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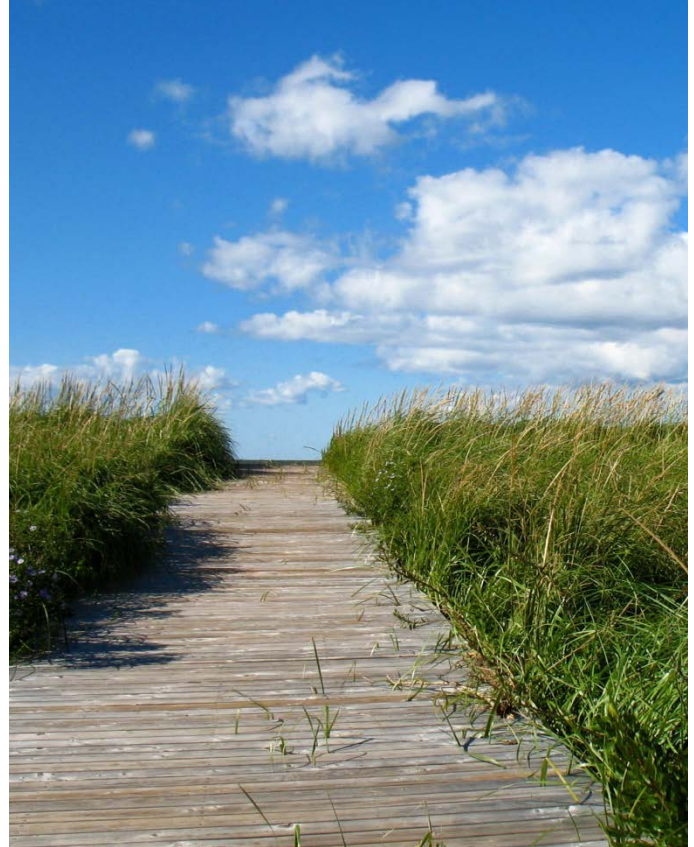
## **Drive into 2025: Navigating the Road Ahead**

Dr. Dave Yeske, Yusuf Abugideiri and Lauren Stansell

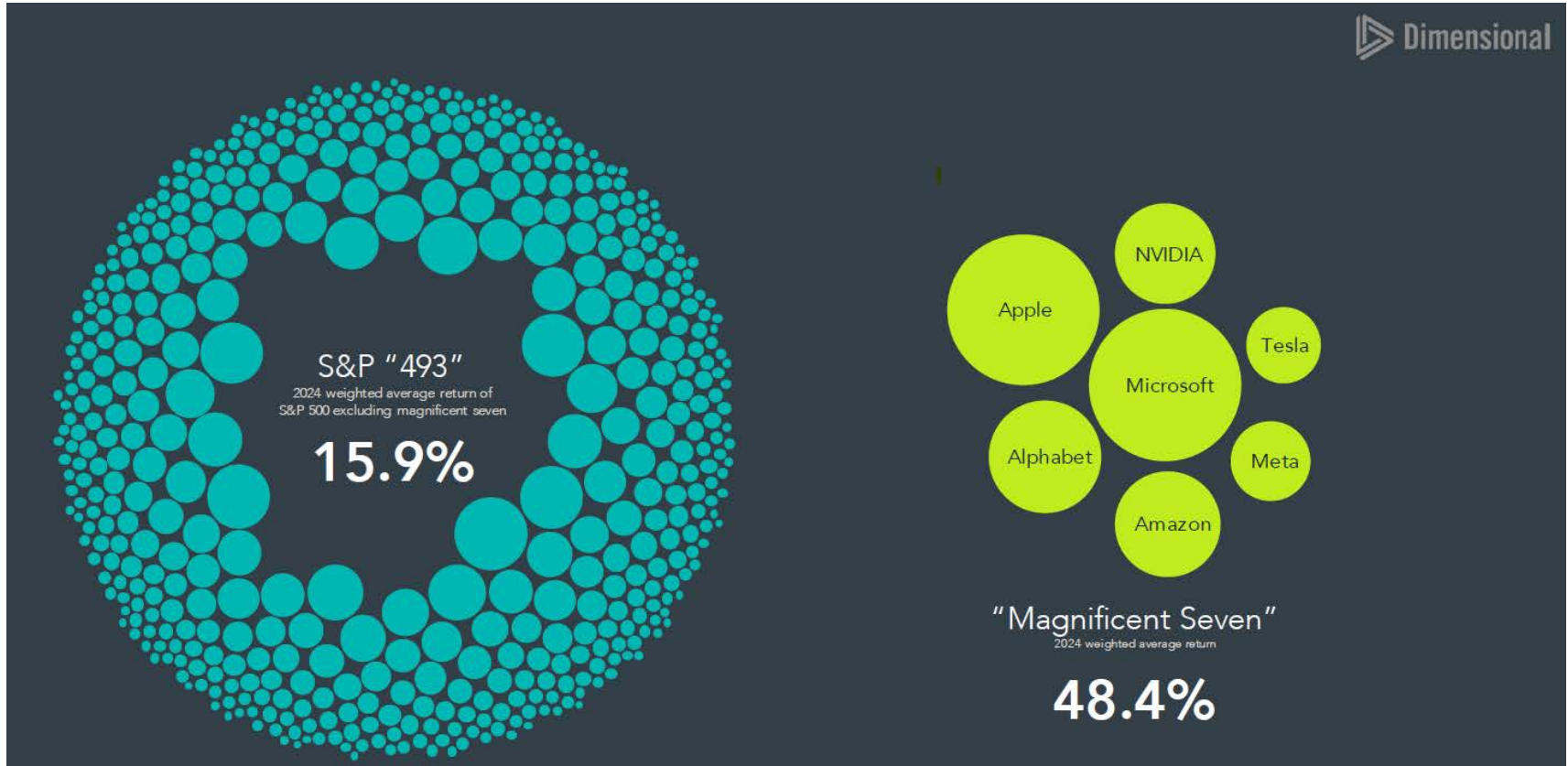
# *Agenda*

Today, we'll cover...

