RAYMOND JAMES

TAYLOR HARRISON WEALTH MANAGEMENT

Quarterly Investment Trends

Volume 2 Issue 33

October 17, 2024

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IMPORTANT DATES

Daylight Savings **11-03-2024**

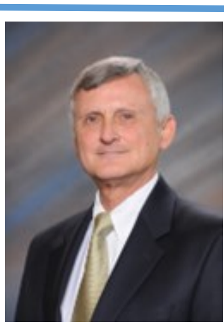
Election Day **11-05-2024**

Veterans Day **11-11-2024**
Federal Holiday/Banks Closed

Thanksgiving Day **11-28-2024**
Federal Holiday/Banks & Markets Closed

Christmas Day **12-25-2024**
Federal Holiday/Banks & Markets Closed

New Year's Day **01-01-2025**
Federal Holiday/Banks & Markets Closed



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Fourth Quarter Newsletter 2024

Growing up in Southwest Oklahoma we always went to the lake during the summertime. When water was being let out of the lake to fill the irrigation canals for the farmers, dangerous undertows were created. The tendency would be to fight the current and try to swim out of it while underwater. If you made that mistake, the consequences were sometimes fatal.

We were told to not fight the current but let it take you until it loses power and then you could swim out of it. Life can be like that. Covid, inflation, taxes and insurance, rising interest rates and a contentious, uncertain Presidential election all pulling us under.

The biggest question we get right now is "What will the market do if one party or the other gains control of both the House and the Senate and/or the White House? Will we be able to swim out of that current?

It is helpful to take a step back and look at the situation from a broad view. Take a look at the chart below. It is a one day chart of the S&P 500.

Just like life, everyday has its ups and downs. Now take a look at the one month S&P 500 chart.

Look at the rectangle to the right. It highlights the same one day period in the chart above.

A longer-term view reveals a smoother path void of the ups and downs. A broader perspective allows you to move through life with less chaos and more wisdom and confidence. If you are invested in the stock market, times are good right now but you should know that will eventually change. When times are bad, that also will likely change. Your emotional intelligence will be a major factor in controlling your financial future. Having a long-term perspective will help you navigate the ups and downs of the market.

DIRECT INDEXING[1]

Ever heard of it? Few people have but it is a tax smart strategy. There is an old adage that says *"It's not what you earn; it's what you keep after taxes that counts."* Here is how it works:

By holding individual stocks in a direct index strategy, tax loss harvesting can be used to help you realize losses in your portfolio, which can then be used to offset capital gains to reduce taxes and help you preserve wealth.

We believe direct index strategies are the next generation of index investing. Designed to provide index like returns through direct ownership of securities in a Separately Managed Account (SMA).

Contact us for more information and a detailed explanation. If you are taxed on dividends and capital gains, this may be an opportunity to reduce those taxes.

HOW TO INVEST IN AN ELECTION YEAR

In a Presidential election year, the fate of the United States seems to hang in the balance. This year is certainly no different. Heightened volatility during an election cycle always happens.

Capital Group analyzed over 90 years of investment data across 23 election cycles and here's what they found[2]:

- US stocks have trended up regardless of whether a Republican or Democrat won the White House. A $1,000 investment in the S&P 500 index when FDR became President in 1933 would have been worth over $21 million in 2023. During that time there have been seven Republican and eight Democratic Presidents.
- Markets are volatile during primaries but bounce back strongly afterwards. Stocks have returned 11.3% in the 12 months following primaries, compared to 5.7% in similar periods of nonelection years.
- Investors get nervous and move into cash during election years. Net asset flows into money market funds have been more than twice as high in election years as in the year after an election.
- Staying on the sidelines has rarely paid off. It is time, not timing, that matters most. The S&P 500 index had negative returns in only two of the last 20 election years (2000, 2008) and both declines were largely attributed to asset price bubbles rather than politics.
- It would be great if there were go to sectors to invest in every election year. Unfortunately, investing is not that simple. Every candidate has their own policy agenda and predicting market winners and losers are hard to predict. Stocks with strong long-term fundamentals will often rally once the election is over.

"The most effective way to cope with change is to help create it."

-L.W. Lynett

(1) J.P. Morgan – SMA Story 2024

ENERGY DEMAND[3]

The European Union issued a massive study looking at the destruction of Europe's industry and its deindustrialization. Expensive energy and the increasingly unreliable energy in Europe is driving European industries away. Manufacturing is energy intensive. In America we have the biggest economy with the cheapest energy. The United States has an enormous advantage for industry because we have incredibly cheap energy.

