

DECEMBER 2023

THE MERRITT POINT MINUTE

GUIDING CLIENTS THROUGH THE COMPLEXITIES OF WEALTH MANAGEMENT



HAPPY HOLIDAYS FROM OUR TEAM AT MERRITT POINT WEALTH ADVISORS!



UPCOMING NYSE HOLIDAYS

*Please be advised that our offices will be closed in observance of the following market holidays:

CHRISTMAS DAY
Monday, December 25th

NEW YEARS DAY
Monday, January 1st

MARTIN LUTHER KING, JR. DAY
Monday, January 16th

PRESIDENTS DAY
Monday, February 20th

IN THIS ISSUE:

HAPPY HOLIDAYS!
PAGE 1

UPCOMING NYSE HOLIDAYS
PAGE 1

TEAM ANNIVERSARIES
PAGE 2

ECONOMIC COMMENTARY
PAGE 2-3

TEAM BIRTHDAYS
PAGE 3

MERRITT POINT
INVESTMENT TEAM UPDATE
PAGE 3-4

JUST MARRIED!
PAGE 4

AWARDS & RECOGNITION
PAGE 4

OUTSIDE OF THE OFFICE
PAGE 5

A MESSAGE FROM OUR CEO
PAGE 5

PAGE 01

TEAM ANNIVERSARIES

Celebrating anniversaries this upcoming quarter are:



Jason S. Andrews, CRPC®
Founder, CEO
5 Years



Ross Bauer
Founder, COO
5 Years



Beth Cutler
Founder, President
5 Years



Dee Lawrence
Vice President
3 Years



Lawrence Baker
Senior Vice President
2 Years



Ted Youngling
First Vice President - Investments
1 Year

PAGE 02

Economic Commentary

In mid-December the US Bureau of Labor Statistics and Federal Reserve delivered back-to-back gifts to the economy and major US indices. December's report showed relatively cool November inflation figures; evidence the Fed's meteoric rate rise is having its intended effect. Headline and core inflation clocked in at 4.0% and 3.1% respectively, giving Fed Chair Jerome Powell sufficient leeway to leave rates unchanged for the third time in a row and take on more "dovish" language in his speech. Although he inserted a brief warning that future rate hikes are not off the table if warranted, Powell's language and actions signaled we have likely reached peak interest rates for the foreseeable future. The economic zeitgeist now shifts away from the question of "how high?" and directs its gaze towards the long awaited (and long prematurely invoked) question of "when's the first rate cut?".

Experts expect this coming year and Fed Governor's median expectation is for three .25% rate cuts in 2024. Based on pricing action, equity markets are anticipating six, representing an important discrepancy. If you've ever researched an electric or hybrid vehicle, you'll notice manufactures often quote battery charging times as "X number of minutes to reach 80% charge": but why not 100%? It's because as batteries near full capacity, they charge slower. That last 20% may take almost as long as the first 80%. The ongoing fight against inflation may resemble this less than linear path, and as cited in last quarter's commentary, some of the easier wins are behind us. Given Powell's steadfast adherence to remediating inflation, and the market's overly optimistic track record, I'd lean towards the Fed governors estimates. Especially as expectations of easing may further bolster strong economic growth and labor demand, potentially reigniting the embers of inflation.

The hair splitting of how many cuts notwithstanding, falling interest rates provide a useful tailwind to both equity and bond prices in the short run. After two long years of incessant inflation debating, it's fair to say we are mostly over the crest. Rate cuts typically precede recessions however, so Powell's next balancing act is finishing off inflation without entirely disrupting prudent economic growth.

Consumer spending and corporate earnings will likely see some fluctuations over the next couple of years, and along with them financial markets, so this is by no means a victory celebration. Prudent diversification and a tactical stance will be important now more than ever, but a “soft landing” is certainly still on the table. I look forward to providing further commentary next year, hopefully less hyper fixated on CPI figures.



ROB SCHAEFER, CFP®
SENIOR WEALTH PLANNING STRATEGIST

Merritt Point Investment Team Update

If you had told me that the Federal Reserve would have hiked 11 times and the S&P 500 would have rallied quite significantly off of that I probably wouldn't have believed you. However, as the resilience of the US economy throughout this rate hike cycle has been tremendous to many people's surprise. Despite broader economic strength, there are signals that we are entering a more stressful part of the business cycle. New home purchases are at levels that we haven't seen for decades due to interest rates, consumers are racking up record levels of credit card debt, and the bond market has priced in as many as four rate cuts for 2024. These are all indicators that financial markets will experience additional stress as consumers and corporations alike adjust to a non-zero rate policy. As a practice, we have really focused on quality when we are investing in both equity and bond markets. With credit spreads being relatively narrow, there hasn't been much to gain by being overweight high yield.

