WOODARD & COMPANY
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Portfolio Profile

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Issue 128 *Summer Quarter, 2024*

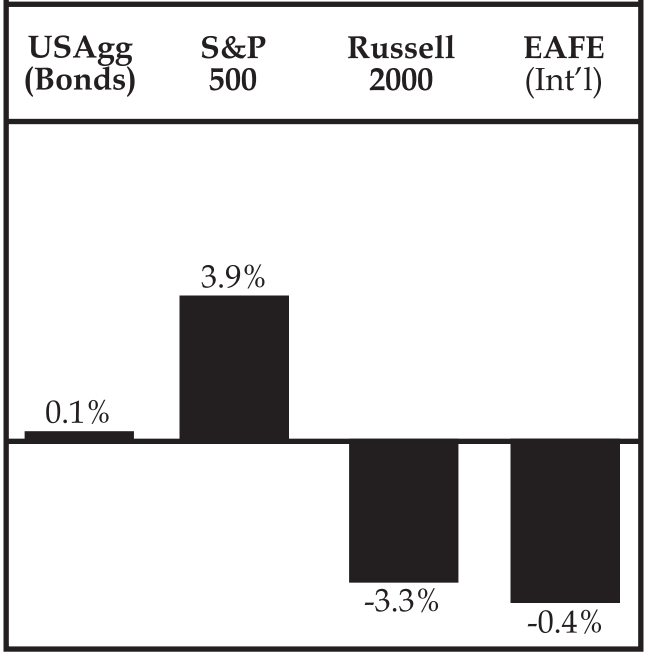
We would like to welcome a new member to our team here at Woodard and Company Asset Management Group. John Woodard III joined us during the quarter. John graduated with honors, Cum Laude in Finance from Virginia Tech. We feel he will bring a new perspective and hard work to our team.

Much of the following was related in the last newsletter, but it bears repeating. We may have your email address; but we would like to have it if we don't. It is another good way to communicate with you. We manage your money. We do not market or sell investments and we would never give your address to any other party except for our (your) custodian Fidelity. Therefore, your email would be for communication with you. If you would, please send it to us at woodard@wcamg.com.

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

Finally, if you would like to have financial planning, we can implement this service at no charge to you. We have determined that financial planning is incidental to our services in the management of your money and therefore we can perform this task at no charge to you. We have invested in "cutting edge" financial planning software and if you have a need for this, please give Matt Blades here in our office a call. He would be pleased to assist you.

Markets Review and Forecast. For the quarter, with the exceptions of the S&P 500 Index and the NASDAQ, returns were modest. Indeed, many indexes produced losses for the quarter. In general, modest returns or no returns accompanied low volatility for the broader averages. Perhaps the only bright spots were Nvidia and "AI", companies related to the "AI" theme



The Major Indices
First Quarter – 2024

gained 14.7% for the quarter, the rest lost 1.7% giving the index a 3.9% gain for the quarter. The pharmaceutical companies with obesity drugs Ozempic and Wegovy fared well also.

While the S&P 500 gained nearly 4% during the just ended quarter, the Dow Jones Industrial Averages (which was up 5.62% at the end of the 1st quarter) declined and is now up only 3.93% YTD, losing about 1.5% for the quarter. The Russell 2000 (small-cap index), which was up 4.81% at the end of the first quarter, at the end of the second quarter is now barely positive at +.15%, a 4.5% decline for the second quarter. Internationals are up 5.3% YTD (improving just slightly from +4.8% at the end of the first quarter).

We keep hearing "the market will spread out," but so far it hasn't. Most sectors of the S&P 500 were negative for the quarter (6 of the 11 sectors of the S&P lost market value). We have endeavored to maintain a performance correlation to the S&P and consequently we have still been able to profit from the trends.

Bonds are not doing especially well, but this has not affected our clients to any appreciable extent. We have remained in the short-term maturity issues almost exclusively, consequently we have protected principle, and we continue to have good relative returns (vs. the intermediate-term bond index-Barclays Agg). The Barclay's Aggregate Bond Index declined again this quarter, the "Agg" is now down 0.7% YTD. Over the past three years this fixed income index has averaged about a 3% loss annually, primarily due to inflation. The U.S. Treasury money market we use is still returning approx. 5% annual return. The underlying paper invested in the very highest quality, short-term paper.

Portfolios. Regarding Tactical Asset Allocation Fund Portfolios (institutional mutual funds), we remained fully invested through the 2nd quarter. The growth component is continuing to overweight itself through outperformance and we anticipate rebalancing back to S&P neutral correlations which involves selling some of the stock positions and purchasing fixed income. We have remained underweight in small/mid-size company stocks and international equities (see weak Russell and MSCI EAFE YTD index performances). This strategy has again proved to be the correct course as these asset classes have continued to underperform.

In our "Market Leaders" Stock Portfolio (individual stocks), we have made a few changes. We added Palo Alto Networks during the quarter, they are the primary provider of security for "AI" which we had been watching. The stock presented a good opportunity for purchase even in this AI overheated environment. We also sold Duke Energy, taking a profit as the stock rose with anticipated power demand for "AI" but we are concerned about a number of other issues for this utility. Finally, we have sold John Deere. They will have difficulty overcoming some of their many issues. They are a quality company and perhaps they will again be an opportunity in the future. Overall, "Market Leaders" has had a very good quarter and year relative to the S&P 500. We have increased our cash position in Market Leaders and anticipate increasing it more during the July earnings period, if the market consolidates from its current highs, we will be able to find good buying opportunities.

Interest Rates. The 10 Year Treasury started 2024 yielding 3.87% and ended the 2nd quarter yielding 4.34%. Interest rates moved as high as 4.7% on April 25th. We remain predominantly short in durations to minimize the volatility and risk to our fixed income investors. With increasing "dovish" language from Federal Reserve Chairman Powell, sticky inflation and a "higher for longer" interest rate environment at hand, volatility in the bond market continues. We believe it is prudent to remain shorter duration for now. The aggregate bond index return is slightly negative for the first half of the year while the shorter-term bonds have given investors a return just over 2.3% YTD.

Commodities. Concern over global tensions and the national debt could also be seen with gold closing the first half of 2024 at $2,339/oz.

Oil has continued to trade around the $82 per barrel range as of the writing of this newsletter in early July. It traded as high as $93.68 last September and although it is lower, it still remains well above the $56.20 per barrel range hit five years ago in July of 2019. Seemingly lower gas prices at the pump were welcomed by U.S. drivers during the 4th of July weekend, however, the same stations were selling regular unleaded in this region five years ago for $2.22 per gallon.

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.