



2023 Mid-Year Market Outlook: Navigating Turbulence & Opportunities

Presented By
William T. Knight (Bill), CFP[®], AWMA[®], PPC[®]
Wealth Advisor
Legend Financial Advisors, Inc.[®]



**William T. Knight (Bill), CFP®, AWMA®, PPC®
Wealth Advisor**

William T. Knight (Bill), CFP®, AWMA®, PPC® is a Wealth Advisor with Legend Financial Advisors, Inc.® (Legend) and EmergingWealth Investment Management, Inc.® (EmergingWealth). Bill had previously been an intern with Legend from 2007 to 2010 and worked at the firm full-time from 2011 to 2014. Bill returned to Legend in 2020 and has been an integral part of the Advisory Team.

As a Wealth Advisor at Legend, Bill assists all types of clients with their financial planning and investment needs. Bill's primary responsibilities include meeting with clients, performing investment research, implementing securities trades, creating financial planning analyses for clients and assisting in training and development of staff members. Bill is a member of the firm's Investment Committee. Bill is also experienced with the Bloomberg Investment Service, Morningstar Workstation, eMoney Advisor, Zacks Investment Research services as well as a number of other investment research and financial planning tools.

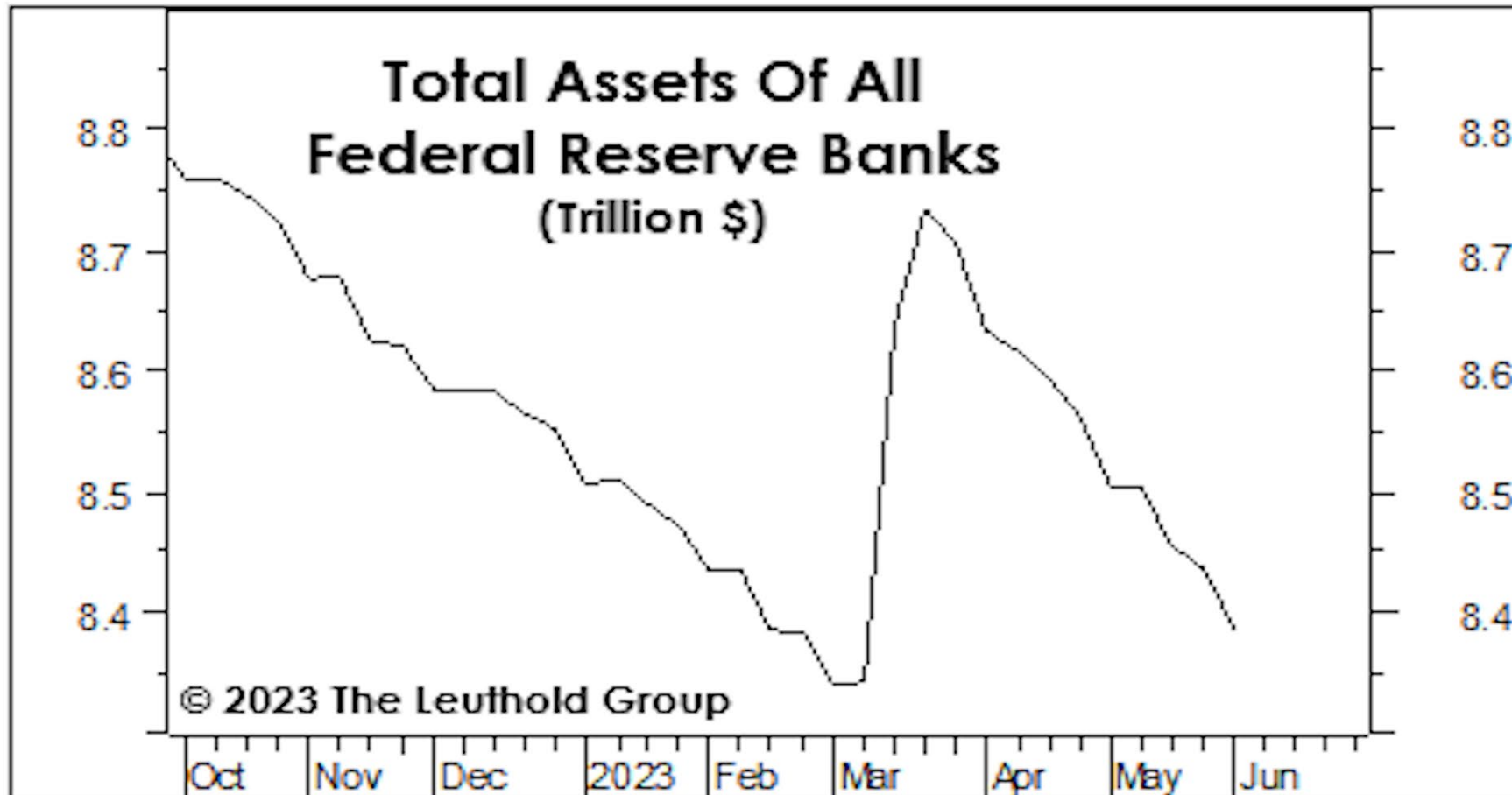
He graduated from the University of Pittsburgh with a Bachelor's of Science degree in Business Administration with a major in Finance. Bill is a native of Pittsburgh's North Hills.

