Horizons
2023 Summer Issue

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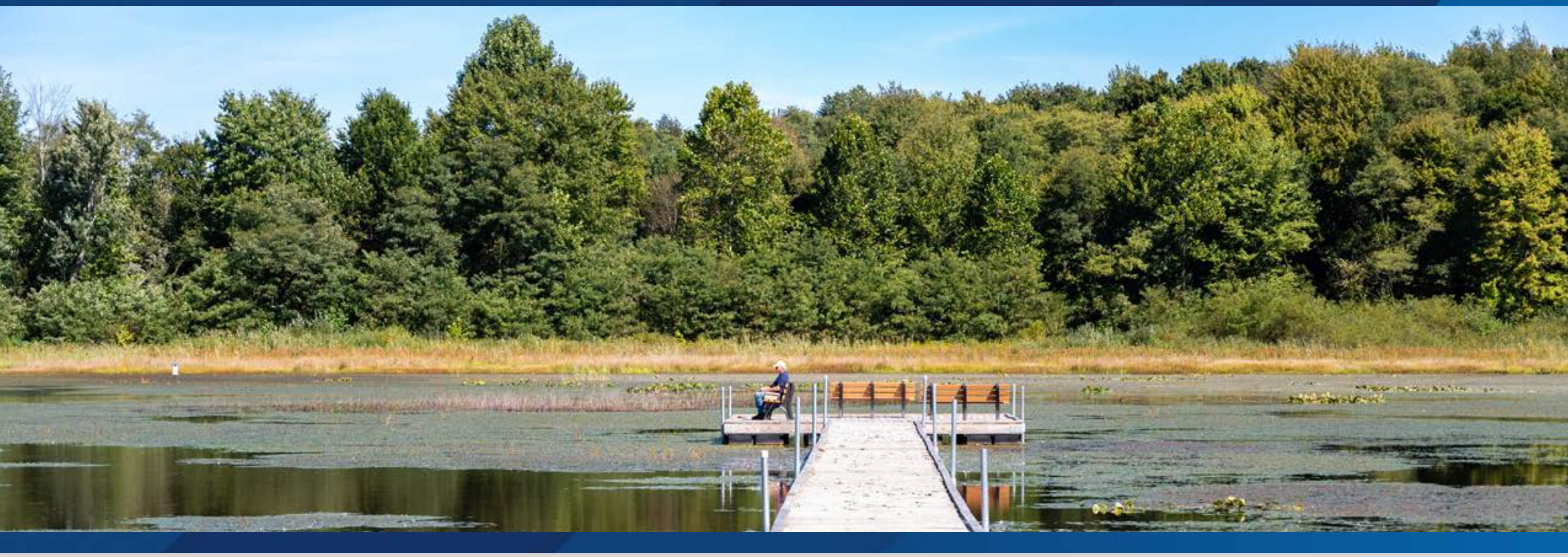
WEALTH MANAGEMENT GROUP
of Wells Fargo Advisors



In This Issue *Summer 2023*

Quarterly Market Recap

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Each month, our team compiles a few key data points on earnings, markets, and the general state of the economy.

We release these in our market recap videos, which are available on our website's "Viewpoint" tab – we would encourage you to check them out if you haven't already. While in written form, they lack some of the pizzaz (and ALL of the costumes) of our videos, here are a few points from the last few month's market recaps, as well as a few fresh insights.

- Forty-one percent of Americans say they expect to take a vacation in the next six months, according to the latest data from the Conference Board. These numbers are seasonal, and in most years, they typically peak in the fourth quarter and trough in early Summer. For a better comparison, we looked at the last 20 years of February readings from this time series, and while 41% is an improvement versus 2021 and 2022, it is still near the lows set back in 2009/2010 coming out of the Global Financial Crisis (GFC).

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Quarterly Recap continued

- **Up or Down?** According to FactSet, as of April 14th, 1Q23 earnings are expected to decline by 6.5% vs. the prior year. However, over the last five years, between the end of a quarter and the end of the accompanying earnings season, the earnings growth rate grew by an average of 7.5%. We remain skeptical that this quarter's results will be enough better than expectations to eke out a slight gain in 1Q EPS.

- According to data from the Conference Board, the composite of Leading Economic Indicators remains in negative territory early in 2023. It's important to remember that things like corporate profits and inflation, while important, tell you more about where the economy just was than where it's going. Leading indicators include things like new orders, building permits, average weekly hours worked, and even the S&P 500 stock index. While it doesn't necessarily mean that we're heading into a recession, a weaker LEI reading does indicate that the economy is likely to slow down more in the short term.

