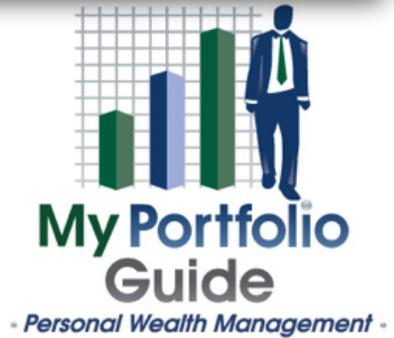


the Guide



INSIDE THIS ISSUE :

ENGINEERED RECESSION

The Federal Reserve got us into a real mess and now they're behind the 8 ball trying to fix it. Can they?

MARKET RECAP

How did the stock market do last quarter? Take a look at how different benchmarks and indexes did versus your own portfolio. What's on the horizon?

EDUCATION CORNER

The start of a New Year gives people an opportunity to look back, learn, process, and then look forward to a fresh start. See what we believe is in store for us in 2023...

NEWS & NOTES CALENDAR

Come break bread with us! There actually IS "such a thing as a free lunch" but there's just one small catch... Read our events section to learn more.

Fed up??

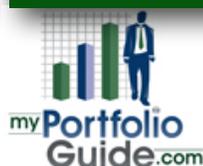


Whenever there is an accident of some sort people naturally try and look for the cause and something to blame. As 2022 dips into the sunset it's without question this year has been one of the roughest on record. There have been worse stock market years but never in tandem have we seen both stocks and bonds create such pain to well diversified portfolios. Prior to 2022 a bad year in bonds was -4% but we saw them drop -18% this year. The traditional "60/40" average portfolio mix sunk -34% at one point for its worst return in history.

Back to the blame game, there will be some who say it was Russia/Ukraine, the pandemic, Biden's policies, or was it all simply due to the Fed? We think the last cause is without question a major contributing factor, if not the main one. The Federal Reserve has now raised

rates seven consecutive times in 2022 to put us at the highest levels since December of 2007. It's aim was to ideally tame 40 year highs on inflation but what it has really done is destroy the stock (and especially) bond market. In a sense that was their job: to dampen demand... but in our opinion the Fed has simply gone too far using the only tool they have at their disposal (raising rates). Higher rates obviously make it tougher to buy a home, a new car, or finance a business. What it will eventually do, however, is cause people to lose their jobs (thus far, low unemployment being the only saving grace from having us in a complete state of stagflation). The Fed is basically trying to engineer a recession and we need to prepare for it.

In this edition of *the Guide*, we'll be sharing some more data but also trying to do so with a forward looking tilt. In our opinion, the bulk of "advice" given nowadays is just a regurgitation of what has recently happened but often lacks much direction on what to do with that information. While we don't have a crystal ball, we'll at least discuss some ideas on how best to position going into 2023. Read on and enjoy!



	2022 YTD	2021	2020	2019	2018	2017	2016	2015
20 / 80	-15.51%	2.26%	6.29%	8.88%	-3.90%	4.71%	3.89%	0.29%
40 / 60	-16.51%	8.32%	8.13%	11.13%	-4.70%	8.44%	6.12%	-0.08%
50 / 50	-17.01%	11.35%	9.02%	12.25%	-5.09%	10.31%	7.24%	-0.26%
60 / 40	-17.51%	14.38%	9.90%	13.38%	-5.49%	12.17%	8.36%	-0.45%
70 / 30	-18.01%	17.41%	10.76%	14.50%	-5.89%	14.04%	9.48%	-0.65%
80 / 20	-18.50%	20.45%	11.60%	15.62%	-6.29%	15.90%	10.59%	-0.82%
S&P 500	-19.50%	26.51%	15.26%	17.90%	-7.74%	20.37%	9.54%	1.38%
Mid Cap	-14.93%	22.36%	11.39%	12.70%	-13.19%	18.37%	9.59%	-2.81%
Small Cap	-17.55%	23.89%	9.65%	12.50%	-13.44%	15.51%	16.56%	-4.85%
MSCI EAFE	-24.41%	7.12%	15.88%	6.90%	-14.82%	25.19%	1.77%	-12.67%
Emerging	-20.85%	-3.15%	9.88%	4.30%	-17.00%	30.52%	9.39%	-17.61%
Bonds	-14.52%	-3.79%	4.59%	6.80%	-3.01%	0.68%	0.04%	-2.29%

MARKET RECAP

How did the "Market" do ???

Never rely on the media to tell you "how the market did". The answer is different for everyone because investors should be allocated specific to *their* goals and risk tolerance.

The above chart shows several (6) basic portfolio allocations with their corresponding performance over different time periods.

