



carolyn@weatherlyassetmgt.com
 T 858.259.4507 F 858.259.0782
 832 Camino Del Mar, Ste 4 | Del Mar, CA 92014
 WWW.WEATHERLYASSETMGT.COM



If you prefer to receive this letter via e-mail, please let us know: carolyn@weatherlyassetmgt.com

**Fourth Quarter 2023 Weather(ly) Report
 January 2024**

Navigating 2023 world events and markets would not be the same without reflection on the volatility that hit stocks, bonds and most asset classes with the exception of cash in 2022. While the year began with this backdrop, 2023 felt more like A Tale of Two Cities, with the first half of the year comprised of 3 bank failures, continuation of rate hikes from the Fed and ECB, money markets and short-term Treasuries vying for investment havens and mortgage rates topping 7%. In contrast, the second half of 2023 roared forward as the Fed hit the pause button, inflation improved and the Magnificent Seven (Apple, Microsoft, Alphabet, Tesla, Nvidia, Amazon and Meta) gained 71%, while the remaining 493 stocks in the S&P 500 rose a mere 6%. Geopolitical events heated up alongside markets with the elongation of the Russia-Ukraine war, slowing growth in China, the October 7th Israeli-Hamas conflict, and the Iran-backed rebel attacks on 20-plus merchant ships in the Red Sea.

Throughout 2023, the yield curve remained inverted, often cited as an indicator of a recession. By year-end, the 6-month, 2-year and 10-year Treasury were yielding 5.25%, 4.25% and 3.88%, respectively. After 11 consecutive rate hikes, the Federal Reserve paused interest rates at their last two meetings of the year; “higher-for-longer” language offered little clarity as to when the Fed might move forward with rate cuts in 2024. The Personal Consumption Expenditures price index (core PCE 3.16% and PCE 2.64%) and wage pressures made progress in the latter half of 2023, with job openings (JOLTS report) nudging downward to 8.8 million, the lowest level since March 2021.

During the 4th quarter, Weatherly continued to focus on asset allocation, concentrated holdings and positioning clients for an attractive tax position going into year-end. Clients took advantage of historically low capital gains rates and opportunities to utilize appreciated assets for philanthropy via qualified charitable distributions (QCD) and donor advised funds (DAF).

“Top Ten” Holdings *

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|-----------------------------|-------------------------------|
| 1. Apple Inc. | 6. Costco Corp. |
| 2. Microsoft Corp. | 7. Waste Management Inc. |
| 3. Amazon Inc. | 8. Adobe Systems Inc. |
| 4. Invesco Global Water ETF | 9. Vanguard International ETF |
| 5. Netflix Inc. | 10. SPDR Biotech ETF |

Commodity prices and the US dollar had an interesting 2023. Oil prices fluctuated up to \$86/barrel but ended down 10% for the year at \$77/barrel. Actions by the Biden administration and US oil companies increased supply while OPEC lifted prices and reduced production. Disruptions in the Red Sea near year end are creating modifications to supply chains as of this writing. The US dollar remained rangebound in 2023 with the moving average late in the year crossed into bearish territory.

With consumer spending comprising two thirds of the US economy, the impact of higher-for-longer interest rates on credit cards and mortgages are expected to influence spending rates early in the New Year. In general, 2024 projections are pointing to slower growth both at home and abroad. Companies are already stating wage increases can no longer be passed on at the same rate to consumers. Sector specific spending in travel, cybersecurity, healthcare, consumer goods and artificial intelligence appear to be more resilient with an economic slowdown or soft landing as we head into election season.

In 2017, the Tax and Jobs Cut Act increased the lifetime exemption for estate and gift tax from \$5.6 million per individual and double for couples. As of 2024, the exemption amount increased to \$13.61 million per individual or \$27.22 million per couple. The lifetime estate and gift tax exemption are set to sunset on January 1, 2026, unless amended, reverting down to roughly \$7 million per individual. Estates above the exemption amount would be taxed at a 40% federal rate. Families with wealth that are interested in passing on assets should consider estate planning strategies this year.

We continue to strategize uniquely with each client and their trusted professionals and welcome our work with families, businesses, and communities into the New Year.

