JANUARY 2025 MARKET RECAP

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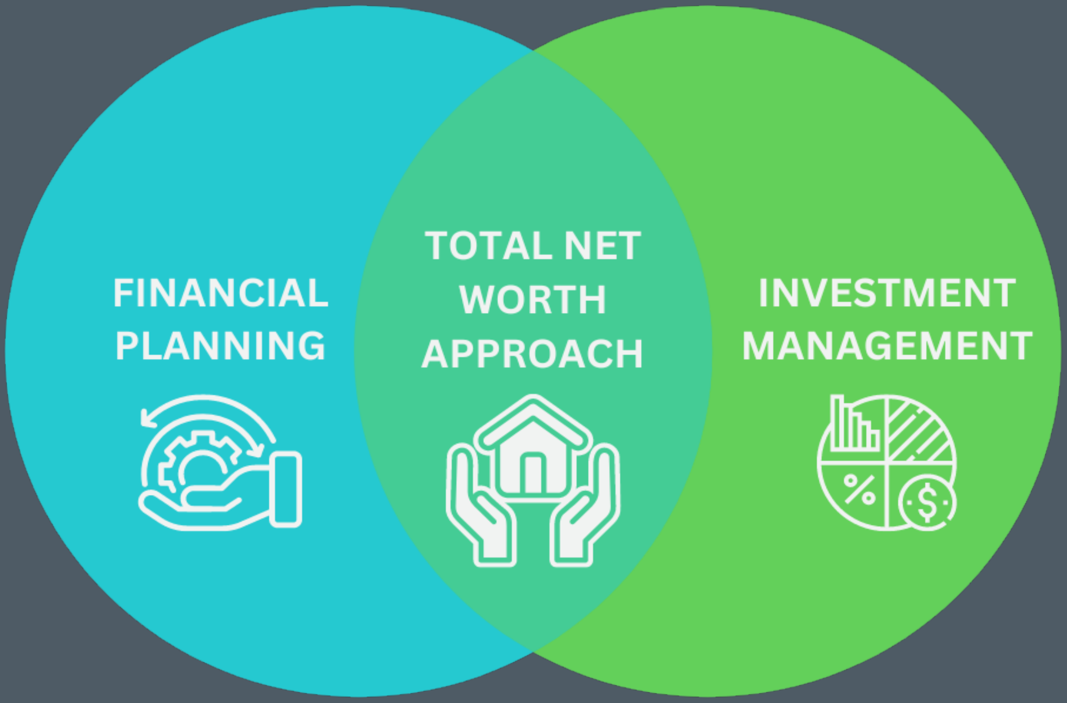

At Winthrop Wealth, we follow a **Total Net Worth Approach** to wealth management that combines both comprehensive financial planning and investment management. The financial plan helps define cash flow needs, seeks to optimize account structures, considers tax mitigation strategies, and determines the appropriate asset allocation based on the client's willingness and ability to take risk. Based on the output of the financial plan, our investment management process designs a well-diversified portfolio constructed with a long-term methodology based on prudent risk management, asset allocation, and security selection. *For clients who receive both financial planning and investment advisory services under agreement. No strategy assures success or protects against loss. Investing involves risk, including loss of principle.*

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The equity market started the year on a positive note, with the S&P 500 rising 2.8% in January. The index also reached a new all-time closing high of 6,119 on January 23rd. However, those headline numbers mask some underlying volatility, as the market saw three days of declines greater than -1% during the month. Please see our Client Question: Principles for Long-Term Investing.

- **Trump Tariffs:** Late in the month, President Trump announced the following tariffs: Mexico (25%), Canada (25% on goods and 10% on energy resources), and China (10%). The White House announcement states that the tariffs are in response to the "extraordinary threat posed by illegal aliens and drugs, including deadly fentanyl," and that they will remain in place "until the crisis is alleviated." The tariffs are scheduled to begin on February 4th. President Trump said he plans to speak with the President of Mexico and the Prime Minister of Canada before their implementation. We expect an agreement sooner rather than later, as these blanket tariffs will likely lead to higher prices, slower economic growth, and lower corporate earnings. Going forward, we further expect President Trump to continue using and threatening tariffs as a negotiating tactic to gain leverage over other countries. As we stated in our Post-Election commentary, President Trump used the threat of tariffs with some success during his first administration, although this did create market volatility and weigh on the economy. For investors, constant tariff threats and negotiations are now part of the new economic and market landscape.

