

THE COMMUNIQUE

June 2023

MAJOR INDICIES	LAST	MTD	QTD	YTD
S&P 500	4273.79	2.25%	4.00%	11.31%
Dow Jones Industrials	33562.86	1.99%	0.87%	1.25%
NASDAQ Composite	13229.43	2.27%	8.24%	26.40%
New York Stock Exchange	15275.21	2.61%	-0.65%	0.60%

U.S. TREASURIES	YIELD
2-yr Treasury Note	4.45%
10-yr Treasury Bond	3.69%
30-yr Treasury Bond	3.89%

Information as of June 5, 2023 Source: FactSet

MARKET COMMENT

Man the Lifeboats or Full Speed Ahead?

The current markets are issuing a command, but it daunting to tell if it's "man the lifeboats," or "full speed ahead," regarding the future stock market action for 2023. Through the first 5-months of the year, the U.S. stock market has been quite positive, but only for a select group of investors owning a *very* select group of stocks. The S&P 500 and NASDAQ "market-weighted" composites shows very robust returns of approximately 9% and 24% respectively (see charts below).



However, the “equal-weighted” indices are clocking in with negative returns year-to-date (see charts below).

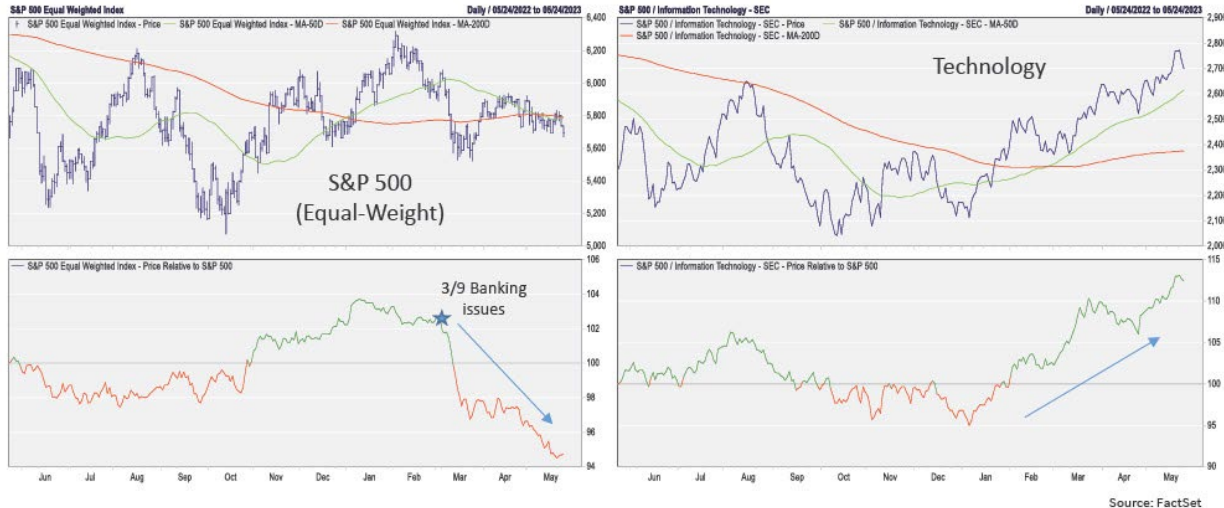


What do we mean by using the terms “equal-weighted” versus “market-weighted.” Well, without all the minutiae, the primary difference is that the equal-weighted index allows each stock to represent the same percentage of weighing (*i.e.* all have an equal share). So, if there are 10 stocks in the index, then each would represent 10% of the index. Contrarily, the market-weighted index bases each stock on their current valuation, which means that the biggest, highest valued stocks, represent a larger percentage of the index, thus contributing more to the return than the smaller stocks. Please see the Raymond James, *Weekly Market Guide*, for how much of the of the market-weighted return has come from just a handful of stocks (see below).

“AVERAGE STOCK” AND TECH APPEAR TO BE IN TWO DIFFERENT MARKETS

Market participation continues to be very narrow with performance being dominated by the Technology heavyweights. For example, the equally-weighted S&P 500 index is exactly flat year-to-date, whereas the S&P 500 is up 8%. Roughly all of the index's return can be attributed to just 7 Tech-oriented stocks (which make up ~20% of the S&P 500's market cap). This is not an ideal technical backdrop, as healthy bull market moves are often fueled by broad-based participation.

