



WELCOME  
TO A NEW YEAR!



2023 brought a whirlwind of news and market performance, ending on a high note. For those less schooled, the year brought about traps that may have thwarted many peoples long-term plans. The year started with an optimistic recovery and a technology that everyone is excited and frightened by, Artificial Intelligence (AI). There are the continued concerns of war, sickness, climate change, inflation, employment due to AI, earnings, interest rates, political disagreement, will emerging markets ever re-emerge?.....the list goes on.

## A FEW PREDICTIONS

First, you will have more time this year 😊 (it's a leap year). There will be a potentially dividing horrific event in November in which everyone will tell you what their opinion is and what they think will happen, despite there being no future facts. This is called an election. Technology will continue to astound and frighten at an increasing pace, health scares and health solutions will appear, extreme weather events will happen, interest rates will rise or fall, housing in certain areas will continue to increase or decrease. Something may come out of left field that no one is anticipating (your plan and team are prepared for this.) **What won't change** is the importance of family, taking care of yourself - *health, spiritual, mind, and body*, along with the importance of your friends and community, rediscovering and reinvigorating your purpose, continual learning (Always Getting Better) and your Gentian team looking for ways to serve you better.

I have learned, in my almost three decades of advising clients, that in times like these it is/was a great time to reflect on the things that are truly important:

- Professionally, we again started the year with a renewed hope and a strong sense of purpose.
- Our AGB (Always Getting Better) mindset will continue to drive us.
- Your team continued to better themselves with Mike Mann earning his series 24, and obtaining his insurance license.
- Peter adding a member to his family (Maddie).
- We strengthened our team by adding Lauren Frecka and Michael Birschbach, CFP®.
- We continue to work with several of the best continuing education programs and practices nationwide.
- And, thanks to you, our team was once again recognized in industry publications (including Forbes and Raymond James Chairman's Council) and experienced strong growth due to your introductions.

**We articulate in simple terms our continued philosophies throughout this letter.**

2024



**Would it be valuable to simply summarize the behavior of equity markets, not only in 2023 but over the last two years? I can in fact do it in two sentences:**

**1** In 2022, the Dow, the S&P 500 and the Nasdaq 100 experienced peak-to-trough declines of 21%, 25% and 35%, respectively).

**2** A week before Christmas 2023, all three were in new high ground on a total return basis (that is, including dividends).

Why stocks did this is irrelevant to the wonderful lessons to be drawn from this experience. There are almost as many theories and explanations of *why* as there are market commentators, of whom I am happily not one. (I would point out, however, that the number of said commentators who successfully forecast both the market action of 2022 **and** that of 2023 is, to my knowledge, plus or minus zero.)

What should matter most to us **long-term, goal-focused, plan-driven equity investors** is not *why* this happened but that it happened. Specifically, that there could be a pervasive and very significant bear market over most of one year, and that those declines could be entirely erased in the following year. Although not nearly as quick or as perfectly symmetrical as the 2022-23 experience, in the largest sense that's how it works.

As always, then, I break this letter into two parts: first the timeless and enduring principles reinforced by these two years, and then a consideration of current conditions.



## PART 1: **TIMELESS PRINCIPLES**



- **The economy cannot be consistently forecast**, nor the market consistently timed. Thus we believe that the highest-probability method of capturing equities' long-term return is simply to remain invested all the time.
- **We are long-term owners of businesses**, as opposed to speculators on the near-term trend of stock prices.
- **Declines** in the mainstream equity market, though frequent and sometimes quite significant, **have always been surmounted**, as America's most consistently successful companies ceaselessly innovate.
- Long-term investment success most reliably **depends on making a plan and acting continuously on that plan.**

- An investment policy based on anticipating (or reacting to) current economic, financial or political events/trends **most often fails** in the long run.



