

## SAN DIEGO SEND-OFF

Friday, January 31st, 2025

If you are receiving this email, it is because you are a client and/or friend of the La Jolla Private Wealth Group of Wells Fargo Advisors. The idea behind the *San Diego Send-Off* is to keep you abreast of interesting trends we are seeing in the market/world.

Best Regards,

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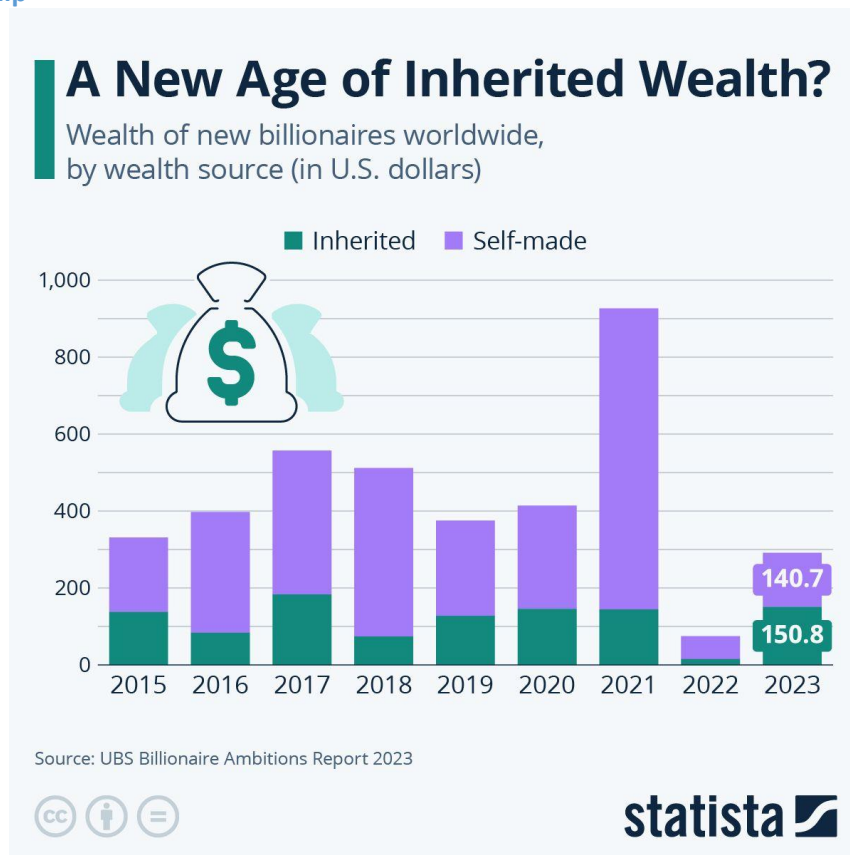
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**La Jolla Private Wealth Group:** 2025 Forbes Best-In-State Wealth Management Teams. Source: Forbes.com. 2025 Forbes Best-in-State Wealth Management Teams: Awarded January 2025; Data compiled by SHOOK Research LLC based on the time period from 3/31/23-3/31/24. Fee paid for use of marketing materials. The Forbes Best-In-State Wealth Management Teams rating algorithm is based on the previous year's industry experience, interviews, compliance records, assets under management, revenue and other criteria by SHOOK Research, LLC. Investment performance is not a criterion. Self-completed survey was used for rating. This rating is not related to the quality of the investment advice and based solely on the disclosed criteria. 11,674 wealth management teams were considered for the rating; 5,331 (45.66% of candidates) were named 2025 Forbes Best-in-State Wealth Management Teams.

