



Our Quarterly Report

"When information is cheap, wisdom is expensive."

Rewald, Sebranek, & Frawley
An Independent Firm

January 2024

Year In Review

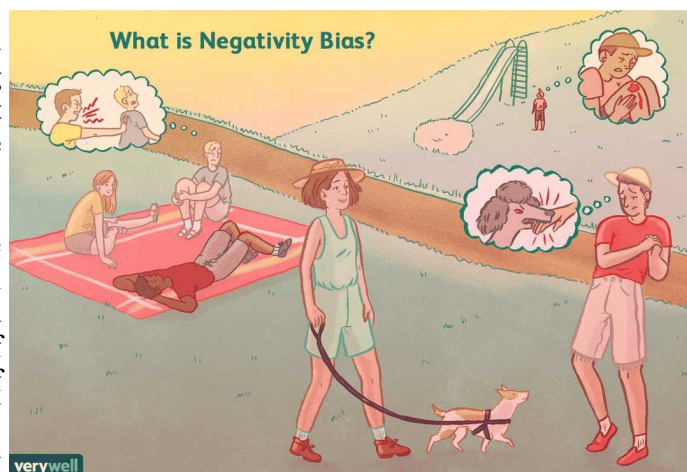
As we were writing our letter last year, it was hard not to notice the major stock indices being down -18% for the S&P 500 to -6% for the Dow Jones to -32% for the NASDAQ. Likewise, the Federal Reserve's response to inflation hammered fixed income investors performance to the tune of 10%-30% depending on one's duration. The script in 2023 has flipped as shown by the performance numbers listed at the bottom of this page. On the stock side of things, what was once "lost" has been recovered. Just recently the Dow Jones hit an all-time high.

All-time high. Does it not sound surreal? Could any of this been predicted? The answer is quite literally "No." No one in their right mind entering the year 2023 would have predicted the market as measured by the S&P 500 would be over 25% higher. Tack on higher interest rates, large regional bank failures, Hamas attacks Israel, growth of artificial intelligence, climate change and there was almost no reason to have a positive economic outlook. As repeated many times, "Bull markets climb a wall of worry; bear markets slide down a river of hope."

What does 2024 have in store for us you may ask? What is our outlook? Fluctuation, unpredictably and lots of noise. Do we have faith in the Federal Reserve's ability to provide a "soft landing" when it comes to interest rates and inflation? Is anyone really looking forward to a Biden-Trump election repeat? Will the Minnesota Vikings make the playoffs and finally win a Super Bowl with a fourth string quarterback? So many unknowns to very vital questions.

What we do know is the best companies in the world will continue to strive to earn a profit thus rewarding us—their shareholders. Secondly, an individual's asset allocation, diversification and emotional stamina will be the key controllable pieces in a long term financial plan.

Lastly, there are numerous reasons to be negative once again entering a new year. The human brain has a natural tendency to give weight to negative experiences and causes people to focus on one bad thing in a mountain of good things. As a result, we live in a downward spiral of negativity. Our recommendation for 2024 is STAY POSITIVE. We will do our best to instill faith, hope and positivity for the future. Don't let an election outcome



2023 Index Returns (Year-to-Date)

<u>Major Stock Indices</u>	<u>(As of 12/31/2023)*</u>	<u>Major Bond Indices</u>	<u>(As of 12/31/2023)*</u>
S&P 500	+26.09%	U.S. Aggregate Bond Index	+5.80%
Dow Jones Industrial Ave	+16.72%	U.S. High Yield Bond Index	+13.66%
NASDAQ	+43.68%	U.S. Government—Long	+3.53%
MSCI World ex USA	+16.05%	CPI—Headline	+3.03%

*Source: MSCI Net Returns, Barclays Capital



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Financial Planning with Terry

Terry Sebranek, Financial Advisor

Sharing the Gift of Service with Others

In January 2008, Jenna and I had the chance to participate in our first Mission Trip. We traveled to Jamaica with a group to work in a free clinic, serving some of Jamaica's most vulnerable population. Over the past fifteen years, we have made it a priority for our family to continue devoting our time, talents and financial resources to serving the less fortunate in our world. Jenna and I have been blessed with opportunities to travel throughout Vietnam doing medical/dental volunteer work, spent countless hours volunteering in free clinics in LaCrosse and have returned to Jamaica most years to work in clinics and orphanages.

Each trip has had unique challenges and rewards. Throughout our travels, we've created lifelong friends and been able to share our experiences when joined by family, friends and even clients from our office.

