MARK AHO FINANCIAL GROUP

Your Vision, Our Mission

1st Quarter 2025

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,

When I look at pictures of my grandchildren and realize they are not little babies anymore, I start to feel a bit melancholy. It always amazes me how fast time goes by, here we already are at the end of the first quarter of 2025. A very wise lady at one point explained to me that life is such a wonderful journey, and that we should be able to gratefully close chapters and gleefully look forward to the next one. I think it is important for all of us to always have something in our lives to look forward to. We can start by being grateful for each day, and to be hopeful for everything yet to come.

I know that it is easy for me to get philosophical, and I am sure some of you can fall into this camp as well. What I thought I would talk about is the seismic shift we are seeing in our country's tariff policy with other foreign countries and the volatility we are experiencing in our equity markets. First though, let's put some perspective into the market's reaction to events, some foreseen and others unforeseen. Think back to some of the recent past market moving events:

	Major Market Corrections	Start	DJIA	Low		Back		Days/years
1.	The Technology Bust: 2000-2003	1/14/2000	11,723	10/12/2002	7,850	9/29/2006	11,742	2,449 6.71
2.	The Great Financial Crisis: 2007-2009	10/12/2007	14,093	3/16/2009	6,627	3/1/2013	14,089	1,965 5.38
3.	Covid Crisis: 2020-2022	2/21/2020	28,803	3/27/2020	21,637	10/16/2020	28,606	239
4.	Tariff Reset	4/1/2025	42,225					

*Source: FactSet

As you look at all these major issues within our country and the effects on the markets, there is one common denominator: the severe drops were all temporary. This is the hard part about being an equity investor, the temporary market drops must be tolerated. I know you are thinking we should be able to get in and out of the market with our experience and wisdom. We may be able to do this a time or two, but I have found it nearly impossible to do this consistently and if you cannot, most likely all is lost.

Therefore, over the past 30-40 years I have found it more beneficial to ride through these almost unbearable times in the high-quality diversified portfolios we have created and have managed over this time.

If you do have excess investment cash available, these are typically great times to add to your positions. For clients who are retired and drawing from portfolios, our philosophy is to keep at least 3-7 years of fixed income to cover temporary market declines. This is to not disrupt long term investments during environments like this.

Now let's look at the tariff issue causing the recent volatility. As we see in the markets this past week the tariffs imposed by President Donald Trump has sparked significant debate. Let's try to make this as simple as possible and look at the pros and cons of these measures:

Pros

1. **Protection of Domestic Industries:** Tariffs shield U.S. manufacturers from foreign competition, potentially preserving jobs in key sectors like steel, aluminum, and automotive manufacturing.
2. **Encouragement of Domestic Production:** Higher costs for imports may incentivize companies to produce goods domestically, strengthening supply chains and boosting national security.
3. **Increased Government Revenue:** Tariffs generate additional tax revenue for the federal government, providing a short-term economic boost.

Cons

1. **Higher Consumer Prices**: Tariffs often lead to increased costs for imported goods such as electronics, cars, and groceries; burdening consumers and contributing to inflation.
2. **Global Economic Slowdown:** Retaliatory measures by other countries and disrupted trade relationships can harm global economic growth, with GDP declines projected in major economies like China and the EU.
3. **Supply Chain Disruptions:** Modern industries reliant on global supply chains face higher costs and logistical challenges, affecting sectors like technology and retail.
4. **Trade Wars and Retaliation:** Countries impacted by U.S. tariffs may impose their own tariffs on American goods, escalating tensions and harming U.S. exports
5. **Economic Growth Concerns:** Economists warn that tariffs could slow U.S. growth by reducing trade efficiency and increasing borrowing costs due to inflation-driven interest rate hikes.

While the tariffs aim to bolster U.S. industries and reduce trade deficits, their broader economic consequences remain contentious.

Let's look at Europe. After World War II, the United States shifted its trade policy to foster cooperation with European nations, largely to support their economic recovery and strengthen alliances. This marked a departure from earlier protectionist policies, as the U.S promoted the General Agreement on Tariffs and trade (GATT) in 1947, which aimed to reduce tariffs globally. Since this agreement there have been various modifications, such as the Kennedy round in 1964-67. Another interesting change was in 1964 - The Chicken Tax. In retaliation for West Germany's tariffs on U.S. poultry, the U.S. imposed a 25% tariff on imported light trucks, targeting German vehicles like Volkswagen vans and trucks. Even though we do see the Volkswagen vans we see very few of their trucks in the U.S.