HOW LIQUIDITY MAY IMPACT MARKETS

1. Federal Reserve Banks are shrinking their balance sheets, reducing the supply of money in circulation.
2. The U.S. Treasury is set to refill their reserves after the debt ceiling deal. The greater the size of the account, the less liquidity in the system.
3. The Student Loan Moratorium is over. Payments will be due starting in October.

HOW LIQUIDITY MAY IMPACT MARKETS (Continued)

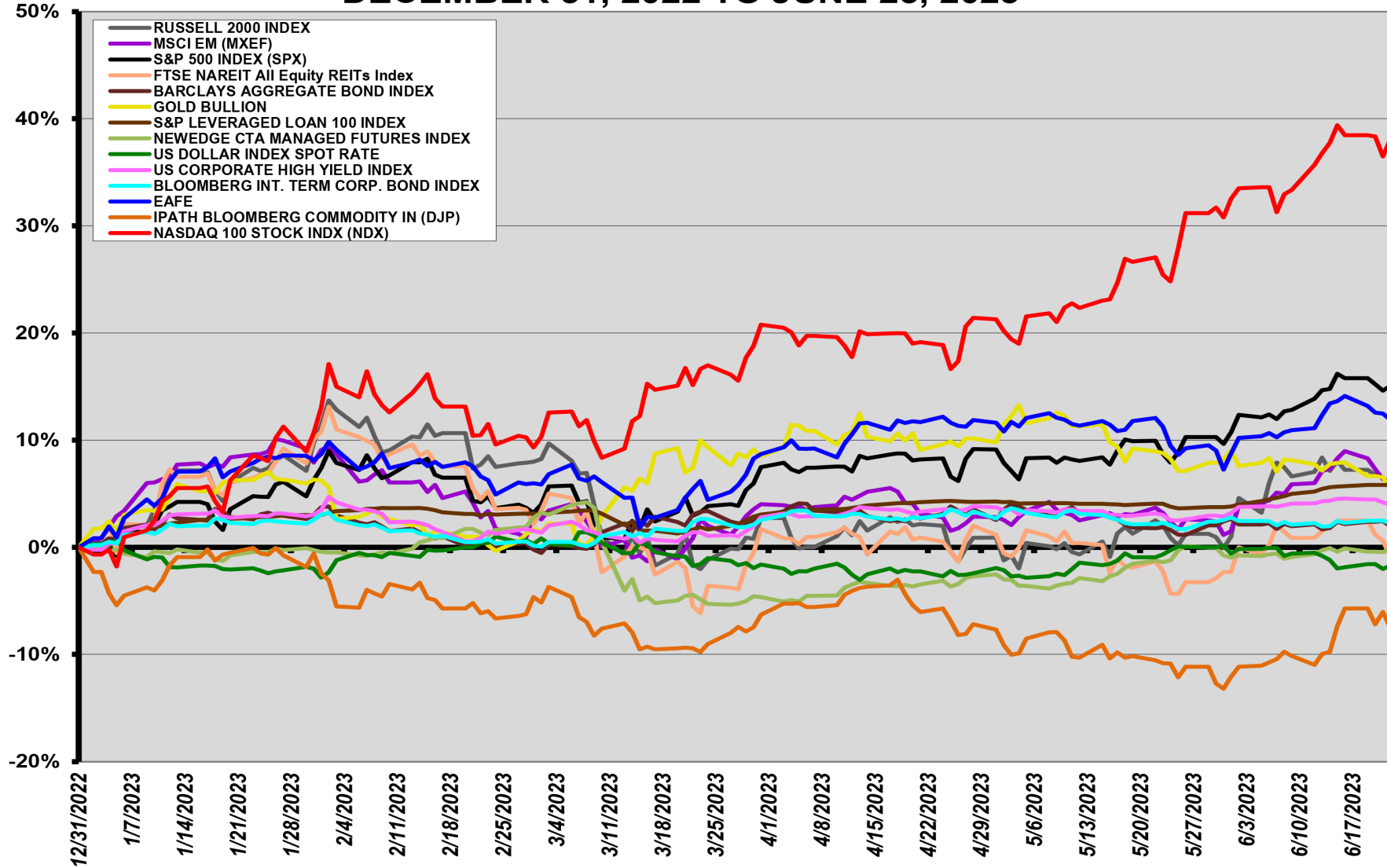
