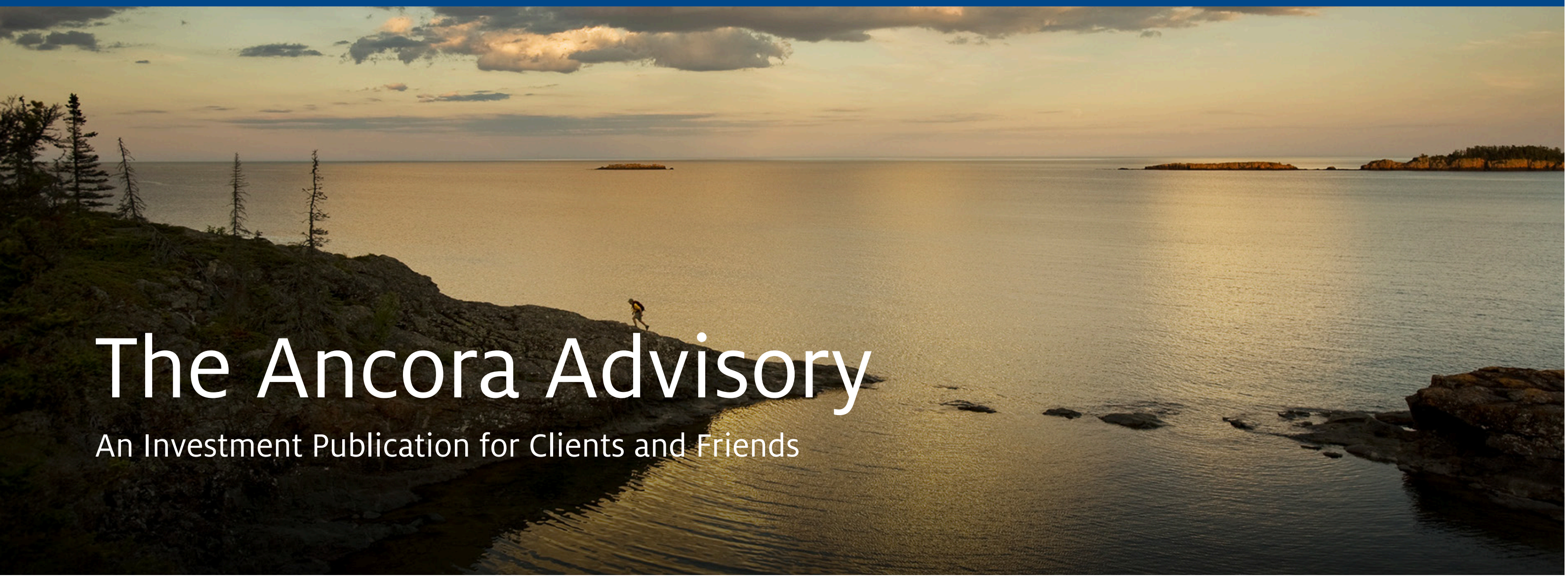


# The Ancora Advisory

An Investment Publication for Clients and Friends

*Ancora is a private wealth advisor and institutional asset manager focused on building distinctive investment strategies and robust wealth and risk management solutions that help you achieve more*

