Foresight

Capital Management Advisors, Inc.

Accredited Investment Fiduciary

Newsletter 1Q 2024 & Market Summary

2023 surprised everyone with a strong finish the last 5 weeks of the year and has continued into January 2024 called the "Santa Claus Effect". The market finished in double digit positive returns and confirmed a "soft landing" to the economy for now. The Magnificent 7 largest tech related companies contributed the greatest majority, or nearly 80%, of the S&P 500 returns for 2023, according to Market Business Insider. Foresight portfolios held all of the magnificent 7 companies but are certainly more diversified to reduce risk. The Foresight Models all had positive returns as follows: Conservative +8.80%, Moderate +11.09%, and Aggressive +12.67%, all returns are shown netted by the highest Foresight management fee removed.

Welcome our employee accomplishments and newest employees at Foresight!

Matthew Lawrence
Promoted to Manager of Portfolio and Investment Management

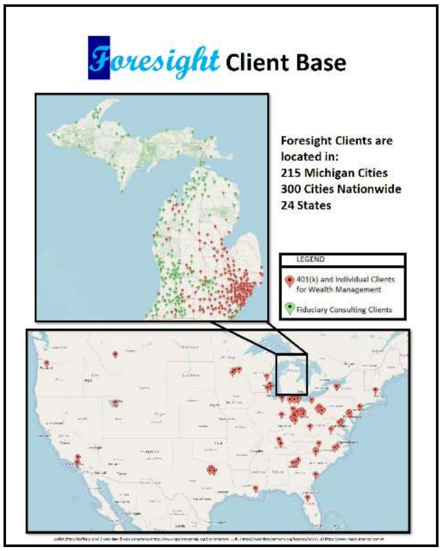
Evan Koorhan
Masters in Finance at EMU-Internship in Portfolio and Investment Management

Elizabeth Schlundt
BBA in Business Welcomed as a Financial Analyst Assistant in Para Planning

Liz Ludwig
Associates in Business joined as a Financial Analyst Assistant in Para Planning

I-Bonds Consider Redeeming them: Any I-Bonds that were purchased a year ago may be redeemed in the next couple of months. We recommend doing this as there are many other investment choices now that will pay higher interest than the I-bond, the November 2023 renewal rate is only 3.94%. Please contact Foresight if you need assistance on how to redeem your I-bonds from Treasurydirect.gov and ideas of how to reinvest these funds.

Five Star Wealth Manager Selected both Laurie and Patrick as Award winners for 2024!: Five Star Wealth Managers are chosen based on an in-depth research methodology that includes ten objective criteria, including an advisor's credentials, time in the financial services industry, favorable regulatory and complaint history, and client retention rate. This is Laurie's 8th award year and Patrick's 2nd year. Congratulations to both colleagues!



FCMA Mutual Fund Model Returns
Dec 31, 2023

Conservative Model	+8.80%
Moderate Model	+11.09%
Aggressive Model	+12.67%

Indexes:

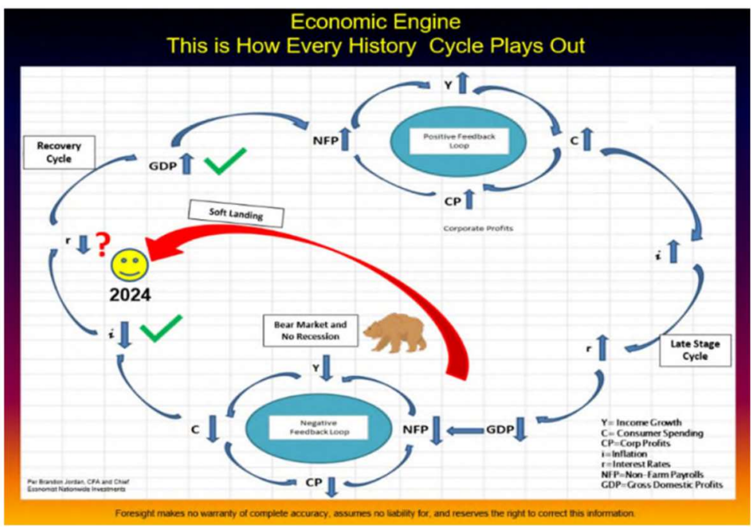
S&P 500 Index	+26.29%
S&P 500 Equal Wted	+13.87%
MSCI EAFE Foreign	+18.85%
10Yr T-Bond Index	+ 5.53%

Future performance is not guaranteed; above returns are total return with reinvestment of dividends, interest, capital gains, and shown net of the highest FCMA management fee.

