WEALTH MANAGEMENT NEWSLETTER

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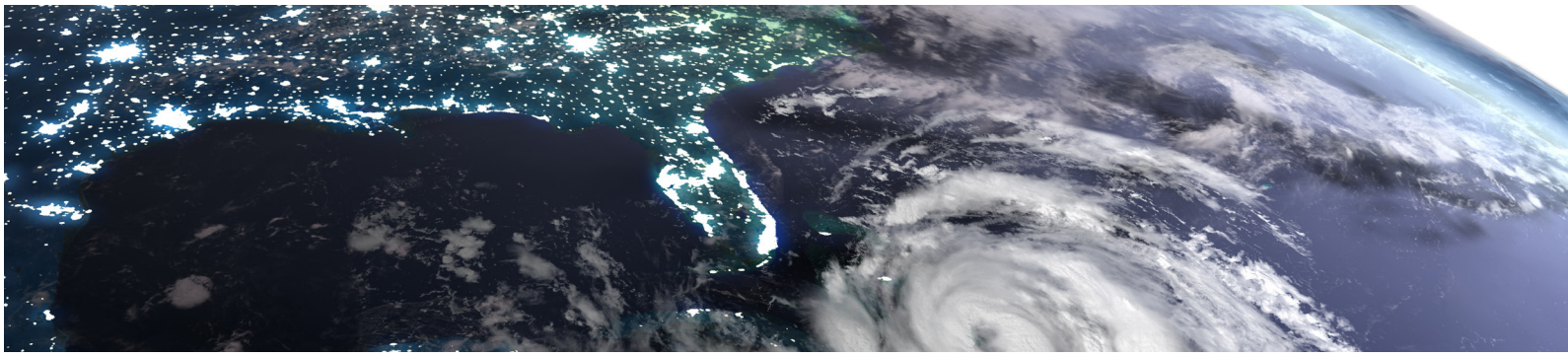

FINANCIAL READINESS: PREPARING YOURSELF BEFORE DISASTER STRIKES

Earlier this fall, Hurricane Helene moved inland from the Gulf of Mexico as a tropical storm, from Georgia to the mountains of North Carolina. In western North Carolina, the thousand-year[1] storm caused immense damage from flooding. Even as Floridians were catching their collective breath, Hurricane Milton swept through shortly after. So much heartache for so many people. Even those living in areas thousands of feet in elevation and hundreds of miles from the coast were hit hard. If you or loved ones have been impacted, our hearts go out to you.

Patterns of extreme weather may be the new norm. Or not. It's hard to say. But either way, life on Planet Earth has long been fraught with dangers. There may be new, formidable risks to manage, but the truth is, risk itself is nothing new. For this reason, you may have noticed there are an awful lot of adages about protecting yourself when, not if, the—ahem—stuff hits the fan: Forewarned is forearmed. Measure twice, cut once. An ounce of prevention is worth a pound of cure.

In that spirit, let's contemplate some of the tried-and-true steps to help better prepare your financial affairs for when disaster strikes. A few ounces of these preventive measures may forestall pounds of future strife.

1. ORGANIZE YOUR FINANCIAL INFORMATION

Access to financial information can be critical after a disaster, helping you work with your insurance companies, apply for disaster relief or even just keep up with your everyday bills.

Store important documents in a waterproof safe, a safety deposit box, or in the cloud for easy access during a disaster. Incidentally, make sure you aren't the only person who knows where the information is.

Ensure you have access to the following:

- Tax statements, which you'll need to apply for FEMA disaster assistance
- Insurance policies
- Proof of income, such as pay stubs
- Housing payments

For a more detailed list, check out the financial preparedness checklists available from FEMA.[2]

2. HAVE CASH ON HAND FOR A CRISIS

If you don't already have an emergency savings account, consider starting one you can tap in a crisis. Aim to save three to six months' worth of expenses. But also take note that in a disaster, it may be difficult—or even impossible—to take a quick trip to the bank. So keep a small amount of cash at home in case credit cards and local ATMs don't work in an emergency and you need to buy food, fuel or other supplies.

3. HAVE THE RIGHT INSURANCE

Make sure you have appropriate homeowners or renters insurance. A homeowner's policy generally covers your dwelling and other structures, personal property, personal liability and medical protection. It also typically offers loss-of-use compensation

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if you need to relocate temporarily. Renters insurance should provide roughly the same coverage except for protection for structures, which is a landlord's responsibility.

If you are a business owner, make sure to have business insurance to protect your business property and employees.

Importantly, neither homeowners nor business insurance cover flooding or earthquakes. If either are a possibility in your area, considering purchasing separate policies to cover each if such policies are available. (In some particularly risky areas, earthquake and flood damage coverage may be cost-prohibitive or otherwise unavailable.)

