PDM Investment Services
An Independent Registered Investment Advisor

Focused Growth Investor ™

Market Outlook & Tactical Equity Allocation
Strategic Adaptive Asset Class & Sector Allocation
Mutual Fund Selection and Individual Stock Selection
Portfolio Management & Investor Education

The Focused Growth Investor is an outlook on the stock market, asset classes and equities.
Our goal is to be in the market at the right time, select the best sectors and asset allocation for the market conditions, then select the best stocks and mutual funds in each asset class.

January 2024 #241

Stock Market

Portfolio Strategy

Asset Allocation

Equity Selection

Market Summary

2023

Economy showed low and steady growth with no broad-based recession. Some sectors rolled in and out of recession.
Earnings turned negative for a few quarters then ended positive.
Inflation improved all year.
Interest rates rose most of the year, peaked than fell lower.
Stock market returns were driven more by valuation expansion and less by earnings for most companies.

The S&P 500 EW and Small Caps underperformed most of the year then had a sharp year-end rally and are now in a bull market like the S&P 500 and NASDAQ.

Diversified portfolio performance this year is highly dependent on the amount of Large Cap and Technology holdings in a portfolio. The Magnificent 7 produced most of the index gains this year. (AAPL, MSFT, GOOGL, AMZN, NVDA, TSLA, META)

In November and December, the stock market broadening out with the S&P 500 EW and small cap stocks surging as inflation and long-term interest rates fell.

2024

Economic predictions now call for a soft-landing with low and steady growth. A soft landing comes from the Fed taming inflation without triggering a recession. The lagging effect of high interest rates on the economy or another rise in inflation still could drive a recession in the future.

Earnings are expected to improve in all sectors helping the market broaden out.
Inflation is expected to continue to improve and stabilize at lower levels.
Interest rates are predicted to fall.
The Fed focus goes from inflation to the economy.

Stock market returns in 2024 will likely be driven by improved earnings more than valuations. A lot of the expected rise in earnings in 2024 may already be priced into the market with the strong year-end rally. The stock market will need to continue to broaden out to drive the indexes higher.

A rotation may come from cash, bonds and some Mega-cap stocks and move into last year's laggers.

Bulls predict we are in an early cycle recovery phase after a rolling bear market and the two-year small cap bear markets recent surge with more to come.

Bears predict we are in late cycle with a broad-based recession in 2024 hurting small-cap stocks the most.

Market Index Returns

S&P 500 Market Weight (LCB) +26.2% YTD
4800 Jan 2022 top
4770 Current Price
~~4400 4600~~ Resistance
~~4300, 4200~~, 3800 Support
3600 Current bottom, -25% from top.

S&P 500 (Equal Weight, RSP) 13.7% YTD

Russell 2000 (SCB) 16.8% YTD RUT IWM
2400 Nov 2021 Top
~~1830 1900 2000~~ 2300 Resistance
2027 Current Price
~~1750, 1700,~~ 1650 Support
1650 Current Bottom, -32% from top.

Bond Market (BND) 5.7% YTD

Money Market (SNVXX) +4.8% YTD

Moderate Allocation (FASGX), +16.5%YTD

Our Strategy

This market is unpredictable, so trying to time it adds little value and can be costly. People have been predicting a recession for a long time and no recession.

- Stick to your long-term plan.
- Do not react to short-term volatility.
- Focus on long-term returns.
- Diversified low-cost portfolios.
- Monthly contributions.
- Rebalance as needed.

Primary sources of information for our Market Summary are Barron's, Schwab, and CNBC.

Market Dynamic News

Economy | - -0 -0+ +++ +++ |

The Q3 GDP report was strong with 4.9% growth and around 2% growth in Q4 expected.

Now the talk of recession in 2024 turned to soft-landing talk. We are likely to see the rolling recessions turn into rolling recoveries.
Analysts and the media got it wrong in 2023 about a recession. Economists have a poor track record of predicting recessions. Lower-and-middle class consumers have reduced spending. The economy is not as interest rate sensitive as it was in the past. It is common to see weak GDP reports in Q1.

Recessions often start when the Fed starts cutting rates, the yield curve un-inverts, and near unemployment bottoms. S&P 500 returns after a yield curve un-invert varies widely.

It is hard to see a recession based on the following:

- Resilient labor market
- Rising wages
- Relatively healthy household finances
- Substantial housing and investment wealth
- Manageable Household debt.
  Delinquency rates are rising but still low relative to 2009 and 2019. Most consumers still have low mortgage rates.

GDP in 2024 is expected to slow to 2% levels. My economic and consumer indicators and are still strong. Personal income and spending have been strong. GDP has been rising. Q1=2.0%, Q2=2.1%, Q3=4.9%, Q4=1.2%e.
2023=2.0%e, 2024=2.0%e.

Key data points that we are in a recession are a slope down in the Index of Coincident Economic Indicators (CEI) (+), retail sales (0), industrial production (0), and personal income (+).

Recession Warnings
Past four recessions: 1990 Oil Spike/war, 2000 Tech bubble, 2008 Housing Bubble, and 2020 Covid.

- Economic Growth (GDP). 2022=2%, 2023e=2%e.
- Earnings Growth (S&P 500) 2023=+3%e (rising)
- Index of Leading Economic Indicators started falling in May 2022 and continues to fall. A recession typically follows in 0 to 12 months if credit spreads widen. The LEI has predicted the rolling recession that started in 2022.
- Index of Coincident Economic Indicators (CEI) has been rising slowly. It typically flattens out before a recession starts and falls as recession starts.
- Institute for Supply Management (ISM):
- The ISM Manufacturing indicator is at 47. A rise over 50 indicates expansion. The ISM Service indicator is at 53, expansion mode.
- Credit Spread is below the 5% warning. It often peaks during a recession. (HY Bond-10-yr Treasury)
  Lending standards are tightening but credit spreads are still narrow, and defaults are still manageable.
- Yield Curve Inversion: The 10-year/90-day yield curve inverted in November 2022 and continues to be inverted. The longer an inversion lasts, the higher the probability of a recession. An inverted yield curve tightens bank lending hurting the economy. Recessions typically start as the yield curve inversion turns positive.
- Fiscal Stimulus is strong.
  CHIPs Act, Inflation Reduction Act, and Infrastructure Bill.

Primary sources of information for our Market Summary are Barron's, CNBC, Schwab, and other large investment firm

- Consumer Sentiment (UofM). The indicator bottomed at 50 in June 2022, rose to 70. A level below 70 is typically recessionary.
- Consumer Confidence (Conference Board) The indicator bottomed at 96 in July 2022 and has risen to 117 in July then fell back to 102. A level below 85 is typically recessionary.
- Employment: The labor market is strong but starting to weaken. The unemployment rate bottomed at 3.4% and is at 3.7%. Initial Jobless Claims bottomed at 200k and remains below 220k. Job openings are still high but falling. Employment is a lagging indicator that starts falling during a recession.
  Consumer spending remains strong. Consumer spending is 70% of the economy. Strong labor market = strong consumer. Lower excess savings is less important than current income levels.
  (+) Strong employment, high end consumer and baby boomers are strong, high net worth (stocks & home), low liabilities/income (most have a low mortgage rate), and low debt service/income costs.
  (--) High inflation and interest rates slow spending. Higher debt service costs from non-mortgage debt and Federal student loan repayments (0.2% of consumer spending). Low end consumer is weakening.
- Housing Market: The housing market dynamics will change when interest rates are low, and the economy weakens. Housing Starts are strong. New Home have weakened. Existing Home Sales are weak. Home prices are rolling over. Housing affordability is low with high mortgage rates and high home prices. People with low interest rate mortgages are not selling, killing supply. Mortgage rates are high, killing demand.

Labor Market | +++ +++ +++ +++ |

The labor market is on a slow path to returning to normal. The labor market is a lagging indicator that often bottoms near the start of a recession. Recessions cause the unemployment to rise. Recessions often start soon after the unemployment rate starts to rise. The unemployment rate bottomed at 3.4% and have risen to 3.7%. Initial New Jobless Claims bottomed at 190k and have risen to 220k. Nonfarm payrolls are around 200k.

Positive: Unemployment rate and initial jobless claims are still low. The economy is improving, immigration is rebounding, small business environment is strong, service sector is growing, consumer spending is strong, and infrastructure stimulus plans. The productivity boom and AI are helping with the labor shortage.

Negative: Wages are elevated**,** job openings are back down to their 15-year trend line, layoffs have increased, the job quit rate has slowed, demand for temporary workers has slowed, the number of hours worked has declined and the birth rate is low.

Unemployment Rate is still low under 4%. The higher number of job openings could keep unemployment lower during a recession.

Initial jobless claims remain low.

Labor Participation Rate has recovered some but is still pressuring lower unemployment and wage pressure. Baby Boomer retirements, low immigration rates, low birth rates and long Covid suggest the labor shortages are here to stay.

Market Dynamic News

Earning | 000 000 000 00+|
Strong Mega Cap companies were the major contributor to S&P 500 earnings in 2023. Some sectors saw negative earnings growth in 2023. S&P 500 earnings in Q4, Q1 and Q2 were slightly negative and turned positive in Q3 and Q4. High interest rates and high labor costs pressured earnings. The productivity boom and AI are helping earnings. Gross margins are expanding with productivity.

The earnings recession seems to be over. Most sectors are expected to see positive earnings in 2024. Productivity is strong. Earnings in 2023 are coming in around 3% and expected to grow 11% in 2024.

Inflation |000 000 ++0 0++|
Inflation is personal depending on your consumption and financial situations.

The rate of inflation is slowing. The CPI and PPI are coming down. Food and housing related expenses were still high but coming down.

The Fed and other analysts expect inflation to return to a long-term range of 3% to 4% by early 2024.
Core PCE peaked at 5.1%, at 3.2% year-over-year.
Consumer Price Index (CPI) peaked at 9.1%, at 3.1%.
Core Consumer Price (CPI) peaked at 5.9%, at 4.0%.

Low Inflation: Quantitative Tightening (QT), restrictive Money Supply, Fed raising rates, falling home prices, and falling rent.
High inflation: Low unemployment, high labor costs, elevated global energy prices, high service costs, high rent costs, aging demographics, reshoring of supply chains and transition to renewable energy. Global trading patterns are changing more than deglobalization.