Not pictured Jessica Osburn

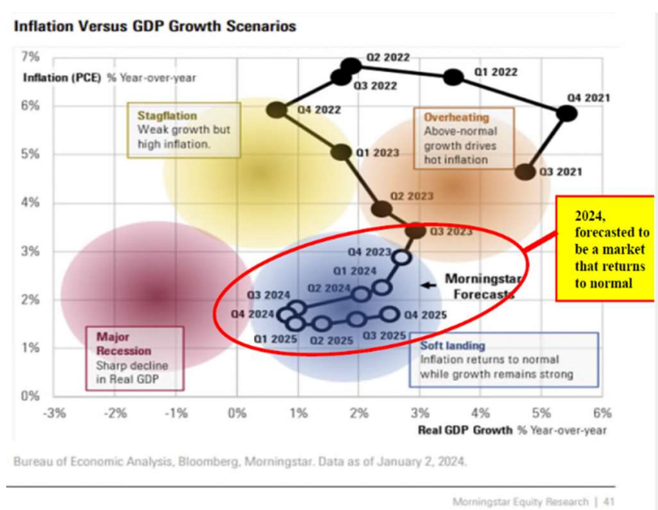
Foresight's Outlook and Portfolio Strategies

2023 finished and rang in the New Year of 2024 with a surprise Santa Claus effect! The last five weeks of 2023 the S&P 500 roared up to end the year +26.29% and the month of January ended +1.6%. This caused many economists to rally around the market gains with rhetoric that they embrace the soft landing with no recession at this time. Dr. Claus te Wildt SVP at Fidelity recently said, "Don't be overly aggressive now and don't be negative now, but stay invested!" Although the U.S. market rally has been thinly traded this year with only seven S&P 500 stocks making up nearly 80% of the entire 26% gain in 2023, (Apple, Amazon, Tesla, Microsoft, Nvidia, Meta, and Google), the other 492 stocks did join rally in the last 5 weeks of 2023. The S&P 500 equally weighted ended up 13.87% for 2023.



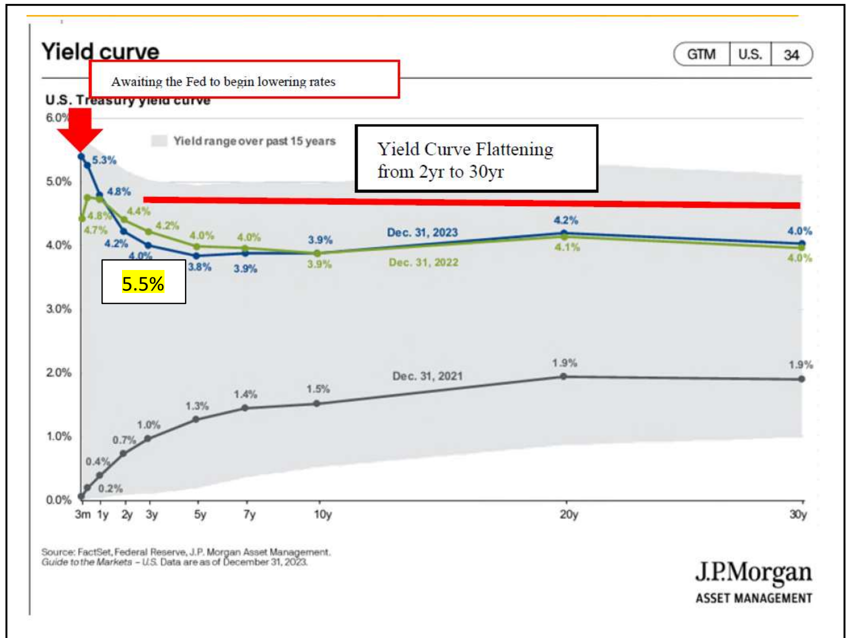
The January 2024 rally also indicates that the year could continue to have a decent 2024 because going back to 1951 there were 31 times the S&P 500 gained in January the rest of the year, the final 11 months, were higher more than 84% of the time and up more than 12% on average, according to the Carson Investment Group. Ryan Detrick, CMT goes on to say the S&P 500 gained 19.6% in the last 3 months of 2023 and when this happens a year later it is up 16.2% and higher 80% of the time. This more than likely is the start of new Bull Market!

