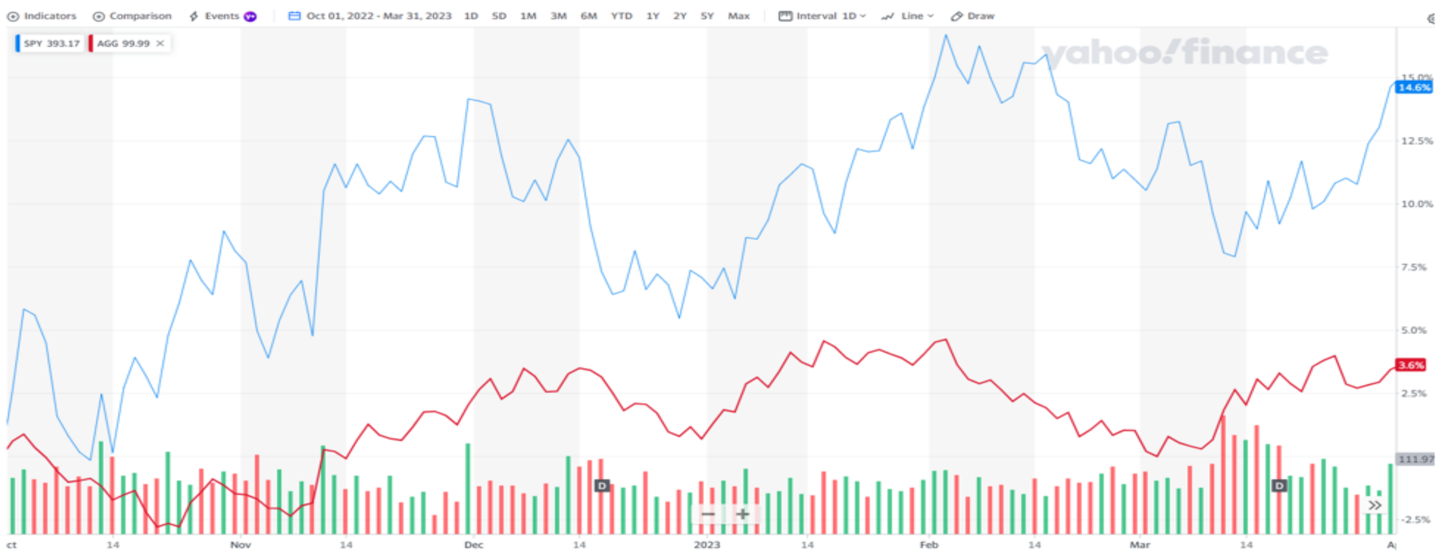
Client Update

APRIL 2023

Economic and Market Update

2023 1st Quarter Snapshot

Between a tight labor market, gradually slowing inflation, the Federal Reserve continuing to raise rates, and the strength of the banking industry being tested, the start to 2023 has been an interesting time for the overall economy. Despite all these headlines, the markets have had 2 resilient quarters in a row. The chart below shows performance between October 1, 2022 and March 31, 2023, of both the S&P 500 ("The Stock Market") and the Barclays Aggregate Bond Index ("The Bond Market") without dividends and interest reinvested.



As you can see, the market has continued to be volatile during this short period, (and we never make investment decisions based on this short of a time horizon), but we want to show you that despite negative headlines, and a few larger down days, the markets are looking 6-9 months in advance, and both stocks and bonds have been slowly moving upward, in a 3 steps forward; 2 steps back pattern for the past 6 months now.

Economic Data Weaker; Inflation Headlines Improve Slowly

The most recent jobs report showed job openings decreasing below 10 million for the first time in over two years. This is a good sign that the work the Federal Reserve is doing is having an impact on the overall economy, slowing it enough to hopefully bring inflation down. Additionally, the last inflation report showed inflation decreased slightly from the month prior, confirming that the rate hikes are working their way into the real economy. The markets are still expecting two more interest rate hikes this year, so markets and data will likely continue to be rocky for the coming months as more economic data and inflation reports are released.

Since the recent failures of both Silicon Valley and Signature Bank, the banking industry has been tested as consumers are worried that their banks may fall to the same fate. These two banks were over concentrated in start-ups and tech companies (which struggled in 2022) and most of their customers had well over the FDIC insured limits in deposits. Both banks also invested most of their deposits in interest-rate-sensitive investments, rather than lending them out to customers and businesses, which greatly added to their troubles. As of now we don't expect this to flow through to more than a handful of other banks, as most do not face the same self-induced liquidity pressure that these institutions did. Keep in mind, the FDIC insures deposits up to $250,000 per depositor (and even more for joint depositors if accounts are titled appropriately). We have additional details about this on the next page, and you can also call us any time if you have questions or concerns about your situation.

We continue to proactively monitor economic data and market movements, so whether the market recovery starts later in 2023, or in 2024 (or even later), we're confident markets WILL recover and we are steadily preparing your portfolios to participate in the recovery once it fully arrives.

As always, **Stay the Course. Stay Invested. Stay on the Escalator.**

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FDIC Insurance versus Government Money Markets

With the recent volatility in the banking industry, several clients have reached out with questions about the safety of their deposits. Your deposits in a bank are secure up to the $250,000 FDIC insurance limit (NCUA insurance for credit union deposits which has the same limits). With different ownership categories (as seen below), you can achieve even higher coverage than $250,000.

FDIC DEPOSIT INSURANCE COVERAGE LIMITS BY ACCOUNT OWNERSHIP CATEGORY	
SINGLE ACCOUNTS (OWNED BY ONE PERSON)	$ 250,000 PER OWNER
JOINT ACCOUNTS (OWNED BY TWO OR MORE PERSONS)	$ 250,000 PER CO-OWNER

The majority of the cash in your investment accounts at both Fidelity and Schwab is invested in government money market funds. These mutual funds hold short-term, liquid instruments, including cash, certificates of deposit, and US treasury bills. This cash generally accumulates from contributions and dividends, trading activity, as well as capital gain distributions that come from your investments. These money market funds are offering much more attractive rates than most bank deposits and are invested primarily in fully-backed government securities. As of April 10, both of the main money markets we use at Fidelity and at Schwab for larger balances, are government money markets and both currently have a 30-Day SEC Yield of over 4%. These yields are subject to change as interest rates fluctuate.

Please reach out to discuss any concerns you have about your deposits and coverage limits **(717) 267-1426.**

429 Phoenix

It's Official! We have moved over into our new suite at 429 Phoenix Drive! We're excited to share this new space with all of you. Our main entrance will now shift over to 429 Phoenix Drive the next time you come to see us. Renovation now continues at the 425 suite to further update that space. Hopefully, in the next month or two, contractors will finish the integration & updates of both suites, and we are planning a celebratory reception and ribbon cutting, so please be on the lookout for an invitation!

Client Appreciation

Thursday, September 7th

Grant Street Loft

227 Grant Street

Chambersburg, PA 17201

Join us for lunch or dinner

Official Invite to Follow

Who do I call?

If you have an investment related question, please email Chris AND Kristin (Chris@truNorthFS.com and Kristin@truNorthFS.com) and one of us will get back to you as soon as we can. For distributions, scheduling, and account maintenance questions you can reach out to both Jen AND Chastity (Jen@truNorthFS.com and Chastity@truNorthFS.com), or **call (717) 267-1426**.

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truNorth Financial Services Inc., is a Fee-Only SEC Registered Investment Advisory (RIA) firm.

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