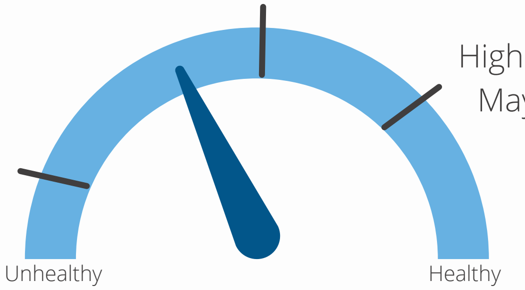
Quraishi LAW & WEALTH

March 2023
Monthly Recap

Market Health Indicator*

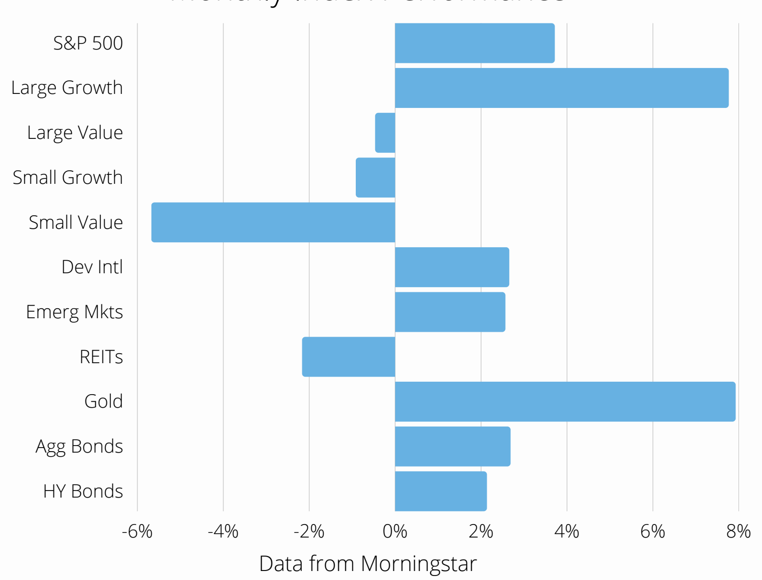


Current Score: 37.47

Down from 39.01 last month, still indicating areas of caution and uncertainty in the markets and economy

Market Data

Monthly Index Performance



Data from Morningstar

Talking Points

Inflation slowed from 6.4% to 6%, its lowest level since September 2021, as food prices cooled off

The labor market remains robust as the US economy added 311,000 jobs, though unemployment rose from 3.4% to 3.6%

Housing prices fell for a seventh straight month as continued weakness on the West Coast contributed to the dip

The 10-year Treasury yield dropped sharply from 3.92% to 3.48% as expectations shifted to a Fed pivot

Bond credit spreads increased amid the recent banking uncertainties, but still remain lower than mid-2022 levels

*The Market Health Indicator is a monthly indicator created in September 2021 that is designed to measure market health on a scale of 0 - 100, analyzing various market segments such as economics, technicals, and volatility using data back to January of 2000. Higher scores indicate healthier market conditions.

Model **Updates**

Dynamic Growth	Broadly reduced exposure to value equities and REITs. Increased weight in Nasdaq holding, and added back in exposure to growth stock categories (small, mid, and large-cap) as well as developed international stocks. This results in an overall increase in risk, though the model remains somewhat overweight value and maintains a large position in equal-weight S&P 500.
Dynamic Growth PLUS	The model remained fully invested throughout the month as markets were mixed amid the banking uncertainties. Despite the mid-month speed bump, equities rallied in the second half of March, staving off a potential risk hedge. Its holdings are inline with the Dynamic Growth model weights while it continues to monitor market conditions on a daily basis.
Tactical Growth	Modest increase to the bond hedge (from 21.98% to 25.06%) as market conditions slightly deteriorated despite a late-month rally in the S&P 500. The model removed small-cap US stocks and replaced with Nasdaq exposure. There was also a swap in rankings between gold (moved up) and developed international stocks (moved down), for an additional risk hedge.
Tactical Growth PLUS	The model remained fully invested inline with the Tactical Growth model (increased bonds while also increasing gold exposure and reducing broad equities). On the equity side, there is a blend of large, mid, and Nasdaq-focused stocks along with developed international exposure. The model continues to monitor markets daily, and can act quickly if conditions change.
Dividend Focus	There were no changes in the model from last month. The model remains invested in large-cap blue-chip companies with a focus on quality and stability. The current estimated dividend yield is 3.61% compared to 1.54% for the S&P 500.
Growth Focus	There were no changes in the model from last month. The model remains overweight in technology, consumer cyclical, and health care for sector exposure. For market cap exposures, the model is somewhat evenly blended among smaller and larger companies.

Model Updates

Sector Rotation	There were no changes in the model for the month. Maintained exposure to technology, health care, financials, and real estate. This results in a somewhat varied risk profile with a blend of growth/value and cyclical/defensive sectors. Despite the recent volatility in the banking sector, bigger picture fundamentals haven't changed much as far as the model is concerned.
All Weather	Increased exposure to gold and broad bond categories while reducing exposure to energy stocks. Results in a small decrease to risk as the shifts decrease market exposure. Overall, the model is approximately 45% equity / 12% gold / 43% fixed-income, displaying a somewhat moderate-conservative risk profile.
Dynamic Income	Increased exposure to higher-yielding / investment-grade corporate bonds while reducing treasuries (short and long-term) and preferred stocks. Also added holdings for convertible bonds and aggregate US bonds. These shifts result in a slight increase to credit risk, signaling a perceived low level of default risk amid ongoing interest rate uncertainty.
Tactical Income	Slightly reduced exposure to hybrid holdings (preferred stocks and convertible bonds) while increasing exposure to corporate investment-grade bonds. This results in a small decrease to credit risk, though the model still holds a modest amount of higher-yielding bonds. The model maintains a healthy exposure to short-term bonds for stability as well.
Dynamic Short-Term Income	Increased exposure to short-term high-yield, corporate investment-grade, and treasury bonds while reducing floating rate and ultra short-term bonds. This shift slightly increases credit risk to achieve a higher yield, though the model is still overweight ultra short-term bonds to insulate against other potential fixed-income risks. The current estimated yield is 5.27%.
Income Focus	Increased exposure to gold and Nasdaq covered calls and reduced exposure to S&P 500 covered calls. Also slightly increased exposure to emerging market dividend stocks while reducing financial stock sector dividends. These shifts create a more risk-hedged stance. The model remains overweight covered-call holdings overall. Estimated yield is 11.27%.