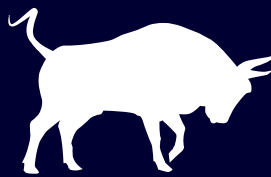


LiquidityPlus Portfolio Dashboard

1/29/2024

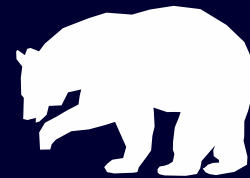
In this week's update, our liquidity indicator has surged to an impressive 18 or 19 points, marking a significant improvement from our previous low of 4/18. This positive shift is driven by notable enhancements in credit and risk conditions within the financial system. Surprisingly, 99 out of 105 Federal Reserve financial conditions are now looser than average, contributing to the overall positive trend. This suggests that the effects of the Federal Reserve's rate hikes and quantitative tightening measures may be subsiding, offering a more favorable economic outlook.



Bullish

90%

10%



Bearish

Macro

In our latest update on the four primary macro themes impacting investment opportunities and risks, we maintain our focus on long-term trends. Interest rates appear to be stabilizing, with expectations of a modest decline in line with the "higher for longer" narrative, though rate cuts remain unlikely without a substantial shift in unemployment.

The dollar has slightly strengthened and may continue to do so, albeit with a gradual decline from recent highs expected. Inflation data suggests a general slowdown, though not evenly felt, particularly with the phenomenon of shrinkflation affecting consumer goods. Despite recent Middle East tensions, global market stability remains intact, with large-cap equities hitting all-time highs while small stocks are still grappling with a bear market. We anticipate a seasonal pullback in the spring, likely in March, before closing out 2024 on a positive note. Stay tuned for further insights regarding a significant warning sign we've identified.

Factor

Our focus on five equity and five fixed-income factors remains vital to our investment strategy. Factor certainty increased initially, but it has recently decreased, with high momentum being the sole factor inspiring confidence. We've observed a shift toward higher quality and more profitable companies, although our confidence in these readings has weakened. Despite these changes, we maintain our allocations in trusted sectors while closely monitoring the evolving market landscape.

Bearish

When liquidity is low, it means more people are looking to sell than buy. This can lead to poor returns since there are more sellers than buyers. While there may be some areas of the stock market that may perform well this week, it's challenging to navigate and easy to make mistakes. Therefore, instead of taking risks, we'll stick with investments that can help protect against downside risks and offer modest returns. One way to participate in the market under these conditions is by investing in ETFs with built-in buffers. These buffers employ options contracts, which grant the right to buy or sell assets at predetermined prices, to provide a level of protection against significant market declines. The rest will be in cash, which is at its highest level of the year.



Macro Outlook

What Long Term Direction Confidence

What	Long Term Direction	Confidence
USA Dollar	Falling	Weak
USA 10 Year Treasury	Falling	Weak
Inflation	Falling	Weak
Treasury Yield Curve	Rising	Weak

Factor Investing

Equity Factors	Direction	Confidence
High vs Low Quality	High	Weak
High vs Low Momentum	High	Strong
High vs Low Value	High	Weak
High vs Low Beta	Low	Weak
High vs Low Profitability	High	Weak
Fixed Income Factors	Direction	Confidence
High vs Low Quality	Low	Weak
High vs Low Beta	High	Strong
High vs Low Long Term Rate Exposure	Low	Strong
High vs Low Credit	High	Weak
High vs Low High Yield Credit Risk	High	Strong

Macro Data comes from reviewing global environmental factors that can impact investments. Equity and Fixed Income Factors listed target specific, measurable factors that impact investments. Direction and Confidence are subject to change at any time.

Carlson Financial Group

www.carlsonfinancialgroup.us

216-586-4853 13374 Ridge Rd. North Royalton OH 44133

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