

THE MARKET MEMO



DEAR BEAVERS WEALTH MANAGEMENT FAMILY & FRIENDS

Despite uncertainty surrounding inflation, interest rates, the political landscape and a new disruptor in the artificial intelligence (AI) race, domestic equities ended the first month of 2025 broadly positive, reflecting a continuing optimism for the U.S. economy. AI-themed stocks were shaken by a new entrant into the space, China's DeepSeek, which claims to be more efficient in various ways, especially power consumption, than key competitor OpenAI's ChatGPT.

"With mega-cap tech valuations stretched, those companies were vulnerable to a pullback," said Raymond James Chief Investment Officer Larry Adam. "While the NASDAQ took most of the hit, the performance of the equal-weight S&P 500 versus the capitalization weighted index shows signs of the market broadening beyond tech that we hope will continue."

Amid the many changes that greeted the new year, including the inauguration of President Donald Trump, the Federal Reserve held interest rates constant, as expected, as the Federal Open Market Committee (FOMC) awaits clear signs that inflation will continue to slide toward target levels and insight into the federal government's trade and fiscal priorities.

The year started off strong, but time will tell whether that trend will hold. Uncertainty remains a familiar theme moving forward as inflation remains sticky and the policy decisions of a new administration begin to take shape. Expect volatility and emotional reactions in the markets in the coming months, but with a positive overall trend throughout the year.

We remain committed to the pursuit of your financial goals and thank you for your continued trust in our guidance, and we look forward to the exciting opportunities the new year will bring. If you have any questions about this report, or need help with anything at all, please don't hesitate to reach out.

Look forward to speaking soon!

Sincerely,

CHRISTOPHER BEAVERS, CRPC®, CPFA

Managing Director
Senior Vice President, Wealth Management

3230 Camp Bowie Blvd, Suite 400
Fort Worth, TX 76107



Investing involves risk, and investors may incur a profit or a loss. All expressions of opinion reflect the judgment of the Raymond James Chief Investment Officer and are subject to change. There is no assurance the trends mentioned will continue or that the forecasts discussed will be realized. Past performance may not be indicative of future results. Economic and market conditions are subject to change. The Dow Jones Industrial Average is an unmanaged index of 30 widely held stocks. The NASDAQ Composite Index is an unmanaged index of all common stocks listed on the NASDAQ National Stock Market. The S&P 500 is an unmanaged index of 500 widely held stocks. The MSCI EAFE (Europe, Australasia and Far East) index is an unmanaged index that is generally considered representative of the international stock market. The Russell 2000 is an unmanaged index of small-cap securities. Investing in small cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor. The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. An investment cannot be made in these indexes. The performance mentioned does not include fees and charges, which would reduce an investor's returns. Companies engaged in business related to a specific sector are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification. A credit rating of a security is not a recommendation to buy, sell or hold the security and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning Rating Agency. Bond prices and yields are subject to change based upon market conditions and availability. If bonds are sold prior to maturity, you may receive more or less than your initial investment. Income from municipal bonds is not subject to federal income taxation; however, it may be subject to state and local taxes and, for certain investors, to the alternative minimum tax. Income from taxable municipal bonds is subject to federal income taxation, and it may be subject to state and local taxes. Investing in commodities is generally considered speculative because of the significant potential for investment loss. Their markets are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising. International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility. The Consumer Price Index is a measure of inflation compiled by the US Bureau of Labor Studies. The Leading Economic Index (LEI) provides an early indication of significant turning points in the business cycle and where the economy is heading in the near term. This is not a recommendation to purchase or sell the stocks of the companies pictured/mentioned. The ISM Services Index is an economic index based on surveys of more than 400 non-manufacturing (or services) firms' purchasing and supply executives. The ISM Manufacturing Index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms. Material created by Raymond James for use by its advisors.