THE EAGLE'S VIEW

AN INDEPENDENT FIRM

Chris Tully, CFP®, RICP®, CIMA®
President

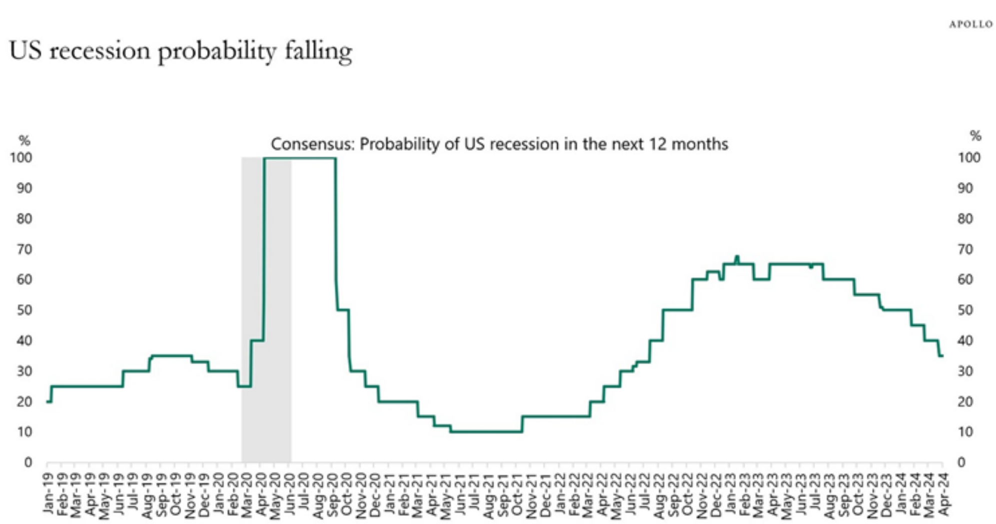
EWS Update

On April 1st we hit our 1-year anniversary as an independent RIA (Registered Investment Advisor)! At different times, it's felt like an eternity or like it was yesterday. We've written about – and discussed in meetings – our business changes, but ultimately, we're looking to position ourselves to be the best we can be, subsequently elevating our services and improving the financial lives of our clients and their families. In the first quarter of the year, we began rolling out our new core financial planning platform, which we believe is more comprehensive and therefore more helpful in preparing clients for whatever financial goals and challenges that lay ahead. Soon enough we'll be rolling out additional changes to help in areas such as tax strategy and in investment allocation selection for individual investors (with targeted communication based on individual behavioral traits).

Investment Markets

Globally, stocks returned 8.2% for the quarter and the S&P 500 hit a new all-time high at the end of March. The S&P 500's 10.2% gain in Q1 was the 14th best start to a year since 1930. The recent steady and significant climb since October has pushed the index level from 4,104 on October 27th to 5,048 as of April 16th (an increase of 23%). The second quarter is off to a rocky start, but ups and downs aren't uncommon, particularly given the preceding run up. Tensions in the Middle East have ramped up, which is never a positive for the markets, but overall the ups and downs mostly appear to be driven by inflation's impact on interest rate projections.

We've now had four negative inflation surprises (December-March), yet the markets have continued to climb on the strength of the overall economy. However, interest rates are likely to stay higher for longer, with less cuts in 2024 now expected. With inflation sticking above 3.5% year-over-year and job growth surpassing expectations, the Fed is unlikely to be in a rush to cut interest rates. Though the long talked about potential recession may now have a lower probability, the next 6 months are likely to be much more subdued than the past 6.



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Per Raymond James' 1st Quarter Equity Market Update on April 8th, "The US economy has been more resilient than expected – leading us to shift our outlook to a "no landing" scenario from our prior base case of a mild recession / below trend economic growth". Additionally, their "base case" estimate of the S&P 500's year-end target outlook is a range between 5,145 and 5,610.

As seen in the chart below, though the last 5 years have brought with them above average performance returns, over the past 20 we're still below historical averages. Since 1928, the S&P 500 has averaged 10.9% per year, approximately 1% higher than what we've experienced over the prior two decades.

