

# INVESTMENT UPDATE

**INSIDE THIS ISSUE**

**PAGE 1**  
Announcements

**PAGE 2**  
2024 Q4 Market  
Commentary + 2024  
Year in Review

**PAGE 3**  
The Power of  
Human Ingenuity

**PAGE 4**  
Save the Date!

*Hello 2025!*

*We hope you had a joyful holiday season and a wonderful start to the new year surrounded by loved ones. As we step into 2025, we look forward to partnering with you to achieve your goals and celebrate your successes. Wishing you a prosperous and fulfilling year ahead!*

*Warm regards,  
Your Saltmarsh Financial Advisors*



## A NOTE FOR OUR JOINT FINANCIAL ADVISOR & TAX CLIENTS PREPARE FOR SALTMARSH TAX SEASON

As we prepare for the upcoming 2024 tax season, the Saltmarsh Financial Advisors and Tax teams are working closely to facilitate an efficient and smooth process for our joint clients. If you are a joint client, please note the following instructions for a smooth tax season:

- On January 10 you received an **electronic copy of your 2024 Tax Packet via email from Adobe Sign with the subject line "Saltmarsh 2024 Tax Packet"** (you may need to check spam/junk folders just in case). If you have previously provided a specific delivery method, you will receive your Tax Packet as requested.
- Please **review your 2024 Tax Packet, complete the required forms, and submit your supporting tax documents**, including Schwab 1099 and 1099-R forms for each Schwab investment account and any outside investment accounts as soon as possible. For those clients who receive electronic statements and documents, you can sign into your Schwab account to retrieve your tax documents. If you require assistance, contact a member of our team.
- Completion of tax returns will be prioritized according to the date on which complete Tax Packets are received.

Along with the CPA managing your account, the following individuals will be your dedicated Tax support contacts:



**ZAC WEIMER - SENIOR ACCOUNTANT**  
[zachary.weimer@saltmarshcpa.com](mailto:zachary.weimer@saltmarshcpa.com)  
Direct Phone: (850) 378-4917



**HEATHER CROMER - ADMIN ASSISTANT**  
[heather.cromer@saltmarshcpa.com](mailto:heather.cromer@saltmarshcpa.com)  
Direct Phone: (727) 820-0040

Thank you for being a joint Saltmarsh Financial Advisor and Tax client. As always, we will continue to engage on your behalf with our Tax team and we are available to hold joint tax planning meetings as needed. Please don't hesitate to reach out with any questions!

**WE LOOK FORWARD TO A GREAT 2025 TAX SEASON!**

# 2024 Q4 MARKET COMMENTARY

CHRIS STENNETT, CFP®, SENIOR FINANCIAL ADVISOR, SALTMARSH FINANCIAL ADVISORS

The U.S. stock market delivered another strong quarter, navigating a presidential election and two Federal Reserve interest rate cuts. Large-cap stocks, represented by the S&P 500, gained 1.9% for the quarter, bringing their full-year performance to an impressive 23.3%. The broader U.S. stock market, measured by the Russell 3000, rose 2.63% during the quarter and ended 2024 up 23.8%.

International markets experienced more volatility. Developed international stocks, tracked by the MSCI All Country World Index ex-US, declined -7.43% in Q4 but still managed a 4.7% gain for the year. Emerging markets, represented by the MSCI Emerging Markets Index, also faced headwinds, falling -8.0% in the quarter but closing the year up 7.5%.

**Bonds & Fixed Income:** The Federal Reserve reduced short-term interest rates twice during the quarter, lowering the range

from 4.75%–5.00% to 4.25%–4.50%. Meanwhile, the 10-year Treasury yield rose throughout Q4, finishing the year at 4.6%. The Morningstar Core Bond Index declined by over 3% during the quarter, reflecting the challenges posed by rising rates. Conversely, high-yield bonds demonstrated resilience, with the Bloomberg U.S. High Yield Index posting a modest gain of 0.17% for the quarter and an 8.19% return for the year.

Overall, global stock markets delivered strong annual returns, with U.S. equities leading the charge. Despite volatility in international markets and low fixed-income returns, our diversified portfolios delivered positive results for investors across different levels of portfolio risk tolerance.

## 2024 YEAR IN REVIEW

CHRIS STENNETT, CFP®, SENIOR FINANCIAL ADVISOR, SALTMARSH FINANCIAL ADVISORS

As 2024 passes, it's time to reflect on the key themes that shaped this eventful year. Geopolitical uncertainties, lingering effects from COVID-19, the U.S. presidential election, and debates about a hard versus soft economic landing kept investors on edge at the year's outset. Yet, alongside the challenges, there were significant opportunities for growth. Here's an overview of major developments in U.S. and international markets and their broader implications.

### **U.S. STOCKS: A BROADER RALLY TAKES HOLD**

U.S. stock markets saw another remarkable year, marked by an expansion beyond the narrow tech-driven gains of 2023. While the "Magnificent 7" tech giants dominated the prior year, 2024's rally broadened to include a wider range of sectors and companies, leading to strong overall growth.

