



# JGC Wealth Management, LLC

Fee-Only Financial Planning and Asset Management

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## Fourth Quarter Update December 31, 2023

### THE YEAR IN REVIEW

If there's a message to take from 2023 markets, it is this: Timeless wisdom best informs timely decisions. Here's how Morgan Housel describes it in his new book, *Same as Ever*:

"The typical attempt to clear up an uncertain future is to gaze further and squint harder—to forecast with more precision, more data, and more intelligence. Far more effective is to do the opposite: Look backward, and be broad. Rather than attempting to figure out little ways the future might change, study the big things the past has never avoided."

The following are a few timeless tenets that offer apt investment insights for the year ahead.

There's never a good time to time the market. Perhaps most obviously, last year demonstrated how randomly—and rapidly—markets can move. As *The Wall Street Journal* reported at year-end:

"Almost no one thought 2023 would be a blockbuster year for stocks. They could hardly have been more wrong."

Another financial journal observed:

"What was supposed to go up went down, or listed sideways, and what was supposed to go down went up — and up and up. The S&P 500 climbed more than 20% and the Nasdaq 100 soared over 50%, the biggest annual gain since the go-go days of the dot-com boom. ... 'I've never seen the consensus as wrong as it was in 2023,' said Andrew Pease, the chief investment strategist at Russell Investments."

Many financial pundits offered elaborate explanations for the year's fortunes, and why (in hindsight) their projections were so far off. While their reasons may be accurate, the implication is, were it not for this, that, or the other thing, their forecasts would have been correct. The problem is, there's almost always "this, that, or the other thing" going on in this big, busy world. Thus, it really should come as no surprise that routine surprises regularly randomize the market's next moves.

We've known this for years—since at least 1973, when Burton Malkiel published the first edition of *A Random Walk Down Wall Street*. Even after 50 years, Malkiel's message represents one of the most timeless truths explaining why we don't try to time market trends.

Beware of catchy catchphrases. In 2023, just seven stocks within the S&P 500 Index explained almost two-thirds of the index's total annual gains. Their striking performance scored them the catchy title, "Magnificent Seven." What should we expect for this star lineup in the coming year?

Search today's popular press, and you'll find timely tips galore on whether to bulk up on more magnificence, or sell while the selling is good. Forecasts hinge on the usual suspects: Whether inflation rises or falls, a recession lands or recedes, technologies advance or retreat, and so on. Taking a more timeless view, we would suggest being wary of celebrated stocks bearing trendy titles. Chasing after stellar returns with their own nicknames may work for a while. But eventually, one of those "surprises" tends to come along, turning once-hot stocks into cold plays. Which brings us to our next timeless tenet.

### **LESSONS LEARNED FOR THE FUTURE**

Diversification is perennially prudent. Viewing 2023 up close, there may be a temptation to chase after the market's recent winning streak, bulking up on more of that which has been so pleasantly surprising of late. Zooming out, our perspective remains unchanged: We recommend maintaining a globally diversified portfolio, tailored for your needs. Treat an allocation to the Magnificent Seven (and the next trend, and the one after that) as one of many "pistons" powering the market's perennial growth. But pair it with effective diversification, to temper the inevitable upsets that await us in the year(s) ahead. In this spirit, we wish you a well-diversified investment portfolio in 2024.

### **POTENTIAL TAX LAW CHANGE AFFECTING 2023 FILING**

Just as the filing season for 2023 tax returns has begun, Congress has introduced legislation that would change some of the rules – retroactively. The "Tax Relief for American Families and Workers Act of 2024" has passed the House, but as of this writing the Senate is not expected to take action until late February at the earliest.

This law change largely affects two groups of taxpayers: businesses that bought significant new assets in 2023, and families that have children under the age of 17. For the businesses that are affected, it's probably best to wait on filing until the law is finalized. For families that might receive the benefits of the proposed child tax credit increase, the good news is that the IRS has already indicated that they will automatically adjust any filed return that is eligible after it becomes law.

We will continue to monitor this, as well as any other tax law changes that might affect investors.

