



Soundings

What's New – January 2025

Quote of the month:

“If you stop at general math, you’re only going to make general math money.” Snoop Dogg

The ubiquitous rapper, producer, actor, and general philosopher nailed this one. Whether it’s math, science, art, or music, the money comes only after you put in the work. It’s not a *fun* message, no one wants to hear it, and it’s why the Lotto is so popular. Truth is, there’s no gain without a little pain. But that’s what makes life interesting isn’t it? The best books and best movies are about those who took on the struggle, took the hits, overcame the odds and prevailed. No guts, no glory baby. By the way, the internet told me Snoop is worth a cool \$160 million.

It was quite a year huh? Geopolitics aside, the proxy for the U.S. stock market, the S&P 500, put in it’s second 20%+ gain in a row, capping off its best two-year run in a quarter century. And it’s done so with surprisingly low volatility. In fact, in a year marked with 53 record closes, Mike Zaccardi, technical analyst with Optuma, noted the index had only 19 days with a 1.0% drop and only 4 that occurred back-to-back. Things have cooled off over the past couple of weeks and so far, the Santa Claus rally is nowhere in sight. That said, the long-term trend remains intact and we remain positioned accordingly.

The turning of the calendar year is a wonderful time to take a personal inventory. Where do we stand, what have we accomplished, how can we continue to grow and improve? In this month’s *Market & Economic Commentary*, I’ve placed a piece that’s neither, but it is a beautifully written commentary on the realities of being human. We’re flawed by design, it’s in the blueprint. But our spec sheet still provides us the opportunity to choose tolerance and charity. It’s a worthy read. First, the numbers...

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Market Update - Year to Date Returns

Major Indexes

As of January 1st

Dow Jones Industrials	12.9%
S&P 500 Index	23.3%
NASDAQ	28.7%
MSCI EAFE (International)	2.2%
Russell 2000 (small cap index)	10.0%
Bloomberg Capital Aggregate Index (Bonds)	1.3%
XAU (gold/silver)	9.1%

D.A.L.I. Signals - 1/01/2025

U.S. Equities	Int'l Equities	Commodities	Cash	Currencies	Fixed Income
329 30.3%	224 20.6%	223 20.5%	133 12.2%	90 8.3%	88 8.1%

Source: Nasdaq Dorsey Wright

- Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect investment performance. Individual investor's results will vary. The Dow Jones Industrial Average (DJIA), commonly known as the "Dow", is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal. The S&P 500 is an unmanaged index of 500 widely held stocks that's generally considered representative of the US stock market. The NASDAQ Composite is an unmanaged index of securities traded on the NASDAQ market. 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 index is an unmanaged index of small cap which generally involve greater risks. The Philadelphia Gold and Silver Index (XAU) is an index of sixteen precious metal mining companies that is traded on the Philadelphia Stock Exchange.
- The Bloomberg Barclays Capital Aggregate Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.
- DALI is a proprietary matrix created by Dorsey Wright & Associates, an independent 3rd party. It presents the relative strength relationship of six broad asset classes or "teams", domestic equities, international equities, commodities, fixed income, cash, and currencies. Each are represented by an equal number of ETFs. Each team play against each member of the other teams, with net victories tallied in an effort to rank each asset class team by order of overall strength. Raymond James is not affiliated with and does not authorize or sponsor any of the listed websites or their respective sponsors. Raymond James is not responsible for the content of any website or the collection or use of information regarding any website's users and/or members.
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Market & Economic Commentary

I love New Year's Eve for its festivities, but New Year's Day brings out my inner skeptic because I don't believe in new beginnings. We can reform our policies and institutions. We can change ourselves gradually, in small ways. But we're always beginning from where we are, and history limits what's possible for us to do in the present. Our past has shaped our present, and the more we claim the right to shape the future, the more accountable we must be for our past. This isn't a partisan observation. President Ronald Reagan often quoted a remark Thomas Paine made in a pamphlet urging independence from Britain: "We have it in our power to begin the world over again." Actually, we don't. Not even God does. Paine's next sentence undercut the idea that we can simply start over with a clean slate. "A situation, similar to the present," Paine wrote, "hath not happened since the days of Noah until now." But recall the biblical story. God told Noah, the most righteous man of his day, that he would destroy all living beings except those on the ark and begin again because the earth had become lawless and corrupt. When the floodwaters subsided and Noah's family emerged from the ark to relaunch the human race, God promised them that he would never again destroy his creation, even though "the devisings of man's mind are evil from his youth" (Genesis 8:21). Inevitably, sin—gluttony, lust, hubris—quickly re-emerges.

Not even God can make man perfect, because only God is perfect. Everything created, including the human race, necessarily falls short of perfection. Faced with the choice between eternal nothingness or creating human beings with free will who would choose to sin, God chose the latter. And here we are, in all our ineradicable imperfection. Reinhold Niebuhr, a prominent Protestant theologian of the 20th century, famously remarked that original sin is "the only empirically verifiable doctrine of the Christian faith." I'm not competent to speak of Christian eschatology—the doctrine of last things or end times. But the Jewish conception of Messianic times is thoroughly realistic. "Let no one think that in the days of the Messiah any of the laws of nature will be set aside, or any innovation be introduced into creation," warned Maimonides, the great Jewish philosopher, theologian and jurist, adding that "the world will follow its normal course." He cited, approvingly, the rabbinical dictum that "the sole difference between the present and the Messianic days is delivery from servitude to foreign powers." For Jews, not even the coming of the Messiah will fundamentally alter human nature, with all its flaws. Our society and politics will always reflect both our imperfections and our efforts to improve ourselves and our communities.

