



SilverOak

WEALTH MANAGEMENT LLC

Quarterly Webinar
January 31, 2025



Introduction

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President, Partner and Chief Compliance Officer
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Partner and Lead Analyst



Agenda

- Economy and SilverOak Dashboard
- Market performance
- SilverOak's outlook
- Planning tips for the New Year
- Insurance Series: Long-term Care
- SilverOak updates
- Questions



Economy and SilverOak Dashboard



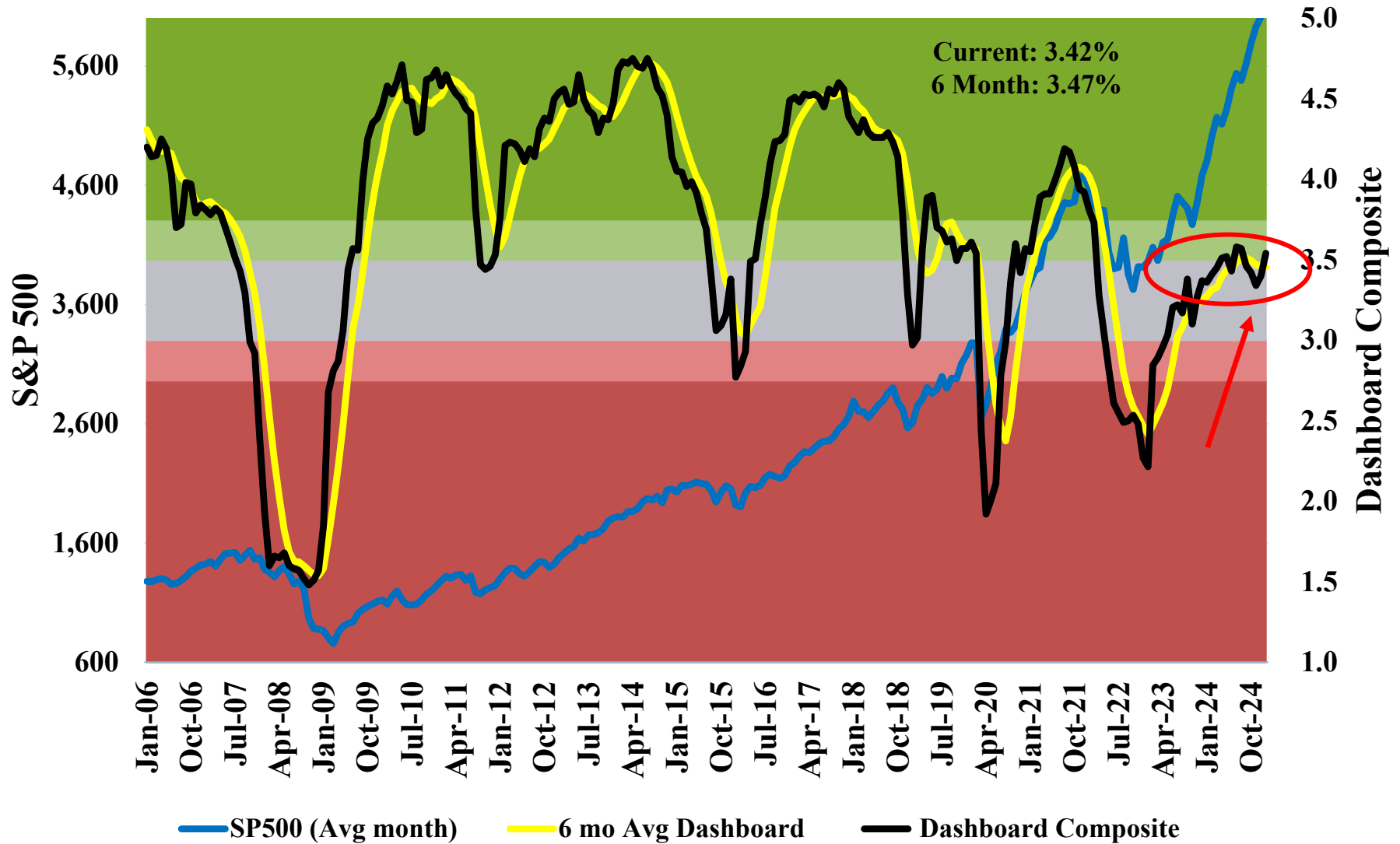
Market Dashboard

Projected

	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025
Economy	Green	Green	Green	Light Green	Grey	Grey	Red	Grey	Grey	Grey	Grey	Light Green	Green	Green	Green	Green
Credit Markets	Light Green	Light Green	Light Green	Light Green	Grey	Grey	Grey	Red	Red	Red	Grey	Grey	Grey	Grey	Grey	Grey
Valuations	Red	Red	Red	Red	Light Red	Light Red	Light Red	Light Red	Red	Red	Red	Red	Red	Red	Red	Red
Market Sentiment	Green	Green	Grey	Red	Red	Red	Red	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
Composite 6mo. Avg.	Green	Green	Green	Grey	Light Red	Red	Red	Red	Grey	Grey	Grey	Grey	Light Green	Grey	Grey	Light Green

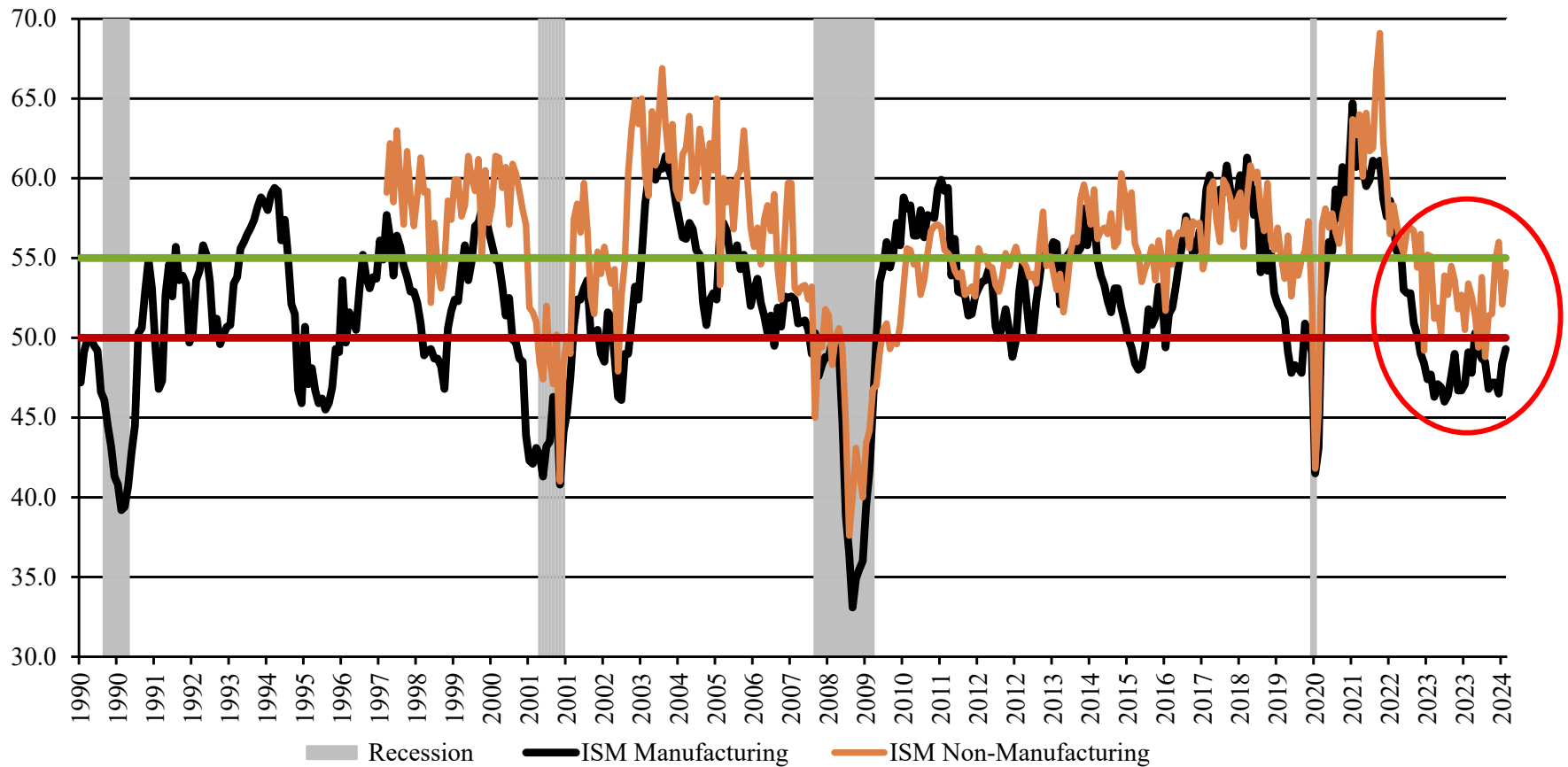


SilverOak Dashboard



Economy (ISM Indices)

ISM Manufacturing & Non-Manufacturing Indices

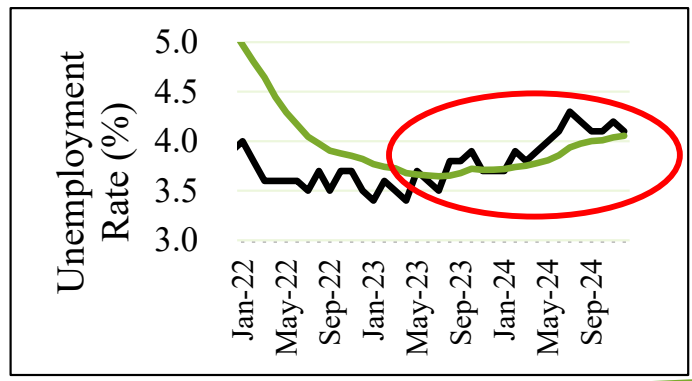
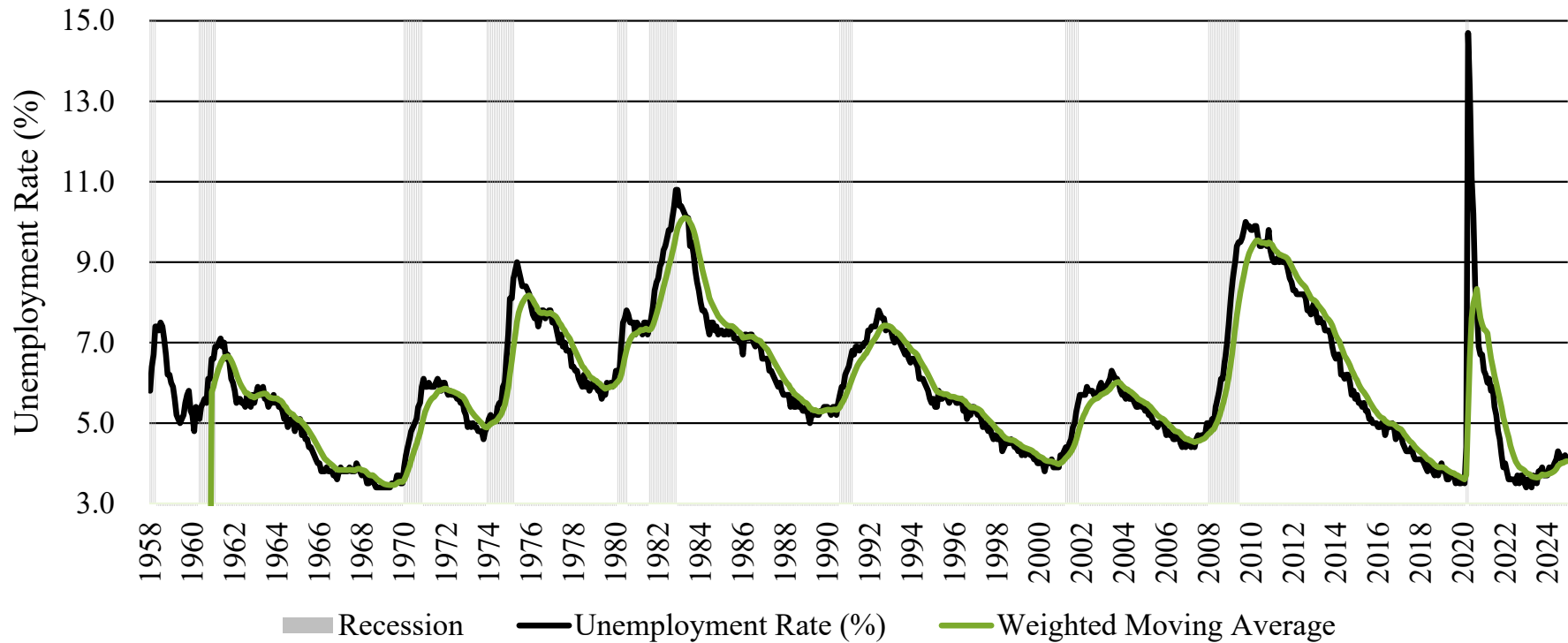


