

# Q4

## Quarterly Market Review Fourth Quarter 2023

# Quarterly Market Review

Fourth quarter 2023

This report features world capital market performance and a timeline of events for the past quarter. It begins with a global overview, then features the returns of stock and bond asset classes in the US and international markets. The report concludes with a quarterly topic.

## Overview:

Market Summary

World Stock Market Performance

US Stocks

International Developed Stocks

Emerging Markets Stocks

Country Returns

Real Estate Investment Trusts (REITs)

Commodities

Fixed Income

DFA Ranks

Quarterly Topics: ROTH Conversions, Market Timing, Magnificent 7

# Quarterly Market Summary

## Index returns

|                          | US Stock Market | International Developed Stocks | Emerging Markets Stocks | Global Real Estate | US Bond Market | Global Bond Market ex US |
|--------------------------|-----------------|--------------------------------|-------------------------|--------------------|----------------|--------------------------|
| Q4 2023                  | STOCKS          |                                |                         |                    | BONDS          |                          |
|                          | 12.07%          | 10.51%                         | 7.86%                   | 15.47%             | 6.82%          | 5.36%                    |
|                          |                 |                                |                         |                    |                |                          |
| Since Jan. 2001          |                 |                                |                         |                    |                |                          |
| Average Quarterly Return | 2.3%            | 1.6%                           | 2.5%                    | 2.3%               | 0.9%           | 0.9%                     |
| Best Quarter             | 22.0%           | 25.9%                          | 34.7%                   | 32.3%              | 6.8%           | 5.4%                     |
|                          | <b>2020 Q2</b>  | <b>2009 Q2</b>                 | <b>2009 Q2</b>          | <b>2009 Q3</b>     | <b>2023 Q4</b> | <b>2023 Q4</b>           |
| Worst Quarter            | -22.8%          | -23.3%                         | -27.6%                  | -36.1%             | -5.9%          | -4.1%                    |
|                          | <b>2008 Q4</b>  | <b>2020 Q1</b>                 | <b>2008 Q4</b>          | <b>2008 Q4</b>     | <b>2022 Q1</b> | <b>2022 Q1</b>           |

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2024, all rights reserved. Bloomberg data provided by Bloomberg.

