

CLIENT UPDATE: January 2024

January 3, 2024

Year End Commentary

The stock market finished the year very strong, posting a return of 25% for the full year, with a major part of the gain coming in the fourth quarter. The majority of the market's gain, however, came from just seven stocks, Apple, Alphabet (Google), Meta (Facebook), Amazon, Microsoft, Nvidia and Tesla. Most of the other 493 stocks in the S&P 500 were flat for the year making the return of the S&P 500 a bit misleading. Never has the market been so concentrated in just a few stocks.

Stocks have virtually made a round trip over the pass two years. Following a steep decline in 2022, last year 's gain brought the market back to where it was two years ago. For 2019, 2020, and 2021 stocks enjoyed above average gains, and the flat returns over these past two years shouldn't be unexpected. Market returns tend to average out over time.

Yields on fixed income are now providing respectable returns, making it is easier to allocate a larger portion of your portfolio to bonds. That was much more difficult to do a few years ago when interest rates on bonds and CD's were at historic lows.

The sharp rise in stocks in the fourth quarter is a great example of "staying the course" rather than attempting to side step market declines and time the upswing. In our view that is an unwinnable game.

A better strategy is to determine your correct allocation between stocks and fixed income investments, and rebalance your portfolio accordingly. With everything going on in the world today both in the U.S. and abroad, it certainly can be tempting to try to react to current headlines. That is usually a mistake. Investing can be simple but not always easy.

Wishing you and your families a healthy and prosperous 2024. We appreciate the trust you place in us.

Best regards,

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