

IN THIS EDITION

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Trust NEWSLETTER

Working Hard to Earn Your Trust

Meet the team behind the magic! 2024 was a year of transition and technology improvements. Thank you for your patience throughout the process. Now that we have rung in the new year, it's time to celebrate the efforts of last year and look forward to the possibilities of the future.

Serving You is Our Top Priority

This group has been working tirelessly to provide you with the level of service our Trust customers have experienced from the inception of the Trust Division in 1975, all while implementing a system conversion to bring you new and improved services.

Welcome Nina!



Nina Fillis joined National Exchange Bank & Trust, as an assistant vice president and senior trust officer at the downtown Fond du Lac office.

Nina brings with her more than 20 years of experience in the trust industry. Prior to joining the bank, Nina worked as a director of trust services, board member, trust administrator and more for other financial institutions. In her new role as assistant vice president and senior trust officer, Nina will be responsible for administering trust accounts and ongoing trust account relationships.

Nina grew up in Norco, California, but currently resides in Fond du Lac with her spouse and children. She graduated from George Fox University with a bachelor's degree in biology. Nina has also earned her Certified Trust and Fiduciary Advisor certification from the American Bankers Association.



(From Left to Right: Claire Krug, Rebecca Warnkey, Tom Schuettpelz, Adam Stone, Gavin VandeKolk, Nina Fillis, Sue Schumacher, and Marcia Haupt)

Ready to level up in 2025? Contact us to learn more about our implemented improvements, review your portfolio and discuss the future.

Call 920-923-7000





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Taking a Pulse on our Post-**Election Markets**

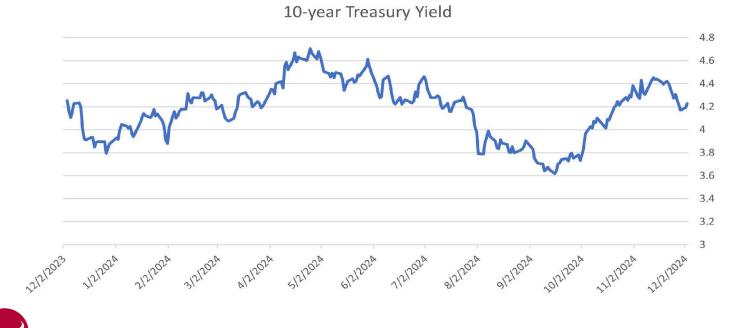
Sources: BTC Capital Management, Fact Sheet.



TREASURY YIELDS

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10-year treasury yields fell 12 basis points on the first trading day after Scott Bessent was named incoming Treasury Secretary, on November 23, 2024. Bessent was the desired candidate by many on Wall Street. He will attempt to grow the economy 3%, while simultaneously shrinking the deficit. Will he continue to reduce Treasury maturities, which Janet Yellen prioritized and helped keep longer yields in check? There remain many unknowns, but in December the Treasury market breathed a sigh of relief.



REACTION FUNCTIONS

The Federal Open Market Committee (FOMC) is a group of 12 Federal Reserve officials that sets monetary policy for the United States. The FOMC's decisions impact interest rates, credit availability, and economic growth. Recent data impacting policy includes:

- Very high-risk crypto coins have been surging.
- Redbook Index Sales increased 7.4% for the week ending November 30 versus the prior year. The general merchandise index averaged a gain of 3.65% from 2005 – 2014.
- November ISM Manufacturing New Orders came in at an eight-month high.

On December 2, 2024, Federal Reserve Governor, Christopher Waller spoke at the American Institute for Economic Research Monetary Conference. Waller stated, "The motivation for continuing to cut the policy rate at the FOMC's next meeting begins with how restrictive the current setting is. After we cut by 75 basis points, I believe the evidence is strong that policy continues to be significantly restrictive and that cutting again will only mean that we aren't pressing on the brake pedal quite as hard."

SMALL CAP vs. LARGE CAP

Small caps tend to outperform large caps for a brief period following an election (generally less than four months) but then go on to underperform large caps for an extended duration. The most recent small cap rally following the 2024 election looks to be shortterm at best as large caps have recently rallied versus small caps.

"I believe the evidence is strong that policy continues to be significantly restrictive and that cutting again will only mean that we aren't pressing on the brake pedal quite as hard."

> ~ Federal Reserve Governor, **Christopher Waller**

MAG 7 OUTPERFORMING OTHER MARKETS

The group of stocks known as the Magnificent 7 (Mag 7) outperformed the broader market (S&P 500) in 2024 (~+62% versus ~+27% - as of December 10, 2024).

The Magnificent 7, a term coined by Bank of America analyst, Michael Hartnett in 2023, refers to 7 technology-centric megacap stocks that have lead the market to new highs in recent years. They include: Microsoft Corp. (ticker: MSFT), Amazon. com Inc. (AMZN), Meta Platforms Inc., a.k.a. Facebook (META), Apple Inc. (AAPL), Alphabet Inc. a.k.a. Google (GOOG, GOOGL), Nvidia Corp. (NVDA) and Tesla Inc. (TSLA).

While the range of outperformance varied throughout 2024, the Mag 7 significantly pulled away from the broad market postelection. Investors are assessing potential policies of the incoming White House administration which may affect the stocks in the Mag 7.

HOUSING CONSTRUCTION DECLINE

Monthly new housing starts, have been in a decline for the last three years, and the post-election trend is no different. While hurricane activity may have impacted construction to some degree, a spike in mortgage rates in Fall 2024 also led to home builders exhibiting cautiousness.