

HAPPY NEW YEAR! With 2024 behind us, we look forward to 2025 and begin thinking about how to make improvements in our lives personally, professionally, and financially. Many of us also begin to be mindful of how we want our lives to be concerning our health, how to make purposeful choices, and how to build or enhance relationships with those who impact our lives. MONTAG’s focus is on managing the wealth of our clients, but we also prioritize the human element. We believe that understanding individual and family nuances is critical to achieving a more meaningful outcome. This issue of Viewpoints includes our market outlook, while also focusing on why relationships matter for investment management. We hope you enjoy this issue of Viewpoints and as always, thank you for your confidence in MONTAG.

### MARKET OBSERVATIONS — Chris Guinther, Senior Investment Strategist

Through 12/31/24, returns for the various indices are as follows:

#### Q4 2024

<b>S&amp;P 500</b>	<b>2.4%</b>	<b>iShares Russell 2000 ETF (small-cap)</b>	<b>0.3%</b>
<b>Dow Jones Industrial Average</b>	<b>0.9%</b>	<b>US Aggregate Bond Index</b>	<b>-3.1%</b>
<b>NASDAQ</b>	<b>6.3%</b>		

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2024 concluded with another strong year with an 11% earnings growth for the S&P 500 compared to the 6% earnings growth in 2023. This contributed to a return of 24% for 2023 and another 23% for 2024. Most can deduce that with the market up much more than earnings, valuations also moved a lot higher. Not too many investors saw that coming, and even fewer anticipated that yet again, just a handful of companies (the largest 7 in the country) would contribute so much to the performance of the major indices. Those 7 gigantic companies now account for over 31% of the weight of the S&P 500 index and they are really driving the boat now. We’ve seen this kind of large concentration before such as in the 1999 ‘internet bubble’. The last time this happened, the technology sector fell ~80% from peak to trough starting in March of 2000, and it took 15 years for this sector to earn back those losses. We are not saying history will repeat itself, but being students of the markets and history, we are very aware of the risks that the markets can throw at us.

YTD Return	
NVDA	171.2%
TSLA	62.5%
META	65.4%
AMZN	44.4%
GOOGL	35.5%
APPL	30.1%
MSFT	12.1%
<b>Average</b>	<b>60.2%</b>

**6 of the Mag 7 Stocks Beat the S&P 500’s Return in 2024**

Continued on page 2

Diversification is generally regarded as the cornerstone of any investment manager's toolkit. While diversification can cause portfolios to lag in performance on the way up, it can really serve to protect portfolios from significant downside when the rain comes, and of course the rain always comes. We like to remind people of this as the market returns are high for such a small group of stocks.

While risks are always present, the good news is that the past two decades have brought more sustainable and resilient growth in the U.S. economy. The U.S. is more self-sufficient in terms of food and energy production and is lessening its reliance on trade. Our economy is less cyclical than in past decades, which supports higher valuations as more recurring revenue paves the way for more consistent earnings and cash flows. We expect these trends will continue with Trump's promises for less regulation and lower taxes. Investors have supported the change in Washington with positive price moves. We are expecting higher returns on U.S. capital and in turn ample capital inflows alongside a strong U.S. dollar over the next 5 years. What's not to like? Well for one, stocks and all sorts of asset valuations are historically high right now, and two, sentiment and investor bullishness are also historically very high. Stock

valuations have only carried a 22x price to earnings ratio one other time, which is of concern. Investor exuberance is high enough to make a pretty good argument that too much of a good thing is already expected, so be on the lookout for disappointment. At these levels, although the economy, earnings, lower interest rates, and stability of revenues all argue for a solidly growing economy, risk managers know that the markets can turn quickly when there is a crack. For this reason, we maintain diversification using multiple asset classes, strategies, sectors, stocks, and bonds.

We continue to expect lower interest rates. This is in contrast to the move higher in the past couple of months, but the inflation indicators we monitor still appear to be trending down and with that, we expect short and long-term interest rates may approach levels seen back in the 2010's.

We will continue to monitor and be thoughtful about building and managing client portfolios to take advantage of the positive themes while keeping an eye on protecting for the risks that present themselves in the future. ■

Source: All earnings/returns as reported by FactSet (1/2/25)

*"While risks are always present, the good news is that the past two decades have brought more sustainable & resilient growth to the U.S. economy....."*



Chris Guinther, Senior Investment Strategist & Portfolio Manager

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## **Why Relationships Matter in Investment Portfolio Management**

**Christine Quillian, Portfolio Manager, CFA, CFP®**

In an era dominated by algorithms, artificial intelligence, and automated trading, it might seem counter intuitive to emphasize the value of personal relationships in investment management.

However, by fostering trust, empathy, communication and personalization in an increasingly complex and uncertain world, we at MONTAG believe the human touch remains indispensable to long-term success.

