

CENTURION COUNSEL, INC.

Investment Management

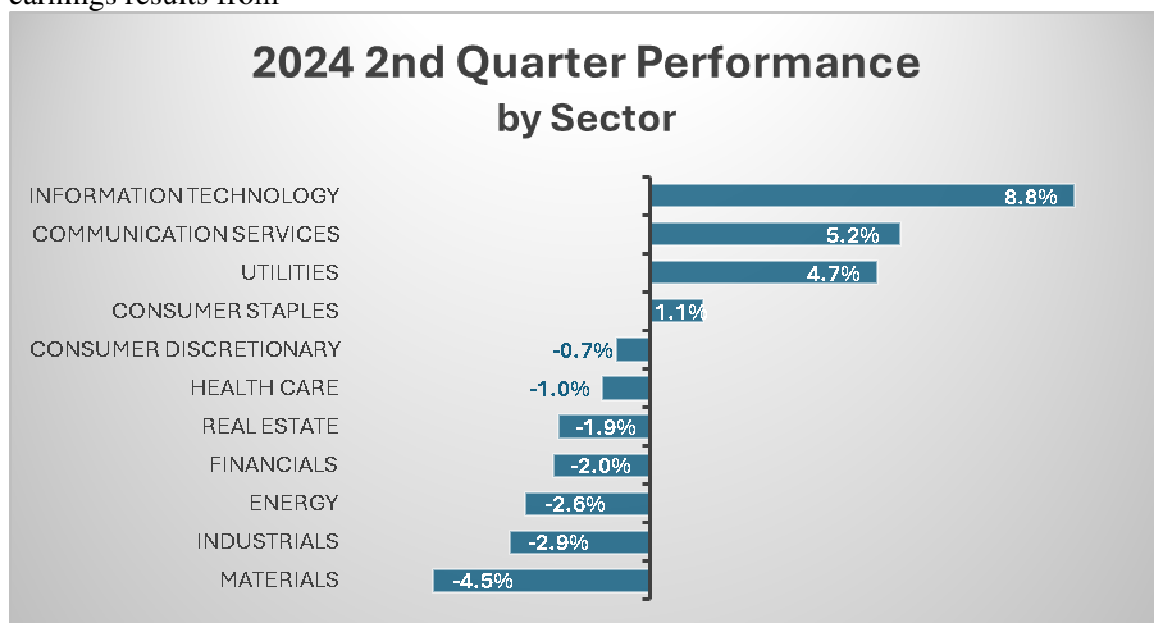
Second Quarter 2024 Performance Review

As Artificial Intelligence (AI)-driven tech-stock enthusiasm again powered the Nasdaq and S&P 500 higher--while other major indices lagged--second quarter performance was more varied than the strong return in the S&P 500 might imply. The Nasdaq was, by far, the best performing major index in the second quarter while the S&P 500--where tech is the largest weighted sector--also logged a solidly positive gain. Less tech-focused indices didn't fare as well, though; both the Dow Jones Industrial Average and the small-cap focused Russell 2000 posted negative quarterly returns.

By market capitalization, large caps outperformed small caps in the second quarter, as they did in the first quarter of 2024. Initially, higher Treasury yields in April weighed on small caps, and then later in the second quarter, economic growth concerns pressured the Russell 2000.

From an investment style standpoint, growth massively outperformed value in the second quarter because tech-heavy growth funds once again benefited from continued AI enthusiasm. Value funds--weighted more with financials and industrials--posted a slightly negative quarterly return, while non-tech sectors reflected growing concerns about economic growth.

On a sector level, performance was decidedly mixed as only four of the eleven S&P 500 sectors finished the second quarter with positive returns. The best performing sectors in the second quarter were linked to continued AI enthusiasm. Better-than-expected earnings results from



Nvidia (NVDA), Oracle (ORCL), Broadcom (AVGO), Taiwan Semiconductor Mfg. (TSM), Microsoft (MSFT), Amazon (AMZN) and some other stocks pushed the broad tech sector higher, resulting in strong overall S&P 500 returns. Utilities also logged a modestly positive quarterly return, as the high yields and resilient business models were attractive to investors with rising concerns about future economic growth. Declining Treasury yields caused higher-dividend sectors like utilities to be more attractive to income investors.

Turning to the sector laggards, negative returns in the energy, industrials and materials sectors reflected growing anxiety about future economic growth. Those sectors--along with small-cap stocks--are more sensitive to changes in U.S. and global growth.

Switching to fixed-income markets, the leading benchmark for bonds (Bloomberg Barclays US Aggregate Bond Index) realized a slightly positive return for the second quarter as rising expectations for a September Fed rate cut and moderating U.S. economic growth broadly boosted bonds. Looking deeper into the fixed-income markets, shorter-duration bonds outperformed those with longer durations in the second quarter as bond investors anticipated sooner-rather-than-later Fed rate cuts. Longer-dated bonds, meanwhile, were little changed on the quarter despite the return of disinflation and moderate U.S. economic growth.

Turning to the corporate bond market, lower-quality, but higher-yielding “junk” bonds rose modestly in the second quarter while higher-rated investment-grade debt logged only a slight decline in Q2. That performance gap reflected continued investor optimism towards corporate profits despite some disappointing economic reports, causing bond investors to take more risk in exchange for a higher return.

