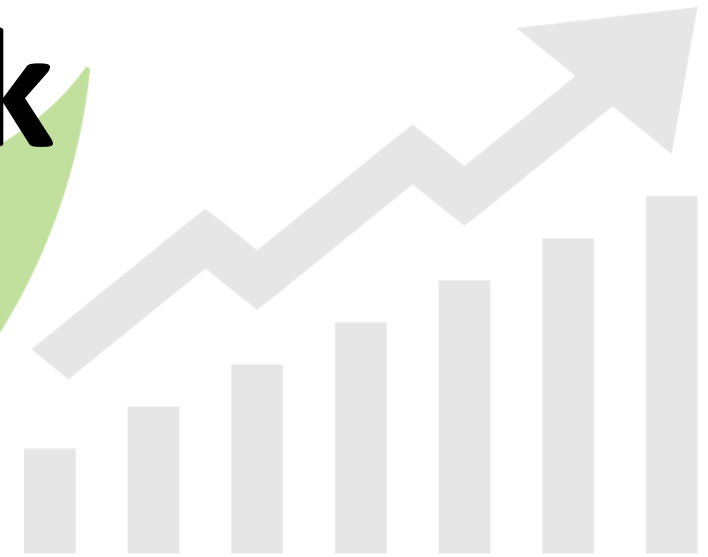




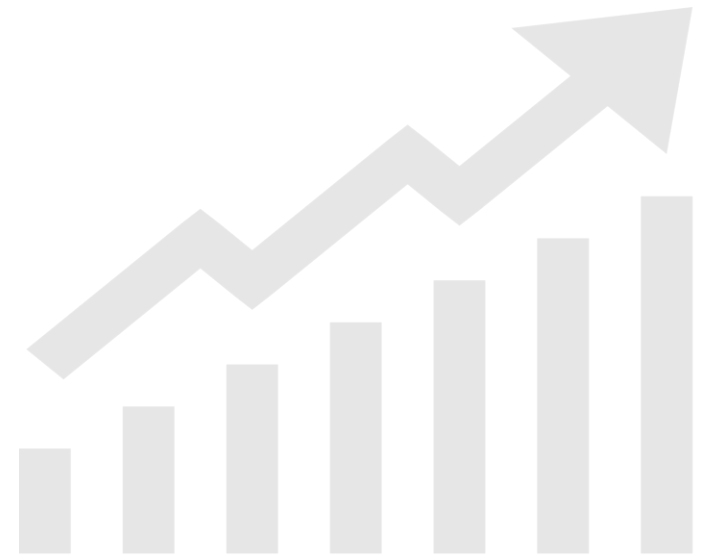
# 3Q - 2024 Market Outlook

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Chief Investment Officer / Partner  
Investment Advisor Representative

**David T. Martin CFP<sup>®</sup>**  
Financial Advisor / Partner



# Economic Update



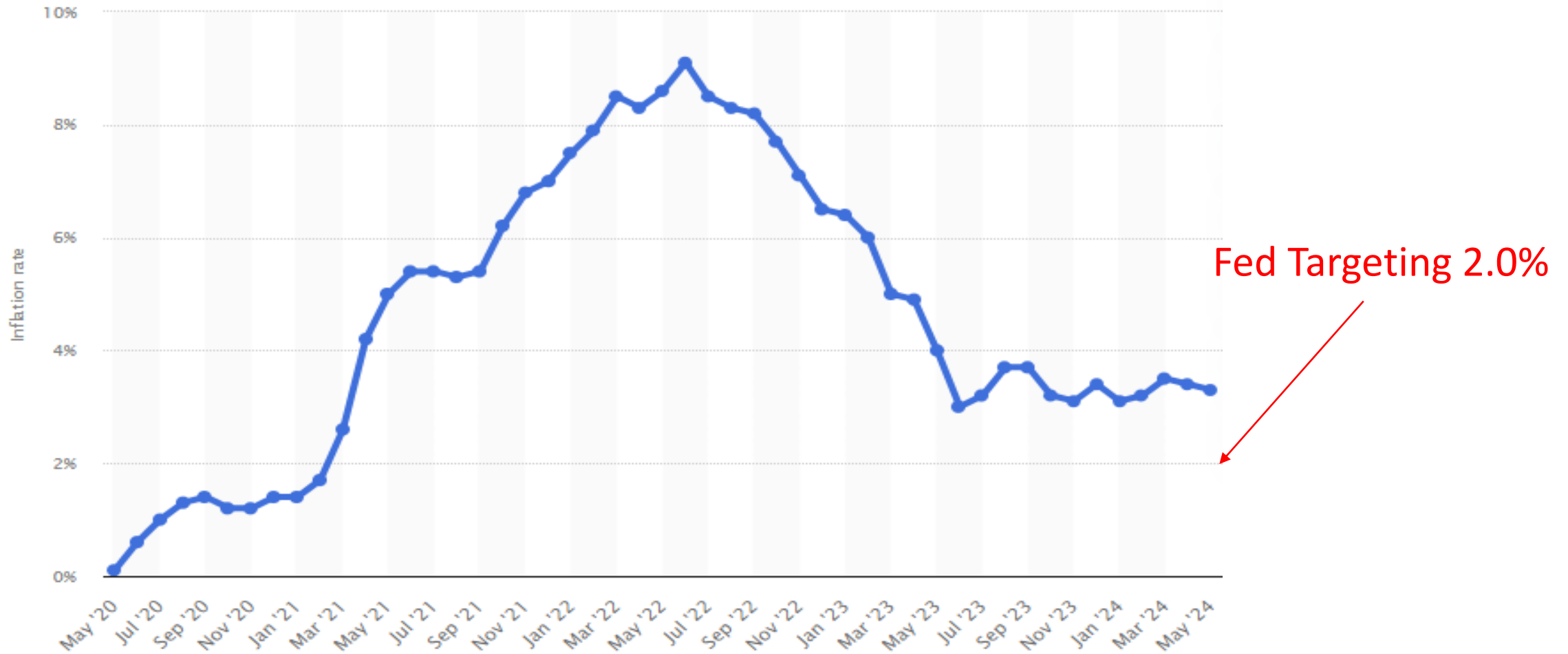
# Stocks Had A Great First Half...But More To Come?

- S&P500 returned ~15% return on the back of more than 30 all-time highs
- Since 1950, whenever finished the first half with at least 20 all-time highs and at least a 10% return, it has, on average, **finished the year with a further 18 all-time highs and an average return of around 5%.**
- Historically, whenever the S&P 500 has been up at least 5 of the first 6 months of the year, it's finished the second half of the year **higher 85% of the time with an average second-half return of around 7%.**
- Since 1950, whenever the S&P 500 has had a double-digit return in the first half of the year, the average return in the second half of the year has been **nearly 8% with a median return closer to 10%.**

Year	First Half All-Time Highs	Second Half All-Time Highs	First Half Return	Second Half Return
1995	44	33	19%	13%
1998	35	12	17%	8%
2021	34	36	14%	11%
1987	33	14	26%	-19%
1955	31	18	14%	11%
2024	31	???	14%	???
1997	30	15	19%	10%
1983	29	1	20%	-2%
1961	27	26	11%	11%
1986	25	6	19%	-3%
1985	24	19	15%	10%
1999	20	15	12%	7%
	<b>Second half averages</b>	<b>18</b>		<b>5%</b>

Source JPMorgan. Note this table only shows years with at least 20 all-time highs and 10% return first six months of the year.

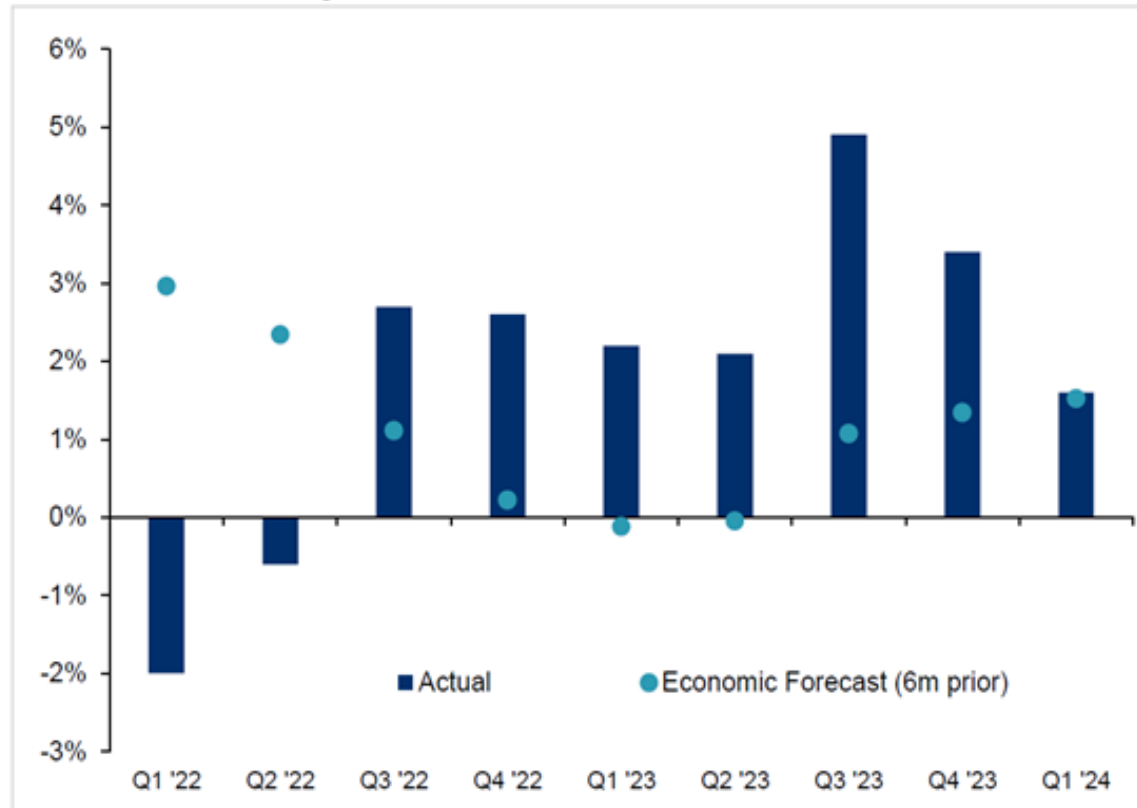
# Inflation Trending Lower...But More Work To Be Done



