

Outlook 2024

Michael Clark, President
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Review of 2023

Inflation and the Fed

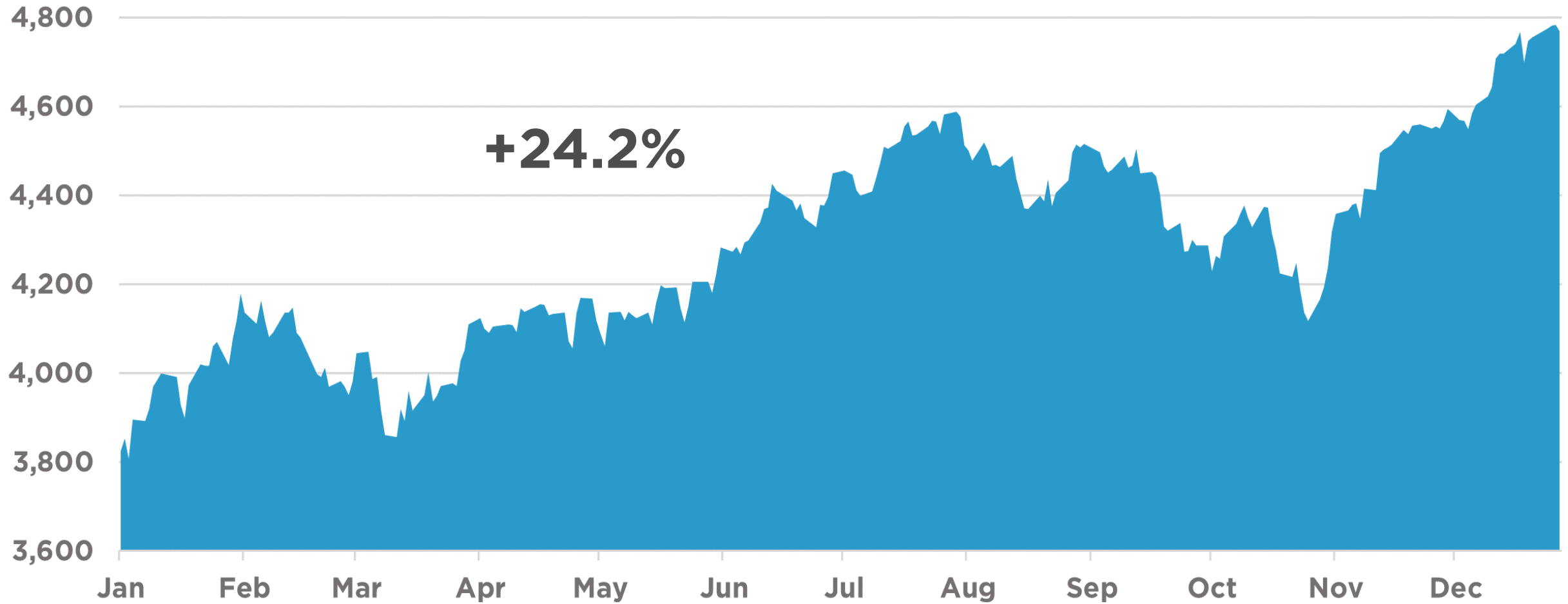
Recession and the Stock Market

Federal Finances and the Consumer

iPhone Hacks and Cyber Security

Review of 2023

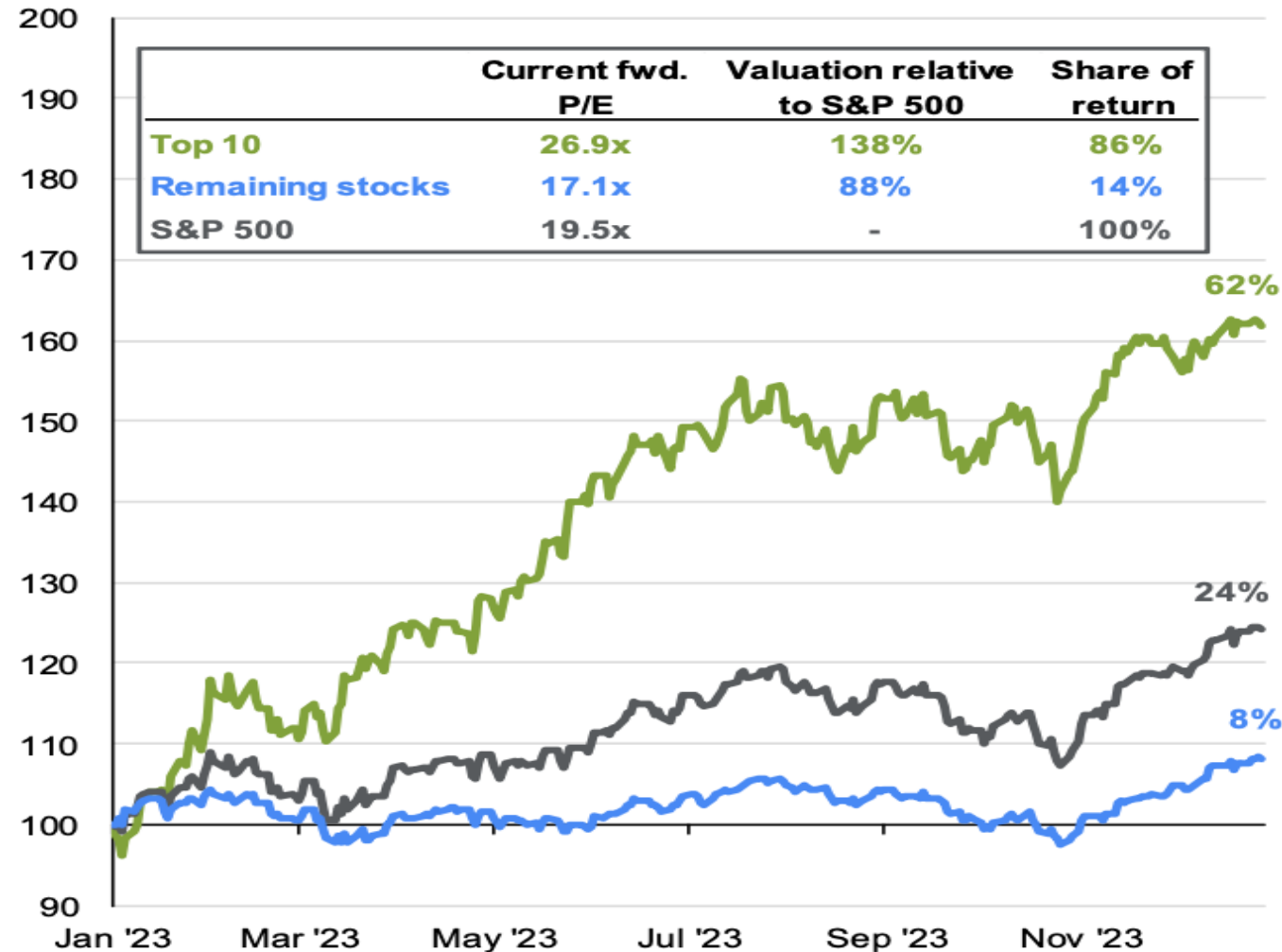
S&P 500 2023



+24.2%

S&P 500 Concentration

Performance of the top 10 stocks in the S&P 500
 Indexed to 100 on 1/1/2023, price return, top 10 held constant



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. (Left) The top 10 companies used for this analysis are held constant and represent the S&P 500's 10 largest index constituents at the start of 2023. The top 10 stocks are: AAPL, MSFT, AMZN, NVDA, GOOGL, BRK.B, GOOG, META, XOM, UNH, and TSLA. The remaining stocks represent the rest of the 494 companies in the S&P 500. (Right) The top 10 companies used for these two analyses are updated monthly and are based on the 10 largest index constituents at the beginning of each month. As of 12/31/2023, the top 10 companies in the index were AAPL (7.0%), MSFT (6.9%), AMZN (3.5%), NVDA (3.0%), GOOGL (2.1%), META (2.0%), GOOG (1.8%), TSLA (1.8%), BRK.B (1.6%), AVGO (1.2%) and JPM (1.2%). Guide to the Markets – U.S. Data are as of December 31, 2023.

S&P Envy?

