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MarketWise

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Election Noise Has Died Down—Now More?

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There is a lot of new noise.

I am sure we are all happy to have the election and all of the talk and anticipation about it over. There are a few things I feel very confident about.

Since I became a financial advisor in 1978, I have seen 11 presidential elections. And as Mark Twain is credited with saying, "history doesn't repeat itself, but it often rhymes."

However, maybe this time might be a bit different. It seems that many of the campaign rhetoric was more than rhetoric. At least thus far, it appears that President Trump seems to be acting on his campaign talking points.

While this time might seem different in terms of talking points and doing points, it's still to be determined.

I never believed that an election would change the course of the financials of this country. Also important to keep in mind, there are mid terms coming up in two years, and markets never wait for the election itself, rather they anticipate. And also keep in mind, we will have another presidential election in four years.

And what I would say about the presidential elections, from my early experience 48 years ago, (1978) when a younger me believed that each election was going to change the course of the financial markets, I found Mark Twain's words to be true. So now, will history rhyme with the past?

Many of you have asked me what my clients were thinking about the election and how they felt. The answer is simple—pretty evenly divided (just like the US population) half were thrilled, half very unhappy. But regardless of your happiness indicator, there will be another congressional election in two years and another presidential election in four years.

What I do know that politics and policies can impact the stock market, but business profitability is a stronger gauge that can't be ignored. Increased demand for goods and services boost company profits and ultimately stock prices. Profitability foreshadows what's to come for the market. Period. The rest is noise.

Innovation

Innovation is a major influence in the market. In my over four decades, I don't believe I have seen more innovation than I have in these last several years. It has been said that tech giants were more of a force in the market than the White House. Take Apple for example. They create jobs with suppliers and manufacturers (9,000 of these manufacturers and suppliers in the US) and through the IOS app economy, Apple is one of the biggest job creators in the US, supporting more than 2.7 million jobs.

They are the among largest taxpayer in the US paying almost $45 billion in corporate income taxes over the last five years. Now there is long list of companies that are serious rivals in innovation. And we are all the beneficiary of their competitive spirit. According to Forbes, the largest taxpayers are Alphabet (Google), Microsoft and Apple—all companies of innovation!

What are the other factors that are important to the market? Interest rates, economic outlooks, policy changes and of course wars. I believe it's not "the known" that has a major influence on the market, rather the unknown and unexpected. We all knew there was election in November, we all knew that one of the parties would win. We all knew it was very close—or at least the polls told us so. I have always felt it was best to have two parties in congress. My reasoning was simple. Nothing major would get done, and nothing major would get messed up. However, after this election, I went back and researched my theory about the two parties.

I found my theory to be incorrect. The results over 1 year, 3 years, 5 years, 10 and 20 years after the elections and

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The Power of Indexing

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In today's dynamic financial landscape, investors are increasingly turning to index-based investing to build more balanced and diversified portfolios. By tracking a broad market index, such as the S&P 500, or a sector-specific index, investors are gaining exposure to a wide array of assets with less risk than trying to pick individual stocks.

What Are Indexes?

An index is a benchmark or a collection of various securities that are grouped together based on certain criteria. For example, the S&P 500 includes 500 of the largest companies in the U.S., while the MSCI World Index includes companies from 23 developed countries across the globe. The beauty of indexes lies in their ability to offer a snapshot of the overall market or a specific sector, making them a powerful tool for investors who want to avoid picking individual stocks or constantly managing their portfolios.

The Benefits of Index Investing

1. Diversification Across Sectors and Asset Classes

When you invest in an index, you automatically gain exposure to a broad variety of sectors and companies. For instance, the S&P 500 spans across technology, healthcare, finance, energy, and more.

By investing in such a broad array of companies, index investors are reducing their exposure to any single company or sector, thus lowering the overall risk of their portfolio. This diversification is crucial, especially in uncertain or volatile market conditions.

2. Lower Costs

Traditional active investment strategies often come with high fees due to the research and management required to select individual stocks. Index funds, however, tend to have lower management fees because they are passively managed—meaning they simply track the performance of an index rather than making active investment decisions. These lower costs can lead to higher long-term returns for investors.

3. Reduced Risk of Individual Stock Failures

One of the most significant advantages of index investing is that it reduces the risk of investing in a single company that might underperform or fail. Instead of relying on the performance of just a few stocks, investors are spread out across many companies. If one company underperforms, the others in the index help balance out that risk.

