QUARTERLY NEWSLETTER

1Q 2023

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MARKET HIGHLIGHTS:

- The economy remained resilient in 1Q, with the Atlanta Fed estimating consumer-led GDP growth of 2.5%.
- Recent banking strains triggered a historic decline in bank deposits of $300 billion in the last two weeks of March.
- The Fed raised rates by a quarter-point in February and despite uncertainty created by the banking crisis, proceeded with another quarter-point hike in March.
- The Fed's favored measure of core inflation posted a three-month annualized increase of 4.9% in February, which remains far above the Fed's 2% target.
- Fixed income markets rebounded from their worst year on record.
- Treasuries posted a strong gain, as elevated macroeconomic uncertainty and concerns around financial instability caused rate volatility to spike.
- US equity markets advanced in 1Q, showing resilience amid volatile trading and turmoil in the US banking industry.
- Europe finished in the lead thanks to surprisingly positive fourth quarter earnings. The MSCI World ex USA Index gained 8.0%, while MSCI World Small Cap ex USA was up 5.0%
- Growth dramatically outpaced Value in the quarter. Investors also demonstrated a mixed preference for quality factors.

NEWSLETTER HIGHLIGHTS:

INDEX PERFORMANCE 03/31/2023

	Q (%)	YTD (%)	1 Year (%)
Aggressive Allocation	6.4	6.4	-5.84
Balanced Allocation	5.45	5.45	-5.41
Conservative Allocation	4.57	4.57	-5.09
S&P 500 TR	7.50	7.50	-7.73
Russell 2000 TR	2.74	2.74	-11.61
Barclays U.S. Agg Bond TR	2.96	2.96	-4.78
MSCI EAFE NR USD	8.82	8.82	-0.86

	As of 03/31/2023	As of 03/31/2022
10-year Treasury	3.49%	2.32%
Barclays 1-3m Treasury/Cash	4.85%	0.52%
Price of oil	$75.67	$100.28
Real GDP YoY % charge	0.9%	2.8%
U.S. Unemployment Rate	3.6%	3.6%

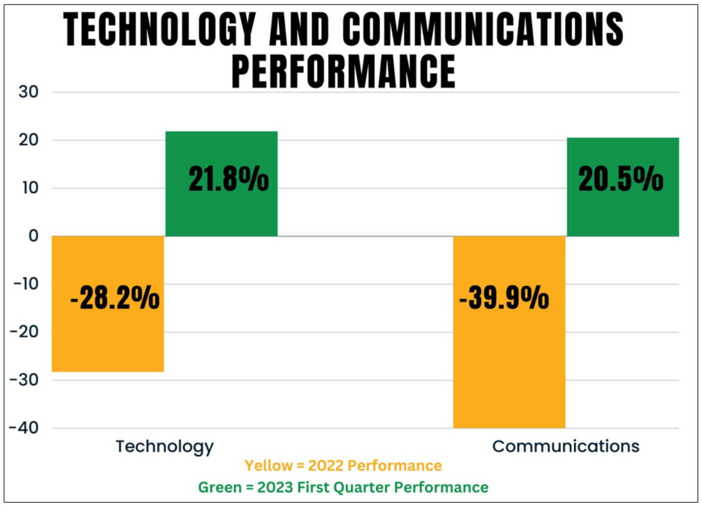
The aggressive allocation is made up of 50% S&P 500 TR, 8% Russell 2000 TR, 18% Barclays U.S. Agg Bond TR, 22% MSCI EAFE NR USD and 2% cash.
The balanced allocation is made up of 39% S&P 500 TR, 5% Russell 2000 TR, 35% Barclays U.S. Agg Bond TR, 16% MSCI EAFE NR USD and 5% cash.
The conservative allocation is made up of 29% S&P 500 TR, 2% Russell 2000 TR, 53% Barclays U.S. Agg Bond TR, 9% MSCI EAFE NR USD and 7% cash. All indices are unmanaged, and investors cannot actually invest directly into an index. Unlike investments, indices do not incur management fees, charges, or expenses. Past performance does not guarantee future results.

