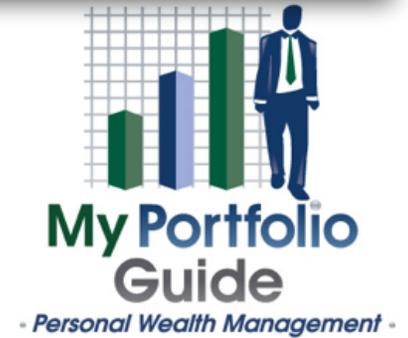


# the Guide



## INSIDE THIS ISSUE :

### ONE MORE RATE HIKE

The recent banking crisis (everything is a “crisis” lately) actually has a silver lining to it.

### 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 NCAA March Madness basketball tournament just wrapped up but our “bracket” is still very much alive.

### NEWS & NOTES CALENDAR

Even if you can’t travel or don’t want to this year, we’re going to tempt you to consider it. We’re also sharing a way to win a one week stay in paradise. Refer a new client to My Portfolio Guide, LLC and enjoy Maui on us!

## Bank on This



What’s killed the stock market the past year or so is no mystery. The simple answer is : In order to quell inflation concerns the Federal Reserve raised interest rates at the strongest pace in history. Worse off, has been the impact and destruction of the bond market. They just raised rates another 25 basis points last month. Not too long ago it was thought that we were due to see perhaps another 50 basis point hike but in our opinion the recent banking sector woes are the equivalent of about 50 basis points in hikes! My Portfolio Guide, LLC just wrote about this on our investment blog, “Dear Mr. Market” in case you have not read the article yet.

All that said, seeing a couple regional banks fail and go under created enough of a stir and ruckus in the overall

market that we think it does two things:

- (1) Actually presents a long-term opportunity for investors in the five largest U.S. banks, and
- (2) Created a wake up call to the Fed that they’ve done enough damage.

After a record ninth consecutive rate hike the Fed will still stick to its narrative of trying to combat inflation so the possibility of another hike is still there, but we think it’s about to pause and then possibly reverse around year-end or shortly thereafter. Inflation has been “persistent” but what’s perhaps more frustrating is that the Fed and powers to be didn’t see that coming after writing over \$7 trillion in checks.

Over the past two years the US Federal Reserve has literally printed about 80% of ALL dollars in existence. How can this end well or provide any semblance of normal market action? To overuse a word that is so applicable now, we’re truly in *unprecedented* times.

Even so, everything feels like an emergency nowadays and this makes for emotional investing. Don’t fall prey to the need to “do something” each time there is a headline.



	2023 YTD	2022	2021	2020	2019	2018	2017	2016
20 / 80	3.67%	-15.51%	2.26%	6.29%	8.88%	-3.90%	4.71%	3.89%
40 / 60	4.74%	-16.51%	8.32%	8.13%	11.13%	-4.70%	8.44%	6.12%
50 / 50	5.28%	-17.01%	11.35%	9.02%	12.25%	-5.09%	10.31%	7.24%
60 / 40	5.81%	-17.51%	14.38%	9.90%	13.38%	-5.49%	12.17%	8.36%
70 / 30	6.35%	-18.01%	17.41%	10.76%	14.50%	-5.89%	14.04%	9.48%
80 / 20	6.89%	-18.50%	20.45%	11.60%	15.62%	-6.29%	15.90%	10.59%
S&P 500	7.95%	-19.50%	26.51%	15.26%	17.90%	-7.74%	20.37%	9.54%
Mid Cap	4.22%	-14.93%	22.36%	11.39%	12.70%	-13.19%	18.37%	9.59%
Small Cap	2.72%	-17.55%	23.89%	9.65%	12.50%	-13.44%	15.51%	16.56%
MSCI EAFE	11.05%	-24.41%	7.12%	15.88%	6.90%	-14.82%	25.19%	1.77%
Emerging	2.43%	-20.85%	-3.15%	9.88%	4.30%	-17.00%	30.52%	9.39%
Bonds	2.59%	-14.52%	-3.79%	4.59%	6.80%	-3.01%	0.68%	0.04%

## 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.

Piggy backing off the main theme of the past year (Fed hiking rates so aggressively) leads anyone working with past history as their reference, to demand destruction, therefore resulting in perhaps the most telegraphed recession of your lifetime. That being said, what if the herd (our other main theme) is wrong again?

