Leshnak Wealth®

Vision · Discipline · Independence®

7182 Liberty Centre Drive, Unit I
West Chester, Ohio 45069
513.779.3777
leshnakwealth.com

Celebrating 36 Years in 2024

Mid-Year Newsletter

"Salute Summer"

June 24, 2024

June is undoubtably one of the best months in the year for most Americans with longer daylight, warmer weather, sunnier skies, and greener landscapes. I know I enjoy going outside each morning with flipflops, shorts, and a t-shirt to retrieve the paper, water the flowers, and tend to the pool. Enjoy every moment outside whether you're traveling, hiking, playing golf, tending a garden, heading to the beach, or spending time with friends, family, and neighbors. Summer will go fast so hopefully you can slow your pace and enjoy this precious time of year.

Summer unofficially kicks off with Memorial Day but more importantly honors the brave men and women who have sacrificed their lives in service to our country to defend our freedom and way of life for which we will perpetually owe a debt of gratitude. Summer includes Independence Day on July 4th to celebrate and commemorate the adoption of the Declaration of Independence by our founding fathers. Summer also embraces D-Day on June 6th, when in 1944, U.S. and Allied forces launched the largest amphibious invasion in the history of warfare, storming the beaches of Normandy, France to begin the liberation of Europe from Nazi occupation during World War II.

I mention this as a reminder to express your adoration of our wonderful country by discussing our storied history with all your children and grandchildren. Young Americans have been inundated during the prior decade with an ideology of revisionist history by some that fosters victimization, dependence, and paints our country as an amoral, dark place whose only quest has been for wealth (63). This revisionist history is counter to dreaming big, looking to the future with anticipation and hope, and with being a part of making a difference as the courageous, visionary, intellectual, and entrepreneurial men and women had in our history (63). The United States is not a perfect place but the endeavor to continually improve, even throughout regressive times, by men and women who were once like your young children and grandchildren, needs to carry on to best ensure 'American Exceptionalism', as President Ronald Reagan posited, so the U.S. will continue as a 'shining city on a hill' representing liberty, courage, justice, and prosperity.

This newsletter will address a few topics that I trust you will find interesting and relevant including the viability of Social Security, the state of the housing market, illegal immigration, as well as a look at the markets and our economy as we head into the second half of 2024.

Social Security Viability

The Social Security Act of 1935 was part of President Franklin Roosevelt's New Deal which provided income to retirees over age 65 but has since broadened to include disability, survivor, and Supplemental Security Income for millions of Americans [(2)]. The Social Security Trustees recently released their annual report providing their outlook for the program over the next 75 years which reveals the combined Old-Age and Survivors Insurance Trust Fund (OASI), and the Disability Insurance Trust Fund (DI) will be insolvent by 2035 [(2)(70)]. These trust funds had steadily increased over time as revenues exceeded expenditures until peaking in 2020 at $2.9 trillion and now have begun to decline with annual expenditures exceeding revenue [(2)(70)]. For example, the OASI and DI combined trust funds declined by $41 billion in 2023 to combine with current payroll tax receipts to cover benefits [(70)]. Once these combined funds are depleted it does not mean benefits will cease as the revenue generated by current working taxpayers through payroll taxes will be sufficient to cover expenses at roughly 80% of benefits for the next 75 years [(2)]. Alternatively, the Social Security Trustees recommend increasing the payroll tax by roughly 3% to ensure benefits do not decrease by 20% in 2035, which means a 1.5% increase for the employee and a 1.5% increase for the employer [(2)(70)]. This would be in addition to the current 15.3% payroll tax levied on payrolls for Social Security and Medicare and paid equally by the employer and employee.

The major reason the Social Security program is headed toward insolvency is the U.S. has fewer workers paying Social Security payroll tax per

Leshnak Wealth is a marketing designation. Securities and investment advisory services offered through **Osaic Wealth, Inc.** member FINRA/SIPC. Additional advisory services offered through Southland Equity Partners, LLC, a registered investment advisor. **Osaic Wealth, Inc.** is separately owned and other entities and/or marketing names, products or services referenced here are independent of **Osaic Wealth, Inc.** Insurance services offered through Leshnak Financial Group, LLC. Tax Preparation offered through Leshnak Tax Preparation, LLC.

beneficiary and that trend will slowly get worse [2][70]. In 1945 there were roughly 42 workers per Social Security beneficiary, in 1955 that number dropped to 9 workers per beneficiary, and from 1975 to 2005 the U.S. stabilized to between 3-4 workers per beneficiary [2]. Since 2005, the U.S. has dropped to 2.7 workers per beneficiary, and it is expected to drop to only 2 workers per beneficiary by the year 2100 [2]. Reasons cited for the decrease in workers per beneficiary are lower fertility rates, an aging population, increased longevity with advances in healthcare, and slower immigration rates during the prior two decades [2][70][43]. Incidentally, immigration, both legal and illegal, has enabled the U.S. to continue to increase population while most of the world's major economies are slowly decreasing population [94]. Politicians cannot speak about Social Security lest they be tarred and feathered for trying to take grandma's Social Security income, or alternatively having to propose raising taxes, so lawmakers have avoided embracing the problem, especially in an election year [70][43].

President Biden has recently proposed for his second term to require the highest income earners to 'pay their fair share' to keep Social Security solvent with current benefits intact [70][43]. Former President Trump stated he would look for spending cuts in other areas of government spending to keep Social Security solvent with current benefits intact [70][43]. However, neither proposal is sufficient to cover the Social Security shortfall without being coupled with broader entitlement reform [70][43]. Entitlements, which include not only the Social Security, Disability, Survivor Income, and Supplemental Security Income, but also Medicare, Medicaid, food stamps, and several other government programs for childcare and support, the earned income tax credit, housing assistance, energy assistance, nutrition for women and children, and assistance for needy families, are the biggest contributor to the U.S. budget challenge at present [70][43][118]. For example, currently the U.S. has a population of 336 million people with 88 million currently enrolled in Medicaid [95][96][118]. The implication is that one in four Americans are not paying for health insurance which leaves the other three Americans to pay the bill. In my opinion, a ratio that high may be tough to sustain as a country over the long-term and thus eligibility reform may be warranted if a responsible U.S. budget is to be attained.

