



# FINANCIAL INSIGHTS

## THIRD QUARTER COMMENTARY 2024

Autumn is fully upon us and as we look forward to the final quarter of 2024, we hope that you and your loved ones are well.

Since the beginning of 2022, the S&P 500 is up 25% for an annualized rate of return of 8.4%, which is roughly the long-term historical norm. In 2022 the S&P 500's negative performance of 18.2% was mainly due to elevated inflation and resulting in higher interest rates. Since the end of 2022, the S&P 500's positive performance of 53.6% was driven by solid economic growth, easing inflation and with that a recession was avoided. The September jobs report showed that the economy added over 250,000 jobs, which was about 100,000 more jobs than expected. More jobs are good for the economy, but not necessarily good for inflation.

The Federal Reserve has a dual mandate of inflation control and optimal employment. In mid-September, the Federal Reserve cut interest rates by half a point, the first decrease since the pandemic. This gives us reason to believe we can expect to see a continuing solid economy with inflation continuing its downward trajectory, and additional rate cuts in the future.

On November 5th we will have the Presidential Election. Historically, election outcomes have minor impact on the economy. The primary drivers of the economy are private and public companies which leverage our capitalist, entrepreneurial spirit to make our economic lives more prosperous. There are clear economic policy differences between the Republicans and Democrats; however, it is very unlikely that any one party will have a majority in the House, Senate plus the Presidency to implement all their policies.

The expiration of the Tax Cuts and Jobs Act's SALT (State & Local Tax Deduction) tax cap of \$10,000 in 2025 may have significant impact on short term tax policy. The burden of this tax is felt mostly on the East and West Coast where taxes and incomes are higher. Neither Republicans or Democrats like the SALT cap and it is likely to go away, or the cap increased significantly.

Looking ahead, we expect the technology sector to continue its growth, including accelerated advancements in Artificial Intelligence (AI). The United States will likely be the leaders of AI development and its' impact on productivity and our way of life will be profound. AI, however, is expensive as it requires massive capital investment in not only computer chips, but also electricity to power and cool the computers. Many other countries do not have the capital nor companies to support this progress.

As the end of the year approaches, our team continues our ongoing effort to improve and add value to our clients' portfolios. In the fourth quarter and early next year, we will be rebalancing the portfolio to reflect the anticipated reduction in interest rates, which means migrating away from cash-like investments (CDs) and taking advantage of the growth areas in the US economy. You can expect to begin seeing transactions in the near future.

As always, we invite you to contact your advisor with any specific questions that you may have.

All our best,

The Management Team

A handwritten signature in cursive script that reads "Michael, Michelle, Jolie".

Michael, Michelle, and Jolie

**Important Disclosure Information**

*Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Socha Financial Group, LLC (“SFG”), or any non-investment related content, made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this commentary serves as the receipt of, or as a substitute for, personalized investment advice from Socha. Please remember to contact Socha, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. Socha is neither a law firm, nor a certified public accounting firm, and no portion of the commentary content should be construed as legal or accounting advice. A copy of the SFG’s current written disclosure Brochure discussing our advisory services and fees continues to remain available upon request.*

*Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your Socha account holdings correspond directly to any comparative indices or categories. Please Also Note: (1) performance results do not reflect the impact of taxes; (2) comparative benchmarks/indices may be more or less volatile than your Socha accounts; and (3) a description of each comparative benchmark/index is available upon request.*

**Please Note: Limitations:** *Neither rankings and/or recognition by unaffiliated rating services, publications, media, or other organizations, nor the achievement of any designation or certification, should be construed by a client or prospective client as a guarantee that he/she will experience a certain level of results if Socha is engaged, or continues to be engaged, to provide investment advisory services. Rankings published by magazines, and others, generally base their selections exclusively on information prepared and/or submitted by the recognized adviser. Rankings are generally limited to participating advisers (see link as to participation data/criteria, to the extent applicable). Unless expressly indicated to the contrary, Socha did not pay a fee to be included on any such ranking. No ranking or recognition should be construed as a current or past endorsement of Socha by any of its clients. ANY QUESTIONS: SFG’s Chief Compliance Officer remains available to address any questions regarding rankings and/or recognitions, including the criteria used for any reflected ranking.*