In November, we again traveled with the Jamaican Mission Program – a group we helped create in 2009 and have continued to support throughout the years. A total of 30 volunteers traveled on the mission trip with us. This year, Jenna and I were grateful to have our children work along side us at the orphanage. They were able to interact with and serve the residents at Blessed Assurance Children's Home in Jamaica. This orphanage is part of the Mustard Seed Community of safe haven homes in Jamaica and is home to 32 severely mentally and physically handicapped individuals.



We were also able to have my dad return with us, this time joined by his wife Suzanne, along with Suzanne's daughter, son-in-law and grandson (who is also our Godson). Four of our nieces, aged 16, 17, 18 and 19 joined us, too! A couple of our nieces left the Midwest for the first time. They were able to witness how others in



our world live – many without the comforts that we've all become accustomed to... Our family and friends on the trip helped remodel a cottage and help with resident care. We installed new stairs, painted lots of walls and ceilings, installed new roofing, poured concrete, and helped with orphanage maintenance. The days were plenty warm – but NO ONE complained. We just were grateful for the opportunities to serve the residents and their caregivers. Our hearts were full as we wished them well until we can see them again next year – when we will return to build an addition on to a cottage with a new bathroom and roll-in shower.



A person with the gift of serving finds joy in meeting the needs of others. It's not a burden for us to serve, but we often look for more opportunities to serve, not less.





The Cost Diversification

You've likely heard it said "Don't put all of your eggs in one basket" Generally that phrase is pointing to the importance of spreading out ones risk exposure in an attempt to avoid being too heavily dependent on one thing or another. Another word for that is "Diversification."

As a part of an investing strategy, diversification aims limit risk by investing across a range of different companies, industries, and asset classes, rather than a high concentration of money in a single company, industry, sector or asset class.

So, what is RSF's approach? When it comes to managing investment portfolio's we don't make it out mission to "beat the market," rather our intent is to stay invested in well diversified funds and avoid paying unnecessary management fees. It is our opinion that trying to predict where the market will best perform year to year is a fools errand and not something we want to stake our reputation on. As opposed to chasing returns (likely not very well) you earn what the market gets!

Some may wonder if you get what the market gets, "Why is my account lagging slightly behind the S&P 500?" which is +25%+ for the year. The answer is Diversification! Fortunately or unfortunately depending on the year, this is the double sided nature of diversification. In 2023 while the S&P 500 is surging ahead, a diversified portfolio may not get 100% of those fantastic returns. While in other years, if the foreign market is outpacing the US, you might catch a tailwind that being solely invested in the S&P 500 wouldn't provide.

The diversified funds we invest in are not pigeon holed with any individual US or foreign holding. Rather they invest in an entire index—providing great diversification and exposure to thousands of companies as opposed to having to pick a select few. Like you, our accounts are invested in these funds too! As Terry likes to say, "We eat what we cook."

US and International Markets Have Moved in Cycles

While we hope US stocks continue to perform well, history suggests that international stocks may soon have their day in the sun. Since 1975, the outperformance cycle for US vs. international stocks has lasted an average of eight years. We're currently 12.6 years into the current cycle of US outperformance based on 5-year monthly rolling returns.

US Equity vs. International Equity 5-Year Monthly Rolling Returns (1/31/75-9/30/23)



Diversification does not assure a profit or protect against loss in declining markets, and diversification cannot guarantee that any objective or goal will be achieved



2024 Numbers

- 401(k), 403(b), most 457 plans and the Thrift Savings Plans, contribution limits have increased \$500 to \$23,000. Catch-up contributions remain the same at \$7,500 for those age 50 and older.
- SIMPLE IRA contribution limits have increased to \$500 to \$16,000. Catch-up contributions remain the same at \$3,500 for those age 50 and older.
- Deductible and Roth IRAs contributions are \$500 higher at \$7,000 per taxpayer. Catch-up contributions remain the same at \$1,000 for those age 50 and older.
- Health Savings Accounts contribution limits have increased by \$300 per individual.
 - Individual coverage contribution limit is \$4,150.
 - Family coverage contribution limit is \$8,300.
 - Catch-up contribution of \$1,000 per taxpayer age 55 and older.
- Medicare Limits for 2024 Standard Part B premium is \$174.70
 - If your Adjusted Gross Income (AGI) from 2 years ago is above a certain amount, an Income Related Monthly Adjustment Amount (IRMAA) is added to the base premium.
 - For example, if you were married and filed jointly in 2022 and your AGI was \$206,000, then your Medicare Part B premium will be \$244.60 (\$174.70 + IRMAA)
- Estates of decedents who die during 2024 have a basic exclusion amount of \$13,310,000.
- The annual exclusion for gifts increases to \$18,000 per person.
- Qualified Charitable Distribution limit has increased to \$105,000 per person
- The standard deduction amounts will increase to \$14,600 for individuals and \$29,200 for married couples filing jointly.
- Social Security Cost-of-Living Adjustment (Cola): Based on the increase in the Consumer Price Index (CPI-W) from the third quarter of 2022 through the third quarter of 2023, Social Security and Supplemental Security Income (SSI) beneficiaries will receive a 3.2 percent COLA for 2024.

