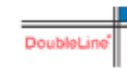


Market Performance Review and Asset Allocation Outlook for 2025

Money Managers



Money Managers



J.P.Morgan





FREEDOM

INVESTMENT MANAGEMENT

Q4 and Full Year 2024 Market Performance

Jonathan Shiffer

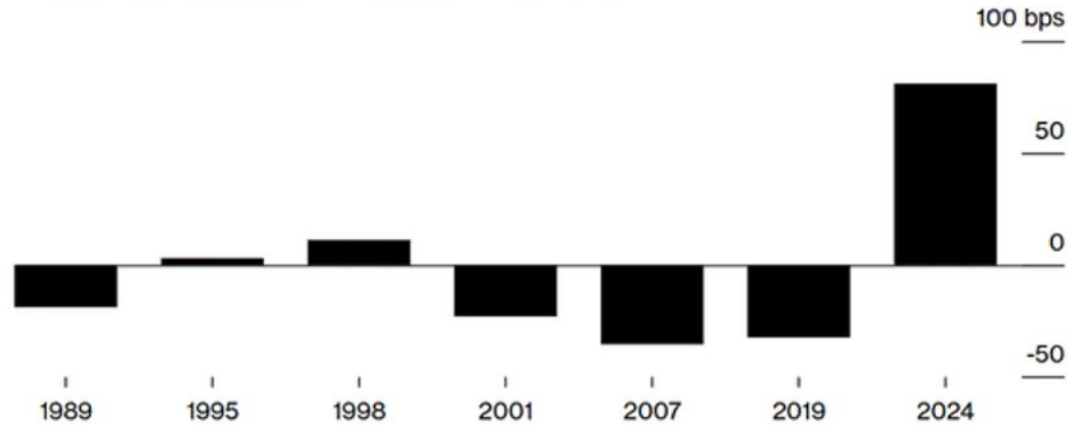
Chief Investment Officer
Freedom Investment Management, Inc.

Yields Moved Higher Despite Rate Cuts

Atypical Easing Cycle

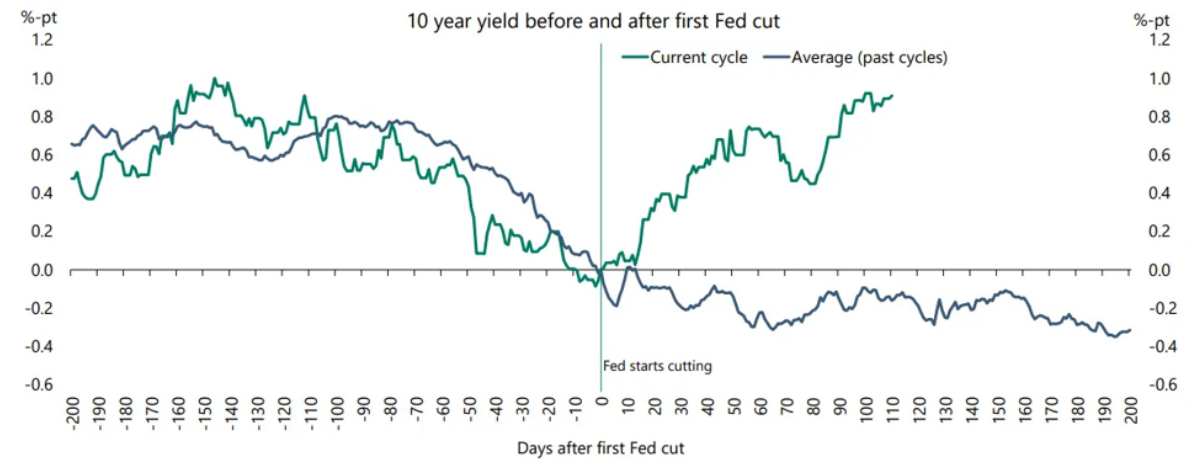
Bond yields rise sharply since Fed cut rates in September

■ 10-year yield moves three months after first Fed cut



Source: Bloomberg

Very unusual behavior in long rates after the Fed started cutting in September 2024



Source: Bloomberg, Apollo Chief Economist

Broad Fixed Income	Quarter	1 Year
Bloomberg US Agg Bond TR USD	-3.1%	1.3%
Bloomberg Global Aggregate TR USD	-5.1%	-1.7%
Treasuries		
Bloomberg US Treasury Bill 1-3 M TR USD	1.2%	5.3%
Bloomberg 1-5 Yr Treasury TR USD	-0.8%	3.3%
Bloomberg Treasury 5-7 Yr TR USD	-3.4%	1.0%
Bloomberg Treasury 7-20 Yr TR USD	-6.0%	-2.4%
Bloomberg US Treasury 20+ Yr TR USD	-9.4%	-8.0%
Bloomberg US Treasury US TIPS TR USD	-2.9%	1.8%
Credit		
Bloomberg Municipal TR USD	-1.2%	1.1%
Bloomberg US Corp Bond TR USD	-3.0%	2.1%
Bloomberg US Corporate High Yield TR USD	0.2%	8.2%

Outperformance

- Short Duration

Underperformance

- Long Duration
- International ex-US

Source: Morningstar

Equity Performance as of 12/31/2024



Domestic Equity	Quarter	1 Year
NASDAQ Composite TR USD	6.4%	29.6%
S&P 500 TR USD	2.4%	25.0%
Russell 1000 Growth TR USD	7.1%	33.4%
Russell 1000 TR USD	2.8%	24.5%
Russell 1000 Value TR USD	-2.0%	14.4%
Russell Mid Cap Growth TR USD	8.1%	22.1%
Russell Mid Cap TR USD	0.6%	15.3%
Russell Mid Cap Value TR USD	-1.8%	13.1%
Russell 2000 Growth TR USD	1.7%	15.2%
Russell 2000 TR USD	0.3%	11.5%
Russell 2000 Value TR USD	-1.1%	8.1%
International Equity		
MSCI ACWI NR USD	-1.0%	17.5%
MSCI ACWI Ex USA NR USD	-7.6%	5.5%
MSCI Europe NR USD	-9.7%	1.8%
MSCI EM NR USD	-8.0%	7.5%
MSCI AC Asia Pacific IMI NR USD	-6.9%	8.7%
MSCI EM Latin America NR USD	-15.8%	-26.4%

Source: Morningstar

Outperformance

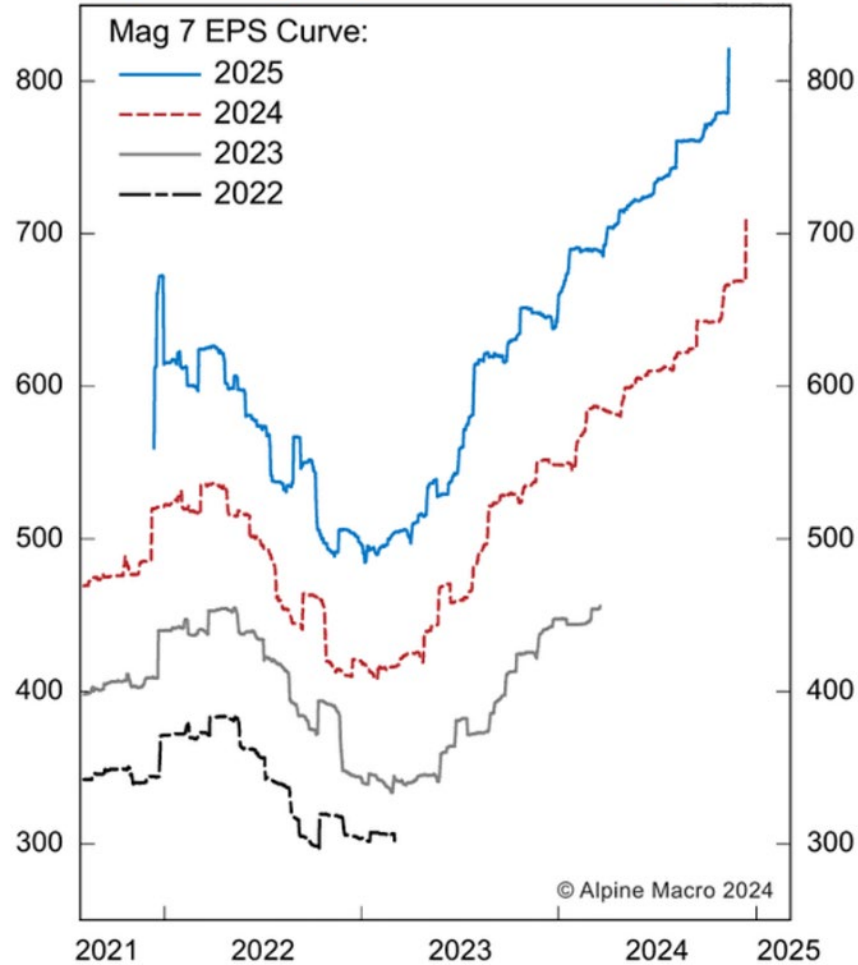
- Large/Mid Cap Growth

Underperformance

- International ex-US
- Value

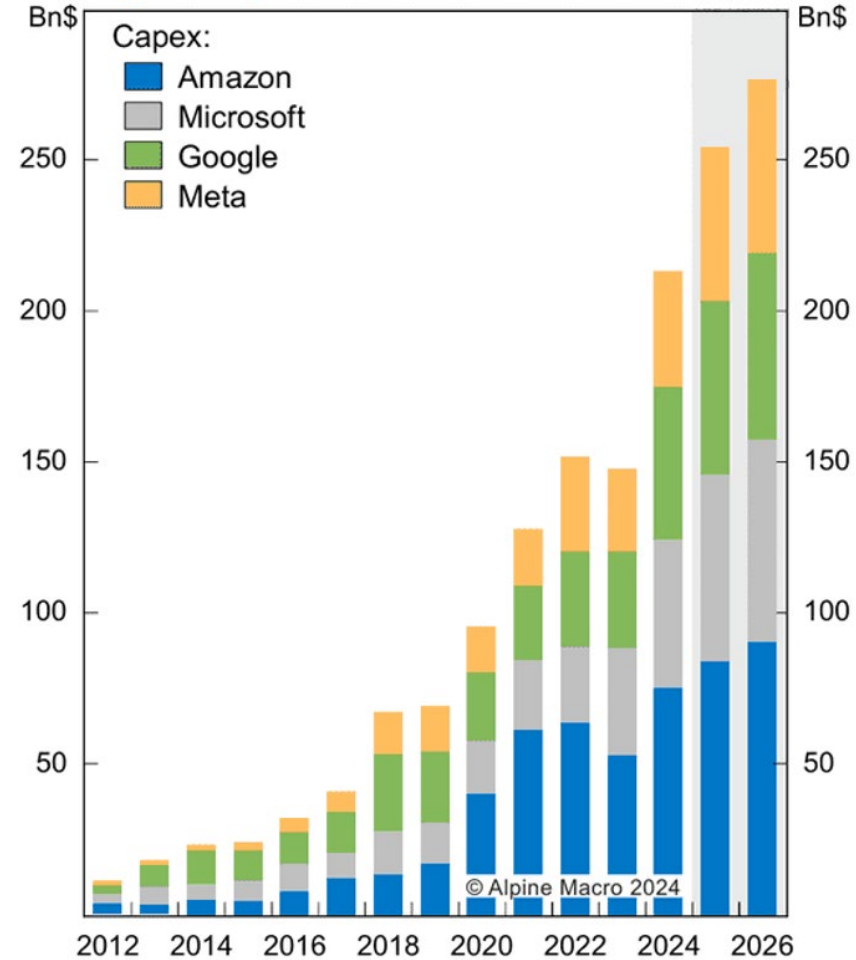
Magnificent 7 Dominated 2024

Mag 7 Earnings Expectations Are Rising...



Source: Bloomberg Finance L.P.

Big Tech Capex Outlook



Note: Shaded area denotes estimates; source: Bloomberg Finance L.P.

