TruePlan℠
Benefit and Retirement Advisors
FORMERLY HANYS BENEFIT SERVICES

Retirement Market Recap
2024 IN REVIEW

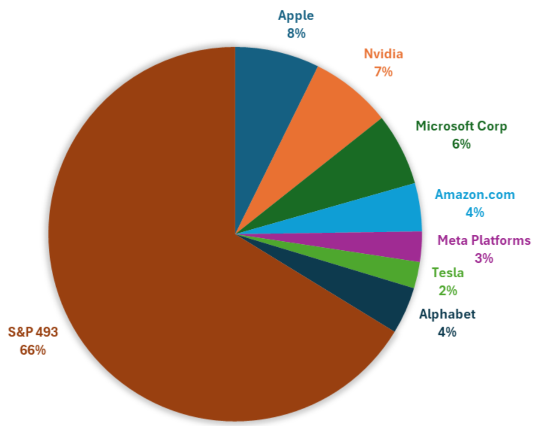
A good year and the big get bigger

After a stellar performance from U.S. equities in 2023, in which the S&P 500 Total Return Index (S&P 500) gained a whopping 26.29%, investors were unsure whether the rally could continue in an uncertain inflation and interest rate environment. Looking back on 2024, one cannot overstate the resilience of the U.S. equity market. The S&P 500 gained 25.02% in calendar year 2024, its second straight year of 20%+ returns, driven by a mixture of attractive secular themes (AI, GLP-1 drugs) and a rosier economic outlook. Whether this rally can continue into 2025 is the key question on investor's minds moving into the new year.

Within U.S. equities, the story of 2024 felt very similar to the previous year as the "Magnificent Seven"[1] continued to dominate, leading to 62% of the total return of the S&P 500 in 2023 and 59% during the first half of 2024.[2] However, the second half of 2024 was a much broader, healthier rally for the S&P 500, with the Magnificent Seven accounting for just 9.2% during the third quarter of 2024.[3] Regardless, concentration within the S&P 500 has continued, with the Magnificent Seven comprising roughly one-third of the index market capitalization (*see Magnificent Seven vs. S&P 493 Weighting chart*[4]).

Despite the growing concentration, it's possible we could see the wealth shared in 2025. As Maximilian McKechnie of JPMorgan Asset Management explains, "While the 'Magnificent Seven' artificial intelligence (AI) stocks still delivered outsized returns, economic momentum did feed through into a broadening of earnings expectations which is set to continue in 2025."[5] It will be interesting to see if broadened expectations lead to a wider rally in 2025.

MAGNIFICENT SEVEN VS S&P 493 WEIGHTING



While the U.S. had strong economic momentum in the final quarter of 2024, Europe displayed a different sentiment. Civil strife and the rise of populism in European nations have begun to weaken the political ties that bind the EU. Further, within Europe, "The manufacturing sector was particularly hard hit due to a combination of high energy costs, damaging regulation, and a lack of export demand, coupled with government subsidized competition from China," explained Maximilian McKechnie.[6] As a result, developed international equities struggled immensely compared to their U.S. counterparts, with the MSCI EAFE Index seeing a loss of 8.11% in the fourth quarter compared to a 2.41% gain for the S&P 500.

Fixed income markets experienced volatile, choppy trading conditions in 2024 despite three rate cuts. The Bloomberg US Aggregate declined 3.06% in the fourth quarter, following the onset of rate cuts in September, and saw a small gain of 1.25% for the year. Additionally, the Bloomberg Global Aggregate saw a loss of 5.10% in Q4 and 1.69% for the year, continuing the historic struggles of global fixed income in

[1] Nvidia, Apple, Microsoft, Amazon.com, Alphabet, Telsa and Meta Platforms.
[2] Mahn, Kevin. (Dec. 20, 2024) Top 10 Investment Themes for 2025. *Forbes.*
[3] Ibid.
[4] YCharts, S&P 500. (Jan. 6, 2025) Investors cannot directly invest in an index. Past performance is not a guarantee of future results.
[5] McKechnie, Maximillian. (Jan 2, 2025) Review of Markets over 2024. *JPMorgan Asset Management.*
[6] Ibid.

Statistics are attributed to Morningstar.

CONTINUED

FOR MORE INFORMATION:

Jordan André, CAIA, CFP®
DIRECTOR, INVESTMENT STRATEGY
jandre@trueplanadvisors.com | 800.388.1963

recent memory. High-yield corporate bonds continued to be the bright spot in fixed income portfolios with a gain of 0.17% for the quarter and 8.19% for the year primarily due to higher equity market beta (sensitivity). The performance of fixed income will continue to come into question in the new year with markets predicting a slower pace of rate cuts in 2025 than initially expected.[7]

With another strong year of equity market returns, investors need to ask themselves, how much higher can this market go? Optimism within markets continues to be extremely high despite historically high valuations and concentration. While a strong economic backdrop and the prospect of lower rates may propel equity markets higher, investor sentiment seems to be stretched, with the Ned Davis Research's Crowd Sentiment Poll (CSP), "which is an amalgamation of attitudinal and behavioral indicators — ending 2024 with 76-day streak in "extreme optimism" territory."[8]

While investors breathed a sigh of relief in 2024 as the most talked-about recession of our lifetimes once again did not rear its head, it's likely the fear of this event will continue into 2025. With a significant presidential administration change, investors are excited but unsure of the prospects of President Trump's policies, which will undoubtedly be a stark shift from the previous four years. While Trump's cabinet nominations appear to be business-friendly, with key figures such as Scott Bessent as treasury secretary, Andrew Ferguson as Federal Trade Commission chair and Howard Lutnick as commerce secretary, there are echoed concerns regarding re-inflationary aspects of the administration's potential tariffs. The monumental shift in the U.S. political climate will be one of the key areas for investors to watch in 2025.