Interest Rates |000 000 0- - - 0+|
In December the Fed said rate hikes are at or near their peak and rates are likely to be lower in 2024. The restrictive monetary policy will need to ease to get ahead of the delayed effect of the rate hikes and move closer to the lower inflation rate. The Fed will likely lower interest rates in 2024 if the economy weakens and inflation is low. They also expect the economy to grow slower in 2024 than 2023. Falling inflation, a weakening labor market and slowing consumer spending support an end to rate hikes. The Fed's focus is goes from inflation to the economy. With higher interest rates the Fed now has room to lower rates to help support the economy if inflation is low. The markets are now predicting rate cuts in 2024 as inflation declines and economic growth slows.

Higher rates have less effect in this high service economy than in the past. Interest rates are normalizing.

The 2-year Treasury peaked at 5.1% and is at 4.3%.
Fed Funds Rate peaked at 5.4% and is at 5.3%.
The 10-year Treasury peaked at 5.0% and is at 3.9%.

The 10-year Treasury is influenced by the Fed Funds Rate, inflation, supply, demand, and the economy.

Valuations |+00 00- -00 000 |
The S&P 500 forward valuations are close to their normal range. The average valuations and valuation without technology are much lower. The strong fundamentals of the Mega Cap stocks help support the higher valuations. Valuations are reasonable supported by high growth rates. The median P/E-to-growth ratio for the Mag-7 stocks is only 2.0 slightly higher than the other 493 S&P 500 stocks.

Fiscal Policy, Debt, Geopolitical, Global Crisis | 000 000 000 000|
Fiscal Policy: Taxes, debt, trade policy, regulation, spending, and stimulus. Infrastructure stimulus.
In November, the House and Senate passed another bill to temporarily fund the government into the new year. It did not include more aid to Israel and Ukraine.

Dysfunctional divided Congress
Government shutdowns. Divided republican party.

Erosion of Governance: Steady deterioration in standards regarding fiscal and debt matters. Debt-limit standoffs. Limited progress in tackling rising social security and Medicare costs due to the aging population.

Government Spending
Social Security, Medicare and Medicaid is around 50% of total government spending. (focus needed) Defense spending is around 15%. (bi-partisan support). Non-defense 15%, other 10%, and net investment 10%.

High government spending and QE during the Financial Crisis and Covid added significantly to government debt.

Rising debt service costs. Government debt will be refinanced at high interest rates as it comes due over the next several years.

High Government Debt Level (Long-term issue)
Federal Debt to GDP is high around 126% in the U.S. The Eurozone is at 91% and Japan is 216%. High government debt becomes a drag on future economic growth. If debt is productive and used for investments that can grow more than the cost of debt it can be useful.

No one knows the breaking point when a government default on any of its debt will change the world's view of the U.S. as an economic power and currency leader. If investors are willing to purchase Treasuries the problem could be contained.

Solution: Reduce the budget deficit, a very difficult task. Cut spending and increase revenue from higher taxes and higher economic growth. Congress has made no progress to reduce government spending and no plans to increase government revenue.

Moody's downgraded the outlook for US debt to 'negative' from stable due to the political "polarization" and high deficit.

Consumer debt is manageable. Household debt is up less than the significant rise of household net worth. Rising rates are having less impact on consumers. Household debt service burden is still low with most mortgages under 4% and only a small number of adjustable-rate mortgages.

The US Dollar is currently high and strong. The differential between inflation and interest rates in the US and international markets affect the cyclical price of the dollar. The dollar has strength, the US economy is stable, it has deep liquid financial markets and widespread acceptance as a store of value. The global share of foreign reserves: US 58%, EU 20%, Japan 5%, and China 3%. Russia, China, Saudi Arabia, and others would like to find a way to replace the US dollar and undermine US dominance on the world economic stage. Russia is trading energy using the Chinese yuan and Saudi Arabia is considering accepting the yuan.

Market Dynamic Indicators

- Provide insight about the current market conditions and economy and what could happen next.
- Help manage portfolio cash inflows/outflows and purchase/sale of equities.
- Help time rotation out of overvalued sectors and bubbles into undervalued sectors. (2000 Tech bubble, 2007 Housing Bubble)
- The Recession Buy Indicator that comes around every 8 to 12 years is typically a good time to increase stock exposure since all recession bear markets eventually end.

The main stock markets drivers are Earnings, Valuation and Sentiment.

Market Dynamics (Long Term)	2023											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
Economy, Labor Market & Earnings												
Inflation												
Interest Rates												
Valuation												
Market Sentiment												
Cycles & Seasonality												
Market Technicals (Long-Term)												
Fiscal Policy, Debt, Geopolitical, Global Crisis												
Sum of Indicators (1-8) (Y=0, 1))	-1	1	1	-2	0	3	2	1	1	2	4	2
Recession Buy Indicator (12 mo. after R)												
S&P 500 (G=2%, R= -2%)	6.3%	-2.6%	3.7%	1.8%	0.5%	6.5%	3.1%	-1.6%	-4.9%	-2.2%	9.1%	4.6%
Market Strength - 5YR SPY: (RSI, MACD, STO)	+ + +	0 + +	+ + +	+ + +	+ + +	+ + +	+ + +	+0000	+0 - -	- - - -	- 0 + +	+ + + +

Market Dynamics (Short Term)	2023											
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
New High - New Lows (NYSE)	0 + + +	+ + + 0	+ – – – –	– – – –	– – – 0	0 + + 0 +	+ + + +	+0 – – 0	0 – – –	– – – –	– – – +	+ + + +
Momentum (SPY1YR:RSI,MACD,STOC	0 + + +	+ 0 – –	0 – – 0 +	+ + + +	– 0 + +	+ + + 0 +	+ + + +	– – – – +	0 0 – –	– 0 – –	+ + + +	+ + + +
Change in News (Better or Worse)	– 0 0 0	+ + 0 0	0 0 + + +	+ + + 0	0 0 0 0	0 + + + +	+ + + +	+ + + + +	+ + + +	+ 0 0 –	+ + + +	+ + + +
Sum of Indicators (2=+, -2= -)	-1 2 2 2	3 2 0 -1	1 -2 -1 0 1	1 1 1 0	-2 -1 0 1	1 3 3 1 3	3 3 3 3	1 0-1-1 2	1 0-1-1	-1 -1 -2 -3	1 1 1 3	3 3 3 3
S&P 500 (+/- 2.0%)	6.3%	-2.6%	3.7%	1.8%	0.5%	6.5%	3.1%	-1.6%	-4.9%	-2.2%	9.1%	4.6%
News (Better or Worse) (+1 /0 /-1)	-1	-1	1	-1	1	3	5	4	2	-1	2	3

Market Timing

There are no successful market timers long-term. In the 1970's Eugene Fama concluded that market forecasting models only worked on past data and not on future predictability because of the number of changing variables over time and the unpredictable black swan events like Covid in 2020. Market Timing is extremely difficult, it adds little value, increases costs, reduces tax efficiency, and often hurts portfolio performance. Most Tactical Allocations Funds underperform the market over time.

Short term timing is not recommended due to market randomness, the stock market trends higher long term, there are more positive days than negative and most of the market gains happen in short-term spurts you may miss.

Corrections in bull markets come on the heels of a strong stock market that is overbought, they are unpredictable and typically don't have warning signs. It is not possible to consistently time the markets short-term due to unpredictable events and emotion driven stock market movements. Corrections are very difficult to time because of their speed and short duration, making a positive trade difficult. The only way a major sell and buy timing decision works is if you get both the sell and buy timing correct and transaction and taxes do not erode your gains. You may get it right once, but probably not the next time.

Macro market forecasts have limited value. The economy is incredibly complex with thousands of ever-changing variables. A model must evolve with the ever-changing world as the economy goes through secular changes. Trying to predict the changes in the market is unlikely to work repeatedly. It is best to stay invested for your risk level through corrections and correction bear markets because of their short-term duration. Sector and stock analysis are more useful because the inputs are more predictable.

Macro market forecasts can help you understand what is going on in the economy to help make better portfolio decisions and help you feel in control. Forecasts can help point you in the right direction, but not identify key inflection points. Studying economic and investing history help us calibrate expectations and create a guide to what tends to work.

Macro market forecasts rarely improve your investment results. We have had some success at seeing bubbles like the Tech Bubble and the Financial Housing Crisis and long-established bear market bottoms.

Your best defense is a diversified portfolio with a bond and cash position appropriate for your risk level and rebalancing. Investors should stick to their long-term plan and not react to short-term corrections. Do not panic and sell after a big correction. Jack Bogle: Corrections are good for long-term investor buying and bad for sellers. Stick with your long-term plan.

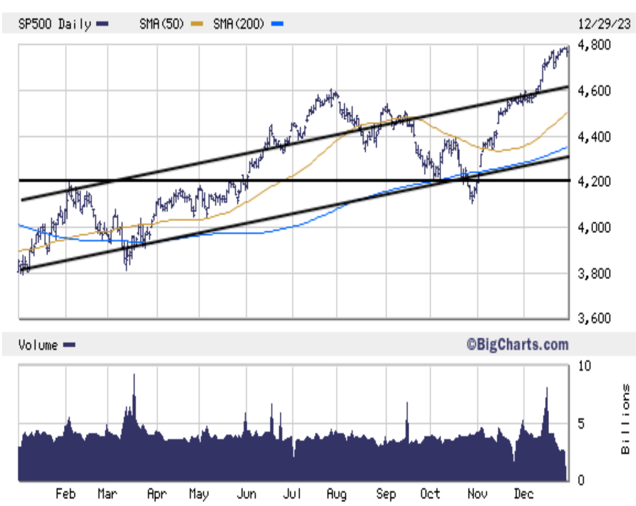
Trading
Support and resistance lines and the percent around the 200-day moving average help determine good trading points. When the S&P 500 is trading 10% above its 200-day moving average the market is overextended and the risk of a correction is high. When the market is trading less than 6% over the 200-day moving average the market is at less risk of a correction.

Market Tops
Most market tops show extended topping action before a bear market. Some tops end in a parabolic rise.
Tops are formed by euphoria, complacency, greed, and confidence.

Market Bottoms
Correction bottoms tend to be sharp and recover faster unless they lead into a bear market. Bottoms are formed by gloom and doom panic and fear. Fear is a stronger emotion than euphoria.

