

September 2023



October: Trick or Treat?

October is here, bringing with it a sense of excitement and a dash of mystery, much like the anticipation of trick-or-treating. The recent rough patch in the market capped off a challenging quarter, but there's reason for optimism as we head into the final months of the year. History has shown us that October and November tend to be some of the best months for the S&P 500, setting a hopeful tone for the near future. In fact, the fourth quarter historically boasts the highest gains for the S&P 500, averaging around 4.2%.

While the economic outlook remains uncertain, there's a glimmer of hope, it is possible we've seen the last hike in interest rates, and this could infuse strength into the stock market and provide a boost of confidence for investors. A year ago at this time, the S&P 500 hit bottom and began its recovery; at the same time, short-term Treasury bonds have improved to over 5% annualized.

Zuma Wealth client accounts hold stock allocations encompassing global stock exposure as well as buffered ETFs. The buffered ETFs are designed to protect against moderate losses over 12-month periods, a disciplined way to participate in stock market gains while mitigating risk.

Bond allocations invest in individual holdings in short-term Treasuries, capitalizing on yields higher than 5%, a bright spot recently. Currently, maturities of 3-12 months are targeted, taking advantage of the inverted yield curve. With a view to the top of the hiking cycle, we are opportunistically lengthening maturities in order to lock in the current yields for longer periods. As a reminder, Treasury positions are reflected at a "discount" and will mature at face value, higher than is indicated currently allowing us to comfortably state that total account values are modestly higher than what is shown on your investment statements.

We are confident in current allocations.

Investment Update and Philosophy. We reiterate our shared goals of growing wealth and guarding the future. We implement this do this by looking at risk and return both strategically and protectively. Strategically, through good offense, by combining different asset classes we create an allocation with great prospects for delivering the growth you seek while guarding against unnecessary risk. Protectively, through great defense, we incorporate data to flexibly respond to market information and to help guard against losses.

We thank our clients for their continued loyalty to Zuma Wealth.



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