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WEALTH MANAGEMENT GROUP, LLC



QUARTERLY UPDATE AUG/SEPT 2024

Small Moments and Big Dreams

The first half of the year has flown by, leaving behind a mix of sweet memories and valuable lessons. As we enter the last half of the year, let's take a moment to appreciate the journey so far. What moments brought a smile to your face? What experiences nourished your soul? Perhaps there are dreams quietly waiting for their chance to shine. Let the next months be a canvas for creating a life that truly resonates with you. Remember, happiness is found in the small moments and big dreams. Embrace it all, and let your inner light guide you forward.

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Quinn Smith is our newest Client Services Associate who brings a life full of experiences centered around serving people and seeing them excel towards their goals. He served as a football coach at Syracuse University. Before that, Quinn served in a ministerial role working with college students and athletes on a variety of local campuses. He obtained a Bachelor's in Marketing with a Minor in Political Science from Oregon State University where he was a Tight End in the Beavers football program.

Outside of work, Quinn is active in his local church and is the Defensive Coordinator for the Crescent Valley High School football program. He also enjoys lifting weights, playing golf, and fishing. Above all, his wife and faith are his greatest joys in life. He and his wife reside in Corvallis, Oregon with their two dogs.

The top Large US Companies (S&P 500) experienced its first real dose of volatility early in the second quarter, but expectations for interest rate cuts by the Federal Reserve, solid economic growth, and continued strong financial performance from AI-related tech companies ultimately pushed the S&P 500 to new all-time highs and the index finished the quarter with strong gains.

Second Quarter Performance Review

The second quarter produced a more mixed performance across various markets than the strong return in the S&P 500 might imply, as AI-driven tech-stock enthusiasm powered the Nasdaq and S&P 500 higher while other major indices lagged. The Nasdaq was the best performing major index in the second quarter while the S&P 500, where tech is the largest sector weighting, also logged a solidly positive gain. Less tech focused indices didn't fare as well with the Dow Jones Industrial Average and

small-cap focused Russell 2000 posted negative quarterly returns.

From an investment style standpoint, growth outperformed value, as tech-heavy growth funds benefited from continued AI enthusiasm. Value funds, which have larger weightings towards financials and industrials, posted a slightly negative return as the performance of non-tech sectors reflected growing concerns about economic growth.

On a sector level, performance was mixed as only 4 of the 11 S&P 500 sectors finished the second quarter with positive returns. The best performing sectors were the technology and communications services sectors, which were heavily influenced by the prospect of AI-linked possibilities. Utilities also logged a modestly positive return as declining Treasury yields made higher dividend sectors more attractive to income investors.

The energy, materials and industrials sectors closed the quarter with negative returns. Their declines

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Those positives are reflected in the fact that the S&P 500 has made more than 30 new highs so far in 2024 and is trading at levels that, historically speaking, are richly valued.

reflected growing anxiety about future economic growth as those sectors, along with small-cap stocks, are more sensitive to changes in U.S. and global growth.

US Equity Indexes	Q2 Return	YTD
S&P 500	4.28%	15.29%
DJ Industrial Average	-1.27%	4.79%
NASDAQ 100	8.05%	17.47%
S&P MidCap 400	-3.45%	6.17%
Russell 2000	-3.28%	1.73%

Source: YCharts

Internationally, emerging markets outperformed the S&P 500, thanks to optimism towards a rebound in Chinese economic growth, plus falling global bond yields late in the quarter boosted the attractiveness of emerging market investments. Meanwhile, foreign developed markets lagged both emerging markets and the S&P 500. Concerns about the timing and number of Bank of England and European Central Bank rate cuts, along with French and German political concerns later in the quarter, acted as headwinds for foreign developed stocks.

Commodities saw slight gains, thanks to optimism on Chinese economic growth and as geopolitical concerns

rose throughout the quarter. Gold rallied solidly on the uptick in geopolitical risks. Oil, meanwhile, logged a small loss on signs of slipping OPEC+ production discipline and concerns about future global growth and demand.

For fixed income markets, the leading benchmark for bonds (Bloomberg Barclays US Aggregate Bond Index) realized a slightly positive return for the quarter. Additionally, shorter-duration bonds outperformed those with longer durations, as bond investors priced in sooner-than-later Fed rate cuts.

For corporate bonds, lower-quality “junk” bonds rose modestly, while investment-grade debt logged a slight decline. That performance gap reflected continued investor optimism towards corporate profits, which led to bond investors taking more risk in exchange for a potential higher return.

Third Quarter Market Outlook

Stocks begin the third quarter of 2024 riding a wave of optimism as inflation is declining, The Fed may soon deliver the first rate cut in over

four years, economic growth remains solid, and earnings growth from AI-linked tech companies has shown no signs of slowing down.

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However, the market does face risks as we start the third quarter. Slowing economic growth, disappointment if the Fed doesn’t cut rates, a rebound in inflation, and geopolitical surprises (including the U.S. elections) are all potential risks. And, given high levels of investor optimism and current market valuations, any of those events could cause a pullback in markets.

We remain focused on both opportunities and risks in the markets, and we thank you for your ongoing confidence and trust. Remember, successful investing is a marathon, not a sprint, and even intense volatility is unlikely to alter a diversified approach set up to meet your long-term investment goals.

ELECTION FIRESIDE CHAT

Join us for a fireside chat in preparation for the upcoming 2024 presidential election. Hear from Julia, Jason, and DJ in a laid-back discussion as they field your questions and provide insights, historical data, and other anecdotes from their years of experience in the financial industry.

When: Wednesday, September 25th at 11am
(if you can't make it live, register to receive an email of the recording)

Where: Virtual on Zoom

Text the word **FIRESIDE** along with your questions any time before or during the discussion to **458-777-4458** to hear us respond during the fireside chat.

Visit financialfreedomwmg.com/events to register.

Or scan the QR code



Julia Carlson
Founder & CEO



Jason Harris, CFP®
President



DJ Wright
Director of Investments
& Financial Advisor



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!

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

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