



2024 End of Year Letter

1/29/2025

To the Valued Members of Graham Wealth Management,

As I reflect on the past year, I am reminded of the privilege and responsibility it is to manage the investments and financial futures of individuals and organizations like you. I am deeply grateful for your trust and confidence in Graham Wealth Management (GWM). It's the foundation upon which our partnership and success is built.

2024 was another remarkable year for GWM. We are proud to share that our Assets Under Management (AUM) grew by an impressive 40.3% year-over-year, continuing the strong upward trajectory established in prior years. These achievements are a reflection of our mutual commitment to securing your financial goals.

Over the course of the year, we had the privilege of welcoming five new members—three young professionals and two families—bringing our community to 30 members across six states. The average member age now stands at a seasoned and insightful 41 years.

Many people think of GWM as simply a financial advising and investment company. But what does that really mean? At its core, it means turning *your* dreams into reality.

In 2024, GWM proudly supported our members in achieving life-changing milestones: helping two members save and purchase their first home, assisting five members with relocating, guiding three members to buy new cars, helping one member pay off debt, and celebrating two members' well-deserved retirements.

It's easy to lose sight of why we save and invest, often asking ourselves, "Why is this even necessary?" At GWM, we believe financial planning is more than just building wealth—it's about improving your quality of life. By saving and investing today, we create opportunities for a more secure and fulfilling tomorrow. Whether it's buying your dream home, driving the vehicle you've always wanted, achieving financial independence, or simply gaining peace of mind, GWM is here to help you turn financial goals into tangible realities.

2024 in Review

Reflecting on 2024 is no easy task. The year seemed to fly by, yet in hindsight it feels as though it stretched on endlessly. It is difficult to pinpoint notable events because the presidential campaigns and election overshadowed much of the year. While the election's profound impact on fiscal policy, the economy, and investments cannot be understated, this section will focus solely on the year's investment landscape.

The standout sectors of 2024 were technology, communication services, and financials, driven by innovation, cost efficiency, and favorable macroeconomic trends. Technology and communication companies, particularly those specializing in cloud computing and artificial intelligence, experienced rapid revenue growth and improved profitability. Aggressive cost-cutting measures further bolstered investor confidence, helping these stocks deliver outstanding performance.

The financial sector also enjoyed a strong rally following years of underperformance. Higher interest rates earlier in the year boosted net interest margins (NIM) for lenders, while the Federal Reserve's rate cuts, which began in September, provided additional momentum. By year-end, the Fed Funds Rate had been reduced from 5.25–5.50% to 4.25–4.50%, easing

borrowing costs and mitigating credit risks. This policy shift created a more favorable environment for financial institutions, driving robust sector performance.

In contrast, healthcare and materials companies were among the notable laggards of 2024. The materials sector struggled under the weight of high-interest rates, which slowed production and construction activity. This was compounded by an unexpected slowdown in China's economic growth, which significantly reduced global demand for raw materials.

The healthcare sector faced a relatively subdued year. Regulatory uncertainty was heightened by the Biden Administration's midyear crackdown on pharmacy benefit managers (PBMs) such as CVS and OptumRx. Additionally, the industry continued its reversion to pre-COVID norms after two years of extraordinary growth driven by pandemic-related products like vaccines and testing kits.

Despite ongoing challenges—including the war in Ukraine, heightened tensions in the Middle East, persistent inflation, and elevated interest rates—2024 was a year of remarkable economic accomplishments. The Federal Reserve made significant strides toward achieving the elusive “soft landing,” successfully lowering inflation while beginning to reduce interest rates from record highs to more accommodating levels.

These dynamics contributed to an exceptional year for the stock market, which delivered a 25% total return, including dividends. This followed an impressive 26% gain in 2023, marking two consecutive years of outstanding market performance despite a complex global and economic backdrop.

To navigate this environment, GWM applied a disciplined and strategic approach, focusing on income-generating assets such as broadly diversified U.S. equities across large-cap and small-cap sectors, high-yield money market accounts, and high-interest bonds. This strategy enabled our members to achieve consistent income, which was reinvested into undervalued assets for long-term growth. By capitalizing on market opportunities and emphasizing a balanced portfolio, our members were well-positioned to build a strong foundation for continued compounding and financial success.

