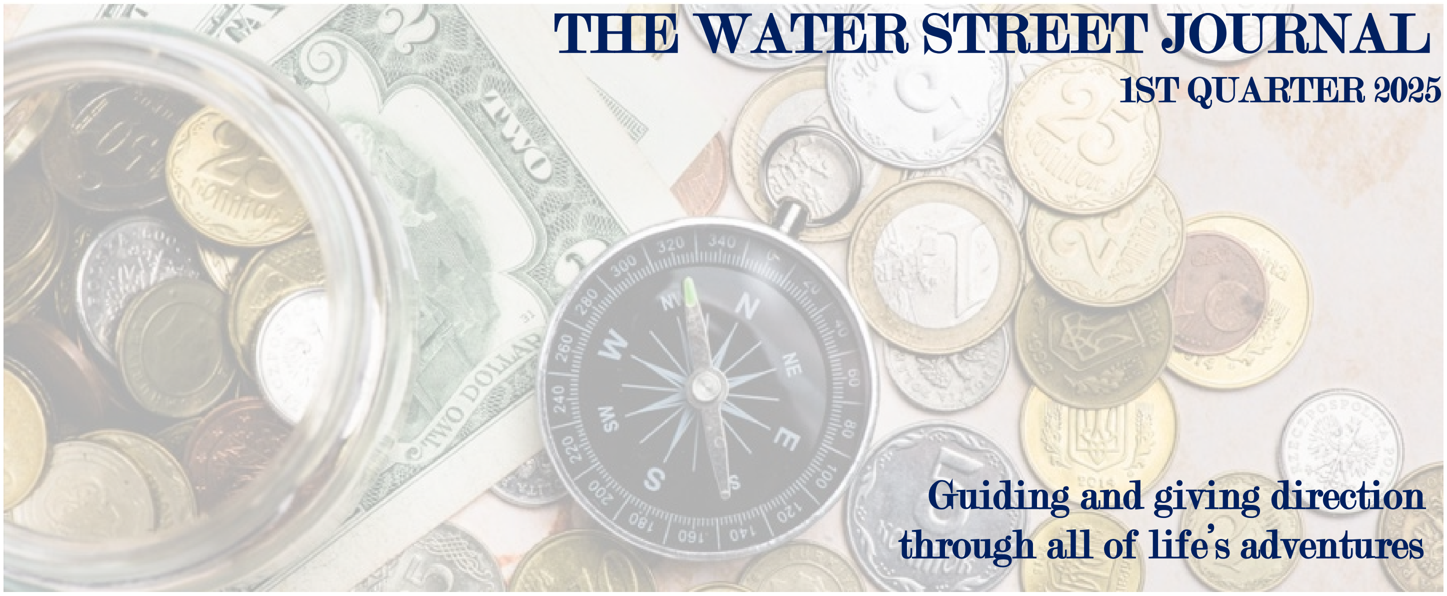

DANIELLE VALLEAU
Financial Advisor
Securities offered through Raymond James Financial Services, Inc. Member FINRA/SPIC

Inside This Issue

Did You Know?

Over 50 tons of trash are left in Times Square after New Year's Eve celebrations.
About 3,000 pounds of that is confetti- that's a lot to clean up!

The Times Square ball's weight has yo-yoed.
The original ball was made from 700 pounds of iron and wood. It was later reduced to just 400 pounds of wrought iron before they switched to an aluminum frame in 1955. The now 11,875 pound ball didn't get its new look (and materials) until the millenium when Waterford partnered with Philips Lighting to create a shimmery LED display.

Baby New Year is actually really old.
Baby New Year has been a symbol of the holiday since around 600 B.C., starting in ancient Greece when an infant was paraded around in a basket in celebration of Dionysus, the god of fertility (and wine). The baby represents a rebirth that occurs at the start of each new year.

Source: https://www.goodhousekeeping.com/holidays/g4933/new-years-facts/

Staying In Touch

The office will be closed on:

- New Years Day 1/1/2025
- Martin Luther King, Jr. Day 1/20/2025
- Washington's Birthday 2/17/2025

The market will be closed on:

- New Years Day 1/1/2025
- Martin Luther King, Jr. Day 1/20/2025
- Washington's Birthday 2/17/2025

Danielle will be out of office: 1/22/2025-1/27/ 2025

When out of the office:
Please be aware there may be delayed responses.

