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Founder

Barrister was founded with the sole mission of offering clients an opportunity to meet their financial objectives through independent, ethical, unbiased and expert professional guidance.

Barrister works with individuals, companies and non-profits providing financial planning, asset management, insurance, and employee benefit solutions.

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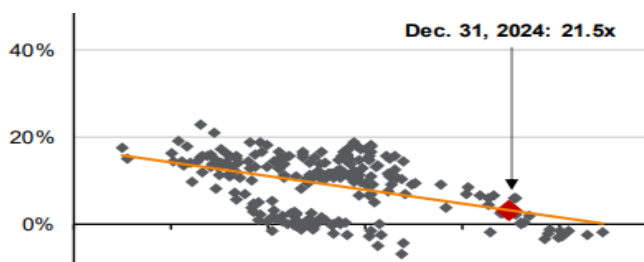
Dear Friends,

Wishing you and yours a happy, healthy, and prosperous 2025!

Working as a CFP® professional is both equally rewarding and humbling. Rewarding, because every day I get to work to help clients achieve their financial goals and relieve the financial anxiety that can come with the unknown. Humbling, because despite hours of work and research, markets and the economy are often chaotic. We were early with our defensive posture, which helped us in '22, had little impact in '23 but caused us to lag behind our benchmark in '24. Despite recent challenges, we still believe, and the evidence suggests (examples found below), that this is the correct positioning for 2025 and will pay off over the long-term. It is easy to be distracted by year-to-year market gyrations, but the most successful investors focus on decade-to-decade risk-adjusted returns.

J.P. Morgan Asset Management provides the following charts. In the first you can see how overvalued the S&P 500 is compared to 30-year averages. Depending on what valuation measure you use, the market is more expensive than it has been over 85% of the time over the past 30 years. The next chart shows 5-year forward returns when S&P 500 P/E ratios have been at current levels, as you can see, most are negative.

Valuation measure	Description	Latest	30-year avg.*	Std. dev. over/under-valued
P/E	Forward P/E	21.47x	16.86x	1.41
CAPE	Shiller's P/E	37.04x	28.02x	1.48
Div. Yield	Dividend yield	1.33%	1.98%	1.82
P/B	Price to book	4.47x	3.19x	1.52
P/CF	Price to cash flow	16.48x	11.34x	2.17
EY Spread	EY minus Baa yield	-0.85%	0.69%	0.71



Best,



ANNUAL RETIREMENT, ESTATE & HSA LIMITS

Retirement Limits	2025	2024	Social Security Limits	2025	2024
Covered compensation limit	\$350,000	\$345,000	Maximum taxable earnings	\$176,100	\$168,600
Defined benefit maximum limit	\$280,000	\$275,000	One quarter of coverage (max 4 per year)	\$1,810	\$1,730
Defined contribution plan & SEP maximum limit	\$70,000	\$69,000	Retirement Earnings Limits		
Salary deferral limit 401(k), 457(b), 403(b)	\$23,500	\$23,000	Before full retirement age (50% reduction)	\$23,400	\$22,320
Catch-up contribution limit (Age > 50)	\$7,500	\$7,500	Year of full retirement age (33% reduction)	\$62,160	\$59,520
Catch-up contribution limit (Age 60-63)	\$11,500	N/A	Social Security Disability Thresholds		
Highly compensated employee comp. limit	\$160,000	\$155,000	Max earnings - blind (monthly)	\$2,700	\$2,590
Key employee comp. limit	\$230,000	\$220,000	Max earnings - non-blind (monthly)	\$1,620	\$1,550
SIMPLE salary deferral limit	\$16,500	\$16,000	Maximum monthly SS benefit @ FRA	\$4,018	\$3,822
SIMPLE catch-up contribution limit (Age>50)	\$3,500	\$3,500	PBGC maximum - monthly @ age 65	\$7,431	\$7,108
SIMPLE catch-up contribution limit (Age 60-63)	\$5,250	N/A	Fringe Benefits	2025	2024
IRA contribution limit	\$7,000	\$7,000	Health Flexible Savings Account	\$3,300	\$3,200
IRA catch-up contribution (Age>50)	\$1,000	\$1,000	Dependent Care Flexible Savings Account	\$5,000	\$5,000
Traditional IRA Deduction Phaseouts			Parking/Transit pass exclusion	\$325	\$315
MFJ - one spouse is an active participant	\$236k - \$246k	\$230k - \$240k	Adoption assistance	\$17,280	\$16,810
MFJ - both spouses are active participant	\$126k - \$146k	\$123k - \$143k	Health Savings Account - HSA	2025	2024
Single - taxpayer is an active participant	\$79k - \$89k	\$77k - \$87k	High-deductible minimum deductible		
Married filing separately	\$0 - \$10k	\$0 - \$10k	Single	\$1,650	\$1,600
Roth IRA Contribution Phaseouts			Family	\$3,300	\$3,200
Married filing jointly	\$236k - \$246k	\$230k - \$240k	High-deductible max out-of-pocket		
Single	\$150k - \$165k	\$146k - \$161k	Single	\$8,300	\$8,050
Married filing separately	\$0 - \$10k	\$0 - \$10k	Family	\$16,600	\$16,100
Estate Planning	2025	2024	HSA Contribution Limits		
Annual Gift Tax Exclusion	\$19,000	\$18,000	Single	\$4,300	\$4,150
Non-Citizen Spouse Gift Tax Exclusion	\$190,000	\$185,000	Family	\$8,550	\$8,300
Lifetime Estate and Gift Tax Exemption	\$13,990,000	\$13,610,000	Catch-up contributions (Age>55)	\$1,000	\$1,000



