



Plans & Strategies for 2025

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Did You Know? Dental Health

The first toothbrush was invented by a dentist in China using tufts of wild boar bristles.

In 1905, dental assistant Irene Newman was trained to clean teeth. She became the first dental hygienist.

George Washington's dentures were not made of wood. He possessed four sets of dentures with materials such as gold, ivory, lead, and a blend of human, donkey, and hippo teeth.

The most valuable tooth belonged to Sir Isaac Newton. In 1816 one of his teeth was sold in London for \$3,633, or in today's terms \$35,700.

In a lifetime, the average American spends about 38.5 total days brushing their teeth.

Tooth enamel is the hardest material in the human body.

The first introduction of commercial floss was in 1882 by Codman and Shurtleff and was later acquired by Johnson and Johnson in 1965.

Americans buy more than 14 million gallons of toothpaste every year.

Roughly 25% of American adults have no teeth.

It takes 43 muscles to frown but only 17 to smile.

Source: TodaysDental.com



November was another good month in what has been a great year. The S&P 500 was up 5.7%, for the month which is the least impressive of the major indexes. The Nasdaq jumped 6.2%, while the Dow popped 7.5%. Yet, the big winner was the small cap Russell 2000 which climbed an impressive 10.8%.

U.S. stocks have been hitting fresh record highs in this final leg of 2024, with investors getting a second wind from promises of deregulation, tax cuts, and tariffs from a second Trump administration. As a result, the stock market is headed into December poised to log its second straight year of stellar returns.

In 2023, the S&P 500 finished up 24% and it's currently on course for solid gains this year. If that holds, it will be just the fourth time in the past 100 years the index logged 20% plus returns two years in a row.

Risks Remain

While seasonal tailwinds are expected to carry us through the year-end, it won't be a risk-free journey. To start, there hasn't been a stock market correction, or a pullback of 10% or more, in the S&P 500 this year. Since 1928, the S&P 500 has averaged a correction once every 346 days, almost once a year.

This latest run has also pushed market valuations into a territory that resembles the late 1990s. The S&P 500 is currently trading at about 23 times trailing earnings which is below the 1999 peak, but overall, you could say it's still a historically expensive market. Though elevated, we think the markets can grow into these valuations.

Combined with a stronger dollar (which makes U.S. exports more expensive to foreign buyers and therefore problematic for US companies that rely on international trade), along with not knowing the extent of Trump's aggressiveness on tariffs or immigration, we don't think anyone would be surprised to see a pull back early in the New Year.

That may feel unnerving to some, but pull backs are common and usually represent buying opportunities. As mentioned above, if stocks are expensive at the current levels, it's nice to get a 5%, 10% or even 20% discount to build bigger positions in strong companies, and to reallocate assets from other holdings.

Base Case or Crystal Ball

Trump's "shock and awe" style will create volatility in first quarter of 2025 (and likely first half of the year). Late night tweets on everything from tariffs to interest rates are expected to create 400-500 point sell-offs that may last for a couple days, only to be followed by 2-3 days of markets surging higher in similar amounts.

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Trivia:

- 1) What animal is known for its ability to regenerate lost limbs?
- 2) What kind of tree do acorns come from?
- 3) What letter is not included in any of the 50 US state names?
- 4) Which planet spins clockwise in our solar system?

What's Your Plan for Closing out 2024?

The final 2024 calendar page may be hanging on the 'fridge but there is still time for a few last minute money moves.

529 College Savings Account

Have an new addition to the family (like the new grandson added to the Osborn clan) then consider setting up or contributing to a 529 education plan. Contributions grow tax-free when used for education costs. Some states (like Indiana) provide tax credits to donors.

Charitable Giving

If the current standard deductions (\$ 29,200 for joint filers/ \$ 14,600 for singles) are too high a hurdle to deduct typical charitable giving, consider making your gifts every other year. Instead of squeezing a few extra gifts into 2024, settle for the standard deduction this year, and nudge those gifts into the new year. By loading large gifts into every other year, you can take advantage of the standard deduction, in one year, and deduct a large amount of giving, in the next. We have tools to help.

2025 and Beyond

As family gathers, from near and far, the togetherness is a great time to plan how you'll use finances in the future. We regularly facilitate multi-generational client conversations to help gather input or simply avoid future surprises.



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As a result, we suggest ignoring the noise and letting things normalize in the near-term. Politicians don't dictate what happens to the economy, consumers do. As markets settle into the new administration, trends and opportunities will emerge. This means that upfront we don't have to spend a lot of time trying to guess correctly which policies will play out and which won't.

Therefore, we suggest positioning portfolios more broadly in sectors and market cap weighted ETFs that can take advantage of the current environment and expected year-end grind higher.

As we look at specific investment strategies, it's worth noting that a strong US dollar and Tariff's (taxes on foreign goods paid by US importers) in any form will hurt international markets. This makes domestic stocks much more appealing now, however, we expect to see future opportunities outside of the US based on declining valuations. Until then, we are reducing holdings related to international equities, and re-allocating those funds toward US companies.

On another front, we see signs of a slowdown in the healthcare industry. A spotlight on big pharma and government programs is expected to cause the industry to underperform the broader market, leading us to reduce exposure to the healthcare sector.

As mentioned above, the America-First policy positions domestic stocks much better than those outside of the US. Large-cap U.S. stocks have outperformed virtually everything else over the past 15 years. Those stocks continue benefiting from a tailwind of a solid economy bolstered by falling interest rates and low unemployment. For these reasons, will continue to be overweight domestic large cap equities with a slant towards value over growth.

The potential for less regulation and corporate tax cuts is positive for small business, and creates opportunities to increase holdings in small cap and mid-cap equities. That same prospects for less regulation also provides opportunities for the banking / financial industry, where lending activity, as well as merger/acquisition interests, may prove positive to that industry's bottom-line growth.

Finally, interest rates are expected to gradually decrease next year, however, it is still unknown if tariffs combined with a stronger US dollar will be inflationary or not. So until we get a better direction on rates, we plan to maintain positions in short to mid-term bonds.

We remain optimistic on economic and market prospects to close out 2024, and carry forward throughout most, or all, of 2025.

Best Wishes for a Safe, Healthy & Happy Holiday —Drummond & Bob

Trivia Answers

- 1) A Starfish
- 2) An Oak Tree
- 3) The letter "Q"
- 4) Venus

Source: ReadersDigest

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