From Danielle's Desk

December market review

Dear valued clients:

December added a question mark to the end of an otherwise strong year of growth for the equity markets. As inflation numbers continued to stagnate above its 2% year-over-year target, the Federal Reserve (Fed) – despite cutting current interest rates by another 25 basis points – expressed diminished confidence in inflation reaching its 2% target. Back in September, investors expected four rate cuts to arrive in 2025. Now the expectation is two. This news caused a chilling effect in the markets, resulting in a flat month for the S&P 500 and a 5.3% loss for the Dow Jones. Only three of 11 equity sectors were positive for the month.

Continuing a now-familiar trend, mega-cap tech stocks stood strong while volatility ruled elsewhere in the market. Small-cap stocks were hit the hardest, with the Russell 2000 dropping 7.8%, reflecting their perceived vulnerability to higher interest rates relative to their larger peers.

"We've been highlighting the need for caution in the near term as investors are over-optimistic and the market is priced for perfection, leaving it vulnerable to any disappointment," said Raymond James Chief Investment Officer Larry Adam. "Longer term, we remain constructive on equities as solid economic growth should keep earnings on an upward trajectory."

Before we dive into the details, let's see how we ended 2024, the second year in a row when the S&P 500 saw gains of more than 20%.

	12/29/23 Close	12/31/24 Close*	Change Year to Date	% Gain/Loss Year to Date
DJIA	37,689.54	42,544.22	+4,854.68	+12.88%
NASDAQ	15,011.35	19,310.79	+4,299.44	+28.64%
S&P 500	4,769.83	5,881.63	+1,111.80	+23.31%
MSCI EAFE	2,241.21	2,259.60	+18.39	+0.82%
Russell 2000	2,027.07	2,230.16	+203.09	+10.02%
Bloomberg Aggregate Bond	2,162.21	2,189.03	+26.82	+1.24%

*Performance reflects index values as of market close on Dec. 31, 2024. Bloomberg Aggregate Bond and MSCI EAFE reflect Dec. 30, 2024, closing values.

Mixed signals on jobs

The U.S. economy added 227,000 jobs in November, a strong recovery following a weak – but revised upward – October report. The household employment survey, however, provided a different picture, showing a large decline in employment by 335,000 workers. This pushed the unemployment rate from 4.1% in October to 4.2% in November. Headline retail sales numbers remained strong in November – aided by car sales and online sales – but those strong spots hid weakness across other retail sectors. December's report will be important to shed more light on the relative strength of consumer spending.

Bond yields soar as rate cuts become less certain

The Fed's surprising tone on inflation and messaging about future rate cuts caused the 10-year Treasury yield to sharply jump from 4.17% at the end of November to 4.57% at the end of December. Despite continued historically low relative spreads, corporate and municipal bond yields have pushed higher along with Treasury yields. Income-producing investment portfolios benefit from the increased yield environment providing a continued opportunity to lock into higher income streams for longer. The upward-sloping curve present in both the corporate and municipal curves means that investors are rewarded for taking on longer spans of interest rate risk.

Incoming administration faces debt ceiling

Congress passed critical legislation preventing a government shutdown while allocating $110 billion to disaster aid and funding the $895 billion National Defense Authorization Act, which seeks to bolster telecom and cybersecurity defenses as well as establish the Department of Defense's approach to China. With a new administration incoming and the current debt ceiling expiring on January 1, there are a few potential pathways forward – a clean increase, an increase coupled with energy reform or an increase with concessions like budget cuts from the Department of Government Efficiency (DOGE), a proposed presidential advisory commission whose actions are likely to be supported by the narrowly GOP-controlled house.

Agriculture crisis causes cocoa price spike

Throughout 2024, natural gas prices rose by more than 40% in both the U.S. and Europe, driven by a mix of rising demand and tight supply. Meanwhile, gold and silver also saw prices climb around 30%. But all of these commodities pale in comparison to cocoa, which is starting 2025 with prices 150% higher than at New Year 2024. This comes as a result of worsening drought conditions across West Africa, combined with a virus affecting cocoa plants specifically. In addition to making sweets costs more, the cocoa crisis is putting the squeeze on chocolate manufacturers' margins.

Threats of U.S. tariffs and domestic political turnover cool European markets

In Europe, political turnover continued to drive uncertainty, this time as France's President Emmanual Macron installed his nation's fourth prime minister in a year. Meanwhile in Germany, Finance Minister Christian Lindner has been fired and domestic manufacturing suffers. Volkswagen, for the first time in the company's history, is threatening to close manufacturing facilities. The eurozone also waits with uncertainty the incoming U.S. administration and its threats of import tariffs and the risk of a protracted trade war.

The bottom line

For the second year in a row, equity markets demonstrated powerful though uneven growth and the U.S. economy remained resilient, despite some dents in the armor. The corporate earnings outlook remains healthy, and while still above target levels, inflation has declined – even if in fits and starts. There are clearly perceivable risks – inflation, consumer spending, investor confidence, international trade – but at the end of 2024, the outlook for 2025 is positive.

