Annette A. VanderLinde, MBA, CWS®, AIF®
President

Dear Valued Friends and Clients,

As I write this letter, I'm looking out my window, enjoying the views of a sunny fall afternoon. Fall is harvest-time, where we have the opportunity to enjoy the fruits of the growing season. You might go apple picking, visit a pumpkin patch, or enjoy some spiced cider. It's a time to take stock and enjoy the resources available to you.

Similarly, I think of our clients and the resources we provide. Are you taking advantage of all the services available to you? This summer, we rolled out our new client portal, Orion. I'm happy to report that many of you have found the new client portal to be very user-friendly, providing an even better client experience. If you haven't had a chance to check out the new portal, please contact a member of our team – we'd be happy to set you up!

We also remain focused on bringing additional educational content to you. In September, we hosted a webinar on the importance of understanding your risk tolerance and how working with an advisor can be very beneficial in evaluating appropriate options to help you meet your goals and objectives. For those of you who may have missed the live webinar, you can watch the recording on the Liberty Wealth Advisor's webpage under the **Events** tab. This content is part of a webinar series on various financial planning topics that we will continue to host. Please be on the lookout for invitations to future webinars!

I hope you've taken note of our ongoing commitment to bring valuable content to you. We have been enhancing our ability to serve your needs in the areas of wealth planning, estate planning, retirement planning, tax planning, and insurance by expanding our resources and capabilities to better serve you in these areas. Whether it be in the form of helpful technology, an educational webinar, or any of the additional planning services we offer, our goal is to provide you with the resources and tools to help you live your most abundant life. We want to be your most-trusted resource for all areas of your financial life.

We wish you and yours an abundant fall season.

Warm Regards,

Annette A. VanderLinde, MBA, CWS®, AIF®
President

LibertyWealth® ADVISORS

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Global Market Report – Q3 2024

Overview

The third quarter of 2024 brought positive returns across various asset classes, demonstrating the effectiveness of diversification. US stocks posted a solid gain of approximately 6%, but it was the strong performance of international stocks, up around 8%, and small-cap value stocks, which soared just over 11%, that truly stood out. Bonds also performed well, gaining just over 5% during the quarter. While the rare combination of international equities, small-cap value, and bonds outperforming U.S. stocks has only happened twice since 2013, this quarter came close to achieving that feat. Although US stocks finished just slightly ahead of bonds, the strength of diverse asset classes underlines the value of maintaining a balanced, diversified portfolio to capture gains across different market environments.

KEYS TO THE QUARTER:

- Strong performance across most asset classes
- Fed delivers highly anticipated rate cut
- Signs of rotation in equity market leadership?
- Economic fundamentals remain supportive

Equity Market Performance

US equities have continued their upward trend in 2024, driven primarily by large-cap stocks, but the third quarter saw a shift toward broader market participation. Small and midcap, as well as value stocks (lagging in previous quarters), outperformed their larger-cap and growth-oriented counterparts, offering investors an important reminder that diversification across different market segments can help smooth out volatility and enhance returns. Non-US stocks also had a strong quarter, especially in emerging markets like China and India, which were bolstered by easing monetary policies and aggressive stimulus efforts.

This broadening of market leadership is an encouraging sign, as it indicates that more sectors and regions are participating in the market rally. Historically, narrow market leadership, concentrated in a small number of large-cap stocks, has posed risks. However, the recent performance of small-cap, value, and international stocks signals that market breadth may be increasing, which could help sustain the bull market.

A particularly noteworthy sector performance came from utilities, which saw a nearly 20% increase in the third quarter. This is unusual in a strong equity market where higher beta stocks typically dominate. The rise in utilities was due to the anticipation of a rate cut by the Federal Reserve, which did occur in September, when the federal funds target rate was reduced by half a percentage point. The strength in utilities may also be an early indicator that markets are pricing in expectations of meaningfully lower interest rates in the future, as utilities tend to benefit from lower borrowing costs.

Fixed Income and Bond Markets

The US bond market also experienced a notable rally in the third quarter, returning 5.2%. This positive performance was driven by a decline in yields in anticipation of and following the 50-basis point cut by the Federal Reserve. As rates fall, bond prices tend to rise, providing solid returns for bondholders. In particular, bonds with longer durations, such as longer dated US Treasuries, saw strong performance in the quarter.