Years	S&P 500 Index	Diversified portfolio
2000-2002*	-40.1%	-15.7%
2003-2007	+82.9%	+87.1%
2008	-37.0%	-26.6%
2009-2019	+351.0%	+219.7%
Q1 2020†	-30.4%	-23.1%
Q2 2020-2021‡	+119.0%	+66.6%
2022	-18.1%	-15.5%
Total return	+288.6%	+301.6%
Growth of \$100,000	\$388,610	\$401,550



☹️ **“I lost money”**



😊 **“Diversification worked”**



☹️ **“I lost money”**



☹️ **“I didn’t make as much”**



☹️ **“I lost money”**



☹️ **“I didn’t make as much”**



☹️ **“I lost money”**

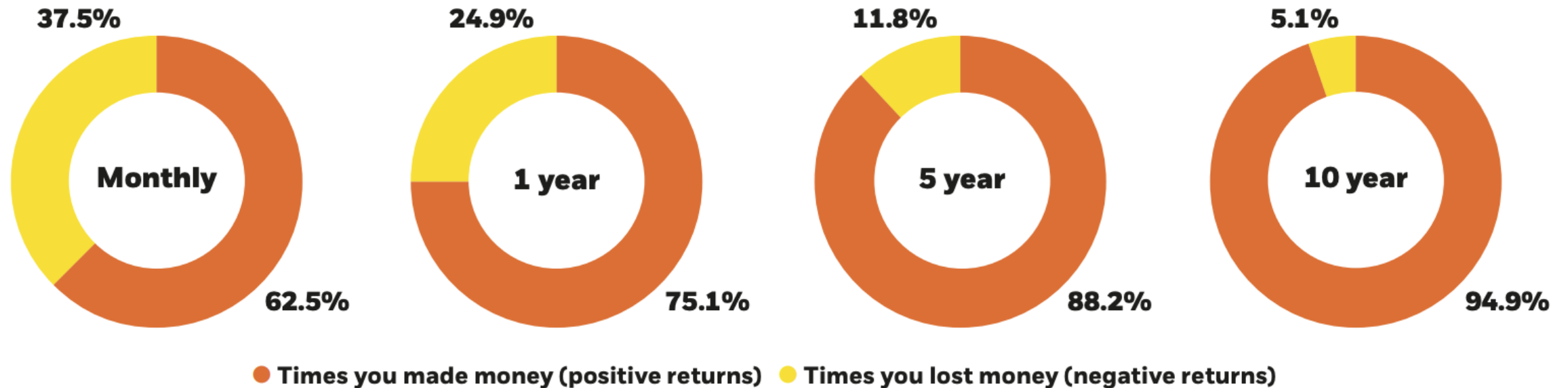


😊 **“Diversification can work even when it feels like it’s losing”**

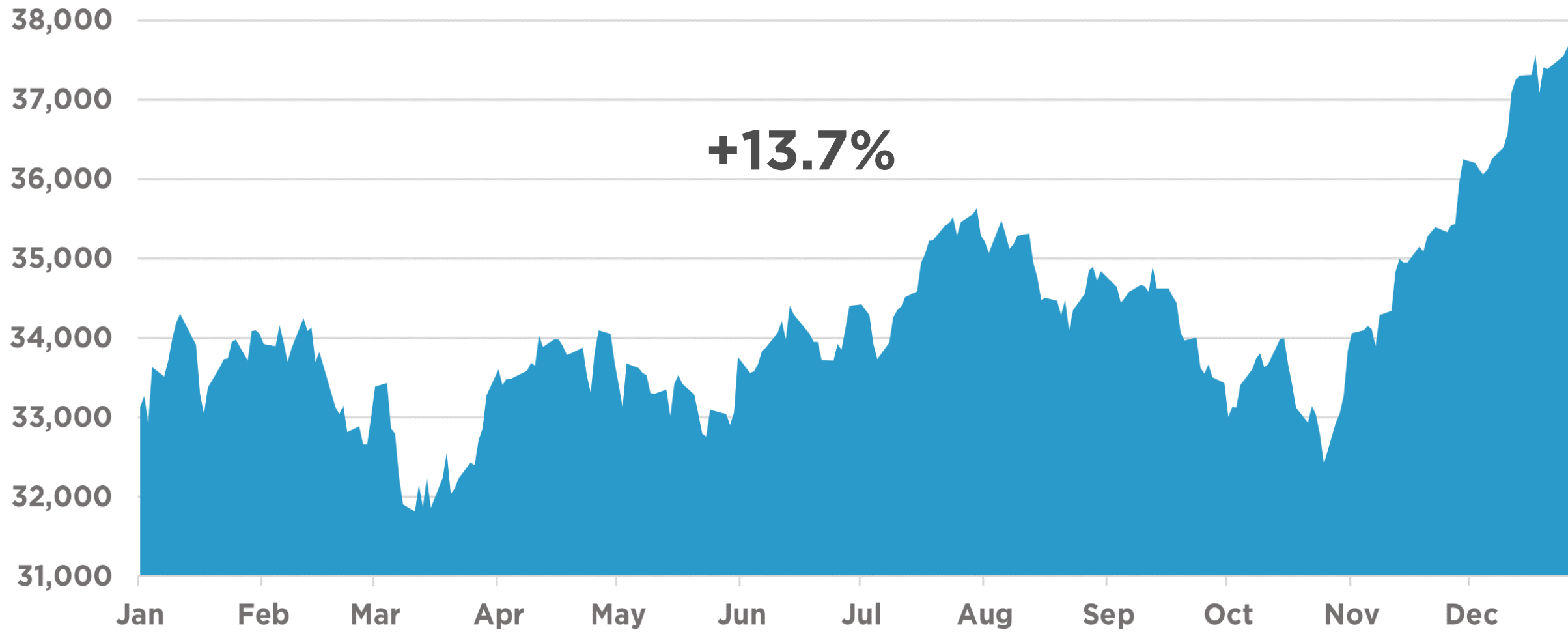
It pays to stay invested...

The longer you stay invested, the greater your likelihood of positive returns

Rolling returns of stocks (1928-2022)



Dow Jones 2023



+13.7%

Inflation and the Fed

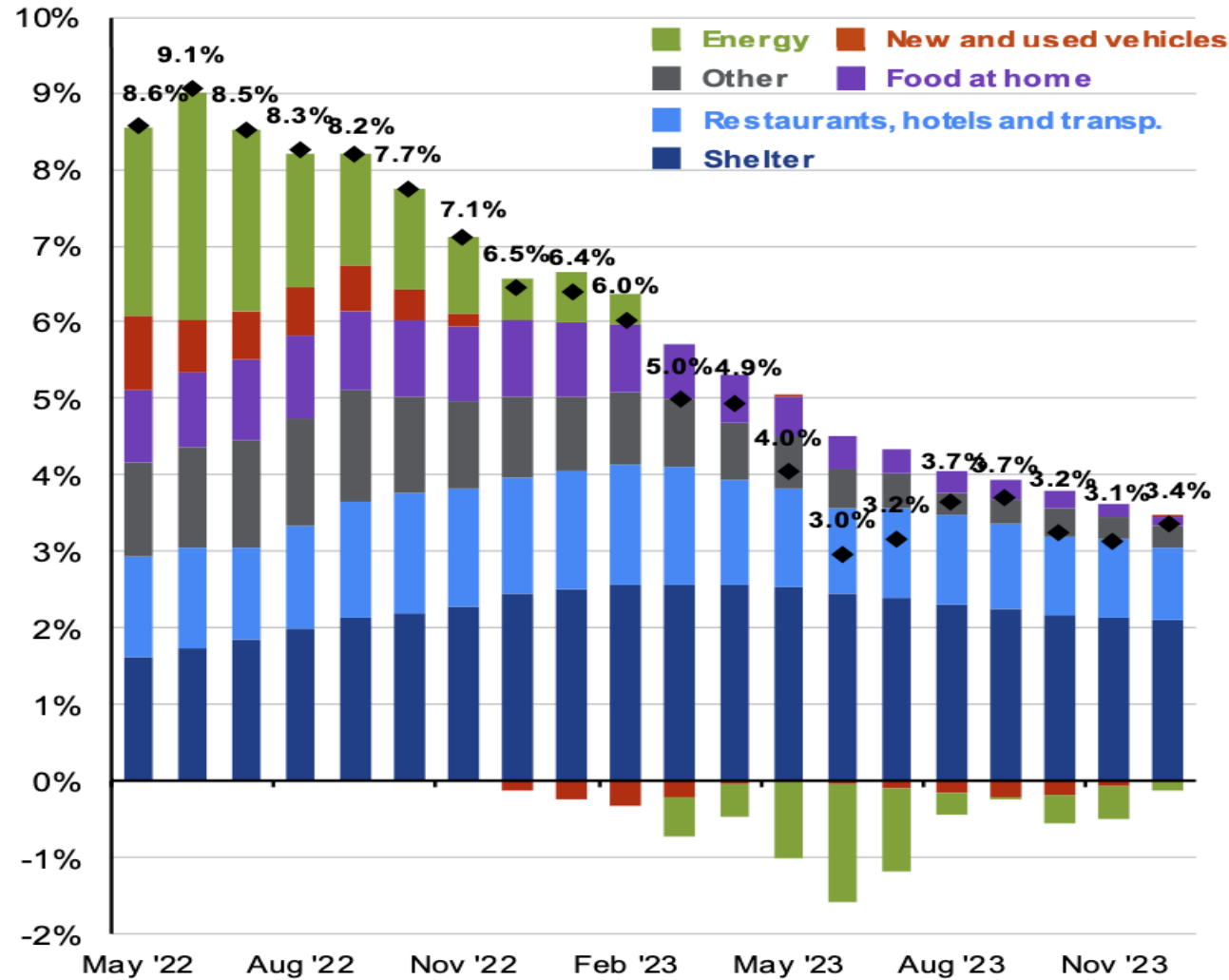
Is it over?



