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Specialized Asset
Management

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UNDERSTANDABLE. COMPREHENSIVE. TAX EFFICIENT. RISK MANAGED.

Presented by:

The Boh Heppe Group

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Portfolio Manager

January 2025

Another Strong Year for the S&P 500

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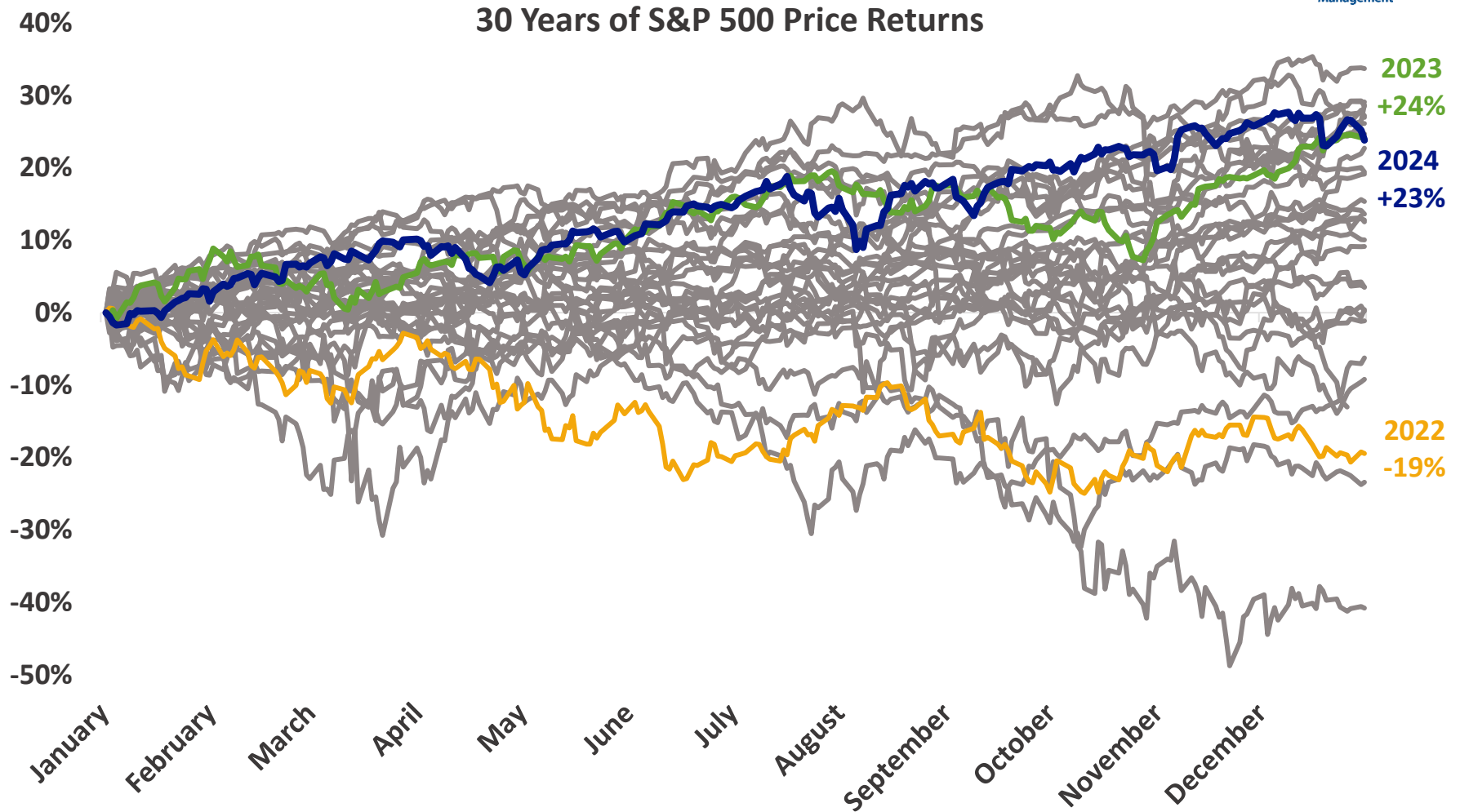


Source: FactSet
Performance is measured in price return (excluding dividend payments).

Back-to-Back Years of Robust Returns for the S&P 500

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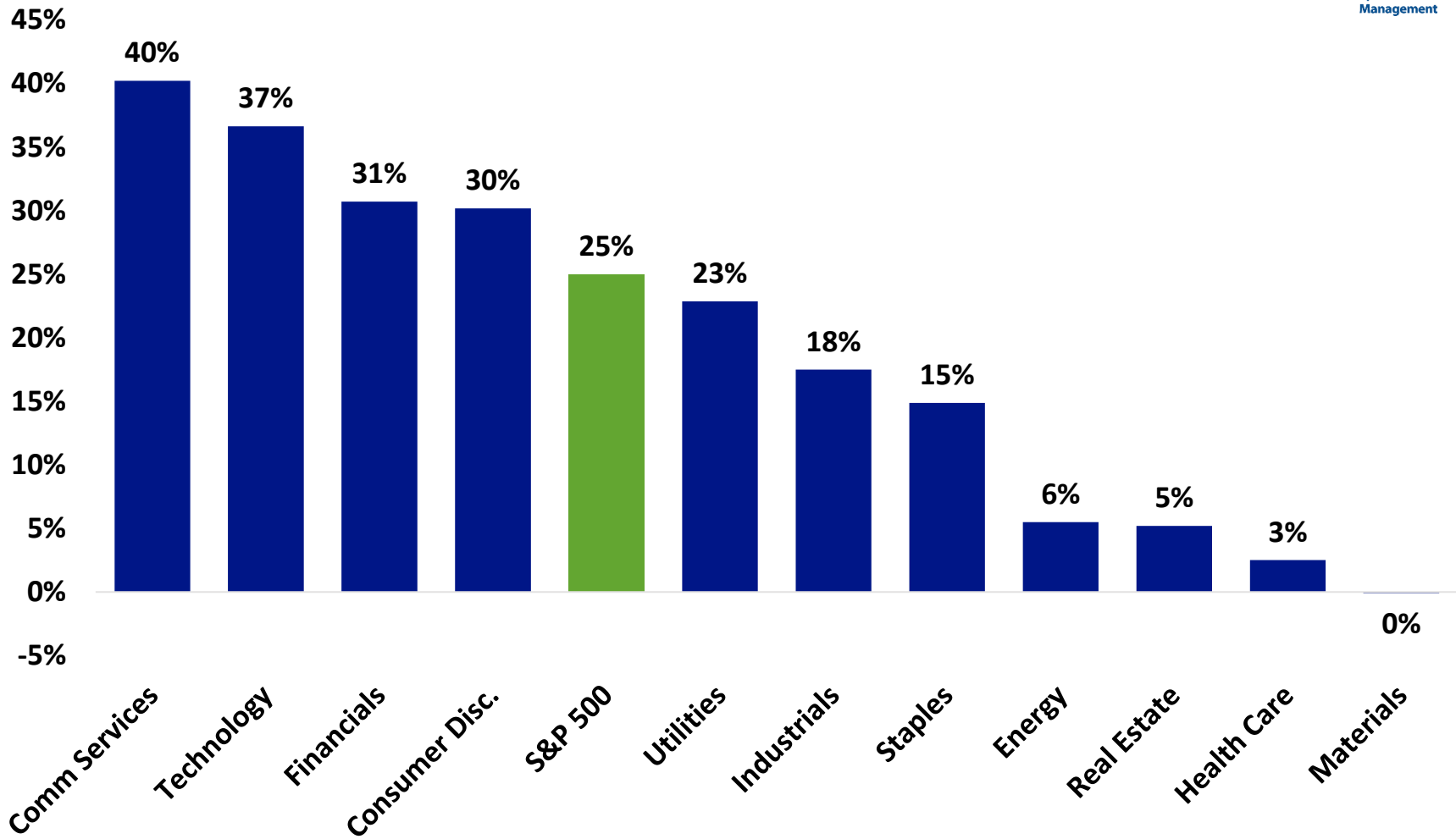
Source: FactSet

