



NEWS FLASH:

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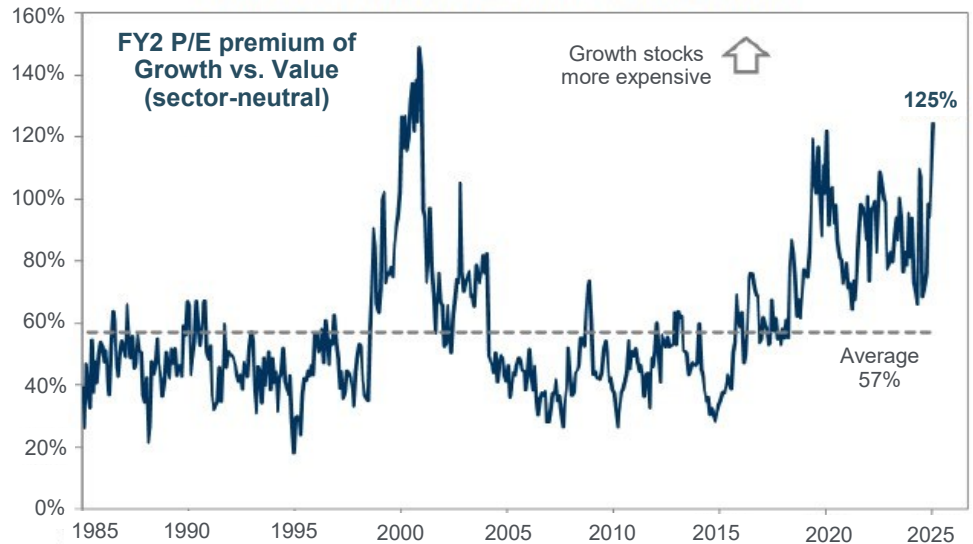
Market Commentary¹⁻⁴

Corrections are Normal—and Even Healthy

In recent weeks, we have seen increased market volatility and even a 10% correction. Depending on your news media feed, individuals are feeling emboldened or alarmed by recent headlines. Like most items in the media, we think the truth likely lies somewhere in the middle. We are not overly alarmed by the recent market activity and in fact have been advocating preparation for some time now. So what is driving our thinking?

Valuation of Growth vs. Value Stocks

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Source: Goldman Sachs Global Investment Research, 12/31/2024

Stock market gains in 2024 were driven by high volatility, day trading, speculation, and intense concentration on a handful of Tech related names. Value, profitability, and quality were largely ignored but these metrics have historically stood the test of time. In recent weeks, they are rising back to the forefront. Over the years we have strongly advocated valuation sensitivity and a focus on higher quality companies. We think this approach will once again serve us all well and help us navigate the months and years ahead.

(continued)

Thomas G. Foley
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Associate

You work hard for your money.

We'll work hard to help protect it.

For some time now we have noted a two-tier market and the significant concentration in the top ten names and in companies related to Artificial Intelligence (AI). At year end the top ten stocks in the S&P 500 totaled approximately 39% - with the Magnificent Seven (all AI related names) making up 35%. Meanwhile high dividend blue chips, international holdings and even some Small and Mid-Caps stocks remained ignored if not forgotten. To our line of thinking the latter creates opportunity but we also have noted the top-heavy nature of the market presents added market risk to all investors.