Source: [Alpine Macro](#)

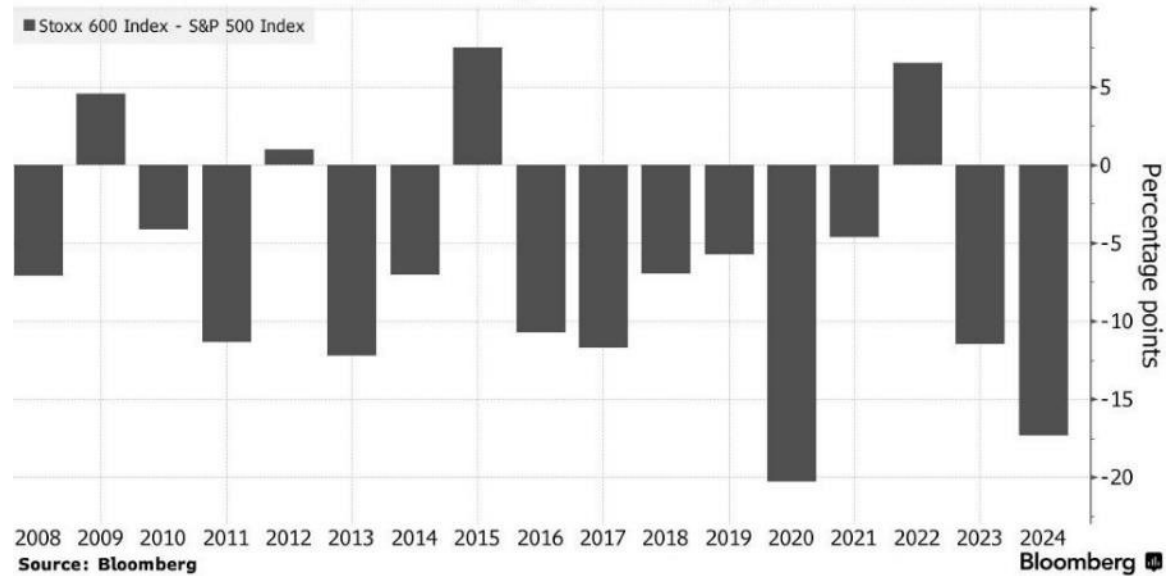
Mag 7 Driving Market Concentration

% of S&P 500 by market cap: — Top 10 stocks

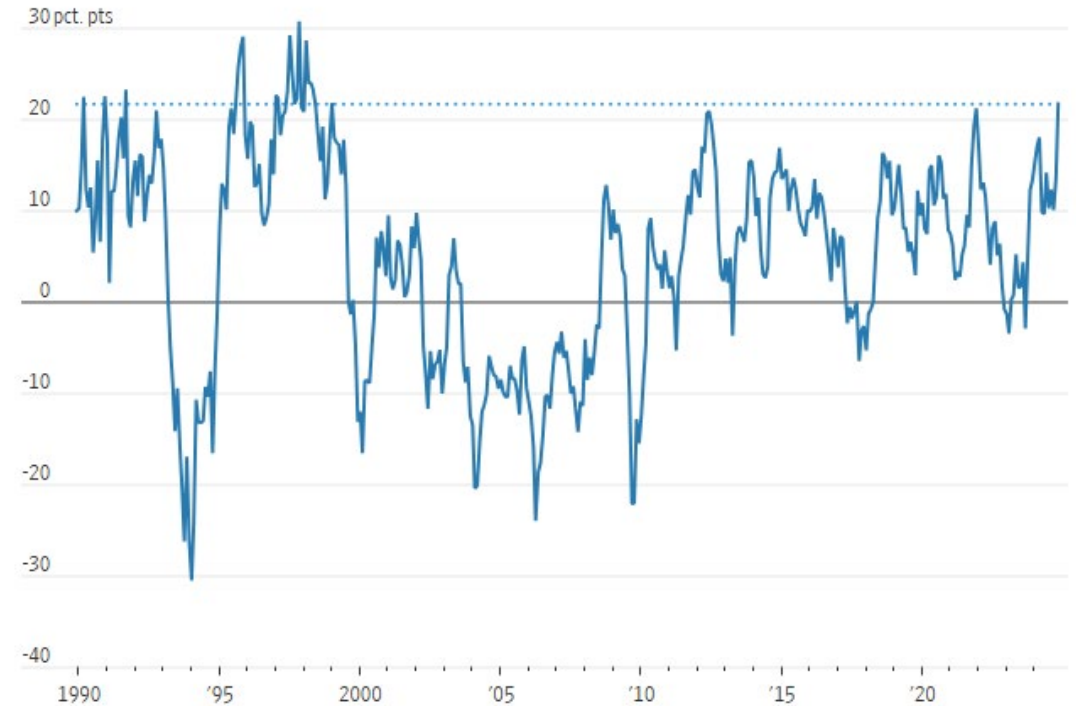


Source: Charles Schwab, Bloomberg, as of 12/20/2024. Indexes are unmanaged, do not incur management fees, costs and expenses and cannot be invested in directly. Past performance is no guarantee of future results.

European Stocks Had One of the Worst Years Versus the US The Stoxx 600 has underperformed by 17 percentage points in 2024



U.S. 11-month performance vs. rest of the world* (dotted line is latest)



*MSCI U.S.A. % price change minus All Country World %; monthly data through November
Source: LSEG

Index	Quarter	1 Year
S&P 500 TR USD	2.4%	25.0%
S&P Consumer Disc Select Sector TR USD	12.1%	26.6%
S&P Cmmnctn Svces Select Sector TR USD	7.3%	34.8%
S&P Financial Select Sector TR USD	7.1%	30.6%
S&P Technology Select Sector TR USD	3.1%	21.7%
S&P Energy Select Sector TR USD	-1.6%	5.7%
S&P Industrial Select Sector TR USD	-2.3%	17.5%
S&P Cons Staples Select Sector TR USD	-4.6%	12.3%
S&P Utilities Select Sector TR USD	-5.5%	23.4%
S&P Real Estate Select Sector TR USD	-7.9%	5.2%
S&P Health Care Select Sector TR USD	-10.3%	2.6%
S&P Materials Select Sector TR USD	-12.3%	0.2%

Relative Outperformance

- Consumer Discretionary
- Communication Services
- Financials

Relative Underperformance

- Materials
- Health Care
- Real Estate

Source: Morningstar

Index	Quarter	1 Year
S&P 500 Growth TR USD	6.2%	36.1%
S&P 500 Momentum TR USD	5.0%	46.0%
S&P 500 Quality TR USD	-0.1%	25.7%
S&P 500 Enhanced Value TR USD	-0.4%	14.5%
S&P 500 High Beta TR USD	-0.5%	8.7%
S&P 500 Low Volatility TR USD	-2.0%	14.3%
S&P 500 Value TR USD	-2.7%	12.3%
S&P 500 Quality High Dividend TR USD	-3.6%	11.1%
S&P 500 Dividend Aristocrats TR USD	-6.2%	7.1%
S&P High Yield Dividend Aristocrats TR USD	-6.3%	8.8%

Relative Outperformance

- Growth
- Momentum

Relative Underperformance

- Dividends

Source: Morningstar

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All investments carry with it a degree of risk(s) which may include a total loss of invested assets as such risk(s) should be carefully considered and evaluated before investing. Diversification does not guarantee a profit or protect against a loss. Indexes are unmanaged and cannot be invested in directly. **Past performance is not indicative of future results.**

Freedom shall select managers for each underlying strategy and may change the allocations and managers in each model from time to time at its discretion. Investors should review the Model and underlying strategies' facts sheets for information specific to each strategy, including the dates of any hypothetical performance used. The comparative benchmarks are designed to measure global portfolio of stocks, bonds, and cash, allocated to represent five distinct investor risk profiles. They represent stock exposure levels in line with investors' expectations relative to a targeted level of equity risk. The benchmark returns do not represent the results of actual trading of investable assets/securities. Freedom maintains the benchmark blend and calculates the benchmark levels and performance shown or discussed but does not manage actual benchmark assets. Benchmark returns displayed do not reflect a deduction of management fees and do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the benchmark or investment funds that are intended to track the performance of the benchmark. The imposition of these fees and charges would cause the actual and back tested performance of the securities/fund to be lower than the benchmark performance shown.



1-800-949-9936 ■ freedomadvisors.com

Economic Outlook and Asset Class Preferences

Jonathan Shiffer

Chief Investment Officer

Freedom Investment Management, Inc.

Sam Smith, CFA®

Investment Analyst

Freedom Investment Management, Inc.

Benjamin Lavine CFA®, CAIA, RICP

Chief Investment Strategist

Freedom Investment Management, Inc.

Asset Allocation Preferences for 2025

Asset Class	Asset Class - 2025			Change in Opinion
	Concern	Neutral	Constructive	
Equities		0		
Bonds		0		
Equity				
Geographic Exposure				
US			1	
Intl Developed		0		
EM	-1			-1
Size				
Large			1	
Mid		0		
Small			1	1
Style				
Growth		0		
Value		0		
Fixed Income				
Geographic Exposure				
US		0		
Intl Developed		0		
EM	-1			
Credit Exposure				
Treasuries		0		
Investment Grade		0		-1
High Yield			1	1
Interest Rate Exposure				
Duration		0		-1
Alternatives				
Liquid Alts		0		
Commodities			1	
Real Estate		0		



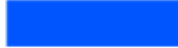











Freedom Allocation Calls

- Maintain diversification within global equities, favoring US region
- Trim international developed fixed income
- Hedge against near term reflation risk with hard assets
- Constructive on limited parts of commodity space
- Monitor policy implementation under Trump administration

US Economy Expected to Lead the Way in 2025

US Economic Growth Seen Outpacing Rich Peers in 2024

IMF projects US economy will fare better than other G-7 countries

	Forecast for 2024 GDP	Change vs prior forecast	Forecast for 2025 GDP	Change vs prior forecast
US	 2.8%	+0.2PP	 2.2%	+0.3PP
Canada	 1.3	0.0	 2.4	0.0
France	 1.1	+0.2	 1.1	-0.2
UK	 1.1	+0.4	 1.5	0.0
Italy	 0.7	0.0	 0.8	-0.1
Japan	 0.3	-0.4	 1.1	+0.1
Germany	 0.0	-0.2	 0.8	-0.5

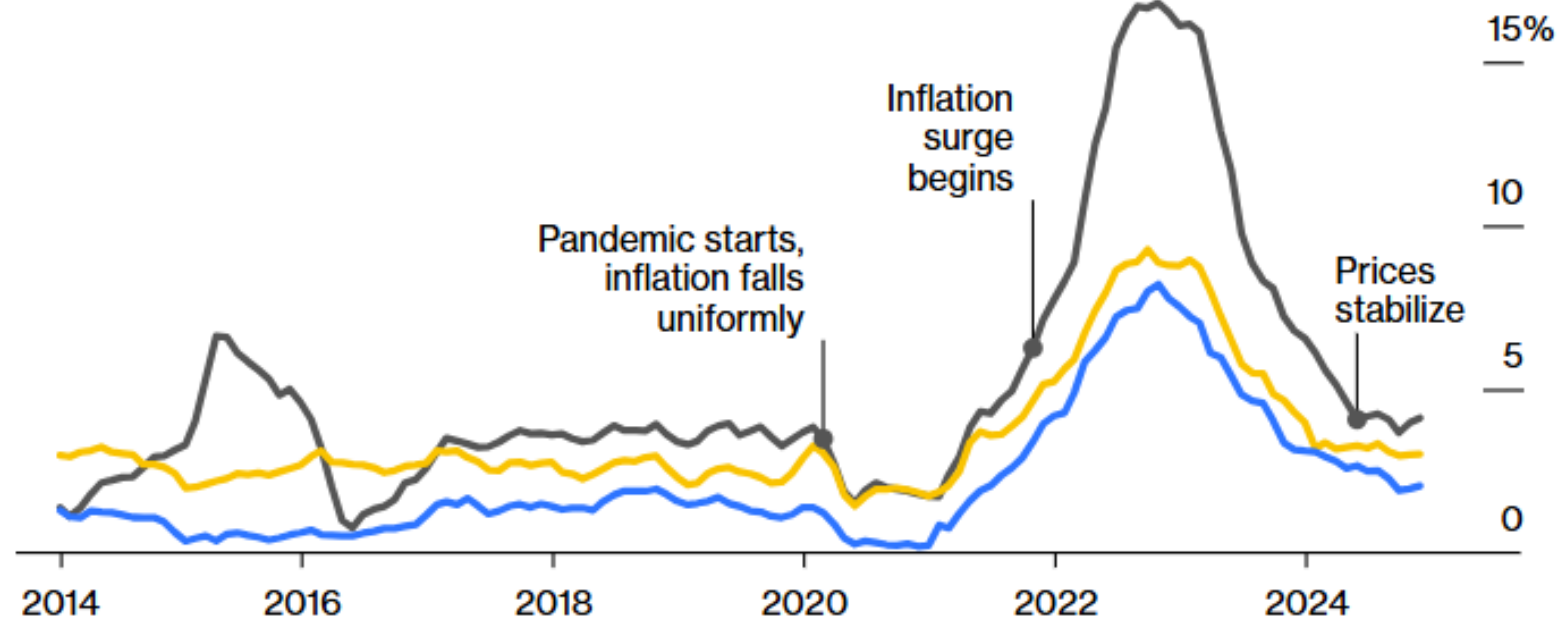
Source: International Monetary Fund

Bloomberg

Prices Are Stabilizing Across the Globe

Average headline inflation by market

Developed markets Emerging Frontier



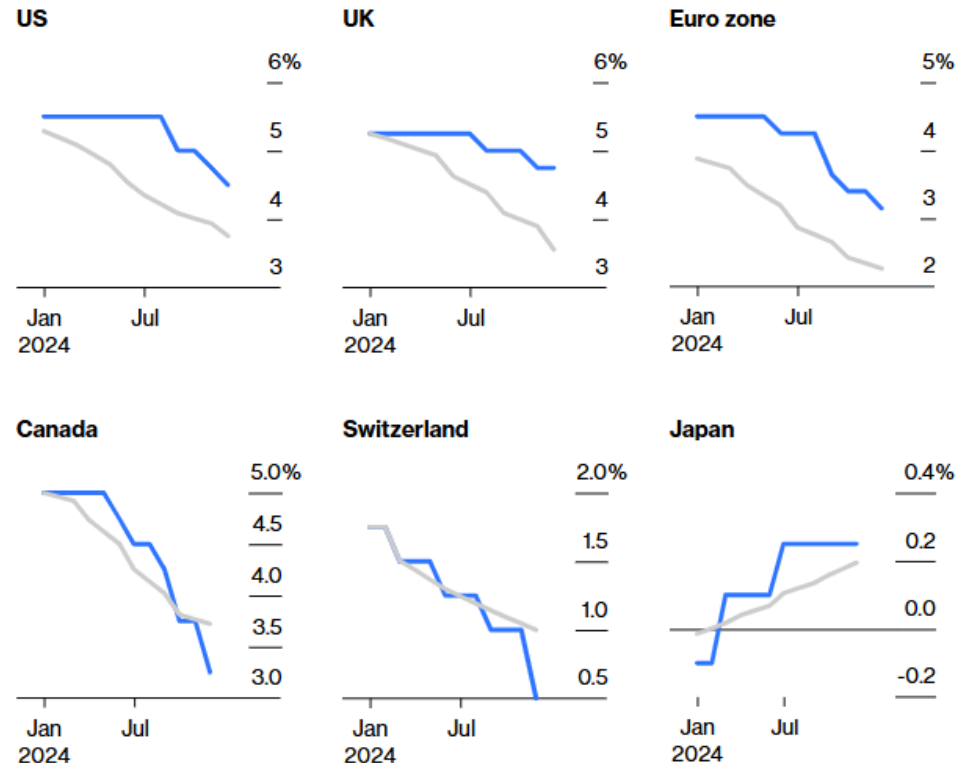
Source: Bloomberg

Note: CPI change from a year earlier. Excludes Argentina and Turkey due to extreme levels of inflation. Each market is weighted equally.

