



## TACTICAL STRATEGIES

### PREMIER WEALTH TACTICAL & PREMIER WEALTH TACTICAL CORE

Despite the persistent worries of recession and inflation, June saw solid technical improvements across the major stock indices. Breakouts on both the S&P 500 and Nasdaq lifted the market above some of the major technical resistance it had encountered for over a year. While market fundamentals continue to be a debate, the technicals have recently been undoubtedly strong.



Catalysts for market strength include the artificial intelligence revolution, spurring the semiconductor industry and the overall Tech sector. In addition, while Tech continues to be a market leader, breadth was better in June as strength expanded with the recent market breakout benefiting nearly all sectors.

For the year, a wrinkle to the rally has been just how narrow it has been. For example, nearly 40% of S&P 500 stocks are still down for the year.

Helping matters, earnings have been better than expected. S&P 500 companies beat expectations by an average of 6.9% in the 1st quarter, versus a historical average of 4.1%. Still, earnings have been declining for most companies, and the rally in the market continues to be on the back of multiple expansion and not earnings expansion.

On the inflation front, the Consumer Price Index (CPI) has continued to drop but is stubbornly higher than the target of 2%. CPI came in around 4% in May, better, but the compounded bite of a third year of high inflation has greatly diminished the spending power of savings. Additionally, inflation will face some tougher comparisons in the second half of this year.

The investing environment continues to be in a delicate spot between cheering versus fearing strong economic data. Good economic news gives hope that the Federal Reserve can engineer a rare soft landing. A soft landing is where inflation can subside to near 2% while the economy stays strong and avoids falling into a recession.

Meanwhile, strong economic data raises the odds for continued interest rate hikes to slow the economy down. That is something the stock market does not like. The recent string of strong economic data has raised the odds of a rate hike in July.

Despite the economic noise, our technical indicators are positive and have allowed us to recently increase our percent invested. We will make sure to keep you updated.

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## TACTICAL OPPORTUNITY

It was a good month for most of the holdings with the surprising exception of Google. A strong bounce from Alaska Airlines and a good month from Lowe's. Interestingly, all holdings but Google were positive for the month.

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## FULLY INVESTED STRATEGIES

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## ETF SECTOR ROTATION

It was a rare month in 2023, with a broadening of the market, all eleven sectors have been up since June 1. The Discretionary sector continued to shine behind strength in Tesla and Amazon. It has been the leading sector since June 1. After lagging most of the year, the Industrial and Materials sectors popped.

Surprisingly, year to date leaders Tech and Communications were laggards, though just barely. Defensive plays Utilities and Healthcare lagged the most.

Broad markets were strong and outperformed across the board. Small, Mid Cap, Growth and Value all had nice runs. Internationals lagged the U.S.

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## EQUITY GROWTH OPPORTUNITY

June saw continued momentum and a slight broadening of the market participants. The breakout on the indices remains valid and we increased the beta in the portfolio to capture potential upside gains. Should we see more confirmation of upside and expansion of breadth we aim to increase the beta further in the portfolio.

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## EQUITY GROWTH AND VALUE

We experienced a wide variety of outcomes from stocks. Weakness from defensive stocks, such as General Mills and Humana Health, were more than offset by strength in leaders such as Adobe and Johnson Controls. Normal weeding for now as a broadening month in the market was welcomed.

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## EQUITY DIVIDEND INCOME

Dividend stocks kept pace in a less Tech dominated month. There were some laggards in areas like Consumer Staples, but there were good months from holdings like Principal Financial, Cardinal Health, and Iron Mountain were more the norm. After some rotations in May, June's activity was light.

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## RISK BLENDED STRATEGIES

Our Risk Blended Strategies are a combination of both Premier Wealth Tactical Core and ETF Sector Rotation. Please see the above commentary for more information on each strategy.

- **Churchill Moderate:** 70% Premier Wealth Tactical Core / 30% ETF Sector Rotation
- **Churchill Moderately Aggressive:** 50% Premier Wealth Tactical Core / 50% ETF Sector Rotation
- **Churchill Aggressive:** 30% Premier Wealth Tactical Core / 70% ETF Sector Rotation

For a full description of each strategy, please [click here](#).

Best regards,

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\*\* This report is meant to inform the reader of our current market opinion, which we, as professional money managers, use in our decision-making. It should be noted that stock market and bond market data are subject to varying interpretations and any one interpretation will not necessarily guarantee investment success. The information obtained from the sources specified herein and used as basis for our current market opinion is believed reliable, but we do not guarantee the accuracy of such information. The references to specific investments were chosen based on our current market outlook, as examples representing how aspects of the market have performed and as representation of what a strategy might own. Those are included for informational purposes only and past specific investment advice does not guarantee future results.

