WOODARD & COMPANY
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Issue 126 ***Winter Quarter, 2024***

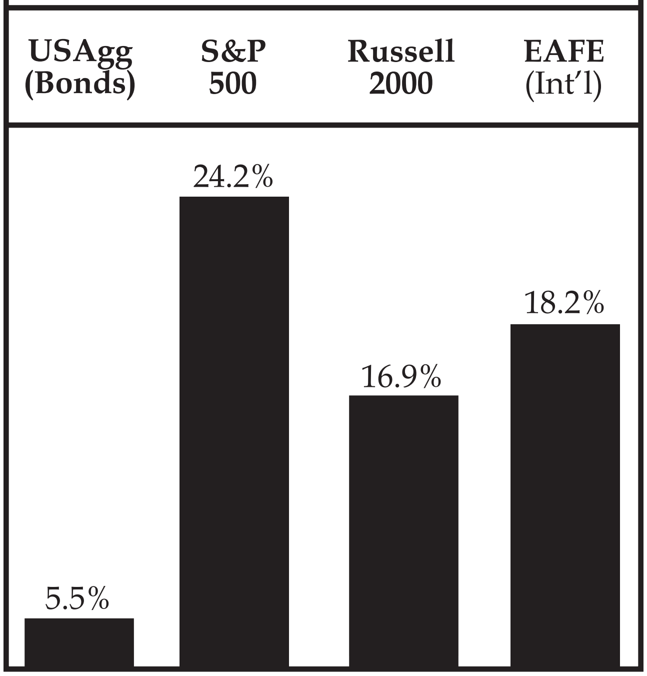
You're invited to join us for a women's seminar on empowering women to become the CFO of their lives at Bermuda Run County Club on March 7th from 6-8pm. RSVP by March 3rd at 336-998-7000 or woodard@wcamg.com. There will also be complimentary drinks and appetizers and you are welcome to bring a friend.

Social Security Seminar. One of the most common financial planning topics that we have discussed with clients over the years is Social Security benefits. We have fielded all sorts of questions ranging from "when should I take Social Security?" to "how will Social Security impact my taxes?" and even "will the government take away my Social Security benefits?" Given the prevalence of misconceptions surrounding such a significant financial topic, we have to decided to host a few topical Social Security seminars in the coming months. These events will be open to the public and free of charge. Please follow our Facebook page so that you are aware of the dates and details as the logistical aspects are finalized. Of course, you may schedule a meeting and come by the office to discuss these matters as well.

Woodard & Company Calendar Books. Many of our clients have told us that they no longer use the leather calendar books we have distributed over the years as everything is on our cellphones these days. However, we do have them and we will be pleased to send you one. Please call and we will be happy to get it out to you.

Markets Review and Forecast. As we have noted previously, a select group of technology stocks were largely fueling the S&P 500's positive performance in 2023. In fact, most of the performance of the index was concentrated in just seven stocks, often referred to as the "Magnificent Seven." These stocks, responsible for the majority performance of the index, are essentially "AI" (Artificial Intelligence) related. Those seven stocks are Apple, Alphabet, Meta, Microsoft, Nvidia, Amazon, and Tesla. They indeed saw significant gains in 2023 after a very bleak 2022 for that specific group of stocks.

The S&P 500 uses a market-cap weighting method, giving a higher percentage allocation to companies with the largest market capitalizations (i.e. the "Magnificent Seven"). Just these seven stocks comprise nearly 30% of the value of the entire index of 503 stocks in the S&P. Due to these "Magnificent Seven" the S&P 500 rose 24.2% last year. Broader market indices, which are more representative of the economy in general, rose a more modest amount. The S&P 500 Equal Weight Index rose by comparison only 11.5%. The small-cap Russell index increased 16.9%, and the international index (EAFE) gained 18.2%. Finally, the Dow Jones Industrial Averages returned 13.7%. In regards to bonds, the Barclay's Aggregate Bond Index was up 5.5% for the year following a truly dismal 2022.



The Major Indices
Full Year – 2023

While returns were quite good, the performance of our equity funds and the Market Leaders Stock Portfolio were more in line with the broader market. During late 2023 we were structured relative to the overall market on an equal weight basis. We owned most of the seven "AI" (Artificial Intelligence) stocks in both the stock portfolio and through our equity funds, but we did not have the heavier weightings in these technology stocks as did some indices.

Our 2023 stock portfolio decisions were made based upon many factors, but certain sector or style allocations focused predominantly on two specific factors.

First, we correctly anticipated rising interest rates and allocated portfolios to mitigate that specific risk in stock weightings. The interest rate environment for 2023 was, as we had anticipated, a sharply rising rate environment. Historically technology stocks underperform significantly in that environment. For instance, the NASDAQ in 2022 was down a whopping 34% largely attributed to the rising interest rates. While we held technology positions in 2023, they were more closely allocated on an equal weight basis.

