

1/13/2025

To Our Clients, Friends, and Family,

Happy New Year! 2024 turned out to be an exceptional year for investment returns. We benefited greatly from our exposure to numerous AI investments, as well as industry leaders across multiple sectors that have thrived despite a higher interest rate environment. We are excited to build on that strength as we head into the new year.

We remain focused on identifying compelling new investment opportunities, seeking portfolio resilience through greater income and diversification, as well as navigating the potential impacts of the recent global election cycle. In short, we are planning for growth but are prepared for volatility.

At the turn of the year, most major financial institutions and economic thought leaders publish their outlook for the year ahead. We have access to many of these reports and part of our research process involves a “survey of the field” as we develop our own opinions and prognostications for the year ahead. After many hours studying dozens of 2025 Outlook reports from the most prominent financial firms, we thought it would be helpful to share some of the highlights with you. Our goal is to provide perspective on the variety of viewpoints and potential opportunities that lie ahead. We hope you find it informative.

2025 Outlook excerpts:

[Wells Fargo Investment Institute 2025 Outlook: Charting the economy's next chapter](#)

“We view postelection clarity, economic policy, and early-year disinflation as catalysts for stronger and more balanced growth across U.S. economic segments in 2025. Business and consumer confidence are reviving while election-related uncertainties fade.”

[Goldman Sachs 2025 Outlook](#)

“The U.S. has a valuation at its 20-year peak, and this remains true even if we exclude the largest technology companies.”

[Macquarie Asset Management Outlook | Macquarie Group](#)

“Equity market valuations are not cheap, and the US market seems particularly stretched in certain sectors. Historically, high valuation starting points have led to lower forward-looking returns... However, compared with other bull markets over the past 75 years, the current one looks neither particularly long nor particularly strong, at least not yet. While valuations warrant some caution, the arguments are balanced by a solid economic underpinning and the potential for the bull market to mature.”

[State Street 2025 ETF Market Outlook | SSGA SPDR ETFs](#)

“We acknowledge the downside risk to global growth driven by potential trade conflicts, and higher inflation due to increased tariffs could complicate the Fed policy decisions. But corporate

and individual tax cuts, along with less regulation, should support business investment and consumer spending.”

Solving for 2025 | Neuberger Berman

“Equities: The market opportunity is more than seven stocks. The stage is set for broadening equity market performance. Deregulation, business-friendly policies, moderating inflation and lower rates may allow a broadening of earnings growth and price performance. At the same time, mega-cap technology growth rates are likely to decelerate and normalize as capital expenditure ramps up. Value and small-cap stocks, and sectors such as financials and industrials, could begin to catch up with mega-cap technology. Non-U.S. markets could perform more strongly on higher global growth and lower commodity prices. Relative valuations, as well as fundamentals, should provide support for this theme”.

Market Outlook 2025: Building on Strength | J.P. Morgan Private Bank U.S.

“We believe 2025 will be the year of the global easing cycle. Falling policy rates will support trend-like economic growth in the United States and the Eurozone, but not boost demand so much that it reignites inflation. In China, policymakers seem set on ensuring that growth stabilizes, especially in response to the increased likelihood of higher U.S. tariff rates.

AI: Boom or bust: Adoption of AI could falter, of course. Regulation could stifle innovation. Energy sourcing could prove onerous. And the models could run out of the data they use to train. But our analysis—looking past the hype and drawing on the lessons of history—tells us that AI offers significant investment opportunity. We see the potential for a clear bull case for the global economy and equity markets next year and beyond.

Automation & robotics: Eventually, robots (humanoid and otherwise) may become a part of our daily lives. Waymo is already providing more than 100,000 autonomous taxi rides per week. Healthcare and defense are two other areas where robotics will become more prevalent.

A key conclusion of our outlook is the need for investors to place greater emphasis on portfolio construction. During times of soaring markets, it is easy to lose sight of the importance of proper risk management. As we transition to new sources of return and risk, investors are reminded of the importance of balance and diversification in their portfolios.”

2025 Global Investment Outlook | Franklin Templeton

“Artificial Intelligence: At least one of our five themes ought to be a cautionary one. AI has been the ‘new-new’ thing for the past decade. It has already spawned great companies and great wealth. But extrapolation, particularly from extreme levels of enthusiasm, can be a dangerous thing. The answer, therefore, is not to belatedly jump on the existing AI bandwagon. Rather, investors would be well advised to consider an active approach to discovering the companies most likely to transform business models while applying artificial intelligence. In our view, AI—if it is truly revolutionary—will reward investors beyond those who invested in computer chips. The next stage of returns likely resides in those industries that intelligently apply AI to their production, product development and client experience.”

[TCW 2025 Thematic Outlook](#)

“Be Proactive, not Reactive. The rise of the Magnificent 7 may lead investors to believe they are well positioned to benefit from thematic growth, but is that really true? In fact, the data tell us otherwise.

- *Investors are too tethered to indices, leaving them underexposed to the leaders of once-in-a-generation economic transformations such as the energy transition, supply chain reshoring, and artificial intelligence.*
- *We believe the current market environment is advantageous for skilled concentrated active managers that can navigate dynamics including the higher dispersion we expect going forward.”*

[Prentis Wealth Management Group](#)

We are sticking to our discipline. While we respect and consider the myriad outlooks above, we recognize that the ability of Wall Street pundits to predict the future is inconsistent, at best. Remember that in the Fall of 2023 most economists were calling for a recession. Instead, we had a strong economy and fabulous year.

We are encouraged by the strong economy and low unemployment combined with the productivity growth expected as our portfolio companies benefit from the adoption of artificial intelligence and projected government deregulation. Meanwhile, we are monitoring the relentless increase in government debt and the policy uncertainty that the new administration poses.

In our view, now is a time for prudence. Our mindset is to rebalance portfolios now so that equity allocations are in line with long term targets. We are reviewing concentration in past winners and, when appropriate, trimming positions. The recent increase in interest rates is a headwind for equity valuations but a potential benefit as we put our fixed income allocation to work.

Our goal is to be positioned to take advantage of buying opportunities that may present themselves in both equity and fixed income markets in the year ahead.

A Thank You to Our Team and Clients:

We are proud to once again be recognized in the **2025 Forbes Best-in-State Wealth Management Teams Ranking***. This honor reflects the dedication of our team and the trust of clients like you.

As always, we are here for you. Please do not hesitate to reach out with questions, concerns, or to schedule a portfolio review.

Wishing you and your family a healthy, prosperous, and joyful 2025.

Warm regards,

Peter, Mike, Andrew, Joe, Edita, and Carl

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*2025 Forbes Best-in-State Wealth Management Teams: Awarded January 2025; Data compiled by SHOOK Research LLC based on the time period from 3/31/23 - 3/31/24 (Source: Forbes.com). The Forbes Best-in-State Wealth Management Teams rating algorithm is based on the previous year's industry experience, interviews, compliance records, assets under management, revenue and other criteria by SHOOK Research, LLC. Investment performance is not a criterion. Self-completed survey was used for rating. This rating is not related to the quality of the investment advice and based solely on the disclosed criteria. 11,674 wealth management teams were considered for the rating; 5,331 (45.66% percent of candidates) were named 2025 Forbes Best-in-State Wealth Management Teams.

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