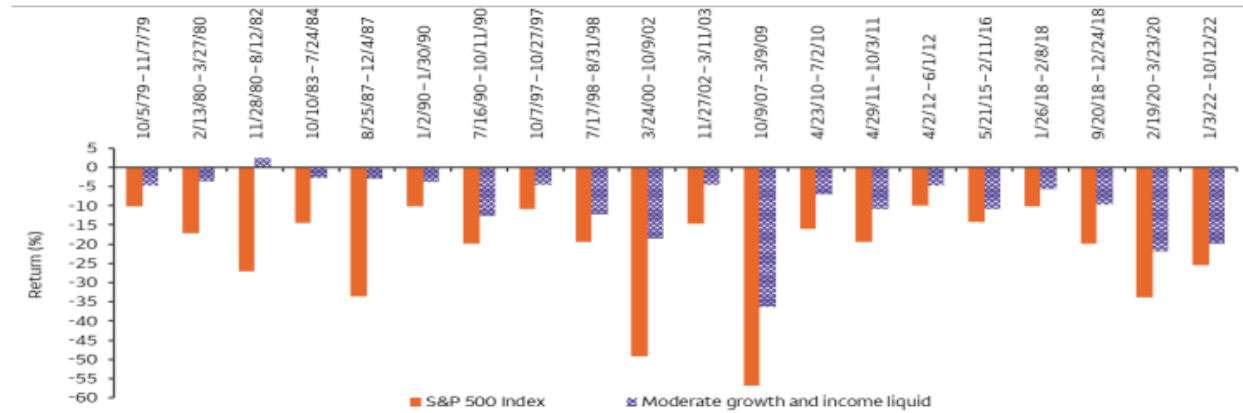
### 2023 marked the first time that new billionaires acquired greater wealth through inheritance than entrepreneurship



**Investment and Insurance Products: NOT FDIC Insured / NO Bank Guarantee / MAY Lose Value**

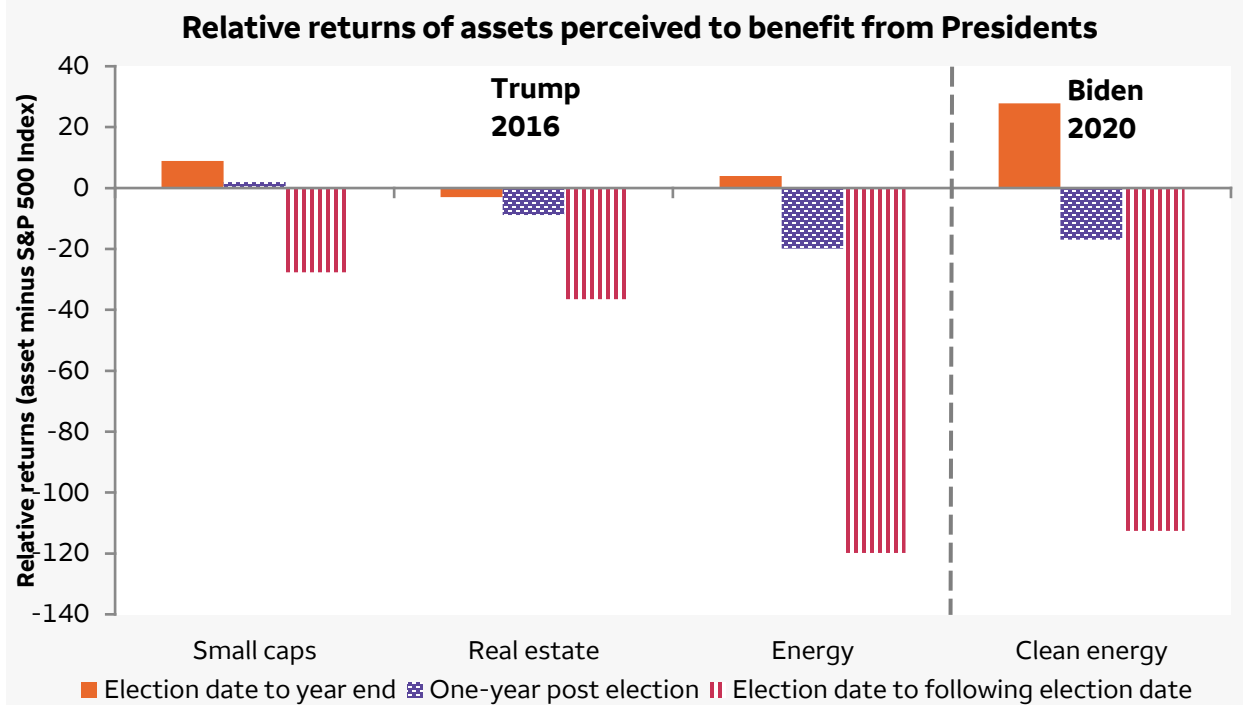
A diversified allocation may limit losses: below shows the performance of a Moderate Growth & Income portfolio versus the S&P 500 during recent corrections

