Champion Advisors LLC
Wealth Management

April 2024

Dear CLIENT,

The global equity and bond markets have performed well over the last two quarters ending 2023 on a great note, increasing our investment portfolios, and getting 2024 off to a great start:

- Global stocks had an impressive start to the year, returning 8% in the first quarter.
- The prospect of an AI-driven productivity boom drove stocks higher, outweighing areas of uncertainty such as higher-for-longer interest rates and upcoming US elections.
- Major US indices, including the Russell 3000 and S&P 500 Index, ended the quarter at all-time highs.
- IT and Communication Services stocks led the stock market gains, but it wasn't concentrated in the "Magnificent 7" names that lead the US market last year; and REITs were the only sector to post negative returns for the quarter.

Taken from DFA's article "Market in Review: Q1 2024 All time Highs", April 5, 2024

So, with these facts, how are we feeling about what comes next? As we've always encouraged, staying on course and trying not to be unsettled by market downturns are the best ways to see your portfolio work for you. Taken from DFA's "The Rewarding Distribution of US Stock Market Returns", we keep in mind that:

- "Up" years have occurred much more than "down" years from 1926 through 2023.
- The market averaged gains of 10% per year during this period.
- About ⅔ of the down years were followed by up years.

The stock market tends to reward investors who can weather annual ups and downs and stay committed to a long-term plan.

In addition to this letter, we've included an article from Buckingham Strategic Partners that demonstrates another consistent investment policy we use regarding our clients' portfolios, and that is: diversification is your friend! Even in politically unstable times such as a presidential election year, keeping your portfolio invested through all sectors of the market promotes safety *and* growth.

Keep in mind, we are always available to you if you would like to meet to discuss any changes in your financial circumstances or if there are any issues or concerns that may arise regarding your portfolio. Feel free to reach out to Barrett or myself if you'd like to schedule a time for a conversation about any moves you'd like to explore going forward!

All the best,

Thomas E. Tucker

Tommy Tucker
Owner & CEO

Protecting Your Portfolio in a Presidential Election Year

By Jared Kizer, CFA

The 2024 presidential election is set to be a repeat of the Biden versus Trump contest of 2020. With both houses of Congress up for grabs, the stakes are high for either party, so it is understandable for the U.S. public to be nervous. Regardless of how the election plays out, political tensions will likely remain elevated throughout the next president's term, adding to an already contentious global political climate. Against this backdrop, many investors are anxious about the possible impact on financial markets. Here's what to keep in mind this election season.

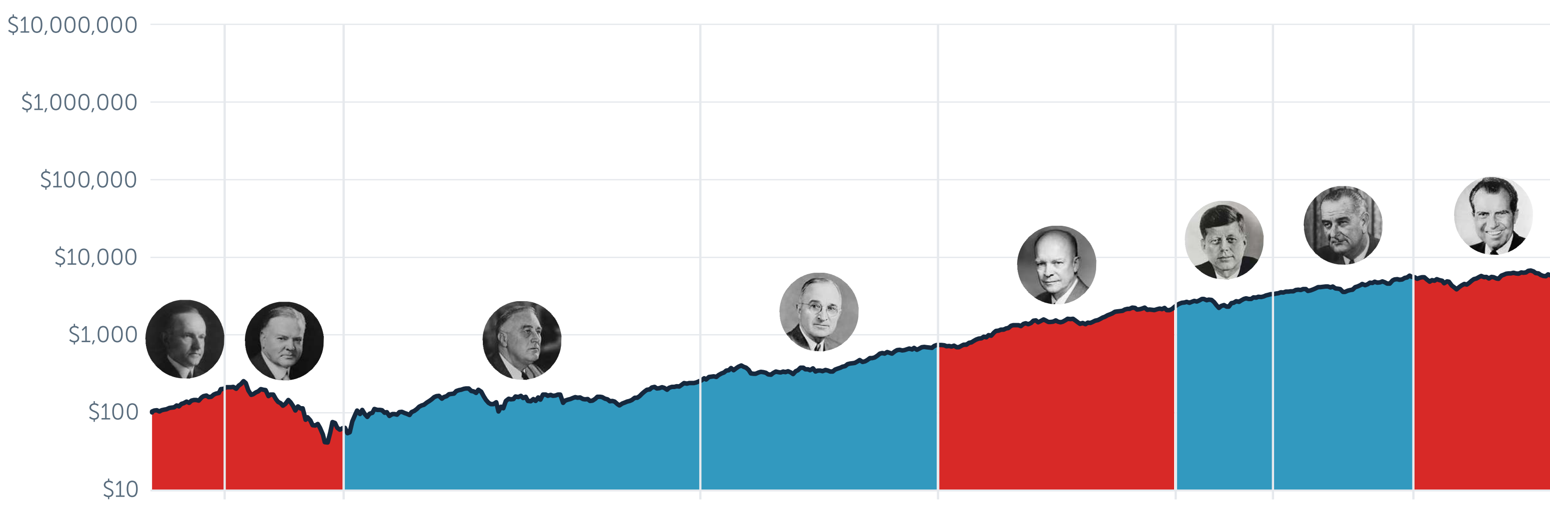
1. **Geopolitical risks are already priced into markets.**