Bonds, often viewed with caution by many investors, given their lackluster performance for several years, played a key role in delivering strong returns to balanced portfolios during the quarter. While cash offers a steady, predictable return over time, the potential for quick bond gains became evident this quarter. Investors who held bonds during this period benefited from sharp movements in interest rates that provided solid returns within a relatively short time frame. This highlights the importance of maintaining exposure to bonds as part of a diversified portfolio, especially in an environment where interest rates are expected to continue to decline.

The third quarter also marked a rare occurrence where bonds nearly outperformed equities, an event that underscores the value of fixed-income investments, even during periods of strong stock market performance. For investors seeking stability, bonds can serve as an essential hedge against equity market volatility, offering both income and price appreciation when rates fall.

The Importance of Diversification

While US equities remain a key component of most portfolios, this quarter's performance highlights that there are often significant opportunities outside of the domestic large cap equity market. The alignment of strong returns from international stocks, small-cap, value, and bonds offers important lessons about portfolio construction. Diversification helps reduce risk and allows investors to capture returns from different segments of the market. This quarter reinforces the long-term importance of maintaining a broad asset allocation that can benefit from various market conditions.

Market Outlook

Looking ahead, market conditions are likely to remain dynamic. Volatility is expected to continue as the Federal Reserve navigates its rate-cutting cycle and global economic uncertainty persists. Market indicators reveal the belief that interest rates have likely peaked and are expected to gradually decline over the coming months and years, which could provide continued support for bonds and income-generating assets. The recent strength in bonds, coupled with ongoing volatility in equity markets, suggests that fixed income should continue to play an important role in portfolios, particularly as a stabilizing force during periods of market uncertainty.

Additionally, the broader market participation seen in the third quarter—particularly the outperformance of small-cap and value stocks—could indicate that a rotation away from large-cap growth stocks may may be beginning. While it is still too early to declare a full market rotation, the increased breadth of market participation is a positive sign for diversified portfolios and, as the charts below show, rotation in leadership typically does occur from year to year (Figures 1 & 2). As always, investors should remain patient and avoid making drastic changes to their asset allocation in response to short-term market movements.

