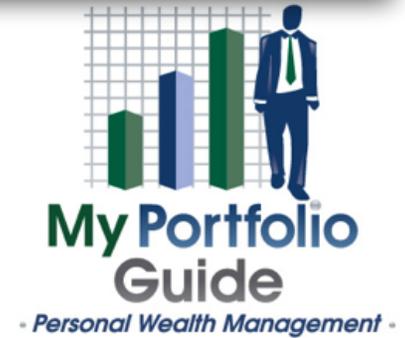


the Guide



INSIDE THIS ISSUE :

HAPPY NEW YEAR!

Horoscopes and predictions are fun to look at but stay focused on the bigger picture. Also remember to never let your politics get in the way of your investment discipline.

MARKET RECAP

How did the stock market do last quarter? Take a look at how different benchmarks and indexes did versus your own portfolio. What's on the horizon?

EDUCATION CORNER

The election is behind us but what does a new administration mean to the markets and will it "be different this time"?

NEWS & NOTES CALENDAR

It's New Years resolution time but how can you eat that cake without the calories? Mark your calendar for an educational event in late March that you won't want to miss!

Direction Matters!

It's that time of year again where the "experts" weigh in with their annual forecasts for the S&P 500. From where we are now the most bearish have it increasing +6.73%, the most bullish at +18.41%, with the group averaging in at +11.60%.

It should be noted that almost all these experts get it wrong each year. Our pet peeve is that they almost get a "mulligan" in picking their target. At some point in the year they will change it up or down. The phrasing they'll use is "we're dynamic" with our targets...

What matters more than a target number is the direction. Yes, the world still has problems but overall the tea leaves read that things are pointed up for the time being.

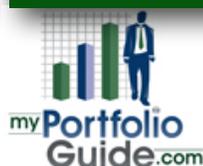
It's too easy for the mind and psyche to convince you that things will go down. For the millionth time, we are not "perma bulls", where regardless the backdrop we say the markets will go up. Matter of fact, our favorite economist and one that we pay research for has been extremely bearish the past three years. While we don't

S&P 500 2025 YEAR-END FORECASTS

| | |
|---------------------|-------|
| OPPENHEIMER | 7,100 |
| WELLS FARGO | 7,007 |
| YARDENI RESEARCH | 7,000 |
| DEUTSCHE BANK | 7,000 |
| HSBC | 6,700 |
| BMO CAPITAL MARKETS | 6,700 |
| BANK OF AMERICA | 6,688 |
| FUNDSTRAT | 6,600 |
| RBC CAPITAL MARKETS | 6,600 |
| BARCLAYS | 6,600 |
| MORGAN STANLEY | 6,500 |
| GOLDMAN SACHS | 6,500 |
| JPMORGAN | 6,500 |
| CITI | 6,500 |
| UBS | 6,400 |

ignore his words of concern, too many bears have been like a broken clock; eventually they'll be correct as the time is right once a day. Forecasts tend to extrapolate recent trends or focus too much on headline risks, missing the nuanced interplay of long-term drivers. If you've missed some of the market returns the past two years after a dismal 2022, it's time to reassess. Getting the broad direction of the market is what matters. One study back in 2014 revealed that of the 148 recessions across 63 countries from 1993 to 2012, forecasters failed to predict 97% of them by the prior year! Lastly, there's no better time to share our favorite economic joke of all time:

"Economists have successfully predicted nine out of the last five recessions".



| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|-----------|--------|--------|---------|--------|--------|--------|---------|--------|
| 20 / 80 | 3.11% | 6.17% | -15.51% | 2.26% | 6.29% | 8.88% | -3.90% | 4.71% |
| 40 / 60 | 8.33% | 10.83% | -16.51% | 8.32% | 8.13% | 11.13% | -4.70% | 8.44% |
| 50 / 50 | 10.94% | 13.16% | -17.01% | 11.35% | 9.02% | 12.25% | -5.09% | 10.31% |
| 60 / 40 | 13.55% | 15.50% | -17.51% | 14.38% | 9.90% | 13.38% | -5.49% | 12.17% |
| 70 / 30 | 16.16% | 17.83% | -18.01% | 17.41% | 10.76% | 14.50% | -5.89% | 14.04% |
| 80 / 20 | 18.77% | 20.17% | -18.50% | 20.45% | 11.60% | 15.62% | -6.29% | 15.90% |
| S&P 500 | 23.99% | 24.83% | -19.50% | 26.51% | 15.26% | 17.90% | -7.74% | 20.37% |
| Mid Cap | 12.60% | 15.82% | -14.93% | 22.36% | 11.39% | 12.70% | -13.19% | 18.37% |
| Small Cap | 7.03% | 14.28% | -17.55% | 23.89% | 9.65% | 12.50% | -13.44% | 15.51% |
| MSCI EAFE | 1.62% | 14.81% | -24.41% | 7.12% | 15.88% | 6.90% | -14.82% | 25.19% |
| Emerging | 9.69% | 6.27% | -20.85% | -3.15% | 9.88% | 4.30% | -17.00% | 30.52% |
| Bonds | -2.12% | 1.50% | -14.52% | -3.79% | 4.59% | 6.80% | -3.01% | 0.68% |

MARKET RECAP

How did the "Market" do ???

Never rely on the media to tell you "how the market did". The answer is different for everyone because investors should be allocated specific to *their* goals and risk tolerance.

The above chart shows several (6) basic portfolio allocations with their corresponding performance over different time periods.

60 / 40, for example, represents 60% in the S&P 500 and 40% in the U.S. Aggregate Bond Index. Other major indexes are also posted (S&P 500, Mid, Small etc) MSCI EAFE represents 23 developed International countries except for the US or Canada.

For the second year in a row all the doom and gloom crowd ended up being wrong again. Coming into 2024 there were still non-stop calls for a recession and even best case scenarios called for normalized growth but muted returns. Again, all of the talking heads were wrong so please take our guidance on not paying too much attention to these experts as most derail your psyche and investment discipline. The US economy once again surprised to the upside and Large Cap stocks returned a second consecutive year of +20% returns which has only happened four times since the 1930s. Does the market still have some of the exact same headline risks as last year? Yes... but believe it or not, it's still poised to have some gas left in the tank for 2025.

What did lag (and wasn't supposed to) were the Bond markets. We finally got some long anticipated rate cuts but none nearly to the level that everyone predicted. 2024 was supposed to be a strong year for bonds but they languished. With rates remaining higher than wanted, expect that trend to continue. Bond yields remain the key for stocks to continue any rally. The higher they go/remain, the harder it will be for stocks to prosper. Worries about Trump's tariffs, deregulation, and tax cuts increasing inflation will undoubtedly challenge markets in the near-term but by year end we expect to see another positive year. While more extreme an example, look towards Argentina as to what this model and approach can do to tame inflation. Capitalism is real and it works...

With the worries of the world still present, what did soar was the dollar and Gold (again!). As tempted as we are to take some profits on our gold positions the case for the time being still remains fundamentally strong to keep a decent allocation towards it (as mentioned many times in our writings...it has little to do with inflation concerns but rather fear and global unrest). The historical negative correlation between gold and the dollar has yet to materialize so while anything can happen, Gold remains far more attractive than Bonds as the "safe" part of your allocation.

One area to perhaps lighten up on is in the International asset class (including Emerging Markets). We think those appear to be sort of a "value trap". While US equities continue to be driven by a handful of wildly strong (but increasingly frothy) tech stocks, there is more value in other asset classes. Namely, as we allude to in the Education Corner of this edition, if the market breadth broadens out you will see Small and Mid Cap do relatively better than Large Cap over the decade to come.

In the meantime... **"Stay disciplined to stay positive" -MPG**

EDUCATION CORNER

Trump 2.0

“The four most dangerous words in investing are: ‘This time’s different’.”

-Sir John Templeton



Seen this movie before?