   For financial markets, geopolitical risk is not new. While there have certainly been periods when geopolitical risks were perceived to be more elevated, global markets are continuously pricing in these risks. For as long as markets have existed, stock prices have endured the risk of world wars, regional conflicts, revolutions and countless other geopolitical events. The historical record helps investors understand the risk in most traditional stock and bond allocations. However, it's still possible that new events may reshape the historical record. When investors begin to worry that political risks are rising, we encourage them to think through this question: Setting aside the upcoming election, are you comfortable with the historical risks that your allocation has exhibited? If you aren't sure, a good first step is speaking with your financial advisor to better understand the historical risk profile of your asset allocation. This can help you decide whether you are exposed to more risk than you're comfortable taking.

2. **Election outcomes have little impact on stock markets, and the U.S. economy is better poised to withstand a global slowdown compared to other economies.**

   For the U.S. stock market, there is abundant evidence that the outcome of a presidential election has not systematically impacted the market one way or the other. What matters more are the federal policies pursued during the next administration's term. However, just like with geopolitical risks, the markets price in how such policies could impact economic growth, inflation and other indicators.

Hypothetical Growth of $100 in U.S. Stocks Since 1926



Source: Ken French Data Library for U.S. stock returns. Party information sourced from Office of the Historian and the Clerk of the House's Office of Art and Archives. Indices are not available for direct investment. Their performance does not reflect the expenses associated with the management of an actual portfolio nor do indices represent results of actual trading. Information from sources deemed reliable, but its accuracy cannot be guaranteed. Performance is historical and does not guarantee future results. All investments involve risk, including loss of principal.

Regardless of who's in power, we believe the biggest long-term economic challenge for future administrations is the U.S. government's growing size, both from a fiscal and regulatory perspective. With both parties divided on how to address the government's growing debt, this will likely lead to slower global economic growth. Keep in mind, however, that the U.S. economy is much better positioned than virtually all other developed governments and should still be more resilient to fiscal risks compared to most economies.

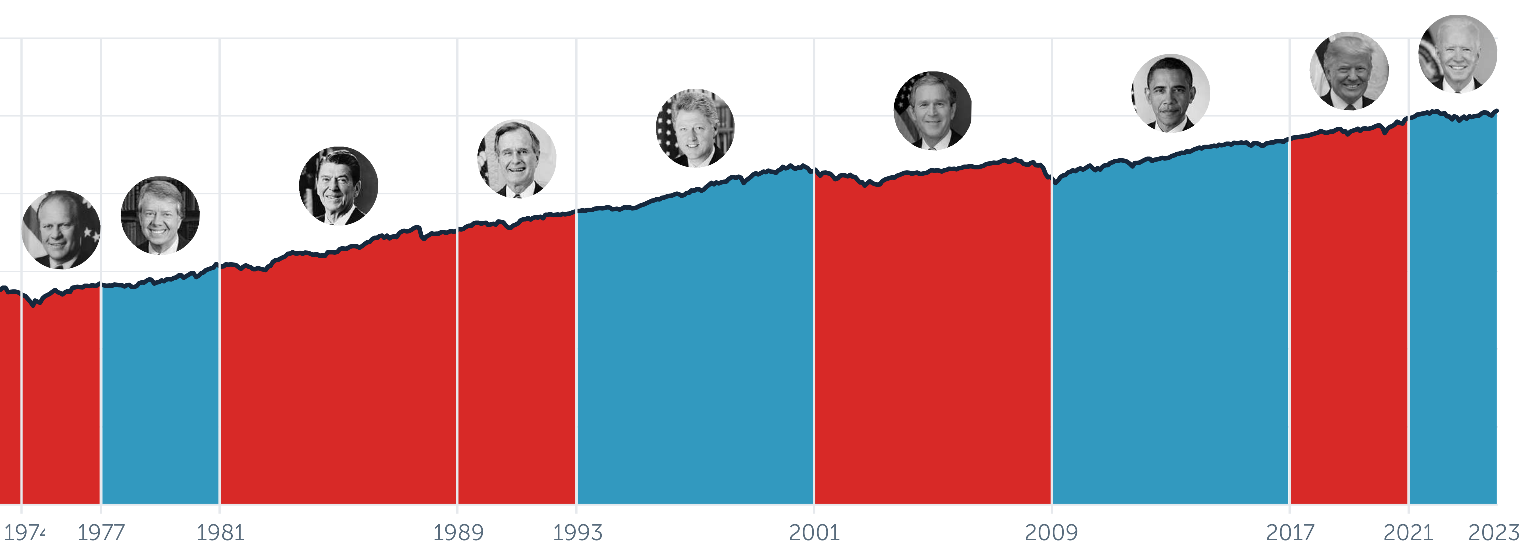
3. Investors benefit from favorable stock market pricing conditions.