20 / 80, for example, represents 20% in the S&P 500 and 80% in the U.S. Aggregate Bond Index. Other major indexes are also posted (S&P 500, Mid, Small etc) MSCI EAFE represents 23 developed International countries except for the US or Canada.

The mid-term elections are behind us and with a split Congress we can now go back to worrying and complaining about something else....but it won't be legislative action (and the market will like that over the next two years). What it won't like, and has *not* liked, is the Fed's mission to destroy animal spirits by raising interest rates. In our opinion, this has been way overdone and was due to reactionary and reckless inflationary policy over the past couple years. Expect two smaller final hikes before we pause, enter a recession (whether official or otherwise) and then see a pivot.

Stocks suffered their worst year since the Financial Crisis in 2008 and Bonds got bludgeoned more than any time in history. Gold held its own (all things considered) with a year end recovery to finish only down -1.23% ; which is a victory in a train wreck like 2022. We continue to think Gold will make up a decent weighting in all our portfolio models for the same reasons we had going into last year. (you could easily see double digit returns from here). Commodities limped to the finish line after a tremendous first half of the year but still turned in +6.2%, which coupled with Gold, is why we continue to have them make up north of a 15% allocation of all our base portfolio models. (far different than almost any financial advisor out there by the way; most are still using the stale 60/40 playbook which dropped -17.51% for the year).

As bad as things went, at least we didn't allow any client (on our watch) buy Crypto (more on this later but that house of cards is finally falling). Amidst all this devastation we remind you that the average three year forward return after years like this is +35% and for five years it's +80%. In the meantime...

"Stay disciplined to stay positive" -MPG

EDUCATION CORNER

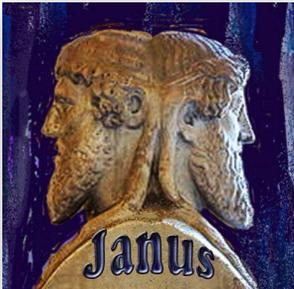
2023 Forecasts

“A prediction about the direction of the stock market tells you nothing about where stocks are headed, but a whole lot about the person doing the predicting.”

-Warren Buffett



Janus - Looking Back then Forward



In ancient Roman religion and myth there was a two-faced God named Janus. Janus was a God of change, and the transition from past to present to future; it's also believed to be the origin of the month of January.

While there's always something to be learned from history, this past year was truly like no other. One of the main drivers of this unprecedented double whammy of a bear market, was the massive increase in interest rates.

Recessions typically don't start until the yield curve throughs and then begins to turn positive. At this point in time we're not there yet but based on the previous four recessions, it can take anywhere from three months to a year. Aside from occupying our negative mindsets... what basically will happen is EPS (earnings per share) will come down at a median decline of -20.5% from peak levels. Those looking at current stock market P/E levels, and in the camp that we're headed south, would see

earnings contract about -21% and the market drop about that much more. This counters those who believe we already put in a market bottom in October and the impending recession is going to lead us to a “soft landing”. How would that possibly happen?

Just as interest rates destroyed the market so it could go that they help revive it if indeed we learn that the Fed overtightened. Initially rising rates are designed to dampen economic activity and reduce inflation. If the economy remains fairly stable and earnings can maintain even a flattish hold of sorts, a very bullish scenario unfolds with rates pausing then falling. That would lead the market to a +15% or more increase from these levels 2023.

Have you spoken with anyone who does NOT think we're headed for a recession? We haven't. A bear market has never bottomed before the beginning of a recession. That's what is of course leading the herd to all have the exact same consensus. We're not contrarians just for the sake of it but when there is that much unanimous agreement, the odds of a plot twist begin to climb. The most extreme level of bearishness ever is here and never has a recession been this telegraphed.



Inflation in check?

Inflation is coming down and year over year has dropped to 7.1% but the Fed Funds Rate is 4.5%. The deal here is simply that over the past eight cycles they hiked until the Fed Funds Rate was higher than the CPI; therefore...we're closer but still have a ways to go.

Energy

You'll see this sector be the central theme in 2023. While there's plenty to worry about (Europe, Russia, weather/national disasters, supply chain etc), the energy sector is perhaps the single best one to be exposed to in the year to come. Tech isn't dead but this is the place to be.

Real Estate

When you bought your first house with a 30 year mortgage you didn't check the value of it every night on Zillow or Redfin. Why do people do that with their stocks? There's a balance of extremes between burying your head in the sand and never paying attention versus checking your portfolio daily. If you looked and analyzed your real estate like this in 2023 you would see that it's likely to drop -10% to even -30% in some parts of the country but your hands are tied and less liquid so you're not going to sell and panic.

Any Black Swans?