## Building a healthy portfolio in 2025



Sources: © Morningstar Direct, All Rights Reserved<sup>1</sup>, and Wells Fargo Investment Institute. Data from October 5, 1979, to December 31, 2024. Performance results for Moderate Growth and Income Liquid are calculated using blended index returns and is presented for illustrative purposes only. Moderate Growth & Income allocation 2% Bloomberg U.S. Treasury Bills (1–3 Month) Index, 30% Bloomberg U.S. Aggregate Bond Index, 6% Bloomberg U.S. Corporate High Yield Bond Index, 5% J.P. Morgan EMBI Global, 27% S&P 500 Index, 10% Russell Midcap Index, 3% Russell 2000 Index, 8% MSCI EAFE Index, 5% MSCI Emerging Markets Index, 4% Bloomberg Commodity Index and is dynamic, and changes as needed with adjustments to the strategic allocations. An index is unmanaged and not available for direct investment. **Past performance does not guarantee future results.** Blended index composition provided on the following page. Note: Corrections are declines of 10% or more. Bear markets are declines of 20% or more. An index is unmanaged and not available for direct investment.

## Historical election trades have reversed due to lacking fundamentals

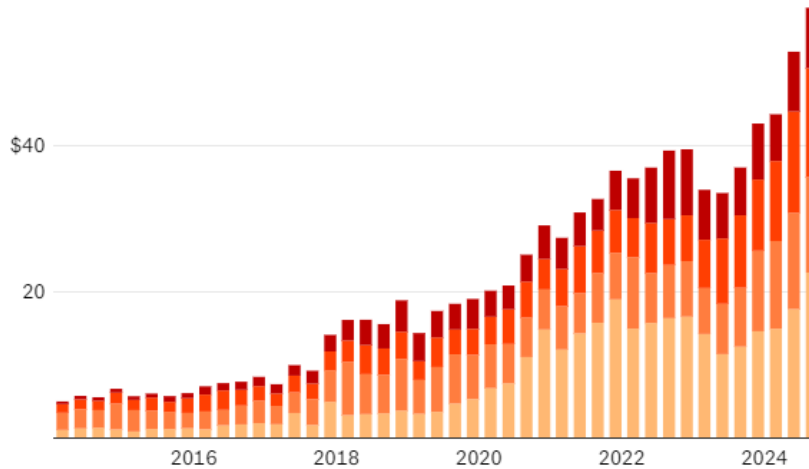


Sources: Bloomberg and Wells Fargo Investment Institute. Bars represent total returns of the asset minus the total return of the S&P 500 Index. Positive bars indicate that the asset outperformed the S&P 500 Index and vice versa. Small caps are represented by the Russell 2000 Index, Real Estate by the S&P 500 Real Estate Index, Energy by the S&P 500 Energy Index, and Clean Energy by the S&P Global Clean Energy Index. The election date to year end bars show the relative returns from November 8, 2016, to December 31, 2016, for Trump and from November 3, 2020, to December 31, 2020, for Biden. The one-year post election bars show returns from November 8, 2016, to November 8, 2017, for Trump and November 3, 2020, to November 3, 2021, for Biden. The election date to following election date bars show the relative returns from November 8, 2016, to November 3, 2020, for Trump and November 3, 2020, to November 5, 2024, for Biden. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** See following page for index definitions and risks.

America’s biggest tech companies are expecting to spend more than ever on AI  
Big tech is spending more than ever – thanks to AI

Standardized quarterly capital expenditure, in billions

Amazon Alphabet Microsoft Meta



Updated Q3 2024  
Source: FactSet

Sherwood

The “Magnificent 7” have been the driving force behind S&P 500 returns over the past 3 years

Performance of “Magnificent 7” stocks in S&P 500\*  
Indexed to 100 on 1/1/2021, price return