I remain committed to the pursuit of your financial goals and thank you for your continued trust in my guidance and look forward to the exciting opportunities the new year will bring. If you have any questions about this report, or need help with anything at all, please don't hesitate to reach out.

Sincerely,

Danielle Valle

Financial Advisor / Branch Manager

Tech nostalgia: In with the old

TECHNOLOGY & INNOVATION

What inspires the recent appeal of obsolete technology.

Everything old is new again – even the dusty tech in your junk drawer. Millennials and Gen Zers are resurrecting vintage technology, and not just for the novelty kick. Tech nostalgia can save consumers money, or help them unplug. The trend reflects a simple truth: Newer isn't always better.

Though popular, e-books offer a clear demonstration of what so much new technology lacks – a sensory experience. The smell of an old book and the sound of a turning page largely explain why print books still dominate the market. Retro junkies seek tech that delivers a physical encounter. And with physical connection so often replaced by virtual connection today, it's easy to understand a desire to turn back time.

Let's talk about some of the reasons tech nostalgia is in – and why old tech might be here to stay.

Money, money, money

Tangle-prone or not, wired headphones have upsides. Losing old-school headphones won't ding your wallet as badly as losing their wireless counterparts – and wires are more difficult to lose in the first place. Flip phones are another popular retro tech product with a consumer-friendly price tag. Why buy the latest iPhone – which will be outdated soon enough – when you could opt for a fun, funky and cheaper flip phone and sock away the difference for a vacation?

Quality counts!

Vinyl records aren't as affordable – or as mobile – as Spotify, and you can't play a record in your car. And yet, vinyl sales now outpace CD sales. Besides offering retro-appeal, vinyl records sound better than their digital descendants, according to vinyl enthusiasts. Records capture all analog waves in the original performance, which digital music can't do, making vinyl more faithful to the original studio performance. And for those who appreciate the romance of clicks, pops and white noise, digital music simply can't compete.

Memory lane is good for the brain

According to Psychology Today, the affection for retro devices is "inextricably linked to the simpler times they belong to." Between artificial intelligence and automation, you might think times would be simpler now, but it seems the opposite is true. "Doom-scrolling" and nonstop news alerts can be bad for mental and physical health. Old tech can take us back, and calm us down.

Repurposing the past

Some trending tech is more vintage-inspired than vintage. Phones with foldable screens are both old and new. With smartphone capabilities but the pocketable size of flip phones, models like the Samsung Galaxy Z Flip 4 are experiencing a surge in popularity. Motorola has also entered the foldable screen game, hinting at a growing market for new tech with an old vibe.
From e-learning to remote work, online shopping to contact-free delivery, much of the face-to-face interaction we need in order to feel connected has been stripped from our day-to-day. There's wisdom in a yen for vinyl records and Polaroid cameras. Unlike their digital alternatives, these items offer something tangible to collect, to hold, to share. Over time, a beloved book or photo becomes an heirloom, something to pass down to children and grandchildren. And so it goes.

Sources: harpersbazaar.com.au; psychologytoday.com; thehustle.co; digitaltrends.com; wsj.com; theguardian.com; cnn.com; sciencefocus.com

2025 investing outlook

MARKETS & INVESTING

January 02, 2025

The year ahead may present challenges as markets and the economy look to maintain momentum.
With markets setting new records and the economy growing at a healthy pace, the question arises: Can 2024's positive momentum continue into 2025? Raymond James Chief Investment Officer Larry Adam shares 10 key themes to watch in the coming year. He anticipates challenges and volatility spikes, requiring careful portfolio decisions, but believes that the momentum will ultimately continue.

Too much optimism?

Consumer, business and investor confidence all saw boosts following the 2024 election. Donald Trump's second term is expected to introduce policies related to taxes and tariffs that may pose new risks and stir up debates in Congress. For equity investors – and for the Fed if it's unable to cut interest rates further if inflation rises – there's little room for error regarding economic and earnings disappointments.

Economic growth to continue, but at a moderated pace

A resilient consumer, steady job growth, fiscal spending from programs like the Inflation Reduction Act and the CHIPs Act, and continued investment in transformative areas like artificial intelligence, all support a fifth consecutive year of economic growth.

Monetary policy: Focus less on the number of Fed rate cuts and more on the result

As the Fed works toward containing inflation and supporting a healthy labor market, tariffs could serve as a wildcard, although those risks are believed to be overstated. While the Fed is anticipated to cut rates twice in 2025, the focus should be less on the number of cuts and more on their results, looking for a continuation of expansion. Fewer rate cuts should help to support fixed income, as cash yields should average north of 4% throughout 2025.