It Wasn't QE, After All



THE RALLY IN ARTIFICIAL INTELLIGENCE (AI) STOCKS

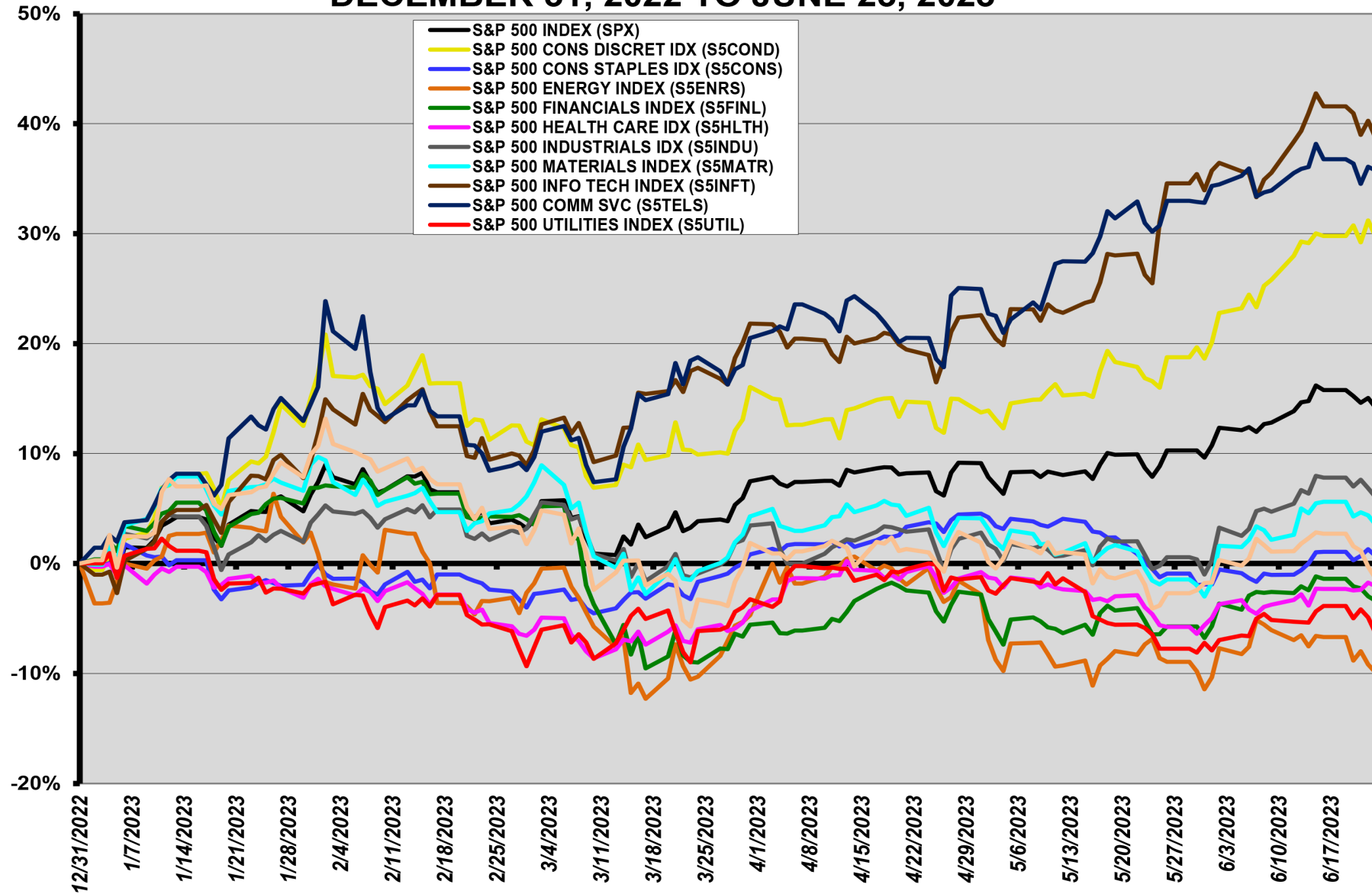
INDEXES

DECEMBER 31, 2022 TO JUNE 23, 2023

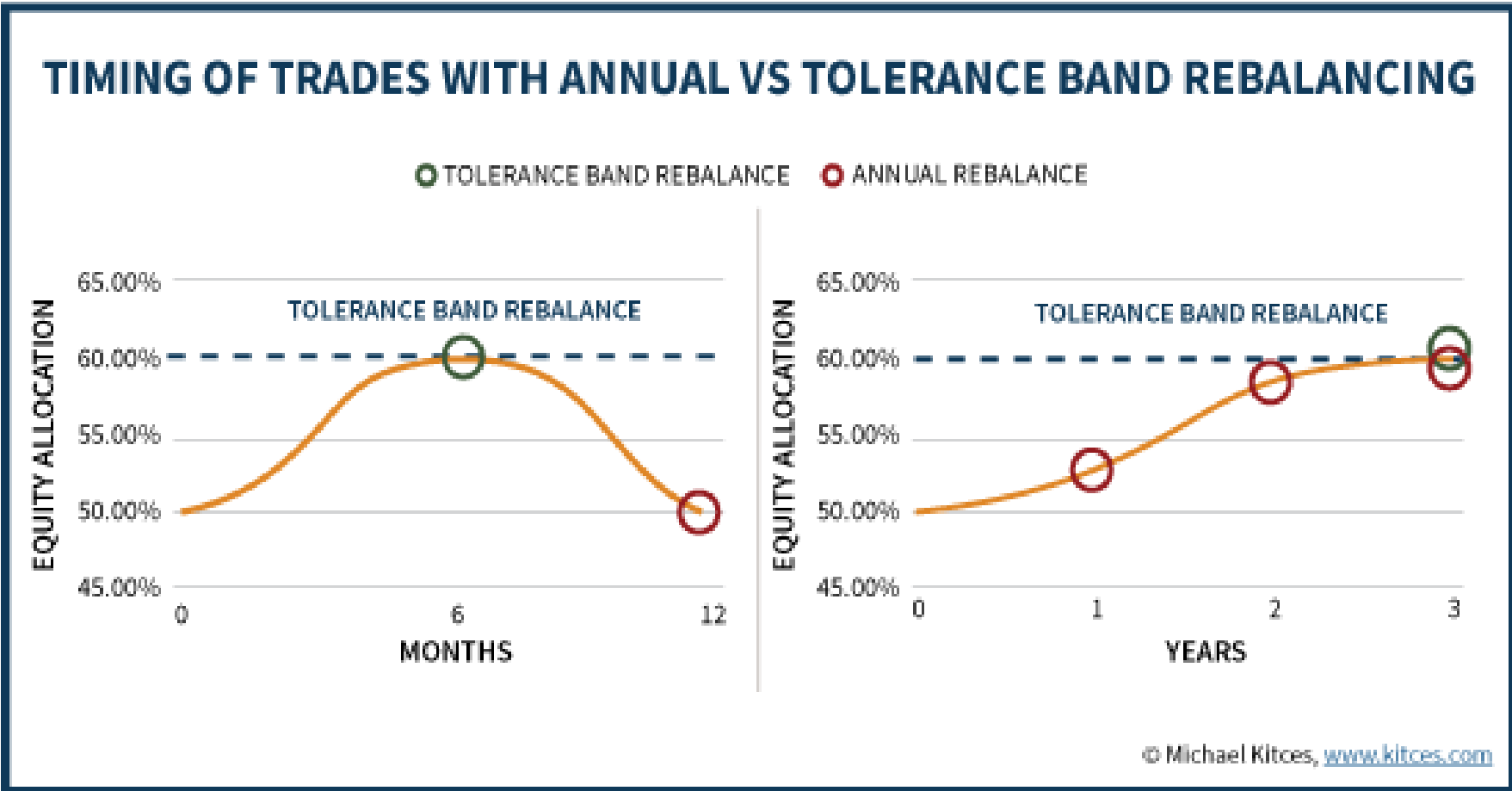


THE RALLY IN ARTIFICIAL INTELLIGENCE (AI) STOCKS

