Financialfreedom™

WEALTH MANAGEMENT GROUP, LLC

QUARTERLY UPDATE
FALL 2024

Fall into Financial Wellness: Preparing for the Season Ahead

As the leaves continue to change and the chilly air of fall settles in, it's a perfect time to reflect on the year thus far and adjust for the months ahead. Much like the seasons, our financial landscape can shift, presenting new opportunities and challenges. Whether you're preparing for the upcoming holidays, managing year-end expenses, or looking to reassess your long-term goals, now is the time to ensure your financial strategy is aligned with your evolving needs. As always, we are here to help you prepare for the season ahead.

Regardless of what season you are in, we hope it is filled with the people and experiences you love.

MEET ERIK

Erik Young
Client Services Associate
With a degree in Economics from Oregon State University, Erik effectively combines his analytical skills with his problem-solving abilities to provide exceptional support to our clients and team members.

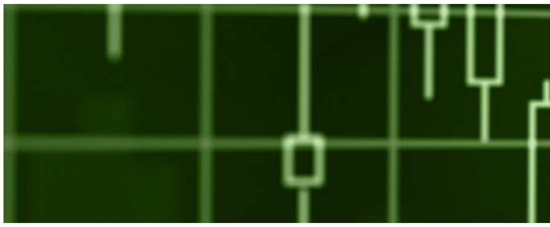
Outside of work, Erik enjoys a range of activities including golfing, hiking, and following sports, especially the Los Angeles Dodgers. He is also deeply interested in history and anthropology, often spending time exploring these subjects. Erik values quality time with family and friends, reflecting his commitment to a balanced and fulfilling life.

POST-ELECTION MARKET INSIGHTS

Now that the election is over and winners called, what can investors expect from the market? In our September Election Fireside Chat, Julia, Jason, and DJ shared many stats and insights on the potential market impact, post-election.

Scan the QR code to watch on YouTube or go to: youtube.com/@FFWMG

MARKET UPDATE



Markets were volatile in the third quarter as investors faced political turmoil and increased uncertainty about future economic growth. Yet the return of Fed rate cuts and solid corporate earnings helped to offset those political and economic anxieties, and the S&P 500 (Large US Companies) hit another new all-time high and finished the quarter with strong gains.

Volatility continued in late summer as a much-weaker-than-expected jobs report added to economic concerns. The unemployment rate rose to the highest level since November 2021 and investors' fear of an economic hard landing triggered a sharp, intense decline. However, that decline proved brief as economic data over the next few weeks was generally solid and that helped calm investors' anxieties. Then, Fed Chair Powell told markets the "time had come" for the Fed to cut rates. That message further fueled the rebound in stocks, completing an impressive rebound from early-month weakness.

Third Quarter Performance Review

Investor expectations for lower interest rates and bond yields were the major influences on performance during the third quarter, as markets were positive.

Small companies outperformed large companies for the first time in 2024 as investors rotated out of large-cap stocks and into more economically sensitive small caps, as they

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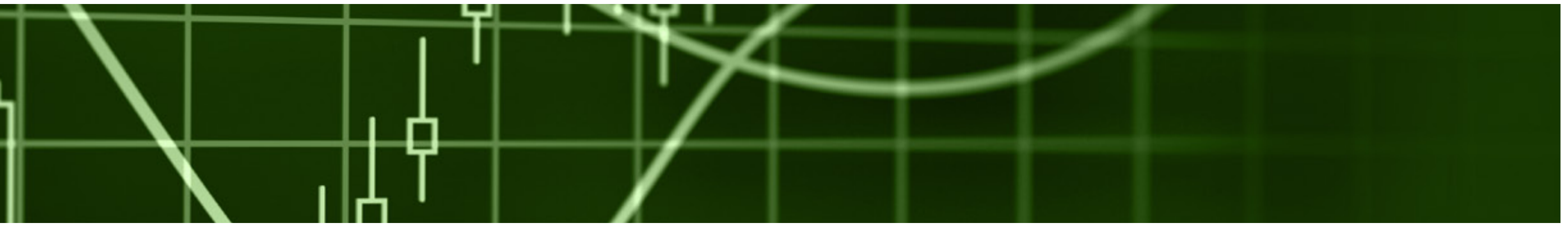


historically have received the most benefit from lower borrowing costs that come with falling interest rates.