S&P 500 Name	Weight	YTD Return	Estimated Contribution
AAPL Apple Inc.	6.0%	32.4%	1.951%
MSFT Microsoft Corporation	5.5%	32.0%	1.774%
NVDA NVIDIA Corporation	1.1%	110.0%	1.242%
META Meta Platforms Inc. Class A	0.8%	105.0%	0.881%
AMZN Amazon.com, Inc.	2.3%	36.9%	0.852%
GOOGL Alphabet Inc. Class A	1.6%	38.9%	0.636%
GOOG Alphabet Inc. Class C	1.5%	38.9%	0.567%
TSLA Tesla, Inc.	1.0%	50.8%	0.521%



It has been our experience over many past market cycles that when market participants have laser focus on a select group of stocks, and continue to bid them up in price, it is generally followed by outsized declines in those stocks. And because those few stocks represent such a large share of the market-weighted index, the result is usually an overall declining bear market.

Will that be the case this time around? Well, as always know, no one really knows for certain, but the odds maybe leaning toward some profit taking from these high-flying stocks – resulting in a general pull back in the market. We also have the Federal Reserve piece of this puzzle with rising interest rates. If inflation remains sticky, then one should never “fight the Fed,” but be prepared for a decline in the markets. We shall see in the coming weeks.

Thank you for your continued trust and confidence, it is always highly valued.

PLANNING STRATEGY

Raymond James “Commentary & Insights” M23-131279

Tailor Your Taxes for Retirement

After a fruitful career and plenty of practice paying taxes, you may feel prepared for the tax man in retirement. But a review of your post-retirement taxable income may yield some surprising insights.

Examining your position can help you design ways to optimize your current investment strategy. Taking a new look at both fixed and flexible expenses provides the opportunity to ask questions and have discussions with your financial advisor about the tax implications of your total portfolio. When it comes to taxation, the more thorough the examination, the better.

Solopreneur? Take deductions

If you're still working as a solopreneur, you can actually deduct Medicare Part B and D premiums – even if you don't itemize. Supplemental Medicare and Medicare Advantage costs are also deductible. But not everyone can deduct – this only applies if you don't have access to a health plan for your business or through your spouse's employer or business.

Taxes on Social Security income

Despite any widespread myths to the contrary, Social Security *is* taxable income. You could pay tax on up to 85% of your Social Security income under certain circumstances, so beware of your filing status and annual income. For example, if you file a return as an individual and your adjusted gross income plus nontaxable interest, in addition to half of your Social Security income, is more than \$34,000, you'll pay tax on up to 85% of that benefit. Adjusted gross income covers everything, from wages (if you are still working) to rental income and, most importantly, any withdrawals from 401(k)s and IRAs. However, Roth IRAs are exempt.

Offsetting required minimum distributions

Depending on your portfolio, required minimum distributions (RMDs) can bump you into a higher tax bracket than you were expecting. It's important to take RMDs into consideration every year and factor in what you'll be required to take out of your retirement accounts starting at 72 (or earlier if your plan allows). One way to balance an increased tax burden is with a qualified charitable distribution (QCD). After 70 1/2, you can donate up to \$100,000 a year to an eligible charity directly from your traditional IRA – and you won't have to pay any taxes on it. QCDs can also be a way to meet your RMD, with the caveat that you can't then itemize the donation as a charitable deduction on your return.

To convert or not to convert

If you've got retirement funds in traditional IRAs or 401(k)s, you have the option to convert these to a Roth at any time. This strategy could potentially lower future taxes – but you'll have to pay taxes in the year you convert. Look at current tax rates and potential future income from your assets and talk to us and tax professional to forecast whether Roth conversions would make sense for you.

The right amount of withdrawals

Conventional wisdom says to follow the "4% rule" – withdrawing no more than that amount of your retirement portfolio every year. But this is only a general guidance – and deserves to be revisited, especially when there are market waves, inflation, or other headwinds. Be sure to set up a time to renew and adjust your withdrawals as needed to manage your income bracket most effectively.

Tax implications can be overlooked too often when the focus has been on saving and investing for so many years. Whether you are pre-retirement or post-retirement, there's always an opportunity to review – and adjust.

LIFE & LEISURE

Raymond James "Commentary & Insights" M23-206801

Retirement Doesn't Have to Mean Leaving Your Career Behind

The traditional image of retirement as a time of purely leisurely pursuits is no longer the norm for many Americans. A growing number of people over the age of 65 are choosing to remain in the workforce for a variety of reasons. In fact, the U.S. Bureau of Labor Statistics expects the trend to continue, predicting that 13 million Americans aged 65 and older will be in the labor force by 2024.