An idea advanced by the House Republican Study Committee would be to increase the claiming age for Social Security benefits to address the advances in life expectancy and longer working years for many seniors [43]. The Senate Budget Committee Democrats have advanced the notion of the wealthy paying more by increasing the maximum income subject to Social Security tax but that would not come close to covering the shortfall, so they also have proposed taking the retirement account tax deferral benefit away from workers [43]. In my opinion, at present there is no bipartisan plan to fix Social Security but there are several ideas that when combined and compromised may provide the Social Security program with security and longevity with the bonus of possibly addressing the current Federal deficit. Keep in mind during the 85-year history of Social Security, the program has never been unable to pay promised benefits to beneficiaries [43]. Incidentally, the last major fix to Social Security occurred in 1983 with bipartisan support for increasing the retirement age to 67 from 65, thus effectively reducing lifetime total benefits by 11% and phasing it in slowly over 20 years [43].

Housing Update

The Case-Shiller index, which measures nationwide existing home price changes, revealed existing home prices rose 5.8% during the past year as of the end of May 2024 [12][15]. The number of existing home sales, which make up the majority of total home sales versus new home sales, are up more than 9% during the past year but still remain 36% lower than at the peak in 2021 [15]. Housing prices are expected to continue to rise as we continue through 2024 and into 2025 albeit at a slower pace than during the prior year [12]. Monetary and fiscal government policy enabled inflation to rise sharply in 2020-2023 which permanently increased the price of goods, and this includes home prices that we expect to remain perpetual; however, in certain parts of the country where home prices have risen much faster, such as Florida, there may be some pullback [12]. The national median existing home price is currently $419k as of May, an increase of 5.8% from one year ago according to the National Association of Realtors [57][15][105]. The higher price tag for homes means a larger down payment for buyers coupled with a higher mortgage payment due to the higher interest financing and is especially taxing to young homebuyers [57]. As an example, a 30-year mortgage with 20% down, on a median new home, now amounts to a 43% higher payment each month since before the Federal Reserve began raising interest rates, not to mention the larger down payment due to higher home prices [13].

Existing home sales are well below 2019 figures due in part to 'mortgage lock' which is a term used for those not wanting to give up a low mortgage rate to buy something else at a higher mortgage rate [12][57][105][113]. The average standard 30-year mortgage rate for new buyers is above 7% and is cited as one of the reasons existing home sales are down 2.8% year over year as of May 2024 [57][13][105]. The supply of homes for sale, although well below historical norms, is up more than 18.5% from a year ago as of May 2024 [57][15][105]. New home sales are down 4.7% from a year ago as of April 2024 with the median price of new homes sold rising 4% over the same period [13]. The price of an existing home has increased faster than the recovery in total sales due to the lack of supply of existing homes which is leading buyers into new homes [15].

Although the consumer price index is up more than 20% since the Pandemic began in February 2020, the Case-Shiller index is up more than 47% during that period due not only to inflation but other factors such as the lack of supply of existing and new homes for sale as well as the cost and time to build a new home [(12)(57)(15)]. However, the longer mortgage rates remain elevated, the more buyers become acclimated, pent up demand builds, with buyers and sellers possibly more willing to accept the new terms either to necessitate a move for work or for a lifestyle change they are no longer willing to forgo [(57)]. Homeownership had been in decline since the financial crisis of 2009; however, those wanting to own verses rent has accelerated during the prior four years as rental rates began to rise [(15)]. Make no mistake, homeownership is a positive for the economy but has added to the current state of lack of availability and affordability [(15)].

New home construction costs have increased 40% since the Pandemic began with labor and material cost increases [(12)(107)]. Homebuilding slowed after the 2009 financial crisis as homebuilders cleared out inventory but did not increase production commensurate with increased population demand which resulted in our current housing shortage [(12)(15)]. Home builders have had difficulty finding traditional financing for new development coupled with increased regulation in the areas of zoning, environmental, historical preservation, smart growth strategies, and affordable housing laws imposed by the local, state and the federal government making it more difficult and expensive to build [(12)(107)].

Massive illegal immigration during the last three years has also affected housing as millions of illegal immigrants need to live somewhere which has placed additional pressure on rental rates, housing prices, and availability [(12)].

Invasion through Asylum

President Biden on June 4th signed an executive order to limit the number of illegal immigrants crossing the southern boarder per day, who then claim asylum and remain in the U.S. until a supposed court date years in the future [(97)(115)]. This executive order would purportedly reduce the number of asylum seekers entering the U.S. per day to 2,500, or roughly 1 million per year, from the recent 8,000 per day, or roughly 3 million per year, but has numerous rules and exceptions that may make it difficult to enforce across a vast southern border effectively [(115)]. Polls reveal illegal immigration is one of the top voter concerns heading into the election this fall and President Biden's recent executive order has been posited as more of a political move than an actual operational attempt to reduce illegal immigration due to the complexities and cost associated with enforcement [(97)(32)(115)]. President Biden campaigned in 2020 and has since governed with one of the most liberal immigration policies in history allowing millions to enter the U.S. illegally under the guise of asylum [(97)]. President Biden's executive order is a step toward President Trump's immigration solutions that President Biden campaigned against and subsequently cancelled through executive orders early in his term [(97)(34)].