# Quarterly Market Summary

## Index Returns



















	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
<b>Q4 2023</b>	<b>STOCKS</b>				<b>BONDS</b>	
	12.07%	10.51%	7.86%	15.47%	6.82%	5.36%
						

<b>Since Jan. 2001</b>						
Average Quarterly Return	2.3%	1.6%	2.5%	2.3%	0.9%	0.9%
Best Quarter	22.0%	25.9%	34.7%	32.3%	6.8%	5.4%
	2020 Q2	2009 Q2	2009 Q2	2009 Q3	2023 Q4	2023 Q4
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%	-5.9%	-4.1%
	2008 Q4	2020 Q1	2008 Q4	2008 Q4	2022 Q1	2022 Q1

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2024, all rights reserved. Bloomberg data provided by Bloomberg.

# Long-Term Market Summary

Index returns as of December 31, 2023

	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
<b>1 Year</b>	STOCKS				BONDS	
	25.96%	17.94%	9.83%	10.23%	5.53%	8.32%
						
<b>5 Years</b>						
	15.16%	8.45%	3.68%	4.16%	1.10%	1.50%
						
<b>10 Years</b>						
	11.48%	4.32%	2.66%	4.72%	1.81%	2.80%
						

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## Quarterly Reports

Enclosed are the reports on your portfolio for the quarter ending December 31, 2023. If you want to discuss your portfolio, have had changes in your financial situation, or have any other financial concerns or questions, please call us.

The information presented is provided in good faith without any warranty and is intended for the recipient's background information only. It does not constitute investment advice, recommendation, or an offer of any services or products for sale and is not intended to provide a sufficient basis on which to make an investment decision. Before taking any action, we recommend that you seek professional advice from subject matter experts who can assist you with your specific situation and needs.