As the year progresses, we expect the upcoming election to bring forth an increase in politically related questions. We do not take sides, but we understand that having biases is typical human behavior. In recent elections we've seen extraordinarily different candidates get elected President. Per Bespoke Investment Group, "*The performance of sectors during the Presidencies of Obama and Trump shows that the impact of the person in the Oval Office may not be as significant as often assumed. While the two were polar opposites in terms of policy and style, the stock market sectors that led and lagged during each President's tenure were largely the same".* Charting performance back to the early 1900s, median annualized performance between Republican and Democrat Presidents (since they were elected or assumed office until the following election) were **identical.** Not to say that elections make no difference, this chart simply illustrates that countless other factors besides who is in the White House have a larger impact on the performance of stocks.

DJIA Returns Under US Presidents Since 1900

President	Date Elected or Assumed Office	Date of Next Election	DJIA Percent Change (%) Percent Change (%)	DJIA Percent Change (%) Annualized Return (%)
T Roosevelt	9/14/1901	11/3/1908	23.3	3.0
Taft	11/3/1908	11/5/1912	8.9	2.2
Wilson	11/5/1912	11/2/1920	-5.3	-0.7
Harding	11/2/1920	8/3/1923	3.2	1.1
Coolidge	8/3/1923	11/6/1928	192.0	22.6
Hoover	11/6/1928	11/8/1932	-74.9	-29.2
FDR	11/8/1932	4/13/1945	147.4	7.6
Truman	4/13/1945	11/4/1952	69.2	7.2
Eisenhower	11/4/1952	11/8/1960	121.2	10.4
JFK	11/8/1960	11/23/1963	19.1	5.9
Johnson	11/23/1963	11/5/1968	33.0	5.9
Nixon	11/5/1968	8/10/1974	-17.9	-3.4
Ford	8/10/1974	11/2/1976	24.3	10.2
Carter	11/2/1976	11/4/1980	-3.0	-0.8
Reagan	11/4/1980	11/8/1988	127.0	10.8
Bush I	11/8/1988	11/3/1992	52.9	11.2
Clinton	11/3/1992	11/7/2000	236.7	16.4
Bush II	11/7/2000	11/4/2008	-12.1	-1.6
Obama	11/4/2008	11/8/2016	90.5	8.4
Trump	11/8/2016	11/3/2020	49.9	10.7
Biden*	11/3/2020	11/5/2024	43.4	11.3
Median Overall			**33.0**	**7.2**
Median Republican			**23.8**	**6.6**
Median Democratic			**51.1**	**6.6**

** Performance is through 3/20/24*

Always remember, **it's time in the market, not timing the market**. With the recent surge in prices being driven in large part by a select few large US companies (mostly in the realm of AI or technology), we believe the bull market will broaden (with companies and sectors that have recently underperformed begin to participate) and that both active management and diversification are poised to lead as the cycle potentially turns.

Paul's Perspectives

Paul J. Tully, CFP®, RICP®
Founder

There's Something on that Plate

We recently took my twin grandsons to a nice Italian restaurant in Miami. My son Geoff ordered a pasta dish that they prepare tableside in a large cheese bowl and as the cart arrived to start the prep, there is also a plate with several large truffles.

As the chef starts to mix the pasta I say, "***Boys, look at this!"***

My 3-year old grandson Virgil turns, sees the truffles and declares ***"Pop, there's poop on that plate!"***, and his brother Henry follows matter of factly, ***"Yeah, that's poop!"***

Both then returned to eating their dinners. That stopped conversation for a few seconds at several nearby tables, but in truth, in the eye of the 3-year old beholders, one person's truffles is another's….well, you get the idea.

I thought, this is great for my newsletter, because ***whether it's the economy or investment markets, some people see truffles, some see something else.***

Generally, I see the glass at least half full, so the truffles were my original thought as to what was on that plate. I also think in a nice restaurant, based on history, it's a lot more likely they are truffles.

The same is largely true of the economy and the investment markets. While the US markets may at times be only the best house on a bad street, the US has persevered throughout my lifetime and business career—pretty much truffles 80%+ of the years.

We do have a looming problem, one that we ourselves have created and benefitted from as a country. We have created for ourselves better lifestyles than most of the world via **debt**.

It has been exacerbated by the profligate spending of our government (not one balanced federal budget this century) and we have enabled it as citizens with our support being bought through a variety of tax cuts and increased benefits via government spending in our communities that support employment and business, etc. Our growing debt, over $33 trillion, whether it's federal, student loan, credit card etc. is somewhere between uncomfortable and unsustainable. A day of reckoning is closer than many think. With an annual deficit over 6% in peacetime with GDP growth and record low unemployment it is scary. We are living on loans, not earnings. Medicare and Social Security will be insolvent in a decade.

