

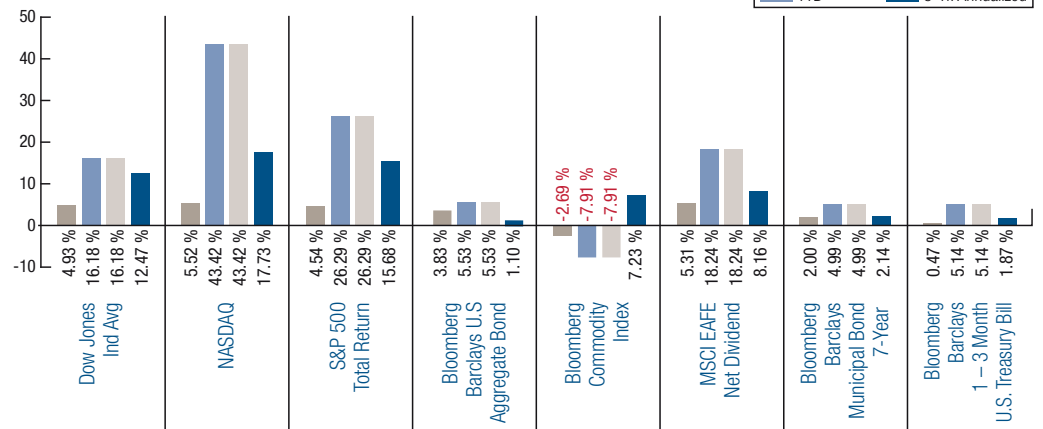
From the Office of Jeff Sgroi, CFP®



"Goals are like magnets. They'll attract the things that make them come true."

– Tony Robbins

Asset Class Returns (as of December 31, 2023)



Market & Economic Synopsis

- Ongoing quality-control issues at Boeing disrupt hundreds of flights as inspections continue.
- Republican 2024 presidential candidate list narrows as DeSantis and Ramaswamy are latest to drop out.
- SEC approves the first U.S.-listed exchange traded funds to track bitcoin, in a move expected to broaden investor accessibility to the mercurial asset.
- Dow Jones Industrial Average reaches 38,000 for first time ever on January 22, 2024.
- Oil prices expected to rise as key shipping lanes disrupted and Houthi rebel threats prompt U.S. Naval action.

Market Outlook

As opined in our last *Market Update*, we finished 2023 with strong, positive movement in both the equity and fixed-income markets. That momentum has carried through to the first few weeks of 2024. Interestingly, what worked best last year were some of the worst performers the year prior (2022).

Asset Class Return Unpredictability

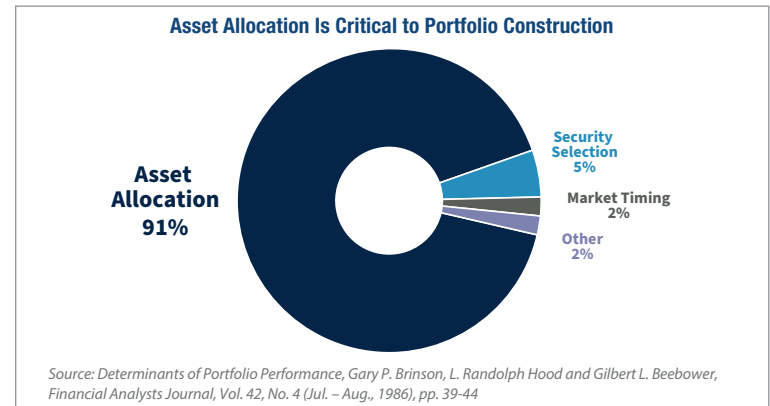
On a broad scale, U.S. equities were the best performing asset class in 2023, after outperforming only real estate in 2022. On the flip side, cash & cash alternatives and commodities were relative underperformers in 2023, while being the two best asset classes in 2022.

