BNY | WEALTH

INVEST

2025 OUTLOOK

Runway *in Sight*

INVEST

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Clients and Friends,

Over the summer, I marveled at the achievements of the athletes at the Paris Olympic Games, inspired by their hard work, zest for innovation and resilience. I was reminded that these are also the qualities that have shaped successful economies and companies, including BNY.

As we look ahead to 2025 and beyond, we believe that innovations driven by generative artificial intelligence (AI) will continue to rapidly transform economies, companies and our lives. We use AI at BNY today for efficiency, insight and resiliency — and occasionally for smiles too. And so we present an AI-generated poem about our outlook for 2025:

In a world of change, we find our way,
U.S. growth leads, brightens the day,
Interest rates fall, cash loses its might,
Bonds and equities, a future so bright.

Private assets rise, reshaping the scene,
Strategic moves, where gains are seen,
Global growth steadies, resilience in view,
Invest with wisdom, opportunities anew.

We hope that this makes you smile and turn the page to our 2025 Outlook: Runway in Sight. Most of all, we hope that the new year brings health, success and peace to you and your families.

Catherine

Catherine Keating
Global Head, BNY Wealth

KEY HIGHLIGHTS

01 GLOBAL GROWTH STEADIES

The U.S. economy continues to lead the rest of the world.
With many American consumers feeling confident and countless businesses prospering, the U.S. economy should continue to outperform.

02 CASH LOSES ITS LUSTER

Yes, cash yields have been rewarding over the past several years, but times are changing.
With rate cuts underway, eliminate excess cash to generate stronger returns.

03 BONDS AS A BALLAST

Bonds outperform cash during easing cycles.
Some municipal bonds are earning equity-like returns on a tax-equivalent basis.

04 EQUITIES HAVE ROOM TO RUN

We are overweight U.S. large cap equities.
Earnings are improving, tech is not overvalued, and AI is a productivity step change.

05 PRIVATE ASSETS INFLECTION POINT

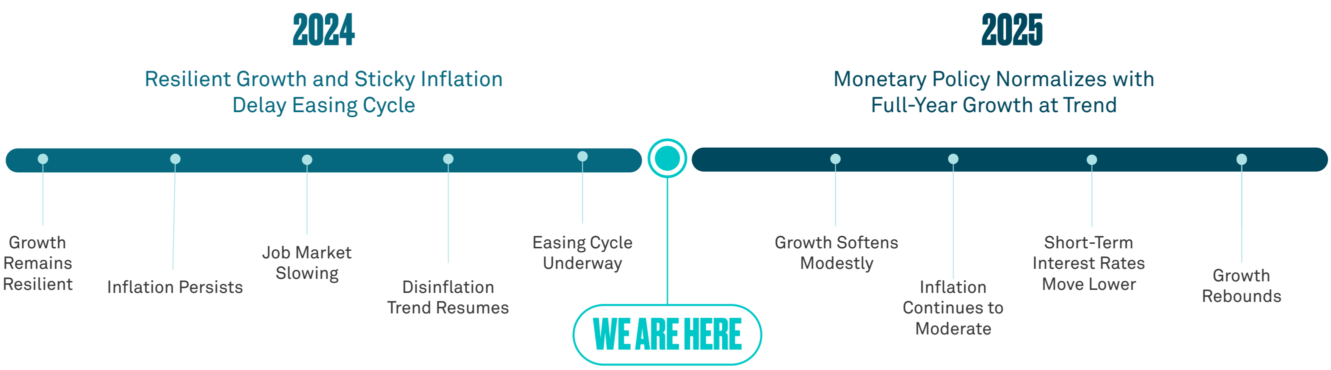
The landscape is evolving.
Private equity buyouts and secondaries command our attention.

ON THE HORIZON IN 2025

As we enter 2025 and consider our expectations for the next 12 months, we assess the surprises of 2024 and how they drove the U.S. economy, which tends to act as a beacon for the direction of global growth.

2024 surpassed our expectation for a healthy slowdown as U.S. growth surprised to the upside, fueled by a resilient labor market and robust consumer spending. The Federal Reserve kept rates elevated for longer than expected as price pressures in the services sector persisted throughout the first half of the year. However, with inflation data meaningfully abating and the labor market showing signs of softening, the Fed began to ease in September.

FIGURE 1 EASING CYCLE: REGROWTH PHASE



In 2025, the combination of the Fed's continued easing, U.S. economic strength and the potential boost from pro-growth policies under the new administration will bring the runway for moderate growth into sight. Lower short-term interest rates will reduce borrowing costs for many consumers and businesses, helping to bolster consumer spending and economic activity. This backdrop should present attractive opportunities across asset classes for investors. U.S. equities are poised to benefit. Earnings growth will remain strong while AI-driven technology improves profit margins, allowing U.S. equities to continue to outperform the rest of the world.

The second Trump administration's focus on pro-growth policies and its protectionist approach to trade are aligned with our expectation for trend growth. We anticipate tariffs will predominantly focus on China in the near term due to economic and national security considerations. The imposition of other tariffs may be more nuanced.

01 GLOBAL GROWTH STEADIES

U.S. Resilience

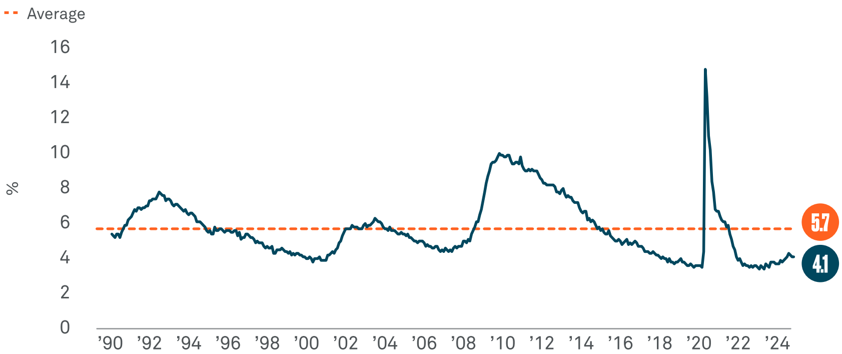
Next year, we expect to see the economy slow modestly before a renewal of activity ensues as the economy benefits from a further moderation of inflation and lower interest rates. We expect U.S. growth for 2025 to range from 1.5% to 2.5%, in line with trend growth, marking the fastest growth rate among developed economies.

