MARK AHO FINANCIAL GROUP

Your Vision, Our Mission

4th Quarter 2024

Pictured left to right:

Ross Aho, Financial Advisor

Amanda Zorza, Registered Client Associate

Joe Jeeves, CFP®, CIMA®, Financial Advisor

Mark Aho, MBA, CFP®, CIMA®, President, MAFG, Financial Advisor

Nicole Burony-Noble, Registered Executive Assistant

Eric Froberg, AAMS, Financial Advisor

Dear Friends,

This year end letter has two parts. First, I will cover some of the general principles which, though unchanging, seem especially relevant to our investor psychology. It is important to me for you to understand these are the bedrock beliefs on which we are managing your wealth. This is why we repeat them in this newsletter at least twice per year. The second section is made up of a few comments meant to communicate…in a calming, indeed almost detached way…our view of the current economic/financial situation.

I'm happy to report on another very successful year in our shared pursuit of your most cherished lifetime financial goals. Our plan and your portfolio continue to be driven by those goals, rather than by prognostication around the economy or the markets. Please remember, this will continue to be the case in the coming year and for years ahead.

I begin with our core beliefs:

General Principles:

- We are long-term, goal focused, plan-driven investors. Our core investment philosophy and goal is to broadly diversify using high-quality businesses.
- We believe the economy can't be consistently forecast, nor the markets consistently timed. We conclude from this the only practical way to capture the premium long-term return of equities is to ride out their frequent, sometimes significant but historically always temporary declines.
- We do not react to economic or market events. As long as your long-term goals remain unchanged, so will our plan for the achievement of those goals.

Current Observations:

- Powered largely by a few technology stocks, particularly the "Magnificent Seven"—Nvidia, Apple, Alphabet, Microsoft, Amazon, Tesla, and Meta Platforms), the past year was another exceptionally good one for the diversified equity investor. Nvidia, for instance, saw a remarkable 410% increase over the year. As the year came to a close, the market gave evidence of broadening out to some extent. This would certainly be welcome.

- The presidential election result was at least clear and uncontested. Trump has introduced expectations of deregulation, corporate tax cuts, and increased infrastructure spending, which initially buoyed market optimism. However, also included are concerns about potential inflationary pressures from proposed tariffs and strict immigration. Thus far the economic backdrop continues to be rather favorable. The job market remained fairly strong, though there are signs of cooling due to a relatively stringent monetary policy. Corporate earnings and dividends reached record highs and are forecast to increase further in 2025.
- If anything, late in the year many investors feared that equity market had gotten ahead of itself, as evidenced by somewhat stretched valuations. Since valuations have never proven to be a reliable timing tool-any more than anything else has-we encourage clients to just keep on keeping on with their plan.
- Inflation has not gone away. Also, as the Fed Chair Powell observed in mid-December, its probably not going away soon. An overvalued market took this statement rather badly, as it should have in our opinion.
- While the fiscal condition of the United States remains undeniably appalling, the consumer is (perhaps surprisingly) in very good shape. The household debt service ratio (debt payments as a percentage of disposable income), at 11.3%* in the fourth quarter of 2024, is near a 40-year low.
- It doesn't seem reasonable to suppose that the broad equity market can go on indefinitely compounding at nearly 16% which it's been producing since the March 2009 Global Financial Crisis lows. However, we do not need this lofty return. Our long-term plans are not built on this return. For instance, we may consider the 10% return the S&P 500 has done over the past hundred years.

Wishing you all a healthy, happy, and prosperous 2025! We're always here to answer your questions or address your concerns. Thank you for being our clients. It is truly a privilege to serve you.

God Bless you always,
Mark

*JP Morgan Guide to the markets, January 2025

Capital Markets Snapshot

For a full analysis of the Quarter, please go to our web site at www.markahofinancial.com. Then click on Resources> Education> Investment Strategy Quarterly. Below is a brief snapshot from the report (source- Morningstar):

Index		12/31/2024	2023	Last 10 years
Dow Jones Industrial Average		12.88%	13.70%	9.09%
S&P 500 Index		23.31%	24.23%	11.07%
NASDAQ Composite Index		28.64%	43.42%	15.09%
Russell 1000G	Large Cap Growth	33.36%	42.68%	16.78%
Russell 1000V	Large Cap Value	14.37%	11.46%	8.49%
Russell 2000G	Small Cap Growth	15.15%	18.66%	8.09%
Russell 2000V	Small Cap Value	8.05%	14.65%	7.14%
MSCI EAFE	Developing International	4.35%	18.85%	5.71%
MSCI EM	Emerging Markets	8.05%	10.27%	4.04%
DJ US Select REIT	U.S. Real Estate	8.10%	13.96%	4.89%
Barclays US Intermediate Govt/Credit		3.01%	5.26%	1.72%
Citigroup World Government Bond Index		-2.87%	5.19%	-0.55%