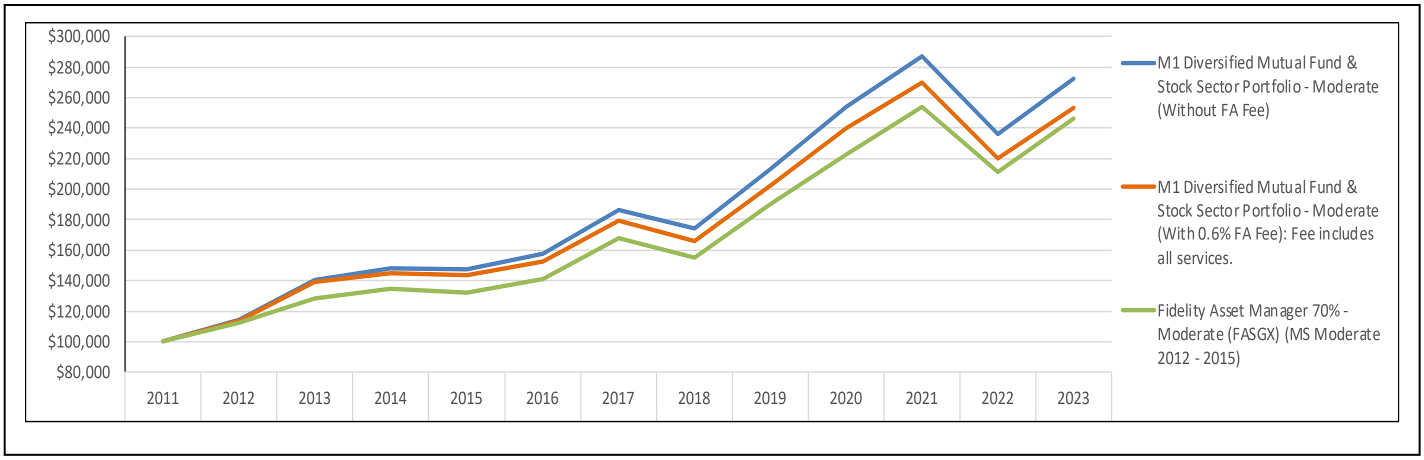
S&P 500 Long-Term

S&P 500 Market Cap Weighted
Top 7 are 28% weight. (Mega-Cap Bias)



S&P 500 Equal Weighted (RSP)
Top 7 are 2% weight.

Portfolio Performance



PDM PORTFOLIO ANNUALIZED RETURNS	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	3 Year	5 Year	12 Year
Diversified Mutual Fund & Sector Portfolio - Moderate (Before Fee)	14.5%	22.8%	5.2%	-0.3%	7.0%	17.9%	-6.5%	22.4%	19.3%	13.1%	-17.8%	15.4%	2.4%	9.4%	8.7%
Diversified Mutual Fund & Sector Portfolio - Moderate (After 0.6% Fee) 0.7% before 2020	13.8%	22.1%	4.5%	-1.0%	6.3%	17.2%	-7.2%	21.7%	18.7%	12.5%	-18.4%	14.8%	1.8%	8.8%	8.0%
Fidelity Asset Manager 70%-Moderate (FASGX) (MS Moderate 2012 - 2015)	12.1%	14.3%	4.9%	-1.8%	7.1%	18.7%	-7.7%	22.8%	17.2%	14.0%	-16.9%	16.5%	3.3%	9.7%	7.8%

Clients receive their own Portfolio Performance Reports in July and January and can use their brokerage statements to verify the calculation. Our Model 1 Portfolio performance shown above is calculated using our Diversified Mutual Fund and Sector Portfolio with Individual Stocks. The portfolio is a real account and performance is calculated with account statements. The portfolio has not seen any cash additions or subtractions. Brokerage transaction fees and dividends are included in the performance calculations. Performance is calculated before advisor fees and after advisor fees. Advisor fees include Advice, Administrative, Financial Planning and Portfolio Management services. The annual advisor fee for the calculation used was 0.7% from 2012 thru 2019 and 0.6% since 2020.

Performance calculations were verified by Alpha Performance Verification Services from 2012 thru 2021. Starting in 2022 I listed the closing balance of the account each year for performance verification. Account statements are available upon request. Statement Balances: 12/31/2011=$323,754, 12/31/2012=$370,714, 12/31/2013=$455,359, 12/31/2014=$478,930, 12/31/2015=477,693, 12/31/2016=$511,196, 12/31/2017=$602,636, 12/31/2018=$563,627, 12/31/2019=$690,199, 12/31/2020=$823,331, 12/31/2021=$931,090, 12/31/2022= $765,108, 12/31/2023=$883,287.

Starting in 2016, our benchmark changed from the Morningstar Moderate Target Risk Benchmark to the Fidelity Asset Manager 70% (FASGX) because Morningstar modified their benchmark structure, and it did not align with our risk profile table.

Past performance is no guarantee of future results. Market and economic conditions have the largest impact on a portfolio's performance. Strategies can go in and out of favor in different market environments. Some periods will see losses. Investment strategies evolved over the past and will continue to evolve in the future. Client investment results may vary from the model due to the timing of implementation, implementation transaction fees, portfolio size, risk profile and actual investments. For details on our calculations see our disclosure page.

Our Portfolio Strategy

- Our Long-Term Market Indicator provides insight about the current market conditions and economy and what could happen next, helps with timing large cash in and out of a portfolio, helps you rotate out of overvalued sectors and bubbles into undervalued sectors. (2000 Tech bubble, 2007 Housing Bubble) The Recession Buy Indicator that comes around every 10 to 15 years is typically a good time to increase stock exposure since all recession bear markets eventually end.
- Our Adaptive Strategic Asset Class & Sector Allocation Model sets up the allocation to each asset class and sector in a portfolio. The model is based on fundamental, valuation, technical, relative strength, and past performance.
- Our Mutual Fund Selection Model rates each active managed mutual fund and passive managed exchange traded fund. The model is based on fundamental, valuation, technical, relative strength, and past performance. Mutual fund analysis includes Morningstar ratings, manager, strategy, expense ratio, risk, valuation, and risk adjusted return. We overweight high relative strength leaders in each asset class in our mutual fund portfolio.

Investment Strategy Analysis

Your Managed Portfolio Performance YTD

Annual Portfolio Performance Reports are sent out each January. Interim one-page summaries are available upon request. To identify the Portfolio Models (1,2,3) and Risk Levels (conservative to aggressive) you are invested in see your annual portfolio performance report page 1 top or each portfolio page top center and bottom right.

Portfolio to Benchmark Performance

Select your Portfolio Models below to see how they are performing to their benchmark. (Above, near, below)

Model 1 - Large Size, Diversified Mutual Fund & Stock Sector Portfolio. ($300k)	Near benchmark
Model 2 – Medium, Diversified Mutual Fund & Fund Sector Portfolio. ($100k to $300k)	Slightly Below benchmark
Model 3 – Small Size, Diversified Asset Allocation Fund Portfolio. (< $100,000)	Near benchmark

Benchmark Performance

Select your Risk Level below to get an estimate of your performance. Actual portfolios may vary depending on implementation timing, implementation costs, exact positions, and cash movement in or out.

		YTD TR
• Fidelity Asset Manager 50% Conservative Risk Benchmark	FASMX	+13.1%
• Fidelity Asset Manager 60% Moderate-Conservative Risk Benchmark	FSANX	+14.8%
• **Fidelity Asset Manager 70% Moderate Risk Benchmark (Most common)**	**FASGX**	**+16.5%**
• Model 4 Fund 75% Moderate Risk Benchmark (Passive Funds)		+19.2%
• Model 8 Fund 75% Moderate Risk Benchmark (Passive & Active Funds)		2024
• Fidelity Asset Manager 85% Moderate-Aggressive Risk Benchmark	FAMRX	+19.0%
• S&P 500 100% Aggressive Risk Benchmark	SPY	+26.2%

Asset Class and Sector Performance (Total return YTD)

S&P 500 Market Cap Weight (SPY) = 26.2%
Technology +53%, Large Growth +47%.
Mid Cap Growth +23%, Small Growth 22%, Small Value 16%, International +16%,
Financial 14%, Mid Cap Value 10%, Large Value 9%, Healthcare 3%.
Bank Loan +12.5%, HY Bond +12.4%.
ST Bond +6.2%, IT Bond 6.1%, Schwab MM +4.8%, Merger 4.2%.
Sector performance benchmark data is from Vanguard, iShares and SPDR Exchange Traded Funds.

Portfolio Investment Holdings Contribution to Performance (Model 1 and 2)

Portfolios are adjusted to trends of growth/value, large/small, US/International, and secular growth sectors. Our strategy typically has higher exposure to Large Cap Growth, Technology, Healthcare, Financials, and Small-Mid Cap Blend than our benchmark (FASGX) and the S&P 500.
Asset allocation shifts are made during the year based on the asset class and sector model on page 9.

Helping our Portfolio Performance (YTD Performance average per category to SPY/BND. FGI Newsletter page 12-13)
Large Cap Growth, Mid Cap Growth, Technology, High Yield Bond, and Bank Loan Funds. Technology Stocks.

Neutral to our Portfolio Performance (YTD Performance average per category to SPY/BND. FGI Newsletter page 12-13)
Large Cap Value, Mid Cap Value, Small Cap Growth, Small Cap Value, International Funds, FinTech stocks, Healthcare Stocks, Intermediate-Term Bond Funds, Short-Term Bond, Merger, and Money Market Funds.

Hurting our Portfolio Performance (YTD Performance average per category to SPY/BND. FGI Newsletter page 12-13)
Financial and Healthcare Funds were the worst.

When the sectors below are outperforming, our model portfolio should outperform its benchmark (FASGX). Sector performance benchmark data is from Morningstar for Vanguard, iShares and SPDR Exchange Traded Funds.

(+ 0 – is compared to the S&P 500)		YTD	DEC
Model 1	PDM Stocks (LCG - T,F,H)	+40%	+4%
Model 1,2	PDM Technology Funds (LCG)	+55%	+5%
Model 1,2	PDM Financial Funds (LCV)	+15%	+6%
Model 1,2	PDM Healthcare Funds (LCG)	+3%	+8%
Model 1,2	PDM Small-Mid Cap Blend Funds (13)	+20%	+10%
S&P 500	**Large Cap Blend**	**+26%**	**+5%**
FASGX	Moderate Allocation	+16%	+5%
Model 1,2	PDM Mutual Funds #Active > #Passive	69%>	63%>

Strategic Asset Allocation

Asset Allocation Forecast

Recovery and Economic Expansion Mode
Growth stocks often lead us out of a recession bear market as interest rates fall.
Small stocks often lead out of a recession because relative valuations are lower than large.

Slow Growth and Recession Mode
As the economy goes into recession all stocks fall.
Growth stocks do better than value in a slow growth environment. Quality growth and earning matter most.
Cyclical value and small cap stocks underperform going into a recession.

Growth: Technology, Consumer Discretionary, Healthcare and Communication Services.
Cyclical Value: Financials, Industrials, Materials, Energy.
Defensive: Healthcare, Consumer Staples, Utilities and Real Estate.