Market Review

— By Rick Tonkinson, MBA, MPA, CFP®, CLU, AIF®

The scare of two banks needing the FDIC to give them a bail out of $23 billion to make unsecured accounts whole spoiled what was looking like back to normal. With this now behind us, the market returns to their obsession: inflation. Fortunately, the inflation rate continued to decrease to 6%. Yes, the Federal Reserve increased the interest rate again, but it did not spook the mortgage rates. Unemployment is at 3.6% compared to the 50-year average of 6.2%. Despite that consumer confidence is at 62 when ok is 100.

The S&P 500 Index posted 7.5% for the first quarter. The big winners were Technology (21.8%) and Communication Services (20.5%) These were the big losers in 2022. The Utility Sector was (3.2%) and FPL was (7.2%).



Small Cap Value and Mid Cap Value were off to a great start in January only to fizzle out due to the bank failures. Now that they were bailed out, they go back to being on track.

Large Cap Growth posted 14.4% and growth style outperformed the value style.

Bonds have provided attractive high yields. US Treasuries continue to provide stability during the bank FDIC scare. The federal budget is borrowing $1.4 trillion to pay the bills, which is 23% of the total. This is equal to 91% of all the money in social security.

China has reopened with a goal of 5% GDP which is twice that of the USA. Remember that the China economy is the same as Apple.

I am optimistic that the 2nd quarter will move in a positive direction.

Annual Recap

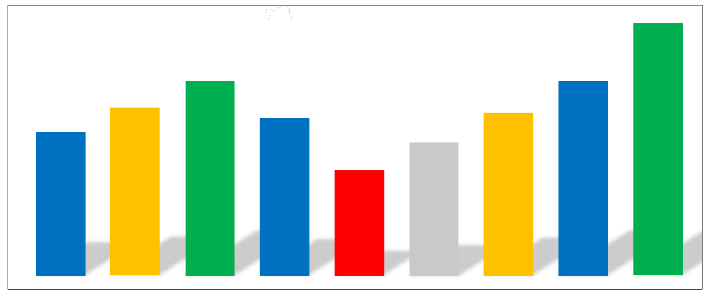
We recently mailed out the Yearly Market Recap which highlighted four key sections broken down month by month in 2022:

- U.S. stock and bond market
- Major Indexes like the DOW and S&P 500
- Key Indicators like the price of oil and unemployment
- Headlines from major U.S. and Global events

Our hope is that by seeing all the facts on the graph and monthly breakdown; that this can be a helpful tool to put into context how volatile the markets were in 2022. We also realized that this snapshot will be very useful for you, our clients, to have and be able to reference when needed.

The handout has a more detailed explanation of the four parts of the table but if you need further assistance in understanding the table, we welcome your call or email to the office.

By better understanding what happened and why it happened we hope to learn and, together, be better prepared for the next challenges.