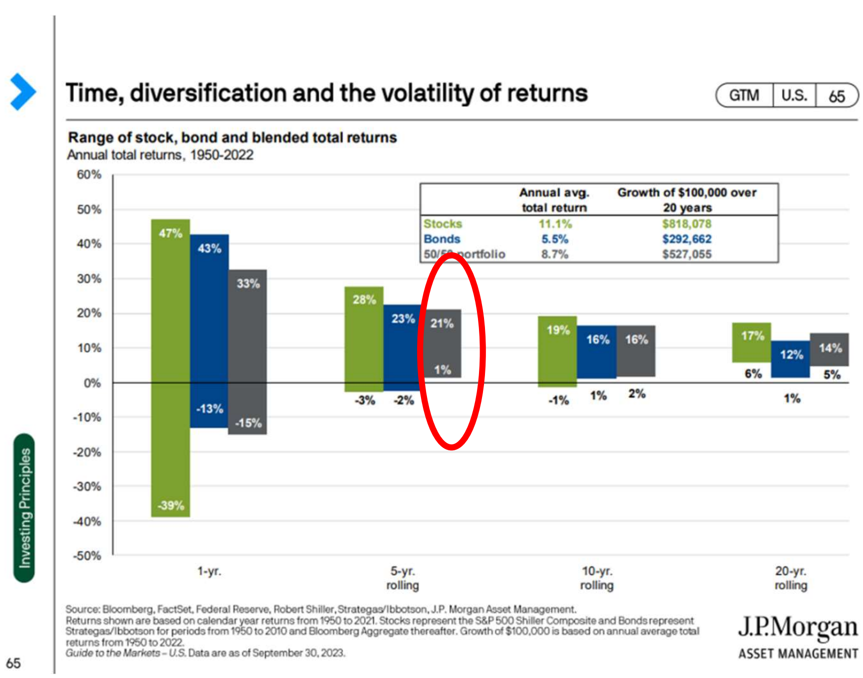
The chart to the right, from Morningstar, shows a dot plot of Inflation versus the U.S. GDP, gross



domestic product, growth. Notice in 2Q 2022 the dot was at the peak of inflation and now the dot plot has entered the blue area of soft landing for 4Q 2023. Morningstar believes the next two years 2024-2025 the U.S. will stay in the blue area of soft landing and inflation will recede to about 1.5%.

The fixed income bond market is still the silver lining that is occurring because interest rates continue to stay high. U.S. interest is now at 5.5% the highest it has been in 22 years! However, the Fed's have indicated they will begin lowering interest rates in 2024 so the discount bonds will begin to return to par which means you do not want to wait to purchase bonds in your portfolio. Add duration and bonds now. See to the right the bond curve is flattening and waiting for the Feds to lower short term rates. Contact Foresight if you have any questions on this opportunity in the bond market. Inflation has dropped to 3.7%, compared to 8.20% a year ago, according to Y Charts. As of February 2nd, 230 companies have reported 4Q 2023 results and 80.4% beat earnings, this compares to a long-term average of only 67% beating expectations, while only 62.6% beat revenues, according to I/B/E/S from Refinitiv. Gross Domestic Product increased at an annual rate of 4.9% in 3Q and 1.5% for 4Q of 2023 according to the U.S. Bureau of Economic Analysis. Lastly, unemployment has fallen to 3.7% as of December 2023. All these current statistics show the resilience of the U.S. economy with recession fears abating for the time being. First Trust recently presented at the FPA of Michigan fall conference on Oct 13, 2023 and explained their research was signaling the next recession is likely to come from an earnings and profits squeeze on corporations. They also went on to say it will likely be a very mild recession when it does come. Many economist support the mild recession theory for the next recession as well.





Foresight sees opportunities in staying broadly diversified at this time. The chart to the left shows that diversified portfolios were the first portfolio to never go negative after 5 years in the strategy, which has been the case from 1950-2022. Foresight currently has the portfolios positioned back in the normal weightings of a neutral market. The allocation levels are as follows: 50:50 for Conservative, 60:40 for Moderate, and 70:30 for Aggressive. Opportunities continue in U.S. growth and value stocks, energy, prime market bonds, and most foreign stocks, since they are in recession at this time. For Individuals who have personal portfolios with Foresight we continue to monitor the stock portfolios weekly and use stop-losses to protect the gains. Foresight has been purchasing discount bonds and a few stocks with the excess cash. However, covered call writing was not as successful as in 2022, but we did eke out slight gains in most portfolios for covered call writing in 2023. The economy is holding fairly strong and the market has had slight positive gains thus far in 2024 so we are cautiously optimistic that 2024 will be a normal and positive gain year for investments. Please call or email if you have any questions or would like to review your portfolios. Foresight was ranked in the 2023 Financial Advisors Magazine in the Top 500 advisors nationally and in the top 150 advisors in Michigan! Both Laurie and Patrick were chosen as Five Star Advisors for 2024. We wish everyone a very nice winter season.

