October 2024 | Alexis Investment Partners, LLC | 925-457-5258

Alexis Investment Partners, LLC

Practical ✧ Tactical

Like July and August, September swooned then recovered to close in the black. The S&P500 index added +2.1% in September, capping off a solid quarter (+5.8%) in a strong but volatile year. Considering the backdrop of slowing growth, escalating middle east conflict, unresolved war in Ukraine, a very contentious election and multiple market corrections, trailing 12-month market returns have been wonderful. We are happy to report that **we expect you to be very pleased with your portfolio results when quarterly performance reports are distributed later this month.**

Alexis earned her Chartered Financial Consultant (ChFC) designation. ChFC is an industry designation based on the successful completion of 8 financial planning courses. Topics include insurance, estate planning, retirement income planning, tax planning, investment planning and comprehensive financial planning. Being a ChFC myself, I am very proud of her accomplishment - a milestone in her professional growth and a reflection of her commitment to lifelong learning.

We have spoken extensively regarding the **seasonally difficult period from mid-July through October in election years. Seasonality continues to be a headwind.** So far, however, **this window has brought pullbacks, corrections and sensational headlines but rewarded investors** with the fortitude to stay the course. We expect continued volatility but also respect that a resilient market tends to recruit investor confidence which may help limit downside. We also believe there is a persistent wall of worry that has caused many to play defense, providing potential fuel for further gains.

Our models, indicators, and analysis suggest a Bull market in a correction / consolidation. Despite slower growth, earnings continue to come in better than forecast. Inflation is improving and the Fed has maintained its restrictive stance, but signaled it is ready to ease as labor conditions deteriorate.

The Fed cut rates by -0.5% in September - the first of several moves they are expected to make as they work towards a more neutral (neither restrictive nor stimulative) policy stance. At 4.8%, **Fed policy remains restrictive** (funds rate above current inflation and longer-term bond yields).

We welcome any updates, questions or concerns. Open and frequent communication is our best defense against losses in volatile times.

What to Expect in Portfolios

Last month we wrote: "**Pullbacks are likely to present buying opportunities.** We will monitor and adapt to leadership changes but **want to avoid overreacting to short-term shifts that are a byproduct of volatility…"**

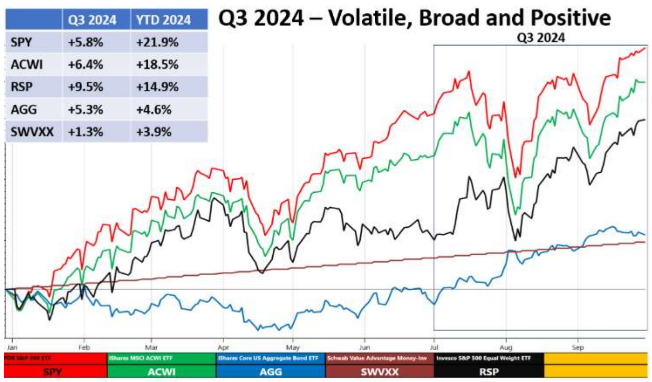
Markets continued to churn higher in September, punctuated by sharp countertrend selling. As selling intensifies, pundits rationalize weakness by focusing on high valuations and negative news events. Investor sentiment sours as downside momentum builds – but recovers quickly as stocks rebound.

We expect continued volatility into the election within the context of **a continued strong uptrend** that **is unlikely to be derailed this year.**