Filing Deadline is April 18

— By Steven Tonkinson, CFP®, AIF®, CFS®

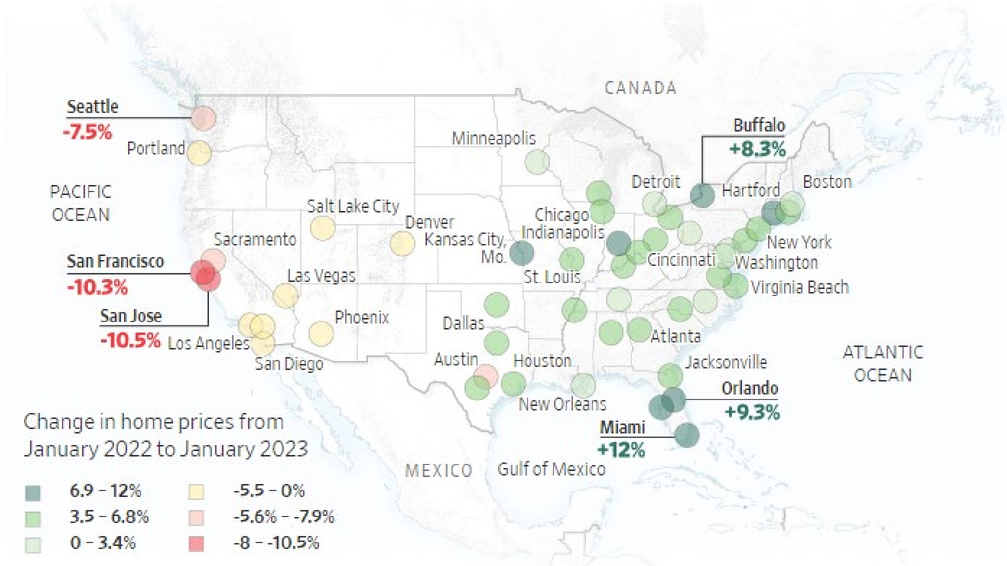
This year April 15 falls on a Saturday. Monday, April 17 is the Emancipation Day holiday in Washington D.C. That means most taxpayers have until Tuesday, April 18 to file their returns whether or not they live in our Nation's capital.

But there are important exceptions. For example, the IRS has approved later deadlines for millions of people in places hit by natural disasters were designated as federal disaster areas. A good number of our clients were impacted by Hurricane Ian back in September. Check with you tax advisor and look on the IRS website for more details of these disaster declarations.

Current Housing Market Situation

— By Steven Tonkinson, CFP®, AIF®, CFS®

The United States is a country of two housing markets. In one, home prices are falling from a year ago. In the other, they're still posting annual gains. That division runs right down the center of the U.S.

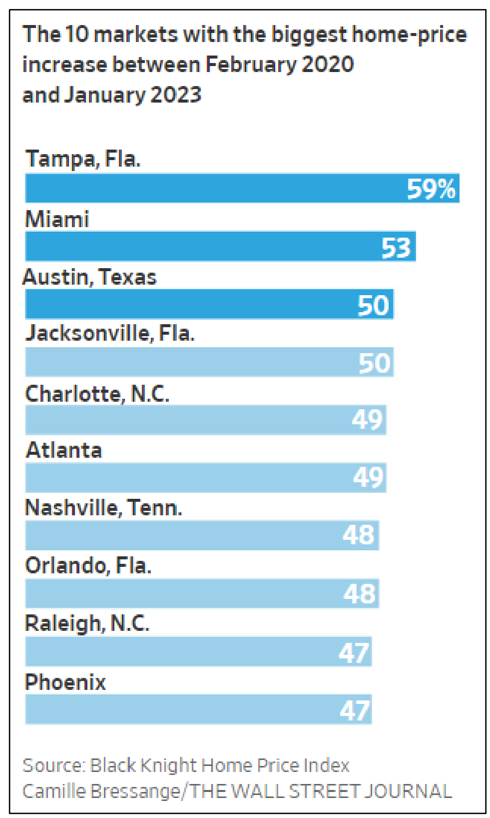


Source: Black Knight Home Price Index
Camille Bressange/THE WALL STREET JOURNAL

Home prices are falling in the west, while prices in the east are increasing, with 4 of the top ten markets with the biggest home-price increase between February 2020 and January 2023 happening in Florida.

After more than two years in which the pandemic-driven housing boom and low mortgage rates boosted prices in every corner of the U.S., from big cities to small towns, the country's housing markets are now diverging, responding increasingly to local factors such as affordability, supply, and job growth. In the Eastern half of the U.S., Florida and other Southern markets are still attracting companies and adding jobs.

Existing-home sales rose in February, snapping a 12-month streak of declines. The median existing-home sale price fell 0.2% in February to $363,000, the first year-over-year decline in 11 years.