# GDP – Positive But Trending Lower

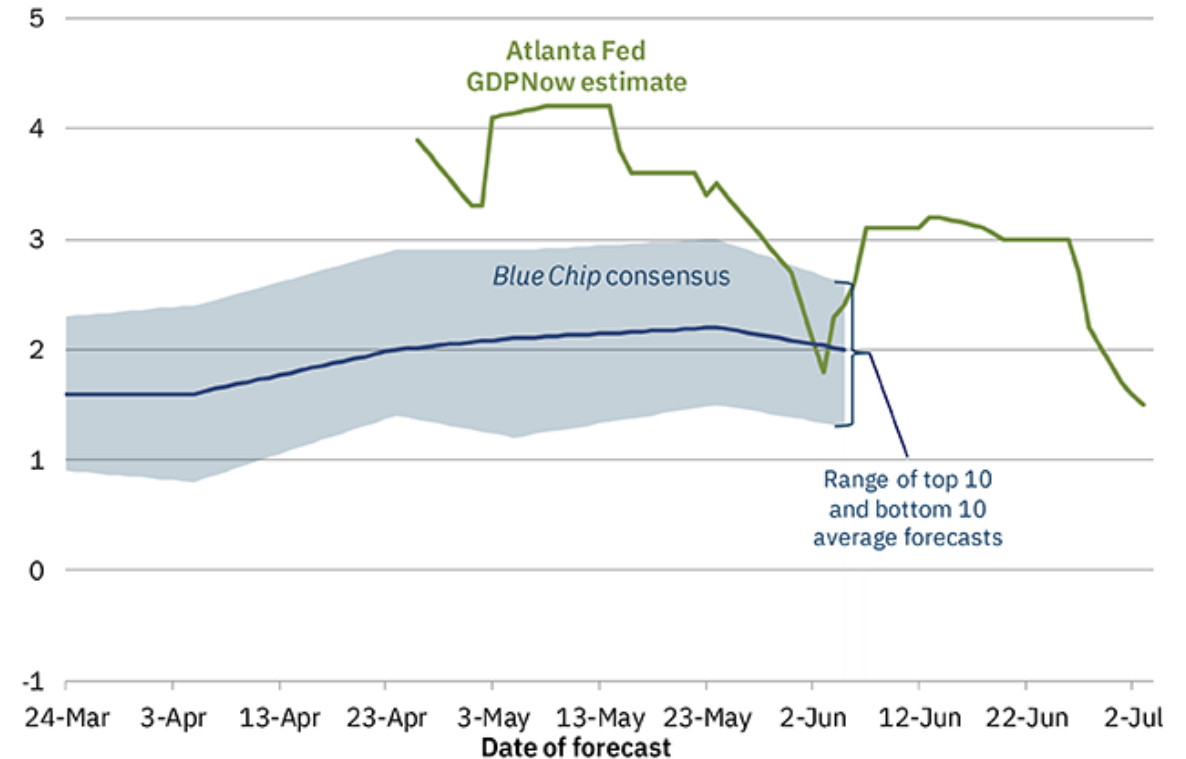
**AFTER UNDERESTIMATING GROWTH FOR 6 QUARTERS, Q1 GDP MET ECONOMIST EXPECTATIONS**

U.S. real GDP annualized growth rate, %



Source: LHS Haver Analytics Data as of May 31, 2024.

**Evolution of Atlanta Fed GDPNow real GDP estimate for 2024: Q2**  
Quarterly percent change (SAAR)

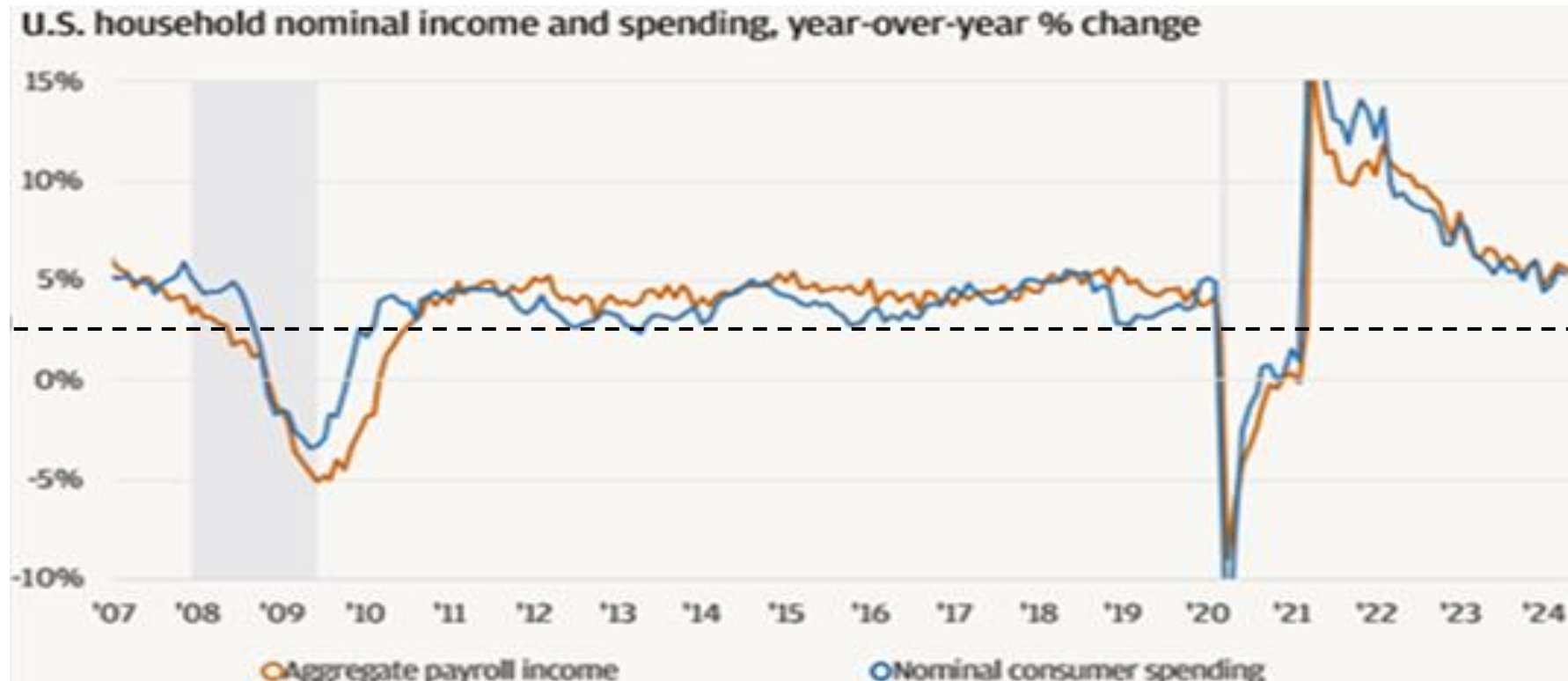


Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

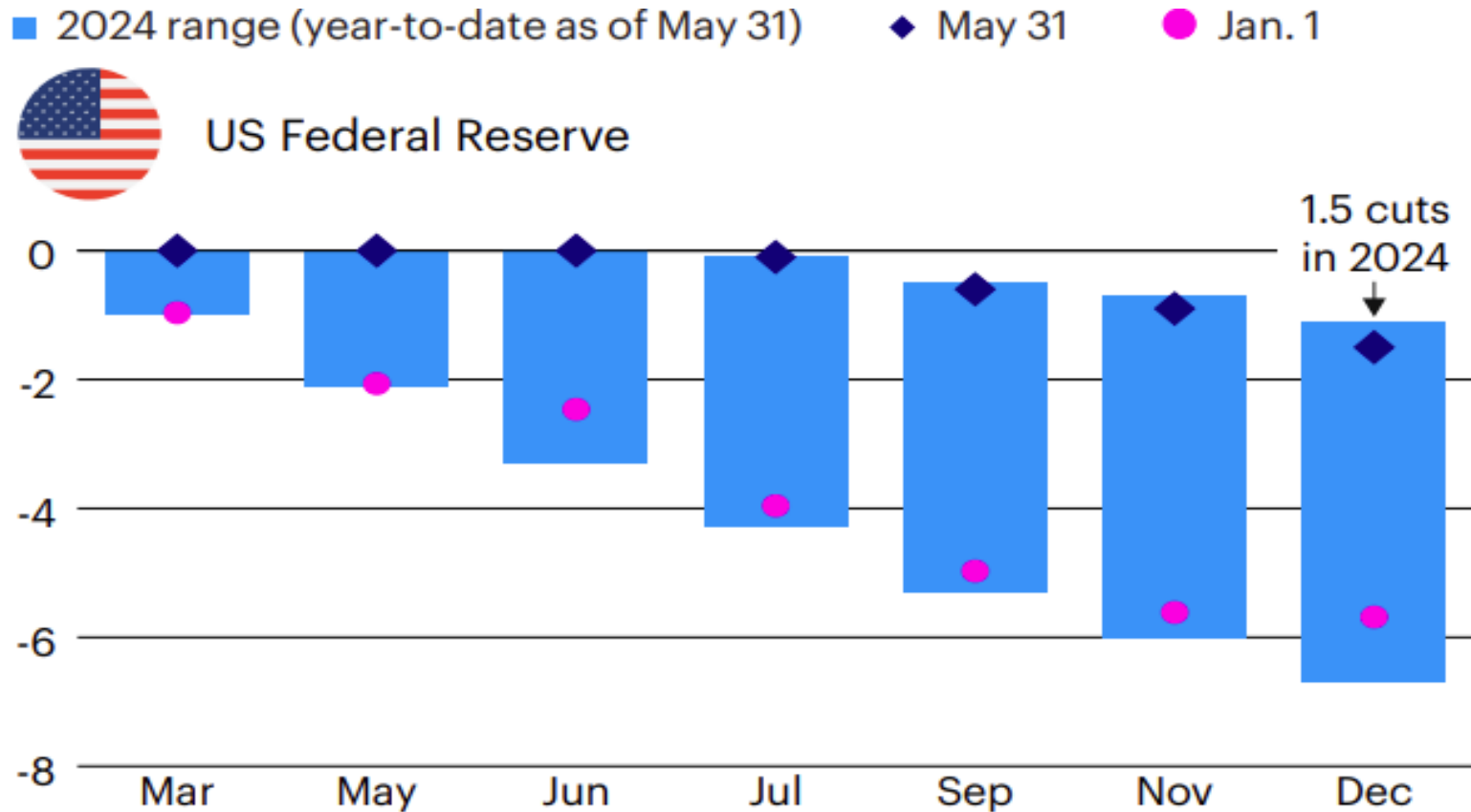
# Consumer Spending & Income Growth Remain Strong, Even If Cooling

- Consumer spending has slowed but remains solid thanks to income gains
- While interest costs have risen, especially for credit cards and auto loans, 70% of American households' debt is in their homes, and over 90% have fixed-rate mortgages, keeping overall debt burdens low

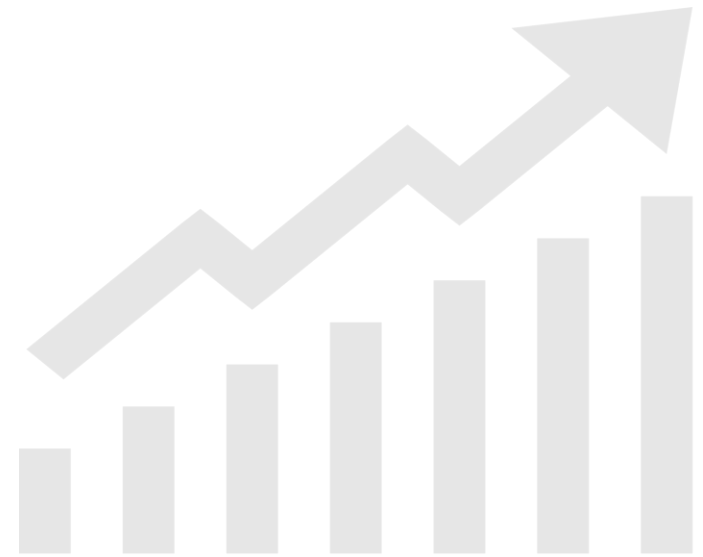


Source: JPMorgan.