4. Consistency and Long-Term Growth

While individual stock picking can often lead to erratic returns, indexes tend to be more stable over time.

They represent a broad market segment and have historically demonstrated consistent growth.

For long-term investors, this means they can potentially enjoy steady returns without the stress of constantly monitoring or adjusting their portfolios.

How Index Investing Creates More Balanced Portfolios

Creating a diversified portfolio means including a mix of different assets—stocks, bonds, and other financial instruments—that behave differently under various market conditions. By incorporating index funds, investors can gain access to a wider variety of assets without the complexity of managing individual positions.
For example:

Equity Index Funds: These track stock market indices and offer exposure to broad stock markets. With these funds, investors can tap into the performance of large-cap,

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having either different parties in office in the house and senate or the same parties— returns from the markets were almost indifferent. Table is on page 5.

Policy changes take time. Proposed legislation must pass through both the Senate and the House. An then it must be signed into law by the president. This process can take up to a year or more. Lots can happen in that year.

Misconceptions

Even though it's only been a few months since the election, that we can see these cycles are fraught with misconceptions, personal bias and bad information. Information that was interpreted by bias sources. Predictions that a candidate's policies will negatively impact certain sectors often prove to be wrong. Recall the Affordable Care Act (aka Obama Care). It was expected to harm the healthcare sector and those stocks had a sell off as a result. In actuality, the law created a new set of winners and losers—and many investors were able to dissect the truth and then profit from that reality.

The answer has always, for me, comedown to diversification. Many of you have asked our group what changes were we making going into the election and now after. We believe in appropriate diversification of your assets to build long term wealth. We don't have a crystal ball. We will not have home runs with diversification, but it is our intent to invest wisely during economic and election cycles. We tune out the noise and stay with the ever-changing facts. It has worked for our group over the long term.

Right now, innovation looks great. What will it look like 20 years from now? I can't even imagine. But it's our intention that we will be there investing in it and America.

Always keep in mind, that the news media likes and needs noise to keep you listening. There is plenty of noise now. Watch for the real implementation of proposals. More important let's watch for earnings.

Fires and Fire Drills—In the Market

by Bradley Zimmerman
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Did this year start with a fire or a fire drill for the market? We all got a quick reaction to the threat of tariffs both North of the United States in Canada, and South of the United States in Mexico. And, across the ocean in both directions, as well.

Generally, the market reacts to surprises. However, this tariff threat was not a surprise as it was discussed during the whole campaign. So, for the reaction to coincide with the inauguration was a bit of a surprise to me.

Ultimately earnings are what guide the pricing of the equities in the market. There is always a lot of noise. Looking at this chart to the right, it makes me realize how much noise there has been over the years—and how significant or insignificant today's noise is. The 2015 grouping of crisis shows a return that year of 1.38%. That year we dealt with the Syrian refugee crisis, Paris terrorist attacks and Greek debt crisis. Looking back now, you have to question why all of the uproar of the Greek debt crisis? But at that moment, it was a big issue.

Today we have a new president returned to office, continued turmoil in the Mideast, the Russia Ukraine War, and the tarriffs, still unresolved. Of course, I am concerned about all of these, but it's the unknown that I haven't mentioned that will be the big surprise for the year.

On the positive side, Artificial Intelligence is the buzz word of the day. How will that affect earnings today, tomorrow and in the future? That is what we need to think about before we change our investment plans.

I invest for earnings. I will continue to have my fire drills and be prepared with diversification in case of a fire. Let's look at this together. Look closely at the chart below and recall those events.

Year	Reasons Not to Invest	Stock Market Return for Calendar Year	Growth of $10,000 Invested from Year in Column 1 to 12/31/24
1975	Stagflation Air India Flight 182 bombed Widespread famine in Ethiopia	31.73%	$859,749
1995	Oklahoma City Bombing Tokyo subway sarin gas attack US Govt shuts down twice	37.58%	$224,278
2005	Hurricane Katrina London bombings Massive earthquake in Pakistan	4.91%	$71,750
2015	Syrian refugee crisis Paris terrorist attacks Greek debt crisis	1.38%	$34,254
2025	New Year's Day terrorist attack Middle East turmoil Russia-Ukraine War, Tarriffs	???	???