The US, UK and Euro Zone Cut Rates Less Than Projected

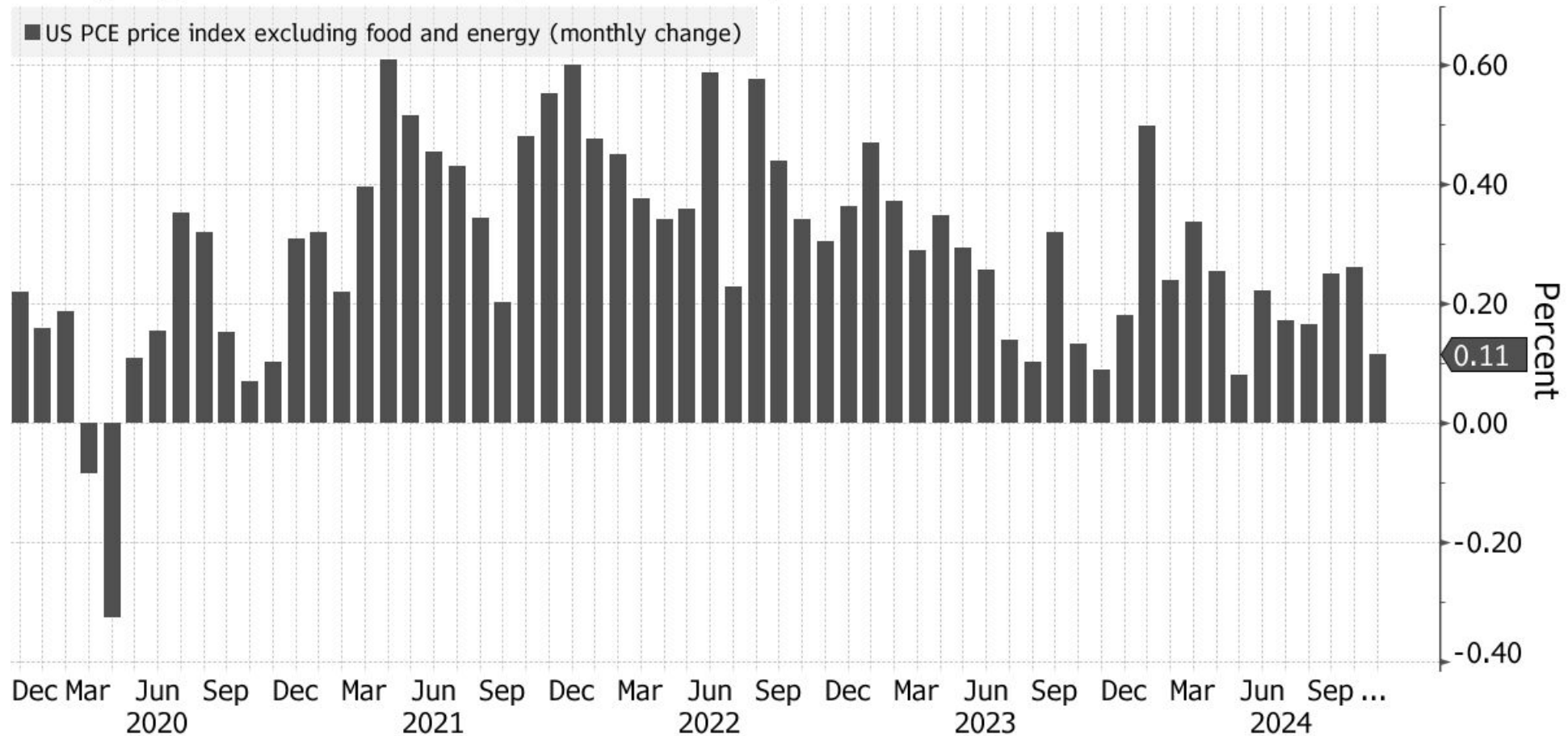
Implicit forecast for interest rates, based on overnight index swaps, versus actual interest rates in 2024

▬ Rate projections as of Jan. 1 ▬ Actual interest rates



Source: Bloomberg World Interest Rate Probability
 Note: Data as of Dec. 18, 2024.

US Core Inflation Moderates PCE gauge rises at slowest pace since May



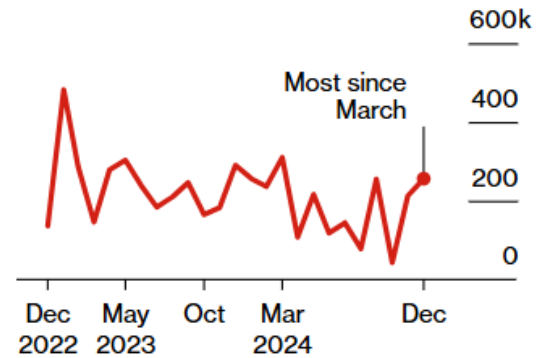
Source: Bureau of Economic Analysis

Bloomberg 

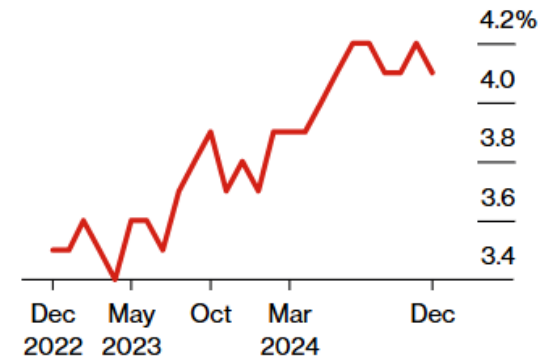
US Labor Market Muscled Ahead at End of 2024

Job growth exceeded all but one forecast, jobless rate unexpectedly fell

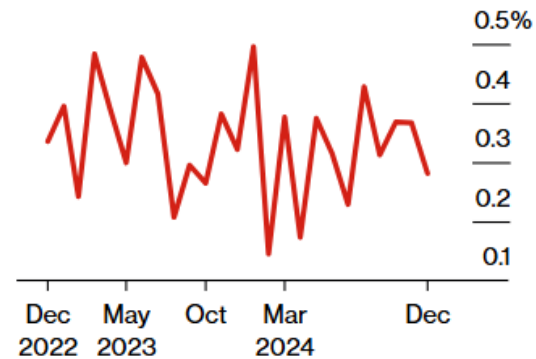
Change in payrolls (MoM)



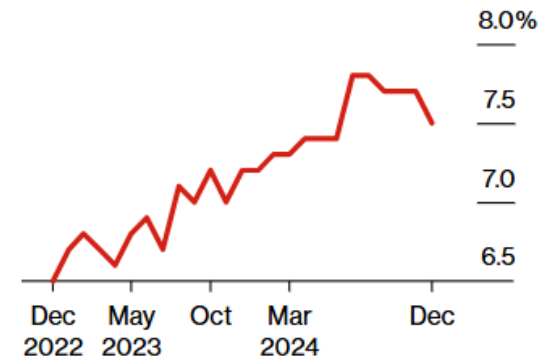
Unemployment rate



Change in hourly earnings (MoM)



Underemployment rate (U-6)

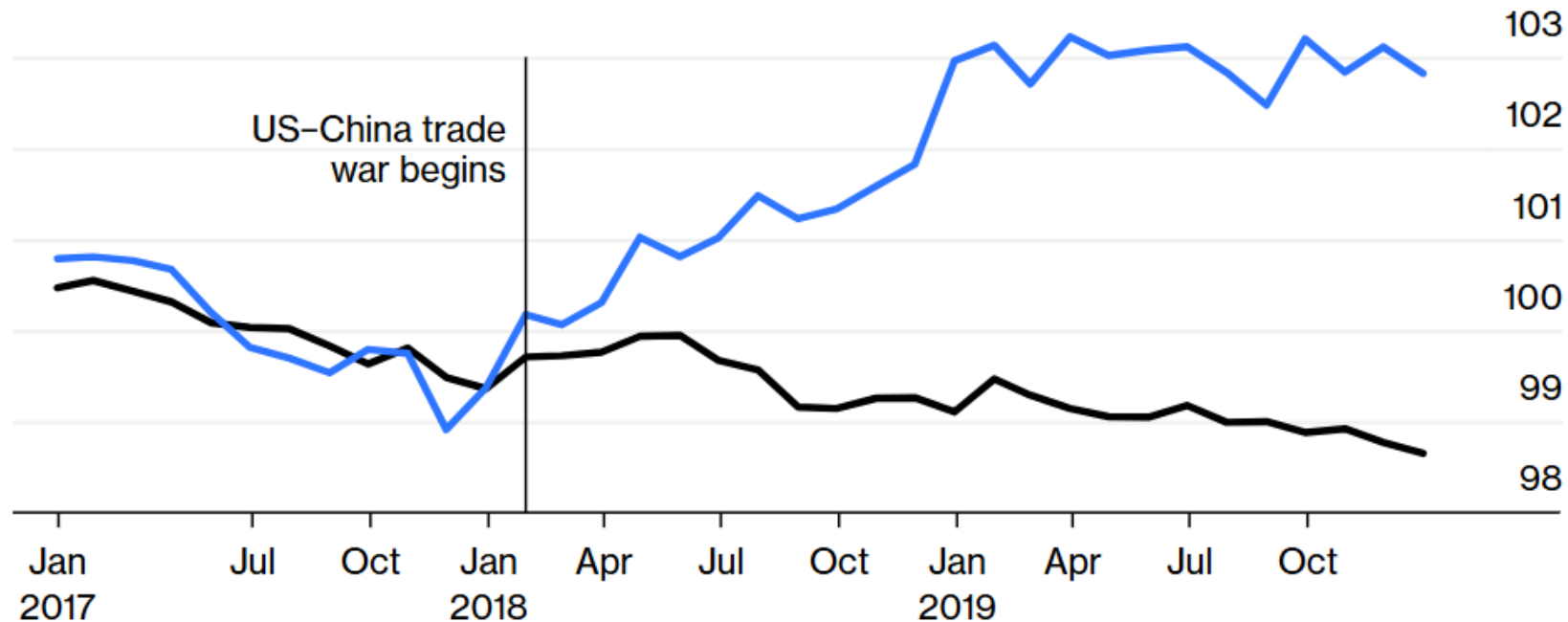


Source: Bureau of Labor Statistics

During Trump's First Term, Prices Rose For Tariffed Goods

US PCE index for goods excluding food and energy

— Tariffed products — All products



Source: Bloomberg analysis of US Bureau of Economic Analysis data

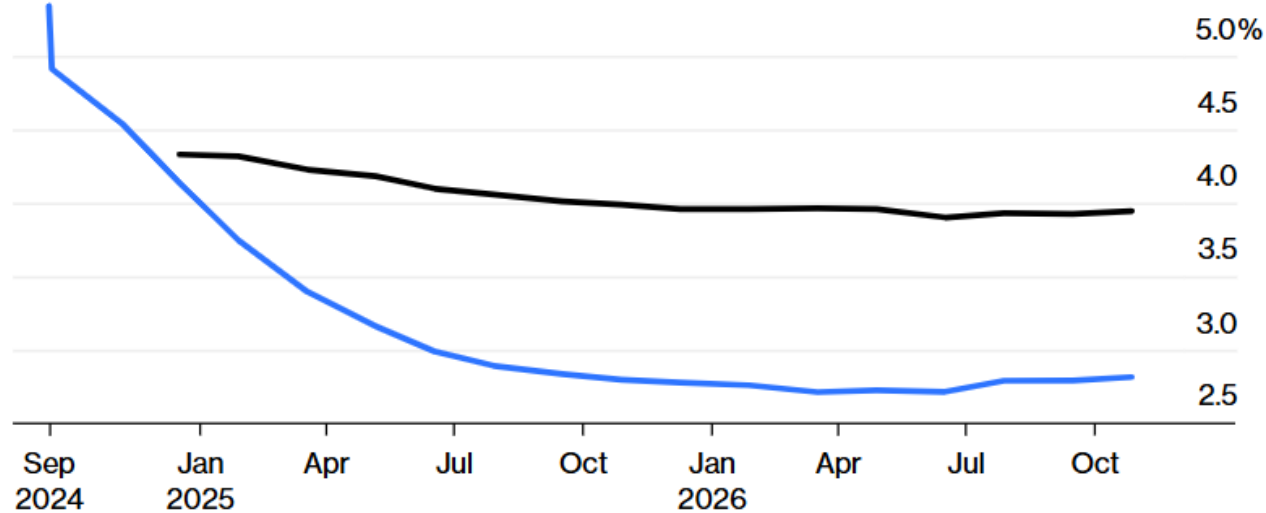
Note: Tariffed products are household supplies, furniture, motor vehicle parts, sports & recreational vehicles, major household appliances and carpets & other floor coverings. 2017 = 100.