Drivers of Inflation

Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted

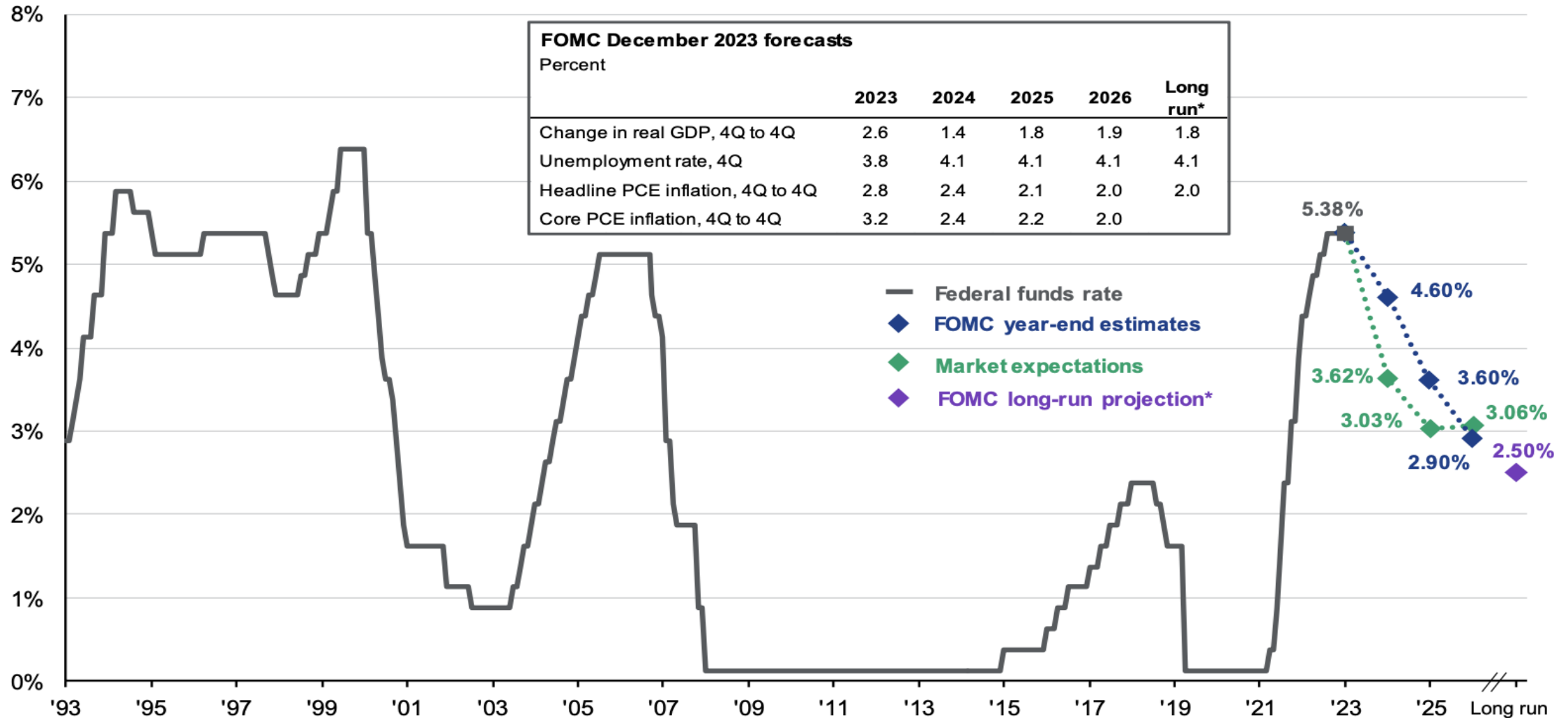


Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. *Core services ex-shelter CPI is a custom index using CPI components created by J.P. Morgan Asset Management. (Left) "Shelter" includes owners' equivalent rent and rent of primary residence; "Other" primarily reflects household furnishings, apparel, education and communication services, medical care services and other personal services. (Right) "Transportation services" primarily includes leased cars and trucks, motor vehicle insurance and motor vehicle maintenance and repair. Airline fares are broken out from transportation services. Guide to the Markets – U.S. Data are as of January 11, 2024.

The Fed and Interest Rates

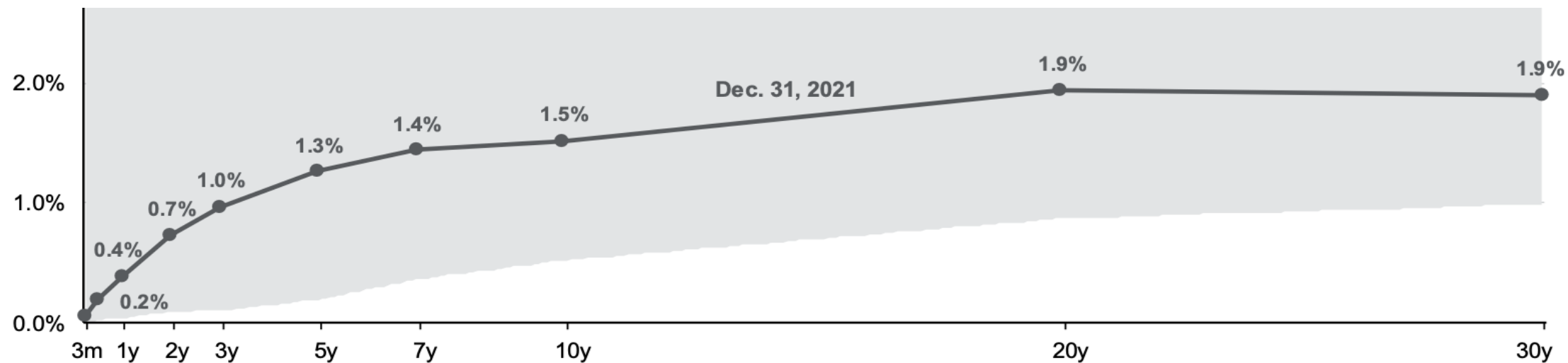
Federal funds rate expectations

FOMC and market expectations for the federal funds rate



Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management. Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. Guide to the Markets – U.S. Data as of December 31, 2023.

