Financialfreedom™
WEALTH MANAGEMENT GROUP, LLC

QUARTERLY UPDATE
SPRING 2023

Build A Financial Literacy Library

A library is a source of knowledge, and knowledge is empowering. Financial literacy is having both the knowledge and the power to manage your personal and business finances. To be successful, build upon your financial literacy library.

If you or someone you know is looking for financial literacy resources, here are a few we've curated:

- Subscribe to receive educational videos at **YouTube.com/@FFWMG**
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- Knowledgeable Wealth Advisors who are available for you

SPECIAL ANNOUNCEMENT

Jason H. Harris, MBA, CFP®
President

Ten years ago, Jason joined the Financial Freedom Wealth Management Group team as a Wealth Advisor. From the beginning, Jason has been dedicated to the business and has thrived within the company. He learned and mastered all of the roles, including client services, advising, people management, and operations. He has embraced the business as his own and has consistently gone above and beyond for our team and clients.

You will find Jason out in the community developing relationships, being a servant leader, and doing good work without expecting anything in return. Jason leads by example by embodying our leadership and team principles. He is humble, collaborative, and always finds a way to make us laugh.

For all of these reasons and more, Jason is the perfect person to be the President of Financial Freedom and will successfully lead our company, alongside me, into the future.

Please join us in congratulating Jason on this prestigious promotion!

Sincerely,

Julia Carlson
Founder and CEO

MARKET UPDATE

Markets were impressively resilient in the first quarter as a looming end to rate hikes, further declines in inflation and quick and effective actions by government officials in response to regional bank failures helped shore up confidence in the banking system. Stocks and bonds both logged modest gains in the first quarter, despite the still-elevated market volatility.

First Quarter Performance Review

Large cap companies outperformed small cap companies, as they did throughout 2022. Concerns about funding sources, should the banking crisis worsen, and higher interest rates weighed on small caps as smaller companies are historically more dependent on financing to maintain operations and fuel growth.

From an investment style standpoint, growth handily outperformed value which is a sharp reversal from 2022. Tech-heavy growth funds benefited from the decline in bond yields and a late-quarter "flight to safety" amidst the regional banking crisis. Value funds, which have larger weightings towards financials, were weighed down by concerns about a potential broader banking crisis.

On a sector level, seven of the 11 S&P 500 sectors finished the first quarter with a positive return. Notably, the three top performers

from the first quarter were the three worst performing sectors in 2022. Communication services was one of the best performing sectors in the first quarter thanks to strong gains from internet-focused tech stocks, as lower rates and the rotation to mega-cap tech companies pushed the sector higher.

US Equity Indexes	Q1 Return
S&P 500	7.50%
DJ Industrial Average	0.93%
NASDAQ 100	20.77%
S&P MidCap 400	3.81%
Russell 2000	2.74%

Source: YCharts

Turning to the sector that lagged, the financial sector was the worst performer in the first quarter as the regional banking crisis weighed on bank stocks and financials more broadly. Energy also logged solid declines as growing concerns about global economic growth and subsequent weakness in consumer demand weighed on energy stocks.

Internationally, foreign markets largely traded in line with the S&P 500 in the first quarter and realized positive returns. Foreign developed markets outperformed the S&P 500 as economic data in Europe was better than expected and European banks were viewed as mostly insulated from the U.S. regional bank crisis. Emerging markets logged slightly positive returns but underperformed the S&P 500 thanks to still-elevated geopolitical stress.

Commodities saw sharp declines, thanks mostly to the notable weakness in oil prices. Gold, however, posted a solidly positive return as investors moved to the yellow metal as a store of value amidst the regional banking stress.

Switching to fixed income markets, the leading benchmark for bonds (Bloomberg Barclays US Aggregate Bond Index) realized a positive return for the first quarter of 2023, although bonds were volatile to start the year. Looking deeper into the fixed income markets, longer-duration bonds outperformed those with shorter durations.

Second Quarter Market Outlook

Markets begin the new quarter facing multiple sources of uncertainty including the path of inflation, future economic growth, the number of remaining Fed rate hikes, and whether the regional banking crisis is truly contained. Yet despite all this uncertainty, markets have proven resilient over the past six months since hitting their lows in October of 2022. While economic resistance remains in place, markets will likely stay volatile; however, there remains a path for future positive returns.