Source: Institute for Supply Management. Data as of 1/28/2025



Economy (Unemployment Rate)

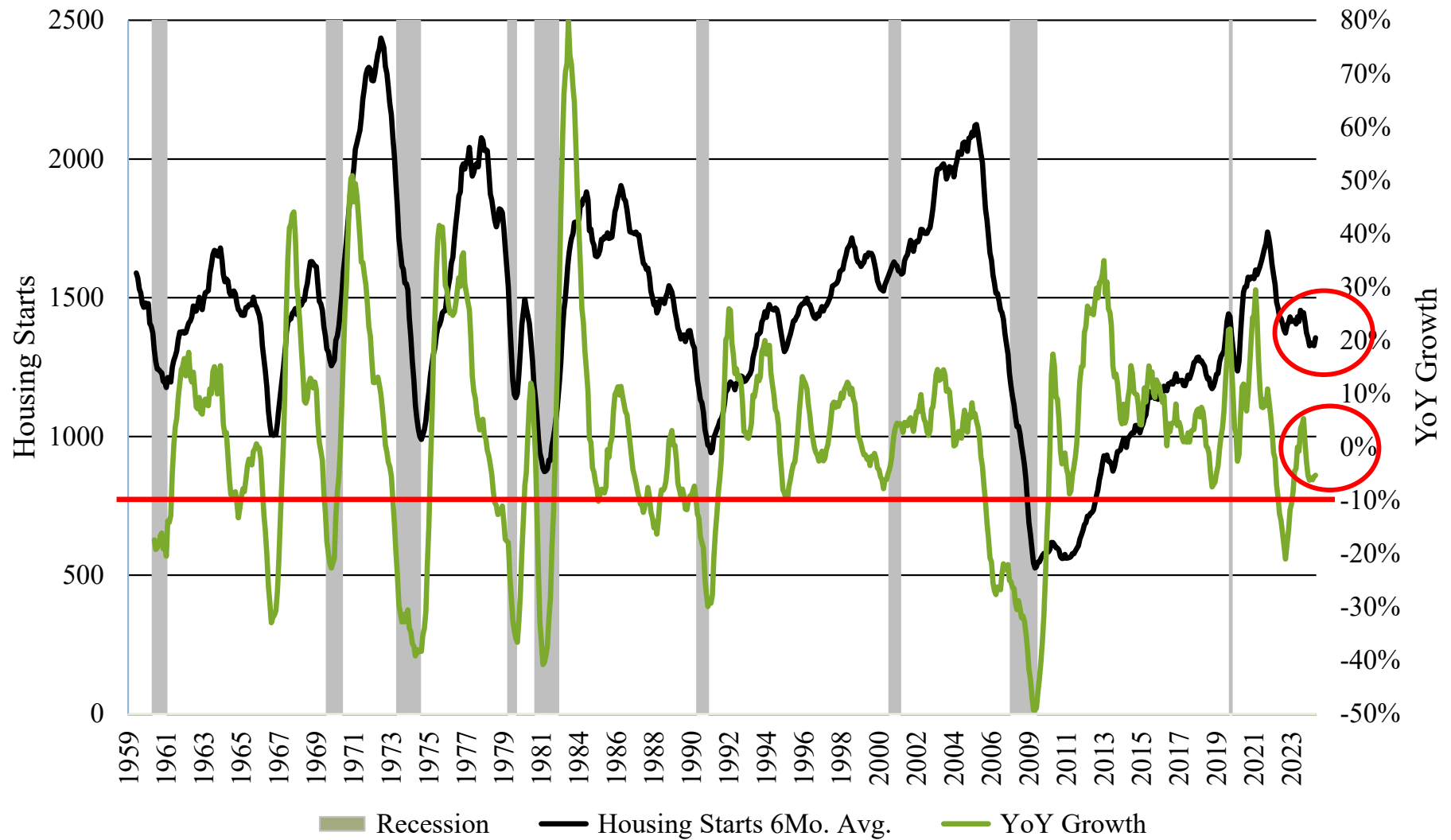
Unemployment Rate



Source: St. Louis Fed. Data as of 1/28/25

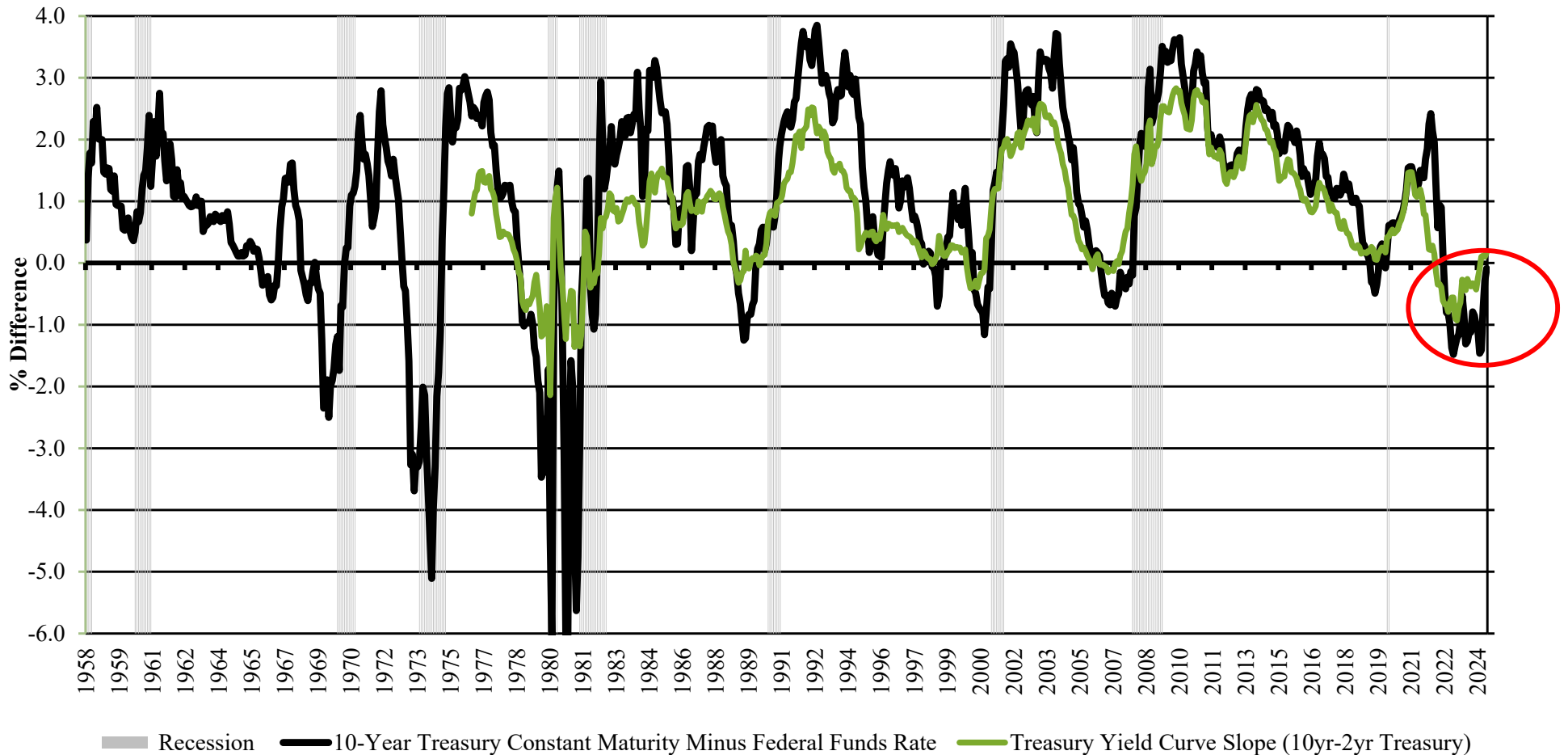
Economy (Housing Starts)

Housing Starts



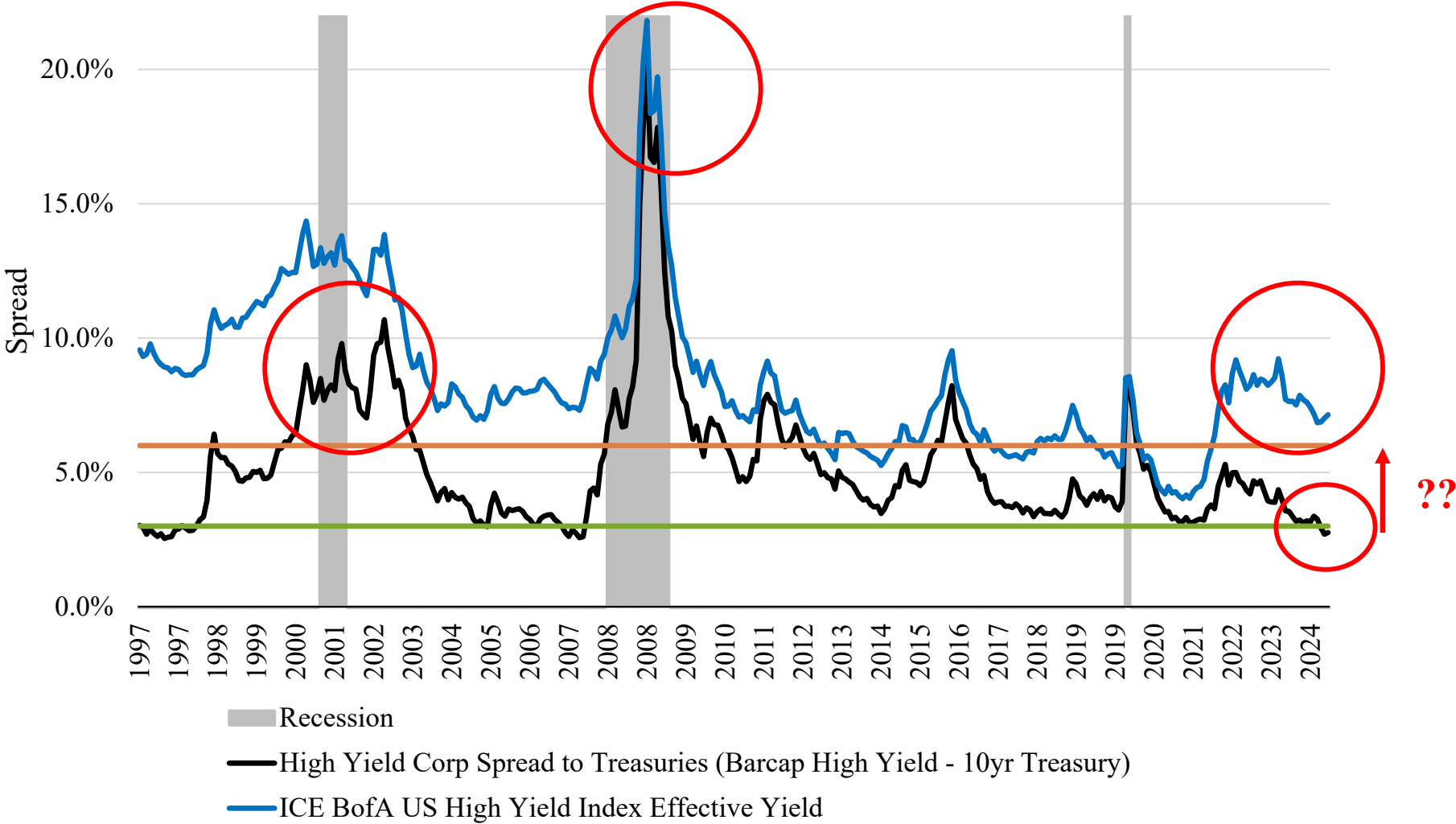
Credit Markets (Yield Curve)