## The Resiliency of Stocks as a Long-Term Asset in Your Portfolio

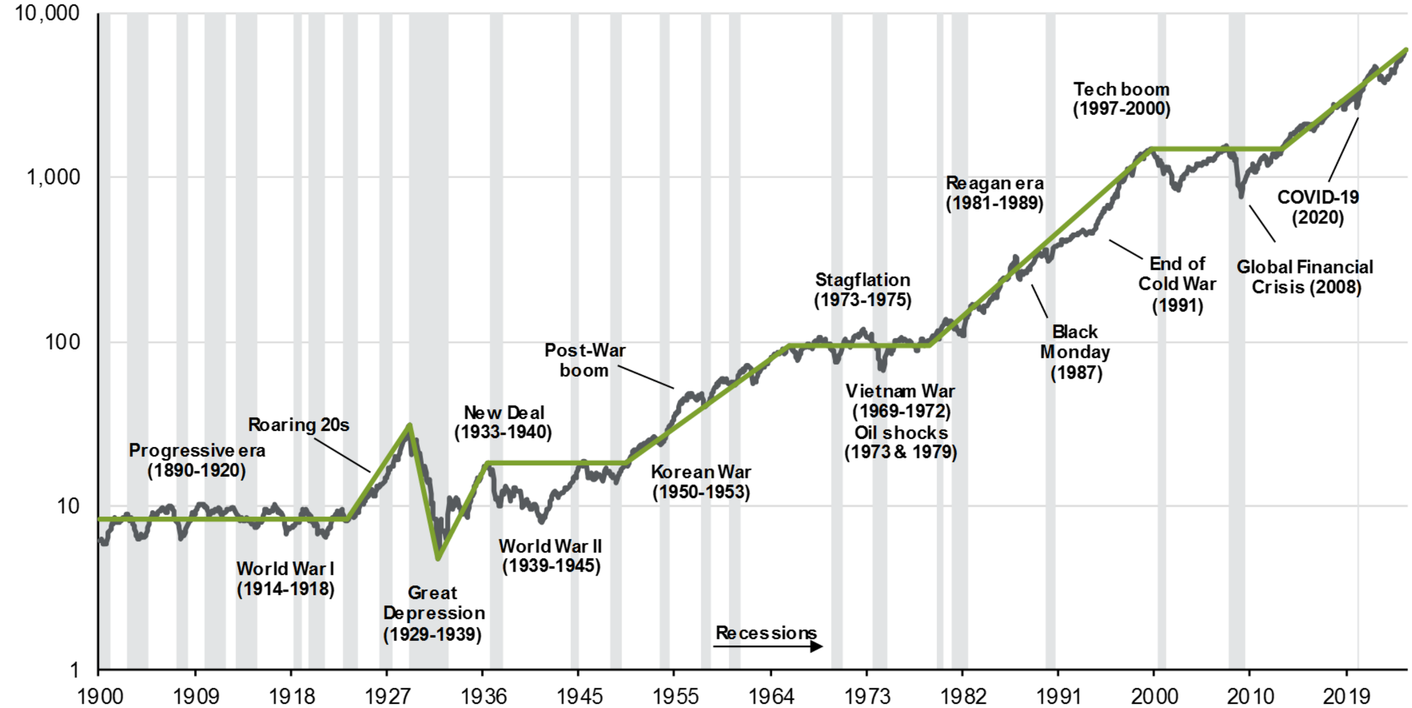
John Micklitsch, CFA, CAIA
President & Chief Investment Officer

Investing in stocks can feel daunting, especially when headlines are dominated by economic uncertainty, geopolitical conflicts or market downturns. However, history has repeatedly shown that stocks, as ownership interests in businesses, have the power to overcome obstacles and reward patient investors over time. Next to human beings, there is arguably no more dynamic or adaptable organism on the planet than a well-run business. Rather than focus on their long-term economic resiliency, we tend to focus on stocks' negative features, such as their periodic volatility or occasional earnings disappointments. Doing so, however, is like having Michael Jordan on your team and not playing him because occasionally his locker was messy. It's because the negative story sells these days. But it's the wrong story to focus on, at least when it comes to stocks and building wealth.

The phrase "wall of worry" has been around for a long time. In terms of investing, it refers to the recurring fears that challenge markets—whether inflation, recessions, wars or technological disruptions. The wall of worry may win the battle for short periods of time, but it doesn't win the war of wealth creation over the long haul.

Consider the Great Depression, World War II, the stagflation crisis of the 1970s, the dot-com crash and the 2008 financial crisis—each event caused significant volatility, but long-term investors who remained steadfast were ultimately rewarded. When it comes to periodic bear markets, outlined in the following chart, our Ancora colleague Jeff van Fossen likes to say, "More money has been lost from trying to avoid bear markets than from bear markets themselves." This is evident as stocks trade near all-time highs today. Innovation and adaptation have steamrolled all the wall of worry items we can identify to date. Yet, as we speak, we are collectively consumed with identifying and analyzing the next batch of wall of worry items and issues on the horizon that, "maybe this time," could derail stocks' long-standing track record of wealth creation and resilience.