Inflation remains a major longer-term influence on the markets and the economy. The decline in inflation somewhat stalled in February and March, but if the decline in inflation resumes, that will provide a powerful boost for both stocks and bonds.

Let's face it, this remains a tumultuous time in the markets. Investors are facing the highest interest rates in decades, the worst geopolitical tensions in years, and a very uncertain economic outlook that deteriorated in the wake of recent bank failures. But while concerning, it's important to realize that underlying U.S. economic fundamentals and U.S. corporate earnings proved incredibly resilient through the first quarter. And those two factors, steady economic growth and strong earnings, are the real long-term drivers of market performance, not the latest disconcerting geopolitical or financial headlines.

For our clients and the portfolios we manage, we are prepared for continued volatility and are focused on managing both risks 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. **Rest assured that our entire team remains dedicated to helping you successfully navigate this market environment and reach your financial goals.**

THE POWER OF YOUR MONEY MINDSET

A common saying we have heard is that "Money is the root of all evil." Surprisingly, that is not the original quote, but like many famous sayings, it's been misremembered and misinterpreted over time. The original quote is from a Bible verse found in First Timothy 6:10 that says, "For the love of money is a root of all kinds of evil." The meaning behind this quote is not a denunciation of money or a prohibition against wealth. Instead, it highlights that having the wrong kind of attitude towards money is what can negatively influence your life. We have seen that most of our clients do not think of their money as evil, although sometimes they have conflicting attitudes toward it. In speaking with clients about how they relate to money, I find that most will fall into one of two groups. They either have what I think of as an abundance mindset, or they have the reverse, which is a scarcity mindset.

Personally, I gravitate toward the abundance mindset which tends to have a more optimistic outlook. This impacts both my business and personal life. I like how poet Anne Sexton defines this concept as "Abundance is scooped from abundance yet abundance remains," from her book, The Awful Rowing Toward God. That line appeals to me because when you take from abundance, it doesn't go away. This is the opposite of a scarcity mindset which is a zero-sum game, meaning that there is only so much wealth to go around. Someone who has an abundance mindset does not win because the other person lost. Not everything is a competition. I believe that with the right attitude, we all have the ability to prosper, not just with money, but in relationships and every aspect of our lives.

The abundance mindset finds value in giving fully. For example, my husband and I don't have a 50/50 relationship. We're both all in and giving 100%. If there are times when I lack something, he picks me up and vice versa. It can be the same thing in every aspect of your life—with your team, your loved ones, and your money.

Among our clients who have adopted the abundance mindset, it seems that money just flows their way. We have found that they tend to be more charitable and generous. In addition, they lean toward being more concerned with the good they can do with their money than simply accumulating more.

On the opposite end, there are those who are still holding on tightly to the scarcity mindset. They constantly worry, "Do I have enough?" The scarcity mindset focuses on what is lacking. I'm not a psychologist, but I've learned a lot about people from working closely with clients over the years. I have seen a lot of the fears that power a scarcity mindset are beliefs that have been handed down from generation to generation. Many of us did not learn about money growing up. In many households, it was one of those things you just did not talk about. For example, the experience of your ancestors during the Great Depression might be driving some of your behavior today and you don't even know it. These clients often can't explain their behavior because it is being driven by subconscious impulses.

We all have money stories in our heads, but they may not be accurate reflections of our current reality. It is important that we examine our attitudes towards money. This is the first step toward switching over to a conscious mindset that focuses more on abundance than scarcity. An abundance mentality focuses on what you have instead of what you are missing. I think it is very much a choice that individuals can make. Do you choose a life of love, abundance, and flow, or one of fear, scarcity, and lack?

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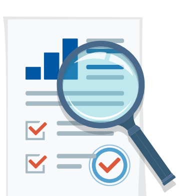

Complimentary Consultation!

If you are not a client with us yet, we would like to offer you a one-hour, complimentary, private consultation with one of our Wealth Advisors. To schedule, please call us at 458.777.4458 and someone from our team will be happy to assist you!