

2nd
Qtr.
2024



TURNING
THE PAGE

Our View

A QUARTERLY NEWSLETTER
from SABAL TRUST

Turning the page” is a common theme for both businesses and individuals. Businesses “turn the page” to focus their employees on executing business strategies. Individuals “turn the page” as they move from one chapter to another in their lives with promises to start fresh. “Turning the page” is also applicable to investing. Markets offer investors endless storylines and an ever-changing narrative. “Turning the page” provides investors with an opportunity to learn from the past and to position for the evolving environment.

Each quarter, we'll highlight one of the many ways we help enrich your life and legacy.

Above & Beyond

BILL PAYMENT

Each life stage presents its own set of complexities and emotions. There may come a time when even the smallest task — such as paying monthly bills — becomes challenging and overwhelming to manage. Whether you're struggling with an illness, demands of caretaking, inability to understand your bills, or late fees due to forgetfulness in timely payment, we can step in and pay your bills from your Sabal Trust account. **Bill Payment** can even be used during times of extended travel. This is just another way we go above and beyond and are here for you in times of need.

Peak Rates

Interest rates will be the primary protagonist in the market's story this year. Nobody knows with certainty when the Federal Reserve will begin cutting interest rates. Yet, reaching the peak of the rate cycle offers investors a great opportunity. Bond investors can lock in high-quality yields and position for solid total returns. Investors holding cash can secure attractive sources of income from high-quality bonds. Finally, declining rates will boost demand for dividend-paying stocks as growing cash flows become more attractive.

We focus on working with clients to build growing incomes into their portfolios.

Economic Soft Landing

Will the Federal Reserve be the hero or the villain in the economy's “soft landing” plot? In the last half century after inflation peaked above 5%, the Federal Reserve engineered three “soft landings,” while recessions occurred on five separate occasions. The last “soft landing” was in 1995 when globalization trends, demographics and labor markets were deflationary. Today, these same influences are inflationary creating challenges for the Federal Reserve.

Current policymakers face difficult challenges as they attempt to steer the economy to a “soft landing.”

Fiscal Initiatives

Reading electoral history tells us the economy ultimately determines the outcome of an election. Voters hold politicians accountable. Since 1929, no incumbent President was re-elected when a recession occurred during the two years before the election. The 2022 Chips Act will allocate +\$10B of grants into the economy before the election. Inflation Reduction Act spending will continue supporting clean energy and infrastructure projects. Furthermore, Congress is debating a business tax cut of \$136B. The student loan forgiveness of \$138B could also ignite spending.

This short-term spending playbook often boosts economic activity, but it lacks lasting growth strategies.

Presidential Election

November's Presidential election looms on the horizon and policy uncertainty is elevated. Turning the pages of an election campaign reads like a Greek tragedy at times as investors will be subjected to a bitterly divisive fight for the Presidency. The election cycle will bring inevitable twists and turns as well as unknowns.

We remain focused on our clients' long-term goals by properly allocating their assets across high quality stocks and bonds.

Deficits and the Debt

Partisan politics remain an impediment to developing a sustainable, long-term plan to operate our government. The unchecked growth of Federal debt and the mounting costs could hinder future economic growth. During an election year, politicians appear unwilling to tackle this issue. Deficit reduction strategies are critical to the long-term health of our financial system. A tipping point exists on the horizon. The implications of our nation's unsustainable financial picture are real.

At some point investors will not shrug off political brinksmanship and start pricing in a potential credit downgrade.

Re-shoring Trends

During the upcoming election, voters will focus on the economy, taxes, foreign policy (China), immigration, clean energy, free trade (tariffs), health care, and social programs. **We believe trade policy is an issue to which investors should give careful attention.** An inwardly focused bipartisan effort to re-shore manufacturing facilities and fortify supply chains in the name of national security appears to be an irreversible trend. Moving manufacturing and supply chains closer to home will enhance the stability of goods moving through the supply chain. Unfortunately, one of the side effects will be increased costs for consumers.

Outlook

Everyone will respond differently as the market's next chapters are written. Remember that investors have no control over the distractions caused by interest rate policy, the upcoming Presidential election, or the path of the economy. Instead we believe that achieving investment success will require looking past the noise and remaining focused on longer-term goals and objectives.

We continue to build well-balanced portfolios for our clients to generate income that enhances total return and buffers against price volatility.

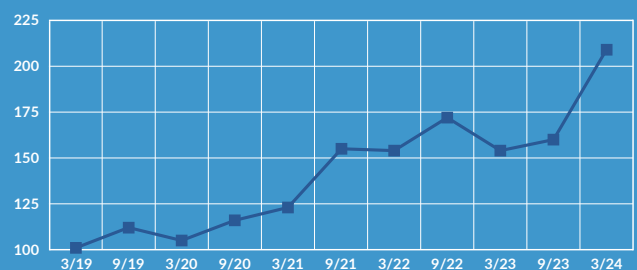


STOCK FOCUS:

Waste Management

Stock Symbol: **WM** Market Capitalization: **\$83B** Dividend Yield: **1.4%** 10yr Dividend Growth: **6.7%** Long Term Earnings: **9.6%** 2024 P/E: **28.4**

Waste Management is the largest North American provider of waste management services, including collection, transfer, recycling, disposal and waste-to-energy services. Customers include commercial, industrial, municipal, and residential collections. The company is the largest owner of domestic landfills, providing them a strategic advantage over their competition through an annuity-like revenue stream. WM generates solid free cash flow that supports a consistently growing dividend payout.



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