- **DeepSeek Shakes Markets:** DeepSeek is an AI model developed by a Chinese technology company for a reported cost of only $5.6 million. Typically, AI models cost between $100 million and $1 billion to develop. DeepSeek operates on less powerful Nvidia chips and potentially produces results comparable to other more expensive and high-powered models. Over the last several quarters, we've said that one of the major risks to the market is anything that threatens the earnings power of AI companies. If models can be developed at a fraction of the cost, it raises questions about the necessity of massive AI infrastructure spending. After the DeepSeek announcement, Nvidia's market cap plummeted by -$589 billion on January 27th - the largest single-day decline in history. However, many questions about DeepSeek remain unanswered, leaving uncertainty over whether this selloff was a temporary setback or a paradigm shift for AI-related stocks.

- **Another Market Rotation:** Fallout from DeepSeek caused another rotation and market broadening as investors sold Nvidia (-10.6%) for other opportunities. During the month, Value (+4.6%), Mid-Cap (+3.9%), and Developed International (+5.3%) stocks outperformed Growth (+2.0%) and Technology (-2.9%). We construct diversified portfolios across regions, countries, market caps, factors, styles, sectors, and industries and tilt toward the areas we feel provide the most potential benefit. Our view remains that diversified portfolios can lead to more consistent and less volatile results than a single asset class. Please see our Client Question on Asset Allocation for our views on portfolio construction. *There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

Short-Term Outlook: Our short-term outlook continues to be cautious, as we expect volatility to rise this year as investors grapple with constant news flow related to tariffs, tax policy, and government finances. Furthermore, as evidenced by DeepSeek, anything that challenges the AI-related dominance of the Magnificent 7 companies will lead to market turbulence. We will continue to highlight signs of froth, including, stretched valuations, meme coins trading at billion-dollar-plus market caps, MicroStrategy increasing by nearly +570% over the last year, an explosion in levered single-stock ETFs, and a banana duct-taped to a wall selling for $6.2 million. During these times, many investors are fooled into thinking that markets will continue to rise indefinitely, leading them to take on too much risk. While we would be thrilled with another year of exceptional performance, we know that market declines are common, and we want to maintain realistic expectations, as we suspect the ride will get bumpier from here. *No strategy assures success or protects against loss.*

Long-term Investment Philosophy: Markets have historically increased over time despite frequent drawdowns as successful corporations have been able to figure out ways to generate profits through advances in innovation and productivity. To capitalize on the power of compounding, we believe in the benefits of staying **D**isciplined, **O**pportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses. In our opinion, adhering to a structured process and executing on all these components should help keep our clients on track toward pursuing their long-term objectives. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

All data sourced from Bloomberg as of 1/31/2025

Fixed Income Markets

Interest Rates

Short- and long-term Treasury yields were mostly flat in January. As a reminder, the Federal Reserve influences short-term interest rates by setting the Federal Funds rate, while the market determines long-term yields based on investor demand, which varies based on expectations of future inflation and economic growth.