Rising Inflation: Consumer Staples, Energy, Health Care, Real Estate and Utilities. Quality, Small, Value (lower PE) and Global.
Falling Inflation: Consumer Discretionary, Financials and Industrials. Lower Quality, Large, Growth (higher PE) and U.S. stocks.

Rising Interest Rates: Cyclical Value, Financials
Falling Interest Rates: Growth, Technology

High GDP: Cyclical Value
Low or Falling GDP: Growth, Defensive

Modernization Period (1991 to 2020) – Low inflation, low interest rates, moderate steady GDP, less recessions, higher earnings, longer cycles.

Current Period? (2021 on) – Moderate inflation, moderate interest rates, low volatile GDP, more recessions, lower earnings, and shorter cycles. High government debt an economic drag. Less Fed bailouts. Demographic tailwinds. Re-globalization.

Asset Allocation is one of the most important factors in a portfolio design.
Our Strategic Asset Class & Sector Allocation Model sets up the percent of cash allocated to each asset class and sector in a portfolio. The scores below are based on fundamental, valuation, technical, relative strength, and past performance. The allocations may vary each month based on the scores. Score range is +10 to -10. Select your risk level and portfolio with or without sectors for the allocation to build your portfolio. Sector performance benchmark data is from Vanguard, iShares and SPDR Exchange Traded Funds.

Diversified Mutual Fund Portfolio Allocations (Model 1 and Model 2)

RECOMMENDED ASSET ALLOCATIONS (MODERATE RISK)

				2023													MODERATE CONSERVATIVE		MODERATE		MODERATE AGGRESSIVE	
		ACCURATE															60% Stocks 40% Bonds & Cash		75% Stocks 25% Bonds & Cash		80% Stocks 20% Bonds & Cash	
BASE ASSET CLASS >>		Q1 LEAD 2023	SCORE	J	F	M	A	M	J	J	A	S	O	N	D	J	BASE	CURRENT	BASE	CURRENT	BASE	CURRENT
Large Cap Growth	Growth			6%	7%	7%	8%	8%	9%	9%	9%	13%	13%	13%	13%	13%	10%	10%	13%	13%	15%	15%
Large Cap Value	Cyclical/Value			10%	9%	9%	9%	9%	8%	9%	9%	9%	9%	9%	9%	9%	8%	8%	9%	9%	9%	9%
Mid Cap Growth	Growth			3%	3%	3%	4%	4%	4%	4%	4%	3%	3%	3%	3%	3%	2%	2%	3%	3%	3%	3%
Mid Cap Value	Cyclical/Value			4%	4%	4%	4%	4%	4%	4%	4%	3%	3%	3%	3%	3%	2%	2%	3%	3%	3%	3%
Small Cap Growth	Growth			3%	3%	3%	4%	4%	4%	4%	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%	4%	4%
Small Cap Value	Cyclical/Value			4%	4%	4%	4%	4%	4%	4%	4%	3%	3%	3%	3%	3%	3%	3%	3%	3%	4%	4%
International	Growth & Value			10%	12%	12%	14%	14%	14%	15%	15%	15%	15%	13%	13%	13%	14%	12%	15%	13%	16%	14%
Information Technology LCG	Growth			6%	6%	7%	9%	9%	9%	10%	10%	10%	10%	12%	12%	12%	7%	8%	10%	12%	10%	12%
Financials LCV	Cyclical/Value, Growth			9%	9%	9%	7%	7%	7%	8%	8%	8%	8%	8%	8%	8%	5%	6%	8%	8%	8%	8%
Health Care LCG	Growth & Defensive			10%	8%	7%	7%	7%	7%	8%	8%	8%	8%	8%	8%	8%	6%	6%	8%	8%	8%	8%
Other				0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
International Bond				0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
High Yield Bond				2%	2%	2%	2%	2%	2%	2%	3%	3%	3%	3%	3%	3%	5%	3%	4%	3%	3%	3%
Bank Loan				4%	4%	4%	4%	4%	4%	3%	4%	4%	4%	4%	4%	4%	5%	5%	4%	4%	3%	3%
Intermediate Term Bond				6%	6%	6%	6%	6%	6%	5%	6%	6%	6%	6%	6%	6%	10%	8%	4%	6%	3%	5%
Alternative Fund	Merger Fund			4%	4%	3%	3%	3%	3%	2%	2%	2%	2%	2%	2%	2%	5%	4%	4%	2%	3%	2%
Short Term Bond				7%	7%	8%	5%	5%	5%	3%	4%	4%	4%	4%	4%	4%	10%	8%	5%	4%	3%	3%
Money Market				12%	12%	12%	10%	10%	10%	10%	6%	6%	6%	6%	6%	6%	5%	12%	4%	6%	5%	4%

Strategic Asset Allocation
Asset Class Bulls & Bears

POSITIVES

Information Technology (75%)

- Strong balance sheets, steady margins, high cash
- Top earnings group.
- Technology is a productivity driver.
- Strong technology and AI investment spending.
- AI is an earnings growth driver.
- Stock repurchase power.
- Q1 indicator ++

Financials (60%)

- Higher interest rates to make money on spreads.
- Big banks in a strong financial position with high loan loss reserves.
- Strong earnings recovery.
- Loan growth has stabilized.
- Less regulations Dodd-Frank rolled back.
- Attractive valuations
- 2023 Predictions are positive.

Health Care (60%)

- Growth and Defensive characteristics
- Earnings rebound expected in 2024.
- Less affected by higher inflation
- Low interest expenses
- Healthcare long-term growth trend, demographics
- Investment in services moving to healthcare.
- Strong balance sheets and high cash balances.
- Growth in biotech and vaccines.
- 2023 Predictions are positive.

International (60%)

- US Dollar has peaked, fell some and is now rangebound. Dollar demand is strong (bonds and equities), dollar is the world's haven.
- US investment in India and exports from India are growing as China are shrinking.
- Lower valuations relative to the US
- Inflation and interest rates in Europe are starting to fall.
- US/INT Leadership often changes after recession.
  1975 to US than INT, 1983 to INT, 1991 to US, 2003 to INT, 2010 to US, 2023 to INT??
- International currency and market diversification
- Improving corporate governance in China
  China reform and deregulation in some areas
  e-commerce abuse, dominance, social equality
- Q1 indicator +

NEGATIVES

Information Technology

- Higher interest rates today reduce the value of future earnings for fast growing companies valued on earnings many years out reducing valuations.
- Valuations are high.

Financials

- Loan and mortgage demand is slowing.
- Regional bank stress; high interest rates, commercial real estate, and construction exposure.
- Economic sensitive
- Rising interest rates and growing unrealized losses from bonds are putting pressure on lower capitalized banks.
- Q1 indicator --

Health Care

- Government pressure to reduce healthcare costs.
- Negative earnings growth in 2023, post covid comparisons do not help.
- Drug companies are losing pricing power.
- New diabetes and weight loss drugs are putting pressure on medical device companies.
- Healthcare Insurance struggling with higher claims from more post covid elective surgeries.
- Q1 indicator --

International

- Russia Ukraine war impact on energy in the EU and Emerging Markets
- China exports to the US have been plummeting since 2022.
- Foreign investment into China turned negative in 2023.
- Global recession risk
- International markets have more commodities, cyclicals, and value companies.
- China growth is lower than normal.

Strategic Asset Allocation
Asset Class Bulls & Bears

POSITIVES

Large Cap Growth (70%)

- Large caps are high quality, low debt, high cash, less effected by high interest rates and have more money to invest in technology.
- Strong balance sheets, steady margins, and higher earnings.
- Technology is a productivity driver.
- Large cap tends to outperform during a rate pause or cuts.
- Lower volatility asset class
- Mega-cap disruptor companies are still growing.
- Capital flow from active to passive index funds mostly in large cap growth.
- Concentration makes growth more competitive.
- Q1 indicator ++

Large Cap Value (75%)

- Large caps are high quality, low debt, high cash, less effected by high interest rates and have more money to invest in technology.
- Positive in early cycle, corrections, steep yield curves and higher interest rates
- Value tends to outperform during a rate pause or cuts.
- Lower volatility asset class
- Lower tax rates and deregulation help value.
- Value better in corrections and bear markets

Small and Mid-Cap (50%)

- Low valuations
- Small cap stocks outperform if we are in the beginning of a new bull market.
- Russell 2000 earnings in 2024 -11% to +30%e
- Lower interest rates less debt-burden
- Less effected by rising US Dollar
- Onshoring beneficiary
- Lower correlation to S&P 500
- Q1 indicator ++

NEGATIVES

Large Cap Growth

- Higher interest rates today reduce the value of future earnings for fast growing companies valued on earnings many years out reducing valuations.
- Valuations are high.

Large Cap Value

- Recession risk
- Q1 indicator --

Small and Mid-Cap

- Poor 10-year performance
  Large caps are high quality, low debt, high cash, less effected by high interest rates and have more money to invest in technology.
- Small caps are lower quality, higher debt, lower cash, and more effected by high interest rates to service debt. Tighter credit from small regional banks. 40% Russell 2000 unprofitable
- Regional bank drag.
- Small cap stocks underperform if we are in late cycle.
- Limited funding for technology advancements
- High borrowing costs with high ST interest rates
- Economic sensitive, more cyclical IND, FIN HC
- Higher volatility asset class

Mutual Fund Coverage List
(Page 1)