Performance is measured in annual price return (excluding dividend payments) from 1994 to 2024.

Comm Services & Tech Led Sector Performance in 2024



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Source: FactSet

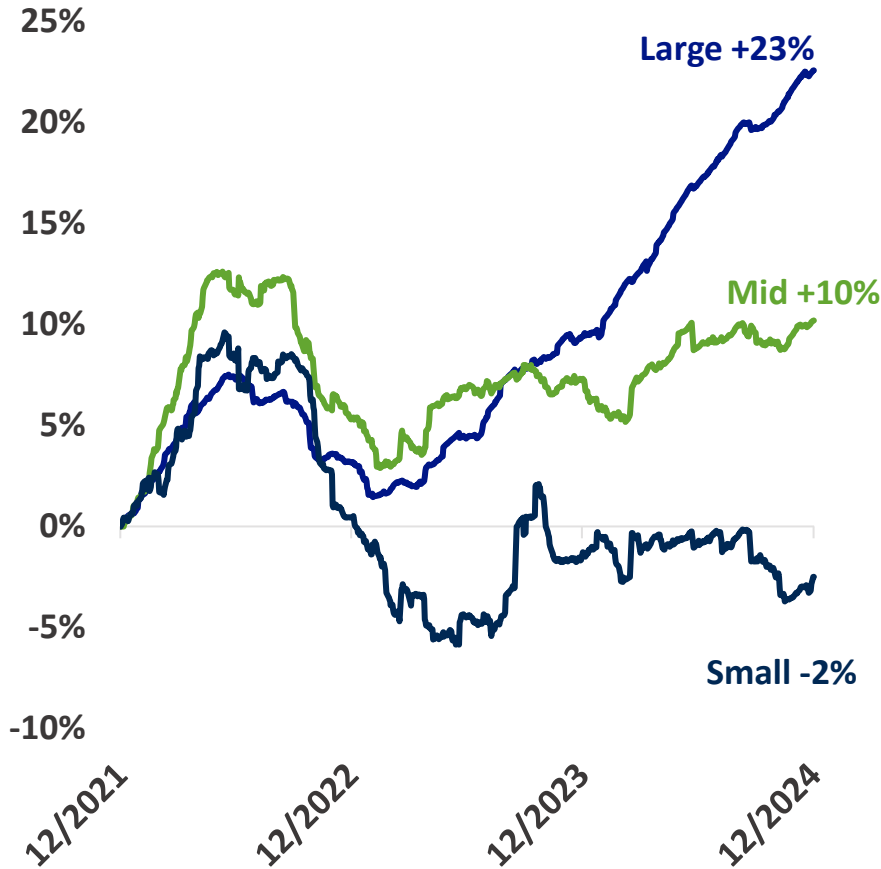
Performance is measured in total return (including dividend payments).

