

2024 YEAR IN REVIEW & 2025 OUTLOOK

Kalamazoo
January 13, 2025



PRESENTERS



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Chief Investment Officer



Chris Burns, CFA[®], CPA, CFP[®]
VP, Assistant Director of Research



GREENLEAF TRUST OVERVIEW

Privately-held, trust-only bank: over \$20bn in assets under advisement

Offices in Kalamazoo, Grand Rapids, Birmingham, Traverse City, Petoskey, Midland and Delaware

Mission remains: financial security from generation to generation

Our Team





INVESTMENT & ECONOMIC THEMES

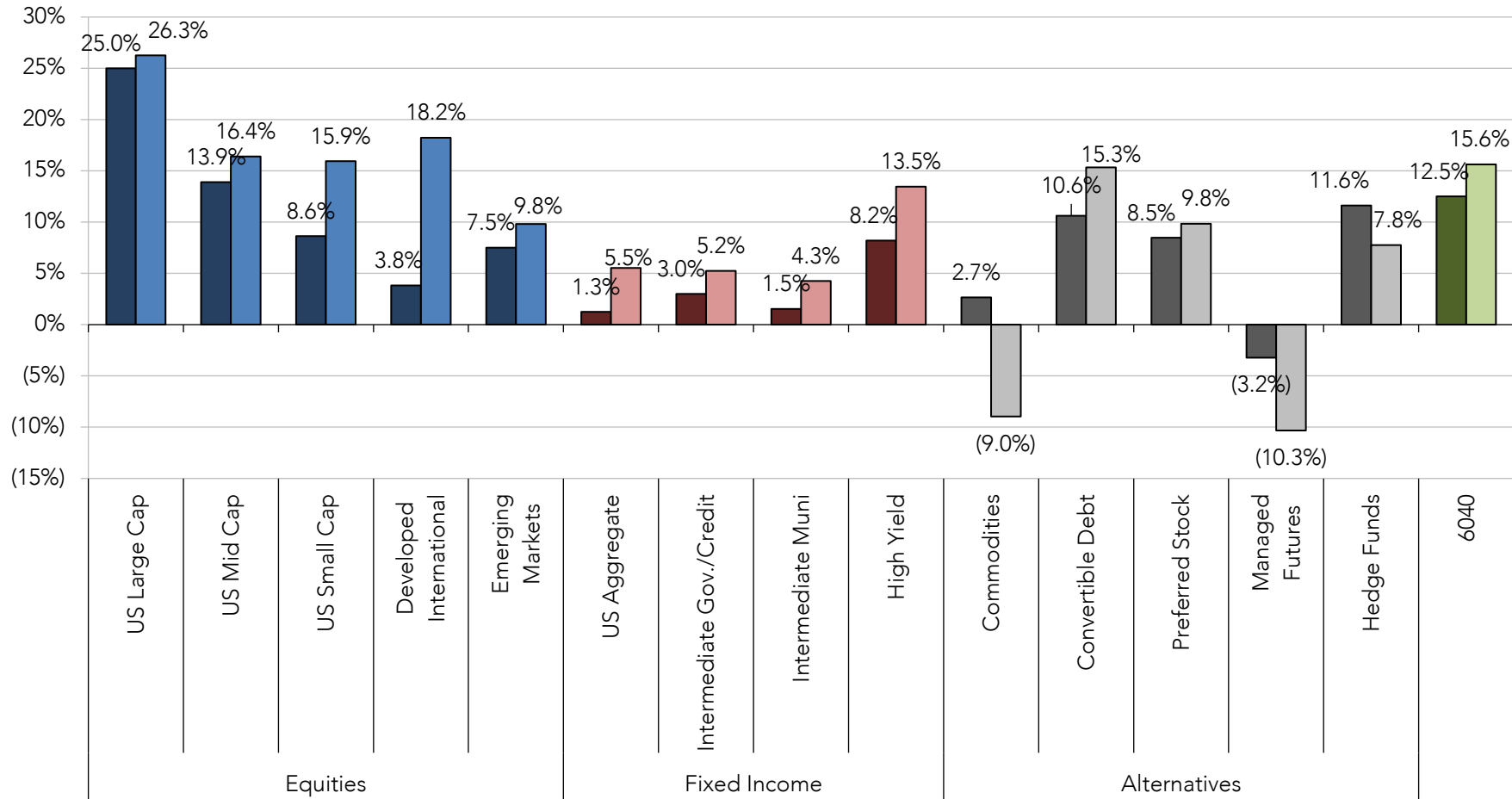
- 2024 Outcomes and Surprises
- 2025 Outlook
 - GDP Growth
 - Inflation
 - Labor Market
 - Monetary Policy
 - Earnings
- Longer-term Outlook
- Risks
- Q&A



2024 MARKET RETURNS

ANOTHER STRONG YEAR FOR STOCKS

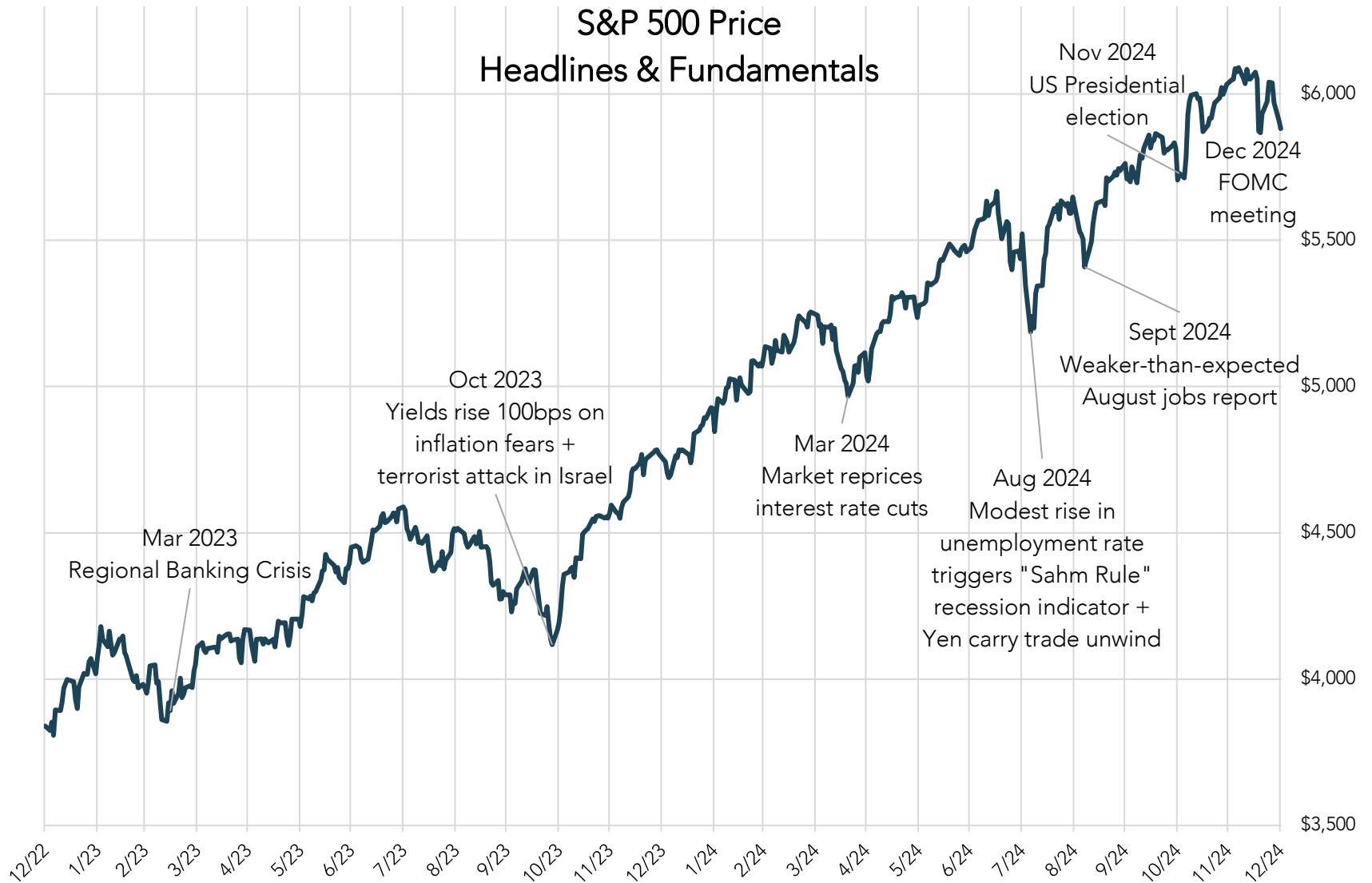
Asset Class Performance (2024-Dark; 2023-Light)





S&P 500 - 2023 & 2024

TWO STRONG YEARS FOR DISCIPLINED INVESTORS





AUDIENCE POLL

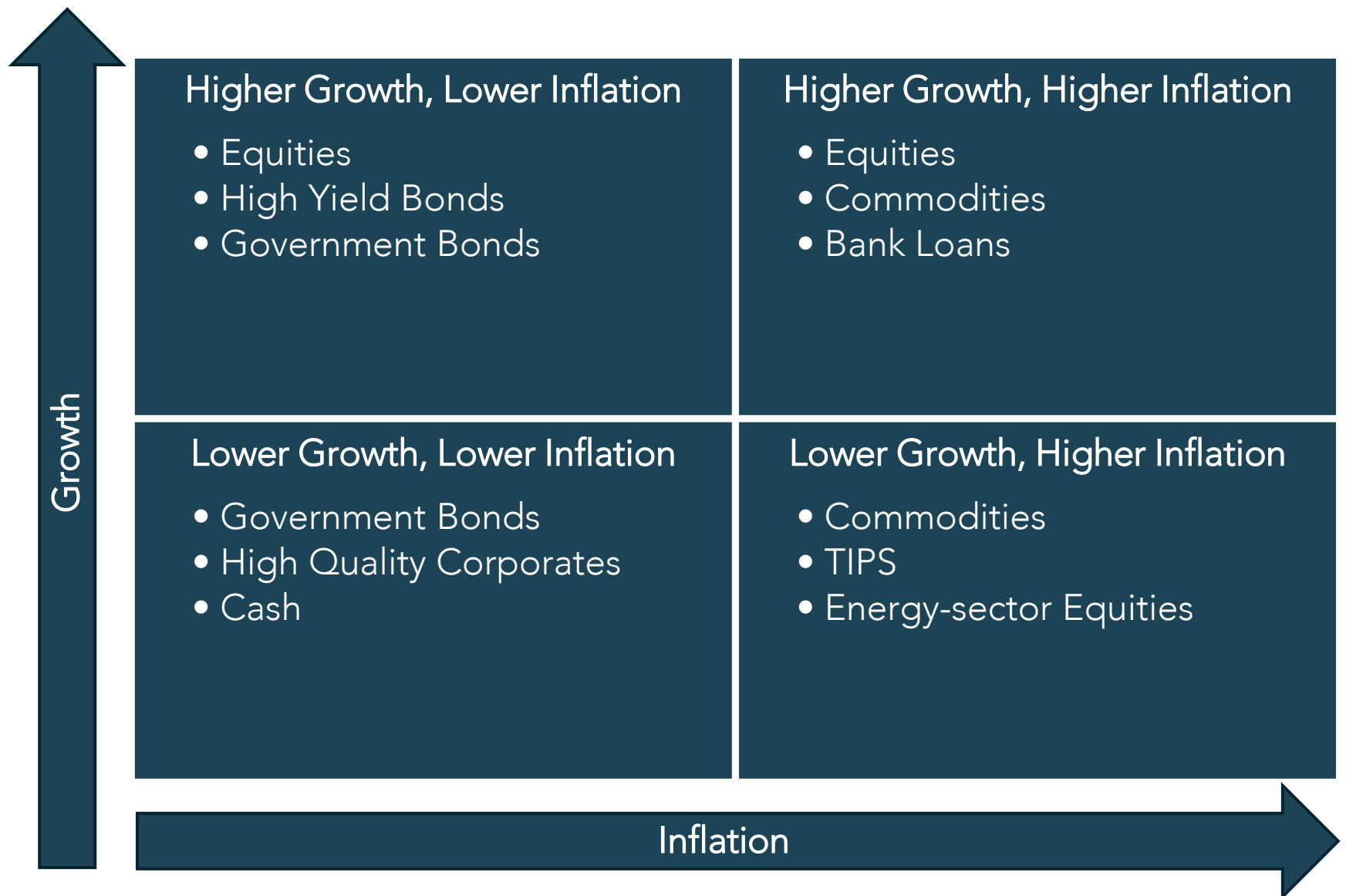


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ASSET CLASS FRAMEWORK





EXPECTATIONS ENTERING 2024

AS OF 12/31/2023

Real Growth	Inflation	Job Gains	Fed Funds	S&P 500 Earnings	Asset Class Implications		
Down from 3.2%	Falling from 3.4%	Slowing from 251k	150 bps of Cuts	\$244/sh 10% Growth	Stocks	Bonds	Alternatives
<div style="border: 1px solid black; padding: 5px; width: fit-content;"> GDP Growth 2024 Est. 1.3% </div>	Higher	74k/mo	Higher	Higher	↑↑	↓↓↓	↑↑
			4.00%	Lower	↑	↓↓	↑
			Lower	Higher	↑↑↑	↑	↑↑
			Lower	Lower	↑	↑	↑
		74k/mo	Higher	Higher	↑	↓↓↓	↑
			4.00%	Lower	↓↓↓	↓↓	↓
			Lower	Higher	↑↓	↑↓	↑↑
			Lower	Lower	↓↓	↑	↓
	Lower	74k/mo	Higher	Higher	↑↑	↓↓	↑
			4.00%	Lower	↑	↓	↓
			Lower	Higher	↑↑↑	↑↑	↓
			Lower	Lower	↑↓	↑↑↑	↑↓
		74k/mo	Higher	Higher	↓↓	↓	↓
			4.00%	Lower	↓↓↓	↑↓	↓↓
			Lower	Higher	↓	↑↑	↑
			Lower	Lower	↓↓↓	↑↑↑	↑↓



