



December 12, 2023

Dear Valued Investor,

LPL Research recently unveiled *Outlook 2024: A Turning Point*, which recaps where markets have been over the last half of 2023 to help position your portfolio through midyear of 2024. It's with pleasure that we bring you a few of its key highlights today.

In 2024, we believe markets will make a definitive turn to a more recognizable place. Where the last two years investors focused on inflation, market volatility, and striving for a sense of economic balance, we expect to see some return to the previous status quo, characterized by more familiar and steadier economic and market patterns. We've seen indications of this reset—receding inflation, rates stabilizing, more modest stock market performance, and go-forward economic forecasts that have been dwindling.

It doesn't mean that 2024 won't have its own surprises or potential challenges. Reflecting on 2023, we certainly experienced our fair share of unexpected events. There were positives, such as the strength of the U.S. economy and the stock market, despite the Federal Reserve (Fed) raising interest rates. On the downside, we faced a regional banking crisis driven by interest rate risk and saw escalating conflict in the Middle East, reminding us that markets are seemingly constantly overcoming obstacles.

So where does that leave us for the first half of 2024? We do expect the economy to soften mildly, which is what the Fed has been looking for over the past two years. The uncertainty surrounding a potential recession may limit stock gains as 2024 begins, but it could also provide a silver lining if the Fed eases lowers rates as a result.

The rate and earnings cycles are likely to have a greater impact on stocks, as investors focus on the anticipated decline in interest rates and return of growth in earnings. With this in mind, we see growth opportunities in bonds, which should offer decent returns with lower risks compared to stocks. Ultimately, we expect both stocks and bonds to perform well and provide ample opportunities.

These are just some of the insights you'll find in our *Outlook 2024: A Turning Point*. To get more, including considerations and potential action steps to discuss with your financial professional, visit go.lpl.com/investor-outlook.

The insights provided, combined with my guidance, will help you navigate this turning point and work toward achieving your goals. And at the end of the day, that's what it's all about.

Please reach out if you have any questions.

Tracking # 513668

Important Information

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. There is no assurance that the views or strategies discussed are suitable for all investors or will yield positive outcomes. Investing involves risks including possible loss of principal. Any economic forecasts set forth may not develop as predicted and are subject to change.

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All data is provided as of December 11, 2023.

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All index data from FactSet.

The Standard & Poor's 500 Index (S&P500) is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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Past performance does not guarantee future results.

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For a list of descriptions of the indexes and economic terms referenced, please visit our website at lplresearch.com/definitions.