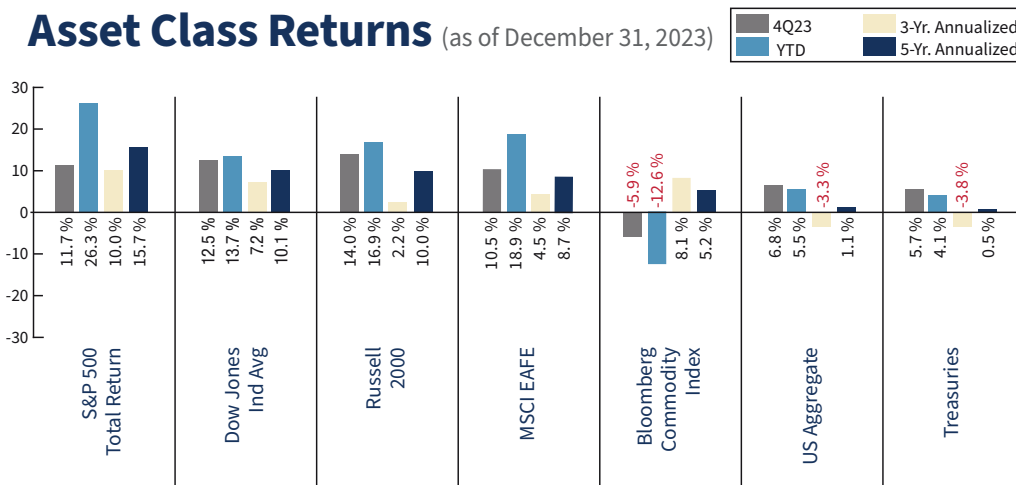


“I find that the harder I work,  
the more luck I seem to have.”

– Thomas Jefferson

## Asset Class Returns (as of December 31, 2023)



Materials prepared by Raymond James for use by its Financial Advisors

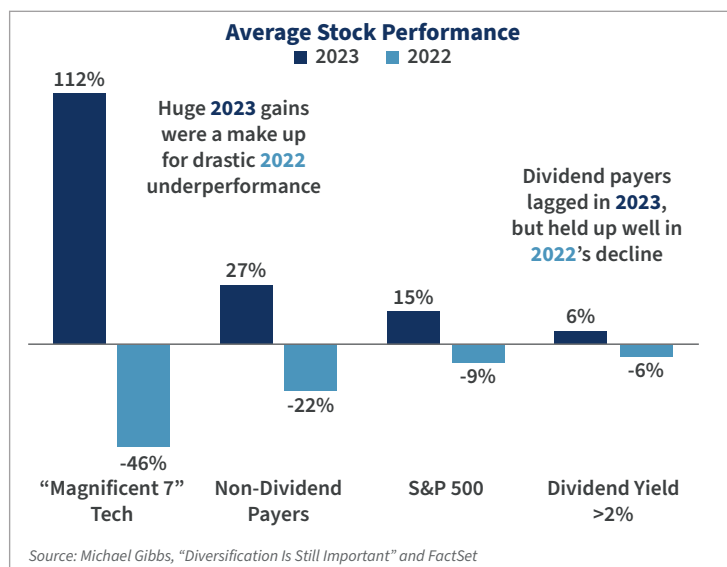
## Market & Economic Synopsis

- The Federal Reserve (Fed) left the fed funds rate unchanged (5.25–5.50%) in their most recent meeting. We expect 50–75 bps (0.50–0.75%) in rate cuts in 2024.
- The labor market is showing signs of deceleration. The economy added 199k jobs in December which is a sharp decline from the beginning of the year. The unemployment rate remains 3.7% – still below historical average.
- Falling energy prices have been a key factor behind the sharp drop in inflation across the globe. Headline inflation in the U.S. fell to 3.2% YoY.
- Economic activity in Europe remains constrained due to high interest rates and tighter lending conditions.
- The S&P 500 posted its best quarterly gain since Q4 2020 to end the year less than 1% from record high.
- Mega-cap tech companies outperformed the rest of the S&P 500 Index by more than 60% in 2023 – let us not forget their dismal performance in 2022.
- Fixed income rallied into year end to avoid its third consecutive annual decline. We remain bullish on bonds on a risk-adjusted basis for income, capital appreciation, and a diversification from stocks.
- Gold hit a new, all-time high in the fourth quarter (over \$2,100/oz).

## Market Update

### A Deeper Dive into S&P 500 Index Performance

The equity markets for the second half of 2023 looked much like they did in the first half, with growth and technology leading the way. The S&P 500 index made a splash finishing the year with a return of 26% (including dividends). The “Magnificent 7” (Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta, and Tesla) gained an average 112% while the average stock in the index was up about 15%. Let’s take a deeper dive into those waters. The S&P 500 is a *market-capitalization-weighted* index of 500 large-cap U.S. equities, which means individual companies are weighted according to their relative total market size. Thus, the performance (good or bad) of larger companies has a greater impact on the overall index than the performance of smaller companies. In 2023, 70% of the S&P Index’s return was a result of the performance of the “Magnificent 7” stocks. In fact, about 72% of S&P 500 companies underperformed the overall index. Before you feel like you missed the boat, don’t forget those same mega-cap tech names suffered significant declines just one year earlier in 2022, finishing down -46% on average.