Lastly, investors cannot discount the wealth-destroying effects of geopolitical "black swan" events. As the war in Ukraine marches toward its third year and the war in Gaza remains tense, it is hard to quantify or ignore these risks. A key concern for many U.S. investors is Taiwan, which houses Taiwan Semiconductor Manufacturing Co., one of the most valuable companies in today's globalized economy. The prospect of China moving into Taiwan is an unsettling one, but one that should not be ignored if geopolitical tensions continue to climb.

2024 began with many unknowns as to whether the much-needed rebound of 2023 could last. Looking back on another year of strong performance for the S&P 500, the bulls continue to be optimistic about this rally and where markets can go from here. With many changes afoot fundamentally, politically and globally, how 2025 will shape up for equity markets is difficult to predict. However, for U.S. equity investors, once again, 2024 was a pretty good year.

All statistics and performance data attributed to Morningstar.

Certain information contained in this presentation has been obtained from third parties. While such information is believed to be reliable for purposes used herein, no representations are made as to the accuracy or completeness thereof and TruePlan does not take any responsibility for such information. Certain information contained in this presentation discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice.

There can be no assurances that any of the trends described herein will continue or will not reverse. Past events and trends do not imply, predict or guarantee, and are not necessarily indicative of, future events or results.

Any model, graph or chart used has inherent limitations on its use and should not be relied upon for making any investment decisions. The information contained herein has been prepared solely for informational purposes and does not represent a specific offering. Nothing contained herein should be construed as a recommendation to buy or sell any security or economic sector.

The opinions expressed in this article are those of TruePlan Benefit and Retirement Advisors. This content is provided for informational purposes only and is not intended to be a recommendation or offer of financial products or services. Readers are encouraged to consult with a qualified financial advisor to discuss their specific financial situation.

[7] Moore, Simon. (Jan 5, 2025.) Here's The Fed's 2025 Meeting Schedule and What to Expect for Interest Rates. *Forbes*.
[8] Sonders, Liz Ann & Gordon, Kevin. (Jan 6, 2025) "It Was a Very Good Year." Charles Schwab.

EQUITY AND RETIREMENT INDICES	3 MO	1 YR	3 YR	5 YR	10 YR
S&P 500 TR USD	2.41%	25.05%	8.94%	14.53%	13.10%
Russell 3000 TR USD (Broad Market)	2.63%	23.81%	8.01%	13.86%	12.55%
Russell 1000 TR USD (Large Cap)	2.75%	24.51%	8.41%	14.28%	12.87%
Russell Midcap TR USD	0.62%	15.34%	3.79%	9.92%	9.63%
Russell 2000 TR USD (Small Cap)	0.33%	11.54%	1.24%	7.40%	7.82%
MSCI EAFE NR USD (Int'l Equity)	-8.11%	3.82%	1.65%	4.73%	5.20%
MSCI Emerging Markets NR USD (E.M. Equity)	-8.01%	7.50%	-1.92%	1.70%	3.64%
S&P United States REIT TR USD (Real Estate)	-6.26%	8.44%	-2.28%	4.30%	5.55%
Morningstar Lifetime Mod. TR 2020	-2.17%	7.50%	-0.14%	4.24%	5.16%
Morningstar Lifetime Mod. TR 2040	-2.07%	11.70%	2.40%	6.98%	7.56%

FIXED INCOME INDICES	3 MO	1 YR	3 YR	5 YR	10 YR
ICE BofA 3M US Trsy Note TR USD	1.17%	5.18%	3.89%	2.48%	1.79%
ICE BofA 1-3YR US Trsy TR USD	-0.06%	4.08%	1.50%	1.40%	1.40%
BBgBarclays Long Term US Trsy TR USD	-8.62%	-6.41%	-11.96%	-5.20%	-0.64%
BBgBarclays US Aggregate Bond TR USD	-3.06%	1.25%	-2.41%	-0.33%	1.35%
BBgBarclays US Treasury US TIPS TR USD	-0.11%	4.69%	2.11%	3.34%	2.57%
BBgBarclays High Yield Corp TR USD	0.17%	8.19%	2.92%	4.21%	5.17%
BBgBarclays Global Aggregate TR USD (Global Bond)	-5.10%	-1.69%	-4.52%	-1.96%	0.15%

ICE BofAML – Intercontinental Exchange Bank of America Merrill Lynch; BBgBarc – Bloomberg Barclays; S&P 500 – Standard & Poors; MSCI – Morgan Stanley Capital International
Sources: Morningstar as of Dec. 31, 2024

MAIN OFFICE
ONE EMPIRE DRIVE O: 518.431.7600
RENSSELAER, NY 12144 F: 518.431.7601

SATELLITE OFFICE
3 HUNTINGTON QUAD, STE. 301S O: 631.417.5913
MELVILLE, NY 11747 F: 518.431.7601

trueplanadvisors.com | 800.388.1963