WINDSOR CAPITAL MANAGEMENT, LLC

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December 2023

Market Update
(all values as of 11.30.2023)

Stock Indices:

Dow Jones	35,950
S&P 500	4,567
Nasdaq	14,226

Bond Sector Yields:

2 Yr Treasury	4.73%
10 Yr Treasury	4.37%
10 Yr Municipal	2.68%
High Yield	8.30%

YTD Market Returns:

Dow Jones	8.46%
S&P 500	18.97%
Nasdaq	35.92%
MSCI-EAFE	9.31%
MSCI-Europe	11.19%
MSCI-Pacific	5.94%
MSCI-Emg Mkt	3.21%
US Agg Bond	2.51%
US Corp Bond	4.91%
US Gov't Bond	2.76%

Commodity Prices:

Gold	2,061
Silver	25.80
Oil (WTI)	75.71

Currencies:

Dollar / Euro	1.09
Dollar / Pound	1.26
Yen / Dollar	147.59
Canadian /Dollar	0.73

Macro Overview

Global markets shifted positively in November as the Federal Reserve signaled that further rate hikes were less likely as economic conditions and inflation cooled. Stocks and bonds both advanced in November, following the expectations that the Fed may be on track to finalize its rate increase initiatives. Various fixed-income analysts even project interest rate cuts by the Federal Reserve as early as March 2024.

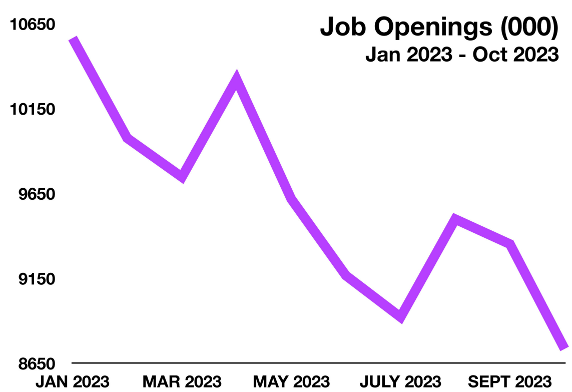
Numerous economists and analysts are encouraged that the Fed may have decided to ease its fight against inflation due to the most recent Consumer Price Index (CPI) release indicating that inflation is easing. November CPI data revealed that inflation rose at the slowest pace since 2021, with the CPI rising at 3.2%, down from 7.1% a year ago.

There is also a growing consensus that the Fed may be able to achieve a soft landing by easing rates slowly and avoiding the risk of recession. The U.S. economy has thus far been incredibly resilient to the Fed's rate hikes, which have been hawkish over the past year. The Federal Reserve has communicated that it is carefully monitoring the effect of heightened interest rates on consumers and the economy. Some analysts believe that if the economic environment slows more than the Fed expects, then a transition to lowering interest rates might eventually be executed by the Federal Reserve.

Government data disclosed that domestic economic growth, as measured by Gross Domestic Product (GDP) grew at an annual rate of 5.2% in the third quarter of 2023, up from 2.1% in the second quarter of the year, according to the Bureau of Economic Analysis. Since the Federal Reserve tracks GDP growth for inflationary pressures, fourth-quarter data for 2023 will be critical in determining the Fed's conclusive decisions on the direction of interest rates.

The number of job openings nationwide has been declining all year, with over 11.5 million open positions in January 2023 falling to 8.7 million in October, as revealed by the most recent government data available. Companies in various industries, including technology and leisure, have begun scaling back on hiring and some have even implemented layoffs. Economists view a wavering labor environment as an indication of a possible economic slowdown.

Federal income tax rates are set to increase slightly in tax year 2024, with increases across most income brackets for both single and married taxpayers. The standard deduction for married couples filing jointly for tax year 2024 rises to $29,200, an increase of $1,500 from tax year 2023. Some increases are indexed for inflation while others are set by legislative reform.



Sources: Federal Reserve, Treasury Dept., BEA, Labor Dept., IRS, St. Louis Fed Bank

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THERE WERE OVER 2.1 BILLION 100-DOLLAR BILLS PRINTED IN 2022

Equity Indices Appreciate In November As Rates Fall – Equity Market Overview

Equity indices advanced in November as expectations that the Fed has ceased rate hikes with the possibility of rate reductions as early as March 2024. International and domestic indices climbed as optimism for improved earnings rose for most sectors. Interest-sensitive sectors including technology and financials experienced the largest advances in November. Small capitalized companies also benefited as lower rates reduced borrowing costs. The Dow Jones Industrial Average, the S&P 500 Index, and the Nasdaq all rose in November alongside bond prices that also rose during the month. (Sources: Dow Jones, S&P, Federal Reserve)