Foresight Planning Ideas

Healthcare Costs for a Retired Couple in 2023 has been released: Each year Fidelity does a thorough analysis of typical healthcare costs that a couple can expect to pay over their retirement years and for 2023 it is expected to cost $315,000 per couple and $157,000 for a single. This cost is substantial enough that it needs to be planned for prior to retirement. Please contact Foresight if you wish to discuss ideas of how to cover this risk and cost over your retirement years.

How to Apply for Medicare: Are you getting close to age 65? If you have questions or are confused how to apply for Medicare insurance and its many options for supplemental coverages please contact us at 877-429-4690 and we would be happy to give you some guidance.

Foresight Ranked in the Top RIA firms nationally: as 471 for 2023 year's magazine participants out of a possible 23,408 firms nationally. We are extremely pleased with this standing and have risen up another 11 rankings since a year ago! Our hard work on your behalf continues to show our investment philosophy is working.

A New Idea for Long Term Care: There are now many low-priced annuities, that have been vetted by the NAPFA organization, where Foresight can help to create a replacement for traditional LTC insurance. If you do not have LTC insurance please contact us to discuss ideas for how best to cover this risk for you as you enter retirement. Especially if you have old life insurance policies that potentially could be converted to a use during your lifetime! Call 877-429-4690.

New Foresight Model Portfolios for 2024! Beginning in 2024 Foresight will roll out seven Model portfolios for retirement plans and individuals who are working and accumulating wealth. The seven portfolios will include the original three Foresight Models Conservative, Moderate, and Aggressive and then add four new portfolios as follows which will comprise mutual funds and ETFs (electronic traded funds):

Money Market Model
100% Fixed-Income Model
Conservative Model
Moderate Model
Aggressive Model
100% Equity Model
S&P 500 Model

Contribution Limits estimated for 2024:

The IRS has not officially released the new 401(k),403(b), and 457 savings limits for 2024 however there are many reputable sources that have released estimated savings amounts for 2024. Note there are many areas that are likely to increase for 2024. Foresight will update any amounts that change once the IRS releases the final limits please only use these estimates as likely ranges at this time.

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Contribution Limits

	2023	2024
401(k), 403(b), or 457 deferral limit	$22,500	$23,000
401(k), 403(b), or 457 catch-up deferral limit	$7,500	$7,500
401(k), 403(b), or 457 max. deferral if age 50+	$30,000	$30,500
Total Savings deferral, match, and profit sharing	$66,000	$68,000
IRA deferral limit	$6,500	$7,000
IRA maximum deferral if age 50+	$7,500	$8,000
Simple IRA deferral limit	$15,500	$16,000
Simple IRA maximum deferral if age 50+	$19,000	$19,500
SEP IRA deferral limit *(maximum not to exceed 25% of earnings)*	$66,000	$68,000
Annual Comp limit & SEP IRA wage limit cap	$330,000	$340,000
Highly Compensated Employee wage limit	$150,000	$155,000
Roth IRA phase-out range (married)	$218,000-$228,000	$230,000-$240,000
Roth IRA phase-out range (single)	$138,000-$153,000	$146,000-$161,000
Traditional IRA phase-out range (married)		
*with workplace retirement plan	$116,000-$136,000	$123,000-$143,000
*without workplace retirement plan	$218,000-$228,000	$230,000-$240,000
Traditional IRA phase-out range (single)	$73,000-$83,000	$77,000-$87,000
Annual Gift Exclusion	$17,000	$18,000

Health Savings Accounts (HSA) and High Deductible Health Plans (HDHP)

	2023	2024
Individual HSA limit	$3,850	$4,150
Family HSA limit	$7,750	$8,300
Individual HSA limit age 55+	$4,850	$5,150
Family HSA limit age 55+	$8,750	$9,300
Individual HDHP minimum deductible	$1,500	$1,600
Family HDHP minimum deductible	$3,000	$3,200
Individual HDHP maximum out-of-pocket	$7,500	$8,050
Family HDHP maximum out-of-pocket	$15,000	$16,100

Projected Limits for 2024 Sources Include: www.whitecoatinvestor.com, www.horizontrust.com, www.millman.com, www.tax.thomsonreuters.com, www.timesreporter.com

HSA-Health Savings Plans: Foresight now offers HSA investment plans with debit cards and investment growth for your health care savings accounts. Most employers are now offering HSA plans with your health benefit plans to keep costs reasonable, but the HSA plan attached to the benefit does not allow for you to invest your HSA account and the funds just set in a bank account. The Foresight HSA can be opened, in addition to your employer HSA, and allows you to invest your HSA in our Foresight Models just like we have for our 401(k) plans or mutual funds clients. Any unused HSA balance you have can be easily transferred to a Foresight HSA and made into an investment portfolio while keeping the minimum at your employer for use with your debit card! Then if you need funds put on your debit-card we can simply move funds to the debit card as needed. In the meantime, your HSA is growing and can be saved for healthcare in retirement too! Contact us for more information, 877-429-4690.

