

May 2024.



Your Allocation and Update on Performance. Despite a weak month for investors in April (see next section), we are pleased to report that Zuma Wealth clients continue to register solid gains for the year-to-date 2024. At the start of the month, overall risk was modestly trimmed by selling tech-heavy NASDAQ stock exposure and redeploying proceeds into a buffered ETF designed to provide guardrails over a year while broadly participating in gains. Exposure to high-yield corporate bonds was eliminated on technical weakness observed in holdings for this asset class. The net result is that generally continue to enjoy broad stock market exposure, with managed risk. Bond holdings are entirely in individual Treasuries with known income characteristics. We are optimistic and confident client allocations.

First-Quarter Corporate Earnings Are Healthy, a Positive Indicator.

A Fed-obsessed stock and bond market spent the month worried that inflation was too hot, the U.S. economy too strong, and that interest rates might go up again before coming down. That meant April snapped a streak of five positive months for stocks, as measured by the S&P 500, and bonds also generally slipped in value. While the month was mildly disappointing, it's a helpful reminder that investments generally rise over time, but that does not occur in a straight line. As a reminder, as bond exposure is entirely held in Treasury securities (with maturities within 18 months) that will be held until maturity, oscillations in prices will disappear over time.

In general, stocks follow earnings. The chart shows the ratio of operating earnings to sales. You can see that profit margins deteriorated at the onset of the pandemic in March 2020 before swiftly recovering. Fast forward to today and margins are healthy, a positive sign for the foreseeable future for investors.



Investment Philosophy. We reiterate our overall philosophy of growing wealth and guarding the future. We do this by looking at risk and return both strategically and protectively. Strategically, through good offense, we combine different asset classes to 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.

Thank you for your loyalty to Zuma Wealth.



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