Two pillars underpin U.S. strength: a robust labor market and consistent consumer demand.

Pillar No. 1: Robust Labor Market

In 2024, the labor market cooled but did not collapse. Job growth has remained healthy, averaging 100,000 new jobs per month over the past three months through October, as weekly jobless claims have declined to their lowest level since May.

FIGURE 2 UNEMPLOYMENT RATE STILL HISTORICALLY LOW



Source: Bloomberg. Data as of November 1, 2024.

While the unemployment rate is now above 4%, it is still at an historically low level. Though the unemployment rate may edge up slightly in the future, we believe it will remain steady as modest economic growth drives continued demand for labor.

Pillar No. 2: Consistent Consumer Demand

Overall, consumers have maintained their financial health, even as they have had to navigate higher prices. Total spending continues to grow, suggesting that many Americans feel more confident about the future.

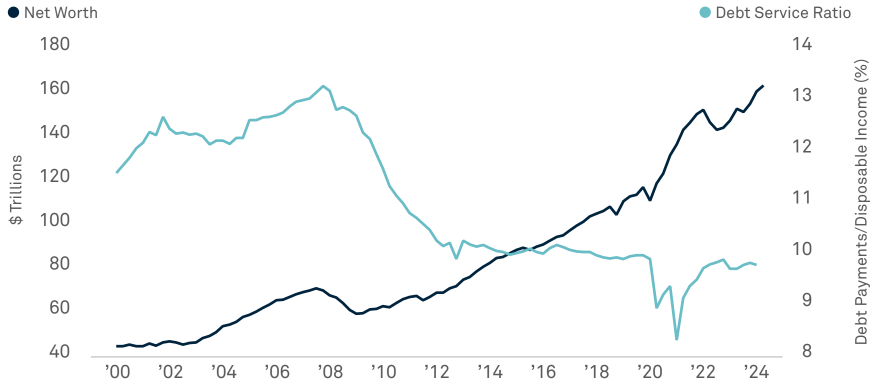
Part of this assuredness comes from an increase in U.S. household wealth, which in aggregate stands at a staggering $150 trillion, 40% greater than in 2020. Meanwhile, debt service payments relative to income have remained constant despite higher rates over the last several years, due in large part to fixed-rate mortgage debt taken out when interest rates were much lower. The effects of inflation and higher interest rates, however, weigh heavily on lower income households that do not own homes or financial assets. By the end of the third quarter, the level of U.S. credit card debt reached a new high of $1.17 trillion, an 8.1% increase over the prior year. Auto loan and credit card defaults are beginning to rise, indicating financial stress among these consumers, although lower interest rates should provide some relief.

Consumer spending accounts for nearly

70%

of U.S. GDP.

FIGURE 3 AGGREGATE CONSUMER HEALTH REMAINS INTACT



Source: Bloomberg. Latest quarterly available data as of September 30, 2024.

We expect that further price declines and lower short-term rates will provide a springboard for increased spending in 2025. In addition, should the new administration extend the Tax Cuts and Jobs Act tax rates that are set to expire at the end of 2025, we may see another tailwind for consumers.

The U.S. has significantly outperformed the Eurozone. In 2008, both economies were similar in size, but U.S. gross domestic product is

$29T

today while the Eurozone is at $16 trillion.*

* 2024 GDP estimates according to the International Monetary Fund.

Eurozone Trails the U.S.

Across the Atlantic, the Eurozone's economic recovery continues to struggle, driven largely by a weak manufacturing sector, specifically within Germany. On a positive note, inflation in the Eurozone now sits at the European Central Bank's (ECB's) 2% target, reaffirming the central bank's efforts to combat elevated prices. With inflation under control, the ECB should feel secure in continuing on its much-needed easing path.

We believe the impacts of falling interest rates and low and stable inflation on consumer spending will help deliver modest growth in 2025. This will be a welcome outcome because the area has been skirting a recession for the last year. However, the region's high reliance on imported energy and the potential for supply disruptions amid rising geopolitical tensions remain a risk.

Modest as Ever in Japan

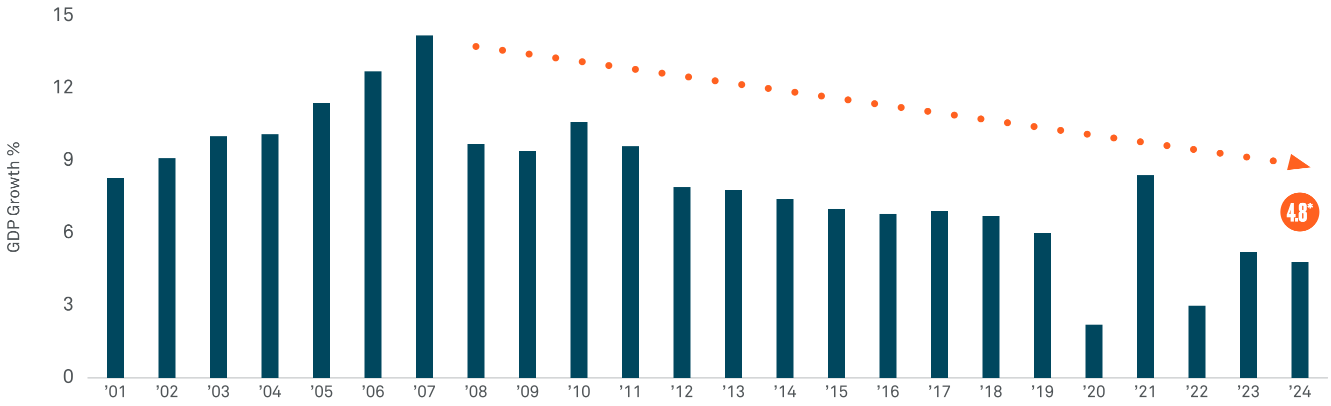
In 2024, the Bank of Japan tightened monetary policy for the first time since 2007, raising short-term rates by 0.25%. We believe the central bank will continue its efforts to slow inflation while growth improves next year. We expect a weaker yen to support greater exports and an increase in wages to drive consumer spending. However, structural headwinds such as labor shortages and aging demographics will persist and limit the country's growth potential.