Source: Morningstar and Harford Funds

Past performance does not guarantee future results. Assumes an initial investment of $10,000 in stocks beginning on January 1 of the year in column 1 through December 31, 2024, reinvestment of dividends and capital gains, and no taxes or transaction costs. Stocks are represented by the S&P 500 Index, which is a market capitalization-weighted price index composed of 500 widely held common stocks. Indices are unmanaged and not available for direct investment.

Gen Z Joins the Jaffe Group

By Josh Zimmerman
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After nearly two decades of reading Jaffe Group newsletters, I am excited to finally contribute to one! My name is Josh, and I am the son of Brad, nephew of Sandy, and grandson of Barbara. I joined the Jaffe Group in November following my graduation from the University of Florida, where I obtained a degree in Business Administration with a specialization in Wealth Management, along with a minor in Economics.

Following my graduation from UF, I studied for and passed the CERTIFIED FINANCIAL PLANNER® (CFP) exam, which provided me with a strong foundation of industry knowledge and a variety of planning strategies that can enhance a client's journey toward achieving their financial goals.

Witnessing the real-world application of the concepts I studied at UF has given me a newfound appreciation for the impact the Jaffe Group has on our clients' lives. As I work to assist clients in an efficient and effective manner, I realize that this requires both extensive industry experience and strong teamwork.

Each day presents unique challenges and opportunities to help others with their financial well-being, and I feel fortunate to be part of a team with such a deep understanding of the best strategies to serve our clients' needs.

As I begin my career with the Jaffe Group, I look forward to working with and serving our long-standing clients for decades to come. I could not imagine a better team to grow alongside with as I navigate through the early stages of my career as a financial advisor and I am especially grateful that this team also happens to be my family.

Note from Barbara Jaffe: I asked Josh to share with our newsletter family a little about himself for his first contribution to the newsletter. I have always felt that we are a family that serves your family, and now we have the third generation to continue this journey. Please join me in welcoming Josh to both your family and ours.

Year In Review – 2024

by Diane L. Pauly
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2024 was another strong year for U.S. Equities. The S&P 500 rose 23% and hit 57 new all-time highs along the way. This followed a 26% return in 2023. Once again, we have AI (Artificial Intelligence) to thank for this above average performance. The "Magnificent 7" rallied 48%, and for the second year in a row, technology, communication services and consumer discretionary were the top performing sectors.

"Mag 7" contributed 55% of the index return in 2024 vs 63% in 2023. The "Magnificent 7" stocks are: Microsoft, Amazon, Meta Platforms, Apple, Alphabet, Nvidia and Tesla and have a combined market cap of approximately 17 trillion dollars. Despite that fact it's not all about AI. Financials in particular improved profitability and supported a 28% return for the sector in 2024 and Utilities closed up 20% for the year.

Winners and Laggards

Healthcare however lagged at 1% and the REIT sector ended the year up 1.3%. Looking back further the average annual return over the last 10-year period ending 12/31/2024 is as follows: Large Cap Growth stocks 16.8%, Large Cap Value 8.5%, Mid Cap Growth 11.5%, Mid Cap Value 8.1% and finally Small Cap Growth 8.1% and Small Cap Value 7.1%.

Interesting to note is the domination of a handful of companies that sit at the top of the S&P500 in market weight.

As of 12/31/2024 the top 10 companies in the index account for 38.7% of the total:

- Apple (7.6%)
- Nvidia (6.6%)
- Microsoft (6.3%)
- Amazon (4.1%)
- Alphabet (4%)
- Meta (2.6%)
- Tesla (2.3%)
- Broadcom (2.2%)
- Berkshire B (1.7%)
- JP Morgan (1.4%)

The remaining stocks represent the rest of the 492 companies in the S&P 500.

As we know the market never goes straight up without interruption. In 2023 intra-year the S&P 500 was (–10%) before closing up 24% and in 2024 intra – year was down (-8%) before closing up 23%. Despite average intra-year drops of 14.1% during the 1980–2024 time period, the average annual returns were 10.6% and the market was positive in 34 of the 45 years. (Source: FactSet, Standard & Poor's)

Stepping Aside

This speaks to the importance of positioning assets accordingly and staying the course. In fact, it is worth repeating that trying to time the market typically will significantly impact the portfolio in a negative way. A fully invested portfolio 2004-2023 produced an average annual return of 9.7%. If one had missed the 10 best days during that period it would have lowered the annual return to 5.5%, missing the 30 best day brings it down to .7% and if one had missed the 60 best days during that 20-year period the average annual return goes from 9.7% to negative -4.3%. (source: Bloomberg).