Look for the yield curve to steepen

As the Fed prepared to cut interest rates for the first time in 2024, the expectation was that yields would follow historical trends and move lower after the rate cut was announced. That didn't happen, and for 2025, continued Fed easing is likely to take the short-term rate lower and steepen the yield curve. Longer-term interest rates are poised to be range-bound for much of the year and end up at a level close to where they are today, with the 2025 year-end 10-year Treasury yield expected to be 4.50%.

Dial back equity market expectations

For the first time since the late 1990s, the S&P 500 posted consecutive annual returns of more than 20%. While the fundamentals of the market are healthy – a strong economy, positive earnings growth and robust corporate activity – equity market expectations need to be dialed back in the upcoming year due to high valuations and potential complacency. Stock prices are expected to rise more slowly as company earnings grow faster, helping earnings catch up to current prices. The S&P 500 is predicted to reach 6,375 by the end of 2025, with a price-to-earnings ratio of 23-24 times and earnings per share of $270.

Mid-cap stocks poised to have their moment

Large-cap stocks have dominated the last two years, and small-cap stocks garnered attention in late 2024 as beneficiaries of aggressive Fed rate cut expectations. In 2025, mid-cap stocks, with their balanced approach, might be positioned to outperform. With 76% of their revenues coming from the US, mid-cap stocks are somewhat insulated from tariff exposure and are expected to see strong earnings growth, around 13% in 2025, with attractive valuations, which could be the desired equity market sweet spot.

Three sectors to watch in 2025

Investors should follow long-term macro themes and focus on sectors with the best earnings potential. Here's what's favorable about technology, industrials, and health care:

- **Technology**: AI enthusiasm, constant innovation, and strong corporate investment.
- **Industrials**: Benefit from continued government spending, reindustrialization of the US, AI buildout, and re-electrification of the power system.
- **Health care**: Hidden potential with attractive valuations that don't appear to match the earnings power driven by increasing healthcare needs supported by demographic trends.

US to remain on top of global equities, but keep an eye on Japan

The US is likely to once again be the top performer in the global equity market, driven by superior economic growth, higher earnings growth, more dynamic leadership and exposure to preferred sectors like technology, industrials and health care. Japan ranks just behind the US, benefiting from an improved economy and a shift away from deflation, and should gain if global growth stabilizes in 2025.

Next stage of the bull market to present tougher challenges for investors

The market gains of the past two years will be harder to come by in 2025, and stretched valuations are likely to generate more volatility and muted returns, pushing fundamentals to the forefront. Investors are cautioned against taking on excessive risk across asset classes, as higher beta asset classes without a solid fundamental backdrop will likely face difficulties. In a shifting policy landscape, 2025 will likely be a year where active management – especially in commodities, emerging markets and small-caps – proves its worth.

Important asset allocation reminders

Amidst the uncertainty of the coming year, it's important to remember the goal of investing: to build wealth. America's wealth has grown to record highs. Consult with your financial advisor first. Your advisor is the professional you can rely on to answer your questions and provide confidence when faced with pressure-panicked headlines.

Stay focused and committed.

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Check out our website **raymondjames.com/daniellevalleau**, where Client Access, The Water Street Journal, market and investment updates are all some of the resources at your fingertips.

Just more ways we can stay in touch!

Smarty pants and ugly sweaters: A night of trivia and tacky threads

December brought festive cheer, friendly competition, and a whole lot of creativity to the Whiskey Kitchen, in Augusta, as we hosted our first Ugly Sweater Trivia Night!

The room was filled with laughter and holiday spirit as attendees sported their wackiest ugly sweaters. From light-up designs to homemade masterpieces, the sweaters were as fun and creative as the trivia answers.

We had the pleasure of welcoming Ryan McCarthy, from Columbia Threadneedle, to provide our clients with an insightful financial market update. Ryan did a fantastic job breaking down the complex market trends and sharing his expertise, keeping everyone engaged. We are grateful for his time and valuable insights.

The trivia itself was a blast, with teams showcasing not only their holiday knowledge but also their quick thinking and clever responses. The energy in the room was infectious, and we loved seeing everyone come together to celebrate the season in such a fun and festive way.

A big thank you to everyone who joined us and made the night such a success. Your enthusiasm and holiday spirit were the true stars of the evening!
We can’t wait to host more events like this in the future, so stay tuned for updates. Until then, may your sweaters be cozy, and your New Year be bright!






