

Allen M. Zick, CFP®
Financial Advisor
allen.zick@raymondjames.com
845-294-0955



Alex Taub, CRPC®
Financial Advisor
alex.taub@raymondjames.com
845-294-0959

Brad J. Whitted
Financial Advisor
brad.whitted@raymondjames.com
845-294-0988

Clear Direction in a Complex World

Michele Eckerson
Client Service Manager
michele.eckerson@raymondjames.com
845-294-0930

Quarterly Insights – July 2023

The S&P 500 ended the second quarter and first half of 2023 at a 14-month high and most major stock indices logged solid gains in the second quarter following a pause in the Fed's rate hike campaign, stronger-than-expected corporate earnings (especially in the tech sector) and resolution of the debt ceiling.

The second quarter began with markets still in the throes of the regional bank crisis following the March failures of Silicon Valley Bank and Signature Bank, and investors started the month of April wary of contagion risks. Those concerns proved mostly overdone, however, as throughout most of the month regional banks were stable. That stability allowed investors to re-focus on corporate earnings, and the results were much better than feared as 78% of S&P 500 companies reported better-than-expected Q1 earnings, a number solidly above the 66% long-term average. Additionally, 75% of reporting companies beat revenue estimates for the first quarter, also well above the long-term average. That solid corporate performance was a welcome sight for investors and coupled with general macroeconomic calm, allowed stocks to drift steadily higher throughout most of April.

Fears of a First Republic Bank failure were realized on May 1st, as the bank was seized by regulators and the FDIC was appointed its receiver. However, that same day, JPMorgan announced it was acquiring the bank from the FDIC, and that move helped to calm investor anxiety about financial contagion risks. The Federal Reserve also helped to distract investors from the First Republic failure, as the Fed hiked rates at the May 2nd FOMC meeting, but importantly altered language in the statement to imply it would pause rate hikes at the next meeting. The technology sector helped push the S&P 500 higher in mid-May, thanks to an explosion of investor and financial media enthusiasm around Artificial Intelligence (AI), which was highlighted by a rally in Nvidia (NVDA) following a strong earnings report. However, like in April, the end of the month saw an increase in volatility. This time it was thanks to the lack of progress on a U.S. debt ceiling extension and rising fears of a debt ceiling breach and possible U.S. debt default. However, a two-year debt ceiling extension was agreed to by Speaker McCarthy and President Biden on May 28th and was signed into law a few days later, avoiding a financial calamity. The S&P 500 finished May with a slight gain.

3 Coates Drive Suite 5 | Goshen, NY 10924 | Toll-Free: 888-294-8838 | Fax: 845-294-1006 | zwtgroup.com

Zick Whitted Taub Investment Strategies is not a registered broker/dealer, and is independent of Raymond James Financial Services. Investment Advisory Services are offered through Raymond James Financial Services Advisors, Inc. Securities offered through Raymond James Financial Services, Inc., member FINRA/SIPC

With the debt ceiling resolved, a Fed pause in rate hikes expected and continued stability in regional banks, the rally in stocks resumed in early June and was aided by several potentially positive developments. First, inflation declined as the Consumer Price Index (CPI) hit the lowest level in two years. Second, economic data remained impressively resilient, reducing fears of a near-term recession. Finally, in mid-June, the Federal Reserve confirmed market expectations by pausing rate hikes and that helped fuel a broad rally in stocks that saw the S&P 500 move through 4,400 and hit the highest levels since April 2022. The last two weeks of the month saw some consolidation of that rally thanks to mixed economic data, political turmoil in Russia and hawkish rhetoric from global central bankers, but the S&P 500 still finished June with strong gains.

In sum, markets were impressively resilient in the second quarter and throughout the first half of 2023, as better-than-feared earnings, expectations for less-aggressive central bank rate hikes, more evidence of a “soft” economic landing and relative stability in the regional banks pushed the S&P 500 to a 14-month high.

Second Quarter Performance Review

US Equity Indexes	Q2 Return	YTD
S&P 500	10.32%	16.89%
DJ Industrial Average	5.28%	4.94%
NASDAQ 100	17.33%	39.35%
S&P MidCap 400	6.70%	8.84%
Russell 2000	7.24%	8.09%

Source: YCharts

Internationally, foreign markets lagged the S&P 500 thanks mostly to the relative lack of large-cap “AI” exposed stocks in major foreign indices, combined with some late-quarter worries about the EU economy and pace of Bank of England rate hikes, although foreign markets did finish the second quarter with a modestly positive return. Foreign developed markets outperformed emerging markets thanks to a lack of significant economic stimulus in China, which weighed on emerging markets late in the quarter.

