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# 2024 First Quarter Review

*Greetings Friends and Colleagues,*

We are delighted to share another quarterly letter with you. If you know someone who is worried about maintaining their standard of living in retirement, tell them about our Retirement Parity Process to provide a clear path and peace of mind. We are never too busy to advise a friend or family member.

## Greetings Clients:

In the past 12 months, U.S. stocks appreciated 29.9%, world stocks rose 23.2%, and bonds appreciated 1.7%, as represented by the S&P 500 Index, the MSCI All Country World Index, and the Bloomberg Barclays Aggregate Bond Index. Our growth portfolios returned 12-14% and our aggressive portfolios returned 14-17%. Our goal is to exceed the average annualized returns of the S&P 500 Index and Aggregate Bond Index over the last 98 years of reliable data (8% for the growth strategy and 8½% for the aggressive strategy after deducting our fee). The last 12 months were outstanding and moved all inception-to-date returns closer to the long-term goals. We will happily concede some of the gains in the winning years with the expectation that we will retain more during the periods of decline.

So where are we currently? Pretty much economic Shangri-La. We say this with some discomfort given two global wars, the rise of authoritarianism and the challenges that have affected friends and family in certain sectors like real estate. But for those of us with assets invested in the markets, it has been a great 12 months and the outlook is rosy.

Let's look at the numbers.

1. Employment: The strong March jobs report released this morning was stronger than expected and pegs the current unemployment rate at 3.8%, well below the nearly 14% reached during the pandemic and the long-term average of 5.7%. A rate of 3 to 5% is ideal, so we are in the center of the sweet spot: workers can find jobs, demand strong wages, and spend money to keep the economy humming.

2. Inflation: the number ticked up slightly in February to 3.2% from 3.1% in January, down from its pandemic high of 9.1% in June 2022. The Federal Reserve's mandate is 2% and the fear remains that if the Fed waits to long to cut interest rates, jobs will be lost and we will slide into a recession. Conversely, if the Fed cuts interest rates prematurely, inflation will come roaring back, become entrenched, and make us all poorer as the price of our goods and services outpaces our income. So where are

interest rates now?

3. After 11 rate increases, the Federal Funds Rate (the rate set by the Federal Reserve that banks charge each otherfor overnight loans) is 5.3%, the highest it has been in 22 years. It is still possible to earn 5% from a one year Treasury bond and from many high-yield savings accounts such as Primis Bank and Citizens Bank.

The Federal Reserve has done a superb job guiding us through this unprecedented period. We know there will be ups and downs in the economy and markets, and we will continue to grow your assets carefully over the long term. This is possible by being aware of your short-term cash needs; please keep us apprised and make sure that you are earning generous interest rates on your cash reserves for as long as rates remain high.

Our money is invested right alongside yours, and we are never too busy for a referral to a friend or family member.

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