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FINANCIAL GROUP
Your Vision, Our Mission

3rd Quarter 2024

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Dear Friends,

As you review the third quarter capital markets snapshot in the next few pages one thing will stand out. All indexes we are following are positive. Both the stock markets and the bond market are positive. Frequently during an election year it is common to have markets be generally positive, even though this election again seems to be emotionally charged.

The emotional side of this election is what I would like to talk about. We receive many comments at our office about the election and more so concerns expressed about who is in charge of our wonderful country. I'd like to revisit the basics about how our country was structured. The people who designed our structure were in my mind, geniuses. The idea was for us to live with a government which kept in place the "pursuit and protection of life, liberty and freedom". The creation of the Congress, Senate, Administration and the Supreme Court have kept the ideals of our Declaration of Independence, Constitution and amendments in place for well over 200 years and I expect it will keep us going for many years into the future.
One thing which I believe is an issue in our modern times is the fact that our politicians are now lifelong politicians making a career out of being in office. Of course, they do need to be continuously re-elected. However back during the early times of our country, serving in these roles was more voluntary and the elected individuals worked their primary jobs while also serving the people. They would leave their farms or day-to-day occupation and meet for a couple of weeks and then go back to their livelihoods. This kept them always "in tune" to what was actually going on in "real life". I suppose you could say this political role has expanded to a point where it is a full-time job now. This may be true, but I would be concerned they are becoming disconnected with what it takes to build a business or how much day-to-day work energy is needed to just put food on the table. These subject matters will certainly not be solved or changed any time soon. So how are we to think about all of this during this election season?

One of my favorite investment personalities was Charlie Munger (American Businessman (1924-2023). Charlie was vice chairman of Berkshire Hathaway from 1978 until his death in 2023. Warren Buffett has said Munger was his closest partner and right-hand man. He credited Munger as the "Architect" of Berkshire's business philosophy. Charlie has shared many nuggets of his wisdom in quotes. The one I am going to focus on is a quote we must adhere to especially when we are emotionally charged and/or fearful of some type of current event(s). Including, an election with an outcome we may not like.

Charlie's quote states:

"***The first rule of compounding is to never interrupt it unnecessarily."***

So…each of you (our clients) should have a beautifully crafted long-term objective driven plan backed by an equally well-crafted and thought out diversified investment portfolio. Our goal is to follow Charlie's advice above and to not interrupt it until it is being used to support your future life and goals. Therefore, elections will not alter the process of our planning or investment structure going forward. In general, current events even if they are significant at the time are insignificant over longer periods of time.

If you have any questions please give us a call. We are always so appreciative to have the honor of working with each of you.

God Bless you always…..Thankful-Grateful-Blessed
Mark

Capital Markets Snapshot

For a full analysis of the Quarter, please go to our web site at www.markahofinancial.com. Then click on Resources> Education> Investment Strategy Quarterly. Below is a brief snapshot from the report (source- Morningstar):

Index		09/30/2024	2023	Last 10 years
Dow Jones Industrial Average		12.31%	13.70%	9.52%
S&P 500 Index		20.81%	24.23%	11.32%
NASDAQ Composite Index		21.17%	43.42%	15.01%
Russell 1000G	Large Cap Growth	24.55%	42.68%	16.52%
Russell 1000V	Large Cap Value	16.68%	11.46%	9.23%
Russell 2000G	Small Cap Growth	13.22%	18.66%	8.95%
Russell 2000V	Small Cap Value	9.22%	14.65%	8.22%
MSCI EAFE	Developing International	13.50%	18.85%	6.22%
MSCI EM	Emerging Markets	17.24%	10.27%	4.41%
DJ US Select REIT	U.S. Real Estate	14.92%	13.96%	7.03%
Barclays US Intermediate Govt/Credit		4.68%	5.26%	1.97%
Citigroup World Government Bond Index		2.73%	5.19%	-0.15%

*Russell 1000 Growth Index – Measures the performance of the 1,000 largest companies in the Russell 3000 Index, with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index – Measures the performance of the 1,000 largest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. Russell 2000 Growth Index –Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with higher price-to-book ratios and higher forecasted growth values Russell 2000 Value Index – Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. MSCI Emerging Markets Index – A market capitalization weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Dow Jones U.S. Select REIT Index intends to measure the performance of publicly traded REITs and REIT-like securities. Barclays Capital U.S. Intermediate Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year and less than ten years. The Citigroup WGBI G7 x U.S. (USD) is an unmanaged market value weighted index comprised of debt issued by countries in the group of 7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) excluding the United States. The MSCI EAFE is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The **Dow Jones Industrial Average** (DJIA), commonly known as "The Dow", is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The **NASDAQ** composite is an unmanaged index of securities traded on the NASDAQ system. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.*

MAFG PERSPECTIVE

Would you like to hear more from us? Looking for a fresh perspective on the market, economy, and other planning topics? Open the camera on your phone and scan the QR codes if you'd like to see more from us.

