

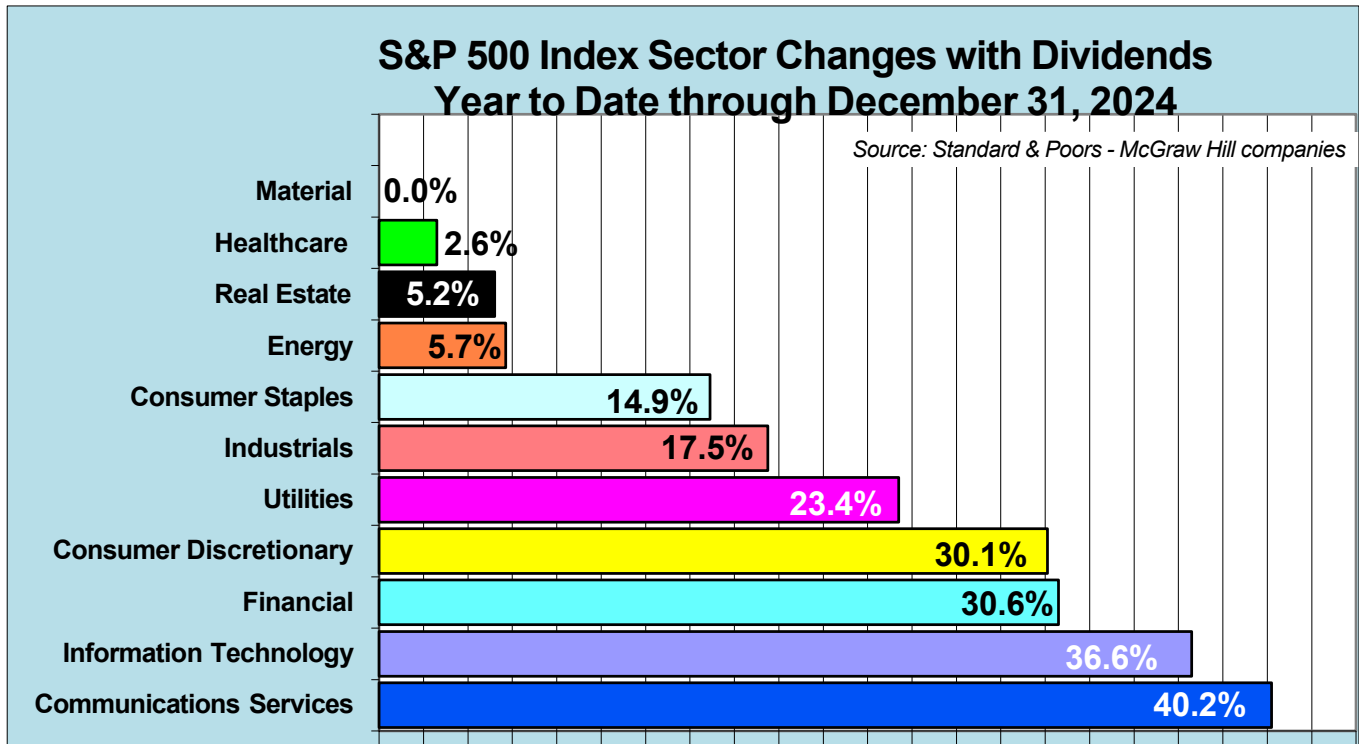
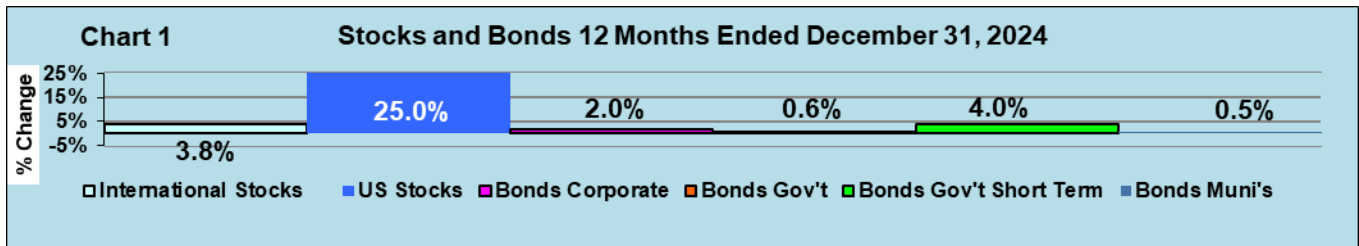
Market Performance Perspective

In a now familiar refrain, rewards were not equally distributed, with the large-cap tech companies known as “The Magnificent Seven” contributing 53% of the S&P 500 Index’s return for the year. However, the index did see more breadth this year as seven of the eleven sectors



also produced double-digit returns in 2024. Bond returns saw rising interest rates on mid to long maturities offset much of the contribution from now higher yields, but saw modest positive returns for the year.

