



# SAM NEWS

4th Quarter 2024 Report  
January 2025

## Record Round Numbers Dow 45,000, S&P 500 6,000, Nasdaq 20,000

*The U.S. has enjoyed a very strong bull market for the past two years, with U.S. stocks rallying around 60%. With the exception of a few down days at the end of the year, stocks set 57 closing high records and notched some round number milestones. Economic resiliency, the start of a Fed easing cycle and the emergence of artificial intelligence have been key contributors to this performance. Strong gains were mostly concentrated in the “Magnificent 7” in 2023 and the first half of 2024, but broader leadership is now beginning to emerge and should continue. Looking ahead, we expect extraordinary earnings growth will settle at elevated levels for mega-cap technology while reaccelerating in other areas of the market. This broadening, coupled with resilient economic fundamentals, policy tailwinds and secular trends, should allow stocks to continue rising into 2025 and beyond. As always, risks remain and we could experience a correction in the stock market at any time. Please read our **SAM Outlook** and **SAM Strategy** sections that follow.*

### 2024 INVESTMENT REPORT

Stocks got a boost from Donald Trump’s presidential election win as investors bet that his promises of tax cuts and deregulation will propel growth and benefit risk assets. The S&P 500 returned 2.4% for the quarter and finished the year up 25%. The S&P 500 has now had positive returns for five consecutive quarters. The NASDAQ Composite gained 6.2% during the quarter and is up a whopping 28.6% for 2024. The DOW 30 ended the year up 15% and the small company Russell 2000 returned 11.5%. International stocks declined over 8% during the quarter- ending the year up just 1.5%. The U.S. bond market as represented by the Bloomberg Aggregate Index had a total year-to-date positive total return of just 1.3%.

### INVESTMENT INDICES

All numbers listed are total returns (including dividends) and are percentage gains or losses:

|                                    | 2024  | 4th Quarter | 2023  |
|------------------------------------|-------|-------------|-------|
| Dow 30                             | 15.0% | 0.9%        | 16.2% |
| S&P 500                            | 25.0% | 2.4%        | 26.3% |
| Nasdaq Composite                   | 28.6% | 6.2%        | 43.4% |
| Russell 2000                       | 11.5% | 0.3%        | 16.9% |
| EAFE (International Stocks)        | 1.1%  | -8.4%       | 15.0% |
| Barclays Capital Aggregate (Bonds) | 1.3%  | -3.1%       | 5.5%  |

**\*\*These are not the rates of return for SAM accounts, but are shown as a historical benchmark for various asset classes. SAM does not guarantee account performance. Accounts may lose value. Information taken from sources believed to be reliable, but its accuracy cannot be guaranteed.\*\***

### REQUIRED DISCLOSURES

Sierra Asset Management’s **Privacy Notice, Proxy Voting Policy Summary and CRS Summary** are enclosed with this bulletin. If you have any questions, please contact us. During the 1<sup>st</sup> quarter of 2025, we will update our **U.S. Securities & Exchange Commission Form ADV Part 2**. You may request a copy by calling or sending an email. Our most recent SEC filings are always available at [www.sec.gov](http://www.sec.gov).

### 1st Quarter Holidays

New Years, January 1st  
Jimmy Carter’s Day of Mourning,  
January 9th  
Martin Luther King Jr. Day,  
January 20th  
Washington’s Birthday, Feb. 17th  
Good Friday- Friday, April 18th

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*We sincerely appreciate your continued trust and confidence. If you know of someone who may benefit from our service, please pass along our contact information. As always, there is no cost for an initial consultation.*

**SAM Outlook and Strategy on the following page.**



Stocks just completed the second calendar year of a very strong bull market and the best election year performance since 1936. Historically, bull markets last around seven years so we could still be in the earlier part of a longer cycle. Stock prices are driven by the economy and ultimately corporate earnings. U.S. corporate earnings grew over 9% in 2024, and are anticipated to grow by an impressive 15%

in 2025. Profit margins in 2025 are expected to reach an all-time high at around 12%. Supported by a resilient economy, healthy corporate earnings, broadening market participation in the current rally, and a bit of market history, the potential is high for the bull market to continue.