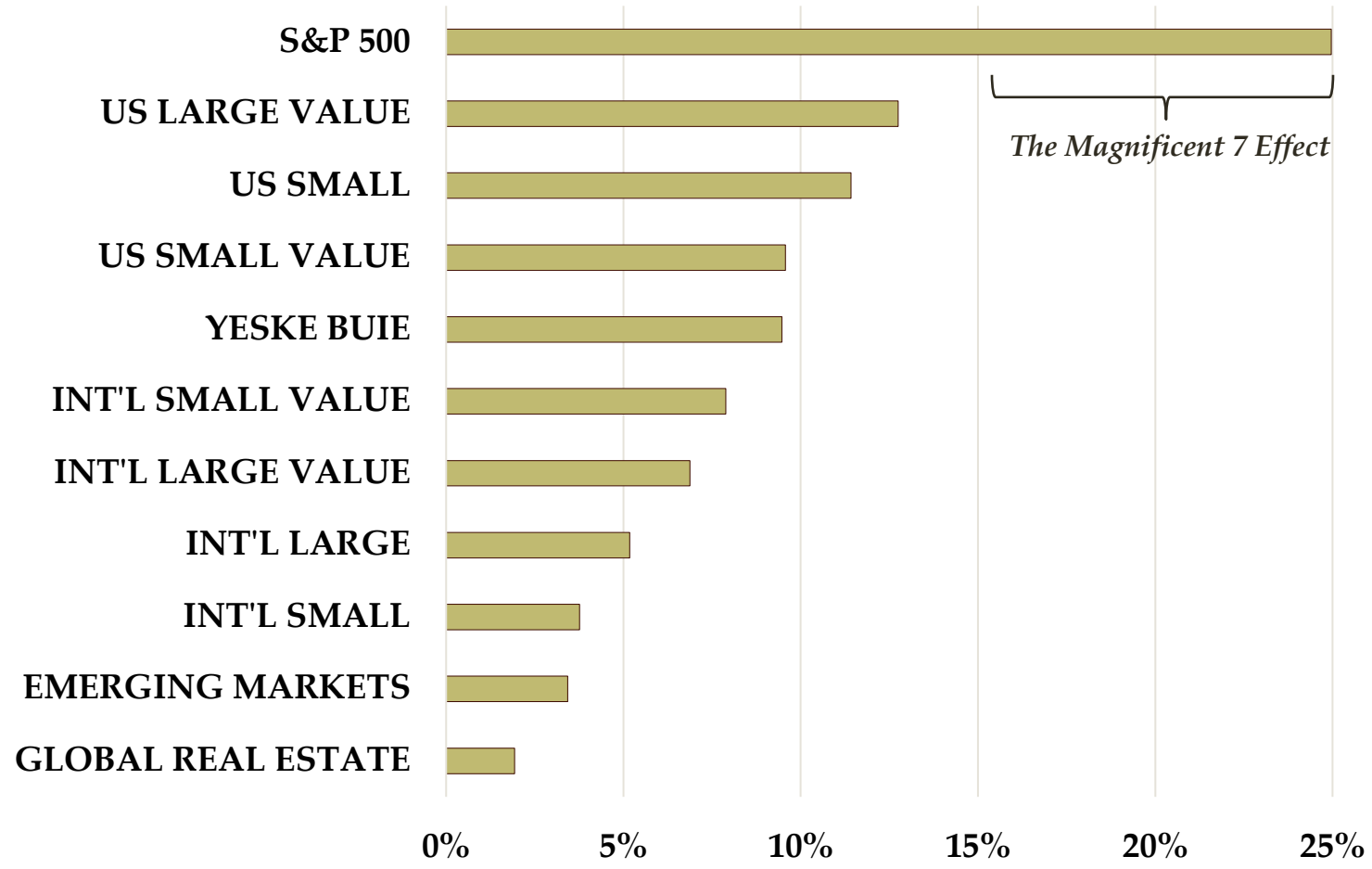
- 2024 Market Review
- Valuations (Still) Matter
- Inflation Update
- 2025 Market Review and Outlook
- The Road Ahead
- Planning Considerations for 2025
- 2024 Tax Filing Season



