LANDMARK
FINANCIAL ADVISORS, LLC

WEALTH MANAGEMENT

OCT 2023

ROUNDING 3RD AND HEADING FOR HOME

The Federal Reserve was late to the game in starting to raise interest rates. We are now 18 months past the original hike in March of 2022 and have seen a historically frenetic pace of increase since they started the hiking cycle. We continue to believe the markets (Equity and Fixed Income) will be disappointed by the timing and pace of interest rate cuts from central banks. Inflation should continue its disinflationary path, but we do not expect central banks to be in a hurry to remove restrictive interest rate policy.

We have purposely kept maturities in our fixed income portfolios short due to the interest rate risk in longer dated bonds. This has been beneficial as the Bloomberg Aggregate is poised to be negative for the third consecutive calendar year making it the most difficult period in over 100 years. The silver lining is that this difficult period is laying the foundation for better returns in the years to come as investors (mainly retirees) will be able to earn a good coupon. The challenge is that short-term bonds are paying more than longer-term bonds, presenting a reinvestment risk for investors. The downside of keeping our maturities short now is that you lose the opportunity to lock in rates for longer should short term rates drop in the future. We have been and will continue to lengthen our average maturity as the interest rate hiking cycle comes to an end.

Both US and International Equities were down over 3% this past quarter but are still up substantially for the year. US Large Cap Growth stocks have been the propellant to the markets this year, but we feel these stocks look expensive and are pricing in perfection. The breadth of the market is starting to look attractive as the Healthcare, Staples, Financials, Industrials, Utilities and Energy are all down or barely positive for the year. We are taking the "under" on economic growth and earnings forecasts due to accumulating global headwinds—the good news is that pockets of the markets have already priced in this scenario.

We have experienced a painful reset caused by the FED, but we think smoother sailing is visible on the horizon.

> DON'T LET MAKING A LIVING PREVENT YOU FROM MAKING A LIFE.
> —JOHN WOODEN

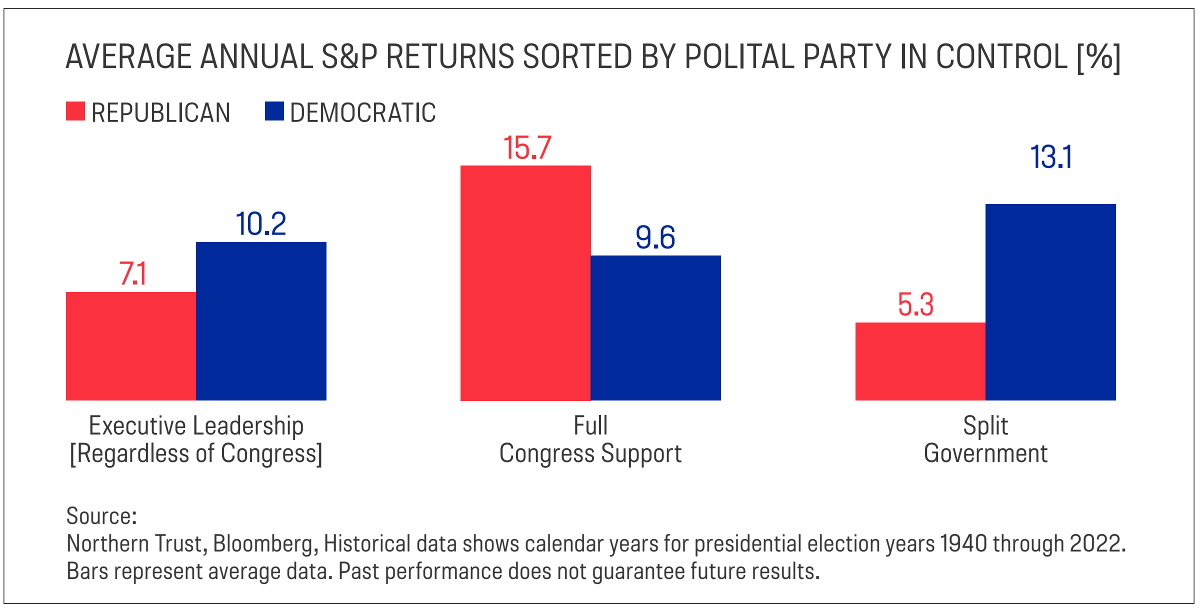
> JUST REMEMBER: YOUR NET WORTH DOES NOT EQUAL YOUR SELF-WORTH. A WONDERFUL, WELL-LIVED LIFE IS MEASURED BY MUCH MORE THAN DOLLARS AND CENTS.
> —KATE CAMPBELL

ELECTION CYCLE IS HEATING UP

Political ads are everywhere, especially as we begin a new election season. They can be seen on TV, heard on the radio, and read online. What impact do political ads have on our long-term investment strategy? These ads can make individuals lose sight of the big picture. Political ads often focus on the negative aspects of the opposing side. This can lead investors to fixate only on the negative aspects of the market and the economy. This pessimism can result in individuals making poor investment decisions.

Historically, there is little statistical significance as to which governmental makeup financial markets prefer. There are many more financial variables driving returns than politics. We expect this to hold true for this election cycle; with inflation, central bank activity, and corporate profits being the more dominant forces driving returns at the broader market level.

Remember, political ads are designed to get you to vote for a particular candidate or party. They are not designed to help you make sound investment decisions. Do not let political ads distract you from your long-term investment goals.



NEW PLANNING OPPORTUNITY IN 2024

One of the more interesting provisions of the SECURE 2.0 Act that passed last year was the ability to transfer excess/unused funds in a 529 Plan directly into a Roth IRA. This will be an intriguing option for some individuals to review, but it also comes with several conditions that need to be satisfied to comply with the rules. We will be reaching out to you directly if we feel this applies to you. In addition, be on the lookout for a more detailed post to our blog as well on this subject.