# Long-Term Market Summary

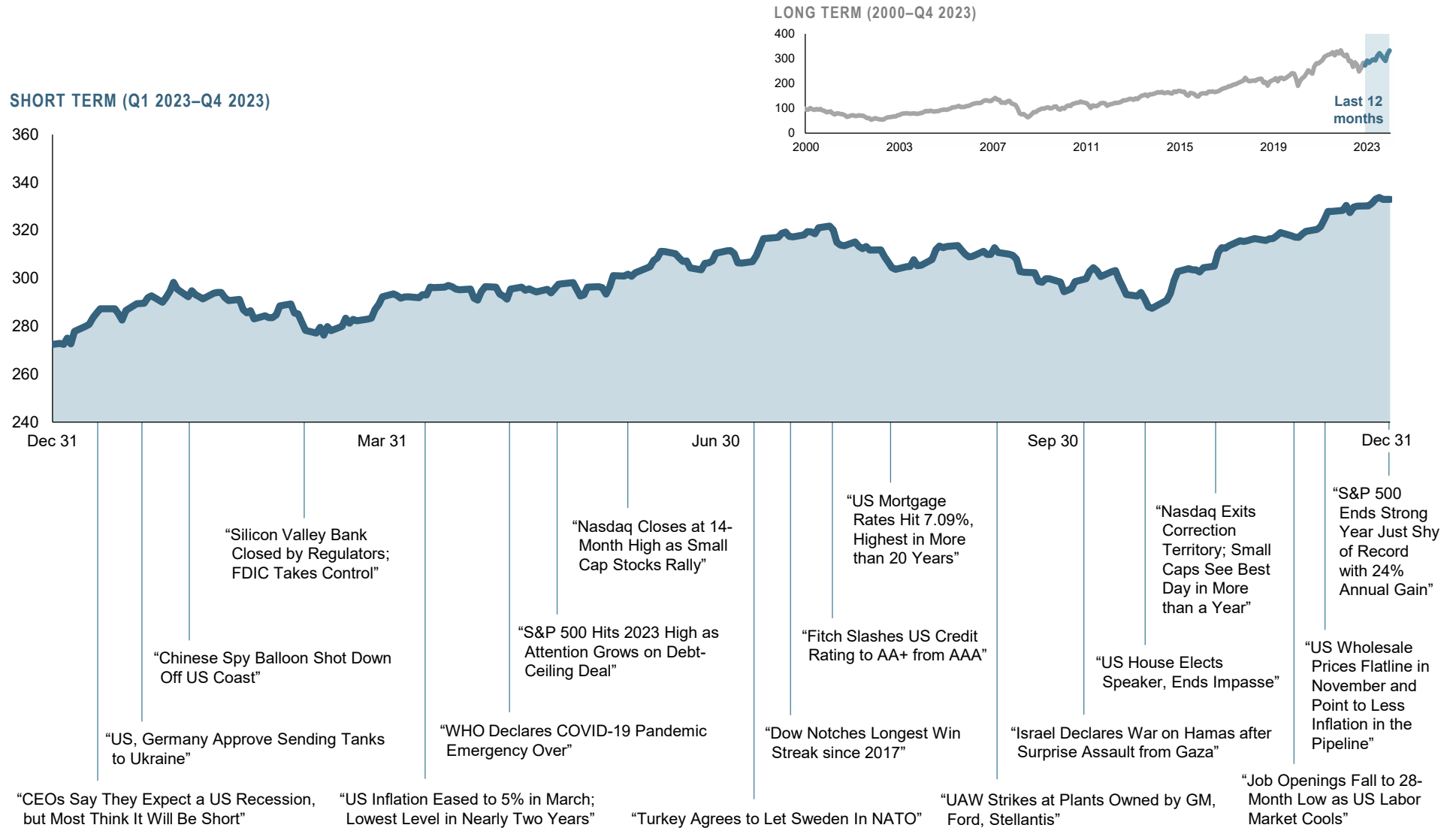
Index returns as of December 31, 2023

|          | US Stock Market | International Developed Stocks | Emerging Markets Stocks | Global Real Estate | US Bond Market | Global Bond Market ex US |
|----------|-----------------|--------------------------------|-------------------------|--------------------|----------------|--------------------------|
| 1 Year   | STOCKS          |                                |                         |                    | BONDS          |                          |
|          | 25.96%<br>      | 17.94%<br>                     | 9.83%<br>               | 10.23%<br>         | 5.53%<br>      | 8.32%<br>                |
| 5 Years  |                 |                                |                         |                    |                |                          |
|          | 15.16%<br>      | 8.45%<br>                      | 3.68%<br>               | 4.16%<br>          | 1.10%<br>      | 1.50%<br>                |
| 10 Years |                 |                                |                         |                    |                |                          |
|          | 11.48%<br>      | 4.32%<br>                      | 2.66%<br>               | 4.72%<br>          | 1.81%<br>      | 2.80%<br>                |

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# World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



*These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.*

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2024, all rights reserved. Index level based at 100 starting January 2000.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

# US Stocks

## Fourth quarter 2023 index returns

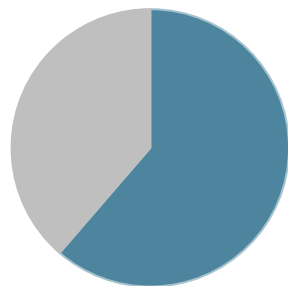
The US equity market posted positive returns for the quarter and outperformed both non-US developed and emerging markets.

Value underperformed growth within large caps and outperformed within small caps.

Small caps outperformed large caps.

REIT indices outperformed equity market indices.

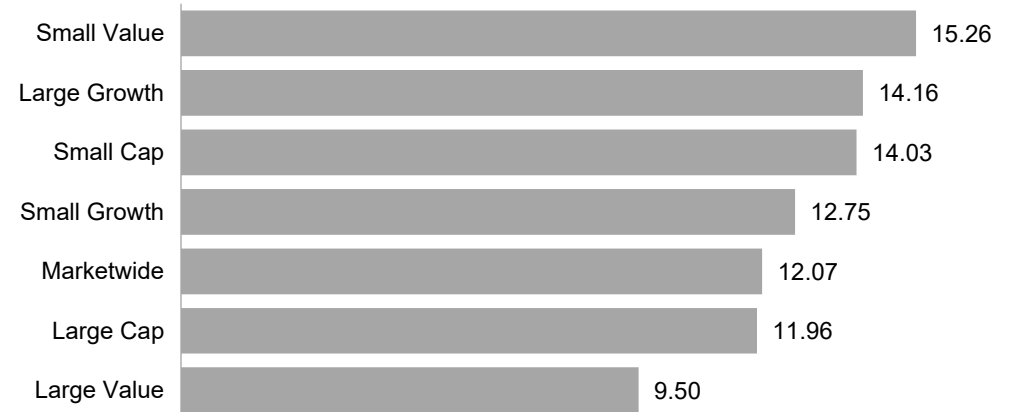
### World Market Capitalization—US



**61%**

US Market  
\$46.4 trillion

### Ranked Returns (%)



### Period Returns (%)

| Asset Class  | QTR   | 1 Year | Annualized |         |          |
|--------------|-------|--------|------------|---------|----------|
|              |       |        | 3 Years    | 5 Years | 10 Years |
| Small Value  | 15.26 | 14.65  | 7.94       | 10.00   | 6.76     |
| Large Growth | 14.16 | 42.68  | 8.86       | 19.50   | 14.86    |
| Small Cap    | 14.03 | 16.93  | 2.22       | 9.97    | 7.16     |
| Small Growth | 12.75 | 18.66  | -3.50      | 9.22    | 7.16     |
| Marketwide   | 12.07 | 25.96  | 8.54       | 15.16   | 11.48    |
| Large Cap    | 11.96 | 26.53  | 8.97       | 15.52   | 11.80    |
| Large Value  | 9.50  | 11.46  | 8.86       | 10.91   | 8.40     |

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: Marketwide (Russell 3000 Index), Large Cap (Russell 1000 Index), Large Value (Russell 1000 Value Index), Large Growth (Russell 1000 Growth Index), Small Cap (Russell 2000 Index), Small Value (Russell 2000 Value Index), and Small Growth (Russell 2000 Growth Index). World Market Cap represented by Russell 3000 Index, MSCI World ex USA IMI Index, and MSCI Emerging Markets IMI Index. Russell 3000 Index is used as the proxy for the US market. Dow Jones US Select REIT Index used as proxy for the US REIT market. MSCI data © MSCI 2024, all rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes.

