QUARTER 1 - 2024 04.25.24

COMMENTARY

ANCHOR Investment Management, LLC

Market/Index	2021 Close	2022 Close	2023 Close	2023 Change	As of 3/31/24	2024 Change
DJIA	36,338.30	33,147.25	37,689.54	13.70%	39,807.37	5.62%
NASDAQ	15,644.97	10,466.48	15,011.35	43.42%	16,379.46	9.11%
S&P 500	4,766.18	3,839.50	4,769.83	24.23%	5,254.35	10.16%
Prime Rate	3.25%	7.50%	8.50%	13.33%	8.50%	0.00%
10-year Treasury	1.52%	3.88%	3.88%	0.00%	4.20%	8.25%

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TEAM MEMBER SPOTLIGHT
Cheryl Henderson,
Senior Client Services

Cheryl has been a familiar face at Ward Financial Advisors, then Anchor for more than two decades and has assisted many clients through their financial journeys. She has special expertise in the 401(k) space, other retirement accounts, trusts and more! She has a reputation for being the go-to team member at Anchor when everyone has questions. Her experience and "always pleasant" demeanor have been a long-standing staple with clients, advisors and staff members. We will certainly miss her daily interactions when she retires later this year. (See page 2)

By all accounts, U.S. and global equities are off to a fast start in 2024, building on the terrific performance from the final quarter of 2023. And while there were a lot of milestones to celebrate, with the Dow, S&P 500 and NASDAQ breaching new highs, it was also the biggest first-quarter gain for the S&P 500 since 2019. For the first quarter of 2024 the Dow advanced 5.6%, the S&P 500 gained 10.2%, and the NASDAQ jumped 9.1%. The themes that drove market performance in the first quarter continued to center around the FED, inflation, good corporate earnings, and a tight labor market.

The FED and Inflation

At the beginning of the year, Wall Street was estimating up to 7 rate cuts in 2024. They now believe it will be 3 rate cuts, but recent economic data suggests that inflation might be stickier than previously thought and the Fed might not begin its rate-cutting until later this year or into 2025. We see no reason to cut rates; with the economy firing on all cylinders the Fed does not need to stimulate the economy. If anything, there may be a need to raise rates if inflation doesn't continue to fall. The Fed, which tries its best to stay out of politics, finds itself in a difficult timing issue. They don't want to move rates now, but if they move rates up or down close to November it could be seen as trying to influence the election. Expect any moves they make to happen this summer and then for them to wait out the election before making additional policy changes.

Japan has finally "Rebounded"

In the 1980s, Japan was the envy of the world. Its economy was booming, fueled by iconic brands like Sony and Toyota. Japanese imports flooded global markets, and Hollywood even depicted Japan as a future economic superpower and the US's financial enemy in films like "Black Rain" and Michael Creighton's book "Rising Sun".

However, in the early 1990s, Japan's economic bubble burst, leading to decades of slow growth and stagnation which has lasted ever since. On February 22, 2024, the Nikkei Index, the S&P 500 Index of Japan, reached its first new high since December 29, 1989, a period of 34 years, 1 month and 24 days. In March, Japan's central bank raised its benchmark interest rate, from negative 0.1% to 0.0%, for the first time in 17 years, ending a longstanding policy of negative rates meant to boost the economy. It's been a long time coming, and something we should take note of.

As we have seen in abundance the last few years, if an economy slows down, a country's central bank will try to stimulate spending by lowering interest rates and injecting new money into the system through quantitative easing. But the Japanese recession of the 1990's was so hard and so deep that it fundamentally changed the way a generation of its citizens spent money. In short, they stopped spending, which created what's known as a "liquidity trap". In a liquidity trap, a central bank can lower interest rates or create new money, but its citizens don't want to make large purchases so no one chooses to borrow, at any interest rate. If the citizens aren't buying anything, the factories don't need to expand and companies won't borrow money either. Unspent savings pile up in the banking system as excess deposits so the banks pay lower interest rates and the stock market can't grow because the economy won't grow. This is what caused a 34 year gap between new highs of the stock market. We are certainly glad to see Japan rebounding from a generational nightmare and look forward to seeing what they can achieve in the decades to come.

Cheryl Henderson

Twenty four years ago Cheryl Henderson joined Ward Financial Advisors. It was a part time position helping Gerry Ward manage his start up financial planning firm. The office had less than $10 million in assets, no internet connection, and she didn't have or need an email address. She filled out forms on a typewriter using White-Out for corrections.
In those 24 years she has worked tirelessly to help clients transform their financial lives for the better, both at Ward Financial Advisors and at Anchor after we merged in 2013.

Happy for her, sad for us, Cheryl has made the decision to retire at the end of the year. Most of you know her for her unparalleled ability to make complicated things run smoothly. A self-proclaimed "Connoisseur of Grunt Work" it would be fair to say that no one in the southeast knows the inner workings of Schwab, Principal, and John Hancock as well as she does. She feels immensely fortunate to have worked with 3 to 4 generations of families, knowing client's parents, children, and grandchildren. She planned savings accounts for children who used the funds to get college degrees, buy their first houses, and start their own businesses. Cheryl made sure that aging clients had the resources to live comfortably throughout their lives. She has been a major contributor to Anchor's success throughout the years and we will miss her greatly.

Starting August 1st, Cheryl will reduce her schedule, working Wednesday – Friday until the end of the year. We hope she will continue to help us on special projects after that, but she bought an RV recently and a rolling stone gathers no moss. You can join us in celebrating Cheryl's tremendous career by reaching out to her at either 803.766.2100 or chenderson@anchorim.com. Her retirement will be a great loss for us all. Thank you, Cheryl, for making all our lives better.

At Anchor our mission is to keep your best interests in mind as we follow trends and events which can impact the economy and your investments. Declines in the market will occur and often present opportunities to invest in companies while they are on sale. Long term investment success depends on making a financial plan and acting continuously on that plan. If you have any concerns about the year ahead let's review your goals and make sure that your investments are synchronized with that goal.

3205 Devine Street, Columbia, SC 29205   P: 803.766.2100 • anchorim.com