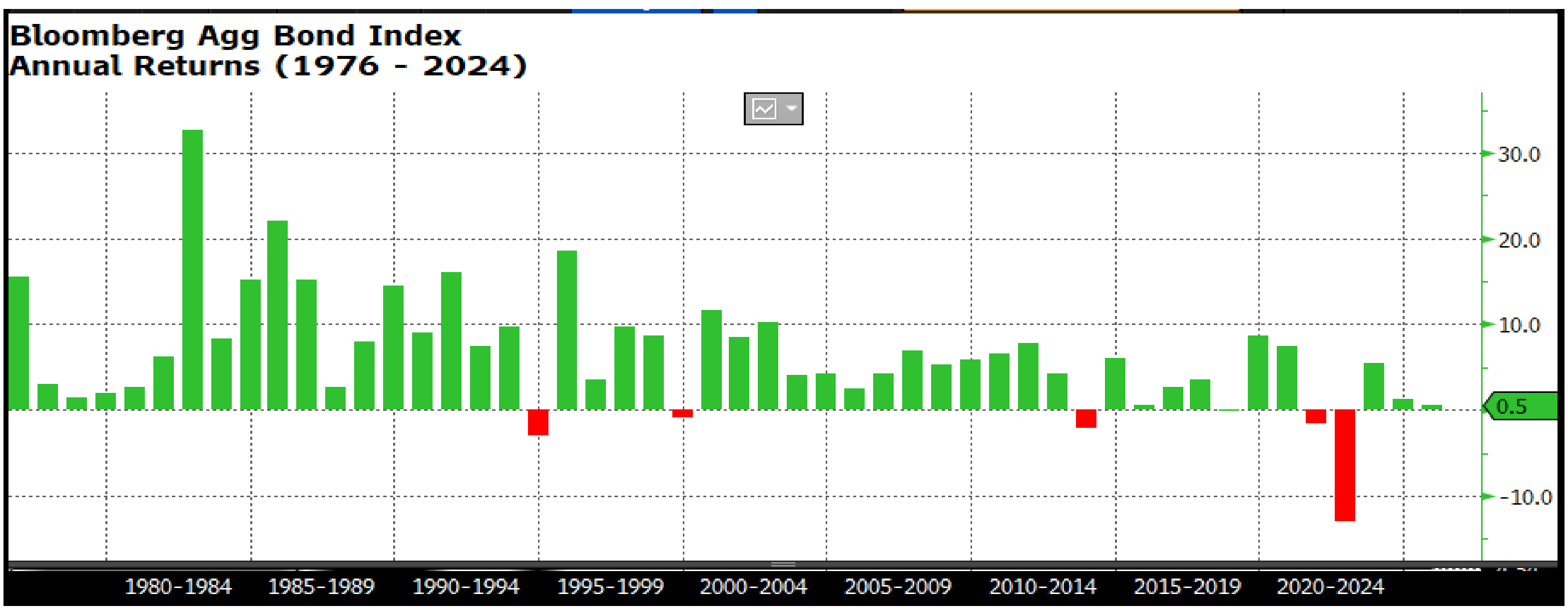
- **Short-Term Treasury Yields:** were above +5% for most of 2024, but they started to decline once the Fed began to lower the Federal Funds rate in September.
  - Month-end levels: 3-Month: 4.28% (-0.0%), 6-Month: 4.30% (+0.0%), 12-Month: 4.15% (+0.0%).
  - Investing in short-term Treasuries with +5% yields was a great strategy over the past several quarters, but we believe that opportunity has passed, and investors now face reinvestment risk with lower rates at maturity. We suggest using short-term Treasuries to fund anticipated liabilities, and to invest any excess cash in longer maturities or in a diversified portfolio. *Investing involves risk including loss of principal. No strategy assures success or protects against loss.*
- **Long-Term Treasury Yields:** were volatile throughout the month with the 10-Year reaching 4.79% on January 14th, the highest level since October 2023. Interest rates cooled down over the last few weeks on better-than-expected inflation data.
  - Month-end levels: 10-Year: 4.54% (-0.0%), 30-Year: 4.78% (+0.0%).
  - In our opinion, if the Trump administration can reduce the government deficit and moderate the increase in the federal debt, it would significantly help to stabilize long-term interest rates.

Intermediate-Term Bonds

The Bloomberg US Aggregate Bond index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, increased by +0.5% despite the 10-Year Treasury yield slightly declined. Bond prices move inversely to interest rates and credit spreads.

After challenging years in 2021 and 2022 and tepid results in 2024, we continued to recommend a patient approach for intermediate term bonds. All else equal, we expect intermediate-term bonds to provide both ballast and positive returns once yields either stabilize or decline.