Many revolutionary movements have denied the fundamental truth that human beings will remain flawed, seeking instead to create a reign of virtue. They hold an Etch A Sketch theory of societal transformation: Shake things up to make everything disappear, and then begin with a blank screen. These efforts always end in failure, and often in mass murder. America's founders were more realistic about human nature. They didn't expect that the revolution would transform Americans into a virtuous people, or cleanly divide us between the virtuous and the vicious. While they hoped that we would be virtuous enough to sustain republican self-government, they designed institutions to contain our worst impulses. The wisdom of their course is obvious whenever its limits are tested. The founders apparently agreed with the great Christian theologian St. Augustine that the driving impulse of fallen man is the libido dominandi, the lust to dominate others and subject them to our unchecked will. We struggle against this urge in our personal lives. Learning to accept limits on our will—to accept that others have wills with claims equal to our own—begins in infancy and ends, unfinished, in death. In public life, the desire to dominate one's adversaries moves unscrupulous leaders to override legal and institutional limits, concentrating power in ways that the founders rightly believed were precursors to tyranny. As James Madison argued, the alternative to domination is tolerance for and acceptance of our differences, which are inevitable in free societies.

A familiar maxim cited by Pope John XXIII should guide us: "In essentials, unity; in doubtful matters, liberty; in all things, charity." A well-ordered government can secure unity wherever necessary and liberty whenever possible. But only individuals can provide charity, which requires us to tolerate those whose views differ from ours, and to be slow to attribute malign motives to one another. Treating others more charitably won't lead to the perfection of our souls or of our society. But it's within our power to try, and nothing would do more to bring healing in our troubled times. **Willaim A. Galson, "A New Year Isn't a Blank Slate", Wall Street Journal, December 31, 2024.**

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On a Personal Note

I've added a new blessing to my morning, "Thank you God for's" - the significant-others of our sons. Alex and Claire are home for the holidays and Collin & Jackie have been spending as much time with the crew as possible. This is the biggest holiday blessing ever for this crusty old man. These extended family gatherings were never a part of my growing up. It's not dig, judgement, or slight on my upbringing, just a reality. I cherish this new reality and hope that fate allows it to extend long enough to see the next generation of Kagans join the festivities...no pressure kids ;) Watching our son's behavior around their mates is a beautiful thing. It begins with gratitude. They know they are blessed and it shows in their words and actions. With both couples, the whole is greater than the sum of its parts. They bring out the best in each other and in doing so, become better equipped to serve the world in whatever capacity they find themselves.

Christmas traditions, *Old* and *New*. *Old* - The traditional Christmas Eve "Gumbo" dinner with Annie (Kathleen's mom) and the recent twist, my mom. *New* - family administered health/wound care. I've had niece-in-law Kerrie, an orthopedic PA, on speed-dial for years, and had long worn out my welcome to her off-hour medical services. Well thanks to Jackie, a new Nurse Practitioner, I've got a new option and put her to use on Christmas Eve for a little stitches' removal procedure (before toddlers of course). Now we just need an attorney, although so far, we've been lucky enough NOT to need one. *Old* - the Christmas Eve movie, usually a "stinker". *New* - this year's selectee Claire, although in keeping with tradition, it was a doozie...to be fair, I slept through 2/3 of it - *Old*.

Christmas morning. We reconvened the group, enjoyed a tasty, traditional Christmas breakfast, with classic Christmas tunes in the background, before opening presents. Among the standard cotton and wool-based staples were some interesting items. After raving about the toilets in Nepal, where fragile plumbing relegated toilet paper to a mere drying tool and instead, each commode had a water sprayer attached nearby, I got a portable bidet and look forward to upcoming years of squeaky-cleanliness. The boys (me included) all got Facebook's most intriguing gift, the *Boxbollen*, which is WAY harder than RFK Jr. made it look in the ad. But the most thoughtful gift came from Kathleen, given to our boys and their girl's...a portrait of each couple, painted by hand (using numbers) and framed by the artist and her brother. They are undeniable masterpieces and if you think you've got it in you, check out www.craftoria.com.

Christmas dinner. Recent tradition brought us back to the "farm" of niece Kim and husband Lance up in the north country of Pace, FL. Since they've done more than their share of repopulating the planet, everyone brings a dish and drinks and we converge on this Dixie Disneyland. For the past several years, the Kagan contribution has been oysters, and the boys and I have become some mother-shuckers. The food is world class but the entertainment is the true draw. Kids are always fun to watch but it was family matriarch, Annie, who stole the show this year. Lance, a couple years shy of age 40, is the biggest kid in the group. He has a tractor to maintain their acreage but his imagination created another use. "You might be a redneck" if you tether a surfboard to your tractor and tow it around the yard. You might be the craziest 90-year-old in the universe if you climb onboard said surfboard and put your life in the hands of your grandnephew-in-law. Sadly, she was a week or so too late for Time magazine's Person of the Year.

Finally, on a tragic note, we lost two people in our universe over the holidays...to suicide. Both seemingly had everything to live for...loving families, financial security, a caring spouse/partner. But we'll never know the demons they faced or the pain of their struggle. Christmas is behind us but Jesus was often referred to as the Good Shepherd. Whether a believer or not, we're all human and can strive to be the best we can be. In the New Year, let's all try to be a Shepherd to our neighbors, and be especially vigilant for those who might need some extra attention.

Until next month, with warmest regards, *Jon, Collin & Sandy*

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