

Spring 2024

Did you know that in the United States alone, around 122 million phone calls are made to moms on Mother’s Day? It’s not hard to understand why. Near or far, our moms and mother figures have seen us through our happiest and saddest, smelliest and grumpiest of times – through terrible twos, school plays, learners permits, graduations, first jobs and everything in between. As our first teacher, protector, role model and friend, it seems only fitting that we set aside a day in their honor to share our love and gratitude in return. This Mother’s Day – Sunday, May 12th - we hope you’re able to spend time with or time remembering the mothers – and mother figures – who changed your life for the better. Whether with a phone call, a card, flowers, a shared meal, or time spent reminiscing on fond memories, there’s no better time to express how much they mean to us.

However you chose to spend this Mother’s Day, we hope it was a special one for you and your family.

Let’s take a look at the numbers.

Major Stock Indexes	(As of 4/30/24)
Dow Jones Industrials	+ 0.33 %
S&P 500 Index	+ 5.57 %
NASDAQ Composite	+ 4.30 %
Russell 2000	- 2.60 %
MSCI EAFE Index	+ 1.98 %
MSCI Emerging Markets	+ 2.16 %
Major Bond Indexes & Rates	(As of 4/30/24)
Barclays U.S. Aggregate Bond	- 2.67 %
Bloomberg 1-5 Yr Government Index	- 0.05 %
Fed Funds Rate	5.25 – 5.50 %
30-year fixed mortgage	7.36 %

Source: The Wall Street Journal and Barron’s

*Inclusion of these unmanaged indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor’s results will vary. Past performance does not guarantee future results.

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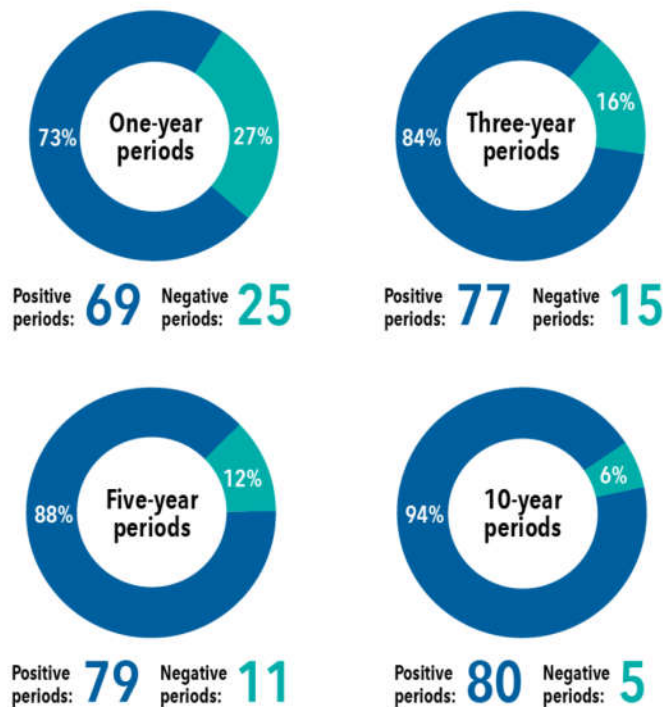
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FINANCIAL AND INVESTMENT PLANNING

As we look back, the equity markets strong year-end performance continued through the end of March. However, the stock and bond markets pulled back in April as yields rose. The media knows we are eight times more likely to share a negative article than a positive one. So, it's no surprise we are bombarded with negative news on a daily basis. Many thought we were going to have a hard landing / severe recession last year, yet the resilient U.S. economy continued to add jobs and Gross Domestic Product (GDP) expanded at 3.4% annualized in the fourth quarter. As we turn to 2024, GDP increased 1.6% in the first quarter.

The recent stock market pullback can be concerning if one focuses on the short-term. When we look over 94 years, we know the market has a history of both good and bad days, months and years. However, history shows positive returns occur much more often over longer periods than shorter ones. In fact, 94% of ten-year periods have been positive ones. Investors who don't panic have been rewarded for being long-term investors. The chart below illustrates the positive and negative rolling periods over one, three, five and ten years.