Year of the Downtrend in China

We anticipate that China's economic growth will continue to slow, as headwinds, including real estate, demographics and geopolitical uncertainty, persist. In terms of real estate, the property sector remains under pressure despite China's stimulus efforts. With 70% of Chinese household wealth held in real estate, the significant decline in home prices since 2021 has impacted the consumer. While the job market has stabilized, unemployment among people aged 16-24 was 17.6% in September, which means roughly one in six young adults was unemployed. Additionally, changes to trade and tariff policies under the incoming Trump administration may also challenge China.

The Chinese government recently announced monetary and fiscal stimulus aimed at stemming weak demand and aiding growth. Measures include rate cuts and liquidity injections, as well as government support for households and the troubled real estate market. However, given China's weak macroeconomic conditions and the uncertainty surrounding the specifics of its policy measures, we remain cautious on the effect these undertakings will have on fueling growth.

FIGURE 4 CHINA'S GROWTH REMAINS IN A DOWNTREND



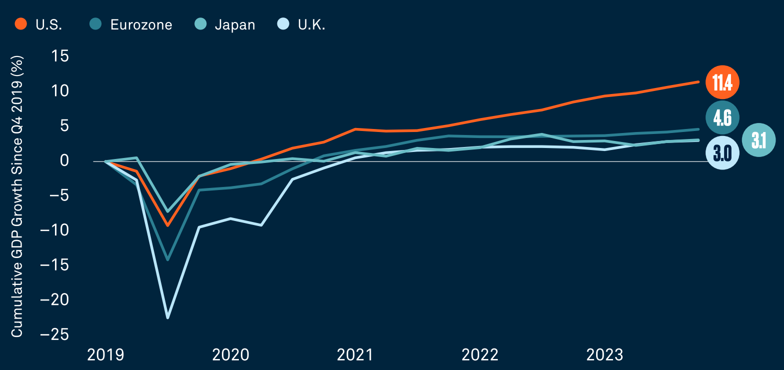
*2024 estimated.
Source: Strategas and Bloomberg. Latest quarterly available data as of September 30, 2024.

Since 2020, U.S. economic growth has outpaced that of the rest of the world. In fact, the U.S. has grown a cumulative 11.4%, which is more than twice as fast as other major economies. We remain constructive on the U.S. consumer and U.S. growth prospects, and we expect the Fed's easing cycle to prove beneficial.

INVESTOR TAKEAWAY:

With many American consumers feeling confident and countless businesses prospering, the U.S. economy should continue to outperform.

FIGURE 5 U.S. CONTINUES TO LEAD GLOBAL GROWTH



Source: Bloomberg. Latest quarterly available data as of September 30, 2024.

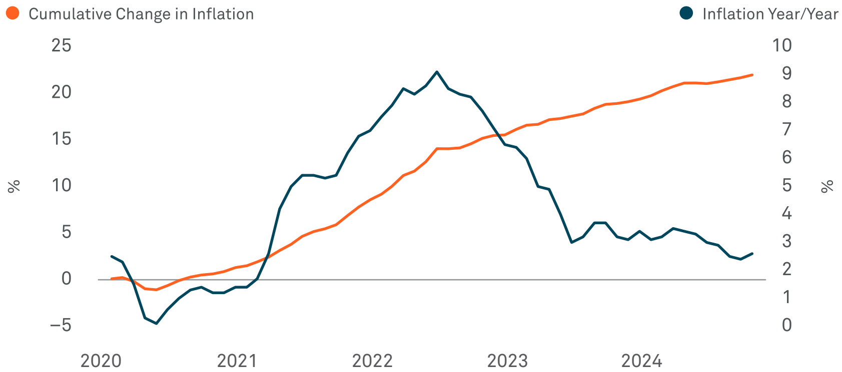
02 CASH LOSES ITS LUSTER

Disinflation Slows

In 2025, we envision inflation continuing its downward path toward the Fed's target of 2%. The Consumer Price Index (CPI), a measure of the change in prices paid by consumers year over year and a key inflation metric, has already fallen from a high of 9.1% in June 2022 to 2.6% in October. Certain components of CPI, including labor-intensive services such as healthcare, education and personal services, as well as housing, have been stickier than others and remain elevated.

We expect headline CPI to end 2025 in the range of 2-3%. There could be an uptick in inflation if the economy accelerates more than expected and there is still a risk that inflation settles at a higher level than before the Covid pandemic. A potential contributor to inflation could be tariffs on foreign goods, which would make imports more expensive. The added cost could be borne by companies and reduce profit margins, or could be passed on partially or fully to the consumer, which would stoke inflation and alter buying behavior. While we expect President Trump's immediate focus to center on China due to national security considerations, a rest-of-world tariff may become his focus in the longer term. However, it is important to note that we do not consider tariffs in isolation. Their full effect depends on many factors, including how quickly American consumers switch to domestically produced products. A strong U.S. dollar may also mute their impact.

FIGURE 6 PROGRESS ON INFLATION, BUT CONSUMERS STILL FEEL THE BITE



Source: Bloomberg. Inflation data as measured by the CPI.
Data as of November 13, 2024.