U.S. SECTORS
DECEMBER 31, 2022 TO JUNE 23, 2023



THE RALLY IN ARTIFICIAL INTELLIGENCE (AI) STOCKS

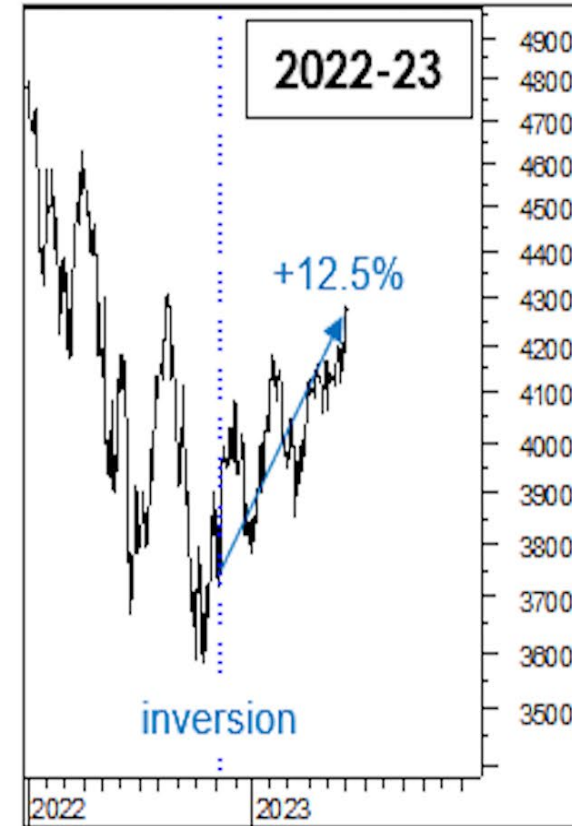
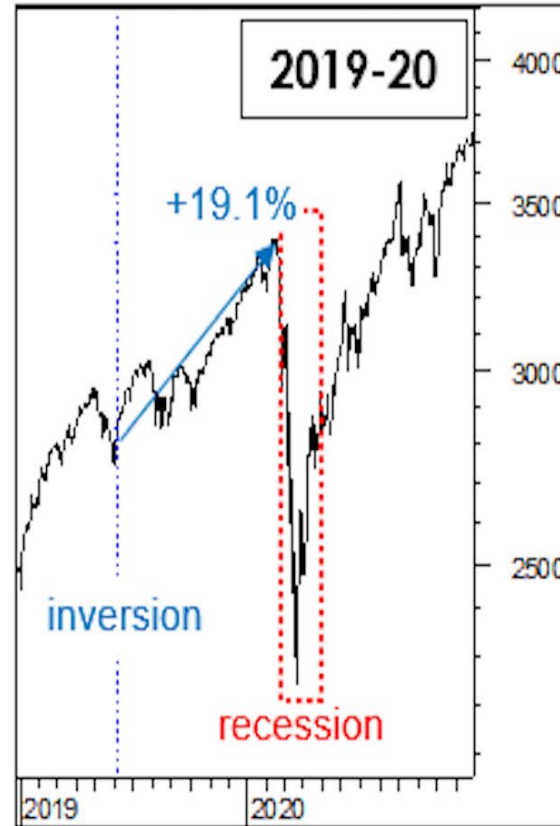
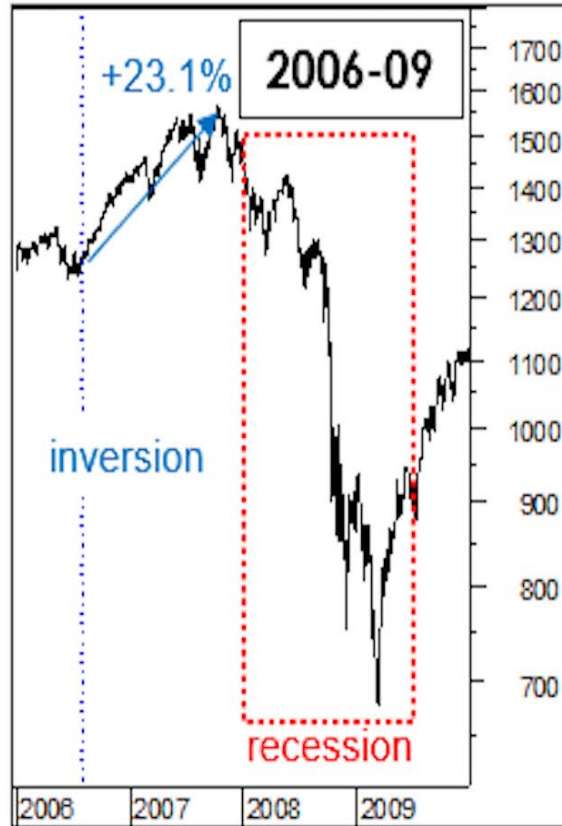