- Every quarter, FactSet tracks how many S&P 500 companies mention certain keywords on their earnings calls. To no one's surprise, one of these often-mentioned themes over the last few years has been the word "inflation." Two hundred and seventy-eight such companies mentioned inflation on their conference calls, which was down for the third consecutive quarter and at its lowest point since the second quarter of 2021.

- As of May 17th, negotiations over raising the "Debt Ceiling," or the maximum amount of indebtedness the U.S. Treasury is allowed to take on. Republicans, led by Speaker Kevin McCarthy, want cuts to government spending, including student loan forgiveness, a repeal of energy and climate tax credits, a reduction in the IRS budget, and work requirements for people to be eligible for certain government benefits programs, among other things. The Biden Administration wants to increase the $31.4 trillion debt ceiling without any additional conditions or spending reductions being imposed.

- According to a recent article in Bloomberg, the S&P 500 has become increasingly top-heavy as large technology company shares have rebounded this year. The six largest constituents of the index account for roughly 25% of the total market capitalization. This increasing concentration is reflected in performance numbers as well, with two companies accounting for almost half of the S&P 500's year-to-date performance through the end of April 2023.

- Natural gas prices are expected to rebound pretty aggressively from current levels over the next year and a half. The consensus forecast is for Nat gas to rise 74% from its current $2.11 per BTU by the end of this year and by an additional 54% by the end of 2024. If those forecasts prove to be correct, that would be a near doubling in the space of 20 months.

- There has been much recent media coverage about the U.S. dollar's position in global trade. A recent piece from Alpine Research (The Dollar's Reserve Status: Much Ado About Nothing) pointed out some discrepancies between perception and reality on this topic. While much has been made of the ascendancy of China's renminbi, it still only accounts for about 3% of global reserves and 2% of global payments, each of which is only slightly larger than the Canadian dollar. Those numbers compare with roughly 60% of global reserves and 42% of payments that are denominated in U.S. dollars. In fact, the dollar's biggest competition comes from the Euro, which accounts for 20% of reserves and 32% of payments. That said, the Euro's share of global reserves peaked at 28% in 2010 and declined following the 2011 European Debt Crisis, without any meaningful recovery since.

- There is an oft-repeated adage on Wall Street that you should "Sell in May and Go Away" – this is because, at least in some years, the November to April period has been particularly strong. In contrast, the May to October period has been comparatively weak. According to a recent report from Yardeni Research (which looked at returns by month from 1928-2023), there may be a kernel of truth here. There does appear to be some seasonality to the numbers over the last 95 years, with the November to April months generating an average monthly return of 0.88% versus 0.42% for May to October. We would note that the two worst stock market events in the last Century both got really serious in October (The GFC and the Great Depression), which certainly skews the monthly averages. Further complicating things is the fact that July is historically the best month of the year, with an average return of 1.7%. Considering the well-documented problems with trying to time markets, our best advice remains: **Build a plan for retirement. Review it often. Make changes when necessary.**

***Past performance is not an indication of future results. An index is not managed and is unavailable for direct investment.**

Donna Hassett Celebrating 35 Years!

Congratulations to Donna Hassett, Senior Client Associate and Assistant Vice President at Huffman Mayer Paolo, on celebrating her 35th anniversary with the company. Donna has consistently demonstrated an unwavering commitment to providing exceptional service and building strong relationships with our valued clients throughout her tenure. Her extensive knowledge and expertise in the wealth management industry have made her an invaluable asset to our team.

Take a Look!

Congratulations to James E. Mayer Jr.

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THE RESULTS ARE IN!

May 6, 2023

5,560
Total Pounds

47
Trees!

Nearly one billion trees a year are used for making paper. One ton of recyclable paper can substitute for approximately three tons of wood or 17 trees. Recycling paper saves trees!

2,836
Pounds of pollutants from the air from the trees you saved.

One tree an filter up to 60 pounds of pollutants from the air each year! Reusing two tons of paper can result in the filtering of up to one ton of pollutants from the air! Recycling paper cleans the air!

1
Homes in New York for a year!

Every four tons of recycled paper save the equivalent amount of energy to heat an average-sized home in New York State for an entire year. Recycling paper saves energy and reduces the United States dependence on foreign oil!

1,056
Gallons of oil!

11,120
Kilowatts of energy!

Making recycling paper instead of new paper uses 64% lessenergy. One ton of recycled paper can save 380 gallons of oil, 53.2 million BTU's, or 4,000kilowatts of energy.

8
Cubic yards of landfills space!

Paper products make up 40% of our trash. One ton of recycled paper saves three cubic yardsof lanfill space. Recycling paper saves landfill space!

James' "Swift" Experience

"Building Memories Through Taylor Swift: A Father's Journey with His Daughters"

James E. Mayer, Jr.
CRPS® C(k)P®
Managing Director - Branch Manager

Quite often, I talk to clients about what they want to spend their money on. Houses, cars, vacations, college education, and weddings for their daughters.