Did you know that movie box office sales are exceeding projections for the year? Also 14 of the 15 highest grossing movies of 2024 were actually sequels! For those of you who think you’ve “seen this movie before”, you might be in for a surprise.

Let’s start by revisiting the famous quote above. The election is behind us but a familiar face is back in the White House. Are things really different?

As we usher in the second term of President Donald J. Trump, the markets are abuzz with speculation about how this administration might shape the economic and investment landscape. While Trump’s first term focused heavily on tax cuts, deregulation, and a strong “America First” agenda, his return to the White House in 2025 brings both continuity and potential shifts in priorities. Here’s our key themes of “Trump 2.0” and their implications for investors.

Tax Policy

Expect a renewed push for lower taxes, particularly for businesses and high-income earners. Trump has already hinted at expanding his 2017 tax reforms, potentially

reducing capital gains taxes and offering further incentives for small businesses (more on this later as it’s our biggest investment takeaway of 2025).

Energy Independence

Fossil fuels are likely to take center stage again, with increased support for oil, natural gas, and coal. Trump’s declaration of a “national energy emergency” aimed at accelerating oil and gas development makes this sector one of our top favorites in 2025 and the years to come. While this may slow the momentum of renewables, energy infrastructure projects could present opportunities. It should be no surprise that the US will be in “drill baby drill” mode but don’t ignore geothermal (nuclear energy). If you haven’t read our most recent “Dear Mr. Market” article on micro reactors, consider checking it out now. In that article we highlight several specific companies that are poised to do well if “nuclear becomes cool again”.

Infrastructure Spending

Infrastructure has been a bipartisan priority, and Trump’s second term might see significant investment in roads, bridges, and other public works. This should benefit industrial and materials companies. Plans to expedite federal infrastructure projects by streamlining permitting processes, similar to the 2020 revisions to the National Environmental

2025 | HAPPY NEW YEAR

Policy Act (NEPA), are likely. Speaking of spending, at the fiscal year end the US had a budget deficit of \$1.8 trillion and total debt reaching an astounding \$36.2 trillion. We'll pay over \$1 trillion on the interest payments alone which dwarf total expenditures on Medicare and defense spending combined! America does not have a revenue problem but rather a spending problem and no matter who is in office that will likely not be solved in your lifetime. Cuts will need to be made but realistically Trump's plan will have a focus on trying to outgrow our current debt issues.

Tariff Talk

The "America First" philosophy will reignite a wave of tariffs on imports, particularly from China and Europe. Without being partisan, let it be known that from a pure economic standpoint, tariffs can be inflationary. While designed to protect domestic industries, tariffs would indeed raise costs for U.S. companies relying on foreign goods and materials. Remember that whether you like Trump or not, his main strength will be in how things get negotiated. We actually think the tough talk on tariffs will be focused on a couple countries (namely China) but not universal, and that's a good thing. The last time we had a universal tariff was in 1930 with Herbert Hoover so connect dots from there if you wish...Our main point with regard to his approach is to separate the noise from the signal. In other words, take him seriously but not literally.

So on one hand, while we could see foreign retaliatory action, possibly higher costs on some goods, and potential supply chain disruptions, there are a few opportunities that could result from tariffs (aside from the leverage and foreign diplomacy initiatives). Industries like steel, aluminum, and textiles could see a revival as businesses look to source locally to avoid tariffs. Another main beneficiary from such a shift in

policy, is one of our main investment themes for the next few years. Small Caps have clearly lagged Large Cap for quite some time but they may have another built in advantage: Smaller, domestically focused companies may benefit from reduced competition with foreign imports. We especially like the value tint here as the market breadth broadens out, so we're weighting more towards Energy and Financials within that asset class.

Rates & Monetary Policy

Trump's historically vocal criticism of the Federal Reserve will resurface, potentially influencing monetary policy debates. Markets may see heightened volatility as the administration balances growth with inflation concerns. All that being known, the tea leaves still read as expecting two more rate cuts for a 0.50% decrease. If employment gets sluggish we could see more aggressive cutting but either way the Fed will telegraph this more than anytime in recent memory.