# The Name of the Game? Concentration



# Portfolio Performance Review: 2024

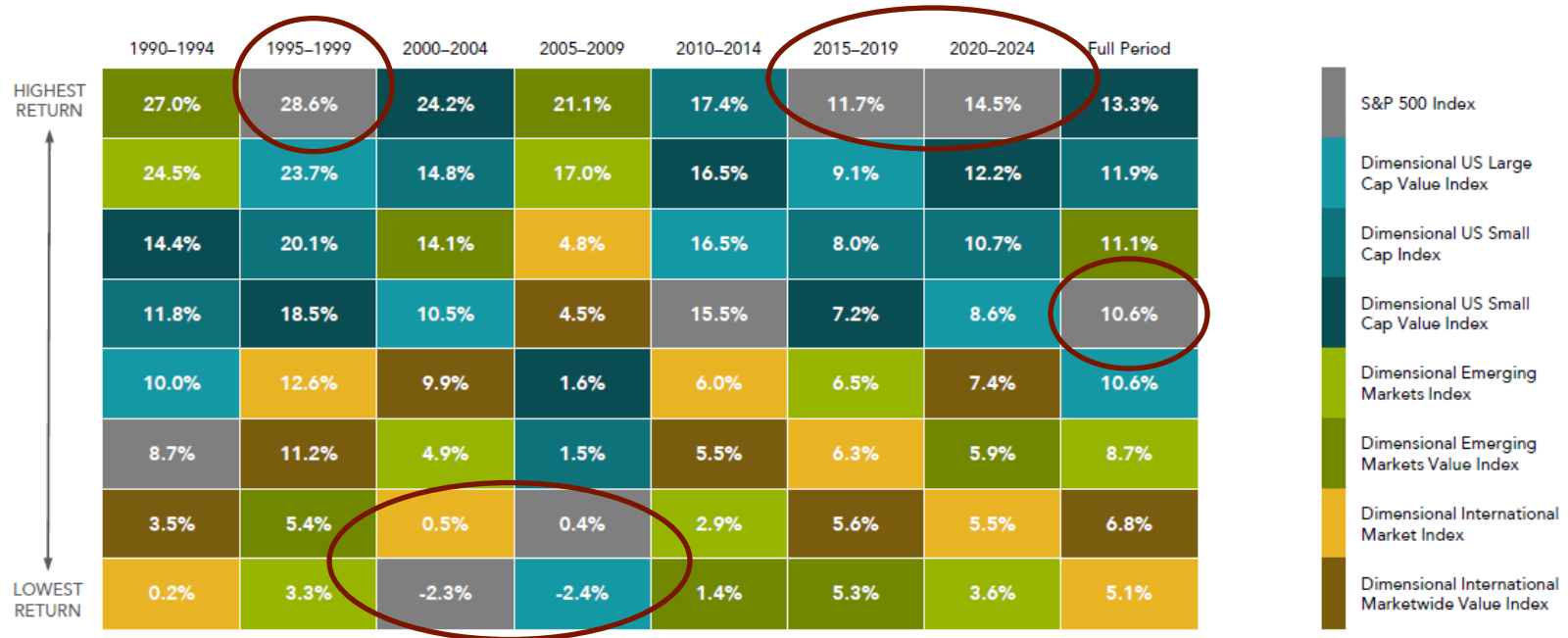


# Diversification (Still) Matters



## S&P 500 Performance Has Been Mixed

5-year annualized returns (%), January 1, 1990–December 31, 2024

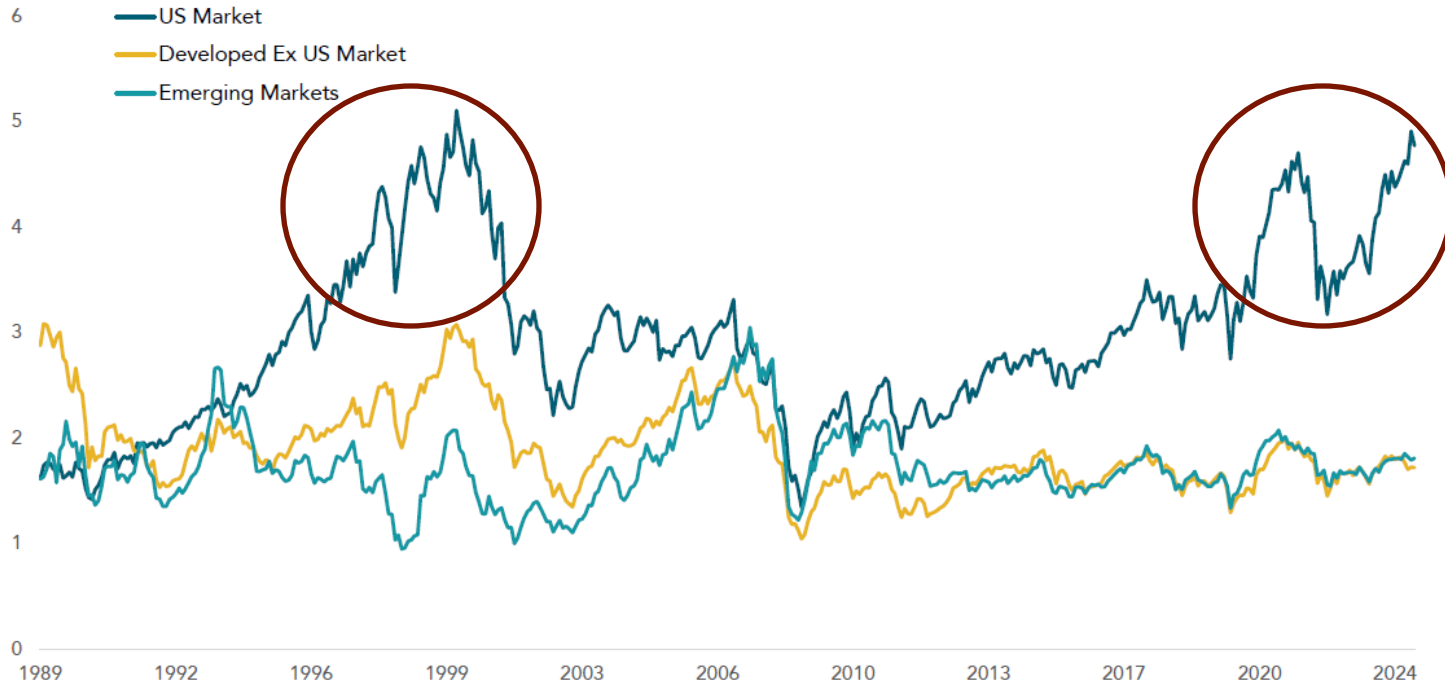


# Bang For Your Buck?



## Historical Valuations: Regions

Price-to-book ratio, June 1989–December 2024