Fundamentals Have Historically Driven Returns

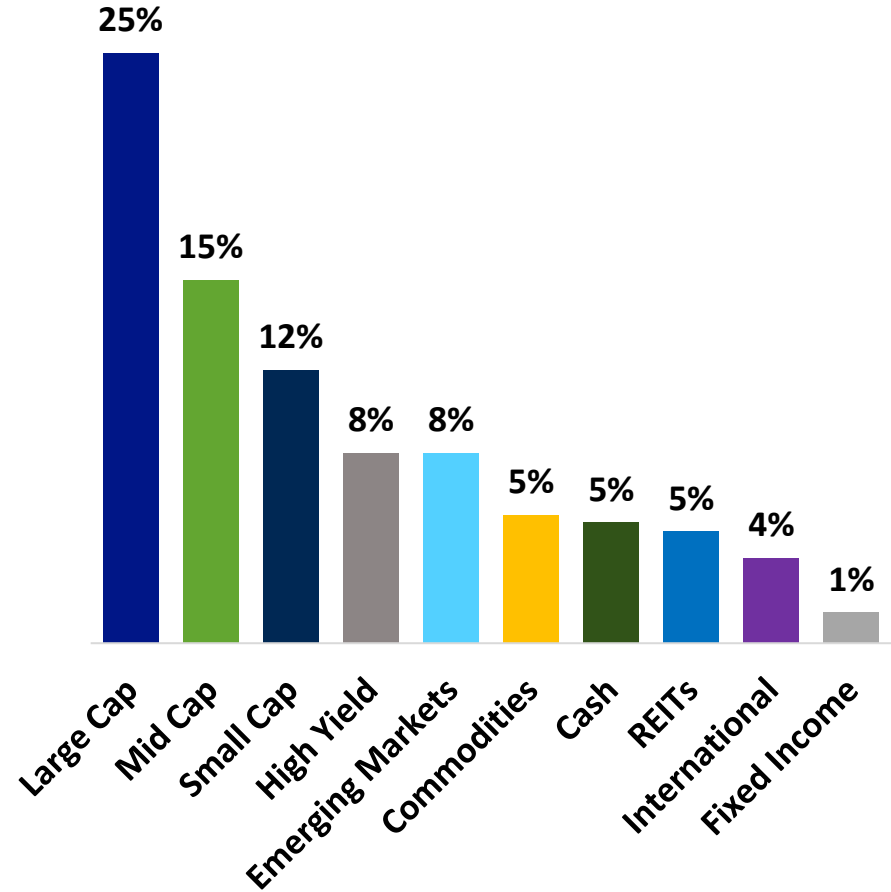


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3-Year EPS Growth



2024 Returns



Source: FactSet, Piper Sandler Macro

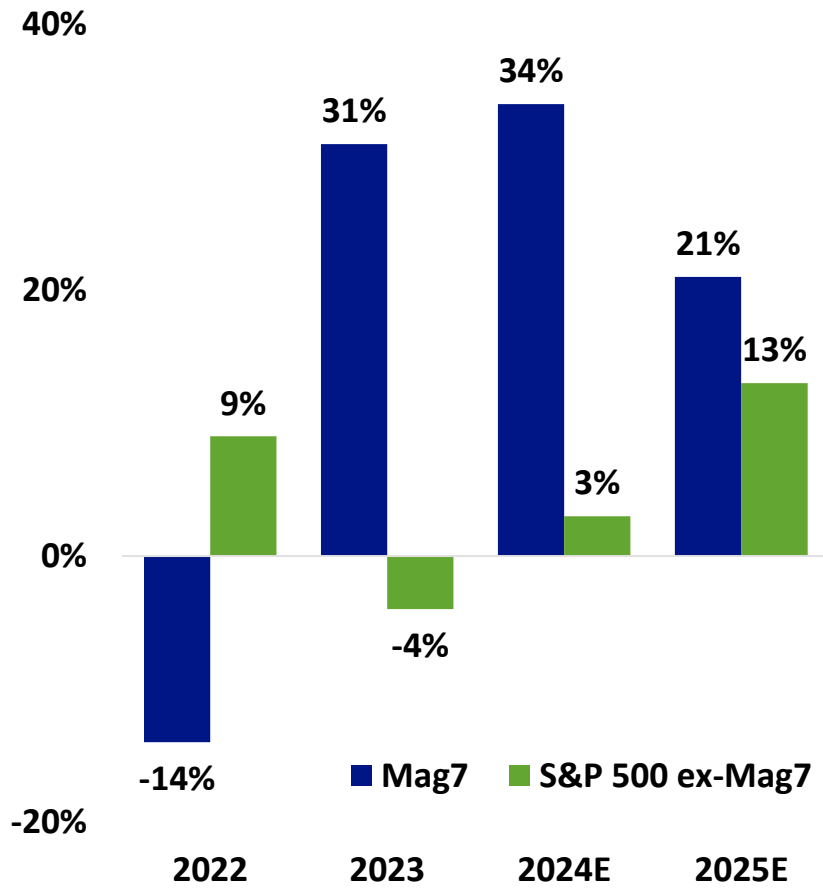
Large Cap: S&P 500, Mid Cap: Russell Mid Cap, Small Cap: Russell 2000, Emerging Market: MSCI EM, International: MSCI EAFE, Commodity: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg US Aggregate (Agg), REITs: DJ Composite All REIT, Cash: Bloomberg 1-3m Treasury. YTD total return (including dividends and coupons) from 12/31/23 to 12/31/24. Left graph shows the cumulative next-twelve-months estimated EPS (earnings per share) growth by company size. Large Cap references the S&P 500, Mid Cap references the S&P Mid Cap 400, and Small Cap references the S&P Small Cap 600.