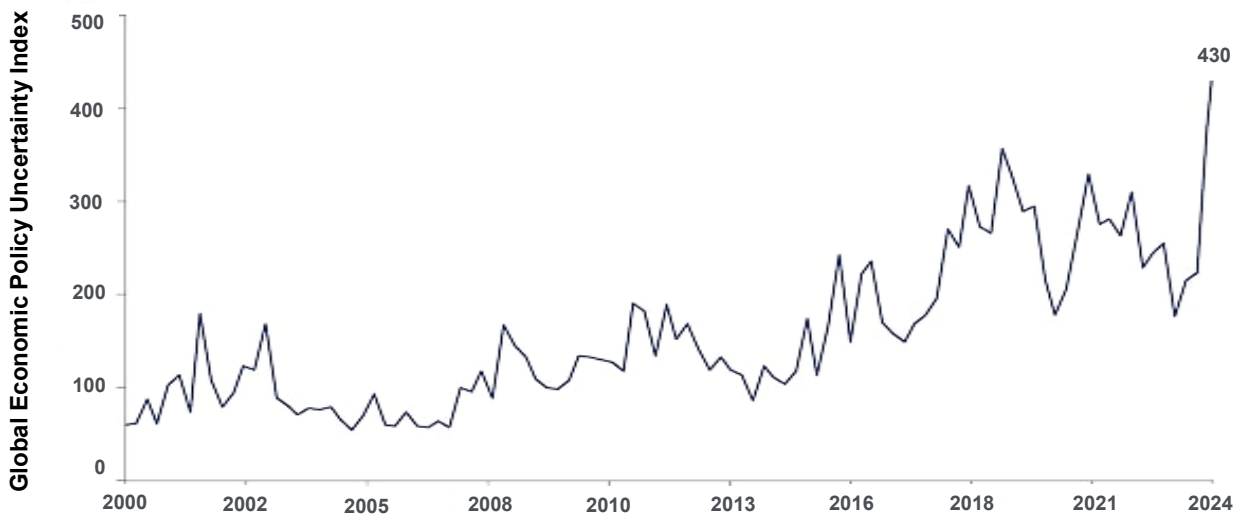
In addition, the Federal Reserve, in their effort to combat inflation, has deliberately slowed the economy down. As we kicked off the new year, we still expected a soft-landing for the economy but noted to many the job of taming inflation was still not done - the core consumer price index for February was just reported to be 3.1%. As such, the risks of the economy tipping into a recession remain higher than normal.

Lately global and domestic political risks have grabbed the spotlight in a major way. Historically we have advised investors to ignore politics as normally it matters little which party is in power.

(continued)

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Policy Jitters



Source: Bloomberg and Goldman Sachs Asset Management. As of January 31, 2025. For illustrative purposes only.

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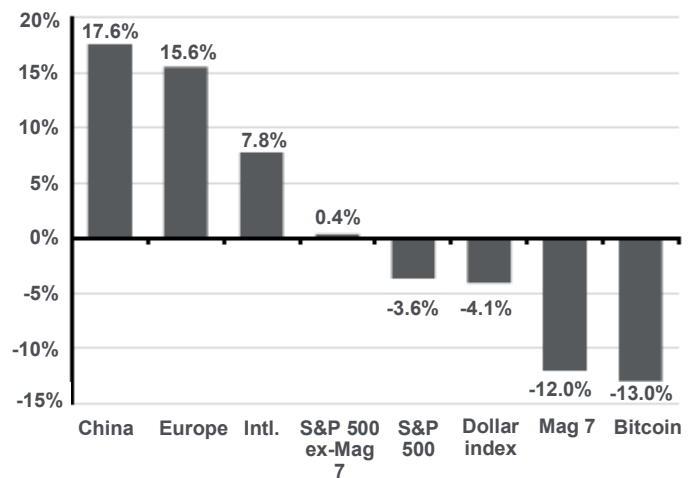
“QUOTABLE”

“THE STOCK MARKET CAN TYPICALLY BE COUNTED ON TO LOOK FORWARD 6-12 MONTHS IN ITS FORECASTING ABILITY. FOR THE PAST MONTH, THE MARKET HAS NOT LIKED WHAT IT SEES IN THE ROAD AHEAD. NEW UNCERTAINTY FROM TARIFFS, DOGE AND SHIFTING GLOBAL ALLIANCES HAS LED TO FUTURE EARNINGS UNCERTAINTY AND P/E MULTIPLE DISCOUNTING.”