It is estimated that roughly 12 million foreign born immigrants have entered the U.S. during the Biden Administration with the majority entering through the southern border to claim asylum [(32)]. However, a substantial number of 'got-a-ways', estimated at 1.2 million under the Biden Administration, have occurred and refers to those illegals that enter but are not apprehended although caught on surveillance [(32)]. As an example of how bad this situation is at present, the number of got-a-ways who have entered the U.S. under the Biden Administration are estimated at more than the prior 10 years combined under the Trump and Obama Administrations [(32)]. Something not discussed, but occurring in substantial numbers, is the Biden Administration's direct flights to the U.S. under what is referred to as parole authority allowing the President to admit foreign born migrants for humanitarian reasons or significant public benefit [(32)]. Under this program immigrants are flown to U.S. airports at taxpayer expense and given work permits and represents more than 1 million immigrants who have arrived through U.S. airports under the Biden Administration's parole authority [(32)].

Asylum is protection from deportation that is granted to foreign national refugees who are already in the U.S. or have arrived at the border who meet the definition of a refugee as contained within the U.S. Refugee Act of 1980 [(33)(34)]. Defined in the U.S. Refugee Act of 1980 as "a person who is unable or unwilling to return to their home country, and cannot obtain protection in that country, due to past persecution or a well-founded fear of being persecuted in the future on account of race, religion, nationality, membership in a particular social group, or political opinion"; however, who is actually granted asylum status in the U.S. is largely discretionary and there is no numerical limit on the number of asylum requests the U.S. government grants per year [(33)(34)]. Once asylum is officially granted by a court, often years after the asylum seeker had arrived in the U.S., an asylee would then be eligible for Medicaid or Refugee Medical Assistance, and after one year may then apply for lawful permanent resident status and receive a green card; after being a permanent resident for 4 years, the asylee may apply for U.S. citizenship [(33)(34)]. An asylee can also petition to bring a spouse and family members to the U.S. through a process called derivative asylum [(34)(35)].

Illegal immigrants are drawn to the U.S. through the open southern border to work, send money back to their home country, but ultimately to remain in the U.S. and bring additional family members to live within a country they see as the land of opportunity and hope [(98)]. However, an open border also provides means for illegals with nefarious intentions such as crime, illegal drugs, and human trafficking to take advantage of liberal U.S. policy [98]. Additionally, the increased threat of terrorists entering the country illegally is real, lasting, and potentially dangerous to U.S. citizens, as FBI Director Christopher Ray has recently stated in testimony to Congress, considering it takes time to build a cell of bad actors and subsequently plan their intended attack on vulnerable U.S. citizens [117]. Incidentally, many of the countries that immigrants are arriving from, cap the number of deportees they are willing to readmit to their home country each day, should the U.S. decide to deport an illegal immigrant that make deportation difficult [97][115].

Illegal immigrants are eligible for assistance, benefits, and various services provided by a network of federal, state, and local agencies plus non-governmental organizations and which are all funded by taxpayers [98]. Once an illegal immigrant enters the U.S. and claims asylum they are cared for with food, shelter, transportation, translation assistance, and medical care and subsequently processed by either the Customs and Border Protection (CBP) or the Immigration and Customs Enforcement (ICE) and either deported, or more likely released into the U.S. to await an asylum hearing that would be expected to be several years in the future [98]. Additionally, the federal government through Homeland Security's Shelter and Services Program is providing city governments with grants, amounting to hundreds of millions of dollars, to off-set costs incurred by illegal migrant arrivals which can be used for food, a monthly stipend, shelter, medical insurance, education, or legal expenses [98][35]. Illegal immigrants are also provided legal counsel at no cost to assist with their asylum claim [98][35].

Once an illegal immigrant is released into the U.S., any children born of the illegal immigrant within U.S. borders is automatically a U.S. citizen, and thus 'anchors' the immigrant parent to the U.S. as our country does not deport parents of minor U.S. children [98]. Additionally, illegal immigrants who have children born in the U.S. and thus U.S. citizens, are eligible for federal benefits on behalf of the children, such as the Supplemental Nutrition Assistance Program for Women, Infants and Children as well as the Child and Adult Care Food Program [98]. Although illegal immigrants cannot receive direct federal benefits, they are eligible for emergency medical treatment under Medicaid and children brought here illegally are eligible for medical protection under the Deferred Action for Childhood Arrivals (DACA) program and may apply for Obamacare [98].

According to the Center for Immigration Studies, the U.S. has 51.6 million foreign born people which include U.S. citizens, legal immigrants, and illegal aliens, representing 15.6% of the entire population [32]. This represents the highest percentage of foreign-born inhabitants in U.S. history [32]. Yes, more foreign-born as a percentage of total population than shortly after the founding of the country or during the great immigration through Ellis Island in the late 1800's and early 1900's [32]. This is posited not to imply immigration is of no value to a country, as it has been demonstrated in the U.S. and other countries that immigration is vital for population replacement due to declining birth rates in many developed nations [94]. Additionally, immigration can provide greater worker availability, professional skills and specialization, and technical expertise and knowledge which ultimately lead to increased economic productivity and growth [94]. However, illegal immigration, especially in record numbers and over a relatively short time frame, exacts strain on resources such as water and sewer systems, roads and infrastructure, the electric grid, the environment, and the overall congestion within communities [32]. Additionally, financial stresses are imposed on school systems, housing costs, the legal system, law enforcement, and the health care system that ultimately must absorbed by U.S. taxpayers [32]. Finally, illegal immigration is inclined to import low-skilled workers, and although the U.S. may need such labor, it drives the pay scale for low-skilled labor down thereby affecting U.S. low-skilled, and young workers negatively [32]. Lastly, illegal immigration which occurs too quickly and in such great numbers can affect the normal assimilation of illegal immigrants into the U.S. general population thus creating societal problems [32].