Earnings Contribution Expected to Expand in 2025

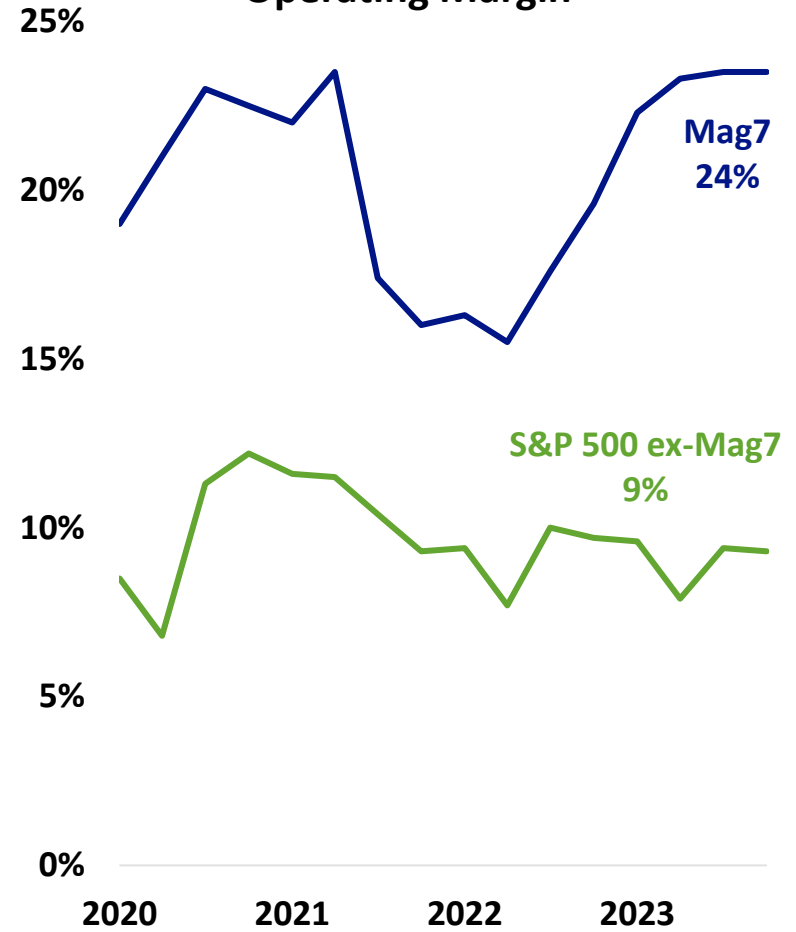


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Earnings Growth



Operating Margin



Source: JPM Asset Management

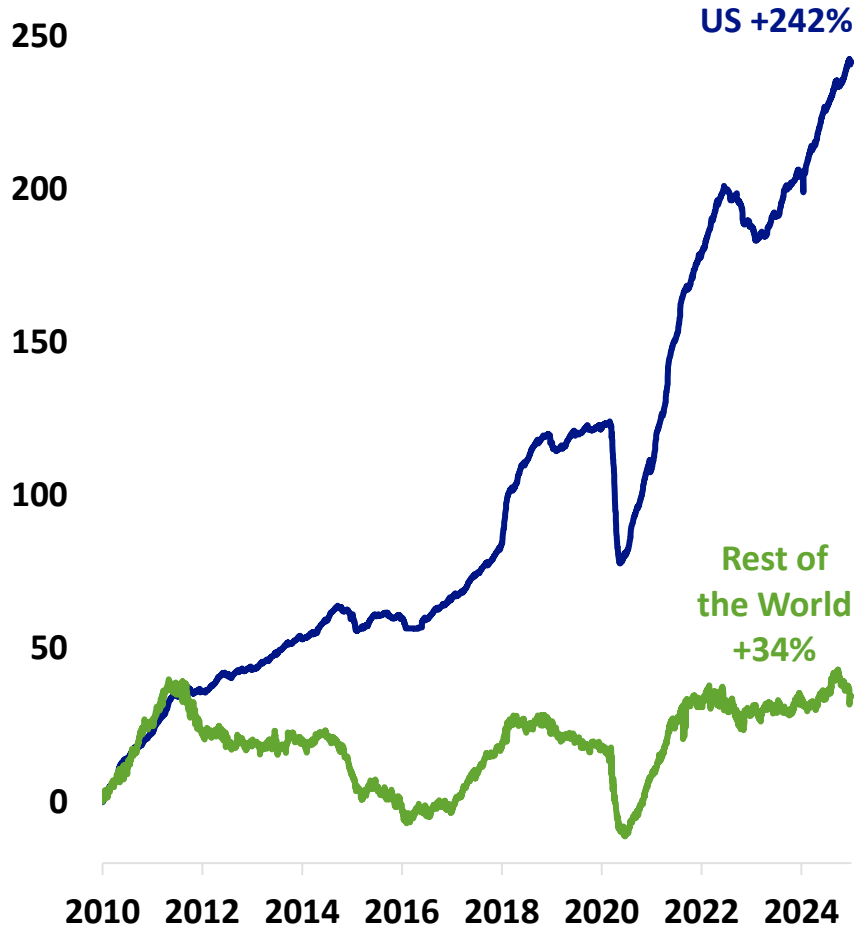
Next-twelve months earnings per share estimates. Operating Margin calculated as operating profit as a percentage of revenue. The Magnificent 7 are 7 of the largest constituents of the S&P 500: Apple (AAPL), Microsoft (MSFT), Alphabet (GOOGL), Amazon (AMZN), Nvidia (NVDA), Meta Platforms (META), and Tesla (TSLA).

