Financialfreedom™

WEALTH MANAGEMENT GROUP, LLC

QUARTERLY UPDATE FALL 2023

As the leaves continue to change, temperatures cool, and the holidays begin to approach, it's a wonderful time to consider what season you're in financially. For example, maybe you're in a pay-off-debt season, save-for-college season, or transition-to-retirement season.

We have found that by thinking of our financial lives and goals in terms of seasons, tackling them feels much more achievable. And once we complete one season, we are free to move, like nature, gracefully into the next.

Regardless of the season you are in, we hope it is filled with meaningful progress that draws you closer to the people and experiences you love.

MEET TAYLOR

Taylor Isaac
Marketing & Social Media Coordinator
Taylor has spent a decade in the digital marketing world. She got her start at a content marketing agency. Then, dove into a role at a production studio where she led marketing and media projects. Finally, she pivoted her work to freelancing, focusing mostly on food and travel brands. Now, called by the mission to help people achieve financial independence, she joins Financial Freedom Wealth Management Group as the Marketing and Social Media Coordinator. She's a graduate of LSU University with a B.S. in Psychology, but her passion lies in using online tools to connect, engage, educate, and inspire.

TEXTING NOW AVAILABLE

We are making contacting us even easier.

You can now call or text us on our new primary number: **458-777-4458**. Due to this change, please update our number on your phone. Our existing numbers (541-574-6464 and 971-599-5142) will still reach us, but our new primary number will show up when we call you.

MARKET UPDATE

In the early part of the third quarter, the S&P 500 reached its highest level since March 2022. However, the subsequent rise in global bond yields, apprehensions regarding a resurgence in inflation, and worries about a potential economic slowdown began to exert downward pressure on major indices during August and September. As a result, the S&P 500 concluded the third quarter with a modest decline.

Third Quarter Performance Review

The market dynamic changed on the first day of August when Fitch Ratings, one of the larger U.S. credit rating agencies, downgraded U.S. debt. Fitch cited long-term risks of the current U.S. fiscal trajectory as the main reason for the downgrade, but while that lacked any near-term specific justification for the downgrade, the action itself put immediate downward pressure on U.S. Treasuries, sending their yields higher. This rise in yields weighed on stock prices throughout August and the S&P 500 posted its first negative monthly return since February.

Market capitalization. Large-cap stocks once again outperformed small-cap stocks, a trend observed in the first two quarters of this year. However, both large and small caps recorded negative returns. The recent outperformance of large caps aligns with the backdrop of increasing Treasury yields. Smaller companies tend to rely more on

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debt financing to support their operations, and the escalation of interest rates presents greater financial challenges for smaller firms.

Investment style. Value stocks relatively outperformed growth stocks in the third quarter, although both investment styles finished with a negative quarterly return.

Sector level. Nine of the 11 S&P 500 sectors finished the third quarter with a negative return, which is a stark reversal from the broad gains of the second quarter. Energy was, by far, the best performing S&P 500 sector, thanks to a surge in oil prices. Communications Services also finished with a slightly positive quarterly return on hopes integration of advanced artificial intelligence would boost search and social media companies' future advertising revenues. Consumer staples, utilities, and real estate were the worst performing sectors.

Internationally. Foreign markets saw moderate declines as disappointing economic data in Europe and China bolstered regional recession fears. Emerging markets relatively outperformed developed markets due to the larger-scale Chinese economic stimulus announced late in the quarter.

US Equity Indexes	Q3 Return	YTD
S&P 500	-2.08%	13.07%
DJ Industrial Average	-1.28%	2.73%
NASDAQ 100	-1.30%	35.37%
S&P MidCap 400	-3.57%	4.27%
Russell 2000	-4.76%	2.54%

Commodities. Thanks to the boost in energy gains, commodities were the best performing major asset class and saw substantial gains. Gold, meanwhile, declined moderately thanks primarily to the stronger U.S. dollar, which rallied steadily, hitting a fresh high in September.

Fixed income markets. Shorter-duration debt securities posted a positive quarterly return and outperformed those with longer durations. For the corporate bond market, lower-quality but higher-yielding "junk" bonds rose slightly, while higher-rated investment-grade debt declined moderately.

Fourth Quarter Market Outlook

Employment, consumer spending, and business investment were all resilient in the third quarter. So, while a future economic slowdown is certainly possible given higher interest rates, the resumption of student loan payments and declining U.S. savings, the actual economic data is clear: It isn't happening yet.

Fears that inflation may bounce back are also legitimate, given the rally in oil prices in the third quarter. But the Federal Reserve and other central banks typically look past commodity-driven inflation and instead focus on "core" inflation, and that metric has continued to decline.

Regarding monetary policy, the Federal Reserve's historic rate hike campaign is nearing an end. While we should expect the Fed to keep rates higher for now, high interest rates do not automatically result in an economic slowdown. Interest rates have merely returned to levels that were typical in the 1990s and early 2000s, before the financial crisis, and the economy performed well during those periods.

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As we finish the last quarter of 2023, we want to remind you that a resilient, diversified, long-term financial plan is key to navigating market surprises like high interest rates, inflation, geopolitical tensions, and recession threats.

Successful investing needs patience and a well-thought-out strategy. Contact us if you have any questions, as we're here to guide you.

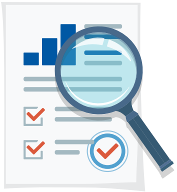
EXCITING NEWS...NEW SALEM OFFICE LOCATION!

Our Salem office is moving to a new location in West Salem, just two and a half miles from our current office.

Our new Salem address as of October 27th is:
1124 Cornucopia Street NW
Salem, OR 97304

You will be able to tour the new building and spend time with our team at an **Open House, Thursday, January 25th 4-6PM**. Look for more details about our Open House in early January. Until then, know that we will continue to have our famous cappuccinos ready and waiting for you when you visit.

We look forward to continuing to serve you.



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!