Third Quarter Market Outlook

Stocks begin the third quarter of 2024 riding a wave of optimism and positive news as inflation declines, September may bring the first Fed rate cut in over four years, economic growth remains generally solid, and substantial earnings growth from AI-linked tech companies shows no signs of slowing down. Those positives and optimism are reflected in the fact that the S&P 500 has made more than 30 new highs so far in 2024 and is trading at levels that--historically speaking--are richly valued. That said, if inflation continues to decline, economic growth stays solid and the Fed delivers on a September rate cut, absent any other major surprises, it is reasonable to expect this strong 2024 rally to continue into the third quarter.

While the outlook for stocks is undoubtedly positive right now, market history has shown us that nothing is guaranteed. As such, we must be constantly aware of events that can change the market dynamic as we do not want to get blindsided by sudden volatility. To that point, the market does face risks as we start the third quarter. Slowing economic growth, disappointment if the Fed doesn't cut rates in September, underwhelming Q2 earnings results, a rebound in inflation and geopolitical surprises (including the looming

U.S. elections) are all potential negatives. And, given high levels of investor optimism and current market valuations, any of those events could cause a pullback in markets like what we saw in April (or worse).

While any of those risks (either by themselves or in combination with one another) could result in a drop in stocks or bond prices, the risk of slowing economic growth is perhaps the most substantial threat to this incredible 2024 rally. For the first time in years, economic data is pointing to a clear loss of economic momentum. So far, the market has welcomed that moderation in growth because it has increased the chances of a September rate cut. However, if growth begins to slow more than expected and concerns about an economic contraction increase, that would be a new, material negative for markets. Because of that risk, we will be monitoring economic data very closely in the coming months.

Bottom line: The outlook for stocks remains positive, but that should not be confused with a risk-free environment.

There are real risks to this historic rally, and we will continue to monitor them closely in the coming quarter. At *Centurion*, we are committed to helping you effectively navigate this investment environment. Remember: Successful investing is a marathon, not a sprint, and even intense volatility is unlikely to alter a diversified approach set up to meet your long-term investment goals. Therefore, it's critical for you to stay invested, remain patient, and stick to the plan that we have developed for you. The individual plan that we worked out for you established a unique, personal allocation target based on your financial position, risk tolerance, and investment timeline.

We remain focused on both opportunities and risks in the markets, and we thank you for your ongoing confidence and trust. Please rest assured that our entire team will remain dedicated to helping you successfully navigate this market environment.

Account Updates

Please inform Centurion Counsel of any significant life style changes that may have recently occurred such as your retirement, or a change in your employment, health, or housing situation.

Should you have any questions about your portfolio, the contents of this communication, or any other issue, please give us a call. We would be happy to answer your questions on the phone or at our next meeting.

Cash Balances

Occasionally, you might notice cash balances in your performance reports. These balances reflect unsettled transactions that have not been posted to the money market.

Advance Billing Notice

This is to provide you with notice that Centurion Counsel will charge your account for the **third quarter 2024** management fee. Your management fee for this quarter will be **\$ 1,579.70**. This was calculated by multiplying your account value as of the end of the previous quarter by 1/4 of your annual fee rate, as stated in your client agreement. If assets are deposited into your account during the quarter, a pro-rata share of the quarterly fee will be charged. If you are currently paying your management fee by check, your check should be received by **August 10, 2024**. All checks should be made payable to **Centurion Counsel**. Please direct any questions regarding this advance billing notice to your registered representative.

SEC Rule 11Ac1-6: Quarterly Report on Routing of Customer Orders

SEC Rule 11Ac1-6 requires all brokerage firms to make publicly available quarterly reports on the order routing practices. This report provides information on the routing of “non-directed orders” – any order that the customer has not specifically instructed to be routed to a particular venue for execution.

<i>Total Centurion</i>	<i>Market</i>	<i>Limit</i>	<i>Material Aspects</i>
<u><i>Institutional Orders</i></u>	<u><i>Orders</i></u>	<u><i>Orders</i></u>	<u><i>Relationship</i></u>
NYSE, NASDAQ,	>1%	+99%	Clearing
AMEX, Options			Broker/Dealer

FINRA – SIPC Information Rule 2342

FINRA Conduct Rule 2342 requires us to inform clients of registered broker-dealers of their rights under the Securities Investor Protection Corporation (SIPC). SIPC, created under the Securities Investor Protection Act of 1970, protects customers of registered securities broker-dealers from certain losses if a SIPC member fails financially and is unable to meet obligations of its securities customers. SIPC does not, however, protect clients against losses from changes in market value of their securities. For further information regarding your rights under SIPC, including a brochure, you can contact SIPC directly by phone at 202-371-8300 or at their website address, www.sipc.org.

Information about Our Company

A copy of our Privacy Policy is available upon request.

Summary Disclosure Statement

You may view our Strategic Asset Allocation (SAA) Program Brochure at the SEC website at www.adviserinfo.sec.gov or contact Steven Foss at SFoss@centurioncounsel.com for a copy of the most recent Brochure.

Upon request, Centurion Counsel, Inc. will provide you, at no cost, with a copy of our most recent Client Brochure that describes the services offered through Centurion Counsel, Inc. and other important information.

Sincerely,

Jack K. Heilbron
Chairman
Centurion Counsel, Inc.

Jack K. Heilbron