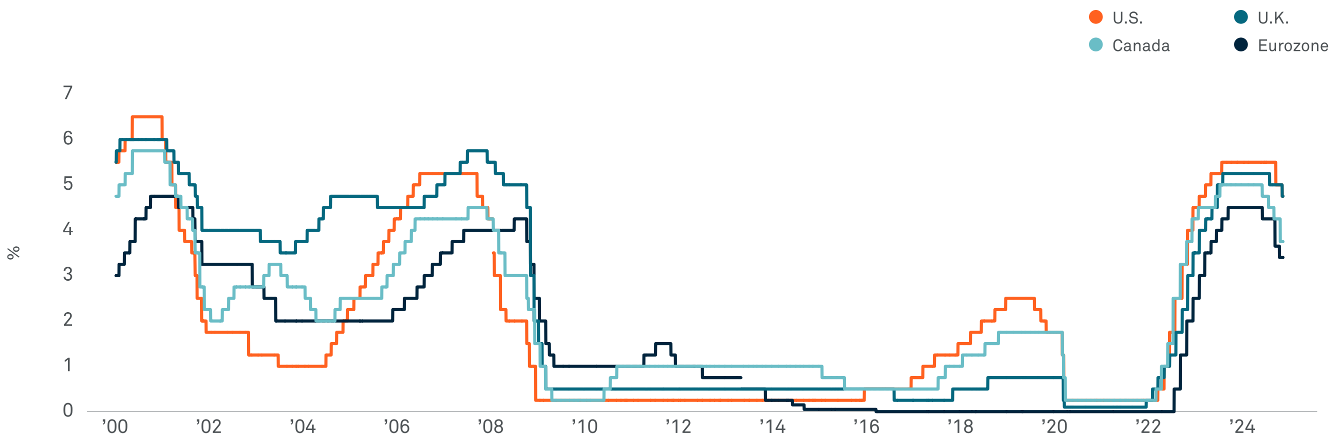
Measured Monetary Policy

Most developed market central banks are focused on sending interest rates lower, but the pace will depend on regional economic factors. The optimal outcome of a rate-cutting cycle is a soft landing where inflation declines and there is no recession.

In the U.S., our outlook calls for modest growth and a non-linear path of disinflation. We believe that the Fed's path of easing may be measured in 2025, with a total of two rate cuts. We anticipate one 0.25% cut in the first half of the year and one 0.25% cut in the second.

FIGURE 7 GLOBAL EASING CYCLE UNDERWAY

Global Central Bank Policy Rates



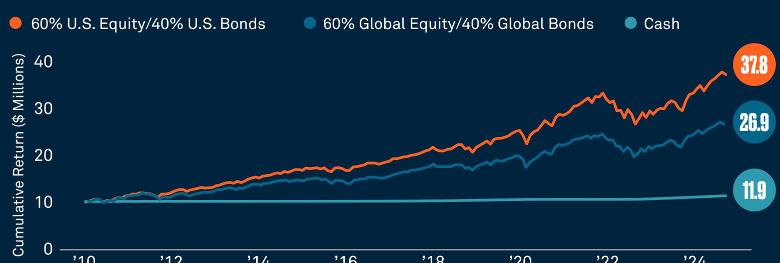
Source: Bloomberg. Data as of November 13, 2024.

It is rare for cash to outperform bonds, except in a rising rate environment. Many investors considered cash to be king for the past two years as money market funds offered yields exceeding 5%. With the Fed's easing cycle underway, staying in cash implies significant reinvestment risk because maturing money market instruments, such as Treasury bills, must be rolled over at a time when yields are likely trending lower. Over time, cash significantly underperforms a traditional balanced portfolio of 60% U.S. stocks and 40% U.S. bonds, an asset allocation mix often recommended for long-term investors with a moderate risk tolerance. For investors with a global focus, cash also underperforms a global 60/40 portfolio. However, an actively managed portfolio that seeks to take advantage of market dislocations and opportunities can ultimately outperform a passively managed 60/40 portfolio.

INVESTOR TAKEAWAY:

With rate cuts underway, eliminate excess cash to generate stronger returns.

FIGURE 8 CUMULATIVE GROWTH OF $10 MILLION



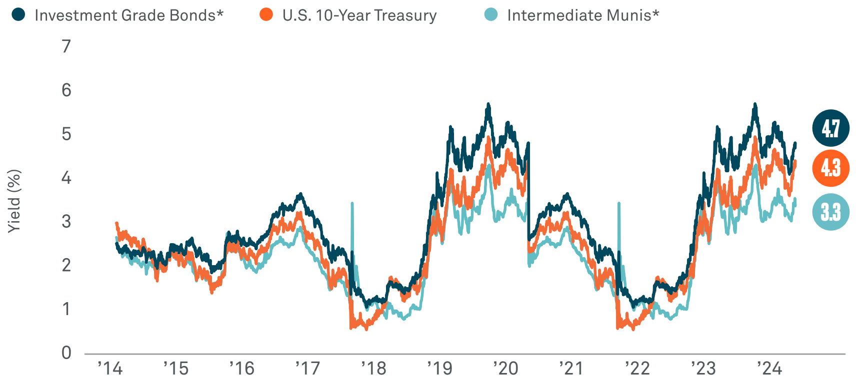
The Bloomberg U.S. Treasury Bills Index is used as a proxy for cash. A U.S. 60/40 portfolio is represented by the S&P 500 Index and the Bloomberg U.S. Aggregate Bond Index.
A global 60/40 portfolio is represented by the MSCI ACWI Index (USD) and the Bloomberg Global Aggregate Bond Index (USD Hedged).
Source: Bloomberg. Data as of November 29, 2024.

03 BONDS AS A BALLAST

Bond yields continue to be attractive, and given our outlook for continued Fed rate cuts, we believe bonds are poised to perform well in 2025 once again. As Figure 9 illustrates, yields across government, corporate and municipal bonds are at decade highs.

Importantly, the yield at which you invest is the main driver of future total returns.

FIGURE 9 BOND YIELDS REMAIN AT DECADE HIGHS



*Indices used: Bloomberg U.S. Aggregate Bond Index and S&P Municipal Bond Intermediate Index.
Source: Bloomberg. Data as of November 29, 2024.

Higher starting yields not only provide investors with attractive income, but they can also act as a buffer against price swings caused by fluctuations in interest rates. This will be beneficial in the year ahead because the interest rate environment could remain volatile. Factors such as the path of inflation, strength of the U.S. economy and high level of U.S. government debt could push longer-dated Treasury bond yields higher.