In Memory of Charlie Munger

Charlie Munger, the veteran investor best known as Warren Buffett's sidekick, passed away on November 28th. Despite being known as Buffett's right hand man, he was an impressive investor and investment thinker in his own right. Below are just a few of my personal favorite quotes:

"The best thing a human being can do is to help another human being know more."

"I believe in the discipline of mastering the best that other people have ever figured out. I don't believe in just sitting down and trying to dream it all up yourself. Nobody's that smart."

"It is remarkable how much long-term advantage people like us have gotten by trying to be consistently not stupid, instead of trying to be very intelligent."

"What are the secret of success? One word answer : "Rational"



Beth's Bulletin

Beth Kepler, Financial Services Professional

Out With the Old & In With the New

If you happen to venture to our office, it will look a tad different than before. You used to walk in and run into a wall, but that has changed.

Prior to the remodel, we rented out the right side of the office building while that business added an addition to their existing building. They moved out this spring and versus having another renter, we decided to utilize the space since we are looking to expand our office with a new hire or two.

Now when you come in, it is more welcoming with the wall gone, and opens to a large seating area. In addition, Joe and I moved across the way to the other side; Jesse, Kaleb, and Terry all stayed where they were. Joe's old office has become the copy and supply room. We also took one of the offices and made it larger so we could have a formal conference room.

There are still some final touches to complete, but overall, we are extremely pleased with the result.



I Bond Update

Many of you purchased Series I Savings Bonds the last couple of years, and we have been keeping tabs on the interest rates of those. The current rate is roughly 3.38%-3.79%, depending on when they were purchased. Some of you have been contacted by us to begin redeeming the I Bonds. If you have not heard from you, don't worry, you are on our list to reach out to in early 2024.

I Bonds do not offer regular investment payments but instead provide principal and interest at maturity, or when cashed out. They do not offer daily liquidity, must be held for a minimum of 1 year, and have a variable interest rate. There are penalties associated with redeeming bonds before maturity.

The Last "Firsts"

I turned the big 4-0 in November and spent much of the day and the rest of the week in bed sick. Not sure if that is an omen of what is to come, but I hope not. My second oldest turned 13 this December so now I have two teenage boys in the house. The other has been pestering me about Driver's Ed as he turns 15 in January!

As I reflect on this, I realize I am nearing the end of the "firsts". Personally, I didn't find the "firsts" to be a big deal. Many parents cry on the first day of school or record their baby's first steps. Those never affected me emotionally. However, now that my kids are growing up, I have started thinking about how I only have a few "firsts" left. This ties into the article Jesse wrote in our last newsletter about lunch with his dad and how we don't know when that last visit will be.

I only have three first days of school left for Daryn. The hugs and kisses have slowly stopped. We keep moving forward and often forget to cherish those moments until they are gone. As we go through the holiday season this year, take a few minutes and hold tight to those moments with family and friends.



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Kaleb's Corner

Kaleb Frawley, Financial Advisor

An Oshkosh Christmas

The Advent season has come to a close and as of my writing we are in the heart of the Christmas season. We have transitioned from John the Baptist's preparation and repentance message to the celebration of Jesus' birth—God becoming flesh and one of us. It is during this joyous time filled with parties, family gatherings and presents there can also be an underlying sadness. A sadness for those no longer present.

In 2024, our office lost close to 10 client-friends. At least half of those deaths were of friends in their 60s who had received an unexpected terminal cancer diagnosis. As we reflect on this holiday season, we mourn the loss of those vibrant lives, the empty seats at the family Christmas dinner table and family dynamics which will never be the same again. I am a contemplative person and this season really gets me thinking deeply.