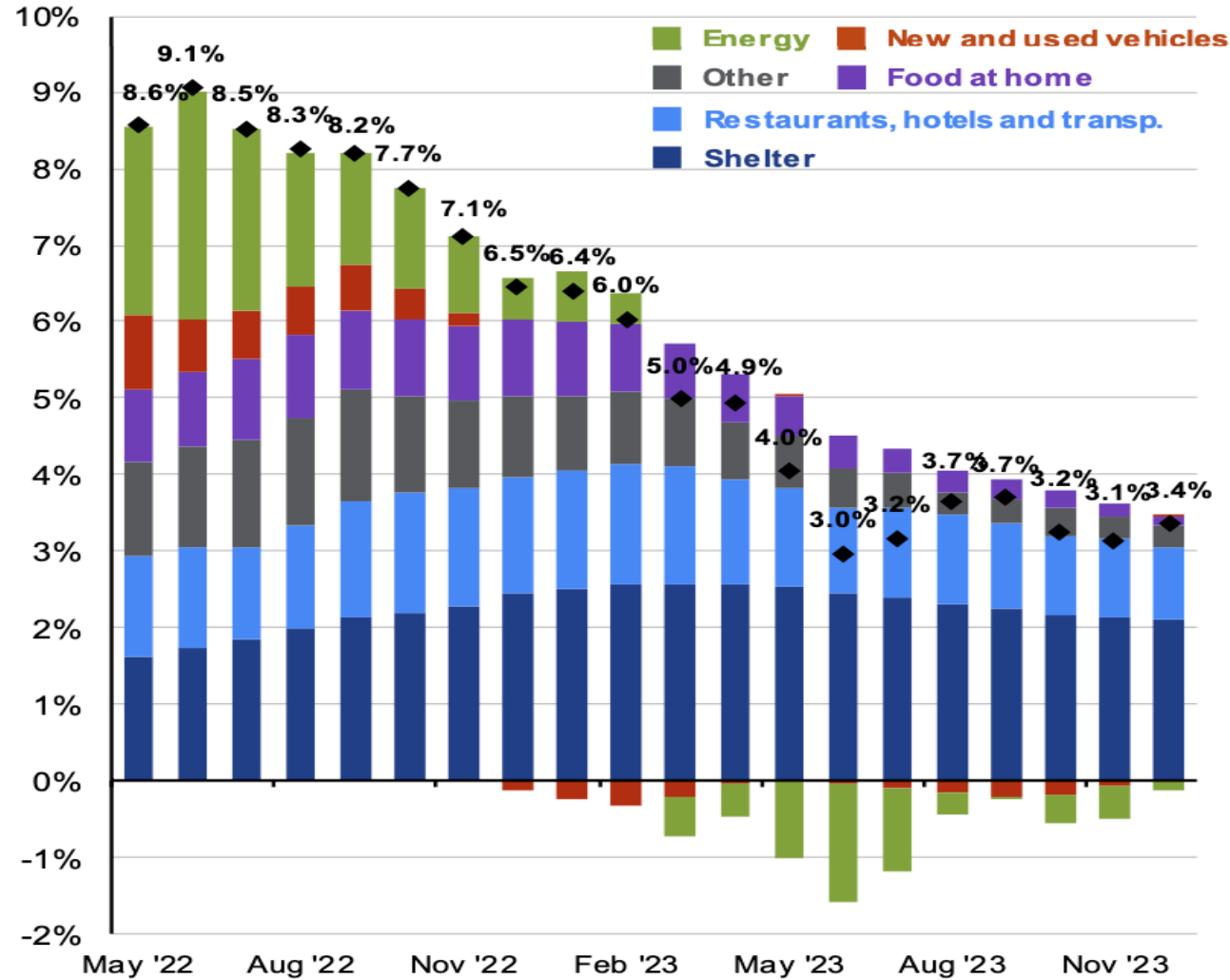
US Treasury Yield Curve



Drivers of Inflation

Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted



Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. *Core services ex-shelter CPI is a custom index using CPI components created by J.P. Morgan Asset Management. (Left) "Shelter" includes owners' equivalent rent and rent of primary residence; "Other" primarily reflects household furnishings, apparel, education and communication services, medical care services and other personal services. (Right) "Transportation services" primarily includes leased cars and trucks, motor vehicle insurance and motor vehicle maintenance and repair. Airline fares are broken out from transportation services. Guide to the Markets – U.S. Data are as of January 11, 2024.

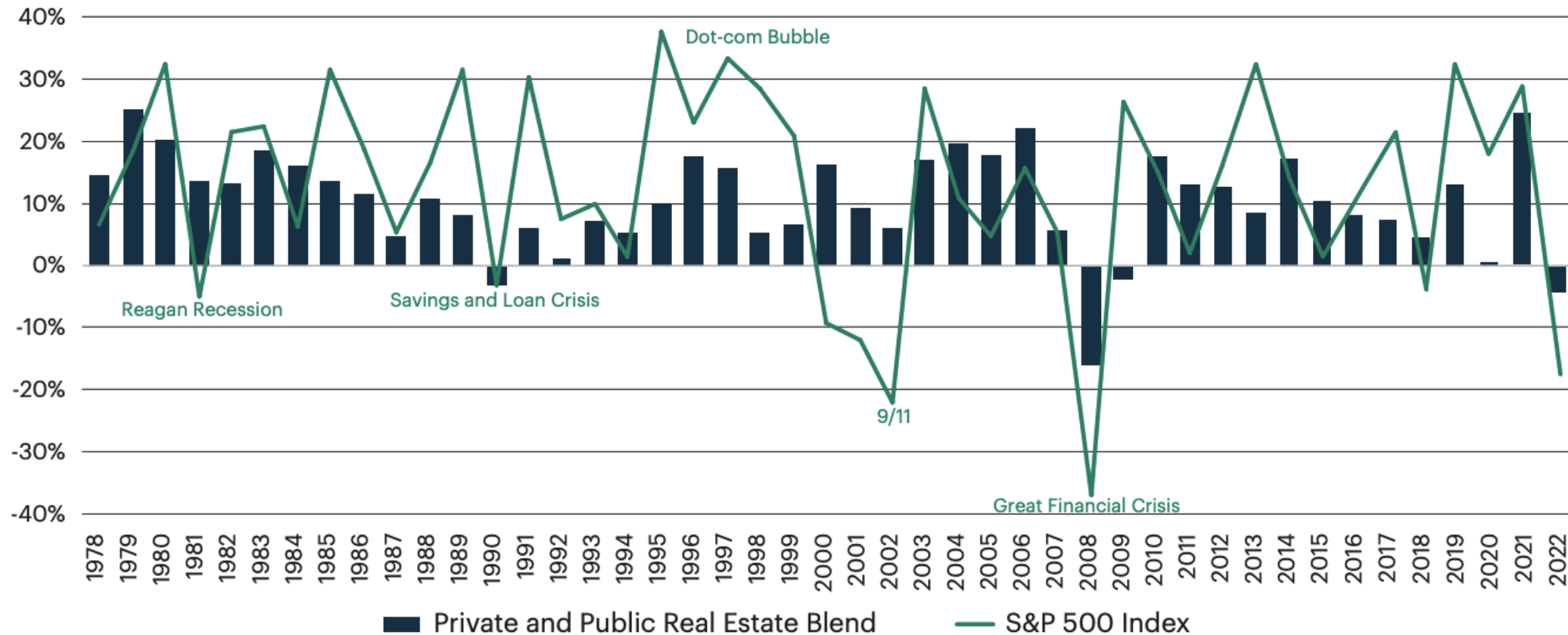
Commercial Real Estate



Commercial Real Estate

Blend of Private and Public Real Estate

Comparison to the Broader Market 1978–2022



Past performance is not indicative of future results. Source: Apollo Analysts based on data from Morningstar and NCREIF. For discussion purposes only. The information provided herein is based on the views and opinions of Apollo Analysts as of a particular point in time. As such, the analysis is based on certain assumptions which are subject to change without notice. Private and Public Real Estate Blend is a combination of 70% private real estate which is represented by the NCREIF Property Index (NPI) and 30% public real estate which is represented by the FTSE Nareit All Equity REITs Index. This analysis utilizes total returns unless otherwise indicated. There is no guarantee that the investment strategies will work under all market conditions. Please refer to the Glossary for definitions of the indices used in this analysis. An investment cannot be made in an index, which is unmanaged and has returns that do not reflect any trading, management, or other costs. Past performance is not indicative of future returns.

Why the difficult real estate market?

- Fed rate hikes led to increased debt expense
- Remote work phenomenon caused higher vacancy rates
- Urban protests, retail theft, and homelessness have greatly impacted downtown office property values
- Retail brick and mortar stores hurt by “Amazon effect”

WHAT you own REALLY matters.