# International Developed Stocks

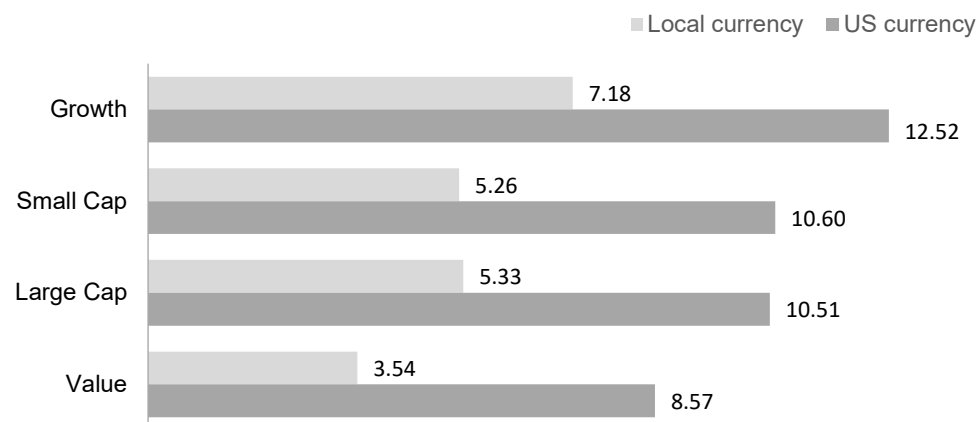
## Fourth quarter 2023 index returns

Developed markets outside of the US posted positive returns for the quarter and underperformed the US market, but outperformed emerging markets.

Value underperformed growth.

Small caps outperformed large caps.

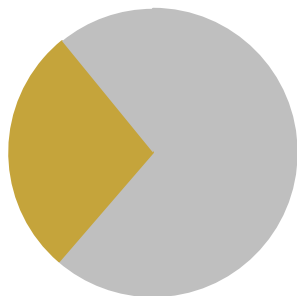
### Ranked Returns (%)



### World Market Capitalization—International Developed

**28%**

International  
Developed Market  
\$21.0 trillion



### Period Returns (%)

| Asset Class | QTR   | 1 Year | Annualized |         |          |
|-------------|-------|--------|------------|---------|----------|
|             |       |        | 3 Years    | 5 Years | 10 Years |
| Growth      | 12.52 | 17.45  | 0.44       | 8.94    | 5.08     |
| Small Cap   | 10.60 | 12.62  | -0.20      | 7.05    | 4.63     |
| Large Cap   | 10.51 | 17.94  | 4.42       | 8.45    | 4.32     |
| Value       | 8.57  | 18.48  | 8.19       | 7.48    | 3.29     |

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# Emerging Markets Stocks

Fourth quarter 2023 index returns

Emerging markets posted positive returns for the quarter and underperformed both US and non-US developed markets.

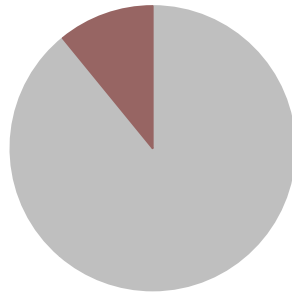
Value outperformed growth.

Small caps outperformed large caps.

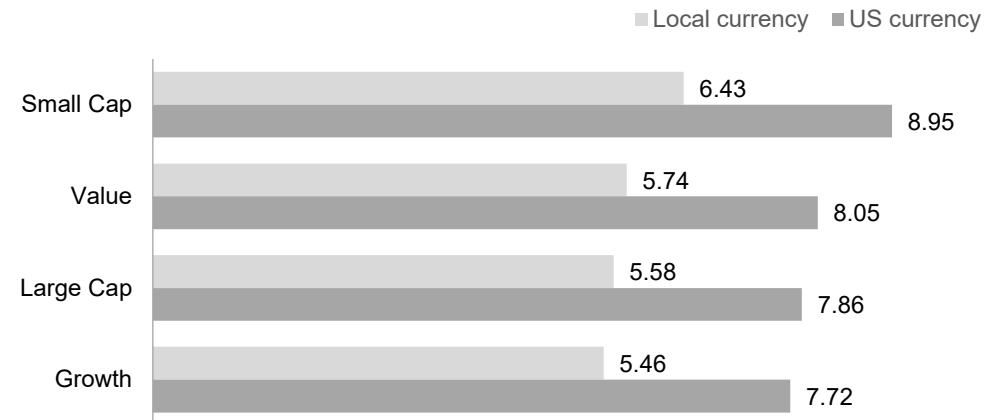
## World Market Capitalization—Emerging Markets

