



STRATEGIC CLIENT NEWSLETTER

THIRD QUARTER 2024

Third Quarter Brings First Interest Rate Cuts and Record Stock Markets

The U.S. stock market hit record high territory in the third quarter of 2024 with strong corporate earnings and interest rate cuts. We believe the S&P 500 (+21.44% YTD) and Dow Jones Industrial Average (+12.68% YTD) will continue performing well throughout 2024, with some short term volatility expected around the Presidential election.

- Gross Domestic Product (GDP) increased at a rate of +3.0% in the second quarter of 2024, following an increase of +1.6% in the first quarter of 2024. This reflects increases in consumer spending, government spending and nonresidential fixed investment. (Source: www.bea.gov)
- The National unemployment rate levels remain low, with the following rates for June (4.1%), July (4.3%) and August (4.2%) of 2024. We believe the unemployment rate will remain low for the remainder of 2024. (Source: www.bls.gov)
- Nonfarm productivity increased at a revised rate of +2.5% in the second quarter of 2024, which followed an increase of .4% in the first quarter of 2024: with increases in output (3.5%) and increases in hours worked (1.0%) for the second quarter of 2024. From the second quarter of 2023 to the second quarter of 2024, nonfarm productivity increased +2.7%. (Source: www.bls.gov)
- Changes in the Consumer Price Index (CPI) continue to fall, decreasing -.1% in June 2024, increasing .2% in July 2024 and 0.2% in August of 2024. We expect inflation to decrease throughout the next 18 months, as the Federal Reserve makes interest rate cuts. (Source: www.bls.gov)
- Personal Income increased by +.3% in July of 2024 and +.2% in August of 2024, following an increase in June 2024 of +.3%. (Source: www.bea.gov)
- Corporate profits (profits from current production) increased in the second quarter of 2024 by \$132.5 billion, following an adjusted decrease in the first quarter of 2024 of \$65.1 billion. (Source: www.bea.gov)

THIRD QUARTER 2024

Market Performance www.bloomberg.com

Dow Jones Industrial Average

This Quarter	8.02%
Year-to-Date	12.68%

S&P 500

This Quarter	5.33%
Year-to-Date	21.44%

Nasdaq Composite

This Quarter	2.34%
Year-to-Date	22.29%

Indices are unmanaged and you cannot invest directly in an index

2024 Presidential Election

Historically, Presidential elections have had minimal impact on market and portfolio performance. While we expect some short-term market volatility centered around the election, we don't expect the results to have a lasting impact on stock market returns. An analysis of data going back to 1948 suggests that two scenarios that correspond to positive absolute returns in excess of long-term average returns are divided government outcomes, where the White House and Congress are controlled by different parties. *(Source U.S. Bank Asset Management Group)*

It's important to recognize that other factors have a greater impact on market performance, such as economic and inflation trends.

Fraud Prevention

Fraud and cybercrime are serious threats, and CHB Investment Group, LLC plays a key role in helping to safeguard your assets. It's important for our clients to maintain their own vigilance as well, with these security tips and best practices:

- Keep us informed regarding changes to your personal information
- Use two-factor authorization for your accounts
- Be cautious when receiving money movement instructions via email
- Keep your web browser and operating system up to date
- Enable security settings on your apps and web browser
- Use only wireless networks you trust
- Create unique passwords for each institution with which you do business
- Do not click on suspicious links or attachments in emails or texts
- Only download apps from the Google or Apple app store
- Turn off your Bluetooth when it's not needed
- Expect us to call to confirm email requests
- Be suspicious of unexpected or unsolicited phone calls
- Check your email and account statements for suspicious activity
- Install anti-virus/anti-malware/anti-spyware software
- Avoid using public computers
- Do not use personal information as part of your username
- Do not share your passwords
- Activate spam filters in your email settings
- Do not use free or found USB drives
- Do not disclose personal or sensitive information on social media

Cybercriminals exploit our increasing reliance on technology. Their goal is to obtain information to access accounts and assets, or to sell your information for such a purpose. Following best practices and applying caution when sharing information and executing transactions makes a big difference.

You can also visit these sites for more information and best practices:

National Security Alliance: [StaySafeOnline.org](https://www.staysafeonline.org)

Federal Trade Commission: [OnGuardOnline.gov](https://www.onguardonline.gov)

FDIC: [fdic.gov/resources/consumers](https://www.fdic.gov/resources/consumers)

If you have any questions or concerns regarding cybercrime and fraud, please give our office a call at 215-862-6900.