Markets, Economy & Inflation

Americans are feeling the cumulative effect of inflation after three and a half years where prices have increased throughout the economy at more than 20% as measured by the Consumer Price Index (CPI), but more importantly for consumers, it has raised the prices of the items they buy the most such as gas, groceries, and their housing costs by more than 30% [114]. With that said, the recession that many economists and business leaders had been predicting these past two plus years has not come to fruition, the economy continues to expand, unemployment has been at or below 4% for 30 months, jobs continue to be created, and businesses and consumers continue to spend [113]. However, hiring has begun to slow down with job vacancies now near levels experienced before the pandemic and inflation remains stubbornly above 3% [113]. It is interesting to note that many of the jobs created this year are part-time and not full-time, which has historically been an indicator of recession [114]. We do not believe a recession is imminent, economic growth for the second quarter is expected at an annualized rate of 2-3%; further, we believe inflation will remain in the 3-3.5% annualized rate for the remainder of this year and into 2025 as fiscal spending remains elevated with correspondingly high deficits precluding inflation to get down to the Fed's target inflation rate of 2% in the near term [116].

Consumer confidence in the economy has weakened to levels not seen since the pandemic; however, household income and net worth have increased during the prior three years with spending habits virtually uninterrupted [113][114]. However, lower income consumers have increased credit spending to levels not seen since before the pandemic as inflation has taken hold and is most pronounced to lower income

Americans who need non-discretionary items such as insurance, food, health care, and housing costs where inflation has been greatest [114]. Additionally, illegal immigration has driven labor costs down for lower-income workers providing further pressure on low-income budgets [114]. Continued expansion in the service sector is diverging from the contraction we are experiencing in U.S. manufacturing at present, as consumers are buying more services and less goods, and correspondingly inflation is greater in services and flat to deflationary in manufactured goods [114].

Federal Reserve Chief, Jerome Powell, along with the Federal Reserve Open Market Committee have the dual mandate of maximizing employment while keeping prices stable [112]. The theory behind this dual mandate is that an economy with low and stable inflation provides an economic environment conducive to business planning, saving, and investing, which likely results in a growing economy that needs workers to produce goods and services [112]. The Fed now contemplates whether to cut rates to entice economic growth or to retain rates at the current level for longer to get inflation down to the target of 2%; certainly, a balancing act for the Fed as the former may reignite inflation, and the latter may induce recession [113]. The Fed began raising rates swiftly two and half years ago after initially misdiagnosing the inflation threat as temporary, and now seeks redemption from that misstep by navigating the so called 'soft landing' which would entail bringing inflation down to target without propelling the U.S. into recession [113]. After the Fed meeting which concluded on June 12th, Jerome Powell signaled that there may be one or two rate cuts coming during the remainder of 2024 but that will remain dependent on the progress toward lower inflation with data that comes in over the next several months [109]. We take him at his word and expect at least one rate cut before the 2024 election.

It has been stated by pundits that millionaires pay less income tax than hourly workers, and as such, it is time for them to pay their fair share [104]. Furthermore, it has been posited that the Trump era tax cuts have been the driver of the current $2 trillion annual federal deficit [104]. So, let's start by looking at those arguments as they are relevant with the National Debt approaching $35 trillion, which amounts to roughly $103k per citizen, or $267k per taxpayer, and is negatively impacting our nation's future [110].

Since 1950, federal government revenues from taxation have averaged 17.3% of gross domestic product (GDP), while federal spending has averaged 20% of GDP [104]. During this period, the top marginal tax rates ranged from a low of 28% to a high of 92%, and in 2024 the top marginal tax rate stands at 37% for incomes over $606k. Currently, federal government revenue from taxation is 17% of GDP, or roughly 1.75% below the historical average; however, government spending is currently 24.8% of GDP, or roughly 24% more than the historical average [104]. It seems apparent that federal government spending has been the major driver of the current 2 trillion annual federal deficit as opposed to tax revenue [104]. We compare expenses and revenue of the federal government in relation to the total amount of our country's economic output, or GDP, to provide a more accurate and meaningful comparison over time, and between countries, as opposed to a nominal dollar figure alone which would not account for inflation or economic growth [111].

The most recent IRS data available is for tax year 2021 and reveals that the top 1% of taxpayers, those with incomes above $682k, pay an average of 26% in actual income tax on their income, while those representing the bottom 50% of taxpayers who earn less $47k, pay an average of 3.3% in actual income tax on their income [104]. This data shows that the top 1% of taxpayers pay nearly 8 times the income tax rate that the bottom 50% are levied [104]. This data appears to show high earners do pay a higher income tax rate than low-income taxpayers contradicting the narrative that the rich do not pay their fair share [104]. Further, the top 1% of taxpayers, made of up 1.5 million tax returns, paid roughly 46% of the total income tax collected in 2021, while the bottom 50%, representing 77 million income tax returns, paid 2.3% of the total income tax collected in 2021 [104]. Stated another way, the top 2% of taxpayers paid just over 50% of all income tax due in 2021, while the bottom 98% of all income tax filers, representing more than 150 million income tax returns, paid just less than 50% of all income tax due [104][108]. However, that is a bit misleading since the bottom 40% of filers pay no income tax at all, leaving the middle 58% of taxpayers to pay just less than 50% of the total income tax [104][108].

As the National debt continues to climb, annual federal deficits widen, and roughly 40% of income tax filers are not paying any income tax at all, it may be time for Americans not only to discuss what expenses are necessary and effective, but as important, how to be more efficient with the people's money when the federal government does spend just as many businesses and families do every day [108]. The federal government provides many beneficial, worthwhile, and vital services and benefits to those who truly need assistance, but when one in four Americans are on Medicaid, for example, this program may need to be looked at carefully to ensure Americans are getting the intended result for the cost associated with the benefit, and further that the benefit does not have unintended consequences [108]. An example of unintended consequences may be the seemingly multigenerational permanent state of poverty the welfare system generated for some Americans, although the program has provided the social safety net and 'step-up' for many who truly need assistance as intentioned when the Great Society Programs were enacted [108].

