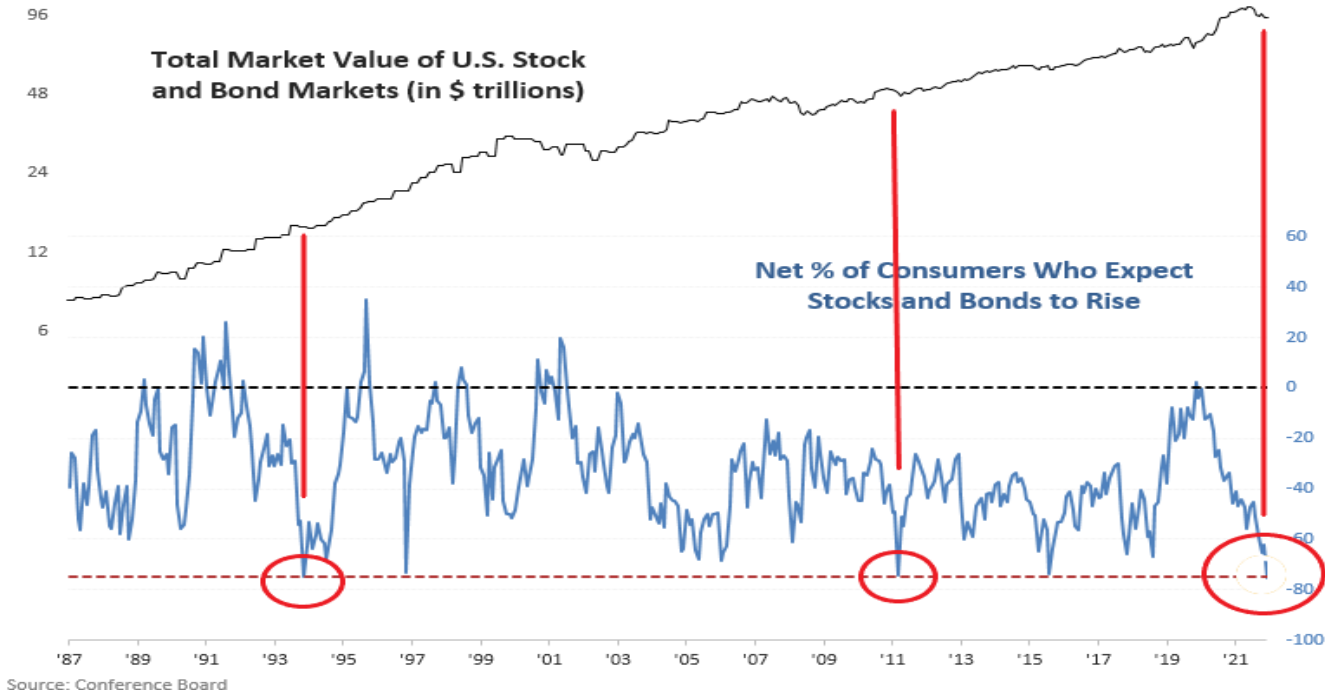


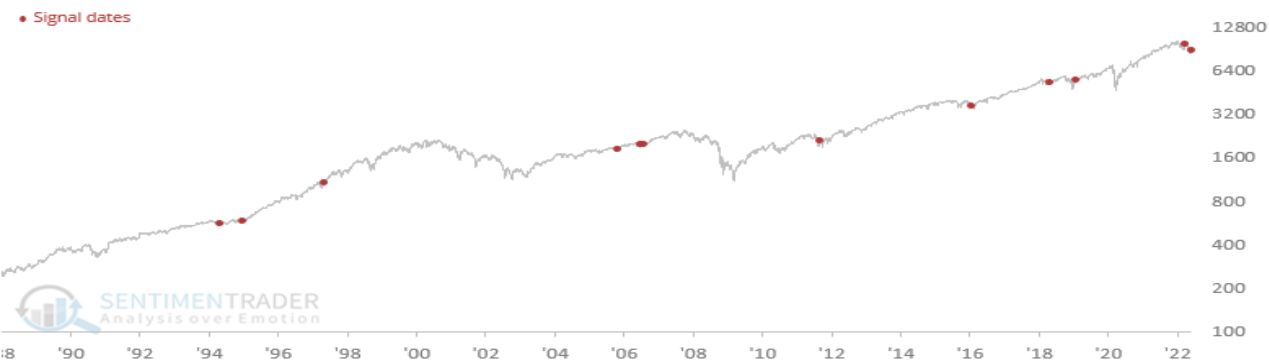
We have been quite conservative this year and that has paid off with much smaller drawdowns at our Nationwide Advisory platform than the general stock and bond market indexes across all risk levels (check your account at <https://www.nationwideadvisory.com/login.cfm>). However...the market may be ready for a resurrection. Even with the awakening of the dead last week, sentiment is still 6 feet under. We are at the worst combined bond and stock sentiment ever (or at least in the 35 years for which data is available). See the red circles below. So, what does this potentially mean. See the next chart and table.

Consumer sentiment toward stocks and bonds is at a record low



The chart and table show other times when sentiment has been similarly negative. If you look at the areas inside the red rectangles, you'll see that from 2 months and beyond, it is almost a perfect winning record of excellent gains. Of course, this is history and doesn't necessarily predict the future and, if you look at the returns up to 1 month later, several times there were more drawdowns before the gains started (including on March 31st, 2022, which is a bit scary).

S&P 500 total return after lowest combined Conference Board stock and bond optimism



Signals (11)	Sentiment	1 Week	2 Weeks	1 Month	2 Months	3 Months	6 Months	1 Year
1994-04-29	-74.8	-0.6	-1.3	1.6	-0.1	2.4	4.8	17.5
1994-12-30	-67.8	0.4	2.3	2.6	6.1	9.7	20.2	37.6
1997-04-30	-73.5	1.8	4.4	6.1	10.8	19.4	16.0	41.1
2005-10-31	-68.0	1.4	2.4	3.8	3.8	6.8	9.4	16.3
2006-06-30	-68.5	-0.2	-2.7	0.2	3.0	5.7	12.7	22.3
2006-07-31	-65.4	0.0	-0.5	2.4	5.3	8.4	13.7	17.0
2011-08-31	-74.6	-2.7	-0.7	-7.0	3.1	2.9	13.7	17.4
2016-01-29	-73.9	-3.0	-3.7	2.3	6.6	7.1	13.3	20.1
2018-04-30	-66.1	1.0	3.2	3.1	3.0	6.4	1.4	12.6
2019-01-31	-67.1	0.1	1.7	3.5	6.4	8.4	10.3	21.7
2022-03-31	-65.3	-0.6	-3.0	-8.2				
2022-05-31	-75.4							
Median	-68.3	0.0	-0.5	2.4	4.5	6.9	13.0	18.8
% Positive		45%	45%	82%	90%	100%	100%	100%

With the above “crystal ball” in mind, we have increased allocations to stocks, believing, the dead (stocks) will rise and we won’t be seeing “Freddie” (https://www.youtube.com/watch?v=ZuYoEtEl_goas)* as an early horrifying Halloween present.

*This is scary. Don’t watch late at night. 😊

Please let us know if you need anything.

Thomas B. Paine

Paine Financial Services

www.tacticaladvisoryservices.com

Centaurus Financial Inc.

6627-A Bay Laurel Pl

Avila Beach, CA 93424

805-473-6679

805-258-5476 (fax)

Supervisory Branch Office: 1186 E. Grand Ave., Arroyo Grande CA 93420; 805-473-6670

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