# WM PREFERRED MANAGED PORTFOLIOS

More Aggressive

More Conservative

	OBJECTIVE	ALLOCATION	PORTFOLIO EXPENSES <sup>1</sup>	PORTFOLIO GROSS PERFORMANCE <sup>2</sup>																		
Portfolio 100	This portfolio is suitable for someone who wants to take advantage of the long-term potential of the markets and has a risk tolerance to handle the gyrations of the market.	<ul style="list-style-type: none"> <li>U.S. Equity 65%</li> <li>Int'l Equity 30%</li> <li>Real Estate 5%</li> </ul>	0.26%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td>Portfolio</td> <td>11.22%</td> <td>17.69%</td> <td>10.61%</td> <td>11.79%</td> <td>7.77%</td> </tr> <tr> <td>Benchmark</td> <td>11.81%</td> <td>16.29%</td> <td>6.91%</td> <td>9.99%</td> <td>7.04%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Portfolio	11.22%	17.69%	10.61%	11.79%	7.77%	Benchmark	11.81%	16.29%	6.91%	9.99%	7.04%
	3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.																	
Portfolio	11.22%	17.69%	10.61%	11.79%	7.77%																	
Benchmark	11.81%	16.29%	6.91%	9.99%	7.04%																	
Portfolio 80	This portfolio is suitable for investors who want to take advantage of the long-term potential of the markets but want to reduce the volatility of the portfolio by mixing in bonds.	<ul style="list-style-type: none"> <li>U.S. Equity 51%</li> <li>Int'l Equity 24%</li> <li>Bonds 20%</li> <li>Real Estate 5%</li> </ul>	0.22%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td>Portfolio</td> <td>10.37%</td> <td>14.81%</td> <td>7.79%</td> <td>9.72%</td> <td>6.62%</td> </tr> <tr> <td>Benchmark</td> <td>10.87%</td> <td>13.62%</td> <td>4.72%</td> <td>8.18%</td> <td>5.99%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Portfolio	10.37%	14.81%	7.79%	9.72%	6.62%	Benchmark	10.87%	13.62%	4.72%	8.18%	5.99%
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Benchmark	10.87%	13.62%	4.72%	8.18%	5.99%																	
Portfolio 60	This portfolio is suitable for someone who is nearing retirement or someone who has a moderate risk tolerance.	<ul style="list-style-type: none"> <li>Bonds 40%</li> <li>U.S. Equity 39%</li> <li>Int'l Equity 18%</li> <li>Real Estate 3%</li> </ul>	0.18%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td>Portfolio</td> <td>9.44%</td> <td>13.26%</td> <td>5.20%</td> <td>7.91%</td> <td>5.76%</td> </tr> <tr> <td>Benchmark</td> <td>10.01%</td> <td>11.97%</td> <td>2.62%</td> <td>6.63%</td> <td>5.08%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Portfolio	9.44%	13.26%	5.20%	7.91%	5.76%	Benchmark	10.01%	11.97%	2.62%	6.63%	5.08%
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Benchmark	10.01%	11.97%	2.62%	6.63%	5.08%																	
Portfolio 40	This portfolio is suitable for someone who is nearing retirement or someone who has a low risk tolerance.	<ul style="list-style-type: none"> <li>Bonds 60%</li> <li>U.S. Equity 26%</li> <li>Int'l Equity 12%</li> <li>Real Estate 2%</li> </ul>	0.15%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td>Portfolio</td> <td>8.54%</td> <td>11.18%</td> <td>2.43%</td> <td>5.72%</td> <td>4.61%</td> </tr> <tr> <td>Benchmark</td> <td>9.13%</td> <td>9.87%</td> <td>0.33%</td> <td>4.66%</td> <td>3.85%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Portfolio	8.54%	11.18%	2.43%	5.72%	4.61%	Benchmark	9.13%	9.87%	0.33%	4.66%	3.85%
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Portfolio	8.54%	11.18%	2.43%	5.72%	4.61%																	
Benchmark	9.13%	9.87%	0.33%	4.66%	3.85%																	
Portfolio 20	This portfolio is suitable for someone who is nearing retirement or someone who has a low risk tolerance.	<ul style="list-style-type: none"> <li>Bonds 80%</li> <li>U.S. Equity 11%</li> <li>Int'l Equity 8%</li> <li>Real Estate 1%</li> </ul>	0.11%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td>Portfolio</td> <td>7.24%</td> <td>8.46%</td> <td>0.02%</td> <td>3.75%</td> <td>3.39%</td> </tr> <tr> <td>Benchmark</td> <td>7.77%</td> <td>7.45%</td> <td>-1.32%</td> <td>3.09%</td> <td>2.81%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Portfolio	7.24%	8.46%	0.02%	3.75%	3.39%	Benchmark	7.77%	7.45%	-1.32%	3.09%	2.81%
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Benchmark	7.77%	7.45%	-1.32%	3.09%	2.81%																	
Portfolio Income	This portfolio is suitable for someone who is in retirement or someone who has a very low risk tolerance.	<ul style="list-style-type: none"> <li>Bonds 100%</li> </ul>	0.08%	<table border="1"> <thead> <tr> <th></th> <th>3 Mo.</th> <th>1 Yr.</th> <th>3 Yr.</th> <th>5 Yr.</th> <th>10 Yr.</th> </tr> </thead> <tbody> <tr> <td>Portfolio</td> <td>6.12%</td> <td>6.04%</td> <td>-2.60%</td> <td>1.57%</td> <td>2.11%</td> </tr> <tr> <td>Benchmark</td> <td>6.61%</td> <td>5.18%</td> <td>-3.27%</td> <td>1.27%</td> <td>1.62%</td> </tr> </tbody> </table>		3 Mo.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Portfolio	6.12%	6.04%	-2.60%	1.57%	2.11%	Benchmark	6.61%	5.18%	-3.27%	1.27%	1.62%
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Benchmark	6.61%	5.18%	-3.27%	1.27%	1.62%																	

\*Source: Morningstar & fi360 through December 31, 2023

Note: Returns are not net of any management or fiduciary fees. <sup>1</sup>Portfolio Expenses (Net Expense Ratio) as Weighted Average Total

Historical performance is based on an assumption that an investor has owned the exact portfolio in the exact allocation reflected in the snapshot for the previous three months, one-, three-, five- and ten-year periods.