January 2024

We hope everyone enjoyed the time spent with friends and family this holiday season.

Balanced portfolios have yet to fully recover their all-time highs from just over two years ago, but substantial progress was made in 2023. Markets rebounded materially after a year in which nearly every asset class suffered substantial declines. This rebound reinforces one of the most essential elements of building a customized and sustainable financial plan: staying the course. As fiduciaries, our most important role is to construct and monitor a financial plan and investment strategy that fits your unique goals and risk tolerance. Your best interest is at the forefront while we collaborate with you to ensure you are comfortable adhering to the plan through market stress and advances.

Stock market returns were driven by the largest stocks in the market. The seven largest stocks seen below in *Figure 1* contributed a large majority of gains year-to-date. In fact, the market capitalization of these stocks now nearly equals the combined market capitalization of the publicly traded stocks within a handful of the largest *countries* in the world (see *Figure 1*).

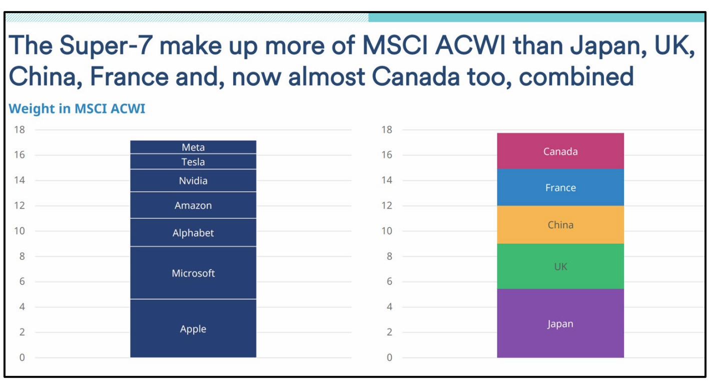

Figure 1: LSEG Datastream, Schroders
Source: https://mybrand.schroders.com/m/9be0757427e5d2c/original/Schroders-Equity-Lens.pdf

Looking Ahead

Markets and the economic landscape are uncertain by nature, and the outlook for 2024 is particularly unclear. Several leading indicators suggest economic pain lies ahead as this cycle progresses on a prolonged path. However, markets have already priced in six rate cuts by the Federal Reserve (three more than currently forecasted by the Fed) and earnings growth of 12% during 2024. In 2023, earnings growth was less than 1%, and multiple expansions drove the rise in stocks. The stock market's direction over the coming quarters will likely be driven by the outperformance or underperformance of earnings in relation to the double-digit growth currently priced in.

As for tailwinds, the consumer remains strong with resilient wage growth, and interest rates declined precipitously during the fourth quarter, loosening financial conditions. Perhaps most importantly, global liquidity continues to rebound. Liquidity tends to correlate tightly with moves in asset markets. Based on historical liquidity cycles, this tailwind should continue throughout 2024.

Economic turbulence is possible in the coming year. However, we will likely experience a scenario in which different areas of the economy decline over varying periods, and we muddle through a lower growth environment. While markets may have priced in some "goldilocks" factors in the short-term (inflation declining, excessive Fed cuts while economic and earnings growth remains firmly positive), the probability for a continued soft landing has increased on the margin.

Exciting Updates From Our Team

The last several months have been exciting for the firm and our team. We have completed our move into our permanent office space at 70 Center Street in Portland. While the process took time and effort, we are thrilled with the outcome and look forward to welcoming you in the new year.

We are also pleased to welcome a new addition to our extended family. Jason and his wife, Lauren, welcomed their daughter, Estelle Lucy Viola, into their family on Friday, December 8th. Everyone is happy and healthy!

During the fourth quarter, we also celebrated with Victoria as she passed her Series 65 Uniform Investment Adviser Law Exam and is now licensed as an Investment Adviser Representative.

As a firm, we are proud of these personal and professional successes and the growth we achieved through collaboration with the families with whom we work. Our firm grew almost 20% in 2023, and we have surpassed the $425 million threshold for assets we manage on behalf of our clients.

Thank you for your continued support, and we wish you a happy and healthy 2024!

- Jason, Micah, Matt, Tim, & Victoria