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Woodard & Company celebrates 40 years of service this year. John Woodard founded the firm in 1985 at Reynolda Village in Winston-Salem. Since that time, we have dedicated our efforts to providing sound investment portfolio management, acting as fiduciaries, providing personalized financial solutions tailored to our client's needs. Over the past four decades, we have worked to create a trustworthy team of advisors, and we are proud to have reached the milestone of over \$1 billion in assets under management.

In our 40 years of investing, we have navigated volatile markets, diverse and challenging economic conditions and circumstances; and we feel very blessed to have the trust of our clients. As we celebrate 40 years at Woodard & Company, we want to extend our deepest gratitude to you, our loyal clients, thank you.

Markets Review and Forecast. The stock market as measured by the S&P 500 did very well in 2024. The S&P ended the year with a return of 23.3%. Select technology stocks did extremely well, however, the broader market performance was less exciting. Interestingly, the Dow Jones Industrial Averages (DJIA) returned a modest 12.9% in 2024 (just a bit better than half the S&P return). Both indices (S&P and Dow) give investors a broad "big picture" of stock price movement. The Dow, founded in 1896, tracks 30 very large stocks from all major sectors (not just the "industrials"). The DJIA index is price weighted. The S&P 500 was founded in 1957 and is a much broader index, tracking 500 of the largest capitalization companies. The S&P index is weighted on market value (capitalization), consequently, it

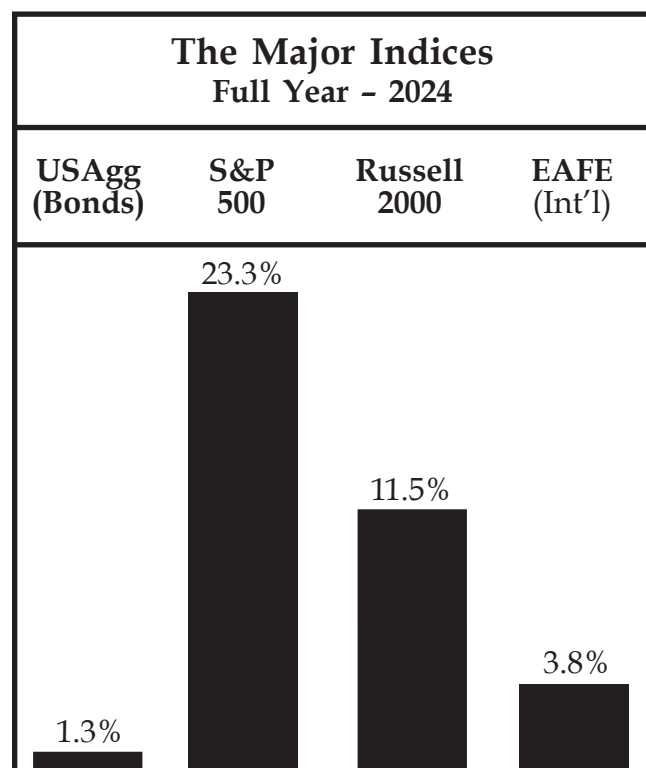
is more heavily influenced by technology (30% of index). As you may know; the "Magnificent 7" (Apple, Nvidia, Alphabet, Amazon, Microsoft, Meta, Tesla) were very significant factors in 2024 performance.

The stock market is trading at historically elevated levels relative to earnings. That specific factor, price to earnings, being among the more significant numbers when it comes to market evaluations. We would anticipate a market correction (perhaps 10%) at some point in the year ahead. It is normal and healthy. If we see a correction coming, we will endeavor to become more defensive, but often it is very difficult to predict, and we may need to ride it out. The median Wall Street strategist year-end price target estimate for the S&P in 2025 is 6600, or a 12% return.

International stocks, as measured by the EAFE Index (Europe, Australasia, Far East) was modestly positive with a 4% return. The Russell 2000, an index of small size U.S. companies, returned a modest 11.5%. The Dow Jones Transportation Avg. was negative for the year. With bonds, as measured by Barclay's Agg up a mere 1.3%. As you can see, the broader markets and fixed income were not great in 2024. So much for diversification by asset class and style.

Please note, if you have seen yields drop slightly in your accounts, the ten-year treasury dropped from 5% to 3.9% in a relatively brief period last year, consequently as we reinvested matured CD's, Treasuries, etc., they rolled over at the prevailing lower rates, rates are moving higher again. We have maintained a short-term approach to fixed income for the

past three years, and it has been the correct approach. In 2022 and 2023 the Barclays Aggregate was negative for both years, and it was barely positive in 2024, returning a mere 1.3%. The Bloomberg Agg is the primary bond index for U.S. investment grade bonds, composed primarily of intermediate term maturity issues. Fortunately, our fixed income returns overall were more than four times that number.