ARE WE IN A NEW BULL MARKET OR RECESSION?

- **Bull Market?**
 - The 20% Rule:
 - S&P 500 since October Low: 22.26%
 - NASDAQ since October Low: 38.26%
- **Bear Market?**
 - Inverted Yield Curve:
 - Inversion in the 10-Yr./3-Mo. Treasury spread
 - Forecasted 8 of the last 8 recessions

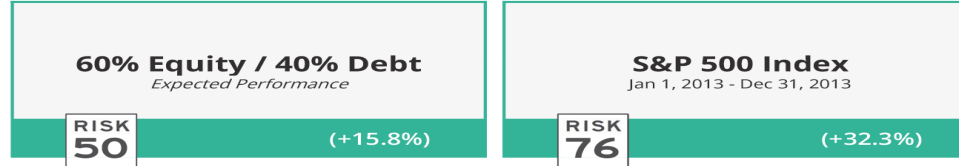


ARE WE IN A NEW BULL MARKET OR RECESSION? (Continued)

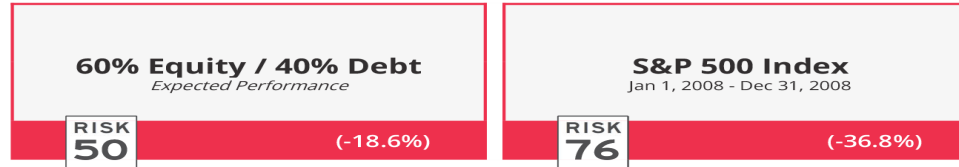


STRATEGIES FOR NAVIGATING VOLATILITY AND MANAGING RISK

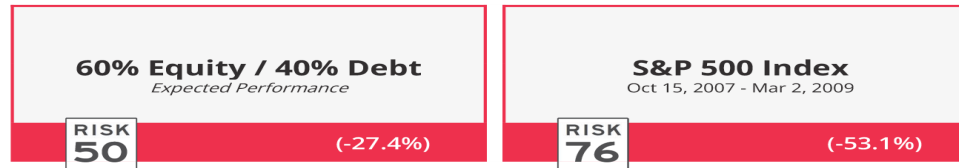
If a 2013-like Bull Market were to happen again...



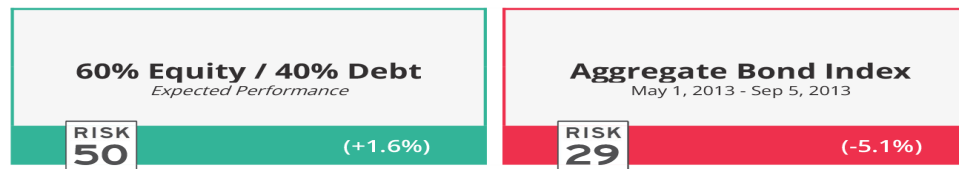
If a 2008-like Bear Market were to happen again...



If the Financial Crisis were to happen again...



If a 134bps Interest Rate Spike were to happen again...