**S&P Composite Index**
Log scale, annual




Source: FactSet, NBER, Robert Shiller, J.P. Morgan Asset Management.
Data shown in log scale to best illustrate long-term index patterns. Past performance is not indicative of future returns. Chart is for illustrative purposes only. Guide to the Markets – U.S. Data are as of December 31, 2024.

Once again, this resilience is rooted in the adaptability of businesses. Companies continually innovate, improve efficiency and create products and services that enhance lives. Think of how giants like Apple, Microsoft, Amazon, Costco, JPMorgan Chase, Berkshire Hathaway and others have revolutionized communication, computing, retailing and financial services. Even during downturns, well-run businesses pivot and evolve, positioning themselves for future growth and a stronger future.

The S&P 500 Index, used as a broad measure of the market, has delivered an average annual return of about 10% over the past century, despite numerous setbacks. While short-term volatility is inevitable, long-term investors who focus on the power of innovation, productivity and human ingenuity are consistently rewarded. If you want to know the real secret to building wealth, it is captured in the simple phrase from another Ancora colleague, Michael Santelli, who shares in our internal research meetings that we should encourage clients to save like a pessimist but invest like an optimist.

In closing, stocks are not just numbers on a screen—they represent dynamic enterprises that drive progress. By embracing a long-term perspective, investors can harness this power to build wealth and participate in the world's continuous evolution. Nobody knows exactly what 2025 will bring, but if we keep our attention on the long-term resiliency of businesses, and the stocks we own as a proxy for them, we should do well on our investment journey over time. ◊

## A Financial Spring Cleaning

Vanessa Mavec King, CFP®
Director, Financial Planning

As winter starts to come to a close and signs of spring begin to show, a spring refresh for the house, the closet and the yard are typical. Why not make it a practice to do the same with some of the basics in your financial life?

Here are some things to prioritize this spring that will help lead you into the rest of the year with less financial stress.

1. Utilize your My Ancora client portal to help you create an up-to-date view of your net worth, track expenses and store critical documents. My Ancora, powered by eMoney, has a very powerful interface and we highly recommend that clients utilize it. Reach out to your Ancora team if you need assistance accessing the portal.

    - All your Ancora accounts will populate in the portal, but you can also link in any external accounts as well. Keeping a detailed view of your personal net worth is easy with this tool.
    - There is a spending tool within the portal that allows for detailed budgeting and cash flow planning.
    - The Vault within the portal provides a protected online document storage location. It's a great place to store past tax returns, insurance policies, estate documents or even a note to loved ones if something were to happen.

2. Consider account consolidation where appropriate. Creating a view of your net worth, as described above, will help identify if there are duplicate types of accounts. Combining and rolling over accounts will lead to fewer line items to track and can make asset management more streamlined.

3. Ensure that you have the proper estate documents in place and that they convey what you want them to. At a bare minimum, we strongly recommend all our clients have wills and power of attorney documents in place. In many cases, revocable trusts may also make sense. Our Estate & Wealth Planning team does not draft documents, but we are always happy to review them and discuss.

4. Understand and confirm asset titling. Proper titling of your various assets is an important step to ensure that assets are directed and protected in the ways that the owner wishes. If mistakes are made or details overlooked, there can be costly issues down the road. By strategically titling assets, you are able to control assets into the future, avoid probate and manage any tax concerns.

