MANAGER'S PULSE

The Pacific Financial Group

DATE: May 30, 2023

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

Market News

- Global equities finished last week mixed as investors continue to eye the U.S. debt ceiling negotiations, with the Dow Jones Industrial Average finishing -0.97% lower and the S&P 500 Index and NASDAQ finishing 0.35% and 2.52% higher, respectively.

- One of the week's top stories was the large gains seen in NVIDIA's stock, with a 24% jump on Thursday, bringing the company's market cap to over 960 billion to end the week and making it the world's sixth most valued public company. The performance was mostly a result of the company beating its earnings expectations and raising its future profit outlook.

- Sovereign yields rose last week, reflecting more optimistic views from investors on economic growth, labor market resilience, and monetary policy expectations. The 10-Year U.S. Treasury yield ultimately finished at 3.80% for the week, the highest mark since the collapse of SVB. The 2-Year also closed higher, finishing at 4.54%.

- On Friday, some investors seemed hesitant on the news that the Core Personal Consumption Expenditures (PCE) Index rose 0.4% in April, slightly above expectations. The index also came in at 4.7% year-over-year, which indicated that very little, if any, progress had been made to bring inflation down YTD.

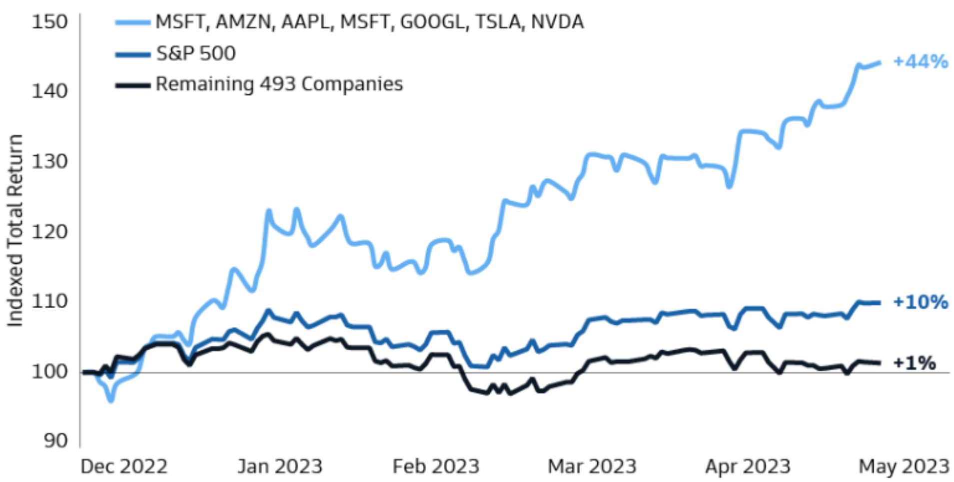
PFG Strategy News

- The Multi PLUS models have continued to perform well thus far this year, offering broad diversification and leveraging the strengths of multiple world class strategists. These models deliver a blend of Strategic and Tactical Asset Allocation implemented through a combination of actively managed mutual funds and low-cost passive and exchange traded funds (ETFs).

- One of the model set's key contributors this year continues to be the PFG Fidelity Institutional Index Strategy. The Strategy's exposure to the Fidelity 500 Index Fund has helped provide positive returns YTD, seeking to provide investment results that correspond to the total performance of common stocks in the United States by investing 80% of its assets in common stocks included in the S&P 500 Index.

- Another top performer in this model set has been the PFG JP Morgan Tactical Aggressive Strategy. The strategy's exposure to the JPMorgan US Equity Fund, which analyzes company prospects over the upcoming eight years to evaluate long-term sustainable earnings growth potential, especially for undervalued companies, has been a top contributor.

CHART OF THE WEEK:



The chart above illustrates the outperformance of mega-cap stocks vs other companies within the S&P 500, and the Index itself. This year, the mega-caps have outperformed the S&P by 34bps, a trend that Goldman Sachs believes could continue depending on how the Fed approaches their rate hiking cycle.

Chart Source:
https://www.gsam.com/content/gsam/us/en/advisors/market-insights/market-strategy/global-market-monitor/2023/market_monitor_052623.html

THE WEEK AHEAD

Tuesday, May 30:
- S&P Case-Shiller Home Price Index
- Consumer Confidence

Wednesday, May 31:
- ADP Employment
- Job Openings
- Federal Reserve Beige Book

Thursday, June 01:
- Initial Jobless Claims
- U.S. Productivity
- IS&P U.S. Manufacturing PMI
- Constriction Spending

Friday, June 02:
- U.S. Employment Report
- U.S. Unemployment Report
- U.S. Hourly Wages
- Hourly Wages Year-Over-Year

MODEL HIGHLIGHT

MULTI PLUS

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.