Many economists expect home prices to fall further on an annual basis this spring or summer, as Western markets continue to slide, and some Eastern markets start posting year-over-year declines. Metro areas in the Southeast that experienced big price run ups in recent years are especially vulnerable to price declines.

Even with more price declines expected, lower-than-normal supply of homes for sale is one reason that economists and market participants say the current housing slump won't bring the national price collapse like the 2008 subprime crisis.

The U.S. had a low inventory of homes for sale heading into the pandemic and the number of active listings is still well below pre-pandemic levels.
Home builders have been hampered by supply-chain issues and labor shortages. Most homeowners with mortgages have a current rate below 4%, and many don't want to give up their current rate and pay a higher rate for a different house. Many homeowners are also sitting on large cushions of equity, which is likely to prevent a big wave of foreclosures and distressed sales.

Again, with low inventories, higher interest rates for builders and future home buyers to borrow, the likelihood of huge drop in home prices is unlikely. However, markets that have become hugely overvalued over the last few years are seeing prices come down to a fairer value.

Planning for Adult Children with IDDs
— By Kristina Shamonina, CFP®, ChFC®, Certified Senior Advisor (CSA®)

Over 7 million people in the United States have an Intellectual or Developmental Disability, known as IDD. IDDs have different causes – genetic like Down syndrome, or resulting from exposure to substances, illness complications, or trauma. People with IDDs have varying degrees of difficulty with personal care, communication, socialization and learning, and often need extra support in some or even all activities of daily living. IDDs are not something that can be "cured"; it is a lifelong condition for which no "one size fits all" support system exists.

More than half of adults with IDDs live with an aging parent or other caregiver. These parents have provided and continue to provide the round-the-clock supervision and the daily help, they are the backbone of that support system. Thanks to the advances in health care and community living, today's longevity landscape is such that people with IDDs, who just 40-50 years ago were not expected to survive past their mid-20s, now have the life expectancy into their 60s. A vast majority of caregivers are no longer expected to outlive those they care for, and as caregivers age, concerns such as who will provide care for their children with IDDs after they've passed on, create an urgent need to have a plan in place.

In families with multiple children it is often an unspoken understanding that siblings will step up and assume responsibility when the time comes. However, this is not always the case. Siblings may not be willing, or willing but unable to provide care due to their current or future life's circumstances – as life does not stay still and marriage/divorce, loss of employment, health issues or birth of a child may seriously hinder their ability to be a caretaker. Family conversations need to start occurring early, without assumptions and with everyone understanding and willingly accepting the part they will take in the care of person with an IDD.

Some parents are unaware of the services and system of supports available to them in their community. Each state differs in the type and delivery of the services, but each state does have a system for providing those supports, funded through a combination of federal, state and local Medicaid funding. These supports will generally include the following:

Case management
Provides details about services available, makes referrals and links people to services.

In-home support
provides Direct Support Professionals in the home to assist with bathing, dressing, medications, money management, etc.

Group home/supported living
Provides Direct Support Professionals in a group home setting (2-8 adults) in the community.

Employment supports
Assists individuals with IDD in fining a job in the community.

Day supports
Provides recreational and social activities during the day in a group setting.

To find more information on a specific state, please visit: www.medicaid.gov/state-overviews/index.html

Financial planning is an essential part of providing care for persons with IDDs. Parents may be rightfully concerned with leaving an inheritance to their child with an IDD for fear of disqualifying them for Social Security and/or Medicaid benefits. They may leave an inheritance to someone else with the idea that this person will use the funds to care for their special needs child. This is a path to disaster, considering the fact that if that someone else legally inherits the assets, he/she will only have a moral and not legal obligation to stick to the original plan.