PART 2:

# CURRENT COMMENTARY

- I remain convinced that the long-term disruptions and distortions resulting from the COVID pandemic are still working themselves out in the economy, the markets and the society itself, in ways that can't be predicted, much less rendered into coherent investment policy.
- The central financial event in response to COVID was a 40% explosion in the M2 money supply by the Federal Reserve. It predictably ignited a firestorm of inflation.
- To stamp out that inflation, the Fed then implemented the sharpest, fastest interest rate spike in its 110-year history. Both debt and equity markets cratered in response.
- Despite this, economic activity just about everywhere but in the housing sector has remained relatively robust; employment activity has, at least so far, been largely unaffected.
- Inflation has come down significantly, though not yet close to the Fed's 2% target. But prices for most goods and nearly all services remain elevated, straining middle-class budgets.
- Capital markets have recovered significantly, as speculation now centers on when and how much the Fed may lower interest rates in 2024, and whether a recession may yet begin, whatever they do. These outcomes are unknowable—probably even to the Fed itself—and don't lend themselves to forming a rational long-term investment policy.
- Significant uncertainties abound. Trends in the U.S. federal deficit and the national debt continue to appear unsustainable. Social Security and Medicare appear to be on paths to eventual insolvency unless reformed. The serial debt ceiling crisis continues, and a bitterly partisan presidential election looms. The markets will face significant challenges in the year just beginning—as indeed they do every year.



**My overall recommendations to you are essentially what they were two years ago at this time, and what they've always been. Let's revisit your most important long-term financial goals soon. If we find that those goals haven't changed, we'll recommend staying with our current plan. And if our plan isn't changing, there'll most probably be no compelling reason to materially alter your portfolio.**

As always, I welcome your questions and comments, and we look forward to talking with you soon. Thank you for the opportunity to serve you and your family. It's a privilege for me and my team to do so.



Questions/Commentary?

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WITH GRATITUDE,

**Chris Doughty | President & Founder  
Gentian Financial**



# IMPORTANT DATES

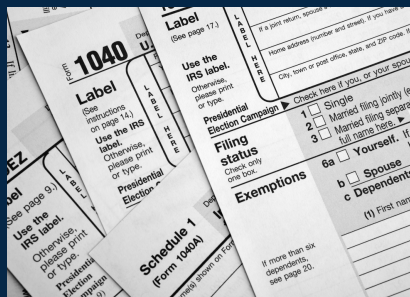


Stay Connected!  
**BI-WEEKLY UPDATES**  
 Wed 9-9:30AM CT via Zoom

**FEBRUARY**  
 21st  
**MARCH**  
 6th & 20th

**WEDNESDAY, FEB 7:** GENTIAN VIRTUAL WINTER FORUM @ 9:30 AM CT  
**MONDAY, FEB 19:** PRESIDENTS' DAY - MARKET & OFFICES CLOSED

## TAX FORM INFORMATION



### ORGANIZE FOR TAX TIME

By late February, you should have most tax forms in hand. Make sure to organize them in a dedicated spot, as well as any receipts if you itemize. To ensure all is in order, talk to us about coordinating with your tax professional.

#### JAN 31:

Raymond James mails year-end retirement tax forms for 1099-R and 5498, if applicable.

#### FEB 15:

Raymond James begins mailing 1099 tax statements.

#### FEB 28:

Raymond James mails amended 1099s and those delayed due to specific holdings and/or income reallocation.

#### MAR 15:

This is the final day to mail any original 1099s and continued amended 1099s as needed.

*Raymond James is very careful with their tax documents. Some firms tend to send them out as soon as they possibly can, but Raymond James likes to do all they can to prevent clients from having to amend their completed taxes. While we can't promise yours won't be amended, please know they are doing all they can to avoid sending amended 1099s.*

**GENTIAN BIRTHDAY CLUB**

JAN	24th	JULY	24th
FEB	14th	AUG	14th
MAR	13th	SEPT	18th
APR	17th	OCT	23rd
MAY	22nd	NOV	13th
JUNE	26th	DEC	11th

**NEW THIS YEAR...**  
 Email us a picture of a younger YOU for a fun game!

**DOORS OPEN AT 12PM**  
 We look forward to celebrating you!  
 Lunch | Coffee | Cupcakes | Connections

**VIRTUAL BOOK CLUB**

**DAVID BROOKS**  
 HOW TO KNOW A PERSON

Feb 5th   Ch 1 - 4	Feb 26th   Ch 9 - 12
Feb 12th   Ch 5 - 8	Mar 4th   Ch 13-17

**MONDAY'S VIA ZOOM @ 11AM CT**

**LADIES & GENTIAN**  
 Save these Dates!

JAN	31st	Virtual 10-11am
MAR	20th	Virtual 10-11am
MAY	29th	Virtual 10-11am
JULY	31st	Virtual 10-11am
SEPT	25th	Virtual 10-11am
NOV	26th	Virtual 10-11am

**To RSVP:**  
 Open your smartphone camera and hover!

\*\*All sessions are virtual unless otherwise noted | Dates subject to change\*\*