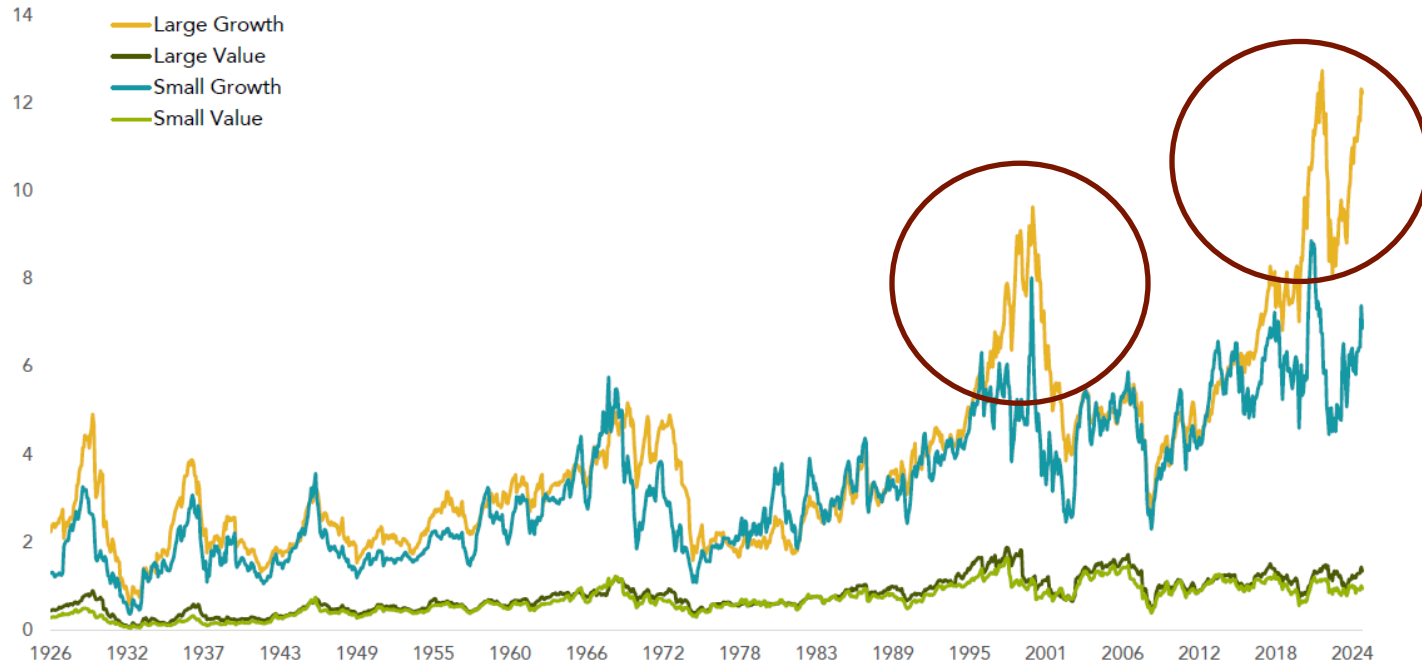


# Bang For Your Buck?



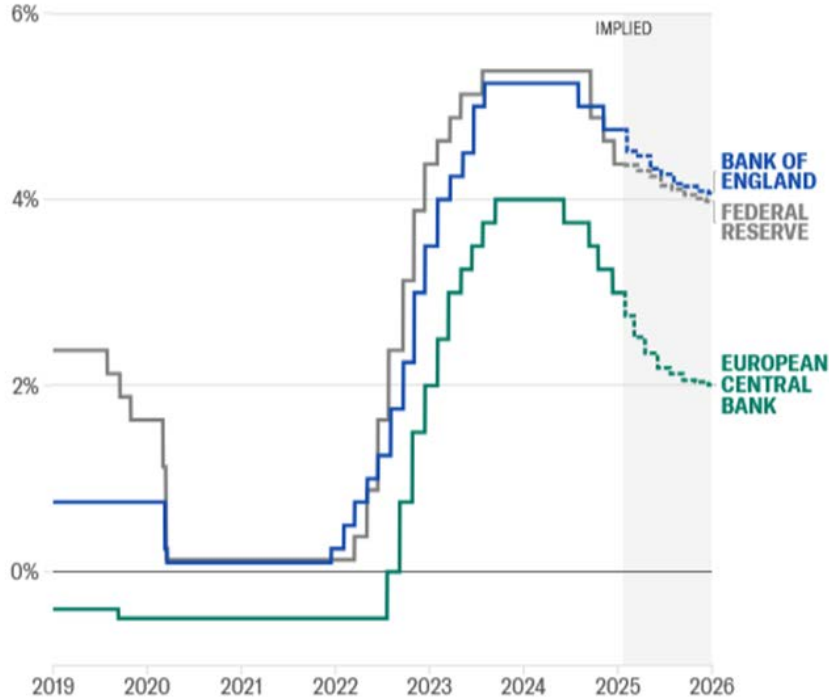
## Historical Valuations: US Market

Price-to-book ratio, June 1926–December 2024



# What Lies Ahead?

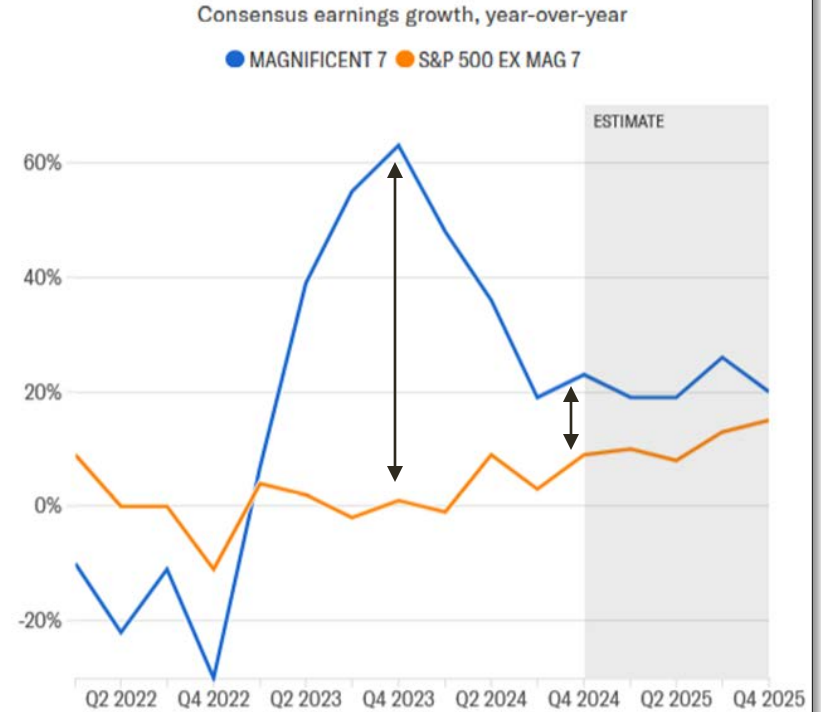
## 'GROWING DIVERGENCES' IN GLOBAL MONETARY POLICY



SOURCE: BLOMBERG L.P., UBS ASSET MANAGEMENT. DATA AS OF JANUARY 22, 2025. DOTTED LINE INDICATES MARKET-IMPLIED POLICY RATE AS PER BLOMBERG WIRP.