# Rate cuts will come—eventually



# Markets and Valuations

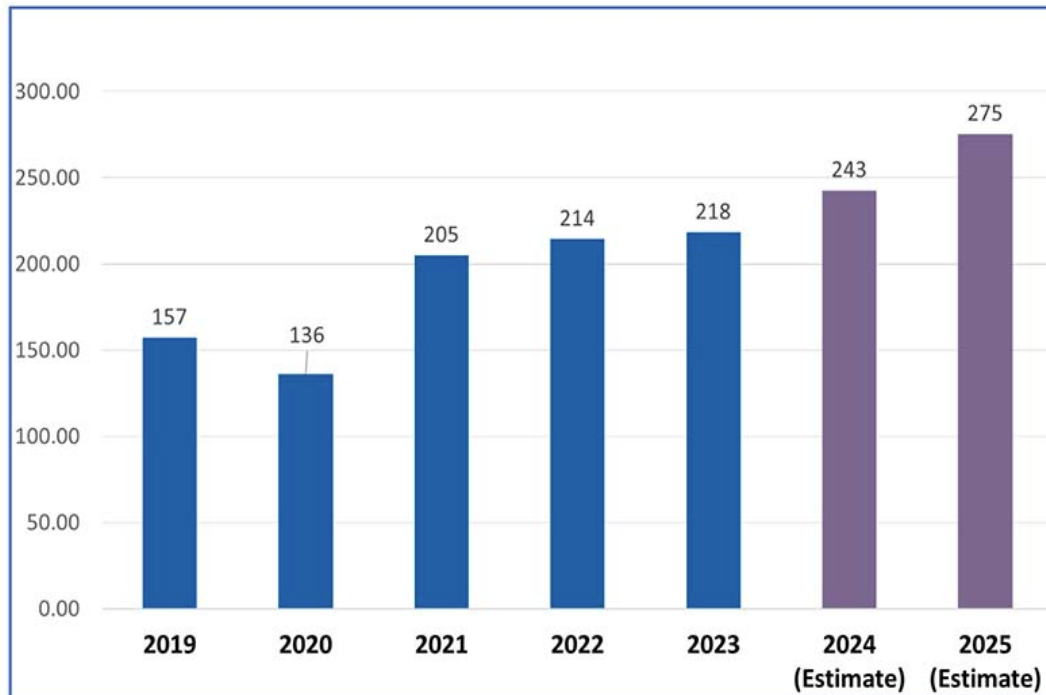


# 2024 S&P 500 Earnings Projected to Increase

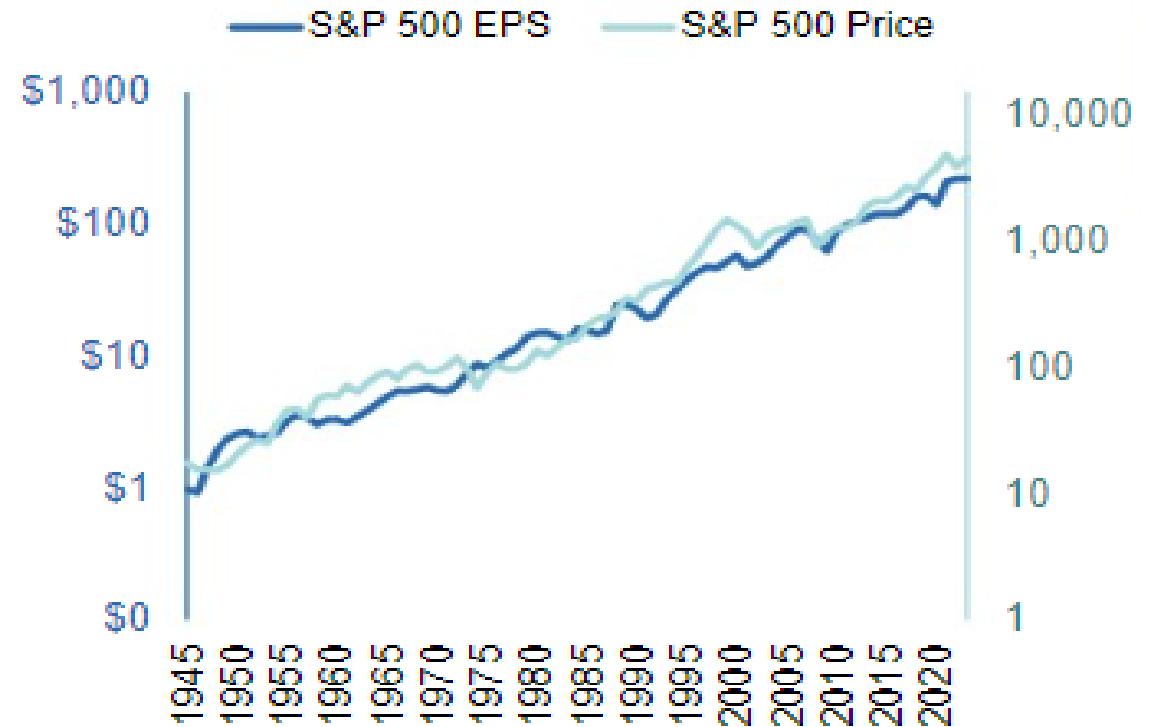
- Estimated earnings growth rate 11.5% for '24 and 13.2% for '25

- The S&P 500 price has increased in-line with earnings throughout history

## S&P 500 Earnings Per Share (\$)



## ...Driving Stocks Prices Upward at a Similar Rate



# Credit Spreads Showing No Signs of Stress



Source: Bloomberg, using weekly data as of 6/14/2024.

## ▶ Evaluating risk and opportunities across fixed income

Current value vs. 20-year average

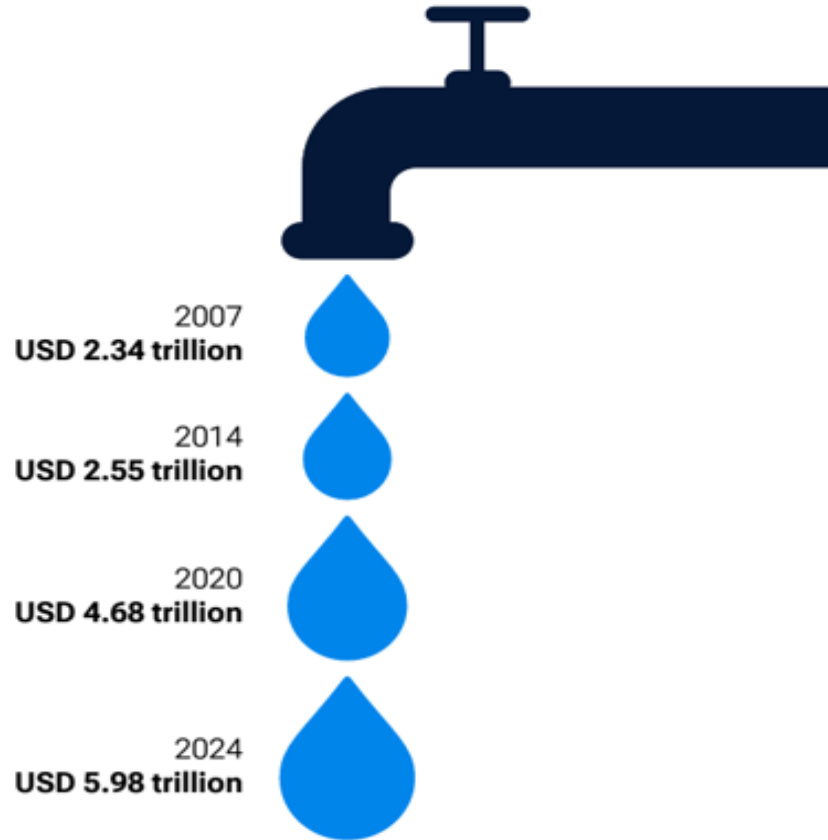
	Yield (%)	Yield (percentile)	Spread (percentile)
10-year U.S. Treasury	4.5	89	—
Agency MBS	5.9	98	92
Investment grade	5.5	80	3
High yield	8.0	66	11
Municipal bonds	6.6	82	10

Source: Columbia Threadneedle Investments as of May 31, 2024.

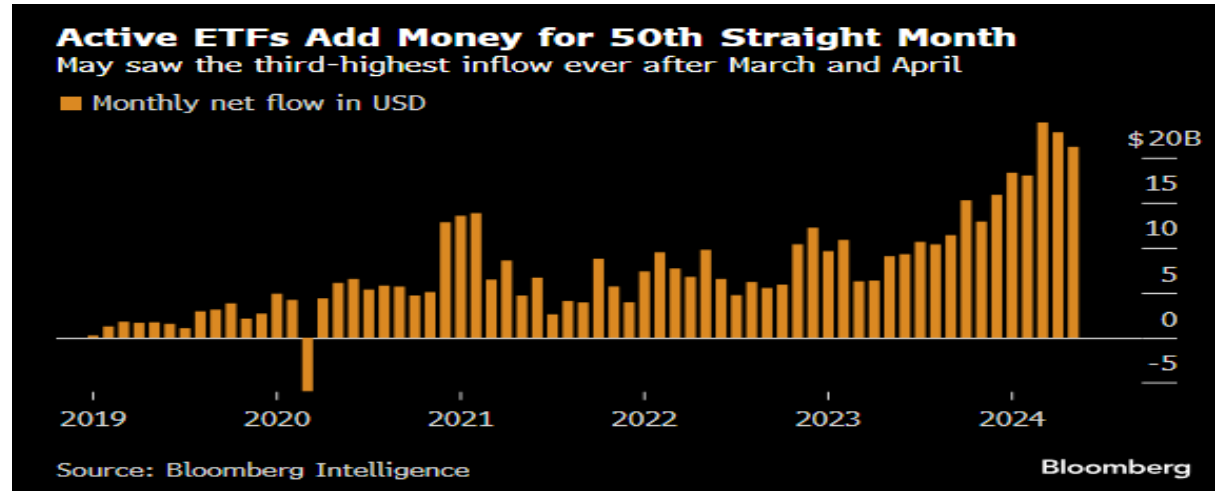
# Investors Moving Out Of Cash Into Equities & Bonds

## U.S. investors are flush with liquidity

(Fig. 7) Money market fund assets are highly elevated

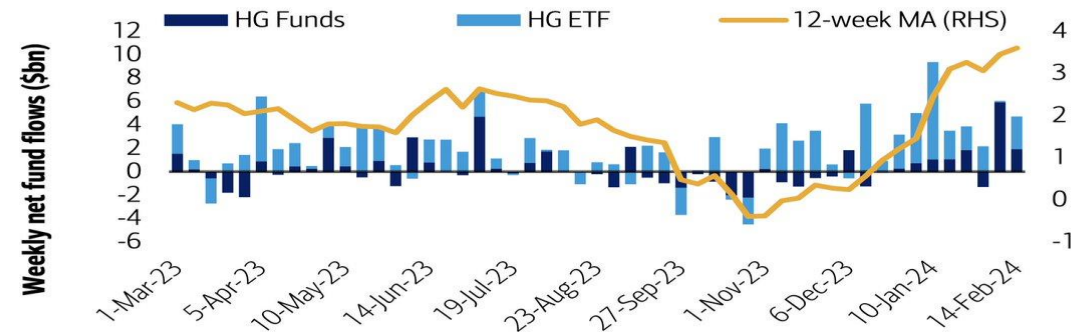


Source: Investment Company Institute, April 1 2024.