It is also vital to discuss how to fund the government; should we simply continue to fund through payroll and income tax as it is now where only some pay tax, increased corporate taxes, or possibly from sources such as higher tariffs for goods entering the country, as presidential candidate

Donald Trump has recently posited, although both corporate taxes and tariffs are generally passed on to consumers through higher prices, or through a national sales tax, or some combination thereof, or any another alternative idea where a wider portion of our population and entities contribute such as imposing a tax on the trillions in university and non-profit endowments and foundations [38]. I certainly do not have the answer, but the time may have arrived to think unconventionally and from a new perspective [108]. It is estimated that between federal, state and local governments expenditures plus the cost for the private sector to comply with government regulation and rules, that our collective governments at the federal, state, and local level spend or direct to be spent roughly 50% of our annual output (GDP), and for that we have nearly $35 trillion in National Debt, a near $2 trillion annual federal deficit, along with considerable state level debt and unfunded pension liabilities [108]. Although former president Trump's proposal to levy tariffs on imported goods to replace the income tax system was loudly rebuked by both the left and the right, economist Brian Wesbury and his team at First Trust believe Trump's proposal may open the door for a wider discussion of how best to fund the government including a deep dive into current government expense necessity, efficiency, and effectiveness [108].

LW GamePlan

The LW Portfolio Models are constructed globally with core equity positions in small, medium, and large cap equities, each straddled by momentum-based and value-based investment positions. We believe adding momentum-based investment positions using technical analysis offers the opportunity to allow current market trends to play out while also providing the flexibility to potentially alter exposure when market trends retreat. We also believe adding value-based positions us in the place of the "turtle", in the proverbial tortoise verses the hare scenario, over the long-term with equities. Value-based investment generally involves buying securities whose shares appear underpriced by a form of fundamental analysis. Additionally, we believe that by combining value and momentum strategies across diverse markets and asset classes may result in significantly higher risk-adjusted rates of returns based on the academic research conducted[92][93]. Lastly, we prescribe dividend yield from all our equity investment positions so that no matter what markets are doing day to day, we have dividends continuously coming into the portfolio.

Our fixed income blueprint for the portfolio consists of allocations to core domestic, foreign core, strategic investment grade, inflation protected, and high yield bonds. Overall, we evaluate investment positions in seven asset classes including domestic equities, foreign developed stocks, foreign emerging market equities, domestic bonds, foreign bonds, cash equivalents, and alternative assets such as real estate, infrastructure, natural resources, and commodities for inclusion within our overall asset allocation. How much of each asset class, if any, we hold in these asset classes is based on your unique risk tolerance, financial resources and personal goals and objectives. We strive to be offensively positioned while remaining defensively minded with our portfolio construction and periodic adjustments. Simply put, we adopt an investment strategy, embrace it with confidence, and endure the inevitable ups and downs in the markets.

"Truth is ever to be found in the Simplicity, and not in the multiplicity and confusion of things"
—Isaac Newton
.
Our Leshnak Wealth Portfolio Models are not immune to declines in global markets as we do not have a crystal ball nor do any of the market analysts and forecasters. Our belief is that our LW Portfolio Model construction is diversified for potential resilience in any environment and may put us in a position to take advantage of market mispricing during such market gyrations. We do not modify overall asset class allocation due to market corrections unless a fundamental change in the underlying outlook for the domestic or global economy has significantly diminished or brightened verses our expectations. As the ancient Buddhist proverb states "If we are facing in the right direction, all we have to do is keep on walking". Pullbacks can be expected to last relatively shorter periods on average compared to the bull markets they take reprieve from, as the greed present turns to fear and shakes out those investors who are not fundamentally based on their convictions.

"We are confident that your portfolios are positioned to best achieve your long-term goals and that your wealth plan remains on track." *–Bob Leshnak*

As your financial fiduciary, the Leshnak Wealth team cares deeply about your financial well-being and will monitor for rebalancing opportunities that may add value to your portfolio, or to be defensive as conditions might warrant. We know that as your advisor, the trust you bestow upon us is built and maintained on three pillars; doing what we say we will do, assisting with planning for and achieving your financial independence, and providing unbiased advice with your best interest at the forefront. As always, please call with questions or if you wish to discuss your specific portfolio or Wealth Plan in greater detail.

–Bob Leshnak, June 24, 2024

Leshnak Wealth®

The investment decisions are those of Robert M. Leshnak, Jr., CLU®, ChFC®, CFP®, MPAS®, EA as of 6/24/2024 and are subject to change. The information contained herein is only intended for Leshnak Wealth clients invested in the Leshnak Wealth Portfolio Models. No forecasts or recommendations are guaranteed. The technical data utilized as part of the investment decisions does not guarantee future positive results. Performance, especially for short periods of time, should not be the sole factor in making investment decisions. The information contained herein does not constitute client specific investment advice or consider a specific client's particular investment objectives, strategies, tax status, resources, or investment time horizon. No investment strategy such as asset allocation, diversification, momentum, value, tactically overweighting sectors, or utilizing fundamental and technical analysis can always assure a profit, nor always protect against a loss. The information presented is not intended to be a substitute for specific individualized tax, legal, or financial planning advice. The payment of dividends is not guaranteed. Companies may reduce or eliminate the payment of dividends at any given time. Investing involves risks regarding all the investment products mentioned in this commentary, including the potential loss of principal. International investing involves additional risks including risks associated with foreign currency, limited liquidity, government regulation, and the possibility of substantial volatility due to adverse political, economic, and other developments. The two main risks associated with fixed income investing are interest rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the insurer of the bond will not be able to make principal and interest payments. Investments in commodities may entail significant risks and can be significantly affected by events such as variations in the commodities markets, weather, disease, embargoes, international, political, and economic developments, the success of exploration projects, tax and other government regulations, as well as other factors. Indexes are unmanaged and investors are not able to invest directly in any index. Past performance is no guarantee of future results. Please note that individual situations can vary. Therefore, the information presented here should only be relied upon when coordinated with individual professional advice.