    - Payable on Death (POD) or Transferrable on Death (TOD)- By adding these designations to investment accounts, the account transfers at death without being subject to probate. These can be added to both individually-owned or jointly-owned accounts.
    - Joint with Rights of Survivorship- Both owners share the asset. At the death of one of the owners, their share automatically transfers to the surviving partner.
    - Revocable Trust- There are many types of trusts, but a living revocable trust is what we see most commonly. Trusts allow for you to control the asset during your life and after your death as the trust document dictates what happens to the asset and who has subsequent access and control. Assets held in trust are not subject to probate and are creditor-protected after the grantor's death.
    - Named-Beneficiary Assets- These are assets such as IRAs, 401(k)s and life insurance policies. When a beneficiary and contingent beneficiary are named, the asset avoids probate and transfers directly to the named beneficiary at the owner's death. It is very important to confirm these beneficiary selections are still accurate year-over-year as circumstances change in life.

Getting this spring cleaning done can help set you up for an organized and successful financial year! ◊

## Lessons from 5 Years of Investing since Pre-Pandemic Peak

David Sowerby, CFA
Managing Director, Portfolio Manager

Five years ago, U.S. stock prices marked their pre-pandemic peak on February 19, 2020. What followed has been an episodic five years for the stock market and the economy. In a six-week period, the S&P 500 Index fell about 35%, one of the sharpest declines within a short timeframe in U.S. stock market history. Stocks bottomed out on March 23, 2020, when robust monetary and fiscal stimulus proved positive for the market.

**Index Total Returns from 2/19/2020 - 3/23/2020**

| | |
|---|---|
| S&P 500 Index | -33.8% |
| S&P 500 Equal Weight Index | -39.0% |

Source: Bloomberg

A quick response by the Federal Reserve on monetary policy and by Washington on fiscal policy created unprecedented stimulus, which ultimately was a combined $10 trillion, or approximately 40% of U.S. GDP. In that five-year period that followed, U.S. stocks have fared very well, outperforming other major asset categories, as shown in the following table.

**Index Total Returns from 2/19/2020 - 2/19/2025**

| | |
|---|---|
| S&P 500 Index | 81.5% |
| S&P 500 Equal Weight Index | 54.1% |
| Bloomberg US Treasury Bill Index | 13.4% |

Source: Bloomberg

We would highlight the following lessons that investors should note from the last five years.

### We Cannot Predict the Unexpected

The most likely risk to the markets is often the unexpected risk, as evidenced by the rapid decline in stocks in February and March of 2020.

### Learn and Adapt from the Past

The Federal Reserve and Washington had a toolbox of stimulus options, which had been developed when combatting the 2008 financial crisis. This allowed the response time during the pandemic to be much quicker than the 2008 crisis.

### Take Advantage when Opportunities Arise

It’s widely believed that the stimulus was then overdone in 2021 and 2022, long after the economy had bottomed out and was expanding. This ultimately proved to be inflationary, leading to higher interest rates.

However, both households and businesses were adept at taking advantage of lower interest rates in 2020 and 2021, locking in low mortgage rates and corporate borrowing costs. When inflation rates and interest rates later rose, they had less of an impact on the economy thanks to all the refinancing that had been done at lower rates.

### Have Conviction in the Companies You Own

For investors, a focus on companies with cash flow and balance sheet strength was instrumental in protecting capital during the stock market’s initial decline five years ago. Those factors also proved critical during the ensuing recovery where the success in individual stock selection was driven largely by a company’s underlying fundamentals. For the patient investor, U.S. stocks have had a compound annualized return of 10-14% over the last five years, well outperforming cash equivalents. ◊

## Women Building Wealth

Lisa Rosenthal, CFA, CFP®
Vice President, Portfolio Manager

Sonia Mintun, CFA
Managing Director, Portfolio Manager

Women's influence and impact on the world around us are growing each day, hitting some impressive milestones. Currently, women comprise 28% of the 119th Congress, the highest percentage in U.S. history, continuing an ongoing trend of sending more and more women from both parties to Washington D.C. Since winning the right to vote in 1920, women have shown up to vote, even outpacing men since 1980. Women are starting new businesses in increasing numbers and while the number of female entrepreneurs still is less than men, according to one study, 49% of new business owners were women. More women continue to graduate from college and grad school than men and are increasingly in leadership roles with 30% of Fortune 500 board members in 2022 being women.

