



Q1 2025 Conference Call Summary

You can click on each link to jump to the discussion of the topic.

- [Quote](#)
 - "The most important return for your portfolio is the net, after-tax, after-volatility tax, after-inflation, compounded return. For our clients that have taxable accounts, 2025 will be a year where we will be rolling out strategies to help you maximize your 'most important return'."
- Chicago Partners
 - **Net:** This refers to the after-advisory fee return. We keep our advisory fee low relative to the industry and act as your advocate to negotiate lower custodian, margin, and trading fees.
 - **After-Tax:** We can amplify the after-tax return by minimizing turnover in your portfolio, properly asset locate investments that might be tax inefficient by investing those assets in an IRA account, harvesting losses in taxable accounts, utilizing Quantinno DEALS overlay strategy, and implementing other strategies.
 - **After-Volatility Tax:** With consistent returns come a higher ending portfolio value. We want our clients to have a smoother, stronger experience.
 - **After-Inflation:** For investors, they need to supersede inflation, or inflation monetizes the value of the portfolio. Our focus is to help your investments beat inflation.
 - **10-Year Treasury Yield:** Nominal yield of 4.58% with inflation factored in, the real yield is only 1.28%.
 - **Compounded Return:** Since 2005, private equity has averaged a return of about 14.8% with volatility represented by a standard deviation of 9.6%. Incorporating private debt can help provide a robust, strong return with lower risk and volatility.
 - **Bondbloxx:** 87% of US companies with revenues greater than \$100MM are private. We want our clients to have some private company exposure so that we can help diversify, reduce risk, and amplify returns.
- [US Treasury Yield Curve](#)
 - This indicates what the Fed is doing with regards to monetary policy. The Fed has lowered interest rates, creating an upward sloping yield curve which portends growth in the economy.
- [World Interest Rate Probability](#)



- This gives us an indication of what markets anticipate will happen with regards to interest rates. As of right now, it is unlikely, only a 6.9% chance, that the Fed will cut interest rates on January 29th.
- [Current National Debt](#)
 - National debt is at \$36T with interest on the debt being over \$1T. With higher interest rates, it costs more for the government to finance the debt, impacting the budget in Washington D.C.
 - Assets continue to grow at \$202T of U.S. total national assets.
- [Market Return and Earnings Growth](#)
 - Market Return = Earnings Growth + Dividend Yield + Change in the PE Ratio
 - [Large Cap](#)
 - Earnings growth of 10.34%, dividend yield of 1.36, change in PE Ratio of 22.44
 - The change in PE Ratio Change is considered elevated relative to the last 25 years.
 - [Mid Cap](#)
 - Earnings growth of 6.42%, dividend yield of 1.77, change in PE ratio of 16.47
 - The valuation is dramatically lower than Large Cap as seen by the lower PE ratio.
 - [Small Cap](#)
 - Earnings growth of 8.52%, dividend yield of 2.51, change in PE ratio of 16.04
 - The lower PE ratio means that Small Cap stocks are less expensive, but for the return to be higher than Large Cap, we need to see an expansion in PE ratio or earnings superseding the expected 8.52%.
- [Economic Growth](#)
 - Long term trend for economic growth in terms of GDP growth is 2.1%.
 - We have a consumer-oriented economy. About 68% of our economy is funded by consumers. When consumers have jobs and money to spend, it helps the economy.
- [S&P 500 Valuation Measures](#)
 - We have a highly valued stock market right now in terms of Large Cap stocks, especially the Mag 7-type stocks.
 - This means we need to have earnings growth and dividends to continue to experience strong growth.
- [P/E Ratios and Equity Returns](#)



- When we have higher levels of PE ratios, the return expectations are more muted. You can see a slightly positive expected return based on what has happened historically over the last 30 years.
- [Checklist: Optimal Recessionary Conditions](#)
- [Leading Economic Indicators](#)
- [Major League: CP Strong performers Update](#)
 - Cascade
 - Helps you have exposure to private investments in a prudent way.
 - They have delivered strong returns relative to S&P 500 and other indices with less volatility in the return stream.
- [Minor League: CP Investment Committee's Research and Development](#)
 - BondBloxx
 - They are bringing a private-credit-type solution to ETFs.
 - This is attractive because an ETF has trade plus one day liquidity, so you can invest today and sell tomorrow.
- [Private Credit Update](#)
 - Private credit was the leader last year in 2024 and has been near or at the top since 2007, with the exception of 2008.
 - We have been investing in PC since 2018, about 7 years, and CEO Steve Cohen of Point72 wrote that private credit is now a rapidly growing \$3T market. We want our clients to have secular, long-term exposure because it offers potential durability and resilience as an asset class.
- [14 Stages of Trading Psychology](#)
- [2025 Financial Checklist](#)
 - Review your contributions, beneficiaries on all accounts, and update your cash flow plan.
 - Now is a good time to review your spending and saving habits of last year to see where you need to focus in the coming year.
- [Client Tools and Resources](#)
 - Client Access
 - Custodian Login
 - Client Portal and Mobile app
 - Wealth Management System (WMS)
- [Cybersecurity](#)
 - Most people are familiar with the term “phishing” which is email scams, but it is important to be aware of “smishing” which is text or SMS scams.
 - Review the red flags to identify if it is a smishing attempt.



- Take action if you suspect smishing.
- Instead of contacting the way you were reached out to, go to your actual site or mobile app, reach out to the contacts you already have saved and know are correct.
- [Young Investors Webinar](#)
 - Highlights the basics of financial literacy and investing for Young Investors.
 - The next call of the series will take place on Wednesday, January 29th. Please reach out to your advisor if you have contacts you would like to invite to the call.
- [Q&A](#)