In our opinion, intermediate-term bonds remain an attractive investment opportunity, as the yield to maturity on the US Aggregate Bond Index ended January at 4.9%. Yield to maturity is defined as the estimated annualized rate of return an investor can expect on a bond if purchased today and held to maturity, assuming the issuer makes all their interest and principal payments (i.e., no defaults). In our view, patient investors should be optimistic about intermediate-term fixed income returns over the next several years. *Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*



Source: Bloomberg.

Monetary Policy

The economy is strong, the labor market is solid, downside risks to the labor market appear to have abated, and we think disinflation continues on a slow and sometimes bumpy path. The broad sense of the committee is that we don't need to be in a hurry to adjust our policy stance.

- Fed Chair Jerome Powell

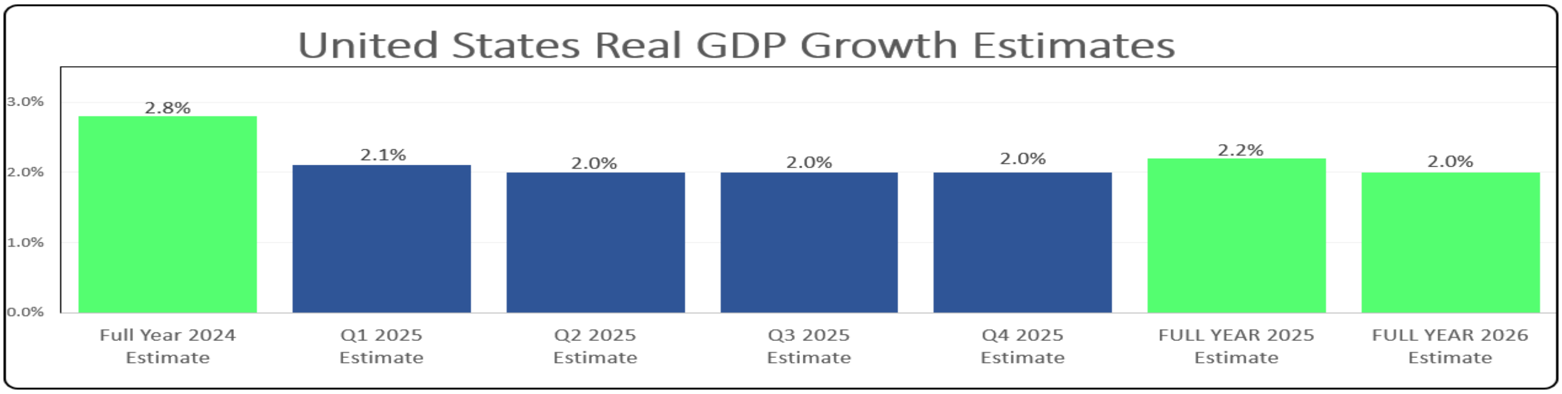
- **Interest Rates:** At their January meeting, the FOMC left the top end of the Federal Funds rate unchanged at 4.50%. The Fed lowered interest rates by 1.00% in 2024, with the latest 0.25% cut occurring in December. The FOMC's most recent Summary of Economic Projections (SEP) showed that the median participant expects they will lower rates to 3.9% in 2025 and to 3.4% in 2026. According to Bloomberg, market pricing indicates two 0.25% rate cuts this year.
- **Balance Sheet – Quantitative Tightening:** The Fed' Quantitative Tightening program is underway as their balance sheet is shrinking by about $60 billion per month. The Fed's balance sheet now stands at about $6.8 trillion, down from a peak of nearly $9 trillion in 2022. The Fed still thinks they can reduce the balance sheet close to its pre-pandemic size.

At the FOMC press conference, Fed Chair Powell said that while the committee does "not need to be in a hurry to adjust our policy stance", interest rates are "meaningfully" above neutral. In other words, the Fed expects to continue lowering interest rates as inflation decelerates. Market pricing currently shows the first rate cut this year is expected to occur in June. From a market perspective, the Fed's current stance is positive. Keeping policy steady for a few months will allow the market to absorb the recent rate cuts and provide time to gather more information on President Trump's tax, tariff, and deregulation policies.