## DID YOU KNOW?

What outdoor winter tradition was started in the United States in 1770 by a group of children in Boston?

- A. Sledding
- B. Snowmen
- C. Snow angels
- D. Snowball fights

(Answer on Page 4)

*“Strong personal connections foster trust, allowing clients to feel comfortable discussing their goals and concerns ..”*



Christine Quillian,  
Portfolio Manager, CFA,  
CFP®

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**Personalization** — one of the most compelling reasons to work with a MONTAG portfolio manager is the level of personalized guidance they provide. This extends beyond the numbers. Each client is an individual with a unique financial history, values, and expectations regarding money. Instead of relying solely on algorithms and standardized questionnaires, we adapt in real time to changes in a client’s life or market conditions. This type of approach can lead to more effective financial and personalized outcomes.

**Holistic planning** – investment management is just one piece of the overall financial puzzle. Having one person for taxes, another for estate planning, and perhaps another person for insurance can lead to decisions that may be beneficial in isolation but uncoordinated when viewed together. It is much better to have a central coordinator communicating among these specialist professionals, helping to ensure that financial decisions are integrated and aligned, leading to a more coherent financial life.

**Customization** — for clients with complex and intricate needs, like business ownership interests, executive compensation grants, trusts, and asset concentrations, it is crucial to work with someone who understands the individual’s personal history and collaborates effectively with their other professional advisors. This approach allows for a more nuanced and comprehensive strategy that incorporates the unique aspects of a client’s financial assets, which has the potential to lead to better outcomes.

**Expert insight and networked resources** — working with a MONTAG portfolio manager includes connecting to a wide network of professionals including tax and legal experts, rather than using “Google advice”. Linking clients to well-suited specialists creates a comprehensive support system, where clients can benefit from an interconnected and personalized team of experts supporting them toward their goals.

**Trust and rapport** — trust is a cornerstone of any financial relationship. Strong personal connections foster trust, allowing clients to feel comfortable discussing their goals and concerns. MONTAG portfolio managers aim to build rapport, ensuring clients feel both heard and understood. This leads to more productive discussions and a more effective investment strategy.

**Confidence** — confidence is built on trust and is particularly important in the context of wealth management. Clients need to feel confident in their financial advisor’s abilities and integrity. Trust builds over time through open communication, transparency, and consistent execution. By demonstrating genuine commitment to our clients’ well-being, we foster long-lasting relationships that extend far beyond the transactional aspects of investing. **M**

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## What is a Trusted Contact and Why Do I Need One?

Jane Morrow, Compliance Manager, IACCP®

When spending time with your family and friends, you may find yourself reflecting on how you and your loved ones support each other. As you do, you should think about who in your life you could designate as a trusted contact at your financial institution.

### What is a trusted contact?

A trusted contact is like an emergency contact, but for your financial accounts. This is an individual designated by you, the account holder, to act as a point of contact for your financial institution for a variety of reasons, such as if your financial institution suspects financial exploitation or cognitive decline or to confirm your current contact information.


### What can a trusted contact do?

Your trusted contact may be asked to confirm any of the following:

- **Your current contact information.** If your financial institution is unable to contact you, they might reach out to your trusted contact to confirm if your contact information has changed or what the best way to reach you may be.
- **Your health status.** If you experience a health emergency, your trusted contact can let your financial institution know what the situation is. Additionally, as clients age, questions regarding cognitive decline may arise. Your trusted contact is someone who, with your best interest in mind, can respond to any concerns raised by your financial institution.
- **The contact information for other authorized parties, such as powers of attorney.** If your financial institution needs to, but is unable to, get in contact with other parties whom you have designated to fulfill certain responsibilities, your trusted contact can assist in making sure your assets are being handled by the correct people.

You should keep in mind, though, that a trusted contact **does not** have any power over the accounts for which they have been designated a trusted contact. They cannot act on your behalf, execute transactions, or engage in any account activity. This person is quite simply, as the name suggests, a point of contact whom you trust.

### How does MONTAG collect this information?


At MONTAG Wealth Management, we ask all of our clients to complete and sign a **TPA (Trusted Party Authorization) Form**. This is where our clients can list the people they trust us to contact in the event we should need to. If you are a MONTAG client and aren't sure if or who you have listed as a trusted contact, you can reach out to the team here at any time to review your designations. These contacts can be invaluable in protecting you and your assets in the unlikely event something happens in the future. As everyone's grandparent says.....better safe than sorry! 

### DID YOU KNOW? (from page 3)

#### ANSWER:

B. Snowmen!

They were a popular way for communities to enjoy the winter months, using the abundant snow to create art and entertainment.

These frosty figures have brought joy and creativity to countless people for ages. 

Source: Facts.net



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