KNOWLEDGE CHECK



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EXPECTATIONS ENTERING 2024

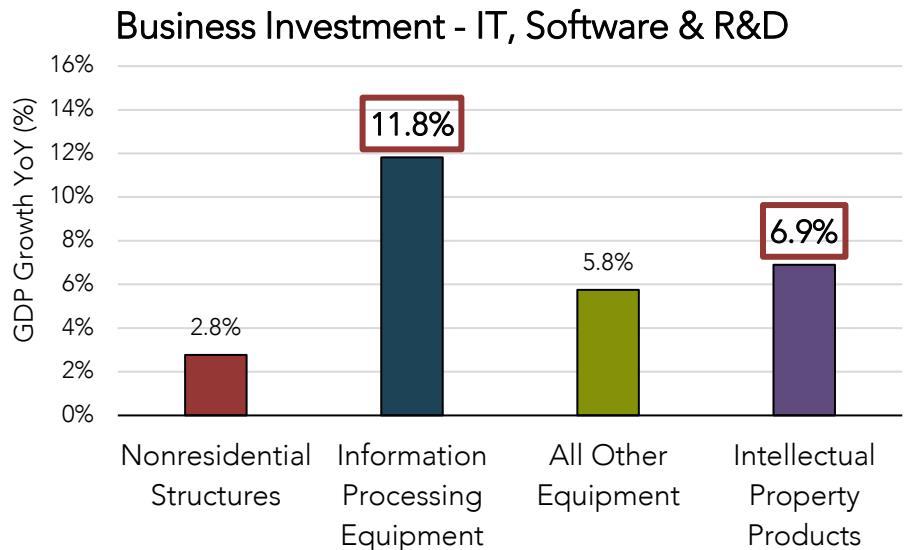
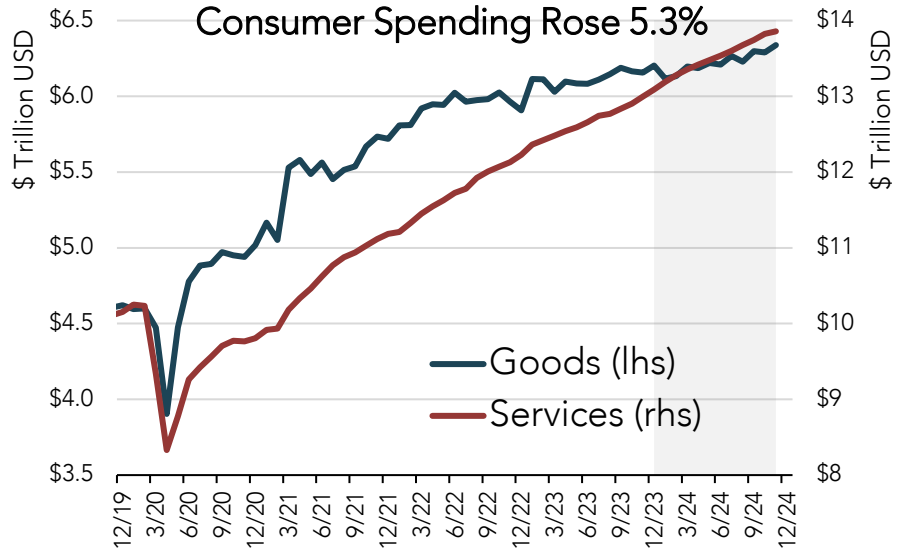
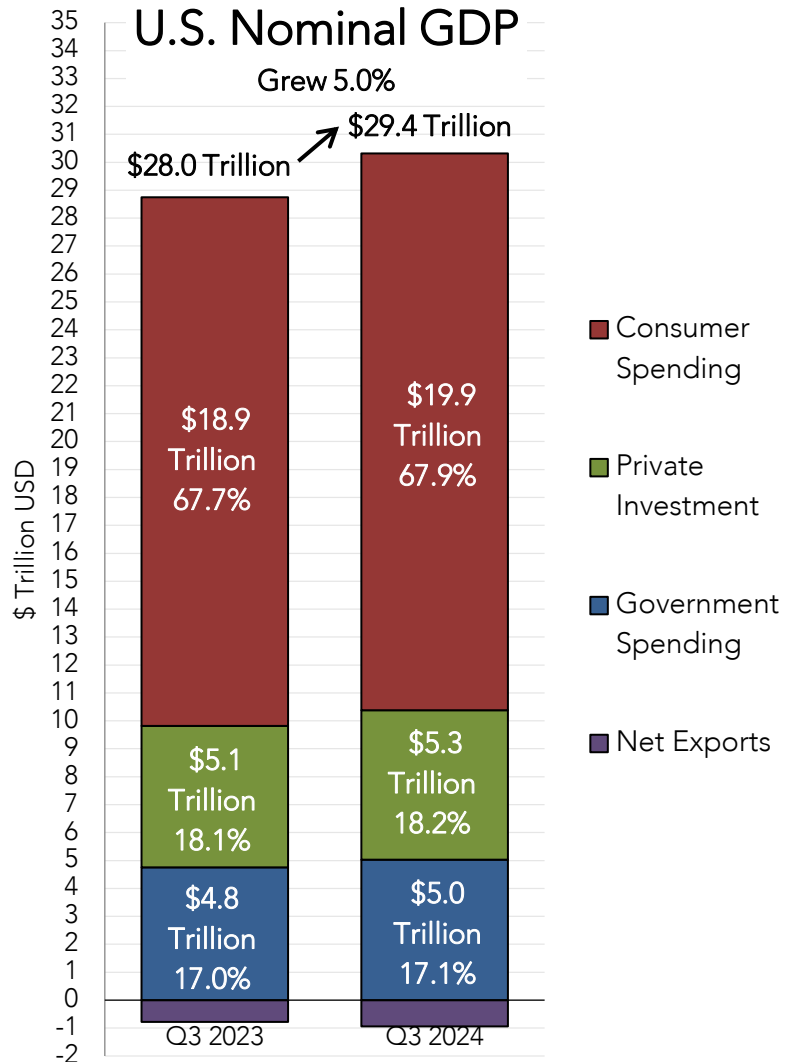
AS OF 12/31/2023

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<div style="border: 1px solid black; padding: 5px; width: fit-content;"> GDP Growth 2024 Est. 1.3% </div>	<div style="border: 1px solid black; padding: 5px; width: fit-content;"> 2.9% </div>	176k	4.50%	\$242/sh	↑↑	↓↓↓	↑↑
		74k/mo	4.00%	\$242/sh	↑	↓↓	↑
		Lower	Lower	Higher	↑↑↑	↑	↑↑
		74k/mo	Higher	Lower	↑	↑	↑
		Lower	4.00%	Higher	↑	↓↓↓	↑
		Higher	Lower	Lower	↓↓↓	↓↓	↓
		Lower	Higher	Higher	↑↓	↑↓	↑↑
		Higher	4.00%	Lower	↓↓	↑	↓
		Lower	Lower	Higher	↑↑	↓↓	↑
		Higher	4.00%	Lower	↑	↓	↓
		Lower	Higher	Higher	↑↑↑	↑↑	↓
		Higher	4.00%	Lower	↑↓	↑↑↑	↑↓
		Lower	Lower	Higher	↓↓	↓	↓
		Higher	4.00%	Lower	↓↓↓	↑↓	↓↓
		Lower	Lower	Higher	↓	↑↑	↑
Higher	4.00%	Lower	↓↓↓	↑↑↑	↑↓		



GDP GROWTH

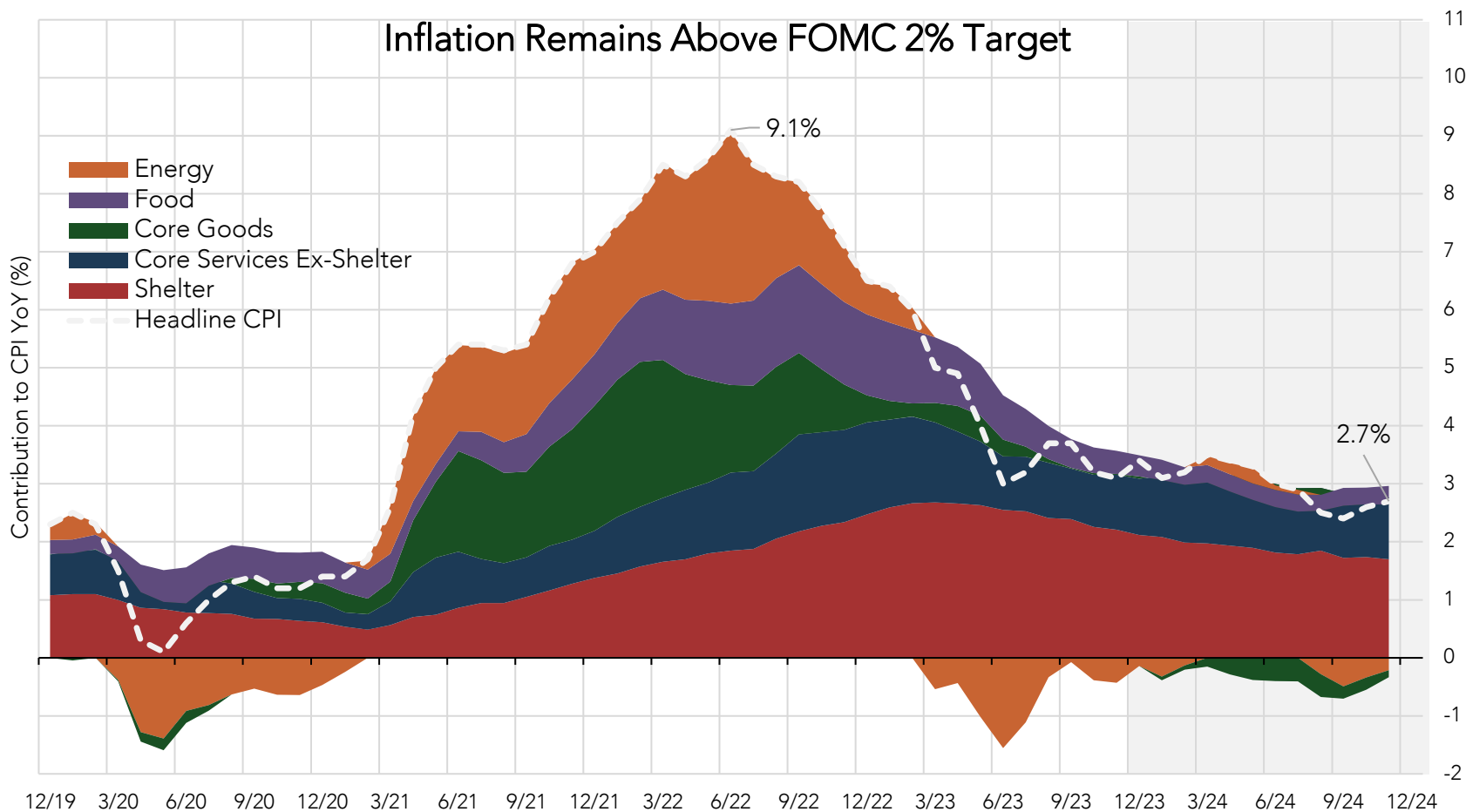
STRONG CONSUMER SPENDING & BUSINESS INVESTMENT





INFLATION

STICKIER THAN EXPECTED

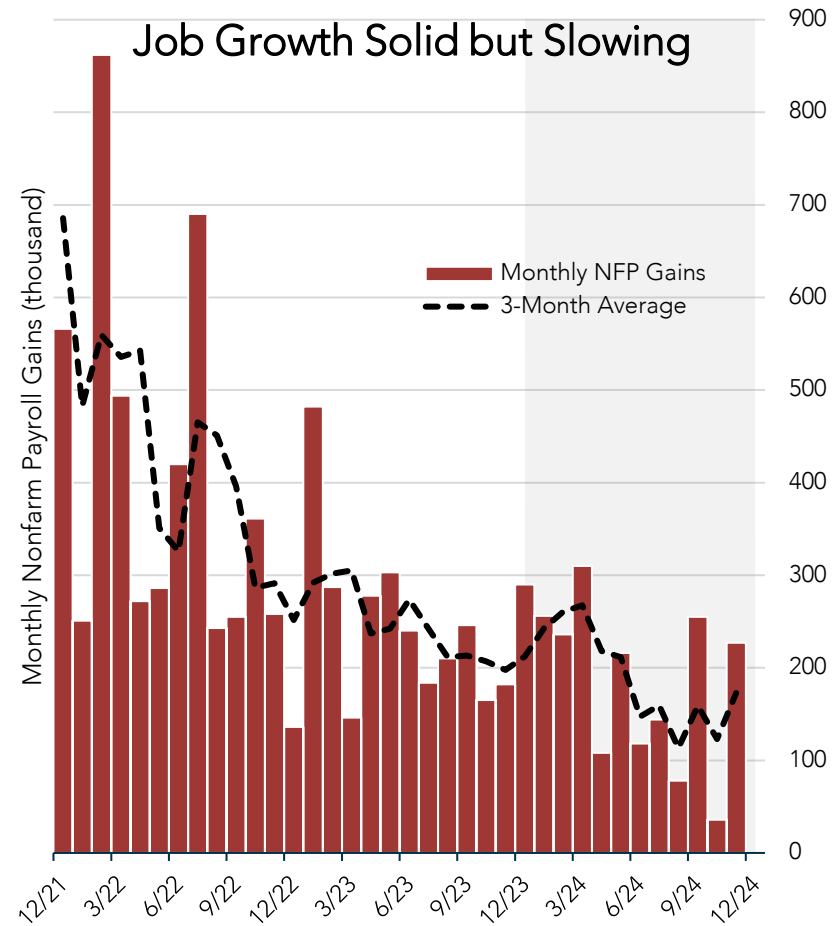
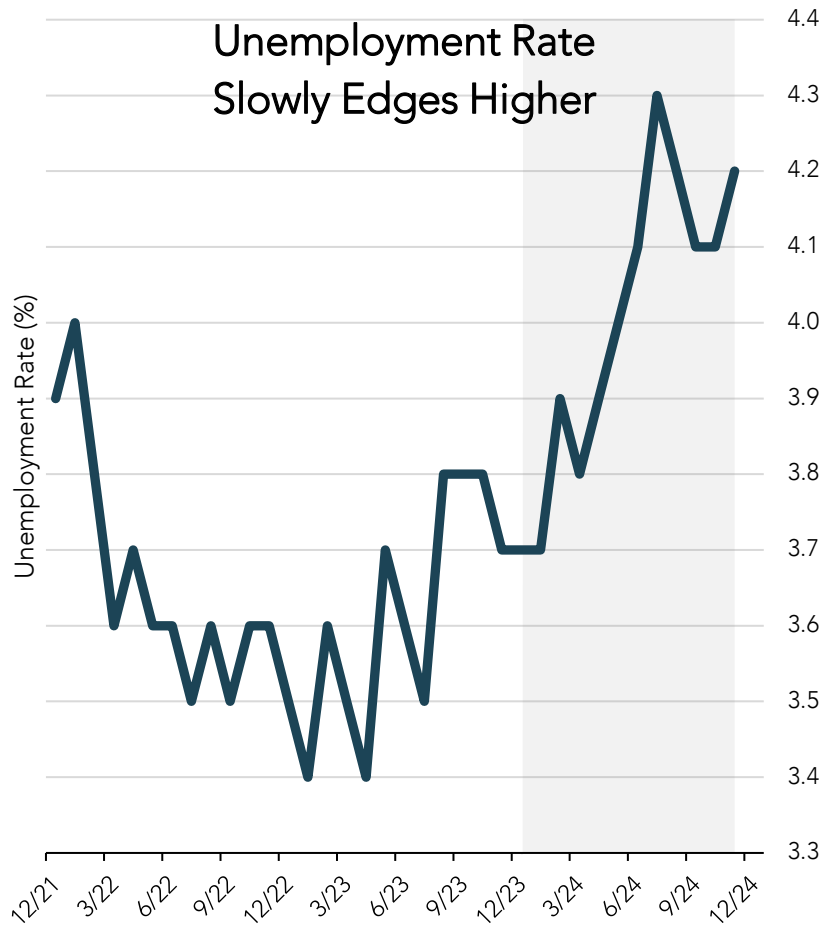


- Shelter inflation remained elevated in 2024, up 4.7%.
- Energy and core goods experienced disinflation in 2024.
- Motor vehicle insurance continued its recent rise, up 12.7%.