More recent tariffs with Europe include in 2018 the U.S. imposed 25% tariffs on steel and 10% on aluminum, citing national security concerns. The EU retaliated with tariffs on U.S. goods like agricultural products and consumer items. Currently, President Donald Trump has recently imposed a 20% reciprocal tariff on EU goods, claiming unfair trade practices, though actual EU tariffs average around 4.8% for U.S. imports. These tariffs reflect evolving trade dynamics, balancing cooperation with periods of contention over regulatory and economic policies.

This is just looking at the EU. The Trump administration is looking at all foreign countries we currently trade with. Therefore, this can become very complicated. I believe the intention is for the U.S., and its companies, to have a level playing field with all other countries and trading partners. Tariffs also create revenue for each of the countries' governments. If the proposed U.S. tariffs remain, there could be significant revenue for the U.S. federal government. It is estimated by White House aide Peter Navarro that the tariffs will generate $700 billion annually, including automotive tariffs contributing $100 billion per year. Over a decade, these tariffs are expected to raise approximately $6 trillion, making them one of the largest tax hikes in U.S. history. Taking a look at the cumulative effect of tariffs enacted in 2025 by independent analyses: they estimate that all tariffs enacted in 2025 will raise $3.1 trillion over the next decade, accounting for retaliation and dynamic revenue effects.

Enough now about the tariffs. I hoped to provide you with some details and basics. As you can see, this is complicated. I believe this will all sort out in due time. I do not think it is going to be a major negative to the great companies we have invested in. As a matter of fact, longer term this may provide some benefits to our American companies which I believe is the main intention. It is interesting to see how markets react even when the issue may be an advantage to most of the companies which make up the market. The unknown is the amount of retaliation imposed to our goods and services sold worldwide. In the meantime, let's be patient and let this play out. In most cases, history is a good predictor of the future. As the chart above shows, major issues cause severe market declines which have always been temporary. I don't think this downturn will be any different.

As always, we are honored and blessed to work with each of you.

God Bless you Always,
Mark

Bottom Line: "The real key to making money in stocks is not to get scared out of them"

~Peter Lynch

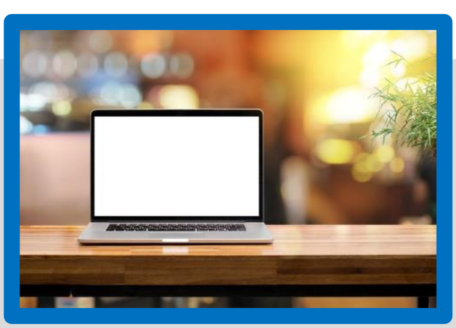
OUR SWAG MAKES IT TO SOME FUN PLACES!

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		03/31/2025	2024	Last 10 years
Dow Jones Industrial Average		-1.28%	12.88%	8.98%
S&P 500 Index		-4.59%	23.31%	10.50%
NASDAQ Composite Index		-10.42%	28.64%	13.44%
Russell 1000G	Large Cap Growth	-9.97%	33.36%	15.12%
Russell 1000V	Large Cap Value	2.14%	14.37%	8.79%
Russell 2000G	Small Cap Growth	-11.12%	15.15%	6.14%
Russell 2000V	Small Cap Value	-7.74%	8.05%	6.07%
MSCI EAFE	Developing International	7.01%	4.35%	5.91%
MSCI EM	Emerging Markets	3.01%	8.05%	4.11%
DJ US Select REIT	U.S. Real Estate	1.17%	8.10%	4.53%
Barclays US Intermediate Govt/Credit		2.42%	3.01%	1.81%
Citigroup World Government Bond Index		2.57%	-2.87%	-0.05%

*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.

Coleslaw

I think sometimes the easiest recipes are the ones we forget to make again. Coleslaw is a great staple and a great side dish with so many things!

Ingredients

- 1 small cabbage shredded and chopped
- 1 large carrot, shredded
- 1 cup mayonnaise
- 1/3 cup granulated sugar
- 1 ½ teaspoon lemon juice, fresh
- 2 tablespoon apple cider vinegar
- Salt and pepper to taste

Instructions

Place the prepared cabbage and carrot in a large mixing bowl. Combine the remaining ingredients until smooth and creamy. Pour the slaw dressing over the cabbage and carrots, mix to combine. Refrigerate until ready to serve. Enjoy!

START YOUR SPRING CLEANING!

Choosing the right charitable giving vehicle for your goals

ESTATE & GIVING

Understand the differences between giving vehicles.

If giving is in your heart, charitable planning vehicles have likely been a topic of conversation with your advisor. There are a variety of options and each has its own benefits, from tax advantages to grant control.

By using these planned giving vehicles, you can maximize your impact to charitable causes and see your generosity going further. Consider these common charitable giving vehicles as part of your financial plan.

