

Quarterly Insights

Economic and Investment Environment

The final quarter of 2023 witnessed remarkable growth across nearly every type of investment, closing the year in a much better position than it began. These gains were largely unexpected, which is often when the most significant upswings tend to happen. Naturally, this leaves us with the question of what lies ahead after such a strong upward movement.

Analyzing market trends since 1950, there have been 21 years where the S&P 500 moved up more than 20% in a single year, like in 2023. The average gain the following year calculates to +10%, with upward markets happening roughly 80% of the time after a great year. From a historical perspective alone, continued good things may be ahead.

Looking into the coming year, some of our greatest attention is being directed to the earnings growth of companies. In the past four years, the lion's share of positive market performance has been due to a sustained increase in corporate earnings as the world navigated the pandemic. Forecasters believe companies will be able to continue this trend, positioning earnings growth as a potential catalyst for continued appreciation of stocks.



We remain watchful for global risks, as both here and abroad have an abundance of situations to cause people concern. While some of these challenges offer opportunities for strategic investment choices now, others must unfold more before action is taken.

Interest rates appear to have stabilized relative to the past couple of years, which should provide more confidence to businesses and people worldwide. The prospect of potential rate cuts by the Fed later in 2024 remains, and this would likely be viewed positively by equity and bond markets, depending on how it unfolds.

Inside:

1. Economic Update
2. New Illinois Office; Staff Updates
3. Portfolio Updates
4. Tax Updates

BFG Welcomes New Illinois Office!

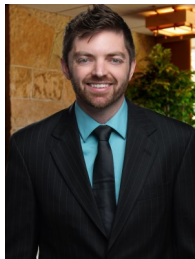
We are thrilled to announce our newest partnership with a like-minded firm of four seasoned advisors and two dedicated staff members, officially joining forces with BFG, effective January!

Located in Springfield Illinois, the new BFG branch has been operating under the name Robert Gordon Associates (RGA) for over three decades. BFG is playing a key role in ensuring their ability to independently serve clients into the future. The two senior advisors, each with one of their own children working as the next generation of advisors, create a compelling parallel to the early days of BFG. This partnership enhances our team's expertise and aligns seamlessly with our commitment to fostering a vibrant, ethical work environment. We are so excited to give a warm welcome to our new colleagues at Berger Financial Group and look forward to the promising future that lies ahead.



Top (left to right) - Morgan Stone Padgett, CFP® & Rik Stone, CFP®
Bottom (left to right) - Kim Turner, Chris Parker, & Nic Gordon, MS, CFP®

Staff Updates



Welcome Dan Lundgren to our Plymouth, MN office as a Tax Analyst. Dan collaborates with financial and tax advisors to create strategic tax planning recommendations. He works with the tax team to prepare estimates and extensions, manage and develop tax policy, and help develop procedural processes. Prior to BFG, Dan worked for the Minnesota Department of Revenue gaining valuable insights into auditing and best accounting practices.

Dan holds a degree in Economics from Metro State University and is currently working toward an MBA. When Dan is not studying for his MBA, you'll find him spending quality time with his two nieces, attending their dance recitals, or soothing them to sleep with the timeless wisdom of famous economist, John Maynard Keynes.



Welcome Jordan Terzakos as our newest Tax Advisor, located in our Scottsdale, AZ office preparing tax returns and working in collaboration with financial advisors to provide detailed tax planning and reporting for clients. Before joining BFG, Jordan owned and operated his own tax business prior to earning the Enrolled Agent (EA) credential and moving to Arizona to work for a CPA firm.

Jordan holds a degree in Business Administration from Pacific Lutheran University and aspires to become a CPA or CFP® in the future. Outside of the office, he enjoys family time with his wife and young daughter, fishing, or using his flight simulator. As a member of the National Guard, he stays active with exercise and military history reading.



Welcome Sam Pirozzolo to our Plymouth, MN as a Client Services Associate and the newest member of our Central Service Team. Sam plays a crucial role in processing client paperwork, providing account maintenance, and actively contributing to process improvement projects. He brings valuable experience from multiple client-facing positions at golf clubs in the Minneapolis/St. Paul area, where he finely tuned his analytical and communicative skills before joining the BFG team.

Sam holds a degree in Economics with a concentration in management studies from St. Olaf College, gaining him a strong understanding of financial markets, quantitative analysis, and public policy. Beyond work, Sam enjoys adding to his record collection, golfing, learning new card games, and cooking.

Model Portfolio Update

Although we adjust and trade our model portfolios at times throughout the year, January sees the most significant number of trades. We annually rebalance all accounts allocated to models and tend to make most of the changes to underlying portfolio holdings. For example, our largest equity strategy - the Dividend Stock Portfolio, will change roughly 20 of the 40 individual stock holdings within the portfolio. We also continually monitor any mutual funds or ETFs used in the portfolios and will make adjustments if more competitive offerings are available. We analyze many factors when making these changes, including but not limited to: manager track record, investment process, how well a holding complements other holdings in the portfolio, fund expenses, etc. While this analysis and research happen throughout the course of the entire year, it culminates with a majority of the trades being made each January.