Patrick Carney's Article with NAPFA organization: Visit the site below to read Patrick's article! Learn what his journey has been as a young financial planner and the satisfaction he gets from helping clients reach their investment goals.

PRACTICE PROFILE

Print this Article

Focusing on what you can control

Patrick L. Carney of Foresight Capital Management Advisors

By Bridget McCrea

As a young fee-only professional, 28-year-old Patrick L. Carney knows that people are going to assess and interact with him differently than they would, say, an advisor with 10-plus years of experience in the profession. This reality doesn't bother the director of personal wealth management at Foresight Capital Management Advisors in Saline, MI, but it has pushed him to accelerate his education and learn as much as he can about financial planning.

"One thing that's very difficult for new advisors in general is getting started and gaining the respect of current and prospective clients. A lot of people come to us looking for an advisor who has a vast array of experience, education, and knowledge," says Carney. "When you're first starting out, you don't have that decade—or multiple decades—of experience that many clients are looking for."

Carney says he stopped worrying about things he couldn't control (e.g., his age, years of career experience, and similar measures) and instead has been working hard over the last six years to earn certifications that position him as a high-level fiduciary. So far, he's earned his CFP®, AIF®, and CIMA® credentials, the last of which he attained by completing the education requirements at the Yale School of Management.

Visit this site to read the whole article:
https://www.naylornetwork.com/napf-nwl/articles/index.asp?aid=734769&issueID=94950

PEP-Pooled Employer Plans: Foresight now offers 401(k) plans for small businesses under the new SECURE Law that introduced PEP Plans to all small businesses. No matter what size your company is, with employees from 1 to 100, can join a PEP plan and offer 401(k) savings limits to your company employees! The PEP offers economy of scale and keeps the cost extremely reasonable for all members of the PEP. Please call us today for more information on how to join the new PEP 401(k) plans and offer your employees a new benefit!

CEPA- Certified Exit Planning Analysis Services: Foresight is now certified to provide exiting planning valuations for businesses and owners. Our firm is also prepared to assist with implementing business improvements to assist with increasing the value of your business prior to an exit or retirement. If you are interested, or know of someone who is interested, in pursuing services in this area please reach out to Foresight at 877-429-4690.

Foresight New White Paper-Financial Planning for the Young Professional!

Focused on the many financial planning areas a young professional should strategically work into their overall lifestyle. When this is organized and addressed at a young age the young professional can successfully launch their career, start a family, pay off student debts and plan for their future! We walk through the Foresight holistic approach to financial planning in this new whitepaper that will be a must read for most career minded professionals. The sooner you read this whitepaper the more settled you will be as you begin the journey in your career.

On-line Access: Each year we encourage everyone to test your on-line access to your account(s) at the custodian or third-party administrator for your plan. Please visit Journeyrps.com, Definiti.com, or Sentinelgroup.com retirement participant. For individual clients at Schwab Institutional Clients access Schwaballiance.com. To access your web portal for individual accounts, go to https://fp.morningstar.com. If you have any difficulty accessing your account, please email or contact us.

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January 2024

Market Update
(all values as of 12.31.2023)

Stock Indices:

Dow Jones	37,689
S&P 500	4,769
Nasdaq	15,011

Bond Sector Yields:

2 Yr Treasury	4.23%
10 Yr Treasury	3.88%
10 Yr Municipal	2.27%
High Yield	7.39%

YTD Market Returns:

Dow Jones	13.70%
S&P 500	24.23%
Nasdaq	43.42%
MSCI-EAFE	15.03%
MSCI-Europe	16.68%
MSCI-Pacific	12.07%
MSCI-Emg Mkt	7.04%
US Agg Bond	5.53%
US Corp Bond	8.52%
US Gov't Bond	5.72%

Commodity Prices:

Gold	2,071
Silver	24.02
Oil (WTI)	71.33

Currencies:

