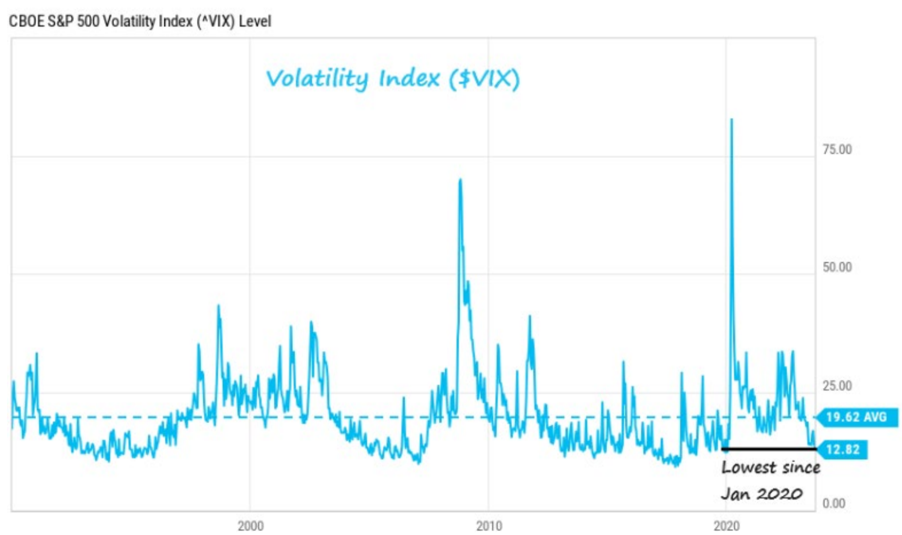
Market News

- Equity markets finished last week mixed, with value stocks outperforming growth, and large-caps outperforming mid and small-caps. Ultimately, the Dow Jones Industrial Average finished 0.14% higher, while the S&P 500 Index and NASDAQ finished -012% and -0.37% lower, respectively.
- Oil prices continue to rise as markets price in the impact of Russia and Saudi Arabia's production cuts, with WTI and Brent Crude finishing the week higher at $90.77 and $93.93 per barrel, respectively.
- The Headline Consumer Price Index (CPI) rose +3.7% from a year ago, and +0.6% month-over-month, mostly on behalf of rising energy prices, with half of the gain a result of gasoline, which rose 10.6%. Core CPI, excluding food and energy, only rose 0.3% month-over month and 4.3% year-over-year.
- The university of Michigan's index of consumer sentiment decreased 1.8 points in September, down to 67.7 and below expectations of 69.0.

PFG Strategy News

- The MFS Aggressive Growth Strategy Fund was one of the best performing Strategies this past week.
    - It's investment in the iShares GSCI Commodity Dynamic Roll Strategy ETF, which seeks to track the investment results of a broad range of commodity exposures, helped contribute to the Strategy's outperformance last week.
    - The Strategy's weight in the MFS International Large Cap Value Fund also contributed to its performance, helping the Strategy capture the outperformance seen in both value and large-cap equities.
- Another outperformer for the week was the PFG Fidelity Instl. AM® Equity Index Strategy Fund, which continues to take advantage of the outperformance in US large cap YTD.

CHART OF THE WEEK:



The CBOE Volatility Index (VIX) hit its lowest level since January of 2020, illustrating the calmer marketplace we have been experiencing. Credit markets are the same, with U.S. High Yield spreads at the tightest we've seen them in over a year, moving down to 3.78%.