International Equity Indexes	Q2 Return	YTD
MSCI EAFE TR USD (Foreign Developed)	3.63%	12.13%
MSCI EM TR USD (Emerging Markets)	1.50%	5.10%
MSCI ACWI Ex USA TR USD (Foreign Dev & EM)	3.13%	9.86%

3 Coates Drive Suite 5 | Goshen, NY 10924 | Toll-Free: 888-294-8838 | Fax: 845-294-1006 | zwtgroup.com

Zick Whitted Taub Investment Strategies is not a registered broker/dealer, and is independent of Raymond James Financial Services. Investment Advisory Services are offered through Raymond James Financial Services Advisors, Inc. Securities offered through Raymond James Financial Services, Inc., member FINRA/SIPC

Source: YCharts

Commodities saw modest losses in the second quarter as most major commodities declined over the past three months. Oil prices witnessed a moderate drop despite a surprise production cut from Saudi Arabia and an increase in geopolitical tensions in Russia, as concerns about future economic growth and oversupply weighed on oil. Gold, meanwhile, posted a modestly negative return as inflation declined while the dollar failed to meaningfully drop.

Commodity Indexes	Q2 Return	YTD
S&P GSCI (Broad-Based Commodities)	-1.45%	-7.54%
S&P GSCI Crude Oil	-5.21%	-12.40%
GLD Gold Price	-3.08%	5.23%

Source: YCharts/Koyfin.com

Switching to fixed income markets, the leading benchmark for bonds (Bloomberg Barclays US Aggregate Bond Index) realized a slightly negative return for the second quarter of 2023, as the resilient economy and hope of a near-term end to Fed rate hikes led investors to embrace riskier assets.

Looking deeper into the fixed income markets, shorter-duration bonds outperformed those with longer durations in the second quarter, as bond investors priced in a near-term end to the Fed's rate hike campaign, while optimism regarding economic growth caused investors to rotate out of the safety of longer-dated fixed income.

US Bond Indexes	Q2 Return	YTD
BBgBarc US Agg Bond	-0.38%	2.09%
BBgBarc US T-Bill 1-3 Mon	1.23%	2.33%
ICE US T-Bond 7-10 Year	-1.32%	1.62%
BBgBarc US MBS (Mortgage-backed)	-0.41%	1.87%
BBgBarc Municipal	0.04%	2.67%
BBgBarc US Corporate Invest Grade	0.40%	3.21%
BBgBarc US Corporate High Yield	2.60%	5.38%

Source: YCharts

3 Coates Drive Suite 5 | Goshen, NY 10924 | Toll-Free: 888-294-8838 | Fax: 845-294-1006 | zwtgroup.com

Zick Whitted Taub Investment Strategies is not a registered broker/dealer, and is independent of Raymond James Financial Services. Investment Advisory Services are offered through Raymond James Financial Services Advisors, Inc. Securities offered through Raymond James Financial Services, Inc., member FINRA/SIPC

Third Quarter Market Outlook

As we begin the third quarter of 2023, the outlook for stocks and bonds is arguably the most positive it's been since late 2021, as inflation hit a two-year low, economic growth and the labor market remain impressively resilient, the Fed has temporarily paused its historic rate hiking campaign, the debt ceiling extension is resolved, and we've seen no significant contagion from the regional bank failures from earlier this year.

That improvement in the fundamental outlook has been reflected in both stock and bond prices so far this year, as the S&P 500 hit the best levels since last April and more cyclically focused sectors led markets higher late in the quarter on rising hopes for a broad economic expansion.

However, while clearly the past quarter brought positive developments in the economy and the markets, leading the financial media to proclaim a "new bull market" has started, it's important to remember that potentially significant risks remain to the economy and markets.

First, the economy has not yet felt the full impact of the Fed's historically aggressive hike campaign, and while the economy has proved surprisingly resilient so far, we know from history that the impacts of rate hikes can take far longer than most expect to impact economic growth. It is premature to think the economy is "in the clear" from recession risks, and we should all expect the economy to slow more as we move into the second half of 2023. The key for markets will be the intensity of that slowing, as at these valuation levels stocks are not pricing in a significant economic slowdown.

On inflation, clearly there's been progress in bringing inflation down, as year-over-year CPI has fallen from over 9% in 2022 to 4% in less than a year's time. However, even at 4%, CPI remains far above the Fed's 2% target. If inflation bounces back, or fails to continue to decline, then the Fed could easily hike rates further, like the Bank of Canada and Reserve Bank of Australia did in the second quarter, following pauses of their own. Those higher rates would weigh further on economic growth.