In the past few months, maybe as long as a year, we are seeing many more very serious articles on this topic. The time to act is now, but I'm not holding my breath.

Solving this is simple (more revenue, less spending) …but not easy!

I believe it is the single biggest economic issue we face as a country and the sooner we get serious at the political level the less painful it will be, but we are past the point, in my opinion, where there will not be considerable pain for someone, maybe all of us, in one way or another.

...continued from page 3 (Paul's Perspectives)

The other problem that persists is inflation. It peaked at 9% in July 2022 and has come down to 3%, but nothing is getting cheaper; just getting more expensive at a slower rate. People will argue the cause - I happen to think the supply chain issues from Covid coupled with the avalanche of government borrowing are most of it, and as supply chain issues have diminished, so has inflation. Also, we have been borrowing to run the government for decades and inflation has barely been above 2% throughout, so there was another factor in play, and I think it came down to too much new money chasing fewer goods that we could not get during Covid.

Interest rates and inflation are now stable but continue to impact people and business. Savers are at least for now enjoying the higher interest rates, while people who are borrowers are not.

Housing affordability (price and mortgage rates) and availability are challenging. I expect interest rates and inflation to trend down over the next few years, but it's been slower than I expected.

I have a 5 day annual conference that I now attend via Zoom. It features 40 sessions with 30 very credentialed speakers. What I like most about it is the expertise and candor, which is usually short term cautious, longer term optimistic. The outlooks are occasionally very different and always backed by whatever facts the speakers think are most timely. I come away confident at times, other times very concerned.

I am optimistic by nature, but as a fiduciary and an investor myself, I need to consider many opinions beyond my own or from sources I just like to read because they are also generally very upbeat. I will be sure to cover some of the topics and outlooks from this conference in the next newsletter.

Every election year we get asked about what happens if whoever gets elected president. If it's not "their guy", we will quickly see the end of the world, if not right after the election, surely by the weekend.

For the first time, we already know what happens! Under President Trump, the US stock market reached an all-time high. Under President Biden, the US stock market reached another all-time high.

In fact, in the 13 presidencies of my lifetime, only 2 were negative and 1 of those included both the dot.com bubble and the housing bubble/financial system crisis earlier this century. I always have concerns about the investment markets, but who is president has never been one of them. Since 1980, only one presidency has produced less than an average double digit rate of return.

Congress and spending and tax policy is a different matter and although a gridlocked Congress doesn't do much of anything, we are at a point where that isn't desirable. Things need to be done on the debt issue, immigration and other "social" issues - the clock is ticking and this impacts our economy.

I am looking forward to the nicer weather and another Phillies season!

Enjoy the Spring!

Jessica Ortega, CFP®, RICP®
Director of Planning

Should I Invest or Pay Down Debt?

Many of us find ourselves with multiple financial goals, all with competing timelines and circumstances to consider. If you have an extra $500 in your monthly budget, where would it be best used? Should you pay down your mortgage faster? Student loans? Credit cards? Maybe you should invest it instead, possibly for college or retirement.

While there is no single correct answer, there are a few things you should consider before deciding:

