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The Cars, a late 70s rock and roll band, wrote and performed the classic anthem, Let the Good Times Roll, originally intended to parody the glamorous rock star life. Today, after two straight years of greater than 20 percent returns for U. S. large cap stocks, it also feels like the perfect soundtrack for markets as we roll into 2025.

2024 inscribed a new chapter in the history books. Stock prices rose sharply across the globe with The U. S. Leading the way, including the similarly strong 2023. The trailing two-year return for the S and P 500 index is a whopping 58%. So what drove these great results? Good economic news and fundamentals kept the markets on the roll.

Last year, the Federal Reserve cut interest rates for the first time since 2020, with more cuts on the horizon in 2025. Inflation cooled substantially and wages rose, allowing consumers to keep spending. Corporate profits soared, rising by nearly 10%. With even stronger growth expected this year, the artificial intelligence revolution continued to drive new investment, productivity gains, and optimism.

Markets remain excited. The new administration is pursuing pro-growth policies. Put these all together, and it's no wonder most investors see a clear road ahead in 2025. But in these types of moments, it's important to pause and reset expectations. After all, the good times often become good memories, and the bad times can become good lessons.

As investors, predicting when a boom will burst is, of course, a fool's errand. But when it feels inevitable that markets will keep climbing, that's the most important time to remain calm and temper those emotions. Because there are plenty of unknowns in the year ahead. Perhaps most importantly, a new administration brings a wide range of possibilities for important economic policies, such as trade and tariffs, immigration, tax policy, the national debt.

While investor hopes currently center around the president's potential pro-growth and pro-business strategies, many questions remain about how these will be implemented and what their final impact on the country might be. Risks also remain elevated outside the U. S. With political and social upheaval percolating across many parts of the globe.

So, our advice to investors this quarter, go ahead, roll with the good times. But wear your seatbelts too. Investor optimism is picking up the tempo, driving

stock prices higher, and even as fundamentals remain solid, we're mindful of the elevated enthusiasm in today's markets. It's a good time to remember, short term volatility is the price we pay for higher long-term returns.

Such as the last few years, a 10 to 20 percent pullback in stock prices is always just around the next corner. So stay diversified, stick to your plan and try not to get too carried away by the fast music and the fast cars.

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