US Economy

The US Economy is currently on stable footing, supported by the labor market and consumer spending. The future trajectory of the economy will likely depend on the policies of the new administration.

- **Fourth Quarter 2024 Real GDP:** +2.3% seasonally adjusted annual rate. Economic growth in the fourth quarter was boosted by a +4.2% increase in consumption, suggesting that individuals will continue to spend money as long as the labor market is solid. *Source: Bureau of Economic Analysis.*
- **Job Gains:** nonfarm payrolls increased by +256,000 in December, well above expectations. We will see if the strength in the labor market continues into 2025. The January employment report, set to be released on February 7th, is estimated to show an increase of +150,000 jobs. *Source: Bureau of Labor Statistics.*
- **Unemployment Rate:** 4.1% in December. The unemployment rate has stabilized around 4.0% over the last several months. *Source: Bureau of Labor Statistics.*
- **Retail Sales:** +3.9% year-over-year in October. Consumer spending data is critical as consumption drives about 70% of GDP. *Source: US Census Bureau.*
- **Core PCE Inflation:** 2.8% year-over-year in December. This is the Fed's preferred inflation measure, which they target at an average of 2%. *Source: Bureau of Economic Analysis.*



Source: Bloomberg.

JANUARY 2025 MARKET RETURNS

US Equity

Index	January 2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
S&P 500	2.78%	25.00%	26.26%	-18.13%	28.68%	18.39%	23.62%	11.19%	14.78%	13.54%	10.52%
Russell 3000	3.15%	23.80%	25.93%	-19.22%	25.64%	20.88%	23.08%	10.49%	14.12%	12.96%	10.40%
Dow Jones Industrial Average	4.78%	14.99%	16.18%	-6.86%	20.95%	9.72%	13.64%	9.00%	10.94%	12.07%	9.90%
Nasdaq	1.66%	29.60%	44.70%	-32.51%	22.21%	45.05%	29.41%	11.95%	17.38%	16.65%	13.07%
S&P 400	3.85%	13.89%	16.39%	-13.10%	24.73%	13.65%	15.84%	7.70%	11.08%	9.86%	9.85%
Russell 2000	2.62%	11.53%	16.88%	-20.46%	14.78%	19.93%	15.89%	4.82%	8.22%	8.21%	8.03%
Russell 1000 Growth	1.97%	33.35%	42.67%	-29.14%	27.59%	38.49%	31.23%	14.24%	18.77%	17.09%	12.79%
Russell 1000 Value	4.63%	14.35%	11.41%	-7.56%	25.12%	2.78%	14.42%	6.62%	9.29%	8.98%	8.00%

International Equity

MSCI Index	January 2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
EAFE	5.26%	3.82%	18.24%	-14.45%	11.26%	7.82%	4.42%	3.43%	5.26%	5.19%	4.93%
Europe	7.69%	2.64%	22.94%	-17.86%	13.54%	7.89%	3.19%	2.98%	5.62%	5.25%	4.37%
Japan	1.56%	8.31%	20.32%	-16.65%	1.71%	14.48%	4.80%	4.73%	5.19%	6.05%	4.39%
China	0.92%	19.42%	-11.20%	-21.93%	-21.72%	29.49%	36.22%	-5.30%	-2.53%	1.66%	7.46%
Emerging Markets	1.79%	7.50%	9.83%	-20.09%	-2.54%	18.31%	13.20%	-1.33%	2.72%	3.60%	6.01%
All Country World (ACWI)	3.36%	17.49%	22.20%	-18.36%	18.54%	16.25%	17.64%	7.43%	10.49%	9.48%	7.79%
ACWI ex US	4.03%	5.53%	15.62%	-16.00%	7.82%	10.65%	7.62%	2.15%	4.75%	4.86%	5.08%