We don't list every asset class we invest in; namely you won't see things like Gold, which was up almost 9% for the quarter or Commodities, which pulled back due to a tumble in natural gas and crude oil. That being said, consider taking small profits in what went up and rotate into what went down (per this example for instance).

Speaking of asset class rotations, turn to page 5 of this newsletter to see how Small Caps do following bear markets. Most generic investment advice usually sticks to stodgy guidance of staying the course and using what worked yesterday instead of what is primed to do well tomorrow. In particular Small Cap Value finally took a break after outperforming its growth styled counterpart for eight consecutive quarters. Albeit more volatile, the Small and Mid Cap asset classes simply do the best over time (but especially after down years). Over the previous 24 times in history when Small Caps had a negative year, with 19 of them (79% of the time), the year following was strongly positive averaging +25.9%! That's amazing performance over what follows a normal positive year with an average of +10%. Pay attention to this and rebalance accordingly! One other notable asset class that sort of jumps off the page here is International as it posted an 11% quarter. Keep in mind that for this asset class we use an iShares ETF that outperformed its peers by over 3%. In the meantime...

**"Stay disciplined to stay positive" -MPG**

# EDUCATION CORNER

## The Road Ahead

“If everyone is thinking alike, then somebody isn’t thinking.”

-General George S. Patton



### Recession Indicator!

The stock market is a forward looking machine that basically reflects the price of what investors think will happen in the future. What most people don’t realize is that the stock market tends to bottom while the economy is still deteriorating. Aside from the Dot Com bust, every single recession over the past 50 years saw the stock market climb back to previous highs **before** economic activity bottomed.

It’s without question that we’re headed for an “official” recession (we always are but also eventually a market high). Along with an inverted yield curve, which is the proverbial slam dunk indicator of an oncoming recession, one other measure flashed a dire warning in January. The U.S. ISM Manufacturing New Orders Index dipped to 42.5 at that time. Going back 70 years, never once have we avoided a recession if that number dips below 43.5.

### Nobody Showed you this until Now

Since the entire herd got it wrong going into Q1 this year, if your advisor did **not** sell you 100% out and put you into a bearish position...perhaps it’s time to either thank them or stay the course they’re recommending...even if it doesn’t always feel good. Your mind is being pilfered with

negative news daily so it’s normal to fall prey to groupthink. Although there are undoubtedly a lot of problems and real concerns in this world, your eyes have likely never seen or been made aware of this fact.

Following a first quarter of market gains at 7% or higher, **never once** has the full year not finished positive. That’s right, read it again and see the chart below with your own eyes... 100% of the time the market has finished up.

“Oh but this time it’s different”...

There’s nothing wrong with being cautious and prudent, but again, don’t ignore the odds either.

### The Full Year Has Never Been Lower S&P 500 Returns After A >7% Gain In The First Quarter

Date	First Quarter Return	Full Year Return
3/31/1954	8.6%	45.0%
3/30/1961	12.0%	23.1%
3/31/1967	12.3%	20.1%
3/31/1971	9.0%	10.8%
3/31/1975	21.6%	31.5%
3/31/1976	13.9%	19.1%
3/31/1983	8.8%	17.3%
3/29/1985	8.0%	26.3%
3/31/1986	13.1%	14.6%
3/31/1987	20.5%	2.0%
3/28/1991	13.6%	26.3%
3/31/1995	9.0%	34.1%
3/31/1998	13.5%	26.7%
3/30/2012	12.0%	13.4%
3/28/2013	10.0%	29.6%
3/29/2019	13.1%	28.9%
3/31/2023	7.0%	?
Average		23.1%
Median		24.7%
% Of Time Higher		100.0%



## 0.25%- 0.50% Rate Hike Equivalent

On our cover page we briefly touched on the recent banking crisis. In our opinion the nerves that rattled Wall Street and the world with a couple banks going under are basically the equivalent of one or possibly two small interest rate hikes. Not only has inflation begun to tick down a bit but the Fed, even with all their ineptitudes and blunders, hopefully got the message that enough is enough. All that said, the odds for one more hike in May now stand at 68% from the previous 73% chance.