Bond Yields Fall As Bond Prices Rise In November – Fixed Income Update

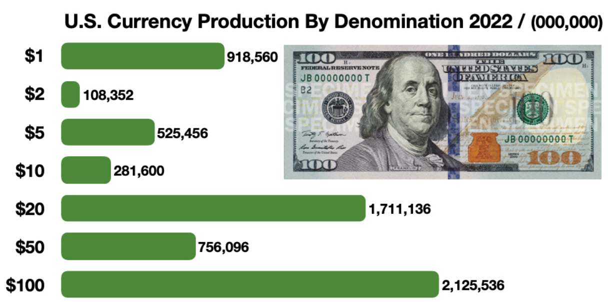
Bond prices rose in November with Treasury and corporate bonds posting record gains. The resulting drop in bond yields was encouraging for the overall market as the expectations of possible Fed rate cuts early next year prompted optimism. Investment grade, high yield, and government bonds all rose in November encompassing all major sectors of the fixed-income spectrum. The Treasury Department also sold less debt than expected in November causing a shortage of supply for global investors.

The yield on the 10-year Treasury bond fell to 4.37% at the end of November, down from 4.95% at the end of October. The average rate on a 30-year fixed-conforming mortgage fell to 7.22% in November, down from 7.79% in October. Many bond analysts and economists expect a gradual downturn in interest rates over the coming months. (Sources: Fed, FreddieMac, Treasury Dept.)

Why Cash Isn't Going Away Anytime Soon – Currency Overview

With the onslaught of popular electronic payment methods, cash still continues to be a primary payment method of choice. The average person still uses cash for transactions every month and in some cases will only use cash for certain purchases, according to an analysis by the San Francisco Federal Reserve Bank. The most compelling reason to use cash is the fact that it is anonymous, meaning that the person spending the money is invisible, relative to making a payment with a credit card or electronic method that can be tracked and identify who's spending.

The San Francisco Fed study found that the average person continues to shift away from cash usage to credit cards, with the average on-hand cash holdings per person of $73 in 2022. Most cash transactions are used for purchases of under $25. The study also identified 18 to 24-year-olds tend to utilize cash more frequently, maybe due to the lack of credit card access available to younger consumers and students.



Of the various U.S. currency denominations in circulation, the 100-dollar bill is by far the most popular and the single most printed note. For the past two fiscal years (2022 & 2021) the 100 dollar bill has been the most produced note by the U.S. Bureau of Engraving & Printing, with over 2.3 billion individual 100-dollar bills printed in 2021, and over 2.1 billion 100-dollar bills in 2022. Over 90 percent of currency printed by the U.S. Bureau of Engraving & Printing goes to replacing old and tattered bills already in circulation. Interestingly enough, rather than replacing old bills with new electronic payment forms. (Sources: San Francisco Fed, U.S. Bureau of Engraving & Printing)

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IN 2022, THE U.S. HAD OVER 94 MILLION INTERNATIONAL VISITOR ARRIVALS

Year-End Tax Planning Activities – Tax Planning Overview

As year-end approaches, the importance of gathering necessary tax items is essential. Even though not much may have changed since last year's tax revisions, it is always important to have accurate estimates and tax items prepared for 2024.

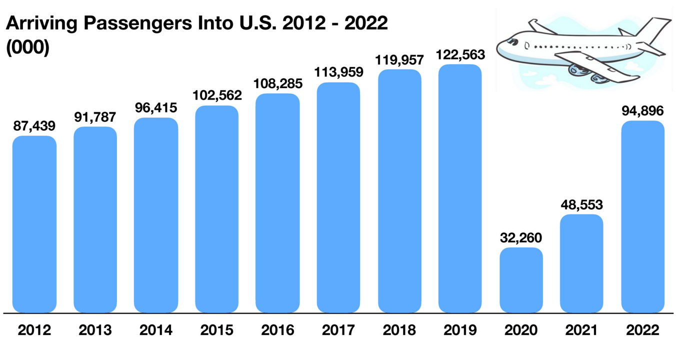
Employer Qualified Retirement Plans: Whether you are a self-employed individual or a W-2 employee, it is important to tally up any contributions that may have been made to your retirement accounts over the year. Most employer retirement accounts allow for year-end contributions until December 31st. So any additional contributions that you can make to a company-qualified plan such as a 401(k) or a 403(b) should be made before the end of the year. It's a good idea to estimate how much more you can contribute, then spread out the additional contributions between now and year end. The maximum employee contribution for tax year 2023 is $22,500.

