Newsletter

Market Strategies: Holding Steady and Watching

Erik Laymon | June 17, 2024

As we wind down the second quarter of 2024, the economic landscape continues to evolve, presenting both opportunities and challenges for investors. At Align Wealth Strategies, our investment philosophy remains focused on long-term, data-driven decision making. In this newsletter, we want to share with you our current outlook and the rationale behind our portfolio positioning.

The U.S. economy has shown remarkable resilience over the past year, defying recession fears and maintaining a steady growth trajectory. However, inflation has proven to be stickier than anticipated, leading to uncertainty around the Federal Reserve's future interest rate decisions. While some market participants are eagerly anticipating rate cuts, we believe it is prudent to remain cautious and prepared for various scenarios.

In light of these economic conditions, we have chosen to maintain our current portfolio allocations. Our portfolios are strategically tilted towards U.S. equities, with a particular emphasis on the quality factor. We believe that companies with strong balance sheets, consistent earnings, and robust business models are well-positioned to weather potential market volatility and deliver long-term value to our clients.

Additionally, we see selective opportunities in emerging markets. Many emerging economies have demonstrated improved fundamentals and attractive valuations, making them a compelling diversification play. However, we remain mindful of the risks associated with these markets and have carefully selected our exposures to align with our overall investment objectives.

Market Strategies: Continued

On the fixed income side, we have extended our duration into intermediate-term bonds. This positioning allows us to capture attractive yields while providing a buffer against potential interest rate fluctuations. We have also maintained a high credit quality structure within our bond allocations, focusing on investment-grade securities that offer a favorable risk-reward profile.

It is important to note that our decision to hold steady with our current portfolio allocations is not a passive approach. Rather, it is a deliberate strategy based on our comprehensive analysis of market conditions, economic indicators, and the long-term needs of our clients. We continuously monitor the investment landscape and stand ready to adjust as warranted by the data and our investment convictions. Sometimes doing nothing is doing something! Resisting the temptation to buy or sell in favor of holding true to convictions is quite often the most challenging “non-action” an investor could take.

We know that the current landscape presents both opportunities and risks that can be difficult to navigate alone. That's why we provide proactive guidance and tailored strategies to help you stay on course toward your long-term objectives. No matter your worries, whether large or small, our advisory team stands by to help!

Ah, yes. Election Years.

Jesse Steffy | June 17, 2024

It begins with campaign ads that sound more like Hollywood movie promotions. Then there are the debates, which resemble chaotic family Thanksgiving dinners where Uncle Bob is yelling at Aunt Sue about politics while the turkey catches fire. Following that is the constant barrage of emails, texts, and phone calls from campaign teams, ("Hi, this is Karen from the campaign. Just wondering if you'd like to donate your life savings, your firstborn, and possibly your soul to our cause?"). And the cherry on top: Conspiracy theories.

Even if you’re reading this after the election is decided (let’s steer clear of that subject), the dust is likely far from settled. To avoid burn-out or burning yourself with poor decisions about your investments, here’s what we need to be reminded of:

1. **Embrace the chaos.** Election years are notorious for their market volatility. Politicians make grand promises, pundits predict doomsday scenarios, and markets react like a cat on a hot tin roof. It’s all part of the show.
2. **Tune out the noise.** Stick to your long-term strategy. Remember: investing is a marathon, not a sprint. Investing is different than trading.
3. **Understand the political promises.** Often, changes are slower and less dramatic than predicted.
4. **Stay calm during market swings.** Stick to your investment plan and call your advisor if you’re struggling.
5. **Understand post-election adjustments:**
    - **Short-Term Impact:** The immediate post-election period can see sharp movements, but these are often short-lived as markets adjust to the new administration’s policy directions.
    - **Long-Term Trends:** Over the long term, market performance tends to reflect broader economic cycles and fundamentals rather than the party in power. Historical data shows that, over decades, markets have generally trended upwards regardless of the presidential administration.

Overall, while elections can cause short-term volatility and sector-specific movements, long-term market performance is more closely tied to broader economic conditions and fundamentals rather than the political party of the president. Onward!

Helpful Articles & Links

"In Laymon's Terms" - If you enjoy our market updates in the 2nd and 4th quarters, be sure to check out Erik's monthly market commentary blog post. They are a brief and fun update on what's happening.

Why Reviewing Your Will is Crucial for Your Financial Health - Associate Advisor Tyler Stief has also started contributing to our blog. Over the years, Tyler has gained a strong understanding of wills and how important they can be to protect your legacy. His current post explains why you shouldn't just "set it and forget it."

How to Prioritize Financial Goals - We strongly encourage all of our clients to meet with their advisor on a regular basis, so that we can create a personalized plan for each of you. Janel Cross, our Managing Advisor, put together this blog post to offer general guidelines for when life becomes more complex.

The College Conundrum - This is a fun video designed for kids, teaching that while a college degree can be quite valuable, as Mike Rowe (the guest star of the episode) sings, "The road to success has many lanes, and not all of them go through a college town."

Lancaster's MFG Day, which Align has been involved with for years, encourages students to consider a career in manufacturing, and that creates a good fit for the video's message.

THANK YOU FOR THE GREAT PRIVILEGE OF SHARING THE FINANCIAL JOURNEY WITH YOU!

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