Raymond James makes a market in Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla. This is not a recommendation to purchase or sell the stocks of the companies mentioned.

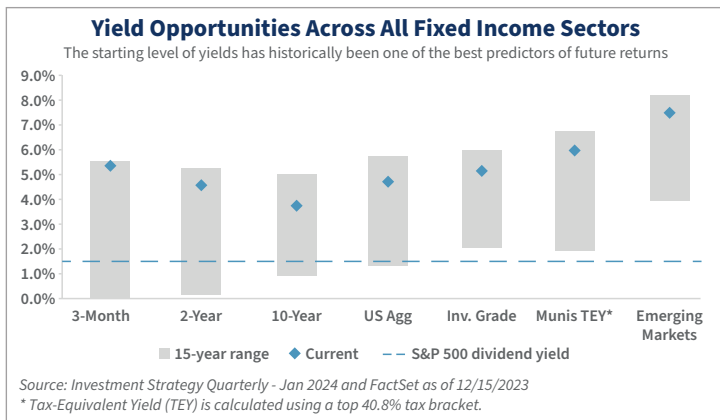
## Bonds Can Help Steady the Ship, Especially in Choppy Waters

Fixed income was challenged through much of 2023 but was able to provide positive returns as the year came to a close. We believe the Federal Reserve is done raising interest rates in the near term as inflation has cooled and growth slows. Investors can once again reap the long-term benefits of bonds. These benefits include:

- **Predictable Income** – Yields stand at their highest levels in nearly 15 years, creating attractive income levels.
- **Capital Appreciation Opportunity** – We see the potential for capital appreciation in fixed income if yields move lower. Generally, when yields decrease, fixed-income prices rise. Capturing this return is an added benefit for bond investors.
- **Reduce portfolio volatility** – Bonds are a useful source of diversification in reducing overall portfolio risk.

Just as with equity markets, bond markets too can move rapidly. We continue to watch the overall fixed-income market, but our focus remains on specific events that could impact interest rates and bond prices suddenly. These catalysts include an unexpected change in the Federal Reserve’s policy, market stress resulting in an announced or declared recession, and geopolitical events escalating.

There are special risks associated with investing with bonds such as interest rate risk, market risk, call risk, prepayment risk, credit risk, reinvestment risk, and unique tax consequences. To learn more about these risks and the suitability of these bonds for you, please contact our office.



## Around the Office

### Important Information for Tax Season 2023

As you prepare for tax season, here is some beneficial information for your consideration.

### 2023 Form 1099 Mailing Schedule

- January 31 – Mailing of Form 1099-Q and Retirement Tax Packages and Raymond James Bank year-end bank tax packets
- February 15 – Mailing of original Form 1099s
- February 28 – Begin mailing delayed and amended Form 1099s
- March 15 – Final mailing of any remaining delayed original Form 1099s

### 2024 Retirement Contribution Limits – 401(k)\* and IRA\*

- The 401(k) plan maximum annual deferral limit increased to \$23,000.
- The 401(k) plan deferral catch-up contribution limits if age 50 or older remained \$7,500.
- The Traditional & Roth IRA maximum annual dollar contribution increased to \$7,000.
- The IRA Catch-Up Contribution Limits if age 50 or older remains \$1,000.

*\*You should discuss any tax or legal matters with the appropriate professional. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation.*

## Giving Back – Stray Rescue’s Holiday Gala 2023

In December, we with our families attended the Stray Rescue of Saint Louis Holiday Gala. We are extremely passionate about this organization’s mission, so it was a memorable night to say the least. Yes, there were tears, but also smiles as comeback stories were displayed on a video slide show.



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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.

Opinions expressed reflect the current opinion of the author and not necessarily those of Raymond James. All opinions are as of this date and are subject to change without notice. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Investments mentioned may not be suitable for all investors. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete.

The DJIA index covers 30 major NYSE industrial companies. 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.

U.S. government bonds and treasury bills are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices generally rise. Commodities may be subject to greater volatility than investments in traditional securities. Investments in commodities may be affected by overall market movements, changes in interest rates, and other factors such as weather, disease, embargoes, and international economic and political developments. Diversification and asset allocation do not ensure a profit or protect against a loss. Dividends are not guaranteed and must be authorized by the company’s board of directors.

Investments in municipal securities may not be appropriate for all investors, particularly those who do not stand to benefit from the tax status of the investment. Municipal bond interest is not subject to federal income tax but may be subject to AMT, state or local taxes. Municipal securities typically provide a lower yield than comparably rated taxable investments in consideration of their tax-advantaged status. Please consult an income tax professional to assess the impact of holding such securities on your tax liability.

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Russell 2000 Total Return Index: This index covers 2000 of the smallest companies in the Russell 3000 Index, which ranks the 3000 largest US companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization. This index includes the effects of reinvested dividends.

Bloomberg US Agg Bond Total Return Index: The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors.

Gold is subject to the special risks associated with investing in precious metals, including but not limited to: price may be subject to wide fluctuation; the market is relatively limited; the sources are concentrated in countries that have the potential for instability; and the market is unregulated.