

CENTURION COUNSEL, INC.

Investment Management

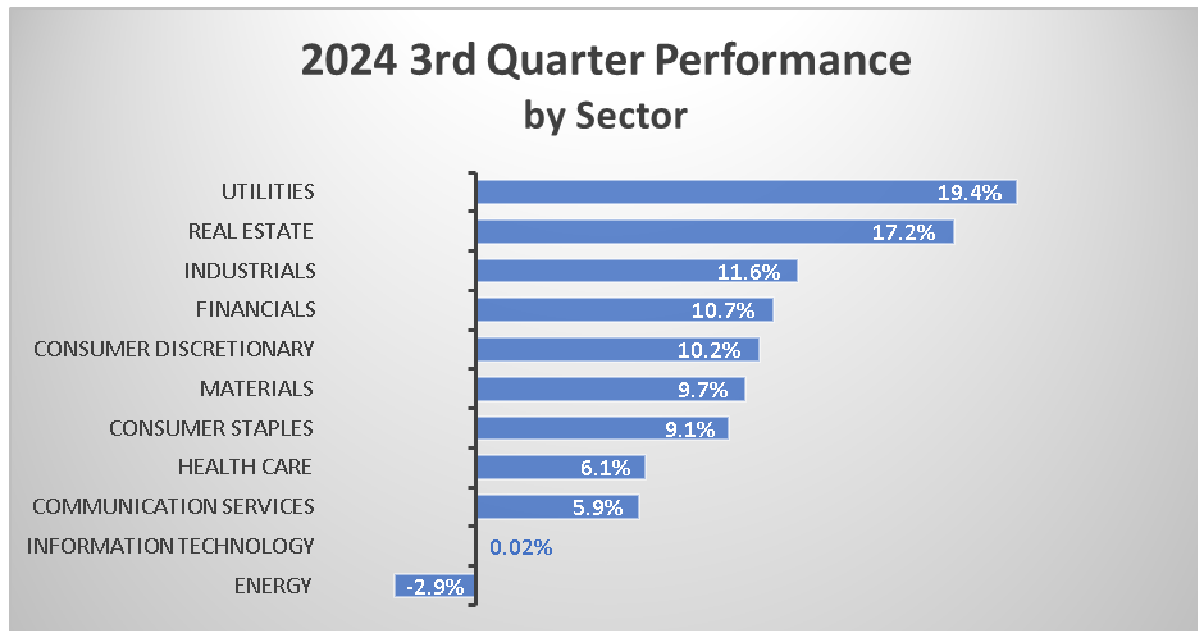
Third Quarter Performance Review

Expectations for aggressive Fed rate cuts helped investors look past some soft economic reports in the third quarter, especially in the labor market. In fact, expectations for falling interest rates and bond yields were the major influences on market performance. Markets were broadly positive, but with some notable changes in leadership.

Starting with market capitalization, small caps outperformed large caps for the first time in 2024 as investors rotated out of large-cap stocks and into more economically sensitive small caps because they historically have received the most benefit from lower borrowing costs that come with falling interest rates.

From an investment style standpoint, value handily outperformed growth, although both investment styles posted positive returns for the third quarter. Significant rotation from the tech sector (which dominates most growth funds) to lower price-to-earnings ratios and towards more economically sensitive parts of the market such as financials, industrials, and utilities, caused value stocks to shine in the third quarter.

On a sector level, except for energy, all S&P 500 sectors finished the third quarter with a positive return. The influence of lower yields on returns can be seen in the sector outperformers. Utilities and real estate -- two sectors that have relatively large dividends and benefit when bond yields are falling -- handily surpassed the remaining nine S&P 500 sectors.



Looking at sector laggards, the tech sector was flat as investors rotated towards higher dividend and more cyclically sensitive sectors. Energy, meanwhile, was the worst performing sector in the quarter as concerns about global growth (especially in China) weighed on oil demand expectations.

We continue to enjoy a broad rally as all sectors logged positive year-to-date returns.

Commodities were mixed, but in aggregate saw moderate losses in the third quarter thanks mostly to weakness in oil prices. Oil declined sharply in the third quarter as global demand expectations were reduced courtesy of soft Chinese economic data early in the quarter and on generalized global growth concerns. Gold, however, staged a strong rally thanks to elevated geopolitical uncertainty and the weaker dollar; gold hit a new all-time high in the third quarter.