***Please see reverse side**

-The Weatherly Crew

*** TOP TEN DISCLOSURE**

"Top Ten" holdings consist of Weatherly's largest stock positions as of quarter end. A full list of holdings is available upon request. It should not be assumed that any of the securities, transactions, or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

	<u>WAM</u> <u>Equity**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Equity</u> <u>(net fee)</u>	<u>S&P</u> <u>500t</u>	<u>MSCI ACWI</u> <u>(gross USD)</u>	<u>WAM</u> <u>Fixed**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Fixed (net</u> <u>fee)</u>	<u>Merrill</u> <u>Lynch 1-3</u> <u>year</u>	<u>WAM</u> <u>Balanced**</u> <u>(gross fee)</u>	<u>WAM</u> <u>Balanced</u> <u>(net fee)</u>	<u>Blended</u> <u>Benchmark</u>
2007	11.18%	10.18%	5.49%	12.18%	5.47%	4.97%	7.32%			
2008	-34.04%	-35.04%	-36.99%	-41.84%	-0.95%	-1.45%	6.61%			
2009	32.36%	31.36%	26.47%	35.41%	10.63%	10.13%	0.78%			
2010	11.93%	10.93%	15.06%	13.21%	6.77%	6.27%	2.35%			
2011	-5.58%	-6.85%	2.12%	-6.86%	4.37%	3.87%	1.55%			
2012	16.36%	15.36%	16.00%	16.80%	5.99%	5.49%	0.43%	11.84%	11.09%	8.18%
2013	28.20%	27.20%	32.41%	23.44%	-1.62%	-2.12%	0.36%	15.41%	14.66%	15.61%
2014	8.53%	7.53%	13.69%	4.71%	5.55%	5.05%	0.62%	7.43%	6.68%	7.01%
2015	4.86%	3.86%	1.38%	-1.84%	1.31%	0.81%	0.54%	3.55%	2.80%	1.09%
2016	8.70%	7.70%	11.95%	8.48%	2.79%	2.29%	0.88%	6.41%	5.66%	6.33%
2017	24.52%	23.52%	21.82%	24.62%	4.49%	3.99%	0.42%	17.01%	16.26%	10.75%
2018	-1.92%	-2.92%	-4.39%	-8.93%	0.61%	0.11%	1.59%	-0.80%	-1.55%	-1.06%
2019	32.54%	31.54%	31.48%	27.30%	7.05%	6.55%	3.55%	22.85%	22.10%	17.01%
2020	30.97%	29.97%	18.39%	16.82%	4.35%	3.85%	3.10%	21.36%	20.61%	12.08%
2021	20.55%	19.55%	28.68%	19.04%	0.69%	0.19%	-0.55%	14.34%	13.59%	13.45%
2022	-22.33%	-23.33%	-18.13%	-17.96%	-5.71%	-6.21%	-3.65%	-17.45%	-18.20%	-10.80%
4th Quarter 2023	13.38%	13.13%	11.68%	11.15%	4.01%	3.88%	2.48%	10.15%	9.96%	7.09%
Year-to-Date 2023	26.32%	25.32%	26.26%	22.81%	5.39%	4.89%	4.26%	19.10%	18.35%	15.03%
5-Year Trailing (Ann.)	15.47%	14.47%	15.66%	12.26%	2.25%	1.75%	1.30%	10.88%	10.13%	8.83%
10-Year Trailing (Ann.)	11.98%	10.98%	12.01%	8.48%	2.59%	2.09%	1.05%	8.70%	7.95%	6.76%
Since Inception (Ann.)	10.41%	9.41%	10.45%	7.87%	4.30%	3.80%	3.17%	9.50%	8.75%	7.59%

Please see footnotes

**** PERFORMANCE DISCLOSURE**

Please note, the Weatherly Asset Management (WAM) Equity performance is a mid- to large-cap value equity approach and the WAM Fixed Income performance is a high-quality intermediate-maturity investment approach. Performance numbers up to 12/31/05 are prepared in compliance with Association of Investment Management Research Performance Presentation Standards (AIMR PPS). Periods from 12/31/05 to 12/31/10 meet the requirements of the revised version of Global Investment Performance Standards (GIPS). Periods from 12/31/10 are calculated in a similar manner but GIPS standards no longer permit carve outs, therefore we no longer claim GIPS compliance. The gross of fee returns shown above are presented after deduction of all transaction costs, but prior to the deduction of advisory fees and such other possible expenses as custodial fees. The net of fee return is calculated by subtracting the advisory fees. Investment advisory fees are described in Part II of Weatherly's Form ADV. For the 4th Quarter 2023, the maximum quarterly management fee is 0.25% for Weatherly's Equity Composite and 0.125% for the Fixed Income Composite.

