October Effect, Ltd.

January 2024 Financial Market Report

Prepared Especially for
Our Clients and Friends

MARKET NEWS PLAYLIST

MIC 2023 Keynote Presentation: Peter Zeihan
FOMC December 2023: Jerome Powell
Japan - Stock Market

Scan the QR Code to access the latest Market News playlist on our YouTube Channel.

October Effect, Ltd.
Registered Investment Advisor

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Let us help you with all your financial planning needs in a holistic approach.

The Tehel, Moravek and James team, a dynamic team with big results.
Call 757-390-3341 for a consultation.

Reading the Market
December 28, 2023

Master Allocation

	D	A
STOCKS	▲	H
BONDS	▲	L
COMMODITY	▲	L
CASH	▲	L
$DXY	▼	S
FXE	▲	L

Stock Allocation

	D	A
DIA	▲	H
IYT	▲	H
SPY	▲	S
QQQ	▲	S
IWM	▲	H
EFA	▲	L
EEM	▲	L

Bonds Yield Allocation

	%	D	A
BIL 90 DAY	5.54	▲	H
US2Y	4.26	▲	S
TNX 10Y	3.79	▲	S
TYX 30Y	3.84	▲	S
VTEB TAX F	3.01	▲	H
HYG JUNK	5.88	▲	H
MORTGAGE	7.28	▲	S

Commodity Allocation

	D	A
DBC	▶	L
USL	▶	H
GLD	▲	H
FCX	▲	L
MOO	▲	L
CUT	▲	L
VALE	▲	L

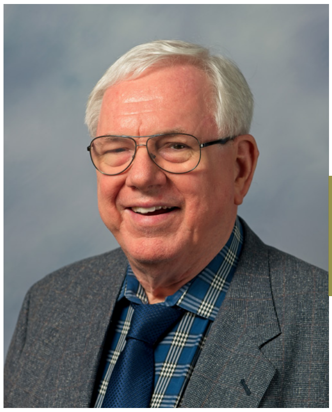
Key:
D = Direction: ▲ ▼ ▶
A = Action Index: (L)ong, Buy; (S)hort, Sell; (H)old

Mr. Delmar Gillette is hereby elevated to Independent Advisor Representative Emeritus on January 1, 2024.

Delmar completed his undergraduate degree, a Bachelor of Arts in Biology at Bera College in 1969. In 1971, he completed a master's degree in teaching at Duke University. In June 1977, he became a sales representative with Lincoln Financial Advisors. He became an Investment Advisor Representative with October Effect, Ltd. in 2016.

Delmar has always maintained a tax preparation business giving him great insight into tax planning. We look forward to his ongoing advice and support as he moves forward in a less active advisory capacity.

Thank you for your years of hard work and dedication, Delmar. You will be missed!



Spotlight
ON DELMAR GILLETTE
Independent Advisor Representative Emeritus

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Financial Planning Matters ...

ASK THE EXPERTS!

Q. Which IRA program should I use?

A. This question has a 49-year history, with the inception of the first IRAs occurring in 1974.

Between 1982 and 1986, individuals under the age of 70 ½ were permitted to contribute to IRA accounts, but today, the question has evolved into a more complex one: traditional IRA, Roth IRA, SEP IRA, or simple IRA, to start.

Additionally, there are variations like rollover IRA, spousal IRA, charitable contribution IRA, and tax-deferred IRA.

There really isn't a one-size-fits-all answer; it always depends on your circumstances.

For instance, if you are young, with a modest cost of living and income, starting a Roth IRA account may be suitable. When your tax rate exceeds 18%, a tax-deferred IRA account becomes more appropriate.

It's crucial to remember that retirement accounts—whether IRA, 401(k), or 403B—all have penalties for early withdrawal. They are not emergency funds for unexpected expenses like a car needing a new transmission or a house requiring a new roof.

Today, retirement accounts serve various specialized functions.

Assets can be rolled from a 401(k) account to an individual IRA account, providing more control over investment choices and certainty about who manages the investments within the account. This is particularly important to safeguard against threats to the existence of your retirement account from large-scale events, such as the disappearance of 401(k) dollars during Enron Corporation's bankruptcy in 2001 or the financial challenges of 2008 when assets like General Motors bonds and stock vanished.

Looking ahead, new financial challenges may arise as the world adjusts post-conflicts in Ukraine and the Middle East. By having a self-directed or asset-specific IRA account, you can take control of all the activity within your individual retirement account.

The advisors on The Tehel, Moravek, and James Team will work with you to determine which IRA combination best aligns with your objectives.

Call us today at 757-390-3341 to get started.

Let our family of planners help to build your family's financial future.

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2024 Q1 MARKET READ

Investment Strategies: Finding Your Core Approach

Value investing, growth investing, buy-and-hold investing, top-down or bottom-up, and the ever-present question of taxes - these are all investment strategies that may find a place in your portfolio. The challenge, however, lies in determining which one should serve as your core strategy.

Building the Foundation: Adding Modern Portfolio Theory and factor investing to the mix completes the curriculum for an advanced business investment class.

Growth Investing: Growth investing is often synonymous with a top-down approach. It involves identifying thriving sectors in the economy and selecting companies within those sectors expected to continue performing well.

Value Investing: On the flip side, value investing takes a bottom-up approach. It seeks out well-run companies, even in challenging economic environments, that are not overvalued.

Consider Your Time Horizon: A minimum of two years to a maximum of 15 years minimizes tax liabilities until the final distribution, resulting in a long-term capital gain. In contrast, growth investing often involves trading within a calendar year, potentially creating extensive tax liabilities and minimizing overall investment performance.

Diversification: When it comes to diversification, many portfolios boast 5 to 10 different mutual funds, each comprising 50 to 150 stocks. However, consider Berkshire Hathaway, Warren Buffett's investment vehicle, which, for the first 10 years, held less than five stocks. Probability studies suggest that an eight-stock portfolio with inverse correlation can satisfy diversification needs effectively.

Finding the right core investment strategy involves aligning with your financial goals, risk tolerance, and time horizon. Consult with our experts to tailor an approach that suits your unique circumstances.

If you're ready to invest in the future of your financial health, call us today and discover how our team of trusted advisors can help.

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