Financialfreedom™

WEALTH MANAGEMENT GROUP, LLC

QUARTERLY UPDATE
SUMMER 2023

Looking Forward

The first six months of the year are in the books and now is a great time to ponder some things you'd like to achieve in the next six months. For example, upcoming trips you'd like to go on, deepening connections with those in your life, learning something new, or maybe you'd like to just relax and have a smooth transition into the next year.

Our hope is that you embrace the next six months as an opportunity for growth, joy, and self-discovery, and may you find fulfillment in whatever you do.

MEET TINA & MICHAEL

Michael Jackson – *Executive Assistant*
Michael enjoys building strong relationships with clients, colleagues, and executives. He approaches every interaction with a positive and helpful attitude and works to maintain the highest standards of professionalism and integrity. Michael holds an MBA from Eastern Oregon University focusing on management, leadership, and organizational development.

When he's not at work, he likes spending quality time with his beautiful family, coaching basketball, and channeling his passion to inspire young athletes to reach their full potential. Michael is also a frequent visitor of the stunning outdoors, allowing him to recharge and appreciate the beauty of the natural world.

Tina Will – *Client Services Associate*
Tina's passion and professional background are in customer service. She enjoys working with diverse populations, solving problems, and helping people work toward their financial goals. On our team, Tina helps support clients and Financial Advisors in a dynamic administrative role.

Originally from Germany, she has been living in the United States for almost 25 years. In her free time, she can be found exploring the trails on the Oregon coast, working on art projects, or reading a good book.

MARKET UPDATE

Markets were impressively resilient throughout the first half of 2023. The S&P 500 experienced a 14-month high as we saw better earnings, less aggressive bank rate hikes, and more evidence of a "soft" economic landing.

Second Quarter Performance Review

The second quarter of 2023 saw an acceleration of the tech sector outperformance witnessed in the first quarter, as Artificial Intelligence (AI) enthusiasm drove several mega-cap tech stocks sharply higher. Those strong gains resulted in growing popularity in the tech-focused Nasdaq and, to a lesser extent, the S&P 500 as the tech sector is the largest weighted sector in that index. The less-tech-focused Russell 2000 and Dow Industrials logged more modest, but still solidly positive, quarterly returns.

By market capitalization, large caps outperformed small caps. Regional bank concerns and higher interest rates still 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 outperformed value. Tech-heavy growth funds benefited from the AI enthusiasm. Value funds, which

have larger weightings towards financials and industrials, relatively underperformed growth funds.

On a sector level, Consumer Discretionary, Technology, and Communication Services sectors were the best performers. Industrials, Financials, and Materials saw moderate gains over the past three months, thanks to rising optimism regarding a "soft" economic landing.

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%

Internationally, 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.

Switching to fixed income markets, the leading benchmark for bonds (Bloomberg Barclays US Aggregate Bond Index) realized a slightly negative return, as the resilient economy and hope of a near-term end to Fed rate hikes led investors to embrace riskier assets. Shorter-duration bonds outperformed those with longer durations, while optimism regarding economic growth caused bond investors to move away from the safety of longer-dated fixed income.

Turning to the corporate bond market, lower-quality, but higher-yielding "junk" bonds rose modestly while higher-rated, investment-grade debt logged only a slight gain. That performance gap reflected investor optimism on the economy, which led to taking more risk in exchange for a higher return.

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. Contributing factors include inflation hitting a two-year low, economic growth and the labor market remaining impressively resilient, the Fed temporarily pausing its rate hike campaign, the resolution of the debt ceiling extension, and no significant further influence from the regional bank failures from earlier this year.

The improvement in the fundamental outlook has been reflected in both stock and bond prices as the S&P 500 hit its best levels since last April and more cyclically focused sectors led markets higher late in the quarter.

However, while positive developments of the past quarter have led the financial media to proclaim the start of a new bull market, it's important to remember that potentially significant risks remain to the economy and markets. For example, the economy has not yet felt the full impact of the Fed's historically aggressive hike campaign; it may be premature to think the economy is free from recession risks. There has been progress in bringing inflation down. However, even at over 4%, the Consumer Price Index (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.

While we are happy with the market's performance, we remain vigilant towards economic and market risks and are focused on managing both risk and return potential. We recognize the importance of a carefully crafted financial plan that is geared towards long-term goals and diversified investments. Such a plan can endure periods of volatility, including situations like bank failures, prolonged inflationary periods, elevated interest rates, geopolitical tensions, and increasing recession risks.

We want to assure you that we will continue to monitor market conditions closely, adapt our strategies as needed, and provide you with the guidance and support necessary to navigate these ever-changing financial landscapes.

YOU'RE INVITED!

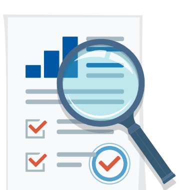
Please join us at the Oregon Coast Aquarium on the evening of September 28th for our client appreciation aquarium takeover! Bring the whole family, including children and grandchildren, to enjoy a relaxed, fun-filled time at the aquarium. You have honored us by being our client and we would like to show our gratitude by hosting this event. In addition to free admission, there will be:

- Appetizers & Refreshments
- Scavenger Hunt
- Drawing & Prizes
- Photo Booth

Fun for the Whole Family!

OREGON COAST AQUARIUM

Limited capacity. Instructions to RSVP will be on the invitation being sent in August.



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 Financial Advisors. To schedule, please call us at 458.777.4458 and someone from our team will be happy to assist you!