SOURCES & REFERENCES

1. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "The Worst Malinvestment"; First Trust Monday Morning Outlook, 4/29/2024.
2. "Three on Thursday"; First Trust Economics, First Trust Advisors, L.P., May 16, 2024.
3. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Focused on the Fed"; First Trust Monday Morning Outlook, 3/18/2024.
4. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Is the Job Market Really That Strong?"; First Trust Monday Morning Outlook, 3/11/2024.
5. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Is the Fed Tight, or Not?"; First Trust Monday Morning Outlook, 4/8/2024.
6. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Elections Matter"; First Trust Monday Morning Outlook, 4/15/2024.
7. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Are Abundant Reserves Paying for the CFPB"; First Trust Monday Morning Outlook, 5/20/2024.
8. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Is a Debt Spiral Already Here?"; First Trust Monday Morning Outlook, 3/4/2024.
9. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "The Fed Faithful"; First Trust Monday Morning Outlook, 5/6/2024.
10. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Continued Growth in Q1"; First Trust Monday Morning Outlook, 4/22/2024.
11. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Would Trump Reignite Inflation?"; First Trust Monday Morning Outlook, 5/13/2024.
12. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Housing Update"; First Trust Monday Morning Outlook, 5/28/2024.
13. Wesbury, Brian and Stein, Robert and Gill, Brice. "April New Home Sales"; First Trust Data Watch, 5/23/2024.
14. Wesbury, Brian and Stein, Robert and Elass, Strider. "1st Quarter GDP (Preliminary)"; First Trust Data Watch, 5/30/2024.
15. Sonders, Liz Ann and Gordon, Kevin. "Ex-Factor: Housing Holds Some Economic Keys"; Charles Schwab Asset Management, May 28, 2024.
16. Sonders, Liz Ann and Gordon, Kevin. "Emotional Rescue: Markets, Fed Policy, and Elections"; Charles Schwab Asset Management, March 18, 2024.
17. Flanagan, Kevin and Gannatti, Christopher and Harper, Rick and Schwartz, Jeremy and Weniger, Jeff. "Marking To Market: 2024 Outlook, 2Q/2024"; WisdomTree, April 2024.
18. "Beyond the Magnificent Seven"; Jennison Associates—Perspectives, April 2024.
19. "Chart Of The Week: Phases of the AI Trade"; Goldman Sachs Asset Management—Market Monitor, 5/20/24.
20. "Beyond the Ballot: Investment Implications of the U.S. Presidential Election"; PIMCO—Allianz Asset Management of America, LLC, May 2024.
21. "GS Weekly Recap"; Goldman Sachs Asset Management, 5/27-31/2024.
22. Carey, Robert. "Technology Stocks and Semiconductors"; First Trust—Cash Flow and Carey Market Commentary Blog, 5/30/24.
23. Mihalick, Gerald. "Summer Turbulence? + Airline Hacks"; Berkshire Dividend Growth SMA—Casual Friday, 5/31/24.
24. Browne, Erin and Sharef, Emmanuel. "When Markets Diverge, Opportunities Emerge"; PIMCO—Asset Allocation Outlook, May 8, 2024.
25. "Estate Planning Opportunities in the Political Debate"; Prudential—Advanced Planning, April 2024.
26. Ashebir, Sophia and Balmuth, Alexa and Brady, Samantha and D'Ambrosio, Lisa and Felts, Adam and Coughlin, Joseph. "I Haven't Really Thought About It: Consumer Attitudes Related to Long-Term Care"; Journal of Financial Planning, Spring 2024.
27. Palaveev, Phillip. "Love Is Inefficient"; Financial Advisor Magazine, March 2024.
28. Arnott, Amy and Benz, Christine and Rekethaler, John. "Switching Gears For new retirees, crafting a flexible withdrawal strategy can help provide a fruitful retirement"; Morningstar—Spotlight: State of Retirement Income, Q1, 2024.
29. Levin, Ross. "Humility In A Messy World"; Financial Advisor Magazine, May 2024.
30. Geisler, Greg and Harden, J. William. "Excessive Student Loans: The Harbinger of Death to a Financial Future"; Journal of Financial Service Professionals, March 2024.
31. Lerman, Rachel and Bhattarai, Abha. "11 charts that show how covid changed the U.S. economy"; The Washington Post, March 16, 2024.
32. "The Invasion Continues"; Beeline Blog, May 20, 2024.
33. "Asylum in the United States"; American Immigration Council Fact Sheet, January 2024.
34. Roy, Diana. "Seeking Protection: How the U.S. Asylum Process Works"; Council on Foreign Relations, 2/7/2024.
35. Gogol, Frank. "What Benefits to Asylum Seekers Get in the U.S."; Stilt Blog, April 11, 2024.
36. Picchi, Aimee. "With the end of Title 42, here are the U.S. benefits migrants can claim"; CBS News Money Watch, May 16, 2024.
37. Randall, Steve. "American consumers are more confident generally, but finances remain concerning"; Investment News, May 29, 2024.
38. "Nonprofit organizations in the U.S.—statistics & facts"; Statista Research Department, February 22, 2024.
39. Greenberg, Gregg. "Breaking the $90K College Barrier"; Investment News, May 6, 2024.
40. "Total US Student Loan Debt" and "How Many 529 Plans are There?"; Investment News—In Statistics, May 6, 2024.
41. Hallez, Emile. "Florida-Or-Bust Retirement Prevails"; Investment News, March 25, 2024.
42. Slott, Ed. "An unexpected double tax break for 529-to-Roth rollovers"; March 11, 2024.
43. Hallez, Emile. "Fixing Social Security: An Issue Candidates Avoid—But Shouldn't"; Investment News, April 8, 2024.
44. Slott, Ed. "James Caan's estate case highlights rollover rules advisors need to know"; Investment News, April 8, 2024.
45. "Top 10 Retirement Goals" and "Impact of Inflation"; Investment News—In Statistics, April 8, 2024.
46. Newman, Jesse and Stamm, Stephanie. "Store Brands Are Staging Resurgence As Shoppers Balk at High Food Prices"; The Wall Street Journal, May 30, 2024.
47. Henninger, Daniel. "The College-Parent Trap"; The Wall Street Journal, May 30, 2024.
48. Talley, Ian and Ettenheim, Rosie. "China Bankrolls 'Axis of Evasion' of Sanctions"; The Wall Street Journal, May 30, 2024.