BLAINE ROLLINS, CFA
HAMILTON LANE

Policy Uncertainty Weighing on U.S. Exceptionalism 6

Price index returns, USD, year-to-date



Source: Bloomberg, FactSet, J.P. Morgan Asset Management. Mar 21, 2025

Corporate America's job is to navigate the current set of rules and regulations and to return a high level of profits to investors. Corporate America is great at their job and, like water, they have always found a way. Given the speed and total amount of change currently being advocated we are not sure we can be so sanguine as the Global Economic Policy Uncertainty Index has skyrocketed and Consumer Confidence measures have flashed recession warnings.

"QUOTABLE"

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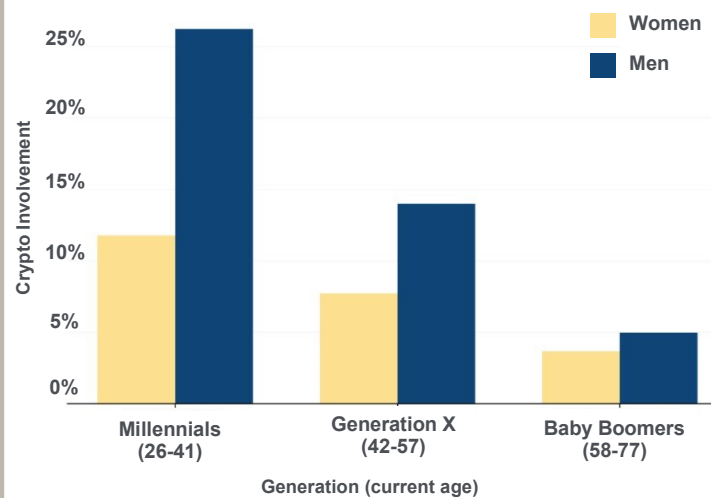
"A PROFITS BROADENING, COUPLED WITH P/E DISPERSION ON PAR WITH LEVELS LAST SEEN DURING THE 2000 TECH BUBBLE, PRESENTS A COMPELLING INVESTMENT OPPORTUNITY FOR QUALITY VALUE STOCKS AND NON-MEGA CAP NAMES."

**SCHARF INVESTMENTS
FEBRUARY 2025**

None of the above risk factors mean that we will tip into a recession, but they do highlight that our risks are higher. So how do we navigate these challenges? We continue to beat the drum to remind all investors of the importance of being balanced to their long-term risk tolerance. This is not a great time to take extra risk, especially with bonds offering higher rates than we have seen in the last 15 plus years. We also want all investors to be broadly diversified and to re-balance their portfolios back to targeted sector and style allocations. Finally, we have advocated that investors trim their winners and increase their holdings in the forgotten tier – those segments of the market which, to us, are offering true value.

(continued)

Crypto Involvement Rates by Generation and Gender



Source: J.P. Morgan Chase Institute

10-13, 23

Cryptocurrency: Returns and Concerns (Buyer Beware)

Cryptocurrency has grown in popularity, with Bitcoin, its most notable example, existing since 2009. However, its high volatility has led to sharp increases, as well as significant negative returns. Despite its current run, Bitcoin remains a speculative asset due to its volatility and lack of intrinsic value, with prices driven by investor sentiment and adoption trends. Cryptocurrencies are not FDIC or SIPC insured, leaving investors unprotected against losses from theft or exchange failures.

The Lazarus Group, a North Korean state-sponsored hacking organization, recently stole \$1.5 billion in Ethereum from Bybit, a Dubai-based crypto exchange. This incident highlights blockchain's strengths in transparency but also its vulnerabilities. Laundering stolen cryptocurrency is challenging, but an estimated 20% (around \$300 million) has already been laundered.

While cryptocurrency is entertaining to follow it is a very speculative asset and we do not know how it will perform in the future. Since we do not speculate, we continue to caution investors and note that buyers should beware.

