



UPWARD FINANCIAL PLANNING

First Quarter 2024

A year in review and looking forward to this year.

MARKET UPDATE

2024 was an amazing year for investors. At Upward Financial Planning we doubled our assets under management by creating growth in our clients' investments and by bringing in new clients.

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|-------------------------------------|---------------------|
| Balance Dec. 31, 2022: | \$6,655,698 |
| Growth: | \$1,363,989 |
| Net New Client Assets: | \$6,775,404 |
| Balance as of Dec. 31, 2023: | \$14,795,091 |

Our favorite sectors last year included the regional bank stocks and large bank stocks. We invested in this sector in March/April of last year after 3 regional banks failed and scared investors away. We saw this as an opportunity to "be greedy when others are fearful and fearful when others are greedy", as Warren Buffet says.

We also favored and had exposure to large cap growth stocks. Last year was considered by most experts to be the year of the "Magnificent 7" which are the largest capitalized stocks in the stock market and had the lion's share of the returns last year. These include Facebook, Amazon, Apple, Microsoft, Google, Nvidia, and Tesla.



These 7 stocks had more returns together than the other 493 stocks in the S&P 500. Looking forward to next year then, this makes the case for investing in small and mid cap stocks, with hopes that they will catch up to their big brothers, the magnificent seven.


Some of our other favorite opportunities last year included long-term bonds, intermediate bonds, CD's, Truist Bank, Cracker Barrel Country Stores, Redfin, small cap stocks, mid cap stocks, and other dividend-paying stocks.

Our affinity for dividend stocks lies in the fact that not only can they appreciate in value, but they also pay large dividends which are reinvested to buy more stock and therefore receive more dividends. When the regional bank stocks were undervalued, they still paid the same dollar amount dividend, which was a larger percentage of the price than what it was before. In other words, when Truist (TFC) was trading at around \$50/share, it's dividend payout of \$2 was a 4% yield. When the stock fell to \$30 (at the time of our purchase), the same \$2 dividend was then an almost 7% yield. This raise in the dividend price, as well as the appreciation potential of the share price, made Truist an attractive investment opportunity.

As we look forward to the rest of 2024, we are expectant and hopeful for a positive year in the stock market. While no one can predict the future, especially calamitous events such as we experienced in 2020, we do lean on the data which says that election years tend to average about a 10% gain in the stock market every year. The data suggests that years where an incumbent runs are even more positive. This year we may have an incumbent president running against a former president which could prove even more positive for investor sentiment.

Looking forward, we maintain a positive outlook on the recovery prospects of the banking sector stocks, emerging markets, long-dated treasury bonds, small caps, mid caps, real estate stocks such as Redfin, and intermediate-term bonds. We believe that the magnificent 7 stocks are a little too high right now to be investing in, though we are open to investing in them at a later time if the opportunity presents itself. We have no problem leaving some assets in cash and waiting for another triggering event in the market to take advantage of investing opportunities. We believe the Federal Reserve will begin lowering interest rates in 2024 and this will be even more bullish for the stock market.

We are still accepting clients at this time. For a free investment consultation, please contact Daniel Colston, CFP® at (540)580-2501 or daniel@upwardfp.com.



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