



809 Clark Street
 Charles City, IA 50616
 1stsecurity.bank

January 9, 2024

Well, 2023 is in the books and to quote a broadcaster from my youth, "it was a dandy." 2023 had every emotion covered from anger and despondence to hope and jubilation. Yes, we covered it all. In my mind, I think of the first 9 months of 2023 as a mentally deranged mime on a coffee bender. There was a lot of flailing of the arms and a ton of exaggerated movements, but you still couldn't figure out what it was trying to tell you. It annoyed the heck out of you. In October, the mime got shoved offstage and the transition to December was like Tony Bennett's singing voice. It was smooth, it relaxed you, and it made you feel better about life. I like Tony Bennett. The world needs more of Tony Bennett (little known fact: I was staying at the Fairmont in San Francisco when they dedicated his statue. So, I may or may not have seen Lady Gaga. The reason I'm unsure is I don't know what she looks like, but I was told she was there).

On to the hard, cold market numbers attained in 2023. The S&P 500 index (best barometer for the equity market) was up 26.19%, the Dow Jones Industrial Avg. Index was up 16.03%, and the wild child of stock indices, the NASDAQ, was up an astounding 44.03%. Even the slow-moving bond market was up 5.43% (Barclay's aggregated bond Index) (Source: Morningstar). The outsized gains in the NASDAQ came from 7 stocks (nicknamed the Magnificent 7) that were up collectively on average 111% (Source: Wall St. Journal). Interest rates on fixed income investments (CDs, corporate bonds, munis, etc.) seemed to have peaked in September and October. I was extremely satisfied with the maturity ladder strategies we have used over the last several years to manage interest rate risk. This strategy allowed us to lock in higher rates for longer as investments matured over the last 2 years, so our average rate in most fixed income portfolios is higher than it has been in years. On the equity side, our diversification strategy helped us manage the market volatility of the first 9 months well and allowed us to participate in the 4th quarter's big move up. 2023 ended up being a good year for most. Remember, past performance is not a guarantee of future results.

So, what do I expect 2024 to bring? Well, hopefully a little more of the same. The bond market is signaling that the Federal Reserve will cut short term interest rates by three quarters of a percent, which if it happens, should fuel economic growth by lowering borrowing costs and fuel the stock markets to new highs. I'm being somewhat cautious here. My thoughts are that the last percentage point of inflation, going from 3% inflation to the fed target of 2%, will be harder to achieve. Thus, it'll leave rates higher for longer. I'm in the minority on this (I'm the fifth dentist, as in 4 of 5 dentists recommend). Most pundits are forecasting a soft

Investment and insurance products and services are offered through OSAIC INSTITUTIONS, INC.
 First Security Investment Services is a trade name of First Security Bank & Trust. Osaic Institutions, Inc.
 and First Security Bank & Trust are not affiliated.

NOT A DEPOSIT	NOT FDIC INSURED	NOT GUARANTEED BY THE BANK
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	MAY LOSE VALUE INCLUDING LOSS OF PRINCIPAL	

economic landing and lower rates. I'm certainly not hoping for a recession, just being cautious. Remember, what I believe drives the stock markets are increased earnings and profits. What drives fixed income markets are inflation and economic growth. I am hoping for slow, steady economic growth in 2024, lower inflation, and higher earnings which should lead to positive markets (but remember my crystal ball works just like yours). Unfortunately, there are enough non-economic drivers like the 2024 election and the wars in the Middle East and Europe that could really throw the world off its axis and cause a great deal of anxiety and stomach churn this year. When things start to get a little wild, please call me and we will talk through things, weigh what our options are, and make well thought out and rational decisions together.

My business goal for this year is to reach out to each of you individually to set up a time to review your investments and revisit your goals and objectives. I have over 800 customers so this might take most of the year, but it is important to me to sit down with each of you, look you in the eye, and reaffirm how Bobbi and I can make your life better or easier from a financial perspective. If you would like to move to the front of the line, please call me at 641-257-1212 and we will schedule a time to get together.

Sincerely,

A handwritten signature in blue ink, appearing to read 'DJ Jarvill', with a large, stylized flourish at the end.

David J. Jarvill, CFP®
Vice President / Investment Officer
First Security Investment Services
Oasic Institutions Investment Advisor Representative