



Churchill Management Group

Monthly Market Update

March 5, 2024

TACTICAL STRATEGIES

PREMIER WEALTH TACTICAL & PREMIER WEALTH TACTICAL CORE

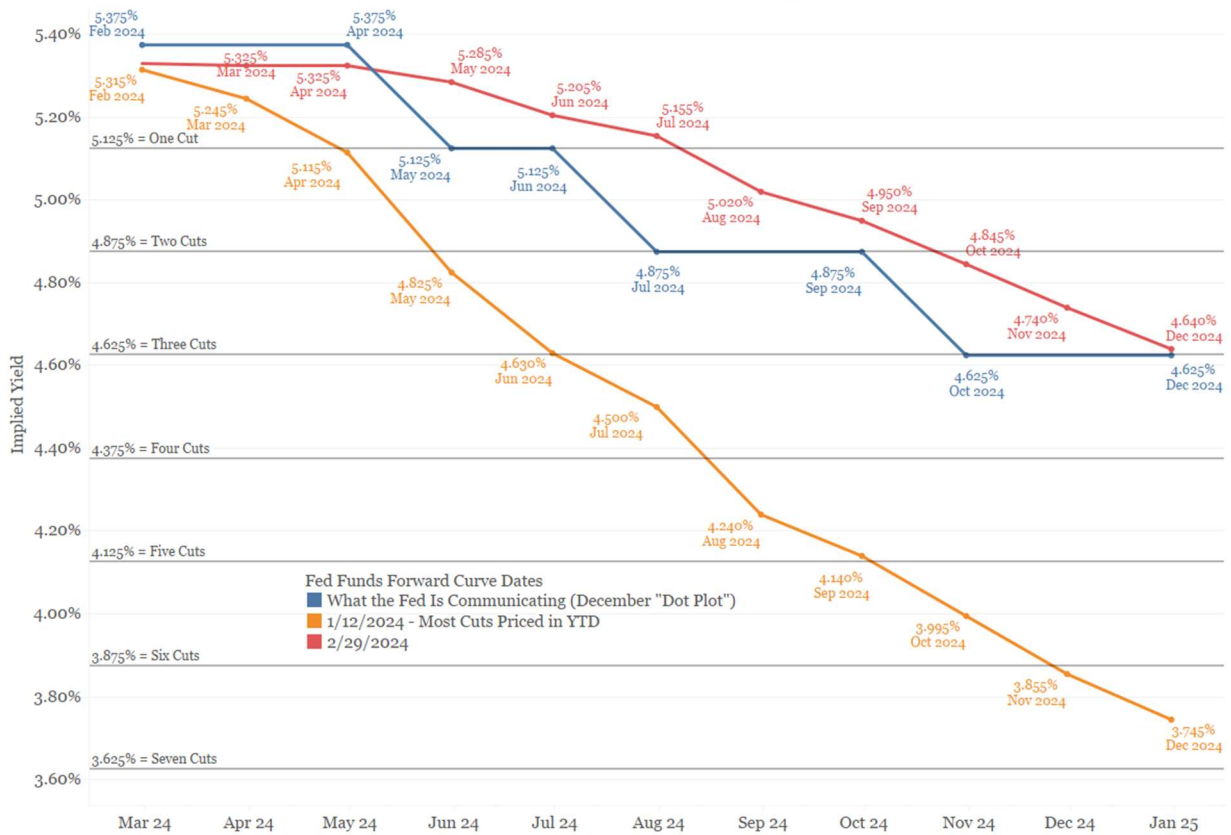
The market's hot streak continued in February. Buoyed by good earnings, markets continued to climb higher throughout the last month, making new all-time highs for the first time in well over a year. The result was one of the better months we have seen in some time. Most of the major indices rose over 5% in February.

Even better, the Smaller Cap indices joined the party which is a positive sign. The Russell 2000 Small Caps and the S&P 400 Midcaps jumped 5.52% and 5.8%, respectively, alongside impressive advances for the S&P 500 (+5.17%) and Nasdaq (+6.12%). For a while, the Small Caps seemed to sit out the big rallies.

The theme of the month was earnings season with a focus on the high-profile reports overshadowing the prior focus on inflation. Despite sky-high expectations in the semiconductor space, especially as it relates to AI chips, chipmakers like Nvidia and AMD still managed to surprise on the upside – even upping guidance for the rest of the year. The strong earnings reports have helped the group lead the market.

Interestingly, expectations for the timing and number of rate cuts have quietly been tempered down. Interest rates were the main reason stocks were rising, yet last month markets continued to hit record highs as Wall Street began to accept stickier inflation and maybe higher rates.

What Is the Fed Funds Market Pricing In?



Source: Chicago Mercantile Exchange, Bloomberg

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Not solely relying on rate cut hopes is a positive change, especially considering the market’s prior myopic focus on inflation and interest rates. The indices making new highs against such a big shift in expectations only reinforces the positive story for now.

While it has been noted that the market is overbought, it does not mean the markets can’t continue to grind higher. With the S&P 500 positive for 16 out of the last 18 weeks, in bull markets, an overbought market can stay overbought for a long time. There is little that is more bullish than the indices making new all-time highs.

For now, our indicators continue to be mostly positive. Breadth on the NYSE is confirming by making multi-year highs, and the number of breakouts in the Smaller Cap space has been increasing.

While a pause and/or pullback is inevitable at some point, our view for now is that when it does arrive, it is likely to be temporary rather than a major turning point for markets. We will keep a close eye for any big changes from our indicators.

TACTICAL OPPORTUNITY

While Apple and Google were little help, good pops from NetApp Inc., Amazon, and Leidos Holding Inc. ensured that the group got its share and went along for the positive ride. Recent activity has gone up a little as we have made some moves to replace some of the portfolio's laggards.

FULLY INVESTED STRATEGIES

ETF SECTOR ROTATION

Behind the AI led surge, it was a good month for almost all sectors as the market shot up. Four of the eleven sectors were slightly better than the S&P. Tech, (Nvidia, Microsoft), Discretionary (Amazon), Industrials (Caterpillar), and Materials all were up around six percent, just above the S&P's five. Utilities was the only negative sector. Finding a clear path is still a little murky. However, we maintain overweights in Tech and Communications (Meta, Google) and slight overweights in Discretionaries and Industrials.

Broad markets, especially Growth, enjoyed the ride. Large, Mid and Small Cap Growth all outperformed since Feb 1. While Value lagged some, it was still up around 3% across the board. International ETFs were up, but lagged the U.S. We remain in holdings in the U.S. over international for that portion of the model.

EQUITY GROWTH OPPORTUNITY

We saw a nice boost from the likes of Celsius Holdings and Applied Materials for the month. Market momentum and expansion is continuing, and we are optimistic from what we are seeing. We are looking to capture strength as we have seen 16 of the last 18 weeks positive in the S&P 500 which is a rare feat.

EQUITY GROWTH AND VALUE

While AI stocks surged and grabbed headlines (Nvidia, Applied Materials, Advanced Micro), there were many other stocks from other areas that saw nice pops as well. Meta, Lilly, and Disney were among many that jumped ten percent plus since the start of February. Interestingly some of the big names, notably Apple and Google, have been sitting out. However, Mega stocks are down over that time period. Still, good news for the most part as the majority of the holdings rise with the tide.

EQUITY DIVIDEND INCOME

The only problem with Dividend stocks is that, for the most part, they aren't in the AI chip making game. Still a mostly good month for this group as they continue to do their job. While there are no outsized gains there are no big problems either. No significant changes at the moment.

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.

