

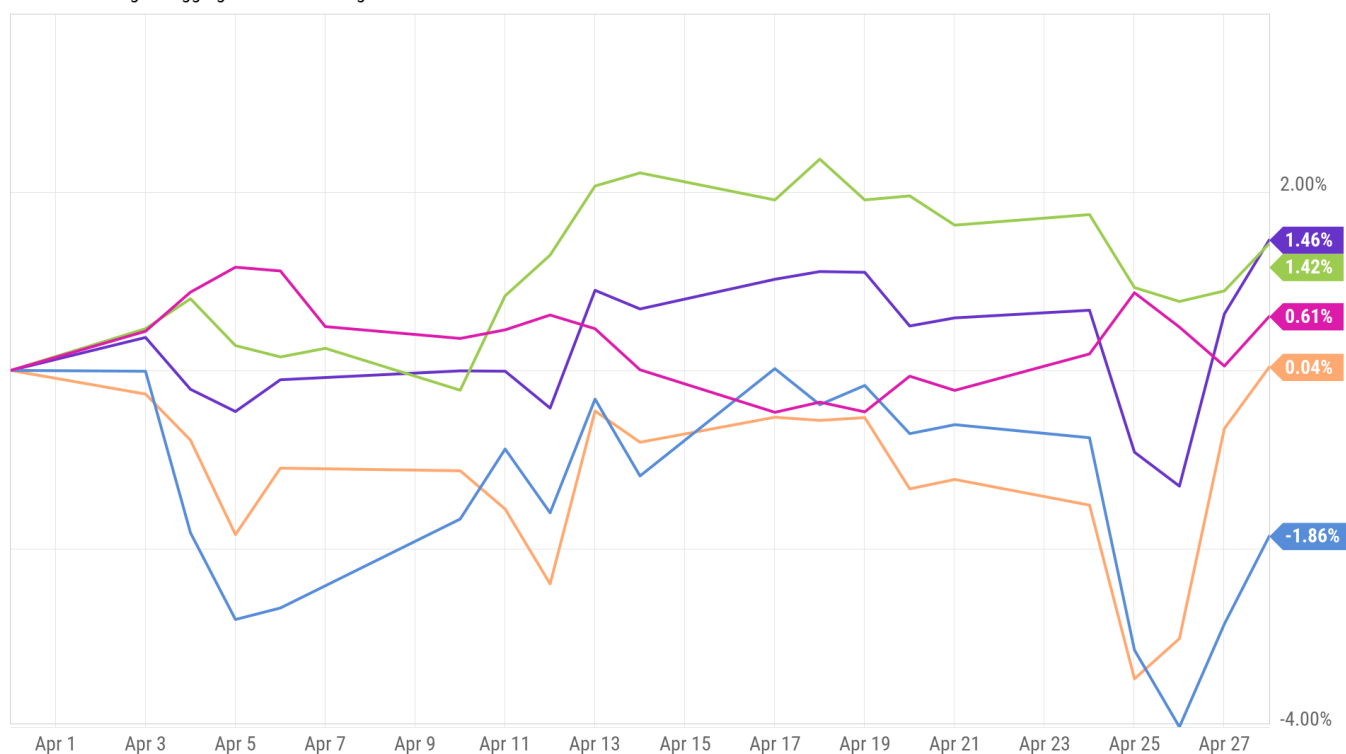
Quiet Month

News flow was relatively quiet for most of April, which may have helped contribute to the tight trading ranges experienced by most stocks and bonds. Notably, however, the market received encouraging GDP and unemployment data and a few positive earnings surprises from large software and Internet companies late in the month.

The S&P 500 was up +1.46%, the NASDAQ Composite eked out a modest +0.04% gain, the Russell 2000 was hampered once again by banking stocks and declined by -1.86% and the MSCI ACWI held firm with a +1.42% gain during the month. The bond market provided a positive gain as the 10-year US Treasury rate declined from 3.49% last month to 3.45% at the end of April. Accordingly, the Bloomberg US Aggregate index edged up +0.61% during the period. (CHART 1)

Chart 1 - Quiet Action During April

- S&P 500 Level % Change
- Nasdaq Composite Level % Change
- Russell 2000 Level % Change
- MSCI ACWI Ex USA Level % Change
- Bloomberg US Aggregate Level % Change