JOB GAINS

COOLING BUT NOT COLD

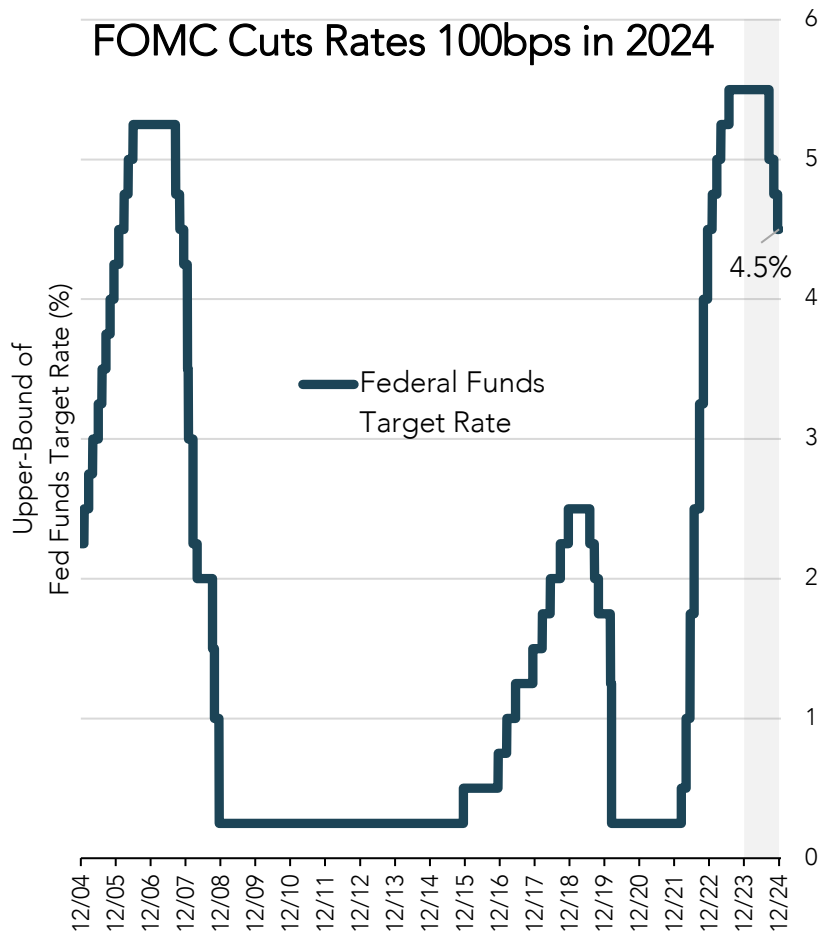


- The labor market is no longer overheated as it was in 2022 and parts of 2023.
- Job gains slowed and the unemployment rate rose in 2024, but both remained at comfortable levels by the end of the year (4.2% unemployment, 173k 3-month average of job gains).



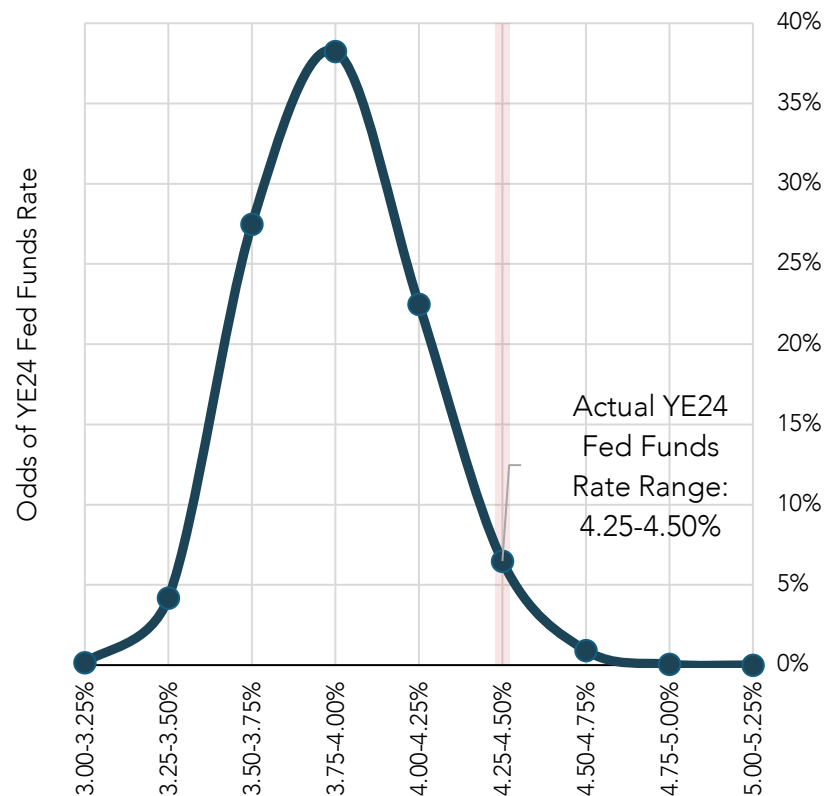
MONETARY POLICY

EASING INTO EASING



12/31/23 Market Pricing

Only 7.5% Chance of 4.5% or Above



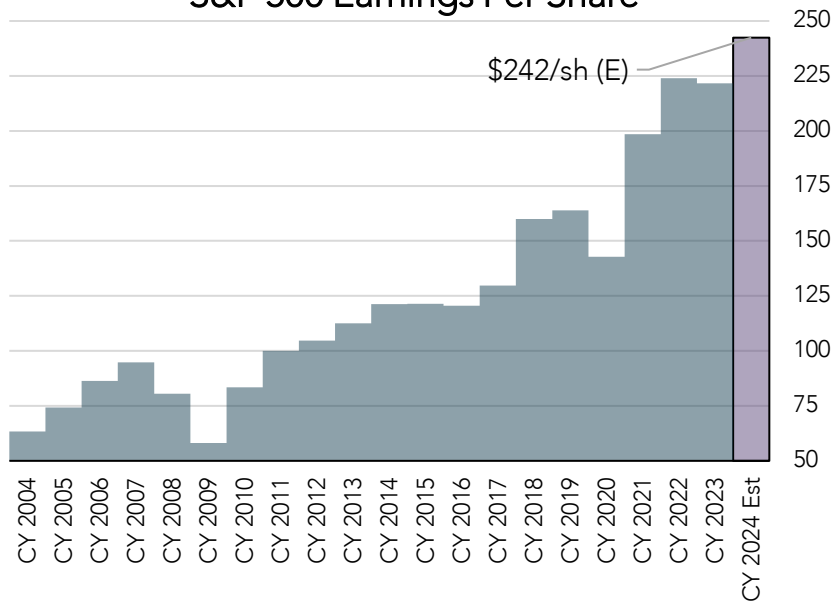
- Stickier inflation and a stable labor market led to the Fed keeping rates higher than expected in 2024.
- The Fed ultimately cut rates 100bps, compared with expectations for 150bps or more, delivering a hawkish surprise that led the bond market to underperform cash in 2024.



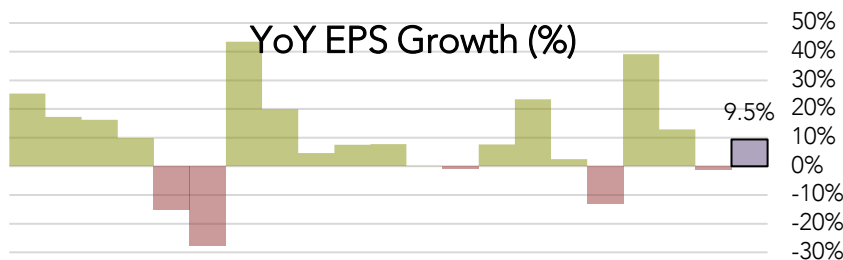
EARNINGS GROWTH

SOLID IN 2024

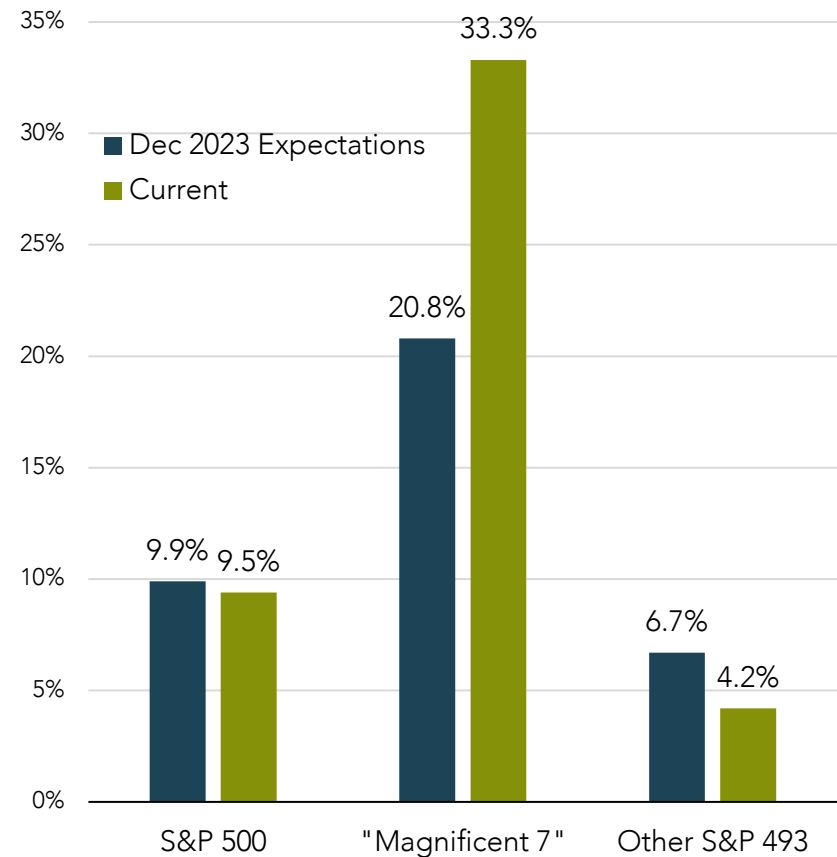
S&P 500 Earnings Per Share



YoY EPS Growth (%)



CY 2024 EPS Growth

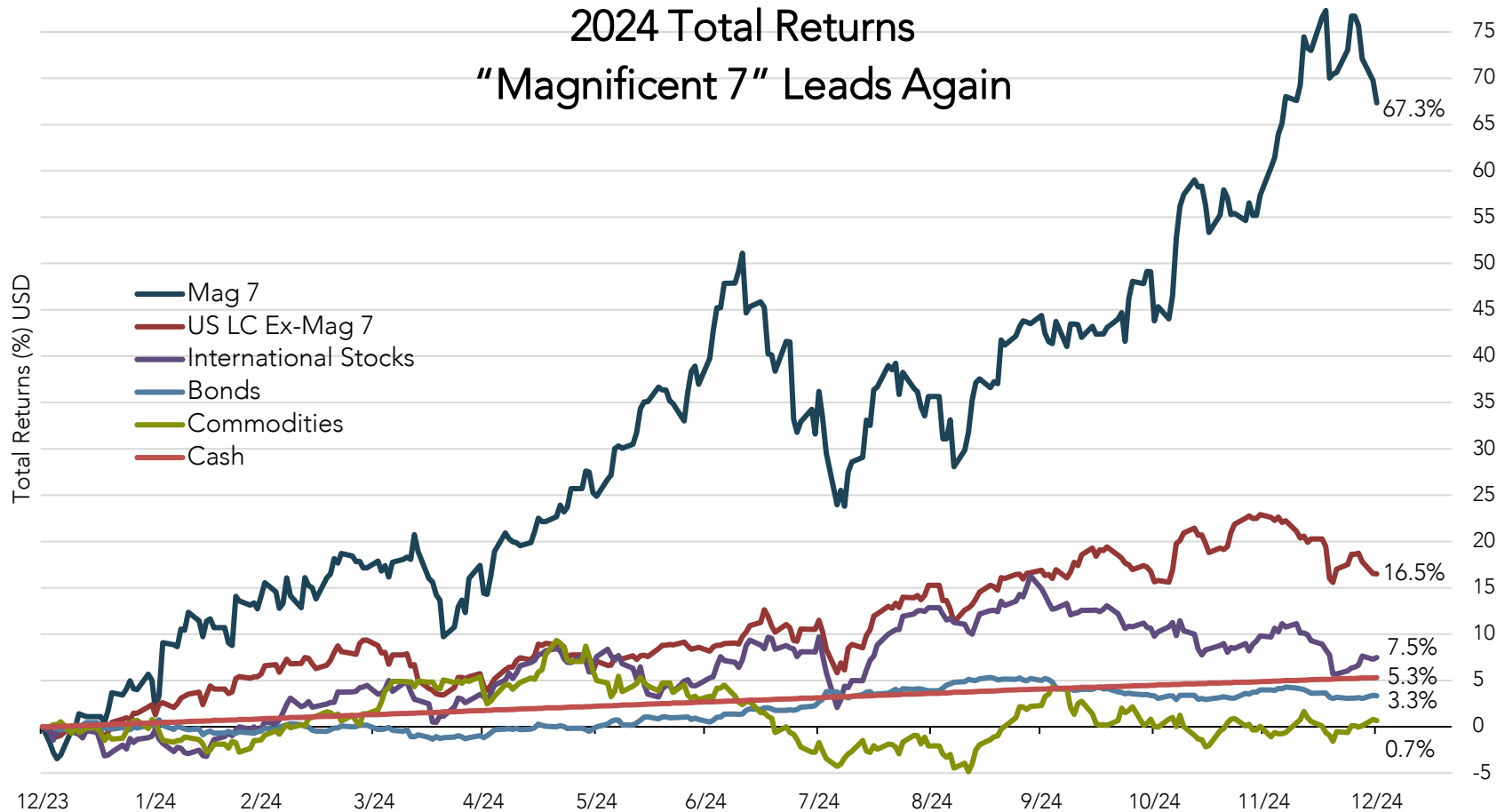


- The positive macro backdrop led to a strong year of earnings growth for S&P 500 companies, 9.5%, roughly matching expectations from the beginning of the year.
- Within large cap equities, the "Magnificent 7" companies exceeded initial expectations while the rest of the S&P 500 missed.



