

"Embrace the crisp, fresh start of the New Year, where each day holds the potential for new opportunities, growth, and success. Cheers to a year filled with endless possibilities and achievements."

### Year in Review

- 30 year mortgage rates have risen to about 6.72% and the 15 year to 5.86%.
- Interest rates declined meaningfully on maturities 5 years and longer in Q4.
- The Federal Reserve is expecting rate cuts in 2024. This will affect our clients in our Cash Management program. The current 3 month Treasury yield is 5.37% and some Schwab money markets are yielding over 5%. We expect these to decline in 2024.
- A recession is still being predicted by some. The labor market will be looked to for direction on this. Labor market is characterized by low unemployment, rising wages, and job creation.
- Charles Schwab 1099s will be sent out to clients in February.
- We will be verifying clients IRA Tax Withholding throughout 2024.

### BENCHMARKS YTD THROUGH 12/31/2023

|  |         |
|--|---------|
| FTSE World Gov't Bond Index 3-7 Yr. Hedged | +6.79%  |
| Russell 2000 (US Small Cap index)          | +15.09% |
| S&P 500 (US Large Cap index)               | +24.23% |
| Wilshire 5000 (US Total Market index)      | +26.85% |
| MSCI EAFE (International Stock index)      | +15.03% |

## MARKET VS EQUAL WEIGHTED INDEX

Market-weighted and equal-weighted stock indices are two common methods used to construct and track the performance of a group of stocks within a financial market. These indices provide investors with insights into the overall health and trends of the market or a specific sector. The key distinction between them lies in how they assign weights to individual stocks.

A market-weighted, or capitalization-weighted, index gives more prominence to stocks with larger market capitalizations. This means that the performance of the index is heavily influenced by the movements of the largest companies, reflecting their market dominance. Examples of market-weighted indices include the S&P 500 and the NASDAQ Composite. Investors following these indices are essentially investing more in larger companies.

On the other hand, an equal-weighted index treats all stocks equally, assigning the same weight to each component regardless of their market capitalization. This approach aims to provide a more balanced representation of the entire portfolio, preventing larger companies from disproportionately impacting the index's performance. Equal-weighted indices may be preferred by investors seeking more diversified exposure across all stocks.

The choice between market-weighted and equal-weighted indices depends on an investor's objectives, risk tolerance, and views on market dynamics. Market-weighted indices are often considered more reflective of the overall market's performance, while equal-weighted indices may be attractive to those looking for broader diversification and reduced concentration risk. Each method has its advantages and drawbacks, and investors should carefully consider their investment strategy when choosing between them.

## QUARTERLY CLIENT WEBINAR

Date: Thursday, January 25th, Starting time: 12:00 pm, Eastern Standard Time

Meeting Number: 2633 780 7086 Password is 1234

Website link: <https://afadvisorsevents.webex.com/afadvisorsevents/j.php?MTID=m2d21c80234594c841cb29c628f80ca21>

To join the teleconference only: US TOLL: +1-415-655-0002 Access code: 2633 780 7086

If you cannot join us for this important webinar, we will post a recording of the entire presentation on our website at [www.afadvisors.com](http://www.afadvisors.com).