Treasury Yield Curve Spread



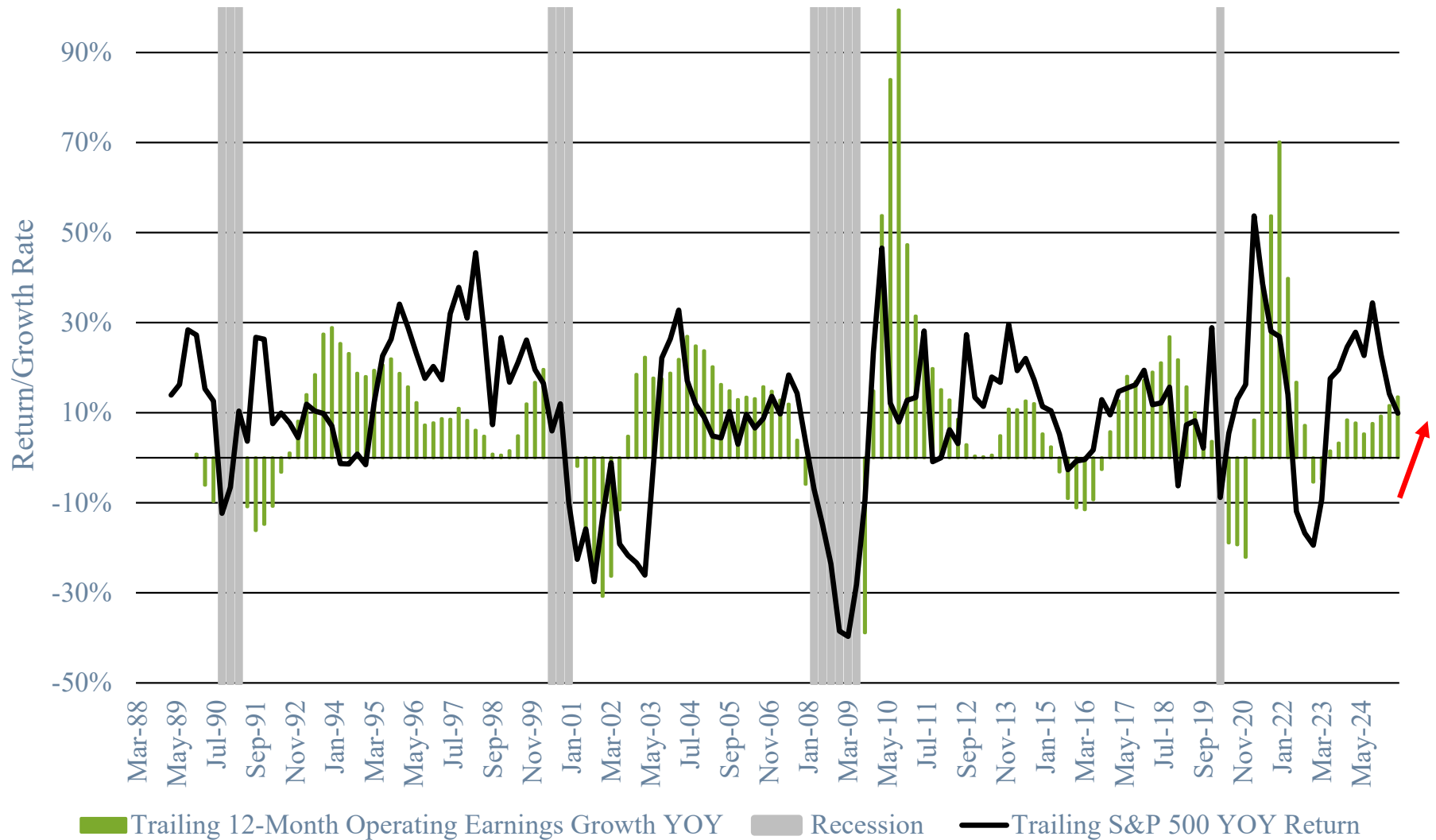
Credit Markets (High Yield Spread)

Credit Spreads – High Yield



Source: St. Louis Fed. Data as of 1/28/25

Valuations (Corporate Earnings)

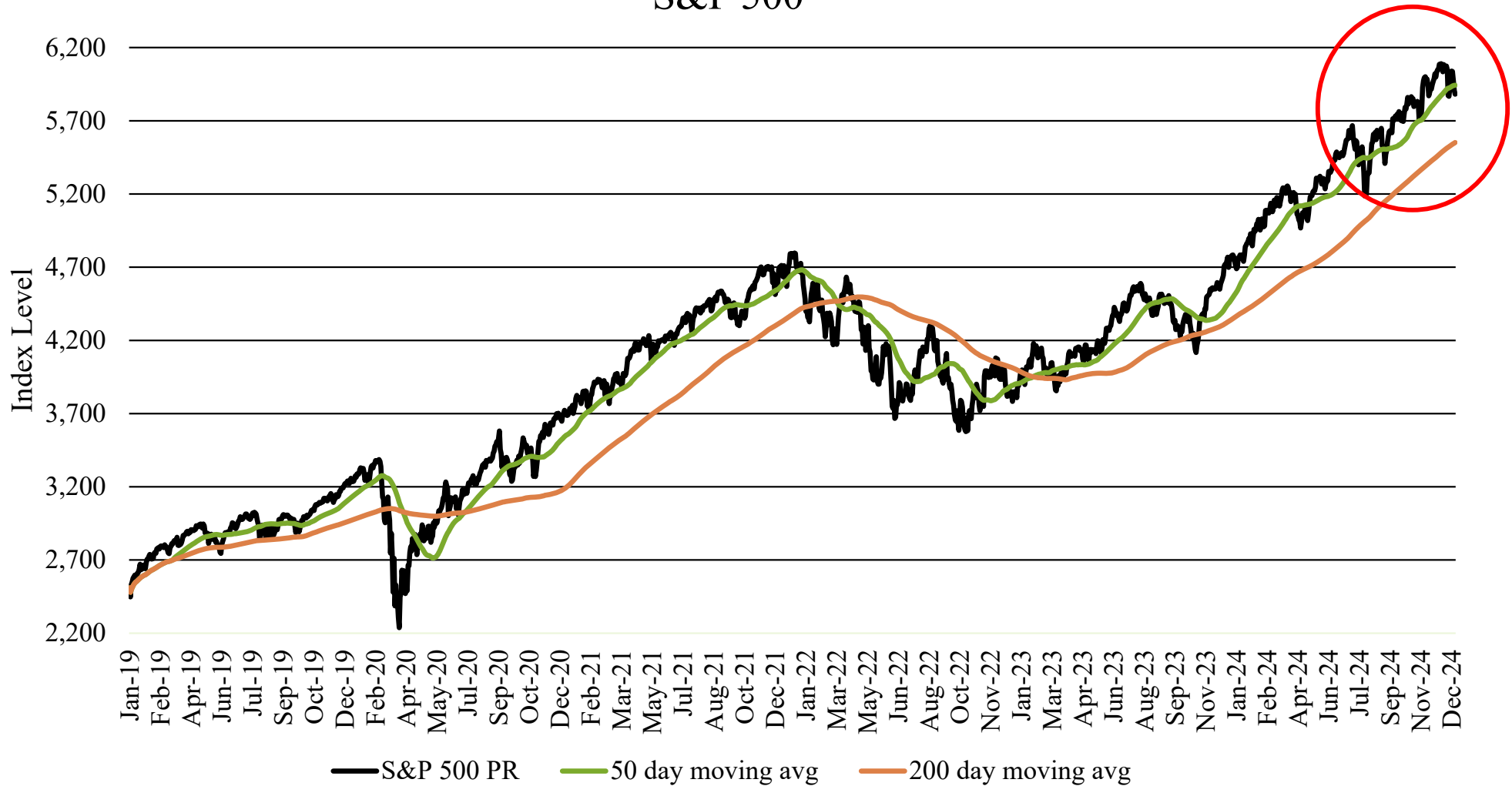


Source: S&P, as of 1/28/25



Sentiment (Market Trend)

S&P 500



Source: S&P, as of 1/28/25



Market Performance



Market Summary

■ Equity market performance

	<u>Q4 2024</u>	<u>1-Year</u>
– US large cap		
• S&P 500	+2.4%	+25.0%
– US mid cap		
• Russell Midcap	+0.6%	+15.3%
– US small cap		
• Russell 2000	+0.3%	+11.5%
– International equities		
• MSCI ACWI ex US USD	-7.6%	+5.5%
• MSCI ACWI ex US NR LCL	-1.4%	+12.6%
– Emerging markets		
• MSCI Emerging Markets USD	-8.0%	+7.5%
• MSCI Emerging Markets LCL	-4.4%	+13.1%



Market Summary

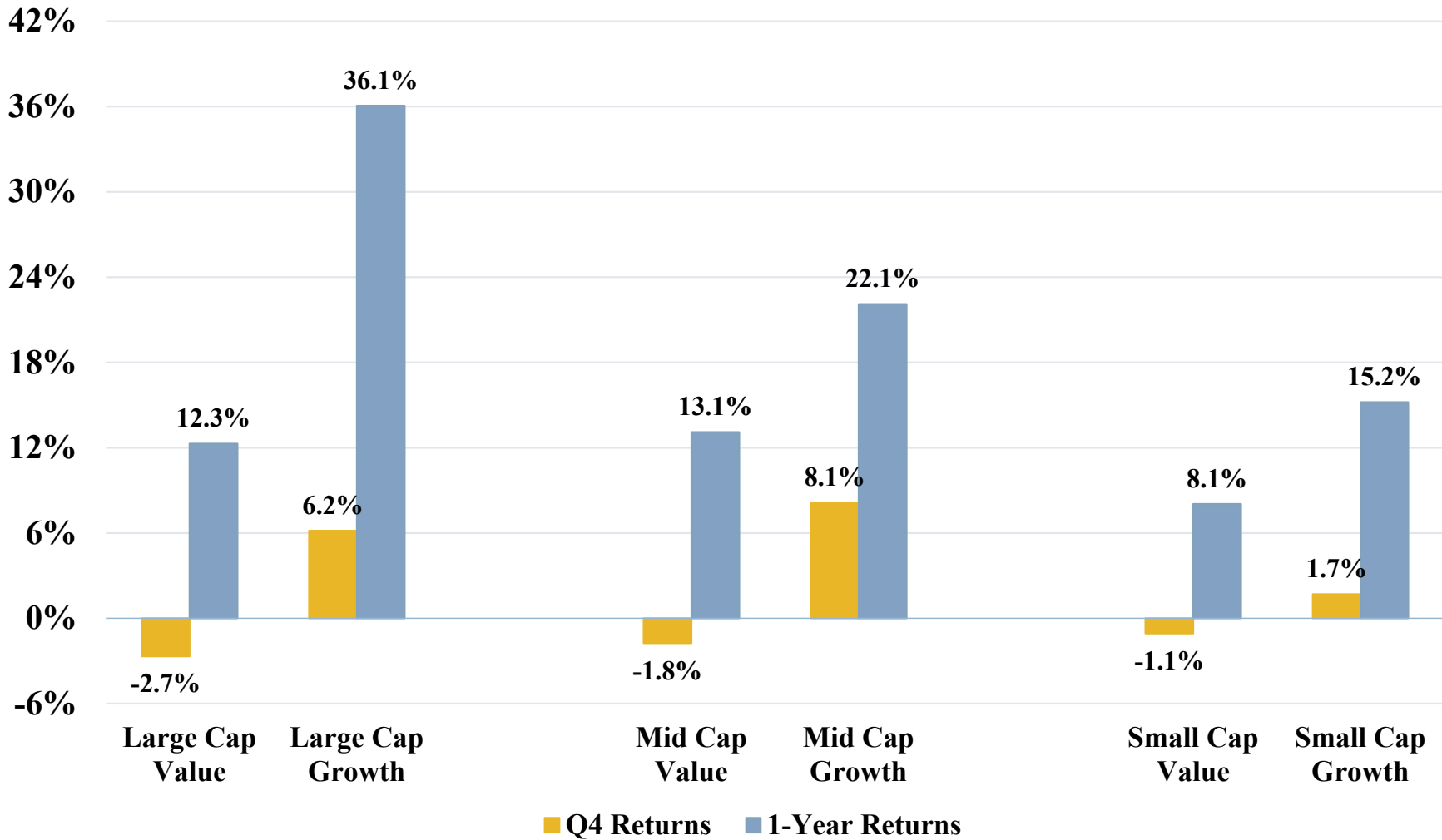
■ Bonds and other asset class performance