Our estimated range for the 10-year U.S. Treasury note yield of 3.25-5.00% for 2025 is wider than normal due to these uncertainties. The yield on the 10-year Treasury note is important because it serves as a key indicator of economic health and inflation expectations. It also serves as a benchmark for other borrowing rates such as mortgage rates.

Meanwhile, high-quality intermediate municipal bonds are yielding in the range of 3.3-3.6%. For individuals living in a high-income tax state, such as New York, Massachusetts or California, that's about 6.7-7.3% on a tax-equivalent basis for an investor in the top tax bracket.[1] It is rare for bonds to generate returns at these levels, which resemble long-term equity returns.

We believe an active management approach that can uncover dislocations in the market and navigate volatility will be paramount in 2025. For tax-sensitive investors, we recommend a diversified portfolio of municipal bonds that includes some bonds beyond 10 years because they offer higher potential returns without incurring much more risk than shorter-term bonds. For non-taxable investors, we recommend a diversified portfolio of Treasury bonds as well as bonds that offer slightly more yield like corporate bonds (both investment grade and high yield) and mortgage-backed securities.

Overall, a diversified portfolio such as those described above should deliver mid-single digit total returns in 2025. Most of that return will come from income. Importantly, bonds will play their traditional role as a ballast in portfolios in times of equity market volatility.

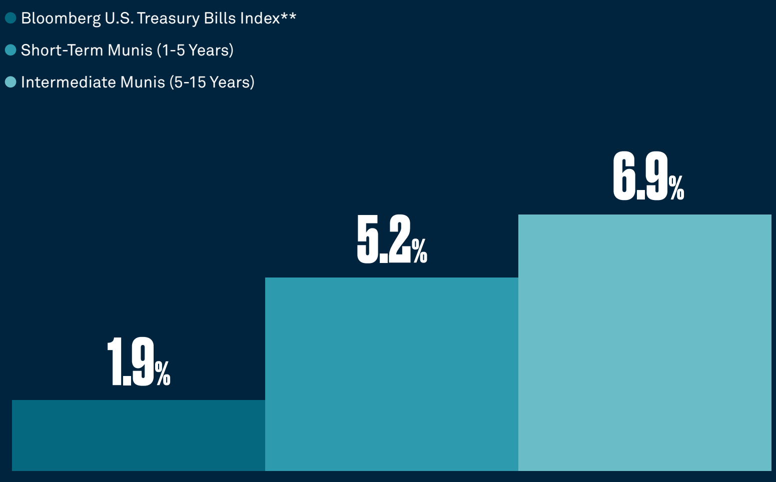
As seen in Figure 10, in the three-year period that followed peak Fed funds rates, average annualized returns for short- and intermediate-term municipal bonds outperformed one-year Treasury bills, a proxy for cash, on an after-tax basis. Our recommendation is to take advantage of bonds' attractive starting yields and the potential for price appreciation during this easing cycle.

INVESTOR TAKEAWAY:

Some municipal bonds are earning equity-like returns right now.

FIGURE 10 STILL NOT TOO LATE TO ADD TO BONDS

Average Three-Year After-Tax Returns* Following Peak Fed Funds



*Returns are annualized. Last three tightening cycles used to calculate average excluding current.
**Assumes a 40.8% federal tax rate.
Source: Bloomberg. Data as of November 29, 2024.

[1]This assumes the highest tax bracket of 37% plus a 3.8% net investment income tax and an average state tax of 10%.

04 EQUITIES HAVE ROOM TO RUN

Opportunity in U.S. Stocks

2024 has been a year of strong gains for U.S. equities with the S&P 500 delivering over 26% year to date through the end of November. Our outlook on U.S. equities continues to be positive.

In addition to solid corporate and economic fundamentals, the new administration's focus on business-friendly policies, including the potential reduction of the corporate tax rate and reduced regulation, should support the market's move higher. The Fed's easing cycle may prove beneficial as well. Even though resilient growth may cause the Fed to slow its pace of easing, history tells us that stocks tend to advance following an initial rate cut as long as a recession is avoided, which is our expectation. In fact, under these circumstances, stocks tend to earn double-digit returns.

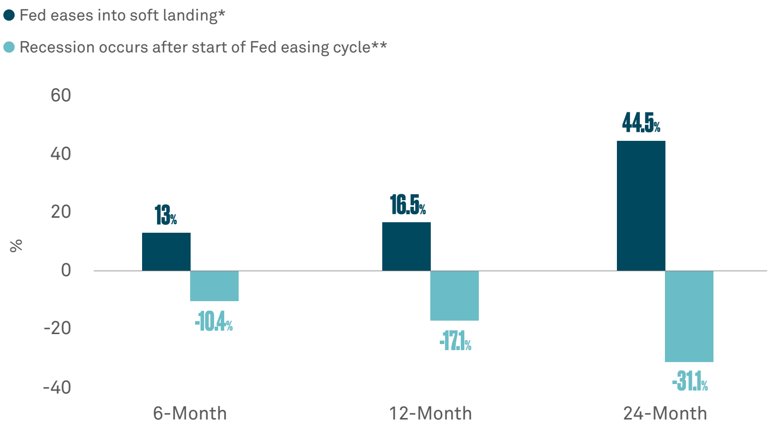
Since 1984,

75%

of easing cycles coincided with continued economic growth, with stocks gaining 16.5% on average in the 12 months following the first cut.