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## EARNINGS GROWTH BETWEEN MAGNIFICENT 7 AND THE REST OF THE S&P 500 NARROWS



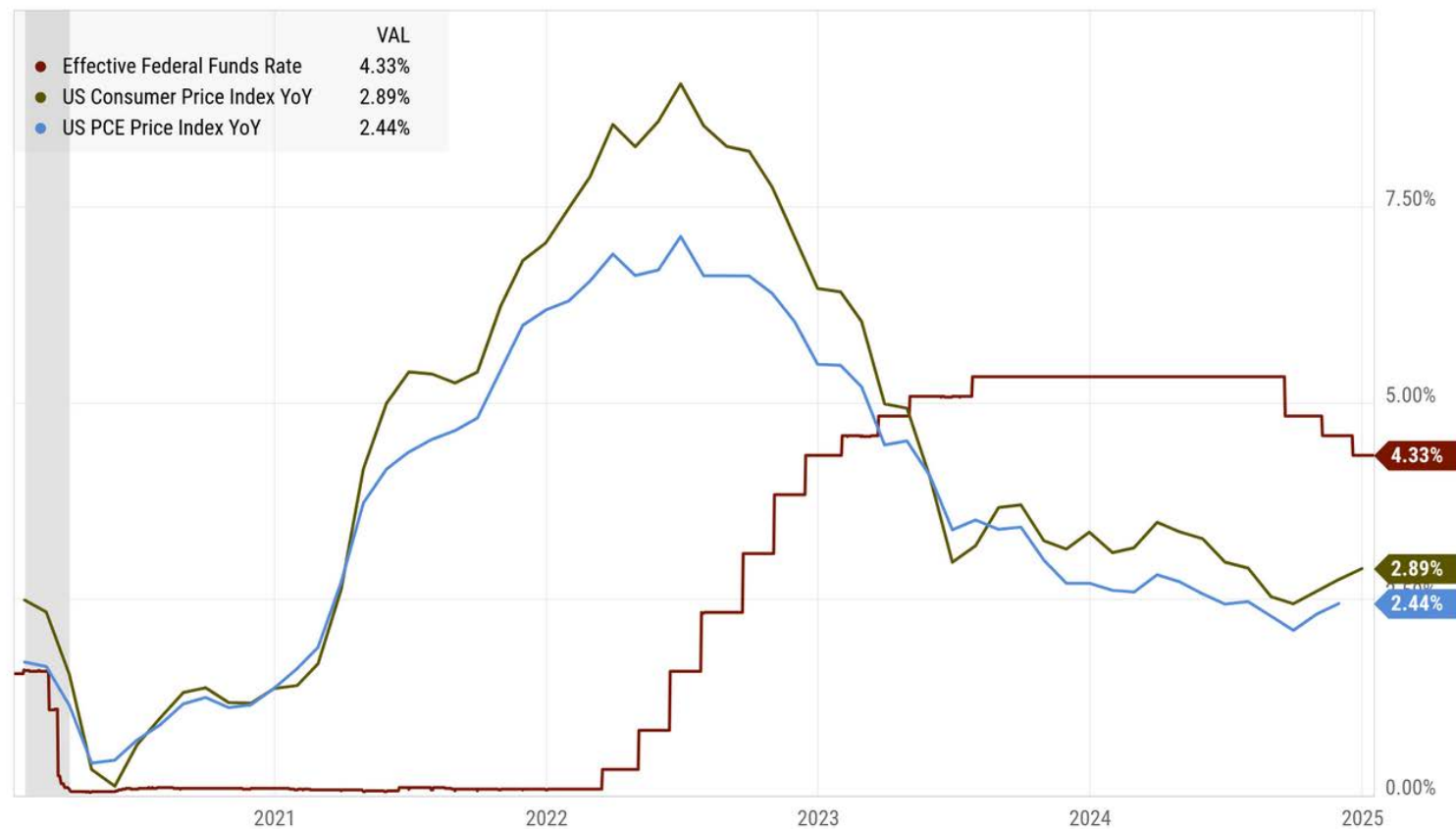
SOURCE: FACTSET; HSBC VIA NICOLE INUI

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# Sticky Inflation, Higher Rates



Date Range: 01/17/2020 - 01/16/2025

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Jan 20, 2025, 9:25 PM EST Powered by 