2024 Required Minimum Distributions

IRA account holders are generally required to take annual distributions from their IRA accounts after they turn 73. The RMD rules apply to all employer sponsored retirement plans (i.e. 401(k), 403(b), profit sharing plan) and all IRA-based plans (i.e. traditional, SIMPLE, SEP).

Under the SECURE 2.0 Act, if you reach the age of 73 in 2023 or later, RMDs won't begin for you until age 73. In addition, any IRA accounts inherited after 12/31/2019, have no Required Minimum Distributions. The full balance of the account must be distributed by the tenth year anniversary of the inheritance.

We will be reaching out to clients who haven't fulfilled their current year RMD to ensure any distributions that need to be made are completed by year end.

If you have any questions about how this may impact your retirement accounts with us, please call our office.

Annual Client Profile Review

On a yearly basis, we like to review any updates to clients' risk tolerance profiles. Please contact our office to review or to make any updates to the following:

Time Horizon – *This measures the expected years you plan to invest your financial goals*

Short Term (0-5 years) _____
Intermediate Term (5-10 years) _____
Long Term (10+ years) _____

Liquidity Needs – *This measures the ease with which you can meet financial obligations with available assets*

None _____
Moderate _____
Significant _____

Financial Priority – *Please choose one*

Less Volatility, even if that means there is little growth potential _____
Investment income, with some growth potential _____
Some investment income, but more growth potential over the long term _____
The highest growth potential over the long term _____

**PLEASE RETURN ANY CHANGES TO
YOUR CLIENT PROFILE IN THE
ENCLOSED ENVELOPE.**

Risk Tolerance – *How would you rate your willingness to take risk?*

Very Low Low Moderate High Very High

CHB Investment Group Observations

- We believe stocks are fairly valued. We recommend value stocks over growth stocks, and are monitoring market valuations carefully for possible adjustments to asset allocation.
- We believe the Federal Reserve will make at least two additional interest rate cuts this year. We have an overweight bias towards fixed-income securities, as we expect additional recovery in this asset class as interest rates fall.
- We have a **positive bias** in residential and a **neutral bias** in corporate real estate, and we expect housing markets to be positively impacted with falling market interest rates.
- We have a **positive** bias towards corporate debt.

This is provided for informational purposes only. We need to review your investment objectives, risk tolerance and liquidity needs before we introduce suitable managers/investment programs to you. All investing involves risk including the possible loss of principal. Mid-cap stocks are generally more volatile, subject to greater risks and are less liquid than large company stocks. There are special risks associated with an investment in real estate, including the possible illiquidity of the underlying properties, credit risk, interest rate fluctuations and the impact of varied economic conditions.

Clients should expect a simplified client account statement from Schwab, beginning with the October 2024 monthly statement.

For clients who would like to receive non-confidential information regarding general market conditions and CHB Investment Group updates, please send your preferred e-mail address to chris.lindenthal@chbinvestmentgroup.com

Past performance is no guarantee of future results. Indices are unmanaged and you cannot directly invest in an index.

The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value.

The Dow Jones Industrial Average is a price-weighted index of 30 "blue-chip" industrial stocks

The NASDAQ Composite Index measures the market value of all domestic and foreign common stocks, representing a wide array of more than 5,000 companies, listed on the NASDAQ Stock Market.

Stocks offer long-term growth potential, but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations. The prices of small company stocks are generally more volatile than large company stocks. They often involve higher risks because smaller companies may lack the management expertise, financial resources, product clarification and competitive strengths to endure adverse economic conditions. There are special risks associated with an investment in real estate, including credit risk, interest rate fluctuations and the impact of varied economic conditions.

Investing in fixed income securities involves certain risks such as market risk if sold prior to maturity and credit risk especially if investing in high yield bonds, which have lower ratings and are subject to greater volatility. Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline of the value of your investment. All fixed income investments may be worth less than original cost upon redemption or maturity.

Investing in foreign securities presents certain risks not associated with domestic investments, such as currency fluctuation, political and economic instability, and different accounting standards. This may result in greater share price volatility. Diversification does not guarantee profit or protect against loss in declining markets.

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You should be receiving statements at least quarterly from Charles Schwab & Co., LLC. If you are not receiving these statements, or you need another copy of a statement, please call us and we will provide one to you. Clients are encouraged to review the information on the statements, especially the amount of fees deducted, and compare that information with any information provided by CHB Investment Group, LLC. If there are any questions or discrepancies, please contact us as soon as possible

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