MARKET & ECONOMIC INDICATORS

<i>Indicator</i>	<i>Note [change vs prior quarter]</i>
Investor Sentiment AAI	35.4 Bullish [-14.2%] 30.4% Neutral [+3.7%] 34.2% Bearish [+10.5%]
Investor Sentiment CNN	36 Fear [-31]
Leisure and Entertainment (PEJ)	Up 25.08 [+10.81%], beating the S&P 500 by .19% [+7.77%]
Technology (XLK)	Up 21.63% [+3.73%], trailing the S&P 500 by 3.26% [-.69%]
Semiconductors (SMH)	Up 39.10% [-1.26%], beating the S&P 500 by 14.21% [-4.3%]
Financials (XLF)	Up 30.56% YTD [+8.66%], beating the S&P 500 by 5.67% [+5.62%]
Staples (VDC)	Up 13.30% YTD [-3.17%], trailing the S&P 500 by 11.59% [-6.21%]
Healthcare (XLV)	Up 2.47% YTD [-11.74%], trailing the S&P 500 by -22.42% [-14.78%]
Utilities (XLU)	Up 23.31% YTD [-7.21%], trailing the S&P 500 by 1.58% [-10.25%]
Commodities (PDBC)	Up 2.09% YTD [+1.11%], trailing the S&P 500 by 22.80% [-1.93%]
Real Estate (ICF)	Up 5.30% YTD [-8.95%], trailing the S&P 500 by 19.59% [-11.99%]
20yr+ Treasury (TLT)	Down 8.05% YTD [-9.81%], trailing the Barclays Bond Index by 9.36% [-6.66%]
2yr/10yr Government Bond Spread	Spread is positive at .32% [+19 bps]
High Yield Bonds (HYG)	Up 7.97% YTD [-.13%], beating the Barclays Bond Index by 6.66% [+3.12%]
HYG spread vs 10yr Treasury	+281 bps [-22 bps]
Corporate Earnings	Q4 bottom-up EPS estimate decreased 2.7%
Central Bank Activity	Fed cut another 25 bps 12/24, indicates fewer rate cuts for 2025
Average Hourly Earnings	Year-over-year increase of 1.3% for the period ending November 2024
Fund Flows	-\$94.49 billion from equity funds and +\$12.04 billion to bond funds over the past 30 days
Market Breadth	S&P 500 and NASDAQ trending lower, Dow at recent highs