Contents

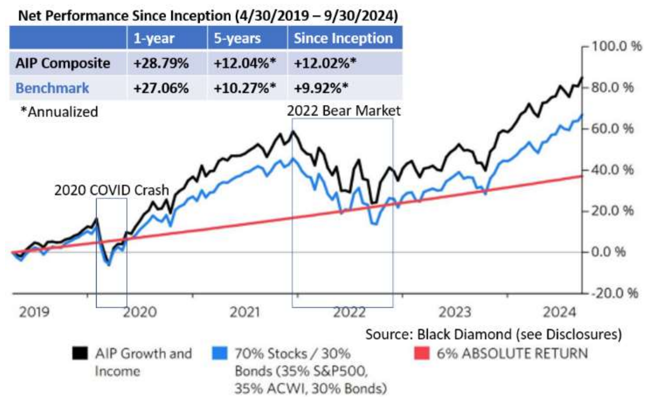
The last few months have been positive but volatile. Leadership broadened as the equal weight S&P500 outpaced the cap weighted index each of the last 3 months. Global stocks also fared well, along with gold, REITs and bonds.
We expect more volatility leading into the US election as 2024 continues to surprise to the upside!

The chart below shows the net performance of our **most popular composite** since inception (120 accounts – see disclosures on page 4).
The last five+ years have included the COVID crash and 2022 bear market. **Our strategy and discipline led to greater participation in gains than declines, allowing us to add value through this volatile time.**



	Q3 2024	YTD 2024
SPY	+5.8%	+21.9%
ACWI	+6.4%	+18.5%
RSP	+9.5%	+14.9%
AGG	+5.3%	+4.6%
SWVXX	+1.3%	+3.9%

SPY (S&P500), ACWI (All Country World), RSP (S&P500 Equal Weight), DIA (Dow Jones), AGG (Aggregate Bond), SWVXX (Cash)
Source: Investors FastTrack

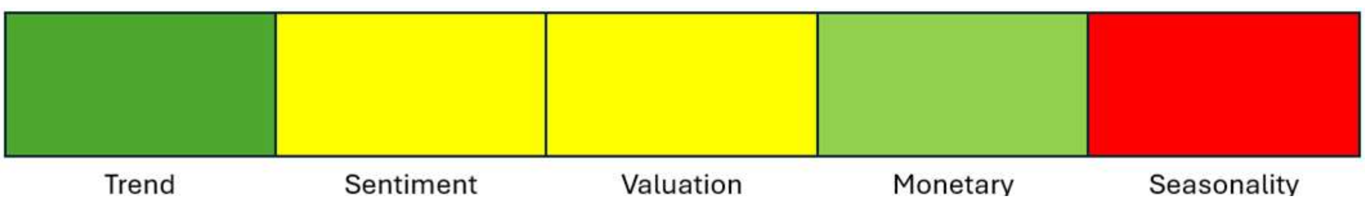


	1-year	5-years	Since Inception
AIP Composite	+28.79%	+12.04%*	+12.02%*
Benchmark	+27.06%	+10.27%*	+9.92%*

Insights and Commentary

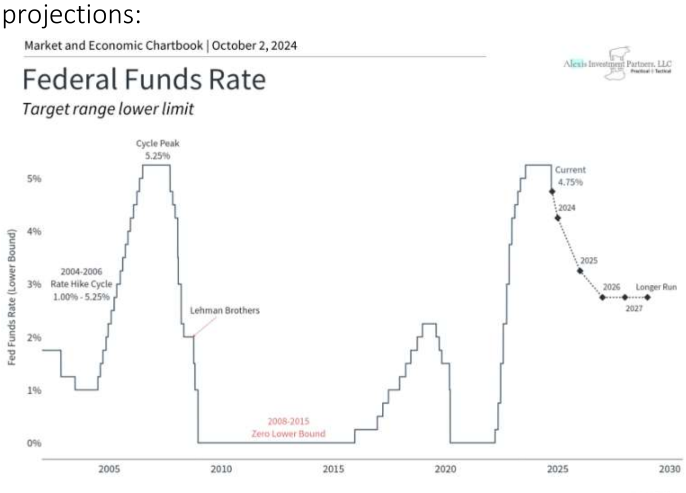
Investing can be an emotional roller coaster, leading to costly mistakes. To navigate effectively as we seek greater participation in advances than declines, we have found it helpful to monitor a series of indicators and models based on 3 key tenants,

(Don't Fight the Fed, Don't Fight the Trend, Follow Sentiment Except at Extremes) The tiles below summarize current conditions:



Don't Fight the Fed…

The Fed cut its benchmark rate by 0.5% in September and has projected a series of additional cuts over the next 12-24 months. The chart below is based on the Fed's own projections:



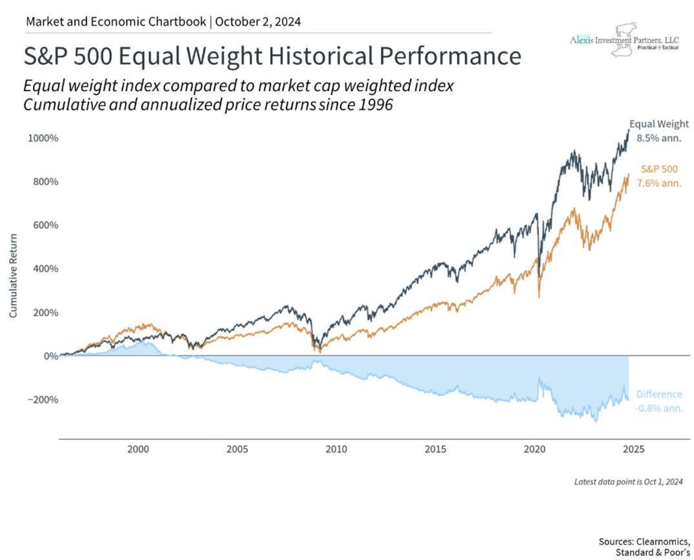
Markets tend to pay more attention to the direction of Fed policy than the level. That is favorable enough for us to **upgrade Monetary conditions to mildly positive.**

It's relevant to note that **a lower Fed Funds rate won't necessarily translate into lower mortgage and lending rates.** Although the recent drop in market-based interest rates has been attributed to rate cut expectations, we would argue that the opposite is true.
We believe interest rates have been falling due on concerns about slowing growth and potential recession. Fed easing in response to this move reduces recession risk **by reducing the incentive to hold cash.** Some cash will likely be reallocated into loans (bonds) while some moves into stocks and assets.
If the Fed achieves a "soft landing", then **as recession concerns ebb, market-based yields should rise** marginally to offer investors a yield that reflects inflation, time premium and credit risk. The good news is that these **marginally higher interest rates would reflect sustainable growth.** Stock market gains reflect this potential.
Year-to-date gains have already exceeded many analyst projections. Our models are cautiously optimistic – suggesting further upside. We find bonds less attractive, continuing to favor cash that continues to offer higher yield and greater liquidity.

Update, Observations, Indicators and Outlook:

In terms of our Market Pulse (right), **the Bull Market remains intact.** Selling mid-July reached correction territory into early August before stocks staged a powerful recovery. September started weak but finished strong. **We believe** the correction is over and **the bull market uptrend will resume through year-end despite the potential for near-term seasonal weakness through the election.** Recent media interviews have focused on the leadership tug of war between large cap tech and the broader market. **We continue to see a compelling case for the broad market to play catch up while tech reserves a prominent role in portfolios** that can be added to on periodic pullbacks.

The chart below reminds us that **the equal weight S&P500 has outpaced the cap weighted (tech heavy) traditional version of the index over the long-term.** This again held true in Q3 2024, but the cap weighted index had established a significant lead over the trailing years due to tech dominance, leaving room for further rebalancing. As a reminder, **the top 10 stocks in the cap-weighted S&P500 index account for 34% of the index.** The equal weighted version has roughly equal exposure to each of the 500 companies that make up the index and is therefore much more broadly diversified.



Uncertainty is likely to remain high as we work through global Fed easing, geopolitical risks, election outcomes, innovation and the potential impact of AI on global productivity.

Our portfolios currently emphasize liquidity and diversification, giving us the flexibility to adapt to changing conditions even as we enjoy continued participation in what has been a very strong market. As always, **we continue to opportunistically adapt portfolios based on your goals, updated insights, prudent risk management and long-term trends.**

Market Pulse:

We try to avoid jargon, but a few terms are helpful when describing financial conditions.