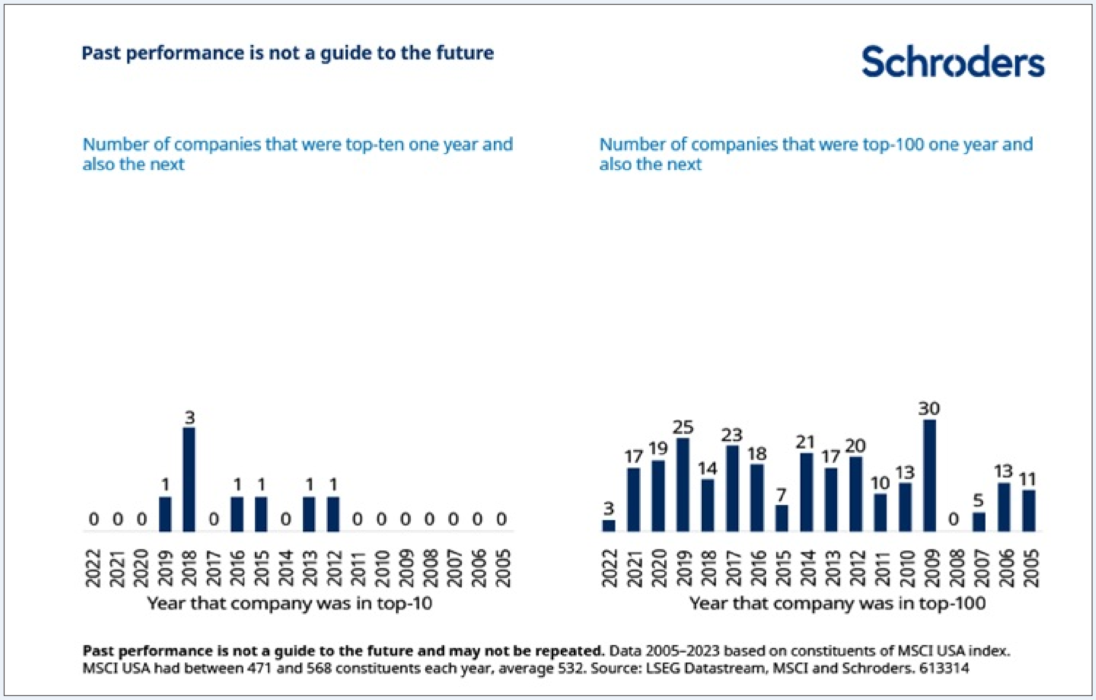

Figure 1

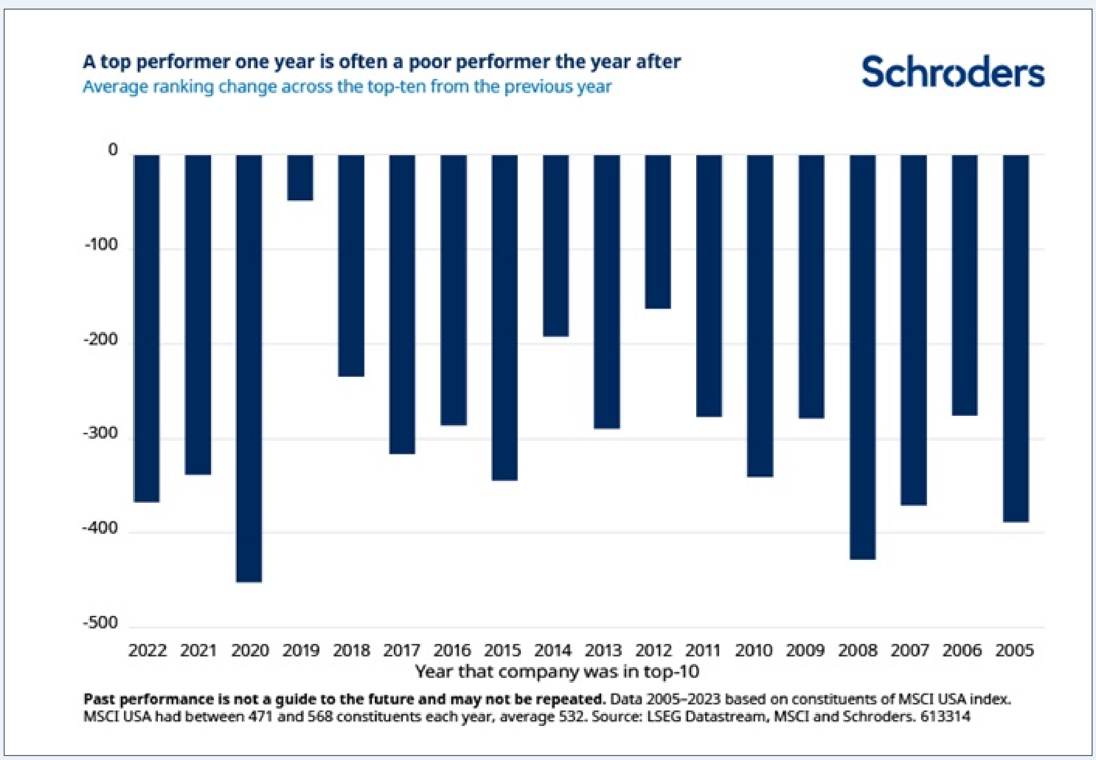

Figure 2

While the third quarter produced strong return from a wide range of asset classes, storm clouds remain and "over exuberance" should be avoided. Equity valuations remain stretched, particularly in US large cap growth, and the geopolitical environment remains troubling, with a sharply divided US electorate and ongoing tensions in the Middle East and Ukraine. On the positive side, economic fundamentals, which are the true drivers of equity and bond market returns, remain strong. Second quarter GPD growth in the US was 3.0%, the strength of the US job market has persisted, and inflation has continued to trend down toward the Fed's 2% target. These factors combined with likely lower Fed rates and bond yields should be supportive of the real economy, as well as equity and bond market returns.