11%

Emerging Markets  
\$8.2 trillion



## Ranked Returns (%)



## Period Returns (%)

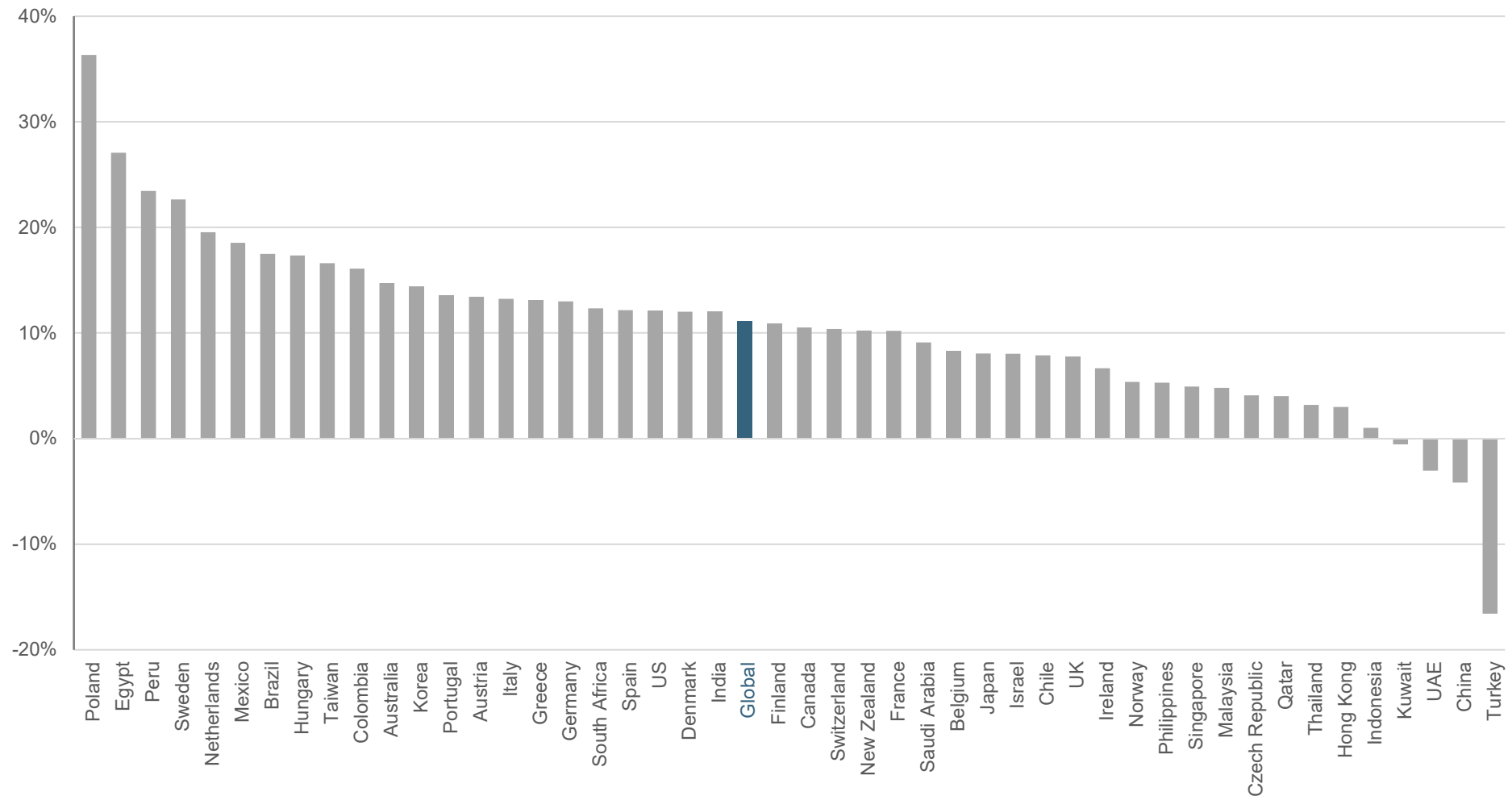
| Asset Class | QTR  | 1 Year | Annualized |         |          |
|-------------|------|--------|------------|---------|----------|
|             |      |        | 3 Years    | 5 Years | 10 Years |
| Small Cap   | 8.95 | 23.92  | 6.45       | 9.92    | 5.34     |
| Value       | 8.05 | 14.21  | -0.01      | 3.37    | 1.94     |
| Large Cap   | 7.86 | 9.83   | -5.08      | 3.68    | 2.66     |
| Growth      | 7.72 | 5.83   | -9.67      | 3.90    | 3.28     |

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# Country Returns

Fourth quarter 2023 index returns



**Past performance is no guarantee of future results.**

Country returns are the country component indices of the MSCI All Country World IMI Index for all countries except the United States, where the Russell 3000 Index is used instead. Global is the return of the MSCI All Country World IMI Index. MSCI index returns are net dividend. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio. Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. MSCI data © MSCI 2024, all rights reserved.

# Commodities

## Fourth quarter 2023 index returns

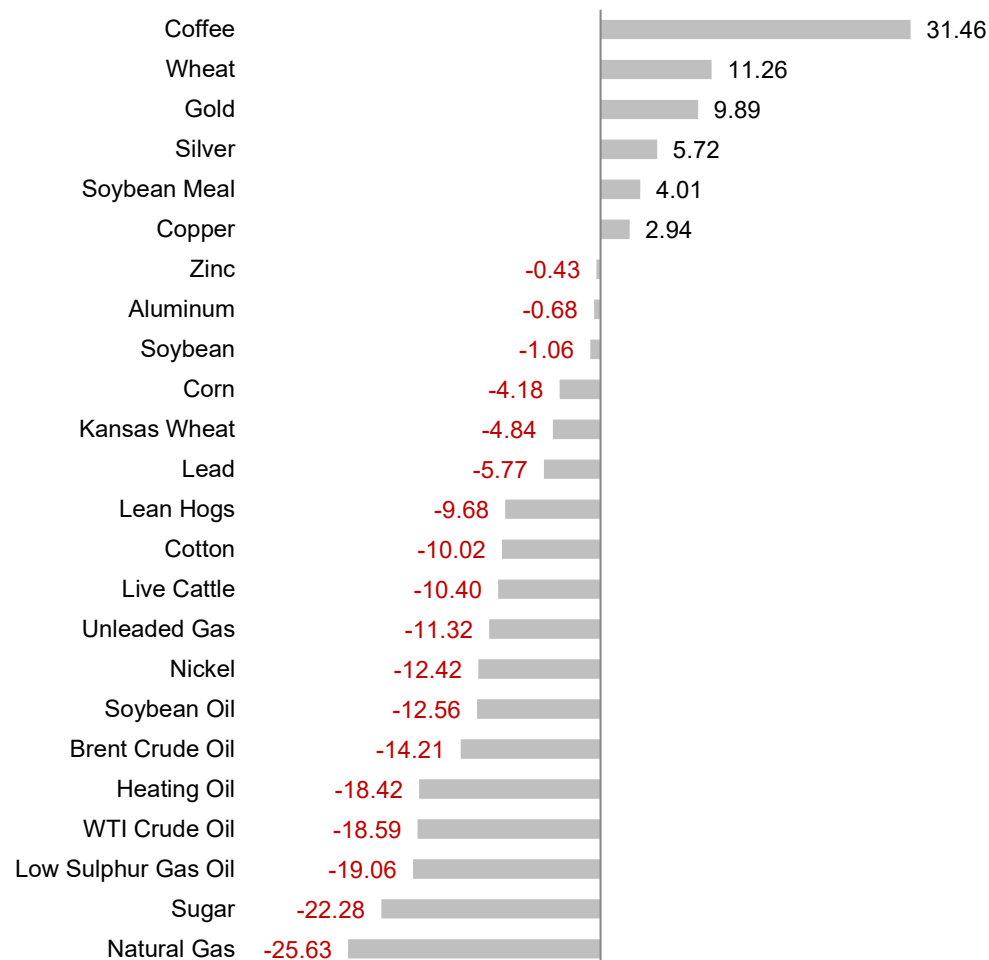
The Bloomberg Commodity Total Return Index returned -4.63% for the fourth quarter of 2023.