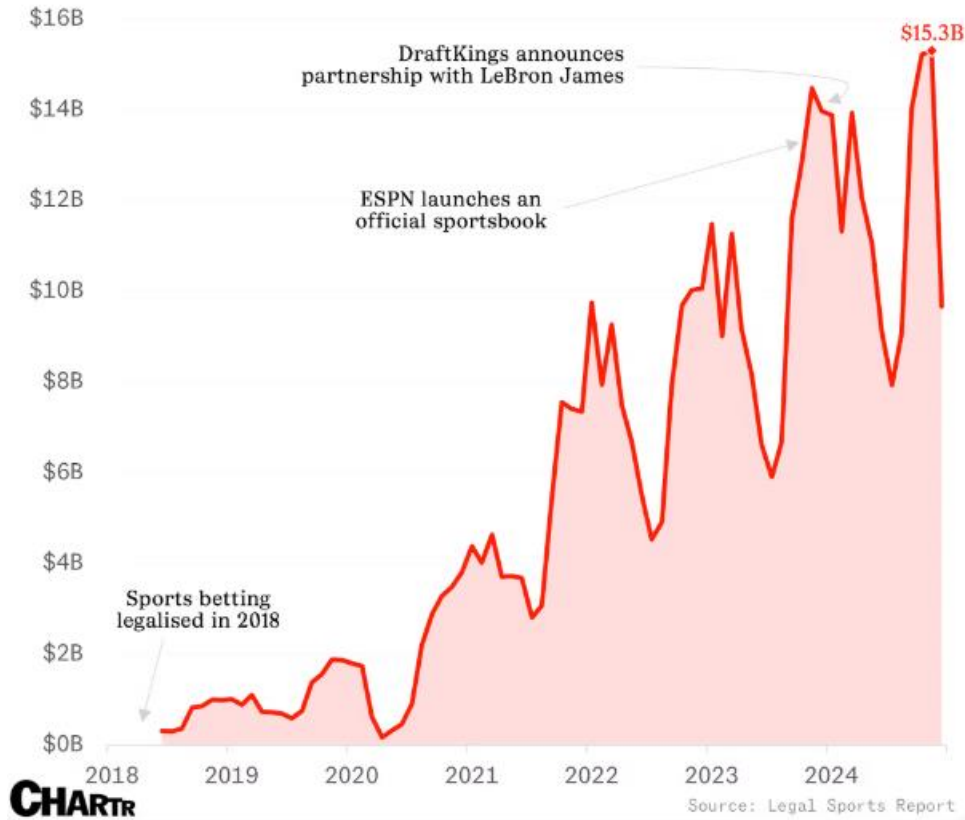
Source: FactSet, Standard & Poor’s, J.P. Morgan Asset Management.

\*Magnificent 7 includes AAPL, AMZN, GOOG, GOOGL, META, MSFT, NVDA and TSLA. Earnings estimates for 2024 are forecasts based on consensus analyst expectations. \*\*Share of returns represent how much each group contributed to the overall return. Numbers are always positive despite negative performance in 2022. Guide to the Markets – U.S. Data are as of December 31, 2024.

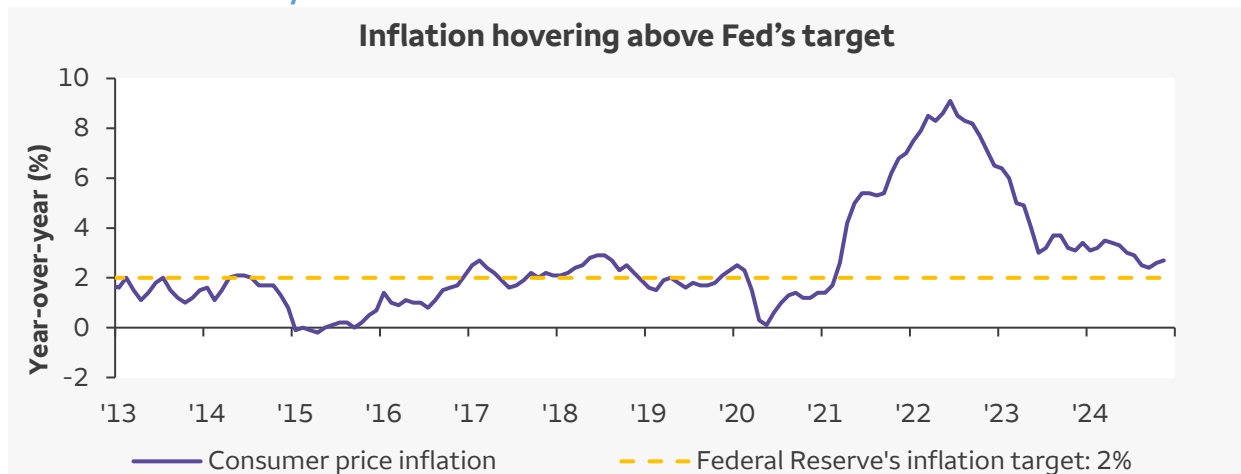
Americans bet more than \$140 billion on sports last year

## HIGH STAKES The Sports Betting Boom Continues In America

US Sports Betting, Amount Wagered [monthly, \$billion]



Inflation remains “sticky”