Crypto("Fart Coin"- Seriously?!)

We've talked about this many times, but crypto is on a tear. Sure, it's taken some wicked hits but it's here to stay (at least the major coins). Trump has voiced before that this is one area where he may want to reduce regulatory burdens which could be significantly bullish. There's nothing wrong with allocating 2% to 5% within the "alternative" portion of your overall allocation to some of the major cryptocurrencies... *if you have the stomach for it*. When we see meme-based cryptocurrencies literally named "Fart Coin" go up +3,083% since October of 2024, let's just say this could be nearing the point of ridicule and the definition of a bubble. While we cheer on anyone who has benefited from this wild run, don't expect us to buy any Fart Coin or other meme type stocks. *"A fool and his money are soon parted"* - Thomas Tusser (16th century poet)

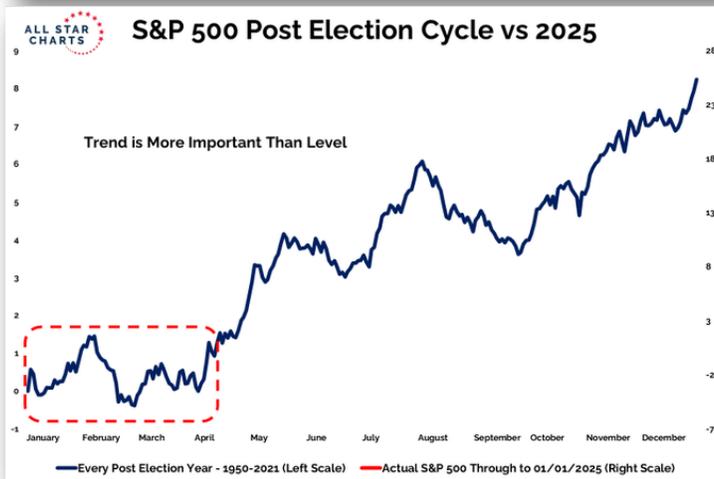
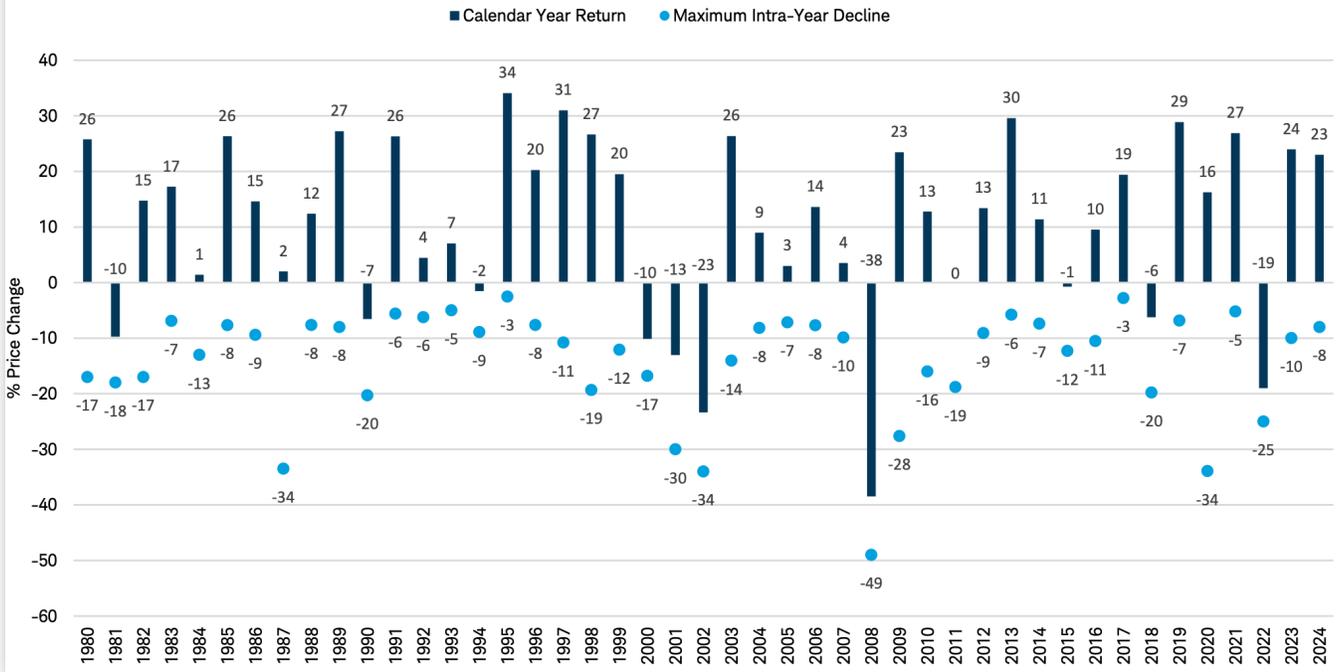