Our financial influence is expected to continue to grow as women currently serve as the breadwinner or co-breadwinner in a majority of households. In addition, women are expected to inherit more than half of the $84 trillion expected to transfer from the baby boomer generation over the next two decades. Women also tend to have longer life expectancies than men.

This all sounds quite positive, but it's important to note that women continue to face more challenges than men. Although the wage gap is narrowing among younger women, it still exists with women on average earning just 84 cents for every dollar earned by men. Even larger gaps are seen depending on race/ethnicity. Women also tend to spend fewer years in the workforce as they usually are the ones who will take time off to care for young children or aging parents. This can have long lasting effects on total career earnings and participation in retirement plans.

### What Women Want

Overall, research has shown that, with regards to wealth, women want:

- To support their family
- Ability to pursue creative interests
- Independence
- Focus on Wellness
- Travel
- Volunteer and donate

### A Woman's Approach

When it comes to financial needs and investing, everyone seeks good performance, yet women tend to have more sophisticated needs and wants. Establishing and preserving family wealth is a top consideration for women due to longer life expectancies. Women also place high importance on leaving a legacy to children and planning for continued care, regardless of their marital situation, as they more often live out their final years without a partner. With a longer expected lifespan, record low proportion of younger women married, more commitment to careers and smaller families to support them, women tend to be concerned about outliving their investments. According to Lending Tree, fewer women rate their financial health positively, though only 42% of women have fallen into debt, compared to 57% of men.

This boils down to money being a big source of stress to us, yet women often don't feel confident talking about it and therefore don't enjoy talking about it. According to Merrill Lynch, 61% of women would rather talk about their own death than money. As a result, many women find that they don't feel a real connection with their financial advisor, if they have one. Many advisors are used to catering to men and fail to take in to account the subtle but important differences between how men and women invest. Research has shown that 70% of recent widows will fire their financial advisor within a year for failure to connect with them. A New York Life study found that women don't just fire advisors for poor performance, but 62% of them felt that their current advisor wasn't addressing their unique investment needs and challenges.

### How Women Build and Manage Wealth

So how do women build and manage their wealth? The good news is that it's never too late. Start by taking the following steps.

- Get Organized: account aggregation tools like the My Ancora client portal can help you view all of your assets in one place for a more complete financial picture. Make sure you're familiar with this and set a reminder to check back in regularly.

- Define your Goals: you may have a gut feel for what your financial goals are but getting them down on paper with specific details will help clarify your vision. An advisor or financial planner can often assist with this process and should revisit with you at least annually.

- Get Invested: work with an advisor to ensure your investment portfolio is customized according to your specific goals and that your needs are heard. There are often simple solutions available like breaking out separate accounts for different purposes.

- Plan for your Future: we cannot stress enough the importance of financial planning as part of your wealth strategy. A personalized financial plan that gets reviewed annually can uncover opportunities and grant you peace of mind.

- Build Your Team: finding advisors that you trust and connect with will help improve your outcomes. If you have a financial advisor already, don't hesitate to ask to meet their financial planners and support staff. If you're seeking an advisor, ask trusted peers for recommendations and use resources like FINRA's BrokerCheck to help with your research.

Ancora's Private Wealth team consists of advisors from a variety of backgrounds. We'd love to help you through these steps to feel more knowledgeable, confident and comfortable controlling your financial future. ◊

## Strategic Income for Turbulent Times

Kevin Gale
Managing Director, Head of Fixed Income

In today's environment of rising economic uncertainty, our conversations with clients often include questions about minimizing risk without losing income-generating potential. This is a careful balance and one that we are increasingly addressing with an infusion of strategic income products into the fixed income portfolios that we manage. Calculated and actively managed use of these non-traditional fixed income asset classes may be an effective strategy to enhance returns while maintaining stability in a portfolio and potentially lowering risk as well.