ASSET CLASS RETURNS

ETF	Asset Class	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2011-24 Growth of \$1	2011-24 CAGR
N/A	Bitcoin (\$BTC)	1473%	186%	5507%	-58%	35%	125%	1331%	-73%	95%	301%	66%	-65%	156%	114.8%	\$310,586.95	146.8%
GLD	Gold	9.6%	6.6%	-28.3%	-2.2%	-10.7%	8.0%	12.8%	-1.9%	17.9%	24.8%	-4.2%	-0.8%	12.7%	26.7%	\$1.75	4.1%
IWF	US Growth	2.3%	15.2%	33.1%	12.8%	5.5%	7.0%	30.0%	-1.7%	35.9%	38.3%	27.4%	-29.3%	42.6%	33.1%	\$8.20	16.2%
SPY	US Large Caps	1.9%	16.0%	32.2%	13.5%	1.2%	12.0%	21.7%	-4.5%	31.2%	18.4%	28.7%	-18.2%	26.2%	24.9%	\$6.02	13.7%
QQQ	US Nasdaq 100	3.4%	18.1%	36.6%	19.2%	9.5%	7.1%	32.7%	-0.1%	39.0%	48.6%	27.4%	-32.6%	54.9%	25.6%	\$10.67	18.4%
IWD	US Value	0.1%	17.5%	32.1%	13.2%	-4.0%	17.3%	13.5%	-8.5%	26.1%	2.7%	25.0%	-7.7%	11.4%	14.2%	\$3.91	10.2%
MDY	US Mid Caps	-2.1%	17.8%	33.1%	9.4%	-2.5%	20.5%	15.9%	-11.3%	25.8%	13.5%	24.5%	-13.3%	16.1%	13.6%	\$4.12	10.7%
EEM	Emerging Market Stocks	-18.8%	19.1%	-3.7%	-3.9%	-16.2%	10.9%	37.3%	-15.3%	18.2%	17.0%	-3.6%	-20.6%	9.0%	6.5%	\$1.19	1.2%
IWM	US Small Caps	-4.4%	16.7%	38.7%	5.0%	-4.5%	21.6%	14.6%	-11.1%	25.4%	20.0%	14.5%	-20.5%	16.8%	11.4%	\$3.43	9.2%
VNQ	US REITS	8.6%	17.6%	2.3%	30.4%	2.4%	8.6%	4.9%	-6.0%	28.9%	-4.7%	40.5%	-26.2%	11.8%	4.8%	\$2.79	7.6%
PFF	Preferred Stocks	-2.0%	17.8%	1.0%	14.1%	4.3%	1.3%	8.1%	-4.7%	15.9%	7.9%	7.2%	-18.2%	9.2%	7.2%	\$1.86	4.5%
EFA	EAFE Stocks	-12.2%	18.8%	21.4%	-6.2%	-1.0%	1.4%	25.1%	-13.8%	22.0%	7.6%	11.5%	-14.4%	18.4%	3.5%	\$1.97	5.0%
CWB	Convertible Bonds	-7.7%	15.9%	20.5%	7.7%	-0.8%	10.6%	15.7%	-2.0%	22.4%	53.4%	2.2%	-20.8%	14.5%	10.1%	\$3.31	8.9%
HYG	High Yield Bonds	6.8%	11.7%	5.8%	1.9%	-5.0%	13.4%	6.1%	-2.0%	14.1%	4.5%	3.8%	-11.0%	11.5%	8.0%	\$1.91	4.7%
EMB	EM Bonds (USD)	7.7%	16.9%	-7.8%	6.1%	1.0%	9.3%	10.3%	-5.5%	15.5%	5.4%	-2.2%	-18.6%	10.6%	5.5%	\$1.60	3.4%
BIL	US Cash	0.0%	0.0%	-0.1%	-0.1%	-0.1%	0.1%	0.7%	1.7%	2.2%	0.4%	-0.1%	1.4%	4.9%	5.2%	\$1.17	1.1%
TIP	TIPS	13.3%	6.4%	-8.5%	3.6%	-1.8%	4.7%	2.9%	-1.4%	8.3%	10.8%	5.7%	-12.2%	3.8%	1.7%	\$1.40	2.4%
BND	US Total Bond Market	7.7%	3.9%	-2.1%	5.8%	0.6%	2.5%	3.6%	-0.1%	8.8%	7.7%	-1.9%	-13.1%	5.7%	1.4%	\$1.32	2.0%
LQD	Investment Grade Bonds	9.7%	10.6%	-2.0%	8.2%	-1.3%	6.2%	7.1%	-3.8%	17.4%	11.0%	-1.8%	-17.9%	9.4%	0.9%	\$1.61	3.5%
DBC	Commodities	-2.6%	3.5%	-7.6%	-28.1%	-27.6%	18.6%	4.9%	-11.6%	11.8%	-7.8%	41.4%	19.3%	-6.2%	2.2%	\$0.89	-0.8%
TLT	Long-Term Treasuries	34.0%	2.6%	-13.4%	27.3%	-1.8%	1.2%	9.2%	-1.6%	14.1%	18.2%	-4.6%	-31.2%	2.8%	-8.1%	\$1.35	2.2%
Highest Return		BTC	BTC	BTC	VNQ	BTC	BTC	BTC	BIL	BTC	BTC	BTC	DBC	BTC	BTC	BTC	BTC
Lowest Return		EEM	BIL	GLD	BTC	DBC	BIL	BIL	BTC	BIL	DBC	TLT	BTC	DBC	TLT	DBC	DBC
% of Asset Classes Positive		62%	95%	52%	71%	38%	100%	100%	5%	100%	90%	67%	10%	95%	95%	95%	95%

*Data via Koyfin as of 12/31/2024



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