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STRATEGIST SPOTLIGHT

J.P.Morgan Asset Management

PFG Funds:
PFG JPMorgan Tactical Aggressive
PFG JPMorgan Tactical Moderate

EPIC:
JPMorgan Aggressive 30+
JPMorgan Moderate 20-30
JPMorgan Conservative 0-15

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

As central banks slow down and pause interest rate hikes, markets continue to evaluate the impact of a historically rapid tightening cycle. Moving forward, we believe there are increasing risks to growth and an increasing probability of a recession. As a result, while our headline equity and fixed income positioning remains the same and close to neutral, we've taken the opportunity to diversify our allocations in risk assets.

Within equities, we slightly decreased our exposure to a U.S. value-oriented strategy in favor of a U.S. quality-oriented equity strategy. We continue to believe more balanced exposure across regions and styles best positions us to navigate the continued market volatility.

There are no changes to our fixed income allocation at this time.

Janus Henderson INVESTORS

PFG Funds:
PFG Janus Henderson Balanced Strategy
PFG Tactical Income Strategy

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 exposure to equities via a decrease in the holding of the Global Technology and Innovation strategy. The proceeds from the sale are being reinvested into the Flexible Bond strategy to increase the overall defensiveness in the portfolio. The technology sector has surged so far in 2023, outstripping other areas of the equity market. Strong performance in recent weeks has come despite a rise in bond yields that we would have expected to be a headwind to valuations, and against a stronger earnings outlook that may be challenged in a growth slowdown. We think it is prudent to scale back this exposure in light of the strength of the move. In contrast, higher bond yields have further improved the attractiveness of fixed income assets, where we continue to prefer more defensive assets at a time of elevated recession risk.

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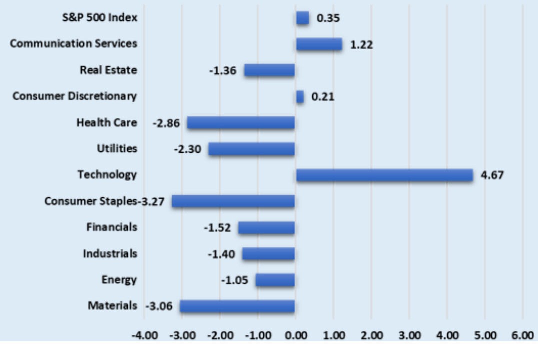
	Weekly	YTD
Equities		
S&P 500 Index	0.35%	10.29%
Dow Jones Industrial Average	-0.97%	0.70%
NASDAQ Composite Index	2.52%	24.43%
MSCI EAFE NR	-2.29%	8.80%
Fixed Income		
U.S. Aggregate Bond Index	-0.67%	1.20%
U.S. Corporates	-0.40%	1.67%
U.S. High Yields	-0.36%	3.34%
Rates	**5/29/2023**	**5/19/2023**
30-Year US Treasury	3.96%	3.95%
10-Year US Treasury	3.80%	3.70%
2-Year US Treasury	4.54%	4.28%
Prime Rate	8.25%	8.25%
30-Year Fixed Mortgage	6.69%	6.57%
Commodities (Levels)	**5/29/2023**	**12/30/2022**
Oil (WTI)	$71.83	$80.16
Gold	$1,948	$1,814
Silver	$23.15	$23.95
Copper	$8,082	$8,387
Corn	$6.10	$6.14

Weekly

	Value	Blend	Growth
Large	-1.24%	0.35%	1.74%
Mid	-1.38%	-1.03%	-0.45%
Small	0.06%	-0.02%	-0.09%

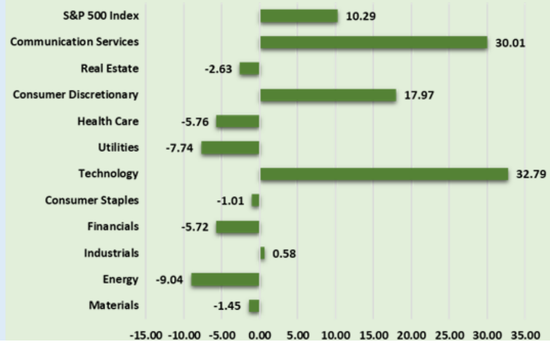
Sector Performance



YTD

	Value	Blend	Growth
Large	-0.71%	10.29%	21.25%
Mid	-2.08%	1.55%	8.27%
Small	-3.64%	1.26%	6.06%

Sector Performance



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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:

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- 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

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