Investment Portfolios: For investors that hold securities as various types of positions, it is important to identify any investments that may have either significant losses or significant gains, which should be realized before the end of the year. With the market being as volatile as it has been, it is also important to identify any investment positions that may yield some type of tax benefit before year-end.

Alternative Minimum Tax (AMT): Affecting more and more people every year, Alternative Minimum Tax (AMT) should be carefully considered when implementing tax planning strategies going into the new year. Originally enacted in 1969, AMT was never indexed for inflation, thus it continues to affect more and more taxpayers each and every year. AMT is essentially an additional tax on top of the standard tax tables. There's a good chance that taxpayers taking significant deductions at the state and local levels (such as state tax-free municipal-bond income), claiming multiple dependents, exercising stock options, or recognizing a large capital gain for the year, may eventually be affected by AMT. (Sources: Tax Foundation, IRS)

Travel To U.S. Continues To Rebound After Pandemic – Travel Industry Update

The travel industry in the United States is enormous, with over $1 trillion billion spent in 2022 on lodging, food services, transportation, and amusement. The most is spent on dining, with billions of dollars going to restaurants and other food service entities nationwide. Hotels and retail stores also capture a generous portion of what travelers spend. In 2022, the U.S. had over 94 million international arrivals into airports and seaports. Of these, the majority were directly from Canada and Mexico, with the remaining arrivals from various countries overseas. The U.S. Travel Association calculates that the average international traveler to the U.S. spends $4500 on their stay. Since the attacks of September 2001, it has become more difficult for foreign travelers to enter the United States, as fewer visas are issued and fewer foreign passports are allowed into the country. The average leisure traveler is age 47.5, which represents a typical consumer in their prime spending years and most likely with children. Thus, the majority of companies in the travel and leisure industries tend to create and focus their activities and themes around the desires and interests of this age group. (Source: U.S. Travel Association)



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ANNUAL EXCLUSION FOR GIFTS INCREASES TO $18,000 FOR 2024

IRS Tax Rates & Limits For 2024 – Tax Planning Update

Updated IRS limits and rates for tax year 2024 apply to income tax returns filed in 2025. Tax items for tax year 2024 affecting most taxpayers include the following:

Standard Deduction: Married couples filing jointly for tax year 2024 rises to $29,200, an increase of $1,500 from tax year 2023. Single taxpayers and married individuals filing separately, the standard deduction rises to $14,600 for 2024, an increase of $750 from 2023; and for heads of households, the standard deduction will be $21,900 for tax year 2024, an increase of $1,100 from the amount for tax year 2023.

For tax year 2024, the marginal tax rates are:

37% for single taxpayers with incomes greater than $609,350 ($731,200 for married couples filing jointly)

35% for incomes over $243,725 ($487,450 for married couples filing jointly)

32% for incomes over $191,950 ($383,900 for married couples filing jointly)

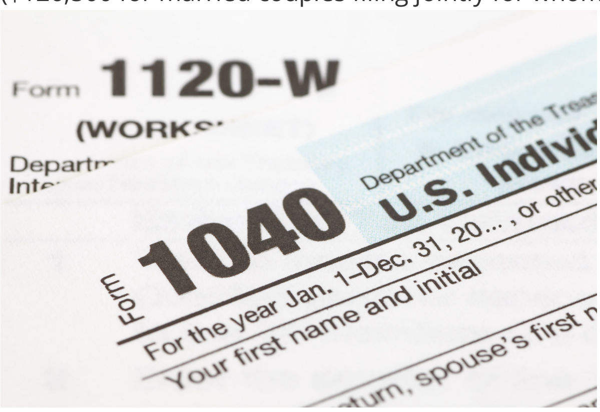
24% for incomes over $100,525 ($201,050 for married couples filing jointly)

22% for incomes over $47,150 ($94,300 for married couples filing jointly)

12% for incomes over $11,600 ($23,200 for married couples filing jointly)

The lowest rate is 10% for incomes of single individuals with incomes of $11,600 or less ($23,200 for married couples filing jointly).

The Alternative Minimum Tax (AMT) exemption amount for tax year 2024 is $85,700 and begins to phase out at $609,350 ($133,300 for married couples filing jointly for whom the exemption begins to phase out at $1,218,700). For comparison, the 2023 exemption amount is $81,300 and begins to phase out at $578,150 ($126,500 for married couples filing jointly for whom the exemption begins to phase out at $1,156,300).



Estates of decedents who die during 2024 have a basic exclusion amount of $13,610,000, increased from $12,920,000 for estates of decedents who died in 2023. The annual exclusion for gifts increases to $18,000 for calendar year 2024, up from $17,000 for calendar year 2023.

Source: IRS.gov