Churchill Management Group

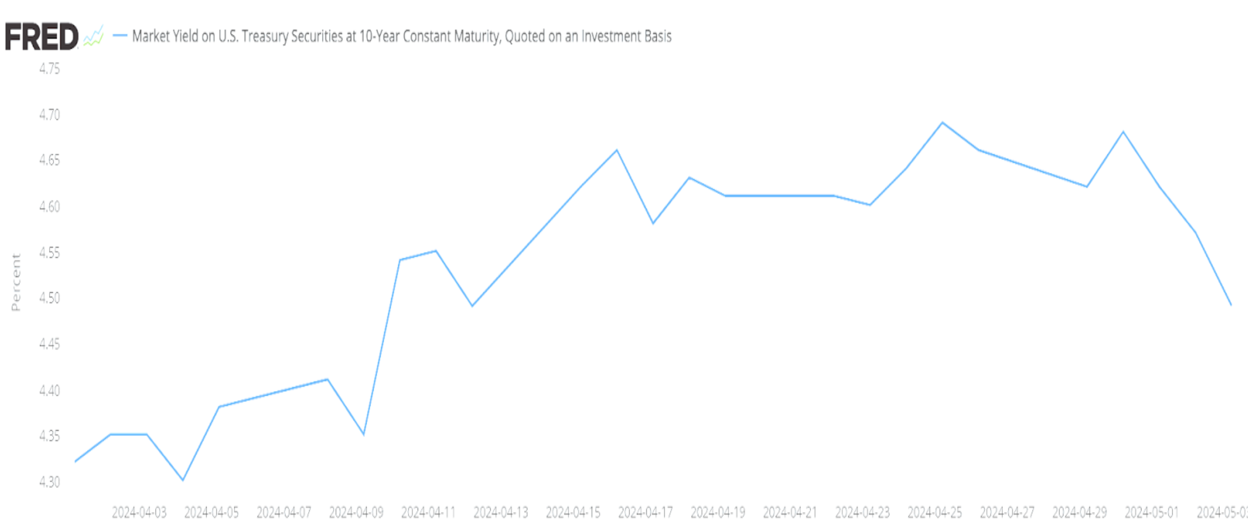
Monthly Market Update

May 8, 2024

TACTICAL STRATEGIES

PREMIER WEALTH TACTICAL & PREMIER WEALTH TACTICAL CORE

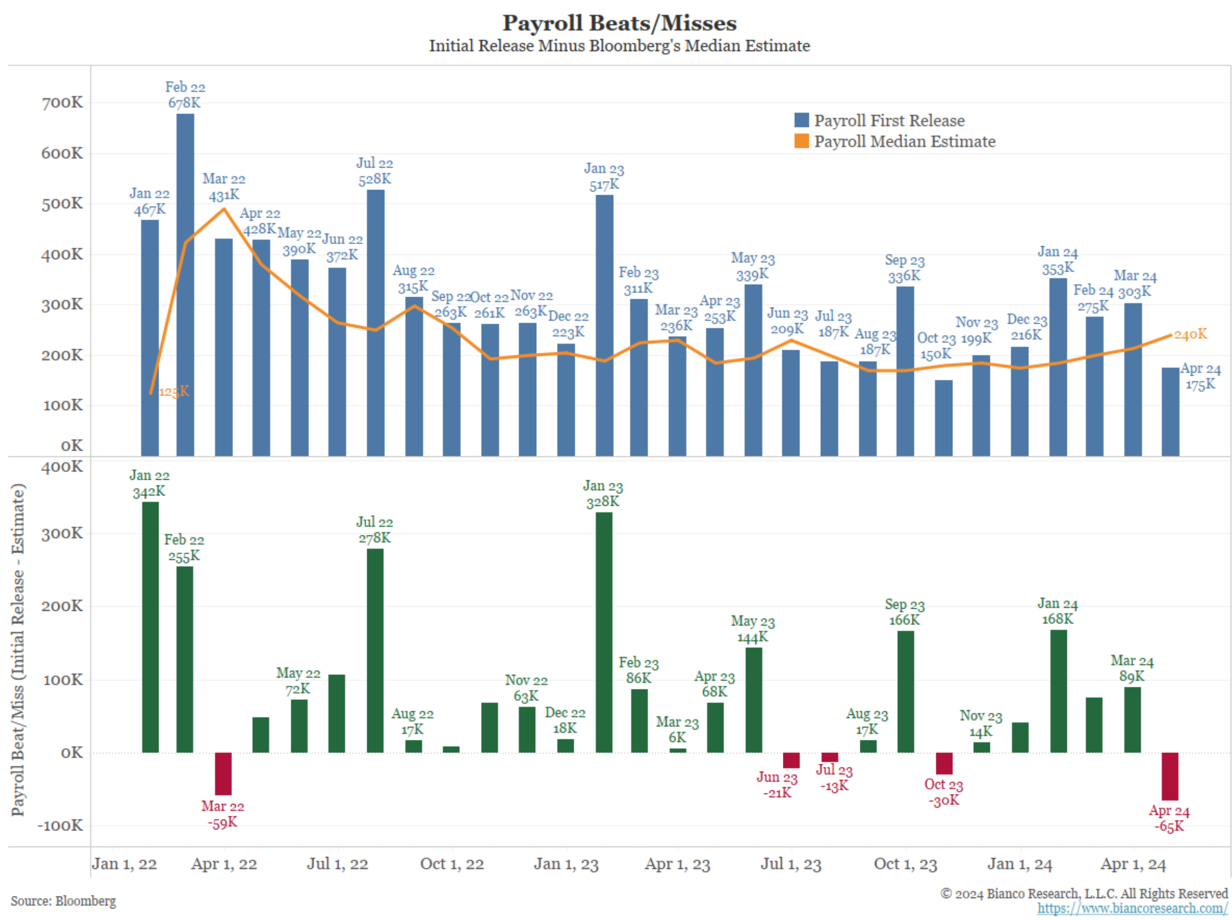
Markets are holding up relatively well as investors digest sticky inflation and rates that may stay higher than had been hoped. April started with stocks down for three consecutive weeks as the 10-year Treasury yield jumped from 4.2% to 4.7%. Since, yields have backed down to around 4.4% and stocks have been recovering for the past three weeks. All totaled stocks have been down around 1% since the start of April, really nothing out of the ordinary.