Fortunately, there are options available with Special Needs Trusts (SNT) to provide for the person with the IDD. Because the beneficiary does not own the assets in the trust, he/she remains eligible for benefit programs that have an asset limit. SNT will supplement the beneficiary's government benefits but not replace them. Supplemental needs include costs for sitters, companions, and dental or medical expenses not covered by Medicare or Medicaid. A first-party SNT is funded with assets that belong to the beneficiary with an IDD (typically, assets come from a personal injury settlement or inheritance); this trust has a provision that Medicaid will be reimbursed upon the beneficiary's death. A third-party SNT is funded with assets belonging to someone other than the beneficiary – perhaps gifts, inheritance from family, proceeds from life insurance. This trust has no pay-back to Medicare provisions and it is up for the grantor of the trust to direct where the remainder of the trust goes once the beneficiary dies. A competent estate planner can help a family select and set up the trust.

Another helpful option is ABLE (or STABLE) account, which is a tax-advantaged account for individuals with disabilities. ABLE does have constrictions, such as the yearly amount that can be contributed, or the balance of the account (the first $100,000 is exempt from the SSI resource limit), so those need to be considered while planning. More information can be found at www.ablenrc.org

The earlier the planning begins, the better off everyone will be.

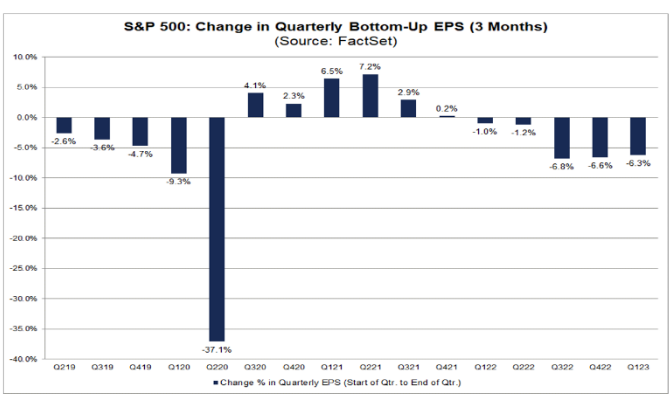
Earnings Expectations

— By Tom Saul, Advisor & Co-Portfolio Manager

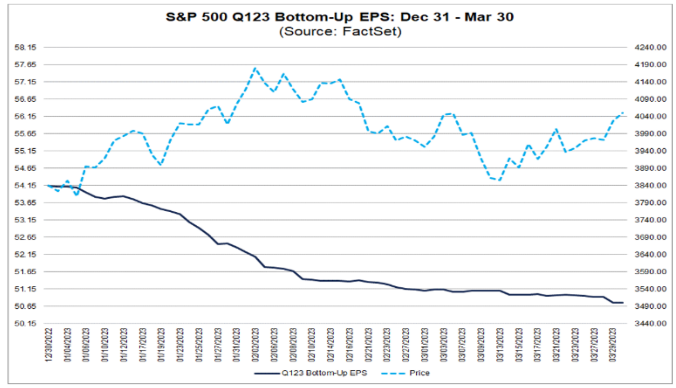
Earnings expectations are a projection of a company's earnings by analysts for a particular period of time. In this article, we will be looking at the earnings expectations of the S&P 500 for 2023 by reviewing EPS (earnings per share) estimates, EPS revisions, forward PE ratio, and sectors with notable EPS revisions.

The first half of the year is forecast to be an earnings recession. Analysts forecast S&P EPS estimates to be down 6.8% for Q1 and down 4.6% for Q2. Concerns around bank liquidity and possible broader economic recession caused revisions to earnings and are the reason for most of the negativity in the first half of the year.

During Q1, analysts lowered EPS estimates by a larger than average amount. Earnings lowered from $54.13 on December 31st to $50.75 on March 31st. Over the past 20 years, or 80 quarters, the average decline in EPS estimates during a quarter has been 3.8%.



In addition, price and expectations are diverging. The price of the S&P 500 has increased, while the 12-month EPS estimate has decreased at the same time. The forward PE ratio for the S&P 500 is now 18.0 for Q1, which is above the 10-year average of 17.3 and above 2022 Q4 of 16.7. Expectations have dropped, but prices are up, meaning investors are paying more for every dollar of earnings.



