

RFG Monthly Spotlight: 2023 Market Outlook

At RFG, when we construct a portfolio, our philosophy (see attached) is to utilize low-correlated asset classes and investment strategies to minimize the effect of down markets, reduce volatility and smooth out returns along the way. This is called limiting “downside capture” or what we refer to as “win by not losing”. Reduced volatility results in a more predictable financial plan and the portfolios are customized to your risk tolerance and goals.

As we start the year, we wanted to share JP Morgan’s recently released “Guide to the Markets” (see attached) to offer some intriguing market insights which clearly shows the value of understanding one’s time horizon and constructing a diverse mix of investments to match your risk tolerance over that timeframe. We also wanted to provide some commentary below about a few of the slides we thought were noteworthy.

[Click Here for Slideshow](#)

- Slide 15 - despite average intra-year declines of -14%, annual returns across the S&P 500 were positive (often significantly positive) in 32 of 42 years. We know the market is going to be volatile, but it pays off to stay the course.
- Slide 25 - when consumer confidence starts to turn and begins looking up as we’re seeing today, historical returns of the S&P 500 over the subsequent 12 months are superior-up over 24% on average.
- Slide 44 - the average intra-year decline of the Bloomberg U.S. Aggregate Bond index was -3.3%, but the index was positive 42 of 47 years. 2022 was a historically bad year for bonds as interest rates went up, but yields are now also much higher as a result.
- Slide 64 - it’s about time in the market, not timing the market.
- Slide 65 - a well-diversified portfolio of stocks (and even blended portfolios of both stocks and bonds) have performed exceedingly well over time.

If any concerns arise, let’s spend some time reviewing your situation to make sure your goals remain on track and your tolerance for risk hasn’t changed. We are here to help you “win by not losing”.

Diversification and asset allocation strategies do not assure profit or protect against loss.