Creamy Orzo Pasta with Roasted Butternut Squash and Spinach

Fall is in the air. Let's enjoy some comfort food on a cold fall or winter night.

Ingredients

Roasted butternut squash

- 12 oz butternut squash peeled, seeded, and cubed
- 1 tablespoon olive oil
- salt and pepper
- 2 tablespoons fresh thyme (leaves only, no sprigs)

Orzo

- 1.5 cup orzo uncooked
- 5 cloves garlic minced
- ¼ teaspoon smoked paprika
- 2 tablespoons olive oil
- 2.5 cups chicken stock
- ½ teaspoon salt
- ½ teaspoon Italian seasoning
- 5 oz spinach fresh
- ½ cup heavy cream
- salt and pepper
- fresh thyme

Instructions

Roast Butternut Squash

1. Preheat the oven to 400 F.
2. Toss cubed butternut squash with olive oil, salt, pepper, and fresh thyme on a parchment paper-lined baking sheet. Spread it in one layer, without overcrowding.
3. Roast in the preheated oven on the middle rack at 400 F for 20 or 30 minutes. Remove from oven.
4. Proceed with the rest of the recipe while you roast the squash.

Cook orzo

1. To a large, high-sided skillet, add 1.5 cup of uncooked orzo, 5 cloves of minced garlic, ¼ teaspoon smoked paprika, and 1 tablespoon of olive oil. Cook the orzo on medium heat, stirring, for about 3 minutes until browned.
2. Add 2.5 cups of chicken stock, ½ teaspoon salt, and ¼ teaspoon Italian seasoning to the skillet with orzo. Bring to a boil, then reduce to a simmer and cook for about 5 or 10 minutes, occasionally stirring to prevent the orzo from sticking to the bottom of the pan, until the orzo is cooked through.
3. Add spinach, and stir it in until it wilts on low-medium heat.
4. Add ½ cup of heavy cream, and stir to combine. Season with salt and pepper, if needed.

Assembly

1. Add roasted butternut squash to the cooked orzo. Top with fresh thyme.

Dollars and sense: Teaching financial literacy early pays off

In no uncertain terms, youth who participate in early financial literacy programs make better financial decisions later in life. Based on 76 empirical studies across 33 countries, the Financial Industry Regulatory Authority (FINRA) and National Endowment for Financial Education (NEFE) established that financial education programs have significant positive impact on both financial knowledge and financial behaviors.

Yet, as of last year, only 23 states require financial literacy education for high school graduation.

There's a gap that needs to be filled – and one that parents and grandparents are well-equipped to bridge.

Proof is in the piggy bank

Arguably, money management skills are just as important for a child to gain as healthy eating habits and good manners. Financial literacy fosters positive behaviors that last a lifetime.

Research shows people with higher levels of financial literacy are more likely to spend less of their income, establish an emergency fund and open a retirement account than those with lower levels of financial knowledge. Those required to take personal finance classes make better college funding choices, have better credit scores and a higher net worth on average.

There are also surprising benefits of learning money management early on. According to research recently published in the Journal of Family Issues, those who indicated learning financial literacy from parents during their youth tended to enjoy more flourishing romantic relationships into adulthood. Healthy financial habits lead to less stress about money, putting less pressure on relationships.

Depending on your child's age, financial literacy involves learning concepts like needs vs. wants, budgeting, saving, earning money, giving back and even investing. While it may be tempting to jump right into the financial topics that are top of mind for you, remember that this process is about building strong foundations for your child's financial future and instilling confidence in their own financial independence. A lecture about the difference between an IRA and Roth IRA can come later.

Even if your child is learning about financial management in school, studies show that parents are the most influential source of financial learning. Overt financial teaching that extends into emerging adulthood drives financial literacy.

When (and how) to start

Experts say it's never too early to start talking about finances as long as the conversations are age appropriate. Simple lessons woven into everyday life can be made fun with a little effort.

To identify essential money lessons that are suitable for your child, seek natural opportunities to introduce financial knowledge. For instance:

- Five-year-olds: Discuss the difference between needs and wants while shopping at the grocery store.
- Eight-year-olds: Ask your child to figure out the right combination of dollars and coins to pay for the shirt you're purchasing.
- Eleven-year-olds: Reinforce the importance of saving money and delayed gratification, especially as they desire more expensive items like a smartphone or video game system.
- Thirteen-year-olds: Explore their job interests, research requisite schooling and skills, and compare salaries.
- Sixteen-year-olds: Talk about their preferred brands and have them consider which stocks have growth potential.

Don't be afraid to be transparent about the household financial activities and involve your children. These everyday decisions serve as real-time and relevant lessons in finance. Start with small, tangible tasks. For instance, if you're taking a family road trip, you could ask for help allocating the snack budget at each stop.