Rental Housing



Industrial



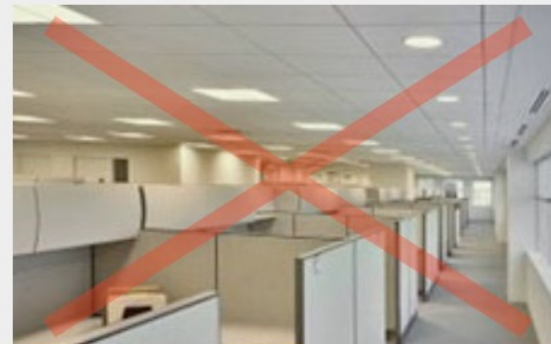
Data Centers



For Sale Housing



Commodity Office

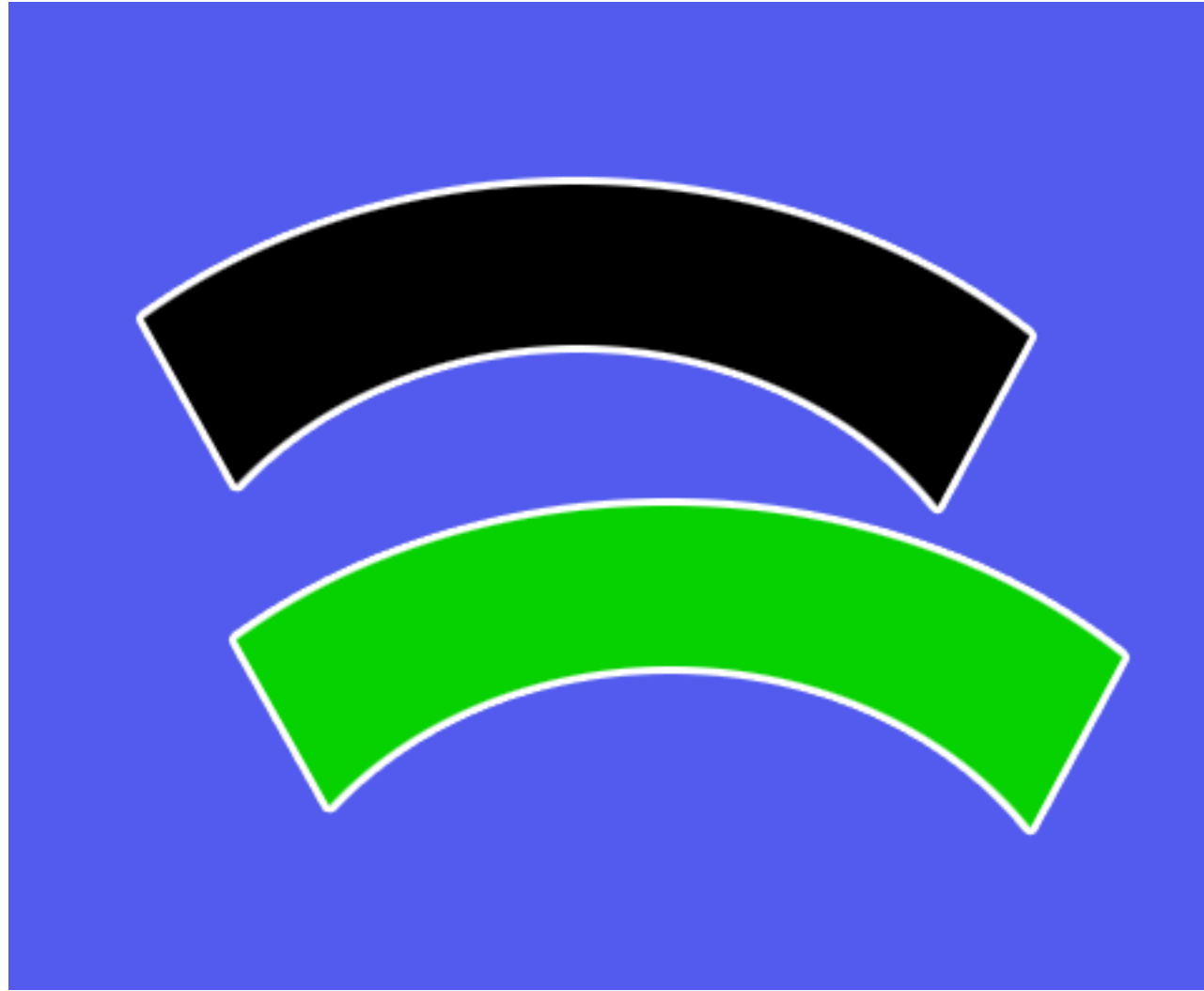


Malls



Recession and the Stock Market

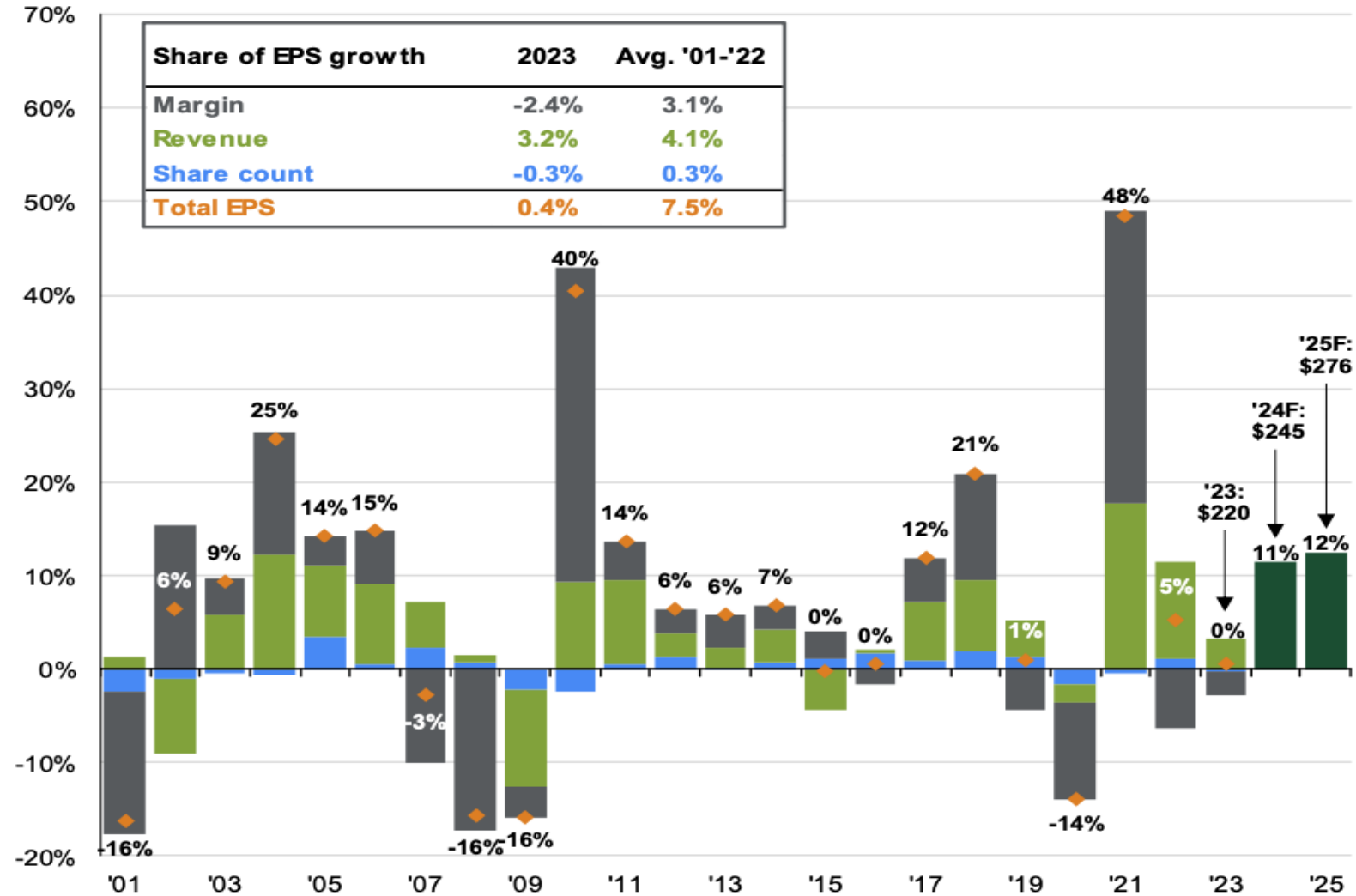
Are we headed for a recession?



Corporate Earnings Growth

S&P 500 year-over-year pro-forma EPS growth

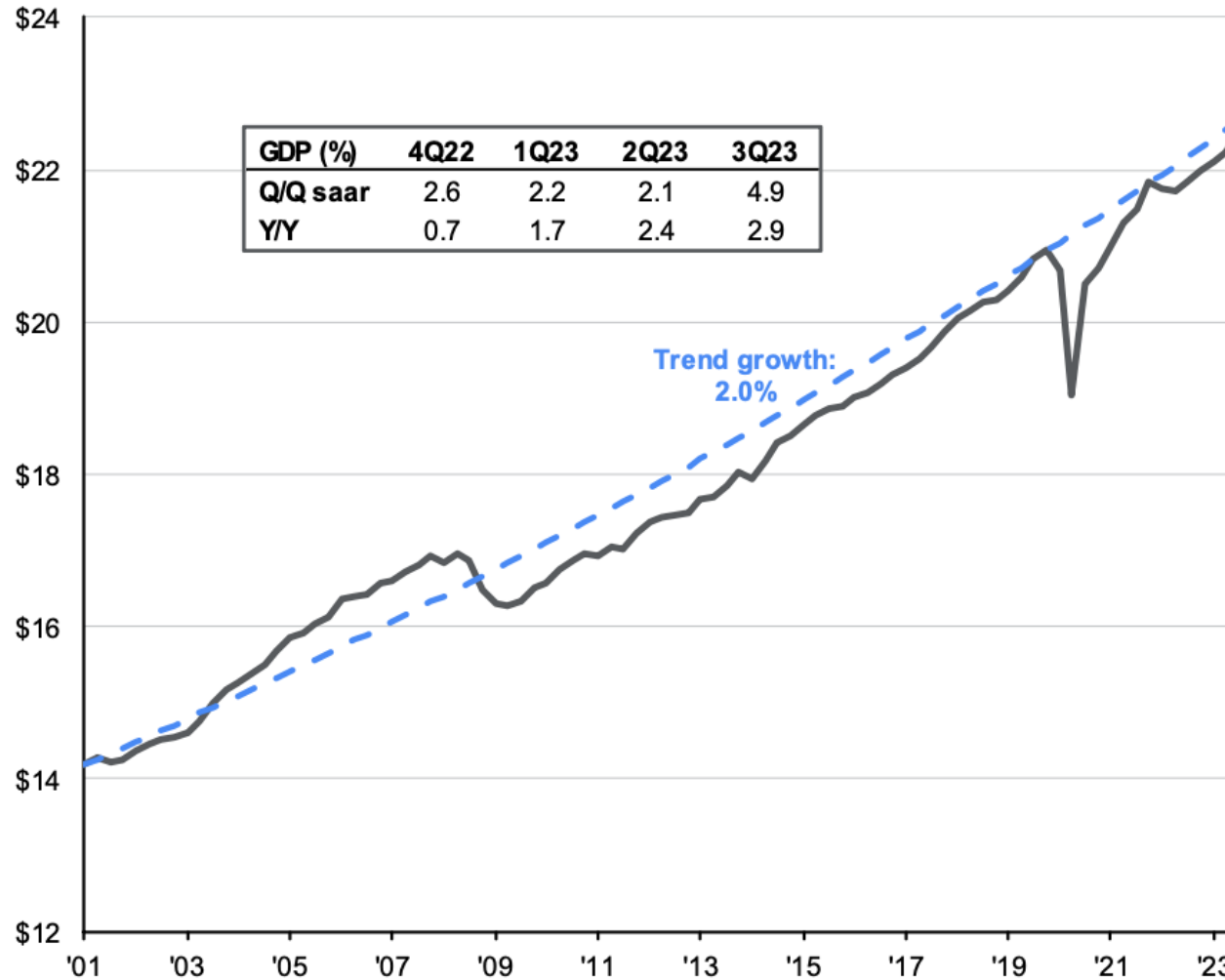
Annual growth broken into changes in revenue, profit margin and share count