	<u>Q4 2024</u>	<u>1-Year</u>
– US fixed income		
• Bloomberg U.S. Aggregate	-3.1%	+1.3%
– Global fixed income		
• Bloomberg Global Agg ex US	-6.8%	-4.2%
• Bloomberg Global Agg ex US Hdg	+0.7%	+5.0%
– Commodities		
• Bloomberg Commodity TR	-0.5%	+5.4%
– REITS		
• MSCI US REIT NR	-6.4%	+7.5%

Source: Morningstar



Growth Led Value

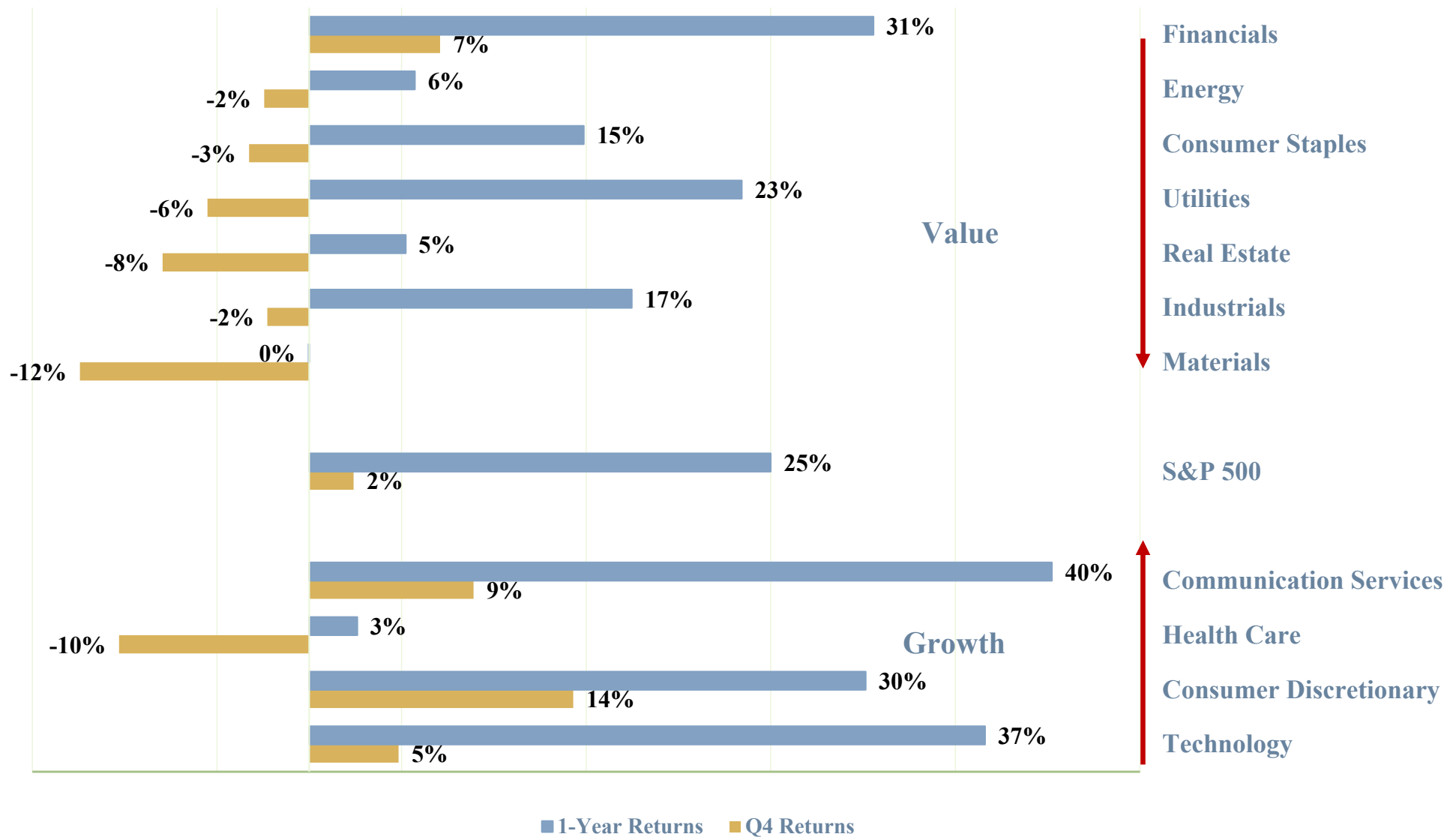


Past performance is no guarantee of future success. As of 12/31/2024.

Returns in US dollars.



S&P 500 Sector Performance

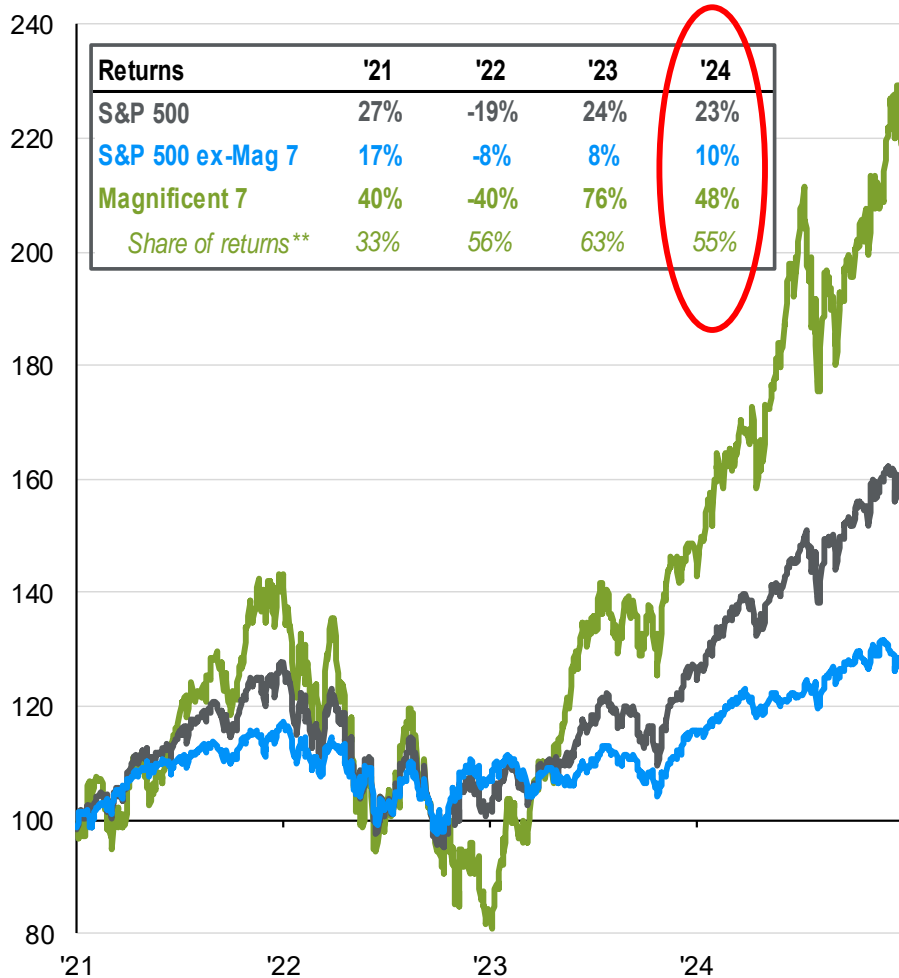


Past performance is no guarantee of future success. As of 12/31/24

Mag 7 Update

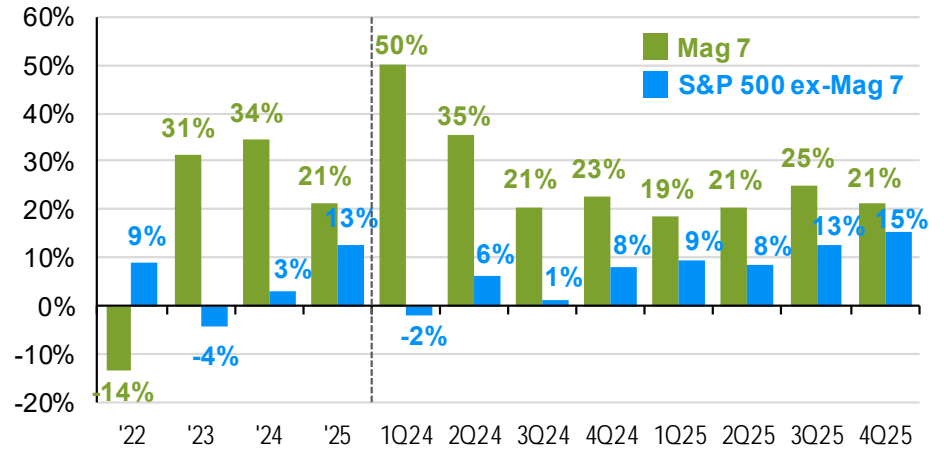
Performance of “Magnificent 7” stocks in S&P 500*

Indexed to 100 on 1/1/2021, price return



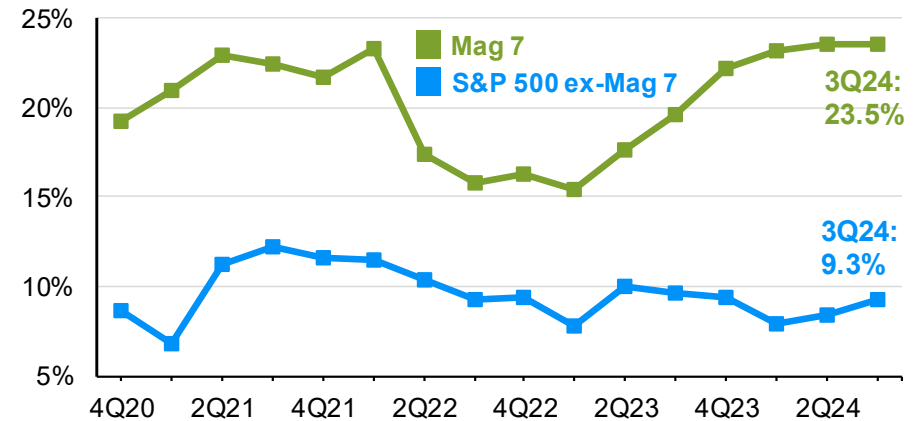
Earnings growth

Pro forma EPS, estimates 4Q24 onwards, y/y



Profit margins

Quarterly earnings/sales



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

*Magnificent 7 includes AAPL, AMZN, GOOG, GOOGL, META, MSFT, NVDA and TSLA. Earnings estimates for 2024 and 2025 are forecasts based on consensus analyst expectations. **Share of returns represent how much each group contributed to the overall return. Numbers are always positive despite negative performance in 2022. *Guide to the Markets – U.S.* Data are as of December 31, 2024.