Natural Gas and Sugar were the worst performers, returning -25.63% and -22.28% during the quarter, respectively. Coffee and Wheat were the best performers, returning +31.46% and +11.26% during the quarter, respectively.

### Period Returns (%)

| Asset Class | QTR   | 1 Year | Annualized |         |          |
|-------------|-------|--------|------------|---------|----------|
|             |       |        | 3 Years    | 5 Years | 10 Years |
| Commodities | -4.63 | -7.91  | 10.76      | 7.23    | -1.11    |

### Ranked Returns (%)



# Fixed Income

## Fourth quarter 2023 index returns

Interest rates generally decreased in the US Treasury market for the quarter.

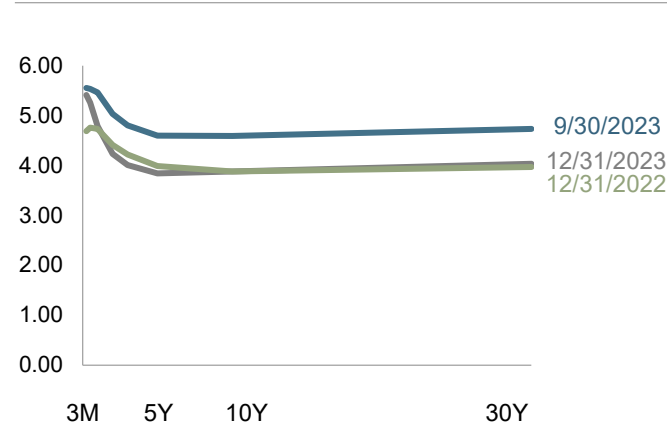
On the short end of the yield curve, the 1-Month US Treasury Bill yield increased 5 basis points (bps) to 5.60%, while the 1-Year US Treasury Bill yield decreased 67 bps to 4.79%. The yield on the 2-Year US Treasury Note decreased 80 bps to 4.23%.

The yield on the 5-Year US Treasury Note decreased 76 bps to 3.84%. The yield on the 10-Year US Treasury Note decreased 71 bps to 3.88%. The yield on the 30-Year US Treasury Bond decreased 70 bps to 4.03%.

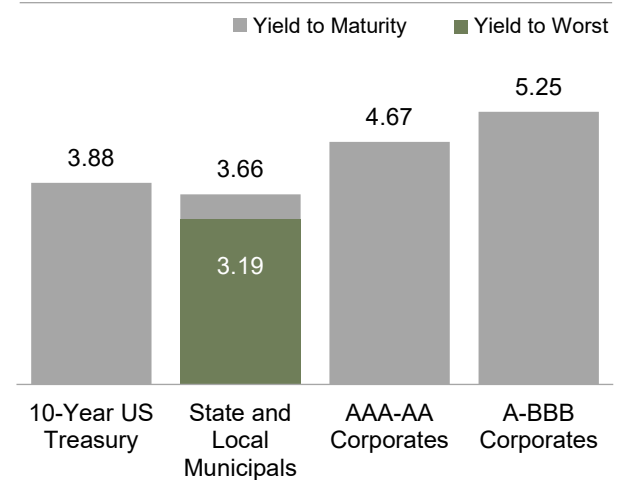
In terms of total returns, short-term US treasury bonds returned +3.21% while intermediate-term US treasury bonds returned +3.99%. Short-term corporate bonds returned +4.12% and intermediate-term corporate bonds returned +5.86%.<sup>1</sup>

The total returns for short- and intermediate-term municipal bonds were +3.53% and +6.53%, respectively. Within the municipal fixed income market, general obligation bonds returned +7.79% while revenue bonds returned +8.15%.<sup>2</sup>