Economic Growth

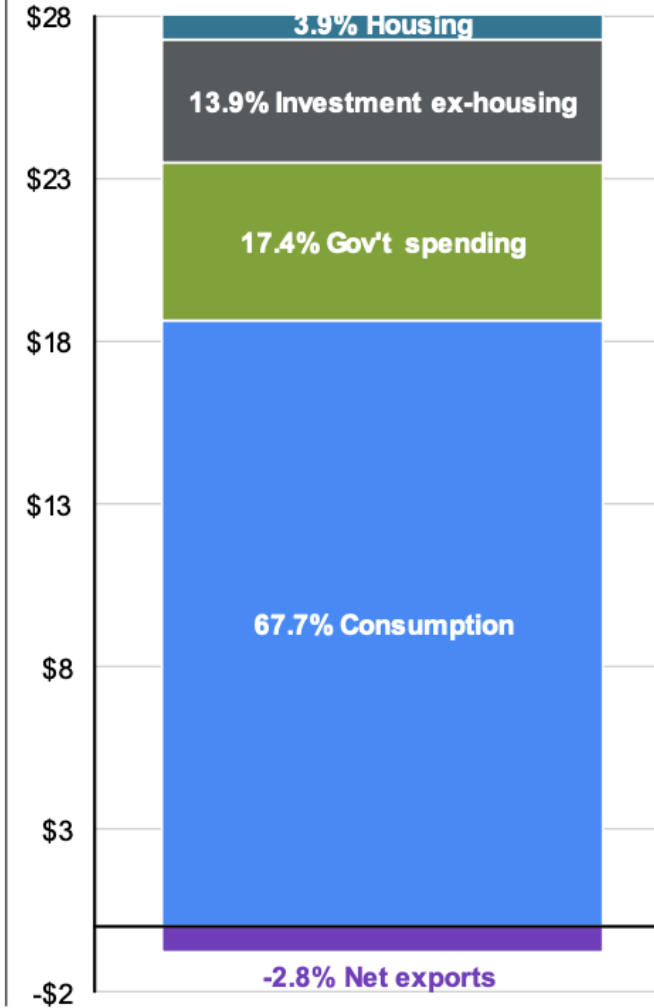
Real GDP

Trillions of chained (2017) dollars, seasonally adjusted at annual rates



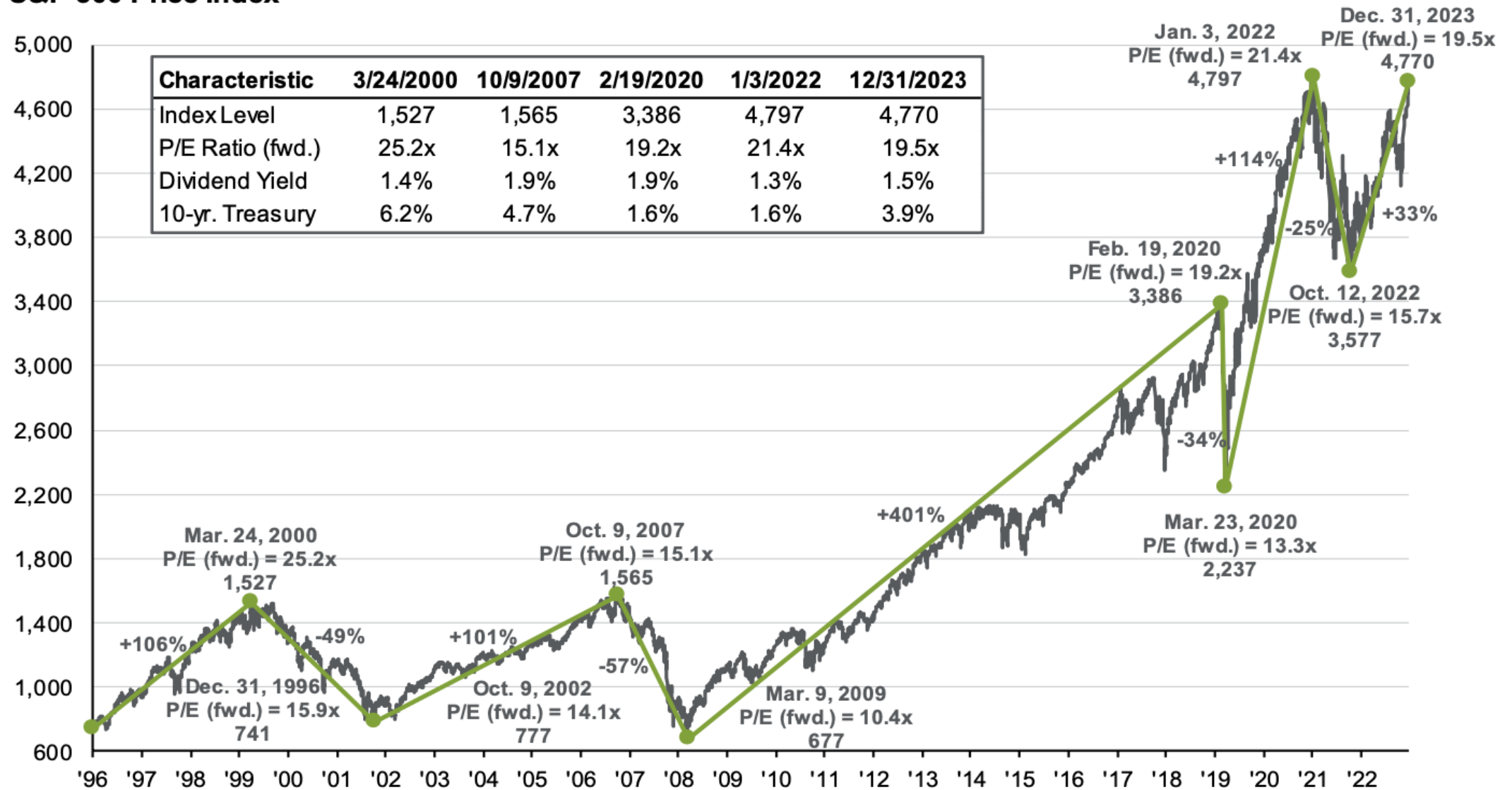
Components of GDP

3Q23 nominal GDP, USD trillions



S&P 500 at Inflection Points

S&P 500 Price Index



Source: Compustat, FactSet, Federal Reserve, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management. Dividend yield is calculated as consensus estimates of dividends for the next 12 months, divided by most recent price, as provided by Compustat. Forward price-to-earnings ratio is a bottom-up calculation based on IBES estimates and FactSet estimates since January 2022. Returns are cumulative and based on S&P 500 Index price movement only, and do not include the reinvestment of dividends. Past performance is not indicative of future returns. Guide to the Markets – U.S. Data as of December 31, 2023.