As the old adage says, it's not timing the market it's time in the market. This reminds me of something the late Charlie Munger said at the Berkshire Hathaway Shareholder meeting in Omaha …

"It's waiting that helps you as an investor and a lot of people just can't stand to wait." Successful investing takes time, discipline and patience and if you can take advantage of the increased contribution limits on retirement accounts this year the dollar cost averaging into the stock market can also pay off.

What about Bonds?

With regard to fixed income for 2024; 2yr, 10yr and 30yr Treasury rates stayed above 4% all year and as of early 2025 remain in that range. At its final meeting of 2024, The Federal Reserve voted to cut the federal funds rate by 25bps to a range of 4.25% to 4.5%. That said, statement language and the new Summary of Economic Projections (SEP) leaned hawkish.

The committee penciled in two rate cuts in 2025 vs four in the September Summary of Economic Projections. As always, the pace of rate cuts while sounding likely to be more gradual will continue to hinge on the coming data.

It is helpful to also look back over time at blended returns as many portfolios contain asset allocation based upon need for income as well as risk tolerance. The rolling average annual 20yr return (1950 – 2024) on a 60% equity, 40% fixed income, is 9.4% (source: FactSet).

The importance of appropriate asset allocation cannot be overstated as time horizon, risk tolerance and need for liquidity and income are all specific to each investor.

Which Rate?

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A few years ago, I wrote about distinguishing between the major stock market indices. People would ask: "What did the market do today?" and I would find myself responding: "Well, which market are you referring to?" Are you referring to the Dow? The S&P500? The Nasdaq? Because they are not all moving in the same magnitude or direction.

This year, as inflation has come down and all the talk shifted to interest rates, I find myself responding to questions about interest rates with… "which rate?"

Just as equity markets get lumped together into one proverbial "Market," different interest rates get aggregated into an all-encompassing, monolithic term: "Interest Rates."

Even though plural, people speak of interest rates as one number. This year reminded us why it is important to distinguish.

Just in advance of the Federal Reserve (The Fed) cutting the federal funds target rate (the rate banks charge each other for overnight loans) for the first time in four years, the narrative was absolute: "interest rates are coming down."

All the talk was how this was going to benefit the real estate market (also not a single market), and smaller companies who can depend more on borrowing to fund their operations. Advice was flowing to potential homebuyers to wait to purchase so they could take advantage of lower rates.

Fed Funds

However, the fed funds rate, a short-term rate set by the fed, can influence but does not determine the benchmark 10-year treasury (whose level more directly impacts for example mortgage rates than the rate set by the Fed).

That rate (and many other maturities and flavors of fixed income instruments) is determined by a market of buyers and sellers known as the Bond Market. At its meetings in September and November, Fed policymakers indeed dropped the fed funds target rate -- by a total of 0.75%. Yet, over that same period, not only did the 10-year Treasury yield not move down, it moved in the opposite direction rising as much as 0.80%, taking mortgage rates and longer term financing rates higher with it[1].

Conventional Wisdom

Not only was the conventional wisdom advising to wait to purchase a home, many market participants were advising to buy longer term bonds because for sure rates would come down (which means prices would go up, thus netting a great return).

However, bond market total returns, as measured by the broad Bloomberg U.S. Aggregate Bond Index, topped 5% for the year to date in September before the Fed cut the fed funds rate--after the Fed cut, the index's year-to-date total return slipped to 1.52%[2].

Yes, interest rates went down, but interest rates also went up! Not only did potential homebuyers and bond buyers not benefit from the rate decline, they actually suffered. We must understand what interest rates are being talked about, what influences them, and importantly, which ones directly impact our financial decisions and portfolios. Headlines and generalities do investors a disservice.

[1]U.S. Department of the Treasury.
[2]WSJ.com, based on year-to-date total return as of November 22, 2024.