### US Treasury Yield Curve (%)



### Bond Yield Across Issuers (%)



### Period Returns (%)

| Asset Class  | QTR   | 1 Year | Annualized |         |          |
|--|-------|--------|------------|---------|----------|
|  |       |        | 3 Years    | 5 Years | 10 Years |
| Bloomberg U.S. Government Bond Index Long                  | 12.69 | 3.11   | -11.35     | -1.23   | 2.27     |
| Bloomberg Municipal Bond Index                             | 7.89  | 6.40   | -0.40      | 2.25    | 3.03     |
| Bloomberg U.S. High Yield Corporate Bond Index             | 7.16  | 13.44  | 1.98       | 5.37    | 4.60     |
| Bloomberg U.S. Aggregate Bond Index                        | 6.82  | 5.53   | -3.31      | 1.10    | 1.81     |
| FTSE World Government Bond Index 1-5 Years                 | 4.95  | 4.79   | -2.95      | -0.07   | -0.44    |
| Bloomberg U.S. TIPS Index                                  | 4.71  | 3.90   | -1.00      | 3.15    | 2.42     |
| FTSE World Government Bond Index 1-5 Years (hedged to USD) | 3.09  | 5.26   | -0.09      | 1.34    | 1.44     |
| ICE BofA 1-Year US Treasury Note Index                     | 1.79  | 4.74   | 1.18       | 1.66    | 1.18     |
| ICE BofA US 3-Month Treasury Bill Index                    | 1.37  | 5.01   | 2.15       | 1.88    | 1.25     |

1. Bloomberg US Treasury and US Corporate Bond Indices.

2. Bloomberg Municipal Bond Index.

One basis point (bps) equals 0.01%. Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (S&BBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2024 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2024 ICE Data Indices, LLC. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Bloomberg data provided by Bloomberg.

It is AFA's philosophy that passive is a more prudent way to invest assets. Based on numerous studies, we hypothesize that 70% of active managers fail to beat their respective benchmark. As such, we would expect the passive, asset class funds we use to fall somewhere around the 33rd percentile of their peer rankings. Each quarter, we compile this spreadsheet in an attempt to validate our theories. Our "goal" is for the longer-term figures to fall solidly around the 30% delineation expected. We tend not to focus too greatly on the one year figure as almost anything can happen over such a short time frame. However, we feel that truths are borne out over the long haul.

We also utilize outside, third-party research pieces to verify the data. We frequently use the "S&P INDICES VERSUS ACTIVE FUNDS (SPIVA) SCORECARD" created on a semi-annual basis by Standard & Poor's. This document can be found at <https://www.spglobal.com/spdji/en/documents/spiva/spiva-us-year-end-2022.pdf>

| <b>Investment Category Rank<br/>As of 12.31.23*</b> | <b>1 Year</b> | <b>3 Year</b> | <b>5 Year</b> | <b>10 Year</b> | <b>15 Years</b> |
|---|---------------|---------------|---------------|----------------|-----------------|
| DFA Emerging Markets                                | 38%           | 33%           | 37%           | 30%            | 32%             |
| DFA 5 Year Global                                   | 92%           | 8%            | 91%           | 80%            | 85%             |
| DFA Inflation Protected                             | 48%           | 62%           | 37%           | 10%            | 12%             |
| DFA Intermediate Government                         | 32%           | 92%           | 27%           | 15%            | 32%             |
| DFA World Ex US Government                          | 13%           | 99%           | 100%          | 48%            | NA              |
| DFA International Core Equity                       | 40%           | 10%           | 23%           | 16%            | 14%             |
| DFA International Small Company                     | 51%           | 15%           | 26%           | 29%            | 54%             |
| DFA International Value                             | 51%           | 5%            | 23%           | 23%            | 28%             |
| DFA Real Estate                                     | 62%           | 36%           | 34%           | 18%            | 24%             |
| DFA US Core Equity                                  | 56%           | 24%           | 39%           | 47%            | 20%             |
| DFA US Large Value                                  | 50%           | 39%           | 60%           | 53%            | 17%             |
| DFA US Small Cap                                    | 36%           | 14%           | 21%           | 26%            | 8%              |
| <b>AVERAGE</b>                                      | <b>47%</b>    | <b>36%</b>    | <b>43%</b>    | <b>33%</b>     | <b>30%</b>      |

\* Source: Morningstar Advisor Workstation 2.0. The lower the number, the better the rank.

