

DATE: FEBRUARY 13, 2023



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

Market News

- The S&P 500 Index experienced a fairly volatile week of trading, with six intraday reversals of 1+% and two of 2+% throughout the week, ultimately finishing -1.07% lower. During these volatile times, investors should be aware of the opportunity at hand to rebalance their portfolios and add quality investments at better prices for further diversification.
- The 2s10s yield spread reached its deepest inversion in over 40 years as further Fed commentary indicated rates may continue to rise. An inverted yield curve is used by investors to indicate a recession is on the horizon.
- Headline inflation has been on a downwards trend for the past six months, with recent readings either meeting forecast expectations or surprised on the downside. Following these trends, some analysts expect headline inflation to fall below 4.0% by year-end, taking pressure off the Fed in their rate hiking mission to continue bringing inflationary pressures down.

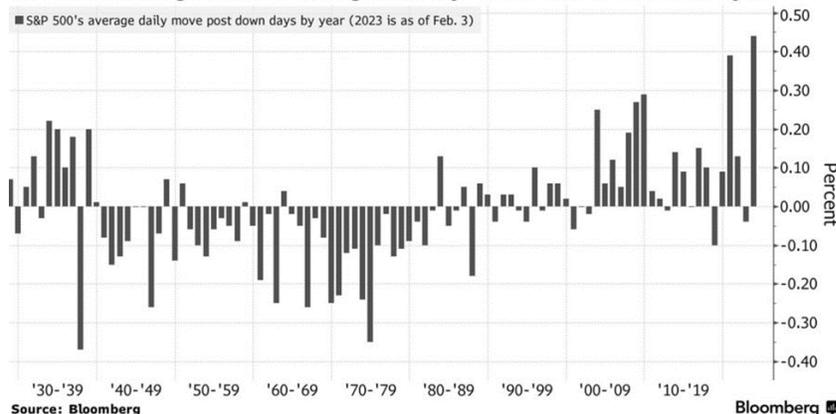
PFG Strategy News

- Timing the markets is hard, with volatility picking up, PFG's Index PLUS models provides a beta exposure to the markets to ensure clients remain invested.
 - PFG's Index PLUS models incorporates PFG's Fidelity Institutional AM & Eq Sector Strategy that utilizes a tactical approach in taking advantage of sector tilting. Currently, the strategy leans into Healthcare (defensive), Energy (value oriented), and Materials (value oriented). With the ongoing Russia/Ukraine War and the recent earthquake in Turkey and Syria, the strategy is positioned well to take advantage of potential upward ticks in oil, as these events may damage the oil infrastructure .
- As investors navigate through a continued elevated inflationary environment, PFG's BNY Diversifier Strategy is incorporated into the Index PLUS Moderate and Moderate Growth models with an objective to achieve real return and acts as a complementary allocation to equities and fixed income.

CHART OF THE WEEK: Buying the Dip

Dip Buying at Peak Popularity

S&P 500's average return following down days is the best on record this year



As seen in the chart to the left, following a day of declines, the S&P 500 Index has had its best average returns on record so far this year.

Source: <https://twitter.com/Barhart/status/1624239187837784064>

THE WEEK AHEAD

Tuesday, February 14:

- Consumer Price Index

Wednesday, February 15:

- Retail Sales
- Industrial Production Index
- NAHB Home Builders' Index
- Business Inventories

Thursday, February 16:

- Initial and Continuing Jobless Claims
- Producer Price Index Final Demand
- Housing Starts

MODEL HIGHLIGHT



With increased interest in passive, low-cost investing, our Index PLUS models offer investors broad market exposure using lower cost, Passive holdings, which are then complemented with Tactical strategies. Working with two of the largest players in the index space, the Tactical strategies include an all-equity ESG strategy and a business-cycle sector rotation strategy, both of which remain fully invested in equities but tactically adjust allocations between various asset classes, sectors, or regions. Combining these Tactical strategies with a Passive allocation provides a twist on purely passive equity investing.

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Weekly YTD

	Weekly	YTD
Equities		
S&P 500 Index	-1.07%	6.71%
Dow Jones Industrial Average	-0.11%	2.33%
NASDAQ Composite Index	-2.37%	12.05%
MSCI EAFE NR	-1.57%	7.34%

Fixed Income

U.S. Aggregate Bond Index	-1.43%	1.55%
U.S. Corporates	-1.75%	2.08%
U.S. High Yields	-1.78%	3.08%

Rates 2/10/2023 2/3/2023

30-Year US Treasury	3.83%	3.63%
10-Year US Treasury	3.74%	3.53%
2-Year US Treasury	4.50%	4.30%
Prime Rate	7.75%	7.75%
30-Year Fixed Mortgage	6.18%	6.18%

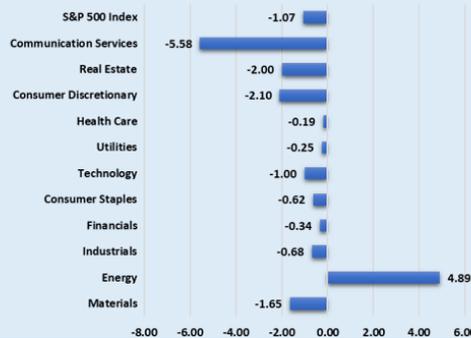
Commodities (Levels) 2/10/2023 12/30/2022

Oil (WTI)	\$78.06	\$80.16
Gold	\$1,860	\$1,814
Silver	\$22.12	\$23.95
Copper	\$8,905	\$8,387
Corn	\$6.10	\$6.14

Weekly

	Value	Blend	Growth
Large	-0.97%	-1.07%	-1.52%
Mid	-1.60%	-1.68%	-1.81%
Small	-3.44%	-3.34%	-3.24%

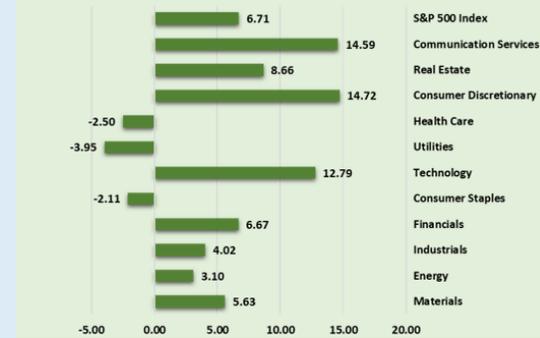
Sector Performance



YTD

	Value	Blend	Growth
Large	4.61%	6.71%	9.62%
Mid	7.33%	8.03%	9.33%
Small	8.71%	9.05%	9.38%

Sector Performance



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.

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>