Of the 11 sectors in the S&P 500, 10 sectors have recorded a decrease in expected dollar level earnings due to downward revisions EPS revisions. The sectors with the most significant downward EPS revisions are Materials, Energy, Healthcare, Industrials, and Consumer Discretionary. The sole sector to record an increase in expected dollar over earnings due to upward EPS revisions is Utilities.

Materials: 76% of Companies Have Seen EPS Estimates Decrease Since December 31

The Materials sector has recorded the largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -13.0% (to $11.5 billion from $13.3 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -35.6% today from -25.9% on December 31.

Energy: ConocoPhillips Leads Earnings Decrease Since December 31

The Energy sector has recorded the second-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -9.5% (to $39.1 billion from $43.2 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has decreased to 9.2% today from 20.7% on December 31.

Health Care: Pfizer Leads Earnings Decrease Since December 31

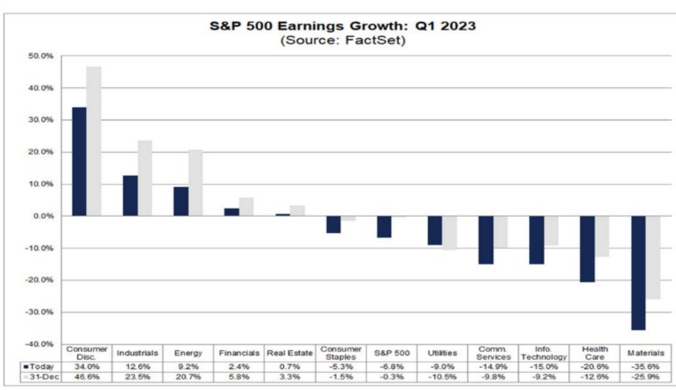
The Health Care sector has recorded the third-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -9.1% (to $66.6 billion from $73.2 billion). As a result, the estimated (year-over-year) earnings decline for this sector has increased to -20.6% today from -12.6% on December 31.

Industrials: Boeing Leads Earnings Decrease Since December 31
The Industrials sector has recorded the fourth-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -8.8% (to $32.8 billion from $35.9 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has declined to 12.6% today from 23.5% on December 31

Consumer Discretionary: Amazon and Tesla Lead Earnings Decrease Since December 31
The Consumer Discretionary sector has recorded the fifth-largest percentage decrease in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at -8.6% (to $27.0 billion from $29.6 billion). As a result, the estimated (year-over-year) earnings growth rate for this sector has declined to 34.0% today from 46.6% on December 31.

Utilities: NRG Energy Leads Earnings Increase Since December 31
The Utilities sector has recorded the largest percentage increase in estimated (dollar-level) earnings of all eleven sectors since the start of the quarter at 1.8% (to $14.2 billion from $13.9 billion). As a result, the estimated (year-over-year) earnings decline for this sector has improved to -9.0% today from -10.5% on December 31.

Q1 2023: Growth



	Consumer Disc.	Industrials	Energy	Financials	Real Estate	Consumer Staples	S&P 500	Utilities	Comm. Services	Info. Technology	Health Care	Materials
Today	34.0%	12.6%	9.2%	2.4%	0.7%	-5.3%	-6.8%	-9.0%	-14.9%	-15.0%	-20.6%	-35.6%
31-Dec	46.6%	23.5%	20.7%	5.8%	3.3%	-1.5%	-0.3%	-10.5%	-9.8%	-9.2%	-12.6%	-25.9%

The second half of 2023 is forecast to feature a recovery with projections for Q3 and Q4 at +2.1% then +9.0%, respectfully, giving us 1.2% growth for the year. Of the five sectors with the worst downward EPS revisions, three of them, Industrial, Energy, and Consumer Discretionary, are expected to see the highest growth rates for the quarter even after the lower forecasts.

We don't know what the actual results will be for a while, and it's important to remember that these are just estimates. Some companies will do better, and some companies will do worse. While trying to time the market is a trying affair, I think that there will be some companies with a lot of fluff and some that will have solid results.