### Understanding Strategic Income

Many are familiar with the traditional fixed income asset classes, which include municipal bonds, investment-grade corporate bonds and treasury or agency securities. However, we find that non-traditional fixed income securities are often overlooked or misunderstood by investors. These strategic income securities include preferred stocks, collateralized loan obligations (CLOs), mortgage-backed securities (MBS), bank loans and high-yield bonds. These securities also represent a significantly smaller portion of the fixed income market and therefore do not get as much attention because of their size.

Ancora's fixed income team sees this asset class as an opportunity to enhance the returns of a fixed income portfolio, though there are a few things to note. When incorporating strategic income, we believe this exposure should take place within an actively managed bond portfolio. This allows the portfolio managers to adequately diversify and adapt the portfolio to changing market conditions and economic cycles, which in turn may allow the portfolio to be more resilient and optimized for income generation.

### The Role of Strategic Income in a Bond Portfolio

To explore the opportunities that strategic income securities may present, we first look at how they have performed over the past several years. The following illustration of fixed income returns shows how strategic income asset classes, shaded with stripes, have outperformed the broader bond market, represented by the Bloomberg US Aggregate Bond Index.

Depending on an investor's risk tolerance and circumstances, we will typically recommend a strategic income allocation of between 10-30% of their overall fixed income allocation, which we then adjust over time for changing risk tolerance and economic conditions. Used in this way, we have seen strategic income securities provide diversification, income generation and risk management to fixed income portfolios, as described below.

- Diversification: Strategic income funds often invest across multiple categories, adding exposure to non-traditional asset classes that can have lower correlations to the traditional bond market. This broad diversification may help reduce the overall risk of a portfolio.
- Income Generation: Strategic income securities typically provide a higher level of current income compared to traditional fixed income asset classes. Some strategic income securities, such as preferred stocks, can also provide a tax advantage for taxable accounts.
- Risk Management: Actively managing the duration and credit quality of fixed income exposure, including strategic income exposure, helps mitigate risks associated with interest rate fluctuations and credit defaults.
- Flexibility: Adding strategic income securities to a portfolio allows the investor to take advantage of potential dislocation in non-traditional fixed income asset classes.

Our fixed income team believes incorporating strategic income securities into a bond portfolio is a balanced approach that may achieve a higher level of income and portfolio diversification, while at the same time reducing overall risk of the portfolio. Our team considers a variety of factors when building a portfolio of individual securities including credit quality, duration and the specific characteristics of the strategic income exposure, as well as the investor's risk tolerance and needs. Please consult your advisor for additional information. ◊

**Fixed Income Returns as of 1/31/25**

| YTD 1/31/25 | 1 Yr | 3 Yr | 5 Yr |
|---|---|---|---|
| High Yield 1.37% | CLO Rated A, BBB, BB 12.24% | CLO Rated A, BBB, BB 8.89% | CLO Rated A, BBB, BB 7.36% |
| TIPS 1.29% | High Yield 9.68% | Leveraged Loan 6.89% | Leveraged Loan 5.76% |
| CLO Rated A, BBB, BB 1.14% | Leveraged Loan 8.65% | CLO Rated AAA, AA 5.84% | CLO Rated AAA, AA 4.24% |
| CLO Rated AAA, AA 0.75% | CLO Rated AAA, AA 7.48% | High Yield 4.34% | High Yield 4.49% |
| Leveraged Loan 0.67% | Preferred 4.80% | Preferred 1.47% | Preferred 1.97% |
| Preferred 0.63% | TIPS 2.97% | Muni 0.54% | TIPS 1.70% |
| IG Corp. 0.55% | IG Corp. 2.86% | IG Corp. -0.96% | Muni 0.73% |
| Bloomberg Agg 0.53% | Mortgage Backed 2.19% | TIPS -1.20% | IG Corp. -0.05% |
| Treasury 0.52% | Muni 2.08% | Mortgage Backed -1.47% | Bloomberg Agg -0.60% |
| Mortgage Backed 0.51% | Bloomberg Agg 2.07% | Bloomberg Agg -1.52% | Mortgage Backed -0.77% |
| Muni 0.50% | Treasury 1.38% | Treasury -2.09% | Treasury -1.06% |