While we covered how markets price in a range of political and economic risks, investors should also consider how a company's stock price compares to the earnings it generates. Across most asset classes, the news is positive. Although U.S. stock market valuations are above their long-term averages, most other broad asset classes — including the U.S. bond market, global developed stock markets and emerging stock markets — are relatively close to historical valuation levels. Even for the U.S. stock market, while large-cap stocks are mostly above their historical valuation levels, smaller and more value-oriented companies have valuation levels closer to their historical averages. This leads to our final point: the importance of diversifying and avoiding the temptation to chase the investments with the highest returns.

4. Diversification is your friend – especially during uncertain times.

While elections have the potential to reshape policies and legislation, it's difficult to predict which sectors or industries could benefit. The most effective way to manage risk, whether geopolitical or otherwise, is broad diversification. In the current environment, U.S. large-cap stocks have made a comeback after struggling in 2022. Because of that recent strong performance, some investors may be tempted to lower their allocation to other types of stocks, like foreign stocks and smaller-company stocks. The outcome of the election will not influence whether these trends for stocks continue, and no one can successfully predict which stocks will outperform over the next year. That's why we believe investors should maintain their allocations across global stock markets, as well as to high-quality bonds with relatively short maturities. They might also consider some allocation to inflation-protected Treasury bonds. Finally, depending on their risk profile, some investors may want to consider allocating to alternative investment strategies. While alternatives may not be appropriate for all investors due to their complexity, some strategies are less exposed to geopolitical risks than broad stock and bond markets.

If you still feel concerned about how the 2024 election could impact your portfolio, speak to your financial advisor about lowering your risk exposure and making sure your portfolio is well diversified. It doesn't hurt to take a break from following the election coverage either.



Report Disclaimer

The total portfolio returns are net of management fees, but may not be net of fees paid to other advisors. Total portfolio returns will not be net of fees in situations where your total household advisory fees are paid by another household, in which case the total portfolio returns are gross of management fees. Returns for Periods Exceeding 12 Months are annualized.

As your investment advisor, we are committed to providing personal services to you. Please contact us if there have been any changes in your financial situation or investment objectives (or investment restrictions that you may wish to impose) that may affect our management of your accounts.

We recommend that you compare these statements with the ones you receive from your custodian(s). Values may vary slightly because of, but not limited to, situations such as rounding, accrued interest or the timing of information reporting. The custodian of your account does not verify the accuracy of our fee calculation.

Deposits resulting from External (Management) Fee Payments are not reflected as a Contribution Withdrawals resulting from External (Management) Fee Payments are not reflected as a Withdrawal.

For the Portfolio Value vs. Cumulative Net Investment Graphic, Payments are not reflected as a contribution or a withdrawal.

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For individual fixed income securities, the following important notes apply:

- Average Coupon and Average Yield are based on Par Value
- Weights and Average Duration are based on Market Value
- For Non-Callable Bonds: Yield to Worst means Yield to Maturity
- TIPS: Treasury Inflation-Protected Securities
- Projected Annual Income for TIPS is based on coupon and accrued inflation-adjusted income up to the current date and does not adjust for future inflation fluctuation.
- Yield to Worst at Cost is excluded for CDs and TIPS.
- Average Years to Redemption is based on Par Value.
- Average Duration is based on Market Value
- Average Coupon and Average Yield are based on Par Value.
- For bond redemptions, weights and averages displayed are based on Par Value and Term is based on expected redemption date.
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Contact us if you would like a copy of our current Form ADV Part 2, Privacy Policy or Code of Ethics.

Report Data Disclaimer

For the above report, bond accrual is included in market values. Performance returns are calculated using internal rate of return (IRR), net of fees. ** The first 12 month returns are not annualized * Asset Level Return is Gross of Fees