

Global equities bounced back to record highs last week on hopes of a U.S. \$1.9 trillion COVID-19 aid package, potentially passed later in February. The S&P 500 rose 4.67%, and small caps outperformed by rising 5.41%. Energy led all sectors as Brent crude and WTI oil prices both approached \$60 per barrel for the first time in a year, anticipating increased demand as vaccine distribution continues. Hopes for a recovery also boosted both inflation expectations and Treasury yields, with the 10-year Treasury hitting 1.19% for the first time since March 2020. In contrast, the U.S. jobs recovery continues to stall, adding only 49,000 nonfarm jobs in January. The unemployment rate fell more than expected to 6.3% as some individuals left the workforce. Job growth should improve significantly once vaccination rates rise, but unemployed workers will likely have to rely on fiscal support until then.



Economic Review*

- Markit manufacturing PMI at 59.2
- Markit non-manufacturing PMI at 58.3
- ISM manufacturing PMI at 58.7
- ISM non-manufacturing PMI at 58.7

Spotlight: FOCUS PLUS™

The Focus PLUS models are designed for investors who seek concentrated exposure to strategies that are actively making investment decisions. To deliver on this objective, each model within this series is uniquely constructed to include strategies that use active management via individual security selection, or use tactical management by adjusting asset allocation exposure during various market environments. To maintain a high level of concentration to active and tactical investing, TPFG limits the number of strategies to no more than four in each Focus PLUS model. We currently offer five models in this series that range from Conservative to Aggressive.



On the equity side of these models, active management, via individual stock picking, has generated robust benchmark relative performance year-to-date. Tactical management has also been a net contributor to performance, as strategies within that category have been shifting toward more cyclically sensitive assets that tend to perform well early in the business cycle (such as small caps and emerging markets). Both of those areas have posted strong performance year-to-date.

Within fixed income, active management via individual bond selection, and tactical management via shifts in asset allocation, have both been positive contributors to performance year-to-date. We are extremely pleased that our fixed income strategies are posting positive returns during a period when interest rates are rising. Generally speaking, rising rates tend to be a drag on fixed income returns, especially for investors that passively follow an index. A good example of this is the Bloomberg Barclays U.S. Aggregate Bond Index which is down over 1% year-to-date, compared to the strategies in the Focus models which have posted positive performance over the same time period.

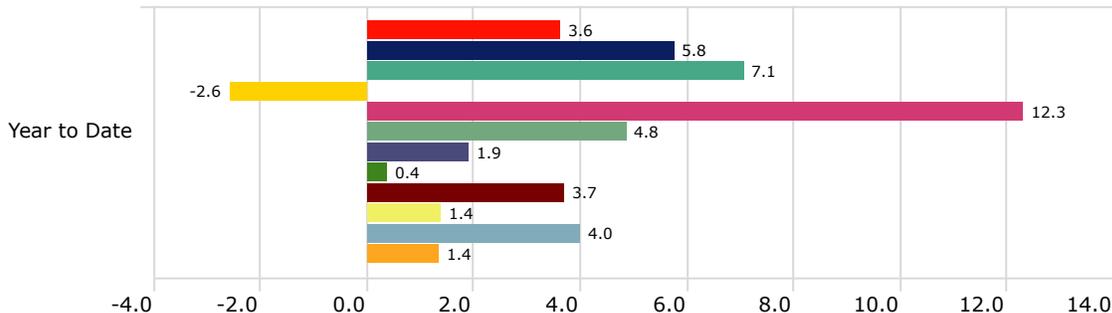
Please note that our office will be closed for the day on Monday, February 15th in observance of the holiday.

Trailing Major Index Returns

	1 Week	1 Month	3 Month	1 Year
S&P 500 TR USD	4.67	4.41	11.17	18.70
S&P MidCap 400 TR	5.87	7.63	22.00	21.00
S&P SmallCap 600 TR USD	5.41	10.84	34.44	24.69
MSCI ACWI NR USD	4.32	3.72	13.71	18.92
MSCI EM NR USD	4.96	5.82	20.03	30.92
BBgBarc US Agg Bond TR USD	-0.39	-0.81	-0.68	4.84

YTD S&P Sector Returns

- S&P 500 TR
- Communication Services
- Consumer Discretionary
- Consumer Staples
- Energy
- Financials
- Health Care
- Industrials
- Real Estate
- Materials
- Technology
- Utilities





Weekly Manager's Pulse

February 8, 2021

Disclosure

The information provided herein is the opinion of The Pacific Financial Group, Inc. ("TPFG") a registered investment advisor, and may change without notice at the discretion of TPFG. Spotlight contains models managed by TPFG and represent TPFG's opinion and evaluation of its models. All information is believed to be accurate but has not been independently verified and TPFG makes no warranties as to the accuracy of the information or any representations made or implied. The information should not be construed or interpreted as an offer or solicitation to purchase or sell a financial instrument or service. The information is for informational purposes only and should not be relied on or deemed the provision of tax, legal, accounting or investment advice. Past performance is not a guarantee future results. All investments contain risks to include the total loss of invested principal. Diversification does not protect against the risk of loss. Investors should review all offering documents and disclosures and should consult their tax, legal or financial professional before investing.

Indices represent the broader market as relevant to the sector or market covered by the index. Indices are unmanaged and cannot be invested in directly. Indices do not consider the costs, fees, trading, or performance that an investor would otherwise experience when investing. 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.

* Sourced from JPMorgan Asset Management, publicly available at <https://am.jpmorgan.com/us/en/asset-management/adv/insights/market-insights/market-updates/weekly-market-recap/>

CID.TPFG.1517