STRATEGIES FOR NAVIGATING VOLATILITY AND MANAGING RISK

Correlation Matrix 3 Year

	1																			
1																				
2	0.05																			
3	-0.55	0.25																		
4	-0.19	0.35	0.54																	
5	0.16	0.46	0.45	0.56																
6	-0.17	0.28	0.53	0.97	0.51															
7	-0.18	0.55	0.61	0.62	0.49	0.56														
8	-0.08	0.59	0.53	0.77	0.71	0.73	0.75													
9	0.22	0.28	0.15	0.42	0.61	0.41	0.25	0.41												
10	-0.04	0.18	0.46	0.18	0.43	0.25	0.26	0.15	0.25											
11	-0.33	0.42	0.65	0.58	0.54	0.50	0.85	0.71	0.16	0.20										
12	0.28	0.63	0.04	0.41	0.66	0.36	0.37	0.66	0.50	0.11	0.28									
13	-0.10	0.71	0.55	0.65	0.67	0.61	0.87	0.87	0.45	0.36	0.78	0.67								
14	-0.55	0.35	0.97	0.54	0.49	0.53	0.66	0.59	0.18	0.48	0.71	0.13	0.65							
15	-0.04	0.73	0.41	0.66	0.67	0.61	0.74	0.89	0.51	0.17	0.68	0.80	0.92	0.50						
16	-0.21	-0.01	0.10	0.07	-0.11	0.07	0.08	-0.06	-0.45	0.13	0.09	-0.22	-0.04	0.13	-0.13					
17	0.21	0.46	0.22	0.54	0.75	0.51	0.47	0.69	0.56	0.37	0.50	0.70	0.68	0.29	0.74	-0.22				
18	-0.05	0.69	0.52	0.71	0.70	0.66	0.82	0.93	0.45	0.21	0.77	0.73	0.94	0.60	0.93	-0.12	0.74			
19	0.04	0.59	0.34	0.65	0.66	0.59	0.60	0.85	0.45	0.02	0.64	0.77	0.78	0.40	0.89	-0.20	0.77	0.87		
20	-0.17	0.49	0.63	0.61	0.54	0.59	0.79	0.79	0.26	0.21	0.71	0.43	0.77	0.67	0.66	-0.05	0.53	0.83	0.72	

Investment Key

- 1 American Beacon AHL Mgd Futs Strat Y (USD, AHLYX)
- 2 Delaware Healthcare I (USD, DLHIX)
- 3 DoubleLine Total Return Bond I (USD, DBLTX)
- 4 Eaton Vance Floating Rate I (USD, EIBLX)
- 5 Global X Copper Miners ETF (USD, COPX)
- 6 Guggenheim Floating Rate Strats Instl (USD, GIFIX)
- 7 Invesco QQQ Trust (USD, QQQ)
- 8 Invesco S&P 500® Equal Wt Cnsm Disc ETF (USD, RSPD)
- 9 iPath® Bloomberg Cmnty TR ETN (USD, DJP)
- 10 iShares Gold Trust (USD, IAU)
- 11 iShares Semiconductor ETF (USD, SOXX)
- 12 iShares US Insurance ETF (USD, IAK)
- 13 Leuthold Core ETF (USD, LCR)
- 14 PIMCO Total Return Instl (USD, PTRRX)
- 15 Schwab Fundamental US Large Company ETF (USD, FNDX)
- 16 Schwab Value Advantage Money Inv (USD, SWVXX)
- 17 SPDR® S&P Metals and Mining ETF (USD, XME)
- 18 Vanguard Mid-Cap ETF (USD, VO)
- 19 Vanguard S&P Small-Cap 600 Value ETF (USD, VIOV)
- 20 Virtus KAR Small-Cap Growth I (USD, PXSGX)