FIGURE 11 RESILIENT ECONOMIC BACKDROP POSITIVE FOR EQUITIES

Average S&P 500 Forward Return After Fed's First Cut in Easing Cycle

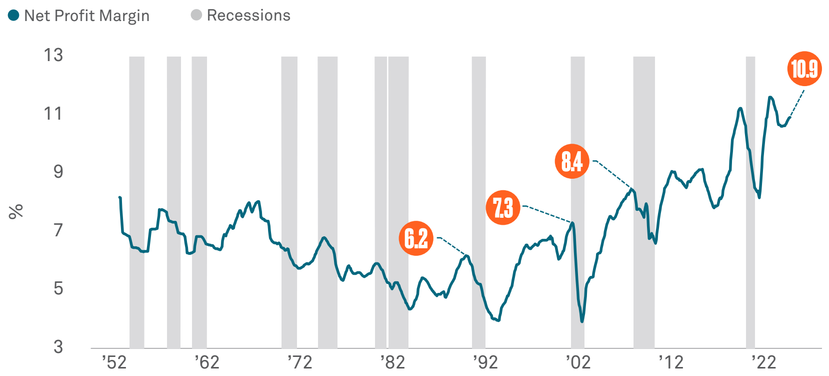


*Fed easing cycles starting in Oct '84, Oct '87, Jun '89, Jul '95, Sep '98 and Jul '19. COVID-19 recession in 2020 not counted as a recession due to exogenous factors and how market quickly recovered.
**Fed easing cycles starting in Jan '01 and Sep '07 when a recession started within 12 months of Fed's first rate cut.
Source: Bloomberg. Data as of November 29, 2024.

Following a year of resilient earnings growth, we see a continuation of this trend with S&P 500 earnings growing between 10-15% in 2025. This brings our year-end S&P 500 target to 6,600. With the S&P 500 currently hovering around 6,000 at the end of November, this suggests continued positive, albeit more muted, returns compared to 2024.

Although valuations may seem lofty, with the S&P 500 trading at a 12-month forward price-to-earnings ratio of 21.6x versus the long-term average of 16.5x, we don't believe the market is overvalued due to continued margin expansion (see Figure 12). U.S. companies continue to become more profitable with the technology sector driving higher margins. Since 2019, the technology sector has accounted for 80% of profit margin expansion in the S&P 500.

FIGURE 12 S&P 500 LONG-TERM PROFIT MARGINS



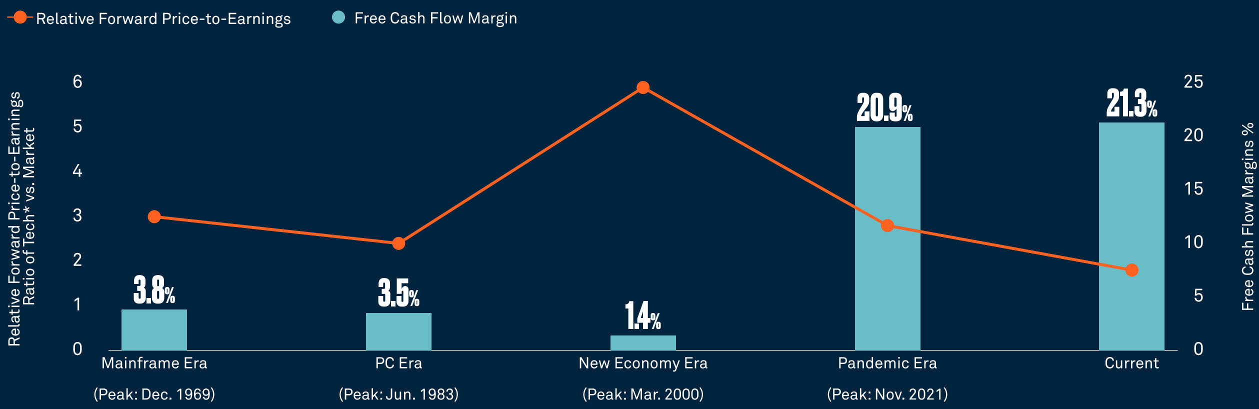
Net profit margin is calculated using trailing 12-month data and excludes financials and REITS. Source: Empirical Research and National Bureau of Economic Research. Latest quarterly available data as of September 30, 2024.

Going forward, we expect technology to continue to drive profit margin improvements and earnings growth as AI ramps up and increasingly impacts our lives. We believe AI's role in the world will surpass that of other technologies that propelled earlier periods of tidal change, such as the internet, mobile phones and the cloud. While technology margins stand at record highs, valuations relative to the rest of the market are cheaper than during similar periods in history (see Figure 13). Gains will not be limited to technology companies; productivity enhancements will be distributed across all sectors as other industries embrace new business practices. We continue to recommend an overweight to U.S. large cap stocks in 2025.

INVESTOR TAKEAWAY:

Earnings are improving, tech is not overvalued, and AI is a productivity step change.

FIGURE 13 TECH PRICE-TO-EARNINGS AND MARGINS: CURRENT VS. HISTORY



*Large cap technology and interactive media stocks in the highest two quintiles of price momentum marketwide at the peak date.
Trailing Price-to-Earnings used for Mainframe Era.
Source: Empirical Research Partners Analysis.
Latest quarterly available data as of September 30, 2024.

05 PRIVATE ASSETS INFLECTION POINT

An Evolving Landscape

Private assets have become an increasingly important part of the investable universe. There are now more than six times the number of private equity-backed companies as public companies. Greater access to capital makes it easier to stay private longer.

For nearly two years, however, the high-interest rate environment has challenged private equity. It has made mergers and acquisitions (M&A) more expensive to execute and the resulting liquidity drought and increased risk of default drove greater equity investor and lender scrutiny, which also contributed to a decline in M&A. The biggest factor causing the initial public offering (IPO) market to dwindle was a drop in valuations of those venture capital-backed companies seeking to go public.

We believe we have reached an inflection point because declining interest rates will provide a boost to private equity activity. Lower rates and the potential deregulatory environment coming from the new administration should create the conditions for M&A and IPO activity to reignite. Through the third quarter, there have been early signs of a pickup in M&A activity, which is up 13% by count and 28% by deal value since 2023. IPOs rose 27% by value over the same time frame.

Total private equity deal value is up

20%

this year through September, which is close to long-term averages.

Areas of Focus

Within private equity, we favor buyouts and venture capital funds, both of which have consistently delivered an illiquidity premium over passive public investments in exchange for their longer holding period. Private equity buyout funds seek to create value by purchasing controlling interests in private companies to improve the businesses and exit at a higher valuation. Venture capital firms invest in startup companies predominantly in the tech sector and are valued on future cash flows. Thus, lower interest rates should boost their valuations. Due to their focus on innovation, they complement public market exposure to technology, particularly AI.