Bull Market: markets trending up (making higher highs on rallies and higher lows in periods of decline). **We can expect periodic pullbacks and corrections, but these should be relatively short and shallow – followed by resumption of the up-trend.**

Consolidation: after a period of strong gains or steep declines sometimes markets become range bound, moving up and down by 3-5% over several weeks. After consolidation, the prior trend resumes.

Pullback: a decline of 3-5% that generally happens at least twice per year. Pullbacks often resolve within a few weeks.

Correction: a decline of 5% to 10% that typically happens once per year. Like pullbacks, markets recover quickly after corrections, generally within 3-6 months. **The pullback that started mid-July was a correction for leaders. The equal weight S&P500 has been consistently more resilient and recent strength signals that the prior uptrend has resumed.**

Bear Market: a decline of 20% or more. Many bear markets are fully recovered within 18-24 months, but severe bear markets like 2000-2003 and 2007-2009 can take 5-7 years or longer to recover from.

Bottoming Process: After a correction or bear market, stocks often bounce and re-test lows multiple times before recovery.

Alexis Investment Partners, LLC

103 Casterly Green Ct
Montgomery, TX 77316
832-410-1561
jason@alexisinvests.com
alexis@alexisinvests.com

Find us on the Web:
www.alexisinvests.com
www.LEXIetf.com

Closing Comments:

Several clients have recently been speaking with friends who are looking to make a change either because they are nearing a life transition or have been unhappy with their current advisor.

We appreciate your referrals and are pleased that our company continues to enjoy steady growth. Our focus is always on providing exceptional service and performance and we are very grateful for your confidence and support!

Although our focus is on financial planning and investments, we also have relationships and resources to help with life and LTC insurance and annuities.

Jason acts as a 3(38) Fiduciary Advisor to 401k plans and has been able to help several small business owners reduce costs, significantly improve their plans and offload some of their liability as plan sponsors while creating a better experience for employees.

Please call and/or email me personally for most of your account servicing needs and especially when you have questions or concerns.

Disclosures

This material is for informational purposes only. Statements of future expectations, estimates, projections, and other forward-looking statements are based on available information and Jason Browne's view as of the time of these statements. Accordingly, such statements are inherently speculative as they are based on assumptions that may involve known and unknown risks and uncertainties.

Past performance is not indicative of future results. No investment is risk-free. Therefore, 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 Alexis Investment Partners, LLC) 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 newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Alexis Investment Partners, LLC. Please remember to contact us 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.

Mutual funds and other securities may distribute taxable dividends and capital gains to investors. Taxes on such items can affect the returns realized from such investment income received from certain investments may be subject to the Alternative Minimum Tax (AMT). Please consult with your tax advisor before making any investment and consider the effect that taxes may have on returns.

Rebalancing assets in a portfolio can have tax consequences. Selling assets in a taxable account may result in a taxable gain. Alexis Investment Partners, LLC. is neither a law firm nor a certified public accounting firm and no portion of this newsletter should be construed as legal or accounting advice.

AIP Composite Performance is calculated by Black Diamond based on the performance of all discretionary managed accounts with a Growth and Income objective that are assigned a 70/30 benchmark. Performance is net of all fees and expenses. From April 30, 2019, until Alexis Investment Partners, LLC registered with the SEC as an investment advisory firm in May 2021, Jason Browne offered advisory services using Alexis Investment Partners, LLC as a trade name through Sowell Management, LLC an SEC Registered Investment Adviser. Alexis Investment Partners, LLC and Sowell Management, LLC are independently owned and operated.

Alexis Investment Partners, LLC. does not guarantee performance for any investment recommendation. Investors should consider investment objectives, risks, charges, and expenses before investing. Funds are selected for clients based on their individual goals and preferences and therefore some of the funds discussed in this newsletter may not be held in your portfolio.

Advisory services are offered through Alexis Investment Partners, LLC; an investment advisory firm registered with the Securities and Exchange Commission.