

# SURGANT FINANCIAL GROUP

## MARKET COMMENTARY 2023

Dear Clients and Friends,

After last year's "bear" market, we see reasons for optimism this year. We remind ourselves that the cause was high inflation, "too much money chasing too few goods and services," which resulted in higher interest rates. As we see it, this is a far different set of circumstances than the financial crisis 15 years ago. At this time, we do not foresee overall corporate and individual credit risk as a significant issue. In a time-lag response to higher interest rates, we are seeing inflation coming down and we anticipate this to continue. Lower inflation could create the conditions for interest rates to stabilize and decline in the not too distant future.

In this environment and scenario, we are seeing investment opportunity in sectors we regard to be undervalued. In income oriented investments, we are finding net effective yields over 6% and at significant discounts to maturity values. In growth investments, we are finding undervalued asset values, cash flow and growth potential. In particular, we see this in the small and mid-cap stock sectors and also in the higher dividend yielding large cap value area.

We anticipate market stabilization and a rebound to take some time and, for sure, we look for volatility on an ongoing basis. We think this is more likely to take the form of "hills and valleys" than "roller coaster rides." For this reason, our overall portfolio focus is on optimizing underlying portfolio asset value, interest, and dividend income. We are focusing on higher and rising dividends and/or discounts with short-to-intermediate durations in stock, bond, and "hybrid" mutual funds, as well as in individual bonds.

Please take a look at the back side of this page. It is indeed "IRA time again." Contribution limits have increased for this year. Also, whenever you have any questions, ideas, or concerns, please don't hesitate to call any member of our group. You will find each of us to be knowledgeable and helpful.

Best Wishes for a Great Year,

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