

Yes, it is that time of year again – the much-anticipated time for our Nepsis[®] Top 10 Predictions for the stock market in 2023!

To stay on track with our historical performance (understanding that past performance is NOT indicative of future performance!), we were once again 100% correct, or statistically speaking, batting a thousand for our predictions last year!

As we head into 2023, we will once again make our traditional Top 10 Predictions.

You may be asking yourself, “Why does Nepsis[®] do these annual predictions – especially these types of predictions?” The answer is simple, we live in a world that I believe has an Addiction to Prediction[®]. We see investors continue to make big investment decisions and mistakes as they listen to countless predictions, compare their portfolio to benchmarks without understanding how they work, and compare their portfolios to other portfolios without understanding how the returns were achieved and at what level of risk it took to achieve the returns. Not to mention the many investors who have NO IDEA what companies provided the performance in the first place.

My hope is that our predictions can provide a level of clarity and common sense for investors that will enhance their investment process, remind them of the perpetual industry noise that inundates them daily, and put a smile on their faces.

We have been telling our clients for twenty-plus years to always expect a 20% correction at any time. Of course, in 2022, we saw exactly that! As the S&P 500 closed 2022 down almost 20% and the Nasdaq down over 30%, our clients should not have been surprised by the performance! That said, when corrections do occur, we have told our clients to look for us to be buying many businesses at deep discounts as we have in every other correction. We like to continually remind our clients that VOLATILITY IS OUR FRIEND! And of course, that is exactly what we did!

Everyone knows that there is no crystal ball, but people readily latch on to a silver bullet or quick fix solution instead of being disciplined with their investment strategy. Let’s face it – there are a lot of people that love hearing predictions and, unfortunately, I believe many people focus



more on predictions than they do on what they own and why they own it. So, in an effort to keep our streak going, I will once again be making my bold Top 10 Predictions for 2023.

Do investors really pay attention to see how accurate the experts’ predictions are? No, of course not! Most predictions are forgotten about shortly after they are made!

We do not go very far out on a limb. Instead, we look at what should be common sense combined with many of the ideas investors seem to focus their efforts on. When all is said and done, when you are investing OVER TIME, it should be the investment philosophy and strategy that provides you with the confidence to stick to the investment process. Portfolio returns are relative to the risk taken. Additionally, as we tell our clients, you don’t make or lose money UNTIL investments are sold.

Focus on the process and on achieving long-term goals, not on a short-term number.

Lastly, as I read over our 2022 predictions, I reminded myself that consistency is the spice of life! Then I thought, “Dang, these are great predictions!” So... I decided for the first time to use the EXACT same predictions as last year! Why not? I think they were, and continue to be, great predictions!



Mark Pearson,
President & CIO

[Here are the Top 10 Predictions...](#)

The 2023 Stock Market Predictions!

- 1** Investors will continue to see the predictions on where the S&P 500 will end in 2023 (just like 2022) to be wrong, with the potential consequences of investors piling in on overpriced assets and missing out on great companies on sale. Bluntly, I don't remember one expert stating that the markets would perform in 2022 like they did. Maybe someone did, but, for the majority, the predictions were once again, wrong.
- 2** Investors will continue to see company stock prices, as well as the "stock market", move up and down irrationally – as usual. Remember, you don't invest in the "stock market", you invest in businesses purchased through a "market."
- 3** Investors will continue to focus on short-term or historical performance and in doing so, be distracted from making intelligent long-term investment decisions and focusing on their Financial Plan.
- 4** Investors will continue to allow their emotions to get the best of them and make investment decisions emotionally as opposed to fundamentally.
- 5** Investors will continue to be scared by stock market volatility and in turn, create great buying opportunities – like always! Yes, we took advantage of this massive pullback in many companies in 2022!
- 6** Investors will continue to focus on inaccurate portfolio comparisons, with benchmarks focusing on fees and short-term performance vs the investment process – a symptom of poor investment Clarity.
- 7** Investors will continue to be overdiversified in their portfolio and not be properly asset-allocated, leaving their portfolios inefficient.
- 8** Investors will continue to have an unrealistic time horizon for their investments and will be focusing more on short-term pain vs long-term gain – the tragedy of a short-term thinker.
- 9** Investors will continue to make poor investment decisions without recognizing that their behavioral biases are, in part, to blame – the plight of investing without clarity!
- 10** Investors will continue to limit their potential to be successful by failing to leverage the power and flexibility of Strategic Cost Averaging®.

Happy Holidays, Happy New Years and God Bless!

Invest with Clarity®! – Mark Pearson