Fed, Market Projecting Less Cuts for 2025

Expectations Changed, Changed Utterly

Since the September jumbo cut, rate-cut hopes have evaporated

Implied Fed Funds, Sept. 16 2024 / Implied Fed Funds, Jan. 07 2025



Source: Bloomberg World Interest Rate Probabilities

Region: United States »

Target Rate 4.50

Effective Rate 4.33

Instrument: Fed Funds Futures »

Pricing Date 01/10/2025

Cur. Imp. 0/N Rate 4.329

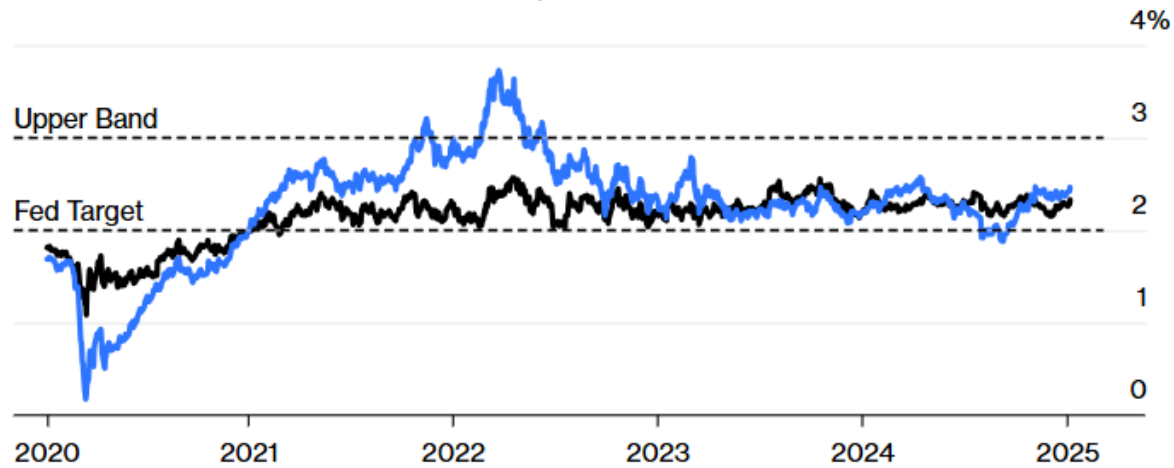
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
01/29/2025	-0.027	-2.7%	-0.007	4.323	0.250
03/19/2025	-0.276	-24.9%	-0.069	4.260	0.250
05/07/2025	-0.448	-17.2%	-0.112	4.217	0.250
06/18/2025	-0.754	-30.7%	-0.189	4.141	0.250
07/30/2025	-0.887	-13.3%	-0.222	4.108	0.250
09/17/2025	-1.033	-14.6%	-0.258	4.071	0.250
10/29/2025	-1.137	-10.4%	-0.284	4.045	0.250
12/10/2025	-1.219	-8.2%	-0.305	4.025	0.250
01/28/2026	-1.227	-0.8%	-0.307	4.023	0.250
03/18/2026	-1.210	+1.7%	-0.302	4.027	0.250
04/29/2026	-1.207	+0.3%	-0.302	4.028	0.250
06/17/2026	-2.063	-85.6%	-0.516	3.813	0.250
07/29/2026	-1.657	+40.6%	-0.414	3.915	0.250
09/16/2026	-1.671	-1.4%	-0.418	3.911	0.250
10/28/2026	-1.597	+7.4%	-0.399	3.930	0.250
12/09/2026	-2.011	-41.4%	-0.503	3.826	0.250
01/27/2027	-2.357	-34.6%	-0.589	3.740	0.250

Source: Bloomberg

Well Anchored

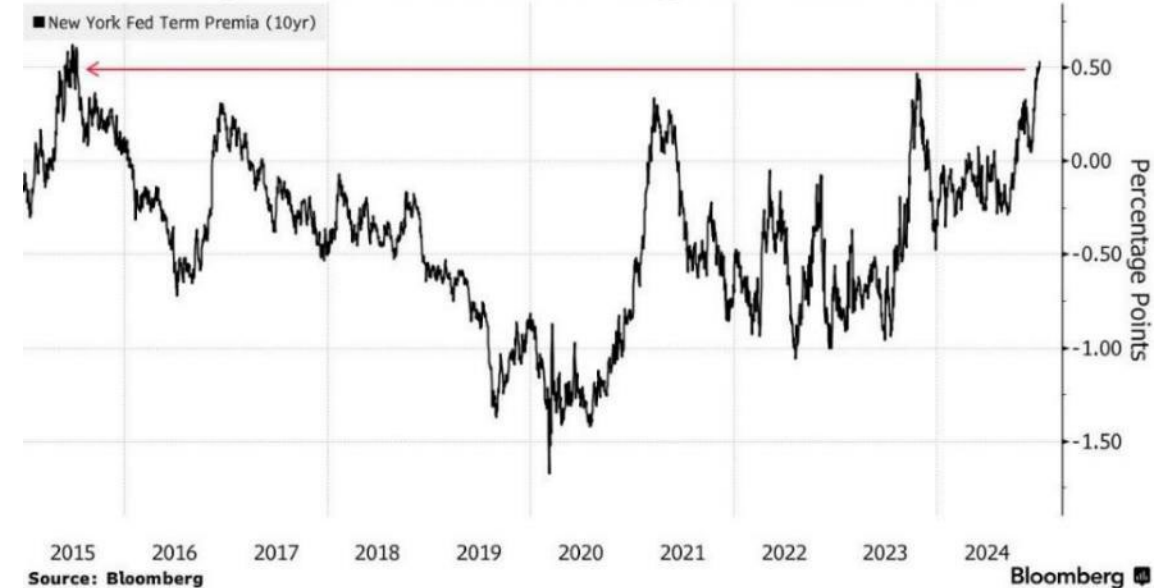
The bond market does not as yet show any great alarm about inflation

5-Year US Inflation Breakeven / 5-Year/5-Year US Inflation Breakeven



Source: Bloomberg

US Treasury Term Premium Hits Highest Since 2015

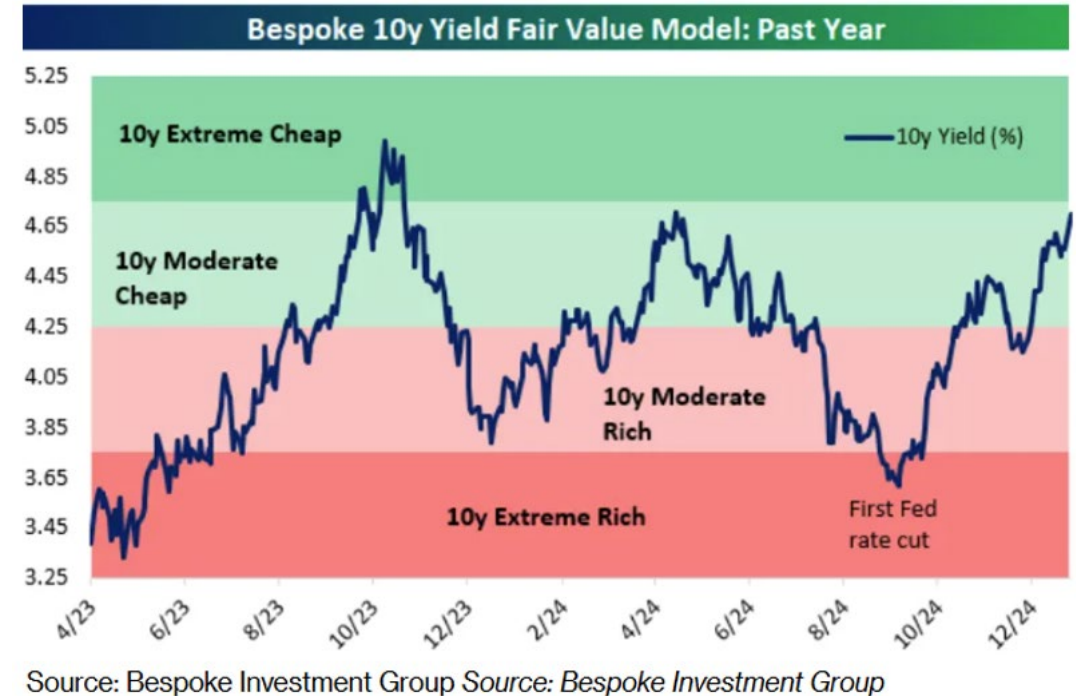


Source: Bloomberg

Bloomberg

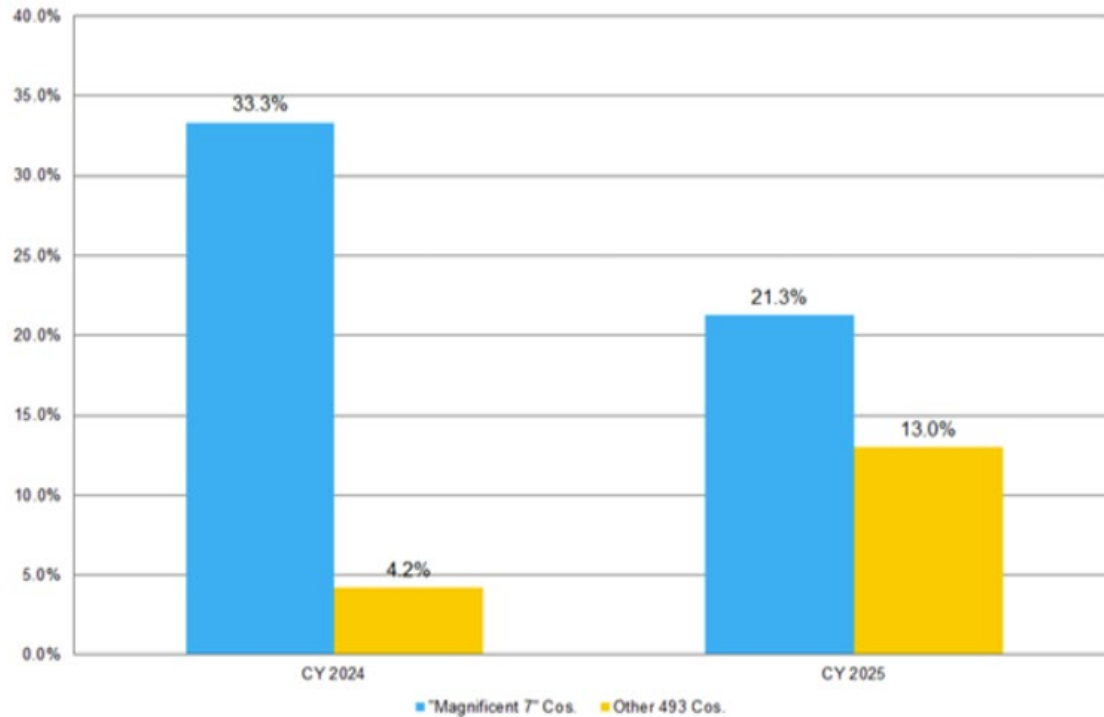
Higher Yields May be Attractive Entry Point

Traders See 10-Year Yields Rising to 5% Recent options activity shows demand for bearish hedges

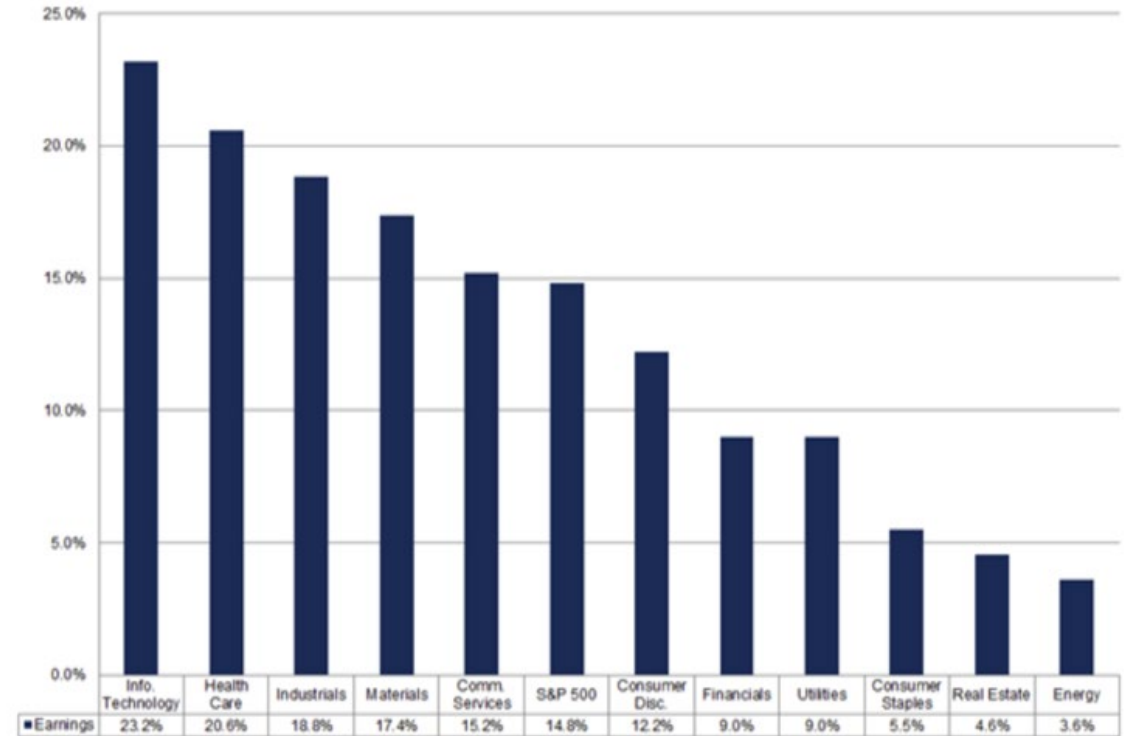


2025 Earnings Growth Should Broaden Out

S&P 500 Earnings Growth (Y/Y): CY 2024 - CY 2025
(Source: FactSet)