Investment Trends to Watch

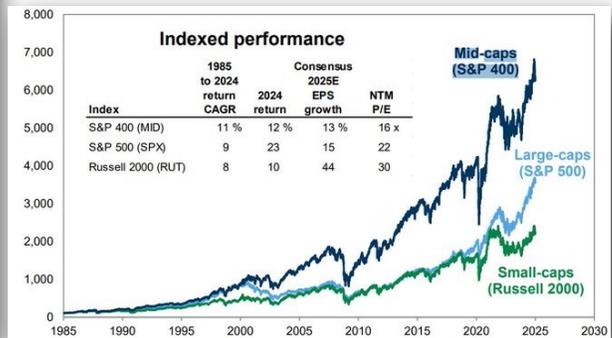
2025 Forecast

Stocks can rise despite drawdowns during the year

While we've seen large intra-year declines, annual performance has managed to be positive most of the time, with two of the three biggest intra-year drawdowns accompanying yearly gains in 1987 and 2020.



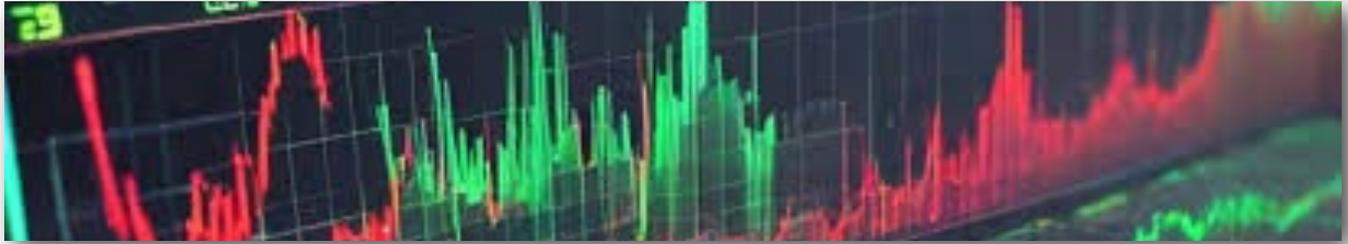
The large chart above is what we call the “most important chart” of the stock market. Markets go up and down but just understand that on average there is an annual drawdown of -14.3%.



Nobody knows how this year will play out but when it comes to post election cycles we will highlight that the “trend is your friend”. While there is always plenty to worry about you can expect a choppy or more volatile start but a solid finish to the overall year.

Digging deeper and looking at where to best position your portfolio along the different asset classes, we would point you to the lesser known fact that over time, the Mid Cap asset class has outperformed both Large and Small. The other main takeaway from the chart to upper right of this caption is the historic and attractive valuation that Mid Caps present (far cheaper than Large Cap and positioned to go up).

News & Notes:



Vegas Hours?!