US Earnings Have Dramatically Outperformed International

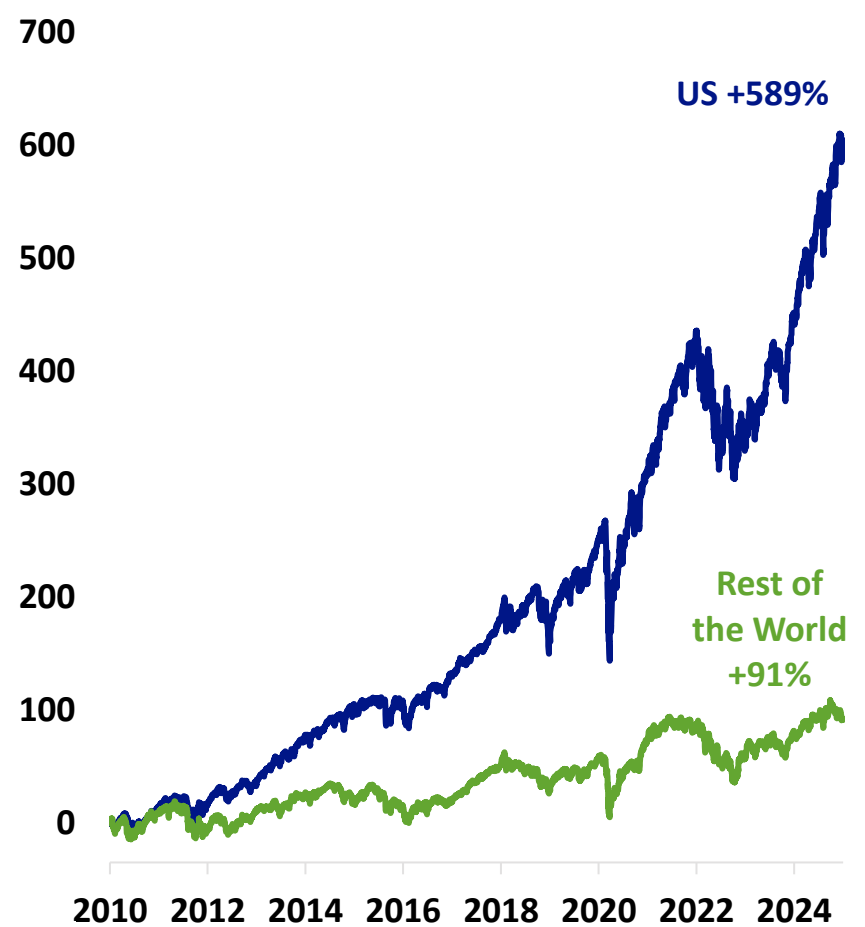


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Earnings



Total Return

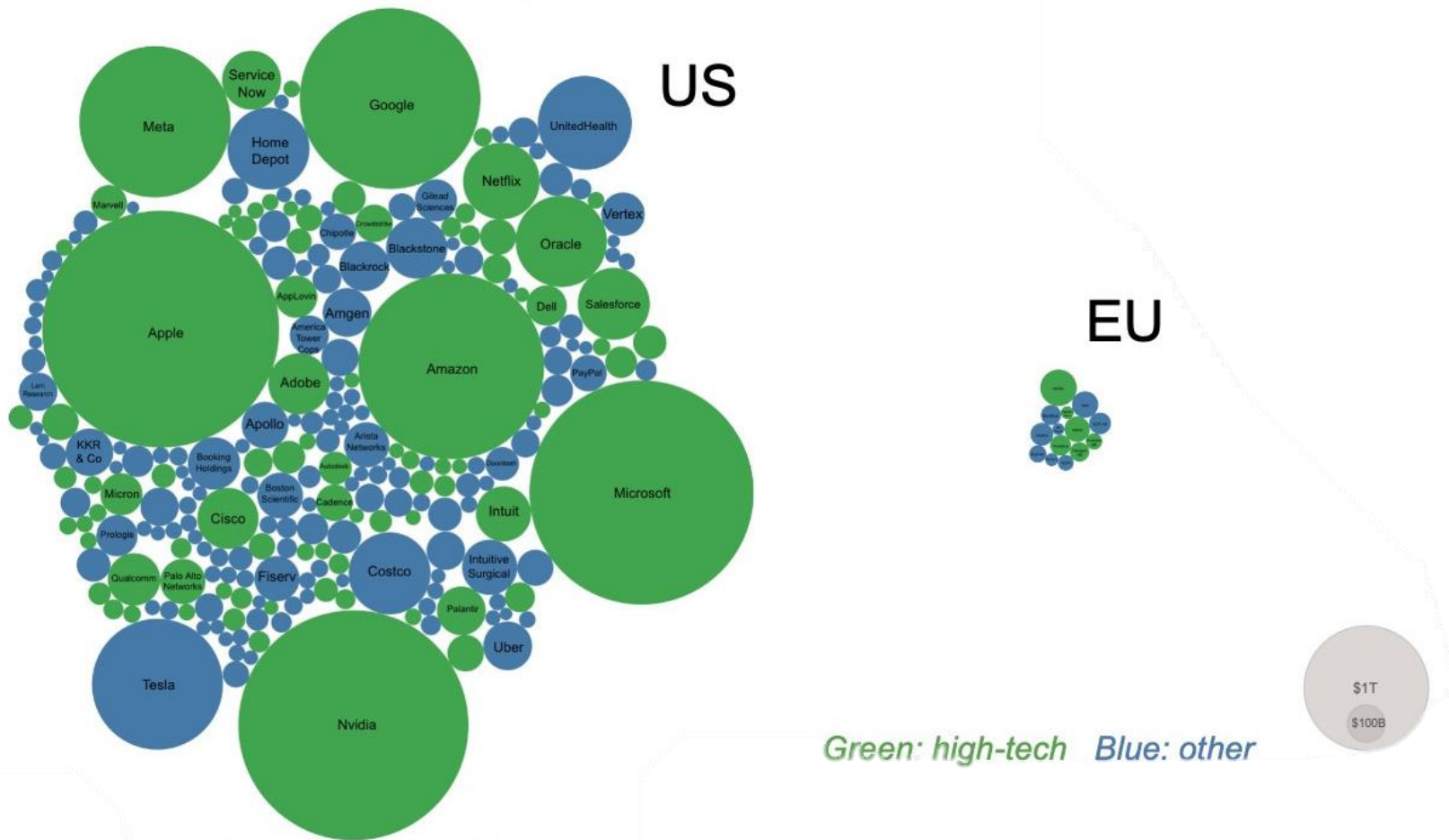


Source: Piper Sandler Macro

The S&P 500 is used for "US", and the MSCI ACWI ex-US is used for "Rest of the World". Cumulative next-twelve months earnings per share (NTM EPS) estimates and price return (excludes dividend payments).

Remarkable Difference in Business Formation in US vs. EU

Public Companies <50 Years Old with \$10B+ Market Cap



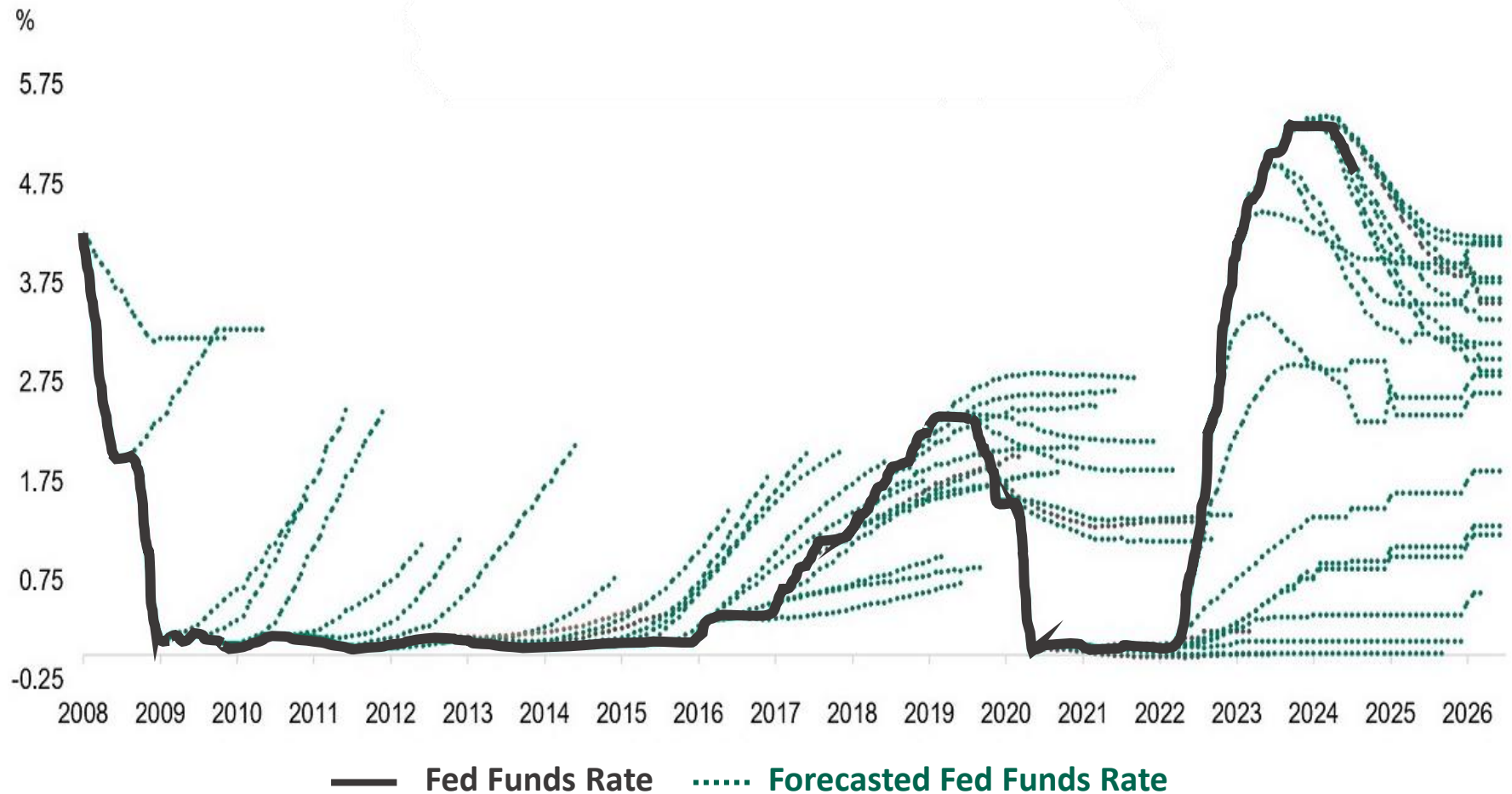
Source: Andrew McAfee (@amcafee), MIT.

Public from-scratch US and EU companies less than 50 years old with \$10B+ market caps. Bubble areas proportional to market cap. Companies grouped by HQ at time of IPO. Market cap in 2023 USD, assessed at November 26th, 2024. Green bubbles indicate a company in a “tech” industry, including, Software, Information Technology Services, Data Processing Services, Interactive Media & Services, Internet Retail, Direct Marketing Retail, Telecommunications Equipment, Electronic Equipment/Instruments, Computer Processing Hardware and Peripherals, and Semiconductors and Equipment. Blue bubbles indicate all other industries.

