CASUAL FRIDAY

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YE Reflections + Santa Sack of Dividend Insights

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Wow. Christmas is LESS than three weeks away.

Quite a year! Our reflections heading into year end

- Investment WiseIt's been the year of AI and the growth trade. For better or worse, the "trade" is everywhere. You see its effects and impact—energy infrastructure, more complex credit structures, and lots of debt financing this big build-out. It's shaping economic data. AI is going mainstream, adoption is rising, and the tailwinds are obvious. Many of your clients are likely clamoring for "more." Stay steady.
- Economic crosscurrents are emerging. Labor markets are cooling, housing is soft, and while earnings seem great on the surface, CEO's at major companies say the consumer is struggling. Inflation is cooler—prices aren't rising as fast—but day-to-day costs remain high. Deflation is the only real cure.
- Markets seem convinced more rate cuts are coming and view them as positive. We're less certain—they may be driven by weaker economic data, which could trigger a big unwind.
- If an unwind occurs, expect "Private Credit" to be front and center. Top stories on our Bloomberg are highlighting potential issues at a rapid rate and far more numerous. It's palpable.
- It would appear fundamentals still justify higher dividend payouts and growth. Bank balance sheets are strong with excess cash. Big tech is flush, but huge AI spending and buybacks at current prices feel reckless. Stock buybacks are poorly understood: if a company repurchases stock at inflated prices and it tanks, the company absorbs the hit just like investors—but these poorly timed value-destroying moves usually get swept under the rug.
- For value and dividend investors, there might be some FOMO. But if your portfolio held up well during downturns while still up mid-teens, that's a solid win, especially since you didn't endure much of the volatility of 2022 and early 2025.

Business Wise:

Consistency matters. Since strategy inception 16 years ago… we've kept the same team, the same philosophy, and delivered consistent results. The same people are picking up the phone, eager to help with portfolio questions and client cases so you can run a better practice.
We believe our assets and flows to be at all-time highs, but so are the creative ways we help you skillfully articulate the case for dividend strategies to help you attract and retain business. A "Santa Sack" of dividend insights - wrapped and ready for delivery.

Contemplating a Shift In Business Model?

As the year winds down many are planning for 2026. It's likely your business and client goodwill are riding high, so if you are contemplating major business model shifts, perhaps now is a great time.

Maybe you want to outsource more, rebalance accounts, introduce new team members, introduce new services, streamline your offering, or actually hit the pause button on new accounts. Now might be the time -- you are likely doing it from a position of strength.

We are seeing a meaningful and distinct shift in business models that fall into 2 camps. Many are, with great intention, transitioning their practice from investment centric, to a true team based holistic planning practice. Investments and getting clients a great return doesn't lead or dominate the conversation. It complements a comprehensive technical financial plan. Some continue to doggedly stick to investment advice only.

If done correctly, for many it's a big shift and requires a whole new set of skills, business processes, and more specialized personnel.   However, according to Cerulli, it pays off – the following matrix indicates a direct correlation between the number of services offered and assets under management. *(Source: Cerulli)*

Exhibit 3
Practice Type Archetypes, 2023

	Investment Planner	Case-Based Planner	Comprehensive Financial Planner	Private Wealth Manager
Service Complexity	Money Management			Comprehensive Financial Advice
Description	Build basic portfolios and focus exclusively on asset management for nearly all clients	Provide modular issue-based planning with most clients. May emphasize asset management or financial planning as their value proposition	Develop complete financial plans with nearly all clients based on an extensive analysis of their goals, assets, and liabilities	Specialize in comprehensive wealth management with all clients
Advice Provided to Clients	Money management, basic financial advice	Investment management, targeted financial planning services such as retirement guidance and education funding	Investment management, a broad range of financial planning services including basic estate planning, insurance/risk, etc.	Complete suite of financial planning and investment services including charitable giving, stock option planning, and complex trust and estate planning
% of All Industry Advisors	7%	57%	26%	10%
% of All Industry Assets	9%	50%	23%	18%
Average AUM per Practice ($ millions)	$285	$210	$230	$822
Average Client Size	$600,000	$562,500	$642,857	$1,818,182
Core Market: % of HNW Clients (>$5 million)	8%	7%	7%	37%
Average Practice Headcount	2.7	4.0	4.4	7.6
% of Practices with Specialized Staff	13%	21%	29%	52%
# of Planning Services Offered	3.9	6.7	9.5	9.6

Source: Cerulli Associates | Analyst Note: Cerulli assesses practice types through a series of survey inputs on various criteria. Although Cerulli buckets advisors into distinct archetypes to display data, many advisors believe a blend of the archetypes more accurately represents their practice. Cerulli assigns each advisory practice a core market range based on the investable assets of the majority of the practice's client relationships. Specialized staff roles include paraplanners, investment research, marketing, or compliance.

Financial Planning: Fueling Client and Business Growth 8

Black Friday Economics

Above we said: "CEO’s at major companies say the consumer is struggling." Black Friday data seems to agree.

- A total of 95% of Black Friday shopping ($11.2B) was financed
- Roughly 11% of ALL Black Friday spending was financed through BNPL
- 84% of all purchases were financed by credit cards, where 67% of those consumers expect to not pay the full balance in the first month.
    - *(Source: https://x.com/AdamOnFinance/status/1995500805030400045)*

Have a great weekend!

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