## March Madness

The recent NCAA college basketball championships gave us the opportunity to revive an exercise we've enjoyed sharing for years. We were the first financial advisory firm to roll out an "Investing Bracket" for March Madness. As geeky as it sounds, instead of having the South region go against the West or digging deeper, UCLA play Duke etc, we create a bracket with asset classes instead of regions and actual investments instead of teams. With this innovative work and fun way of sharing our investment thesis for the remainder of the year, My Portfolio Guide, LLC was nominated to be in the 2023 ThinkAdvisor Luminaries awards. Check out the Dear Mr. Market investing blog if you haven't already signed up for it and see our Final Four winners (Conoco Phillips, Cyber Security ETF, China, and Gold).

## Gurus?

Call it a contrarian indicator but investor sentiment was recently at all-time lows, which once again gives credence for us to go opposite the herd. More on this in an upcoming article, but in it we'll share just how ridiculously inaccurate most of the widely publicized financial gurus and talking heads have been...

## To ESG or not to ESG

Excuse the Shakespeare soliloquy reference but as it relates to the latest societal division, we will only quickly touch on a recent one; ESG (Environmental, Social, and Governance) investing. As a society we are well entrenched into some heavy culture wars.

Years ago, as a financial advisor screening for new stocks or investment ideas, we would be presented with data on earnings, dividends, coupled with commentary on the health of the company or competence of the management team etc. Fast forward to today, we immediately see what a company's ESG score is or how they fare in DEI (Diversity, Equity, and Inclusion).

Without trying to line up on either extreme, our aim is to deflect political discourse as it rarely ends well. It's difficult to avoid offending people nowadays so we try to be equal opportunity offenders...but all kidding aside, look at the data, more than the narrative.

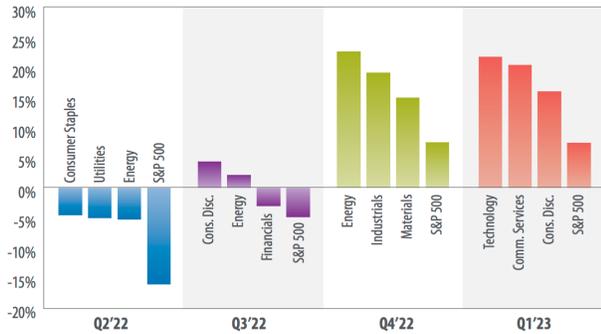
Of the acronyms above, our take is to focus more on ROI, EBITDA, P/E, or GARP to name just a few. While companies should be held accountable for how they operate, an investor or advisor, should not be spoon fed or given a forced narrative on how "good" they are as it begins to become a virtue signaling contest.

Some of the largest and most influential money managers in the world (BlackRock) are throwing their weight and influence around in ways that, in our opinion, add fuel to the fire with the politicization of investing. Lastly, the billions being spent on messaging and politicizing does not typically help the company perform better nor the cause in which you may personally be passionate about. As consumers we have choices where we spend our money and as investors we believe you shouldn't be told what to do either.

## You got your Tech Bounce

The chart below says it all lately. What it depicts is basically “the only constant is change”.

**Top Three S&P 500 Index Sectors In Each Of The Past Four Quarters**



Source: Bloomberg. Returns are total returns. Past Performance is no guarantee of future results.

Looking back just a year ago Energy was the spot to be while Technology got destroyed in 2022. The top performing sectors for Q1 2022 were Energy (39.03%), Utilities (4.77%), and Consumer Staples (-1.01%). The worst sectors were Communication Services (-11.92%), Consumer Discretionary (-9.03%), and Tech (-8.36%). Flip the table around to this year and for Q1 2023 and we saw Tech lead at (21.82%), Communication Services (20.50%), and Consumer Discretionary (16.05%). In the cellar this past quarter were the Financials which as we alluded to in a recent Dear Mr. Market blog article, will be in our opinion, one of the bargains of the next decade once the dust settles from all the banking concerns. Part of the point in our story here is for those of you who thought it was easy money in tech stocks and you now know that they kicked you in the mouth for -33% last year...you just got a decent bounce back and may want to take some chips off the table to rotate into a more attractively valued sector.

## Gold

More investors are now piling into gold in anticipation of a Fed pivot and a slowing U.S. economy. Additionally, a weakening dollar along with a drop in the 10-year treasury yield signal expectations of easing monetary policy which could further help gold.

“Pigs get fat and hogs get slaughtered”. We’re actually not totally sure who deserves to get credit for that quote but one area where we’ll apply it to is with our call on Gold. It’s not that we claim to have a crystal ball, but we’ve been pounding the table to own gold for the past two years. That call has turned out to be a prescient one and now we’re pleased to announce gold is hovering near its all-time high. Once a few of the last members of the herd pile into it and stocks potentially dip...guess what we’ll be doing? Watch for us to take profits from gold and buy beaten down stocks...

