



2023 Annual Letter to Clients

January 25, 2024



To the Clients of Graham Wealth Management,

I have the responsibility and job of managing the investments of yours and other individuals and organizations. I am grateful for your enduring trust, which is forefront in my mind as I write this letter.

I want to start by thanking you and offering you my deep appreciation for making 2023 a remarkable year for Graham Wealth Management (GWM). In 2023, GWM's first full fiscal year, we increased our assets under management by 315% and now manage accounts for 25 unique clients with an average age of 32 in six different states, from Pennsylvania in the north; south to Florida, and as far west as Colorado.

Without your help, we would not be able to achieve what we have and continue growing to help more people achieve their financial goals. I am beyond thankful for everyone who has been a part of this journey and look forward to what the future holds for all of us.

2023 in Review

The past year unfolded with unexpected twists, presenting challenges that tested the resilience of financial markets globally. Still, we successfully steered through the turbulence such as the collapse of significant banks and ongoing geopolitical conflicts.

Some of the outperforming sectors were artificial intelligence, cloud computing, and semiconductors. This is a large concentration toward tech and created top heavy indexes. This is something we remain cautious about and are balancing our exposure accordingly. To maintain an appropriate risk level, we are monitoring exposure, so clients are not overexposed to concentrated industries.

Some notable and discounted laggards of the year were healthcare, communications, and US small cap stocks. We have been strategically allocating client assets toward these sectors. These provide great opportunities for the patient investor and offer attractive dividend yields at their current valuations. We will continue monitoring for heavily discounted assets and pounce when the opportunity is ripe.

Amid the Russo-Ukraine war, the Gaza-Israel conflict, inflation, and fluctuating interest rates, we witnessed remarkable economic management by the Federal Reserve. Under Fed Chair Jerome Powell, inflation, which peaked at 9.1% in 2022, was brought down to 3.4% in December 2023. This was achieved through strategic interest rate adjustments, all while maintaining a delicate balance as unemployment remained below 4%.

We guided our clients through 2023 with a thoughtful asset allocation strategy, adopting a balanced posture by remaining neutral on equities and fixed income while favoring US Treasury bills. This approach mitigated portfolio volatility, allowing clients to benefit from 5% interest

Treasuries while positioning them to allocate funds towards discounted assets, such as communications, healthcare, and various small cap stocks.

The success of this approach is evident, and we are pleased with the positioning of our clients as we step into the new year.

2023 Financial Education Contributions

At Graham Wealth Management, our unwavering commitment to client education ensures that you are not only well-served but also well-informed throughout our partnership. In this commitment, we authored numerous informative articles last year through our [blog](#)—*Where knowledge and action meet*—designed to enhance your understanding of key financial concepts, insights, and strategies. Examples include:

- [AI's Role in Shaping Our Tomorrow: A Look Ahead](#)
- [Masters of the Market: Iconic Investors Who Inspire](#)
- [Navigating the Costs of Senior Care: Tips for Preparing for Long-Term Care](#)
- [Preparing for the Tax Cuts and Jobs Act Sunset at the End of 2025](#)
- [The Impact of SECURE 2.0 in 2024 and Beyond](#)

In addition to our [website](#), we established a vibrant online community across various social media channels. We are committed to regularly sharing insightful content and updates, showcasing the extensive efforts and resources we dedicate to keeping you informed and engaged. We warmly invite you to join our social media platforms and share our content with your networks to enhance our community's reach and impact.

- [Facebook](#)
- [LinkedIn](#)
- [X \(formerly Twitter\)](#)
- [The Falcon's Nest \(YouTube\)](#)

Our video "[You Are Our Priority](#)" attracted nearly 28,000 views. Other video examples include:

- [SoFi is Building a Disruptive Apple-Like Financial Ecosystem](#)
- [Long-Term Disability Insurance: How it Works](#)
- [Your Personal Strategist for Retirement Income Success](#)
- [History of OpenAI ChatGPT - The Future of Artificial Intelligence](#)
- [Optimizing Your Finances: Deep Dive into the Financial Advisor Role](#)

2023 Philanthropic Impacts

At Graham Wealth Management, we hold several causes close to our hearts and are passionate about. As you may have seen the tab "[In the Community](#)" on our website, the two organizations we donate to and support are Little League USA and One Tree Planted.

I am deeply involved in local Little League. I devote many hours during the spring and summer maintaining local fields, attending meetings, umpiring, and running camps. I grew up playing LL baseball, my sister playing LL softball, and my father coaching our teams. Little League is in the Graham family blood and many of our clients.

For 2023, Graham Wealth Management donated over a hundred hours and \$250 to Little League USA to help provide valuable opportunities for the next generation and make lifelong memories.

Our giving and donations did not stop there. The Graham family has strong roots among the mountains of Appalachia and Florida's Gulf Coast. Going back to my fifth-great grandfather to the present, we have been investing in and caring for the beautiful and natural landscapes of our communities for generations. And this continues to be true for us at GWM.

Indeed, our commitment to environmental sustainability is an homage to my grandfather's affinity for forestry and conservation, echoing his advice to "plant your acorns today." In the past year, GWM partnered with One Tree Planted to help plant 250 hardwood trees throughout Florida and Appalachia.

"From little acorns, mighty oaks grow" — English Proverb

"A society grows great when the old plant trees in whose shade they shall never sit." — Greek Proverb.

GWM holds these quotes close to its heart and strives to execute on making the world a better place for future generations. By contributing, giving, and donating to Little League USA and One Tree Planted, we are investing in future generations for greater opportunities, socially, environmentally, and economically.