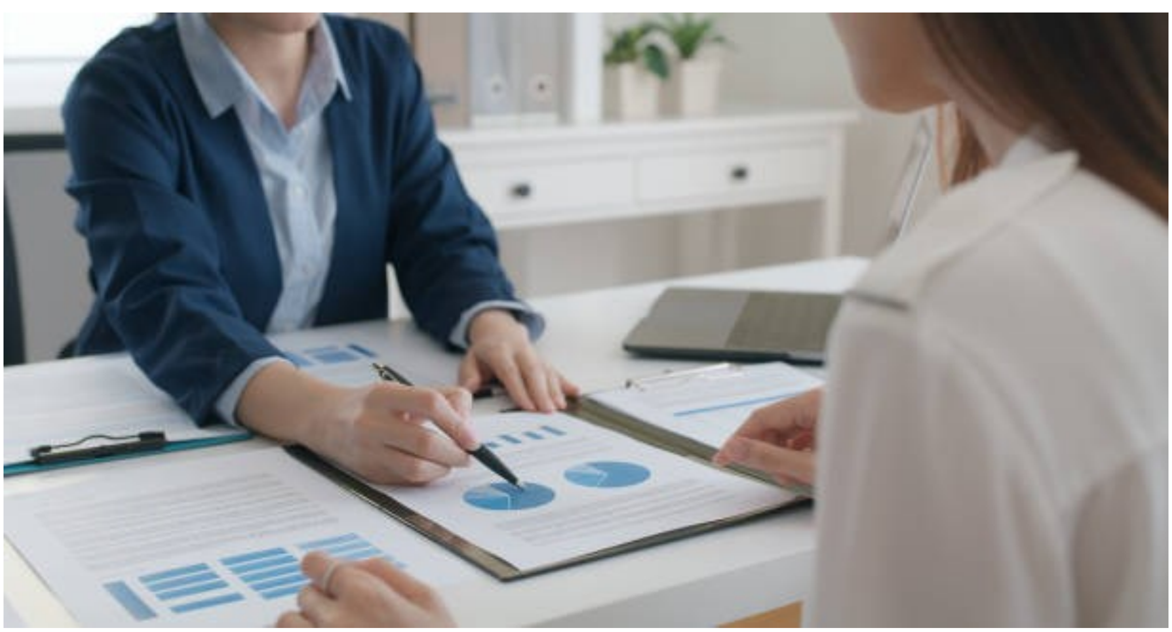
Do you have any high interest debt? Since you can conservatively expect to earn 6-7% on money invested in the stock market on an annualized basis, that's a good benchmark for what you can consider a "high" interest rate. If the interest rate on your debt is above this threshold, you'd be best served putting the extra money toward paying down your debt.

Are you planning to move? If you plan to sell your home in the next few years, paying extra to a mortgage you will get rid of when you sell your home may not be the best use of money. Now this one isn't clear cut, but it's certainly a factor to consider. If you have a high interest rate, it still may make sense to pay down the mortgage faster. On the flip side, if the property you are selling isn't your primary residence and you don't plan to buy another property, your overall liquidity and other short-term goals will also be factors in the decision.

What is your risk tolerance when it comes to investing? How conservative or aggressive you are with your investment allocation plays a part in this decision as well. If you are highly risk-averse and would be investing in bonds or CDs, you may be better served paying off your debt since your investment earnings may not outweigh the interest you would be saving.

Are there other funding options for this goal? When it comes down to a decision between saving for retirement or saving for college, many parents are torn. It's worth noting that college can be funded with student loans (whether they are paid by you or your children), but you cannot get loans to fund your retirement. Just like you are told when flying with children, you need to put on your own oxygen mask first.

There are many factors that may play into these decisions, and there simply isn't a one-size-fits-all answer. Often there isn't a single solution either; multiple goals can be addressed simultaneously. Fortunately, you don't have to go it alone, and we're here to help you make smart money choices on your path to financial freedom.



Melissa Phillips
Director of Operations
Chief Compliance Officer

Shortening the Trade Settlement Cycle

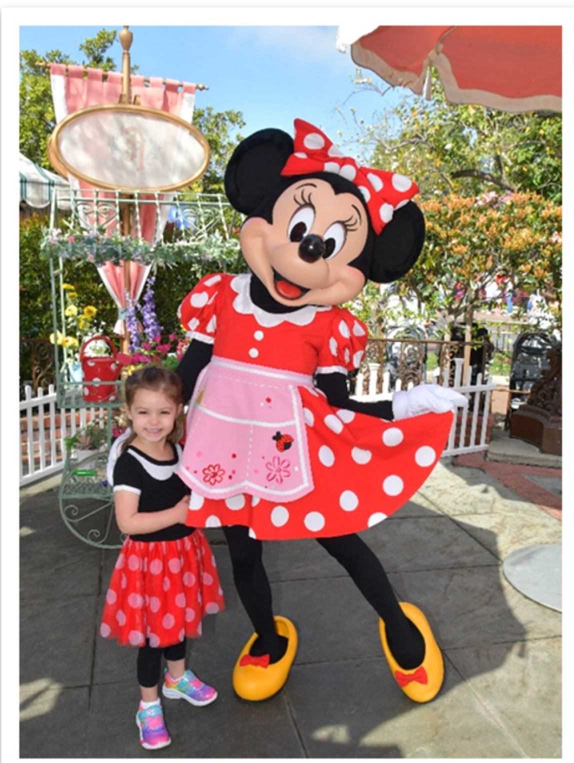
Before the days of electronic trading, paper stock certificates or bonds were physically exchanged – a process that, as you can imagine, was often quite administratively burdensome. As a result, brokers and investors were given a few days to settle the trade – whether by delivering a physical certificate or cash depending on what side to the trade you were on.

