

INVESTMENT STRATEGY QUARTERLY QUICKVIEW

JANUARY 2023

THEMES



Recession or Reorder

The global economic landscape has undergone seismic shifts during the past three years. The economy and markets may recede for a period, but the backdrop for better long-term outcomes could improve dramatically as a result of this 'reordering.'

Path for the US Economy



We are forecasting a mild recession in 2023, during which we expect the economy to remain flat, and to start growing again at a rate of only 0.8% during 2024. The Federal Reserve (Fed) is expected to continue increasing the fed funds rate until March of 2023, and we expect inflation to be below 3% by the end of 2023.

'Income' Back In Fixed Income



Income and cash flow investors are presented with an opportunity to lock in higher yield levels. The (currently very) inverted yield curve is thought to precede a recession but is also an indicator of lower future rates. In our view, value lies in the intermediate part of the curves.

Compromise And Conflict On Capitol Hill



We view the outcome of the 2022 midterm election as a positive result for the market. Markets have historically favored split government, as it reduces policy uncertainty. In the 2023 agenda, we would focus on three things: must-pass legislation, potential areas of bipartisan compromise, and Senate confirmations.

Equities In Need Of Clarity



Equity markets will remain data dependent and require clarity from the Fed. We believe inflation will moderate over the next year, which will allow the Fed to back off. Don't lose sight of the bull market opportunity that will occur on the other side of the current weak trend.

Energy Security And Diversity In The Spotlight



Energy remains less than 5% of S&P 500 market cap—down from as much as 13% a decade ago—illustrating that this remains an under-owned, somewhat contrarian sector for investors. The European energy crisis is accelerating the global push to diversify the energy mix: not just away from Russian gas, but from imported fossil fuels more broadly.

Global Economy On Uncertain Path



The coming global weakness will see sluggish growth or even outright GDP contractions in most developed economies outside the United States, with the euro zone likely to fare worst. We enter 2023 defensively positioned with a preference for specific themes (renewable energy, energy infrastructure rebuilding) and for more resilient sectors and stocks.

For more information, refer to the full Investment Strategy Quarterly.

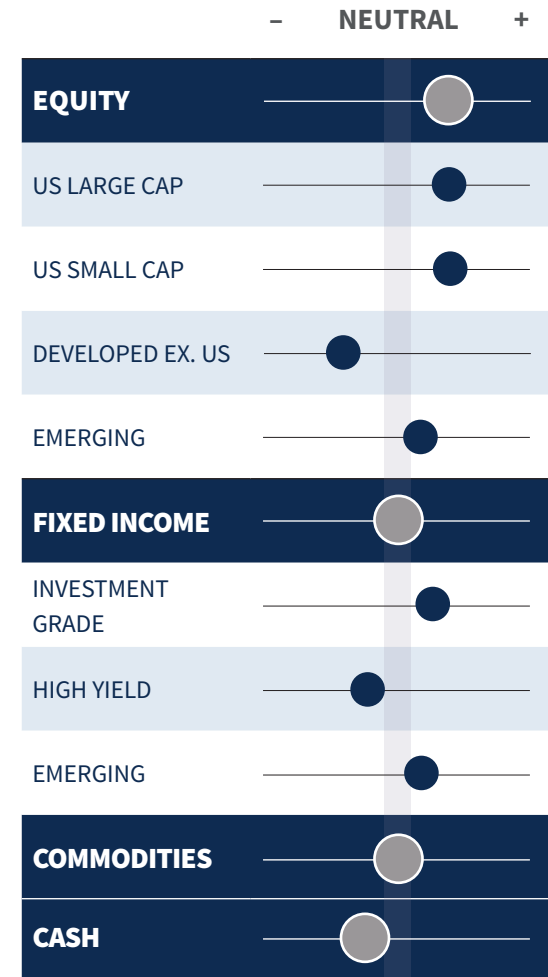
Economic Snapshot

Economic Indicator

NEUTRAL	GROWTH
	EMPLOYMENT
	CONSUMER SPENDING
	BUSINESS INVESTMENT
	INFLATION
	LONG-TERM INTEREST RATES
	FISCAL POLICY
	THE DOLLAR
	REST OF THE WORLD
UNFAVORABLE	MANUFACTURING
	HOUSING AND RESIDENTIAL CONSTRUCTION
	MONETARY POLICY

Eugenio J. Alemán, PhD
Chief Economist, Raymond James

Tactical Outlook



The tactical asset allocation outlook above reflects the Raymond James Investment Strategy Committee's recommendations for current positioning. Your financial advisor can help you interpret each recommendation within this material relative to your individual asset allocation policy, risk tolerance and investment objectives.