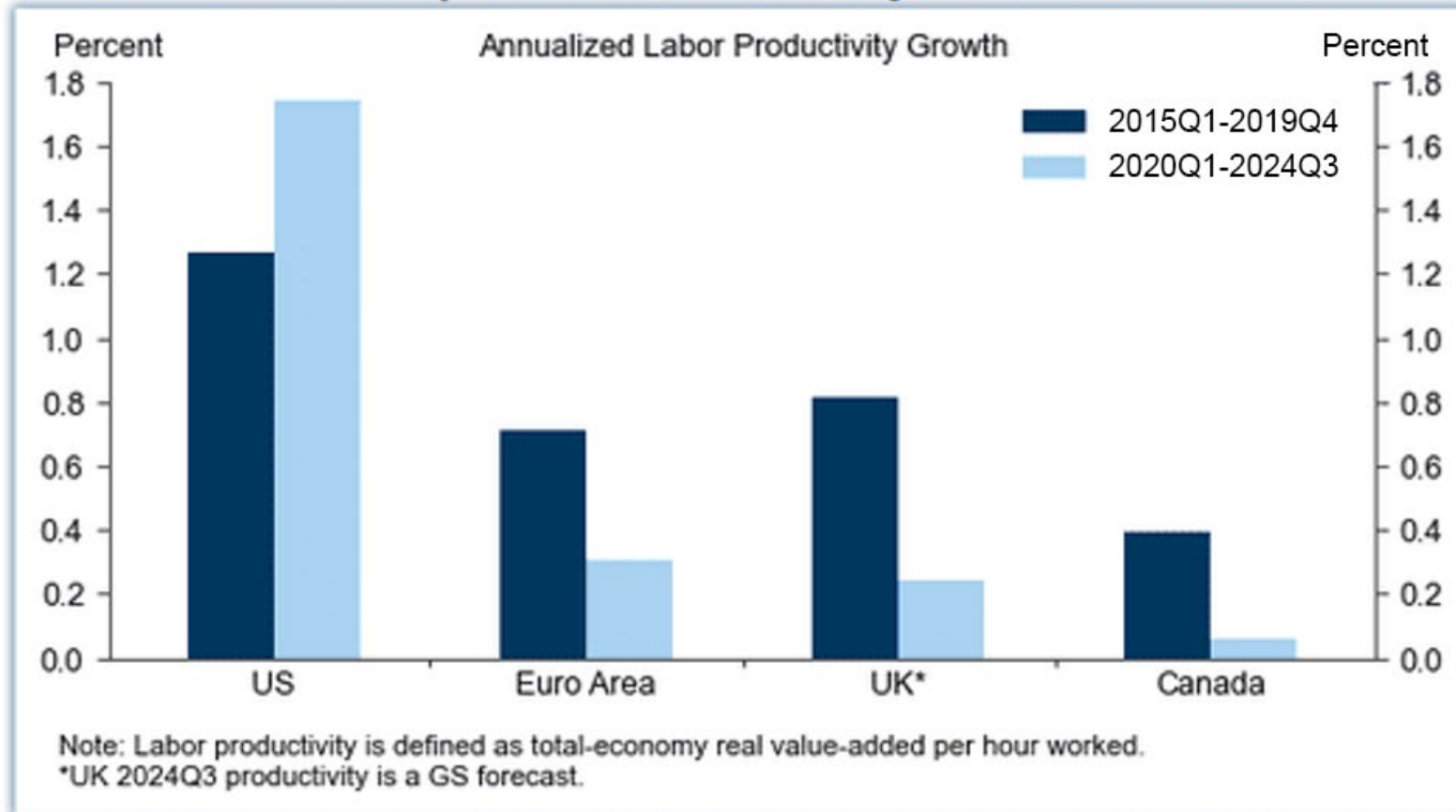


S&P 500 Earnings Growth: CY 2025
(Source: FactSet)



US Productivity Leads World

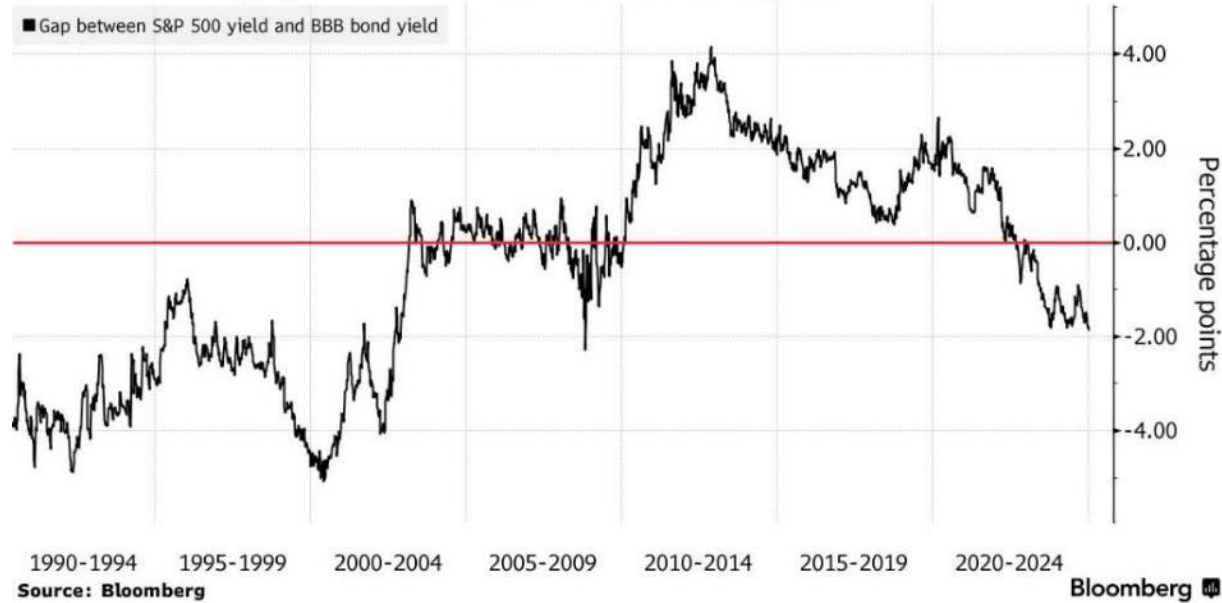
Exhibit 2: US Growth Outperformance Was Driven by an Outsized Increase in Productivity...



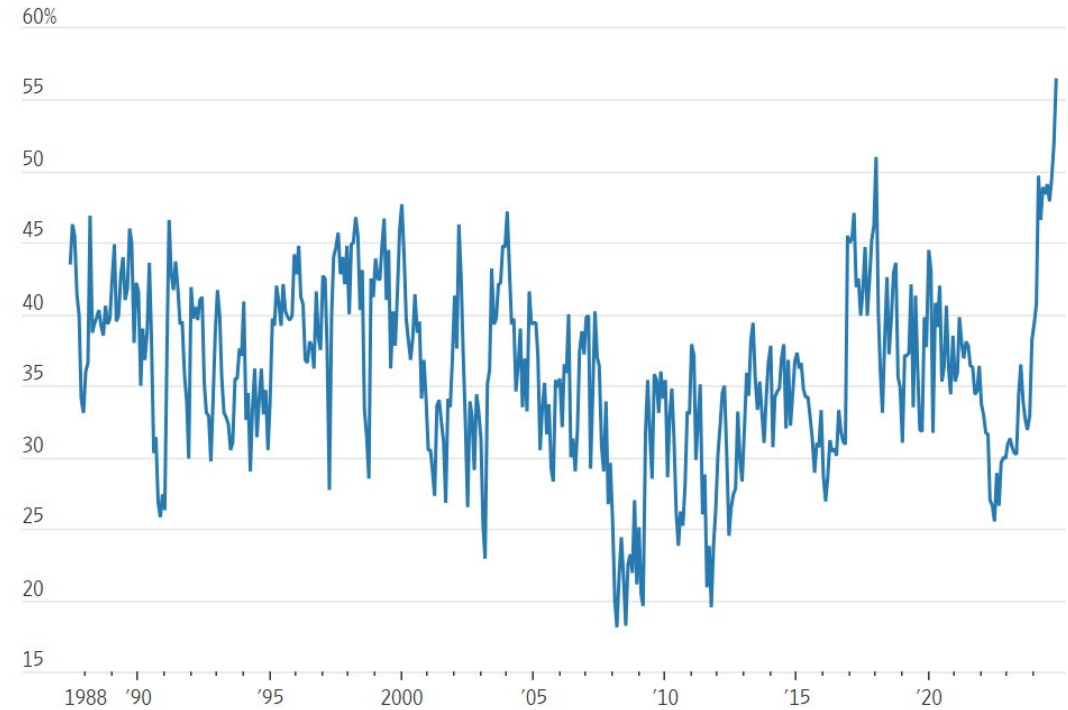
Source: Haver Analytics, Goldman Sachs Global Investment Research

Source: [Goldman Sachs](#); [@MikeZaccardi](#)

Credit Market Suggests Stocks Are Overpriced S&P 500 earnings yield is low relative to BBB bond yield



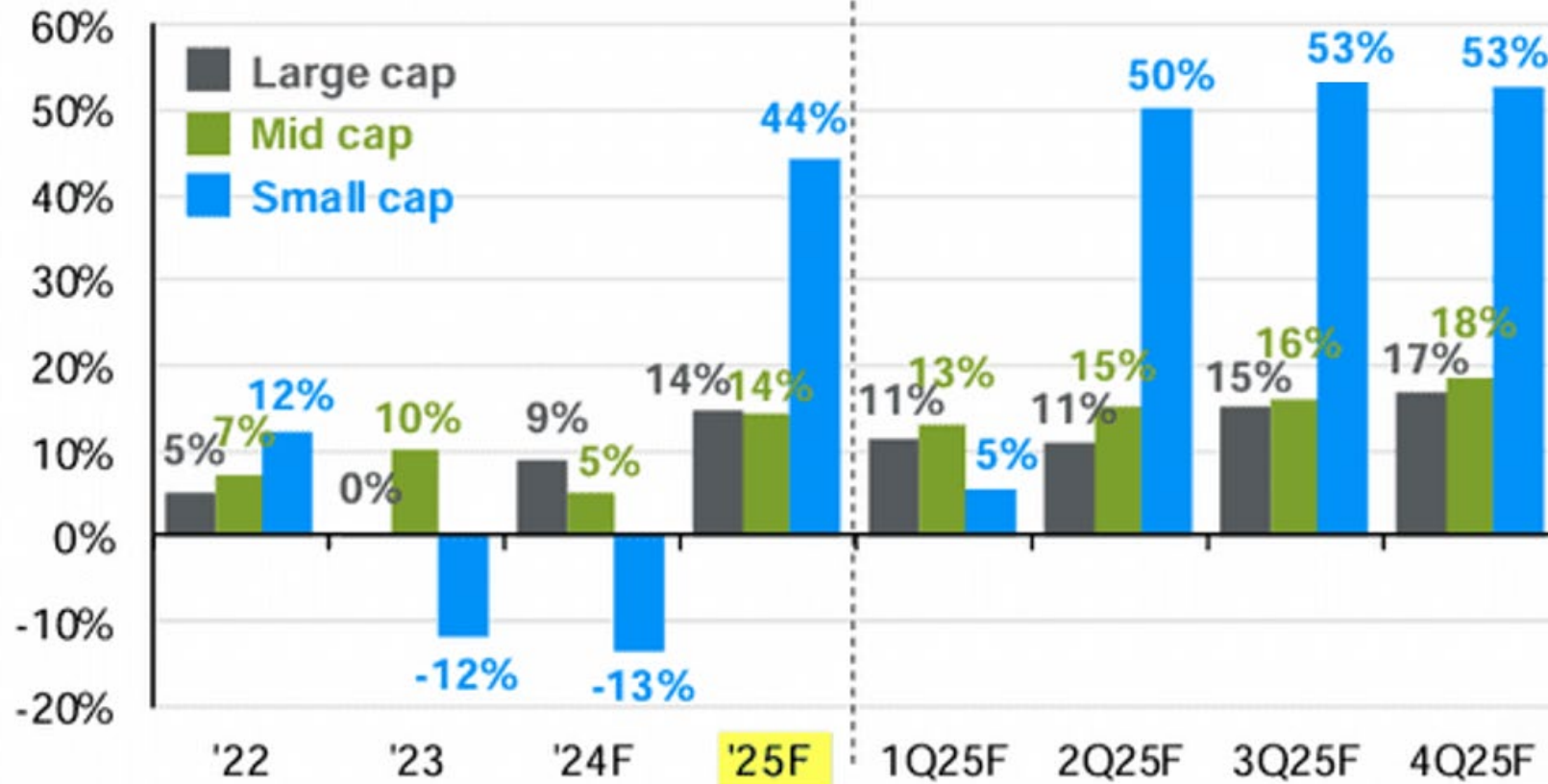
Share of consumers expecting stock prices to rise over next 12 months



Small Cap Earnings Forecasted to Grow

Earnings growth

Pro forma EPS, y/y



Source: [J.P. Morgan Asset Management](#)