Investors are overly optimistic about some areas of the market and overly pessimistic about other areas right now. As earnings are released, I think the market will adjust, but with sentiment this low, I expect there will be more positive surprises than disappointments.

Look Out for Third-Party App Fees

– By Lucy Foerster, Client Relations Coordinator

What price would you pay for convenience? Today you can order just about anything directly to your front door with a few clicks and heavy convenience fees. Third-party delivery services have been a blessing and a curse for restaurants and customers alike.

The strength of a third-party delivery service lies in its ability to allow end users (you and me) to browse multiple menus and food options from a single, user-friendly platform. It is so easy to just search "Greek food" within the app and a multitude of different options come up. Because of the ease of use for customers, restaurants have flocked to these services, and for many of them, it has been predominantly a win-win situation.

As my Dad likes to remind me every day that nothing in life is free, it is all just included. Third party apps provide convenience but at a cost. There are two ways this is done: one with heavy fees and the other is inflating the food cost. Below are examples of both:

To help showcase the fee example, I will admit that I love donuts and my go-to spot is called The Salty Donut. The example of the in-store experience/costs shows a

In-Store	3rd Party App
Traditional Glazed: $3.35	Traditional Glazed: $3.35
Batch Brew Coffee: $4.00	Batch Brew Coffee: $4.00
	Wait time: 50-65 minutes
	Delivery Fee: $5.49
15% In Store Tip: $1.10	15% Driver Tip: $2.43
Taxes = 0.51	Taxes & other Fees: $3.41
Total = $8.96	**Total = $18.68**

dramatic difference as the fees add up when choosing delivery. Additionally, if I am comparing the value of time, I could go to the location, sit down eat the donut and enjoy the coffee and come home all before the delivery is estimated to arrive. The fees associated with the delivery add up to the total amount for the whole food cost.

The second way third party apps can get their cut is inflating the food costs. If you are from Miami-Dade County there is no doubt in my mind that you have experienced the amazing dish known as "The Chop-Chop" from Chicken Kitchen with the signature mustard curry sauce (and if you haven't, do yourself a favor and try it, you can thank me later). The delivery fees aren't as high, but the cost of the food has an upcharge to make up for the lower delivery fee.

In-Store	3rd Party App
Chop-Chop: $7.99	Chop-Chop: $10.09
15% In Store Tip: $1.19	15% Driver Tip: $2.35
	Wait time: 25-40 minutes
	Delivery Fee: $1.99
Taxes: $0.55	Taxes & other Fees: $3.61
Total = $9.73	Total = $18.04

No matter where you look, third-party apps are collecting on their slice of the food business. In a world where people are watching their budgets it is always a good idea to take into consideration the fees for food delivery. It might just pay to lunch-in this week.

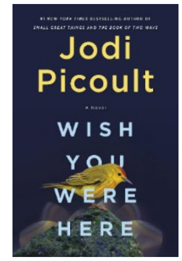
BOOK REVIEW: *Wish You Were Here Written by Jodi Picoult*

— By Margarita Tonkinson, Associate

"This book sends the message that Covid showed us all in that you never know what's around the corner. And it's okay to pivot in life, even if your current life is going well. Because there are no deadlines, and there is no checklist to cross off. We live in a time where scary things can happen but so can great things. We're less confined by our circumstances, and it's never too late to start over or try something new, especially when we've been given a second chance."

— *Laura's Books and Blogs*

Jodi Picoult is the bestselling author of twenty-eight prior novels. She has also co-authored two young adult novels with her daughter, Samantha Van Leer, which were adapted into a musical entitled *Between the Lines*. Four of her novels have been adapted into television movies and *Her Sister's Keeper* was developed into a film. *Small Great Things* will be a motion picture starring Viola Davis and Julia Roberts.