### Exhibit 1: Weekly high grade fund flows, \$bn

HG ETF +\$2.80bn, HG Funds +\$1.91

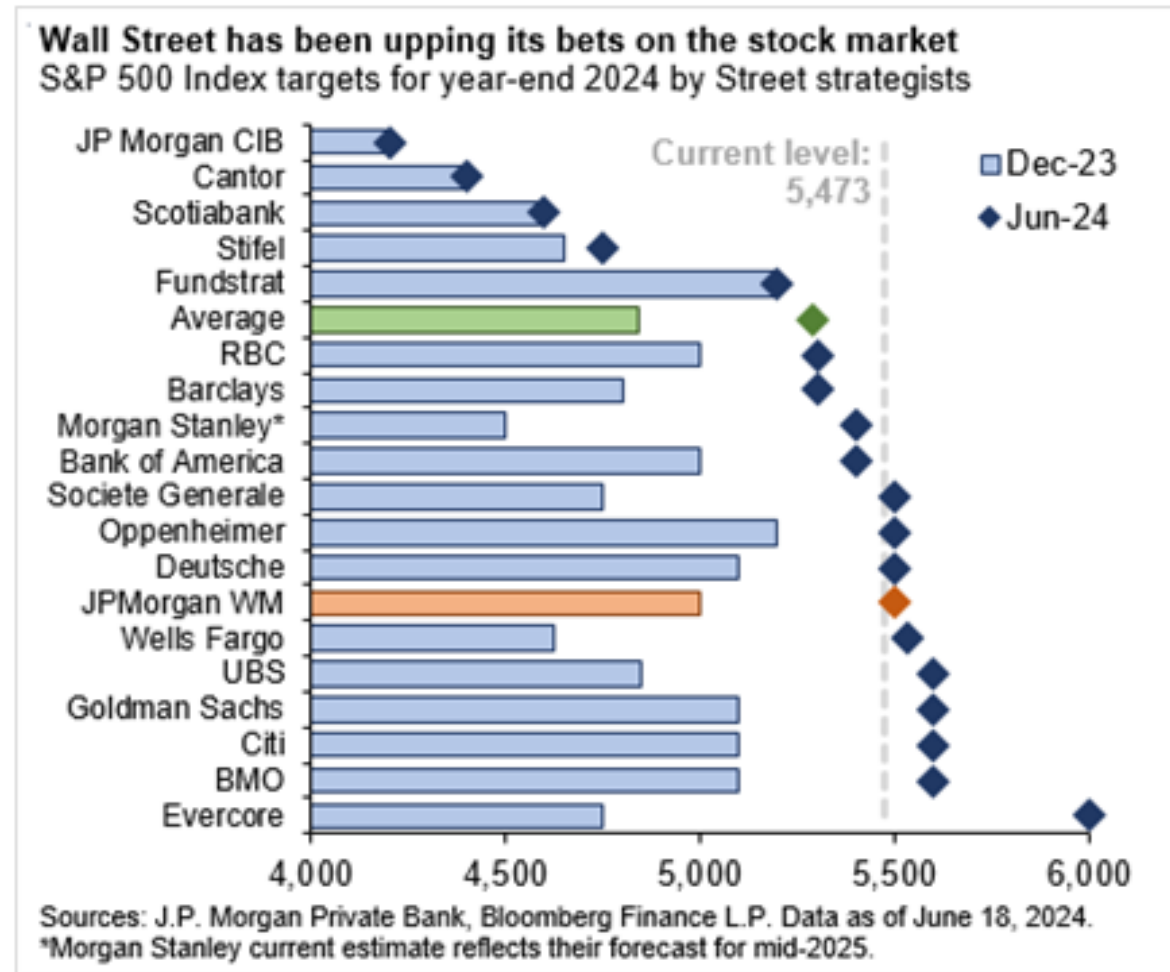


EPFR Global. Note: data are for US-domiciled funds only.

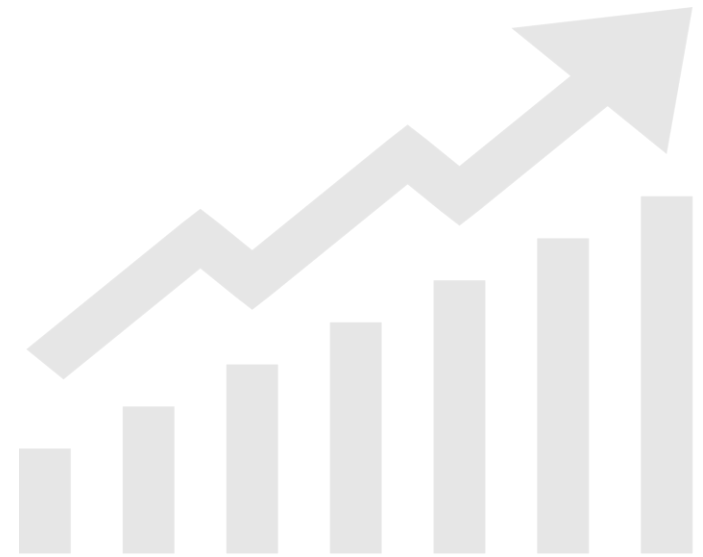
BofA GLOBAL RESEARCH

# Wall Street Strategists Raising Their S&P 500 Targets

- Most strategies started the year with low expectations for the market
- Recall Prosperity's view was optimistic based on strong earnings growth projections
- Average year-end 2024 targets from Wall Street remain below current market levels
- While Wall Street and media pundit views can be interesting and even entertaining, we suggest focusing on long-term returns and your personal objectives.



