



RAYMOND JAMES

Quarterly Market Update – Lee McLellan, Investment Planner, Pinnacle Asset Management

Dear ,

Summer seems to be in full swing! Hopefully you and your family's summer plans include time with loved ones, relaxation, and vacation. Summer brings some of my fondest memories of both my childhood and adult life and I look forward to making new memories every year.

Whether it is traveling or relaxing at home, I hope that you have found peace and joy during this season. Our entire team appreciates your continued relationship and trust. We hope to have a small part in helping to plan the life you want to live for many more summers ahead.

I've already shifted around the order of the newsletter in this 2nd edition. First, we will have Team Updates, then 3 Big Themes, Market Update, and lastly Chart of the Quarter.

I appreciate you reading. We have exciting news to share!

Team Updates

Since joining Gary and Tammy over 2 years ago, our goal has been to share our personal business experience with one another to combine our knowledge in order to provide the absolute best experience for our clients. Fatefully for me, Tammy and Gary have been working together and building up their knowledge and experience for the past 20+ years. I am honored and privileged to be contributing to our goal.

With our recent move into the Burton Hills office park, we have decided to rebrand our team. We are now **Burton Hills Investment Partners**. We hope to make this space our long-term home and provide a brand alongside both Pinnacle Financial Partners and Raymond James. Our goal to create the best experience for you and your families. As Burton Hills Investment Partners, we hope to create a name our clients resonate with and have peace of mind knowing we will be here for a long time to come!

We have a new website:

<https://www.burtonhillsinvestmentpartners.com/>

As well as a new logo:

BURTON HILLS

INVESTMENT PARTNERS

Thank you for being a part of this with us. There is more to come...!

3 Big Themes

In this section, I will share 3 themes that seem to be coming up in conversations with clients during the last quarter. My hope is that one or all of these can give you insight into improving your planning and investing strategies:

1. **1031 Exchanges.** A 1031 exchange provides tax deferral on the exchange of property held for productive use in a business or for investment (the relinquished property) for another like-kind property also to be held for productive use in a business or for investment (the replacement property). Why is the investment planner/manager talking about real estate exchanges? For the right client, we have a solution available for real estate investors to exchange in to for their replacement property. This a unique opportunity that requires a lot of diligence and research. Please let us know if we can answer any questions.
2. **The election.** Is something happening in November? Naturally, we get a lot of questions about how elections play a role in markets and the economy. The reality for the stock market is that it does not care who is in the White House. Since the 1928 election, 75% of election years have seen positive full calendar year returns. That is 3 out of every 4 elections. The median return is 10.7%.
3. **College.** There has been a lot of questions and planning work lately around saving for and funding college. Whether you have child or grandchild being born this year, or one heading off the college, this is important to people. Understandably so: the average in-state student attending a public 4-year institution and living on-campus spends \$28,840 for one academic year. That is \$115,360 over 4 years. Without any inflation! Good planning can help to cover this. Please let us know if you would like to have a conversation about ways to save for college.

Market update

We'll dive into the details below, but first, let's review the year-to-date results:

	12/29/23 Close	6/28/24 Close*	Change Year to Date	% Gain/Loss Year to Date
DJIA	37,689.54	39,118.86	+1,429.32	+3.79%
NASDAQ	15,011.35	17,732.60	+2,721.25	+18.13%

S&P 500	4,769.83	5,460.48	+690.65	+14.48%
MSCI EAFE	2,241.21	2,313.88	+72.67	+3.24%
Russell 2000	2,027.07	2,047.69	+20.62	+1.02%
Bloomberg Aggregate Bond	2,162.21	2,156.39	-5.82	-0.27%

*Performance reflects index values as of market close on June 28, 2024. Bloomberg Aggregate Bond and MSCI EAFE reflect June 27, 2024, closing values.

EQUITIES: US equities are up for the third quarter in a row. As of the close on 7/10/2024, the S&P is now at 5,633.91. Good for a year date return of 18.12%. Artificial Intelligence is the catalyst. Nvidia alone is accounting for 31% of the S&P 500 index return so far this year. 1 stock contributing nearly a third! The Magnificent 7 Stocks (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla) are contributing 63% of the year-to-date returns for the S&P 500.

FIXED INCOME: US Treasury rates are moving lower this quarter across the board. A 2-year Treasury note is now yielding 4.63%. Down from 4.88% just one month ago. I have no crystal ball and neither does anyone else. Everyone thought we were going to get 6 rates cuts this year when it started. Now we expect 0. My guess is one year from now rates will be lower than they are today. We are encouraging clients to lock in this decade high rates while they can.