Over the past four years, the U.S. and global economy and markets have weathered a myriad of challenges, including: the pandemic-induced distortions in manufacturing and services activity, acute supply chain and labor force disruptions due to the pandemic and the war in Ukraine, the resulting global inflation surge, rapid and coordinated central bank policy tightening – and the impacts on real economic growth, labor markets, consumer and producer prices and earnings growth. Yet, through these cyclical storms, the U.S. economy has maintained an above-average pace of real economic growth and risk assets have delivered strong returns above and beyond those found in cash and fixed income. As 2024 comes to an end, these cyclical forces are making their way out of the economy and profits, with a normalization in real economic growth, job creation, inflation pressure and earnings growth – as well as the level of interest rates.

### SAM STRATEGY

Going into 2025 we believe that the stock market rally will broaden away from the largest technology stocks. The “Magnificent 7” stocks (Alphabet (Google), Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla) comprise nearly 35% of the S&P 500 market capitalization. This is more concentrated than technology stocks got during the dot-com boom! For client portfolios, we have had some exposure to these mega-cap technology stocks but have not specifically over-weighted them. We have continued with our textbook approach to diversification- owning companies in the U.S. of all sizes and sectors, international stocks, bonds, etc.

The impressive stock market rally that we have experienced has not had a technical correction (10% or more decline for the S&P 500) in some time. When this occurs, please remember that it is normal and routine and it does not indicate that the longer-term rise in stock prices is at risk. A few of the risks we are keeping an eye on are: 1. A Federal Reserve policy mistake that could hurt the job market. 2. Potential tariffs that could re-spark domestic inflation. 3. Overvaluation of technology and artificial intelligence stocks. 4. Rising bond yields and higher interest rates keeping borrowing costs too high. 5. Widening of global conflicts. None of these noted risks keep us up at night, but any of these or something completely unforeseen could spur a selloff in the stock market.

### INCREASED RETIREMENT PLAN CONTRIBUTION LIMITS

For 2025, you’ll be able to increase your annual contribution to your 401(k), 403(b), governmental 457 plans, and the federal government's Thrift Savings Plan to \$23,500, up from \$23,000. The catch-up contribution limit, for those 50 or older, is holding steady at \$7,500. There’s an extra layer of icing for workers specifically aged 60 to 63, thanks to the Secure 2.0 law — a higher catch-up contribution limit of \$11,250. The contribution limit on individual retirement accounts (IRAs) remains at \$7,000, and the catch-up contribution limit for individuals 50 and over stays at \$1,000 for 2025. Please remember to adjust your periodic contributions in 2025 if your goal is to put the maximum into a workplace retirement account or IRA. If you need any assistance or advice, please do not hesitate to call or email our office.

### IMPORTANT TAX INFORMATION

#### Schedule for Receiving Tax Preparation Forms

**CHARLES SCHWAB 2024 FORM 1099-R** for distributions from IRA, SEP-IRA, Simple IRA, and Roth IRA accounts: mid to late January.

**CHARLES SCHWAB 2024 FORM 1099 COMPOSITE AND YEAR-END SUMMARY** for taxable brokerage accounts: Mid to late February.

**CHARLES SCHWAB 2024 FORM 5498** which reports your IRA contributions made by April 15, 2025: Mid to late May.

If any security sends updated information, Schwab will send a corrected Form 1099. While you may schedule your tax appointment earlier, please be sure to ask your CPA or tax preparer not to finalize your return preparation until March. Those clients who have limited partnership interests will typically not receive the partnership tax information until mid-March (as normal). While we may hold limited partnerships transferred in by clients, SAM does not invest in them.

*SAM* can still produce an estimate of gains/losses for tax planning purposes. ***SAM* cost basis estimates should be used for planning purposes only, and should not be used for tax return preparation. It will be very important to use the cost basis data reported by Schwab on the 1099 composite and year-end summary.** Your tax preparer or CPA will assist you with this important tax preparation issue. If you have any questions regarding cost basis, please give us a call at 658-5193 or toll-free 877-658-

"So many of our dreams at first seem impossible, then they seem improbable, and then, when we summon the will, they soon become inevitable." - Christopher Reeve