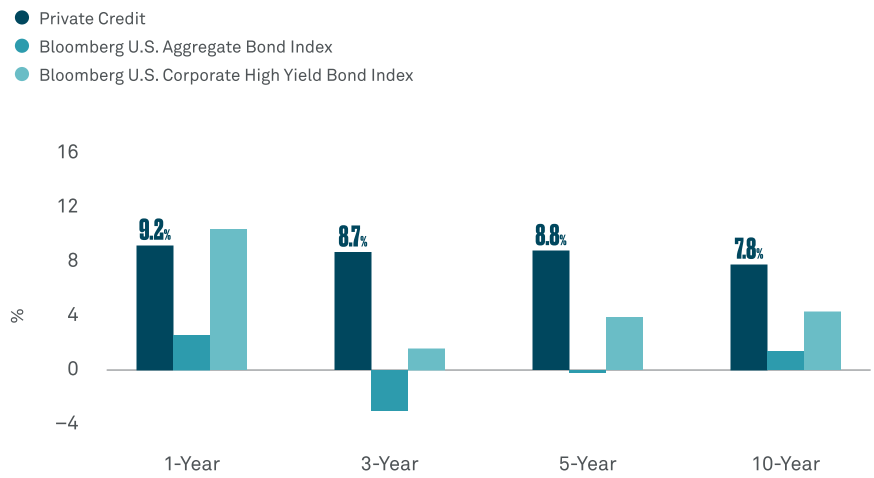
Another way to access private companies is through the secondaries market. Secondaries are investments in existing interests in private equity funds. These investments are commonly purchased at a discount, and are characterized by earlier cash flows back to the investors, complementing traditional private equity and venture capital allocations. This approach typically allows investors to generate positive returns from the point of investment, bypassing the initial period of negative returns typical of a new fund.

Lastly, private credit is an all-weather allocation in our recommended portfolios. The private credit market has expanded tenfold since 2007 as of year-end 2023, as banks' role in credit markets diminished. This roughly compares to the size of the global high yield bond market.

Private credit offers higher current income and has outperformed public debt markets, such as investment grade and high yield bonds, over the last decade. This has been true in both rising interest rate environments and periods of low rates. However, it is important to remember that in exchange for potentially higher returns, private credit involves more risk than traditional fixed income due to its illiquid nature.

FIGURE 14 PRIVATE CREDIT OFFERS A NEW SOURCE OF INCOME

Annualized Return



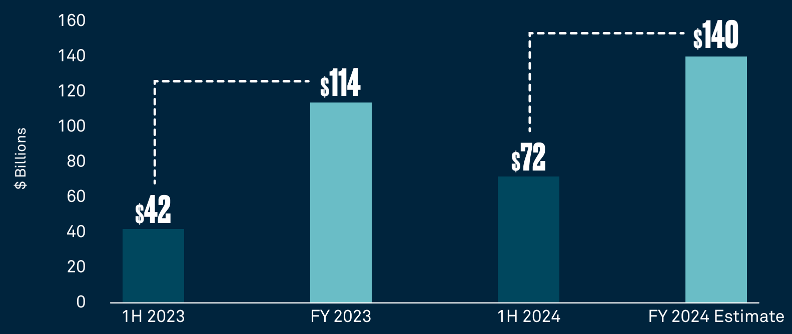
Source: MSCI, Inc. Latest quarterly available data as of June 30, 2024.

While we continue to allocate to private equity and private credit, we are adding exposure to secondaries. Secondaries can provide more diversification with less risk than primary private equity investments because of their shorter holding periods. Though secondaries represent only about 1% of the total private equity universe, we expect this segment of the market to continue to grow. As a result of the recent weakness in private equity, discounts on secondaries have increased, providing investors with an attractive entry point.

INVESTOR TAKEAWAY:

Private equity buyouts and secondaries command our attention. Private assets play an increasingly important role in driving portfolio returns.

FIGURE 15 SECONDARY MARKET ACTIVITY ON THE RISE



Source: Evercore. Latest data available as of July 31, 2024.

Access to private assets has evolved to include more liquid vehicles. However, it is critical for investors to appreciate that greater liquidity may not always be a benefit. Private assets have consistently generated attractive returns over decades because of their longer-term investment horizon versus public markets, which allows business operators to make long-term decisions with secure capital backing and create lasting value. It remains to be seen whether more liquid fund structures will be able to access similarly attractive opportunities. We believe that rigorously researched, carefully selected private funds and direct investments are the best way to access these asset classes and earn higher returns.

RISKS TO OUR OUTLOOK

While our base case for 2025 entails the continued resilience of the U.S. economy, bolstered by robust consumer spending, moderating inflation and lower rates, we are cognizant of risks ahead.

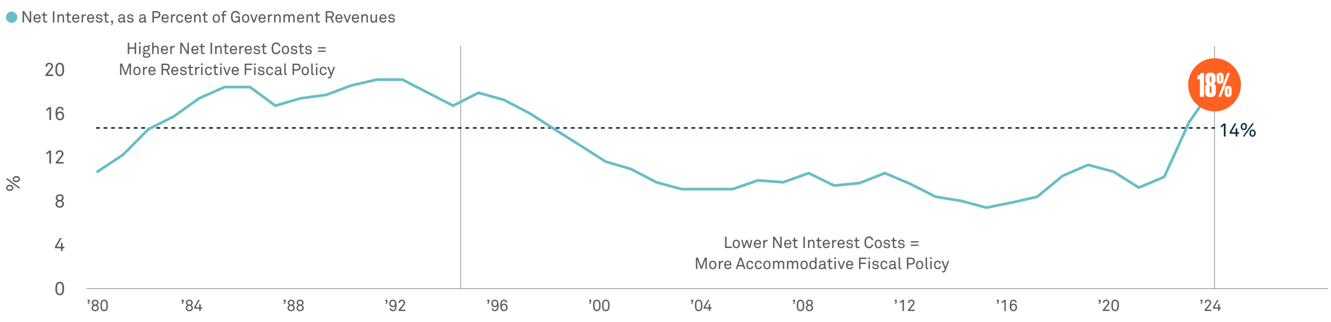
They include a pickup in inflation that requires the Fed to pause or reverse its policy easing, a growing U.S. budget deficit that may put upward pressure on bond yields, and an escalation of geopolitical tensions.