At My Portfolio Guide, LLC we work enough hours as it is but get ready for non stop action! If you have ever felt like the stock market is almost like a more regulated version of Las Vegas gambling, that perception will soon become a reality. The New York Stock Exchange unveiled plans late last year to extend trading hours on its all-electronic Arca



exchange to 22 hours a day. The move, subject to regulatory approval, aims to capitalize on growing global demand for

U.S.-listed securities and accommodate investors across various time zones.

Under the proposed plan, NYSE Arca would operate from 1:30 a.m. to 11:30 p.m. EST on weekdays, excluding holidays. This expansion considerably extends the current trading window, which currently runs from 4:00 a.m. to 8:00 p.m. EST. The initiative would allow trading of all U.S.-listed stocks, exchange-traded funds, and closed-end funds during these extended hours.

This development follows a broader trend in financial markets towards extended trading hours. In May of 2023, Robinhood introduced “24/5 trading,” operating from 8 p.m. EST on Sundays through 8 p.m. EST on Fridays. The cryptocurrency market already operates on a 24/7 basis, further fueling demand for expanded trading hours in traditional markets.

Welcomed Accolades



Our most gratifying accolade truly comes from the trust clients place in us at My Portfolio Guide, LLC. This firm was built from scratch and prides itself on doing the very best we can for each individual or family we try

and help. We've grown over the years by virtue of you “not keeping us a secret” and sharing our name with your family, colleagues, and friends.

Every so often we're then also honored to share some of this success with you as we get noticed both locally and on a national level. This past year we have been honored



to have been nominated in our local Seal beach community, also as a candidate in USA Today's national list of Top Financial Advisors, and listed in the Who's Who in America archives. Our focus going into a new year will remain on achieving a standard of excellence that separates us from what we call a “sea of sameness”.

At the end of the day, we too are consumers of goods and services and you end up knowing if you're just another number or someone that is being treated as a valued individual. **Thank you** so much and cheers to a great 2025!



“Nobody cares how much you know until they know how much you care.”

-Theodore Roosevelt



Events Calendar

CALENDAR:

Q1 Market Strategy

Quarterly Review Recording

Nationwide and via Zoom



February 2025

February 15, 2025

Seal Beach
Cleanup

First Street
Parking Lot

Seal Beach,
CA



March 2025

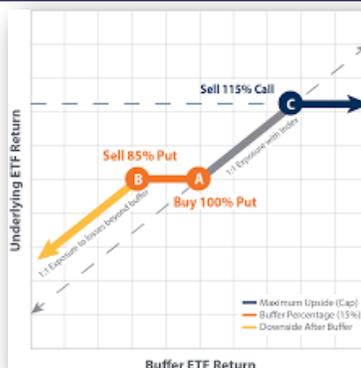
March 31, 2025

The Ranch at Seal Beach

Seal Beach, CA



RSVP (562) 799-5595



If the above chart means absolutely nothing to you right now, it may become more relevant after attending our educational event towards the end of March. One thing to note is that My Portfolio Guide, LLC does not promote any financial products like so many of the big box and boilerplate firms out there. That being said, our aim is to educate investors and clients on the pros and cons of any innovative strategies that could help your overall investment position as well as steer you clear of those worth avoiding (think annuities etc).

Bring your appetite and a friend or interested family member as we'll host dinner on the evening of March 31, 2025. This event will not only discuss some portfolio strategy ideas but specifically the age old

investment parallel to wanting to eat the chocolate cake but not retain all the calories! The “main course” will educate you on the pros and cons of Buffered ETFs. This is a relatively new category of investments that are designed to provide downside protection (the “buffer”) while capping potential upside gains. These instruments are especially appealing to investors who are risk-averse and want to stay invested in equities but reduce the impact of market downturns. Not easy to do!

Please also reach out to set up your Q1 Review & Strategy session in person or via Zoom if you have not done so already. We can typically keep these to well under an hour and then follow up to create an actionable set of bullet points you should be thinking about in the months to come.

As always, if you're interested in connecting, please contact us directly on our office line at **(562)799-5595** to reserve a time to meet.