So why the shift? People are living longer, healthier lives at a higher cost of living than previous years, so they need to support themselves financially for a longer period. And for some retirees, staying in the labor force is not just a means of preserving income, but an outlet to stay mentally and physically active and perhaps to pursue fulfilling "encore" careers often found in public service or education.

Taking on part-time work instead of fully retiring is also gaining traction. According to a recent Harris Poll survey, 79% of workers between the ages of 57 and 75 want to work part-time after retiring from full-time work. One reason for the trend is workers fearing they'll need the extra cash: two-thirds of respondents reported not feeling financially prepared to fully enjoy their retirement, and over 20% said the financial punch of the COVID-19 pandemic has delayed their full-retirement plans.

Workers would "semiretire" if they could find a flexible work schedule, transition into a consulting role, or work reduced hours with reduced benefits, according to Harris. Unfortunately, only 21% of respondents said their current employer offers semiretirement roles, such as mentoring positions, where they can work fewer hours with more flexibility.

While many people reaching retirement age are choosing to remain in the workforce, traditional retirement is still a popular choice. In the third quarter of 2020, approximately 28.6 million baby boomers reported retiring – an increase of 3.2 million from the 25.4 million who reported being retired in the same quarter of 2019.

Whether you choose to continue working in your current profession, pursue a new career or focus on hobbies and loved ones, there are many ways to stay active in retirement. Keep your financial advisor informed as you chart a course that works best for you, as your income can affect benefits factors like Social Security and Medicare premiums. Retirement as we know it may be transforming, but the possibilities for having a fulfilling one are endless.

Sources: Bloomberg; New York Times; Pew Research Center; Investopedia; FoxBusiness.com; AARP; U.S. News; newretirement.com; Encore.org; Fast Company; Kiplinger; Wall Street Journal; Bureau of Labor Statistics; Express Employment Professionals

Quote of the Month: "In a marketplace, perception is more powerful than reality." – Naved Abdali

For questions or additional information please contact:

Raymond James & Associates

9900 Clayton Road, Saint Louis, Missouri 63124



Jim Pohlman
Senior Vice President, Investments
James.Pohlman@raymondjames.com
T 314-214-2122



Hunter Martiniere, J.D.
Financial Advisor
Hunter.Martiniere@raymondjames.com
T 314-214-2152



Vickie Bollinger
Senior Registered Sales Assistant
vickie.bollinger@raymondjames.com
T 314-214-2175

Planning - <https://www.raymondjames.com/commentary-and-insights/tax-planning/2023/05/18/tailor-your-taxes-for-retirement>

Life & Leisure - <https://www.raymondjames.com/commentary-and-insights/family-life-events/2023/05/18/retirement-doesnt-have-to-mean-leaving-your-career-behind>

Disclaimers & Disclosures

Raymond James is not affiliated with and does not endorse the opinions or services of independent third parties named. The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation.

Views expressed in this newsletter are the current opinion of the author, but not necessarily those of Raymond James & Associates. The author's opinions are subject to change without notice. There is no assurance that the statements, opinions, or forecasts included in this material will prove to be correct. Information contained in this report was received from sources believed to be reliable, but accuracy is not guaranteed. Investing always involves risk and you may incur a profit or loss. No investment strategy can guarantee success. The S&P 500 is an unmanaged index of 500 widely held stocks. 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. U.S. Treasury securities are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value.

Keep in mind that indexes are unmanaged and individuals cannot invest directly in any index. Index performance does not include transaction costs or other fees, which will affect the actual investment performance. Individual investor results will vary. Gross Domestic Product (GDP) is the annual market value of all goods and services produced domestically by the US. The Consumer Price Index (CPI) is a measure of the average change in consumer prices over time of goods and services purchased by households; it is determined monthly by the U.S. Bureau of Labor Statistics.

Changes in tax laws may occur at any time and could have a substantial impact upon each person's situation. While we are familiar with the tax provisions of the issues presented herein, as Financial Advisors of Raymond James & Associates we are not qualified to render advice on tax or legal matters.

Past performance may not be indicative of future results.

Some material was prepared by Raymond James for use by James Pohlman, Senior Vice President, Investments, of Raymond James & Associates, Member New York Stock Exchange/SIPC.

Links are being provided for information purposes only. Raymond James is not affiliated with and does not endorse, authorize or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any website or the collection or use of information regarding any website's users and / or members.

Investing in commodities is generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.