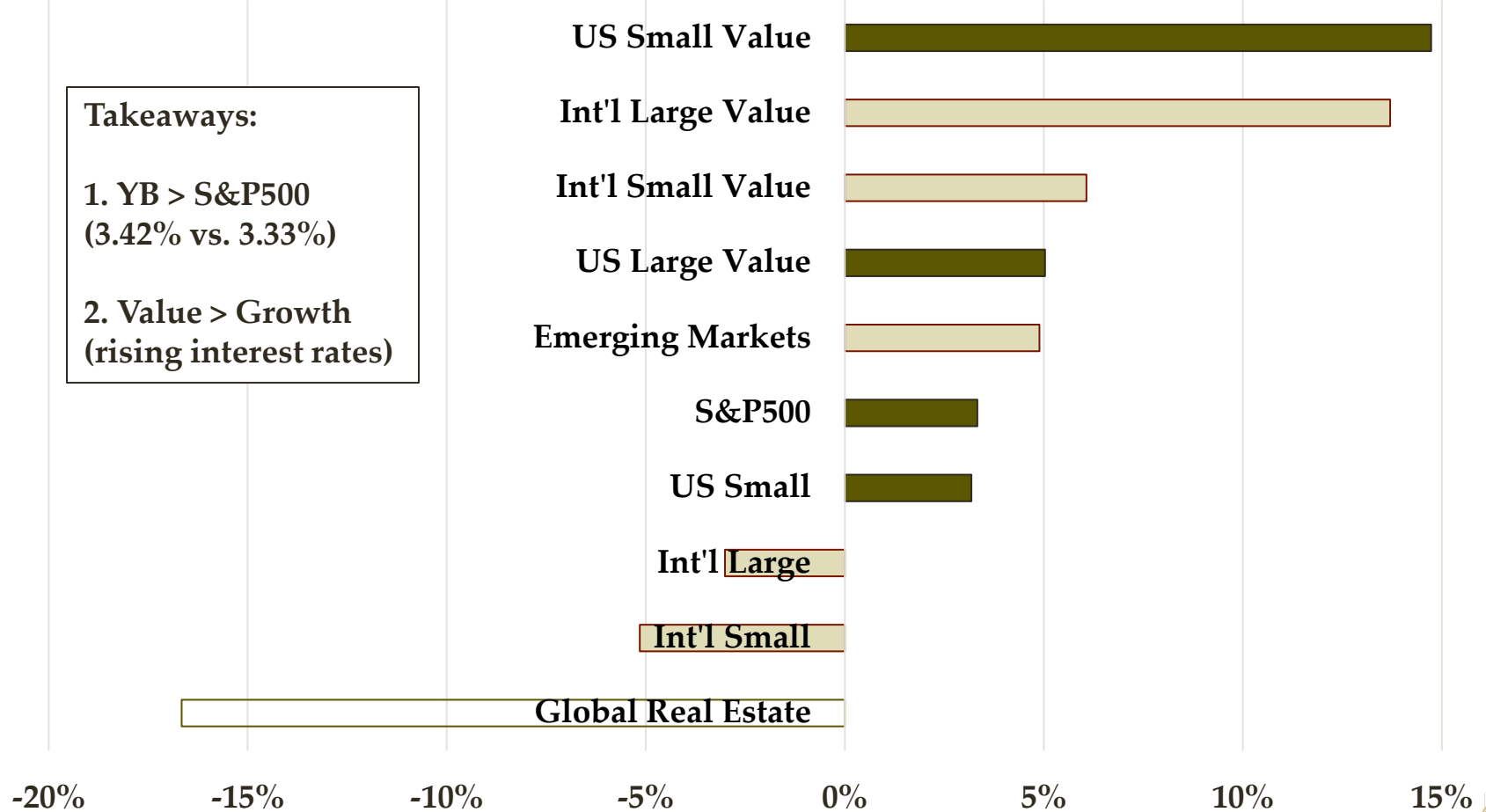


# Inflation Nation

## Takeaways:

1. YB > S&P500  
(3.42% vs. 3.33%)

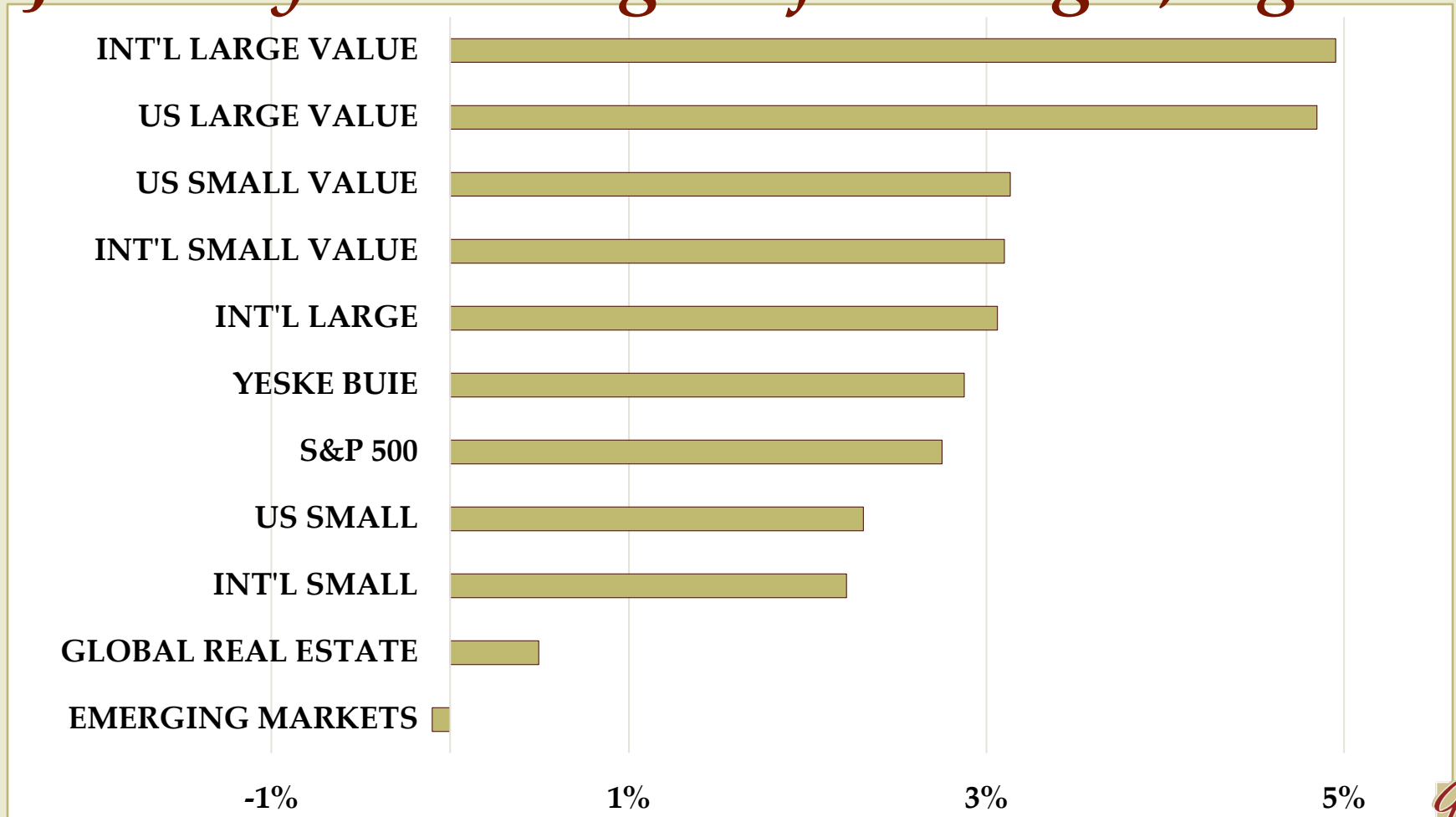
2. Value > Growth  
(rising interest rates)