US Fixed Income

Bloomberg Index	January 2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
Aggregate	0.53%	1.25%	5.53%	-13.01%	-1.54%	7.51%	1.05%	-1.74%	-0.72%	1.15%	2.99%
Treasury Bills	0.37%	5.32%	5.14%	1.52%	0.04%	0.54%	5.31%	4.09%	2.50%	1.77%	1.61%
Corporates	0.55%	2.13%	8.52%	-15.76%	-1.04%	9.89%	1.90%	-1.18%	-0.16%	2.14%	3.94%
Securitized MBS/ABS/CMBS	0.52%	1.45%	5.08%	-11.67%	-1.04%	4.18%	1.35%	-1.54%	-0.77%	0.92%	
High Yield	1.37%	8.19%	13.45%	-11.19%	5.28%	7.11%	8.71%	3.98%	4.28%	5.14%	6.48%
Munis	0.50%	1.05%	6.40%	-8.53%	1.52%	5.21%	1.11%	0.38%	0.64%	2.09%	3.45%

US Equity Sectors

Index	January 2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
Technology	-2.90%	36.61%	57.84%	-28.19%	34.52%	43.88%	32.79%	19.04%	24.02%	23.02%	15.79%
Real Estate	1.84%	5.23%	12.35%	-26.13%	46.20%	-2.17%	9.39%	-1.58%	4.33%	5.43%	
Industrials	5.03%	17.30%	18.08%	-5.51%	21.10%	11.05%	18.01%	11.49%	12.28%	11.21%	9.41%
Energy	2.07%	5.72%	-1.42%	65.43%	54.39%	-33.68%	6.78%	13.52%	14.96%	5.42%	7.06%
Consumer Discretionary	4.41%	30.14%	42.30%	-37.03%	24.43%	33.30%	35.77%	9.15%	14.21%	14.08%	11.61%
Communication Services	9.12%	40.23%	55.80%	-39.89%	21.57%	23.61%	35.86%	12.23%	14.61%	11.41%	9.25%
Consumer Staples	2.04%	14.87%	0.52%	-0.62%	18.63%	10.75%	12.00%	5.33%	8.63%	8.62%	9.54%
Utilities	2.93%	23.43%	-7.08%	1.56%	17.67%	0.52%	27.52%	6.58%	5.35%	8.25%	8.96%
Materials	5.59%	-0.04%	12.55%	-12.28%	27.28%	20.73%	2.55%	2.00%	10.26%	8.14%	7.92%
Financials	6.52%	30.50%	12.10%	-10.57%	34.87%	-1.76%	29.30%	9.63%	12.44%	12.28%	5.73%
Health Care	6.79%	2.58%	2.06%	-1.95%	26.13%	13.45%	-1.82%	3.35%	8.74%	9.08%	10.10%
	Calendar Year Returns						Annualized Returns				

Source: Bloomberg.

DISCLOSURES

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies pro- moted will be successful.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
The S&P Midcap 400 Stock Index is an unmanaged index generally representative of the market for the stocks of mid-sized US companies.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 3000 Growth Index is an unmanaged index comprised of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of those Russell 3000 com- panies with lower price-to-book ratios and lower forecasted growth values.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

The MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of the Americas, Europe, the Middle East, Africa and Asia. The MSCI EM Index consists of the following emerging market country indices: Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa. Turkey, United Arab Emirates, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

The MSCI US Broad Market Index captures broad US equity coverage. The index includes 3,204 constituents across large, mid, small and micro capitalizations, representing about 99% of the US equity universe.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

The Barclays Capital US Corporate High Yield Bond index is an index representative of the universe of fixed-rate, non-investment grade debt.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

DISCLOSURES

The Bloomberg Barclays US Treasury Bills 1-3 Month Index is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months. The Index includes all publicly issued zero coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and at least 1 month, are rated invest- ment grade, and have $300 million or more of outstanding face value.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

The market value of corporate bonds will fluctuate, and if the bond is sold prior to maturity, the investor's yield may differ from the advertised yield.

Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio.

Diversification does not protect against market risk. All investing involves risk which you should be prepared to bear.
Securities offered through LPL Financial, Member FINRA/SIPC. Investment Advice offered through Winthrop Wealth, a Registered Investment Advisor and separate entity from LPL Financial.