History has shown the longer the period, the greater the chances of a positive outcome



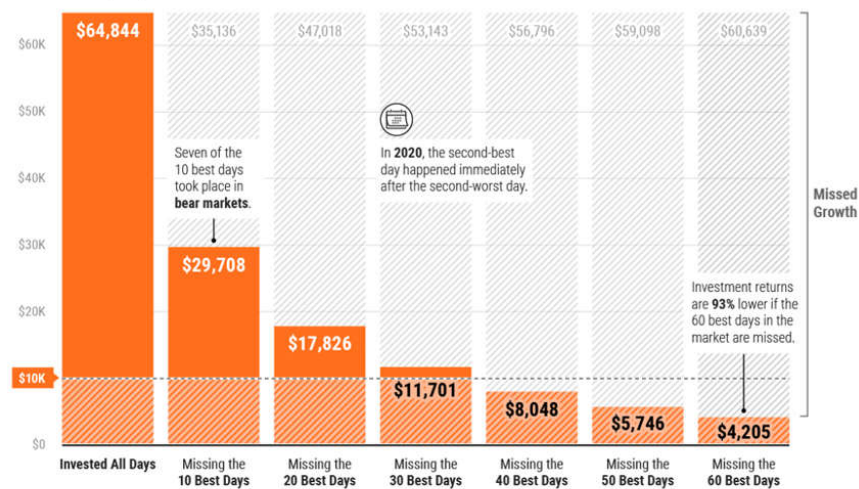
Source: S&P 500 Index

History also teaches us about the importance of not trying to time the market. We came across the below graph from JP Morgan that highlights the impact of missing the best days in the S&P 500 over a 20-year period. If one were to miss just the 10 best days, the investment return would be 54% less. Even worse, if one were to miss the 60 best days, the return is 93% lower.

THE COST OF Timing the Market

Bad timing can take a bite out of returns. Below, we show the risk of trying to time the market. By simply missing out on the 10 best days, an investor could lose the majority of their overall return.

Value of \$10,000 Invested in the S&P 500 Jan 2003–Dec 2022



When Were the 10 Best Days in the Market? % Return



Source: JP Morgan. S&P 500 Index total returns from January 1, 2003 to December 30, 2022.



Turning to the economy, inflation has come down substantially from the peak of 9.1% in the summer of 2022. According to the Bureau of Labor Statistics, inflation, as measured by the Consumer Price Index (CPI), rose 0.4% in March. Over the last 12 months, CPI has increased at an annual rate of 3.5%. We have been stuck in the 3%+ range for a while. Due to inflation being stickier than many Fed officials thought, the expected 2024 rate cuts may not materialize. The Fed has been steadfast in wanting inflation to be in the 2.0-2.5% range. Going this last mile to get inflation in their target range will likely be their hardest mile.

Looking at employment, the U.S. economy added 303,000 total nonfarm payrolls in March and 192,000 private sector jobs in April. Healthcare, government, construction, leisure and hospitality added the most jobs. The unemployment rate is 3.8%, which remains historically low. The Labor Department reported there are currently 8.49 million jobs available. Productivity continues to increase, which is a welcoming sign. Productivity increased 1.3% in 2022, 2.6% in 2023 and we saw a 3.2% increase (annualized) in the 4th quarter of 2023 according the Bureau of Labor Statistics. Wages have risen at a 4.4% annualized pace.

While the American economy continues to be resilient, there does seem to be some cooling resulting from the tight credit conditions. Higher interest rates tend to slow the economy. The 30-year mortgage rate is currently 7.36%. SBA loans have ranged from 13.5% - 16.5%. While the markets would love to see lower rates, as that would likely lead to more growth and higher asset prices, the Fed is reluctant to appease investors until inflation comes down to their target range.