Although we expect inflation to continue to moderate, it could remain stubborn or even increase if growth is stronger than expected. Expansionary fiscal policy and tariffs could boost inflationary pressure too.

We are also monitoring the historically large and growing U.S. government debt and deficit. The federal debt-to-GDP ratio of 100% is an all-time high and may rise based on existing and new policies. We note that the U.S. is not alone in facing unsustainable debt levels, with Japan's debt standing at more than two times its gross domestic product; the debt of Italy and the U.K. is nearly 100% of the countries' respective gross domestic product.

For every borrower, the larger your debts, the more you must pay in interest. For the U.S., the current interest burden on the nearly $35 trillion debt outstanding is roughly 18% of federal tax revenues. That is larger than the U.S. defense budget. The high interest costs on government debt may constrain the spending plans of the new administration. The reaction of the Treasury market will be worth watching because bonds can quickly assess and reflect inflation expectations. Several years ago, the U.K. bond market reacted to a spending plan that would have resulted in a marked increase in the budget deficit that would require funding from greater bond issuance. The bond market sold off sharply in response, signaling that the amount of outstanding debt had reached a dangerous threshold.

FIGURE 16 CURRENT INTEREST BURDEN IS HISTORICALLY ELEVATED



Source: Strategas. Data as of November 6, 2024.

Lastly, geopolitical tensions in the Middle East and between Ukraine and Russia inject an additional layer of uncertainty. A broadening of either conflict could threaten the growth outlook for the global economy, at least temporarily. Historically, the impact of geopolitical events on equity markets has been short-lived with stocks generally higher three, six and 12 months later. The decoupling of the U.S. and China trading relationship could also dampen economic activity.

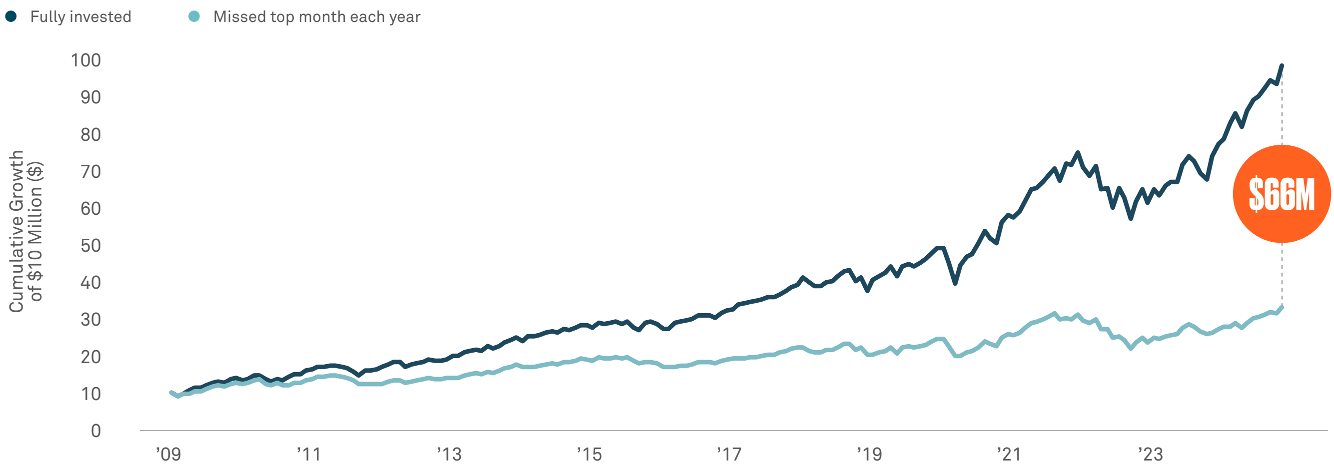
While we continue to monitor these factors, we do not believe they warrant a more defensive portfolio posture at present.

PUTTING IT ALL TOGETHER

There are always reasons not to invest. In 2024, they included fear of recession, an uncertain path of monetary policy, geopolitical tensions, and elections in almost every corner of the world.

It is important to stay invested because the power of compounding is what builds and sustains wealth. This precludes exiting the market and moving to cash during periods of heightened volatility, which can prove costly given that the best-performing days and months frequently follow the worst. For example, an investment of $10 million in the S&P 500 left untouched since 2009 would have grown to $99 million. This is $66 million more than if you missed the top-performing month of each year.

FIGURE 17 STAY INVESTED: THE IMPACT OF MISSING THE BEST MONTH



Total returns used to calculate the cumulative growth of a $10 million investment. When missing the top month, we assume cash delivers 5% on a yearly basis. Source: Bloomberg. Data as of November 29, 2024.

Staying invested, however, does not mean staying static. As your investment team, we positioned portfolios in 2024 to reflect our constructive bias. We overweighted U.S. large cap equities and reduced cash positions while adding to bonds at attractive yield levels. We also incorporated exposure to private markets for uncorrelated returns. These tactical decisions added meaningfully to the performance of our fully diversified balanced portfolio year to date through November as compared to its benchmark. In 2025 and beyond, we will continue to identify market dislocations and opportunities over a 12–18-month time horizon to grow and protect your wealth.

POWERING YOUR GOALS WITH ACTIVE WEALTH

To grow after-tax wealth and preserve your legacy, we approach your entire balance sheet with our institutional discipline.

Our five Active Wealth strategies — Invest, Manage, Borrow, Spend and Protect — each play a specific role in curating a personalized wealth plan. Consistently following our advice has the potential to increase wealth accumulation by up to 5% on an annualized basis. Moreover, the investment strategies outlined in this report only represent one component of our program. Advanced planning techniques minimize the impact of taxes, and the strategic use of leverage helps your wealth grow. Active Wealth also identifies your optimal spending rate, keeping you aligned with your goals, and implements strategies to protect your legacy for generations to come. This comprehensive approach empowers you to focus on the other important things in your life while we uncover opportunities through all market environments.