US Interest Rate Easing Cycle Underway, Tough to Forecast

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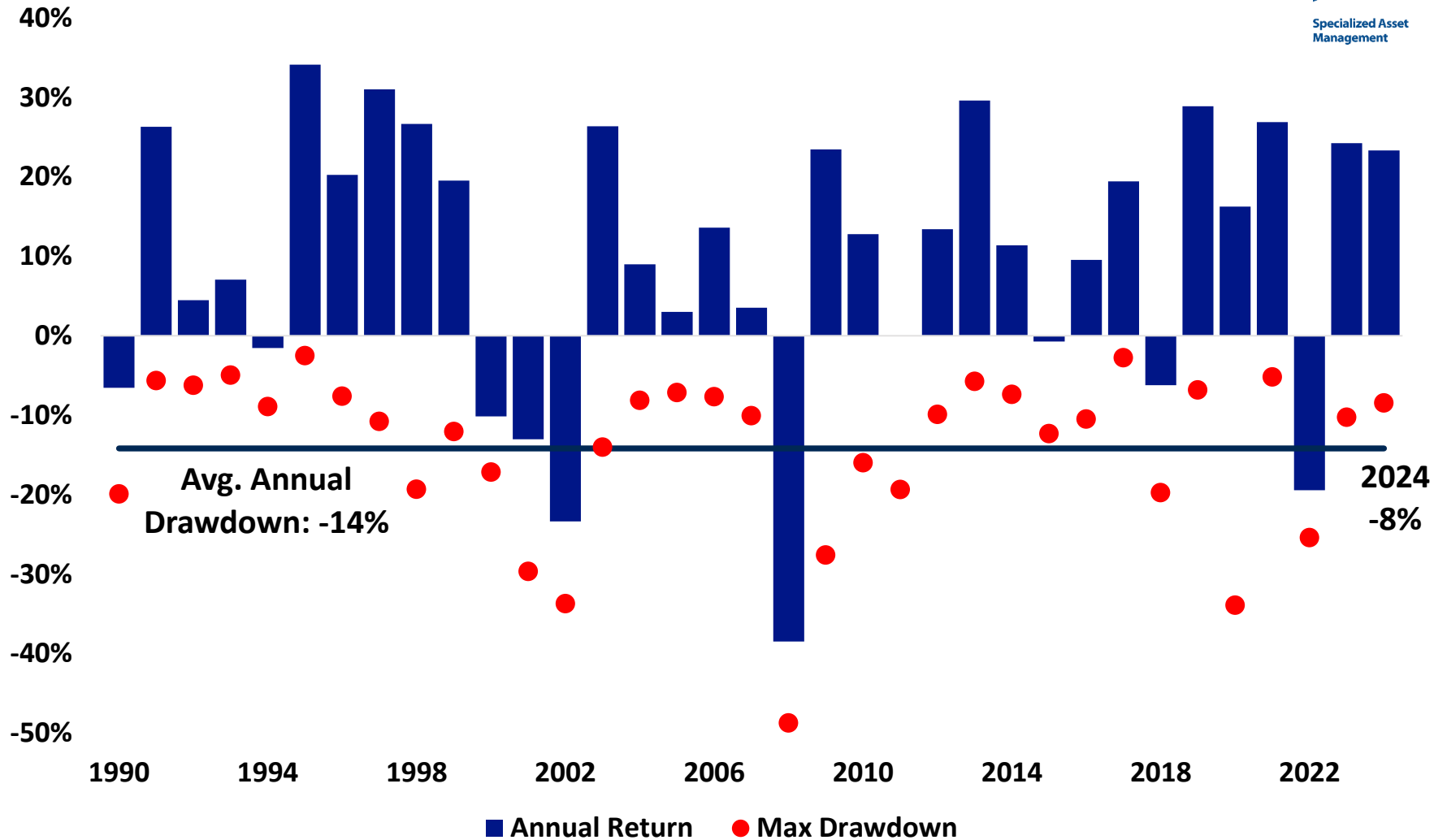
Source: Apollo Academy

Fed Funds Rate represents the effective rate of the short-term interest rate range targeted by the Federal Reserve's Federal Open Market Committee (FOMC). The Fed Funds rate is the rate that banks charge each other to borrow or lend excess reserves overnight. The Forecasted Fed Funds Rate is the rate that is implied by the fed funds futures market.

Below-Average Volatility Persisted in 2024



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Source: FactSet

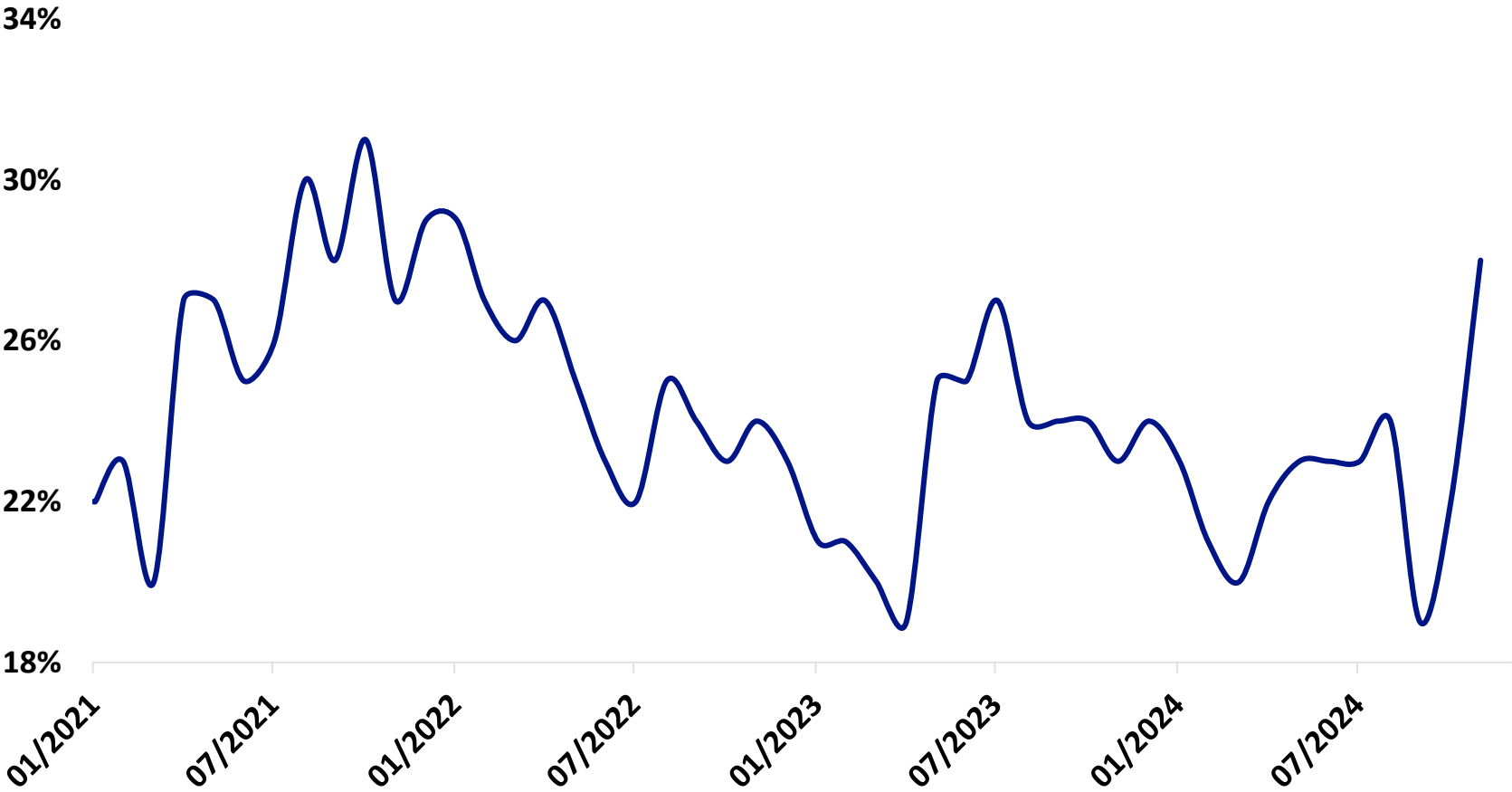
Annual drawdowns from 1990 to 2024. Performance is measured in price return (excluding dividend payments).