# Investment Opportunities



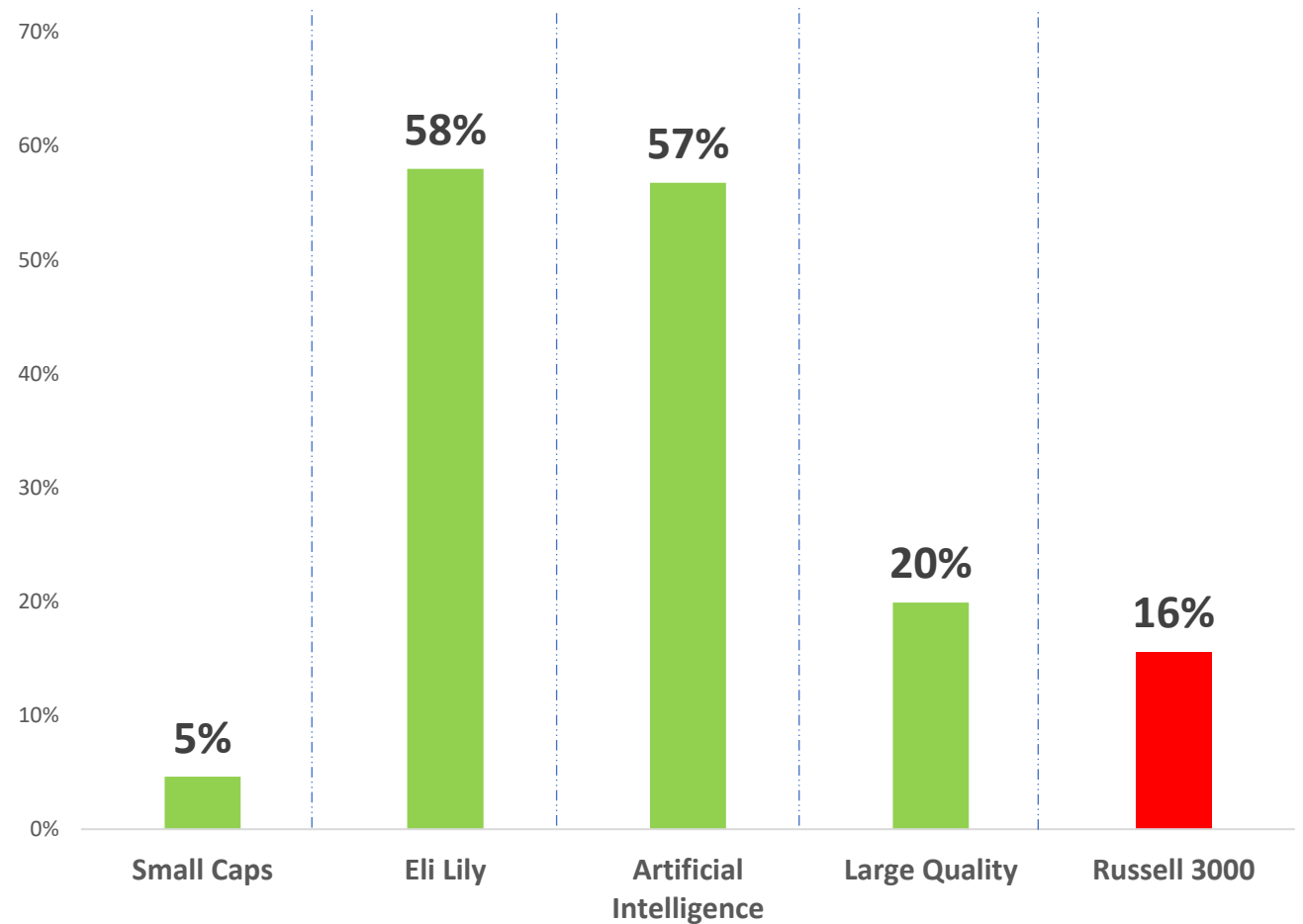
# Update on SHAQ

**S** – Small caps

**H** – Healthcare

**A** – Artificial Intelligence

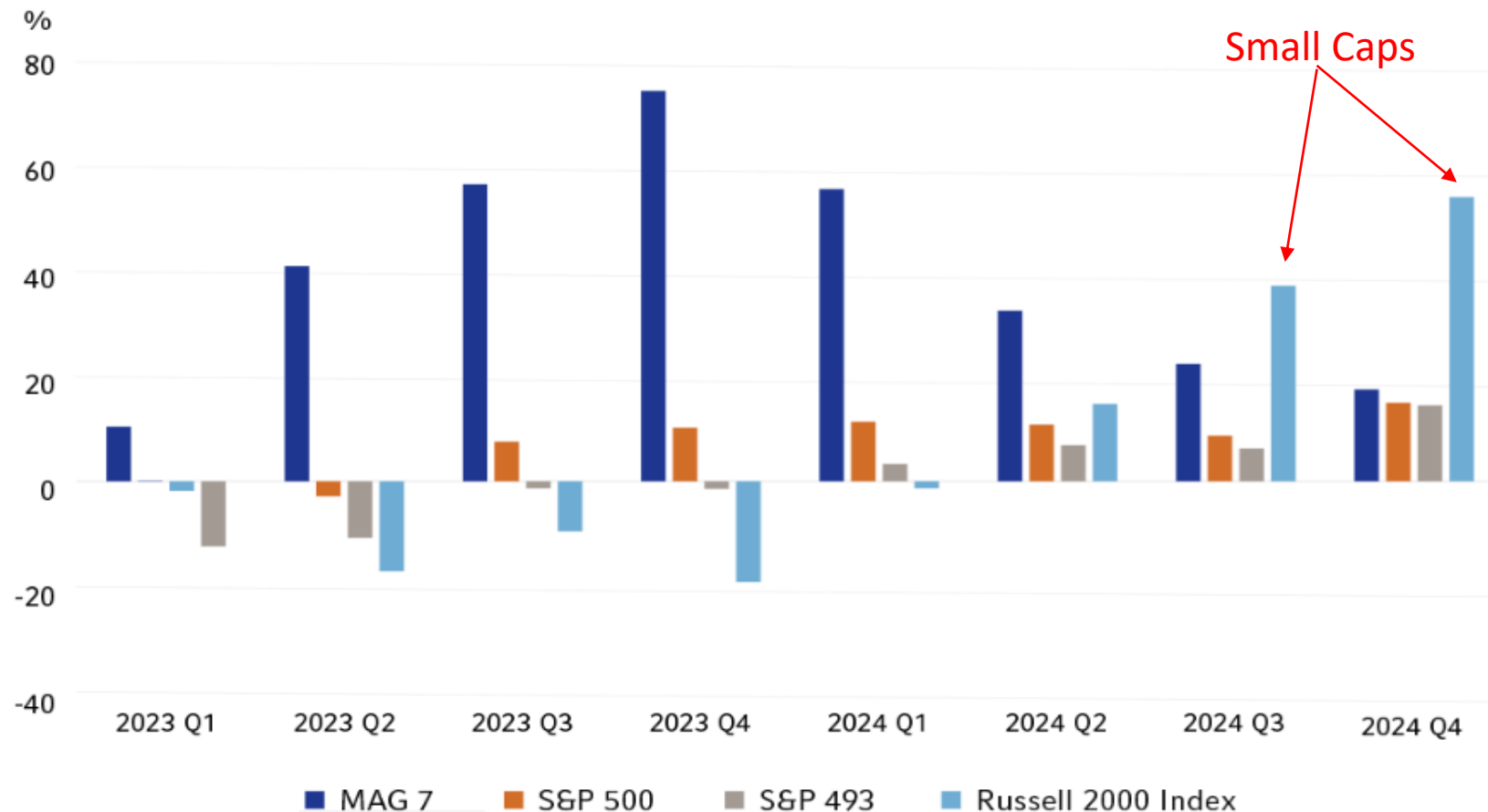
**Q** – Quality



Source: Bloomberg. Small Caps = Russell 2000 Growth Index (RUO), Healthcare = S&P 500 Health Care Sector GICS Level 1 Index (S5HLTH Index), Artificial Intelligence = VanEck Semiconductor ETF (SMH), Large Quality = Invesco S&P 500 Quality ETF (SPHQ), Mid Quality = Invesco S&P MidCap Index (XMHQ).

# Potential For Small Caps In Coming Quarters

EARNINGS-PER-SHARE (EPS) GROWTH RATE FOR PUBLICLY LISTED U.S. COMPANIES

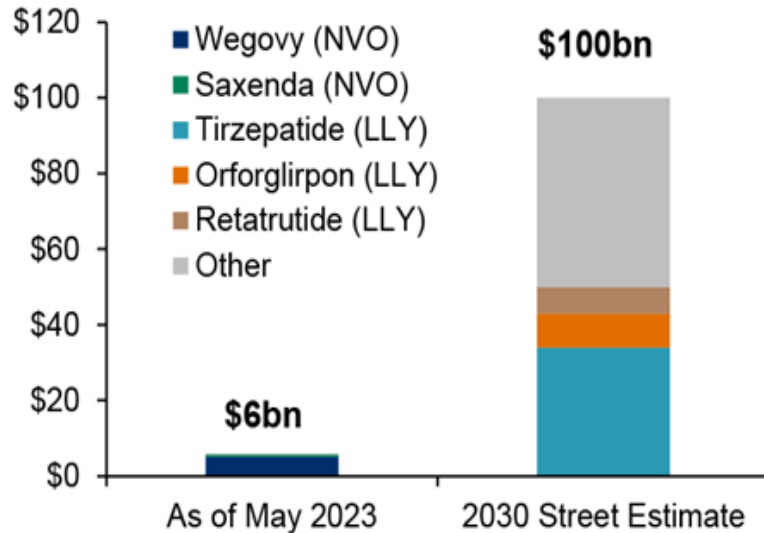


Source: Source: Russell investments.

# Healthcare Space Is Alive And Well

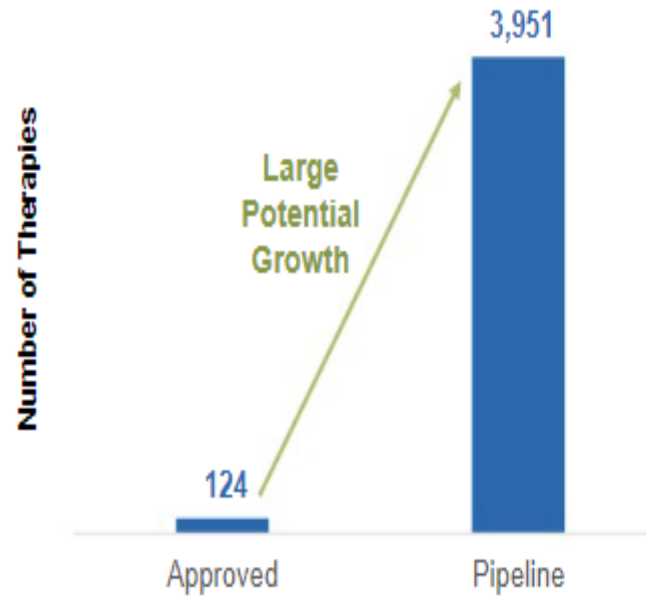
## GLP1 enthusiasm is growing

Size of global chronic weight management market, \$bn



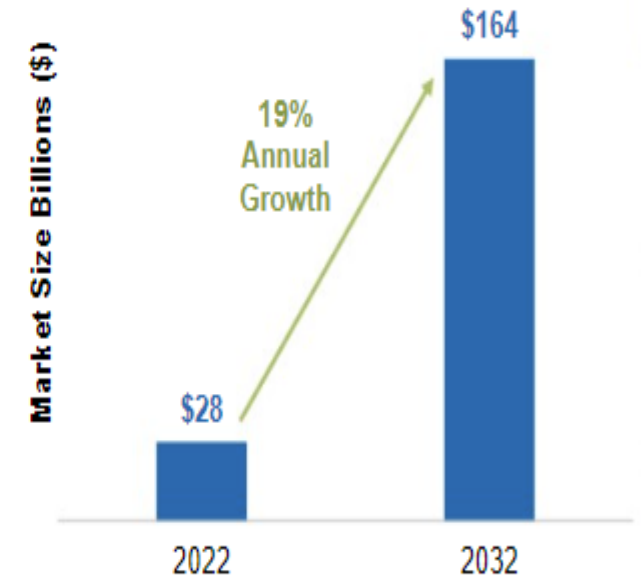
Source: Goldman Sachs Investment Research. Data as of October 2023. All companies referenced are shown for illustrative purposes only, and are not intended as a recommendation or endorsement by J.P. Morgan in this context.

## Cell & Gene Therapy Pipeline

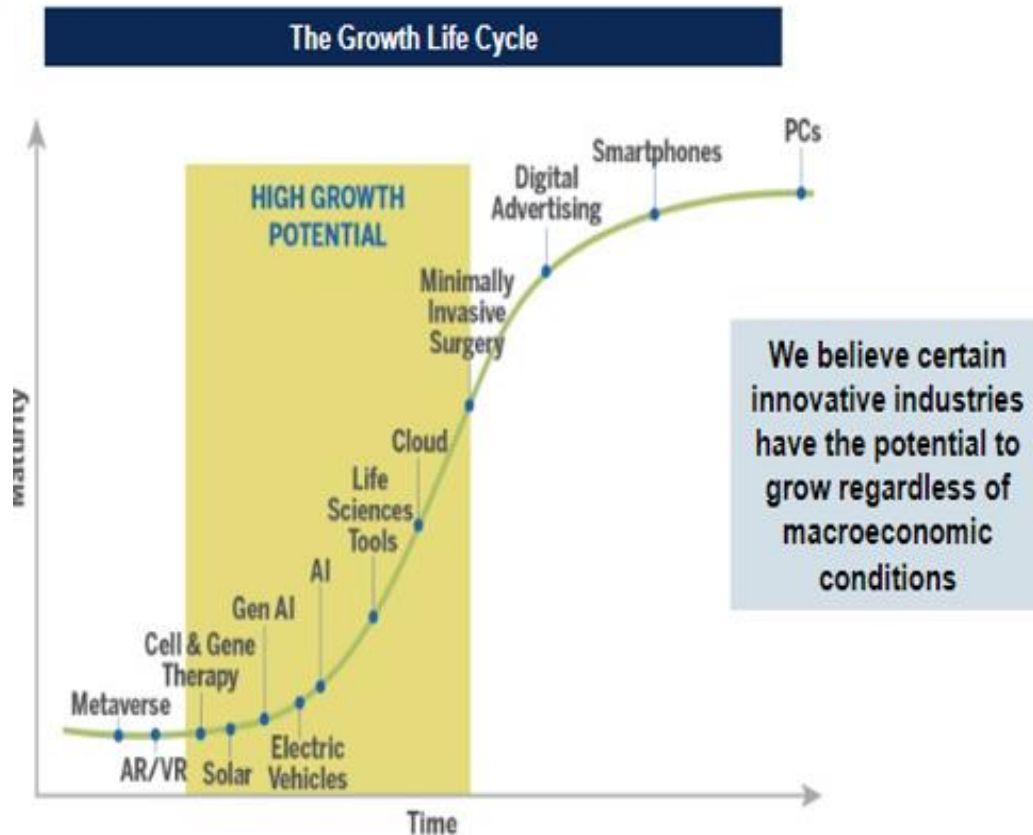


Source: Alger.com.

