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2024



POLITICS, POLICY
& PERCEPTION

Our View

A QUARTERLY NEWSLETTER
from SABAL TRUST

Elections often have far-reaching consequences. Approaching the first Tuesday in November, investors will try to assess the potential market impact of races for the White House and key Congressional seats. The results will influence how politicians handle the domestic economy, immigration, tax reform, wage growth, and position the U.S. on the global stage. *Against the backdrop of an emotionally charged election season, maintaining a long-term focus is critical for investors.*

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

Remaining Grounded

Emotions experienced during major market corrections can trigger fear and panic-induced selling. Elections can have a similar effect because politics stir deep sentiments. The late Jimmy Buffett sang about "A permanent reminder of a temporary feeling". These words ring true with the approaching election cycle. *Remain patient, thoughtful and avoid making hasty investment decisions that could permanently impair your family's legacy.*

Above & Beyond

Sabal Trust is excited to expand our investment platform, which brings optionality and flexibility to our clients. The Focused Core Equity Strategy is an actively managed equity portfolio that seeks to produce superior returns relative to the S&P 500 index. This strategy concentrates on large-cap growth companies which seek above-average return expectations at reasonable prices. By diversifying our investment options, Sabal can cater to a broad range of clients with varying risk appetites and financial goals. We will continue to expand our investment platform demonstrating our commitment to innovation and adaptability in a dynamic market environment. To see if this investment strategy is appropriate for you or to learn more, please contact your Sabal Trust Portfolio Manager.

Market Response

Political initiatives inevitably have unintended outcomes creating winners and losers in the marketplace. This election will be no different. Polarized voters will have a clear choice to make in November based on dissimilar policy platforms. Regardless of who wins the White House, the markets will remain resilient and continue to follow their cyclical patterns. *Since 1928, the S&P 500 averaged an +11.8% return twelve months after an election, highlighting the forward-looking nature of the markets.*

Stability vs. Uncertainty

Government policies, including taxation, regulation, trade agreements, and fiscal stimulus directly impact market conditions. Policy initiatives also shape investor confidence and how individuals and businesses allocate their resources. Political stability provides a foundation for economic growth, attracting domestic and foreign investment. Conversely, political instability and dysfunction can lead to market volatility. *Elections are unpredictable and waiting for the election's outcome will provide more clarity for all investors.*

Public Policy

The policy platforms of Former President Trump and Vice President Harris will have different effects on the economy.

Tax code changes will impact corporate profitability and influence individual investor behavior. Degrees of regulation on banks and other financial services companies, energy producers and healthcare providers will have a profound impact on their operations. Levels of anti-trust scrutiny will affect merger activity that could influence technology companies. Trade, foreign policy, and reshoring manufacturing activities will shape the domestic economy for years to come.



Economic Cycle

Economic cycles always prevail, only their length and scale differ. Today, the economy faces headwinds as mixed data points indicate signs of slowing. While consumers continue to spend, the depletion of the pandemic-level savings leaves less of a financial cushion, creating questions about sustainability. *Barring an economic shock or major policy error, consumer spending trends should be sufficient to prevent the domestic economy from slipping into recession.*

Government Spending

Every president since the Kennedy Administration implemented a sizable fiscal stimulus package designed to ignite economic growth after their election. Democrats more readily embrace government spending as a tool to stimulate the environment. Republicans, staunch defenders of fiscal restraint over the years, are more willing to deficit spend today to achieve their political objectives. *Fiscal policy, including spending on infrastructure projects, should positively shape the trajectory of the economy next year.* However, investors must be aware of the potential longer-term inflationary implications of any large spending programs.

Outlook

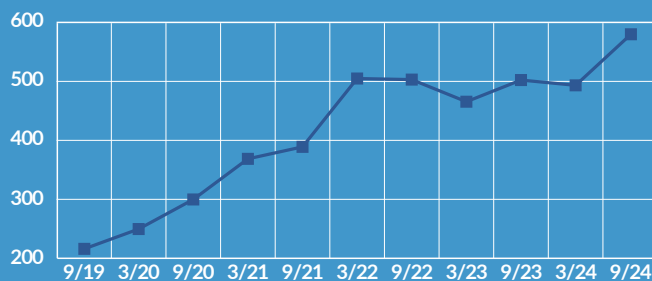
Soundbites play well on the campaign trail, but the process of governing is exponentially harder than campaigning. Seeing through the bluster of campaign rhetoric requires focus and patience. The risks and opportunities presented by changes in political leadership and public policy remain unknown. An election cycle is an excellent opportunity to revisit your investment strategy, to ensure the allocation of assets is appropriate based on your goals and objectives given your overall willingness, ability and need to take risks. *Do not fall prey to making decisions that could become "A permanent reminder of a temporary feeling".*

STOCK FOCUS:

United Health

Stock Symbol: **UNH** Market Capitalization: **\$555B** Dividend Yield: **1.4%** LT Earnings Growth: **12.0%** Return on Equity: **16.4%** 2025 P/E: **19.7**

United Health is the largest publicly traded, managed care company (healthcare benefits, health services, data analytics, and a robust technology platform). Increased network coverage and an aging demographic are secular tailwinds driving top-line growth and expanded margins. UNH's network has operational scale, vertical integration capabilities, and solid earnings growth. The compounded annual dividend growth rate over the last ten years is 21.4%.



Visit our website at SABALTRUST.COM

St. Petersburg
727.824.8700
101 Central Avenue
St. Petersburg, FL 33701

Sarasota
941.556.0760
1800 Second Street
Suite 103
Sarasota, FL 34236

Tampa
813.229.2180
4211 W. Boy Scout Blvd.
Suite 190
Tampa, FL 33607

The Villages
352.751.2199
1060 Lake Sumter Landing
The Villages, FL 32162