Picoult suffers from asthma and when the Covid pandemic hit, she was understandably petrified at the prospect of contracting the virus. Her fear rendered her unable to write or even read as she quarantined for fifteen months. She relates that she had a "real sense of being un-seen and not knowing who I was or what I did anymore." When she finally found herself able to resume work, she pondered, "How are we going to chronicle this pandemic? How do we tell the tale of how the world shut down, and why, and what we learned?" This novel is her answer to those questions. She describes it as a story about "best-laid plans that go awry, survival and the resilience of the human spirit, love and loss, and how one experience can change the way you think about and live the rest of your life."

Diane and her boyfriend, Finn, the main characters, have booked a dream vacation to the Galapagos Islands. Then the pandemic dropped as a bomb, and they were forced to change their plans. Finn, a surgical resident at the New York City Hospital, was pressed into service along with all other staff. He insisted that Diane should go alone and make the best of this trip.

I found this book like a documentary of what happened to the world in a microcosmos situation of the lives of these young couple. Also, it felt like a catharsis that provided some mental healing to a social trauma that we are already familiar with and, by now, we are used to living with it without the fear of dying alone. It shows a dual reality that some of us have experienced, and it is hard to describe, however, Picoult was able to masterfully put into words in this well researched page-turner.

COMMUNITY CORNER

Clients in the Community

We want to take an opportunity to highlight the great work some of you are doing in the community. We would like to share the story of David Hartgrove and his involvement with the Halifax River Audubon.

The Halifax River Audubon (HRA) is a Florida chapter of the National Audubon Society serving the great Daytona

Beach area. Audubon is over 100 years old and is a national organization devoted to environmental education and advocacy for sound environmental policy that enhances our world for wildlife and humans alike. The Halifax River Audubon strives to improve the quality of life for all residents of Volusia County and for the wildlife we all enjoy.

TF: What is the mission of this organization?

David: HRA is celebrating its 100th anniversary this year. We are an environmental advocacy organization focusing on birds. The old "canary in the coal mine" reference is very apt. Miners at one time used canaries or other caged birds to alert them to the presence of methane gas that could be a source of explosive danger to the miners. In our environment birds are early indicators of imbalance in natural processes. Bird populations across our country have declined 60% or more over the past 50 years.

TF: What drew you to this organization?

David: After transferring to Daytona Beach with FPL in 1981 I had been a backyard bird watcher for several years but wasn't really involved in it. I was in a peace group that met at the same church where the Audubon group held their meetings. That was where I first heard of HRA in 1984. The following year I was working one night and saw a TV show asking for volunteers to show up the following morning for the Florida Breeding Bird Atlas. The host on the program said you didn't need to be an expert and that they would teach you what you needed to know. I thought it sounded like something my wife and I could do together outdoors and would be fun. I sent in a postcard; this was years before the internet. My involvement with that project changed my life.

TF: How are you involved?

David: I've been the conservation chair since 1987. Over the past 35 years I've also served as president, field trip chair and newsletter editor.

TF: What has been your most rewarding experience with this organization?

David: In 1994 a high school biology teacher contacted me after getting my number from Audubon Florida. She was looking for a volunteer to teach her students about birds and how they're adapted for survival. I've been doing this ever since. Before retirement I worked the midnight shift almost exclusively. Three or four days a week I'd get off work at 7:00 am and go teach birds until around noon. Now that I'm retired (since 2009) I'm not so sleep deprived. Watching a kid's expression, the first time they look through a spotting scope at a Bald Eagle, a Great Egret or a Hooded Merganser is enough reward for anyone.

One of my other favorite activities is simply counting birds. I've been the compiler for the Daytona Beach Christmas Bird Count since 1996. I spent 5 years back in the 1980's participating in the first Breeding Bird Atlas project. Then again from 2011 to 2016 I did the second BBA along with several other counties across the state. This year was my 17th annual nightjar survey in Tiger Bay State Forest. I'm also a volunteer with the Florida Shorebird Alliance and have been since its inception about 20 years ago.

Please visit to learn more: www.halifaxriveras.org