CAPITAL MARKETS BROAD ASSET CLASS RETURNS												
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Non-US Equities	US Equities	Real Estate	US Equities	Real Estate	Non-US Equities	Cash & Cash Alternatives	US Equities	US Equities	Real Estate	Commodities	US Equities	
17.0%	32.4%	14.3%	1.4%	15.3%	24.8%	1.8%	31.5%	18.4%	38.6%	13.8%	26.3%	
US Equities	Non-US Equities	US Equities	Fixed Income	US Equities	US Equities	Fixed Income	Non-US Equities	Blended Portfolio	US Equities	Cash & Cash Alternatives	Non-US Equities	
16.0%	21.6%	13.7%	0.5%	12.0%	21.8%	0.0%	23.3%	12.5%	28.7%	1.5%	18.6%	
Blended Portfolio	Blended Portfolio	Blended Portfolio	Blended Portfolio	Commodities	Blended Portfolio	Blended Portfolio	Blended Portfolio	Non-US Equities	Commodities	Fixed Income	Blended Portfolio	
11.4%	17.0%	8.0%	0.5%	11.4%	15.0%	-4.0%	21.1%	8.1%	27.1%	-13.0%	16.8%	
Fixed Income	Cash & Cash Alternatives	Fixed Income	Cash & Cash Alternatives	Blended Portfolio	Fixed Income	US Equities	Real Estate	Fixed Income	Blended Portfolio	Non-US Equities	Real Estate	
4.2%	0.0%	6.0%	0.0%	6.9%	3.5%	-4.4%	19.5%	7.5%	14.3%	-13.8%	9.8%	
Real Estate	Fixed Income	Cash & Cash Alternatives	Non-US Equities	Non-US Equities	Cash & Cash Alternatives	Real Estate	Fixed Income	Cash & Cash Alternatives	Non-US Equities	Blended Portfolio	Fixed Income	
0.6%	-2.0%	0.0%	-2.6%	3.3%	0.8%	-7.6%	8.7%	0.5%	12.2%	-15.4%	5.9%	
Cash & Cash Alternatives	Commodities	Non-US Equities	Real Estate	Fixed Income	Commodities	Commodities	Commodities	Cash & Cash Alternatives	US Equities	Cash & Cash Alternatives		
0.1%	-9.6%	-3.9%	-24.2%	2.6%	0.7%	-13.0%	5.4%	-3.5%	0.0%	-18.1%	5.1%	
Commodities	Real Estate	Commodities	Commodities	Cash & Cash Alternatives	Real Estate	Commodities	Cash & Cash Alternatives	Real Estate	Fixed Income	Real Estate	Commodities	
-1.1%	-25.8%	-17.0%	-24.7%	0.3%	-0.2%	-13.6%	2.2%	-13.1%	-1.5%	-27.5%	-12.6%	

Blended Portfolio Allocation: 45% US Equity / 15% Non-US Equity / 40% Fixed Income. As of: 12/31/2023

Drilling down into equity sectors, large growth (i.e., think mega-cap technology companies) led the bull market charge in 2023, after a completely downtrodden 2022. Fixed-income returns exhibited parallels to the equity markets, with long-term bonds posting strong double-digit gains in 2023 after suffering more than any other fixed-income sector in 2022. Agency bonds were the second-best bond class in 2022, yet the weakest in 2023.

In short, year-to-year variances between asset classes both broad and narrow, has been the norm the past couple of years. Interestingly, a study done regarding portfolio construction and associated returns shows that 91% of performance is based upon asset allocation selection. Only a small portion is attributed to security selection and market timing.



It is critical that we align client risk profiles with proper investment strategies. This is why, in addition to regular conversations, we ask for you to participate in our Nitrogen (formerly Riskalyze) online risk assessment.

2024 Economic Outlook

"With current available resources, the U.S. is estimated to be able to grow sustainably at ~1.9% without triggering higher prices."

–Eugenio J. Alemán, Ph.D., Chief Economist, Raymond James & Giampiero Fuentes, CFP®, Economist, Raymond James

This expectation is aligned with many economists' beliefs that the Federal Reserve can, will, and has navigated the proverbial "soft landing" for the U.S. economy, whereby inflation is tamed, and a

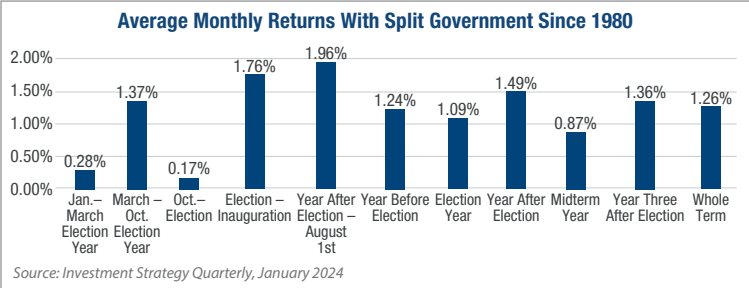
recession is avoided. Various economic data has thus far backed this ideal scenario, albeit into a slowing economy.

2024 Election Year Outlook

“Expectations of a divided government set the conditions for calmer waters, seeing positive average monthly returns both ahead of the election (0.17%) and in the years after.”

—Ed Mills, Managing Director, Washington Policy Analyst, Equity Research

As Mr. Mills articulates above, and the chart below demonstrates, a split government in Washington D.C., on average, provides a positive backdrop for the equity markets. This is most simply explained based on challenges in pushing legislation through channels when Republicans and Democrats share executive and legislative powers.