Most of us spend our day thinking and focusing on the short-term. Our daily routines often revolve around getting the kids ready for school, finishing the next task at work, finding time to exercise, go

grocery shopping, etc. When it comes to investing, it can be hard to shift our short-term thinking to long-term. Having patience helps investors reap the benefits of compound growth. In a recent interview, Peter Eliot, an equity portfolio manager at Capital Group, reflected on his career and said, “I’ve done a lot of work analyzing the outcomes of my investment decisions. I’ve found that it really comes down to something very simple: My big mistakes were a failure of patience, and my big successes were a triumph of patience.”

- Past performance is not a guarantee of future results. Individuals cannot invest in an index directly.
- The Dow Jones Industrial Average (DJIA), commonly known as “The Dow”, is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal.
- The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material accurate or complete.
- The S&P 500 is an unmanaged index of 500 widely held stocks that’s generally considered representative of the U.S. stock market.
- The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market and includes over 3,000 companies.
- Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Bonds are subject to credit and interest rate risk. Timely payments of interest and principal payments are based on the financial condition of the issuer. Yield and market value will fluctuate with changes in market conditions. There is an inverse relationship between interest movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. Diversification does not insure a profit or a guarantee against a loss. Investing involves risk and you may incur a profit or loss regardless of strategy selected. Please note that international investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility.

PERSONAL

The Fisher family was able to get away for a long weekend of skiing at Snowmass (outside of Aspen) during the holiday break this year. Snowmass is known for its long and wide runs. The top of Snowmass Ski Resort is over 12,000 feet. The views of the surrounding mountains are breathtaking. When the family started skiing years ago, it was common for Angie to lead the way down a ski run. Kora and Macy would follow. Kris stayed in the back in case anyone fell and needed help getting up. Well, times have changed. Kora and Macy now fly down the mountain with speeds that dad is uncomfortable with. Mom can come close to keeping up. The girls love acting like they’ve been at the bottom of the ski run ‘forever’ by the time dad arrives.



Learning volleyball lingo took some time, but mom and dad no longer get lost in conversations with their daughters when they hear words like five-one, six-two, D.S., double, free ball, kill, pancake, libero, pipe, A, B, C, D and roll shot to name a few. Macy and Kora started playing club volleyball this year and have

loved every minute of it. One of the season highlights was a trip back to Phoenix for a three-day tournament. Macy's team (12-year-olds) finished 14th out of 72 teams and Kora's team (13-year-olds) was 9th out of 95 teams while playing against 14-year-olds. During their trip back to the desert, it was wonderful to spend time with family and longtime friends!

Four months have flown by, and not for a lack of activity. Although the Pacific is generally too frigid this time of year, and a large part of the annual San Diego rainfall comes in these first few months, the mountains beckon snow sports enthusiasts to come explore. The Kachkovsky family took advantage of the great snowfall in California visiting Mammoth twice this year. Elle's 9th birthday was celebrated with snowmobiling and cake. Mammoth Mountain's history began in the 1930s when a skier named Dave McCoy recognized the mountain's potential. He obtained a permit in the 1950s and the first ski lift was built shortly after, transforming Mammoth into the destination it is today - a major ski resort renowned for its long season and abundant snowfall.



In January, the family visited the Fishers. So much fun seeing the future of Kachkovsky & Fisher enjoying each other's company, making memories to last a lifetime. In March, Garry and Emily took the kids to Phoenix. It's been seven years since the family moved to San Diego. Time was spent sightseeing, eating, hiking, and showing the kids where they took their first steps.

Following in Emily's footsteps, Ava and Elle have emerged themselves in softball and are showing progress and promise. Spring season just ended in early May. Ava, whose team finished 2nd in league play, is proving to be a great fielder and base runner. Elle's infectious propensity to hustle propelled the team to have a dominant season - First place for the Lightning Bolts! Now, the kids are enjoying free nights and weekends.

Thank you for your trust, confidence and friendship.

"We can't help everyone, but everyone can help someone."

- Ronald Reagan

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