Hello everyone and welcome to the FCS Private Wealth Management 2024 Market Update.

First, I want to thank you for helping FCS to rank in the 2023 Forbes Top Wealth Management Teams for Private Wealth in the United States. We are the only practice within seven states so this is a very high recognition that we believe our business model of only working with a few clients so we can provide excellent advice and service customized to your specific needs is the best way to serve our clients. We are very grateful for you trust!

Now, on to 2024. To put things in perspective, the market continues the uptrend which started on March 23, 2020 when it bottomed after the pandemic. **As of December 31st, the S&P 500 is up 118% above 2191 which was the level it bottomed at on March 23, 2020**. As a long-term investor, these are the kind of trends you want to focus on and not the short term noise the media blasts at you every day.

The markets last peak was on January 4th, 2022, up 119% from the May 23, 2020 low and as it typically does after a big run up in a short period of time, the market has what we call "backfilling" which is what we've been going through since January 4, 2022, and that process is nearly over as we are only 1 percent away from making new highs.

During my last update in April, I shared with you that the uptrend was following a very typical pattern that we have seen many times since World War II and if the pattern continued you could expect the market to be up 29% by October. Well, not only did the pattern play out as expected, but **the market finished the year up 37% from the October 2022 low**.

I also explained in April that despite most economists calling for a recession, I felt there would not be a recession in 2023, which of course we did not, nor do I think one is likely in 2024 or 2025. Of course, a recession is always in our future which is the nature of a capitalist economy, but for now there are no indications a recession is imminent and as a matter of fact, as you can see from this chart **{display chart 1}** the OECD has reported that the leading economic indicators turned up in the first quarter of 2023 and are now accelerating so there is no recession in sight.

As we enter 2024 what should we expect from the markets? There are currently many tailwinds developing which typically lead to a positive year in the markets. As reported by Goldman Sachs, those tailwinds include:
The Federal Reserve lowering rates between .75% and 1.5% as projected by the Federal Reserve and the Fed Funds Futures market which is typically bullish for the market,
Household income is growing so the consumer has more money to spend,
manufacturing is showing signs of growth,
central banks around the world are lowering rates which will improve growth around the globe, consumer sentiment has only been worse 8% of the time since WW II so it has nowhere to go except up, which will be good for consumer spending,
there is nearly $6 trillion in money markets and as rates come down some of the money will come into the market pushing prices higher,

the profit cycle has turned positive so companies are making more money, and finally, as you may have heard, there will be elections in November and the result is likely to be gridlock which is always the best environment for stocks.

One side note on the elections, I thought you would enjoy this chart from Goldman Sachs indicating that the outcome of the presidential election has a .02% impact on the market… in other words, it just doesn't matter! **{display chart titled "Market Implications**"}

So what does all this translate to as far as the market return is concerned in 2024? Well, profits are expected to be up 9% so with dividends included the market should be up around 11%. **{display chart titled "ACWI Profits" briefly}**

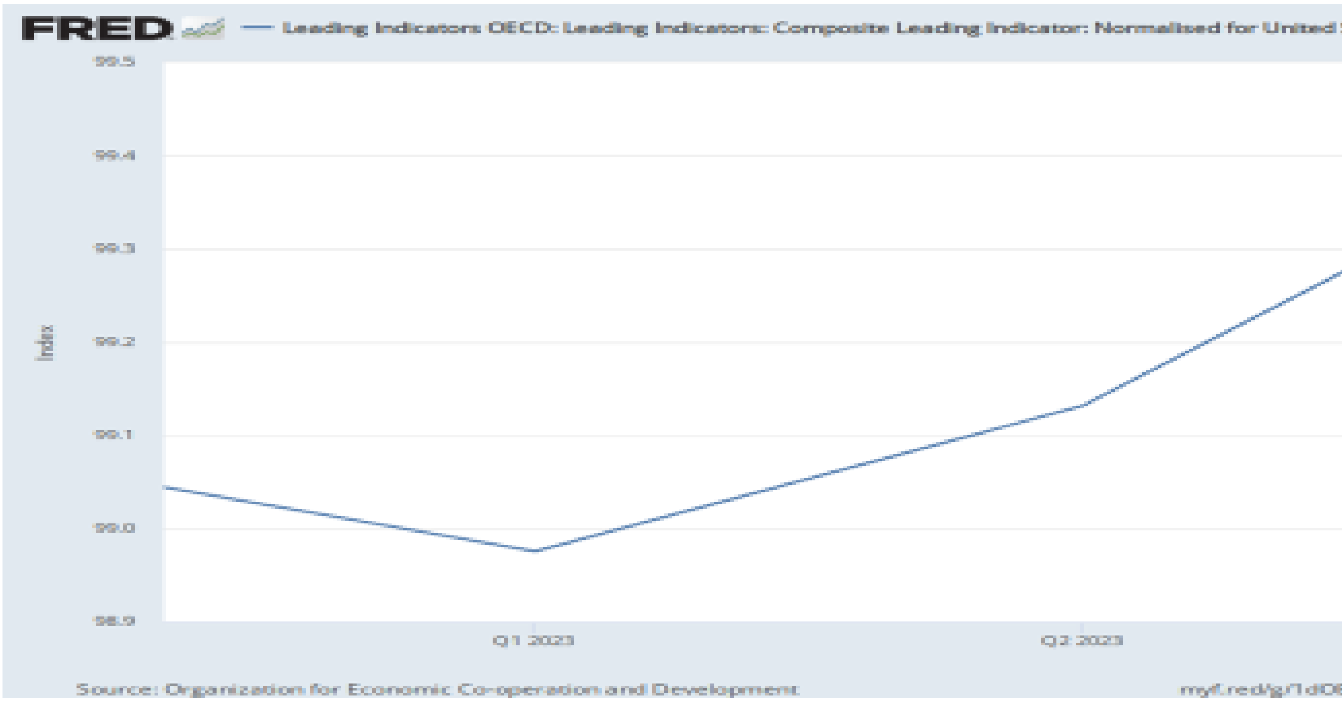
For the longer term, as I explained last April, it has been my experience over my 35 years that the market tends to follow past trends and the last time the Federal Reserve was fighting inflation as aggressively as they are today was back in the early 80s when Fed Chair Paul Volker was raising rates. As an update to the chart I showed then illustrating what happened to the market once the market bottomed back then and we compare it to the same time frame with what the current Federal Reserve has done. As you can see the trend remains intact and I see no reason for it to change. **{display chart titled "Comparison of Volckers"}**

As always, for our clients that are long-term investors, you have to recognize that according to Thomson Reuters, **since 1928 the market goes up 74.47% of the time**, but 25.53% of the time it's going to go down so you should never be surprised when it happens. But if you want the 75% upside, you have to be willing to endure the 25% of the time the market is down.

Always remember according to Guggenheim Partners, **since 1946 on average the market pulls back 5% to 10% once a year, 10% to 20% once every two and half years, 20% to 40% about every eight and half years and over 40% once every 25 years**, so we plan for it, we expect it, and you should never be surprised by it, that is why we always have a reserve so that you should never have to sell in a down market and enjoy the long term uptrend. If you have any questions or concerns about your portfolio, give us a call to ensure that it is structured to achieve your personal objectives.

Bottom-line, 2024 should be another good year in the markets. Thank you again for making FCS one of the best practices in the United States, have a great day and thank you for your trust!

Chart 1


FRED
Leading Indicators OECD: Leading Indicators: Composite Leading Indicator: Normalised for United
99.5
99.4
99.3
99.2
99.1
99.0
98.9
Index
Q1 2023
Q2 2023
Source: Organization for Economic Co-operation and Development