Headwinds and Tailwinds



Tight Federal Reserve policy



Commercial real estate market



High cost of debt



Strong corporate earnings



High cash on the sidelines



Low unemployment

Federal Finances and the Consumer

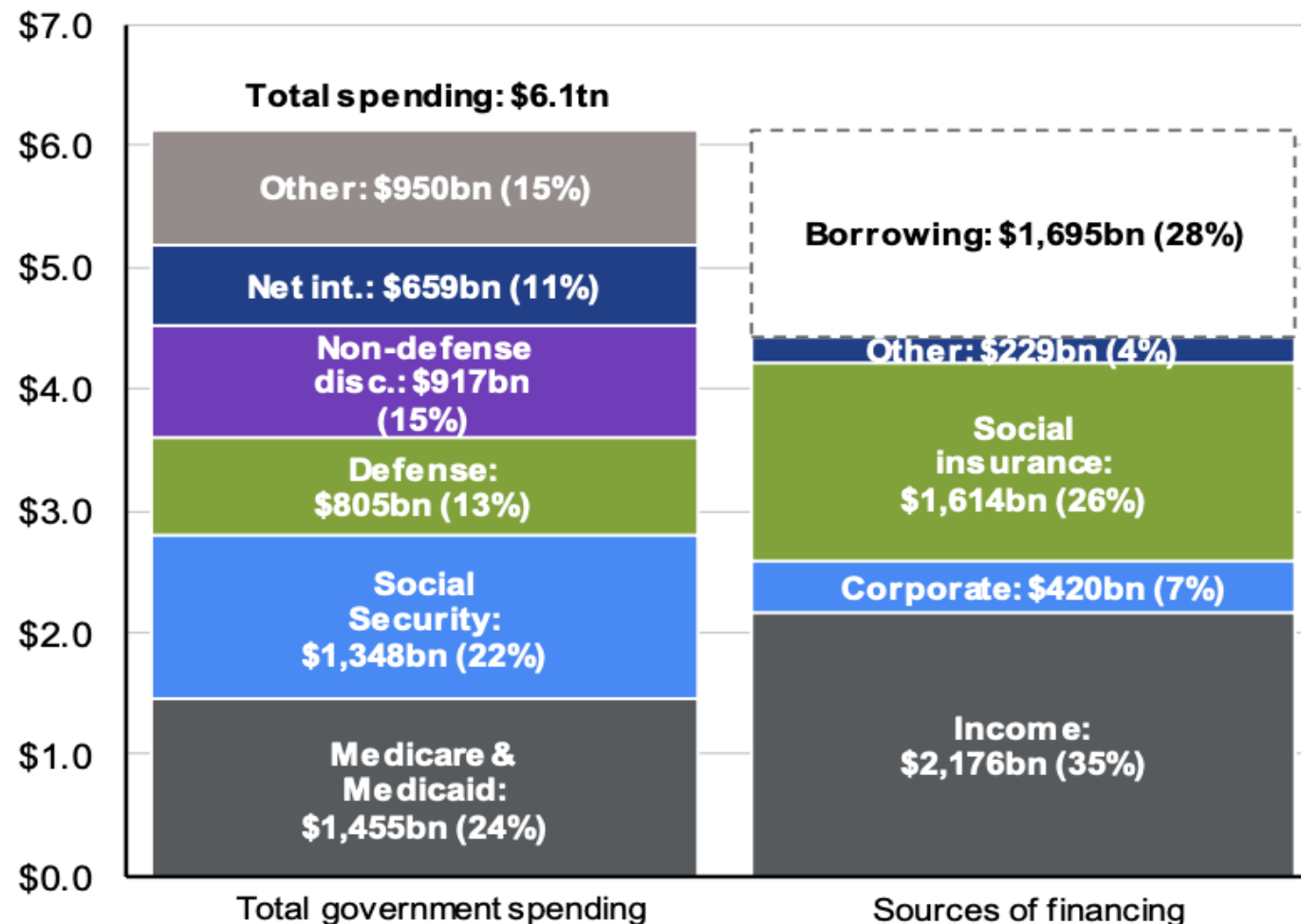
To sum it up...



2023 Federal Budget

The 2023 federal budget

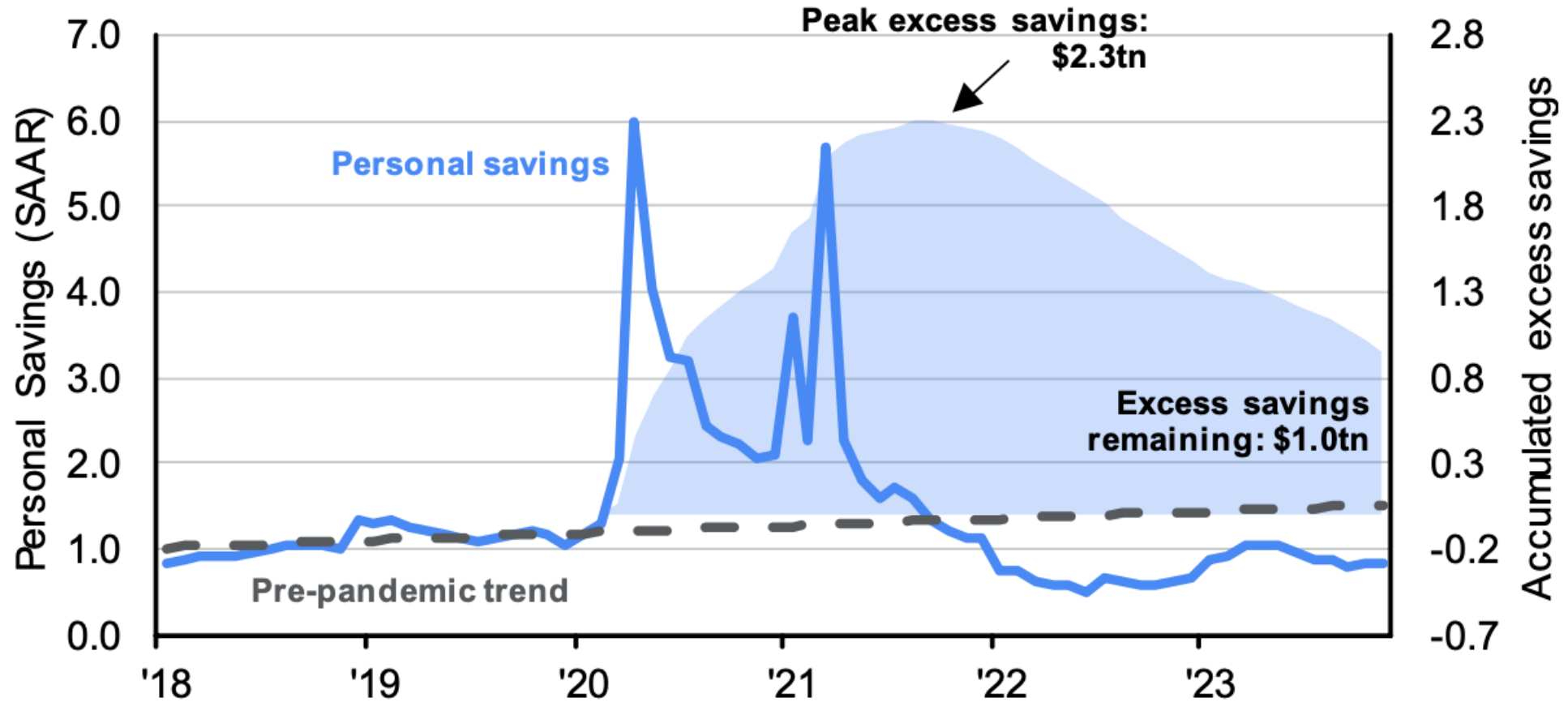
USD trillions



Source: CBO, J.P. Morgan Asset Management; (Top and bottom right) BEA, Treasury Department. *Estimates are based on the Congressional Budget Office (CBO) May 2023 An Update to the Budget Outlook: 2023 to 2033, adjusted by JPMAM for FY 2023 forecast errors. Other spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Note: Years shown are fiscal years. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. Guide to the Markets – U.S. Data are as of December 31, 2023.