Interest rates seem to have become a hyper focus for investors. At the onset of the year, the consensus called for six rate cuts from the Fed in 2024. Today, consensus odds are calling for just one rate cut this year, highlighting the fluidity and uncertainty of economic forecasts and the stubbornness of inflation.

The Federal Reserve has faced difficulties in navigating the last mile of the fight against inflation. Despite a rapid drop from peak heights of around 9%, inflation has held firm above 3%, defying expectations of a descent to the ideal 2% range.

Last week, though, there was mild relief in rates as April's payroll numbers missed estimates for the first time in six months. With only 175k jobs created against the expected 240k, there is hope that the Federal Reserve may consider rate cuts in response to the softening seen in the data.



For now, the Fed will remain “data dependent” but likely “data hopeful” as they look for some inflation relief that would allow it to deliver on at least one rate cut.

The good news is that earnings and the economy are hanging strong. Though the economy has shown signs of slowing some, a dreaded recession does not look to be near. In addition, earnings have net been positive, with hopes for a strong finish to the year.

At present, we maintain a positive outlook on the markets. Leadership and breadth remain strong despite the minor pullback. Our bullish stance remains unchanged, and we continue to monitor developments closely, staying committed to our long-term investment objectives.

As always, we encourage investors to remain focused on their goals and maintain a disciplined approach amidst market volatility.

TACTICAL OPPORTUNITY

The model maintains its invested stance as stocks move back and forth. We saw some step back in a few Tech stocks like Advanced Micro Devices, but also saw good pops from staple holdings like Google and Apple in addition to CAVA.

FULLY INVESTED STRATEGIES

ETF SECTOR ROTATION

With stocks wavering to start April, seven of the eleven sectors declined more than the S&P 500 since April. Real Estate fared the worst, falling 4%. Surprisingly Utilities were strongest, jumping over 6% after a long period of lagging. Our model remains mostly neutral in weightings, with an overweight in Communications and slight overweights in Tech and Industrials.

Growth was slightly better than Value, and Small Caps slightly better than Large Caps, though all were around the market. Internationals outperformed, but did not generate a buy signal.

EQUITY GROWTH OPPORTUNITY

Growth, especially Tech stocks, took a hit as the leaders turned into laggards in April. However, the minor pullback can be viewed as a healthy pause in the smooth ride we have seen throughout most of the year. No change to the bullish outlook thus far and the portfolio is picking right back up in the month of May.

EQUITY GROWTH AND VALUE

We saw stocks like Disney, Fortinet, and Advanced Micro Devices take a step back, while Apple, Amazon, Google, Chipotle saw nice months. We are staying the course for now for the strategy.

EQUITY DIVIDEND INCOME

Dividend stocks have trended relatively flat over the past six weeks or so. No significant changes in the strategy as a result.

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,

CHURCHILL MANAGEMENT GROUP
877-937-7110
info@churchillmanagement.com