Conclusion

The third quarter of 2024 delivered solid returns across a wide range of asset classes, showcasing the benefits of a diversified investment approach. While US large cap stocks posted gains, it was the strong performance of international stocks, small cap, value, and bonds that stood out. This rare alignment underscores the importance of maintaining a broad portfolio that can capture returns from different areas of the market. As we move into the final quarter of the year, continued market volatility is expected, but investors who remain patient and committed to a diversified strategy are well-positioned to weather short-term fluctuations and achieve long-term success.

This information is for general knowledge purposes only and should not be considered investment advice. If you have any questions about your portfolio, your long-term financial goals, or the ways in which Liberty Wealth Advisors® can help you achieve those goals, financial well-being, and peace of mind, please do not hesitate to contact your Advisor. We thank you for your continued confidence and loyalty. It is truly a privilege to serve you.

Select Index Measures

(As of 9/30/2024)

	Quarter End	Year-To-Date	Last 5 Years Annualized
CRSP US Total Market Index Total Return	6.18	20.60	15.49
S&P 600 Value	11.30	4.20	9.61
CRSP US REIT Index Total Return	17.32	14.17	4.43
MSCI Europe Total Return	6.58	12.77	8.41
MSCI Pacific Total Return	8.47	13.24	6.44
MSCI Emerging Markets Total Return	8.72	16.86	5.19
Bloomberg US Aggregate	5.20	4.45	0.09
Bloomberg Global Aggregate ex-USD USD Hedged	4.24	4.38	0.46
Bloomberg US TIPS (Series-L)	4.12	4.85	2.49
Bloomberg US High Yield Very Liquid Index	5.11	7.66	4.03
Bloomberg Municipal 1-15 Year	2.61	1.96	1.30

Sources: Liberty Wealth Advisors® using data from Bloomberg

Appendix

MARKET UPDATE — Bloomberg

Asset Class Snapshot	9/30/24
Asset Class	**YTD Return**
U.S. Stock	20.60%
Global Stock Ex U.S.	14.21%
U.S. High Yield	7.66%
U.S. Bond	4.45%
Global Bond ex U.S.	4.38%

Region Snapshot	9/30/24
Region	**YTD Return**
U.S. Stock	20.60%
Asia Pacific Stock	17.50%
Emerging Markets	16.86%
Global Stock Ex U.S.	14.21%
Europe Stock	12.77%
Latin America Stock	-15.97%

Equity Style Snapshot			9/30/24
YTD	Value	Blend	Growth
Large	18.99%	20.57%	24.07%
Mid	17.52%	14.73%	11.44%
Small	13.29%	12.35%	11.12%

Asset Class Summary							9/30/24
Asset Class	**1 Week**	**1 Month**	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**
U.S. Stock	0.70%	2.05%	6.18%	20.60%	35.80%	9.29%	15.49%
Global Stock Ex U.S.	2.76%	2.69%	8.06%	14.21%	24.24%	3.14%	7.15%
U.S. Bond	-0.19%	1.34%	5.20%	4.45%	10.17%	-1.89%	0.09%
Global Bond ex U.S.	-0.03%	1.16%	4.24%	4.38%	9.56%	-0.52%	0.46%
U.S. High Yield	0.11%	1.49%	5.11%	7.66%	15.84%	2.65%	4.03%

Region Summary							9/30/24
Region	**1 Week**	**1 Month**	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**
U.S. Stock	0.70%	2.05%	6.18%	20.60%	35.80%	9.29%	15.49%
Global Stock Ex U.S.	2.76%	2.69%	8.06%	14.21%	24.24%	3.14%	7.15%
Emerging Markets	5.47%	6.68%	8.72%	16.86%	24.94%	-0.28%	5.19%
Europe Stock	1.63%	0.39%	6.58%	12.77%	23.70%	5.05%	8.41%
Asia Pacific Stock	4.47%	5.09%	9.02%	17.50%	25.33%	1.89%	6.47%
Latin America Stock	1.00%	-0.06%	2.68%	-15.97%	4.18%	6.68%	1.77%