PERFORMANCE

FASTER GROWTH, HIGHER INFLATION FRAMEWORK



- Returns matched expectations for a faster-growth, higher-inflation, higher-rate environment. Stocks performed well, particularly the Mag 7. Bonds underperformed cash. Commodities, however, lagged as oil prices were flat at \$73/barrel to start and end 2024.



THE LESSONS OF 2024

- Learning from history is essential:
 - Vote with your ballot, not with your portfolio.
 - Consistent discipline yields rewards.
- Exercise caution with models relying solely on history:
 - Yield curve inverted mid-2022
 - Conference Board Leading Economic Indicators
 - Sahm Rule triggered July 2024
 - Allan Lichtman "13 Keys to the White House"
- Surprises can bring both challenges and opportunities.
- Long-term investment strategies ("time in the market") outperform attempts at market timing.



EXPECTATIONS ENTERING 2025

AS OF 12/31/2024

Real Growth	Inflation	Job Gains	Fed Funds	S&P 500 Earnings	Asset Class Implications			
Above-Trend	Modest Progress	Additional Cooling	1-2 Cuts Priced In	\$272/sh 15% Growth	Stocks	Bonds	Alternatives	
GDP Growth 2025 Est. 2.1%	Higher 2.5%	Higher 121k/mo	Higher	Higher	Higher	↑↑	↓↓↓	↑↑
			4.25%	Lower	Lower	↑	↓↓	↑
			Lower	Higher	Higher	↑↑↑	↑	↑↑
			Lower	Lower	Lower	↑	↑	↑
		Lower 121k/mo	Higher	Higher	Higher	↑	↓↓↓	↑
			4.25%	Lower	Lower	↓↓↓	↓↓	↓
			Lower	Higher	Higher	↑↓	↑↓	↑↑
			Lower	Lower	Lower	↓↓	↑	↓
	Lower	Higher 121k/mo	Higher	Higher	Higher	↑↑	↓↓	↑
			4.25%	Lower	Lower	↑	↓	↓
			Lower	Higher	Higher	↑↑↑	↑↑	↓
			Lower	Lower	Lower	↑↓	↑↑↑	↑↓
		Lower 121k/mo	Higher	Higher	Higher	↓↓	↓	↓
			4.25%	Lower	Lower	↓↓↓	↑↓	↓↓
			Lower	Higher	Higher	↓	↑↑	↑
			Lower	Lower	Lower	↓↓↓	↑↑↑	↑↓



AUDIENCE OUTLOOK

2025 FRAMEWORK



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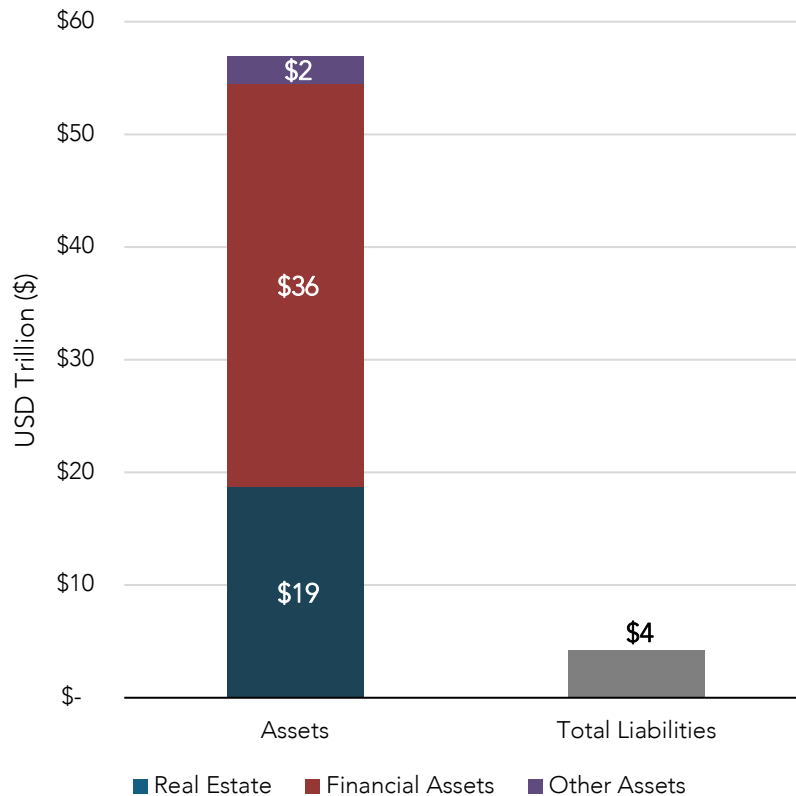
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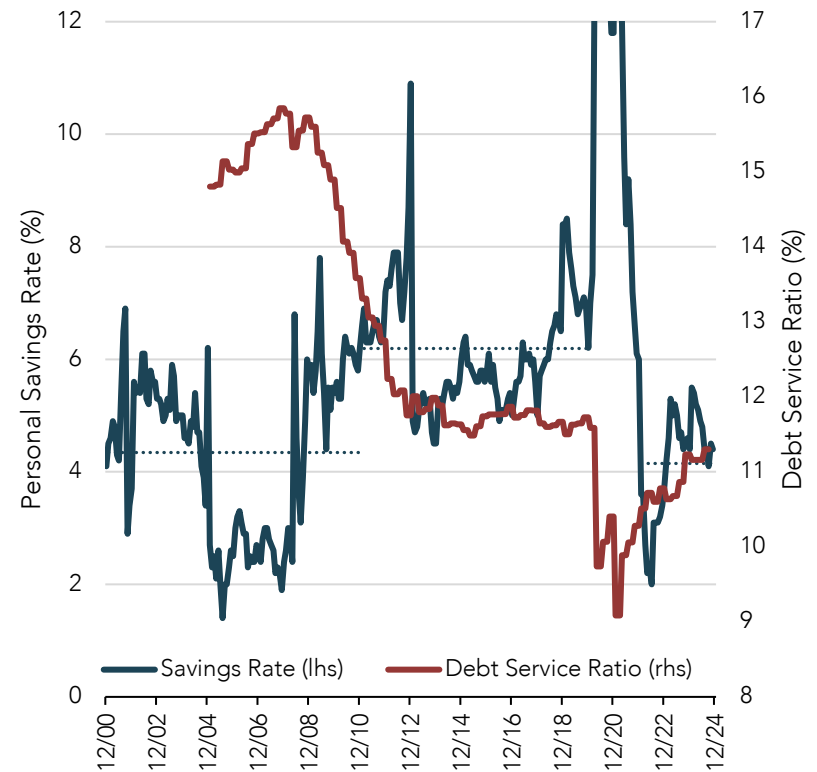
GDP GROWTH OUTLOOK

US CONSUMERS LOOK SOLID

Change in US Household Balance Sheets Past 5 Years



Savings Rates and Debt Service Ratios are Healthy



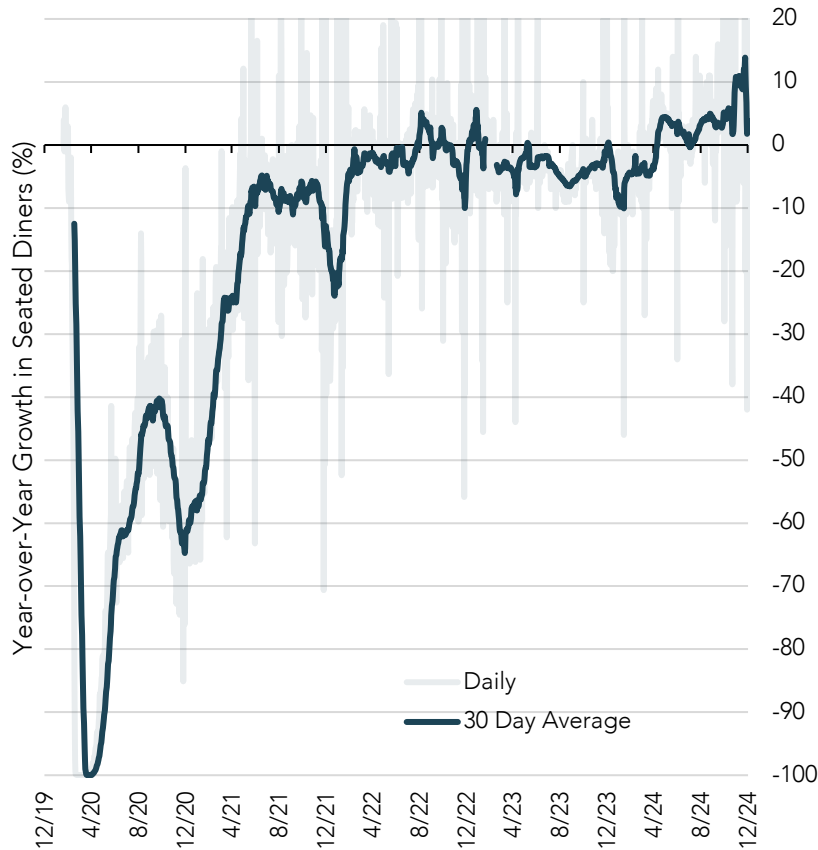
- The US economy may be benefitting from a 'wealth effect' as household assets have grown 46% over the past 5 years and liabilities have grown only 27%, a \$50T impact.
- Savings rates appear sustainable above 4% while household debt service payments remain below pre-covid levels.



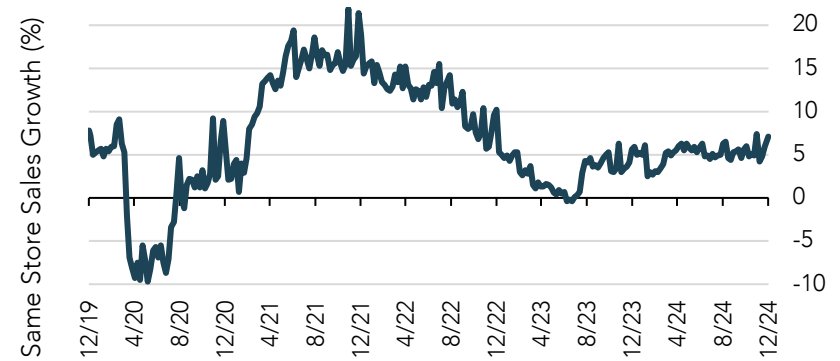
GDP GROWTH OUTLOOK

DINING, SHOPPING, TRAVELING

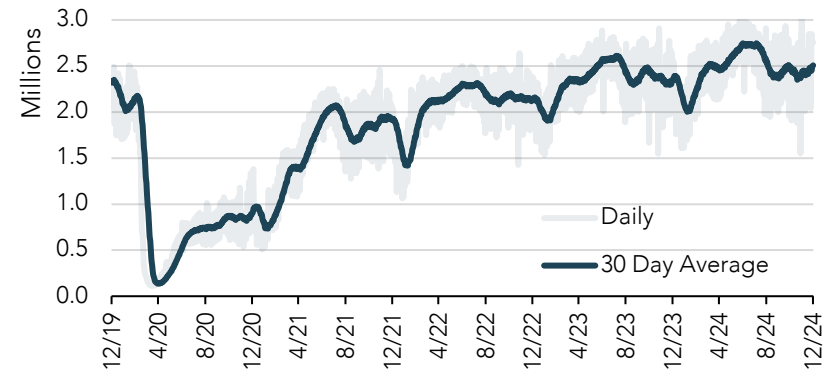
OpenTable Seated Diners YoY (%)



Redbook Same Store Sales YoY (%)