49. Haddon, Heather and Newman, Jesse. "Consumers Fed Up With Food Costs Ditch Big Brands"; The Wall Street Journal, May 6, 2024.
50. Douglas, Jason. "The Fuel Behind China's Export Boom"; The Wall Street Journal, May 6, 2024.
51. Mackintosh, James. "Fed Is Right to Bide Time on Rate Moves"; The Wall Street Journal, May 6, 2024.
52. WSJ Editorial Board. "The Government-Spending Jobs Boom"; The Wall Street Journal, May 4-5, 2024.
53. Emont, Jon. "China Tightens Minerals Grip As West Fails to Make Headway"; The Wall Street Journal, May 22, 2024.
54. Nassauer, Sarah. "Target Reports Sales Decline For Forth Quarter in a Row"; The Wall Street Journal, May 23, 2024.
55. WSJ Editorial Board. "The Big Green Transmission Coup"; The Wall Street Journal, May 23, 2024.
56. Waltz, Mike and Kelly, Mark. "China's Sea Power Leaves U.S. Adrift"; The Wall Street Journal, May 23, 2024.
57. Friedman, Nicole. "Home Sales Fall in Prime Season"; The Wall Street Journal, May 23, 2024.
58. Back, Aaron. "Consumer Confidence Report Looks Worse Under the Hood"; The Wall Street Journal, May 29, 2024.
59. Goldfarb, Sam and Santilli, Peter. "Inverted Yield Curve Flags as a Slump Omen"; The Wall Street Journal, May 29, 2024.
60. Jenkins, Holman W. Jr. "Anatomy of an EV Policy Error"; The Wall Street Journal, May 29, 2024.
61. Hamilton, Katherine. "American Tourists Are Saying, Have Strong Dollar, Will Travel"; The Wall Street Journal, May 29, 2024.
62. Abbott, Brianna and Loftus, Peter. "Cancer Costs Destroy Finances: 'It Broke Me'"; The Wall Street Journal, May 29, 2024.
63. Noonan, Peggy. "Teach Your Children to Love America"; The Wall Street Journal, May 25-26, 2024.
64. Eaglesham, Jean. "Reinsurance Market Driving Rise in Home-Coverage Costs"; The Wall Street Journal, May 25-26, 2024.
65. Colias, Mike. "Personal Politics Are a Roadblock To the Electric-Vehicle Transition"; The Wall Street Journal, May 28, 2024.
66. Cameron, Doug and Maidenberg, Micah. "Pentagon Prepares For Space Warfare"; The Wall Street Journal, May 28, 2024.
67. Najmabadi, Shannon. "Patients Taken to Court Over Medical Bills"; The Wall Street Journal, May 28, 2024.
68. Lahart, Justin. "Booming Profits Keep Economy Humming"; The Wall Street Journal, May 9, 2024.
69. Laursen, Christopher Moess. "As Solar Panels Boom, So Does Silver"; The Wall Street Journal, May 8, 2024.
70. Duehren, Andrew. "Social Security Is Running Dry, Posing a Political Test"; The Wall Street Journal, May 8, 2024.
71. Wilmot, Stephen. "Why the Hybrid Boom Is Funding Electric Vehicles"; The Wall Street Journal, May 16, 2024.
72. Evans, Melanie. "Hospital Prices help Keep Inflation High"; The Wall Street Journal, May 18-19, 2024.
73. Rifkin, Jacqueline. "The Downside Of Delayed Gratification"; The Wall Street Journal, May 20, 2024.
74. Seal, Dean. "Home Depot Stock Falls After Sales Drop"; The Wall Street Journal, May 15, 2024.
75. Morson, Gary Saul. "Marxism Is a Gulag of the Mind"; The Wall Street Journal, May 15, 2024.
76. Jenkins, Holman W. Jr. "EVs and the Inanity of Bidenism"; The Wall Street Journal, May 15, 2024.
77. Duehren, Andrew. "Tariffs Rekindle a Debate Over Who Pays"; The Wall Street Journal, May 20, 2024.
78. Grant, Charley. "Fed's Preferred Inflation Gauge Holds Firm in April"; The Wall Street Journal, June 1-2, 2024.
79. Mims, Christorpher. "AI Has Been Massively Overhyped"; The Wall Street Journal, June 1-2, 2024.
80. Brady, Kevin and Holtz-Eakin, Douglas. "Biden Gets Corporate Taxes Backward"; The Wall Street Journal, May 31, 2024.
81. Ramkumar, Amrith. "Solar-Panel Breakthrough Lifts Hope in U.S. Rivalry With China"; The Wall Street Journal, May 31, 2024.
82. WSJ Editorial Board. "A Clarion Call for Rearmament"; The Wall Street Journal, June 3, 2024.
83. Finley, Allysia. "Democrats' 'Stop the Steal' Campaign"; The Wall Street Journal, June 3, 2024.
84. Back, Aaron. "Inflation Isn't the Fed's Only Worry"; The Wall Street Journal, June 3, 2024.
85. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Waiting on the Fed"; First Trust Monday Morning Outlook, 6/3/2024.
86. Wesbury, Brian and Stein, Robert and Gerze, Nate. "May ISM Manufacturing Index"; First Trust Data Watch, 6/3/2024.
87. MFS—Beyond the News, 6/3/2024.
88. Kleintop, Jeffrey. "2024 Mid-Year Outlook: Global Stocks and Economy"; Charles Schwab Asset Management, June 3, 2024.