4. INVENTORY YOUR PROPERTY

Maintain a detailed inventory of your house to help you prove the value of items you own that may be lost or damaged during a disaster. An up-to-date inventory can help you determine how much insurance to purchase, and it can speed the insurance claim process. It can also provide documentation needed to deduct losses on your tax return.

Take photos or videos to help you record your belongings and where appropriate, write down descriptions. For higher priced items, add as much detail as you can. For instance, instead of simply listing "camera," note the specific model number and the year you bought it. Also consider having especially valuable items appraised. There are often local services that can help you create audiovisual inventories or even apps that can help keep you organized. Store your inventory and appraisal documents with your other important financial documents.

WHAT TO DO AFTER A DISASTER

If disaster strikes, consider taking a bit of time to yourself before springing into action, if that's possible. Grieving the losses you've endured is an important step in the recovery process, and acknowledging your emotions may take precedence over the financial harm done. Once you're ready, contact your insurance company to report the damage. Document and prepare a list of damaged items, and keep the items, if possible, until a claims adjuster has visited. You'll also want to hang on to receipts for expenses you incur, such as supplies, repairs and lodging if you can't stay in your home. These expenses may be covered by insurance.

If you can't stay at home, notify your utility providers and have them pause or discontinue services. You'll still be on the hook to pay certain bills after a disaster. Prioritize paying your insurance premium and mortgage, which you must pay even if your house is damaged. If it becomes difficult to pay debts, including your credit card bill, contact your creditor who may be willing to work with you on a payment plan.

No one expects to be on the receiving end of life-changing disaster. But being prepared can help ensure you can pick up the pieces faster. If you have any questions about putting together a disaster plan of your own, reach out and we can help.

1. https://www.nbcnews.com/science/environment/day-thousand-year-rainstorm-southern-appalachia-faces-hurricane-helene-rcna172895
2. https://www.fema.gov/sites/default/files/documents/fema_effak-toolkit.pdf

NVIDIA'S $30 BILLION LETDOWN

I try my best to avoid lofty expectations for my favorite sports teams. It's fun to get excited about the upcoming season, but high expectations don't leave much room for satisfactory outcomes. Anything short of a championship, and I'll be crestfallen.

Nvidia is in a similar predicament. On the one hand, the company recently reported a second quarter revenue of $30 billion, up a whopping 122% from a year ago.[1] To put this in perspective, the year-over-year earnings growth on the S&P 500 is 11.3%.[2] Despite this, Nvidia's share price declined following its earnings announcement on August 28.

It may seem counterintuitive for the stock to drop after reporting earnings of such magnitude. But this could indicate huge earnings growth was already priced in by the market. When expectations are sky-high, anything short of perfection may be a disappointment. The Philadelphia Eagles do the same to me nearly every year.

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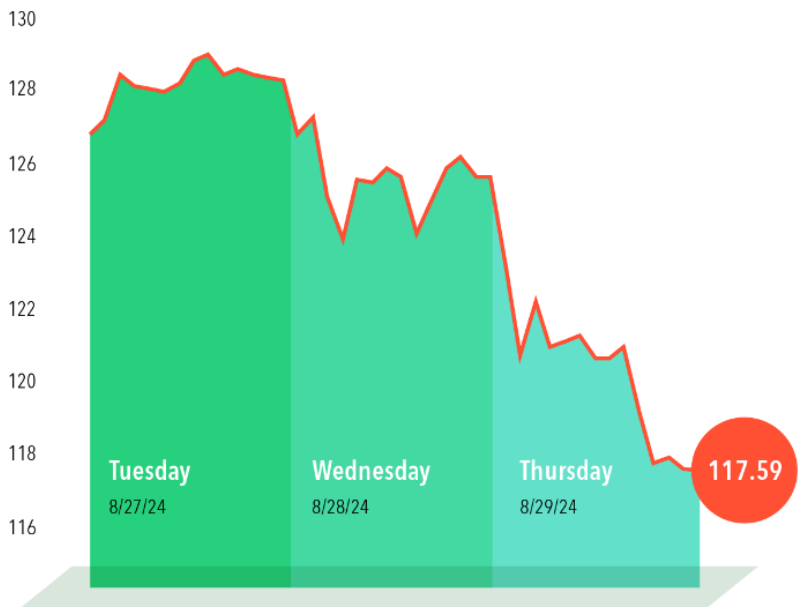
1. All earnings figures sourced from FactSet.
2. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global.

EXHIBIT 1

Nvidia Share Price

August 27, 2024–August 29, 2024



Past performance is not a guarantee of future results.

see page 3 for disclosures

I'VE GOT A LUMP SUM IN CASH, SHOULD I INVEST IT RIGHT AWAY?