The Inflation Reduction Act was the largest piece of partisan legislation ever passed in American history. It is the most expensive piece of legislation passed probably in American history. Not only will it make energy more expensive and manufacturing less likely to repatriate, but those that are already here will have more expensive energy and will lose them. Half of the dollars spent will go to China to buy the input materials which are dominantly produced in China to build windmills, batteries and solar cells. This is highly inflationary.

Wind and solar only *produce* electricity. It cannot be stored. There is no renewable energy. The wind does not blow and the sun does not shine 24/7. Therefore, we have essentially built a backup grid which has capital costs, fuel costs, fuel infrastructure and must run when wind and solar is not producing.

Energy demand is going to come in several areas, most notably data centers for Artificial Intelligence (AI). Microsoft announced that they are going to fund the reopening of the nuclear plant at Three Mile Island with nearly $1 billion of pre-purchase agreements to build it. Microsoft will get all of its power. This plant will supply power to one data center. One. Not hundreds.

Think of this. The GPU card produced by one of the largest chipmakers is the size of a large kitchen drawer. That one GPU card each year uses 10 times as much electricity as one Tesla.

Millions of these cards are being shipped. This indicates where electricity demand is coming from. We are building hundreds of data centers in the United States. Half of the world's existing and planned capacity in data centers is in the United states.

The largest source of energy for the world is oil. The world oil trade is bigger than all other commodities combined. Wind and solar combined provide no more energy to the world than burning would today. Yet we have spent trillions of dollars on wind and solar acting like this is going to suddenly replace oil and gas. After spending trillions of dollars on wind and solar and batteries, the world uses more oil, more gas and more coal as well. A lot more!

Bottom Line: *The solution for American industry is to cut taxes, cut regulations and produce cheap energy.*

Thought*: "Sometimes I wonder whether the world is being run by smart people who are putting us on or by imbeciles who really mean it." Mark Twain*

(3) Global Macro Update www.mauldin economics.com

Stock Index Performance

DOW JONES

YTD	2023	5yr
14.03%	16.18%	12.07%

S&P 500

YTD	2023	5yr
16.30%	26.26%	16.09%

NASDAQ 100

YTD	2023	5yr
19.84%	55.13%	21.89%

Source: Bloomberg. Returns are total returns. 5-yr. return is an average annual. One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/04/24. An index cannot be purchased directly by investors. Past performance is no guarantee of future results.

Bond Index Performance

U.S. Treasury: Intermediate

YTD	2023	5yr
3.33%	4.28%	0.49%

U.S. Corporate High Yield

YTD	2023	5yr
7.82%	13.45%	4.78%

Municipal Bond: Long Bond (22+)

YTD	2023	5yr
2.98%	9.35%	0.84%

Source: Bloomberg Barclays. Returns are total returns. 5-yr. return is an average annual. One-week, YTD, 12-mo. and 5-yr. performance returns calculated through 10/04/24. An index cannot be purchased directly by investors. Past performance is no guarantee of future results.

"Yesterday is not ours to recover, but tomorrow is ours to win or lose."

-Lyndon B. Johnson

FDIC-INSURED PREDICTABLE INCOME

3 MONTH CD	6 MONTH CD	9MONTH CD	1YEAR CD
4.65.%	4.35%	4.10%	3.90%

Annual Percentage yields (APYs) as of **09/10/2024**. Rates are subject to change and availability. Minimum quantity may apply.

ABOUT FDIC INSURANCE

Currently, the FDIC limits the insured amount (including principal and interest) for all deposits held in the same capacity to $250,000 per depositor, per insured depository institution and $250,000 for certain retirement accounts. The FDIC has permanently increased insurance coverage to $250,000 for deposits held in all ownership categories, including single accounts, joint accounts and trust accounts. Therefore, excess holdings may not be insured. IRAs and certain other retirement accounts will maintain the $250,00 insurance coverage.

ABOUT LIQUIDITY

Funds may be withdrawn until the maturity date or redemption date. However, the brokered CDs are negotiable, which means that, although not obligated to do so, Raymond James and other broker/dealers presently maintain an active secondary market at current interest rates. Market value will fluctuate and, if the CD is cashed out prior to maturity, the proceeds may be more or less than the original purchase price. Holding CDs until term assures the holder of par value redemption. CDs are redeemable at par upon the death of the beneficial holder. For a detailed overview of these and other risks, refer to the Certificate of Deposit Disclosure Statement at raymondjames.com/liquid.htm. Additional information is also available on the SEC Certificates of Deposit website at investor.gov/introduction-investing/investing-basics/investment-products/certificates-deposit-cds.

Please contact your financial advisor for complete information about brokered CDs, including charges and expenses.

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