MONTHLY MARKET COMMENTARY

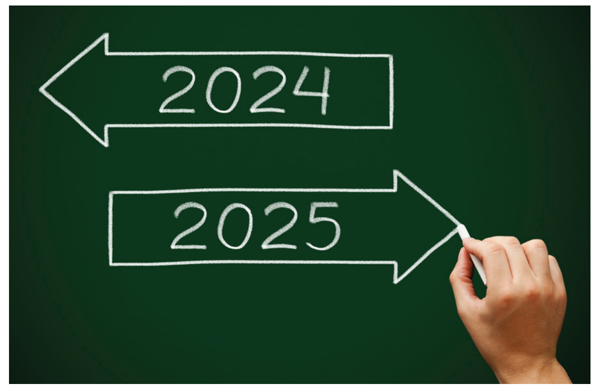
DECEMBER 2024 Executive Summary

Benchmark Returns as of December 31, 2024

	For the Month	Year-to-Date
S&P 500	-2.38%	25.02%
Dow Jones Industrial Average	-5.13%	14.99%
Nasdaq	0.55%	29.57%
Developed International	-2.27%	3.82%
Emerging Markets	-0.14%	7.50%
Bloomberg Aggregate Bond Index	1.64%	1.25%

A Review and A Look Ahead

It is almost universal: the penchant for revisiting the year just ended while setting our sights both hopeful and cautious on the year ahead. We will do just that with our last monthly commentary for 2024.



It was an extraordinary year for U.S. equity markets, despite uneven trading in December that led to losses for the S&P 500 and DJIA and only a fractional monthly gain for the Nasdaq. Year-end weakness aside, the S&P 500 closed at an all-time high on January 19th and then again fifty-six more times throughout 2024. The benchmark's 25% total return for the year was even more impressive coming, after gains of 26% in 2023. There was robust economic growth, progress towards lower inflation, and the much-anticipated start of an interest rate easing cycle by the Federal Open Market Committee. Corporate earnings through the third quarter were strong, the U.S. kept its global equity advantage, and the outlook for Artificial Intelligence remained optimistic.

Of course, no year is without its challenges. During 2024, investors dealt with continued tumult in Ukraine and the Middle East while witnessing the fall of the Assad regime in Syria in the year's final month. U.S./China tensions continue to simmer. Currency jitters erupted over complex arbitrage trades in the Japanese yen, but fears of contagion were never realized. Devastating hurricanes garbled economic reports and left insurers with record claims to pay. The November election was a major focus, with unexpected ballot changes also changing investors' outlooks. Still, when the results came without reprisals and recounts, a strong relief rally ensued. Bond investors are wary of the size of the U.S. federal debt and guard the dominance of the dollar as the global reserve currency diligently. This contributed to the yield on the 10-year Treasury bond moving up to 4.58% at year-end, 0.70% higher than its level of 3.88% at the end of December 2023. Bond prices move inversely to yields, so fixed-income portfolio values suffered. Still, investors enjoyed increased interest income.

We expect no fewer challenges in 2025, and we are preparing to navigate the months ahead with the best available information to support our management of client portfolios. Forecasting is notoriously humbling, but we share the estimates of major data points from our trusted research partners below:

Metric/Source	Argus Research as of 12/30/2024	Ned Davis Research as of 12/10/2024	Median FOMC Projections as of 12/18/2024
S&P 500 Index Year-End 2025	Up 10% - 15%	~6,600 level	N/A
10-Year U.S. Treasury Yield	3.75% - 4.75%	4.0% - 5.25%	N/A
Federal Funds Rate Year-End 2025	3.50% - 3.75%	3.50% - 3.75%	3.90%
Y/o/Y Core Inflation December 2025	~2.0% (PCE Index)	+2.75% - 3.25% (CPI Index)	2.5% (PCE Index)
Average Price/Barrel of Oil	$75 (WTI)	N/A	N/A
2025 U.S. GDP	+1.8%	+2.0% - 2.5%	+2.1%
S&P 500 Earnings Full Year 2025	Up ~12%	Up 8.4%	N/A

We outlined our thoughts on the market implications of the second Trump administration in our December 2024 quarterly newsletter, and readers are encouraged to refer to that issue. In the meantime, we wish everyone a healthy and prosperous New Year.

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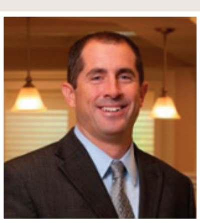

Scott Antritt
Director of Investments
941-202-6507

Gail Neujahr, CFA
Senior Portfolio Manager
941-202-6507

Kendall Peacock, CFA, CAIA
Senior Portfolio Manager
941-202-6507