Small Business Sentiment Spiked Post-Election



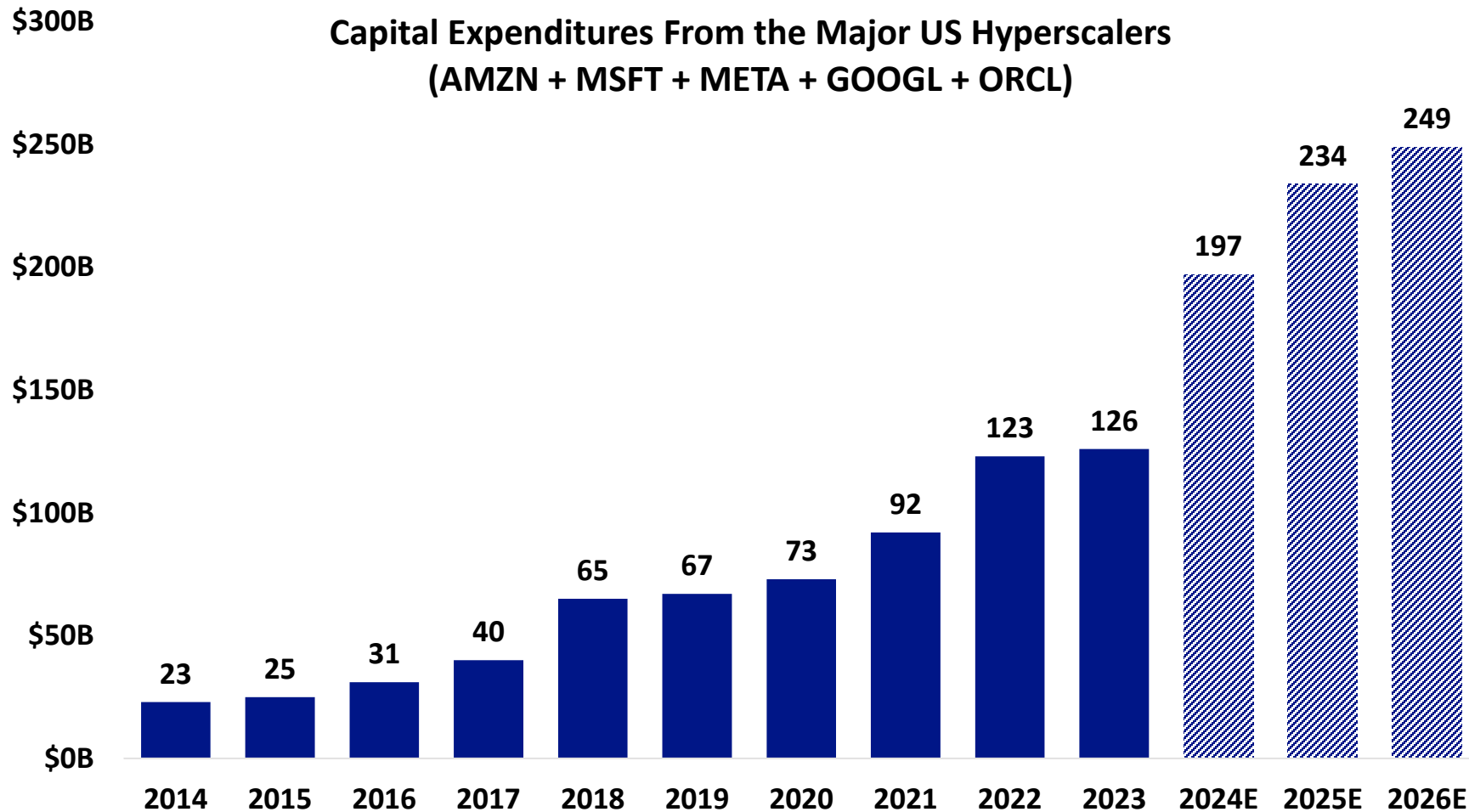
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% Small Business Respondents Planning Capex Over the Next 3-6 Months



Source: FactSet, NFIB. Percent of NFIB Survey respondents planning any capex in the next 3-6 months, seasonally adjusted.