Total Return: January 1<sup>st</sup>, 2022 through December 31<sup>st</sup>, 2023



# January 2025: Higher for Longer, Again?



Through January 29<sup>th</sup>

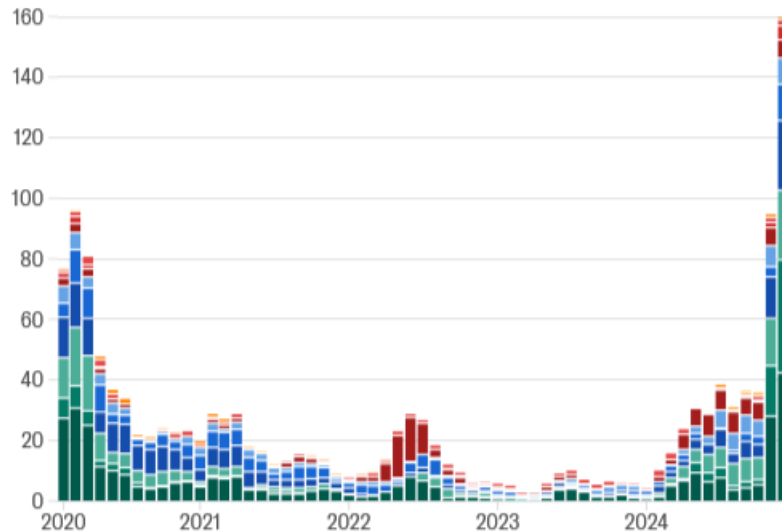


# Tariff-ied

## CORPORATE AMERICA IS TALKING TARIFFS

AI-identified mentions of "tariffs" in S&P 500 transcripts, 3-month moving average

● INDUSTRIALS ● HEALTH CARE ● CONS. DISCRETIONARY ● INFO TECH. ● CONS. STAPLES  
● MATERIALS ● UTILITIES ● FINANCIALS ● ENERGY ● REAL ESTATE ● COMM. SERVICES



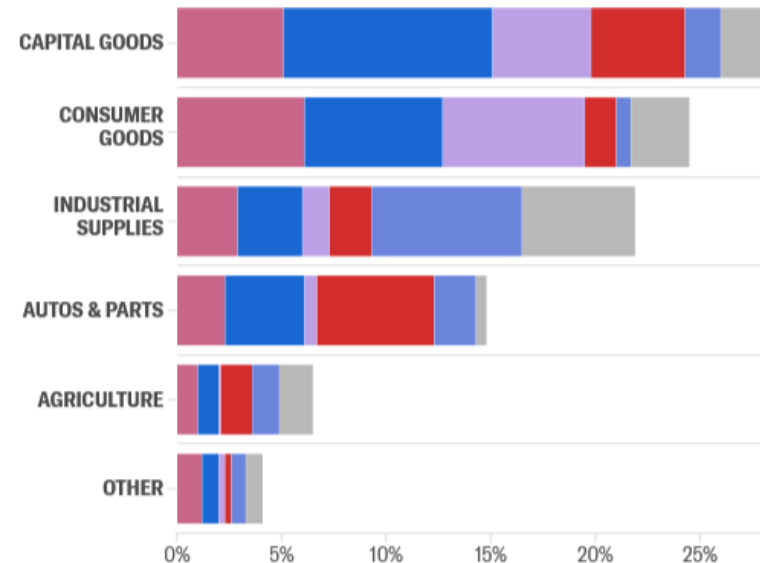
SOURCE: BLOOMBERG VIA MICHAEL MCDONOUGH

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## WHO IS THE MOST EXPOSED TO U.S. TARIFFS?