## Small Cap

Lastly, speaking of what gets beaten down but bounces back the fastest...Look to the Small Cap asset class. We’ve rotated more into this area as it’s on sale relative to other asset classes.



# News & Notes:

compliments of Matthew Pixa

issue 103

## ESCAPES + EXPERIENCES



### Financial Golf Caddy

Years ago a client asked Matt Pixa, founder of My Portfolio Guide, LLC, why he doesn't golf anymore. The answer revolved around some combination of time, money, and lack of skill. Golf is not for everyone but in his case he actually enjoyed it but couldn't justify spending \$200 and six hours when only being able to practice once in a while (or fishing for lost balls in the lake). Side note ...but if your financial advisor is really good at golf that could possibly mean they're on the links more than they are trying to help manage your financial matters...

Let's say you are a great golfer though... perhaps even professional. Number one, a pro usually has a coach and at a minimum, always has a caddy. Believe it or not that golf caddy is critical to the long-term success of the pro golfer. Even if he or she is the best golfer in the world, they'll need to know more than what the best instruments (clubs) to carry are; they'll need to know when, how, and why to use one over the other. The caddy will help assess conditions of the course, keep an eye on all the elements (both present and those that may develop), and also have a respect, appreciation, and deep knowledge of the course.

A good caddy becomes excellent by not only being a student and master of the game but also by knowing the player. They help the player avoid certain traps, obstacles and become a source of confidence through rough patches. Hopefully you see the parallel we're drawing between a caddy and what we aim to be as your trusted financial advisor.

### Escapes & Experiences

This coming May we're trying something new. My Portfolio Guide, LLC will be mailing complimentary issues of the Escapes & Experiences magazine. Sure, the primary role of a financial planner or advisor is not to be a curator of travel, fine wine, or exotic experiences, but we feel in this day and age most of our readers are actually overloaded with financial messaging, not to mention being inundated with a 24/7 news cycle which is gradually doing a number on our brains.

Understanding that it may not be of interest to all, we're hoping our readers share it with someone else who may enjoy the publication. As you might imagine these publications cost a fair amount so if you're not interested please let us know so that we can send it to someone who would enjoy it.

### Maui awaits

Speaking of travel...we're once again rewarding our most loyal clients and fans with a way to thank them for their referrals. We're at a stage in our business where we don't take on every client and there has to be a reciprocal fit, but when there is, we wish to thank the referring person with something special.

For anyone who refers a new client with a portfolio of \$500,000 or more that comes aboard to My Portfolio Guide, LLC, we will extend a one week complimentary stay in Maui. Enjoy accommodations in beautiful and relaxing Kihei, Maui at a condominium that is a one minute walk to the warm waters of South Maui. **Thank you!**



# Events Calendar

## CALENDAR:

### April 2023

4/11/23 to 4/13/23

National Retirement Summit

Rancho Bernardo Inn

San Diego, CA

April...and all Quarter!

Financial Literacy Month

Nationwide!

### May 2023

5/24/23 to 5/26/23

Top RIA Forum

Omni Hotel Las Colinas

Irving, TX



**RSVP (562) 799-5595**

Hello Spring...

How fast was that? Seriously... time really flies and by the time the ink is dry on this newsletter we'll be well into the summer months.

April is Financial Literacy month but we're going to soak it up and extend it a bit longer! Matt Pixa enjoys doing a little "pro bono" work by helping young men and women learn the basics of finance. A few years ago he began being featured as a guest speaker at Los Alamitos High School in their Financial Literacy course. It dawned on him that there was vast interest but even more so a need and lack of unbiased resources to young folks interested in learning about finance. My Portfolio Guide, LLC is extending an offer to share two 30 minute personal sessions with any client family member under the age of 25. These are held via Zoom and recorded such that if any other family member wishes to share the session or revisit a topic they will have access to it. Each session covers an overview of

the six main buckets of Personal Finance.



Amongst other events, we're headed to the Lone Star State but unfortunately not for client visits this time. My Portfolio Guide, LLC was honored to be identified as one of the fastest growing Registered Investment Advisors and invited to several conferences as a guest and also panelist. Not only is it an honor to be recognized for some of the work we do, it's also a continued learning opportunity to always "sharpen the saw".

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.