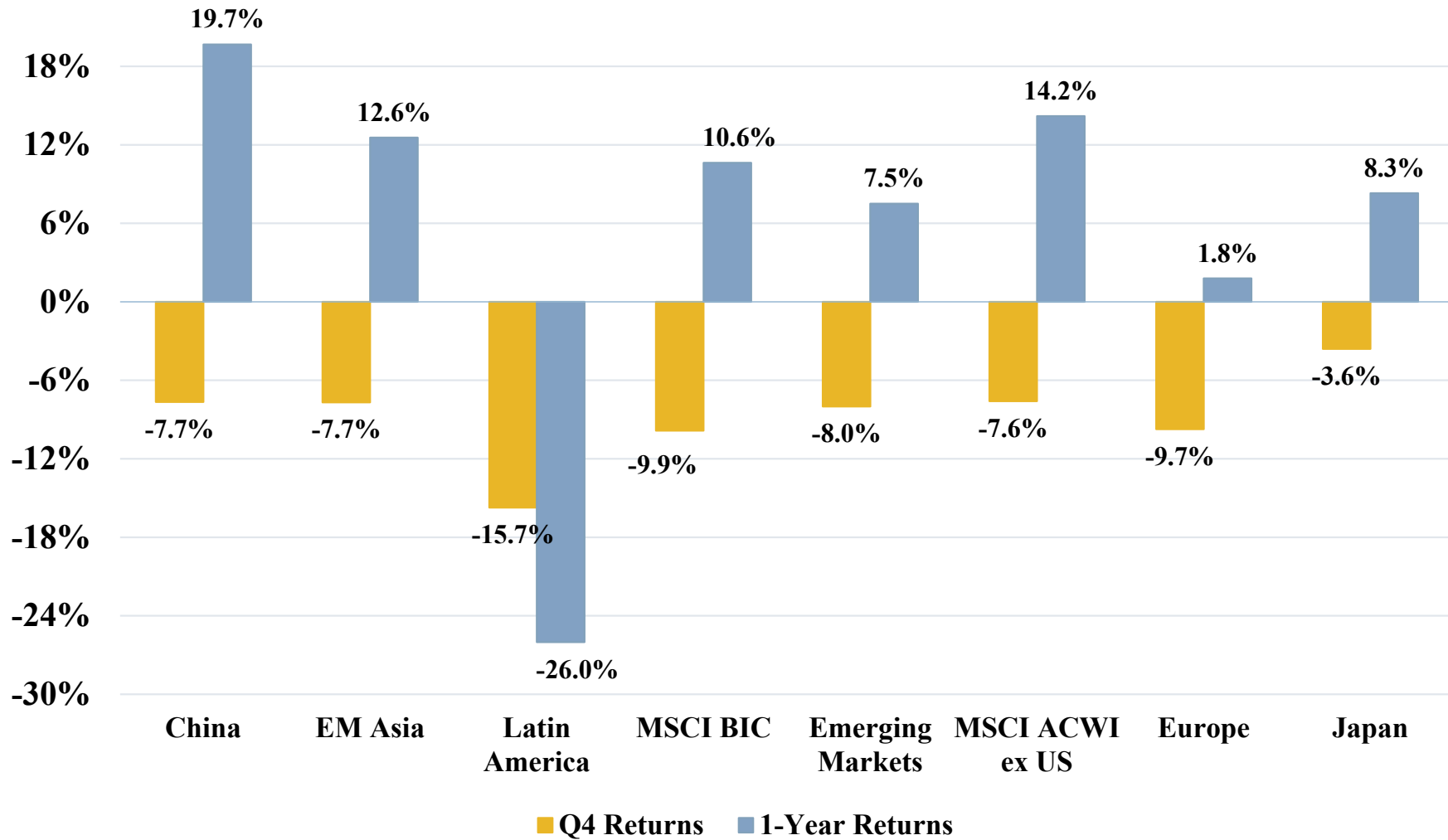
Equity Performance Pre and Post Election

Market performance			
	2024	11/5/24-11/8/24	11/8/24-12/31/24
Magnificent 7	66.9%	7.4%	6.2%
NASDAQ	28.6%	4.6%	0.1%
NASDAQ 100	24.9%	4.4%	-0.5%
S&P 500	23.3%	3.7%	-1.9%
S&P 500 Equal Weight	10.9%	3.0%	-4.7%
Russell 2000	10.0%	6.1%	-7.1%

Source: Charles Schwab, Bloomberg, as of 12/31/2024.



International Performance



Past performance is no guarantee of future success. As of 12/31/2024.

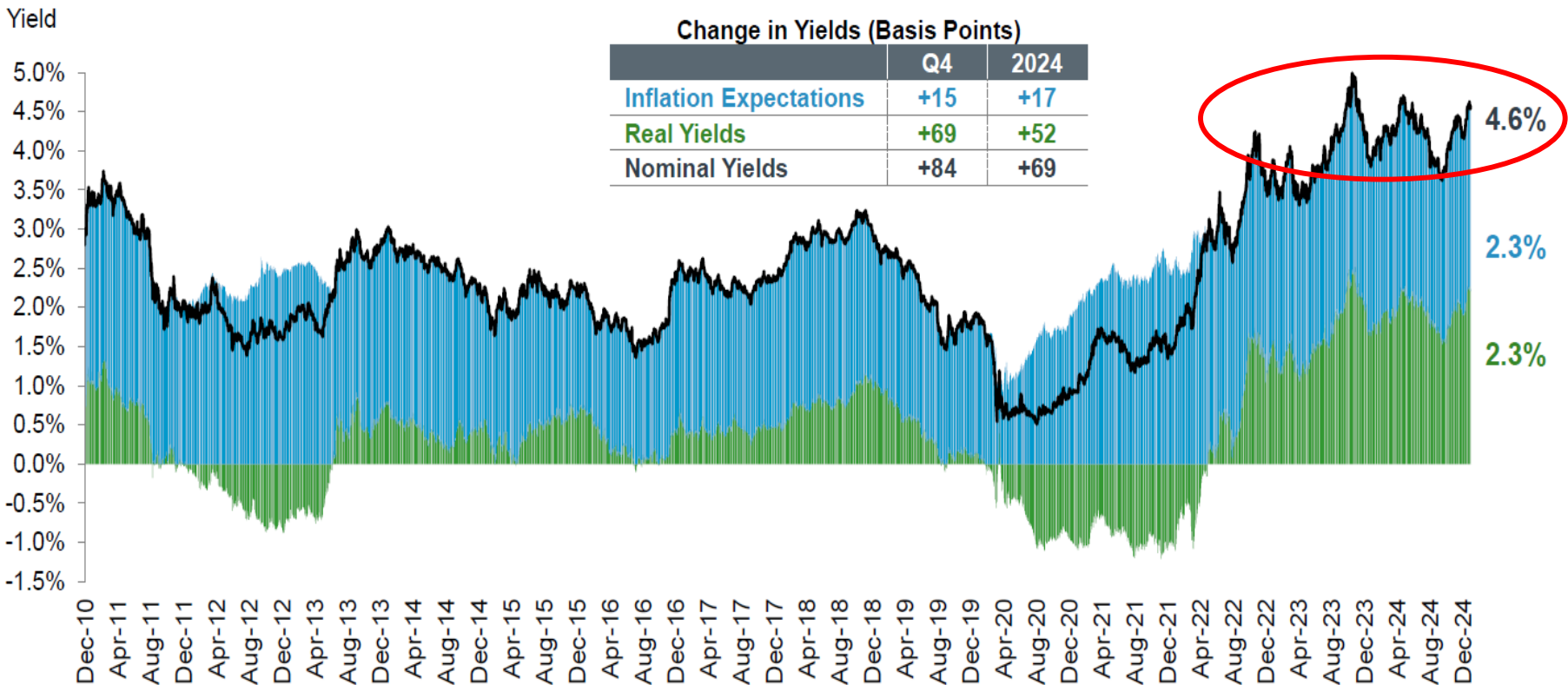
Returns in US dollars.



Treasury Yields Spiked During 4th Quarter

10-Year U.S. Government Bond Yields

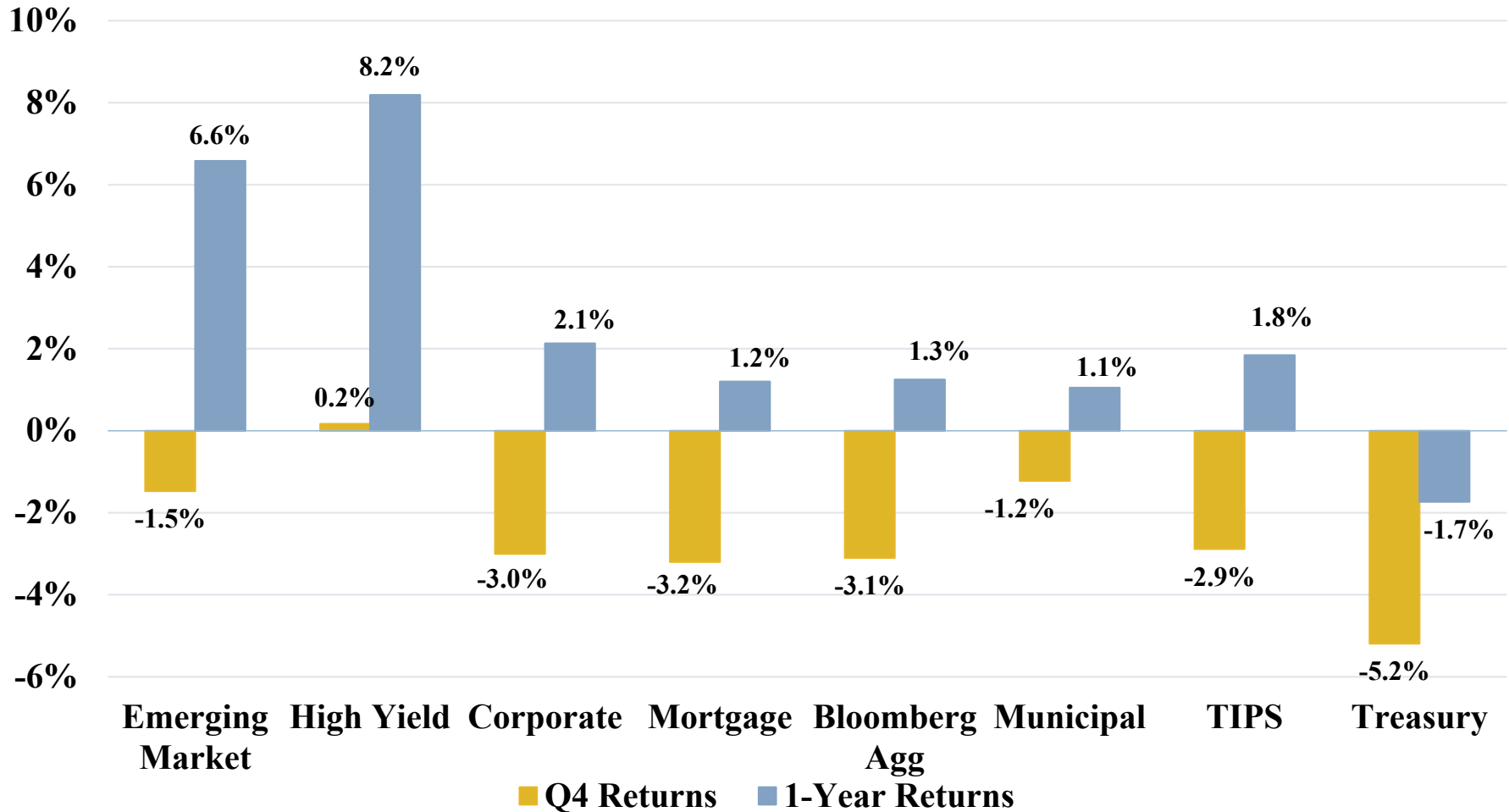
Real Yields Inflation Expectations Nominal Yields



Source: Morningstar, Federal Reserve, NBER as of 8/31/24. U.S. stocks are represented by the S&P 500 TR Index from 3/4/57 to 8/31/24 and the IA SBBI U.S. Lrg Stock TR USD Index from 1/1/26 to 3/4/57. U.S. bonds are represented by the IA SBBI US Gov IT Index from 1/1/26 to 1/3/89 and the Bloomberg U.S. Agg Bond TR Index from 1/3/89 to 8/31/24. Past performance does not guarantee or indicate future results. Index performance is for illustrative purposes only. You can not invest directly in the index.



Rise in LT Interest Rates Hit Bond Returns



Past performance is no guarantee of future success. As of 12/31/2024.

Source: Morningstar. Returns in US dollars.