Investment Committee (IC)



Nick Asmus

Ryan Kompelien,
CFP®

Mark Berger,
CFP®, EA

Blaine Conklin,
CFA®

Kristi Sanz,
CRPC®

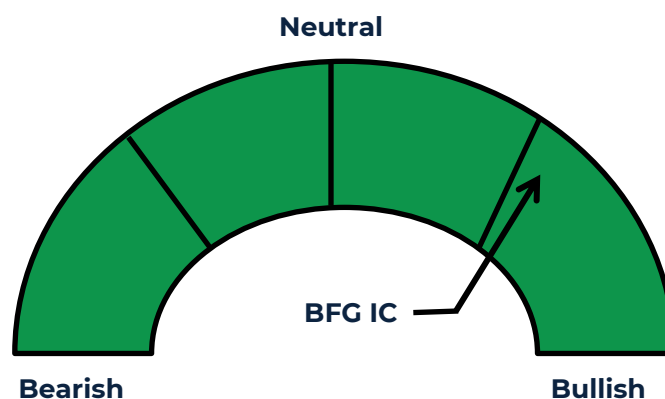
Bob Smrekar,
CFP®, AIF®

Tyson Pettitt

Kim Lillehaug,
CPA/PFS, CFP®

Benchmark Returns as of 12/31/2023		
	4th Qtr	YTD
Bond Markets		
Barclay's US Aggregate Bond Index	6.82%	5.53%
Barclay's Global Aggregate Index	8.10%	5.71%
Stock Markets		
S&P 500	11.69%	26.29%
All Country World Index Ex-US (ACWX)	9.75%	15.62%
Russell 2000	14.03%	16.93%
Blended Indexes		
25% Equity	8.04%	10.72%
50% Equity	9.26%	15.91%
50% Equity w/ Foreign	8.87%	13.78%
Commodity		
Goldman Sachs Commodity Index (GSCI)	-10.73%	-4.27%

BFG Investment Committee Market Outlook for Q1



Indices mentioned are unmanaged and cannot be invested into directly. Past performance is no guarantee of future results. These are the opinions of BFG Investment Committee and are for informational purposes only, and should not be construed or acted upon as individualized investment advice. The market view information is based on a collective view of the current economy. This information cannot be guaranteed and should not be used as the basis for making an investment decision. Please consult your financial professional prior to making investment decisions.

Income Tax Update

As the upcoming tax season approaches, the BFG Tax Department aims to ensure a smooth experience for clients by providing essential reminders. Tax organizers are being mailed to all clients, and despite being overwhelming to some, completing them accurately is crucial for a precise and timely filed tax return. Please take a moment to go through the following checklist:

- Complete the Questionnaire and note any uncertainties in the margins; your tax advisor will address any questions.
- Please sign the engagement letter, as its inclusion with the organizer is required to finalize your return.
- Attach applicable source documents supporting income and deductions; for uncertainties, consult your tax advisor. There is no need to send tax documents for Schwab-managed investments as we have direct access.
- Last year, we piloted a return preparation process known as Tax Caddy that enables you to deliver tax documents and complete your tax organizer electronically through an app on your smartphone. We hope more clients will take advantage of this process; if this interests you, please let your tax advisor know.
- Tax returns are processed on a first-come, first-served basis; the sooner you send your completed organizer and source documents, the quicker your return will be filed.
- Our busiest weeks start around mid-March, leading to longer turnaround times later in the season. Information received after March 14 might require an extension; your tax advisor will inform you and request any additional information for the filing.

The following were notable changes to 2023's tax laws that may pertain to you:

- *Energy Efficient Home Improvement Credit* – Beginning in 2023, the IRS updated the credits for new energy-efficient improvements and property placed in the home that are considerably higher than the \$ 500 lifetime credit that was in place in prior years, upwards of 30% of the total costs paid. Please include invoices and receipts for these items with your tax work papers.
- *Clean Vehicle Credit* – The Clean Vehicle Credit has been updated with changes to eligible vehicles and limits on a taxpayer's adjusted gross income. Some taxpayers who may have qualified in the past may no longer qualify under these new rules.
- *Beneficial Ownership Information Report* – Many taxpayers with businesses will need to file a new report regarding Beneficial Ownership Information beginning in 2024. Be on the lookout for a separate email from BFG detailing the filing requirements for this new report.

1695 State Highway 169
Plymouth, MN 55441

110 Kimball Ave
Suite 240
S. Burlington, VT 05403

107 Cedar St. Suite #4
Monticello, MN 55362

10800 Lyndale Ave S.
Suite 214
Bloomington, MN 55420

13517 W. Camino Del Sol
Sun City West, AZ 85375

8955 E. Pinnacle Peak Rd
Suite 105
Scottsdale, AZ 85255

17601 Highway 7 Suite 100
Minnetonka, MN 55345

15 Monument Square,
Suite 3E
Portland, ME 04101

1201 S. Veterans Pkwy
Springfield, IL 62704

Phone: 763-746-2666
Fax: 763-746-2669

Bergerfinancial.com

At BFG, we provide comprehensive, ethical and personal service to help our clients navigate the complex world of personal finance. With experienced financial planners and dedicated CPAs, our unique tax-focused, team approach to planning sets us apart. As a result, we are able to seamlessly collaborate, plan for and implement multi-year financial and tax strategies few others are capable of.

Advisory services through Berger Financial Group, Inc., a Registered Investment Advisor