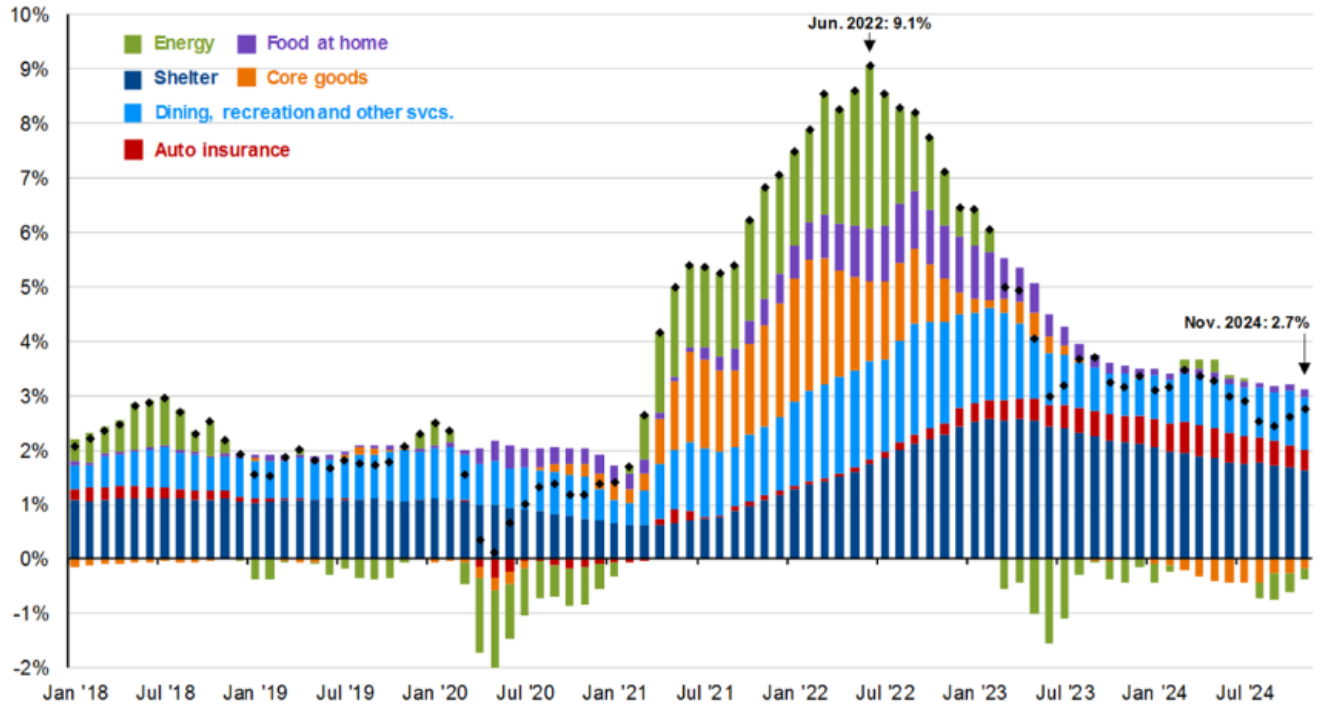
Sources: Bloomberg and Wells Fargo Investment Institute. Monthly data from January 1, 2013, to December 31, 2024. Consumer price inflation: monthly data from January 1, 2013, to November 30, 2024. The S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market. The Consumer Price Index measures the average price of a basket of goods and services. West Texas Intermediate (WTI) is a grade of crude oil used as a benchmark in oil pricing. U.S. Dollar Index (USDX) measures the value of the U.S. dollar relative to the majority of its most significant trading partners. This index is similar to other trade-weighted indexes, which also use the exchange rates from the same major currencies. An index is unmanaged and not available for direct investment. **Past performance is no guarantee of future results.** Stocks may fluctuate in response to general economic and market conditions, the prospects of individual companies, and industry sectors. Fed = Federal Reserve.

Super-cycle = If you look at commodity prices over the very long term (hundreds of years), it becomes evident that they tend to move in overall bull and bear cycles, some lasting decades. These are super-cycles.

This chart shows the drivers of inflation since 2018; Currently, auto insurance & shelter remain elevated

**Contributors to headline CPI inflation**

Contribution to y/y % change in CPI, non-seasonally adjusted

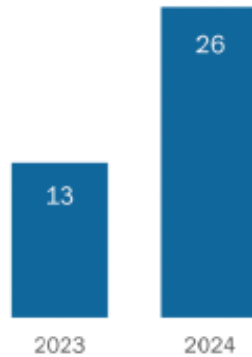


Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. “Shelter” includes owners’ equivalent rent, rent of primary residence and home insurance. “Food at home” includes alcoholic beverages.  
Guide to the Markets – U.S. Data are as of December 31, 2024.