							ACTIVE/ PASSIVE	22/35 63%	23/35 66%	24/35 69%	21/35 60%	30/35 86%	28/34 82%
								TRAILING TOTAL RETURNS					
	FUND NAME	PEf	SYMB	ASSET CLASS	TAXABLE/IRA MINIMUM	TRANS FEE	AVE 1,3,Y	1 MO	3 MO	YTD	3 YR	5 YR	10 YR
	LARGE CAP GROWTH AP (Passive or active leadership 3 months and YTD)												
Ok	PRIMECAP Odyssey Growth LLY 6% ACM 3%	17	POGRX	LCB, MCG, HC,TECH,IND,FIN	$2000/$1000	TF 24	14.2%	7.7%	11.1%	23.9%	8.3%	13.0%	11.7%
Best	T Rowe Price Blue Chip Growth MSFT 12% AMZN 11% AAPL 10% GOOGL 10% Q1	28	TRBCX	LCG, TECH,COND,COMM,HC	$100/$100		22.2%	3.2%	13.9%	49.4%	2.7%	13.8%	12.5%
Good	Fidelity Growth Disc. MSFT 9% GOOGL 6% UNH 6% AAPL 5% AMZN 4% (1)	26	FDSVX	LCG, TECH,HC,COMM	$2500/$2500	TF 24	18.0%	4.8%	13.4%	35.7%	8.1%	19.6%	14.7%
Ok	Akre Focus MA 12% AMT 11% MCO 11% V 8%, ESG	26	AKREX	LCG, FIN,TECH,REIT,COND	$2000/$1000		16.7%	5.1%	16.6%	28.4%	7.7%	15.0%	13.0%
Good	Brown Adv. Sust. Gro. UNH 5% DHR 5% MSFT 5% V 5% INTU 4% AMT 4% GOOGL 4%, ESG Q1	32	BAFWX	PDM: LCG, TECH,HC,FIN	$1000/$1000	TF 24	19.5%	4.9%	14.6%	39.1%	8.1%	18.9%	14.9%
Good	Polen Growth AMZN 11%, V/MC 10% GOOGL 8% NFLX 6%, MSFT 6%, ADBE 6%, ESG	31	POLIX	PDM: LCG, TECH,COND,HC	$1000/$500	TF 24	19.2%	3.8%	14.5%	39.2%	2.2%	14.3%	13.5%
	SPDR S&P 500 Mkt Cp Wt ETF AAPL 6%, MSFT 6% AMZN 3% GOOGL 3% UNH 2%	20	SPY	LCB, TECH,HC,FIN,COND	NA		14.1%	4.6%	11.6%	26.2%	10.0%	15.6%	11.9%
	Vanguard Total Stock Market ETF	18	VTI	LCB, TECH,HC,FIN,COND	NA		14.5%	5.3%	12.2%	26.1%	8.4%	15.1%	11.4%
	Invesco S&P 500 Equal Weight ETF	16	RSP	MCV,LCB, IND,TECH,FIN,HC	NA		10.8%	6.8%	11.8%	13.7%	9.2%	13.6%	10.1%
	Vanguard Growth ETF	28	VUG	LCG	NA		21.8%	4.3%	14.4%	46.8%	7.7%	19.2%	14.0%
	LARGE CAP VALUE AA												
Best	Oakmark Fund Q1	12	OAKMX	LCV,MCB, FIN,COMM,TECH	$1000/$1000		17.1%	7.6%	12.9%	30.9%	15.6%	17.1%	11.4%
Good	Parnassus Value Equity ESG	14	PARWX	LCV,MCB, FIN,HC,TECH,IND	$2000/$500		11.2%	7.0%	12.9%	13.7%	9.5%	17.1%	13.0%
Good	AMG Yacktman ESG Q1	15	YACKX	LCV,MCB, CON,COMM,ENE	$2500/$1000	TF 24	10.0%	4.7%	9.8%	15.4%	8.8%	11.8%	9.5%
Good	Dodge & Cox Stock ESG	12	DODGX	LCV, FIN,HC,TECH,COMM	$2500/$1000	TF 45	11.3%	6.6%	9.8%	17.5%	13.3%	14.1%	10.5%
	Vanguard Value ETF	14	VTV	LCV	NA		7.8%	5.1%	9.1%	9.3%	10.6%	11.7%	9.7%
	MID CAP GROWTH PP												
Best	BlackRock Mid-Cap Growth Equity Q1	28	CMGSX	MCG, TECH,COND,IND,HC	Closed		17.0%	8.2%	14.8%	27.9%	-2.8%	12.8%	11.3%
Good	Eventide Gilead ESG (ETILX Fee -0.2%, TF) Q1	27	ETGLX	MCG,LCG, TECH, IND,HC	$1000/$1000		15.0%	11.0%	11.5%	22.5%	-3.3%	13.7%	11.0%
Worst	Janus Henderson Enterprise ESG T=JAENX	18	JMGRX	MCB,MCB, TECH,HC,FIN,IND	$2500/$2500		11.8%	8.4%	9.2%	17.8%	5.4%	13.7%	11.8%
	Vanguard Mid Cap Growth ETF	23	VOT	MCG, MCB	NA		14.6%	7.8%	13.0%	23.1%	1.8%	13.7%	10.1%
	MID CAP VALUE AA												
Best	Fidelity Value	11	FDVLX	MCV,SCV, IND,COND,FIN	$1000/$500	TF 24	14.3%	10.0%	13.3%	19.5%	14.2%	16.4%	9.5%
Best	T. Rowe Price Mid Cap Value Inst (Inv TRMCX) Q1	15	TRMIX	MCV,MCB,SCG, FIN,HC,IND	$100/$100		14.0%	9.8%	13.3%	18.9%	12.8%	13.5%	
Worst	American Century Mid Cap Value Inst (Inv ACMVX) (1)	14	AVUAX	MCV,MCB,SCV, FIN,IND,HC	$2500/$2500	TF 24	7.8%	6.4%	10.6%	6.4%	9.4%	11.4%	8.9%
	Vanguard Mid Cap Value ETF	13	VOE	MCV, MCB	NA		9.3%	6.6%	11.6%	9.9%	9.2%	11.3%	8.5%
	SMALL CAP GROWTH PP (Active have less negative earnings companies than passive)												
Good	Virtus KAR Small Cap Growth ESG Q1 (5)	27	PXSGX	SCG,MCG, FIN,TECH,COMM	Closed	TF X	11.9%	9.3%	5.9%	20.4%	-4.3%	12.1%	13.4%
Best	T Rowe Price Integrated U.S. Small-Cap Growth Equity Fund ESG Q1	19	PRDSX	SCG,MCG, HC,TECH, IND	$100/$100		14.8%	10.7%	12.7%	21.2%	1.7%	11.7%	9.1%
Worst	Brown Advisory Small Company Growth ESG	24	BAFSX	SCG,MCG, HC,TECH,IND	$1000/$1000	TF 24	10.2%	8.7%	9.4%	12.6%	-0.9%	11.5%	8.6%
Ok	Fidelity Small Cap Growth Q1	16	FCPGX	SCG,MCG, HC,TECH,IND	$100/$100	TF 24	15.0%	12.4%	13.6%	19.0%	-0.4%	13.1%	10.7%
	Vanguard Small Cap Growth ETF	22	VBK	SCG, MCB	NA		15.2%	10.9%	13.2%	21.5%	-2.8%	10.6%	7.9%
	SMALL CAP VALUE AA (Active have less negative earnings companies than passive)												
Best	Vanguard Strategic Small Cap Equity Q1	11	VSTCX	SCV,SCB, FIN,IND,HC,TECH	$100/$100	TF 45	16.8%	13.6%	15.7%	21.3%	12.3%	13.5%	8.9%
Good	American Century Small Cap Value (Micro Cap) ESG (ASVIX Inv) Q1	10	ACVIX	SCV, FIN,IND,COND,TECH	Closed	TF 24	14.3%	12.2%	14.4%	16.3%	11.3%	14.9%	9.0%
Good	Fidelity Small Cap Value ESG	11	FCPVX	SCV, FIN,COND,IND,TECH	$100/$100	TF 24	14.6%	11.8%	14.2%	17.7%	12.6%	13.8%	8.7%
	Vanguard Small Cap Value ETF	11	VBR	SCV, MCV	NA		13.1%	9.8%	13.6%	16.0%	10.4%	11.9%	8.5%
	INTERNATIONAL AA												
Best	FMI International (USD Currency Hedge) (Asia 25%, EU 55%) Q1	15	FMIJX	LCB,MCB, IND,TECH,CONS	$2500/$2500		11.1%	5.2%	6.3%	21.8%	7.5%	8.0%	6.2%
Ok	Vanguard International Growth ADM ESG (Asia 35%, EU 50%) Q1	21	VWILX	LCG,LCB, COND,TECH,HC	$100/$100	TF 45	10.3%	4.7%	11.4%	14.8%	-7.4%	10.7%	7.2%
Good	WCM Focused International Growth I ESG (Asia 15%, EU 45%, US 40%) Q1	25	WCMIX	LCG, HC,TECH,COND,IND	Closed	TF X	11.1%	5.0%	11.8%	16.6%	-1.0%	11.9%	8.5%
Best	Artisan International Value ESG (Asia 25%, EU 60%) (INV ARTKX) Q1	16	APHKX	LCB, FIN,COND,TECH,IND	Closed	TF X	12.6%	4.2%	10.6%	23.0%	10.5%	12.7%	7.1%
	Vanguard FTSE All-World ex-US ETF (Asia 45%, EU 40%)	13	VEU	LCB	NA		10.2%	4.9%	9.9%	15.9%	1.9%	7.5%	4.1%
Good	T Rowe Price International Discovery, (Asia 45%, EU 40%) Q1	14	PRIDX	MCG,MCB, IND,COND,HC	$100/$100		10.2%	6.2%	11.4%	13.1%	-5.3%	8.1%	6.5%
Best	Fidelity International Small Cap PE=11 (Asia 20%, JAP 20%, EU 40%) Q1	11	FISMX	MCB,SCB, IND,COND,TECH	$100/$100	TF 24	12.6%	6.7%	11.6%	19.6%	4.2%	8.7%	6.4%
	iShares MSCI EAFE Small Cap ETF (Asia 15%, EU 50%, JAP 30%)	12	SCZ	MCB	NA		10.4%	7.2%	11.1%	13.0%	-0.7%	6.4%	4.6%
Ok	Fidelity Pacific Basin ESG (Japan 45%, China 15%, India 5%) Q1	15	FPBFX	LCG, TECH, FIN, HC	$2500/$2500	TF 24	9.2%	4.5%	8.9%	14.1%	-3.5%	9.4%	7.1%
Best	India Fund (India 95%) Q1	23	IFN	LCG, FIN, COND, TECH, IND	NA		17.3%	7.6%	7.6%	36.7%	14.0%	13.1%	12.4%
	Vanguard FTSE Pacific ETF (JAP 55%, ASIA 20%, AUS 20%)	13	VPL	LCB, LCV	NA		10.3%	5.7%	9.7%	15.6%	-0.3%	6.4%	4.4%
	Green = leading YTD. Q1 = Leaders in asset class YTD in Q1.						AVE 1,3,Y	1 MO	3 MO	YTD	3 YR	5 YR	10 YR

(A) Active better than passive index ETF, (P) Passive index ETF better than active fund. (3-Mo and YTD) ADV=Advisor Class Only. ESG - Environmental, Social and Governance impact.
Q1= Leadership year-to-date in the first quarter, somewhat predictable of the years performance.
Advisors have access to lower minimum fund classes like the Vanguard Admiral share class and institutional funds with lower internal fees.

FUND CHANGES

A fund name shaded in green indicates the fund is currently a market leader (1-mo, 3-mo, and YTD performance).
Performance data is from morningstar.com.