Source: Bloomberg

*As always, don't hesitate to contact your Ancora advisor or relationship team if you have any questions or would like to learn more about these topics. Visit our website at [www.ancora.net](http://www.ancora.net) to find other news and insights from the investment professionals at Ancora.*

## Market Data Center

As of 1/31/2025

| Stocks | 1 month | 3 months | 6 months | YTD | 1 year | 3 years | Dividend Yield | NTM P/E | P/B |
|---|---|---|---|---|---|---|---|---|---|
| S&P 500 | 2.7% | 6.2% | 9.9% | 2.7% | 26.1% | 38.2% | 1.17% | 21.9x | 5.1x |
| Dow Jones | 4.7% | 7.0% | 9.9% | 4.7% | 18.6% | 32.5% | 1.51% | 20.3x | 5.7x |
| Russell 2000 | 2.5% | 4.3% | 1.8% | 2.5% | 18.7% | 16.4% | 1.11% | 24.8x | 2.0x |
| Russell 1000 Growth | 1.9% | 9.6% | 14.5% | 1.9% | 32.4% | 48.8% | 0.45% | 29.3x | 13.0x |
| Russell 1000 Value | 4.5% | 3.6% | 6.6% | 4.5% | 19.1% | 24.2% | 1.78% | 16.9x | 2.8x |
| MSCI EAFE | 4.8% | 1.4% | -0.1% | 4.8% | 8.9% | 13.0% | 3.06% | 14.2x | 1.9x |
| MSCI EM | 2.2% | -2.3% | 1.2% | 2.2% | 13.9% | -6.3% | 2.35% | 12.0x | 1.7x |
| NASDAQ 100 | 2.2% | 8.1% | 11.2% | 2.2% | 25.9% | 45.9% | 0.54% | 27.0x | 8.0x |

| Fixed Income | Yield | 1 month | 3 months | YTD | 1 year | 3 years |
|---|---|---|---|---|---|---|
| U.S. Aggregate | 4.86% | 0.5% | -0.1% | 0.5% | 1.9% | -4.8% |
| U.S. Corporates | 5.31% | 0.6% | -0.3% | 0.6% | 1.9% | -6.0% |
| Municipal Bonds | 3.98% | 0.0% | 0.3% | 0.0% | 1.2% | 1.2% |
| High Yield Bonds | 7.38% | 1.4% | 2.2% | 1.4% | 9.0% | 9.6% |

| Key Rates | 1/31/2025 | 12/31/2024 | 10/31/2024 | 7/31/2024 | 1/31/2024 | 1/31/2022 |
|---|---|---|---|---|---|---|
| 2 yr Treasury | 4.20% | 4.24% | 4.16% | 4.26% | 4.22% | 1.16% |
| 10 yr Treasury | 4.55% | 4.57% | 4.28% | 4.05% | 3.95% | 1.78% |
| 30 yr Treasury | 4.80% | 4.78% | 4.48% | 4.34% | 4.19% | 2.10% |
| 30 yr Mortgage | 7.26% | 7.28% | 7.28% | 7.04% | 6.96% | 3.78% |
| Prime Rate | 8.50% | 7.50% | 8.00% | 8.50% | 8.50% | 3.25% |

| Commodities | Level | 1 month | YTD |
|---|---|---|---|
| Oil (WTI) | 73.81 | 2.9% | 2.9% |
| Gasoline | 2.03 | 1.0% | 1.0% |
| Natural Gas | 3.07 | -0.8% | -0.8% |
| Propane | 0.90 | 16.1% | 16.1% |
| Ethanol | 1.55 | 5.4% | 5.4% |
| Gold | 2,832 | 7.2% | 7.2% |
| Silver | 32.24 | 10.2% | 10.2% |
| Copper | 4.29 | 7.6% | 7.6% |
| Steel | 781 | 10.2% | 10.2% |
| Corn | 4.83 | 5.3% | 5.3% |
| Soybeans | 10.32 | 2.3% | 2.3% |

*Data Reflects Most Recently Available As of 1/31/2025*



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