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Same Party Results

Start	End	President	Majority Senate	Majority House	1Yr	3Yr	5yr	10yr	20yr
					Performance Following Start Date				
1937	1939	D - Franklind D Roosevelt	D	D	-34.73	-5.27	-7.47	4.37	11.12
1939	1941	D - Franklind D Roosevelt	D	D	-0.38	-7.37	3.71	7.18	13.38
1941	1943	D - Franklind D Roosevelt	D	D	-11.59	10.11	16.81	13.25	14.66
1943	1945	D - Franklind D Roosevelt	D	D	25.63	26.97	14.74	16.95	15.16
1945	1947	D - Harry S. Truman	D	D	36.31	9.82	10.6	17	14.88
1949	1951	D - Harry S. Truman	D	D	18.6	24.58	17.74	19.94	14.86
1951	1953	D - Harry S. Truman	D	D	23.97	13.21	23.76	16.08	12.06
1953	1955	R - Dwight D. Eisenhower	R	R	-0.94	25.63	13.51	13.4	11.64
1961	1963	D - John F. Kennedy	D	D	26.88	12.48	13.25	8.18	8.31
1963	1965	D - Lyndon B. Johnson	D	D	22.76	17.14	12.37	9.91	8.3
1965	1967	D - Lyndon B. Johnson	D	D	12.46	7.83	4.98	1.25	7.79
1967	1969	D - Lyndon B. Johnson	D	D	23.89	8.01	8.38	6.62	10.15
1977	1979	D - Jimmy Carter	D	D	-7.19	5.41	8.09	13.8	14.54
1979	1981	D - Jimmy Carter	D	D	18.45	14.27	17.3	16.27	17.73
1993	1995	D - Bill Clinton	D	D	10.08	15.35	20.27	9.35	8.22
2003	2005	R - George W. Bush	R	R	28.68	14.39	12.83	7.1	9.8
2005	2007	R - George W. Bush	R	R	4.991	8.63	0.42	7.6	
2009	2011	D - Barak Obama	D	D	26.46	14.12	17.94	13.12	
2014	2019	R - Donald Trump	R	R	21.83	15.28	18.48		
2021	2023	D - Joe Biden	D	D	28.71	10.01			
Average					**13.74**	**12.03**	**11.99**	**11.19**	**12.04**

Summary After	1Yr	3Yr	5yr	10yr	20yr
		Same Party-President-	**Both-Houses**		
#Positive	19	19	19	20	18
#Negative	5	4	3	1	0
Total	24	23	22	21	18
%Positive	79%	83%	86%	95%	100%
%Negative	21%	17%	14%	5%	0%

Sources:
Senate.gov and House.gov.
Congressional sessions run two years

Is There Something New Under the Sun?

By Sabrina Carter

In the last few months, I have had the pleasure of meeting some of our younger clients. Many are children of some of our clients and some are grandchildren of some of you. It has been a delight seeing their outlook on life, perspective on investing and desire to learn more and figure out this "adulting" thing.

Starting Younger

Many of them are exploring home ownership and taking advantage of the benefits offered by their employers as they begin their careers. According to the National Association of Realtors, approximately 21% of adults between the ages of 18 and 29 (Gen Z), owned their homes in 2024. Barron's reported in June of 2024 that 45% of this age group were investing and the average starting age was 19 compared to Baby Boomers who started closer to age 35.

Even though they are not my children, I feel so proud of them and the way they are taking charge of their financial futures. It is energizing to participate in this process with them. A great deal of what we do is in some cases new to them and in some, a refresher of what they have been taught.

Not only do they have you and The Jaffe Group, they also have **access**, that I did not have at their age, which gives them an advantage. Between the internet, AI, social media and college curriculums that now have wealth management as an area of focus, information is literally at their fingertips or the sound of their voice. This may be reflecting my age, but back in the early days of my career, none of that existed.

Luxury of Time

The conversations with these young adults are not completely different from the conversations we have with some of you. We explain the importance of diversification, long-term investing and staying the course. The big difference…. they have the luxury of more time! As we have seen, the stock market has historically grown exponentially, over time.

We encourage these young adults to take advantage of this time by starting early and being consistent with funding of their investment accounts. That includes contributing to any retirement plans that may be offered to them through employment…especially if there is a match!

So, is there something new under the sun?

Yes, there is. Improved technology and information at the speed of your router or server. And….no, there isn't. The basics are still the same. Buy low, sell high, have a plan, diversify, ignore the noise and stay the course.

