WOODARD & COMPANY
Asset Management Group, Inc.
Registered Investment Advisor

Portfolio Profile

117 Kinderton Boulevard
Bermuda Run, North Carolina 27006
(336) 998-7000 (800) 214-1144 Fax (336) 998-7050
woodard@wcamg.com

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Thank you to those who recently attended either our "Social Security" seminars or the "Women Talk Money" event. We enjoyed seeing you there. We will plan more events in the future and announce them through this newsletter and Facebook. In fact, please visit us on Facebook.

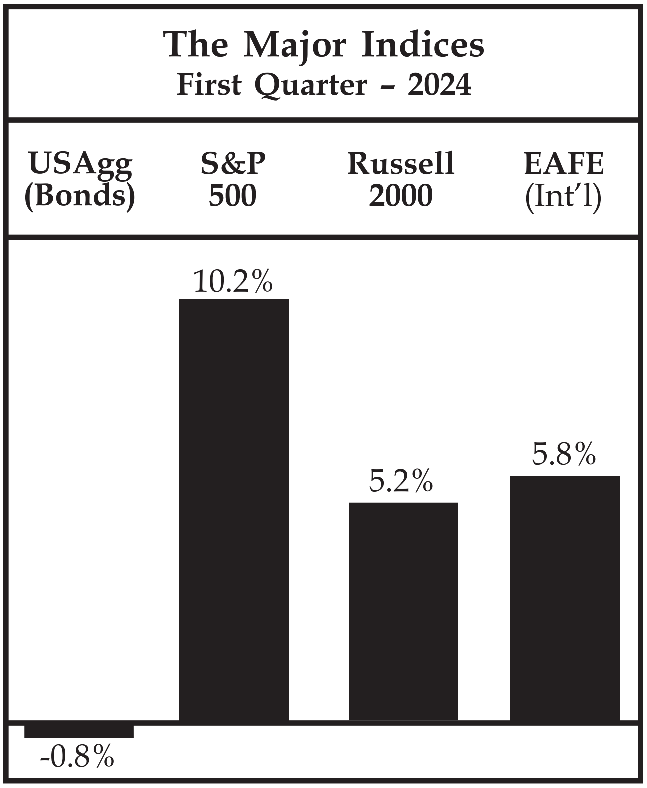
We may already have your email address, but we would like to have it if we don't. As you are aware, we do not market or sell investments. We manage money on a discretionary fee-only basis, so your email would only be used to communicate with you.

You may prefer to receive your Fidelity statement via email. Consequently, if you are presently getting a hard copy and want to get it via email, please email us at woodard@ wcamg.com and make that request and we will make certain it is implemented.

Regarding your quarterly performance statement (the document accompanying this newsletter), it is only available presently in hard copy. We are working on sending it via email for those who would prefer that as well. Our portfolio management software has the ability and security to send quarterly statements via email, but we have not yet started doing that. However, we do expect to have that option before the year is out. So, if you would like your quarterly report by email when available, then please send us an email at woodar@wcamg.com. These days it seems everybody wants to reduce the amount of paper they get. If you would like to be on the list to have your quarterly emailed when it is ready, please send a request to our email address referencing "Quarterly Report" and hopefully soon we will implement that.

Markets Review and Forecast. We had a good quarter across the board. We are fully invested and U.S. stocks performed very well. As far as bonds went, we stayed almost exclusively short-term. Therefore, we made good returns as the longer-term Barclay's Agg Bond Index fell in value and lost money. The U.S. Treasury money market we use is making a nearly 5% annual return and is invested in the highest quality short-term paper.

Again, during the first quarter, stock market performance was powered by "AI" (artificial intelligence) again to some extent, but less so than last year. The S&P was up 10.2%,



the DJIA-Dow Jones Industrial Averages returned a more meager 5.6%. The Barclay's Aggregate Bond Index declined modestly -0.8%. Internationals were up 5.8% and the Russell 2000 (small cap stocks) was up 5.2%.

Markets during an election year are typically good. One reason is the "non-political" Federal Reserve (please note: sarcasm implied). It is widely expected that they will cut rates at some point this year. Some analysts estimate up to three times, however, we doubt it. The Fed may also open the floodgates of cash into the economy to stimulate unnecessarily, but it will make politicians smile.

You may be aware that the economy does not need stimulus, and that rate cuts and spending stimulus causes inflation, which we all know has been a rather persistent problem. Cutting rates for the election cycle, when it is unnecessary, and printing money, when it is unnecessary, will most certainly exacerbate inflationary pressures down the road. The Fed and politicians can worry about that next year, after the election. We already have about a $35 trillion national debt. What's wrong with a little more, right?

