

January 2, 2025

Happy New Year!

What a wonderful year it was for many investors! Despite the headwinds of a Presidential election and fears of a slowing economy, U.S. stocks rallied throughout much of 2024. The S&P 500 reached a new all-time high 57 different times in 2024 (that's more than once per week!). This started early, with the first record on January 19, and endured through the year, with the latest coming on December 6. The market was relentless in its march higher, setting a new record every month outside of April and August. Also, 2024 marks the second-consecutive 20+% return year for the S&P 500, which has not occurred since 1997-1998.

The markets overcame a long list of concerns in 2024: persistent inflation, changing interest rate policy, intensifying global conflict, the inverted yield curve, the ever-growing fiscal deficit, a Presidential election, and a looming Government shutdown. But this is how it's supposed to work. There are ALWAYS things to worry about. In the short term, these worries can rattle markets – causing corrections, or even bear markets. But over the long term, markets have been resilient. And while back-to-back 20+% return years are rare, the market going up over time has not been. In fact, it's up over half the days (53%), and about three out of every four years historically.

Though we avoided any significant downturns this past year, they will happen again. Corrections never feel good, but they're part of the process, and offer opportunities for the long-term investor. There will be plenty to worry about in 2025, and you shouldn't *expect* another 20+% for the S&P 500. But remember the lessons that 2024 taught us about staying invested amidst a long list of reasons to sell.

Quarterly Letters

With the New Year, I also want to let you know that we will be changing the frequency of these letters going forward. For nearly 10 years now, I've been writing and sending out these letters each quarter. My original intent was to provide you a brief synopsis of markets and provide some sort of useful attachment or idea to enhance your client experience. I've found these two objectives to be at odds with one another, as it has become increasingly difficult to provide new and useful content each quarter. The last thing I want to do is waste your time by forcing out a letter with lackluster content, simply because the quarter came to an end. I will continue to produce letters with useful information and ideas. However, they will not be quarterly, or on any set schedule for that matter. Instead, they will come periodically, when I have something valuable I'd like to share with you. I hope that you can understand and appreciate this change.

Wishing you a happy, healthy, and prosperous 2025!



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