Significant Investments Being Made to Accelerate AI



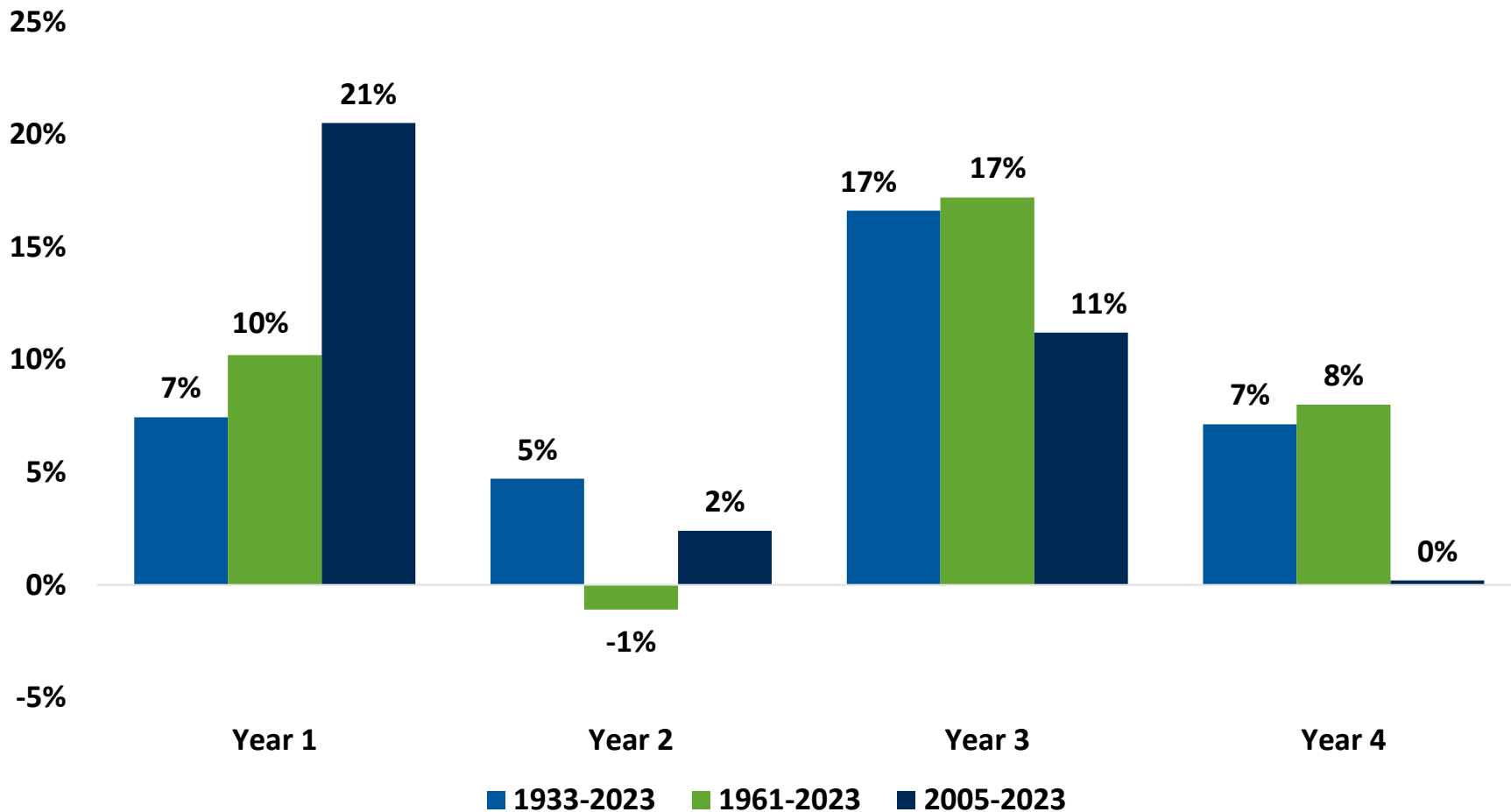
Source: FactSet
“Hyperscaler” here refers to operators of large datacenters that enable them to operate AI workloads, including AMZN (AWS), MSFT, META, GOOGL, and ORCL.
Consensus estimates for 2024-2026. Capex figures in billions of US dollars.

Market Historically Strong in 1st Year of US Presidential Cycle



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S&P 500 Avg Annual Returns by Presidential Cycle



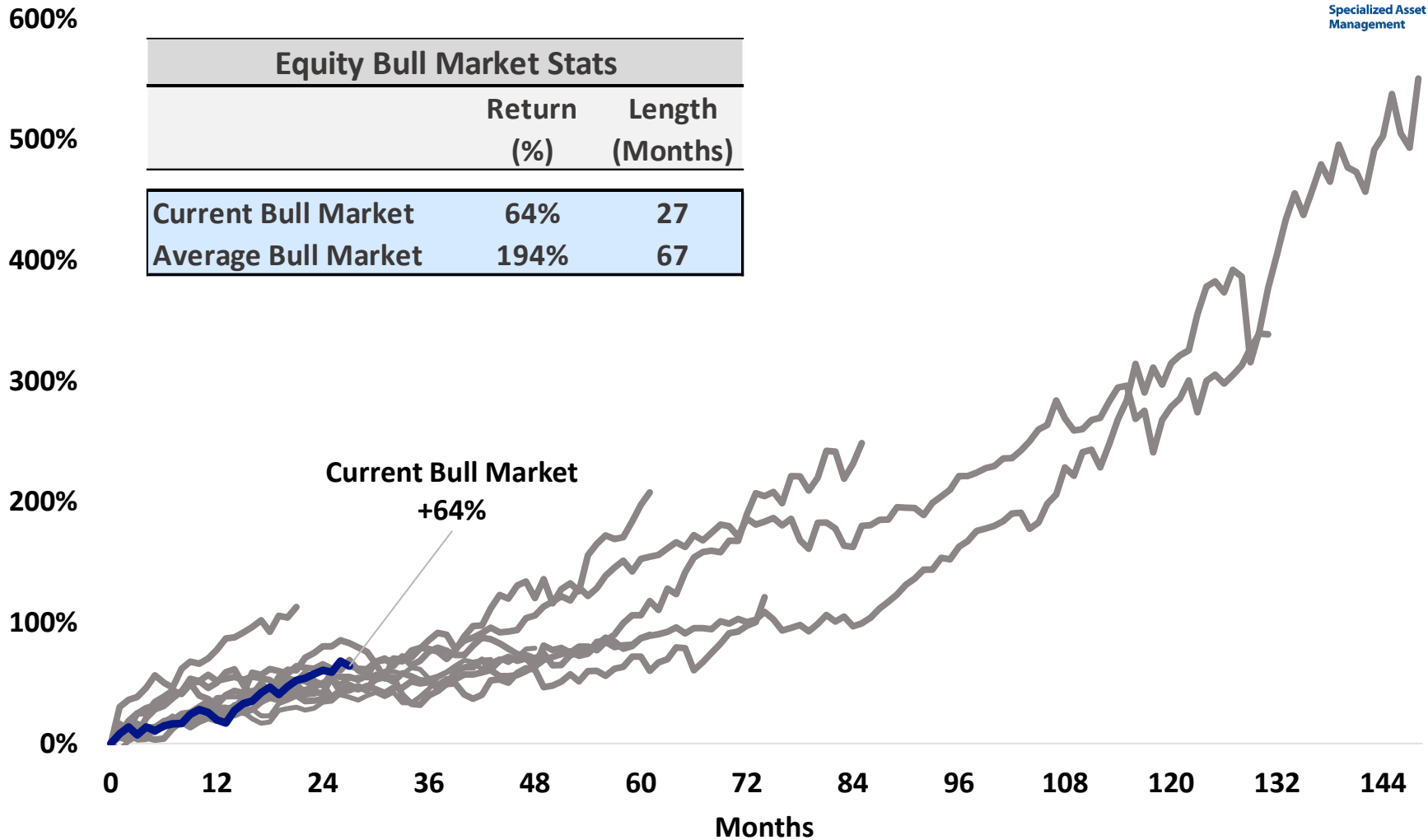
Source: Strategas

Performance is measured in price return (excluding dividend payments).

Bull Markets Historically Longer in Duration + More Robust



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Source: FactSet, Yardeni Research

Performance is measured in cumulative price return (excluding dividend payments). Bull markets from 1956 to current. Past performance is not a guarantee of future results. It is not possible to invest directly in an index. Robert W. Baird & Co. Incorporated.