In our lives, we often spend money on stuff. When you spend most of your time talking to clients about their money from what they need to spend it on, you learn what makes it all worthwhile.

I have had so many conversations with clients about the experiences that they have purchased for their families. These purchases feel so much more like an investment than an expense.

Well, I wish I could lie and say I was super excited to take my daughters to a Taylor Swift concert; the thought of standing for five hours, listening to music that's not in my playlist, I was less than excited about the whole event.

I did learn quite a bit about what happens at these concerts; there were many benefits. Seeing as how I estimate the crowd was 95% female, the line for the bathroom was extremely short for me. The older I get, the more I talk to people, and everyone I talked to was extremely friendly. I also learned that many people make bracelets and trade them with other people at the concert.

While in line for an hour to purchase souvenirs for my daughters, I met a nice young girl who was trading bracelets with other people the whole time. This young lady was so excited to be there. I explained to her that I had two young daughters in the crowd and that if she was giving away bracelets, I would love to get two of them for my daughters. All she did was smile and give me two bracelets. Obviously, I didn't have any bracelets to trade her, so when we got close to the cashier, I asked her what souvenir she was going to purchase. She said she wanted a hoodie. I smiled and said, "Let me get that for you." She was shocked; I told her, "You did something nice for me; let me do something nice for you." The joy on her face was memorable.

When I returned to our seats with my bags of souvenirs, I gave each of my daughters their bracelets. My oldest was shocked because I didn't have anything to trade. I told her that I made a friend, and she was happy to share.

I spent the next four hours listening to music I was unfamiliar with, but I watched the faces in the crowd. The excitement, pure joy, and happiness were amazing. Standing in between my two daughters, watching them scream and sing with the biggest smiles imaginable for the remainder of the evening, was priceless.

We invest in things all the time for the people we care about; this evening was an investment in Joy!

It was worth every penny!

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EXCITING UPDATES:
Introducing New Weekly Content!

Join us Every Sunday at 8 pm on the Business FB Page and James Mayer's LinkedIn.

Uncle Dan Estate Plan

Do you or do you know someone that has an "Uncle Dan Estate Plan?"

We would like all our clients to avoid the "Uncle Dan Estate Plan."

I experienced this situation a couple of years ago. I was able to get my parents to sit down and review their estate plan, and what we found is that their current estate plan at the time said if something happened to them, I would have to go live with my Uncle Dan. I am not exactly sure how that would work with my wife, two kids, our dog, and our home, but their documents suggested that Uncle Dan would take care of me for the rest of my grown life. Now that would never have happened, obviously, but the point is if you have an estate plan, you should be reviewing it at least once a year, and if you don't have one, you should consider creating one. But please avoid the "Uncle Dan Estate Plan."

Uncle Dan Estate Plan Video

Ask Me Anything

With how volatile the markets have been, many of our clients have been second-guessing their investments, and we are always here to guide them through any concerns they may have during these times. But what about their friends and family members that may have the same concerns? Well, one thing we've always provided our clients with is that if they have friends or family that want a second opinion or simply someone to talk to about anything financial, we are always here for them. We tell our clients if they are important to you, they are important to us, and we will always make time.

Ask Me Anything Video

Follow Us!

Dylan Fitchet
Client Associate

Welcome Back, and Congrats!

Dylan Fitchet's Triumphant Return!

I recently graduated from the Allen W. and Carol M. Schmidthorst College of Business with a degree of Bachelor of Science in Business Administration with a specialization in finance.

I also started my master's in business administration this past spring at Bowling Green State University and will continue to progress towards my master's degree, which I will graduate with in May of 2024.

To celebrate this milestone, my parents, my sister, and I took a trip to Scotland and Ireland in May. We visited the city of Edinburgh and St. Andrew's in Scotland. In Ireland, we visited the city of Dublin and the Cliffs of Moher, along with a series of small fishing villages.

My favorite part of the trip was our time in St. Andrews, where we visited the Old Course, also known as the home of golf. For a golfer, it is one of the most unique golf courses in the world since it was where the game of golf grew to become the sport it is today. Every great golfer in the modern era dreams of winning the Open Championship on the grounds of St. Andrews.

This summer, I will be back with the Huffman – Mayer – Paolo team, assisting in daily operations while also gaining experience before I come on board full-time in the summer of 2024.

My experience here has been rewarding and beneficial in helping me grow to become a financial advisor. The team has been welcoming since the first day I started and is always willing to assist and answer any questions that I have. For these reasons, I looked no further when deciding where I wanted to start my professional career. I am super excited to join this team and work with every individual day in and day out to achieve the goals of the people we serve.

Thank You Dylan!

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