THE COOK REPORT

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The Cook Company, LLC is an independent registered investment adviser committed to meeting client objectives with comprehensive, unbiased financial advisory services.

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Timothy M. M. Cook
timcook@attcook.com
1999 Broadway, Suite 810
Denver, CO 80202
303-572-6650

RINGING IN 2025!

Happy New Year! As the calendar turns to 2025, we marvel with humility and awe at the events that took place over the course of 2024. From feats of engineering prowess to the simplicity and beauty of our natural environment, our optimism for the future remains unshaken as we enter the new year.

In this edition of *The Cook Report*, we review some events of the past year that fuel our positive outlook, recap equity market returns, and explore some of the economic and political themes that will shape the long-term outlook for investors.

MECHAZILLA

If there was one event in 2024 that serves as a catalyst for an exciting future, it was SpaceX's successful capture of a super heavy rocket booster in October. We watched the videos multiple times and each time shook our head in giddy awe at the engineering feat. The successful capture was made on the fifth test, and as with many nascent technologies, the sixth test failed. Nevertheless, the future of space exploration is bright. Future launches will take less time to prepare, and costs will come down as boosters are reused. Such innovations demonstrate the power of the human mind and the exciting technological advances on the horizon.

THE GREAT OUTDOORS

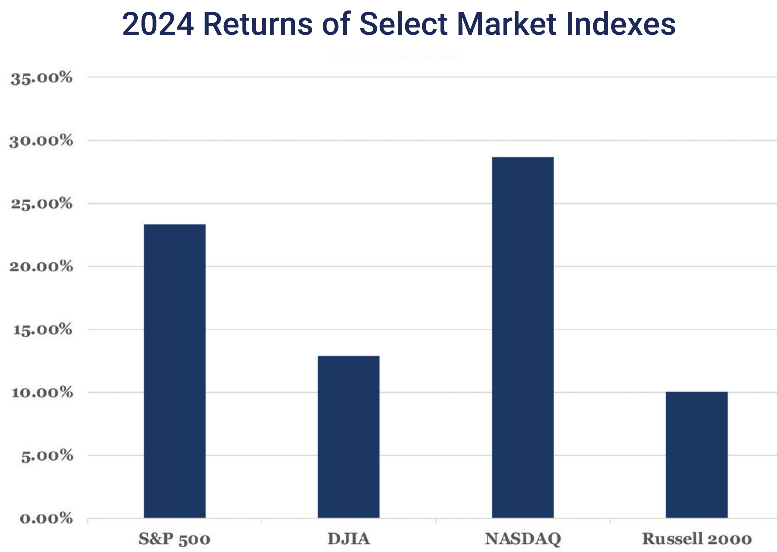
On the opposite end of the spectrum, we had multiple opportunities during the year to retreat to the wide-open spaces that are abundant in the U.S. Highlights included a family road trip from Denver to San Diego in July that began with a stop at Zion National Park in Utah, as well as a backpacking trip in Colorado's Holy Cross Wilderness. Hikes through The Narrows and to the Emerald Pools at Zion reminded us of the importance of disconnecting and appreciating the natural spaces available to us. Even in extreme environments such as deserts or high alpine valleys, nature has a way of creating a thriving ecosystem for plants and animals. Watching our boys soak up these adventures and listening to their eager descriptions of their experiences gives us hope that our natural environment will continue to provide balance alongside groundbreaking technological advances.

HEADLINE (cont.)

MARKETS KEEP CHUGGING ALONG

Equity markets continued their upward momentum over 2024, with the S&P 500 finishing the year with its best two-year period of returns since 1997-98. The index finished the year with an increase of 23.31%. Other indices also added to their gains, with the Russell 2000 index of small capitalization stocks up 10.02%, the tech-heavy NASDAQ up 28.64%, and the Dow Jones Industrial Average up 12.88%.

As with 2023, one-third of the gains in the S&P 500 were due to ten stocks, with Nvidia once again leading the way. Growth and tech-oriented stocks continued to outpace value, with large caps outperforming smaller company stocks. International equities saw positive returns, but did not keep up with their U.S. counterparts.



NEW ADMINISTRATION

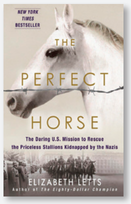
With a new administration set to take office in the U.S., there is optimism that a more favorable regulatory and tax environment could continue positive economic growth. Passing legislation to extend expiring tax cuts is a priority, although narrow Republican majorities in Congress do not guarantee success. Further, it is hoped that President-elect Trump's bark is worse than his bite on the issues of tariffs and immigration restrictions. Heavy use of tariffs or a noticeable reduction of available workers could both put upward pressure on inflation—which is not yet conquered.

As we have counseled before, policy platforms are aspirations and do not have the force of law. It is wise to allow the legislative process to play out before making changes to your long-term financial positioning. There is a lot of noise right now, particularly as the transition to a new administration and Congress unfolds. As legislation is completed, we will look forward to working with you to review its effects on your situation and adjust as necessary.

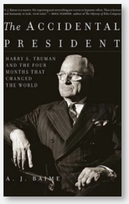
CHEERS!

We don't know what the Mechazilla of 2025 will be, but we are confident that human ingenuity will continue to awe and inspire. While we anticipate such advances, we look forward to disconnecting for spells into the great outdoors. We hope you carve time to pursue the activities that provide you happiness and satisfaction. Above all, we hope 2025 is a year of new adventures, good health, and prosperity. Cheers!

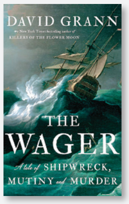
READER'S CORNER



The Perfect Horse/The Daring U.S. Mission to Rescue the Priceless Stallions Kidnapped by the Nazis, by Elizabeth Letts (Ballantine Books, New York, 2016) combines several important themes related to WWII.



The Accidental President/ Harry S. Truman and the Four Months That Changed the World, by A. J. Baime (Harper Collins, New York, 2017) is a compelling chronicle of Truman's challenging first months as President, following FDR's death.



The Wager/A Tale of Shipwreck, Mutiny and Murder, by David Grann (Doubleday, New York, 2023) takes place in the early 1700s about a British treasure seeking mission in South America and concludes in a naval inquest in London.

IN THE NEWS

- "Financial Guru, Bestselling Author, TV Star? Not So Fast," by Jason Zweig (***The Wall Street Journal***, November 1, 2024) cautions us that the marketing efforts to attract clients and their money can often be misleading — *caveat emptor!*
- "How Seniors Can Do Smart Roth IRA Conversions," by Laura Saunders (***The Wall Street Journal***, November 8, 2024) provides a thoughtful summary of the issues involved. We are living longer and facing critical decisions to make the money last.
- "We Answer Your Questions on Roth IRA Conversions," by Laura Saunders (***The Wall Street Journal***, November 29, 2024) is a useful follow-up to the above Roth IRA article.
- "The Best Books and Podcasts in 2024 About Aging and Retirement," by Diane Cole (***The Wall Street Journal***, December 1, 2024) focuses on enjoying the pleasures of a fulfilled life amid the challenges of aging.