

DATE: May 01, 2023



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

Market News

- U.S. equities had another volatile week of trading, with the NASDAQ (+1.28%) performing best compared to other major indexes, mostly on the back of favorable earnings reports in tech. Microsoft (MSFT), Amazon.com (AMZN), Apple (AAPL), and Meta (META) were large catalysts in performance last week, accounting for nearly half of the S&P's gains.
- Last week's economic data reports showed further signs of slowing, with retail inventories rising 0.4% in April, non-defense capital goods orders falling 0.4%, and headline and core PCE rising 4.2% and 4.6% year-over-year, respectively. The Commerce Department's preliminary GDP estimates also came in at 1.1%, lower than expectations of around 2%.
- U.S. Treasury yields moved lower as the week's positive earnings reports were outweighed by weak economic data. Further, investors await this week's Federal Reserve policy meeting where an additional 25 bps rate hike is largely expected. Ultimately, the 10-Year and 2-Year U.S. Treasury yields finished at 3.44% and 4.04%, respectively.

PFG Strategy News

- The Multi PLUS models included some of the top performing model sets for the week. Key contributors included the PFG Janus Henderson Balanced Strategy and the BNY Mellon Diversifier Strategy.
- The Janus Henderson Balanced Strategy is tactically managed, proactively adjusting its fixed income and equity exposure between 30-70% dependent on the outlook. The Strategy is currently positioned with a below benchmark allocation to equities and overweight holding of more defensive fixed income assets, which aligns with the increased expectations or further financial stress and the risk of a recession.
- The BNY Mellon diversifier Strategy continues to be another top performer, as its exposure to floating rate securities has helped secure some of its gains YTD.

CHART OF THE WEEK:

FAANG+ Stocks Contributions to S&P 500 YTD Performance

Ticker	Company Name	Sector	Market Cap (bn USD)	YTD % Chg	S&P 500 Contribution	
					Index Points	% of Move
AAPL	Apple	Technology	2,664.57	30.34	70.06	21.27
MSFT	Microsoft	Technology	2,266.56	27.12	58.03	17.62
NVDA	NVIDIA	Technology	672.48	87.97	38.16	11.59
META	Meta Platforms	Comm. Svcs.	611.37	97.32	31.35	9.52
AMZN	Amazon.com	Cons. Discret.	1,125.35	25.46	22.76	6.91
TSLA	Tesla	Cons. Discret.	507.72	33.34	13.01	3.95
GOOGL	Alphabet (Class A)	Comm. Svcs.	1,371.00	20.19	12.74	3.87
GOOG	Alphabet (Class B)	Comm. Svcs.	1,371.00	20.51	11.48	3.49
AMD	Advanced Micro Devices	Technology	140.73	34.88	4.35	1.32
NFLX	Netflix	Comm. Svcs.	144.85	13.12	2.03	0.62
FAANG+ Stocks			9,504.63	39.03	263.97	80.15
Rest of S&P 500			27,266.14	2.22	65.39	19.85

The chart above shows just how much the FAANG stocks have contributed to the overall performance of the S&P 500 this year. Apple and Microsoft have accounted have around 39% of the S&P 500's gains. When we bring Meta and Nvidia into the equation, they combine for 60% of the gains.

Chart Source: <https://twitter.com/bespokeinvest/status/1652768708341776384/photo/1>

THE WEEK AHEAD

Monday, May 01:

- S&P U.S. Manufacturing PMI
- ISM Manufacturing
- Construction Spending

Tuesday, May 02:

- U.S. Job Openings
- Factory Orders

Wednesday, May 03:

- ADP Employment
- S&P U.S. Services PMI
- ISM Services
- Fed's Interest Rate Statement

Thursday, May 04:

- U.S. Productivity
- U.S. Trade Deficit
- Initial and Continuing Jobless Claims

Friday, April 28:

- U.S. Employment Report
- U.S. Employment Rate
- U.S. Hourly Wages
- Consumer Credit

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:

