Roundtable™ *Quarterly Commentary*

Quarter Four | 2024

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Markets Gain Post-Election Confidence

Looking back on the fourth quarter of 2024, the conclusive outcome of the presidential election—regardless of one's political preferences—provided clarity which boosted market confidence. The clear result removed an overhang for markets and allowed investors to focus more on economic fundamentals and growth prospects. This confidence was reflected in both higher valuations and positive market performance throughout the fourth quarter, including the Nasdaq topping the 20,000 mark in mid-December for the first time ever.

Optimism and Economic Growth

The U.S. labor market remains strong despite obstacles such as international tensions, extreme weather events, and labor strikes. Although the unemployment rate has increased from 2023's multi-decade low of 3.4% to 4.2%, the labor market has shown resiliency across sectors and continues to support economic growth and investor confidence.

Continued optimism around fourth quarter GDP and positive economic projections ushered in a fairly strong finish to 2024. The U.S. economy was expected to grow over 3% annualized in the fourth quarter according to the popular GDPNow forecast, driven by consumer spending, business investment, and easing inflation. This positive outlook further bolstered overall economic sentiment. The combination of robust consumer activity and business investments painted a promising picture for the economy's trajectory.

A combination of political stability, resilient labor markets, and healthy earnings reports set a positive tone. Corporations are reporting strong profits, which could drive increased hiring and capital investments. While the economic outlook remains positive, with expectations of continued growth and easing inflation, aggressive interest rate cuts may not be needed as the Federal Reserve telegraphed a shallower path of interest rate cuts after reducing rates by 1.0% since September.

Looking Ahead to 2025

As we move into 2025, key areas to watch include potential policy changes under the new administration, ongoing geopolitical tensions, and the Fed's monetary policy adjustments. Potentially increased fiscal austerity along with geopolitical risks could introduce more volatility. Some investors are holding expectations that the incoming administration's calls for lower taxes and deregulation will continue to boost the economy and markets in the near term. By staying invested for the long term with a comprehensive wealth planning framework, investors can position themselves to be prepared for inevitable market fluctuations and to navigate the challenges and opportunities that 2025 may bring.

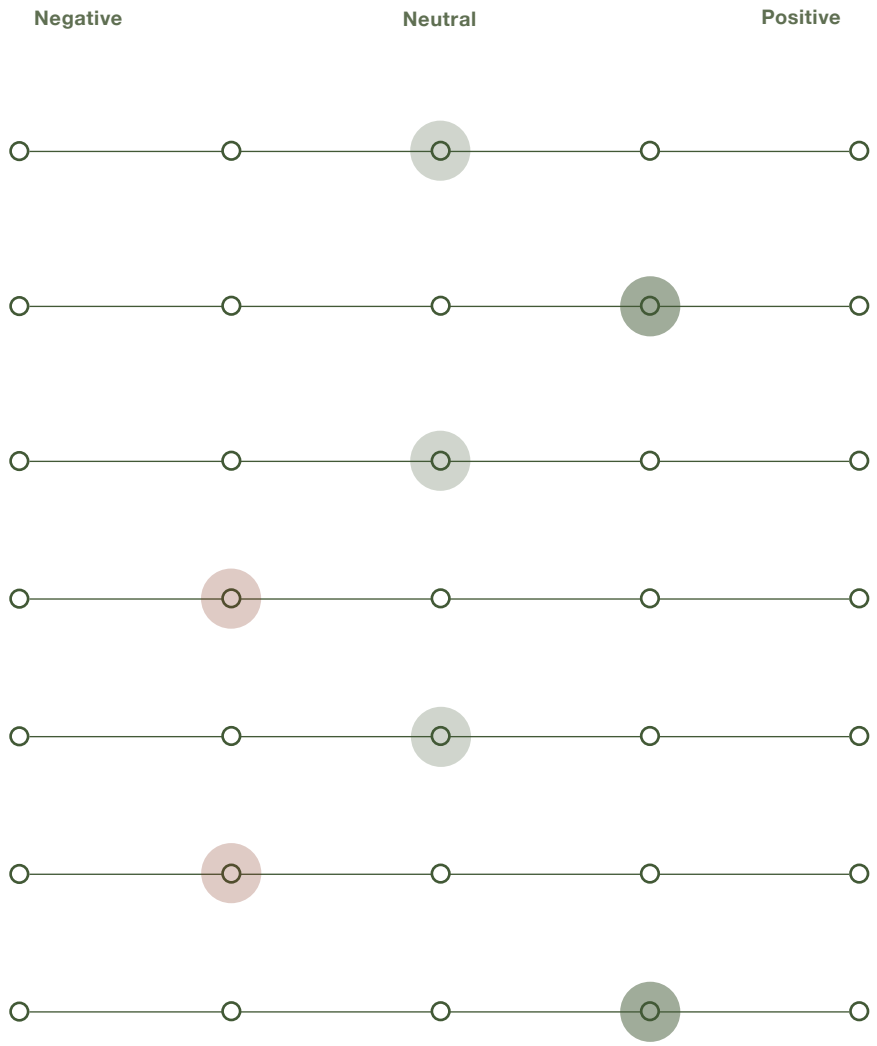
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7 Market Movers

Our Investment Management team believes that markets are generally driven by seven elements. We explore these “7 Market Movers” each quarter and explain how we see each of them influencing market activity.



Global Economic Growth

Despite potential changes to trade policies, global GDP growth in 2025 is expected to maintain a positive trajectory with growth near 2.6%.

Interest Rates

Yields on shorter-dated treasuries adjusted lower as the Fed cut rates, while yields on longer-dated bonds increased slightly to reflect higher economic growth and elevated inflation.

Inflation

Consumer spending has remained healthy, keeping inflation rates above the Fed’s 2% target, and potential trade policy changes may impact inflation in 2025.

Fiscal Policy

Following the U.S. presidential election, we expect changes to trade policies, regulation and taxes to impact economic growth in 2025.

Monetary Policy

The Fed has cut interest rates by 1.0% since September, but signaled a shift towards a more gradual pace of cuts.

Global Macro Risk

Regional conflicts and global trade policy divergences are expected to remain an area of concern, with implications for global growth and asset prices.

Investor Confidence

After a second year of strong returns in equity markets, investor confidence and valuations are elevated, raising the bar for expected returns in 2025.