Dollar / Euro	1.10
Dollar / Pound	1.27
Yen / Dollar	140.98
Canadian /Dollar	0.75

Macro Overview

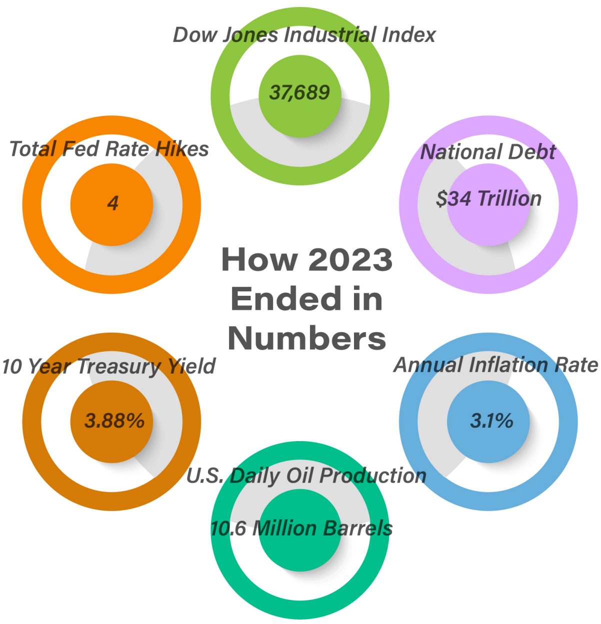
This past year witnessed one of the most ambitious executions of interest rate hikes by the Federal Reserve in recent history, with rates rising four times in 2023. Optimism swarmed throughout the markets as equities and bonds rose in a rare convergence. Stocks and bonds have historically tended to drift in opposite directions.

Inflation-themed concerns during 2023 have led to more deflationary concerns heading into 2024. The Fed's vigilance in combating inflationary pressures translated into hard-landing concerns as recession fears evolved due to rising rates. A vigorous labor market continues to challenge the Fed's possible easing rate policy in 2024, as wage pressures continue to abound.

Geopolitical tensions carried over from 2023, as the invasion of Ukraine and the Middle East conflict continue to weigh on financial markets. The two hostilities continue to hinder supply constraints in various regions as well as provoking uncertainty. Russia's invasion of Ukraine directly affects Europe while the Middle East conflict is disturbing oil shipping throughout the region.

Bank failures occurring at the beginning of 2023 made it one of the worst years for bank collapses in history. Three of the top five bank failures ever occurred in 2023, as the demise of Silicon Valley Bank, Signature Bank, and First Republic Bank totaled over $350 billion in assets.

Many analysts believe that the performance of the S&P 500 Index in 2023 was not truly representative of actual market characteristics, due to a concentration in just seven stocks known as the magnificent seven. Roughly half of the performance for the S&P 500 Index in 2023 was attributable to these seven stocks, with the remaining 493 stocks in the index representing the balance of the return for 2023.



The U.S. exported approximately 75% of total domestic oil production in 2023, supplying both developed and emerging countries worldwide. Supply constraints for oil may pose a challenge as a result of worsening shipping disruptions in the Middle East, affecting prices globally.

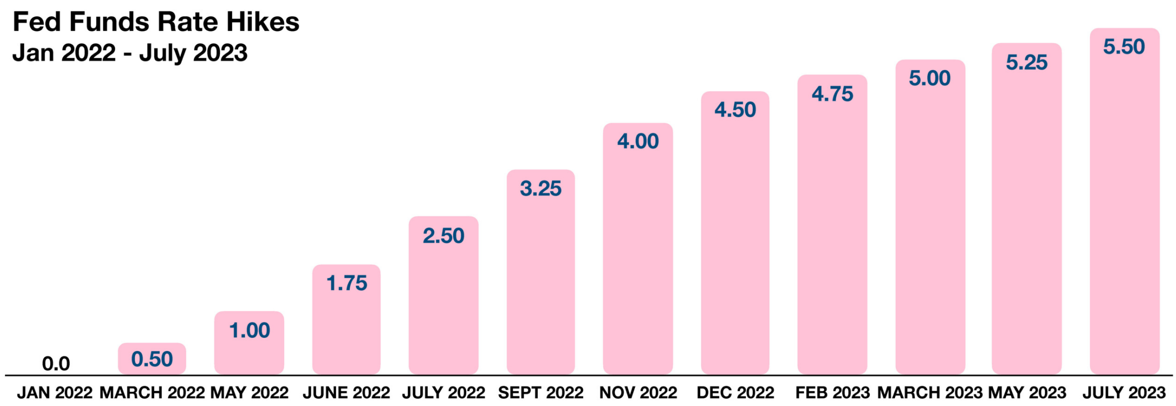
Total Federal Debt for the U.S. reached $34 trillion at the end of 2023, up from $27.6 trillion at the beginning of 2021. Rising rates this past year have added additional debt costs for the U.S. government as interest expenses on outstanding U.S. debt has risen substantially. (Sources: Fed, BEA, Treasury Dept., EIA)