Over the years, electronic trading became the norm, and as a result the trading process was greatly simplified and expedited. In 2017 the SEC shortened the standard settlement cycle from 3 days (T+3) to 2 days (T+2). Now we are on the verge of yet another big change. Last year, the SEC finalized a rule to further shorten the standard settlement cycle for securities to just 1 day (T+1).

The changes are being made with the intention of streamlining trading and reducing risk (interestingly, the "meme stock" frenzy in 2021 likely contributed, as extreme market volatility led to certain trades not settling properly). **This change is scheduled to go into effect on May 28th – you may have seen the notice in your March statement from Raymond James.**

What does all this mean for you? Well, put simply, you can withdraw funds more quickly. Instead of waiting two business days, in most cases, funds will be available in just one business day. On the other hand, buyers have to settle up just as quickly, so instead of having two days to pay for an equity purchase, you will have one. If you have any questions regarding these changes feel free to reach out to me or your trusted advisor.

News at EWS



Jess and her family spent Spring Break on the West Coast with a trip to Disneyland.

Her daughter **Emerson** loved meeting all of her favorite Disney characters!

Jess rounded out the weekend with a half marathon in Santa Monica, completing her 42nd state in her quest to run a half marathon in all 50 states.

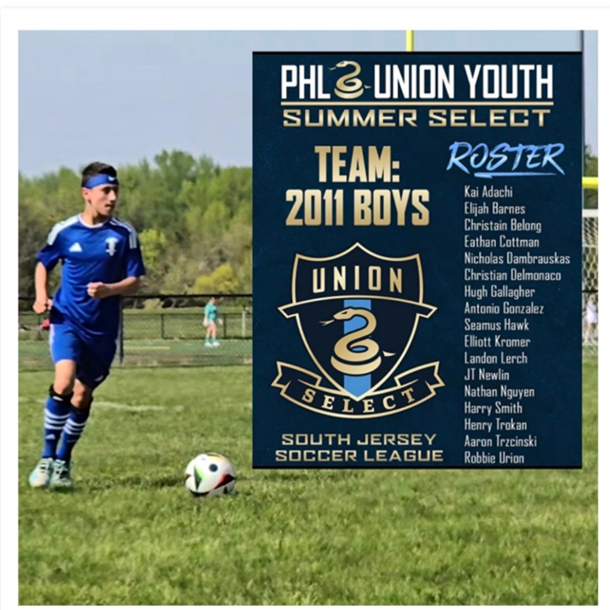
News at EWS (continued)

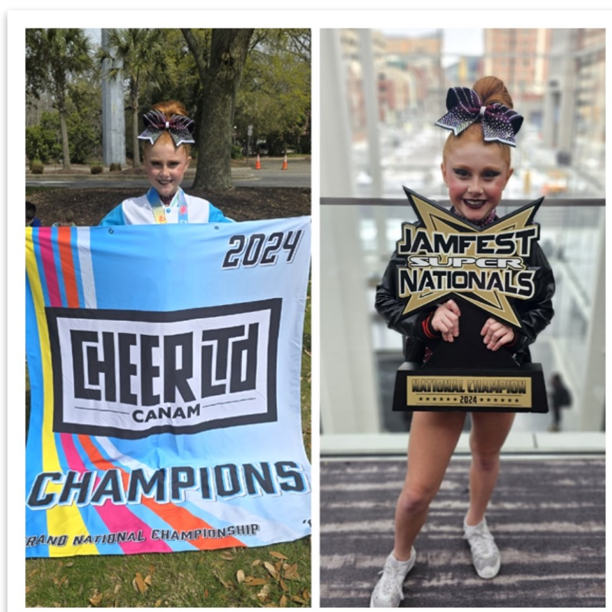
To continue with our "magical" theme this issue, **David** and his family took a trip to Walt Disney World.

And what are the chances—*Minnie happened to be there, too!*

Steff's kids have been keeping her busy with their respective sports. Landon has been excelling in soccer and recently made the Philadelphia Union Summer Select team for his age. He will participate in training sessions and two tournaments over the summer with them.

Brielle just finished off her cheer season and came away with many 1st place finishes including the two biggest competitions of the year – one in Indianapolis and the other in Myrtle Beach.





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