Obviously, we have some frustration as all of this will cause problems for the consumer. There will likely be much higher taxes to try and make it go away, and the inflation caused by that, and continued deficit spending ultimately creates a drag on the economy and the markets. We can all worry about that later as we don't set Fed policy.

The Fed is not supposed to be political, but we recall the Presidential election of 1980. Watching Federal Reserve policy carefully at that time, we saw Fed Chairman Paul Volker cut interest rates in the fall of 1979 while we had 13.3% inflation. He did this in order to help the incumbent in his reelection bid. There could have been no other reason for such an act at the time. Stupid? Absolutely. It was like putting a lid on the inflationary pressure cooker and turning up the heat. The lid blew off by the end of the first quarter of 1980. Consequently, we had 21% Fed Funds rates, 16% mortgage rates, and on and on. Again, it is said the position of the Fed is independent, that it is not political. We only wish that were true. "Just do the right thing" should be their motto.

We have no concern regarding a recession at present. Please remember, as we discussed last year, it is when the consumer stops spending money, when the consumer fears the loss of their job or other serious economic disaster and they put their money under the mattress that a recession occurs. Presently, we just don't see a recession, perhaps next year. However, an unknown event could occur and push us over the edge, but we just do not see it now.

Portfolios. Regarding all tactical fund portfolios with stock exposure, we were fully invested in the first quarter, but we remained markedly underweight in small company stocks and internationals, which again proved to be the correct course as they underperformed (see statistics above).

U.S. large cap outperformed again. Also, as indicated above, we maintained a short duration exposure in fixed income which served our clients with good returns and virtually no downside risk.

In our "Market Leaders" stock portfolio of individual stocks (since 1985) we made a few changes. We added the retailer Costco as we reduced our weighting in Dollar General. Furthermore, we also purchased Duke Energy, and just after quarters-end we sold the GE Vernova spinoff. Additionally, we sold 3M on continued China weakness (they have significant exposure), and we sold half of the Verizon position to invest more in Alphabet. Overall, "Market Leaders" had a very good quarter relative to the S&P 500.

We indeed had a good 1st quarter, but we do expect some market consolidation from time to time. The anticipation of lower interest rates and cash infusions from the Fed before the election this year will likely continue to power the markets ahead with the occasional brief downturn and market consolidation, at least that is our assessment of the conditions at present. We believe interest rates may spike briefly and then decline with Fed Policy which could give us another tradable event for fixed income much like we had in December. We will be watching.

Interest Rates. The Federal Reserve is currently holding the federal-funds rate at 5.25% - 5.5%, a 23–year high. For our clients we remain shorter in our bond durations this year as we did for most of 2023. This is to help insulate fixed income investments from a rising interest rate environment that began in 2022, continued into 2023 but seems to be slowing at the moment.

In early January investors anticipated the Fed cutting rates as many as 6 times this year. The Fed currently projects only 3 rate cuts in 2024, most likely towards the fall and winter months. However, according to the Wall Street Journal, Fed Gov. Chris Waller recently said "there is no rush" to cut rates, given recent inflation readings have come in higher than expected.

Institute for Supply Management index (data based on a survey of purchasing managers) data released in early April came in above economists' expectations, indicating the economy is expanding. Such data may keep the Fed from cutting rates even three times if economic expansion continues. The stock market and economy continue to weather the higher rate environment, hoping for rate cuts as early as June of this year. That may change or at least cause more market volatility, both in stocks and bonds now that the Fed is signaling possibly leaving them higher for longer. But rates are only high when looking back over the past fifteen years. When one looks back over the past seventy years, we see that these current rates are in a more normal range.

The Bloomberg U.S. Aggregate Bond Index finished the first quarter down (-0.8%). The 10-Year Treasury ended the 1st quarter yielding 4.19%, up substantially from its December 31, 2023 yield of 3.87%. It's high for the quarter was on March 18th when it hit 4.34%.

The 30-year fixed mortgage ended the quarter at 7.37% and the 15-year fixed rate is 6.67% according to the Wall Street Journal. New 4-year car loans are 7.87% and the prime rate remains 8.5%. The higher mortgage rates, coupled with the exploding house prices over the past two years have made it difficult for new home buyers to purchase homes. The average three bedroom, two bath starter home today will cost the aspiring first time home buyer approximately $325,000. Using the above rate, that first house purchase will have a monthly mortgage payment of $2,243.59 per month over 30 years. The American Dream continues to slip out of reach for many under the current economic conditions.

Lastly, if you would like to experience financial planning, we can implement this for you and we will do it at no charge to you. We feel financial planning is and should be incidental to our services in the management of your money and therefore we have determined to perform this task at no charge to our clients. We have invested in "cutting edge" planning software. This software is essentially the same or better than financial planning software that other firms use that charge $3,000-$7,000 for a plan. If this is of interest, please give Matt Blades here in our office a call. We would be pleased to assist.

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.