Equity Style Summary							9/30/24
Region	**1 Week**	**1 Month**	**3 Month**	**YTD**	**1 Year**	**3 Year**	**5 Year**
Large Growth	0.73%	2.40%	2.93%	24.07%	40.48%	9.78%	19.17%
Large Blend	0.71%	1.97%	5.44%	20.57%	36.42%	10.36%	16.23%
Large Value	0.72%	1.56%	9.44%	18.99%	31.43%	10.76%	12.70%
Mid Growth	0.62%	2.53%	6.26%	11.44%	29.82%	1.12%	11.78%
Mid Blend	0.67%	2.54%	9.37%	14.73%	31.10%	4.23%	11.63%
Mid Value	0.72%	2.54%	12.01%	17.52%	32.11%	7.27%	11.10%
Small Growth	0.33%	2.46%	7.06%	11.12%	31.13%	-1.44%	8.94%
Small Blend	0.51%	1.97%	9.02%	12.35%	31.61%	3.31%	10.96%
Small Value	0.64%	1.61%	10.54%	13.29%	31.96%	6.76%	11.93%

Sources: Liberty Wealth Advisors® using data from Bloomberg

Appendix

MARKET UPDATE

Bloomberg

Sector Snapshot	9/30/24
Sector	YTD Return
Utilities	27.55%
Comm. Services	24.42%
Financials	20.53%
Industrials	18.82%
Technology	17.29%
Consumer Defensive	15.23%
Health Care	12.93%
Materials	12.67%
Consumer Cyclical	12.06%
Real Estate	11.51%
Energy	4.72%

S&P 500 Sector Weights*	9/30/24
Sector	Weight
Technology	31.69%
Financials	13.00%
Health Care	11.51%
Consumer Cyclical	9.92%
Comm. Services	8.91%
Industrials	8.58%
Consumer Defensive	5.79%
Energy	3.57%
Utilities	2.52%
Real Estate	2.29%
Materials	2.22%

Sector Summary							9/30/24
Sector	1 Week	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
Cyclical							
Consumer Cyclical	0.86%	7.08%	9.85%	12.06%	24.59%	2.69%	11.24%
Financials	-0.26%	-0.92%	10.24%	20.53%	42.19%	8.08%	13.15%
Materials	2.02%	2.23%	9.14%	12.67%	25.88%	6.71%	13.26%
Real Estate	-0.42%	2.57%	16.30%	11.51%	30.79%	1.35%	5.53%
Sensitive							
Comm. Services	1.77%	3.53%	5.53%	24.42%	36.17%	4.96%	13.75%
Energy	-1.48%	-3.81%	-3.68%	4.72%	7.10%	22.13%	15.59%
Industrials	1.35%	3.03%	11.13%	18.82%	38.00%	12.53%	14.42%
Technology	1.65%	2.46%	-0.21%	17.29%	37.77%	15.23%	24.27%
Defensive							
Consumer Defensive	-0.11%	0.59%	8.38%	15.23%	25.54%	7.54%	9.00%
Health Care	-0.25%	-2.02%	5.67%	12.93%	20.01%	8.19%	13.27%
Utilities	0.56%	5.89%	18.55%	27.55%	37.90%	9.69%	7.90%