TSA Checkpoint Travelers



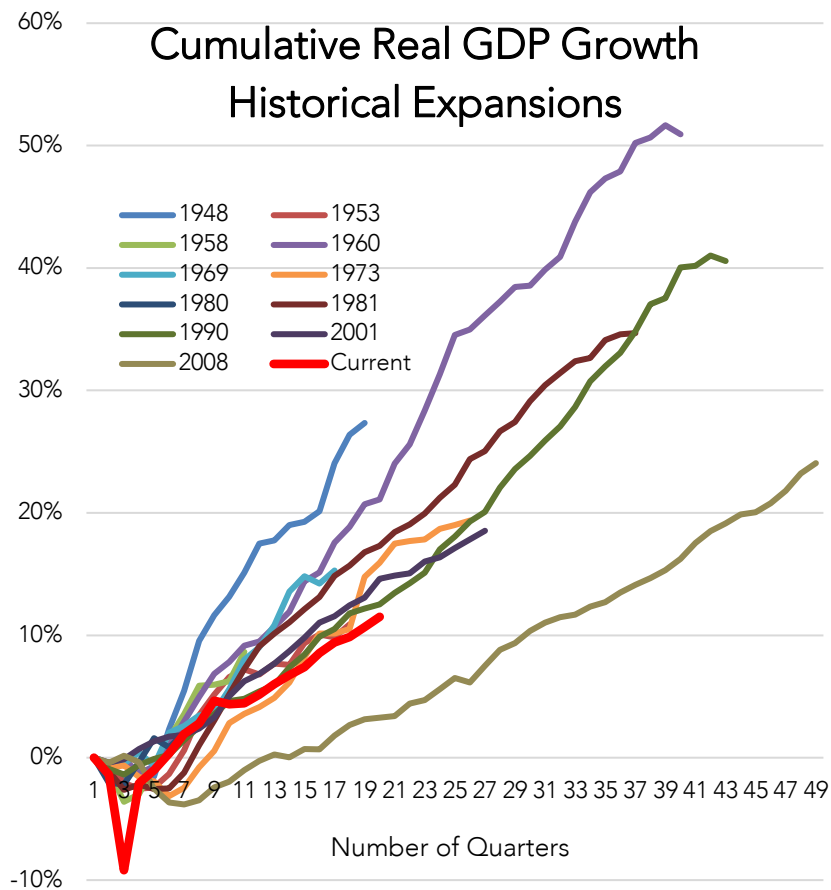
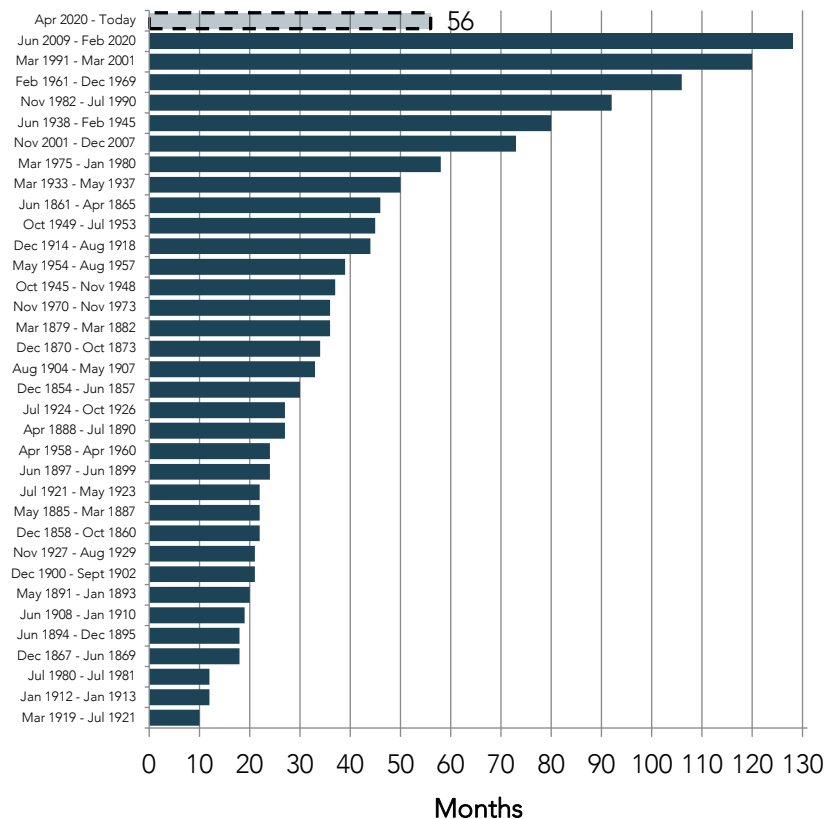
- Higher-frequency data shows US consumers shopping, dining, and traveling with no obvious signs of a slowdown.



GDP GROWTH OUTLOOK

BUSINESS CYCLE OUTLOOK

4.5 Years into Current Expansion



- We are a little more than four and a half years into the current expansion.
- 12-month recession forecasts for the year ahead have fallen to 20%.
- We believe recession odds are low and would require an unforeseeable negative shock.



AUDIENCE OUTLOOK

NEXT US RECESSION TIMING



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INFLATION OUTLOOK

POLICY OUTLOOK

2025 President



2025 Senate
53-47

2025 House
220-215



Year	09-10	11-12	13-14	15-16	17-18	19-20	21-22	23-24	25-26
President									
Senate (50+)	58	53	54	54	52	53	50	51	53
House (218)	257	242	234	247	241	235	222	222	220

- Republican candidate Donald Trump won the 2024 presidential election.
- The Republican party gained control of the Senate and retained control of the House of Representatives.
- A unified government will make it easier to implement tax policies and other initiatives proposed by President Trump on the campaign trail.
- A unified government can also mitigate risks associated with gridlock, such as debt ceiling impasses or government shutdowns.



INFLATION OUTLOOK

POLICY OUTLOOK

	Tariffs	Taxes	Energy	Department of Government Efficiency
Campaign Proposals	<ul style="list-style-type: none"> Campaign: 60% tariff on Chinese goods Campaign: 20% tariff on all other goods Post-election: 25% tariff on Mexican imports Post-election: 25% tariff on Canadian imports Post-election: 10% additional tariff on China 	<ul style="list-style-type: none"> No changes in 2025 Extend expiring TCJA provisions Reduce corporate rate to 20% (15% domestic) Eliminate \$10k SALT deduction cap Exempt Social Security income from income tax Exempt tips from income tax Exempt overtime pay from income tax Repeal Infl. Red. Act green energy tax credits 	<ul style="list-style-type: none"> Streamline drilling permit approvals Focus on increasing domestic production 	<ul style="list-style-type: none"> Financial and performance audit of the Federal government Recommendations for reforms Statements of cutting \$2T in spending Discussion of federal workforce reductions Desire to cut 10 regulations for every new one
Net Revenue Estimates	\$3.8T over 10 years	(\$6.8T) over 10 years	N/A	N/A
Potential Impact on Inflation	Potentially temporarily inflationary	Potentially inflationary	Potentially disinflationary	Potentially disinflationary

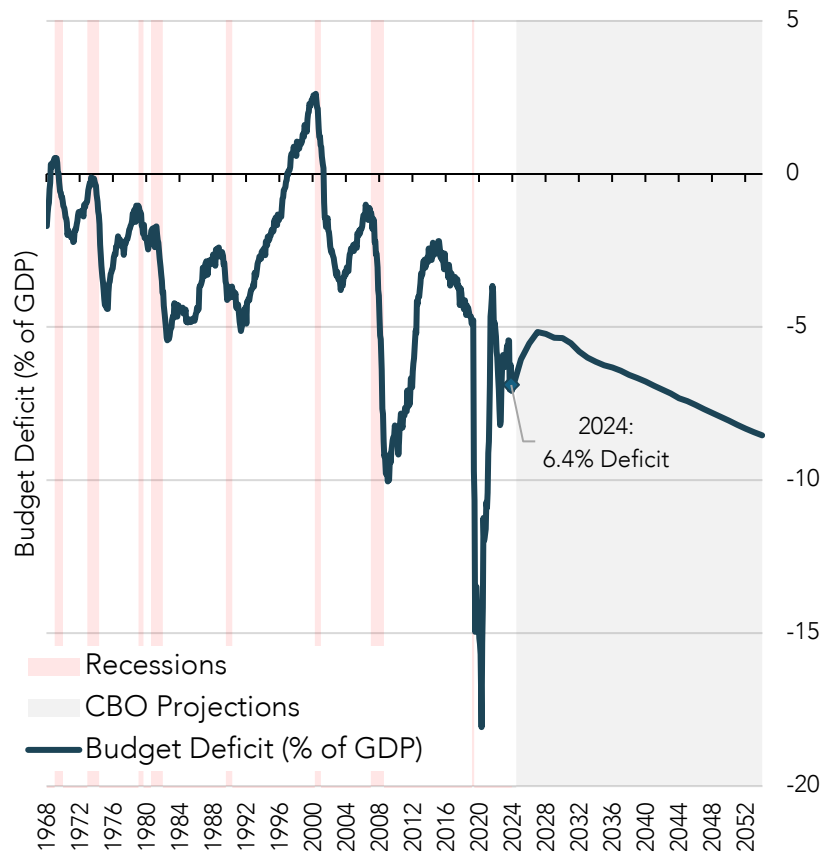
- The 2017 TCJA has many provisions expiring January 1, 2026.
- We expect tax cuts to occur beginning 2026 and have a potentially stimulative and inflationary impact thereafter.
- We expect tariffs to be implemented in 2025 along with deregulatory actions.
- We do not expect significant macroeconomic impacts until 2026 or later.



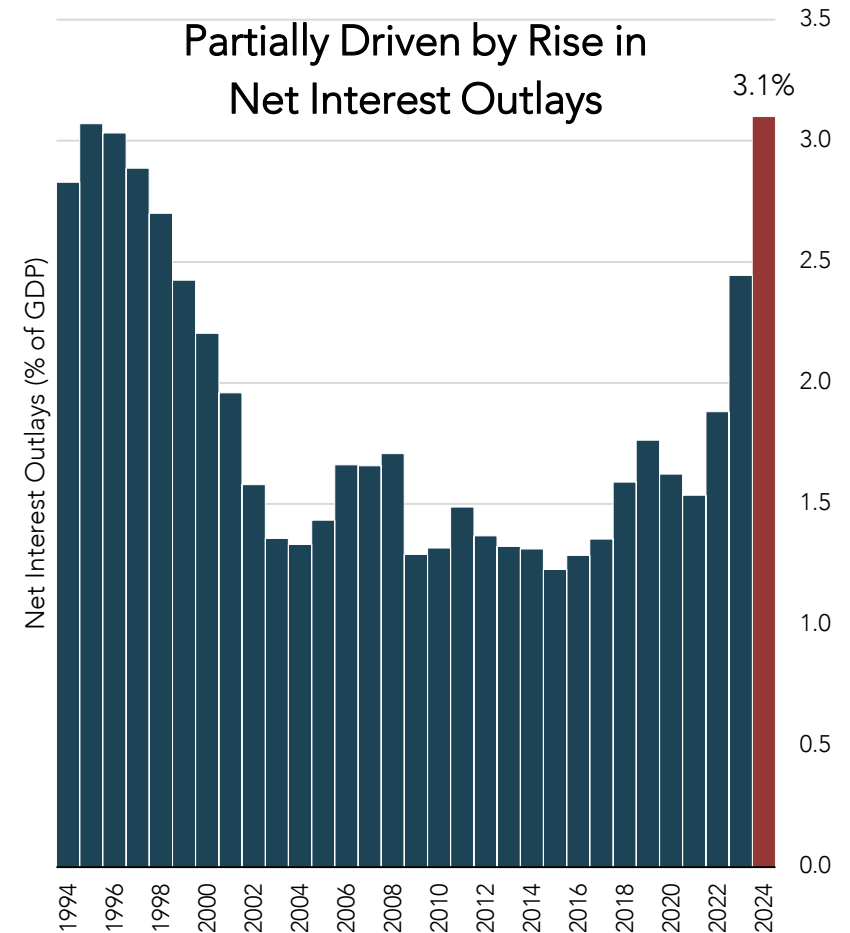
INFLATION OUTLOOK

FISCAL OUTLOOK

Budget Deficits Projected to Rise



Partially Driven by Rise in Net Interest Outlays

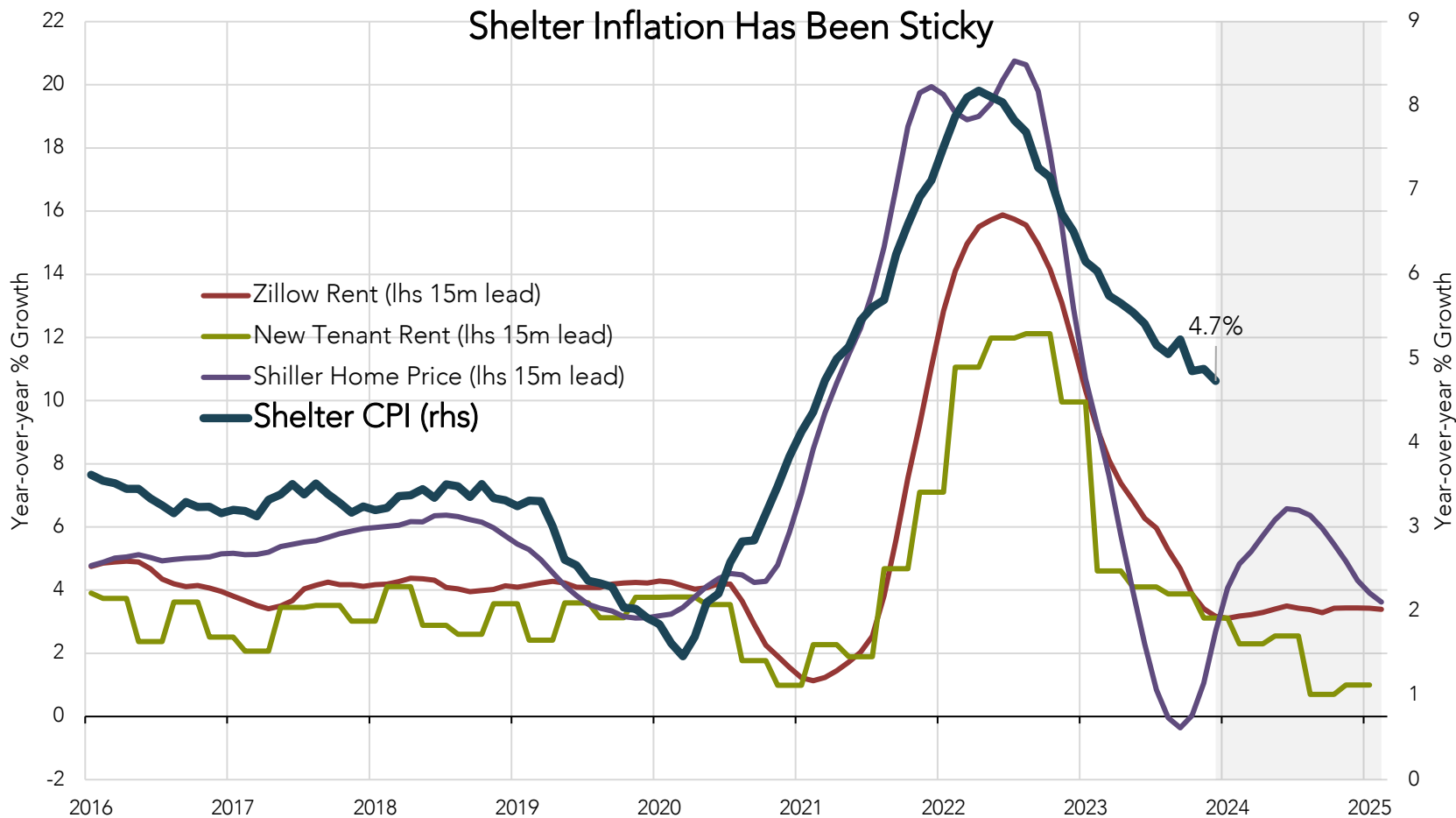


- The federal budget deficit rose to 6.4% of GDP in 2024, roughly \$1.8T.
- One deficit driver was a significant rise in net interest outlays (up 33% year-over-year) to 3.1% of GDP, more than was spent on the Department of Defense.



