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Dear Friends,

Wishing you and yours a happy, healthy, and prosperous 2024!

Steven M. Sears in his The Striking Price column in Barron's recently wrote the following:

After the different crises over the past 25 years, 2023 provided evidence of how investor behavior has changed after the market has overcome those episodes. We have come to believe that many investors rent returns and own risks. They play a winning hand for a year or more, but they ultimately give back some or all of their gains to thoughtful investors who understand that investment success is not defined by a year or two of high gains but years of consistent returns and managing risk. The indexes are false gods that often cause people to march greedily into overripe investments, and then panic when the momentum ultimately ebbs. In other words, for most investors, gains appear as fact, even if they're unrealized, and risk doesn't exist—until it does. Sooner or later, investors who have seen their portfolios surge in value because of luck and market momentum will encounter a harsh market fact. Something always happens—and it is generally not something that many people expected—that rises up and sweeps away the unrealized gains. When that occurs, Main Street will learn a tough lesson: Unrealized multiyear gains are violently reclaimed by the pros. When that happens, the undisciplined and overconfident will feel like tourists who have returned from a great trip, only to get into a bad accident on their way back from the airport.

I share his thoughts because after a year like 2023 it is easy to forget the tough, volatile years. We don't remember the angst felt when the dot.com bubble burst, during the '08 financial crises, or the COVID drawdown. The reason we stay diversified and manage risk, is because it lets us stay invested during those difficult times. This disciplined approach allows us to own returns and rent risks, unlike the investors Sears mentions in his column. Barrister still maintains a defensive stance for 2024, with potential further reductions in risk assets in the first quarter. As McChesney, Fed Chair for over two decades, said the Fed's job is to "take away the punch bowl as the party gets going." Chair Powell was slow in acting, but the bowl is gone.

Best,



ANNUAL RETIREMENT, ESTATE & HSA LIMITS

| Retirement Limits | | | Social Security Limits | | |
|--|-----------------|-----------------|--|-----------|-----------|
| | 2024 | 2023 | | 2024 | 2023 |
| Covered compensation limit | \$345,000 | \$330,000 | Maximum taxable earnings | \$168,600 | \$160,200 |
| Defined benefit maximum limit | \$275,000 | \$265,000 | One quarter of coverage (max 4 per year) | \$1,730 | \$1,640 |
| Defined contribution plan maximum limit | \$69,000 | \$66,000 | Retirement Earnings Limits | | |
| Salary deferral limit 401(k), 457(b), 403(b) | \$23,000 | \$22,500 | Before full retirement age (50% reduction) | \$22,320 | \$21,240 |
| Catch-up contribution limit (Age > 50) | \$7,500 | \$7,500 | Year of full retirement age (33% reduction) | \$59,520 | \$56,520 |
| Highly compensated employee comp. limit | \$155,000 | \$150,000 | Social Security Disability Thresholds | | |
| Key employee comp. limit | \$220,000 | \$215,000 | Max earnings - blind (monthly) | \$2,590 | \$2,460 |
| SEP maximum contribution limit | \$69,000 | \$66,000 | Max earnings - non-blind (monthly) | \$1,550 | \$1,470 |
| SEP earnings limit | \$750 | \$750 | Maximum monthly SS benefit | \$3,822 | \$3,627 |
| SIMPLE salary deferral limit | \$16,000 | \$15,500 | PBGC maximum - monthly @ age 65 | \$7,108 | \$6,750 |
| SIMPLE catch-up contribution limit (Age>50) | \$3,500 | \$3,500 | Fringe Benefits | 2024 | 2023 |
| IRA contribution limit | \$7,000 | \$6,500 | Health Flexible Savings Account | \$3,200 | \$3,050 |
| IRA catch-up contribution (Age>50) | \$1,000 | \$1,000 | Dependent Care Flexible Savings Account | \$5,000 | \$5,000 |
| Traditional IRA Deduction Phaseouts | | | Parking/Transit pass exclusion | \$315 | \$300 |
| MFJ - one spouse is an active participant | \$230k - \$240k | \$218k - \$228k | Adoption assistance | \$16,810 | \$15,950 |
| MFJ - both spouses are active participant | \$123k - \$143k | \$116k - \$136k | Health Savings Account - HSA | 2024 | 2023 |
| Single - taxpayer is an active participant | \$77k - \$87k | \$73k - \$83k | High-deductible minimum deductible | | |
| Married filing separately | \$0 - \$10k | \$0 - \$10k | Single | \$1,600 | \$1,500 |
| Roth IRA Contribution Phaseouts | | | Family | \$3,200 | \$3,000 |
| Married filing jointly | \$230k - \$240k | \$218k - \$228k | High-deductible max out-of-pocket | | |
| Single | \$146k - \$161k | \$138k - \$153k | Single | \$8,050 | \$7,500 |
| Married filing separately | \$0 - \$10k | \$0 - \$10k | Family | \$16,100 | \$15,000 |
| Estate Planning | 2024 | 2023 | HSA Contribution Limits | | |
| Annual Gift Tax Exclusion | \$18,000 | \$17,000 | Single | \$4,150 | \$3,850 |
| Non-Citizen Spouse Gift Tax Exclusion | \$185,000 | \$175,000 | Family | \$8,300 | \$7,750 |
| Lifetime Estate and Gift Tax Exemption | \$13,610,000 | \$12,920,000 | Catch-up contributions (Age>55) | \$1,000 | \$1,000 |