Rule #1 is to never time the market, and we still believe it is in every investor’s interest to continue to adhere to this rule. Those investors who have embraced a balanced portfolio with broad diversification and valuation sensitivity are navigating recent markets just fine. Unfortunately, we have no guarantees that it cannot get worse before it gets better but we do remain confident that our approach will once again stand the test of time.

Know that we are here for you and welcome your calls and emails.

Tom Foley
Managing Director,
Private Wealth Advisor
 3/24/2025

“QUOTABLE” 14

“THE MESSAGE CONTINUES TO BE STAY FOCUSED ON VALUATION DISCIPLINE AND INVESTING FOR THE LONG TERM, IGNORING DISTRACTIONS.”

JIM CULLEN
 SCHAFFER CULLEN



“QUOTABLE”

“IF CONSISTENCY AND CLARITY DON’T BECOME POLICY NORMS, THEN INVESTORS SHOULD EXPECT THE RECENT REVALUATION TO CONTINUE. IF WASHINGTON CONTINUES TO ALTER TRADE, GEOPOLITICAL, AND EMPLOYMENT POLICIES AT A WHIM AND NOT ALLOW COMPANIES AND INVESTORS TO FULLY ASSESS ECONOMIC FUNDAMENTALS, INVESTORS ARE LIKELY TO SHIFT PORTFOLIOS TOWARDS THE SECURITY OF STABLE EARNING STREAMS.”

RICHARD BERNSTEIN

RICHARD BERNSTEIN
 ADVISORS



Mutual Fund Accounting ... In the Red? ¹⁶

Clients often get concerned when mutual funds look like they are in the negative. That does not necessarily mean you have lost money. Mutual funds are required to pay out all earnings (capital gains, dividends and interest) annually. These distributions are paid out in cash or get reinvested (which increases your cost basis). In short, this does not always mean you put added cash into the fund or that you, for sure, lost money. Your original investment total remains the same. Many bond mutual funds pay out monthly and on a total return basis are still making you money. Often as you are collecting cash, the share price can be declining slightly over long periods of time. That should not be a huge concern. Always keep in mind the original dollar that you invested and don’t be overly alarmed if your taxable cost basis (amount your paid in plus dividends, interest and capital gains) shows a loss. For example, the following sample fund is actually up 20% but your statement shows loss. *Please call should you ever have questions or concerns with this.*

| Original Purchase Price | Distributions | Cost Basis | Current Price | Gain/Loss |
|-------------------------|---------------|------------|---------------|-----------|
| \$10,000 | \$3,000 | \$13,000 | \$12,000 | -\$1,000 |

What is a Tariff? ^{17, 24}

A tariff is a tax on foreign-made goods, paid by the importing business to its home country's government. The most common kind of tariffs are "ad valorem", which are levied as a fixed percentage of the value of the imports. There are also "specific tariffs," which are charged as a fixed amount on each imported good (i.e. \$2 per shirt) and "tariff-rate quotas," which are tariffs that kick in or rise significantly after a certain amount of imports are reached (i.e. fifty thousand tons of sugar). Most economists find that the bulk of tariff costs are passed on to consumers and often cause increased price pressure (inflation). At the same time, tariffs may also harm exporters, who often cut prices and forgo near-term profits to hold on to their global market share.

Tariffs can serve several goals. Like all taxes, they provide a source of government revenue. Several countries have also used tariffs to help fledgling industries at home, hoping to shelter local firms from foreign competitors. Some tariffs are also meant to address unfair practices that other countries have used to make their exports artificially cheap. Tariffs, in most cases, are intended to protect local industries by making imports more expensive and driving consumers to domestic producers. In some strategic industries, often for goods with military uses, tariffs can be used to ensure a country doesn't rely on trade for its supply of critical products.