## Global Genomics Market



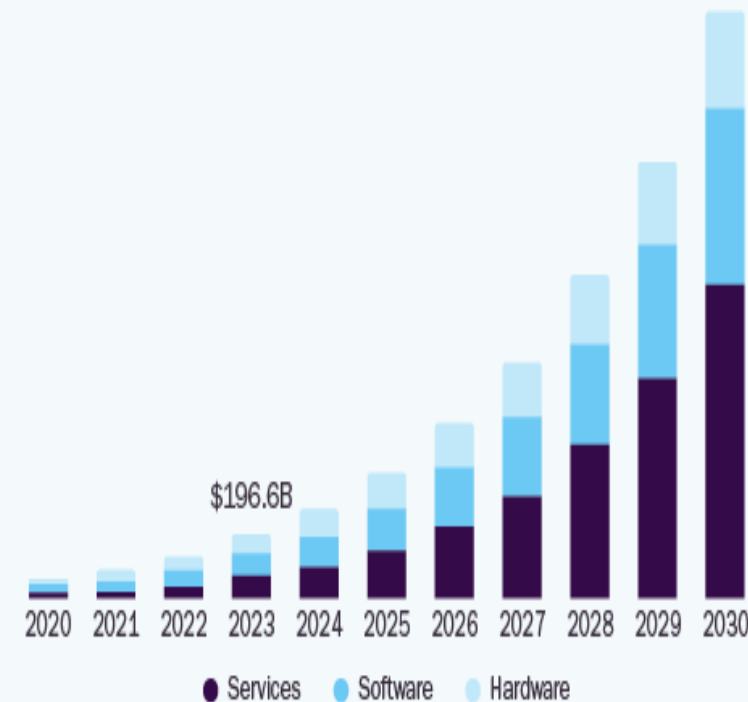
# Significant Opportunity for AI and Related Sectors



Source: Alger Funds Spring outlook presentation.

## Global Artificial Intelligence Market

Size, by Solution, 2020 - 2030 (USD Billion)



**36.6%**

Global Market CAGR,  
2024 - 2030

Source:  
[www.grandviewresearch.com](http://www.grandviewresearch.com)

# Quality Shines

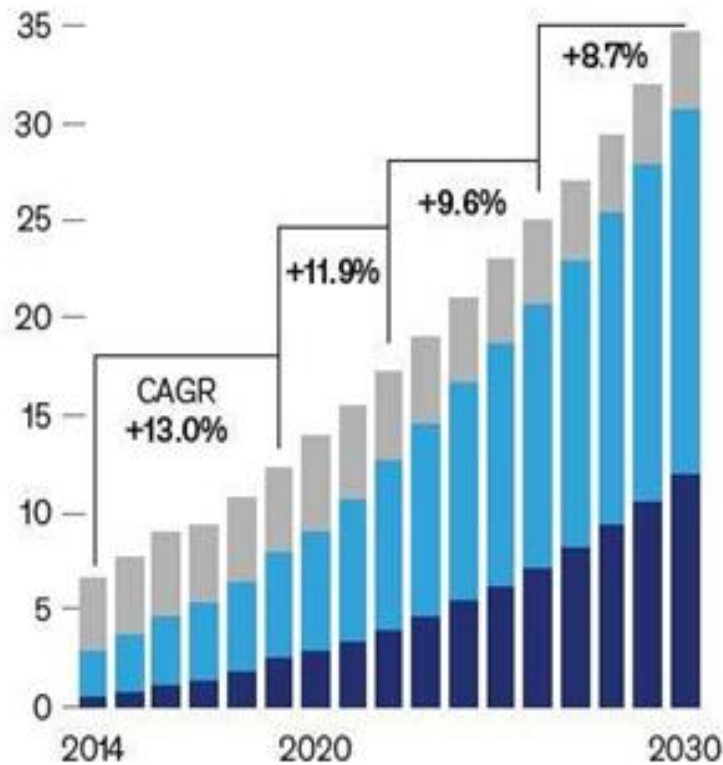
## The strong get stronger



Source: Charles Schwab.

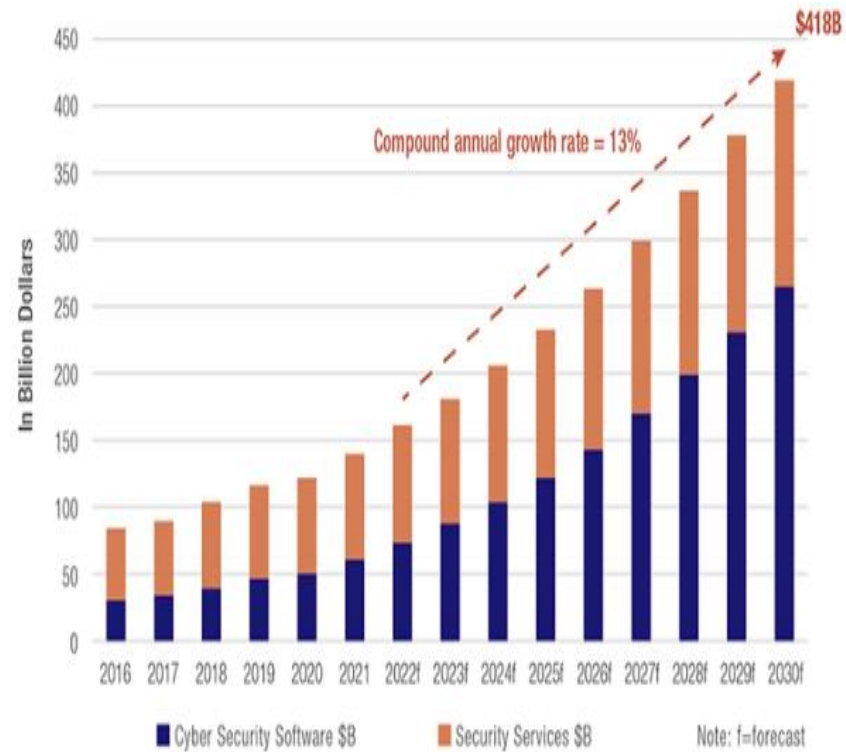
# Potential Future Opportunities

## Data Center Power Consumption



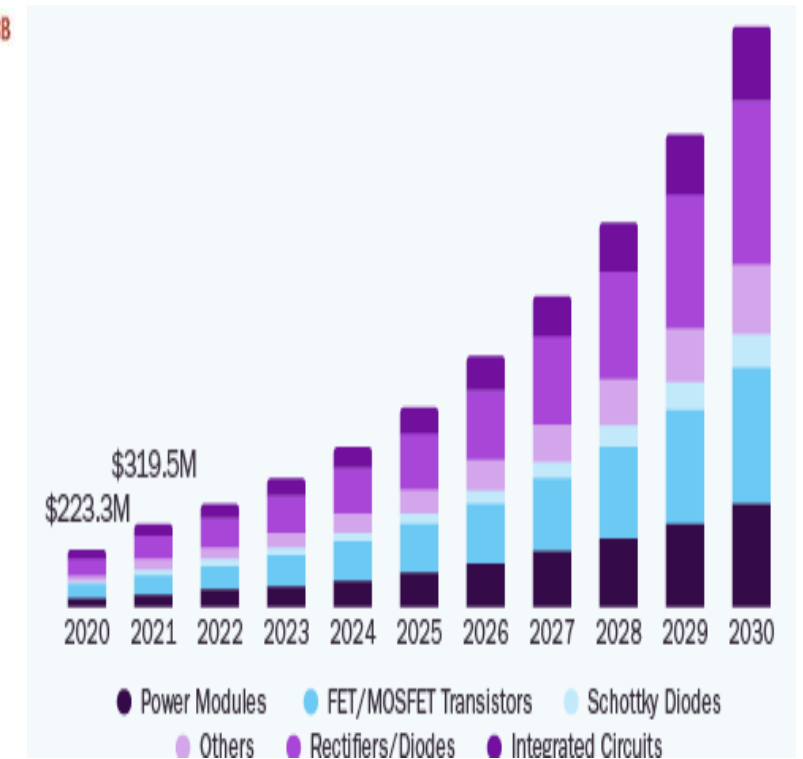
Source: JPMorgan

## Cybersecurity Projected Spend



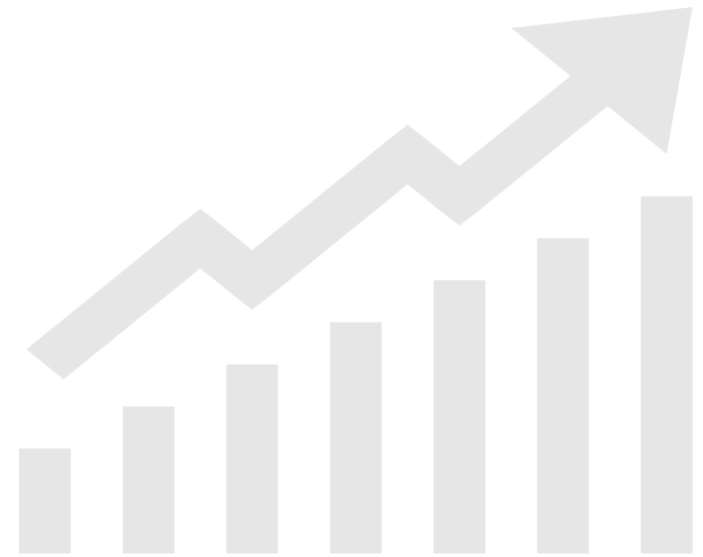
Source: USBank.