What do you do if you've just received a big bonus at work, inherited some money, sold a business or otherwise enjoyed a recent windfall you'd like to invest? Should you invest the money right away—even if the market seems particularly high or low—or little by little over time? This is a question we often hear from clients and other investors. No wonder: Deciding how to invest a pot of money can indeed feel paralyzing. What if you put the money in, and the market promptly tanks? Or what if you hesitate, and the market soars? It's perfectly normal to worry that you'll make the wrong move…or at least not the best one.

Investing a lump sum all at once or over time each has its advantages and disadvantages. Let's take a look at some of the factors to consider.

BEGIN WITH YOUR GOALS

Before making any investment moves, first consider what you want to use your money for. In the short term, the market can be a volatile place, with the potential for big ups and downs. If some or all of your money is going to be used for short-term goals—say, paying college tuition bills that are just a few years away—you may consider more conservative investments less affected by this volatility, like short-term bonds, bond funds or certificates of deposit (CDs).

If you want that money to help you pursue long-term goals such as retirement, then investing in the stock market right away is likely worthwhile. Over the long term, volatility tends to smooth out and the markets have historically continued to move higher.

COMPARE LUMP-SUM INVESTING VS. DOLLAR-COST AVERAGING

When you invest a lump sum, all your money is exposed to the market right away. If the market is on an upward tack, you can take advantage of immediate gains. But of course, near-term market returns are not predictable. There could be a downturn after you invest your lump sum. If this potential for a setback bothers you, dollar-cost averaging—investing a set amount of money at regular intervals—may be a more comfortable strategy.

For example, you could use dollar-cost averaging to invest $12,000 in a low-cost, total market index fund in $1,000 monthly installments over a year. That way, when the market is at a high, your investment buys fewer fund shares. And when the market is lower, your investment buys more shares. The strategy helps you take advantage of the market's natural ups and downs, helping you manage the average cost of the shares you buy. However, be aware that the greater comfort of pacing your investments through dollar-cost averaging may come at a price. Research shows that lump-sum investing outperforms dollar-cost averaging 68% of the time. [1]

So, ask yourself: Is maximizing expected returns your top priority? If so, the lump-sum approach might make the most sense for you. On the other hand, the same research suggests the expected outperformance is not by a large margin. So, if the specter of potential investment losses might keep you awake at night, it may be worth taking a small hit to use dollar-cost averaging, especially if it will reduce the chance of panic-induced selling that effectively locks in even greater losses.

WHATEVER YOU DO, DON'T DELAY

Historically, stocks and bonds outperform cash holdings over the long term. It's critical to start investing as soon as possible to take advantage of this outperformance. Delaying putting cash in the market is a form of market timing—buying or selling shares in an attempt to predict future market movements. This is a complicated game you're unlikely to win. Consider that average equity fund investor returns trailed the market (as proxied by the S&P 500) by 5.5% in 2023,[2] largely due to trying to time to the market. Both lump-sum investing and dollar-cost averaging help you avoid this behavior and take advantage of the tendency for the market to grow over the long term. And this is what you need to meet your long-term financial goals. The important thing is to choose the strategy that will allow you to stick to your long-term plan.

Unsure how to invest some of your cash holdings? Reach out. We'd be happy to discuss which option best suits your needs.

1. https://www.vanguard.ca/content/dam/intl/americas/canada/en/documents/cost_averaging_invest_now_or_temporarily_hold_your_cash.pdf
2. https://www.dalbar.com/Portals/dalbar/Cache/News/PressReleases/QAIB2024_PR.pdf

GRATITUDE

I look back as 2024 is soon passing us by. Many of our concerns of 2023 still plagued us in 2024, inflation (although somewhat controlled) caused our cost of living to rise, a divisive political atmosphere which was even more evident in an election year, and the continuing wars in the Ukraine and Middle East. There has continued to be volatility in the markets during 2024 with some all-time highs being reached in the U.S. markets. To this point, in 2024 the overall performance of the markets has been quite favorable.

No one could have accurately or consistently predicted everything that has happened in 2024, and likewise cannot predict what will happen in 2025. We can be pretty well assured that the media will continue to dispense its negative news or "noise" in 2025 as in the past to grab your attention and sell advertising. It is better to not pay too much attention to all the negative news being disseminated. Remember that we are here to help you and take advantage of fluctuations in the market through rebalancing your portfolios. Note that historically the stock market has moved upward the majority of the time even though downturns in the markets are inevitable. If you have questions or concerns, please contact us.

Remember to thank veterans and first-responders that you know for the many sacrifices that they have made to make our country safe and free, and recognize all of the blessings that we have enjoyed in 2024. We are very fortunate and thankful to have had the opportunity to serve you as our clients in the past year and look forward to continue our professional relationship with you in 2025.

Best wishes to you and yours to have a happy holiday season, and a happy, healthy, and prosperous new year!

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