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You may have recently received quite a number of emails from our custodian, Fidelity Investments, many more than you have likely received over the past few years. Fidelity is sending these emails to clients receiving paper statements. They are making a serious effort to get folks to convert from paper statements to electronic delivery. We can't say that we blame them for trying to save money, but you do not have to switch to electronic if you don't want to. It is your choice how to get statements; paper or electronic. They will no doubt continue to try and get folks to change from paper to save money. Consequently, these emails will likely continue. You may ignore them if you are not interested or implement them if you prefer electronic. If you switch to electronic statements, it will also include your 1099s at year-end and everything will go electronic except quarterly reports from us.

If you do opt for electronic versus a physical statement mailed to you, please carefully read all the material on the email. There are features such as you are agreeing to text messages, alerts, and other communications from Fidelity, which is not necessarily a bad thing but something to consider. Finally, we can move you to electronic statements from paper at our custodian Fidelity, but we can't move you back to paper from electronic delivery. If you changed your mind, you would have to do that yourself. You can see how much they want this.

When checking the boxes at Fidelity, they offer trade confirmations (notice of transaction) either on a quarterly basis or immediately when the transaction is made. Brokerage firms are required to send immediate trade confirmations on every commission trade by the brokerage regulatory body FINRA. We are a registered investment advisor, working as a fee only investment portfolio manager. The SEC (Securities & Exchange Commission) is our regulatory body, and they do not require trade confirmations at all because we are not selling anything. Nevertheless, Fidelity still sends them either quarterly or immediately. To our knowledge, no client has ever wanted them. But since Fidelity sends them anyway, we opt for quarterly notification. Each transaction shows on your monthly statement; however, it seems Fidelity has somehow now gotten confused and is sending email trade notifications to some accounts immediately. So, if you are getting these and wondering why, we are too and we are trying to get to the bottom of it. Clients who rarely hear from the custodian are getting emails constantly now and they seem concerned it is phishing by bad characters. We will try and fix this and get your email levels from Fidelity back down. We are sorry. There is way too much cyber fraud.

Cybersecurity. We have an internet security firm we contract with to try and keep us safe. We have implemented multiple layers of security by a variety of providers, but the "bad guys" are busy, and they will never stop trying to find a new way to penetrate us all. Be cautious with any emails or internet activity.

In today's technological era, cybersecurity is one preventative measure that could help save you from possibly getting thousands of dollars stolen from your accounts. We have included a few tips and data points to help you keep your accounts secure.

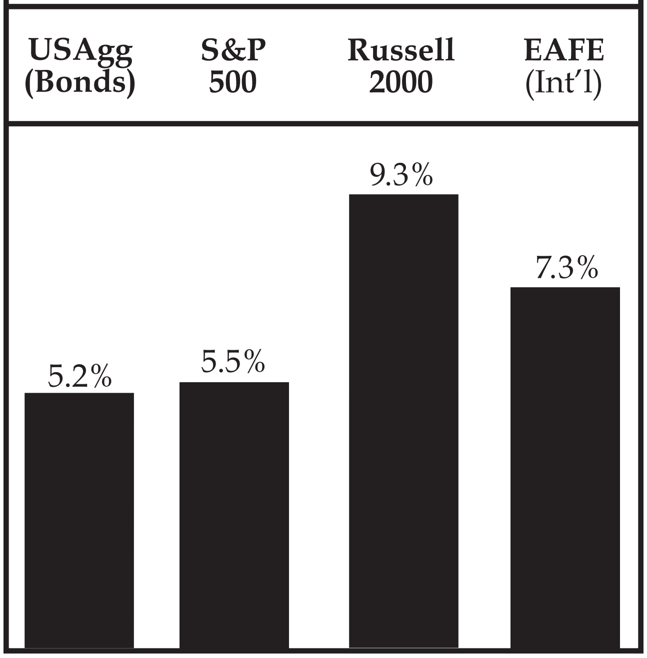
About 90% of cybersecurity breaches are caused by phishing. This is where a hacker will send information that looks enticing and authentic, but instead it gives the hacker access to your computer once you click on their sent information. In order to combat these tactics, be sure the emails you receive are from the exact letter by letter email address you are intending to receive, and make sure not to click on email attachments or text messages unless you are expecting them.