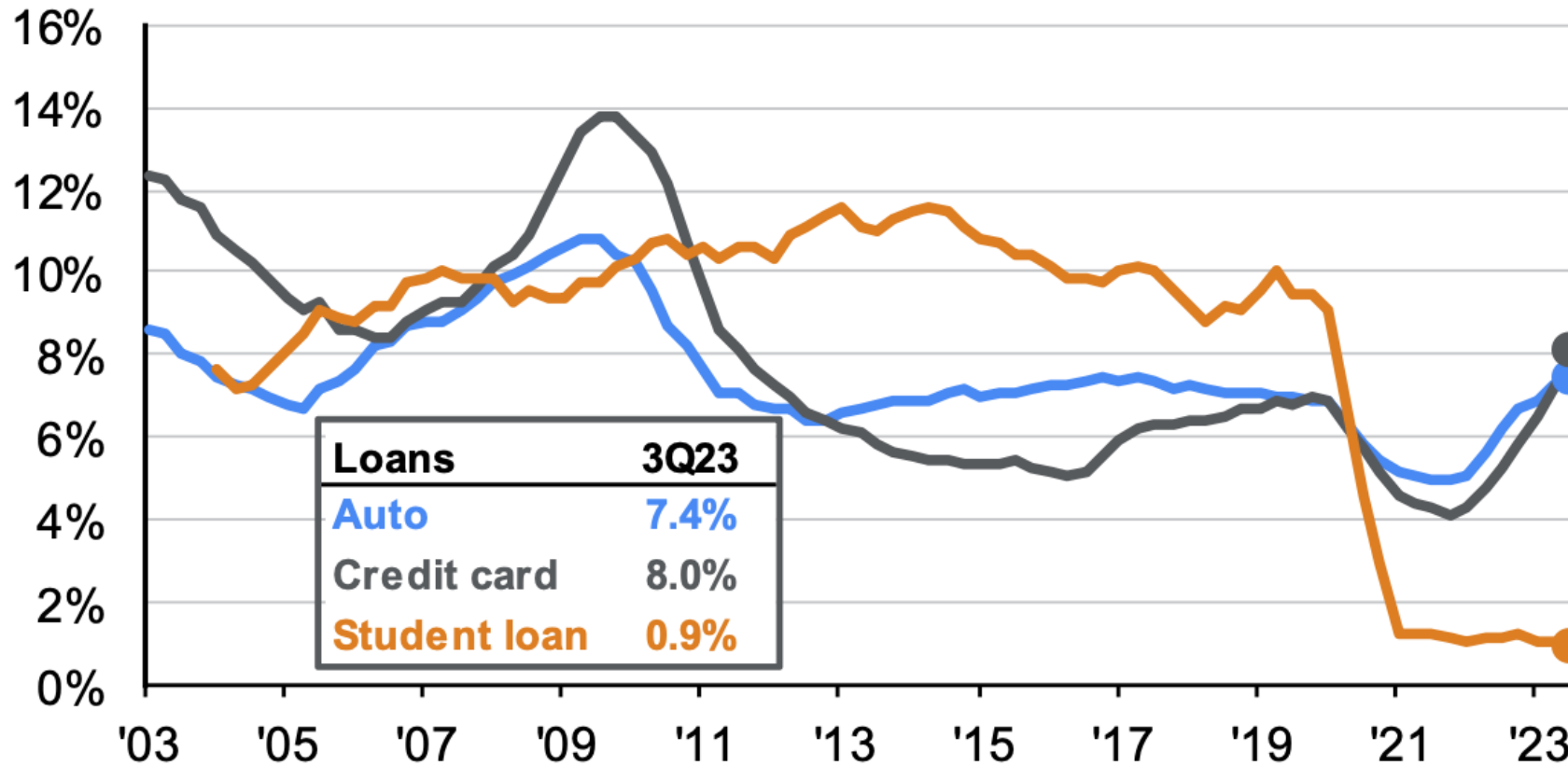
Household excess savings

Trillions of USD



Flows into early delinquencies

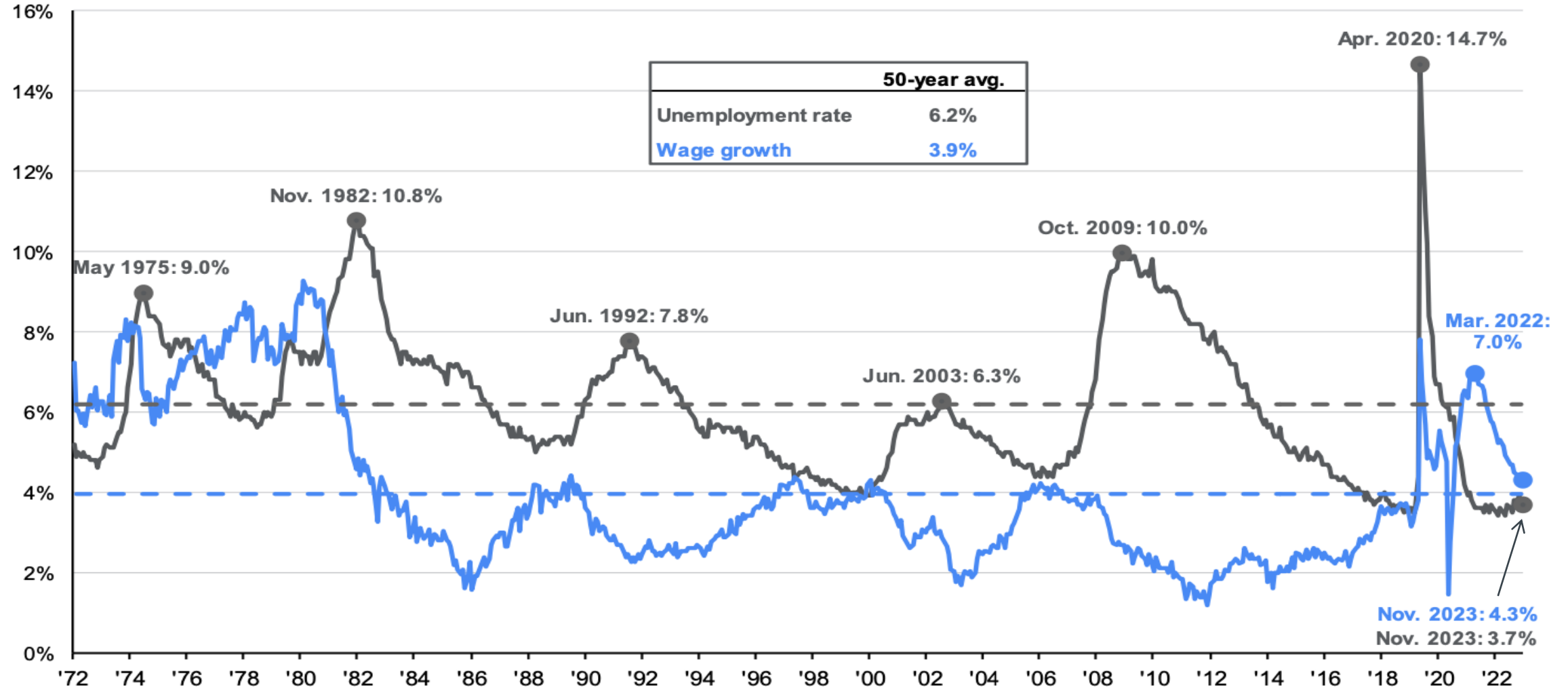
% of balance delinquent 30+ days



Unemployment Historically Low

Civilian unemployment rate and year-over-year wage growth

Private production and non-supervisory workers, seasonally adjusted, percent



iPhone Hacks and Cyber Security

Bridging the generations...



iPhone Hacks and Cyber Security



Quickly switch between apps...

Scan documents!

Measure and level things.

My keyboard can become a mouse??

Add a recovery contact!

Turn off app tracking...

Erase data if you lose your phone or someone tries to break into it.

Should I add a strong passcode?

In Summary

- 2024 could be difficult for the stock market, but the bond market is expected to continue to rebound.
- Risk management strategies will continue to be a key tool in mitigating the potential risk going forward.
- The Fed tightening cycle has most likely ended and we expect a pivot in the later half of 2024.
- There may be better entry points to acquire more stock later in the year.
- Through it all, our focus: quality investments, proper diversification and a disciplined process.

Wealth Management Matrix

Investment Management	Retirement Planning	Risk Management	Estate Planning	Tax Planning	Business Planning
Asset Allocation	Income Distribution	Asset Protection	Document Review	Corporate Benefits	401(k) Plan Design
Manager Research	Scenario Analysis	Liability Insurance	Estate Tax Mitigation	Deferral Techniques	Deferred Comp.
Performance Analysis	Benefit Planning	Long-term Care Insurance	Beneficiary Review	Loss Harvesting	Succession Planning
Education Funding	Social Security Optimization	Life/Disability Insurance	Charitable Planning	Dividend Strategies	Buy/Sell Agreements
Trust Management	Tax Efficiency	Prop/Casualty Insurance	Proper Use of Trusts	“Stretch” Planning	Key Man Insurance

Our Team!



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Jackson Hyytinen
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Micah Wakefield
Portfolio Consultant

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Thank you!

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The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The MSCI EAFE Index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The Russell 2000 is a stock market index measuring the performance of 2000 small capitalization stocks. It represents the 2000 smallest companies in the Russell 3000 Index, which in turn represents the 3000 largest companies in the U.S. Thus, the Russell 2000 is a barometer of small-cap stocks. Though small, the companies represented by the Russell 2000 are not the smallest of the small as they are not penny stocks. The Russell 2000 is weighted by the market capitalization of the stocks.

FTSE Emerging Index measures the performance of the most liquid Large and Mid Cap companies in the emerging markets. It is derived from the FTSE Global Equity Index Series (GEIS), which covers 99% of the world's investable market capitalization, and includes large and mid cap securities from advanced and secondary emerging markets, classified in accordance with FTSE's transparent Country Classification Review Process.

The Bloomberg U.S. Aggregate Total Return Value Unhedged, also known as 'Bloomberg U.S. Aggregate Bond Index' formerly known as the 'Barclays Capital U.S. Aggregate Bond Index', and prior to that, 'Lehman Aggregate Bond Index,' is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate pass-throughs), ABS and CMBS (agency and non-agency).

The Bloomberg Barclays U.S. Corporate High Yield Index measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The IA SBBI US Large Stock Total Return Index tracks the monthly return of S&P 500. The history data from 1926 to 1969 is calculated by Ibbotson.

The NCREIF Property Index (NPI) provides returns for institutional grade real estate held in a fiduciary environment in the United States. Properties are managed by investment fiduciaries on behalf of tax-exempt pension funds. As of the second quarter of 2003 the index contains 3,967 properties with an aggregate market value of \$127 billion.

The NCREIF Property Index (NPI) is a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors and held in a fiduciary environment.