Source: yCharts and Portfolio Partners

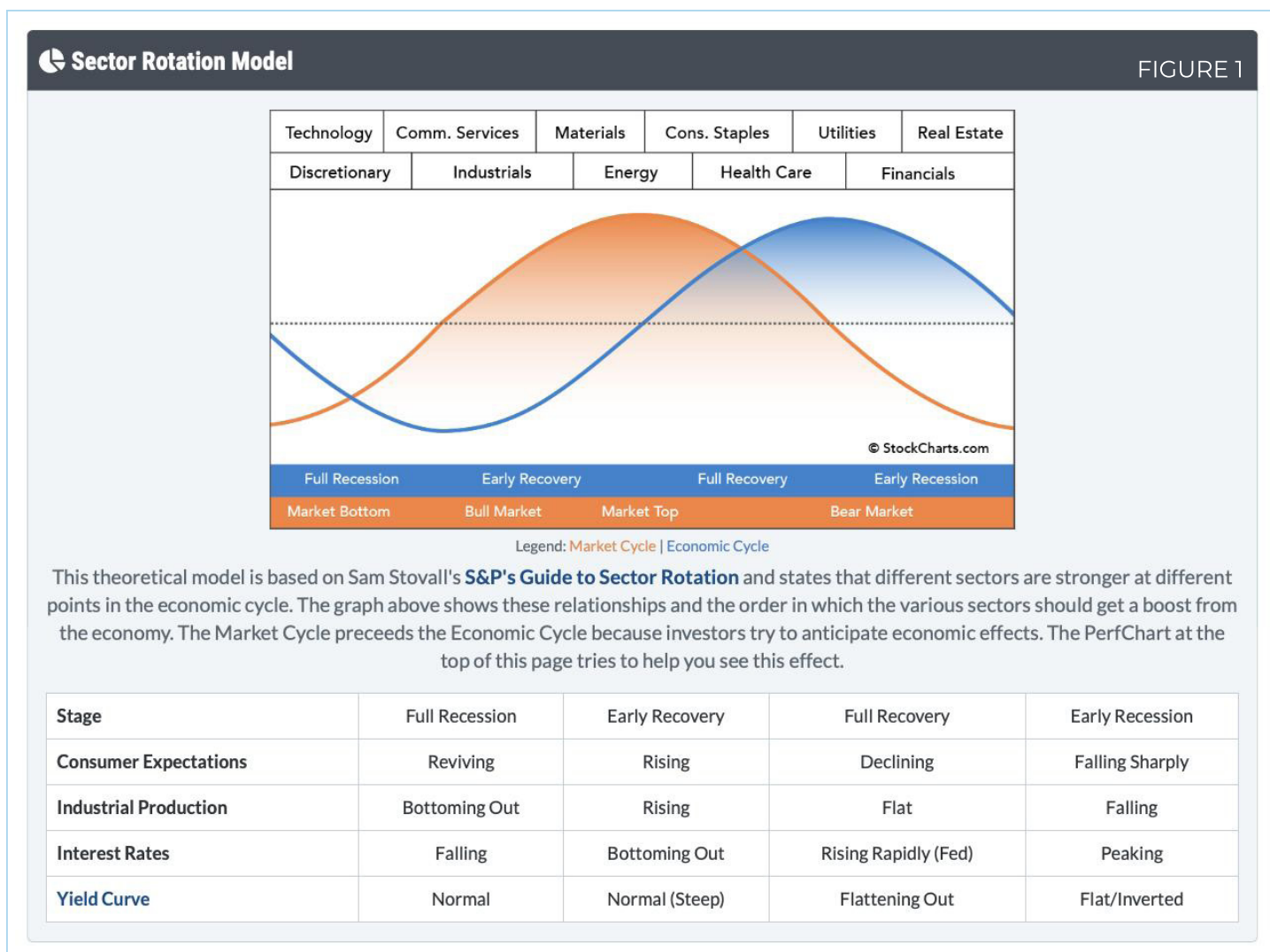


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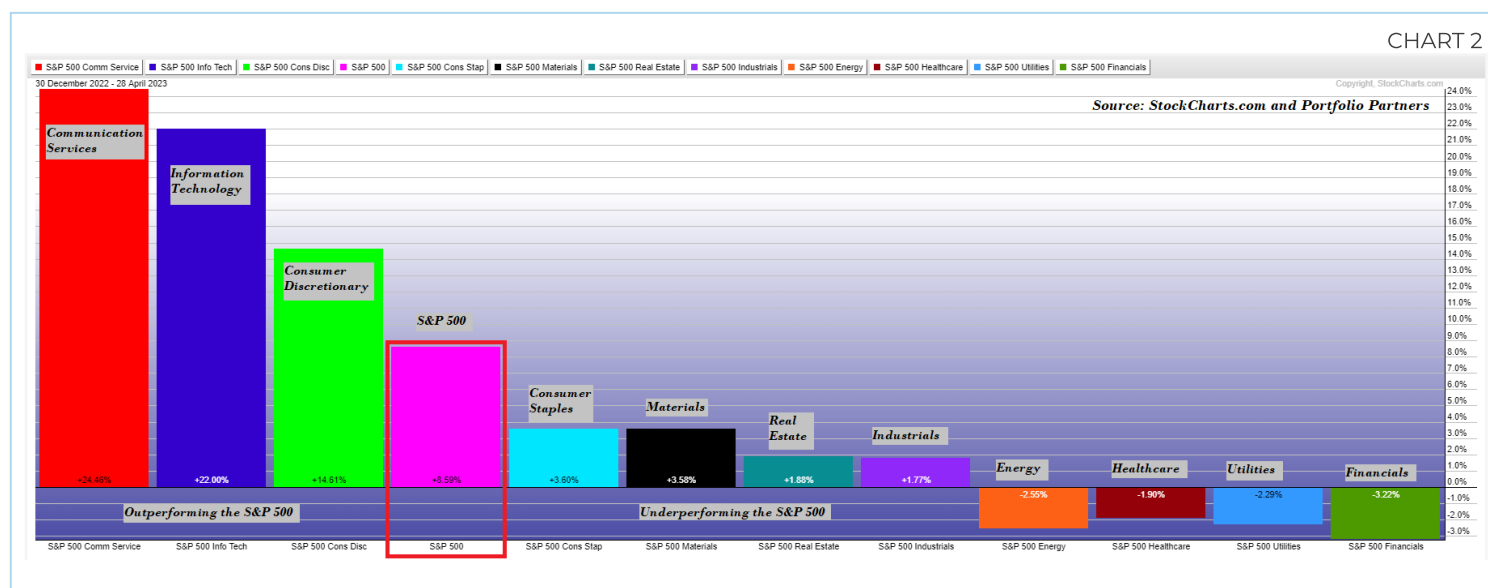
Encouraging Leadership

The stock market is a forward-looking pricing mechanism. This is one reason it is difficult to make money reading headlines. The S&P 500 has advanced +9.18% so far this year despite the main market (and political 🙄) narratives being so negative. Each day we hear from a chorus of “experts” warning about rising rates, a pending housing crash, more bank failures, debt ceiling fallout and, of course, a pending recession.

Despite this cornucopia of complainers, we are observing positive clues that the market is healing. One important concept we have used successfully over the last 25+ years to help gauge the market cycle is the Sector Rotation Model. Martin Pring, John Murphy and others demonstrated that the stock market cycle tends to lead the business cycle. We think we are seeing that concept in action now. (FIGURE 1)



The Information Technology, Communications Services and Consumer Discretionary sectors tend to lead at market bottoms while the business cycle is still weakening. We are encouraged to see that these three sectors are providing the strongest returns in 2023. We view this as a positive clue. We believe the negative return of -18.11% for the S&P 500 in 2022 may have at least partially incorporated the risk of a recession and, therefore, the market is now looking ahead to a potential recovery in the next nine to 12 months. This would be consistent with the Sector Rotation Model. (CHART 2)