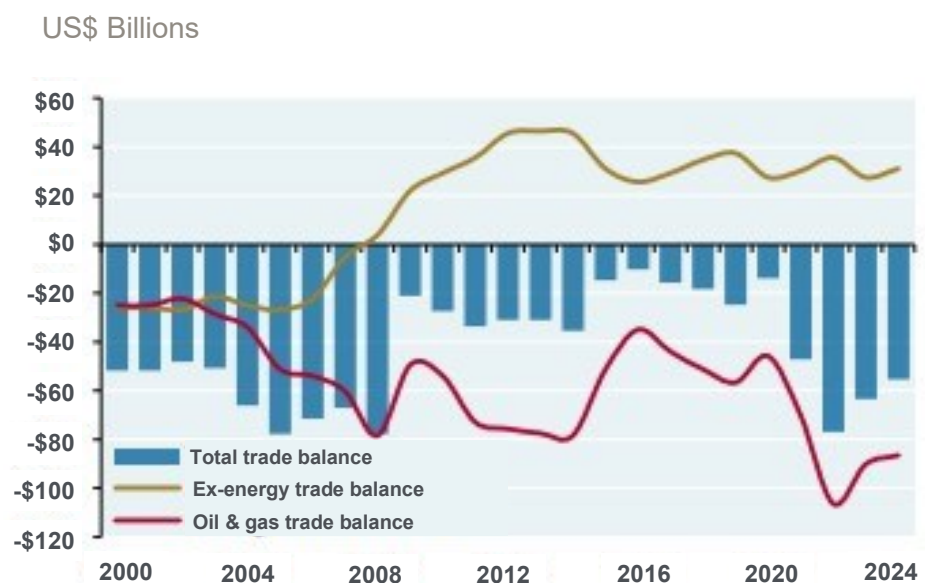
In short, economists believe tariffs have a variety of pros and cons but normally they lead to added costs and overall inefficiencies in global markets. The Trump Administration disputes that tariffs are inflationary and believe that their dedicated efforts to lower regulatory burdens will help to lower business costs and offset inflation.

"QUOTABLE" ¹⁸

"AS A REMINDER, ENERGY AND CRITICAL MINERALS SOLD BY CANADA TO THE US ARE BYPRODUCTS OF EXPLICIT US EFFORTS TO REDUCE RELIANCE ON THE MIDDLE EAST AND CHINA. THE NOTION THAT BILATERAL ENERGY DEFICITS WITH CANADA ARE "SUBSIDIES" IS ECONOMICALLY, POLITICALLY, AND GEOLOGICALLY ILLITERATE."

MICHAEL CEMBALEST
J.P. MORGAN

US Trade Balance with Canada ¹⁸

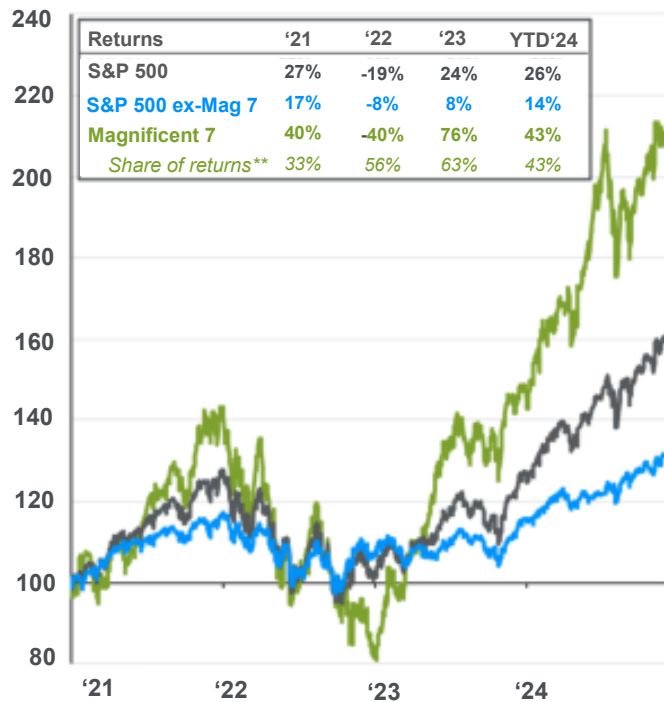


Source: Census Bureau, TD Economics, January 2025

Performance of “Magnificent 7” stocks in S&P 500*

2

Indexed to 100 on 1/1/2021, price return



Source: FactSet, Standard & Poor's, J.P. Asset Management.

