Managed Wealth, LLC
196 N. Broad Street ● Canfield, OH 44406
Phone: 330-533-1131 Fax: 330-533-2050 www.ssb-cpa.com

Fourth Quarter 2023

Over the past year, we saw markets rebound from a dismal 2022, but many investors still felt like they were falling behind as stock market performance was led by a concentrated group of large companies known as the Magnificent Seven. The temptation to chase the top performers is only natural, but history has shown us time and again that this is not a good idea.

Following are our observations about the economy and major asset classes over the past quarter:

Economy
In hindsight, 2023 went about as well as could reasonably be expected for the U.S. economy. We entered the year with economists, business leaders and the media widely predicting a recession. That recession never arrived; yet, inflation has still been on the decline, opening the door for the 'soft landing' that many thought would not be possible.

As further evidence of that, the Federal Reserve has shifted its messaging to indicate that we are at the end of the cycle of rate hikes, with a high likelihood of rate cuts in the latter half of 2024.

Early reports indicate that consumer spending was strong over the holiday period which helped fuel solid job growth to close out the year. This serves as a strong base for the economy as we move into the new year. There are certainly still risks to be wary of, but as we take stock of the 2023 economic picture, there are far more positives than negatives.

Stocks
The stock market rallied to close out another banner year. Global stocks (MSCI All Country World IMI Index) gained 11.1% with both domestic and international markets performing well. U.S. large cap stocks (S&P 500 Index) rose 11.7% during the quarter but weren't even the headliner. U.S. small stocks (Russell 2000 Index) bounced 14.0% as smaller companies could stand to benefit more from falling interest rates. Meanwhile, international large stocks (MSCI EAFE Index) were up 10.4%, and emerging market stocks (MSCI Emerging Markets Index) lagged other equity asset classes but still gained 7.9% for the quarter.

Bonds
The bond market ended the year with strong performance as well. U.S. intermediate-term bonds (Bloomberg U.S. Aggregate Bond Index) were up 6.8% which pushed them back into positive territory for year-to-date return. International bonds (Bloomberg Global Aggregate Ex US Index) rose 5.4% in the quarter and finished the year as the best performer among bond asset classes, while TIPS (Bloomberg Global Inflation Linked U.S. TIPS Index) added 4.7%.

As we continue our journey, we remain focused on the things that matter most to our clients. We are confident that, together, we can navigate whatever the future holds, and we look forward to serving you along the way.