

MFS QUARTERLY

WINTER 2025

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CHAD, CONNIE, & DAWN



MFS GIVES BACK
CALIFORNIA FIRES



MFS SPOTLIGHT
2025 INVESTING THEMES

SOUTHERN SPICED TEA

Make this tea to warm you this winter.

black tea—8 tea bags
4 cups boiling water
1/2 cup water
3/4 cup sugar

6 whole cloves
1 cinnamon stick

1/4 cup fresh orange juice, strained
1/2 cup fresh lemon juice, strained

In heat-proof container, pour boiling water over tea and let steep. Add 1/2 cup water, sugar, cloves, and cinnamon stick to a medium saucepan and bring to a boil; boil for 1 minute. Remove cloves and cinnamon stick; add orange juice and lemon juice. Remove tea bags and add tea to the saucepan. Serve warm with a slice of lemon or orange.



THINGS TO DO

2025 FINANCIAL RESOLUTIONS—FOCUS ON YOUR FINANCIAL WELL-BEING

- Organize for tax time: You should have most tax forms by early Feb. Organize those and any receipts you itemize, and put those in a dedicated spot so you'll be ready to file your tax return.
- Start the new year right by reviewing and renewing your financial plan. Check in with Chad for specialized tools and guidance based on his experience dealing with many market cycles and client situations. Communicate openly, and update us at least twice per year regarding such things as your 401(k) balance, income, assets, expenses, and liabilities, as well as life changes and inheritances, so we can update your portfolio.
- Update your beneficiaries on wills, life insurance, annuities, IRAs, 401(k)s, qualified plans, and anything else.
- Evaluate your retirement progress. Are changes needed based on your current lifestyle and the market environment? Retirement plans have many moving parts that need to be monitored on an ongoing basis.
- Spark a family conversation. Mutual understanding among family members is vital to sustain the benefits of wealth for generations. Talk with your loved ones about a shared vision for your wealth and legacy, values, expectations, and life lessons.
- Digitize your record-keeping. Go paperless and centralize important files in one place to ensure easy access when needed. Ask us about secure storage tools we can provide you at no cost to you.

DATES TO REMEMBER

- Feb 2: Groundhog Day.
- Feb 9: Super Bowl, scheduled to take place at the Caesars Superdome in New Orleans.
- Feb 14: Valentine's Day.
- Feb 15: Raymond James begins mailing 1099 tax forms.
- Feb 16: NBA All-Star Game. The Daytona 500.
- Feb 17: Washington's Birthday/Presidents Day. MFS office closed.
- Feb 28: Raymond James mails amended and delayed 1099s.
- Mar 4: Mardi Gras.
- Mar 5: Ash Wednesday.
- Mar 9: Daylight Savings Time begins. Move your clocks forward one hour.
- Mar 15: IRS deadline for mailing 1099s and amended 1099s.
- Mar 17: St. Patrick's Day.
- Mar 20: Vernal Equinox—Spring Begins. MFS Webinar—Market Outlook.
- Mar 27: Major League Baseball Opening Day.
- Mar 31: Last day of the Medicare Advantage Open Enrollment period.
- Apr 12: Passover begins at sundown.
- Apr 13: Palm Sunday.
- Apr 15: Tax Day. Deadline to file 2024 tax return and pay taxes or request an extension. Last day to contribute to Traditional and ROTH IRAs and HSAs for 2024. 2025 first quarter estimated tax payments due.
- Apr 18: Good Friday. Stock market closed.
- Apr 20: Easter Sunday.



MFS GIVES BACK—WINTER 2025

Mortenson Financial Services has made a generous donation to the Pasadena Educational Foundation Eaton Fire Response Fund. Donations support the Pasadena Unified School District community—students, staff, and families—during this crisis.



[Click here to donate](#)

If you have questions or would like to discuss these topics further, please call the office to set an appointment. If you have friends or family who might benefit from our services, please share our contact information, below.



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SPOTLIGHT

2025 INVESTING THEMES

Can 2024's positive momentum in the economy and financial markets continue into 2025? In many ways, that's the million dollar question!

Realistically Optimistic Consumer, business, and investor confidence surged following the 2024 election, and that exuberance is reflected in valuations. With uncertainties stemming from new administration's policy initiatives (like taxes and tariffs), and with equity markets perfectly priced, there is little room for error regarding economic and earnings disappointments, particularly if the Fed is unable to cut interest rates further should inflation rise. This will likely lead to higher volatility in 2025.

US Economic Expansion With a recession is no longer a threat, we now have resilient consumers, steady job growth, fiscal spending from legislation like the Inflation Reduction Act and the CHIPS Act, as well as continued investments in areas like AI. These positive factors should sustain growth in 2025, with the economy likely to achieve its fifth consecutive year of growth—2.4% in 2025.

Fed Rate Cuts Although the Fed is expected to cut rates twice in 2025, investors should focus more on the results the Fed achieves (such as continuing expansion and further disinflation). The potential inflationary impact of tariffs could alter the Fed's rate path, but cash yields north of 4% remain attractive for fixed income investors.

Steeper Yield Curve Short-term interest rates are anchored to Fed policy so as the Fed cuts rates two additional times in 2025, shorter-maturity yields will track policy rates lower leading to a steeper yield curve. Different cross-currents (i.e., growth, inflation, and deficit dynamics) will sway longer-maturity yields, but we expect the 10-year Treasury yield to remain range-bound in 2025.

Equity Performance Equity market fundamentals remain healthy, but we need to dial back expectations due to high valuations and potential investor complacency. Our 2025 S & P 500 target is 6,375.

Mid Caps Poised To Have Their Moment Large caps dominated over the last two years and small caps benefited from aggressive Fed rate cut expectations. Mid-caps may be the sweet spot in 2025, benefiting from solid earnings growth, attractive valuations, revenues insulated from tariffs, higher quality companies, and less exposure to floating rate debt.

Three Sectors To Watch In 2025 Our favored sectors stand head and shoulders above the rest with compelling long-term macro themes and the best earnings potential in 2025. The three sectors at the top of our list are: Technology, Industrials, and Health Care.

International Markets Remain Weaker US equities are likely to again be the top performer in the global equity market, driven by superior economic growth, higher earnings growth, more dynamic leadership, and greater exposure to preferred sectors. But keep an eye on Japan, which is benefiting from an improved economy and a shift away from deflation.

Next Stage Of Bull Market May Be More Challenging Market gains over the last few years will be hard to repeat in 2025. Investors will need to be discerning, focusing on quality and fundamentals as the third year of a bull market should bring more volatility and muted returns. Given the shifting landscape, active management should prove its worth.

Importance Of Asset Allocation In a year of elevated uncertainties, the importance of asset allocation and a diversified portfolio cannot be overstated, particularly as net worth has soared to record highs. Having a clear strategy, sticking with a long-term approach, and building a balanced and resilient portfolio will help grow your wealth and ride out any volatility that comes along the way.



You're invited to our next Webinar
Market Update

Thursday, March 20, at 1:00 PM

Join us for this relevant update on the current stock market.

Watch for your emailed invitation.



MORTENSON FINANCIAL SERVICES' mission is to empower individuals and businesses with comprehensive financial planning solutions that help pave the way to financial well-being and prosperous futures. We're dedicated to the highest quality client service delivered with professionalism and warmth, and we're passionate about partnering for the long-term with clients to tailor financial solutions that make a valuable difference in their lives. Whatever your priorities are, we're your partner with the expertise, advice, guidance, and support to empower you throughout and beyond your lifetime to plan for the future you want, decide how you'll care for your loved ones, and determine the way you choose to give back and the legacy you'll leave.



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