Composite rates of return, since inception on an annualized basis after deduction of the maximum quarterly management fee is as follows for equity accounts for 1995, 32.41%, for 1995 and 1996 combined, 28.50%, for 1995-1997 combined, 30.24%, for 1995-1998 combined, 26.15%, for 1995-1999 combined, 25.06%, for 1995-2000 combined, 18.31%, for 1995-2001 combined, 12.70%, for 1995-2002 combined, 7.44%, for 1995-2003 combined, 9.53%, for 1995-2004 combined, 9.94%, for 1995-2005 combined, 10.05%, for 1995-2006 combined, 10.48%, for 1995-2007 combined, 10.46%, for 1995-2008 combined, 6.36% for 1995-2009 combined 7.87%, for 1995-2010 combined, 8.06%, for 1995-2011 combined, 7.14%, for 1995-2012 combined, 7.58%, for 1995-2013 combined 8.57%, for 1995-2014 combined 8.54%, for 1995-2015 combined 8.31%, for 1995-2016 combined 8.29%, for 1995-2017 combined 8.91%, for 1995-2018 combined 8.39% for 1995-2019 combined 9.23%, for 1995-2020 combined, 9.96%, 1995-2021 combined, 10.31%, for 1995-2022 combined 8.88%, for 1995-2023 combined, 9.41%. For fixed income accounts 1995, 11.49%, for 1995-1996 combined, 8.35%, for 1995-1997 combined, 7.63%, for 1995-1998 combined, 7.58%, for 1995-1999 combined, 6.18%, for 1995-2000 combined, 6.50%, for 1995-2001 combined, 6.37%, for 1995-2002 combined 6.37%, for 1995-2003 combined, 5.92%, for 1995-2004 combined 5.68%, for 1995-2005 combined, 5.33%, for 1995-2006 combined, 5.25%, for 1995-2007 combined, 5.23%, for 1995-2008 combined, 4.74%, for 1995-2009 combined, 5.09%, for 1995-2010 combined, 5.17%, for 1995-2011 combined, 5.09%, for 1995-2012 combined, 5.11%, for 1995-2013 combined 4.72%, for 1995-2014 combined 4.73%, for 1995-2015 combined 4.54%, for 1995-2016 combined 4.44%, for 1995-2017 combined 4.42%, for 1995-2018 combined 4.23%, for 1995-2019 combined 4.32%, 1995-2020 combined, 4.31%, 1995-2021 combined, 4.15%, for 1995-2022 combined 3.76%, for 1995-2023 combined, 3.80%.

Composite returns consist of all 100% discretionary accounts under management utilizing individual stock and bond holdings selected by WAM. Balanced portfolio segments have been included in single asset composites. Effective 1/1/06 to 12/31/10, cash and cash returns have been allocated to the segment returns according to the procedures outlined by Association of Investment Management Research (AIMR). Effective 1/1/16, equity and fixed composite returns no longer include cash or a weighting to cash. Dividends and interest received is generally not reinvested in the same security but is included in total return calculations. Effective 2010, Equity Composite performance excludes two related family groups which hold a concentrated position that due to tax considerations cannot be managed in the same manner as the overall equity composite. The composite performance represents the performance of an aggregate of the firm's managed accounts that align with a particular strategy. Individual account performance will vary, and some clients may have experienced returns significantly different from the composite. Investing entails risk and past performance is no guarantee of future performance.

These performance numbers are provided under the flash reports provision of these said standards. "As prospective and current clients have received past results that were in compliance with the required disclosures within a 12-month period, firms may present interim data and returns (i.e., "Flash numbers") without quarterly disclosures." A full presentation, including all required disclosures, is available upon request. The WAM Balanced Composite represents actual portfolios utilizing strategic asset allocation with both equity and fixed income components. The fixed income component for individual portfolios underlying the balanced composite have allocations tailored specifically for that account and client, and varies between 5% and 90%, whereas the Blended Benchmark is 50% S&P 500 Total Return and 50% Merrill Lynch 1-3 Year representing an average of a 50% Equity and 50% Fixed Income benchmark allocation in the Composite.