



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

Market News

- Equity markets were under pressure again last week as rising rates, hawkish Federal Reserve Minutes, and a breakdown in technical support on the S&P 500 (50-day Simple Moving Average) kept equities on the defensive. The S&P 500 and Nasdaq fell for the third consecutive week, recording declines of -2.05% and -2.55%, respectively.
- Minutes from the latest Federal Reserve meeting showed that most participants see upside risks in inflation, which could result in further tightening of monetary policy.
- Retail Sales surprised to the upside in July, rising +0.7% and ahead of the +0.4% estimate.
- Interest Rates pushed higher again last week. The 10-year Yield climbed another 10 bps to 4.26%. This marks the highest level since June 2008 and was a contributing factor to equity market weakness last week.

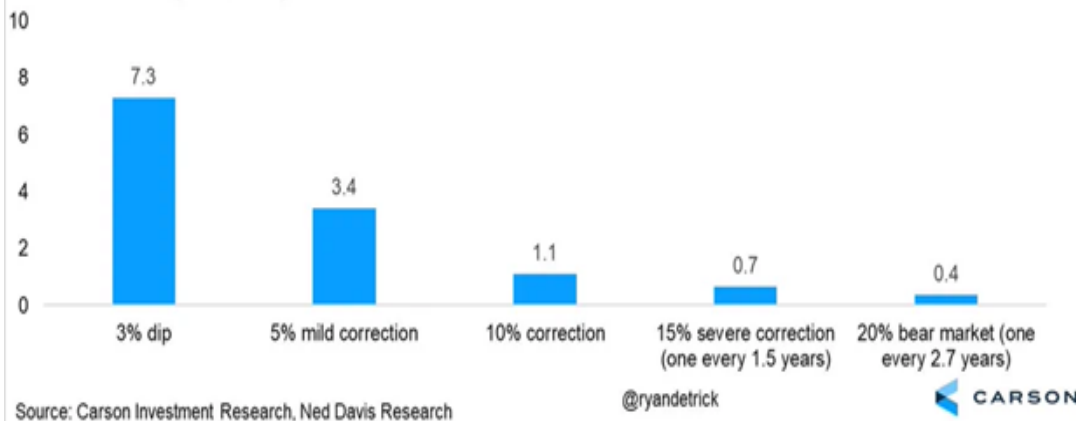
PFG Strategy News

- With equities declining last week, PFG provides risk-off fixed income and multi-asset strategies for ballast when volatility increase.
 - Defensive Strategies including The PFG Active Core Bond (-0.60%), Fidelity Inst AM Core Plus Bond Strategy (-0.70%), and the PFG BNY Mellon Diversifier Strategy (-0.77%) held up best last week as risk assets were on the defensive.
- Despite recent weakness in equity markets since early August, PFG Invesco Equity Factor Rotation Strategy (+3.9%), PFG American Funds Growth Strategy (+3.56%), The PFG Fidelity Inst AM Equity Index Strategy (+3.46%), and The PFG Fidelity Inst Equity Sector Strategy (+3.39%) remain the top performing PFG Strategies over the last month.

CHART OF THE WEEK:

Volatility Is The Toll We Pay To Invest

S&P 500 Per Year (1950 - 2022)



Source: <https://twitter.com/RyanDetrick/status/1692278600119058477>

With downside volatility increasingly back in play since the beginning of August, Ryan Detrick of The Carson Group reminds us that downside volatility is quite normal and that without risk, there is no reward.

THIS WEEK AHEAD

Tuesday, August 22:

- Existing Home Sales

Wednesday, August 23:

- New Home Sales

Thursday, August 24:

- Durable Goods
- U.S. Leading Economic Indicators

Friday, August 25:

- Consumer Sentiment
- Federal Reserve Jackson Hole Symposium

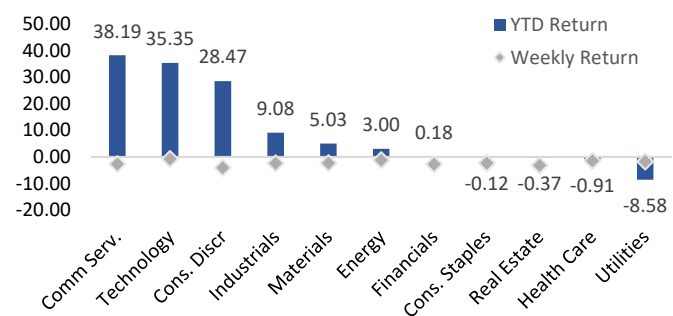
	Weekly	YTD
Equities		
S&P 500 Index	-2.05%	15.02%
Dow Jones Industrial Average	-2.10%	5.52%
NASDAQ Composite Index	-2.55%	27.69%
MSCI EAFE	-3.30%	8.06%
MSCI EM	2.85%	11.02%
Fixed Income		
Bloomberg US Aggregate	-0.50%	0.13%
Bloomberg US Corporate	-0.23%	3.33%
Bloomberg US High Yield	-0.82%	5.69%

Style Performance YTD

Value Blend Growth

	Value	Blend	Growth
Large	4.60%	15.02%	25.65%
Mid	3.82%	6.72%	11.36%
Small	3.52%	6.58%	9.25%

Sector Performance YTD



STRATEGIST HIGHLIGHT



Invesco Theme:

- 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.

Most Recent Allocation Changes:

- Reduced the weighting in Invesco S&P 500 Quality ETF from 12.2% to 4.9%
- Reduced the weighting in the S&P 500 Low Volatility ETF from 14.6% to 4.9%
- Increased the weighting in the Invesco S&P Mid-Cap 400 Equal Weight ETF from 4.9% to 17.1%
- Increase the weighting in the Invesco S&P 500 Enhanced Value ETF from 4.9% to 17.1%
- All changes were consistent with seeking favorable results in-line with past returns by regime (i.e., expansion, contraction, slowdown, recovery)

Reasoning Behind Changes:

- The Strategy recently shifted from its 'contraction' allocation to 'recovery' allocation at the beginning of July
- Change to the recovery regime may not be an indication of the start of a new cycle, but an opportunity to increase portfolio risk as risk appetite signals improve
 - Odds of recession in the next several quarters is declining
- Strengthening macroeconomic data in housing, manufacturing and consumption, moderating inflation, and delayed lag effects of tighter monetary policy (which may not be fully felt yet) were cited as rationale for the regime change.
- While economic growth is low and still below trend, its is expected to improve in the short-term

MODEL HIGHLIGHT



- Within the Multi PLUS models, strategic passive strategy such as the PFG Fidelity Institutional AM Equity Index Strategy provides investors with a globally diversified equity allocation for equity beta exposure across market capitalization and regions
- The Strategy has a higher tilt (57.5%) to the S&P 500 Index which has been a tailwind to performance as US Large Caps have outperformed Small and Mid-Cap counterparts YTD
- Although strategic passive can move in tandem with the markets 1:1 as experienced last week, PFG Multi PLUS combines tactical active strategies such as the BNY Mellon Diversifier Strategy to limit downside when US equities move down
 - The BNY Mellon Diversifier Strategy combines a core plus fixed income fund and a real return strategy built constructed with a core and return-seeking layers.

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.

Net of Fees Performance returns for each model are net of fees which assume the maximum annual management fee of 2.0. Actual fees charged are negotiable and may vary based on a variety of factors, including the size of a client's account, services rendered, or investments within the model. Actual fees charged are disclosed and agreed to by the client at the time of entering into an investment management agreement or in the fund's prospectus as applicable. TPFG's fees do not include the internal expenses which may be assessed by a fund or investment vehicle held within the model.

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>