Quarterly Market Update – Burton Hills Investment Partners: Gary Collier, Lee McLellan, & Tammy Bowling

Happy Fall! As we embrace a new season and journey into the final quarter of the year, it's crucial to stay focused on our goals. Just like in football, where one setback doesn't define a season, in life and investing, staying true to your game plan is key.

The recent upsets in college football serve as a reminder that resilience and determination are vital. It's fascinating how the parallels between football and investing highlight the importance of navigating distractions and sticking to our game plan.

As we review accounts this time of year, our priority is to ensure that your financial goals align with your life goals. Remember, one loss or setback doesn't dictate your future success. Let us know how we can support you during this season of reflection and planning.

Team Updates

We have been busy these last 3 months. Here are some updates from us both personally and professionally:

Celebrating Tammy's birthday with compliance officer, Terry Davis:

Collier Boys trip to Fayetteville, Arkansas to see Tennessee versus Arkansas in football:

3 of the 4 McLellan Boys in Oxford, MS for Kentucky versus Ole Miss:

A rare Nashville visit by Fed Chairman Jerome Powell at the Grand Hyatt hotel.

Extremely enlightening presentation about the economy and future course of interest rates.

3 Big Themes

In the last quarter, I've noticed 3 key themes emerging in conversations with clients that could enhance your planning and investing strategies:

1. **Taxes**: As the extended filing deadline looms on October 15th, it's crucial to consider the impact of higher interest rates on certain investments. Emphasizing tax-efficient investing is essential, as the after-tax return should be your primary focus, not the gross return.

2. **Required Minimum Distributions**: For individuals over 73 with retirement accounts, navigating required minimum distributions is vital. Failing to take these distributions can result in penalties, making careful determination of these values a priority.

3. **Year-End Giving**: If you're charitably inclined, exploring strategies like gifting appreciated stock or your required minimum distribution can be advantageous. Reach out to discuss the benefits and drawbacks of this gifting approach.

Market update

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

	12/29/23 Close	9/30/24 Close*	Change Year to Date	% Gain/Loss Year to Date
DJIA	37,689.54	42,330.15	+4,640.61	+12.31%

NASDAQ	15,011.35	18,189.17	+3,177.82	+21.17%
S&P 500	4,769.83	5,762.48	+992.65	+20.81%
MSCI EAFE	2,241.21	2,447.79	+206.58	+9.22%
Russell 2000	2,027.07	2,228.45	+201.38	+9.93%
Bloomberg Aggregate Bond	2,162.21	2,263.44	+101.23	+4.68%

*Performance reflects index values as of market close on Sept. 30, 2024. Bloomberg Aggregate Bond and MSCI EAFE reflect Sept. 27, 2024, closing values.

EQUITIES: While large companies continued to gain in value, small- and mid-size companies saw the strongest returns for the month, underscoring the importance of maintaining in a diversified portfolio. The Technology sector is still settling following its outsized performance earlier in the year, while interest rate-sensitive Utilities and Real Estate sectors are enjoying their time in the limelight. Two out-of-favor areas have perked up in the last week – Consumer Discretionary, thanks to the Fed's rate cut, and Materials because of China's strength due to policy measures intended to perk up the nation's rocky position.

FIXED INCOME: After the Fed's September rate cut, the latest Federal Open Market Committee (FOMC) signaled an additional 50 bps in rate cuts by the end of the year and another 100 bps in 2025. Intermediate and long-term Treasury yields ultimately rose following the cut, steepening the curve. As expected, short-term yields fell in the leadup to the rate cut and in the days following: the one-year yield has fallen 73 bps since the beginning of August while the 10-year yield is down by just 21 bps. Bloomberg calculations are estimating 75 bps of cuts across the FOMC's remaining two meetings this year.