# Quarterly Topic

ROTH Conversions – Tax Rate is ONLY thing that matters

## When the tax rate is the same

## When the tax rates are different

| IRA - 35% Taxes During Retirement   |           |           |           |          |         | ROTH IRA - After 35% Taxes         |           |           |           |         | IRA - 24% Taxes During Retirement   |           |           |           |          |          | ROTH IRA - After 35% Taxes         |           |           |           |         |
|-------------------------------------|-----------|-----------|-----------|----------|---------|------------------------------------|-----------|-----------|-----------|---------|-------------------------------------|-----------|-----------|-----------|----------|----------|------------------------------------|-----------|-----------|-----------|---------|
| Year                                | Beginning | 8% Growth | Ending    |          |         | Year                               | Beginning | 8% Growth | Ending    | Net     | Year                                | Beginning | 8% Growth | Ending    | Gross    | Net      | Year                               | Beginning | 8% Growth | Ending    | Net     |
| 1                                   | \$100,000 | \$8,000   | \$108,000 |          |         | 1                                  | \$65,000  | \$5,200   | \$70,200  | \$7,578 | 1                                   | \$100,000 | \$8,000   | \$108,000 | \$11,658 | \$8,860  | 1                                  | \$65,000  | \$5,200   | \$70,200  | \$7,578 |
| 2                                   | \$108,000 | \$8,640   | \$116,640 |          |         | 2                                  | \$70,200  | \$5,616   | \$75,816  | \$7,775 | 2                                   | \$108,000 | \$8,640   | \$116,640 | \$11,961 | \$9,091  | 2                                  | \$70,200  | \$5,616   | \$75,816  | \$7,775 |
| 3                                   | \$116,640 | \$9,331   | \$125,971 |          |         | 3                                  | \$75,816  | \$6,065   | \$81,881  | \$7,977 | 3                                   | \$116,640 | \$9,331   | \$125,971 | \$12,272 | \$9,327  | 3                                  | \$75,816  | \$6,065   | \$81,881  | \$7,977 |
| 4                                   | \$125,971 | \$10,078  | \$136,049 |          |         | 4                                  | \$81,881  | \$6,551   | \$88,432  | \$8,184 | 4                                   | \$125,971 | \$10,078  | \$136,049 | \$12,591 | \$9,569  | 4                                  | \$81,881  | \$6,551   | \$88,432  | \$8,184 |
| 5                                   | \$136,049 | \$10,884  | \$146,933 |          |         | 5                                  | \$88,432  | \$7,075   | \$95,506  | \$8,397 | 5                                   | \$136,049 | \$10,884  | \$146,933 | \$12,919 | \$9,818  | 5                                  | \$88,432  | \$7,075   | \$95,506  | \$8,397 |
| 6                                   | \$146,933 | \$11,755  | \$158,687 |          |         | 6                                  | \$95,506  | \$7,641   | \$103,147 | \$8,616 | 6                                   | \$146,933 | \$11,755  | \$158,687 | \$13,255 | \$10,074 | 6                                  | \$95,506  | \$7,641   | \$103,147 | \$8,616 |
| 7                                   | \$158,687 | \$12,695  | \$171,382 |          |         | 7                                  | \$103,147 | \$8,252   | \$111,399 | \$8,840 | 7                                   | \$158,687 | \$12,695  | \$171,382 | \$13,599 | \$10,335 | 7                                  | \$103,147 | \$8,252   | \$111,399 | \$8,840 |
| 8                                   | \$171,382 | \$13,711  | \$185,093 |          |         | 8                                  | \$111,399 | \$8,912   | \$120,310 | \$9,069 | 8                                   | \$171,382 | \$13,711  | \$185,093 | \$13,953 | \$10,604 | 8                                  | \$111,399 | \$8,912   | \$120,310 | \$9,069 |
| 9                                   | \$185,093 | \$14,807  | \$199,900 |          |         | 9                                  | \$120,310 | \$9,625   | \$129,935 | \$9,305 | 9                                   | \$185,093 | \$14,807  | \$199,900 | \$14,316 | \$10,880 | 9                                  | \$120,310 | \$9,625   | \$129,935 | \$9,305 |
| 10                                  | \$199,900 | \$15,992  | \$215,892 |          |         | 10                                 | \$129,935 | \$10,395  | \$140,330 | \$9,547 | 10                                  | \$199,900 | \$15,992  | \$215,892 | \$14,688 | \$11,163 | 10                                 | \$129,935 | \$10,395  | \$140,330 | \$9,547 |
| <b>5% Withdrawal Less 35% taxes</b> |           |           |           |          |         | <b>5% Withdrawal with no taxes</b> |           |           |           |         | <b>5% Withdrawal Less 24% taxes</b> |           |           |           |          |          | <b>5% Withdrawal with no taxes</b> |           |           |           |         |
| Year                                | Beginning | 8% Growth | Ending    | Gross    | Net     | Year                               | Beginning | 8% Growth | Ending    | Net     | Year                                | Beginning | 8% Growth | Ending    | Gross    | Net      | Year                               | Beginning | 8% Growth | Ending    | Net     |
| 11                                  | \$215,892 | \$17,271  | \$233,164 | \$11,658 | \$7,578 | 11                                 | \$140,330 | \$11,226  | \$151,557 | \$7,578 | 11                                  | \$215,892 | \$17,271  | \$233,164 | \$11,658 | \$8,860  | 11                                 | \$140,330 | \$11,226  | \$151,557 | \$7,578 |
| 12                                  | \$221,506 | \$17,720  | \$239,226 | \$11,961 | \$7,775 | 12                                 | \$143,979 | \$11,518  | \$155,497 | \$7,775 | 12                                  | \$221,506 | \$17,720  | \$239,226 | \$11,961 | \$9,091  | 12                                 | \$143,979 | \$11,518  | \$155,497 | \$7,775 |
| 13                                  | \$227,265 | \$18,181  | \$245,446 | \$12,272 | \$7,977 | 13                                 | \$147,722 | \$11,818  | \$159,540 | \$7,977 | 13                                  | \$227,265 | \$18,181  | \$245,446 | \$12,272 | \$9,327  | 13                                 | \$147,722 | \$11,818  | \$159,540 | \$7,977 |
| 14                                  | \$233,174 | \$18,654  | \$251,828 | \$12,591 | \$8,184 | 14                                 | \$151,563 | \$12,125  | \$163,688 | \$8,184 | 14                                  | \$233,174 | \$18,654  | \$251,828 | \$12,591 | \$9,569  | 14                                 | \$151,563 | \$12,125  | \$163,688 | \$8,184 |
| 15                                  | \$239,236 | \$19,139  | \$258,375 | \$12,919 | \$8,397 | 15                                 | \$155,504 | \$12,440  | \$167,944 | \$8,397 | 15                                  | \$239,236 | \$19,139  | \$258,375 | \$12,919 | \$9,818  | 15                                 | \$155,504 | \$12,440  | \$167,944 | \$8,397 |
| 16                                  | \$245,456 | \$19,637  | \$265,093 | \$13,255 | \$8,616 | 16                                 | \$159,547 | \$12,764  | \$172,310 | \$8,616 | 16                                  | \$245,456 | \$19,637  | \$265,093 | \$13,255 | \$10,074 | 16                                 | \$159,547 | \$12,764  | \$172,310 | \$8,616 |
| 17                                  | \$251,838 | \$20,147  | \$271,985 | \$13,599 | \$8,840 | 17                                 | \$163,695 | \$13,096  | \$176,790 | \$8,840 | 17                                  | \$251,838 | \$20,147  | \$271,985 | \$13,599 | \$10,335 | 17                                 | \$163,695 | \$13,096  | \$176,790 | \$8,840 |
| 18                                  | \$258,386 | \$20,671  | \$279,057 | \$13,953 | \$9,069 | 18                                 | \$167,951 | \$13,436  | \$181,387 | \$9,069 | 18                                  | \$258,386 | \$20,671  | \$279,057 | \$13,953 | \$10,604 | 18                                 | \$167,951 | \$13,436  | \$181,387 | \$9,069 |
| 19                                  | \$265,104 | \$21,208  | \$286,312 | \$14,316 | \$9,305 | 19                                 | \$172,318 | \$13,785  | \$186,103 | \$9,305 | 19                                  | \$265,104 | \$21,208  | \$286,312 | \$14,316 | \$10,880 | 19                                 | \$172,318 | \$13,785  | \$186,103 | \$9,305 |
| 20                                  | \$271,997 | \$21,760  | \$293,757 | \$14,688 | \$9,547 | 20                                 | \$176,798 | \$14,144  | \$190,942 | \$9,547 | 20                                  | \$271,997 | \$21,760  | \$293,757 | \$14,688 | \$11,163 | 20                                 | \$176,798 | \$14,144  | \$190,942 | \$9,547 |
| cumulative income \$85,288          |           |           |           |          |         | cumulative income \$85,288         |           |           |           |         | cumulative income \$99,721          |           |           |           |          |          | cumulative income \$85,288         |           |           |           |         |