7 STOCKS ACCOUNTED FOR ROUGHLY HALF OF THE RETURN FOR THE S&P 500 INDEX IN 2023

The Fed Hikes Rates Four Times In 2023 – Bond Market Overview

The Federal Reserve raised rates eleven times between 2023 and 2022, increasing the Fed Funds rate from 0% at the beginning of 2022 to 5.5% at the end of 2023. Expectations are that the Fed will begin easing rates in 2024, reversing its tightening monetary policy. Lower consumer and mortgage rates are expected to materialize as the Fed eases.

Fed influenced rate reductions among other central banks globally is creating a lower rate scenario in 2024. The European Central Bank (ECB) as well as the central banks of Canada and England signaled a continued easing of rate policy in 2024.



A unique dynamic started to occur in the 4th quarter of 2023, with Treasury yields and commodity prices falling in tandem. Some economists perceive this dynamic as deflationary in nature, adding to an eventual lower rate environment. Deteriorating inflation concerns have also led the Fed to project possible lower rates as the year progresses. The yield on the 10-year Treasury bond ended 2023 at 3.88%, down from 4.95% earlier in October.

Sources: Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/FEDFUNDS

Stocks Finish 2023 On A Positive Note – Global Equity Review

Major global equity indices experienced a reversal in performance towards the end of 2023 relative to earlier in the year. Domestic indices including the Dow Jones Industrial Index and the S&P 500 Index, finished the year positively, along with international indices including the Japanese Nikkei 225 and the German DAX.

Seven stocks accounted for roughly half of the return for the S&P 500 Index in 2023. Such a disparity can distort the actual representation of the index, with only seven stocks representing such a large portion of returns relative to the other 493 stocks within the index. Information technology stocks contributed the most to the performance of the S&P 500 Index, accounting for approximately half of the indices's return in 2023. Seventy-one percent of the S&P 500 Index rose less than the index itself in 2023, a disconnect from the top seven. It was the first time since 2012 that the S&P 500 Index failed to close at a record high at least once during the year. The index closed at its current record high in January 2022.

Sources: S&P, Bloomberg, Reuters, https://fred.stlouisfed.org/series/SP500

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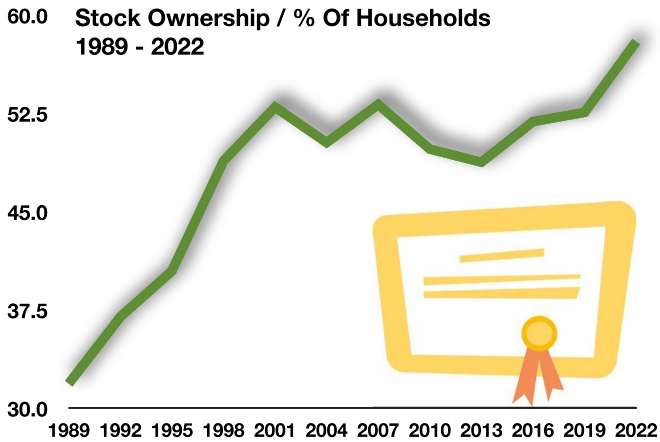
58% OF U.S. HOUSEHOLDS OWN STOCKS UP FROM 53% IN 2019

More U.S. Households Own Stocks – Consumer Finances

A recent survey conducted by the Federal Reserve, called the Survey of Consumer Finances has identified that 58% of U.S. households own stocks, up from 53% in 2019. The findings released in the fall of 2023 reflect the most available data from 2022. The same survey identified that 52% of households owned stocks in 2019, validating a gradual increase in stock ownership over the past few years.

Equity ownership varies among households, varying by age and income across the country. The survey did find that the bulk of equity holdings remains concentrated with older and higher income households. The survey includes consumer household accounts holding individual stocks, mutual funds, and Exchange Traded Funds (ETFs).



Source: federalreserve.gov

Market Performance During Presidential Election Years – Political Dynamics

Election year markets are always a quandary, as candidates propose economic and fiscal plans in order to boost the nation's economy. Interestingly enough, political parties have had nearly no bearing on market performance during election years as far back as 1928.

Federal Reserve policy during an election year can be construed as politically influenced, even though the Fed's stated disconnect from the administration and political sway is clearly defined. The Fed has risen interest rates 60% of election years since 1928, with varying political parties in office. The average return for the S&P 500 Index since 1928 during an election year has been approximately 11.25%.