Something to Watch

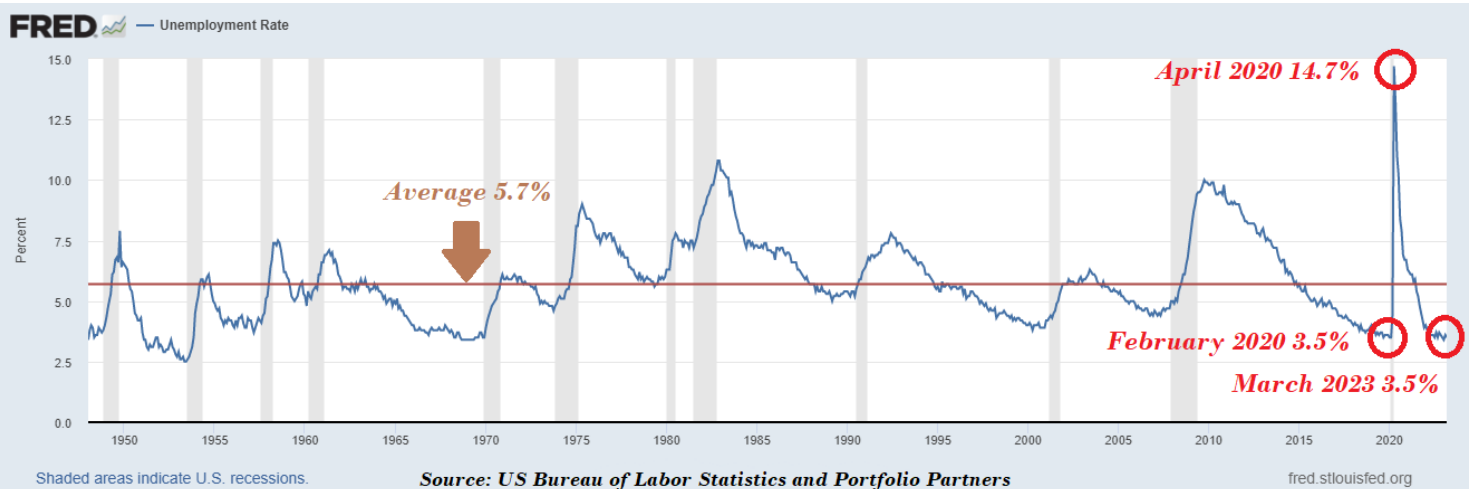
We are in a confusing time if you are trying to keep track of all the important data points along with the corresponding impacts on stocks and bonds. We are tracking CPI reports, PCE reports, PPI reports, employment data, corporate profits, interest rates, Fed policy, debt ceiling negotiations, budget proposals, corporate earnings, bank failures, monetary policy, fiscal policy, recession warnings and a gaggle of narratives impacting consumer and investor behavior.

The good news is that our clients don't have to follow along themselves. We are watching these things, so they don't have to do it. That said, we understand that many people still like to track the news and data to have an informed context for understanding their portfolios. In that spirit, we would suggest that simplifying this effort and focusing on a key data point could help provide insight. For example, the unemployment rate is a key variable that could be negatively impacted by the Federal Reserve Board raising interest rates. We think our clients can glean important information by watching this simple factor.

Notably, the March 2023 unemployment rate was 3.5%, which is the same as the pre-pandemic level reported in February 2020. This current level is down from a peak of 14.7% in April 2020 when the economy was shutting down and below the long-term average of 5.7% going back to 1948. Although unemployment is considered a “backward looking” indicator, it is still helpful to observe that roughly 12 straight months of rate hikes by the Fed has yet to negatively impact unemployment rates. That said, we would not be surprised to see it increase to a level closer to its historic average. (CHART 3)

We will continue to closely monitor market conditions, but we are hopeful that brighter days may be ahead. As always, we will update our valued clients as our thoughts or actions change.

CHART 3



MARKET TRACKER – 4/30/2023

INDEX	3 mo	1 yr	3 yr	5 yr
S&P 500	2.88%	-1.05%	15.17%	11.26%
MSCI ACWI ex-USA	-0.04%	4.83%	10.78%	3.04%
BLOOMBERG				
US AGGREGATE	0.58%	-0.93%	-3.14%	1.20%

(Source: yCharts and Portfolio Partners)

MARKET TRACKER – 4/30/2023

S&P 500.....	4,169.48
DIJA.....	34,098.16
NASDAQ	12,226.58
WTI CRUDE OIL.....	\$76.78 /BARREL
GOLD	\$1,990.10 /OUNCE
10-YEAR TREASURY FIELD.....	3.45%
UNEMPLOYMENT	3.50%
GDP.....	1.10%
PPI	2.75% Year-Over-Year
CORE CPE (INFLATION)	4.60% Year-Over-Year

(Source: yCharts, Dorsey Wright and Portfolio Partners)

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Stay focused on your long-term objectives.*

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The index, a member of the Dow Jones Total Stock Market Indices family, is designed to measure the performance of large-cap U.S. equity securities that are classified as "growth" based on a multi-factor analysis.

The index, a member of the Dow Jones Total Stock Market Indices family, is designed to measure the performance of small-cap U.S. equity securities.

The index, a member of the Dow Jones Total Stock Market Indices family, is designed to measure the performance of large-cap U.S. equity securities that are classified as "value" based on a multi-factor analysis.

The index, a member of the Dow Jones Total Stock Market Indices family, is designed to measure the performance of small-cap U.S. equity securities.

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The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the Nasdaq. The Nasdaq is a global electronic marketplace for buying and selling securities, as well as the benchmark index for U.S. technology stocks and is also used to refer to the Nasdaq Composite, an index of more than 3,000 stocks listed on the Nasdaq exchange. The NASDAQ Composite Index includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index. The MSCI EAFE index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted. The Bloomberg Barclays US Aggregate Bond Index, which was originally called the Lehman Aggregate

Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The MSCI All-Country World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed country indexes include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.