Private Foundation

A private foundation might be the most recognized charitable giving vehicle among wealthy donors. To have your own private foundation is often looked at as a sign of success.

They can be funded with assets like cash, private equity, publicly traded securities, tangible assets, real estate and intangible personal property. All foundations are required to distribute at least 5% of their assets to charities or qualifying individuals each year.

Private foundations can engage in philanthropic activities that are not available through other giving vehicles, including distributing donations to individuals, for example. Donors have complete control over granting (as long as is it charitable in nature) and investment decisions.

A foundation can exist in perpetuity, creating an enduring family legacy, and the collaborative board structure encourages family engagement. Invite your family members to become board members or vote on where charitable funds are distributed. Depending on the level of involvement your family members want, you may be able to hire one of them to manage the foundation.

Alternatively, you can hire a professional operating partner to look over the administrative tasks associated with the foundation, as such tasks can become complex. Private foundations are a great possible solution for those who want to run their own charity, employ staff, and have greater flexibility on grant-making.

Donor Advised Fund (DAF)

A DAF is like having a designated bank account for charitable giving. You can contribute to the DAF as often as you like, with cash, securities or even other illiquid assets. You receive a tax deduction upon funding the account for the full fair market value, but don’t have to distribute the contributions until a later date.

DAFs are a popular choice because they offer great tax benefits and flexibility. The tax deduction for contributing cash can be up to 60% of adjusted gross income and 30% for long-term appreciated assets.

(That compares to 30% and 20% respectively, for a private foundation.) And you can involve your family in charitable giving through a DAF by requesting grant nominations from family members – like a private foundation, but without the formalities of board meetings and minutes.

There are no mandatory annual distributions, and you can even remain anonymous. DAFs also have less of an administrative burden than that of a private foundation; however, you are limited to disbursing funds to only qualifying charitable entities. If you want a simple solution with low costs and the potential to grow tax-free, a DAF might appeal.

Charitable Remainder Trust (CRT)

A CRT is an ideal option if you're interested in earning income over a period or for life while also contributing to a charity (or charities) of your choice. This irrevocable trust provides you or your beneficiaries with regular income. At the time of your death, the remaining assets are given to the designated charity.

You contribute assets to the trust and obtain a current-year personal income tax deduction, based on the estimated value set to go to charity. In the case of a charitable remainder annuity trust (CRAT), you'll get a fixed annuity amount every year for the term; for a charitable remainder unitrust (CRUT), the annual distribution is a percentage of the trust, typically between 5% and 50%.

In most cases, a donor advised fund can be named as the charitable beneficiary as well. A scenario that might lend itself well to a CRT is when you want a trust that can generate income for heirs or charities.

Charitable Lead Trust (CLT)

A CLT is an irrevocable trust that lets you donate money to charitable organizations for a specific period before giving the remaining assets to your family or other beneficiaries – essentially the reverse of a CRT. It's an efficient way to transfer assets and can help reduce your taxes while making a positive impact through charitable giving.

You donate assets to the trust, choose one or more charitable organizations and distribute regular donations to them from the trust. The assets that remain in the CLT upon its termination go to your family, free of estate and gift taxes. Similar to a CRT, a CLT can benefit investors who wish to generate income for a cause.

Incorporating charitable giving in your planning is a noble effort and one that allows you to leave a legacy of generosity and goodwill with your wealth. Speak to your advisor about your philanthropic goals so you can determine which charitable giving vehicle is best matched to help you achieve them.

Sources: foundationsource.com

Donors are urged to consult their attorneys, accountants or tax advisors with respect to

questions relating to the deductibility of various types of contributions to a Donor-Advised Fund for federal and state tax purposes.

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Nov. 19	Rodney Bay, Saint Lucia
Nov. 20	Port Elizabeth, Bequia, St. Vincent and the Grenadines
Nov. 21	Mayreau, St. Vincent and the Grenadines
Nov. 22	Tobago Cays, St. Vincent and the Grenadines
Nov. 23	Bridgetown, Barbados, Barbados

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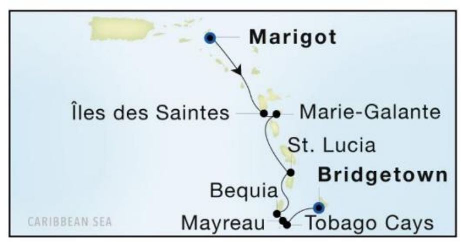

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205 N. Lakeshore Blvd, Ste. B., Marquette, MI 49855
906-226-0880
Fax 906-226-1767
markahofinancial.com

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