

ProVest Email Newsletter – July, 2023

In This Month's Newsletter

- **Market had a good Month, Quarter and Half**
- **Artificial Intelligence**
- **Mark Breaks His Arm**

Market and Performance Update - This is my first email newsletter since February. Every month I've been meaning to get one written, but have been unable to get it completed due to the busyness of my schedule. I guess that may be a good problem to have, but I still want to keep my clients up-to-date.

The market is up this year so far, but it's been somewhat disjointed. For example, through May, the S&P 500 was up a very respectable 8.77% (source: Goldman Sachs). However, seven of the behemoth companies comprising the S&P accounted for almost all of that growth. While Facebook, Amazon, Apple, Microsoft, Google, Tesla and Nvidia was up 44% through May, the other 493 stocks were only up 1% on average. So, when a client asks me why the S&P 500 is outperforming our portfolios this year (and just about every other managed portfolio for that matter), that's why. We would have had to take a very high-risk, concentrated position to get that great return through May. Our active management style is meant to mitigate risk, not increase it. So, when a few stocks soar and drag their index along, we will probably lag the market some.

Through June, the stock market (S&P 500) has done fairly well. Each month, this has been how it has performed;

January	6.17%
February	-2.62%
March	3.50%
April	1.46%
May	0.26%
June	6.46%

The S&P is up 15.89% for the first half of the year, the Dow is up only 3.8%, the Russell 2000 (Small cap stocks) is showing a respectable 7.27% gain in the first six months of 2023, but the NASDAQ, at 31.79% has shot the lights out.

Now the question that haunts us all is what about the rest of the year? What can we expect when we look back on the year come January 1st, 2024? As you all know, my crystal ball has never worked, but my hindsight is 20/20! In that case, what makes our work here at ProVest different and better (we think) than your local silk-stocking wire house? After all, they have research just like ProVest. They put their clients in stocks, bonds, mutual funds and ETF's, just like ProVest. They have good people working

there, just like ProVest. They care about their clients, just like ProVest. So, what makes us different than them? It's what we do with the information we get. We buy a certain kind of research. Most research is for stock picking. It helps the person with the research decide which stocks or bonds may do the best in the future. Our research helps us spot trends. You've most likely heard the phrase, "a rising tide lifts all boats," right? It means that if the stock market is generally rising, there's a good chance your stock will also rise. But if the tide is going out, your stock will have a harder time doing well. At ProVest, our research is geared toward seeing if the tide is coming in or if it's going out. We can't predict what it will do, but we can observe what it is doing. Our research, which arrives at our inbox at about 10:30 each night, gives us the indicators we need to decide if we should be all the way in the stock market, partially out of the market, or all the way out of the market.

As I write this newsletter on July 1st, all our indicators are positive, meaning we are fully invested. We moved our models to the fully-invested position on April 24th, when our final indicator turned positive. Since then, through the end of June, the S&P 500 has gained 7.57%. Will all our indicators stay positive to the end of the year? Not likely. And when an indicator does turn negative, we'll immediately take some of our chips off the table. That's what we do. That's how we roll. Yes, our way takes more time and effort than just buying a portfolio of stocks, bonds and mutual funds on behalf of a client, and holding onto them through thick and thin, but that's what gives us our edge.

Some salesmen may want to stick you into an interest-bearing account of some sort, maybe like an annuity. They may try to scare you by telling you that you can lose all your money in the stock market, and that the stock market is getting ready to fall like we've never seen it before. What they don't tell you is that you can move to cash if the market starts to fall. See, their whole pitch is to make you afraid of real investing in real investments. Our goal is not to frighten people, it's to perform for people. If you are not currently a ProVest client, and you'd like to learn more about our active-management style of investing, call me at 864-582-7766. We will be happy to explain it all to you.

MY VIEW - Artificial Intelligence is the latest technology that people say will revolutionize how humans deal with those around them. It is exciting to see that a computer program can carry on a very human-like conversation. I am currently learning all I can about AI so that 1) I may use it to help me bring a better experience to my clients, and 2) I won't get run over by it. The more I read about it, the more I see its potential for good, and its potential for evil.