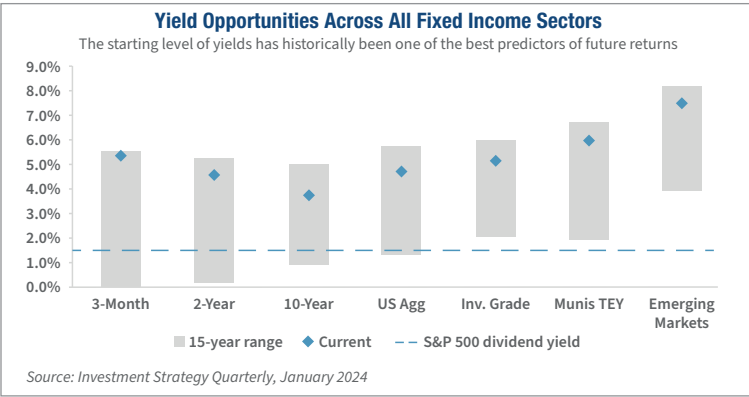


2024 Fixed Income Outlook

“While interest rates are well off their recent peaks, yields still stand at their highest level in nearly 15 years.”

—Tracey Manzi, CFA, Senior Investment Strategist, Investment Strategy

After two years of interest rates consistently trending upward, rates pulled back significantly at the Fed’s strong hint of ending the tightening cycle in late 2023. Bond prices reacted accordingly, as most fixed-income indices finished solidly to the upside after wavering much of the year. Even with movement toward year end, yields sit toward the upper end of 15-year ranges.



In summary, we are leaning into 2024 with optimism given current market and economic conditions. Additionally, the timing of our election cycle is favorable. Please contact our office if you would like to discuss your personal situation and/or sentiment further!

Index performance is shown for illustrative purposes only and does not reflect the deductions of fees, trading costs or other expenses, which will affect actual investment performance. You cannot invest directly in any index. Individual results may vary. Past performance is not a guarantee of future results. There is no assurance any of the forecasts mentioned will occur.

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The DJIA index covers 30 major NYSE industrial companies. The NASDAQ represents 4500 stocks traded over the counter. The S&P 500 is a broad based measurement of performance of 500 widely held common stocks. The Barclays Aggregate Bond Index is a diversified index measuring approximately 6,000 investment grade, fixed-rate taxable securities. The Bloomberg Commodity Index is a diversified benchmark for the commodity futures market. The MSCI EAFE index is designed to measure the equity market performance of developed markets excluding the U.S. & Canada. The Barclays Municipal Bond Index is a measure of the long-term tax-exempt bond market with securities of investment grade. The Citigroup Broad Investment Grade Bond Index is market capitalization weighted and designed to track the performance of U.S. dollar-denominated bonds issued in the U.S. investment-grade bond market.

International investing involves additional risks such as currency fluctuations, differing financial and accounting standards, and possible political and economic instability. Also, investing in emerging markets can be riskier than investing in well-established foreign markets. There is no assurance any of the trends mentioned will continue in the future. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal. Investing in the energy sector involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

From the Officefront

We have had a great start to the year with our team of Susan, Zach, Alyssa, and me. Alyssa and I plan to attend the Raymond James Private Client Group Regional Conference in Las Vegas the first week of February. Last year’s event, held in Denver, had a strong lineup of speakers and consultants – we expect more of the same for 2024 and will be sure to share our discoveries and findings upon our return.

In the meantime, Zach was recognized as *RJFS Outstanding Branch Associate of the Quarter* last month. The *Branch Associate of the Quarter* award is given to one RJFS branch associate per quarter, who consistently demonstrates excellence in supporting their branch. By my pen, there are over 10,000 branch associates throughout Raymond James nationwide – to be recognized as a top performer within a group that size is remarkable. When Zach learned of his award, he was quick to credit Alyssa and Susan for their support and part in receiving this recognition. Certainly, it is a well deserved and shared award for our team. Nice work!

From the Homefront

Hockey season is in full swing for our twins again. It means most weekends are spent away from home, at tournaments in other mountain towns, sharing too-small hotel rooms, and many miles in our Suburban with stinky hockey gear. It is the best!

So the girls can get a little extra skating time, I have built a skating rink in our side yard – for the third time in the past four years. Each year, we learn another trick to improve the ice surface, lighting, or boards. Since the girls’ hockey skills and shooting have improved, we are losing fewer pucks in the snow, though! With any luck, we will have good ice through the end of February. Here is a heartfelt shot of Lily, Hannah, and a couple of their friends on our ice.



In the meantime, I had the good fortune to visit my parents in Massachusetts before Christmas. Stella joined me, and she attended the *Nutcracker* in Boston with my mom. They enjoyed pastries and travel on the “T” (Boston’s version of the subway) to and from the Boston Ballet’s theatre in the South End. This was the first time in years that Stella has not performed in the *Nutcracker* herself but hopes to participate again next Christmas.

Worthwhile Reads

I just finished a must read for hockey players, hockey parents, or even just fans of the sport. *Beartown*, by Fredrik Backman, is the story of a youth hockey team in a small town struggling for its identity and survival. I suspect many of you who are parents of young kids or teens, or those who grew up in or live in a rural community would enjoy this book as well. It is part of a trilogy that I hope to finish in the next few months.

In the meantime, on a recommendation from a dear client, I just started *Die With Zero – Getting All You Can From Your Money and Your Life* by Bill Perkins.

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