MARKET & ECONOMIC INDICATORS

| <i>Indicator</i> | <i>Note [change vs prior quarter]</i> |
|---------------------------------|--|
| Investor Sentiment AAI | 46.3% Bullish [+16.2%] 28.6% Neutral [+3%] 25.1% Bearish [-16.5%] |
| Investor Sentiment CNN | 76 Extreme Greed [+47] |
| Leisure and Entertainment (PEJ) | Up 15.73% YTD [+10.18%], trailing the S&P 500 by 10.45% [+3.2%] |
| Technology (XLK) | Up 56.02% YTD [+23.44%], beating the S&P 500 by 29.84% [+10.28%] |
| SemiConductors (SMH) | Up 73.38% YTD [+30.5%], beating the S&P 500 by 47.2% [+17.34%] |
| Financials (XLF) | Up 12.03 YTD [+13.69%], trailing the S&P 500 by 14.15% [+53%] |
| Staples (VDC) | Up 2.38% YTD [+5.36%], trailing the S&P 500 by 23.8% [-7.8%] |
| Healthcare (XLV) | Up 2.07% YTD [+4.15%], trailing the S&P 500 by 24.11% [-7.01%] |
| Utilities (XLU) | Down 7.18% YTD [+7.12%], trailing the S&P 500 by 33.36% [-6.04%] |
| Commodities (PDBC) | Down 6.25% YTD [-7.4%], trailing the S&P 500 by 32.43% [-20.56%] |
| Real Estate (ICF) | Up 10.36% YTD [+16.98%], trailing the S&P 500 by 15.82% [+3.82%] |
| 20yr+ Treasury (TLT) | Up 2.77% YTD [+11.78%], trailing the Barclays Bond Index by 2.88% [+7.16%] |
| 2yr/10yr Government Bond Spread | Spread is negative at -.35% [-.05 bps] |
| High Yield Bonds (HYG) | Up 11.54% YTD [+7.4%], beating the Barclays Bond Index by 5.89% [+72%] |
| HYG spread vs 10yr Treasury | +339 bps [-99 bps] |
| YOY Corporate Earnings | Analysts expect the S&P 500 to report earnings growth of less than 1% in CY 2023 |
| Central Bank Activity | Fed has paused rate hikes and has indicated they may begin to lower in '24 |
| Average Hourly Earnings | YOY increase of .8% for the period ending November 2023 |
| Fund Flows | -\$67.34 billion from equity funds and -\$8.61 billion to bond funds over the past 30 days |
| Market Breadth | S&P 500 & Dow A/D Line improving, breadth still poor for the NASDAQ |



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