SilverOak's Outlook



SilverOak's Economic Outlook

■ U.S. Economy

- Moderate but stable economic growth due to resilient consumer spending likely to continue
- Inflation has been “sticky” but likely to continue to decline modestly, but will likely take longer to hit the Fed’s target
- Economy likely resilient despite fewer Fed cuts
- Rising debt and tariffs a “wild card”

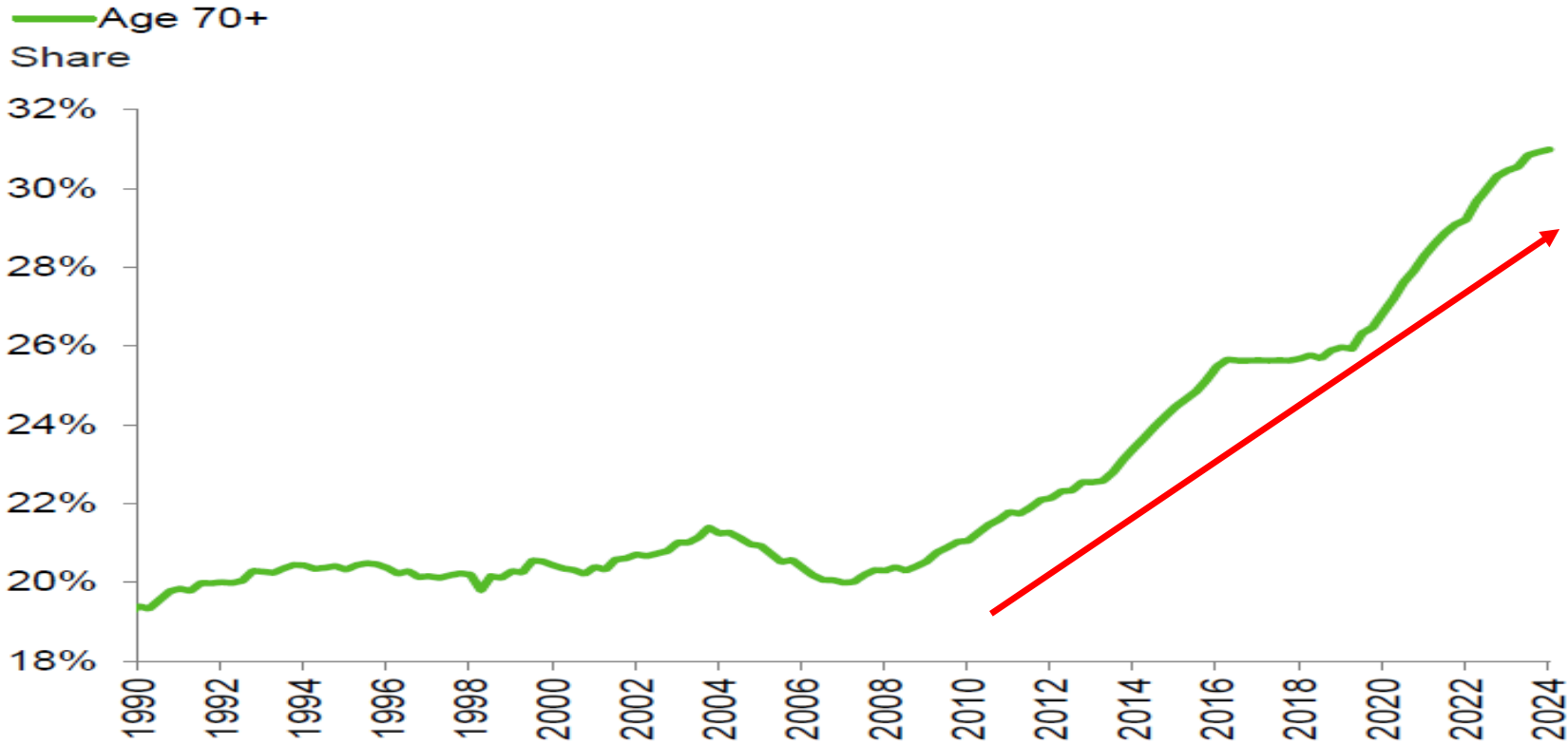
■ International Economy

- Geopolitical risks should continue to be manageable
- Global rate cuts likely to continue but at a slower pace
- Improvement in industrial production in China likely to continue but stabilization in real estate will be the key
- India and Japan continue to be bright spots



Economic Growth Has Been Tied to Demographics

U.S. Household Net Worth by Demographic



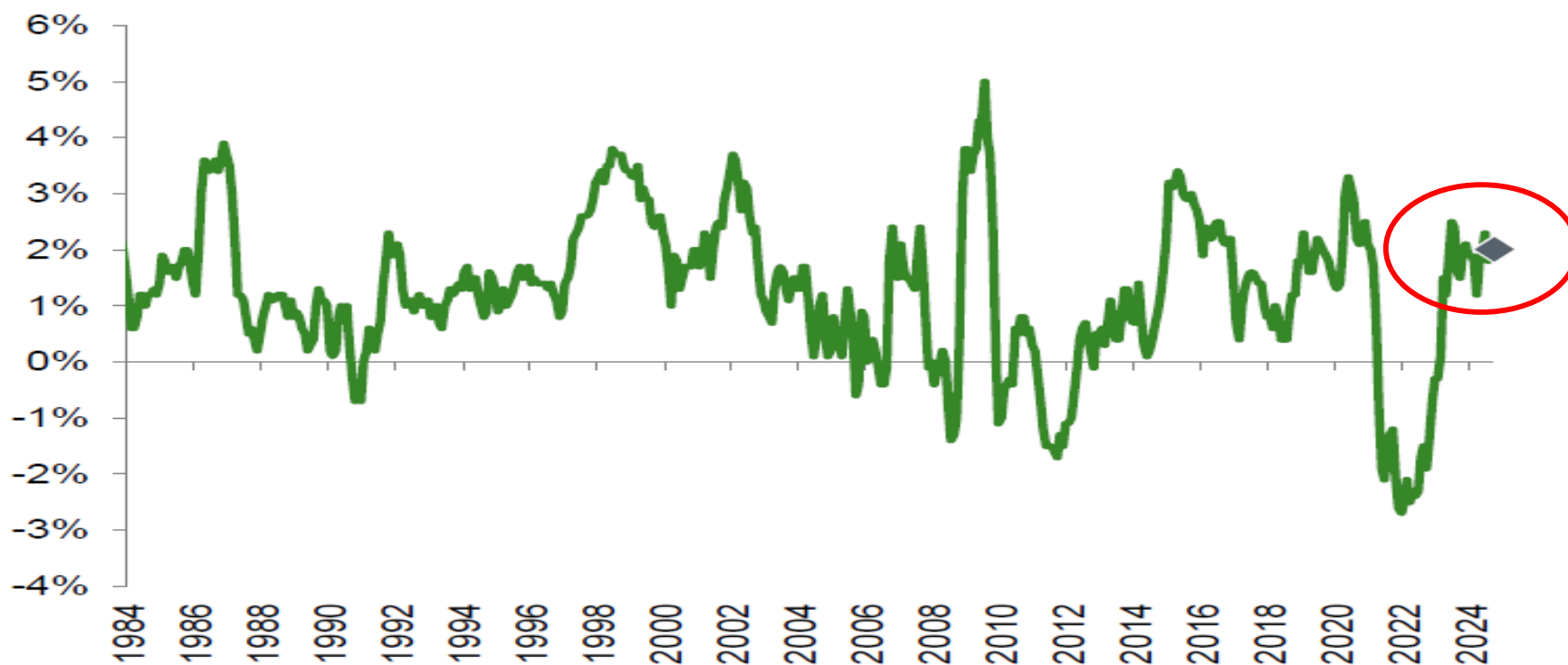
Source: Federal Reserve Board, Macrobond, Fidelity Investments (AART), as of 3/31/24.

A Strong Labor Market Supports Consumer Spending

Real Wage Growth

— Wage Growth Minus Inflation

Year-over-Year



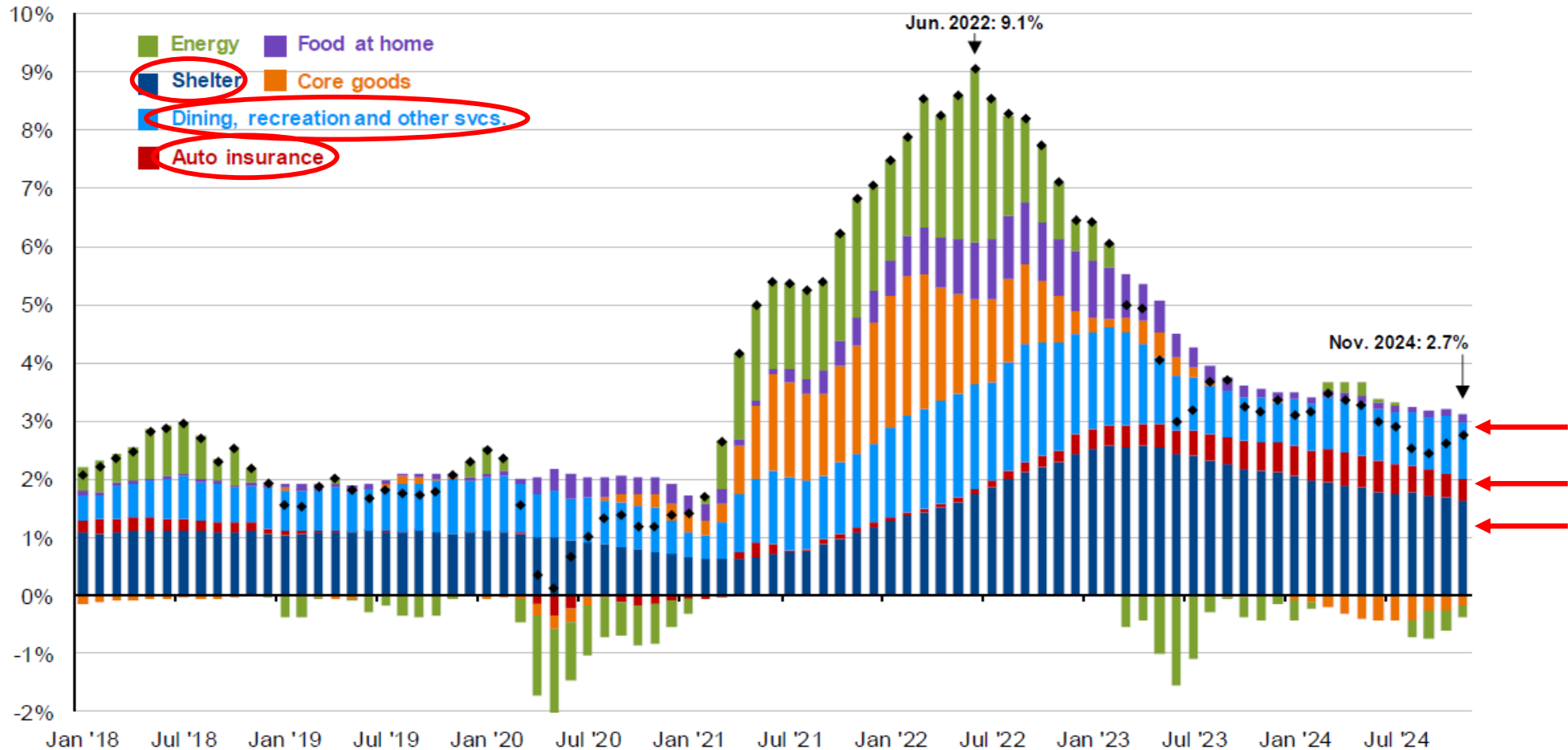
Source: Bureau of Labor Statistics, Macrobond, Fidelity Investments (AART) as of 12/31/24. Real Wage Growth: Atlanta Fed Wage Growth Tracker (Unweighted 3-month moving average) minus year-over-year CPI.



Inflation Update

Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted



Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages. *Guide to the Markets - U.S.* Data are as of December 31, 2024.