This 2<sup>nd</sup> consecutive year of +20% market gains alleviated some inflation concerns and rewarded investors who maintained diversified portfolios. However, those who favored cash faced growing anxieties as wage growth struggled to keep up with rising prices and investment returns.

### **INTERNATIONAL STOCKS: GAINS AMID GLOBAL UNCERTAINTY**

The global stage was rife with geopolitical tensions and economic challenges in 2024, yet international markets delivered positive results:

- **Developed Markets (Ex-U.S.):** Steady performance led to returns of 4.7% for the year.
- **Emerging Markets:** Despite heightened volatility, emerging markets outpaced developed markets, achieving an impressive 7.5% return.

For globally diversified investors, these returns reinforced the value of maintaining an international presence in their portfolios, even during uncertain times. Notably, these gains exceeded inflation, offering real value to investors.

### **INTEREST RATES: A RETURN TO NORMALCY**

After nearly two years of an inverted yield curve (Short-term rates yielding more than Long-term), interest rates began to normalize in 2024. The 10-year Treasury yield rose above short-term rates, signaling improved economic health.

- **Short-term rates** declined from 5.25% to 4.5%, leading to lower yields on cash and similar alternatives.
- **10-year Treasury yield** climbed from 3.9% to 4.6%, reflecting increased confidence in the long-term economic outlook.

### **INFLATION: STABILIZING BUT STILL A CHALLENGE**

Inflation showed signs of stabilization, decreasing from 3.1% in January 2024 to 2.7% by December. Although this represented progress toward normalcy, the elevated cost of goods and services continued to challenge consumers. The lingering effects of the higher inflation rates seen in 2022 remain a key concern for many households.

### **EMPLOYMENT: A RESILIENT JOB MARKET**

Despite a slight uptick in unemployment from 3.7% to 4.2%, the labor market demonstrated resilience throughout 2024. Job opportunities remained robust, reflecting a strong overall economy, even as certain industries experienced isolated pressures.

### KEY TAKEAWAY: OVERCOMING INFLATION'S LEGACY

Over the past three years, inflation has been a dominant challenge for American households. However, investors who maintain course with a diversified portfolios of stocks and bonds saw their wealth grow at a pace far exceeding inflation. This year reaffirmed a time-tested lesson: safely utilizing risk assets like investments, and staying invested though volatile times, is crucial for long-term financial success.

For individuals leery of the stock market, the primary challenge continues to be keeping pace with inflation. The task of growing wealth either by wages alone, or with some alternative investment plan like real-estate has proven to be inconsistent.

### A MESSAGE FROM SALTMARSH

At Saltmarsh, we take pride in helping our clients navigate the challenges and opportunities every year. Our commitment to building and preserving financial security has never wavered. While uncertainty remains, we believe that a well-diversified portfolio, regular planning, and disciplined rebalancing are the most effective tools for managing risk and achieving financial goals.

If you or someone you know needs help navigating today's economic realities, we encourage you to reach out. Together, we can develop a financial plan tailored to your unique needs and aspirations.

---

## THE POWER OF HUMAN INGENUITY

DAVID BOOTH, FOUNDER & CHAIRMAN, DIMENSIONAL FUND ADVISORS

Against a backdrop of geopolitical tensions, economic challenges, and electoral uncertainty, 2024 proved the resilience of public financial markets and the power of human ingenuity once again. Markets continued to do what they do best: efficiently process information and set fair prices, rewarding long-term investors with positive returns.

The year started with concerns about stubbornly high inflation, changes in interest rates, and the ripple effects from conflicts in Ukraine and the Middle East. Some observers speculated this could be the beginning of a prolonged economic downturn. But as the months unfolded, businesses adapted and innovated. Entrepreneurs launched new ventures. Scientists announced groundbreaking discoveries. Once again, the power of human ingenuity kept the economic engine going. While markets can be hard to predict, people are constantly seeking to solve problems and create opportunities.

This year's market performance reflected the power of human ingenuity. The S&P 500 returned a robust 28.1% through November, while the global stock market, as measured by the MSCI All Country World Index, was up 20.3%. Even bonds, after struggling earlier in the decade, delivered solid returns (4.2% as measured by the Bloomberg Global Aggregate Index). Investors with broadly diversified portfolios who stayed invested through the volatility of recent years were rewarded for their patience and discipline.

Of course, there were plenty of surprises and short-term fluctuations along the way. Individual stocks and sectors went up and down based on current events, earnings reports, and shifting consumer sentiment. But zoom out and the big picture becomes clear: Over the past century, driven by people's collective ingenuity and productivity, the stock market has consistently risen, returning on average about 10% a year.<sup>1</sup>

This is why I have unwavering faith in markets. By owning a broad slice of global capitalism, we can participate in the upside of human problem-solving and innovation, wherever it occurs. This year provided yet another compelling data point for this

hypothesis. Despite all the challenges, people found ways to adapt, create, and move forward. Markets reflected this reality, as they always have.