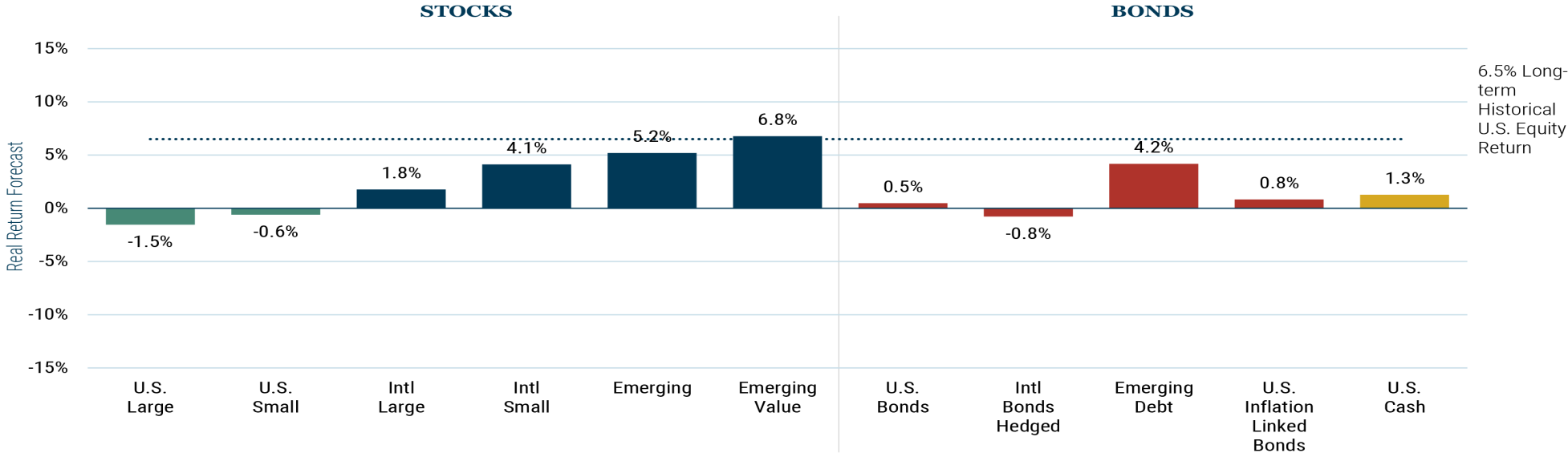
Degree of Correlation



OPPORTUNITIES FOR GROWTH AND DIVERSIFICATION IN A CHANGING ECONOMIC LANDSCAPE

7-YEAR ASSET CLASS REAL RETURN FORECASTS*

As of May 31, 2023



Source: GMO

*The chart represents local, real return forecasts for several asset classes and not for any GMO fund or strategy. These forecasts are forward-looking statements based upon the reasonable beliefs of GMO and are not a guarantee of future performance. Forward-looking statements speak only as of the date they are made, and GMO assumes no duty to and does not undertake to update forward-looking statements. Forward-looking statements are subject to numerous assumptions, risks, and uncertainties, which change over time. Actual results may differ materially from those anticipated in forward-looking statements. U.S. inflation is assumed to mean revert to long-term inflation of 2.3% over 15 years.

THE LAST SECULAR BEAR MARKET

April 1, 2000 to
December 31, 2011
(11 years and 9 months)

	<u>Annual Compound Return</u>	<u>Total Return</u>
Consumer Price Index (Inflation)	2.38%	31.82%
90-Day Treasury Bills Index-Total Return	2.22%	29.44%
Barclays Aggregate Bond Index-Total Return	6.41%	107.69%
HFRX Global Hedge Fund Index	2.65%	36.07%
S&P 500 Index (U.S. Stock Market)	0.37%	4.42%
MSCI EAFE Index (Developed Foreign Equities)	1.21%	15.17%
MSCI Emerging Market Index (Equities)	8.07%	149.14%
Newedge CTA Index (Managed Futures)	6.03%	99.06%
Dow Jones-UBS Commodity Index-Total Return (USD)**	3.08%	42.79%
Dow Jones U.S. Real Estate Index-Total Returns (USD)**	10.61%	227.26%
Gold Bullion	15.83%	462.79%

* Compound and Total Returns include reinvested dividends. MSCI Indexes do not include dividends prior to 2002. Newedge Index is equally-weighted.

** USD = U.S. Dollar

Source: Bloomberg Investment Services

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QUESTIONS AND ANSWERS

Q & A

The image features three large, 3D-rendered characters: a red 'Q', a grey '&', and a red 'A'. The characters are positioned horizontally and cast soft shadows on the white surface below them. The 'Q' and 'A' are a vibrant red, while the ampersand is a metallic grey.



Contact Us

- **William T. Knight (Bill), CFP[®], AWMA[®], PPC[®]**
Wealth Advisor
- Legend Financial Advisors, Inc.[®]
5700 Corporate Drive, Suite 350
Pittsburgh, PA 15237
(412) 635-9210
legend@legend-financial.com
www.legend-financial.com