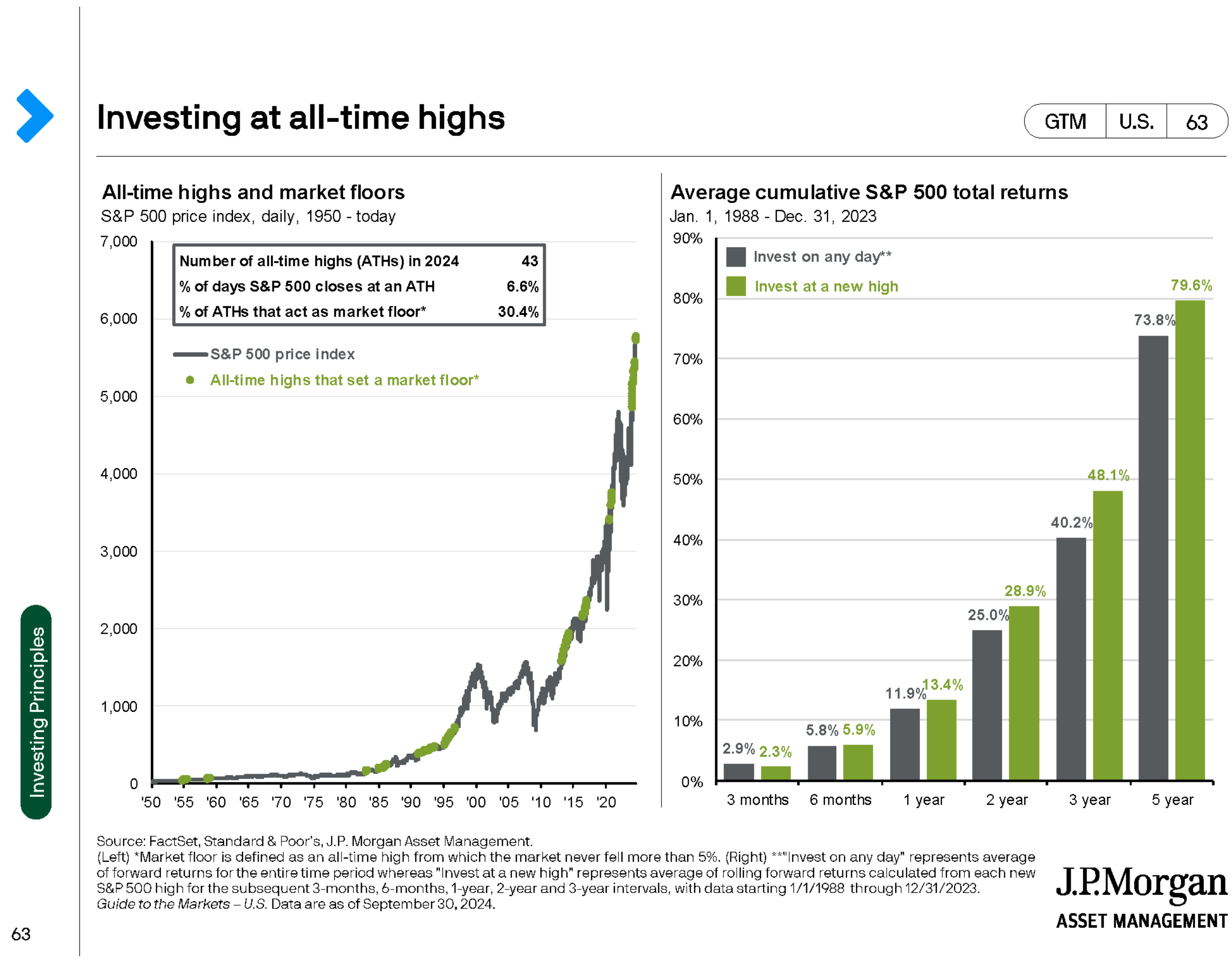
ECONOMY: After last month's surprising downward revision to employment numbers spanning from 2023 to early 2024, nonfarm payrolls for August were worse than expected at 142,000 new jobs – still strong compared to historical averages but a signal that the U.S. labor market is continuing to normalize. The job openings report was also lower than expected, and June's numbers were revised lower, bringing job openings closer to pre-pandemic levels. At the same time, unemployment ticked down to 4.2% from 4.3% in July.

The services sector continued to expand in August, helping reduce market concerns about the strength of the U.S. economy. Manufacturing has struggled, but lower interest rates may help the sector out of its slump. Housing starts and building permits were higher than expected in August, and builders have accelerated completions, which increased by 9.2% from July to August and 30.2% year-over-year.

MY TAKE: It has been a solid year thus far. Despite all the noise surrounding the economy, inflation, an election, and tensions in the middle east, the stock market is poised for a double-digit return for the 2nd year in a row. With a Federal Reserve signaling more interest rate cuts, this should serve as a catalyst for business activity and lending which will boost the economy. Of course, nothing is guaranteed, but I am optimistic for the remainder of this year and for 2025.

With the market at or near all-time highs, we get questions a lot about waiting for a pull-back in the market to put money to work. My preference is to always be investing no matter the market cycle. But investing now is not a bad strategy by any stretch of imagination. See chart of the quarter below for more:

Chart of the Quarter



Thank you for reading. We hope you have a great REST of the year!

Sincerely,

Lee McLellan, Gary Collier, & Tammy Bowling.