The boogeyman is always lurking in the darkness and when it comes to the markets, everything gets thrown out the window if something totally out of left field hits us. Black swan events are by definition impossible to predict but we at least can think about ones that are most likely to "fly in". The Russia-Ukraine war could broaden but what if another serious geopolitical issue arises? Our eyes are on China and Taiwan along with how that draws in the U.S. Will we see a major scaled cyber attack? A massive natural disaster?

Best Recession Hedge

Commodities made a massive run over the first half of 2022 and then pulled back sharply. Could this be the end of the ride or perhaps the start of a commodity super cycle? My Portfolio Guide, LLC is in the latter camp and believes this is a longer-term buying opportunity as well as one of the most ideal recessionary hedges you can position yourself in.

The fundamental outlook for commodities is quite strong and we believe they've been oversold. Goldman Sachs recently came out supporting this viewpoint as well, pointing to a de-linking from supply-demand fundamentals. The major investment bank also forecast potential returns for commodities north of 30% over the next year as recessionary fears are at their highest.

The main areas within commodities that are forecast to shine the most are industrial metals (57%), precious metals (48%), energy (40%), and agriculture (24%). Believe it or not, fine wine also happens to outperform inflation by a healthy margin. Some may joke that it numbs the pain of a recession but it basically comes down to supply-demand as fine wines are typically produced in such small quantities and become quite difficult to source on the secondary market.

Weakening Dollar means...

The dollar is coming down from 20 year highs and that could mean a couple things to play out well for our portfolio models. For one, the anchor on gold will be released. Secondly, emerging markets (already deeply undervalued) could have a breakout year in 2023. With China reopening, that pent up spending and demand could truly surprise and impact markets worldwide.

Where's Wayne Skating to?

You don't have to be a hockey fan to have heard of legendary and hall of famer Wayne Gretzky's famous quote, "*I skate to where the puck is going to be, not where it has been.*"

Although nobody can predict each and every opportunity, there is a great parallel to this quote with investing. Right now the average investor is dwelling on the past and typically falling prey to recency bias on where they should be investing. Aside from patience, part of successful investing has to do with identifying where the next opportunity is or new trend is developing.

We think 2023 will be one of the early years of a breakout in AI (Artificial Intelligence). Companies (and governments) have more than doubled in their usage of AI in the past five years. A recent survey by IBM revealed that 35% of companies are using AI with an additional 42% looking into ways to incorporate it into their businesses.

One of the effects from the pandemic that has plagued the world economy is supply-chain problems. These issues, also coupled with the challenge of dealing with a changing and remote labor force, is propelling AI to be extremely valuable and a game changer for many companies. Expect a ton of advancements in AI that become more mainstream. For an efficient way to gain some exposure to this sector without betting the farm on one company, look to the ETF (Exchange Traded Fund) called TrueShares Technology, AI and Deep Learning ETF (ticker symbol **LRNZ**). You'll see companies it owns such as CrowdStrike, Twilio, Datadog, NVIDIA, Snowflake, and Scaler, to name a few.

My Portfolio Guide, LLC - Seal Beach, CA

Told you so...

We hate playing the "I told you so" game but this is one topic we couldn't have been more clear on. Excuse the snarky commentary but chances are if you own crypto and are still hanging on to it...it's not because you understand it any better than before. Crypto is slowly making its way towards zero but some still hang on in hopes of a recovery. Are we saying the entire thing is a ponzi scheme? Put it this way; Sam Bankman-Fried, of the now defunct FTX platform, won't be the last...

Just learn from it and the next time a friend, neighbor, or colleague tells you of a 'new can't miss ride to the moon', you can hopefully resist the temptation of missing out. For now, watch how crypto gets regulated in the U.S. and abroad, pay attention to who is touting it and what their angle is, and don't invest in anything you still can't explain to a fifth grader.