INFLATION OUTLOOK

HOUSING OUTLOOK

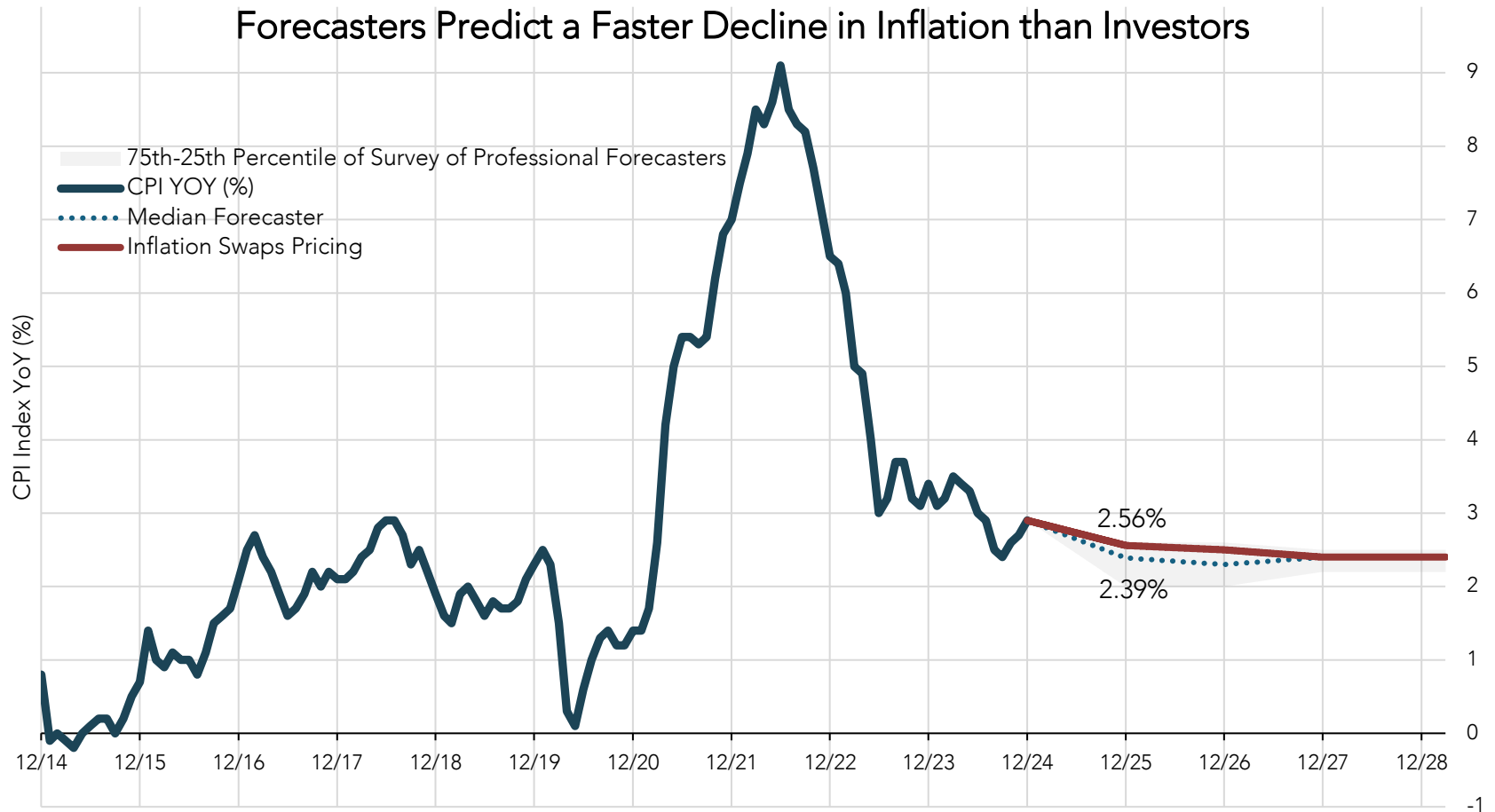


- Shelter makes up 35% of the CPI basket and increased 4.7% over the last 12 months.
- Shelter inflation is calculated with a lag and has been stickier-than-expected in 2024.
- Home prices are up around 4% in 2024 and market rents are up around 3.5%.



INFLATION OUTLOOK

FORECASTS & MARKET PRICING

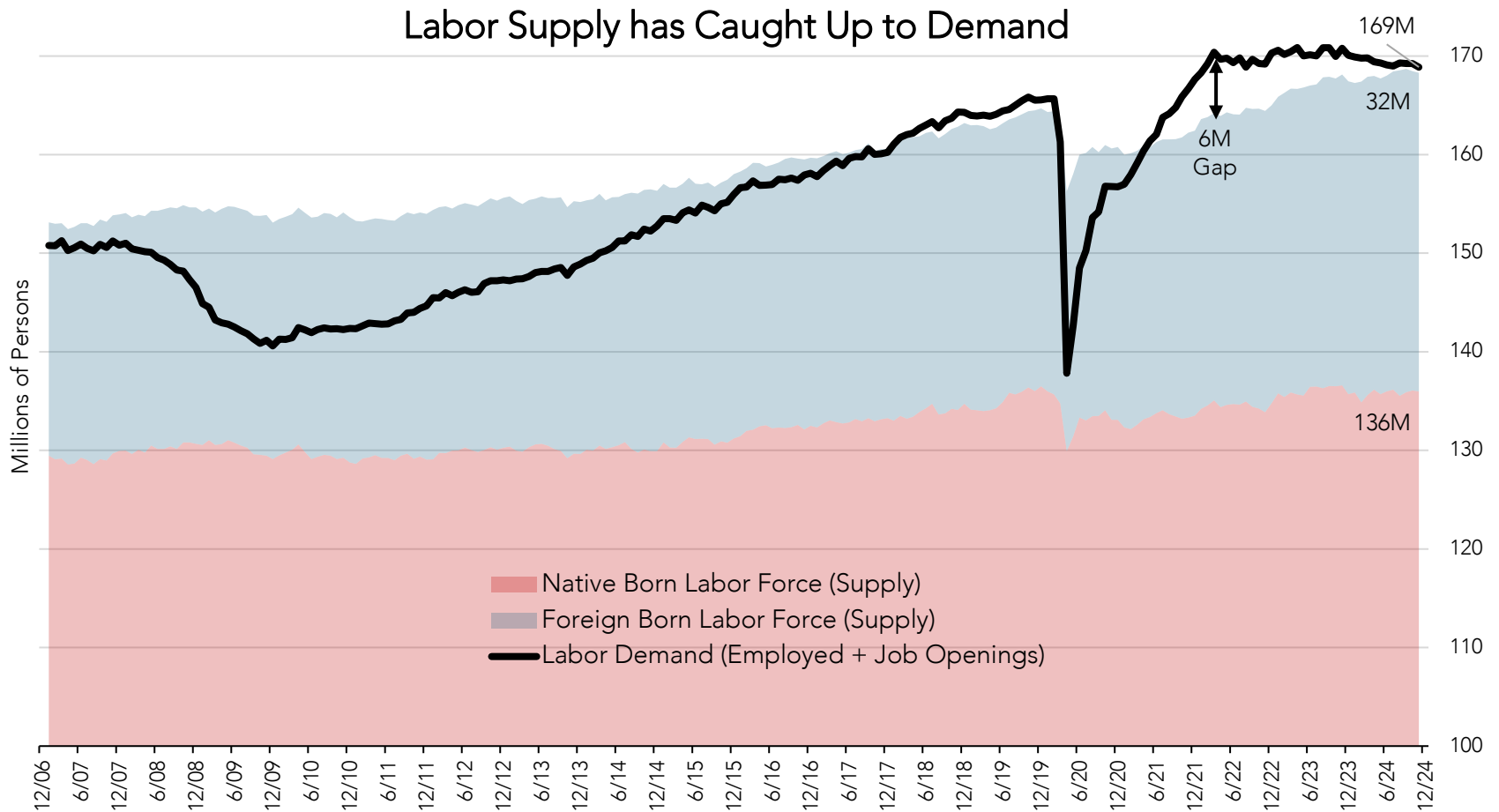


- Forecasters and investors both anticipate inflation falling in 2025 and returning to near the Federal Reserve's 2% target over the next 5 years.
- The range of forecasts has narrowed, signaling less uncertainty among economists.



LABOR MARKET OUTLOOK

SUPPLY AND DEMAND OUTLOOK

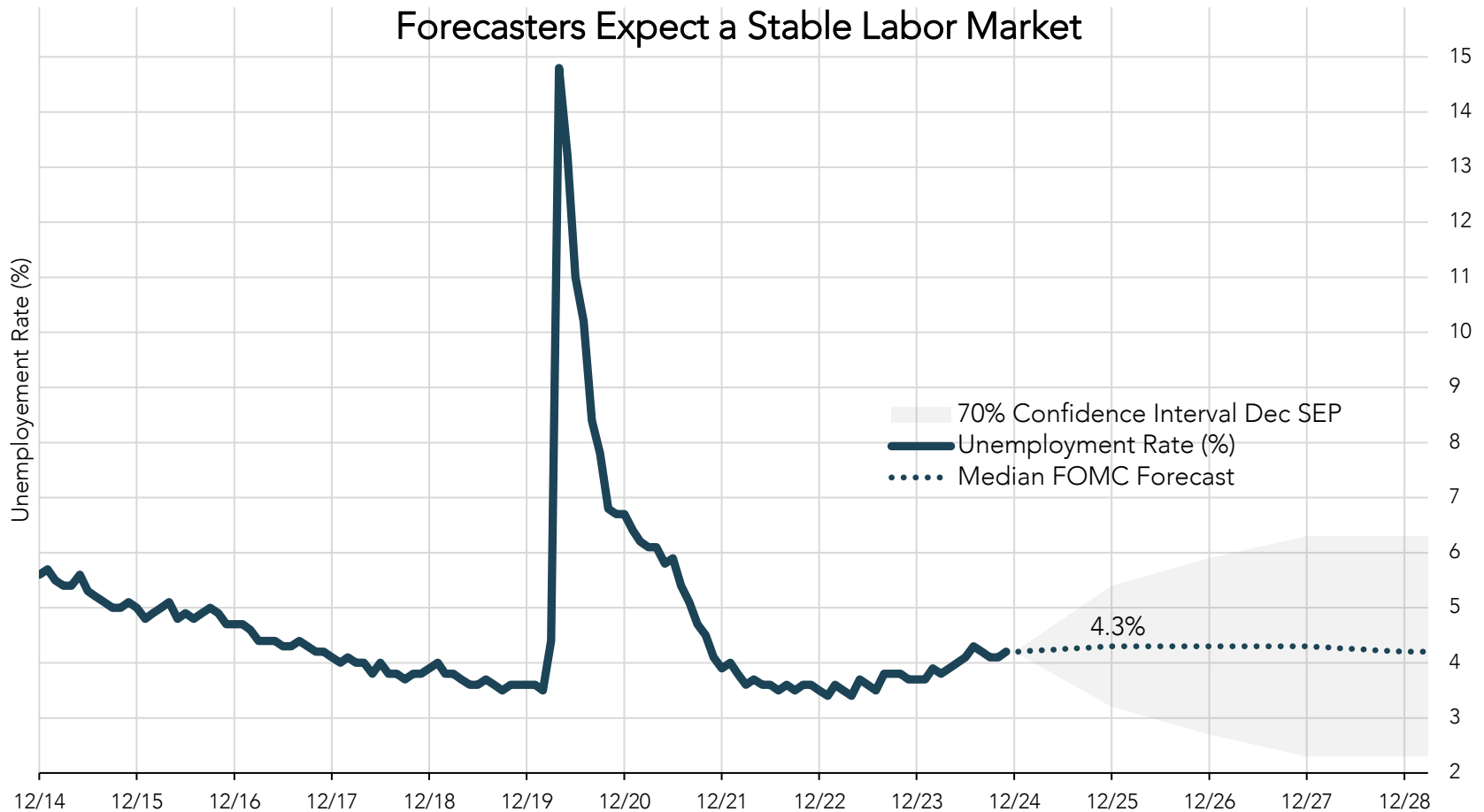


- The labor market has cooled from its overheated pace in 2022 and 2023 and is currently roughly as strong as the pre-covid period.
- Any acceleration in the pace of cooling may induce a reaction from the Federal Reserve.