89. "Global Capital Markets Conditions June 2024"; CBRE Inc., June 3, 2024.
90. Ebeling, Ashlea. "Estate Fights Tear Stepfamilies Apart"; The Wall Street Journal, June 4, 2024.
91. Mandhana, Niharika and Fairclough, Gordon. "China's Chaos Threat Worries NSA Chief"; The Wall Street Journal, June 4, 2024.
92. Fisher, Greg, Titman, Sheridan and Shah, Ronnie, "Combining Value and Momentum"; Journal of Investment Management, Vol. 14, No. 2, (2016), pp.33-48.
93. Truitt, Kevin, "Investing's Odd Couple: Value and Momentum Part II: Research Says Combine Value With Momentum"; AAII JOURNAL July 2013
94. Zeihan, Peter. "The End of the World Is Just the Beginning: Mapping the Collapse of Globalization"; Hardcover Edition, June 14, 2022.
95. "New State by State Analysis on Impact of CMS Strategies for States to Protect Children and Youth Medicaid and CHIP Enrollment"; U.S. Department of Health and Human Services, December 18, 2023.
96. "U.S. and World Population Clock"; United States Census Bureau, June 7, 2024.
97. Hackman, Michelle and Parti, Tarini. "Biden Seeks to Tighten Border"; The Wall Street Journal, June 4, 2024.
98. Shaw, Adam. "Illegal immigrants are offered an array of taxpayer funded benefits, enticing more to come: Pull factor"; Fox News, June 7, 2024.
99. Wesbury, Brian and Stein, Robert. "May Employment Report"; First Trust Data Watch, 6/7/2024.
100. Slott, Ed. "Delaying RMDs may be a costly tax strategy"; Investment News, June 3, 2024.
101. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Spotlighting Inequality"; First Trust Monday Morning Outlook, 6/10/2024.
102. Adrian, Tobias and Anandkumar, Anima and Autor, David and Furman, Jason and Hassett, Kevin and Cochrane, John and Reinhart, Carmen and Setser, Brad and Sherman, Wendy. "Yield Advantage"; PIMCO: Secular Outlook, June 2024.
103. "Chart Of The Week: Experience Required"; Goldman Sachs Asset Management—Market Monitor, June 7, 2024.
104. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "U.S. Spending vs. Revenues, Average Income Tax Rates, and Share of Total Adjusted Gross Income vs. Share of Total Income Taxes Paid"; First Trust Advisors, L.P., Economics—Three on Thursday, 6/20/2024.
105. Wesbury, Brian and Stein, Robert and Gill, Brice. "May Existing Home Sales"; First Trust Data Watch, 6/21/2024.
106. Barnette, Carolyn. "Staying 'in the know': market trends and predictions ahead of a busy summer"; Blackrock—Market Insights, June 10, 2024.
107. Wesbury, Brian and Stein, Robert and Gerze, Nate. "May Housing Starts"; First Trust Data Watch, 6/20/2024.
108. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Replacing Taxes With Tariffs"; First Trust Monday Morning Outlook, 6/17/2024.
109. Wesbury, Brian and Stein, Robert and Opdyke, Andrew. "Reality Check"; First Trust Economic Research Report, 6/12/2024.
110. USDebtClock.org
111. https://www.vaia.com/en-us/textbooks/economics/principles-of-macroeconomics-for-ap-courses-2-edition/chapter-16/problem-36-why-is-government-spending-typically-measured-as-/#:~:text=Government%20spending%20is%20typically%20measured,over%20time%20and%20between%20countries.
112. "Making Sense of the Federal Reserve-The Fed and the Dual Mandate"; The Federal Reserve Bank of St. Louis, https://www.stlouisfed.org/in-plain-english/the-fed-and-the-dual-mandate.
113. Timiraos, Nick. "A Promised Slump Refuses to Appear"; The Wall Street Journal, June 8-9, 2024.
114. Sonders, Liz Ann and Gordon, Kevin. "Mid-Year Outlook: U.S. Stocks and Economy"; Charles Schwab Asset Management, June 10, 2024.
115. Hackman, Michelle. "Biden Issues Executive Actions on Immigration: What to Know"; The Wall Street Journal, June 4, 2024.
116. Wesbury, Brian and Stein, Robert and Elass, Strider and Opdyke, Andrew and Gill, Brice and Gerze, Nate. "Lessons Not Learned"; First Trust Monday Morning Outlook, 6/24/2024.
117. FBI Director, Christopher Wray, testimony before House Committee on Homeland Security, November, 15, 2023. https://homeland.house.gov/2023/11/15/fbi-director-wray-confirms-the-border-crisis-poses-major-homeland-security-threat-dhs-secretary-mayorkas-stonewalls/
118. Macartney, Suzanne and Ghertner, Robin. "How Many People Participate in the Social Safety Net?"; U.S. ASPE—Office of Human Services Policy—Data Point, January 20, 2023.