We are fortunate to have the opportunity to work with each of you, and as the new generations enter this phase of their lives, we look forward to working with them as well.

Cybersecurity for Seniors: A Guide for Loved Ones

By Morgan Stanley

Caring for elderly loved ones can encompass many aspects of their life, including physical health, mental well-being and personal finances. With a growing number of cyber predators targeting senior citizens, it's important to also consider how you can protect them from fraud.

Seniors are actively embracing the digital age. Of individuals age 65 and older, 76% own a smart phone and 88% are active on the internet.[1,2] Digital activity coupled with a lack of tech and security savvy could make seniors an attractive target for cyber thieves. In fact, senior citizens lost a collective $3.4 billion in 2023, an 11% increase from 2022.[3]

As a caregiver, trying to protect your loved one from cyber criminals can be scary and overwhelming. How do you even start to fight back? This three-step roadmap can help you get started.

Step 1: Start the Conversation About Common Scams

This step can be the most difficult for caregivers, but it's one that they shouldn't skip. It might help to begin this discussion by gently reminding your loved one that anyone—no matter their age—can fall victim to a scam artist. Then talk about ways an individual can be targeted, such as the tactics listed below.

Social engineering: Many scams involve social engineering—using a false pretense to persuade individuals to share personal information or take action. Countless variations of these scams exist. Romance or online-dating scams featuring a predator that uses a dating website or social media to capitalize on an elderly individual's desire for companionship are common. So is the "grandparent scam," in which cyber thieves pretend to be a relative—usually a child or a grandchild—who is in distress and needs immediate financial help.

Phishing and vishing: A phishing scam typically starts with an email that looks like it's from a trusted or legitimate source and asks your relative to do something, such as download an attachment or click on a link that leads them to a website that seeks to steal their information or will infect their computer or smartphone with malicious software, known as malware. Educate your family member about the dangers of clicking on links or opening attachments, even from senders who look legitimate.

"Vishing" is a variation of this scam that takes place by phone. Your elderly loved one may receive a call from a fraudster purporting to be from an IT company and requesting remote access to their computer. Or they may claim to be with the IRS and ask for a Social Security Number to deal with an urgent issue with a tax return. Always be skeptical about an email or phone call that asks for personal information, requests immediate action or makes an offer that sounds too good to be true.

Social media scams: Roughly half of individuals 65 and

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older use social media.[4] Make sure your family member has his or her account-privacy settings ramped up and caution them to limit the personal information they share online. Warn your family member about online quizzes or surveys that may appear harmless. The data collected from them can be shared with many companies and lead to spam emails. Or, even worse, these quizzes may contain links to fraudulent websites, or collect their personal information to perpetrate identity theft.

Responding to scams: How should your elderly relative handle scams that originate through different means? Instruct them to do the following:

- Phone calls: Hang up immediately. Use voicemail to screen calls.
- Email: Delete the fraudulent email by marking it as spam/junk. Never respond to it.
- Text: Block the incoming number from their phone.
- Social media: Report the violation and block the user.

Step 2: Tackle Password and Account Security

Practicing good password hygiene and enabling Multi-Factor Authentication (MFA) for sensitive accounts are two of the most powerful yet simple ways to boost cybersecurity.

For optimal password protection, use a lengthy and unique password for each account. Reusing the same password for every account can lead to a hacker gaining control of all of them. Concerned about your senior loved one having to remember all those passwords? Set them up with a password manager. This software-based service creates unique passwords, securely encrypts and stores them and can auto-fill the passwords when your loved one accesses their accounts.

MFA requires using two or more methods of identification, such as a password, plus a temporary access code sent to a mobile phone, when logging into an account. Relying on frictionless forms of MFA, such as biometrics that employ facial or fingerprint identification, is a great, easy-to-use option. Be sure to enable MFA for your senior loved one's email account. A good email provider for a senior should be one that's reputable, automatically provides new security updates and offers robust spam-blocking.

Step 3: Conduct a Device Inventory

Create a list of all the devices your elderly relative owns. This makes it easier for you to keep things organized and consider getting rid of devices that aren't used regularly.

But it also can act as a checklist when ensuring all the software running on these devices (the operating system, applications and browsers) is up to date. Software updates regularly contain fixes to security bugs and play an important role in maintaining a strong cybersecurity defense. Devices that aren't regularly updated are prime targets for hackers.