About a quarter of U.S. teens have used ChatGPT for schoolwork – double the share in 2023

**Twice as many teens now say they use ChatGPT for schoolwork as in 2023**

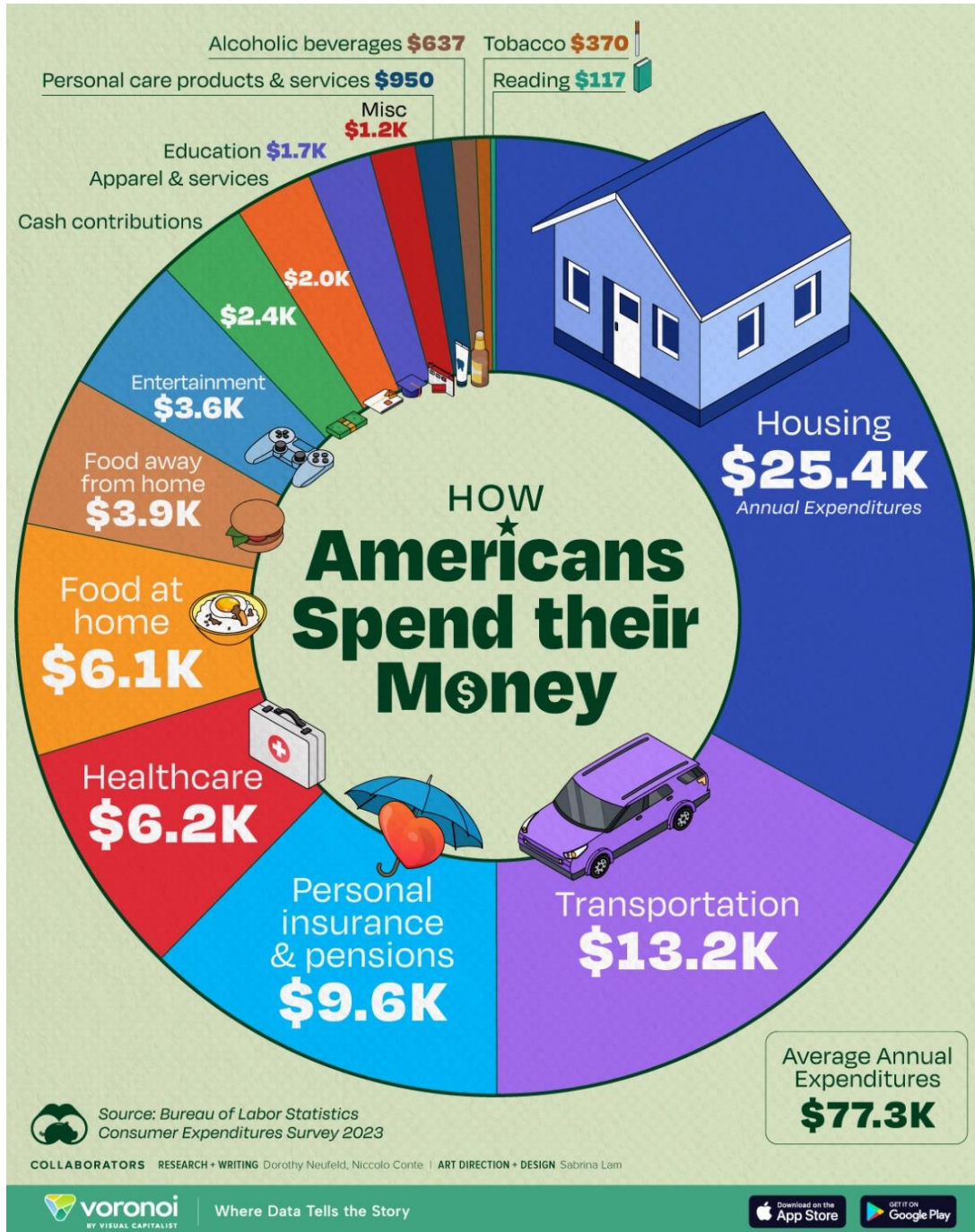
*% of U.S. teens ages 13 to 17 who say they have ever used ChatGPT to help with their schoolwork*



Source: Survey of U.S. teens conducted Sept. 18-Oct. 10, 2024.

PEW RESEARCH CENTER

Consumer spending represents 68% of U.S. GDP, with much of this used for housing, transportation, and health care costs



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