Major sector rotation periods can cause top rated/top perfoming active managed mutual funds in your portfolio to underperform.
Don't expect your active manager to change their strategy quickly to save you. Index funds may not perform as well in some periods but can be better balanced to do ok in all periods.

Mutual Fund Coverage List
(Page 2)

									TRAILING TOTAL RETURNS				
	FUND NAME	PEf	SYMB	ASSET CLASS	TAXABLE/IRA MINIMUM	TRANS FEE	AVE 1,3,Y	1 MO	3 MO	YTD	3 YR	5 YR	10 YR
	SECTORS T=PA, F=AA, H=AA (3 MO, YTD)												
Best	Fidelity Select Tech ESG (AAPL 25%, MSFT 17%, NVDA 6%, MC 6%) Q1	30	FSPTX	LCG, TECH 88%	$2500/$2500	TF 24	26.0%	5.2%	12.9%	59.8%	7.5%	25.2%	18.7%
Good	Blackrock Technology Opportunities NL (AAPL 10%,MSFT 7%,V/MS 6%,TSLA 4%) (10)	31	BGSAX	LCG, TECH 72%, FIN 10%	$100/$100		23.5%	4.6%	16.9%	49.1%	-2.6%	19.9%	17.3%
	Vanguard Information Technology ETF (AAPL 23%, MSFT 17%, NVDA 4%, V/MC 6%)	26	VGT	LCG, TECH 90%, EW=RYT	NA		24.8%	4.9%	16.9%	52.7%	11.9%	24.9%	19.7%
Good	T Rowe Price Financial (Bank, Investment, Insurance)	9	PRISX	LCV, MCV	$100/$100		13.7%	9.1%	16.9%	15.0%	12.7%	14.2%	10.2%
Ok	Fidelity Select Insurance (Pricing power, rising rates+) Q1	12	FSPCX	LCV, MCV	$2500/$2500	TF 24	7.8%	1.9%	8.6%	13.0%	17.0%	15.6%	10.9%
Best	Baron FinTech. (LPL 6%, V 5%, MC 5%, INTU 5%, SPGI 4%, ACN 4%) Q1	25	BFIIX	TECH 45%, FINTEC 45%	$1000/$500	TF 24	15.4%	5.0%	13.9%	27.3%	-0.4%		
	Vanguard Financials ETF (BH 8%,JPM 8%,BOA 6%,WF 4%, GS 5%, SPGI 3%)	12	VFH	LCV, MCV	NA		12.2%	6.8%	15.5%	14.2%	10.6%	11.8%	9.9%
Ok	Fidelity Select Healthcare ESG (UNH 12%,ELI 6%,DHR 6%,TMO 5%) Q1	23	FSPHX	LCB,MCG	$2500/$2500	TF 24	7.5%	10.1%	8.2%	4.1%	0.5%	10.9%	10.9%
Ok	T Rowe Price Health Sciences ESG (UNH 10%,TMO 6%,ELI 5%,DHR 4%)	21	PRHSX	LCB,MCG	$100/$100		6.2%	7.8%	7.9%	3.1%	0.9%	11.8%	11.6%
Ok	Fidelity Select HC Services ESG (UNH 26, Hum 9, Cig 8,CVS 5,ABC 4%)	15	FSHCX	LCB,LCV (Insurance, Services)	$2500/$2500	TF 24	4.3%	5.3%	6.0%	1.5%	7.5%	12.0%	12.5%
	Vanguard Health ETF (UNH 9%,J&J 8%,ELI 5%, PFIZ 5%,ADD 5%,TMO 4%,DHR 4%)	17	VHT	LCB (More Pharma)	NA		5.0%	5.5%	7.0%	2.5%	5.3%	11.0%	11.0%
	SPDR S&P 500 ETF Market Cap Weight	20	SPY	LCG, LCV	NA		14.1%	4.6%	11.6%	26.2%	10.0%	15.6%	11.9%
	GLOBAL BONDS AA (Bond Yield to Maturity updated Dec 2022)												
	Fidelity New Markets Inc. (Y=5.0%,D=6yr,Q=BB) 0.82% fee		FNMIX	GOV, CORP	$2500/$2500	TF 24	9.9%	4.5%	11.6%	13.6%	-1.7%	2.0%	3.0%
	Vanguard Total International Bond Index ETF		BDNX	GOV	NA		6.2%	3.2%	6.6%	8.8%	-2.5%	0.9%	2.4%
	HIGH YIELD BONDS, BANK LOANS PP												
Ok	Vanguard HY Corporate ADM (Y=7.6%,D=4.1yr,Q=BB) 0.13% fee (0)		VWEAX	CORP, CASH 5%, GOV 5%	$3000/$3000	TF 45	7.5%	3.4%	7.3%	11.7%	1.8%	5.2%	4.4%
Good	Brandywine Global Corporate Credit (Y=6.0%,D=2.7yr,Q=B), 0.6% fee		BCGIX	CORP, CASH 10%	$2500/$2500		7.9%	3.3%	6.7%	13.6%	2.8%	6.2%	5.5%
Ok	Fidelity Floating Rate High Inc. (Y=5.6%,D=0.2yr,Q=B+) 0.68% fee		FFRHX	CORP, CASH 5%	$2500/$500	TF 24	5.1%	1.1%	2.2%	11.9%	5.6%	5.5%	4.0%
	SPDR Barclays Capital HY Bond ETF		JNK	HYB, CORP	NA		7.6%	3.4%	7.2%	12.4%	0.9%	4.4%	3.2%
	BOND ALTERNATIVES PP												
Ok	Merger Fund INV 1.5% fee (MERIX Fund INST 1.3% fee)		MERFX	ALT,ARB,AGG BD, Cash 25%	$2000/$2000		2.3%	1.0%	1.8%	4.2%	1.5%	3.1%	2.9%
	INTERMEDIATE TERM BONDS AA												
Best	Vanguard IT IG Bond ADM (Y=5.8%,D=6.3yr,Q=A-) 0.10% fee		VFIDX	CORP, MBS, GOV	$3000/$3000	TF 45	6.8%	3.7%	8.2%	8.6%	-2.5%	2.5%	2.8%
Good	Baird Core Plus Bond (Y=3.5%, D=6.0yr, Q=A+) 0.3% fee (BCOSX 0.55%)		BCOIX	CORP, MBS, GOV	$100/$100	TF 24	5.9%	3.6%	7.1%	6.9%	-2.6%	2.0%	2.6%
	Vanguard Intermediate-Term Bond ETF		BIV	GOV, CORP	NA		5.5%	3.7%	6.9%	6.1%	-3.5%	1.7%	2.3%
	SHORT TERM BONDS AA												
	Vanguard ST IG Bond ADM (Y=5.8%,D=2.7yr,Q=A-) 0.10% fee		VFSUX	CORP 75%, GOV 15%, MBS	$3000/$3000	TF 45	3.9%	1.7%	4.0%	6.2%	-0.1%	2.1%	2.0%
	Vanguard ST Corp Bond ETF (Y=5.8%,D=2.7yr,Q=A-) 0.10 fee		VCSH	CORP 99%	NA		4.1%	1.8%	4.2%	6.2%	-0.1%	2.3%	2.0%
	Baird Short-Term Bond INST (Y=2.8%,D=1.9yr,Q=A+) 0.30 fee (BSBSX 0.55%)		BSBIX	CORP 55%, GOV 30%, MBS	$100/$100 TF	TF 24	3.3%	1.3%	3.0%	5.7%	0.5%	2.1%	1.8%
	T. Rowe Price Ultra-Short Bond (Y=3.2%,D=0.5yr,Q=A) 0.30% fee		TRBUX	CORP 55%, MBS, CASH 26%	$1000/$500		3.1%	0.8%	2.0%	6.5%	1.9%	2.5%	1.9%
	Schwab Government Money Fund - INV (Y=4.8%, Dur 19 day) (SCH. Web)		SNVXX	MM	$0/$0		2.1%	0.4%	1.2%	4.8%	2.0%	1.7%	
	Bond Fund Mix in PDM Portfolios (Average HY,BL,MER,ITB,STB)						5.1%	2.2%	4.7%	8.5%	1.3%	3.7%	3.2%
	TARGET BASED ASSET ALLOCATION FUNDS			Updated 1/2022									
	T. Rowe Price Retirement 2035 (Moderate-Aggressive)	16	TRRJX	80% Equities/20% Bonds	$2,500/$2,500		11.0%	5.2%	9.9%	18.1%	3.9%	10.2%	7.6%
	American Funds 2040 Target Date (Moderate-Aggressive)	16	FBGTX	80% Equities/20% Bonds	$250/$250		12.0%	5.5%	11.2%	19.2%	4.9%	11.2%	
	Fidelity Asset Manager 85% (Moderate-Aggressive)	17	FAMRX	85% Equities/15% Bonds	$2,500/$2,500	TF 24	11.7%	5.3%	10.9%	19.0%	4.5%	11.5%	8.0%
	T. Rowe Price Retirement 2030 (Moderate)	16	TRRCX	65% Equities/35% Bonds	$2,500/$2,500		10.1%	4.8%	9.3%	16.3%	3.3%	9.4%	7.2%
	American Funds 2035 Target Date (Moderate)	16	FBFTX	70% Equities/30% Bonds	$250/$250		10.8%	5.1%	10.5%	16.8%	4.3%	10.4%	
	Fidelity Asset Manager 70% (Moderate) Main Benchmark	17	FASGX	70% Equities/30% Bonds	$2,500/$2,500	TF 24	10.4%	4.9%	9.9%	16.5%	3.5%	9.8%	7.0%
	T. Rowe Price Retirement 2020 (Conservative)	16	TRRBX	50% Equities/50% Bonds	$2,500/$2,500		8.6%	4.2%	8.1%	13.5%	2.4%	7.7%	6.1%
	American Funds 2030 Target Date (Moderate-Conservative)	16	FBETX	60% Equities/40% Bonds	$250/$250		9.6%	4.8%	9.7%	14.4%	3.6%	8.9%	
	Fidelity Asset Manager 60% (Moderate-Conservative)	17	FSANX	65% Equities/35% Bonds	$2,500/$2,500	TF 24	9.7%	4.7%	9.5%	14.8%	2.6%	8.6%	6.3%
	VANGUARD NATIONAL TAX EXEMPT BOND FUNDS (Federal tax free) Compare to the non tax-exempt above and consider your tax rate: VWEAX, VFIDX, VFSUX												
	High-Yield Tax-Exempt Adm (Y=4.9%,D=8.9yr,Q=BBB) 0.10% fee		VWALX	MUNICIPAL	$3000/$3000	TF 45	7.0%	3.6%	8.9%	8.4%	-0.2%	2.8%	4.0%
	Long-Term Tax-Exempt Adm (Y=4.4%,D=7.9yr,Q=AA-) 0.10% fee		VWLUX	MUNICIPAL	$3000/$3000	TF 45	6.6%	3.3%	9.0%	7.6%	-0.4%	2.7%	3.6%
	IT-Term Tax-Exempt Adm (Y=4.0%,D=5.1yr,Q=AA-) 0.10% fee		VWIUX	MUNICIPAL	$3000/$3000	TF 45	5.0%	2.4%	6.6%	5.9%	-0.1%	2.3%	2.8%
	Limited-Term Tax-Exempt Adm (Y=3.5%,D=2.6yr,Q=AA-) 0.10% fee		VMLUX	MUNICIPAL	$3000/$3000	TF 45	3.1%	1.3%	3.8%	4.3%	0.6%	1.8%	1.6%
	Short-Term Tax-Exempt Adm (Y=3.1%,D=1.1yr,Q=AA-) 0.10% fee		VWSUX	MUNICIPAL	$3000/$3000	TF 45	2.4%	0.8%	2.5%	4.0%	1.1%	1.6%	1.2%
	Green = leading YTD. Q1 = Leaders in asset class YTD in Q1.						AVE 1,3,M	1 MO	3 MO	YTD	3 YR	5 YR	10 YR

Performance data is from morningstar.com.