Market Indicators							
Name	As of	Last Month**	1 Month Ago	1 Mo. % Change	1 Year Ago	1 Year % Change	Freq.
Key Interest Rates							
1 Month Treasury	9/30/24	4.93%	5.41%	▼ -8.9%	5.55%	▼ -11.2%	Daily
2 Year Treasury	9/30/24	3.64%	3.92%	▼ -7.0%	5.04%	▼ -27.8%	Daily
10 Year Treasury	9/30/24	3.78%	3.90%	▼ -3.1%	4.57%	▼ -17.3%	Daily
30 Year Mortgage	9/30/24	6.68%	6.80%	▼ -1.8%	7.74%	▼ -13.7%	Daily
US Corporate AAA	9/30/24	4.29%	4.47%	▼ -4.1%	5.24%	▼ -18.2%	Daily
US Corporate BBB	9/30/24	4.94%	5.14%	▼ -4.0%	6.29%	▼ -21.6%	Daily
US Corporate CCC	9/30/24	10.36%	11.79%	▼ -12.1%	13.28%	▼ -22.0%	Daily
Effective Federal Funds	9/30/24	5.00%	5.50%	▼ -9.1%	5.50%	▼ -9.1%	Daily
U.S. Economy							
Consumer Sentiment	9/30/24	70.10	69.10	▲ 1.4%	67.90	▲ 3.2%	Monthly
Unemployment Rate	8/31/24	4.20%	3.70%	▲ 13.5%	3.80%	▲ 10.5%	Monthly
Inflation Rate	8/31/24	2.50%	2.90%	▼ -13.8%	3.70%	▼ -32.4%	Monthly
Manufacturing PMI	8/31/24	47.20	46.80	▲ 0.9%	47.60	▼ -0.8%	Monthly
Non Manufacturing PMI	8/31/24	51.50	51.40	▲ 0.2%	54.10	▼ -4.8%	Monthly
Retail Sales	8/31/24	2.50%	4.20%	▼ -40.5%	3.50%	▼ -28.6%	Monthly
Building Permits	8/31/24	1,475	1,406	▲ 4.9%	1,578	▼ -6.5%	Monthly

Sources: Liberty Wealth Advisors® using data from Bloomberg

Appendix

NOTES AND DISCLAIMERS

Asset Class Indices

Name	Index	Index Start Date
U.S. Stock	CRSP US Total Market Index Total Return	3/31/11
Global Stock Ex U.S.	MSCI ACWI Ex USA Net Total Return	12/31/98
U.S. Bond	Bloomberg US Aggregate	1/30/76
Global Bond ex U.S.	Bloomberg Global Aggregate ex-USD USD Hedged	1/31/90
U.S. High Yield	Bloomberg US High Yield Very Liquid Index	1/4/10

Region Indices

Name	Index	Index Start Date
U.S. Stock	CRSP US Total Market Index Total Return	3/31/11
Global Stock Ex U.S.	MSCI ACWI Ex USA Net Total Return	12/31/98
Emerging Markets	MSCI Emerging Markets Net Total Return	12/29/00
Europe Stock	MSCI Europe Net Total Return	12/31/69
Asia Pacific Stock	MSCI AC Asia Pacific Net Total Return	12/29/00
Latin America Stock	MSCI Emerging Markets Latin America Net Total Return	12/31/87

Equity Style Indices

Name	Index	Index Start Date
Large Growth	CRSP US Large Cap Growth Index Total Return	9/7/12
Large Blend	CRSP US Large Cap Index Total Return	3/31/11
Large Value	CRSP US Large Cap Value Index Total Return	9/7/12
Mid Growth	CRSP US Mid Cap Growth Index Total Return	9/7/12
Mid Blend	CRSP US Mid Cap Index Total Return	3/31/11
Mid Value	CRSP US Mid Cap Value Index Total Return	9/7/12
Small Growth	CRSP US Small Cap Growth Index Total Return	9/7/12
Small Blend	CRSP US Small Cap Index Total Return	3/31/11
Small Value	CRSP US Small Cap Value Index Total Return	9/7/12

Sector Indices

Name	Index	Index Start Date
Consumer Cyclical	Consumer Discret Sel Sect SPDR® ETF	12/22/98
Financials	Financial Select Sector SPDR® ETF	12/16/98
Materials	Materials Select Sector SPDR® ETF	12/22/98
Real Estate	Real Estate Select Sector SPDR®	10/8/15
Comm. Services	Communication Services Sel Sect SPDR®ETF	6/18/18
Energy	Energy Select Sector SPDR® ETF	12/22/98
Industrials	Industrial Select Sector SPDR® ETF	12/22/98
Technology	Technology Select Sector SPDR® ETF	12/22/98
Consumer Defensive	Consumer Staples Select Sector SPDR® ETF	12/16/98
Health Care	Health Care Select Sector SPDR® ETF	12/22/98
Utilities	Utilities Select Sector SPDR® ETF	12/16/98

Sources: Liberty Wealth Advisors® using data from Bloomberg