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“QUOTABLE”

“ECONOMISTS AT GOLDMAN SACHS FORECAST THAT THE IMPORT TAXES WILL PUSH INFLATION TO 3% BY THE END OF THIS YEAR.”

**CHRISTOPHER RUGABER
OMAHA WORLD HERALD
MARCH 20, 2025**

Consumers Express Rising Uncertainty Over Path of Inflation

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Uncertainty Estimated by 75th Percentile - 25th Percentile of Expectations
3-Month Moving Averages



Source: University of Michigan, January 10, 2025

Buy Now, Pay Later

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You’ve probably seen them while online shopping: “Pay with easy installments!” Buy Now, Pay Later (BNPL) allows you to purchase items with a short-term installment loan and pay for them over time, often interest-free, instead of paying the full amount immediately. You typically pay the purchase amount in multiple, equal installments, often with the first payment due at checkout or shortly after.

Many BNPL providers offer interest-free financing, but may charge fees for late payments or other reasons. BNPL payments are generally not reported to credit bureaus, so they typically don’t affect your credit score (though late payments can be reported). So, what’s the catch?

The unfortunate reality is that BNPL is especially appealing to people in financial distress who have little credit history or bad credit. Also, because the easier it is to put off paying for things, the easier it is to end up in big debt trouble. Here are five risks to consider before you accept that next BNPL offer:

1. It encourages you to buy on impulse or overspend
2. It won’t help your credit score
3. Beware: Late fees can add up and hurt your credit score
4. It doesn’t provide credit card protections or perks
5. It’s not always interest free—be sure to check the fine print!

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*Magnificent 7 includes AAPL, AMZN, GOOGL, META, MSFT, NVDA, and TSLA. Earnings estimates for 2024 and 2025 are forecasts based on consensus analyst expectations. **Share of returns represent how much each group contributed to the overall return.
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Disclosures

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Help Wanted:

Trusted Contact

To comply with new regulations, we ask you for trusted contact information if you don't currently have anyone specified. This is optional, but strongly encouraged. A trusted contact is essentially an emergency contact we can get in touch with in the event we're unable to reach you or concerned about your health, well-being, or welfare (due to exploitation, endangerment, or neglect.)

Note: Specifying trusted contacts does NOT grant them access to transact on your accounts.

Medicare Review

Have you done your Yearly Medicare Plan Review? Periodically reviewing your Medicare plan ensures you have the correct coverage for your needs. Each year, there are new health plan and prescription drug coverage choices. You should review your current health and prescription drug coverage every year, prior to the fall, and make sure your plan is still right for you. If you need help finding a provider, please let us know.

Beneficiary Titling/Updating

Reviewing and updating your beneficiaries on your accounts is an important part of a good financial plan. Having up-to-date beneficiaries ensures that your assets are transferred to desired heirs outside the slow, public, and expensive process of probate. Make sure you review and update beneficiaries, as well as your overall Estate Plan, as major life events occur, such as births, deaths, marriages, and divorce.

Many assets that transfer by beneficiary designation, such as retirement plans or life insurance policies, have unique tax rules. By taking the time to carefully name your beneficiaries, periodically review those choices and make any necessary updates as time goes by, you stay in control of your money even after you're gone.

"QUOTABLE"

4

"THE CPI IS UP 2.8% FROM A YEAR AGO. CORE PRICES ARE UP 3.1% VERSUS A YEAR AGO."