Euro Zone to See Weaker Growth and Inflation in 2025

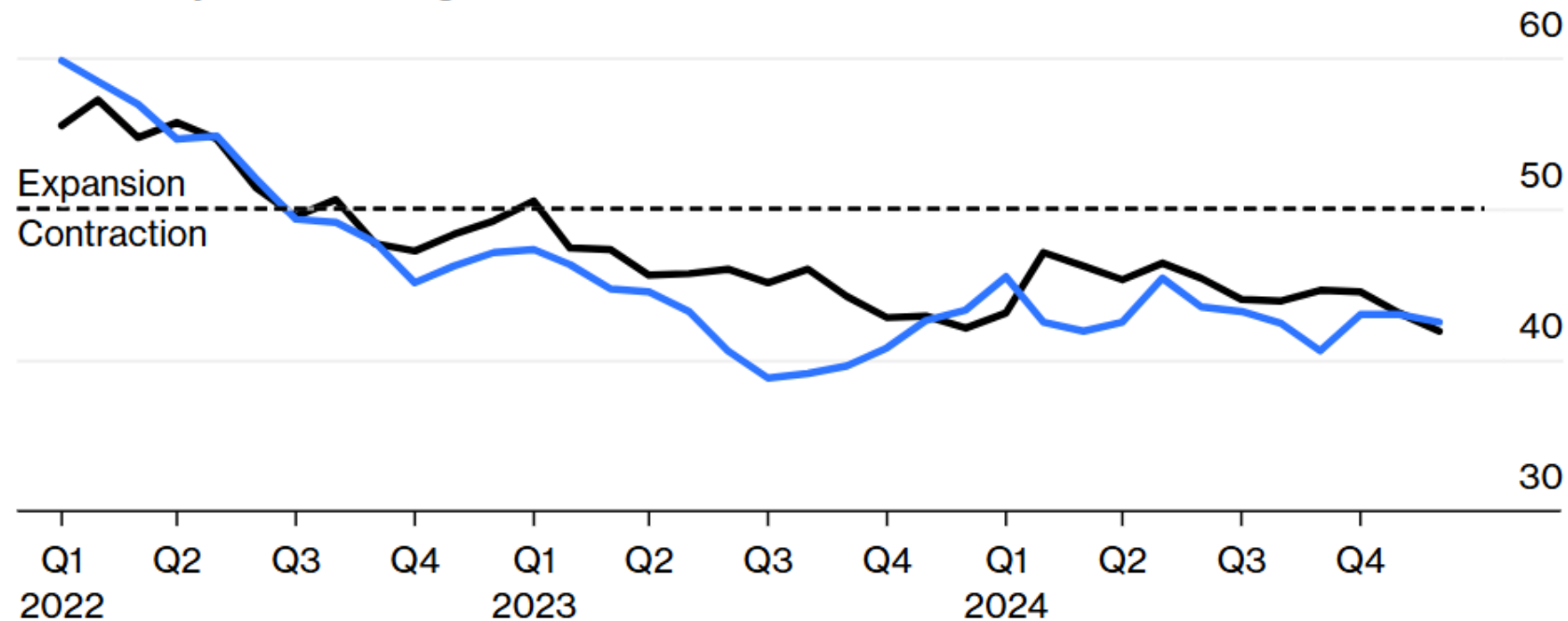
September projections are seen	revised up	...down	kept unchanged
Growth in 2024 (0.8%)	9%	33%	58%
...in 2025 (1.3%)	3	76	21
...in 2026 (1.5%)	3	44	53
Inflation in 2024 (2.5%)	0	79	21
...in 2025 (2.2%)	6	67	27
...2026 (1.9%)	9	6	84
Inflation ex-energy/food in 2024 (2.9%)	3	53	44
...in 2025 (2.3%)	9	59	31
...in 2026 (2.0%)	6	13	81

Source: Bloomberg survey of economists conducted Nov. 29 to Dec. 4
 Note: Percentages may not add up to 100 due to rounding

The Music Has Stopped

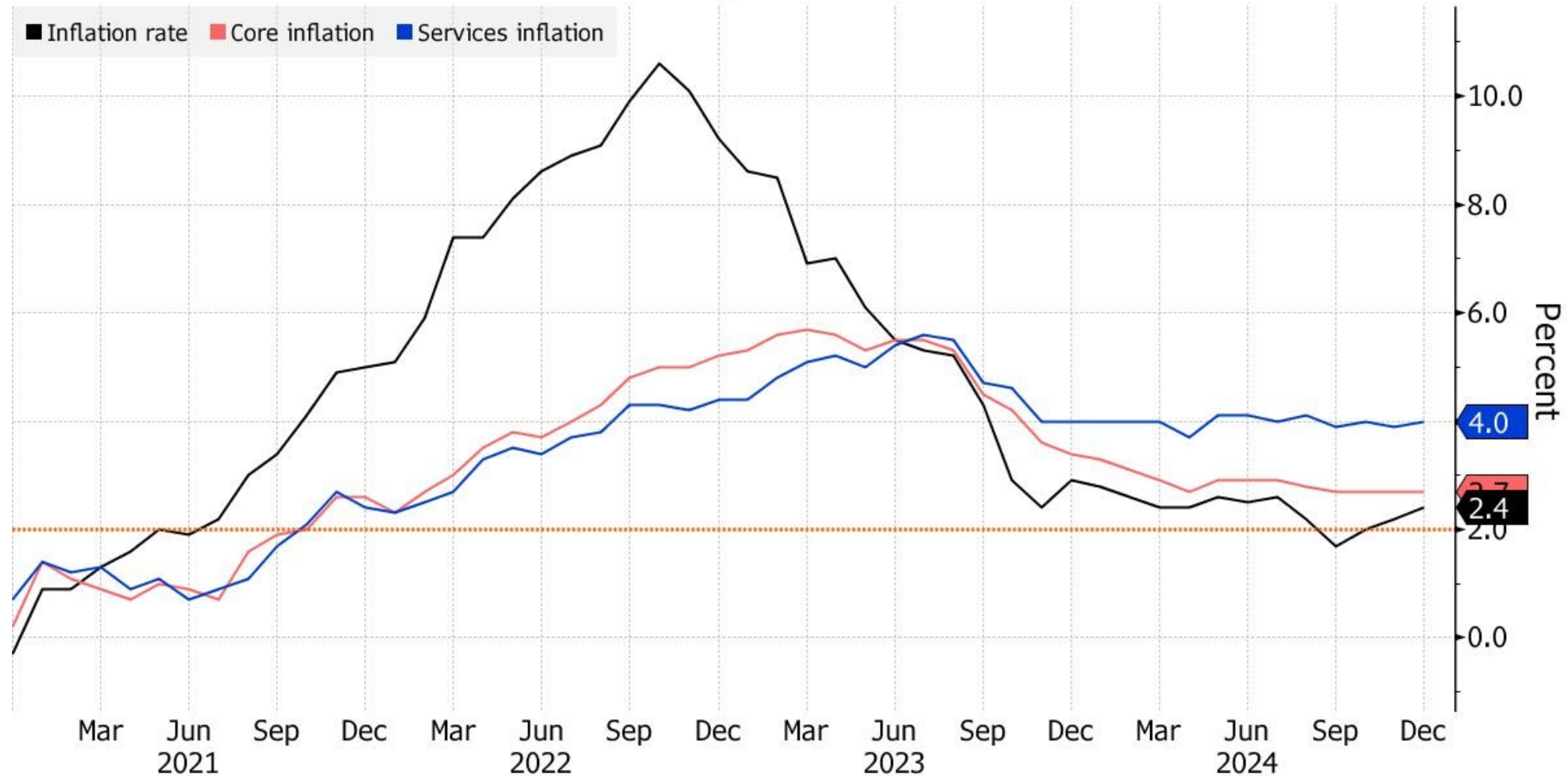
The engine of growth is sputtering in euro area's two largest economies

Germany Manufacturing PMI SA / France



Source: Bloomberg, S&P Global

Euro-Area Inflation Ticked Up in December

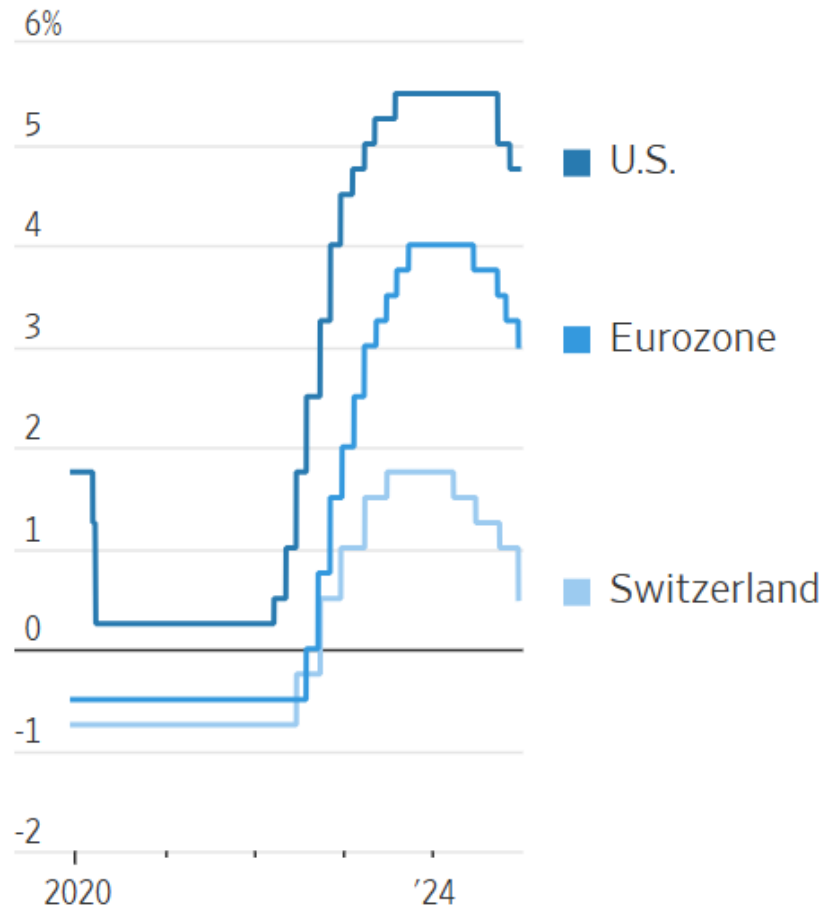


Source: Eurostat

Bloomberg 

ECB Expected to Cut More Than Fed

Central bank policy rates



Source: FactSet

Region: Eurozone »

Target Rate 3.0000

Effective Rate 2.9170

Instrument: Overnight Index Swaps »

Pricing Date 01/07/2025 📅

Cur. Imp. O/N Rate 2.916

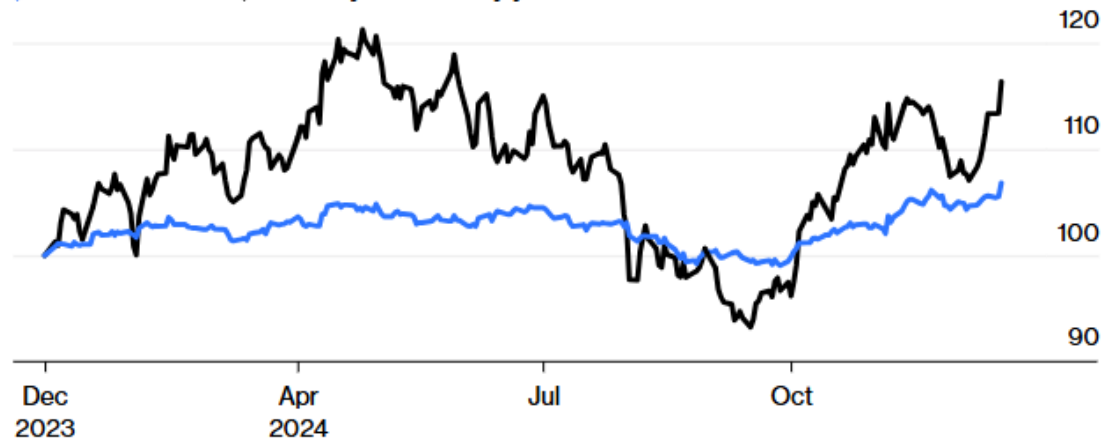
Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
01/30/2025	-0.979	-97.9%	-0.245	2.671	0.250
03/06/2025	-2.073	-109.4%	-0.518	2.398	0.250
04/17/2025	-2.811	-73.8%	-0.703	2.213	0.250
06/05/2025	-3.384	-57.3%	-0.846	2.070	0.250
07/24/2025	-3.582	-19.8%	-0.895	2.021	0.250
09/11/2025	-3.857	-27.5%	-0.964	1.952	0.250
10/30/2025	-3.984	-12.7%	-0.996	1.920	0.250
12/18/2025	-4.161	-17.7%	-1.040	1.876	0.250

Source: Bloomberg

The Dollar Is Strong and Yields Are High

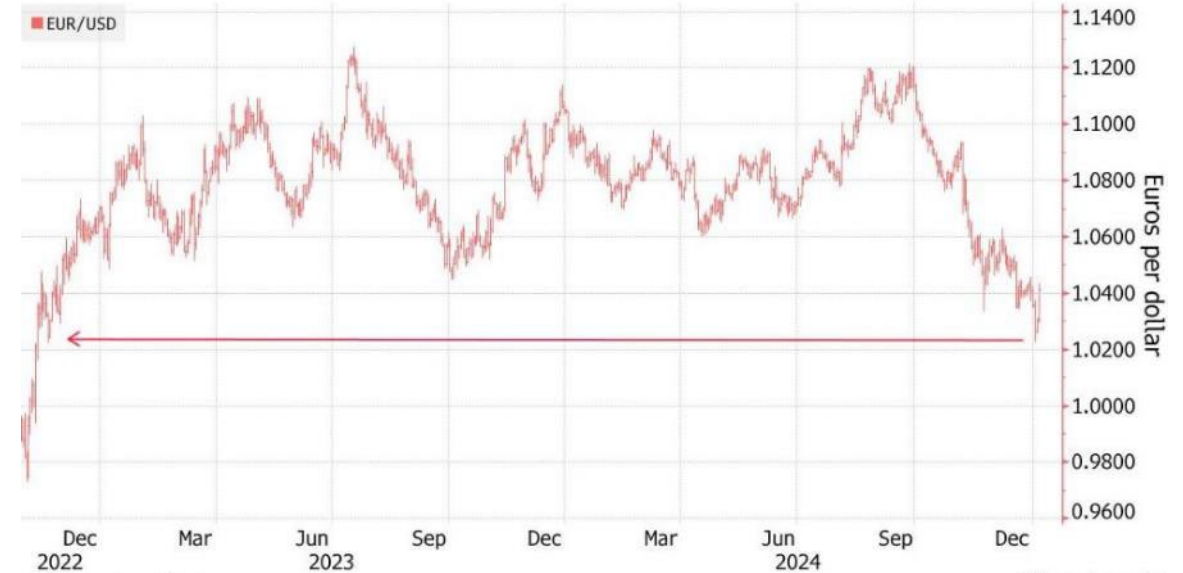
These factors reduce inflationary pressure but reflect expectations for fewer rate cuts in 2025

US Dollar Index / US 10-year Treasury yield



Source: Bloomberg
Data is normalized with factor 100 as of December 29, 2023.