Some of the good I see is that it will help doctors do a better job of diagnosing the illnesses their patients have, and it will do so much quicker. It will be able to comb through the notes I make with each of my clients and look for tasks I may have missed. If someone wants to build a new house, you'll be able to tell AI the general idea of what you want and it'll design it for you. It has almost endless possibilities.

However, it's best not to get too pollyannish about it, though. It can do very harmful things in the hands of bad guys. It can imitate people to make you think your daughter has been kidnapped and you need to pay a ransom. It can make people within governments believe they've been fired upon by an adversary, thereby starting an unnecessary war, and literally causing us to blow up the world. So, while I believe in the good AI can bring, I also know the people who control it must be extremely careful with it. I'll continue to write about this subject as I learn more about it.

NUMBERS

The April employment report showed a record-low level of unemployment among African-Americans (4.7%). Employment among this population is at record levels also, but only 36.8% have a retirement account, compared to 53.6% of white Americans. (source: US Census)

Less than a week after US unemployment fell to a generational low of 3.4%, initial jobless claims in the US surged to its highest level since October 2021 (264,000). (source: BESPOKE)

Historically, the S&P 500 bull markets have lasted about 3.5 times as long as a bear market. Since 1928, the S&P's 27 bear markets have lasted an average of 286 days., while the average bull market has lasted 1,011 days. If the current bull market were to last as long as the average bull, it would be here until 7/19/25. (source: BESPOKE)

Last year on 6/13/22, there were 401 stocks in the S&P 500 that were down YTD. 258 of them were down more than 20% and 14 were down more than 50%. This year, on 6/13, 283 stocks in that index were up YTD, 91 are up more than 20% and 15 are up more than 50%. (source: BESPOKE)

With the average 401-k account balance down more than 8.4% at the end of March, this year, compared to the same time last year, workers ARE saving more for their retirement. In the 1st quarter this year 14.5% of retirement plan participants increased their contribution rate while just 3.2% lowered it. The increase was led by Gen Z workers, where a net of 20.6% increased their contribution rate. (source: Bank of America)

The Adventures of Mark, my good friend from Athens, GA – I was talking to Mark on the phone the other day when he told me he had been to the doctor earlier that day and told him he had broken his arm in two places. I asked him what the doctor said and he replied, “don't go to those places anymore!”

May summer breezes blow across your days, and sweet dreams occupy your nights ,
and may all your hallelujahs be multiplied.

Humbly yours,

Noel

Noel B. Swain, CFP®

Noel Swain is a Registered Principal with and Securities and Investment Advisory Services are offered through Cambridge Investment Research Advisors, Inc. member FINRA, SIPC and Registered Investment Advisor. ProVest Wealth Advisors is a full service financial services firm owned and operated by Mr. Swain, and based at 223 E. Blackstock Road in Spartanburg, SC, 29301. Visit our web site at www.provestwealth.com, or write to Noel at noel@provestwealth.com. You can reach us at (864) 582-7766. Cambridge Investment Research Advisors, Inc. and all other companies and organizations mentioned this newsletter are not affiliated.

Securities offered through Registered Representatives of Cambridge Investment Research, Inc., a broker-dealer member FINRA/SIPC. Advisory services through Cambridge Investment Research Advisors, Inc., a Registered Investment Adviser

Disclosure; The Standard & Poor's 500 (S&P 500) is an unmanaged index of 500 common stocks traded on the New York Stock Exchange that is widely used as an indicator of market trends. The NASDAQ is an unmanaged stock index that analyzes all stocks listed on the NASDAQ stock market. These are "over-the-counter" stocks that are not listed on any of the major exchanges. The Dow Jones Industrial Average is an unmanaged index of common stock that tracks changes in stock prices of the 30 most significant and commonly traded U.S. industrial stocks on the New York Stock Exchange. Past performance does not guarantee future results. The performance of these indexes do not reflect any fees and charges associated with investing products. It is not possible to invest directly in an index. Neither Cambridge Investment Research, Inc. nor its Representatives may offer tax and/or legal advice. Please consult your tax/legal adviser for guidance on you particular situation.

The articles above are written by and are the opinions of Noel Swain and not necessarily those of Cambridge and are for informational purposes only.

ProVest Email Newsletter – July, 2023