BRIAN WESBURY
CHIEF ECONOMIST
FIRST TRUST ADVISORS

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Key Medicare Dates:

Initial Enrollment Period (IEP): The 7-month window, starting 3 months before your 65th birthday month and ending 3 months after, during which you can first enroll in Medicare Parts A and B.

Open Enrollment Period: October 15–December 7—Allows those with Medicare to review and make changes to their coverage for the following year, effective January 1st

General Enrollment Period: January 1–March 31—Individuals who missed their IEP can enroll in Medicare Parts A and/or B (potential late enrollment penalties may apply)

Medicare Advantage Open Enrollment Period: January 1–March 31—Allows those enrolled in a Medicare Advantage plan to make a single change to their plan.

The Foley Crew

The Foley Family – It has been a busy winter in the Foley household. Cal has been training to run in the Lincoln and Chicago Marathons. Paige graduates on time from Loyola Chicago in May and starts her new job with the Miami Dolphins in June. Georgia, a Sophomore at BC, is hoping to be selected for a medical research position this summer. Tamara, Otis the dog and I are adjusting to life in an empty nest.



The Hier Family – The Hiers are keeping busy with kid activities and sports. Spring and summers are now filled with soccer, dance, gymnastics and golf for the whole crew in the junior golf league. They grow up too fast. Spring break with the kids was spent in Florida with some great friends and the summer has plans for Cape Cod and Wyoming.

Christina - The Three Musketeers had a winter full of all things music! Lena (14) is busy rehearsing for a new play (Newsies Jr.) and is gearing up for her 8th grade track season. Julian (11) just finished a season in the district-wide musical performance based Orff-Schulwerk Honors Ensemble. Christina has been traveling to see musicals and concerts and had a couple of local guitar/singing gigs herself.



Planning for Your Success

Our goal is to help each of you achieve your personal investment goals. For some, it's funding a certain retirement lifestyle or creating a college fund for your kids or grandkids. For others, it's creating a legacy to pass along to family or charity. Others are in the building and accumulation phase of life. We believe we can help each of you accomplish your long term goals by establishing and adhering to a comprehensive financial plan, and we believe this because daily we bear witness to a lifetime of efforts coming to fruition. It is also why we look forward to each and every day.



Justin – The Kaufman Family is tired of being inside and is ready for warmer weather. Justin just finished his latest round of coaching his son Carter’s (10) basketball team. Carter hit his first game-winning shot and had his first violin recital. Lillian (6) recently started tumbling and soccer. She also completed her 10,000th cartwheel in their living room. Justin’s wife, Carrie, is busy planning their upcoming trip to Costa Rica, as well as making sure their household doesn’t fall apart in general.

Tammie— The Centeno family is in the thick of club volleyball right now. Tammie head coaches 11-year-olds and helps with 10-year-olds. Hector and Taylor coach 11-year-olds together and Jaiden coaches 16s.

Between watching volleyball and coaching volleyball, there isn’t much time for any other hobbies. Cali, their 3-year-old mini Aussie Doodle doesn’t love them being gone so much but she gets lots of attention when they are home.

She gets lots of walks, plays in the snow and loves to snuggle.



Introducing... Evan Eberly

Evan joined Hightower this February and has been adapting well to his new position. He grew up in Stanton, NE, and attended Nebraska Wesleyan University. In May 2018, he married Stephanie, and together they have grown their family. The first addition to their family was Jax, a rescue dog they adopted from an animal shelter. Steph and Evan welcomed their first child, Lillian, in February 2020, followed by their second, Calvin, in August 2022. They are now eagerly awaiting the arrival of their third child in April 2025.

As a family, they have a love for travel and enjoy exploring new places. Their most recent trip took them to Los Angeles, where they explored Santa Monica, took in the views from the Griffith Park Observatory, and ended their adventure meeting characters and riding roller coasters at Disneyland.