The Election and 2025 Outlook

To call the 2024 election a significant event would be an understatement. Its magnitude and potential effects kept financial markets on edge, and rightly so. The stark contrasts between the candidates' policies highlighted competing approaches to major economic and political challenges. Regardless of how the election unfolded, when it comes to investing it is vital to focus on looking ahead and preparing to navigate current and future developments. For those who haven't already, I strongly encourage you to revisit our September letter, “[Investing Through Political Turbulence](#),” for additional context on managing investments during times of uncertainty.

To position ourselves advantageously with the Trump Administration now in place, it is essential to understand its economic policies and priorities. Trump's approach is direct and unapologetically focused on boosting U.S. business and manufacturing. Moving forward, we anticipate a continuation of favorable tax policies and a strong emphasis on U.S.-based technology and AI investments. Domestic energy production, particularly oil and natural gas, is expected to ramp up significantly under the administration's self-reliant energy strategy. Additionally, tariffs on foreign imports will likely boost U.S. manufacturing while further

reinforcing self-sufficient economic practices. Lower interest rates are also a key focus, creating additional opportunities for growth.

At GWM, we aim to align your investments with emerging opportunities while maintaining a balanced approach that ensures diversification and risk management. The United States continues to dominate in technological advancements, with major American companies investing hundreds of billions annually in research and development. This unparalleled spending, alongside the ongoing benefits of the CHIPS Act and a \$500 billion investment partnership from Oracle, OpenAI, Microsoft, and Softbank, highlights the strength of domestic innovation.

Trade policies are also expected to play a crucial role in shaping the economic landscape. Tariffs on foreign imports will provide competitive advantages to U.S.-based manufacturers and producers, further emphasizing the case for focusing on domestic companies over international peers.

Inflation and interest rates remain top stories heading into 2025. Although inflation is easing, its decline has been slower than anticipated. This restrained progress has induced the Federal Reserve to remain cautious, slowing the pace of interest rate cuts and keeping rates elevated for an extended period. While this presents challenges, it also creates long-term opportunities in areas such as long-term bonds and fixed-income investments. These instruments offer attractive yields exceeding 5%, along with potential capital gains as rates eventually decline. Higher interest rates also provide a boost to high-yield savings accounts and Treasury Bills, while benefiting banks and financial institutions through wider net interest margins.

Energy markets are expected to remain volatile due to geopolitical tensions in the Middle East and Ukraine, OPEC adjustments, and the Trump Administration's focus on increased domestic oil and gas production. These forces will create a mix of inflationary and deflationary pressures, requiring careful navigation in the months ahead.

Given these dynamics, we plan to position GWM members in a balanced yet confident posture. Trump's election victory has reinvigorated confidence in American business, with stronger corporate profits likely to translate into higher earnings per share, increased dividends, and share buybacks—providing direct benefits to stockholders. Our approach will focus on robust, U.S.-based cashflow-positive companies with strong pricing power, offering a defensive edge during periods of economic turbulence. We also plan to take advantage of current interest rate and inflation volatility by purchasing long-term bonds at discounted prices, locking in high yields and positioning members for future capital gains as rates gradually decline.

Finally, we will ensure that all portfolios remain well-diversified and aligned with each member's risk tolerance. This measured approach protects against overexposure to any single sector while capturing growth opportunities in an evolving economic environment.

As we move into 2025, GWM remains committed to guiding members through a complex and dynamic landscape. The current political and economic climate presents unique challenges, but also remarkable opportunities for growth and resilience. By staying informed, disciplined, and forward-thinking, we are focused on positioning your portfolio to navigate uncertainty and achieve sustained success.

Things to Think About in 2025

Too often in life, we find ourselves reacting to the events around us rather than taking a proactive approach—especially when it comes to our finances. It's easy to get caught up in the day-to-day without pausing to consider where we're heading and what steps we should take to stay on course. This year, I want to encourage a shift in perspective by offering an intellectual exercise designed to help you think ahead and plan with purpose.

At GWM, we work with members at different stages of their financial journeys. While the goals and challenges of savers may differ from those of pre-retirees and retirees, the principles of thoughtful planning, reflection, and goal-setting are universal. For this reason, I encourage all of our members—whether you're in the wealth-building phase or preparing for or enjoying retirement—to read both sections below. Though members' interests differ, the insights and strategies below can apply in unique ways to everyone.