Also, check to ensure that hardware, such as smartphones and computers, with access to sensitive information will automatically lock and require a password to reactivate. After securing the devices, make sure to configure the home Wi-Fi router and access points with unique usernames and passwords that are not the default ones that come with the equipment.

Protect Your Senior Loved One's Financial Wellbeing

Fee-based monitoring services, such as EverSafe, offer specialized protection for seniors that guards against internet scams, fraud and identify theft.

Additionally, seniors (and anyone) can add a trusted contact to their Morgan Stanley accounts under Profiles + Settings. This person serves as a designated point of contact in the event that there are concerns about the account holder's well-being or possible financial exploitation. The trusted contact does not have authority to take any action on the accounts.

Feel like you need to talk to someone about your loved one's financial wellbeing and how to help safeguard against scams? Get in touch with a member of the Jaffe Group. Our expert fraud and cybersecurity teams may be able to help.

Footnotes:

[1]Pew Research Center, Mobile Fact Sheet, Jan.31, 2024 https://www.pewresearch.org/internet/fact-sheet/mobile/

[2]Pew Research Center, Internet Fact Sheet, Jan.31, 2024 https://www.pewresearch.org/internet/fact-sheet/internet-broadband/

[3]FBI: Elder Fraud Report 2023, https://www.ic3.gov/Media/PDF/AnnualReport/2023_IC3ElderFraudReport.pdf

[4]Pew Research Center, Social Media Fact Sheet, Jan.31, 2024 https://www.pewresearch.org/internet/fact-sheet/social-media/

Disclosures:

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Power of Indexing Continued from Page 2

mid-cap, or even small-cap stocks across different sectors.

Bond Index Funds: Investors seeking stability can choose bond index funds that track the performance of government or corporate bonds, offering fixed-income returns that can reduce portfolio volatility.

Global Exposure: Many indexes include international exposure, offering investors a chance to participate in the growth of markets outside their home country, further enhancing diversification.

Through a well-balanced mix of index funds—ranging from equities to bonds and global markets—investors can spread their risk while increasing their chances of long-term growth.

The Bottom Line

Using indexes for investing has revolutionized the way people build their portfolios. With a focus on diversification, lower costs, and reduced risk, index investing has made it easier for everyday investors to create portfolios that are not only balanced but also capable of weathering the ups and downs of the financial markets. Whether you're a seasoned investor or just starting out, indexes provide a straightforward, efficient way to build a diversified portfolio that aligns with your financial goals.

In an ever-changing investment landscape, index funds offer a smart, stable, and sustainable approach to long-term wealth building.

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This and That

WHY SO GLUM? Bearish sentiment, as measured by the American Association of Individual Investors (AAII), increased to 47.3% as of the latest release on 2/13 — the highest level since 11/2/23. April 2013 was the last time bearish sentiment was above 45% when the S&P 500 was within 1% of a 52-week high. (Source: Bespoke, AAII).

EGG-SPENSIVE. Through 2/7, avian influenza led US producers to cull 21.1 million egg-laying chickens in 2025 on top of the 13.2 million culled in December 2024. Combined losses since the start of December account for roughly 12% of the total flock, helping drive the national average wholesale price for a dozen eggs to a record $7.34. (Source: USDA)

SEARCHING FOR THE WORD "TARIFFS". Google searches for "inflation" in the US spiked 1,000% from the end of 2020 to their peak in August 2022, but search interest for "tariffs" in the first week of February was double the 2022 peak for "inflation." The word "tariffs" was searched for in the DC area at more than twice the rate of any other state. (Source: Google Trends)

"VAULT" DISNEY. A four-day visit to Disney World for a two-parent family of four at a value-priced Disney hotel cost $4,266 in 2024 according to travel data provider Touring Plans, which represents a 32% increase from five years ago. Nearly 80% of the increase in costs during that period came from services and add-ons that used to be free. (Source: WSJ)

PENNY WHACKED. On 2/9, President Trump instructed Treasury to stop minting pennies due to their high cost of production. The cost to produce a penny in 2024 was 3.69 cents. The nickel also costs more to produce (13.78 cents) than it's worth. Both coins have been more expensive to produce than they're worth for 19 straight years. (Source: US Mint)

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