Interest Rates. The U.S. Aggregate Bond Index returned 1.3% for the year 2024. High yield, or “junk bonds” returned 8.2% while U.S. Agency issues closed out the year returning approximately 3.4%. For our clients in fixed income, we stayed in short duration positions for the majority of the year. We did this in order to mitigate risk and keep bond portfolios insulated from the volatility in the bond market. The 10 Year Treasury Bond opened 2024 yielding 3.87% and closed the year yielding 4.58%. It saw a 52-week high yield of 4.74% on April 25th and a 52-week low yield of 3.62% on September 16th. As of the writing of this newsletter, it is yielding 4.63%.

Although Federal Reserve Chairman Powell had given the impression in August that the economy was in good shape, the Fed still cut rates in September by .50%, in November by .25% and in December by another .25%. They lowered rates a total of 1% during the last four months of the year. According to the Fed, these cuts were needed due to lower inflation and some slower economic data. Economists differ over whether they were necessary. This brings the Federal-funds target rate to the range of 4.25% - 4.5%. Interestingly, the benchmark 10 Year Treasury yield climbed from 3.62% to 4.58% over the same time frame that the Fed was lowering rates. Investors are expecting the Fed to implement more lowering of rates in 2025; however, market and economic conditions may dictate fewer cuts than anticipated.

Cybersecurity. Please note, if we receive an email or a telephone message requesting money from you, we will contact you to confirm the request and assure that it is you who is making the request. Our custodian, Fidelity, tells us that cyberfraud is on the increase.

The tax form mailing schedule for 1099s will be: Group 1-January 25th, Group 2-February 8th, Group 3-February 22nd, Group 4-March 7th.

Form 5498 “IRA Contribution Information Form” which showed contributions and (formerly) distributions to and from IRAs will no longer be generated in January. Additionally, the Required Minimum Distribution information will no longer be on form 5498, that information will be on the December 2024 statements.

We are pleased to discuss your account tax information on your behalf with your tax preparer. We simply need your verbal authorization (if you have previously given this to us it is in your file).

Our minimum account size is going to increase from \$100,000 to \$250,000. If you are an existing client this does not affect you. Additionally, if you are an existing client and you have accounts you would like to bring to

us or a family member that needs assistance, again, this does not affect you.

Money Market. We converted all our accounts to the Fidelity U.S. Treasury Money Market Fund in 2009 for a number of good reasons. It has been a good idea. We saw several factors during the 2008-2009 meltdown that correctly compelled us to do this for our clients. We were perhaps one of, if not the only advisor in the U.S. to do so. The Fidelity U.S. Treasury Money Market Fund has been our “sweep” money market fund since that time. Fidelity doesn’t make as much money on this as they do their standard “sweep” account. Consequently, Fidelity recently stated that they will convert all taxable accounts (not IRA, Roth, SEP, etc.) to their “FCASH” sweep money market at some time between February and June 2025. “FCASH” is their standard sweep for all taxable brokerage accounts. We have fought and argued against this change to no effect. Going forward, we intend to keep as little of your money as possible in the “FCASH” sweep. It will require constant monitoring as it yields considerably less than the Treasury money market. As of 12/31/24, Fidelity Treasury Money Market was yielding over 4% vs. 2% for FCASH. Obviously, we do not approve of the change in policy by Fidelity, but we have no choice in the matter. We will use both the Fidelity U.S. Treasury and the Federated U.S. Treasury Money Market Funds as much as possible and keep balances as low as possible in FCASH. You will receive an email regarding this and you will also see it noted on your monthly statement until conversion.

Taxes. 2025 brings about a few changes to taxes, but most adjustments are similar to 2024. For Roth and Traditional IRAs, the contribution limit and catch-up limit are the same as 2024. As for income taxes, the brackets are the same as 2024, but the threshold for each limit has increased. The same goes for capital gains tax. Please see the insert for detailed tax brackets.

401(k) Super Catchup. If you are between the ages 60-63 this year and are in a 401(k) plan, you may wish to consult your tax preparer or contact us to discuss the “401(k) Super

Catchup,” which enables you to put additional money into your 401(k) plan this year.