# Quarterly Topic

## Market Timing – Real World Example

| Client's actual account value on 5/5/22 was: |               |           |               | \$606,545   |
|--|---------------|-----------|---------------|-------------|
|  |               |           |               |             |
| Date   | Wilshire 5000 | Action    | Missed Return |             |
| 5/6/22                                       | 40,347.97     | Sold out  |               |             |
| 8/2/22                                       | 40,826.88     | Bought In | 1.19%         |             |
| 9/23/02                                      | 36,787.20     | Sold out  |               |             |
| 1/11/23                                      | 39,470.43     | Bought In | 7.29%         |             |
| 3/15/23                                      | 38,592.37     | Sold out  |               |             |
| 1/23/24                                      | 48,725.62     | Bought In | 26.26%        |             |
| Total growth                                 | 21%           |           |               |             |
|  |               |           |               |             |
| Had client stayed invested                   |               |           |               | \$732,485   |
|  |               |           |               |             |
| Clients Actual Value a/o 1/23/24             |               |           |               | \$519,701   |
|  |               |           |               |             |
| Client's Lost Accumulation *                 |               |           |               | (\$212,784) |

\* This assumes only holding was Wilshire 5000 Index

# Quarterly Topic

## Magnificent 7

### Magnificent Seven Stocks Had A Huge 2023.

| Company        | Ticker | Market cap, in trillions | 2023 gain |
|----------------|--------|--------------------------|-----------|
| Apple          | AAPL   | \$2.99                   | 48.2%     |
| Microsoft      | MSFT   | \$2.79                   | 56.8%     |
| Alphabet       | GOOGL  | \$1.75                   | 58.3%     |
| Amazon         | AMZN   | \$1.57                   | 80.9%     |
| Nvidia         | NVDA   | \$1.22                   | 238.9%    |
| Meta Platforms | META   | \$0.91                   | 194.1%    |
| Tesla          | TSLA   | \$0.79                   | 101.7%    |
| S&P 500        |        |                          | 24.2%     |

These returns are certainly impressive, but these Magnificent 7 stocks are not bulletproof. Even seemingly invincible stocks can have problems (think 2022, when all seven of these names finished the year with double-digit percentage losses). As such, prudent investors must stay aware of market environments and diversify their portfolios.

Over the past year, 135 S&P 500 stocks outperformed the S&P 500. This means that 365 UNDER performed the average.

Without the Magnificent Seven, the index would have risen only 8%.

# Quarterly Topic

Magnificent 7 – continued

## Equal Weighted vs. Market Cap Weighted

ETFs Illustrated for Comparison Use Only – Not a recommendation. All information gathered from Morningstar Advisor Workstation

### ETF: RSP – S&P 500 Equal Weighted

2022 Return: -11.62%

2023 Return: +13.70%

#### Top Ten Holdings

|                   |       |
|-------------------|-------|
| ◦ Catalent        | 0.25% |
| ◦ Juniper Network | 0.25% |
| ◦ Advanced Mic.   | 0.25% |
| ◦ Vertex Therm    | 0.24% |
| ◦ Moderna         | 0.24% |
| ◦ Broadcom        | 0.24% |
| ◦ Nvidia          | 0.23% |
| ◦ Intuitive Surg. | 0.23% |
| ◦ Align Tech      | 0.23% |
| ◦ Cigna Group     | 0.23% |

### ETF: SPY – S&P 500 Market Cap Weighted

2022 Return: -18.17%

2023 Return: +26.19%

#### Top Ten Holdings

|               |       |
|---------------|-------|
| ◦ Microsoft   | 7.26% |
| ◦ Apple       | 6.84% |
| ◦ Nvidia      | 3.50% |
| ◦ Amazon      | 3.46% |
| ◦ Alphabet A  | 2.11% |
| ◦ Meta        | 2.07% |
| ◦ Alphabet C  | 1.79% |
| ◦ Berkshire B | 1.64% |
| ◦ Tesla       | 1.45% |
| ◦ Broadcom    | 1.25% |