Individual Stocks

PDM Stock Portfolio Strategy
Quality Growth Stocks in Strong Industries

- Growth Industry
- Stable and rising revenue and earnings growth
- Positive earnings surprises & rising estimates
- Rising analyst target stock price
- Expanding or steady pretax profit margin
- Expanding or steady return-on-equity
- Strong free cash flow
- Low or falling debt-to-equity ratio
- Positive long-term relative strength

Factors: Quality, Large, Growth and Momentum.

Individual stocks are used for managed portfolios with over $300,000 of assets under management.

Purchase quality companies when the stock price is in the middle or lower end of its PE forward and price-to-cash-flow range and the price is below its target price.

Buy and add to quality companies when they go on sale and reduce exposure when your position gets too large.

Start with 1% positions in each stock and build up to 3% positions. When they appreciate to 4%, trim them down to 3% or 2%.

The best time to add individual stocks to your portfolio is during corrections when they go on sale. As the market recovers, sell mutual funds to rebalance and keep the stocks.

iShares MSCI USA Quality Factor ETF (QUAL)

Quality Large and Mid-Cap Growth Stocks YTD Performance

Our strategy is to buy and hold all the stocks covered. The size of each holding will vary depending on the metrics on the next page. Most of the stocks below are in our Model 1 portfolios with 1% positions. Our high conviction stocks currently have a 3% allocation.

We will sell a stock if the fundamentals deteriorate, and the stock breaks down below a major technical support level.
It will be removed from our coverage list.
We generally will not sell based on valuation.

Nvidia (3) PEG=1.3	+239%
Amazon (7) PEG=2.0	+81%
Adobe (6)	+77%
Intuit (12) (3% allocation)	+61%
Microsoft (5) (3% allocation) PEG=2.4	+58%
Google (12) PEG=1.5	+58%
Apple (12) PEG=2.9	+49%
Average Stock (PDM)	**+40%**
Zoetis (6)	+36%
Accenture (3)	+33%
S&P Global (8)	+33%
Tyler Technologies (9)	+30%
Intercontinental Exchange (2)	+27%
Visa (12) (3% allocation)	+26%
S&P 500 (SPY) PEG=2.0	**+26%**
Stryker (6)	+24%
Arthur Gallagher (1)	+20%
FactSet Research (7)	+20%
Veeva Systems (6)	+19%
Nice Ltd ADR (NICE) (1)	+4%
United Health Group (5) (3% allocation)	+1%
W. R. Berkley (2)	+0%
Jack Henry (12)	-6%
EPAM Systems (9)	-9%

Years covered thru 2023.
Medium P/E-to-growth ratio (PEG) October 2023

Stock Coverage

<u>New coverage</u>

<u>Removed coverage</u>

Per an AAII study, the chance of a great stock idea making money was about 50%. When you purchase a stock, you must monitor it and be ready to sell when the reasons you bought it no longer exist. A stock portfolio must be diversified.

Based on stock portfolios we have seen, if you purchase 4 stocks you would see the following annual results, on average. The portfolio above produced 1.3% return that year and the S&P 500 produced a 5.0% return.

1 outperform expectations	+20%
1 perform at expectations (S&P 500 +5%)	+5%
1 slightly underperform expectations	0%
1 significantly underperform expectations	-20%

Our stock picking strategy does not always produce winners like Cognizant's 5,000% rise in 16 years. If the metrics change, the stock may be sold at a loss. Investing in individual stocks is difficult and most individual stock portfolios will lag the S&P 500 over time.

LCG: Most of the stocks covered.
LCB: ACN, FDS, SPGI, SYK, UNH, ICE
MCG: EPAM, TYL, NICE, VEEV
MCB: JKHY, WRB

Performance data is from morningstar.com.

Individual Stock Coverage List

COMPANY	SYMBOL	SECTOR GROWTH CATALYST	1 FUNDAMENTAL	1 EARNINGS SURPRISES, ESTIMATES, TARGET PRICE DIRECTION	2 VALUATION SCORE	2 FORWARD PE	2 TARGET PRICE / DIRECTION	3 1 YR CHART QUALITY	3 10 YR REL STRENGTH	TOTAL SCORE	OUR RECOMMENDATION	PRICE 12 / 31 / 2023	AVE (1 MO, 3 MO, YTD)	Trailing Total Returns: 1 MO - PERFORMANCE	3 MO - PERFORMANCE	YTD - PERFORMANCE	3YR - PERFORMANCE	5YR - PERFORMANCE	10YR - PERFORMANCE
INFORMATION TECHNOLOGY STOCKS																			
Google/Alphabet	GOOGL	On-Line Advertising (competition), Cloud Computing, Internet search, YouTube, Bard AI, autonomous vehicals. LCG	+	+ + +	+	21	157	+	+	3	Buy	140	23.5%	5.4%	6.8%	58.3%	16.8%	21.7%	11.6%
Apple	AAPL	The iPhone is a must have product and their tablets and computers are the best. Limited competition company. iTunes, iCloud. Continued innovation, brand loyalty, organic growth. Significant share buybacks lift. ESG, LCG	+	+ 0 +	+	29	205	+	+	3	Buy	193	21.0%	1.4%	12.6%	48.9%	13.7%	37.9%	25.9%
Amazon	AMZN	E-Commerce (limited growth), AWS cloud, best logistics, advertising from product search, healthcare and bricks-and-mortar retail. LCG,	+	+ + +	+	40	175	+	+	3	Buy	152	34.8%	4.0%	19.5%	80.9%	-2.3%	15.1%	22.5%
Microsoft	**MSFT**	Microsoft 365 is a must have product with no competition. High recurring revenue. Cloud servers, Office, Windows, Gaming, LinkedIn, Search Advertising, Computer Hardware, Bing AI, Consumer and enterprise AI product enhancements. ESG, LCG	+	+ + +	+	34	412	+	+	3	Buy	376	25.5%	-0.8%	19.3%	58.0%	19.9%	30.7%	26.6%
Intuit	**INTU**	Software, application, taxes, business and finance. ESG, LCG	+	+ + +	0	38	624	+	+	3	Hold	625	31.1%	9.4%	22.5%	61.4%	18.6%	26.5%	23.8%
Adobe	ADBE	Subscription Software and Products, Electronic documents used by graphic designers, photographers, publishers, video produces, animators, digital media and other creative professionals. AI enhanced Creative software applications. ESG, LCG	+	+ + +	+	33	655	+	+	3	Buy	597	30.6%	-2.4%	17.0%	77.3%	6.1%	21.4%	25.9%
EPAM Systems	EPAM	Software, application development, technology, financial services, travel, consumer, media and healthcare. MCG	+	+ 0 +	+	28	280	0	0	2	Hold	297	7.4%	15.2%	16.3%	-9.3%	-6.0%	20.7%	23.9%
Tyler Technologies	TYL	Software, application development, business software for cities, counties, schools and local government. ESG, MCG	+	+ + +	0	47	445	+	+	2	Buy	418	13.4%	2.3%	8.3%	29.7%	-1.4%	17.6%	15.1%
Nice Ltd (ADR Israel)	NICE	Software Applications, AI. Customer Engagement Cloud and on-premises data analytic-based contact and workforce engagement management. Financial Crime and Compliance.	+	+ + 0	+	21	234	0	0	2	Buy	200	8.8%	5.1%	17.4%	3.8%	-11.1%	13.0%	17.3%
Accenture	ACN	IT Consulting, strategy, technology and operations services. Procurement and software system integration. Most industries. CBDC Development. Ireland Company. ESG, LCB	+	+ + +	+	29	371	+	+	3	Buy	351	17.8%	5.3%	14.7%	33.3%	11.6%	21.2%	16.6%
Nvidia	NVDA	Data Centers and Graphics Processors used to train language models used in generative AI, Graphic AI Processors for AI training. AI pure play leader with limited competition, massive chip upgrade coming, gaming, crypto mining and PCs. Autonomous driving. Metaverse. ESG, LCG	+	+ + +	+	25	607	+	+	3	Buy	495	86.2%	5.9%	13.9%	239.0%	56.0%	71.6%	61.9%
Fidelity Select Technology	FSPTX	Technology Fund (Active Managed) LCG	+		0	30		+	+	2	Buy	29	26.0%	5.2%	12.9%	59.8%	7.5%	25.2%	18.7%
Vanguard Technology	VGT	Information Technology Fund ETF, LCG	+		0	26		+	+	2	Buy	484	24.8%	4.9%	16.9%	52.7%	11.9%	24.9%	19.7%
Technology Stock Average													27.3%	4.6%	15.3%	61.9%	11.1%	27.0%	24.6%
FINANCIALS & FINTECH STOCKS																			
Visa	**V**	Payment processing for credit and debit cards. Merchants. Bitcoin Network. ESG, LCG	+	+ + +	+	26	286	+	+	3	Buy	260	13.7%	1.4%	13.4%	26.2%	6.6%	15.2%	17.1%
Jack Henry & Associates	JKHY	Business services and processing systems for small-scale financial institutions. ESG, MCB	+	+ - -	--	32	167	0	0	-2	Hold	163	1.9%	3.0%	8.5%	-5.7%	1.5%	6.4%	11.7%
FactSet Research Systems	FDS	Data analytics for the investment and portfolio management. Data aggregation. ESG, LCB	+	+ + +	+	30	503	+	+	3	Buy	477	11.5%	5.2%	9.3%	19.9%	13.6%	19.8%	16.6%
S&P Global	SPGI	Investment research, analytics, stock and bond ratings and market indices. ESG, LCB	+	+ + +	+	31	464	+	+	3	Buy	441	19.8%	5.9%	20.8%	32.6%	11.1%	21.8%	19.5%
Intercontinental Exchange	ICE	Financial exchanges: NYSE, Euronet, ICE Futures. Mortgage Technology Black Knight. Fixed income and data services. ESG, LCB	+	+ 0 +	+	23	134	+	+	3	Buy	128	19.0%	13.2%	17.1%	26.8%	4.9%	12.4%	11.9%
W. R Berkley	WRB	Commercial casualty insurance and reinsurance. Niche products like workers compensation, transportation, farming, construction and oil and gas. Invest their capital in income investmemnts like bonds. MCB	+	+ 0 +	+	13	75	0	+	3	Buy	71	3.6%	-1.7%	12.4%	0.1%	19.1%	18.4%	15.2%
Arthur Gallagher	AJG	Commercial insurance brokerage, consulting, property/casualty third-party claims settlement and risk management services. High organic and acquisition growth. Invest their capital in income investmemnts like bonds.	+	+ + +	+	22	257	+	+	3	Buy	225	3.2%	-9.7%	-1.1%	20.4%	23.2%	26.1%	17.8%
Fidelity Select Insurance	FSPCX	Financial Fund (Active Managed) LCV	+		+	12		+	+	3	Buy	77	7.8%	1.9%	8.6%	13.0%	17.0%	15.6%	10.9%
T. Rowe Price Financial	PRISX	Financial Fund (Active Managed) MCV	+		+	9		+	+	3	Buy	35	13.7%	9.1%	16.9%	15.0%	12.7%	14.2%	10.2%
Vanguard Financials	VFH	Financial Fund ETF, LCV	+		+	12		+	+	3	Buy	92	12.2%	6.8%	15.5%	14.2%	10.6%	11.8%	9.9%
Financial Stock Average													11.7%	3.9%	13.0%	18.2%	8.2%	15.8%	16.2%
HEALTH CARE STOCKS																			
Stryker	SYK	Medical devices, equipment, instrumentation, implantables (knees, hips) and supplies. Weight-loss drug joint replacement risk. LCB	+	+ + 0	0	25	309	0	+	2	Buy	299	11.6%	1.3%	9.9%	23.7%	7.9%	14.8%	15.6%
UnitedHealth Group	**UNH**	Healthcare Insurance Provider. ESG, LCB	+	+ + +	+	19	585	+	+	3	Buy	526	0.3%	-4.5%	4.8%	0.7%	15.9%	17.4%	22.4%
Veeva Systems	VEEV	Cloud based data software for life sciences, pharmaceuticals and biotech industry. ESG, MCG	+	+ + 0	0	32	209	0	0	1	Hold	193	8.1%	10.5%	-5.4%	19.3%	-10.9%	16.6%	19.6%
Zoetis	ZTS	Medications, vaccines and diagnostics for farm and pet animals. ESG, LCG	+	+ 0 0	0	29	196	+	+	2	Hold	197	20.4%	11.7%	13.7%	35.7%	6.7%	18.8%	20.1%
Fidelity Select HC Services	FSHCX	Healthcare Fund (Active Managed), LCB	0		+	15		+	+	2	Buy	133	4.3%	5.3%	6.0%	1.5%	7.5%	12.0%	12.5%
T. Rowe Price Healthcare	PRHSX	Healthcare Fund (Active Managed), LCG	0		+	21		+	+	2	Buy	88	6.2%	7.8%	7.9%	3.1%	0.9%	11.8%	11.6%
Vanguard Healthcare	VHT	Healthcare ETF, MCB	0		+	17		+	+	2	Buy	251	5.0%	5.5%	7.0%	2.5%	5.3%	11.0%	11.0%
Healthcare Stock Average													10.1%	4.8%	5.7%	19.9%	4.9%	16.9%	19.4%
OTHERS STOCKS																			
SPDR S&P 500 ETF	SPY	S&P 500 Total Return Index	+		0	20		+	+	2	Buy	475	14.1%	4.6%	11.6%	26.2%	10.0%	15.6%	11.9%
2023 Leaders												Ave of covered stocks:	18.8%	4.0%	12.3%	40.0%	10.1%	22.0%	20.8%
												S&P 500 Beat Rate YTD				59%	(13/22)		
												Ave VGT, VFH, VHT, YTD:	14.0%	5.7%	13.1%	23.1%	9.3%	15.9%	13.5%

