Financial FOCUS

The Howard White Porath Group

QUARTERLY COMMENTARY

Providing focus and clarity to your financial picture.

The Big Picture

After two years of solid market returns, we enter 2025 with a bit of temperance in our approach to the markets. We'd say a measured approach but not one of concern. Here are a few of the big questions that we are asking ourselves and discussing as a team:

1. How will the changes in D.C. create new "winners" and "losers" in the equity and bond markets?
2. How much volatility is this new governing approach likely to add after a couple years of low volatility?
3. The market can go in a specific direction longer than it seems possible. How convicted are we of Reversion to the Mean at this juncture?
4. Investors paying higher prices today for assumed growth in the future can be defined as multiple expansion of stocks. How likely is it that investors continue to pay ahead today for this future growth?
5. The Federal Reserve is currently on a pause with interest rates. When resuming activity is it more likely that we see rate reduction due to a slowing economy or rate increase due to sticky inflation? What happens to the markets in either scenario?
6. Will investors search for dividend-heavy total return in 2025, or will growth continue to outpace?

Every year has its challenges and questions to answer and 2025 will not disappoint in that regard. We look forward to sharing our thoughts with you and encourage you to contact your advisor if you have any specific questions for us.

- Sam

SECTORS & TRENDS

2024 Recap

To close out 2024 the S&P 500 finished up more than 23% and the Dow Jones up more than 13%. Very attractive returns for a year plagued by uncertainty around the election and interest rates. The best performing sectors where communication services, financials, and consumer discretionary. Growth over Value seemed to be the theme as value equites trailed growth by a wide margin.

Looking ahead

As of my writing, the S&P 500 is up more than 3% while the Dow Jones is up more than 4%. Sectors leading the pack have been industrials, energy, and materials. Utilities and healthcare have also shown some signs of life. I believe this could be the start of a rotation to value equities as growth takes some time to consolidate. This year won't be without uncertainty as the global economy continues to fracture and supply chains move closer to home. That is why we remain focused on long-term, goal-based investment planning.

- Brian

PARTNERS IN PLANNING

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At Baird, your team of advisors are here to provide personalized guidance. We are always ready to provide you with a second opinion on any insurance product recommended to you, ensuring that the recommendations are tailored to your needs. This approach not only can help you understand how each piece of your wealth is contributing to your goals but also ensures that your portfolio with us is perfectly aligned with your unique financial plan.

- Greg

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Private Wealth Management

3320 Ridgecrest Drive | Suite 100
Midland, Michigan 48642
989/839-9035