SilverOak's Market Outlook

■ Equities

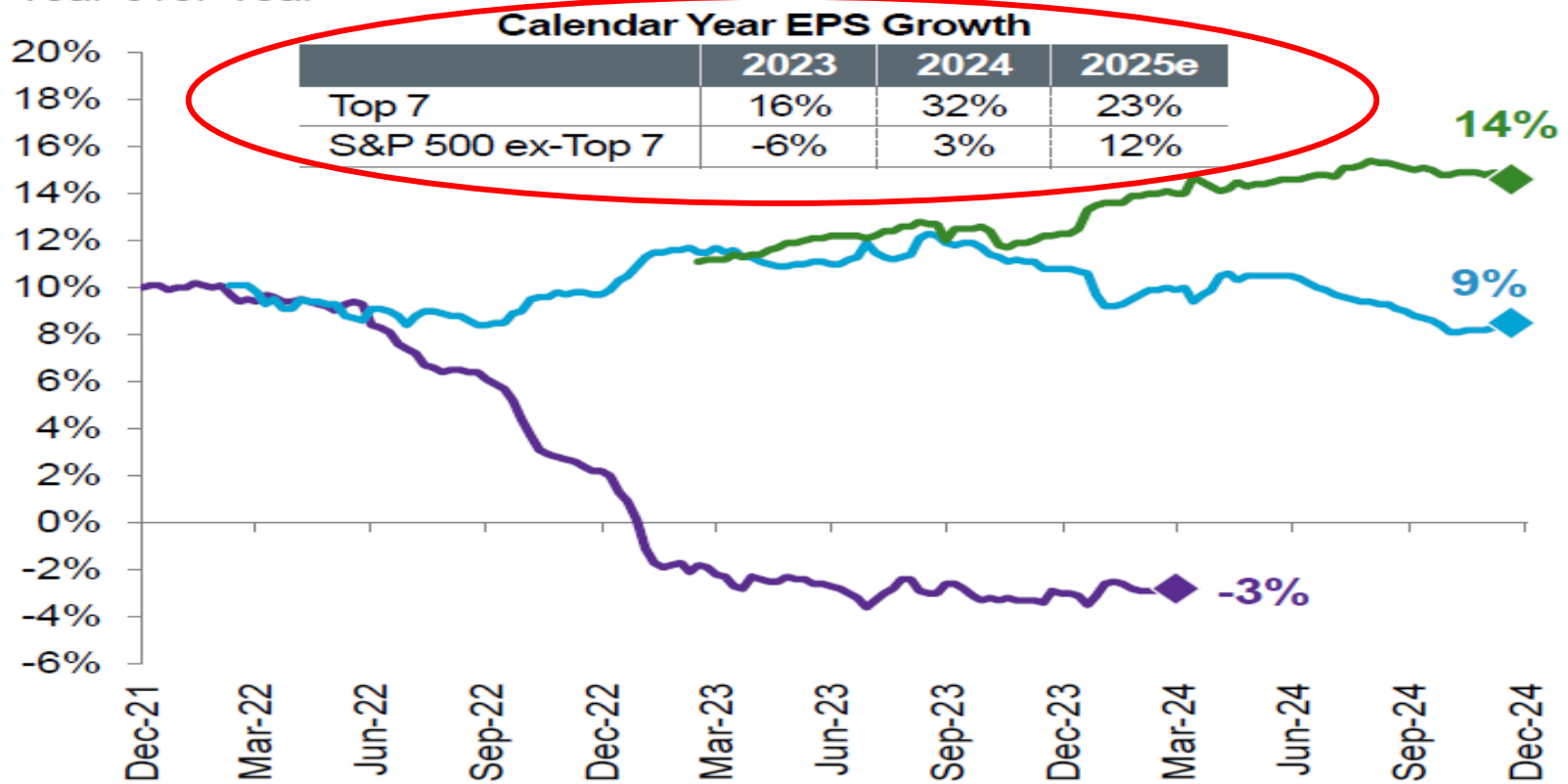
- Equities likely to provide more modest returns in 2025 following two years of 20%+ S&P 500 returns
- Likely will see more volatility and a modest pullback at some point this year
 - High Mag 7 and AI valuations likely priced for “perfection”
 - Some policy uncertainty with a change in administration
 - Geopolitical wild cards
 - Pullbacks are normal and to be expected
- More positive long-term outlook
 - Equity performance could broaden
 - Resumption of earnings growth outside of technology should help
 - Valuation of equities outside of Top 10 stocks more reasonable
 - In early stages of a multi-year AI technology trend
 - Still in a bull market



Earnings Growth Should Be Supportive

S&P 500 Earnings Growth Expectations

— 2023 — 2024 — 2025
Year-over-Year

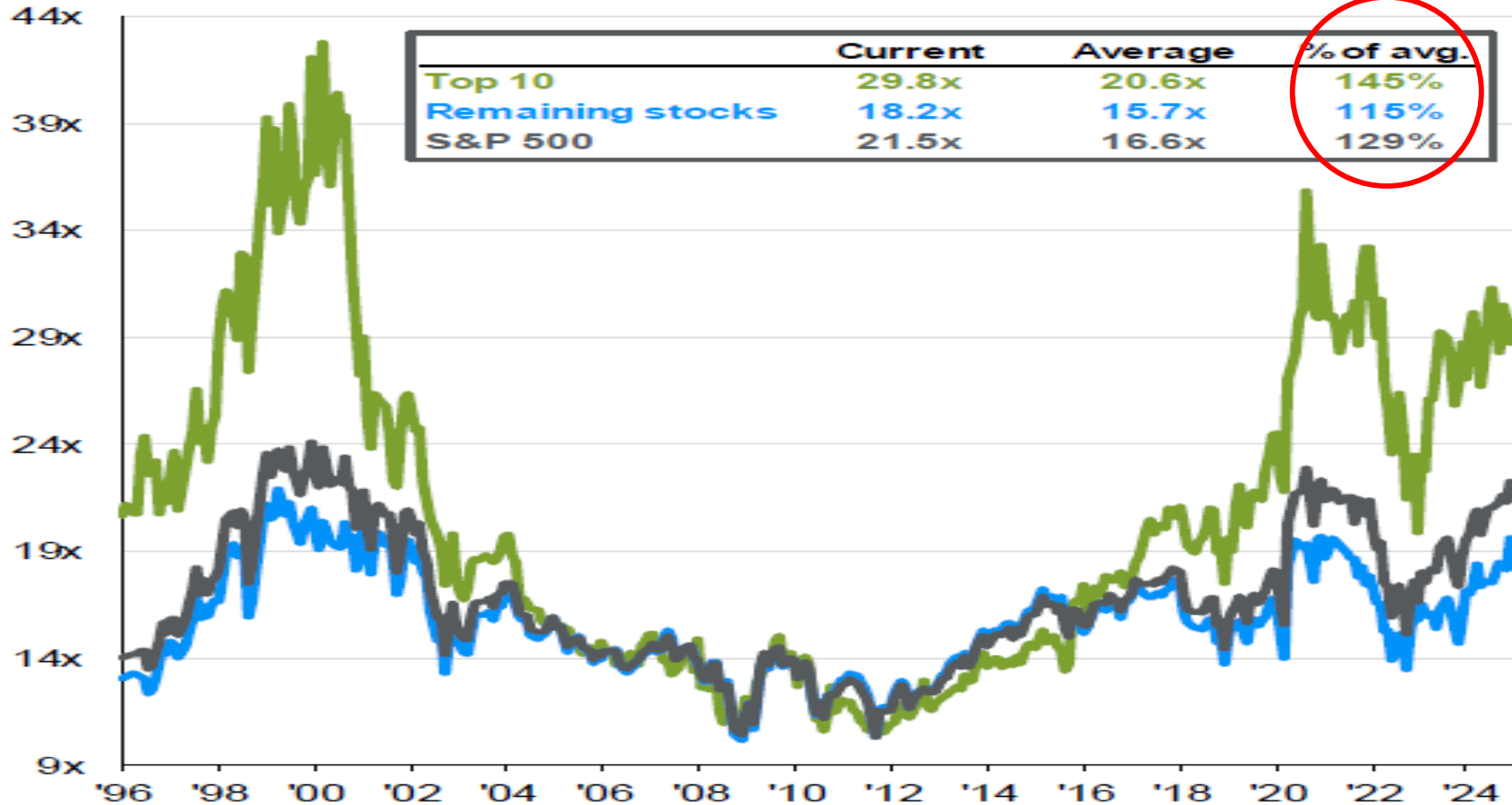


LEFT: Top7 includes Apple, Amazon, Google, Meta, Nvidia, Microsoft, Tesla. Earnings estimates from the Street for 4Q-2024 and 2025. Source: Bloomberg Financial LP, Fidelity Investments (AART), as of 12/31/24. **RIGHT:** Source: Bloomberg, Fidelity Investments (AART), as of 12/31/24.



Current S&P 500 Valuation

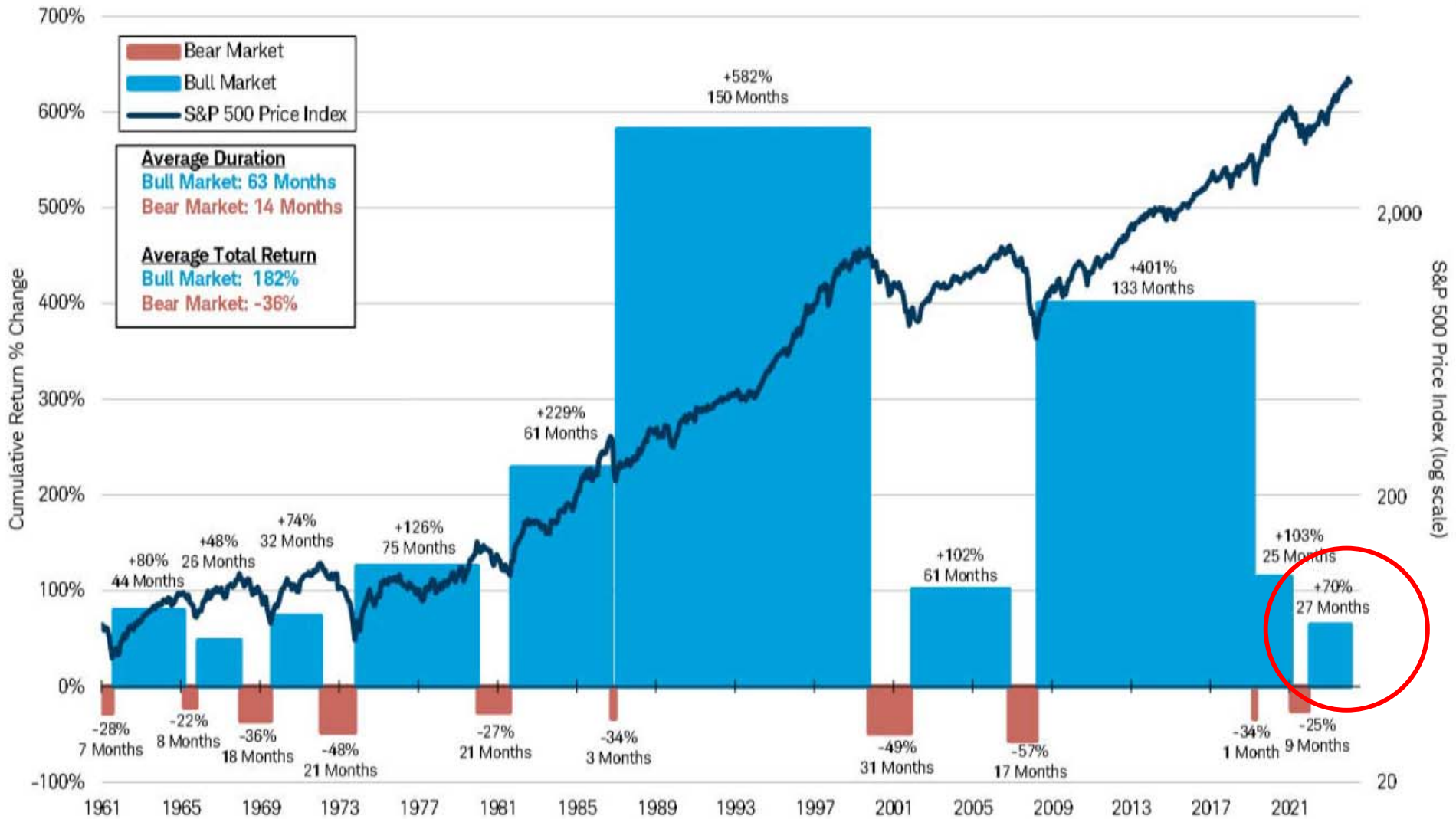
P/E ratio of the top 10 and remaining stocks in the S&P 500
Next 12 months, 1996 - present



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. The top 10 S&P 500 companies are based on the 10 largest index constituents at the beginning of each quarter. As of 12/31/2024, the top 10 companies in the index were AAPL (7.6%), NVDA (6.6%), MSFT (6.3%), AMZN (4.1%), GOOGL/GOOG (4.0%), META (2.6%), TSLA (2.3%), AVGO (2.2%), BRK.B (1.7%) and JPM (1.4%). The remaining stocks represent the rest of the 492 companies in the S&P 500.
Guide to the Markets – U.S. Data are as of December 31, 2024.