Taxable accounts (i.e., non-IRA/retirement accounts) will receive a 1099 from Fidelity which will show realized gains/losses in your account, as well as dividends, interest, etc. Since Fidelity may not have all cost basis information, they have what is termed “covered” and “not covered” assets, i.e., they may or may not have the entire number of shares purchased but it may appear to report it as though they do.

The following is your decision. However, we would recommend that you consider asking your tax preparer to wait until March 15th to file your return. There are often revisions to the 1099’s after they are issued. Revisions have become fewer as the years pass, but they still do occur. Unfortunately, we have seen data corrections even after March 15th but only very rarely has that happened. Please understand that all financial institutions involved do their best to provide accurate data, but the 1099 is generally sent by the end of January and unfortunately sometimes that data requires revision. Obviously, we wish there would never be errors by the entities providing the tax data, but this is out of our control. We can only rely on the varied entities to provide accurate information in as timely a manner as possible.

As always in the past when a 1099 is issued, it is coded by the issuing firm; even if the code is wrong, the custodial financial institution (in our case Fidelity) will not change or reissue the 1099. Not our choice or the option we would give you, but that is how they do it. It is our understanding that all financial institutions are essentially the same as they have gone to a more generalized coding system and will not correct and/or reissue 1099. The taxpayer or tax preparer to change 1099 code instructions must go to IRS.gov and get the IRS form to make the change.

Required minimum distributions (RMD). For those of you over 73, you are aware of the IRS RMD requirements for your Individual Retirement Account (IRA). For

those individuals born 1951-1959, the age you are required to take a distribution is 73, for those individuals born 1960 and later it is now 75. For many years the age was 70½. The materials for your RMD, if you are required to take it, will go out to you this month in January and will include a sheet that details your minimum distribution amount. It also enables you to detail to us the amount of tax withholding if you wish us to implement that on your behalf, and enables you to tell us when and what manner it would be convenient for you to receive the distribution. The Federal penalty for not taking an RMD is 25% or 10% if corrected within 2 years (that is in addition to the required taxes!). We will endeavor to get this money to you the way you want it, when you want it. If you have any questions or you would like a distribution before this material is available, please give us a call.

ADV Document. We are happy to provide you with a copy of our "ADV," which is our disclosure document that we file annually with the U.S. Securities and Exchange Commission (SEC). You can also view it on the SEC's website at www.sec.gov and there is a link to it on our website. We are also pleased to provide our confidentiality statement and code of ethics if you wish to receive a copy let us know and we will mail you one, it is also on our website at www.wcamg.com.

Security transactions. You may wish to do a stock trade or other securities transaction in your account which we are pleased to implement for you. However, do not leave these transactions on our voicemail or email. Please speak with an individual. Otherwise, they may not be implemented in a timely fashion, if at all. Typically, we are pleased to implement these transactions as a courtesy, at no charge to you.

Envelopes. If you would like some postage paid envelopes addressed to Woodard and Company please let Tonia, Marci, or Stan know (you can call us at 336-998-7000 to request them) and we will be pleased to send you an annual supply. The same is true if you need a new binder, pen, or notepad.

Non-Managed Assets. Many clients have brought in stocks, bonds, funds, and other assets that were purchased previously which they either do not wish to sell due to the tax implications or other reasons. We have placed these assets in a "non-bill" category to take into consideration these facts and for the convenience of our clients to have everything in one place. We are pleased to facilitate custodial services and furthermore we are pleased to consult on these assets when requested for the convenience of our clients. However, we do not assume responsibility for tracking these assets or responding to news, mergers, events or information regarding these unmanaged assets. There may be bankruptcies, stock analyst downgrades, or other factors as well to which we will not respond unless requested or directed by the client. We take responsibility for the assets we manage and track them closely, but we cannot track the many thousands of random securities requested to be held for clients. We offer Fidelity's custodial services for these "non-bill" assets as a convenience to the client and we are pleased to in most cases provide analysis of the assets and discuss the issues surrounding them.

Change in Objectives, Risk Tolerance, or Circumstances. Please look at your current allocation; does it reflect your objectives, risk tolerance, and needs? Please let us know if your circumstances, needs, risk tolerance, or objectives shift may have an impact on the way we manage your assets. We can and will respond to your needs and look forward to hearing from you and discussing any issues that relate to our management of your assets.

If you have any other questions about your account or any concerns, please give us a call at 336-998-7000. We always enjoy talking with our clients.

This newsletter represents the opinions of Woodard & Company which are subject to change and does not constitute a recommendation to purchase or sell any security. The information contained herein has been obtained from sources believed to be reliable.