Source: Madison Investments



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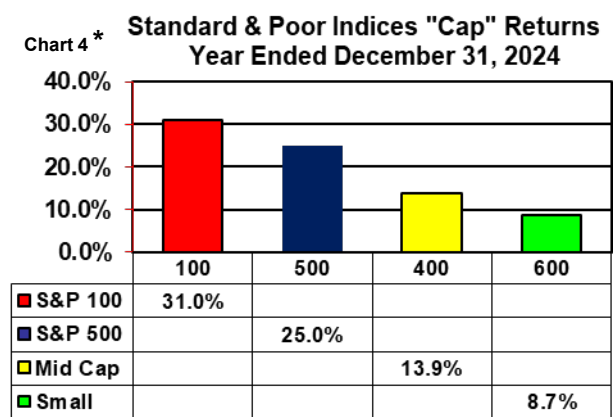
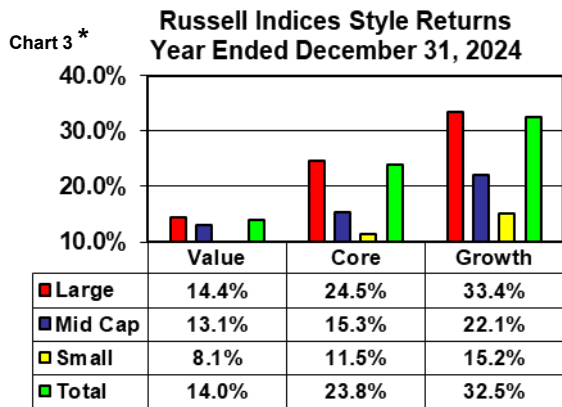
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Sector Returns - Chart 2:

The communication services and information technology sectors had high returns on a historical basis.

Style & Capitalization Size Returns - Chart 3 & 4:

Growth and large companies had greater returns than value-oriented and small companies.

Perspective

Earnings were just one of the drivers of the market in 2024 with lower inflation, 1% of Federal Reserve cuts, solid GDP growth, and optimism over artificial intelligence all contributing.

The consensus outlook for 2025 is positive, fueled by the continued strength of the U.S. consumer, the prospect for further Fed rate cuts, and the confidence in pro-business Trump policies. Undermining this optimism are high valuations and uncertainty over the Trump administration's actions regarding tariffs and immigration. The persistence of high longer-term interest rates in the face of the Fed cutting projects a possibility of a more troubled economy in 2025. The market has largely shrugged off geopolitical threats, including the Mideast war and North Korea joining the fight in Ukraine, but this ambivalence does not mean that we are free from shock waves.

Source: Chart 1, 3 & 4 = MSCI Barra, Standard & Poors, Wall Street Journal; Frank Russell
Chart 1 Indices: International Stocks = MSCI EAFE Index; U.S. Stocks = S&P 500 Index; Bonds Corporate = BBBC Credit; Bonds Gov't = BBBC Government; Bonds Gov't Short Term = BBBC 1-3 Year Government; Bonds Muni's = BBBC 7 Year Municipal Year Index; **Chart 3 Indices:** Value Large = Russell 1000 Value; Value MidCap = Russell MidCap Value; Value Small = Russell 2000 Value; Value Total = Russell 3000 Value; Core Large = Russell 1000; Core Midcap = Russell MidCap; Core Small = Russell 2000; Core Total = Russell 3000; Growth Large = Russell 1000 Growth; Growth Midcap = Russell Midcap Growth; Growth Small = Russell 2000 Growth; Growth Total = Russell 3000 Growth. **Chart 4 Indices:** Large = S&P 100 Index; Midcap = S&P MidCap 400 Index; Small = S&P Small Cap 600 Index. The Russell Indices are provided by The Frank Russell Company. The BBBC indices are provided by Bloomberg Barclays Capital, Inc. The MSCI EAFE Index is provided by Morgan Stanley. The S&P 100, 400, 500 and 600 Indices (a registered trademark of the McGraw Hill Companies) are unmanaged indices of common stocks. S&P Dow Jones Indices information is a joint venture between S&P Global, the CME Group, and News Corp Investors cannot purchase any index. Past performance is no guarantee of future results.

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