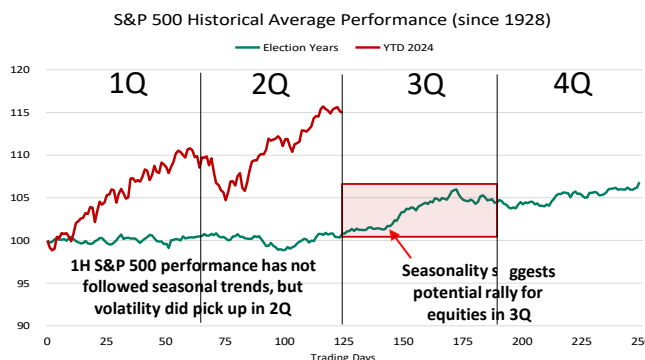
ECONOMY: The US Economy continues to remain strong. The jobs market continues to fuel it. There are 1.2 job openings per 1 unemployed person. The unemployment rate remains low. Both personal income and personal consumption are above pre-pandemic trends. A reminder that our economy is 70% of what you and I spend on our dollars on.

MY TAKE: I recently took time off. There was not a point during my time away that I thought about interest rates, the economy, the election, the stock market, or any of these things that take up my brain space on a day-to-day basis. It was so nice. It reminded me of what is in my control and what is not. Trying to control things in our life or even worrying about them can be such wasted energy. I am as guilty as anyone. 1 year from now the stock market has a 50/50 chance of being up or down. That I have no control over. What we can control is the planning and preparation for any outcome – good OR bad. We can control the planning for our time away. We can control the time we spend away so that we come back refreshed and with perspective. Please let me know how we can help with your planning.

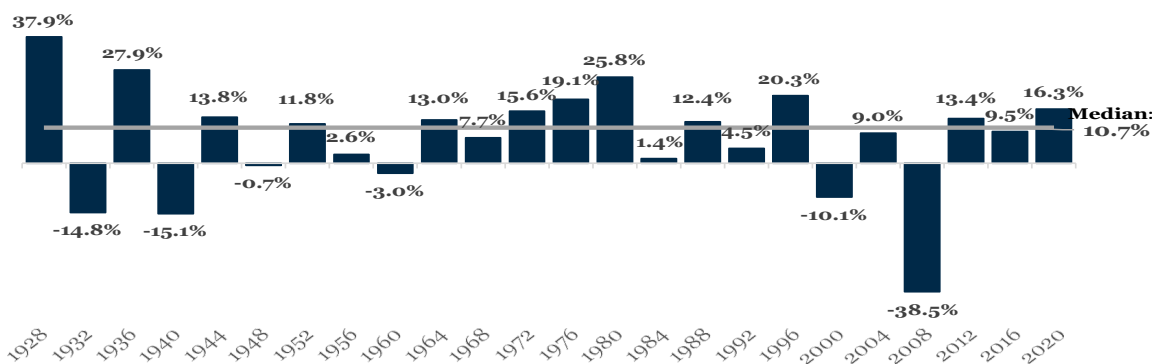
Chart of the Quarter

Election Year Seasonality

Historically, presidential election years have been favorable for stock market returns with a median return of 10.7%. Since the 1928 election, 75% of election years have seen positive full-year returns.



Returns During Presidential Election Years



Source: FactSet

Thank you for reading. We hope you have a great REST of your summer!

Sincerely,

Lee McLellan, Gary Collier, & Tammy Bowling.

Investing involves risk, and investors may incur a profit or a loss. All expressions of opinion reflect the judgment of the Raymond James Chief Investment Officer and are subject to change. There is no assurance the trends mentioned will continue or that the forecasts discussed will be realized. Past performance may not be indicative of future results. Economic and market conditions are subject to change. The Dow Jones Industrial Average is an unmanaged index of 30 widely held stocks. The NASDAQ Composite Index is an unmanaged index of all common stocks listed on the NASDAQ National Stock Market. The S&P 500 is an unmanaged index of 500 widely held stocks. The MSCI EAFE (Europe, Australasia and Far East) index is an unmanaged index that is generally considered representative of the international stock market. The Russell 2000 is an unmanaged index of small-cap securities. The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. An investment cannot be made in these indexes. The performance mentioned does not include fees and charges, which would reduce an investor's returns. Investing in the energy sector involves special risks, including the potential adverse effects of state and federal regulation, and may not be suitable for all investors. A credit rating of a security is not a recommendation to buy, sell or hold the security and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning Rating Agency. Bond prices and yields are subject to change based upon market conditions and availability. If bonds are sold prior to maturity, you may receive more or less than your initial investment. Income from municipal bonds is not subject to federal income taxation; however, it may be subject to state and local taxes and, for certain investors, to the alternative minimum tax. Income from taxable municipal bonds is subject

to federal income taxation, and it may be subject to state and local taxes. Investing in commodities is generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising. International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility. The companies engaged in the communications and technology industries are subject to fierce competition and their products and services may be subject to rapid obsolescence. The Consumer Price Index is a measure of inflation compiled by the US Bureau of Labor Studies. The Leading Economic Index (LEI) provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term.