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

THIS WEEK AHEAD

Monday, September 18:
- Home Builder Confidence Index

Tuesday, September 19:
- Housing Starts
- Building Permits

Wednesday, September 20:
- Fed Interest-Rate decision

Thursday, September 21:
- Initial Jobless Claims
- U.S. Current Account Deficit
- U.S. Leading Economic Indicators
- Existing Home Sales

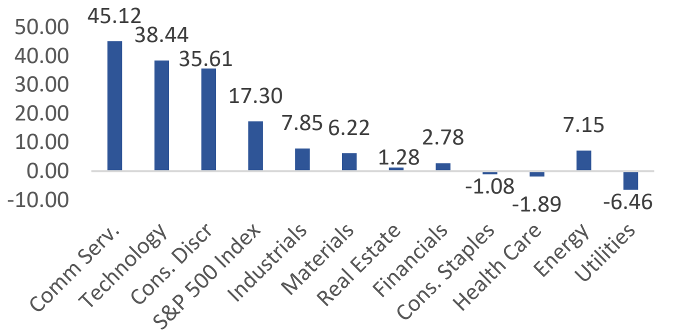
Friday, September 22:
- S&P Flash U.S. Services PMI
- S&P Flash U.S. Manufacturing PMI

	Weekly	YTD
Equities		
S&P 500 Index	-0.12%	17.30%
Dow Jones Industrial Average	0.14%	6.14%
NASDAQ Composite Index	-0.37%	31.78%
MSCI EAFE	1.67%	10.90%
MSCI EM	1.27%	5.53%
Fixed Income		
Bloomberg US Aggregate	-0.33%	0.26%
Bloomberg US Corporate	-0.35%	1.55%
Bloomberg US High Yield	0.19%	7.01%

Style Performance YTD

	Value	Blend	Growth
Large	5.44%	17.30%	29.66%
Mid	4.04%	7.26%	12.77%
Small	2.75%	6.01%	8.91%

Sector Performance YTD



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STRATEGIST HIGHLIGHT

Invesco

Invesco Investment Principles:

- The PFG Invesco Factor Rotation Strategy shifts to reflect the economic cycle and can take on one of four allocations (i.e., recovery, expansion, slowdown, or contraction) which is dependent on macro conditions
- Invesco is reducing exposure to both value and mid-cap securities, while increasing exposure to momentum

Most Recent Allocation Changes:

- Reduced the weighting in the Invesco S&P 500 Enhanced Value ETF from 17.06% to 9.75%
- Reduced the weighting in the Invesco S&P MidCap 400 GARP ETF from 17.06% to 9.75%
- Increased the weighting in the Invesco S&P 500 Momentum ETF from 4.88% to 19.50%
- All changes were consistent with seeking favorable results in-line with past returns by regime (i.e., expansion, contraction, slowdown, recovery)

Reasoning Behind Changes:

- Invesco believes that as of September 2023, from a tactical perspective, the U.S. macro environment has transitioned to an expansion regime, while the framework for the global economy remains in a recovery regime
    - Invesco's framework remains in a recovery regime for the global economy, while the United States are moving into an expansionary regime
    - Financial markets, global central banks, August 2023 U.S. jobs report indicates lower probabilities of near-term recession
- Takeaway: Invesco expects a stable economic environment for the remainder of 2023, with 1) low but improving growth, 2) gradually declining inflation, and 3) monetary policy on hold, providing a favorable backdrop for cyclical assets from a tactical allocation perspective.

MODEL HIGHLIGHT

MULTI PLUS

- The Invesco Equity Factor Rotation Strategy, which can be found within the Multi PLUS Models, has been able to take advantage of the growth seen in the markets thus far this year.

- It's exposure to the Invesco S&P 500 Quality ETF, which is based on the S&P 500 Quality Index, has been a major contributor to overall performance.
    - The S&P 500 Quality Index tracks the performance of stocks in the S&P 500 Index that have the highest quality factor exposure, quality factor screens the stock with more stable earnings, stronger balance sheets typically as a "defensive" factor outperforming during times of contraction.

- The Strategy also invests in the Invesco International Developed Dynamic Multifactor ETF, which is based on the FTSE Developed ex US Invesco Dynamic Multifactor Index, has been another top contributor to the Strategy's performance.
    - The FTSE Developed ex US Invesco Dynamic Multifactor Index tracks the FTSE Developed ex US Index.