Bull and Bear Markets



Source: Bloomberg as of 12/31/2024. Bull and bear markets as defined by Yardeni Research. Cumulative return is the total change in the investment over a set period of time. Logarithmic (log) scale is a way of displaying a wide range of data in a compact way by increasing the numbers exponentially. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. For illustrative purposes only. Investing involves risk, including loss of principal. **Past performance is no guarantee of future results.**



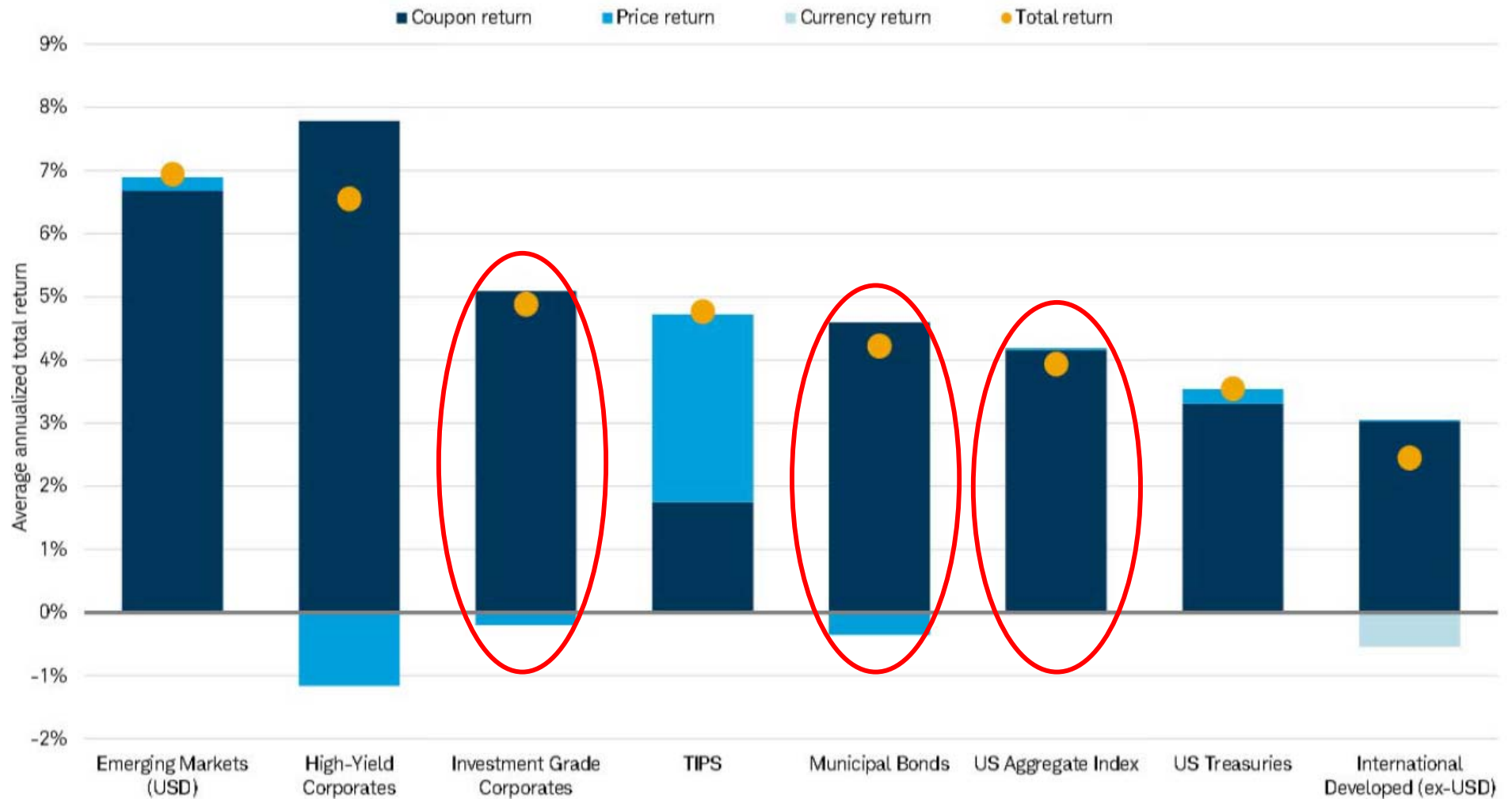
SilverOak's Market Outlook

■ Fixed Income

- The Fed reduced their guidance to 2 rate cuts in 2025
 - The Fed could be done cutting rates unless inflation and growth decline meaningfully this year
- With the back-up in yields during the 4th quarter, current interest rates provide an attractive yield
 - Likely now at the upper-end of yield range
- Cash yields will move lower as Fed continues to cut rates
- Bonds continue to have an important role in a diversified portfolio
 - Should provide a cushion against equity volatility
 - Should protect against a potential equity decline if the economy slips into a recession because the Fed waited too long to begin cutting rates



Bonds Currently Offer High Yields



Source: Charles Schwab, Bloomberg. Total return date range 1/31/2000 to 12/31/2024. Indexes represented are: Emerging Markets (USD) = Bloomberg Emerging Market USD Aggregate Index; High-Yield Corporates = Bloomberg U.S. Corporate High-Yield Bond Index; Investment Grade Corporates = Bloomberg U.S. Corporate Bond Index; TIPS = Bloomberg US Treasury Inflation Linked Bond Index; Municipal Bonds = Bloomberg U.S. Municipal Bond Index; US Aggregate Index = Bloomberg US Aggregate Bond Index; US Treasuries = Bloomberg U.S. Treasury Index; International Developed (ex-USD) = Bloomberg Global Aggregate ex-USD Index. Indexes are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. **Past performance is no guarantee of future results.**



Planning Tips for the New Year



New Year Planning Tips

- Don't adjust risk tolerance due to recent market performance
- Remember April 15th tax filing deadline
 - Make sure you have your tax information compiled
 - Get this information to your tax preparer
- Foreign bank account reporting
 - Two reporting requirements
 - Form 8938 (due with income tax return)
 - FBAR (due with income tax return – no longer due 6/30)



New Year Planning Tips

- Now is a great time to start tax planning for 2025
 - Adjust withholding and/or estimated tax payments
 - Create a good filing system for the year
 - Keep receipts for charitable donations above \$250
- Review 2024 spending
- Utilize HSAs for long-term investments
 - \$4,300 annual limit for individuals, \$8,550 for family
 - \$1,000 “catch-up” contribution for age 55 and over
- Confirm that you are maxing out your 401(k) contributions
 - \$23,500 annual contribution limit
 - \$7,500 “catch-up” contribution for age 50 and over
 - \$11,500 “catch-up” for those between age 60-63



New Year Planning Tips

- Review your estate documents
- Confirm beneficiary designations
- Rebalance other investment accounts
- Ensure you have proper insurance coverage
 - Life, disability, auto, property and umbrella



New Year Planning Tips

- If it's been a while, get a copy of your credit report
 - www.annualcreditreport.com or 877-322-8228
- Consider freezing your credit with all three credit bureaus
 - https://www.freeze.equifax.com/Freeze/jsp/SFF_PersonalIDInfo.jsp
 - <https://www.experian.com/freeze/center.html>
 - <https://freeze.transunion.com/sf/securityFreeze/landingPage.jsp>
 - Retain your PINs!



New Year Planning Tips

- If you qualify, max out your IRA contribution
 - \$7,000 annual contribution limit for 2025
 - \$1,000 “catch-up” contribution for age 50 and over
- Review Social Security statement online
 - <https://www.ssa.gov/myaccount/>
- Consider creating an online ID.me account
 - Also consider enrolling in the IRS IP PIN program
- LLCs Beneficial Ownership reporting is currently on hold due to a nationwide injunction issued by the Fifth Circuit of the US Court of Appeals



Insurance Series:

Long-term Care Insurance



Long-term Care Insurance

- Designed to bridge the gap and cover costs that regular health insurance or Medicare will not cover
 - Care needed for chronic medical conditions
 - Alzheimer's disease and dementia
 - Assistance needed for routine daily activities
 - Including bathing, dressing, toileting, transferring, eating and continence

- Most policies should cover care given in:
 - Your home
 - A nursing home
 - An assisted living facility
 - An adult day care center
 - A skilled nursing facility



Medicare and Medicaid Coverage

- Medicare only covers short-term nursing home stays or limited amounts of home health care for specific instances such as rehabilitation after hospital stays
 - Does not cover supervision, custodial care or help with day-to-day activities
- Medicaid
 - Designed to help low-income people
 - Would need to exhaust most of your savings to receive coverage
 - More limited care choices



Why Consider Long-term Care Coverage?

- Protect savings
 - High costs could deplete retirement savings quickly
 - Current costs likely to continue to rise at a rate higher than inflation
 - Care costs (national annual median cost as of 2023)
 - \$75,504 for a home health aid
 - \$68,640 for homemaker services
 - \$24,700 for adult day health care
 - \$64,200 for a private on-bedroom in assisted living facility
 - \$104,025 for a semiprivate room in a nursing home
 - \$116,800 for a private room in a nursing home
- Provide more choices for care
 - The more money you can spend, the better the quality of care you receive
 - Medicaid not accepted by all nursing homes
 - In many states it does not cover all assisted living costs



How Long-term Care Insurance Works

- Fill out an application with insurer
 - Provide insurance records
 - Insurer typically requires an interview
- Choose your coverage
 - Policies typically cap the amount paid out per day and the amount paid during your lifetime
- Pricing
 - Based on age and health, gender, marital status, insurance company and policy features
- Begin paying premiums, if approved
- Eligibility to collect benefits typically requires not being able to perform two of the six activities of daily living
 - Insurer will do an evaluation and approve plan of care
 - Most policies will begin reimbursing costs after the “elimination period” which can range from 30-60 days
 - Recommend purchasing a rider that allows you stop paying premiums once collecting benefits



Things to Consider

- Premiums can be high
 - Many who need the coverage cannot afford it
 - Many who can afford the coverage opt to self-insure
- Premium increases
 - Premiums are not typically guaranteed
 - Insurance companies can request permission from state regulators to raise policy premiums
 - Consider purchasing a single-pay or 10-pay policy
- The “use it or lose it” nature of many policies
 - Potential solutions:
 - A “Shared Care” policy allows couple to share the total pool of lifetime coverage
 - Newer hybrid policies combine life insurance and long-term care so that if long-term care coverage is not used, the policy pays a death benefit



Things to Consider

- Potential Federal and state tax deduction
- State Partnership plans
 - Many states encourage people to get policies
 - States partner with insurance companies to create “partnership plans” that meet quality standards set by the state
 - By purchasing a “partnership plan”, one can protect more personal assets before Medicaid kicks in
 - Some states have mandatory plans that charge a payroll tax
- Consider working with a broker
 - Get quotes and compare coverage and features including riders
 - Pricing and approvals based on medical conditions can vary greatly between insurance companies



SilverOak Updates



SilverOak Updates

- 2024 tax season is starting!
 - Tax organizers have been sent
- SilverOak personnel update
 - Hired two administrative assistants
- IQSStm (Investment Quality Scoring Systemtm)
 - Performance update



*Additional
Questions
and/or Topics?*



End of Quarterly Webinar

Please contact your SilverOak Advisor
to discuss any questions and/or concerns.

If you are not currently working with SilverOak, feel free
to contact us at 952-896-5701 to learn more about our services.

www.silveroakwealth.com

Sources: MSCI, RIMES. Data reflects January 31, 2002, to May 31, 2024.