Every year Maggie tells me "We are NOT going to Oshkosh for Christmas next year" and then provides me a laundry list of reasons why the past Christmas celebration was horrible idea—driving in the car with kids for three hours to uncomfortable sleep situations to nothing ever being on schedule to her older brother picking on her. The list of complaints go on and on until we arrive back safely in Richland Center on Christmas night. Prosecutor Maggie has made her case. Then over the next 6-12 months, I will slowly whittle away at Maggie's argument and present the defense's case for Christmas in Oshkosh. For the 7th time as a family, we celebrated Christmas in Oshkosh with her parents. Mother-in-law Liz had the personally knitted stockings hung for each family member to reindeer carrots to missing baby Jesus in the manger. Father-in-law Roy held the annual Christmas Eve day shopping spree with me and the Frawley grandkids where we spend hours walking up and down the aisles of Fleet Farm and Kwik Trip looking for last second gifts.

Yes, it was not convenient uprooting the routine and schedules of four kids age six and under, yet as I tell Maggie, it is not always about us. This could have been the last Christmas with her folks. Imagine in 35 years Maggie we are in the same situation as your parents and blessed with many grandchildren, but none of them "have the time" to come home to see us. As a result we have a very quiet Christmas by ourselves reflecting on the past memories of decades gone by when our house was filled with cheer, laughter and the smiling faces of children. I cannot help but feel the loneliness this creates. Maggie, what we have is special, we need to appreciate and not take for granted because I know a handful of client-friends have an empty chair this Christmas and would trade the world for one more day.

After a few hectic and eventful filled days in Oshkosh, I tucked an overtired four year old son Jake into his own bed back at home in Richland Center. I asked him "What was your best part?" He turns to me, gives me a big hug and says "Spending time with you Dad." Thus making the entire effort and trip well worth it to me. The rest of the story, as Maggie likes to correct me, is we haven't slept a full night in the past ten days as our family has been battling the norovirus and flu bug. Good thing I have another 12 months to make my case for Oshkosh Christmas 2024. :)

It truly is a wonderful life. God bless and Merry Christmas.



What's The Latest??

Grace lost her first tooth while biting into a piece of pizza at school lunch. She was excited and brought it home for the tooth fairy. However a brother misplaced the tooth prior to it going under Grace's pillow but luckily the tooth fairy still was able to deliver. I found Grace clutching her \$1 bill while fast asleep in the middle of the night.

Ski season has begun and Maggie gave Grace and Jake permission to skip school to ski with grandparents. Their new motto, "School is important but skiing is importanter."



Christmas in Wisconsin



Jesse, Michelle, Gabby & Ben.



Terry's son and daughter, Declan and Desi, age 6. Declan's favorite treat chocolate milk (he got 24 cartons) and Desi asked for a pair of rollerskates!



The Brown kids. Peyton, Cameron, Ellyn, & Allison.



Fin & Alli Kepler visiting Santa.



The Frawley kids reading 'Twas The Night Before Christmas with Grandma Janzen.



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What Happens After a 20%+ Up Year in the S&P 500?

Year	Return	Next Year
1954	52.56%	32.60%
1933	49.98%	-1.19%
1935	46.74%	31.94%
1928	43.81%	-8.30%
1958	43.72%	12.06%
1995	37.20%	22.68%
1975	37.00%	23.83%
1945	35.82%	-8.43%
1997	33.10%	28.34%
1955	32.60%	7.44%
2013	32.15%	13.52%
1936	31.94%	-35.34%
1980	31.74%	-4.70%
1989	31.48%	-3.06%
1985	31.24%	18.49%
2019	31.21%	18.02%
1950	30.81%	23.68%

More green than red
for sure.

65% of the time it
was up compared to
35% of the time it
was down.

The average return
was +8.9%.

The average gain
was +18.8% in up
years whereas the
average loss was
-9.1% in down years.

Year	Return	Next Year
1991	30.23%	7.49%
1938	29.28%	-1.10%
2021	28.47%	-18.01%
2003	28.36%	10.74%
1998	28.34%	20.89%
1961	26.64%	-8.81%
2009	25.94%	14.82%
1943	25.06%	19.03%
1976	23.83%	-6.98%
1967	23.80%	10.81%
1951	23.68%	18.15%
1996	22.68%	33.10%
1963	22.61%	16.42%
1983	22.34%	6.15%
2017	21.61%	-4.23%
1999	20.89%	-9.03%
1982	20.42%	22.34%

Data: NYU