Share of 2023 total U.S. imports by end-use category and trade partner

● EUROPEAN UNION ● ASIA, EXCL. CHINA ● CHINA ● MEXICO ● CANADA ● OTHER

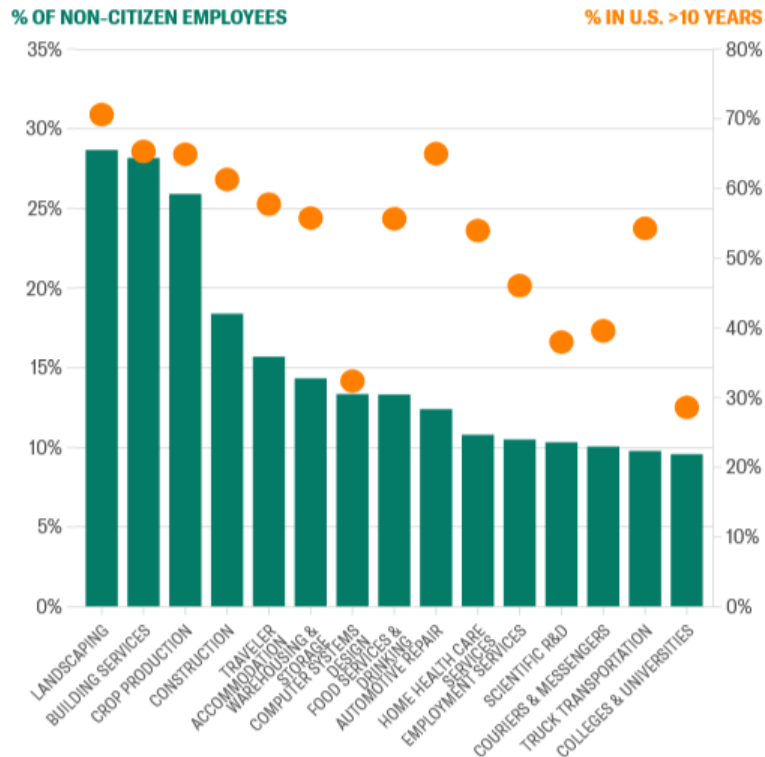


SOURCE: WELLS FARGO ECONOMICS VIA JAY BRYSON

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# Immigration Policy Considerations

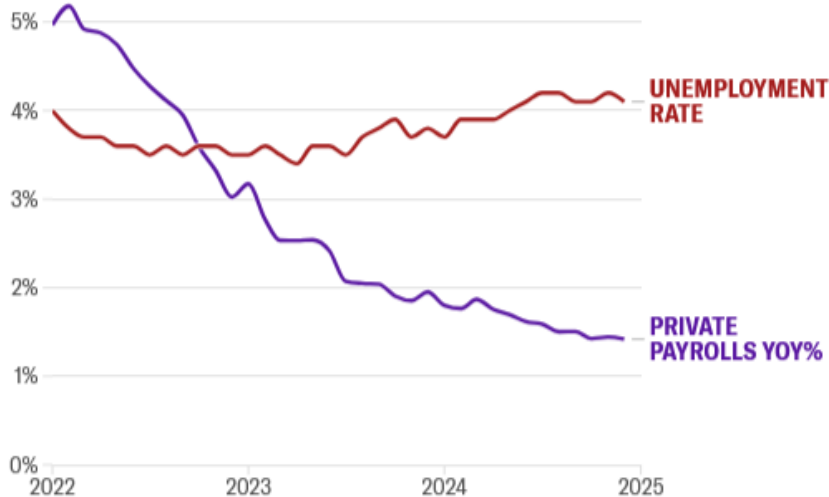
## U.S. INDUSTRIES WHERE NONCITIZENS MAKE UP LARGE SHARE OF WORKERS



SOURCE: OXFORD ECONOMICS VIA NANCY VANDEN HOUTEN

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## THE LABOR MARKET STEADIES NEAR FULL EMPLOYMENT



SOURCE: BUREAU OF LABOR STATISTICS VIA JOHN SILVIA

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# *The Road Ahead*

## **Inflation Readings**

- CPI: February 12<sup>th</sup>, March 12<sup>th</sup>
- PCE: January 31<sup>st</sup>, February 28<sup>th</sup>

## **Fed Meetings**

- March 18<sup>th</sup>-19<sup>th</sup>
- May 6<sup>th</sup>-7<sup>th</sup>
- June 17<sup>th</sup>-18<sup>th</sup>





# *2025 Planning Considerations*

- Some inherited IRAs (post 1/1/20) have Required Minimum Distributions (RMDs) starting in 2025
- RMD age – 73 (75 if born in 1960 or later)
- No RMDs from Roth employer accounts (like Roth IRAs)
- New 401(k) plans (new companies)
  - Automatic enrollment 3-10%, increasing 1%/year to 10-15%



# 2025 Contribution Limits

- **IRA** = \$7,000
  - Catch-up contribution (over 50 at end of year) = \$1,000
- **401(k)/403(b)/457** = \$23,500
  - Catch-up age 50-59, and 64+ = \$7,500
    - Age 60-63 (end of year) = \$11,250
  - *Starting in 2026 - Catch-up contributions will have to go into a Roth account if earnings > \$145,000*

	2025 Catch-Up Rate	2025 Elective Deferral	Total Contributions
Ages 50-59	\$7,500	\$23,500	\$31,000
Ages 60-63	\$11,250		\$34,750
Ages 64+	\$7,500		\$31,000



# WHAT (SOME OF) TRUMP'S TAX PROMISES COULD COST



SOURCE: COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET • NOTE: COSTS ARE TABULATED OVER THE COMING DECADE. SOME NEW PROPOSALS AREN'T INCLUDED AS THEY DON'T YET HAVE A PRICE TAG.

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# 2024 Tax Filing Season

- Form **1099-R** available now
  - Retirement accounts with distributions in 2024
- Form **1099** for taxable brokerage accounts available starting 2/14
  - Corrections starting 2/28
  - Don't wait to meet with your tax professional!
- Extended deadlines for those affected by LA fires (IRS & FTB)
  - All payments and filing deadlines (if in affected area code, FEMA disaster areas) delayed to **10/15/2025**





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