Elected President	Year	S&P 500 Annual Total Return
Hoover	1928	43.6
Roosevelt	1944	19.8
Kennedy	1960	0.5
Nixon	1968	11.1
Carter	1976	23.8
Reagan	1980	32.4
Bush	1988	16.8
Clinton	1996	23.1
Bush W.	2004	10.9
Obama	2012	16.0
Trump	2016	12.0
Biden	2020	18.4

A multitude of factors affect presidential elections, including fiscal and tax policies, foreign policy initiatives, social programs, and economic stimulus objectives. Congressional control of the House and Senate are also a factor during elections, as some states strive to either synergize or disconnect from Federal initiative. (Source: Federal Reserve Bank of St. Louis)

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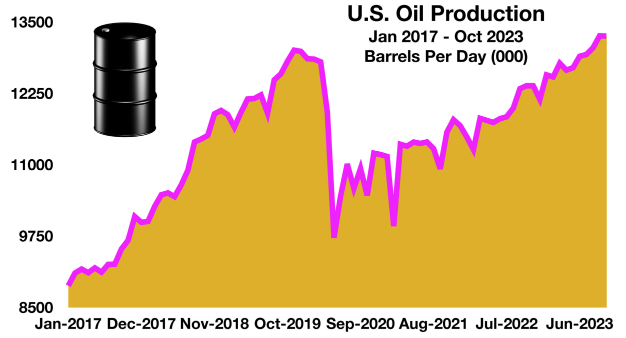
THE U.S. PRODUCES OVER 13 MILLION BARRELS OF OIL DAILY

U.S. Oil Production Reaches Another Record – Commodity Sector Overview

Despite efforts to curtail oil consumption and production of domestic oil, the U.S. achieved another record producing year in 2023. With over 13 million barrels of oil produced per day, the U.S. continues to be the worlds largest producer, eclipsing Russia and Saudi Arabia as a distant second and third. The United States has ranked as the world's top oil producer since 2018.

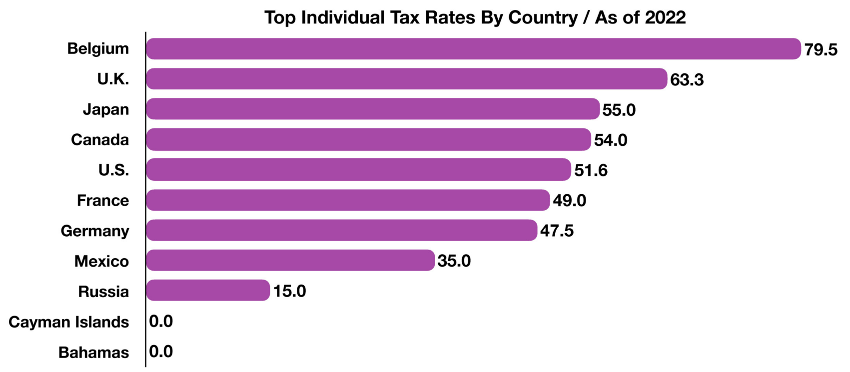
The U.S. shale industry, known for its fracking technology to extract oil from shale rock formations, has continued to surprise the world oil markets with its resistance to varying prices. U.S. drillers have thus far been able to beat Saudi Arabia's "pump and dump" strategy over the past few years to lower oil prices in order to maintain market share.



Global demand for oil has been steadily increasing for the past two decades, with a slight pullback during the pandemic in 2020. The broadening demand has been from both developed and emerging economies, as the reliance on crude oil and gasoline remains intact worldwide. The United States has become one of the top five exporting oil countries, with over 10 million barrels exported each month, representing two thirds of total U.S. production (Source: U.S. Energy Information Administration; U.S. Field Production of Crude Oil)

Global Tax Rates On The Rise – Global Tax Policy

Governments worldwide rely on tax revenue in order to fund government expenses and operations. Tax policies and initiatives vary from country to country depending on the economic prosperity and health of the country's economy. Developed countries tend have more comprehensive and structured tax policies in place, relative to emerging market countries.



The recent rise in interest rates worldwide has led to a higher cost of governments issuing debt, thus prompting governments to instead resort to raising taxes. France, Japan and South Korea are among countries with increasing tax revenue in lieu of issuing additional government debt. Certain developed economies are also seeing an increase in labor force participating rates, including France, Germany, Italy, and Japan. Increasing participating rates tend to increase tax revenues as more workers add to the tax revenue base. (Sources: OECD; Tax On Personal Income Publication)