



# SAM NEWS

4th Quarter 2025 Report

January 2026

## Three-Peat Record Highs Continue

Despite a tempestuous start and steep “Tariff Tantrum” decline in April, U.S. stocks notched a third consecutive year of double-digit gains. In fact, the S&P 500 set new record highs 39 times during 2025. In late December we learned that the U.S. economy grew at its fastest pace in two years with GDP coming in at 4.3%. This economic expansion is being led by strong U.S. consumer spending despite lingering inflation. International stocks had the biggest out-performance since 1993 returning over 30%. U.S. corporate earnings are forecast to see strong, double-digit growth in 2026, with S&P 500 estimates around 12-15%- driven by continued AI investment and robust business spending. There may also be a healthy broadening of the market away from the concentration of the “Magnificent Seven.” We remain optimistic as we head into next year. Please read our **SAM Outlook** and **SAM Strategy** sections that follow.

### 4th QUARTER 2025 INVESTMENT REPORT

As usual, there was plenty to worry about during 2025. The unknown effect of tariffs, growing conflicts around the world, the longest government shutdown in history, and potential overvaluation of artificial intelligence companies just to name a few. The stock market again climbed the wall of worry and the S&P 500 returned 2.6% for the quarter and finished the year up 17.9%. The NASDAQ Composite, led by the “Magnificent 7” stocks gained 2.7% during the quarter and finished up 21.1% for 2025. The DOW 30 ended the year up 14.9% and the small company Russell 2000 returned 12.8%. International stocks had their first out-performance in some time with the MSCI EAFE index finishing up 31.2%. Even the U.S. bond market (Bloomberg Aggregate Index) finished with a strong total return of 7.3% for the year as the Federal Reserve reduced interest rates. Gold and silver had the highest returns for all sectors with price gains of 66% and 165% respectively. Bitcoin prices ended the year down 6.3% after a volatile year of trading.

### INVESTMENT INDICES

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

	2025	2024	2023
Dow 30	14.9%	15.0%	16.2%
S&P 500	17.9%	25.0%	26.3%
Nasdaq Composite	21.1%	28.6%	43.4%
Russell 2000	12.8%	11.5%	16.9%
MSCI EAFE (International Stocks)	31.2%	1.1%	15.0%
Bloomberg Aggregate (Bonds)	7.3%	1.3%	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.\*\*

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.

### 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 2026, 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 & 2nd  
Martin Luther King Jr. Day,  
January 19th  
Washington's Birthday, Feb. 16th  
Good Friday, April 3rd

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



The bullish story is fairly simple to understand. The economy is still growing – not as fast as the post-pandemic acceleration, but we are not in recession. The Fed has shifted from "tightening" to "easing." Rate hikes are behind us.

Investors now debate how many cuts, not if future cuts are coming. Corporate profit growth has surprised on the upside. Many companies guided cautiously and then beat those expectations. Those earnings beats support stocks, even at rich valuations. Add in some AI-driven productivity and companies are starting to do more with less - more output per worker, resulting in better margins and higher long-term profit potential. That is exactly the kind of trend that can support higher stock prices over time.

However, there are areas of concern. Historical valuations are high and the major indices trade well above their long-term average price-to-earnings (P/E) ratios. That doesn't mean a crash is coming, but a 10-15% correction sometime in 2026 would be completely normal. Starting the year from high valuations may mean that future investment returns could be lower if earnings don't grow fast enough. Tariffs are back in the picture- new and proposed trade barriers raise costs, disrupt supply chains, and threaten global growth. Markets do not like surprise taxes on commerce. Geopolitical risk is elevated. A potential land war in Venezuela could shake energy markets and investor confidence. Even if the worst case never arises, the headlines can create short-term volatility. All in all, the market and investors have plenty to be concerned about. Bulls are betting on economic growth, easier money, and higher productivity. Bears have a case with rich stock prices, policy friction, and political risk. Our forecast is for a positive 2026, with the expectation of some volatility along the way.

### SAM STRATEGY

During the year we made minor adjustments to our stock and bond holdings as conditions warranted. We maintained our international exposure, which added to our 2025 performance across all strategies. Developed international and emerging market stocks benefited from a weaker U.S. dollar, improving economic conditions-especially in Europe, and historically attractive valuations. We plan to maintain or slightly increase our allocation to international stocks. U.S. large cap stocks which are heavily weighted toward the technology and artificial intelligence sectors still make up the core of our equity holdings.

Our bond holdings in our balanced and conservative portfolios were another highlight in 2025. When the Federal Reserve raised rates and reset bond prices a few years back, we increased the duration of our bond holdings. By moving from short and intermediate term bonds to longer term bonds, we were able to lock in bond yields for client portfolios at 15–20-year highs. Owning longer term bonds paid off this year with the Bloomberg U.S. Aggregate Index up over 7%. With the Federal Reserve expected to reduce rates further in 2026, we have begun to move away from CDs and money market funds and are investing more in ultra-short bond funds with higher yields.

### Retirement & Financial Planning

At Sierra Asset Management, we offer thoughtful retirement and financial planning tailored to each client's goals and circumstances, with no additional fees for our investment advisory clients. Under the leadership of Don DeBernardi, CFP®, we help clients navigate life's financial decisions with clarity and a long-term perspective. Especially in recent years, we have assisted numerous clients in making a smooth transition from their working careers to a confident, well-planned retirement. If you could benefit from these planning services, please call to schedule an appointment.

### IMPORTANT TAX INFORMATION

#### Schedule for Receiving Tax Preparation Forms

**CHARLES SCHWAB 2025 FORM 1099-R** for distributions from IRA, SEP-IRA, Simple IRA, and Roth IRA accounts: mid to late January.

**CHARLES SCHWAB 2025 FORM 1099 COMPOSITE AND YEAR-END SUMMARY** for taxable brokerage accounts: Mid to late February.

**CHARLES SCHWAB 2025 FORM 5498** which reports your IRA contributions made by April 15, 2026: 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 877-658-5193.

**"Far more money has been lost by investors in preparing for corrections, or anticipating corrections, than has been lost in the corrections themselves." Peter Lynch**