Turning to banks, markets have taken the regional bank failures in stride, as the collapse of First Republic Bank caused minimal volatility in the second quarter. However, it's likely premature to consider the crisis "over" and at a minimum, reduced lending by regional banks poses an additional threat to the commercial real estate market and small businesses more broadly. Bottom line, measures taken by the Fed in March have "ringfenced" the regional bank stress for now, but this remains a risk to the economy.

Finally, markets are trading at their highest valuation in over a year, and investor sentiment has turned suddenly, and intensely, optimistic. The CNN Fear/Greed Index ended the second quarter at "Extreme Greed" levels, while the American Association for Individual Investors (AAII) Bullish/Bearish Sentiment Index hit the most bullish level since November 2021, right before the market collapse

3 Coates Drive Suite 5 | Goshen, NY 10924 | Toll-Free: 888-294-8838 | Fax: 845-294-1006 | zwtgroup.com

Zick Whitted Taub Investment Strategies is not a registered broker/dealer, and is independent of Raymond James Financial Services. Investment Advisory Services are offered through Raymond James Financial Services Advisors, Inc. Securities offered through Raymond James Financial Services, Inc., member FINRA/SIPC

started in early 2022. Positive sentiment does not automatically mean markets will decline, but the sudden burst of enthusiasm needs to be considered in the context of what is a still uncertain macroeconomic environment and markets no longer have the protection of low expectations and valuations to cushion declines.

In sum, clearly there have been positive macro developments so far in 2023 that have helped the stock market rebound. However, it's important to remember that multiple and varied risks remain for the economy and markets.

As such, we remain vigilant towards economic and market risks and are focused on managing both risk and return potential. We understand that a well-planned, long-term-focused, and diversified financial plan can withstand virtually any market surprise and related bout of volatility, including bank failures, multi-decade highs in inflation, high interest rates, geopolitical tensions, and rising recession risks.

At Zick Whitted Taub Investment Strategies, we understand the risks facing both the markets and the economy, and we are committed to helping you effectively navigate this challenging investment environment. Successful investing is a marathon, not a sprint, and even intense volatility is unlikely to alter a diversified approach set up to meet your long-term investment goals.

Therefore, it's critical for you to stay invested, remain patient, and stick to the plan, as we've worked with you to establish a unique, personal allocation target based on your financial position, risk tolerance, and investment timeline.

We remain focused on both opportunities and risks in the markets, and we thank you for your ongoing confidence and trust. Please rest assured that our entire team will remain dedicated to helping you successfully navigate this market environment.

Please do not hesitate to contact us with any questions, comments, or to schedule a portfolio review.

Sincerely,



Allen Zick, CFP®
Financial Advisor



Brad Whitted, CPFA
Financial Advisor



Alex Taub, CRPC®
Financial Advisor

Disclosures: The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. This material was prepared by Sevens Report, an independent third party, for use by the financial advisors of Zick Whitted Taub Investment Strategies. Raymond James is not affiliated with and does not endorse the opinions or services of Sevens. Any opinions are those of the authors and not necessarily those of Raymond James. Expressions of opinion are as of this date and are subject to change without notice. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct. Investing involves risk and you may incur a profit or loss regardless of strategy selected. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results. Future investment performance cannot be guaranteed, investment yields will fluctuate with market conditions. Every investor's situation is unique and you should consider your investment goals, risk tolerance and time horizon before making any investment. Prior to making an investment decision, please consult with your financial advisor about your individual situation. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The NASDAQ-100 (^NDX) is a stock market index made up of 103 equity securities issued by 100 of the largest non-financial companies listed on the NASDAQ. It is a modified capitalization-weighted index. ... It is based on exchange, and it is not an index of U.S.-based companies. The S&P MidCap 400® provides investors with a benchmark for mid-sized companies. The index, which is distinct from the large-cap S&P 500®, measures the performance of mid-sized companies, reflecting the distinctive risk and return characteristics of this market segment. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index. The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The MSCI EAFE (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations. The MSCI Emerging Markets is designed to measure equity market performance in 25 emerging market indices. The index's three largest industries are materials, energy, and banks. The MSCI ACWI (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. As of June 2007 the MSCI ACWI consisted of 48 country indices comprising 23 developed and 25 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indices included are: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. S&P GSCI Gold is an index tracking changes in the spot price for gold bullion. S&P GSCI Crude Oil is an index tracking changes in the spot price for crude oil.

3 Coates Drive Suite 5 | Goshen, NY 10924 | Toll-Free: 888-294-8838 | Fax: 845-294-1006 | zwtgroup.com

Zick Whitted Taub Investment Strategies is not a registered broker/dealer, and is independent of Raymond James Financial Services. Investment Advisory Services are offered through Raymond James Financial Services Advisors, Inc. Securities offered through Raymond James Financial Services, Inc., member FINRA/SIPC