**BY OWNING A BROAD SLICE OF GLOBAL CAPITALISM, WE CAN PARTICIPATE IN THE UPSIDE OF HUMAN PROBLEM-SOLVING AND INNOVATION, WHEREVER IT OCCURS.**

So while no one can predict what 2025 will bring, I remain confident in the power of human ingenuity to drive progress—and markets—over the long run. Investors harness this power by staying disciplined, diversifying globally, minimizing costs, balancing risks, and pursuing higher expected returns. These timeless principles don't depend on predictions or guesswork—they simply allow everyone to participate in the rewards of human creativity and resilience. Over my 50 years in finance, I've witnessed a great democratization of investing, which has made it much easier for investors to access public markets and benefit from the market's returns.

This past year also reminds us it's always worth remembering too that true wealth is about more than the balance in your investment account. It's about having the financial security and peace of mind to be able to focus on what matters most—your health, your relationships, your passions and purpose. It's about living a life of meaning and optimism, even in the face of uncertainty. And it's about trusting in the power of human ingenuity to help shape a better future, for yourself and for the world.

As we start 2025, let's carry these lessons with us. Let's continue to invest in markets and in ourselves. Let's have faith in progress, even if the path isn't always smooth. And let's remember that as long as people keep dreaming and solving problems, opportunities to grow and develop will be abundant—for investors and for society as a whole. That's a future worth believing in.

1. In US dollars. Based on S&P 500 Index annual returns, 1926–2023.

# Saltmarsh

Financial Advisors, LLC

AN AFFILIATE OF SALTMARSH, CLEVELAND & GUND

## Saltmarsh Financial Advisors

[investmentinfo@saltmarshfa.com](mailto:investmentinfo@saltmarshfa.com)

(800) 477-7458

### PENSACOLA

900 North 12<sup>th</sup> Ave  
Pensacola, FL 32501  
(850) 435-8300

### TAMPA

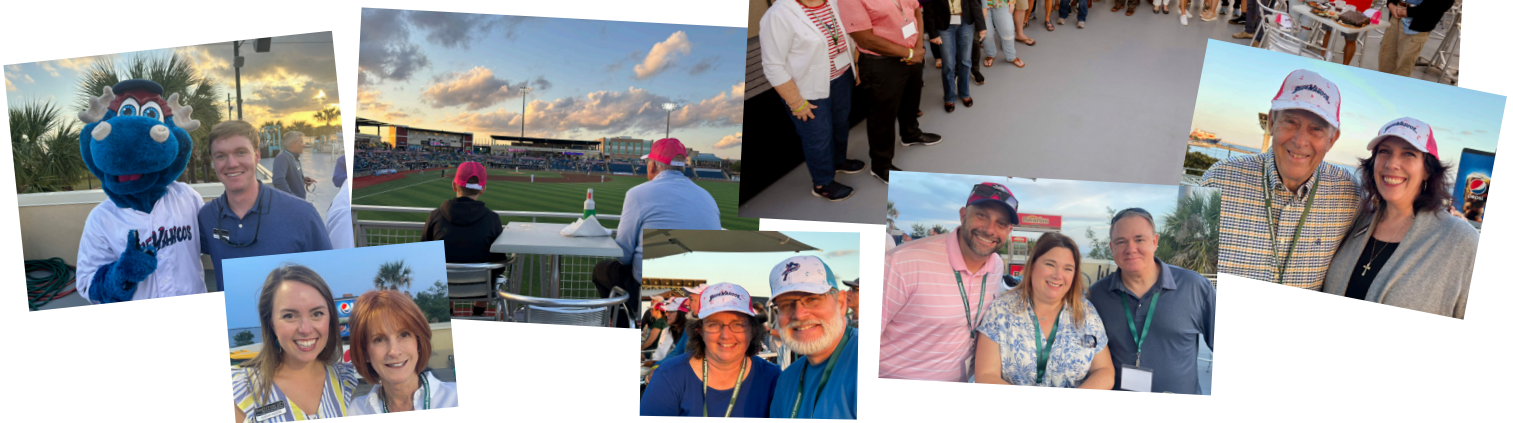
201 N. Franklin St., Ste 1625  
Tampa, FL 33602  
(813) 287-1111

## SAVE THE DATE: NIGHT @ THE BALLPARK

**TUESDAY, APRIL 22<sup>ND</sup> | PENSACOLA, FL**

It's almost time for our annual Night at the Ballpark! You and a guest are invited to a night of fun in appreciation of our investment management clients as the Pensacola Blue Wahoos take on the Tennessee Smokies.

*INVITE COMING SOON!*



**Christina Doss, AAMS®**  
Managing Director

[christina.doss@saltmarshfa.com](mailto:christina.doss@saltmarshfa.com)

**Michael C. Hall, CFP®**  
Director

[michael.hall@saltmarshfa.com](mailto:michael.hall@saltmarshfa.com)

**Chris Stennett, CFP®**  
Senior Financial Advisor

[chris.stennett@saltmarshfa.com](mailto:chris.stennett@saltmarshfa.com)

**Mark Hemby, CFA, CFP®**  
Senior Financial Advisor

[mark.hemby@saltmarshfa.com](mailto:mark.hemby@saltmarshfa.com)