Secondly, among our responsibilities, in addition to generating returns, is protecting principal and mitigating risk for our clients. The artificial intelligence boom in these stocks came very suddenly. We are not aware of any analyst that predicted or anticipated that event. We have recognized the trend and we are now allocated accordingly. Additionally, while the long-term trend in interest rates may at some point resume on a rising track due to our National Debt, during this election year and with a potential recession looming in the coming years, interest rates likely should not rise sharply in the near-term.

During the year, in particular the 4th quarter, we took advantage of the sharp market downturn in most accounts by rebalancing equity positions to a closer S&P market-cap weight tracking. Additionally in mid October, for accounts with fixed income, as the Ten-Year Treasury approached 5%, we took a significant portion of assets and extended maturities. Remarkably, the 10-Year Treasury subsequently dipped to 4% in just a matter of weeks resulting in a very nice gain. We determined it was in the best interest of clients to take the gain in early December and return to shorter term paper. Typically, we do not "trade" bonds but it was compelling to move back to short-term as we could get 5% plus with minimal risk of principal.

Finally, 2024 will be the end of a four-year Presidential Election Cycle. Since 1928, year four has been the second-best year in the cycle, with a median gain of 9.5% and with positive returns 73.9% of the time (year three that we just completed has indeed been the best period of the cycle so far).

As our politics and circumstances in general in both the U.S. and the world have grown more volatile, we understand the uncertainty and discomfort many are feeling. We feel it too. We will endeavor to become more defensive if circumstances warrant, but please note, there will always be the possibility of a "Black Swan" event, i.e. a significant negative unknowable event occurring for which no opportunity presents itself to allay or mitigate.

Interest Rates. The Federal Reserve is currently holding the federal-funds rate at 5.25 - 5.5%, a 23–year high. Inflation remains above their 2% target and while investors are speculating on up to 6 rate cuts this year ("sticky inflation" may say otherwise). The rate hiking cycle that began in 2022 hopefully ended in 2023 and currently the Fed projects three possible rate cuts this year, most likely in the second half. However, according to the U.S Bureau of Labor Statistics, inflation rose in December of 2023 to 3.4% over the previous 12 months for all items. It was up 0.3% from the November reading. This may make cutting rates in 2024 more difficult for the Fed.

The Bloomberg U.S. Aggregate Bond Index finished 2023 returning 5.5%. A marked improvement from the 2022 return of -13% for the year (one of its worst since the 1970's) and its 2021 negative performance of -1.54%. We remained shorter in our bond durations for most of the year in order to insulate fixed income portfolios from negative returns as mentioned above.

The 10-Year Treasury ended 2023 yielding 3.87%. As of the writing of this newsletter it sits at 4.03%. The yield moved noticeably higher in early August, eventually tagging 4.99% on October 19th. The move higher was in part a reaction by the bond market to the Washington, D.C. dysfunction which has rightfully gained the attention of investors.

The 30-year fixed mortgage is currently 7.24% and the 15-year fixed rate is 6.47% according to the Wall Street Journal. New 4-year car loans are 7.69% and the prime rate remains 8.5%.

Recently there has been much interest in investing by young people. If you have a young adult in your life that would like to learn how to "get started" with investing their savings from part-time jobs, we are here to help. Please know that they or you can contact us to set up an appointment so we can explain to them the fundamentals of investing and the differences between being a "long term investor" and a "day trader."

Financial Planning. We can implement a complete financial plan for you. We have two financial planners on staff and one CPA (Certified Public Accountant). There is no additional cost for these services as they are included with the management of your money. Please call if you would like us to perform financial planning services for you.

Taxes. 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.

The first tax form mailing for 1099 will be- Group 1-January 26th (January 20th online), then subsequent mailings are Group 2-February 16th, Group 3-March 1st, Group 4-March 12th.

The following is your decision, however-as usual we would recommend that you consider asking your tax preparer to wait until March 15th to file your return. As 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. Please understand that all of the financial institutions involved do their best to provide accurate data, but the 1099s are generally sent by the middle of February 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.

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).

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 1951-1957 the RMD age, the age you are required to take a distribution is 73. For those individuals born 1958 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% (that is in addition to the required taxes!**). We will endeavor to get this money to you in 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.

Access your account. Our website is www.wcamg.com and is the best way to view your account online at Fidelity. You may go to the "Fidelity" tab and set up your password etc. and then view your account online.

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, though 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. Please 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.

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.

We take responsibility for the assets we manage and track them closely, but we can't 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. Take a 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 which may have an impact on the way we manage your assets. We can and will respond to your needs by tailoring the allocation to meet your criteria. We look forward to hearing from you and discussing any issues that would 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.