Switching to fixed income markets, the leading benchmark for bonds (Bloomberg Barclays US Aggregate Bond Index) saw a very strong quarterly return thanks to a combination of falling inflation, mixed U.S. economic data and investors' anticipation of an aggressive rate-cutting cycle from the Fed.

Looking deeper into the bond markets, longer duration bonds handily outperformed those with shorter durations as investors reached for longer-term yield amidst falling inflation and underwhelming labor market data. Shorter duration bonds also saw a positive return as investors anticipated the start of an aggressive rate-cutting cycle by the Fed.

Turning to the corporate bond market, investment grade bonds outperformed lower quality "junk" bonds, although both saw strong quarterly gains. For the first time in 2024, investors favored investment-grade bonds amidst increased economic uncertainty, and sought the safety of higher-rated bonds over increased yield.

Finally, politics and the looming presidential election impacted markets during the third quarter. Investors started the quarter expecting a Trump victory and Republican control of Congress, based on polling following President Biden's struggles at the June debate and after the failed assassination attempt on the former president. However, those expectations changed rapidly following Biden's withdrawal from the race and nomination of Vice President Kamala Harris. As the third quarter ended, national polls slightly favored Harris while the outlook for the control of Congress remained uncertain.

Fourth Quarter Market Outlook

With the start of the Fed's rate cutting cycle now behind us and the general pace of future cuts now broadly known, focus for the final quarter of 2024 will turn towards economic growth and politics. Given the volatile nature of both, it's reasonable to expect periods of elevated volatility over the coming months. But, as we saw in the third quarter, markets can still move higher even amidst increased volatility.

We should expect markets to be more sensitive to any disappointing economic data, especially in the labor market. With the S&P 500 just off record high returns, the market has priced in a soft economic landing. However, if the economic data in the fourth quarter is weaker than expected and recession fears grow, then market volatility will increase between now and year-end.

Politics, meanwhile, will become a more direct market influence as we approach the November 5th election. Depending on the expected and/or actual outcome, we could see an increase in macro- and micro-economic volatility that could broadly impact the markets in general as well as specific industries and sectors (e.g., oil and gas, renewables, financials and others). That volatility will stem from the uncertainty surrounding potential future policy changes (or lack thereof) towards important financial and economic issues such as taxes, global trade and the long-term fiscal health of the United States.

Geopolitical risks also remain elevated. While the war between Russia and Ukraine as well as the ongoing conflict between Israel, Hamas and now Hezbollah haven't negatively impacted global markets this year, that's always a possibility. These situations must be consistently monitored as the spread of these conflicts will negatively impact markets, regardless of any Fed rate cuts or election outcomes.

In sum, as we start the fourth quarter the market does face economic, political and geopolitical uncertainties. But as market performance has been very strong in 2024, momentum remains decidedly positive, and this market has proven resilient throughout the year. Additionally, current economic data is still pointing to a soft economic landing. Finally, while political headlines may cause short-term investor anxiety and volatility, market history is extremely clear: Over time, the S&P 500 has consistently advanced regardless of which party controls the government. The average annual performance of the S&P 500 has been solidly positive in both Republican and Democratic administrations.

So, while there is elevated uncertainty between now and year-end and it's reasonable to expect an increase in short-term volatility, the fundamental underpinnings of this market remain broadly positive. Therefore, it's critical for you to stay invested, remain patient, and stick to the plan.

At Centurion, we understand the risks facing both the markets and the economy, and we are committed to helping you effectively navigate this investment environment. We've worked with you to establish a unique, personal allocation target based on your financial position, risk tolerance, and investment timeline. Remember, successful investing is a marathon, not a sprint, and even bouts of intense volatility are unlikely to alter a diversified approach set up to meet your long-term investment goals. Please rest assured that our entire team will remain dedicated to helping you accomplish your financial goals.

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 **fourth quarter 2024** management fee. Your management fee for this quarter will be **\$ 1,673.37**. 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 **October 25, 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 Institutional Orders</i>	<i>Market Orders</i>	<i>Limit Orders</i>	<i>Material Aspects Relationship</i>
NYSE, NASDAQ, AMEX, Options	>1%	+99%	Clearing 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