Financial resolutions for 2025

RETIREMENT & LONGEVITY

Start the new year right by reviewing and revamping your financial plan.

Instead of hauling out those familiar New Year's resolutions about keeping a journal or drinking more water, how about focusing on your financial well-being? Here's a set of resolutions that can help ensure your long-term financial confidence.

Update your beneficiaries

If you don't correctly document your beneficiary designations, who gets what may be determined by federal or state law, or by the default plan document used in your retirement accounts. When did you last update your designations? Have life changes (divorce, remarriage, births, deaths, state of residence) occurred since then?

Update your beneficiary listings on wills, life insurance, annuities, IRAs, 401(k)s, qualified plans and anything else that'd affect your heirs. If you've named a trust, have any relevant tax laws changed? Have you provided for the possibility that your primary beneficiary may die before you? Does your plan address the simultaneous death of you and your spouse? An estate attorney can help walk you through these various scenarios.

Create flexible liquidity

Cash has inflation and opportunity tradeoffs, but a lack of access can cause greater problems if you find yourself needing to draw from your investments. Finding a balance in line with your life and goals is important to avoid disrupting your long-term plans.

The right liquidity strategy will be different for every investor and could incorporate cash reserves, cash alternatives, highly liquid securities, lines of credit, margin loans or even structured lending. Multiple institutions and account owners can be used to hold more than $250,000 with FDIC guarantees.

Evaluate your retirement progress

What changes are needed given your current lifestyle and the market environment? Don't fixate solely on your assets' value – instead, drill down into what types of securities you hold, your expected cash flows, your contingency plans, your assumed rate of return, inflation rates and how long you're planning for. Retirement plans have many moving parts that must be monitored on an ongoing basis.

Review your account titling

Haphazard account titling can create problems down the line. If one partner dies and an account is titled only in their name, those assets can't be readily accessed by the survivor. The solution may be creating joint accounts, but it's not always that simple. Titling has implications across a range of estate planning issues, as well as other situations such as Medicaid eligibility and borrowing power, too.

Develop a charitable strategy

Giving comes from the heart, but you can also do well when doing good. For example, consider whether or not it'd make sense to donate low-basis stocks in lieu of cash, or learn about establishing a donor advised fund to take an upfront deduction for contributions made over the next several years. Give, but do so with an eye toward reducing your tax liability.

Spark a family conversation

Sustaining the benefits of wealth for generations is nearly impossible without a mutual understanding among family members. Consider creating a family mission statement that outlines the shared vision for your wealth and legacy. This should include nonfinancial topics, too, like your values, expectations and important life lessons.

Digitize your record keeping

You likely receive emails, letters reports and updates from multiple accounts. Consider going paperless and centralizing important files in one place to reduce frustration and ensure easy access when needed. Your advisor may have access to secure storage tools that can help.

Invest with your values

Your portfolio should reflect what matters to you – and that can mean anything from avoiding particular industries to actively pursuing an ESG (environmental, social and governance) investing approach. So whether you want to promote the transition to clean energy, advocate for diversity and inclusion in the workplace, or support companies with strong data privacy practices, your portfolio can be tailored to reflect those priorities.

Check in with your advisor

Your advisor can offer specialized tools, impartiality and experience earned by dealing with many market cycles and client situations. Communicate openly about what's happening in your life today and what may happen in the future. It's difficult to manage what they aren't aware of, so err on the side of over-communicating and establish a regular check-in schedule for the year ahead.

These suggestions are a helpful starting point, but no two long-term plans are identical – so reach out to your advisor for more specific guidance about progressing toward your goals in 2025.

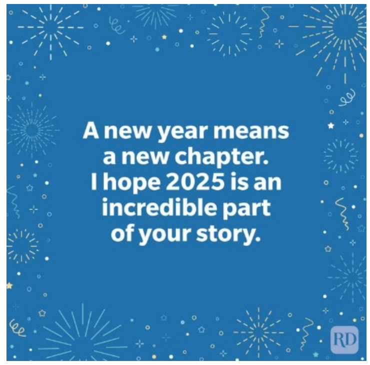
Investing involves risk, and you may incur a profit or loss regardless of the strategy selected. Not all investments or strategies mentioned are suitable for all investors.

Donors are urged to consult their attorneys, accountants or tax advisors with respect to questions relating to the deductibility of various types of contributions to a donor advised fund for federal and state tax purposes.

To learn more about the potential risks and benefits of donor advised funds, please contact your advisor.

Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.

If you are already a client and your financial situation, risk tolerance, or goals and objectives have changed, please give us a call.



We are grateful for you, enjoy the rest of the kickoff to 2025.

Danielle, Annette & Michelle

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