Euro Hovers Around Its Lowest Level in Over Two Years



Source: Bloomberg

Bloomberg

US Tariffs Present Threat to Europe

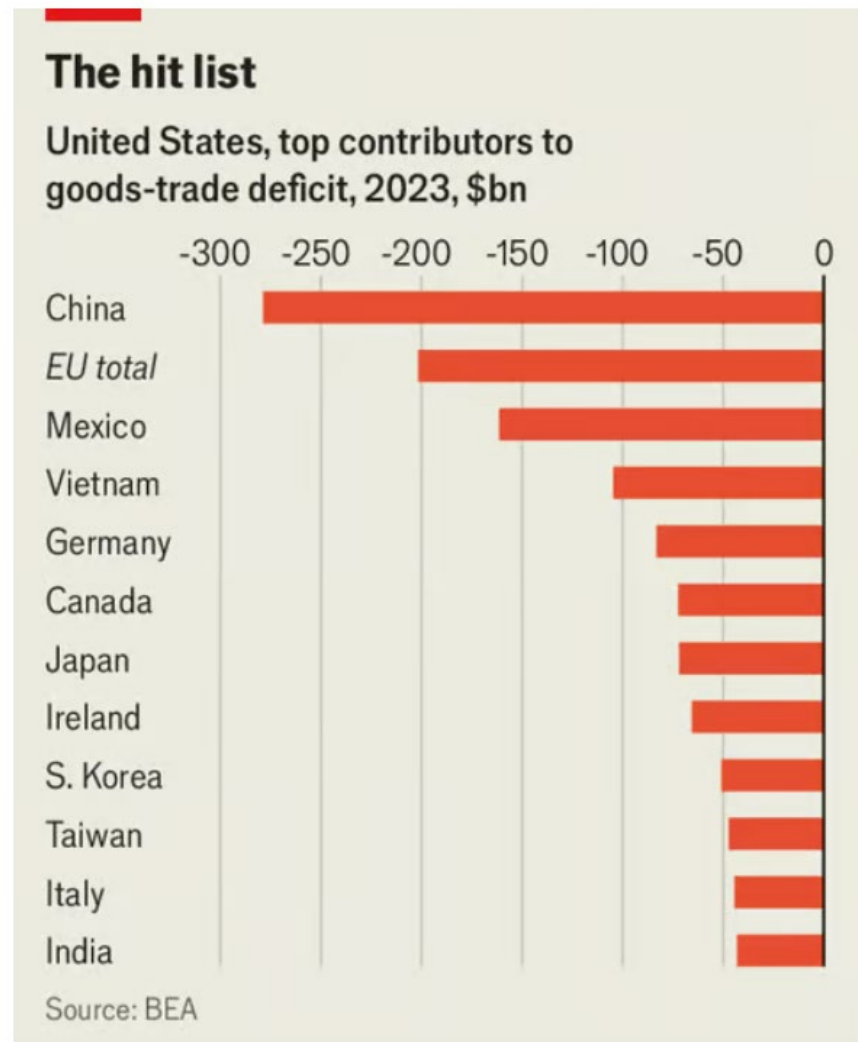
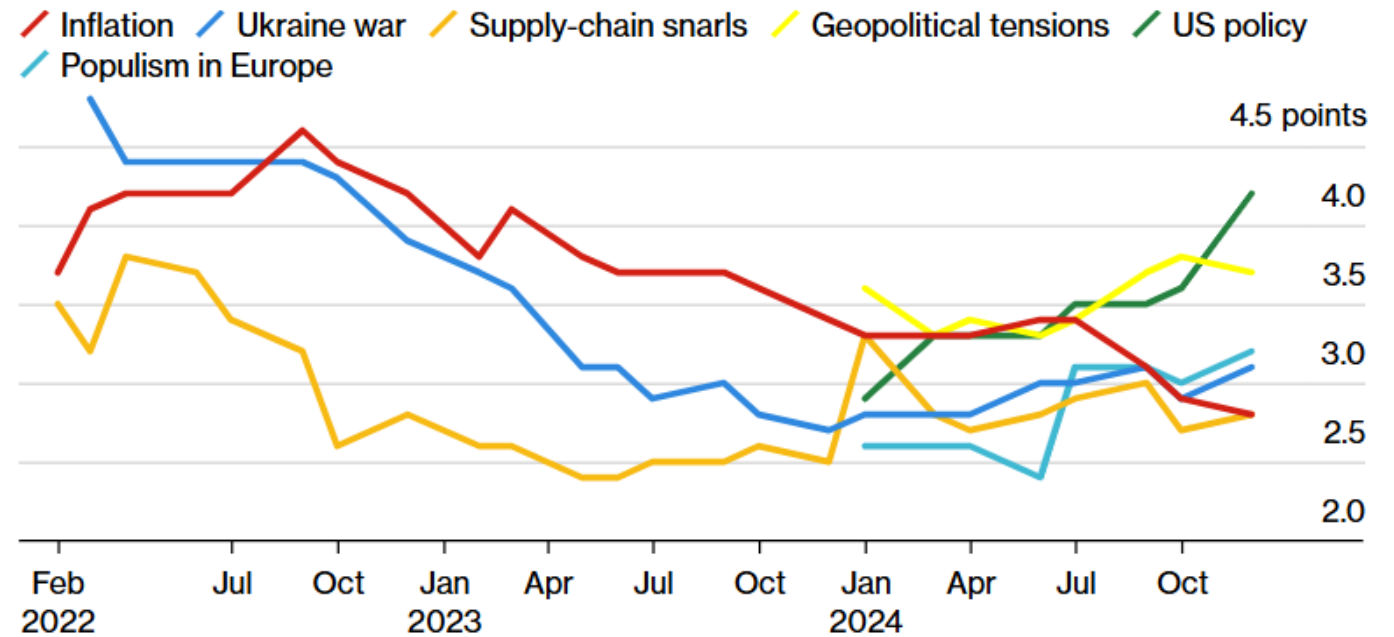


CHART: THE ECONOMIST

US Policy, Geopolitics Are Biggest Risks to Euro Economy



Source: Bloomberg survey of economists conducted Nov. 29 to Dec. 4

Note: Economists were asked to assess risks from 1=no risk to 5=significant risk; no data available for final three categories prior to 2024

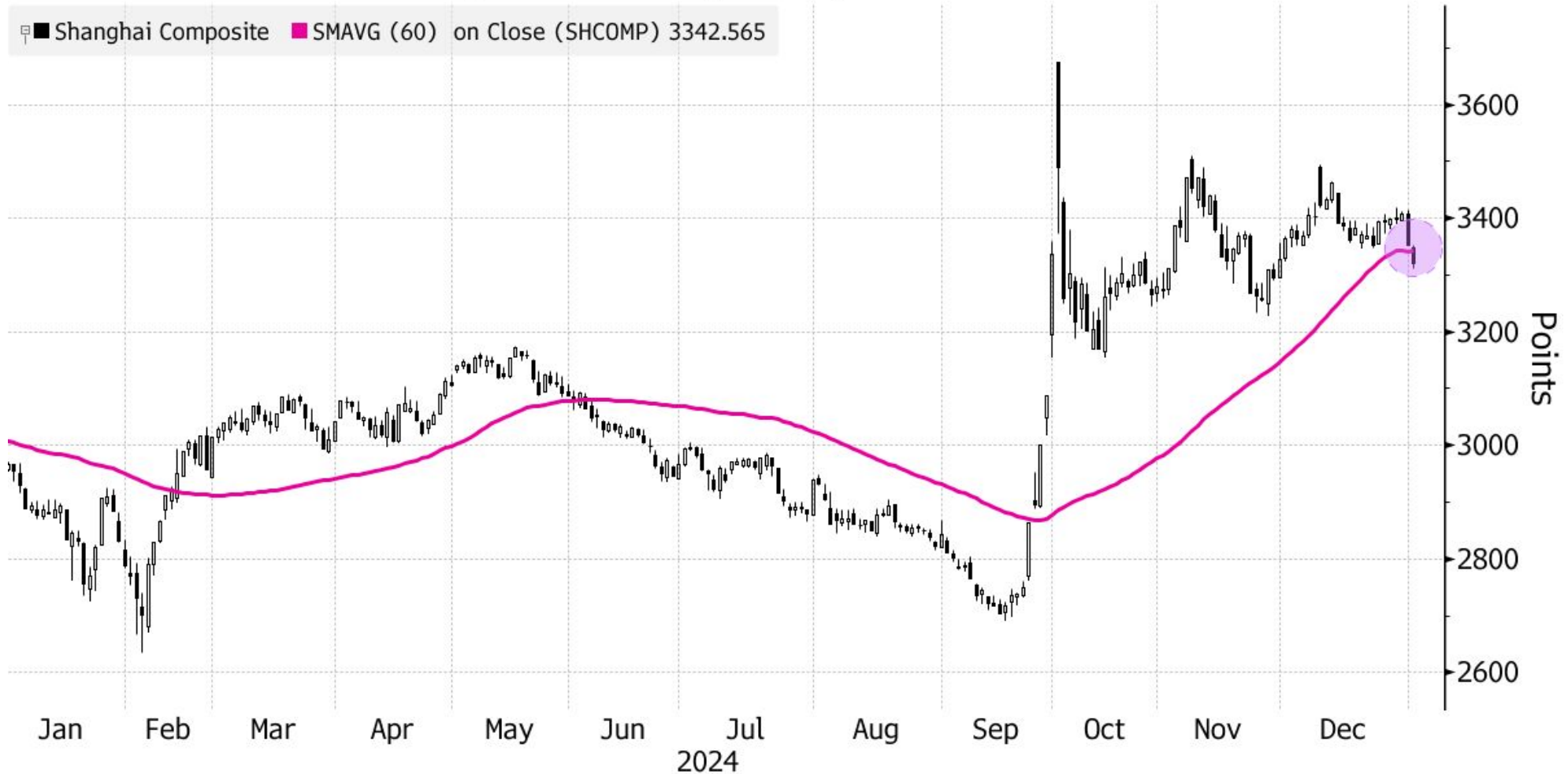
Developing-Nation Stocks Slump 10% From October High



Source: MSCI

Bloomberg 

China Stocks Slump on Data, Support Level Breach



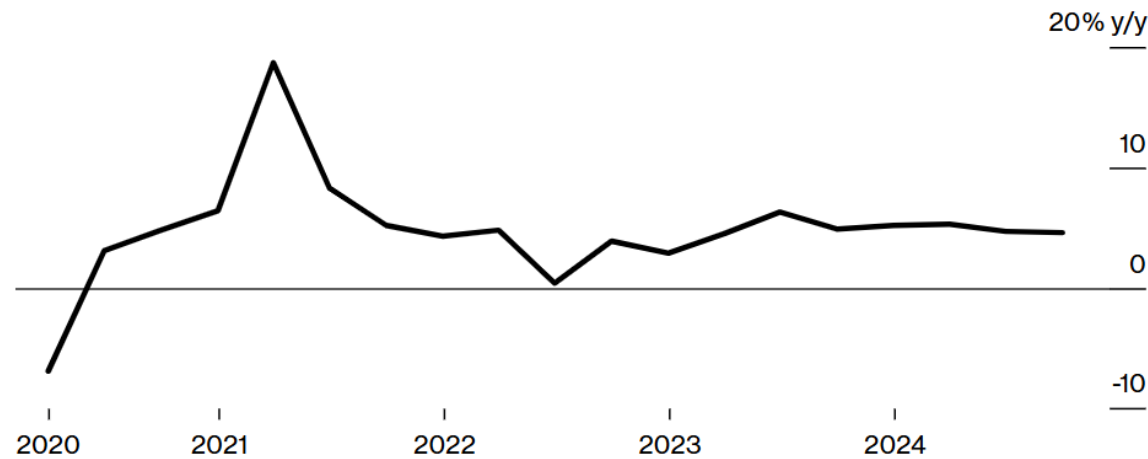
Source: Bloomberg

Bloomberg 

China's Economy Set to Meet Target of Around 5% Growth

Economy rebounded after slowdown in 3Q thanks to policy stimulus

China's quarterly GDP growth



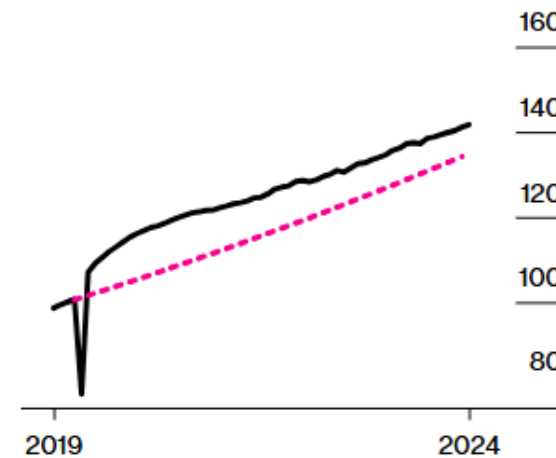
Source: National Bureau of Statistics

China's Two-Speed Economy: Industry Soars, Consumer Lags

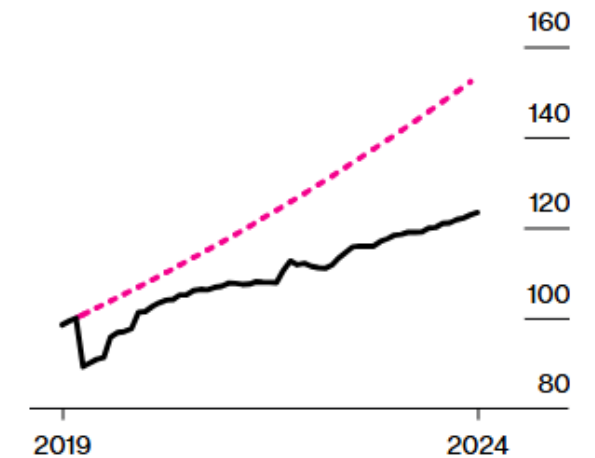
Monthly factory output and retail sales (December 2019 = 100)

