



*Churchill Management Group*

Monthly Market Update

November 13, 2024

## TACTICAL STRATEGIES

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### PREMIER WEALTH TACTICAL & PREMIER WEALTH TACTICAL CORE

With the election now behind us markets have continued to be enthusiastic, making new highs across the major indices. Any fears surrounding the election quickly disappeared as fairly swift results added a level of calmness. In tandem with the election outcome, the Federal Reserve's recent action to cut rates an additional 25 bps also appears to have boosted investor confidence. With two rate cuts since September, markets have now placed a 70% likelihood of a third rate cut in December. Staying with the good news, economic indicators have remained solid, bolstered by the fact that 75% of S&P 500 companies reported earnings above expectations in Q3 2024.

The combination of events has allowed the rally to widen out, less limited to Technology giants and the so-called "Magnificent 7" stocks. Participation has broadened, signaling a healthier market environment. In response, we added to our Premiere Wealth Tactical Core portfolio via additional Small Cap exposure. This expansion beyond concentrated Technology leadership usually aligns with a healthy bull market, where both fundamentals and technicals support the bullish sentiment. Additionally, historical performance trends for November and December suggest favorable conditions for the holiday season, further boosting investor confidence. If true, it could signal that an already good market could have more to go.

When it comes to the influence of Washington on the markets, investors are optimistic about the talk of lower corporate tax rates, less regulation, and changes in trade policy. Regardless of political affiliation, expectations for robust federal spending remain high, which likely will contribute to short term economic growth. However, with neither party appearing interested in controlling the deficit, this fiscal expansion brings the risk of another stint of inflation. With the 10-year Treasury yield climbing from 3.6% to 4.4% following the Fed's September rate cuts, as shown below, the bond

market reflects both economic optimism and inflation concerns. While inflation appears to be moderating, the Fed's work in taming it is ongoing.

## U.S. 10 Year Treasury

US10Y:Tradeweb

RT Quote | Exchange

Yield | 11:56 AM EST

**4.418%** ▼ -0.015

1D 5D 1M 3M 6M **YTD** 1Y 5Y ALL

+ Comparison

1D

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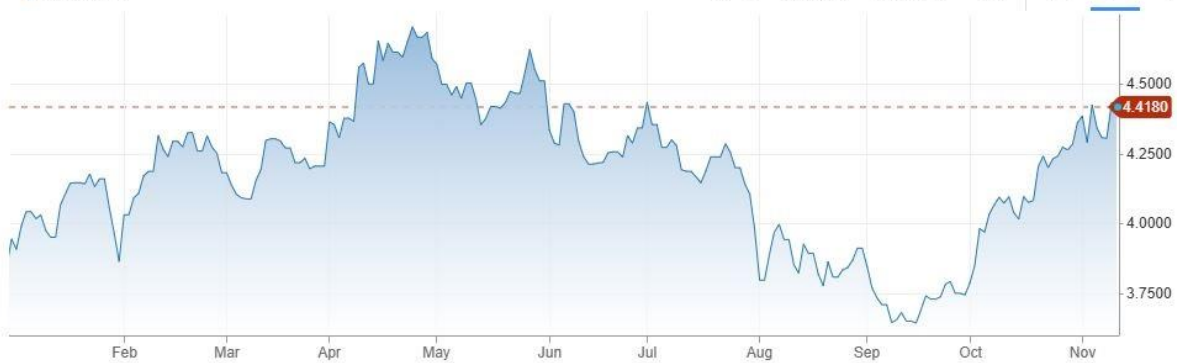
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Source: CNBC.com

The good news is that the election has now passed, and markets continue to appear positive. Market sentiment has shifted from fear to FOMO (fear of missing out), igniting the year's strongest weekly gains. As bullish momentum continues, the market looks set to end the year on a high note. Certainly, some bumps can be expected as markets rarely go straight up, but our positioning at present remains bullish.

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## TACTICAL OPPORTUNITY

Things remained pretty calm until the election gave a pop to the portfolio. In addition, some positive earnings announcements provided big boosts to the likes of BrightSpring Health, Block, Fortinet, and Cava. Household name Nvidia continues to chug along. We rotated out of a few underperformers in Novo Nordisk and Newmont Mining, but the portfolio is looking healthy.

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## FULLY INVESTED STRATEGIES

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### ETF SECTOR ROTATION

Investors were bracing for pre-election nerves to rattle the markets in October, but things remained relatively calm until a big boost in November. The rise of the 10-year Treasury yield helped Financials lead the way the past month followed by Consumer Discretionary, (TSLA, AMZN). The Communication Services sector was right behind them aided by a big earnings beat from GOOGL. The market remains growth oriented, while the defensive sectors in Health Care, Utilities, and Real Estate lagged for the month.

We trimmed Energy a touch and cut Consumer Staples to increase our Technology exposure to stick with the overwhelming Technology leadership theme in the market.

On the international side, we added Emerging Market exposure on the news of a China stimulus package boosting those markets. Some volatility is expected from that region, and we will monitor those holdings closely.

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### EQUITY GROWTH OPPORTUNITY

Markets consolidated prior to the election but enthusiasm post-election for a lower corporate tax rate and deregulation popped up many of the Smaller Cap names. We got a fair share of names that benefited but we also got some earnings season volatility. With the expansion in participation across the spectrum of capitalization sizes, we look to take advantage of what is normally a seasonally positive part of the year.

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## EQUITY GROWTH AND VALUE

Leaning more Growth than Value has worked as the big gainers for the past month include Carnival, Nvidia, Incyte, and Vistra Corp. We are seeing Value names begin to pick up as the healthy bull market is expanding to include the likes of Financials and Small-Cap stocks. This is constructive and indicative of a healthy bull market.

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## EQUITY DIVIDEND INCOME

Dividend stocks have had steady progress this year and October was no different. Rising yields gave the Financials a boost last month, as shown by Kinder Morgan, Lincoln National, and Jackson Financial having solid performances while FTAI Aviation continues to charge higher. Seagate Technology and Extra Space Storage lagged however are within their long term uptrends. Quiet month in October as we had no stock turnover in the portfolio.

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## RISK BLENDED STRATEGIES

Our Risk Blended Strategies are a combination of both Premier Wealth Tactical Core and ETF Sector Rotation. Please see the above commentary for more information on each strategy.

- **Churchill Moderate:** 70% Premier Wealth Tactical Core / 30% ETF Sector Rotation
- **Churchill Moderately Aggressive:** 50% Premier Wealth Tactical Core / 50% ETF Sector Rotation
- **Churchill Aggressive:** 30% Premier Wealth Tactical Core / 70% ETF Sector Rotation

For a full description of each strategy, please [click here](#).

Best regards,

**CHURCHILL MANAGEMENT GROUP**

**877-937-7110**

[info@churchillmanagement.com](mailto:info@churchillmanagement.com)

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\*\* This report is meant to inform the reader of our current market opinion, which we, as professional money managers, use in our decision-making. It should be noted that stock market and bond market data are subject to varying interpretations and any one interpretation will not necessarily guarantee investment success. The information obtained from the sources specified herein and used as basis for our current market opinion is believed reliable, but we do not guarantee the accuracy of such information. The references to specific investments were chosen based on our current market outlook, as examples representing how aspects of the market have performed and as representation of what a strategy might own. Those are included for informational purposes only and past specific investment advice does not guarantee future results.