Allowance remains a much-debated topic when it comes to financial learning. While some studies show allowances instill responsibility, others believe they lead to entitlement and decrease intrinsic motivation. If allowance is tied to chores or jobs, this can teach children the relationship between work and reward. It also empowers children to make independent choices when spending their hard-earned money. Apps like BusyKid and Greenlight let you assign dollar amounts to specific tasks and manage allowances together.

Pro tip: As your child or grandchild gets older, consider upgrading their piggy bank. There's a real, working ATM from Lakeshore Learning that allows kids to create a savings goal and keep track of their balance.

Gamification of money topics

Though finance is a serious subject, lessons don't need to be all too serious. When introducing money talk, think about how best to keep your children or grandchildren engaged in the topic.

Gamification not only makes learning fun but also makes lessons stick – because you're practicing the skills you've learned, some might say, by "hiding" them in play. Beyond fun, gamifying learning offers several benefits: Setting clear goals in the game creates a growth mindset, and enjoying the object of the game fosters intrinsic motivation. Playing these games together also makes money an acceptable social topic, which lays the foundation for discussions about finances into adulthood.

The classic money games, like Monopoly and The Game of Life, are still great teachers but there are so many more resources out there now for kids to immerse themselves in these lessons. The US Mint website offers a variety of fun digital games for kindergartners through sixth graders. The Stock Market Game, which is geared for an older cohort, simulates the stock market and gives participants a virtual $100,000 portfolio to manage. Mycreditunion.gov offers digital resources, like Hit the Road, a financial adventure game in which the player determines how to spend their money during a cross-country trip.

If family game night is more your style, Money Bags is an exciting game that teaches basic money skills using fake currency. Players collect, count and exchange money on the game board. Exact Change is reminiscent of Uno, but with cards that have currency values. The game encourages players to be creative about making exact change. And The Allowance Game explores the concepts of earning money for completed chores and choosing what to spend it on.

Reinforcing concepts

No matter how you choose to teach your child or grandchild about finances, make it a goal to keep them engaged in learning and willing to discuss money with you. As adults, we've all had our share of lessons and mistakes, and this is an opportunity for your child to practice before the stakes are higher.

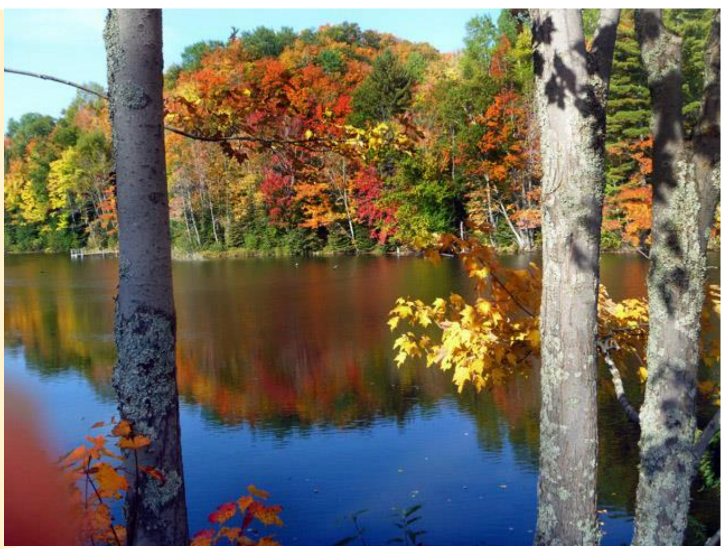
Encourage your children to get involved with school programs that offer opportunities to learn about money topics, like Junior Achievement BizTown. Consider financial literacy books for kids. For children aged 3 to 7, the classic Berenstain Bears series offers a few titles about money, including "Dollars and Sense" and "Trouble with Money." As they grow older, middle schoolers can explore more advanced reads like "How to Turn $100 into $1,000,000," which provides both inspiration and practical advice on earning money from a job or starting a business.

Initiating money conversations early on is a crucial step in shaping children's financial understanding and responsibility. Encourage transparent discussions about money and support age-appropriate learning to foster confident, financially responsible adults.

Dos and don'ts of financial literacy lessons

Do help your children set up a savings plan early in life. This teaches delayed gratification and the power of compound interest.
Don't assume your children are too young to discuss money. Scale lessons to their understanding, but it's never too early to start.
Do try multiple teaching methods. Have conversations, read books, play board games and check out digital resources.
Don't use money as a reward or punishment. Research shows it can decrease motivation and generosity.
Do set a good example and explain your financial decisions. This increases the likelihood kids will adopt similar practices.
Don't be afraid to admit past mistakes. This will help your children avoid the same pitfalls.

Sources: finrafoundation.org; endseclusion.org; news. byu.edu; files.eric.ed.gov; blog. brainpop.com; mycreditunion.gov; parents.com; freedomsprout.com; financialeducatorscouncil.org; nces.ed.gov; brightchamps.com



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