

**LYNCH & Associates**  
Registered Investment Advisor

PO Box 5585  
Evansville, IN 47716

Phone: 812-853-0878  
Fax: 812-853-0798

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Dear «Salutation»:

Returns for the major stock indexes in 2024 and the current bond and money market yields are as follows:

Index	2024 YTD
Dow Jones Industrial Average	3.79%
S&P 500	14.48%

Fixed Income Yields	1 year	2 year	5 year	10 year	30 year
Municipals	3.20%	3.14%	2.96%	2.86%	3.79%
US Treasuries	5.11%	4.75%	4.38%	4.40%	4.56%

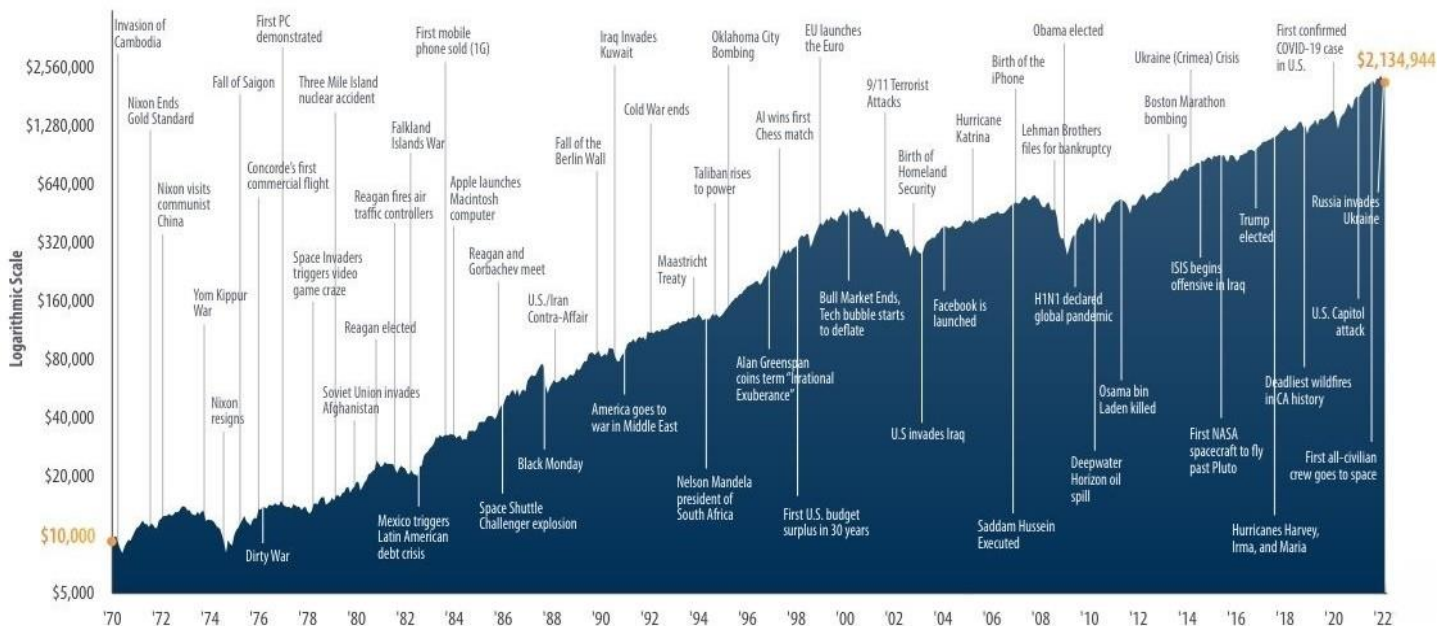
Fidelity Government Cash Reserves Money Market Fund	5.11%
Fidelity Money Market Fund Class Premium	5.28%

Happy 4<sup>th</sup> of July! The markets are continuing to deliver impressive returns. After a 6% decline in April, the markets rebounded to make fresh all-time highs, and on May 16<sup>th</sup>, the Dow Jones Industrial Average hit 40,000 for the first time. Off to its 13<sup>th</sup> best start to a year (since 1928), the S&P 500 is higher by 14%, far outpacing the Dow Jones Industrial Average, up just 3%. The largest names in the index are again dominating the performance numbers, as Microsoft, Apple, and Nvidia comprise a record 20% of the index; each is now larger than the Russell 2000 small-cap index. The bond market is negative on the year and continues its longest-ever historical drawdown (46 months). Ten of the eleven S&P 500 economic sectors are positive for the year, with only real estate slightly lagging (-3%). As always, many concerns exist, but 2024 is shaping up to be another solid year for long-term investors.

At LYNCH & Associates, we always seek to understand the ongoing bull and bear market conversations. We would be remiss not to highlight the impact that the emergence of artificial intelligence is having on the markets. Like most new phenomena in the markets, the opinions are wide-ranging. The bullish case for AI envisions a transformative positive impact on society, driving economic growth and enhancing quality of life. The problem-solving possibilities seem endless with machines that never tire and work 24 hours daily. The bulls suggest we cannot begin to grasp the magnitude of the pending positive effects on productivity and society. An unrecognizable future is what the most ardent are painting; of course, the potential problems loom, too. As for the present, nearly every company is tripping over themselves to participate and be perceived as being on the cutting edge of the AI transformation. For now, the excitement of AI is positively driving the markets higher and is not likely to go away soon.

While the bull market case is greater than just the AI enthusiasm, the bear market conversation is currently the contrarian view. As we regularly recite, and as demonstrated below, the average market rate of return (10.83%) over the last 50 years is a tough current to swim against. While market corrections can be agonizing, it has never paid to bet against the US market.

**THE AVERAGE ANNUAL TOTAL RETURN OF THE S&P 500 INDEX FOR THE PERIOD SHOWN BELOW WAS 10.83%.**



Source: First Trust Advisors L.P., Bloomberg

As we have written in our last two letters, we continue to wrestle with the outsized performance differences over two decades between large versus small capitalization stocks, growth versus value, and domestic versus foreign stocks. We remain biased toward value investing while fully recognizing that current and projected corporate earnings growth remains strong.

Despite the Fed futures market's prior expectations for six rate cuts this year, interest rates have not come down, and we continue to find it challenging to lock in worthy yields in our bond portfolios. Lastly, our money market rates remain attractive (over 5%) and at 15-year highs, helping those who choose to sit on the sidelines.

We encourage our clients to remain focused on their long-term investment goals. Our team is here to provide guidance and support as needed, and we remain committed to helping you achieve your investment objectives. We thank you for your continued confidence in LYNCH & Associates.

Sincerely,

Ryan T. Lynch, CFP® ChFC®  
President

Form ADV Part II and III of the LYNCH & Associates Uniform Application for Investment Advisor Registration and the LYNCH & Associates Code of Ethics are available to all clients at any time. If you would like to receive a copy, please contact Evan Lynch at (812) 853-0878.

**Office: 10644 Newburgh Road, Newburgh, IN 47630**