skv three things

<u>Here is an excerpt of what a wrote to you in 3 things a year ago:</u> "*Congratulations on surviving 2022—a year of unrelieved chaos. Chaos which began three years ago next month with the onset of the pandemic. Our entire economic, financial, political, and geopolitical world is experiencing this chaos. I applaud your **infinite resiliency** during these challenging times. Our recommended portfolios consist of ownership of companies that are much like you, **enduringly successful**. We remain steadfast in our belief that the economy can't be forecasted, markets can't be timed, and it is best to stand fast, tune out the noise and continue to rely on your long-term plan. The only way I know to capture the full return of equities is to ride out their temporary declines. Stay encouraged, history suggests a second straight year of market declines is possible, but not probable. Dating back to 1928, back-to-back down years in the S&P 500 has happened 4 times—The Great Depression, WWII, the 70's, and the dot.com bubble.*"

I know, I am brilliant. Right!? What a difference a year makes. My opening sentence this year: "Congratulations on thriving in 2023!"

Before you park a few brand-new-trailered jet skis in your driveway and high five your neighbors about how great 2023 (if they are not SKV clients, yet) there is chance they did not have as good a year as you likely did. According to Crane Data, *"Assets in money market funds surged to a record or more than $6 trillion last year."* It appears a jump in yields in these "safe" funds may have tempted many to leave the market for lower upside, but less short-term volatility. Lipper reports U.S. equity recorded $133 billion in stock market outflows. For those that did, they got what they wanted, what they deserved. Some money market yields in the nation crested 5% last year. The S&P 500 finished up over 20% in 2023. Hmmm…. many re-learning a painful lesson that you can't time the market and that volatility and return are inextricably linked. I feel like this would be a good place to interject a shameless plug for a referral or two in the new year…*nah*…***we'll just keep working on deserving them!***

January is commonly a time when investors look at last year's results and are strongly tempted to chase "hot performers". Our human brains like to extrapolate. The perils of chasing hot, short-term returns are well documented. The financial landscape is littered with examples of what worked last year or is not working this year. This data is at the core of why we recommend routine portfolio rebalancing, and lean contrarian in our strategies—*buying what has not worked recently rather than what has*—when adding new money to portfolios. "*Luck plays the dominant role in one-year returns. So, when you pick the previous year's top performer, you're following someone who was, for the most part, lucky. The reversals in year-to-year rankings are therefore a reflection of little more than how rare it is to be lucky two years in a row,"* Aye Soe, managing director, S&P Dow Jones Indices.

"2023 was good for investors to really test their patience," said Michael Mullin, chief market strategist at Claro Advisors. "There's a lot that happens in the middle, but at the end of the day, you can look back and be satisfied that you were an investor."

As always, I'm honored and humbled you have given me the opportunity to serve as your financial advisor. I am lucky to be in the foxhole with the greatest, smartest, best-looking clients in all the land. We hope you view us as your ***friendly, knowledgeable, and reassuring source of financial guidance.***

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Michael H. Kaminski, CFP®
President
SKV Group, LLC

1405 Rolkin Court, Suite 202
Charlottesville, Va 22911

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Ph 434.328.8040
www.skvgrp.net