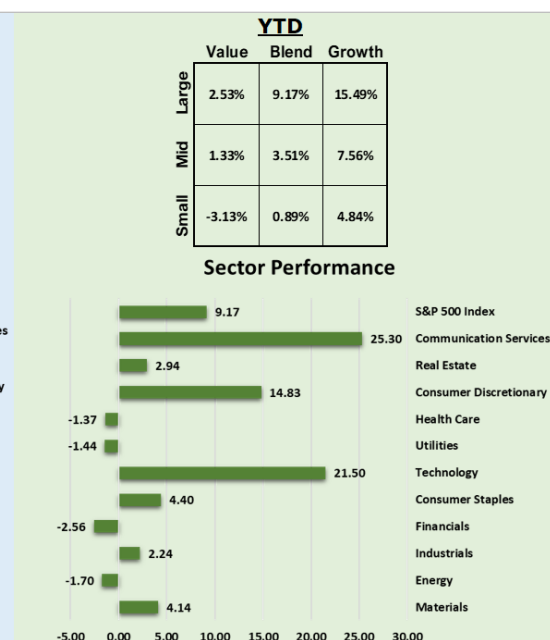
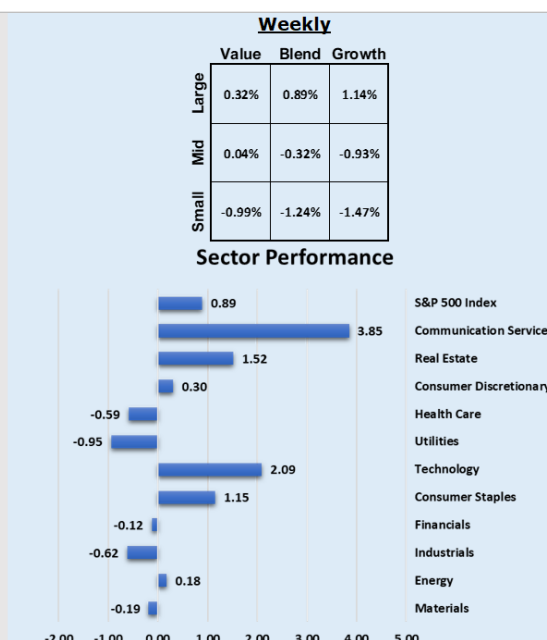
PFG Janus Henderson Balanced Strategy:

There are no changes to the allocations this month. The portfolio is already positioned appropriately given our current investment views, with a below benchmark allocation to equities and overweight holding of more defensive fixed income assets. This defensive allocation stance aligns with the increased risk of recession as suggested by economic leading indicators or the increased potential for further financial stress events due to the rapid increase in interest rates.

PFG Tactical Income Strategy:

We are reducing the exposure to the global equity income strategy, and reinvesting the proceeds into the Global Life Sciences, Global Technology and Innovation and Developed World Bond strategies. The changes reduce the overall level of equities modestly further in favor of defensive fixed income holdings. At the same time, the switches shift exposure within equities to more defensive exposure by both rotating to the US from International stocks, and by investing into the usually more defensive health care and technology sectors. We continue to be concerned by the high level of recession risk suggested by leading economic indicators and by the potential for a further bout of financial stress following the rapid increase in interest rates. As a result, we continue to favor more defensive equities and higher quality fixed income assets.

	Weekly	YTD
Equities		
S&P 500 Index	0.89%	9.17%
Dow Jones Industrial Average	0.86%	3.53%
NASDAQ Composite Index	1.28%	17.12%
MSCI EAFE NR	0.10%	11.53%
Fixed Income		
U.S. Aggregate Bond Index	0.83%	3.59%
U.S. Corporates	0.89%	4.26%
U.S. High Yields	0.49%	4.60%
Rates		
	4/28/2023	4/21/2023
30-Year US Treasury	3.67%	3.78%
10-Year US Treasury	34.40%	3.57%
2-Year US Treasury	4.04%	4.17%
Prime Rate	8.00%	8.00%
30-Year Fixed Mortgage	6.55%	6.55%
Commodities (Levels)		
	4/28/2023	12/30/2022
Oil (WTI)	\$74.76	\$80.16
Gold	\$1,983	\$1,814
Silver	\$24.77	\$23.95
Copper	\$8,571	\$8,387
Corn	\$6.10	\$6.14





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Important Disclosures

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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>

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