



Beyond the Bottom Line - December

Lena Wealth Management

As we approach the end of the year, it's the perfect time to reflect on the current state of the economy and the markets, and plan for the future. In this issue, I'll share insights on the resilience of the U.S. economy, opportunities in the markets, and critical steps to optimize your financial health before the new year. Let's finish strong together.

Market Insights: US Tactical Themes

The U.S. economy has showcased remarkable resilience this year, supported by robust consumer spending, a strong labor market, and moderate inflation levels. While challenges like higher interest rates have slowed certain sectors, overall growth remains steady. The UBS Chief Investment Office highlights several high-conviction tactical themes for U.S. equities over the next 6-24 months, emphasizing opportunities driven by macroeconomic trends, policy shifts, and innovation. Artificial Intelligence (AI) stands out as a transformative force, with accelerated adoption across industries through advancements in language models and automation tools. Companies investing in AI infrastructure, such as data centers and software services, are well-positioned to see robust growth. Similarly, housing recovery remains a vital theme as demographic trends, particularly among millennials, create sustained demand for homeownership despite inventory constraints caused by higher mortgage rates.

These tactical themes also include reshoring and infrastructure, fueled by significant federal investments reshaping supply chains and domestic manufacturing. High-quality companies with strong returns on invested capital (ROIC) and stable profit margins are expected to perform well, particularly in a mature business cycle. While recent market volatility may create challenges, the broader fundamentals remain supportive, offering a strategic roadmap for navigating economic uncertainties.

Policy Watch: Tariff Implications from Trump's Presidency

The lingering effects of tariffs introduced during the Trump administration continue to shape certain industries. Sectors like manufacturing and agriculture have adapted to these changes, but the increased costs are still being felt in supply chains. How do these dynamics will influence inflation, equity, commodity markets and the broader economy? We will keep a close eye on the FOMC data releases and comments, We will adjust the portfolios and the allocation accordingly.



Wealth Strategies: Charitable Giving with Donor-Advised Funds

Year-end giving offers a meaningful way to make an impact while optimizing your financial plan. Donor-Advised Funds (DAFs) are a powerful tool for charitable giving that allow you to:

- **Maximize Tax Benefits:** Contributions to a DAF are tax-deductible in the year they are made, providing immediate benefits while giving you the flexibility to distribute funds to charities over time.
- **Simplify Giving:** Consolidate all your charitable contributions into a single account, streamlining record-keeping and management.
- **Invest for Growth:** Assets in a DAF can be invested, allowing for potential growth before being distributed to your chosen causes.

If you're considering charitable contributions, a DAF might be an excellent strategy to achieve both philanthropic and financial goals. More information [here](#).

Year-End Financial Checklist

Before the year wraps up, ensure you're making the most of your financial opportunities:

- Retirement Contributions:** Maximize contributions to your 401(k), IRA, or other retirement accounts. These can help reduce taxable income while boosting long-term savings.
- Tax-Loss Harvesting:** Offset capital gains by selling underperforming investments to realize losses. This strategy can be a valuable tool in managing your tax burden.
- Estate Planning Discussions:** The end of the year is an excellent time to review your estate plan. Whether it's updating beneficiaries, revisiting gifting strategies, or ensuring trust documents are current, taking action now can provide peace of mind for you and your family.

Ask the Team

Q: How do I decide whether to harvest gains or losses at year-end?

A: It depends on your broader financial picture. Harvesting losses can offset gains and reduce taxable income, but harvesting gains strategically can lock in profits and potentially take advantage of lower capital gains rates. It's always a good idea to consult with your advisor or tax professional for a tailored approach.

Closing Inspiration

"The best investment you can make is in yourself." – Warren Buffett

Let's finish the year strong by staying focused on your financial goals and building a foundation for long-term success.



Antoine Lena | Financial Advisor
Private Wealth Advisor | Associate Portfolio Manager
Certified Exit Planning Advisor - CEPA®
Cell: 925-577-6909 | Office: 949-467-6042
Email: Antoine.Lena@ubs.com
[Follow Us On LinkedIn](#) | [Visit our Website](#) | [Log into your account](#)

UBS Private Wealth Management
UBS Financial Services Inc
888 San Clemente Drive, Suite 300
Newport Beach, CA 92660





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