From an investment style standpoint, value outperformed growth and this outperformance was evidence of the significant rotation we saw from the tech sector (which are mostly growth funds) to more economically sensitive parts of the market such as financials, industrials, and utilities.

In terms of stock sectors, utilities and real estate, which have relatively large dividends, have both benefited from bond yields falling, thus contributing to their outperformance this quarter. The technology and energy sectors were the only ones to finish with negative returns.

US Equity Indexes	Q3 Return	YTD
S&P 500	5.89%	22.08%
DJ Industrial Average	8.72%	13.93%
NASDAQ 100	2.12%	19.97%
S&P Mid Cap 400	6.94%	13.54%
Russell 2000	9.27%	11.17%

Source: YCharts

Foreign markets outperformed the S&P 500 as the underperformance of the tech sector impacted those returns. Foreign developed markets saw a solid rally as investors anticipated additional rate cuts from the European Central Bank and other global central banks. Emerging markets also outperformed the S&P 500 as the Chinese government announced numerous stimulus measures that boosted Chinese stocks.

For fixed income, the leading benchmark for bonds (Bloomberg Barclays US Aggregate Bond Index) saw a strong quarterly return due to a combination of falling inflation, mixed U.S. economic data, and investor's anticipation of an aggressive rate cutting cycle from the Fed. We also saw longer duration bonds outperform those with shorter durations as investors reached for longer-term investments amidst falling inflation.

Turning to corporate bonds, investment grade bonds outperformed the lower quality "junk" bonds, although both saw strong quarterly gains. For the first time in 2024, investors favored investment-grade bonds amidst increased economic uncertainty.

Year-End Outlook

With the start of the Fed's rate cutting cycle now behind us and a precedent for future cuts established, the focus for the final quarter turns toward economic growth and politics, both of which can be volatile. However, as we saw in the third quarter, markets can still move higher amidst increased volatility.

Depending on the expected and actual outcome of the November 5th U.S. election, we could see an increase in macro and microeconomic volatility that could impact the broader markets as well as specific industries and sectors such as oil and gas, renewables, and financials. That volatility will stem from the uncertainty surrounding policy changes towards issues such as taxes, global trade, and the long-term fiscal health of the country.

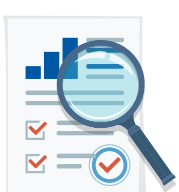
Finally, geopolitical risks remain elevated, and while the wars in Eastern Europe and the Middle East haven't negatively impacted global markets this year, the spread of these conflicts could potentially impact markets.

Overall, market performance has been strong in 2024 and the momentum remains positive and resilient. While political headlines may cause short-term investor anxiety and volatility, market history is extremely clear: Over time, the S&P 500 has consistently advanced, regardless of which party controls the government. Matter of fact, the average annual performance of the S&P 500 is solidly positive in both Republican and Democratic administrations.

Our team understands the risks facing both the markets and the economy, and we are committed to helping you effectively navigate this investment environment. Successful investing is a marathon, not a sprint, and even bouts of intense volatility are unlikely to alter a diversified approach set up to meet your long-term investment goals.

Our entire team remains dedicated to helping you accomplish your financial goals, so please let us know if anything has changed with your scenario or if a further review would be helpful to you.

Happy Holidays from all of us at Financial Freedom Wealth Management Group!



Complimentary Consultation!

If you are not a client with us yet, we would like to offer you a one-hour, complimentary, private consultation with one of our Financial Advisors. To schedule, please call us at 458.777.4458 and someone from our team will be happy to assist you!