As we continue growing and moving forward, we aim to increase our impact in communities close to our clients and GWM's values. Together, through our initiatives, we will continue helping ensure everyone has a chance for a happy, healthy, and wealthy life in all aspects.

2024 Outlook

Looking ahead, we anticipate more opportunities arising in the coming year. The Federal Reserve is expected to initiate interest rate cuts, an election year unfolds, and key economic indicators will continue to shape the landscape. Volatility in oil prices is anticipated due to ongoing geopolitical conflicts and future economic data reports. We anticipate more drama in the housing market as more homes are built, interest rates fluctuate, and supply changes due to buying and selling.

As the conflicts in Ukraine and the Middle East continue evolving, there will likely be continued volatility in the energy markets. We anticipate continued fluctuation in natural gas and oil, which can greatly impact shipping and production costs.

We are on the cusp of another historical presidential election, and this will certainly bring unease and concern to financial markets and investors. We will maintain a balanced approach and position for our clients to help weather the political uncertainties.

We anticipate continued interest rate changes and 10-year Treasury volatility. This will continue having ripple effects throughout the economy in terms of mortgages, auto loans, corporate debt, government spending, derivative markets, and more. Therefore, interest rates and economic data will be what we pay most attention to this year to help navigate GWM clients in the most efficient manner possible.

At GWM, we do not try to predict with great detail what will happen. Unless you can find us a crystal ball that is in working order, none of us can predict the future with accuracy. We can only position ourselves advantageously to be adaptive and flexible to a dynamic and unpredictable financial landscape.

In preparation for the uncertainties of the upcoming year, our strategic focus revolves around effectively serving clients. We aim to achieve this by maintaining a balanced posture and actively pursuing discounted opportunities. With a heightened awareness of anticipated volatility, our unwavering commitment is to preserve and compound our clients' hard-earned capital wealth with meticulous care.

Recognizing the likelihood of ongoing fluctuations in both upward and downward directions, we have embraced a cautiously optimistic and balanced approach. This strategy is carefully crafted to position us strategically for what may lie beyond the horizon. It enables us to actively participate in market upswings while simultaneously safeguarding against potential downside risks.

Lessons from Investment Legends

As steward of your hard-earned capital, my duty is to navigate economic and financial uncertainties with precision. To enhance our partnership, I aim to familiarize you with my strategies and philosophies in wealth management and investing. Understanding each other's perspectives fosters trust and confidence in our ability to navigate through economic uncertainty and achieve your financial goals.

Adhering to Warren Buffett's timeless rules—*“Rule number one, don't lose money. Rule number two... Don't forget rule number one”*—is paramount. Particularly as clients approach retirement, protecting wealth becomes imperative, especially in times of economic, political, and international uncertainty. That doesn't mean there won't be downturns; the markets naturally fluctuate, rising and falling much like the sun.

Through years of acquiring knowledge and wisdom from the investing greats, industry experts, mentors, higher education, and numerous investing greybeards, I invest client assets by applying my thoughtful investment philosophy to help maximize risk-adjusted returns for our clients.

I am a firm believer of contrarian investing. Foremost, this investment philosophy requires patience. Here at GWM, we walk the road less traveled, just as the great investors like Warren Buffett, Charlie Munger, Peter Lynch, Howard Marks, and many others have.

The brilliance behind their approaches is the simplicity of it. Don't lose money and operate with a margin of safety to protect yourself from downside risk. When it comes to investing client assets, our greatest priority is to protect you from downside risk. We aim to protect your hard-earned assets and ensure they are there for you at retirement.

Only after we have sufficient downside protection, hedging, or margin of safety do we go on the offensive. When shifting to offense, we go against the grain of typical investing philosophies. We do not chase crowded trades; we tune out the noise, focus on strong fundamentals, and consider behavioral investing patterns. We are not traders; we encourage our clients to think of themselves as investors and business owners who capitalize on greatly discounted assets and extreme financial behaviors.

By allocating assets to attractively priced, high-quality assets in an appropriately diversified portfolio, we aim to generate returns that outperform the competing benchmarks with downside protection.

Here at GWM, we aim to protect client assets and only deploy them when we believe there is a great miscalculation of asset prices by Wall Street and irrational traders. Through time, I will help you understand in more depth what the secret recipe to GWM's investment philosophy is. And hopefully as we continue forward planting your financial acorns, together we will grow many mighty oaks in your personal portfolios through your partnership with us as your investment and wealth manager.

Closing Remarks

At Graham Wealth Management, we aim to continue serving our short and reserved client list—personally, deeply, thoughtfully, and attentively.

Our goal is not to grow blindly or for the sake of growing our client base. This would merely cause distraction from deeply serving you and making more impactful differences for our select few clients that want to grow with us.

We strive to continue building a tight, crisp, low-friction, and highly efficient operation that makes lasting generational financial impacts for our valued clients and their loved ones. Maintaining this structure will allow us to remain available, attentive, and focused on your financial and wealth goals.

This is not to say growth is not a priority; it certainly is, and we look forward to growing with you. Our emphasis on growth centers on a dependable and quality referral network of select clients who value our services and refer others to our circle.

Their wealth and amount of dollar signs to their name is not a consideration factor for us. What matters is they are good people who are committed to achieving their own definition of financial success and who are prepared, committed, and ready to make it happen.

Thank you for entrusting Graham Wealth Management with your financial well-being. We are grateful to be welcoming the New Year as partners and look forward to seeing what financial success 2024 has in store for all of us.

With great appreciation,

Connor Graham, MBA, CRPC®
Chief Executive Officer