2022 Crypto Returns				
Crypto Asset	Ticker	12/31/2021	12/31/2022	2022 Return
Binance Coin	\$BNB	512	246	-52%
Litecoin	\$LTC	146	70	-52%
Dogecoin	\$DOGE	0.17	0.07	-59%
XRP	\$XRP	0.83	0.34	-59%
Bitcoin	\$BTC	47,902	16,531	-65%
Ethereum	\$ETH	3676	1195	-67%
Uniswap	\$UNI	17.0	5.2	-70%
Polygon	\$MATIC	2.5	0.8	-70%
Cosmos	\$ATOM	32	9.3	-71%
Chainlink	\$LINK	20	5.6	-71%
Stellar	\$XLM	0.27	0.07	-73%
Shiba Inu	\$SHIB	0.000033	0.000008	-76%
Bitcoin Cash	\$BCH	431	97	-77%
VeChain	\$VET	0.08	0.02	-80%
Cardano	\$ADA	1.31	0.25	-81%
Polkadot	\$DOT	27	4.3	-84%
Algorand	\$ALGO	1.7	0.2	-90%
Crypto.com	\$CRO	0.56	0.06	-90%
Avalanche	\$AVAX	109	11	-90%
Decentraland	\$MANA	3.3	0.30	-91%
Fantom	\$FTM	2.3	0.20	-91%
Filecoin	\$FIL	34	3.0	-91%
NEAR Protocol	\$NEAR	15	1.3	-91%
Axie Infinity	\$AXS	93	6.0	-94%
Solana	\$SOL	170	10	-94%
Helium	\$HNT	38	1.5	-96%
FTX Token	\$FTT	38	0.8	-98%
TerraUSD	\$USTC	1.00	0.02	-98%
Terra	\$LUNA	85	1.3	-99%

News & Notes:



Top 10 Dividend Growth Portfolio

In a previous edition of “*the Guide*” we briefly rolled out the Top 10 Dividend Growth Portfolio. Through year end, this concentrated portfolio of 10 stocks returned +7.89%. Too many adages come to mind when leading a story with performance. (“live and die by the sword” or “past performance does not predict future results” etc)

Even with these disclosures, it’s noteworthy to share how tremendous of a return that is in light of the train wreck of a stock market it’s been. For those new to this portfolio strategy, we remind you that it’s not about choosing which of the 10 stocks we manage and monitor that you like.

Not all of them went up but that doesn’t mean they leave the portfolio. Without naming names...it’s interesting to note that four of the stocks were down (one a lot) and two or three were up (a lot!). In a nutshell that’s partly what investing with an eye on intelligent weighting/diversification is all about.

While we’re happy to share the “secret sauce” for those interested in learning more details, in this writing we’ll simply let you know that we made zero sales of any positions. That is soon to change, however, as we’re planning a rotation from one company (taking profits) and buying one that hopes to see brighter days ahead. Long story short, in Q1 we are “selling high and buying low” with two of our positions.

Thank you!

Awards and accolades are of course welcomed and wonderful to receive. We’d be remiss, however, if we didn’t share them with the reason why we’ve been blessed to be in this position. My Portfolio Guide, LLC sincerely thanks each and every one of our valued clients for their loyalty, friendship, and patronage. This past year was not fun by any stretch of the imagination. That said, we navigated our best and tried to always live up to the highest service standards we can for our clientele. Unlike many of the big box firms, we aim to never treat people like a number or offer boilerplate solutions that have no human element behind them. 2022

was again one of the most challenging years in history, but if you’re reading this you survived and can be assured there will be brighter days ahead. We wrapped up the year by being named one of the Top Wealth Managers in the nation and truly could not accomplish any of this without wonderful support and world class clients that we consider and aim to treat like family. **Thank you!**





Events Calendar

CALENDAR:

January 2023

1/12/23 @ 8am PST

Networking Breakfast

O'Malley's on Main

Seal Beach, CA

February 2023

2/18/23 @ 9am PST

Seal Beach Cleanup

1st Street Parking Lot

Seal Beach, CA

Throughout Q1 2023

Families & Finance (see details)

My Portfolio Guide, LLC

Seal Beach, CA (nationwide)



RSVP (562) 799-5595

Happy New Year!!

Look at our cheesy picture in the lower left corner with Grandma and her victorious fists in the air. Are you feeling the excitement as well?

Seriously though...why is Grandma so thrilled? She either won the bingo game or perhaps she is ecstatic and relieved that certain members of her family are at the table....literally.

While we like to break bread and do the "wine & dine" thing with clients, we're not in the business of entertaining or running up some massively frivolous corporate expense account. When a lunch or dinner invitation comes from My Portfolio Guide, LLC it's meant to connect on a more personal level.

To that end, we're trying something new this year and not only are **you** invited...but so is your family. What do we mean by this?

After being in the wealth management business for over 25 years, My Portfolio Guide

founder Matthew Pixa, has learned that finance is not just about numbers; often times it's about family, connections, and dreams that matter. Yes, numbers play into it all as they eventually become the conduit that gets us there, but we need to understand and connect to learn what it really means to each person.

We invite you to lunch this year but the catch is you have to include family that matter to you. No, we don't have to talk shop and review pie charts, spreadsheets, or economic reports, but we want to meet the people who are special to you even if we don't already work with them. If they're an important part of your world we want to at least be a more familiar face and resource if they ever need to lean on us.

As always, if you're interested in connecting, please contact us directly on our office line at (562)799-5595 to reserve a time to meet.