To Our Pre-Retirees and Retirees,

Uncertainty often weighs heavily on those nearing or in retirement. Concerns about market fluctuations, the adequacy of savings, and the longevity of financial resources can feel overwhelming. The most important step for pre-retirees and retirees is to manage these risks effectively—not by avoiding them entirely, but by finding the right balance to ensure financial security.

Reaching retirement is a significant achievement, but it doesn't mean your role as an investor is over. Many retirees will continue investing for decades to preserve purchasing power and sustain their savings. Maintaining some level of investment risk is essential to combat inflation, though it's crucial to avoid excessive risk, especially in the early years of retirement. Sequence-of-returns risk—large financial losses early in retirement—can deplete a portfolio and threaten long-term income security.

A thoughtful, phased approach to risk management can help. Early retirement may call for a conservative portfolio to guard against downturns, with gradually increased risk exposure during mid-retirement to capture growth opportunities. In later years, reducing risk again provides the stability needed to protect your capital. This approach ensures your resources are prepared to weather uncertainties while supporting growth over time.

At GWM, we prioritize protecting your hard-earned capital and aligning your portfolio with your goals and risk tolerance. By managing expectations and crafting strategies tailored to your unique needs, we help you feel confident that your retirement resources are secure and positioned for long-term success.

To Our Savers,

I've never been one to put too much stock in traditional New Year's resolutions, but I do believe in the importance of looking ahead and creating a personal vision for one's future. Financial advising is fundamentally about planning for what's next—navigating an uncertain and unpredictable landscape to achieve your goals. The same principle applies to life: while we live day by day, it's essential to step back, take a broader view, and chart a course toward where we want to go.

One of the most impactful lessons I've learned—passed down by my father—is the value of having a five-year plan. This simple exercise can help turn aspirations into achievable goals. Ask yourself, “Where do I want to be in five years?” Then it becomes a matter of taking steps and making the decisions necessary to get there. Whether it's building financial security, preparing for major life events, or planning for retirement, this process can provide clarity and direction.

For working savers, the good news is that with a longer investment time horizon, uncertainty and risk are often less pressing. You have the ability to take on more investment risk, allowing your assets to grow and compound over time. This period is when aggressive saving and investing can be most effective, as compounding works to amplify your efforts. Use a five-year plan to set milestones such as increasing retirement contributions, building an emergency fund, or reaching a specific investment target.

By breaking down your goals into smaller, actionable steps, you take control of your financial future. Saving for retirement doesn't have to feel overwhelming—it's about consistently building toward the bigger picture and using the opportunities available during your working years to position yourself for long-term success.

To All Our Members, Savers and Retirees Alike,

As we enter a new year, I encourage you to take time to reflect on your financial journey so far and consider where you want to go in the years ahead. Whether you're actively building wealth or approaching retirement, having a clear vision for your future can make the difference in achieving your goals.

Ask yourself, “What do I want my financial picture to look like in five years?” For savers, this might mean setting specific milestones, adjusting contributions, or prioritizing goals like buying a home or planning for retirement. For those in or nearing retirement, it's about making your resources last, managing risks, and striking the right balance to sustain your lifestyle over time.

These are not always easy questions, but taking the time to think intentionally about the future is key. Reflecting and planning today can help you feel more confident and focused on the steps needed to create a secure and fulfilling future. No matter where you are in your financial journey, looking ahead allows you to align your actions with what matters most. At GWM, we specialize in state-of-the-art financial planning tailored to our members' unique goals and circumstances—if you're interested or need assistance, we're here to help.

Lessons from Investment Legends

To be a successful investor, we must learn to think like one. One of the best ways to develop this mindset is by applying the lessons of legendary investors who have consistently emphasized long-term patience and discipline. The key message I want to encourage our members to focus on this year is to think long-term like a business owner, not short-term like a stock trader.

Many people misunderstand the difference between a stock trader and an investor. At GWM, we see a stock trader as someone who views a stock as nothing more than a digital ticker, its value fluctuating by the minute. In contrast, an investor understands that a stock represents a real ownership interest in an operating business—a business with employees, products, customers, and long-term potential.

We encourage our members to embrace this investor mindset. One of my favorite analogies to illustrate this concept comes from my hometown of Dunkirk, MD. There is a McDonald's on the corner of the local park that has thrived for as long as I can remember. Week after week, families would pour in after Little League games, football games, and soccer practices. Over the years, as Dunkirk grew and the park became busier, I am confident that McDonald's sales grew alongside it.