LABOR MARKET OUTLOOK

FORECASTS

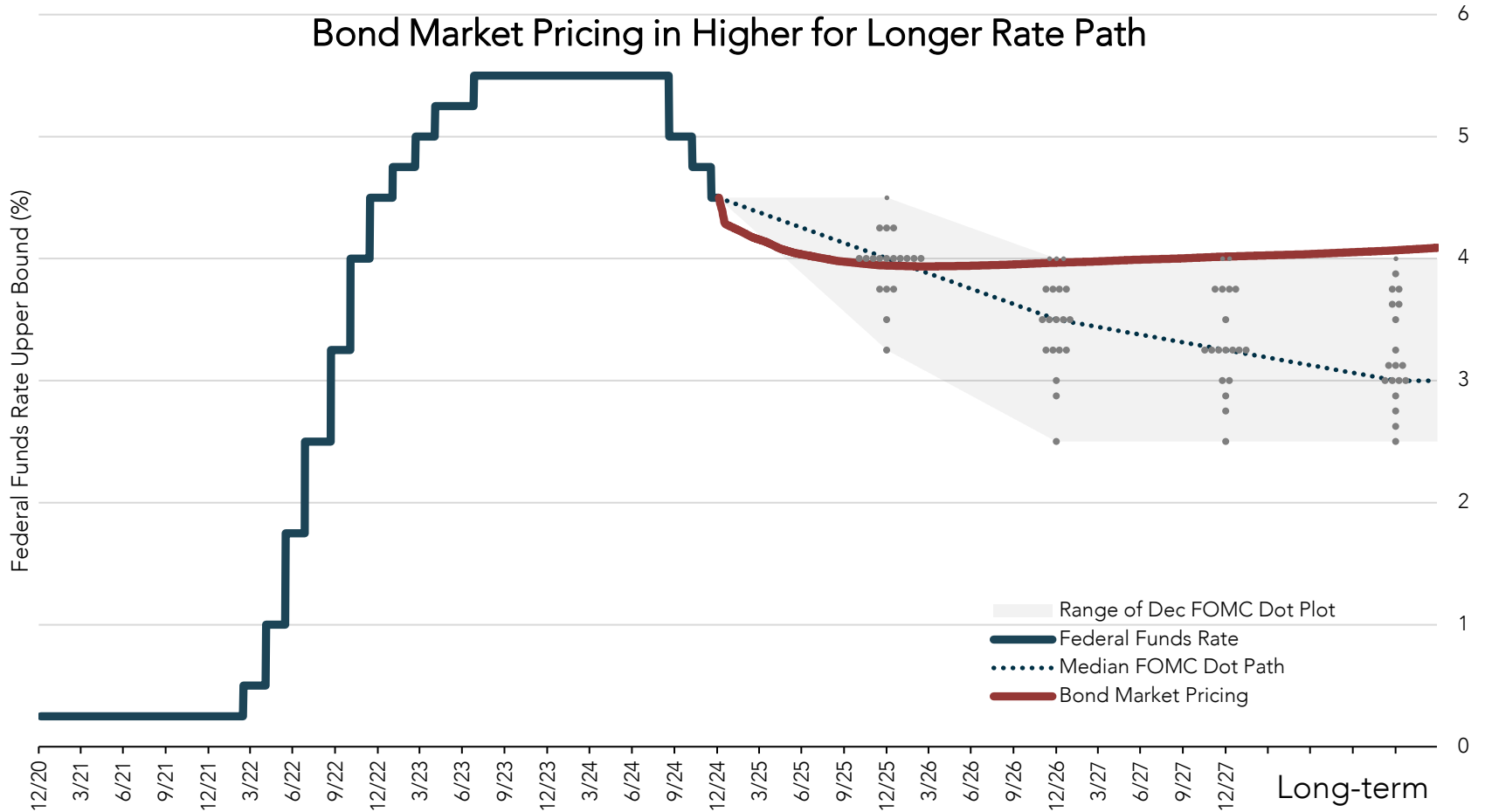


- Forecasters at the Federal Reserve expect a stable labor market in 2025, with job growth sufficient to keep the unemployment rate near its current 4.2% level.
- Private forecasters agree, with a median rate of 4.3% and average hourly earnings growth of 3.5% anticipated in 2025.



MONETARY POLICY OUTLOOK

FORECASTS & MARKET PRICING

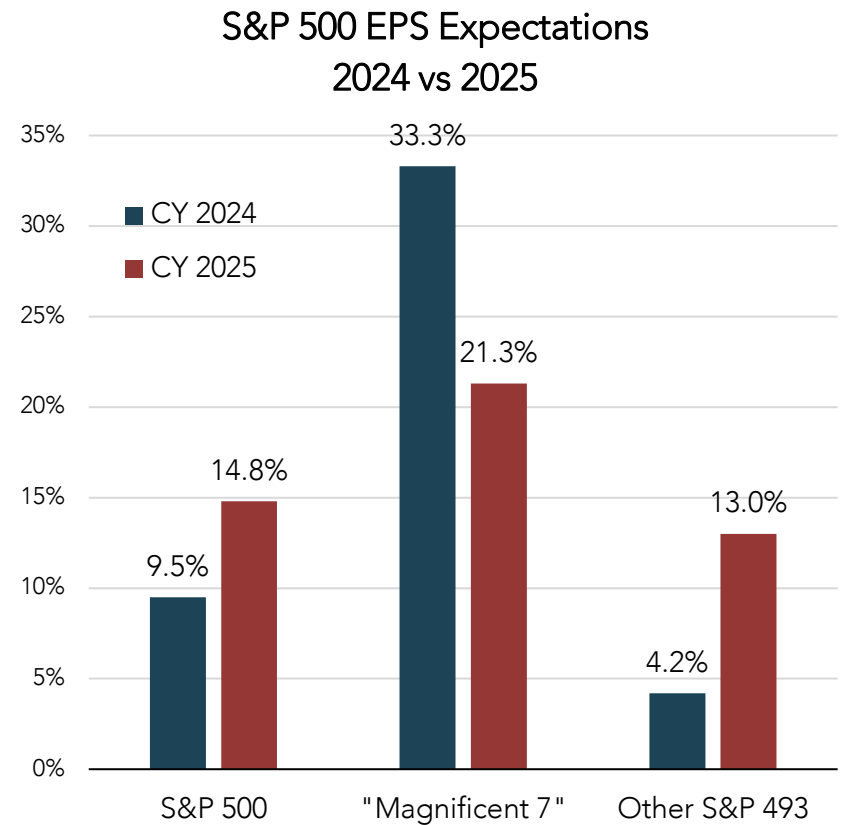
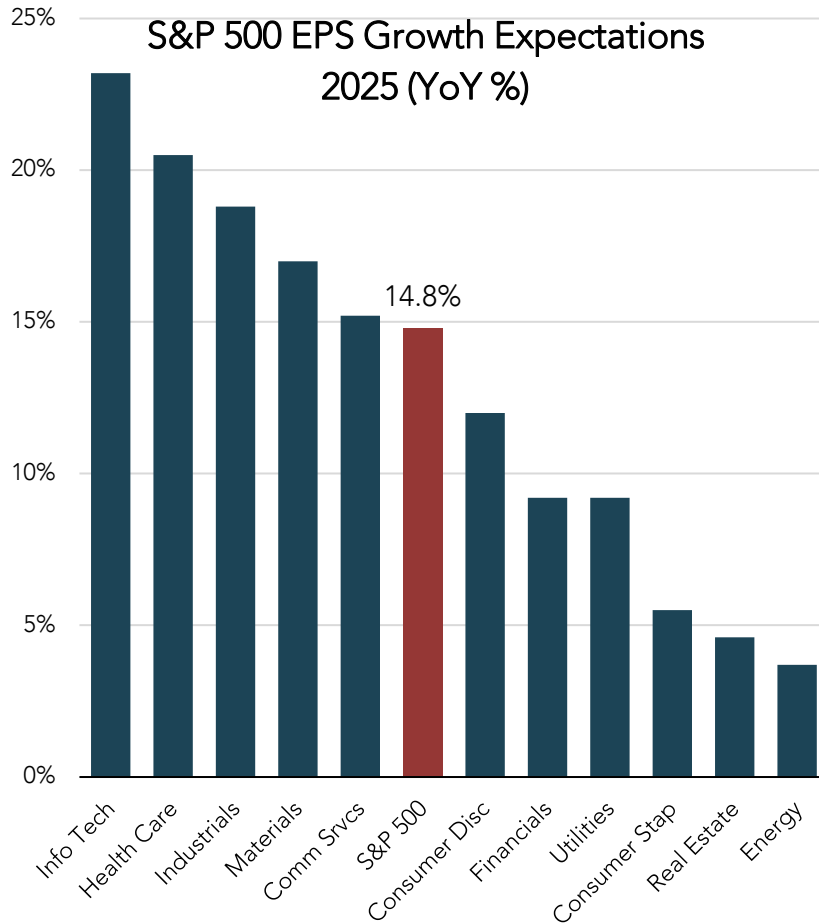


- Since the first rate cut in September, the Fed delivered 100bps of rate cuts, yet the 10-year treasury rate *increased* 85bps.
- The market is pricing in a higher-for-longer rate path where policy rates stay around 4% or higher for the next decade.



CORPORATE EARNINGS OUTLOOK

FORECASTS OF S&P 500 EARNINGS

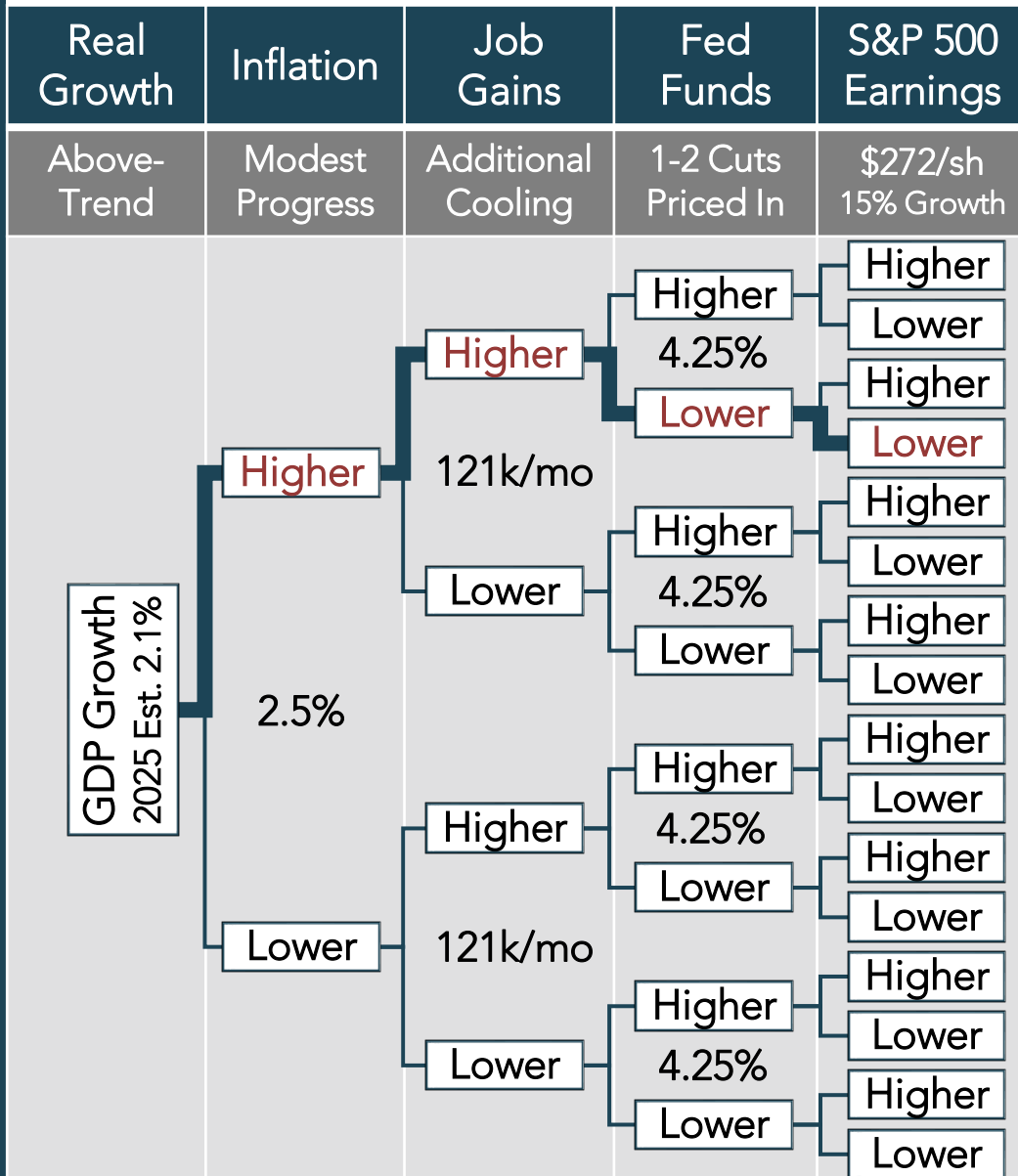


- Earnings growth is expected to broaden out beyond the "Magnificent 7" in 2025.
- Overall earnings per share are expected to grow 14.8%.
- 2025's higher expectations create a higher hurdle to clear for positive surprises in 2025.



2025 OUTLOOK

AS OF 12/31/2024



Asset Class Implications		
Stocks	Bonds	Alternatives
↑↑	↓↓↓	↑↑
↑	↓↓	↑
↑↑↑	↑	↑↑
↑	↑	↑
↑	↓↓↓	↑
↓↓↓	↓↓	↓
↑↓	↑↓	↑↑
↓↓	↑	↓
↑↑	↓↓	↑
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↓↓	↓	↓
↓↓↓	↑↓	↓↓
↓	↑↑	↑
↓↓↓	↑↑↑	↑↓



PORTFOLIO POSITIONING

AS OF 12/31/2024

Investment Strategy Summary			
Asset Class	Underweight	Neutral	Overweight
Global Equities	←-----○-----→		
US Equities	←-----○-----→		
Large Cap	←-----○-----→		
Mid Cap	←-----○-----→		
Small Cap	←-----○-----→		
Developed International	←-----○-----→		
Emerging Markets	←-----○-----→		
Fixed Income	←-----○-----→		
Duration	←-----○-----→		
Credit Quality	←-----○-----→		
Non-Core	←-----○-----→		
Alternatives	←-----○-----→		

- The positive macroeconomic environment creates opportunities in risk assets like equities and credit.
- Global economic policy uncertainty creates risks to regional equity positioning.
- Higher starting yields provide attractive risk-reward opportunities in bonds and rate-sensitive alternatives.