Performance data is from morningstar.com.

Stock News

Information Technology

Google/Alphabet (GOOGL) – 12/7 Alphabet announced the release of its long-awaited Gemini AI model.

Apple (AAPL) – 12/21 Apple on-line store sales of the latest Apple Watch 9 are on hold until the patent dispute on its oxygen sensor is resolved. Total revenue hit from the watch hold will likely be less-than 2%.

Microsoft (MSFT) – 12/28 Wedbush raised its price target to $450 and maintained its Outperform rating. Strong AI customer checks.

Adobe (ADBE) – 12/13 Reported Q4 earnings of $4.27/share, beating estimates by $.18/share. Revenue rose 12% and earnings rose 19%. The digital media and digital experience segments beat estimates. They reiterated 2024 earnings estimates but slightly lowered revenue expectations. 12/14 Goldman Sachs raised its price target to $640 and maintained its Buy rating. 12/14 Jefferies raised its price target to $700 and maintained its Buy rating.

EPAM Systems (EPAM) – 12/14 EPAM launched its AI powered Open-Source DIAL Platform.

Nice Ltd ADR (NICE) – 12/14 Morgan Stanley raised its price target to $260 and maintained its Overweight rating.

Accenture (ACN) – 12/13 Accenture and Google said they are setting up a joint generative AI 'Center of Excellence' to support app development using the cloud unit's generative artificial intelligence portfolio. 12/19 Reported Q1 earnings of $3.27/share, beating estimates by $.16/share. Revenue rose 3% and earnings rose 6%. They reiterated 2023 earnings estimates. 12/20 Morgan Stanley raised its price target to $369 and maintained its Overweight rating. 12/20 UBS raised its price target to $365 and maintained its Neutral rating.

Nvidia (NVDA) – 12/7 AMD announced its AI Chip rollout that challenges Nvidia.

Financials & Fin Tech

Visa (V) – 12/12 Jefferies raised its price target to $295 and maintained its Buy rating. 12/12 UBS raised its price target to $305 and maintained its Buy rating.

Jack Henry & Associates (JKHY) – 12/6 Bank of America updated to Buy.

FactSet Research Systems (FDS) – 12/19 Reported Q1 earnings of $4.12/share, beating estimates by $.07/share. Revenue rose 7% and earnings rose 3%. They reiterated 2023 earnings estimates. 12/20 Stifel raised its price target to $469 and maintained its Hold rating. 12/20 Goldman Sachs raised its price target to $377 and maintained its Sell rating.

S&P Global (SPGI) – 12/21 RBC raised its price target to $500 and maintained its Outperform rating.

Arthur Gallagher (AJG) – 12/12 Raymond James downgraded to Market Perform. 12/14 RBC raised its price target to $270 and maintained its Outperform rating. 12/15 Keefe Bruyette lowered its price target to $230 and lowered its rating to Underperform.

Company news sources:
Finance.yahoo.com, businesswire.com, zacks.com, marketwatch.com, dowjones.com, Y-Charts Morningstar.com and company websites.

Stock News

Health Care

Stryker (SYK) – 12/4 Morgan Stanley raised its price target to $320 and maintained its Equal Weight rating. 12/22 Truist raised its price target to $320 and maintained its Hold rating.

United Health Group (UNH) – 12/18 HSBC lowered its price target to $480 and reduced its rating to Hold.

Veeva Systems (VEEV) – 12/7 Reported Q3 earnings of $1.34/share, beating estimates by $.08/share. Revenue rose 12% and earnings rose 18%. They reiterated Q4 earnings estimates and raises 2023 estimates. 12/7 Barclays lowered its price target to $213 and maintained its Overweight rating. 12/7 Goldman Sachs raised its price target to $219 and maintained its Buy rating. 12/8 KeyBanc lowered its price target to $210 and maintained its Overweight rating.

Company news sources:
Finance.yahoo.com, businesswire.com, zacks.com, marketwatch.com, dowjones.com, Y-Charts Morningstar.com and company websites.

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Financial Plan Development & Support

Financial Plan (Income, Spending, Saving, Debt and Investing)
Projections to Goals and Retirement Income Cash Flow

Portfolio Design & Management

Identify Goals and Risk Tolerance
Asset Allocation and Equity Selection
Portfolio Design, Implementation and Management
Portfolio Performance and Analysis

Code of Ethics

PDM Investment Services, LLC is a Registered Investment Advisor with the Exchange Commission of the State of Michigan. For our complete brochure see our Firm Brochure Form ADV 2. All clients receive a copy of our ADV2 annually. Additional information about PDM Investment Services, LLC or Philip Michalek is available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for PDM Investment Services is 155217.

Service to Other Clients

PDM Investment Services purchases recommended securities for themselves and client portfolios. PDM Investment Services has discretionary managed accounts that may buy or sell the same securities listed in our newsletter before or after they are recommended. Managed accounts own many, but not necessarily all, recommended securities depending on the size of their account, goals, and risk level.

Performance and Risk

PDM Investment Services does not in any way guarantee the portfolio from loss, nor guarantee any minimum investment performance for client portfolios. Investing in securities involves risk of loss that clients should be prepared to bear. PDM Investment Services shall be responsible only for the satisfactory performance of all duties expressly assumed. Past performance is no assurance of future results. All investments involve individual security risk and market risk. Recommendations and advice are given with the understanding that the client assumes all risks involved. Always consider investment objectives and risk before investing. Investing in individual stocks carries more risk than diversified mutual funds. It is not recommended to invest more than 3% of a portfolio into an individual stock.

Errors and Omission

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Information Sources & Forward-Looking Statements

All market, mutual fund and index performance data presented in the newsletter is available at www.morningstar.com. Forward-looking statements are our opinion derived from many different research sources. Other information sources are disclosed in the content of the article.

For our complete disclosure brochure including performance calculations see our website or contact us for a copy.