## Semiconductor Devices Market



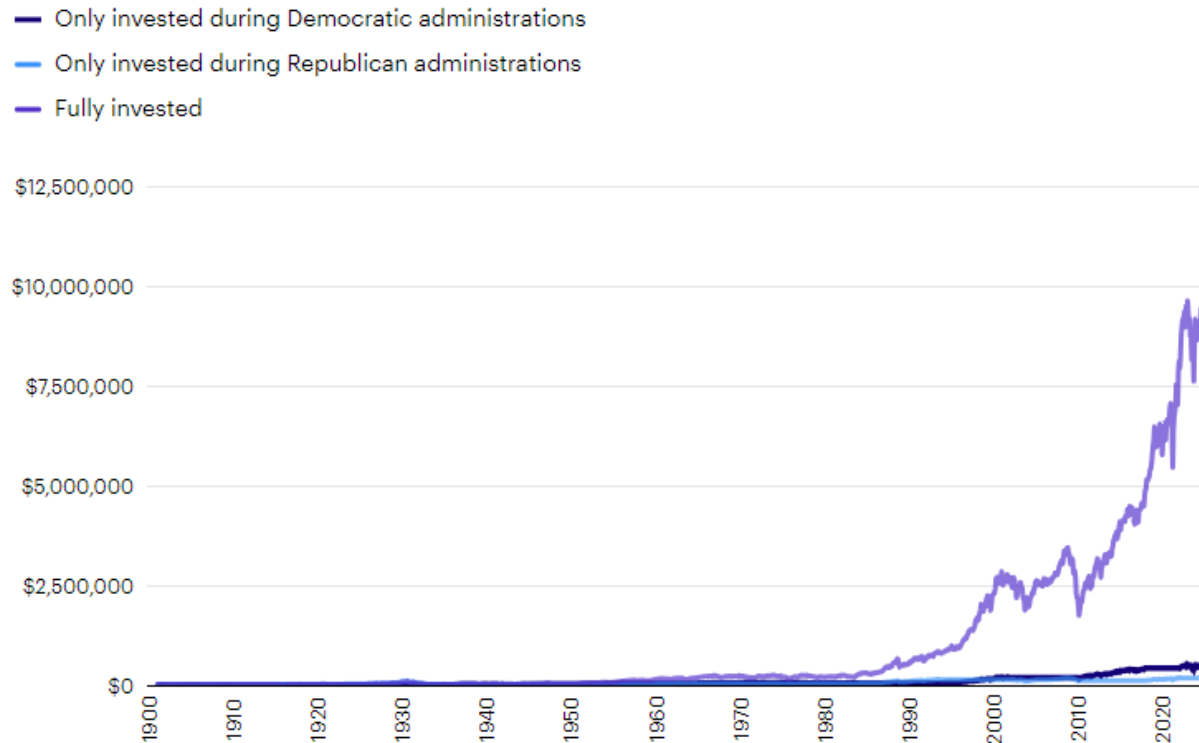
Source: Grandviewresearch.com

# Frequently Asked Questions

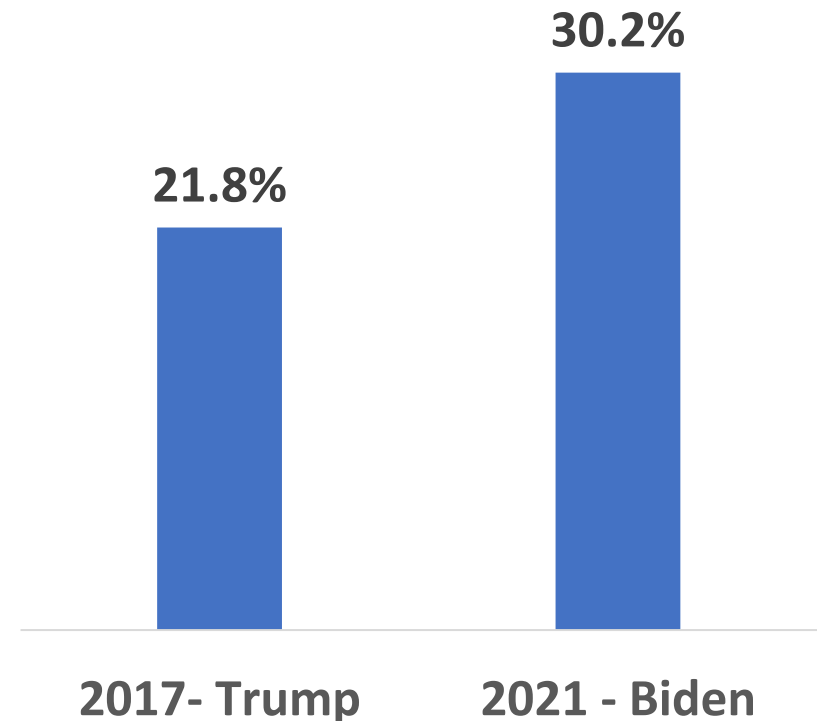


# Staying Fully Invested vs. Choosing Political Sides

## Growth of \$10,000 in the Dow Jones Industrial Average since 1896



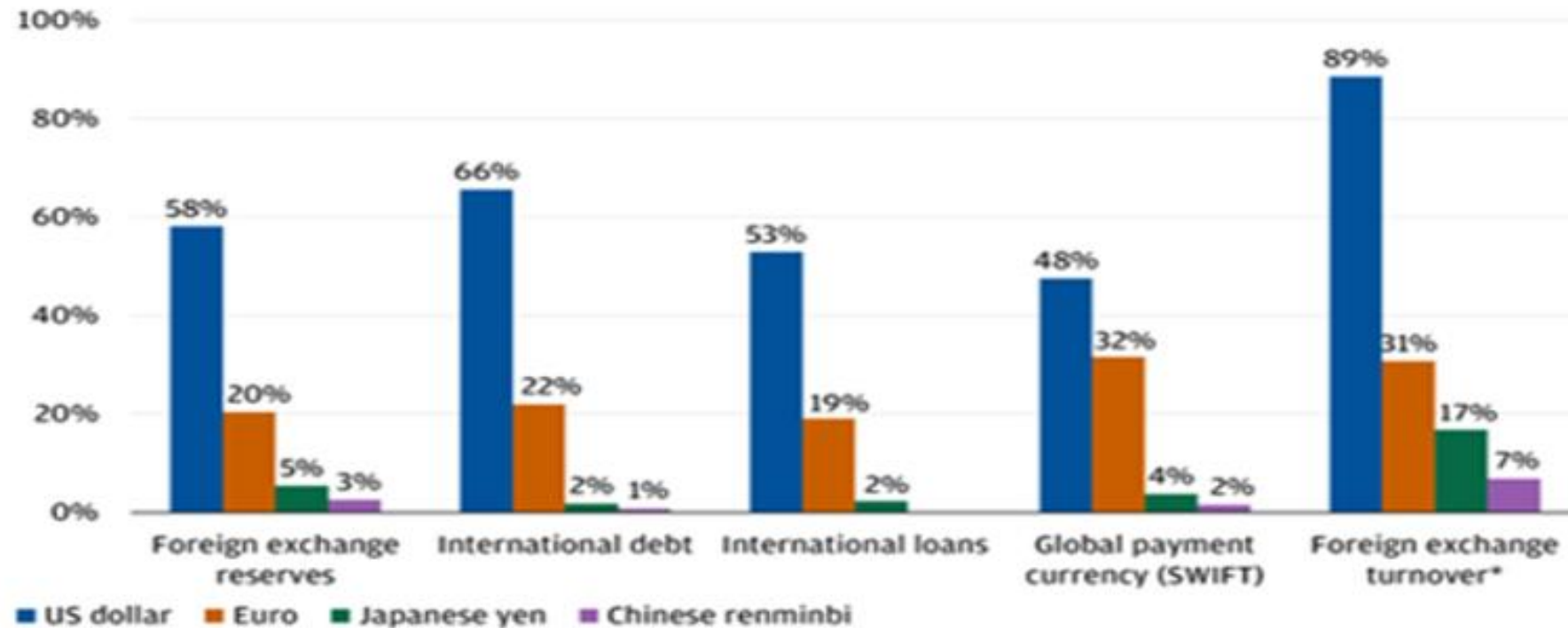
## Returns During 1st Year of Presidency



# The U.S. Dollar Remains World's Primary Reserve Currency

## The U.S. dollar is the world's dominant currency

Share of currency use, %

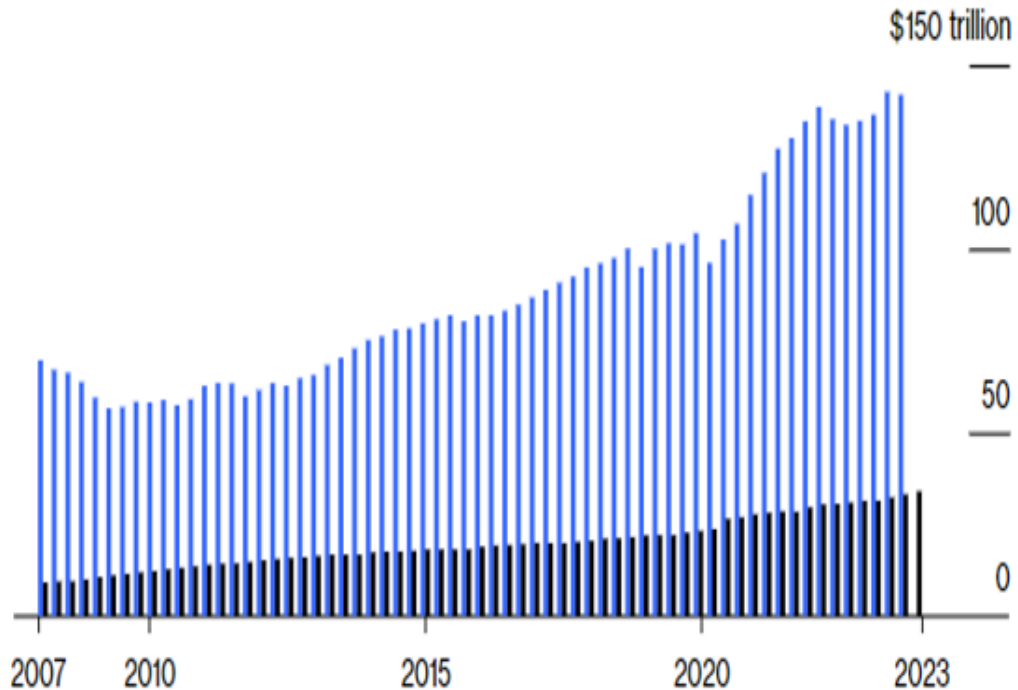


# U.S. Debt – Cause for Concern?

Assets are 4x > Liabilities

## US Households Have Four Times More Wealth Than Government Debt

■ Total household wealth ■ Total public debt outstanding

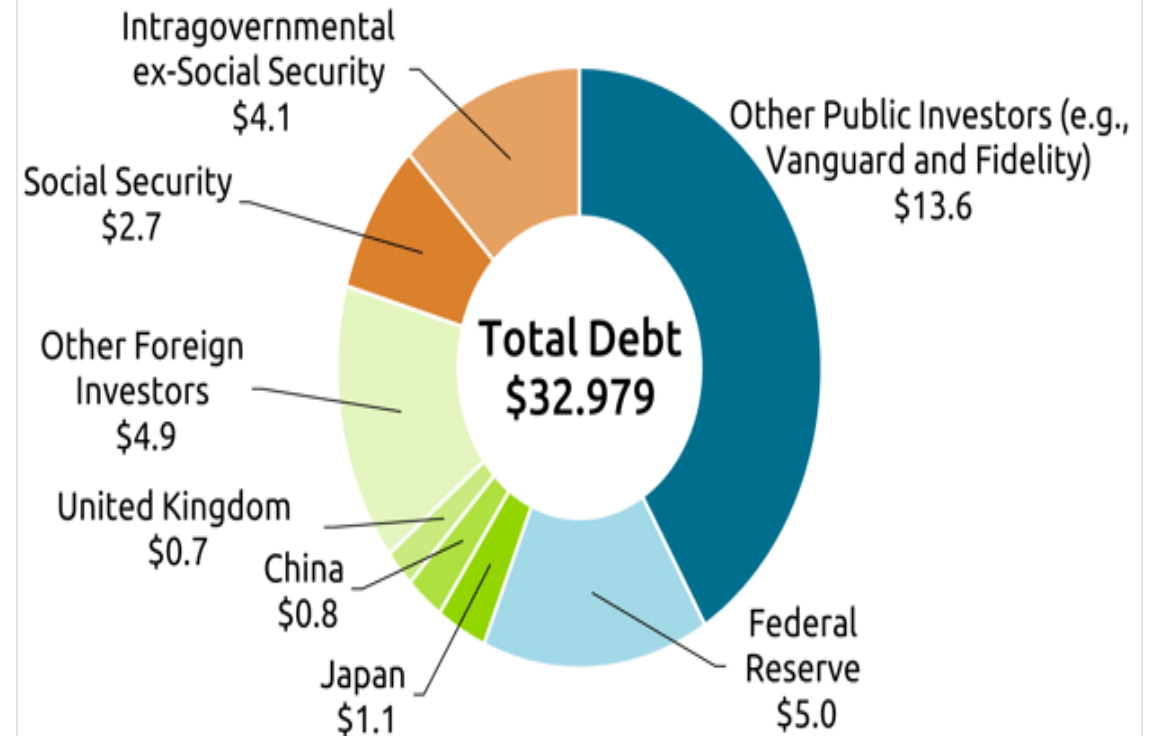


Source: Bloomberg.

