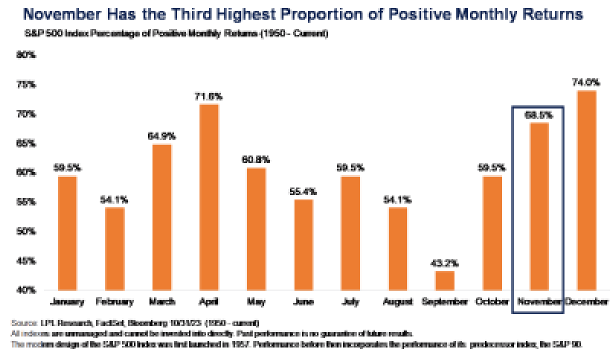
November 2023

Red October. Despite a tough October, we are entering into a historically strong seasonality period. October marked the third consecutive month of declines for the S&P 500, an unusual string of losses. Often, this run of negative months sets up for a better-than-average rebound. Looking at historical seasonal data, the chart below shows that November has provided positive returns nearly 70% of the time (since 1950). On an absolute return basis, November is historically the best overall month for stocks. November-December is the strongest two-month period. November-April is the top six-month period. In summary, though never guaranteed, historical seasonals suggest a favorable year-end for stocks, and the recent three-month decline may have left stocks oversold.



The move higher in Treasury yields has been unrelenting. What might come next for interest rates? The key to that answer is inflation. After sharply higher prices for everything from gas to food to airline tickets, the Federal Reserve may be done raising its target interest rates. The benefit of this environment is the opportunity to lock in higher rates and create meaningful income, a scenario that has not been in place for years.

Zuma Wealth Accounts. Client accounts hold generally lower levels in global stocks than in the prior month, due to reductions in exposure as a result of the continued weakness for equities in the past 3 months. Buffered ETFs are utilized for positions of stock allocations. These vehicles are designed to protect against moderate losses over 12-month periods, a disciplined way to participate in stock market gains while mitigating risk. Bond holdings are in short-term Treasuries capitalizing on yields higher than 5%, a bright spot recently. Rates may not increase further and we are locking in rates for longer maturities. Cash was higher than in the prior month, creating a modestly more defensive allocation while providing dry powder for market upturns as positive seasonality creates a tailwind for investors.

Investment Update and Philosophy. We reiterate our shared goals of growing your wealth and guarding your 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. Thank you for your continued loyalty.

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