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Capital Markets Snapshot

EQUITY	AS OF 12/31/2022	4Q 2022 RETURN**	12-MONTH RETURN**
DOW JONES INDUSTRIAL AVERAGE	33,147.25	15.39%	-8.78%
S&P 500 INDEX	3,839.50	7.08%	-19.44%
NASDAQ COMPOSITE INDEX	10,466.48	-1.03%	-33.10%
MSCI EAFE INDEX	1,232.26	17.40%	-14.01%
RATES	AS OF 12/31/2022	AS OF 9/30/2022	AS OF 12/31/2021
FED FUNDS RATE TARGET RANGE	4.25-4.5	3-3.25	0-0.25
3-MONTH LIBOR	3.62	2.13	0.05
2-YEAR TREASURY	4.42	4.20	0.73
10-YEAR TREASURY	3.88	3.80	1.51
30-YEAR MORTGAGE	6.66	7.06	3.27
PRIME RATE	7.50	6.25	3.25
COMMODITIES	AS OF 12/31/2022	4Q 2022 RETURN	12-MONTH RETURN
GOLD	\$1,842.30	9.22%	-0.13%
CRUDE OIL	\$79.36	0.97%	6.71%

*Price Level
**Total Return

DISCLOSURE:

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International investing involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility. These risks are greater in emerging markets. Commodities trading is generally considered speculative because of the significant potential for investment loss. Sector investments are companies engaged in business related to a specific sector and are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification. There is no assurance that any of the forecasts mentioned will occur. Asset allocation and diversification do not guarantee a profit nor protect against loss. Dividends are not guaranteed and will fluctuate. The value of REITs and their ability to distribute income may be adversely affected by several factors beyond the control of the issuers of the REITs. There is no assurance that any investment strategy will be successful or that any securities transaction, holdings, sectors or allocations discussed will be profitable. It should not be assumed that any investment recommendation or decisions made in the future will be profitable or will equal any investment performance discussed herein.

Past performance is not indicative of future results. The performance mentioned does not include fees and charges which would reduce an investor's returns. Fixed income securities are subject to interest rate risk. Generally, when interest rates rise, bond prices fall, and vice versa. Specific sector investing can be subject to different and greater risks than more diversified investments. Investing in small-cap and mid-cap stocks generally involves greater risks, and, therefore, might not be appropriate for every investor. High-yield (below investment-grade) bonds are not suitable for all investors. When appropriate, these bonds should only comprise a modest portion of your portfolio. Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments.

INDEX DESCRIPTIONS: Please note that all indices are unmanaged and investors cannot invest directly in an index. An investor who purchases an investment product which attempts to mimic the performance of an index will incur expenses that would reduce returns. Standard & Poor's 500 (S&P 500): Measures changes in stock market conditions based on the average performance of 500 widely held common stocks. Represents approximately 68% of the investable U.S. equity market. The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities. The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market. The MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of the international stock market. The returns noted do not include fees and charges which will affect an investor's return.

Bond prices and yields are subject to change based upon market conditions and availability. If bonds are sold prior to maturity, you may receive more or less than your initial investment. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices rise.

Sector Snapshot

	SECTOR	S&P WEIGHT
OVERWEIGHT	HEALTH CARE	15.2%
	FINANCIALS	11.6%
	ENERGY	5.1%
EQUAL WEIGHT	INFORMATION TECHNOLOGY	26.4%
	CONSUMER DISCRETIONARY	10.4%
	COMMUNICATION SERVICES	7.5%
	INDUSTRIALS	8.4%
	MATERIALS	2.7%
	REAL ESTATE	2.7%
UNDERWEIGHT	CONSUMER STAPLES	7.0%
	UTILITIES	3.0%