36% of Debt Owned By U.S Gov

## US Debt Owners

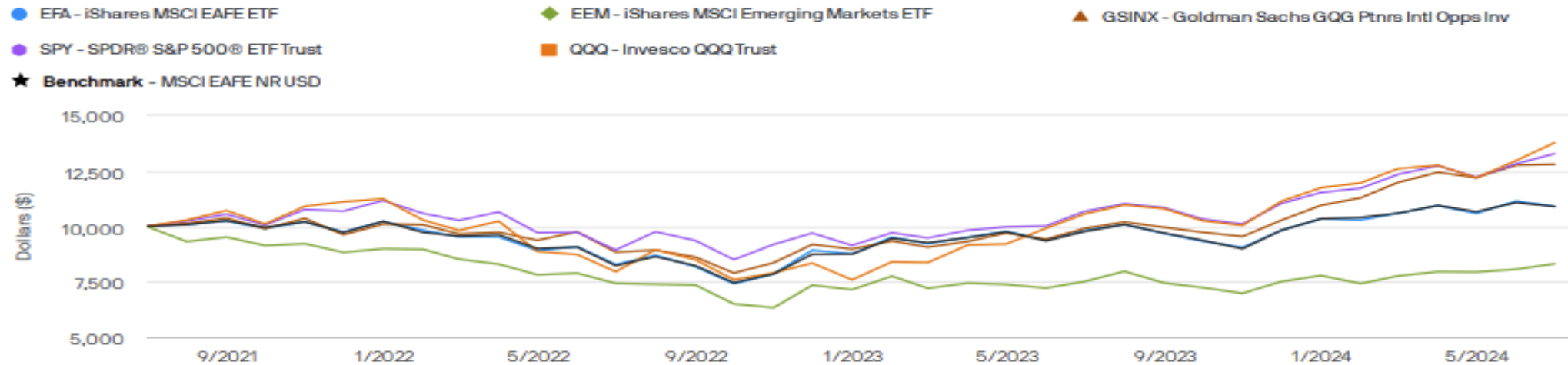
(in trillions)



# International & Emerging Markets

- Correct call to underweight international stocks materially and completely out of emerging markets
- Our preferred international fund, Goldman Sachs GQG Partners Intl Opps (GSINX) has delivered solid results

## Growth of \$10,000 3 Years 6/30/21 - 6/30/24



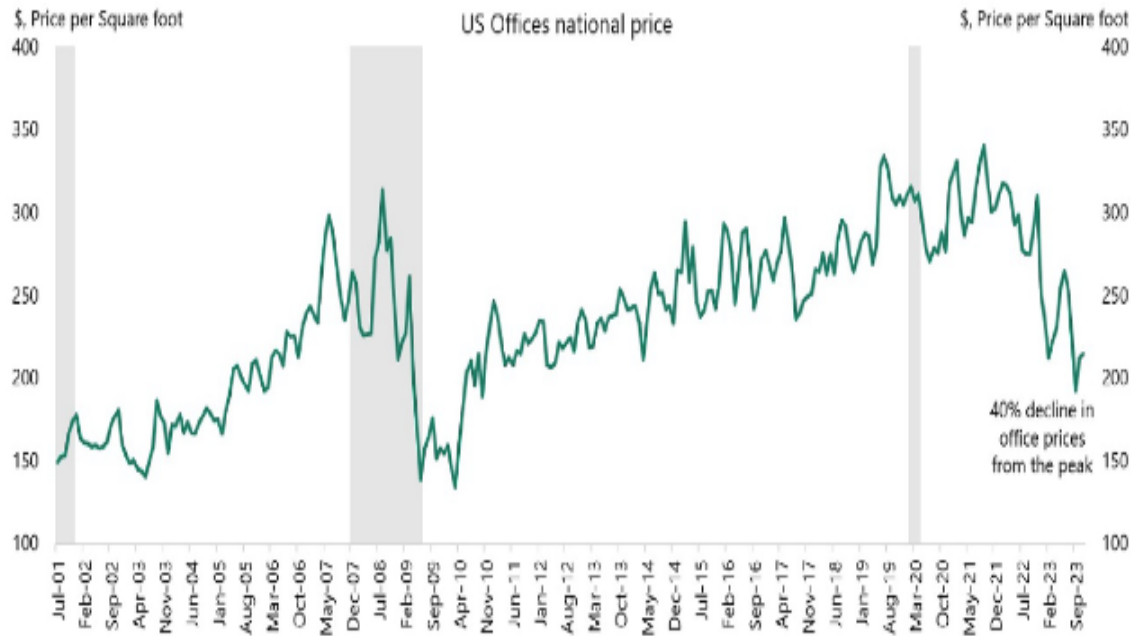
### Yields in %

Ticker and investment name	Annualized total return	Cumulative total return	Ending value
EFA - iShares MSCI EAFE ETF	2.90	8.96	\$10,895.87
EEM - iShares MSCI Emerging Markets ETF	-5.99	-16.90	\$8,309.53
GSINX - Goldman Sachs GQG Ptnrs Intl Opps Inv	8.57	27.98	\$12,798.27
SPY - SPDR® S&P 500® ETF Trust	9.92	32.81	\$13,281.21
QQQ - Invesco QQQ Trust	11.27	37.77	\$13,777.40

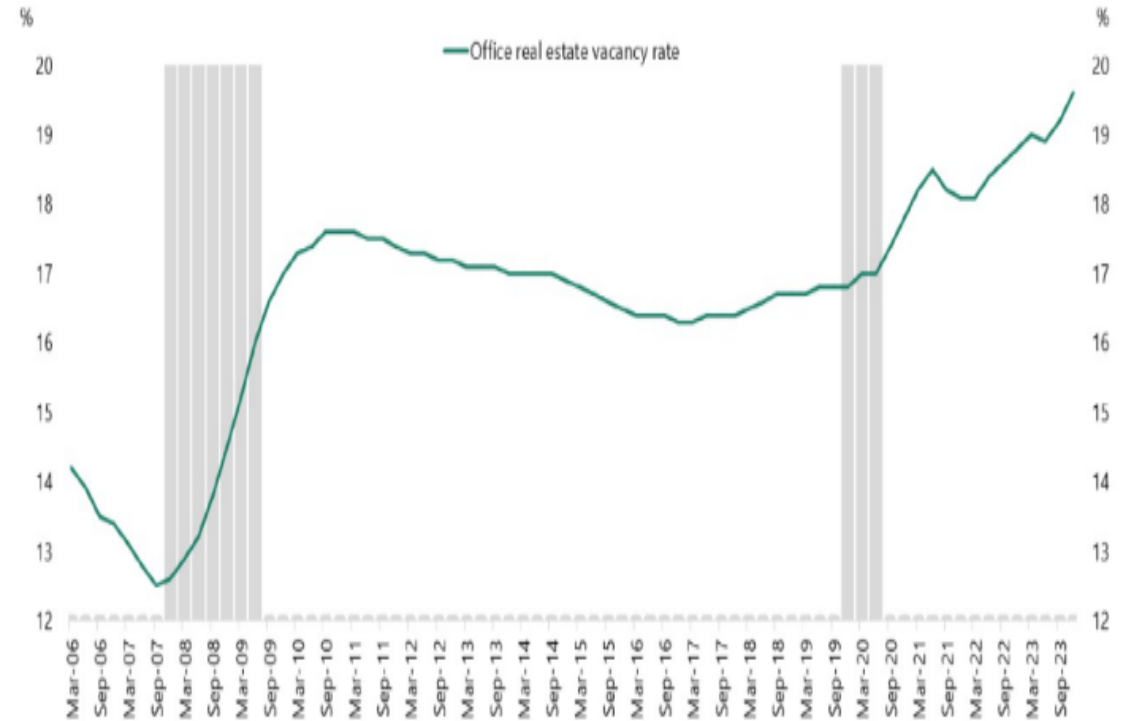
# Commercial Real Estate

40% decline in price/sq for office space has resulted from higher interest rates and more people working from home

## Price Per Square Foot For U.S. Offices Is Down 40% From Peak



## U.S. Office Vacancy Rate Approaching 20%



# The End

Have Questions?

Please reach out to your financial advisor



# Brett R. Jergens CFA<sup>®</sup>, CFP<sup>®</sup>

Chief Investment Officer / Partner  
Investment Advisor Representative



# David T. Martin, CFP<sup>®</sup>

Financial Advisor / Partner

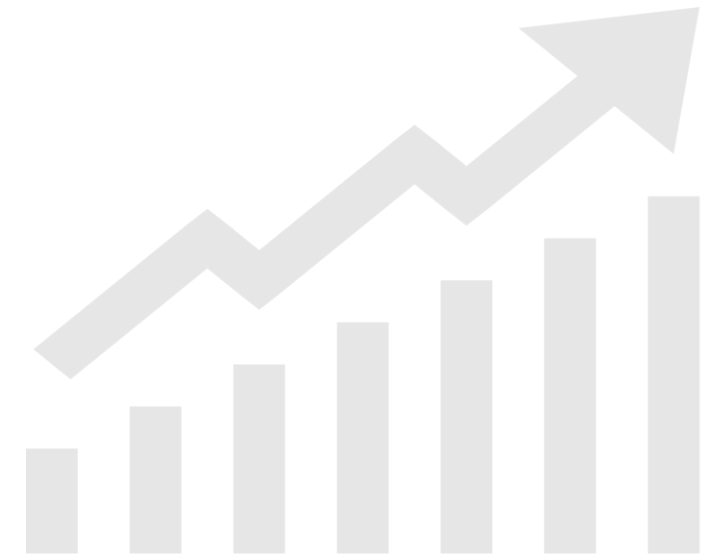


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- Investors should consider their financial ability to continue to purchase through periods of low-price levels.
- Additional risks are associated with international investing, such as currency fluctuations, political and economic stability, and differences in accounting standards.
- All investing involves risk, including the possible loss of principal. There is no assurance that any investment strategy will be successful.
- A diversified portfolio does not assure a profit or protect against loss in a declining market.
- ESG investing involves the exclusion of certain securities for non-financial reasons. This may result in the investor forgoing some market opportunities that may have been available to those not subject to such criteria. There is no guarantee that any investment goal will be met.