Actual Pre-pandemic trend

Industrial Production



Retail Sales

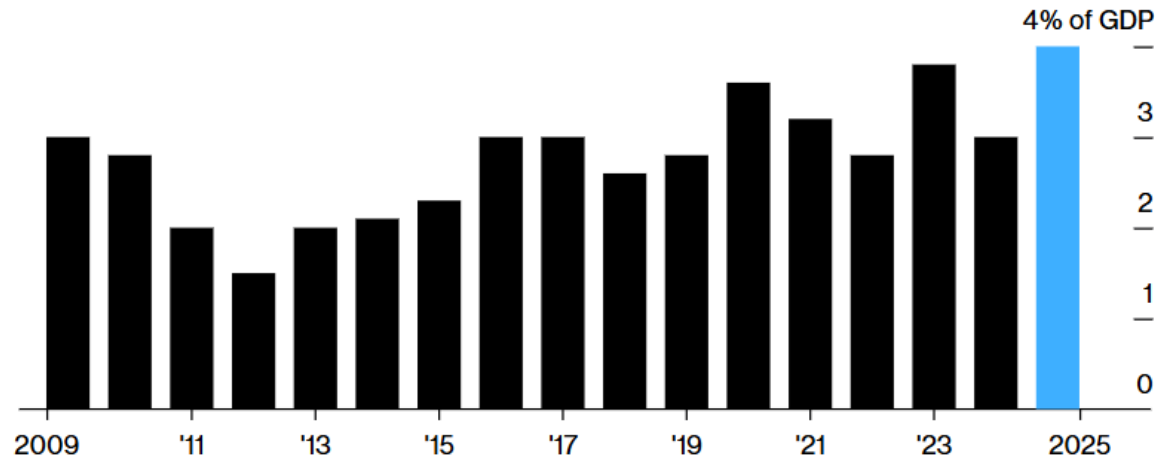


Source: Bloomberg Economics based on National Bureau of Statistics

China May Set Highest Budget Deficit in Decades

Economists raised expectations after Politburo signaled stronger stimulus

■ Headline fiscal deficit target

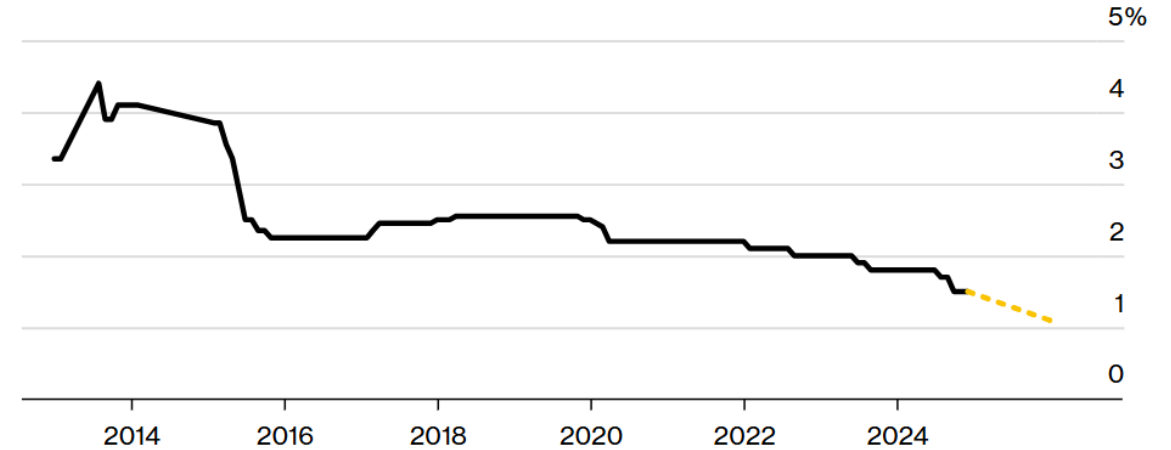


Source: Government releases, Bloomberg

China May Deliver Biggest Rate Cuts in A Decade in 2025

A dozen onshore and offshore economists see at least 40bp reduction

／ PBOC seven-day reverse repo rate 40bp cut projected by end of 2025

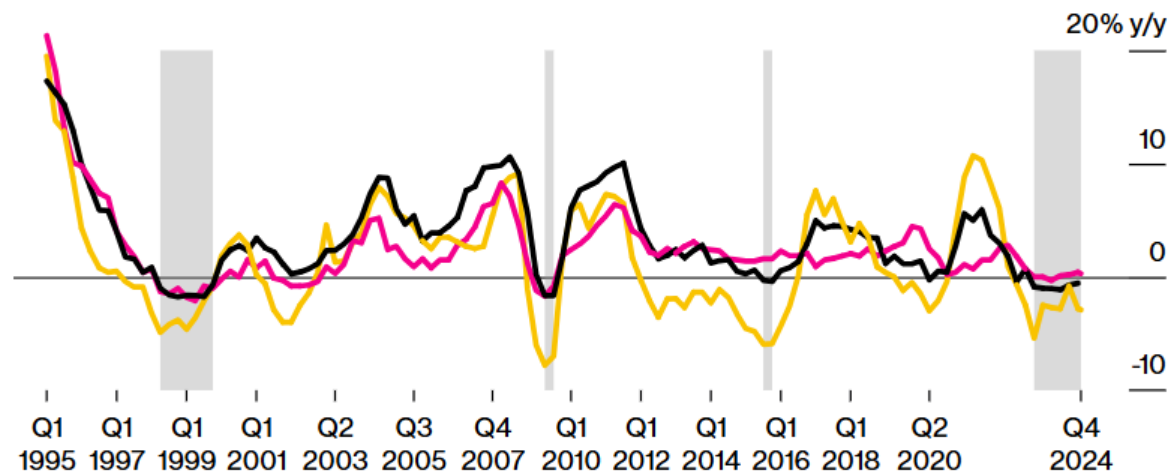


Source: People's Bank of China, Bloomberg

China's Deflation Persists

GDP deflator was negative for past six quarters

/ GDP deflator
 / Consumer prices
 / Producer prices
 Deflation

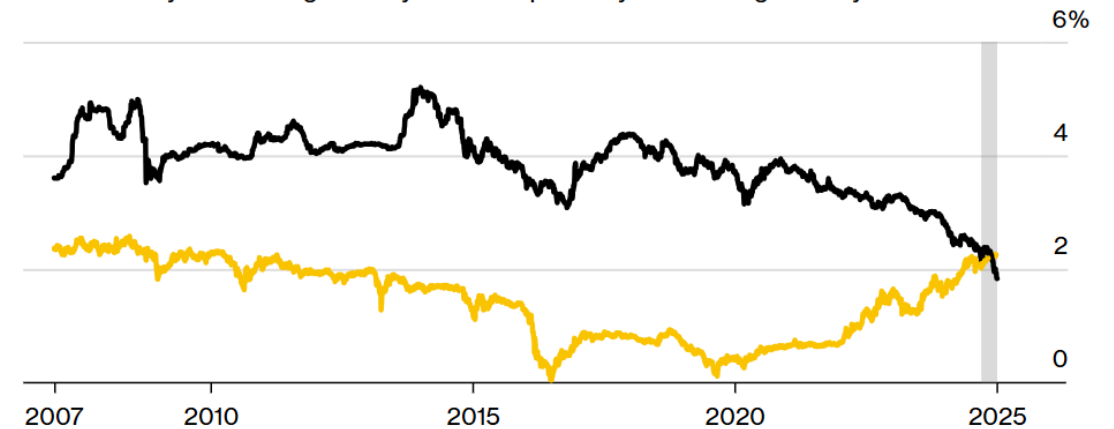


Source: National Bureau of Statistics, Bloomberg

China Bond Yields Tumble

Its 30-year sovereign bond yield has fallen below Japan's

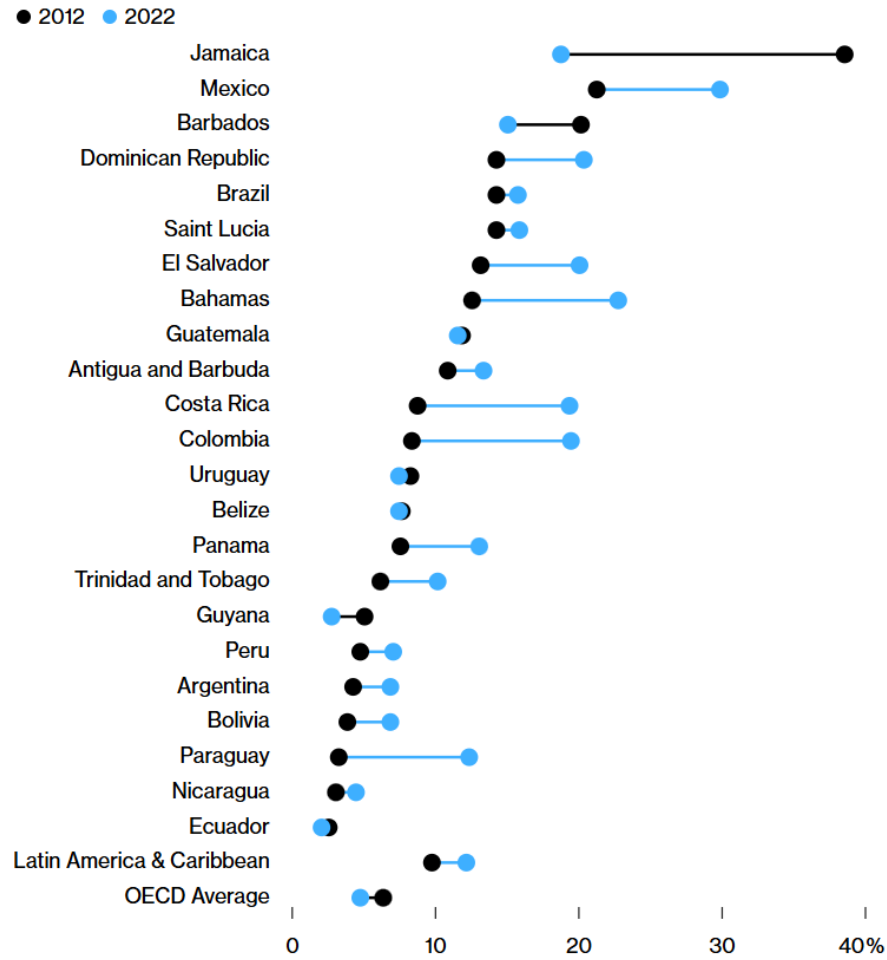
/ China 30-year sovereign bond yield
 / Japan 30-year sovereign bond yield



Source: Bloomberg

Latin America's Interest Bill Gets Heavier

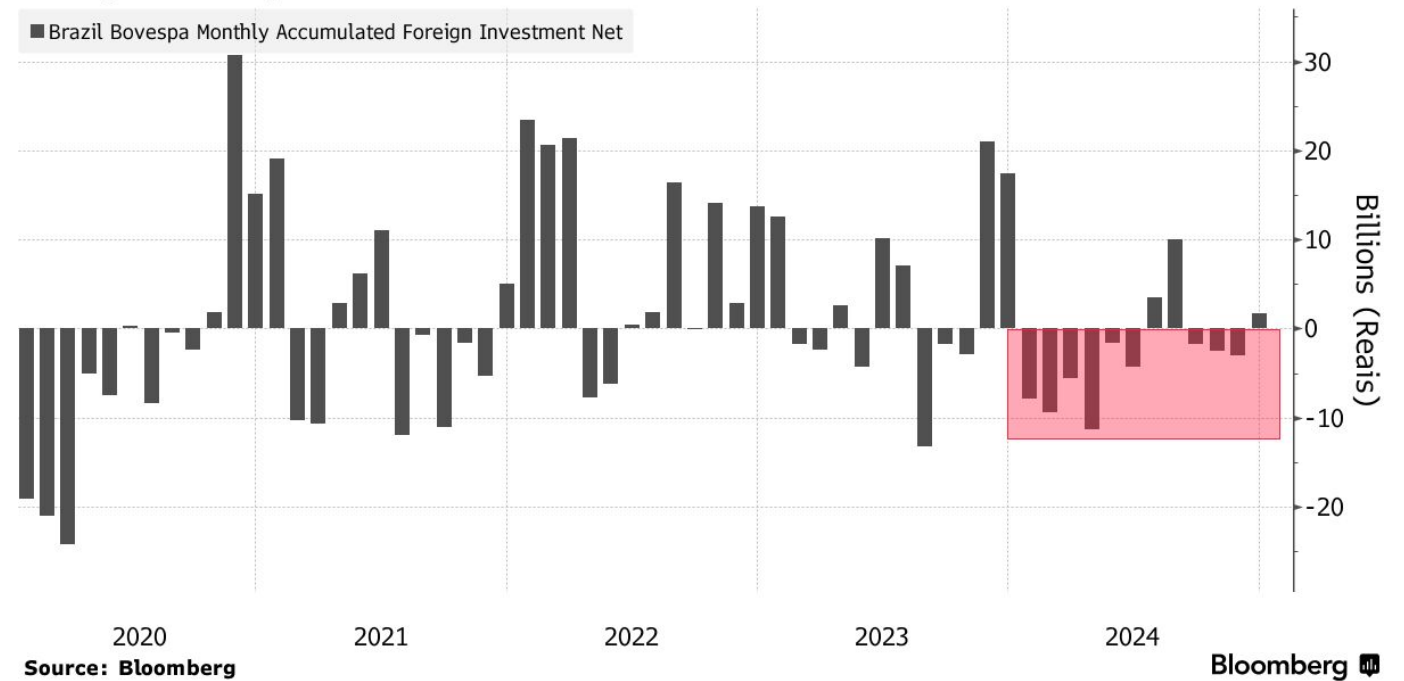
Debt service-to-tax revenues ratio in selected countries



Source: Latin American Economic Outlook 2024, OECD

Brazil Stocks See Largest Outflows Since 2020

Foreigners dumped Brazil stocks in 2024



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