LONGER-TERM OUTLOOK

10 YEAR CAPITAL MARKET ASSUMPTIONS



Asset Class	Historical Returns	10 Year	10 Year
	Public (94-24) Private (14-24)	Expected Return (Dec 2024)	Expected Risk (Annualized vol.)
US Large Cap	10.60%	7.00%	17.00%
US Mid Cap	11.23%	8.00%	19.00%
US Small Cap	10.15%	7.75%	21.00%
Developed International Equities	5.65%	7.75%	18.00%
Emerging International Equities	4.76%	8.25%	22.00%
Core Fixed Income	4.09%	4.75%	5.50%
Non-Core Fixed Income	7.04%	6.50%	11.00%
Diversified Alternatives	7.18%	6.75%	8.00%
Cash	2.46%	4.20%	0.50%
Inflation	2.53%	2.50%	1.50%
60/40 Public Portfolio		6.25%	11.00%



AUDIENCE OUTLOOK

RISKS



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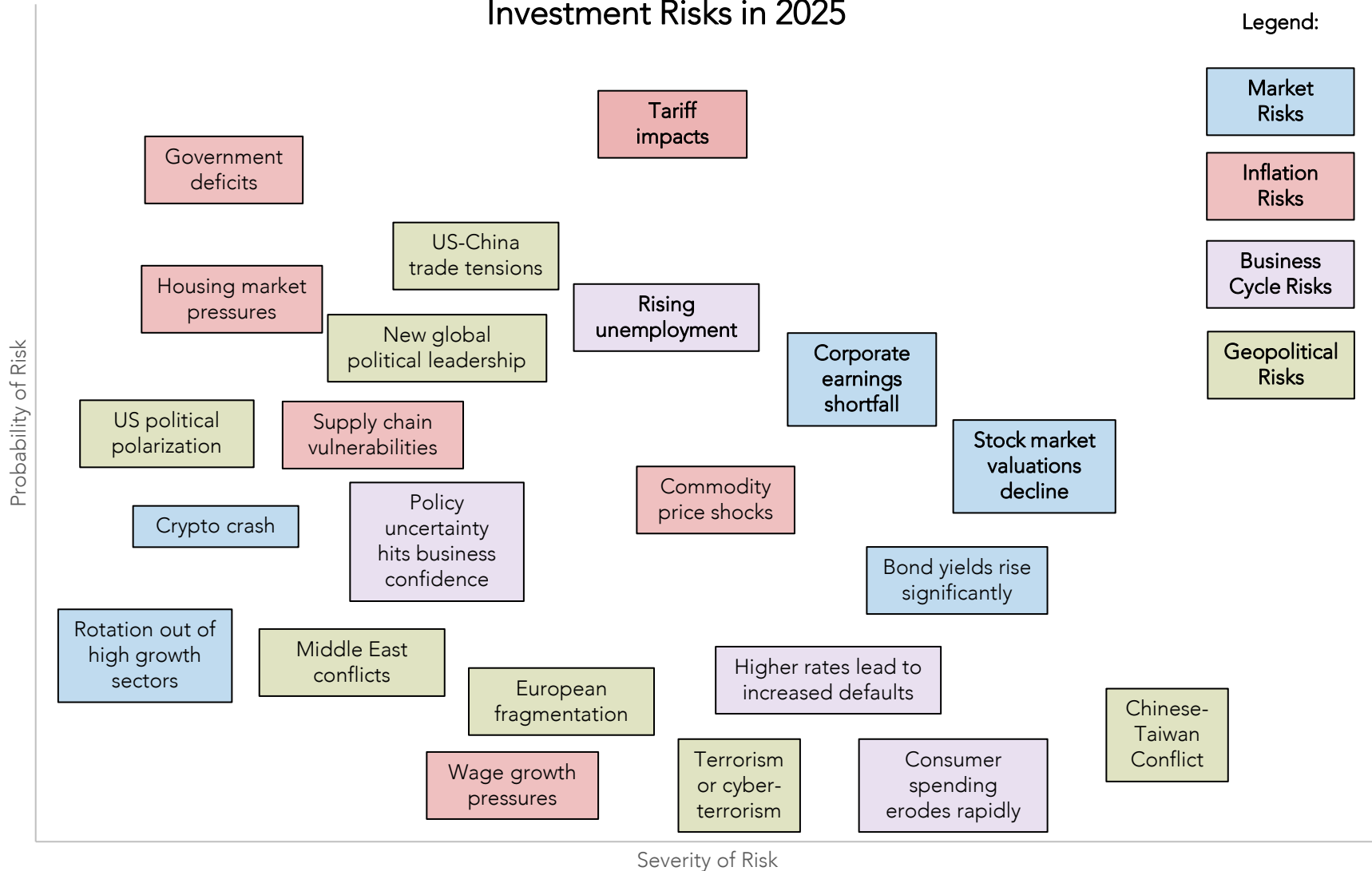


RISKS

Investment Risks in 2025

Legend:

- Market Risks
- Inflation Risks
- Business Cycle Risks
- Geopolitical Risks





CONCLUSION

- Stock markets experienced robust performance in 2024, driven by unexpected positive growth developments.
- As we head into 2025, the economic foundation remains strong:
 - Recession risks appear low.
 - The labor market and consumer are solid.
- Elevated growth expectations set a higher bar for positive surprises this year.
- Global economic policy uncertainty creates risks and opportunities in investment markets.
- The long-term outlook for market returns is favorable.



Q&A - THANK YOU!

Our Team



Thank you for the opportunity to serve on your behalf!



DATA SOURCES

Recession date source: National Bureau of Economic Research, Inc.

Slide 5 – “2024 Market Returns”;

Retrieved from Bloomberg; Asset classes are represented by - US Large Cap: S&P 500; Developed International: MSCI EAFE; Emerging Markets: MSCI EM; US Broad Market: ICE BofA US Broad Market Index; US Intermediate: ICE BofA 1-10 Year US Broad Market Index; Intermediate Muni: ICE BofA 5-10 Year US Muni Index; High Yield: ICE BofA US High Yield Index; Dow Jones UBS Commodity Total Return ETN; Convertible Bonds: ICVT US Equity; Preferred Stock PHGY Index; Managed Futures: ASG Managed Futures Fund; Hedge Funds: All Hedge Fund Index.

Slide 6 – “S&P 500 - 2023 & 2024”;

Retrieved from Bloomberg, dated 12/31/2024.

Slide 8 – “Asset Class Framework”;

Source: Greenleaf Trust Investment Research.

Slide 9 – “Expectations Entering 2024”;

Retrieved from Bloomberg; Real GDP Growth, Inflation, and Job Gain forecasts are median private forecasts for real GDP growth, the consumer price index (CPI), and average monthly nonfarm payroll gains in 2024; Fed Funds forecasts = December 2024 Fed Funds Futures; S&P 500 earnings expectation = BEst Bloomberg Estimates Earnings Per Share (EPS) , dated 12/31/2023. Asset Class Implications are from Greenleaf Trust Investment Research.

Slide 11 – “Expectations Entering 2024”;

Retrieved from Bloomberg; Real GDP Growth, Inflation, and Job Gain forecasts are median private forecasts for real GDP growth, the consumer price index (CPI), and average monthly nonfarm payroll gains in 2024; Fed Funds = Federal Funds Target Rate - Upper Bound, Source = Federal Reserve; S&P 500 earnings expectation = BEst Bloomberg Estimates Earnings Per Share (EPS) , dated 12/31/2024. Asset Class Implications are from Greenleaf Trust Investment Research.

Slide 12 – “GDP Growth”;

Retrieved from Bloomberg; Nominal GDP = Nominal Gross Domestic Product, Consumer Spending = Personal Consumption Expenditures, Private Investment = Gross private domestic investment, Government Spending = Government consumption expenditures and gross investment, Source = Bureau of Economic Analysis; dated 9/30/2024. Goods Spending = US Personal Consumption Expenditures Goods Current Dollars, Services Spending = US Personal Consumption Expenditures Services Current Dollars, Source = Bureau of Economic Analysis, dated November 30, 2024. Business Investment = Nonresidential Fixed Investment Growth, Source = Bureau of Economic Analysis, dated 9/30/2024.

Slide 13 – “Inflation”;

Retrieved from Bloomberg; CPI = the Consumer Price Index for All Urban Consumers (CPI-U), Source = Bureau of Labor Statistics, dated 11/30/2024.

Slide 14 – “Job Gains”;

Retrieved from Bloomberg; U3 Unemployment Rate = U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted, Source = Bureau of Labor Statistics, dated 11/30/2024; Monthly Nonfarm Payroll Gains = US Employees on Nonfarm Payrolls Total MoM Net Change SA, Source = Bureau of Labor Statistics, dated 11/30/2024.

Slide 15 – “Easing Into Easing”;

Retrieved from Bloomberg; Federal Funds Target Rate = Upper-Bound of Federal Funds Target, Source = Federal Reserve, dated 12/31/24; Odds of YE24 Fed Funds Rate = Target Rate Probabilities for Federal Reserve Meeting on 18 Dec 2024, Source = CME FedWatch Tool, dated 12/31/2023.

Slide 16 – “Earnings Growth”;

Retrieved from Bloomberg; S&P 500 Earnings Per Share = Trailing weighted 12m Earnings Per Share for S&P 500 Index, &P 500 earnings expectation = BEst Bloomberg Estimates Earnings Per Share (EPS) , Source = Bloomberg, dated 12/31/2024, CY 2024 EPS Growth - Calendar Year 2024 EPS Growth expectations, Source: Factset, dated December 2023 & December 2024.

Slide 17 – “Performance”;

Retrieved from Bloomberg; Mag 7 = Bloomberg Magnificent 7 Total Return Index, US LC Ex-Mag 7 = Bloomberg US Large Cap ex Magnificent 7 Total Return Index, International Stocks = MSCI ACWI Excluding United States Index, Bonds - The Bloomberg Intermediate US Government/Credit Bond Index, Commodities = Bloomberg Commodity Index, Cash = The Bloomberg US Treasury Bill: 1-3 Months Index, dated 12/31/2024.



DATA SOURCES

Recession date source: National Bureau of Economic Research, Inc.

Slide 19 – “Expectations Entering 2024”;

Retrieved from Bloomberg; Real GDP Growth, Inflation, and Job Gain forecasts are median private forecasts for real GDP growth, the consumer price index (CPI), and average monthly nonfarm payroll gains in 2024; Fed Funds forecasts = December 2025 Fed Funds Futures; S&P 500 earnings expectation = BEst Bloomberg Estimates Earnings Per Share (EPS) , dated 12/31/2024. Asset Class Implications are from Greenleaf Trust Investment Research.

Slide 21 – “GDP Growth Outlook”;

Retrieved from Bloomberg, author’s calculation of change from 9/30/19-9/30/24; Real Estate = Flow of Funds Federal Reserve Household and Nonprofit Organizations Real Estate Assets, Financial Assets = Flow of Funds Federal Reserve Household and Nonprofit Organizations Financial Assets, Other Assets = Flow of Funds Federal Reserve Household and Nonprofit Organizations Nonfinancial Assets, Liabilities = Flow Of Funds Federal Reserve US Households & Nonprofit Organizations Liabilities, Source = Federal Reserve Flow of Funds Tables; Savings Rate = US Personal Saving as a % of Disposable Personal Income, Source = Bureau of Economic Analysis, dated 11/30/24, Debt Service Ratio = US Federal Reserve Household Debt Service Ratio DSR Total SA, Source = Federal Reserve, dated 9/30/24.

Slide 22 – “GDP Growth Outlook”;

Retrieved from Bloomberg, OpenTable Seated Diners = Starting April 2023, OpenTable updated the data from February 19, 2023 onward to compare seated diners year over year, as opposed to comparing the observation year to 2019. This change only impacts data from February 19, 2023 and onwards. All data prior to February 19, 2023 is still comparing to 2019, source = OpenTable, dated 12/31/24, Redbook Same Store Sales = Johnson Redbook Index Same Store Sales Weekly YoY, source = Redbook Research Inc., dated 12/31/24, TSA Checkpoint Travelers = US TSA Checkpoint Numbers Total Traveler Throughput, Source = Transportation Safety Administration (TSA), dated 12/31/24.

Slide 23 – “GDP Growth Outlook”;

Retrieved from Bloomberg, Sources, NBER & Bureau of Economic Analysis, author’s calculations, dated 12/31/2024 & 9/30/2024.

Slide 25 – “Inflation Outlook”;

Source: House of Representatives Office of the Historian

Slide 26 – “Inflation Outlook”;

Sources: Taxfoundation.org, Wall Street Journal, dated 12/31/2024

Slide 27 – “Inflation Outlook”;

Retrieved from Bloomberg: Budget Deficit (% of GDP) = US Treasury Federal Budget Deficit Or Surplus as a % of Nominal GDP, Source = US Treasury Department, dated 12/31/2024, Net Interest Outlays (% of GDP), Source = Congressional Budget Office, dated 12/31/2024.

Slide 28 – “Inflation Outlook”;

Zillow Rent = US Zillow Rent Index All Homes YoY Smoothed Seasonally Adjusted, Source = Zillow, Inc., dated 11/30/24, New Tenant Rent = New Tenant Rent Index, Source = Federal Reserve Bank of Cleveland, dated 9/30/24, Shiller Home Price = S&P CoreLogic Case-Shiller U.S. National Home Price SA Index, Source = S&P/Case-Shiller, dated 10/31/24, Shelter CPI = US CPI Urban Consumers Shelter SA, Source = Bureau of Labor Statistics, dated 11/30/24.

Slide 29 – “Inflation Outlook”;

Median Forecaster = Median projection for change in the Consumer Price Index, Source = Philadelphia Fed Survey of Professional Forecasters, dated 11/15/24, 75-25th Percentile = Interquartile Range of projections for change in the Consumer Price Index, Source = Philadelphia Fed Survey of Professional Forecasters, dated 11/15/2024, CPI YOY (%) = US CPI Urban Consumers YoY NSA, retrieved from Bloomberg, Source = Bureau of Labor Statistics, dated 11/30/24, Inflation Swaps Pricing = USD Inflation Swap Zero Coupon Curve, Source = Bloomberg, dated 12/31/24.

Slide 30 – “Labor Market Outlook”;

Retrieved from Bloomberg; Native Born Labor Force = US Employment Civilian Labor Force Native Born 16 Years And Over Total, Source = Bureau of Labor Statistics, dated 11/30/24, Foreign Born Labor Force = US Employment Civilian Labor Force Foreign Born 16 Years And Over Total, dated 11/30/24, Labor Demand = US Job Openings By Industry Total SA + US Employment Total in Labor Force SA, Source = Bureau of Labor Statistics, dated 11/30/2024, author’s calculations

Slide 31 – “Labor Market Outlook”;

Retrieved from Bloomberg; Unemployment Rate = U-3 US Unemployment Rate Total in Labor Force Seasonally Adjusted, Source = Bureau of Labor Statistics, dated 11/30/2024, Median FOMC Forecast = median forecasts in December 18, 2024 Summary of Economic Projections, Source = Federal Reserve



DATA SOURCES

Recession date source: National Bureau of Economic Research, Inc.

Slide 32 – “Monetary Policy Outlook”;

Retrieved from Bloomberg; =Federal Funds Rate = Federal Funds Target Rate - Upper Bound, Source = Federal Reserve, dated 12/31/2024, Median FOMC Dot Path = median forecasts in December 18, 2024 Summary of Economic Projections of the Appropriate Policy Path, Source = Federal Reserve; Bond Market Pricing = rates implied from SOFR Futures Curve, Source = CME-Chicago Mercantile Exchange, dated 12/31/24

Slide 33 – “Corporate Earnings Outlook”;

Source = Factset Earnings Insight, dated December 2024, CY 2024 & CY 2025 refer to calendar year 2024 & 2025 earnings expectations for S&P 500 companies..

Slide 34 – “2025 Outlook”;

Retrieved from Bloomberg; Real GDP Growth, Inflation, and Job Gain forecasts are median private forecasts for real GDP growth, the consumer price index (CPI), and average monthly nonfarm payroll gains in 2024; Fed Funds forecasts = December 2025 Fed Funds Futures; S&P 500 earnings expectation = BEst Bloomberg Estimates Earnings Per Share (EPS) , dated 12/31/2024. Asset Class Implications are from Greenleaf Trust Investment Research. dated 12/31/24.

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