Another security defense line is setting up two-factor authentication. Fidelity and most banks offer this option. Finally, make sure to monitor your personal accounts on a regular basis. If a hacker gains access to an account, they will typically begin with small transactions and build up.

At Woodard & Company, we take it as our responsibility to have our staff and cybersecurity team do their very best at safekeeping any information trusted to us but of course we are unable to protect your computers at home and we can't know if you have been hacked. Fidelity also takes your account security very seriously, allocating many man-hours every day and vast sums of money to stay ahead of nefarious individuals. Regardless, always be wary.

Markets Review and Forecast. Another great quarter for stocks with the S&P 500 rising 5.5%. The recent .50% Fed Funds Rate cut helped boost both stocks and bonds. Intermediate to long-term bonds have done well this quarter for the first time in the past three years. Artificial Intelligence (AI) fever abated somewhat in the latest quarter. The market advance spread out with utilities, industrials, and financials beating technology stocks, and value stocks beat growth stocks.

The Major Indices
Third Quarter – 2024



The Feds .50% rate cut (instead of the much anticipated .25% cut) powered bond prices higher and yields lower. The cut was either a political gift or the Fed sees potential for economic slowdown or recession, neither one a very attractive option. A little history: in March of 1980, during that election cycle when inflation was raging, Paul Volker (Fed Chairman at that time) cut rates from 21% to 11%. He did it in just one cut, one 10% cut in March 1980! Subsequently, following that huge cut; 12 months later by March of 1981, as Reagan began his first term, rates rose back up to over 21%. Quite a rollercoaster! And they say that the Fed is not political.

We have come to learn that things get crazy in U.S. election years, not just domestically but also worldwide. We have also typically experienced good returns in election years. To some extent markets are powered by government spending intended to smooth the economy. This year is no exception.

That said, we are concerned regarding how things will go for the U.S. economy, either immediately after the election or in the first two quarters of 2025, no matter who wins. We will endeavor to be nimble if the need arises in order to reduce risk and volatility or take advantage of opportunity.

One example causing future concern is oil prices. The price for a barrel of oil is almost certainly being artificially contained. With dramatically expanding year-long wars in the middle east, the Suez Canal constricted by Houthi missile strikes, U.S. strategic reserves markedly depleted and badly needing refilling, the price of oil (as this is written) is still dropping. How is that possible? Crude oil is now down to $67 bbl., but it will almost surely rise sharply after the elections when the issue of our next president is decided.

The price point of gasoline at the pump is one factor that nearly every American can feel on a weekly basis. It can influence votes. Longer-term, higher oil prices are like a tax on consumers, which can be detrimental to the economy. It is not only painful when filling up your car, but rising energy prices increase costs in manufacturing, production, and shipping of virtually every good and service. When oil prices rise sharply, the economy typically suffers.

Things do concern us, but opportunity is nearly always abundant. For example, if oil prices are going to rise, buy oil stocks. Never forget the old, time-tested adage – *"The markets climb a wall of worry."*

Interest Rates. The big news for fixed income during the third quarter was the Federal Reserve Board's decision to lower interest rates in September. A rate cut had been anticipated by many economists and industry professionals, hyped by the media all summer and teased by the Fed.

Fed Chairman Powell had given the impression that the economy was in good shape but that a rate cut in September was needed due to lower inflation and some slower economic data. Meanwhile, back in "Flyover America," retirees continue to enjoy roughly 4.3% CD yields, still a robust income producer for those over 65 years of age.

While the yield on the 10 Year Treasury closed the 3rd quarter yielding 3.78%, as of the writing of this newsletter, it is at 4.01%. As demand for fixed income continues, so does volatility in the bond market. Slowing economic conditions, the presidential election and geo-political tensions keep demand for fixed income steady.

Fixed income investors will be pleased with their portfolio performance as we see the Aggregate Bond Index reporting an approximate 3.53% return so far this year. The majority of our fixed income is still short-term as of the writing of this newsletter and has been for some time. Shorter term fixed income returns are higher with 2024 returns thus far in the 4.3% range.

The Federal Reserve monitors the consumer price index, which measures inflation. That index rose .2% in August and is up 2.5% over one year. Core prices, excluding food and energy, were up 3.2% over the same time period. The Fed claims to target an inflation rate of 2%, so according to them it is still too high. We would say inflation is starting to look "sticky."

If you have any other questions about your account or any concerns, please give us a call at 336-998-7000. We always enjoy talking with our clients.