*Russell 1000 Growth Index – Measures the performance of the 1,000 largest companies in the Russell 3000 Index, with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index – Measures the performance of the 1,000 largest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. Russell 2000 Growth Index –Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with higher price-to-book ratios and higher forecasted growth values Russell 2000 Value Index – Measures the performance of the 2,000 smallest companies in the Russell 3000. Index with lower price-to-book ratios and lower forecasted growth values. MSCI Emerging Markets Index – A market capitalization weighted index composed of companies representative of the market structure of 26 emerging market countries in Europe, Latin America, and the Pacific Basin. The Dow Jones U.S. Select REIT Index intends to measure the performance of publicly traded REITs and REIT-like securities. Barclays Capital U.S. Intermediate Credit Bond Index measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year and less than ten years. The Citigroup WGBI G7 x U.S. (USD) is an unmanaged market value weighted index comprised of debt issued by countries in the group of 7 (Canada, France, Germany, Italy, Japan, United Kingdom, United States) excluding the United States. The MSCI EAFE is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations. The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The **Dow Jones Industrial Average** (DJIA), commonly known as "The Dow", is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The **NASDAQ** composite is an unmanaged index of securities traded on the NASDAQ system. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.*

MAFG PERSPECTIVE

Would you like to hear more from us? Looking for a fresh perspective on the market, economy, and other planning topics? Open the camera on your phone and scan the QR codes if you'd like to see more from us.

Mediterranean Lentil Salad

I was looking for a recipe to include lentils on New Years Day,
And found this wonderful salad. Easy and delicious.

Ingredients

- 1 can of lentils
- 1 medium cucumber, cut in ¼ in cubes
- ½ small red onion, thinly sliced
- 1 ½ cups cherry tomatoes, halved
- ½ cup red peppers, diced
- ½ cup kalamata olives, halved
- ½ cup crumbled feta cheese
- 2 teaspoons dried oregano
- Italian dressing
- Salt and pepper to taste

Instructions

Combine all ingredients and enjoy! This one's pretty easy!

KEY TAX FORM MAILING DATES

- **Retail Composite Forms 1099 will be mailed in three main groups – the first mailed by 2/15, the second mailed by 2/28 and the third mailed by 3/15 - depending on when we receive the information from securities issuers to finalize the Form.**
- **Forms for retirement (Forms 1099-R and 5498, if applicable) and education savings accounts (Form 1099-Q) will be mailed by 1/31.**

TECHNOLOGY & INNOVATION

What inspires the recent appeal of obsolete technology.

Everything old is new again – even the dusty tech in your junk drawer. Millennials and Gen Zers are resurrecting vintage technology, and not just for the novelty kick. Tech nostalgia can save consumers money, or help them unplug. The trend reflects a simple truth: Newer isn't always better.

Though popular, e-books offer a clear demonstration of what so much new technology lacks – a sensory experience. The smell of an old book and the sound of a turning page largely explain why print books still dominate the market. Retro junkies seek tech that delivers a physical encounter. And with physical connection so often replaced by virtual connection today, it's easy to understand a desire to turn back time.

Let's talk about some of the reasons tech nostalgia is in – and why old tech might be here to stay.

Money, money, money.

Tangle-prone or not, wired headphones have upsides. Losing old-school headphones won't ding your wallet as badly as losing their wireless counterparts – and wires are more difficult to lose in the first place. Flip phones are another popular retro tech product with a consumer-friendly price tag. Why buy the latest iPhone – which will be outdated soon enough – when you could opt for a fun, funky and cheaper flip phone and sock away the difference for a vacation?

Quality counts!

Vinyl records aren't as affordable – or as mobile – as Spotify, and you can't play a record in your car. And yet, vinyl sales now outpace CD sales. Besides offering retro-appeal, vinyl records sound better than their digital descendants, according to vinyl enthusiasts. Records capture all analog waves in the original performance, which digital music can't do, making vinyl more faithful to the original studio performance. And for those who appreciate the romance of clicks, pops and white noise, digital music simply can't compete.

Memory lane is good for the brain.

According to Psychology Today, the affection for retro devices is "inextricably linked to the simpler times they belong to." Between artificial intelligence and automation, you might think times would be simpler now, but it seems the opposite is true. "Doom-scrolling" and nonstop news alerts can be bad for mental and physical health. Old tech can take us back, and calm us down.

Repurposing the past.

Some trending tech is more vintage-inspired than vintage. Phones with foldable screens are both old and new. With smartphone capabilities but the pocketable size of flip phones, models like the Samsung Galaxy Z Flip 4 are experiencing a surge in popularity. Motorola has also entered the foldable screen game, hinting at a growing market for new tech with an old vibe.

From e-learning to remote work, online shopping to contact-free delivery, much of the face-to-face interaction we need in order to feel connected has been stripped from our day-to-day. There's wisdom in a yen for vinyl records and Polaroid cameras. Unlike their digital alternatives, these items offer something tangible to collect, to hold, to share. Over time, a beloved book or photo becomes an heirloom, something to pass down to children and grandchildren. And so it goes.

Sources: harpersbazaar.com.au; psychologytoday.com; thehustle.co; digitaltrends.com; wsj.com; theguardian.com; cnn.com; sciencefocus.com

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Thu	CARTAGENA	10:00 AM	8:00 PM
Fri	ALICANTE	8:00 AM	6:00 PM
Sat	IBIZA	8:00 AM	6:00 PM
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DON'T WANT TO DRIVE FOR YOUR APPOINTMENT???

We are now happy to offer Zoom Meeting as an option for your appointments with us.

With an easy to use, screen sharing, web based meeting, you can talk with us and just follow along on your computer without having to leave your home.

We will provide you with easy to follow instructions, and you can enjoy your meeting in the comfort of your home. Consider this option for your next meeting with us!

Let us help you help those you care about. Contact us today.

205 N. Lakeshore Blvd, Ste. B., Marquette, MI 49855
906-226-0880
Fax 906-226-1767
markahofinancial.com

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Your Vision, Our Mission

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