Now imagine you had the opportunity to own that McDonald's. As an investor, you wouldn't buy it with the intention of selling it a few weeks later for a small profit. Instead, you'd hold onto it for 20 years, benefiting from growing sales, dividends, and the increasing value of the business. That's the long-term wealth-building mindset GWM aims to cultivate. We're not traders—we're business owners.

This same principle applies to the stocks and investments we make for our members. Wall Street headlines and hot news stories might tempt you to believe that wealth is created by trading in and out of businesses. In reality, the greatest wealth is built by identifying exceptional companies, purchasing shares in them at favorable prices, and holding the stock as their underlying businesses grow and thrive over time.

Once we've adopted this mindset and identified great businesses at the right price, there's one final, critical ingredient: patience.

Patience is often dismissed as a cliché, but it's the cornerstone of successful investing. As the saying goes, "Rome wasn't built in a day." Neither are sustainable portfolios. Developing a sound investment strategy and remaining disciplined will yield greater results than chasing short-term gains. When buying that McDonald's, you wouldn't expect it to double profits overnight. Likewise, you shouldn't expect your portfolio to double in a short timeframe. Great businesses take time to grow, and so do their profits and cash flows. Portfolios, too, grow steadily over time.

Patience allows us to appreciate the value of our investments and stay level-headed during inevitable market fluctuations. At GWM, we're constantly researching, analyzing, and assessing opportunities on your behalf. Our job is to ensure your capital is working for you, guided by the principles of sound investing. It's a reminder for all of us to remain patient and allow your investments to compound.

In 2025, remember: Be an owner, not a trader. Think long-term. Treat your investments as businesses, not just digital tickers. Patience is the key.

2024 Philanthropic Impacts

At GWM, we are deeply passionate about fostering opportunities that inspire and empower the next generation. Youth baseball and softball hold a special place in our hearts, as well as in the lives of many of our members. For many, these sports evoke cherished memories of playing in their youth, cheering for their children, coaching, or giving back as dedicated volunteers and mentors within their communities.

Over the years, our team and members have collectively contributed countless hours as players, coaches, umpires, administrators, and supporters to help local youth sports programs flourish. At GWM, we remain steadfast in our commitment to ensuring these opportunities endure and continue to enrich lives for generations to come.

In 2024, GWM proudly continued its commitment to supporting young athletes by donating to Little League USA, an organization deeply valued by our members. Our contributions help provide meaningful athletic opportunities and empower the next generation to pursue their dreams on the field. We also extended our support to high school baseball, further strengthening our dedication to youth sports and community development.

As Graham Wealth Management grows and evolves, we remain committed to expanding our philanthropic efforts, investing in our members' communities, and supporting causes that resonate deeply with us. Our mission is to empower people to lead happy, healthy, and financially secure lives in every way.

Closing Remarks

To those who've read this far, thank you for investing your time in yourself, your financial well-being, and ultimately your future. There's so much more I'd love to share with you, but I know that diving into every detail at once can be overwhelming. The goal of these letters is to keep you informed, share insights into GWM's mission, and help you understand how we approach managing your wealth.

We genuinely love what we do! Whether or not this was our business, we would still be immersed in the world of investing and financial planning—it's our passion. It's deeply rewarding to have you as part of this journey toward achieving and sustaining new financial milestones together.

Our commitment is to continuously protect and grow your wealth, while also empowering you with knowledge about investing and financial planning along the way. Education is a cornerstone of what we do, and we're here to help you feel confident and informed about the decisions we make together throughout our partnership. In addition to our [website](#), we invite you to join our social media platforms and share our content with your networks to enhance our community's reach and impact:

• [Facebook](#) • [LinkedIn](#) • [X \(formerly Twitter\)](#) • [The Falcon's Nest \(YouTube\)](#)

As always, I am profoundly grateful for your enduring trust in Graham Wealth Management as your financial advisor and steward of capital. We're excited for what 2025 holds and look forward to navigating the challenges and opportunities ahead with you.

If you have any questions, need guidance, or just want to chat, don't hesitate to reach out. We're always here for you. It's like Allie says in our video: "[You Are Our Priority.](#)"

Committed to your success,

Connor Graham, MBA, CRPC®
Chief Executive Officer