TEAM BIRTHDAYS



Kate Welch
Senior Associate
December 30th



Michael A. Salimbene
Director, Partner
Wealth Advisor - Senior PIM Portfolio
Manager
January 2nd



Samantha Belport
Senior Associate
January 3rd



Anthony D'Ambrosio
Director, Partner
Wealth Advisor - Senior PIM Portfolio
Manager
January 13th



Ingrid Dikmen
Senior Vice President - Investments
Senior PIM Portfolio Manager
February 25th

AWARDS & RECOGNITION



In December, Beth Cutler was one of four panelists on the Opening Keynote Panel- Private Wealth Perspectives: Creating the Optimal Multi- Asset Portfolio for Your Investors in 2024 at the industry conference ALTS MIA. This event was attended by 450 market participants and was organized by CFA Society Miami, CFA Society South Florida, CAIA Association, Miami Finance Forum and Markets Group.

Congratulations to our associate, Olivia, on becoming Series 66 registered!



Olivia Negri
Associate
1 Year

Therefore, as we anticipate corporate refinancing to be a prominent conversation in 2024 & 2025 and we believe higher credit quality and further up the capital structure will be attractive. The same philosophy applies to equities where high free cash flow and low debt have been our focus. However, since we anticipate that economic activity may be slowing in 2024, we have been cautious adding to cyclical elements of the market. We are optimistic that this is just a normal part of the business cycle and not a period of prolonged or severe economic decline. As the Federal Reserve begins to cut and normalize interest rates, we believe that we could enter a new period of economic optimism. Our outlook is positive although measured in being aware of potential risks as well as opportunities.

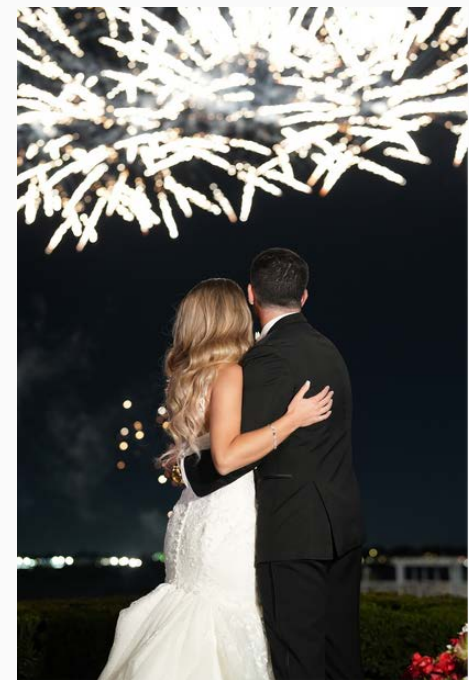


MAX GOLDFARB
SENIOR PORTFOLIO ASSOCIATE

Just Married!



On September 16th, Michelle Zanzano married her husband Vincent in the Bronx, NY. From all of us here at Merritt Point, we would like to congratulate Michelle and Vincent and wish them a lifetime of happiness together.



A Message From Our CEO

Dear Clients,

As we approach the close of this year, I wanted to take a moment to express my gratitude for your continued trust in Merritt Point Wealth Advisors.

2023 has been marked by resilience, adaptability, and a collective pursuit of financial objectives. Your confidence in Merritt Point has fueled our commitment to delivering excellence and innovation in the financial services we provide. Together, we've navigated market dynamics, capitalized on opportunities, and achieved commendable results.

As we approach the festive season and the dawn of a new year, I want to extend my warmest wishes to you and your loved ones. May this holiday season bring you joy, peace, and moments of reflection on the achievements and milestones we've reached together. Our journey is a testament to the strength of our partnership, and I am optimistic about the opportunities that lie ahead.

Looking forward, Merritt Point remains steadfast in its commitment to providing exceptional service, innovative solutions, and personalized guidance tailored to your financial objectives. Your continued trust is our most cherished asset, and we are excited about the possibilities that the coming year holds for us as a collaborative force.

Thank you for being an integral part of the Merritt Point family. May the holiday season be filled with joy, and may the New Year bring prosperity, good health, and further success.



JASON S. ANDREWS, CRPC®
FOUNDER, CEO

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OUTSIDE OF THE OFFICE



This holiday season, our team at Merritt Point Wealth Advisors collected donations for the Food Bank of Lower Fairfield County.

Upon our drop off at the food bank, our donations weighed in at 147 pounds! Sending a special thank you to all of our team members for their generous donations and constant support!

DID YOU KNOW?

Year-end is an important time to review your retirement accounts and maximize contributions to accounts such as IRAs.