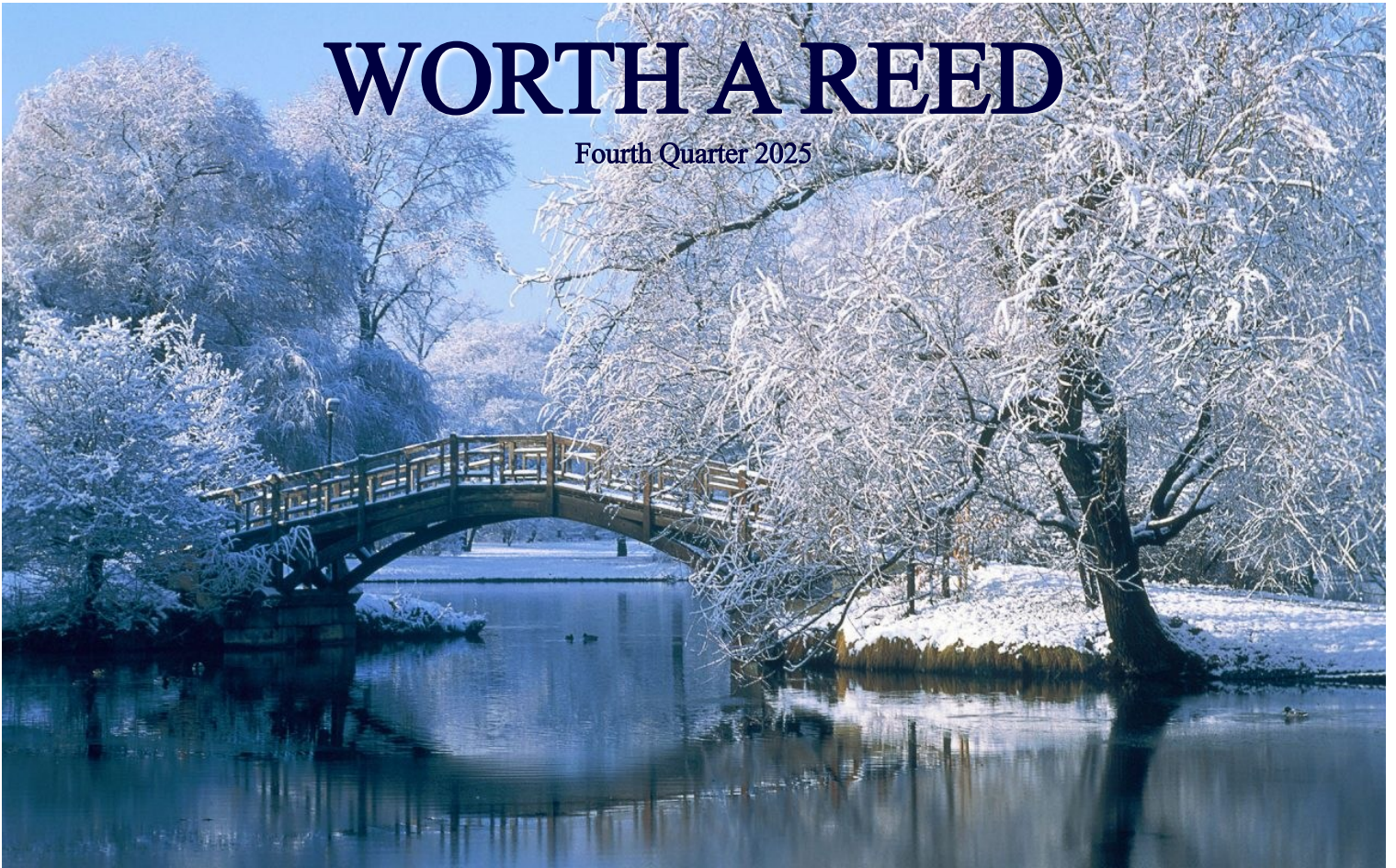


WORTH A REED

Fourth Quarter 2025



Birth Rates and Demographics Still Matter

Evan Watson, Investment Manager

While the main market focus for 2025 has been around artificial intelligence and how they may change our world, but one thing that is likely more impactful is the demographic trends that are occurring around the world. I have been listening to economists and demographers talk about the declining birth rates and the impacts that could have on economies for a few years now and it feels like something that may become more in focus in the coming years.

The main issue is that the birth rates of many developed societies are declining, some more quickly than others. For example, countries like the United States have an average birth rate of 1.6 children per woman. A replacement birth rate for stability would be about 2.1 children per woman. This means that over the long-term, the population of the United States is expected to decline and age. The problem with this is that it puts more of a burden on younger generations to support an aging population. This impacts everything from having enough people to take care of the older generations in health care to having enough income to pay for costs associated with an aging population.

However, it is important to note that the United States isn't the only country seeing this issue and is by far in better shape than some other countries. According to Data from the United Nations Population Division, countries like the United Kingdom and Germany have a similar birth rate. Other Asian countries like Japan have a birth rate of roughly 1.2 children per woman and China has a birth rate of about 1. This global phenomenon of declining birth rates is likely to be a significant headwind for these countries into the future.

The one that is most interesting to me is the issues occurring in China. China had a significant population expansion during 1949 to 1979 resulting in a doubling of the population. This doubling did lead to some economic hardships as it made it difficult for the country's infrastructure to be able to handle the rapid increase. This led to the one-child policy, limiting families to how many children they could have. This policy led birth rate decline is also hampered by some data issues that the Chinese Government has in counting statistics. Without getting into the weeds on how the issue came about, suffice it to say that there may have been an overestimation of the

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Staying the Course through Market Cycles

Amanda Lisachenko, President

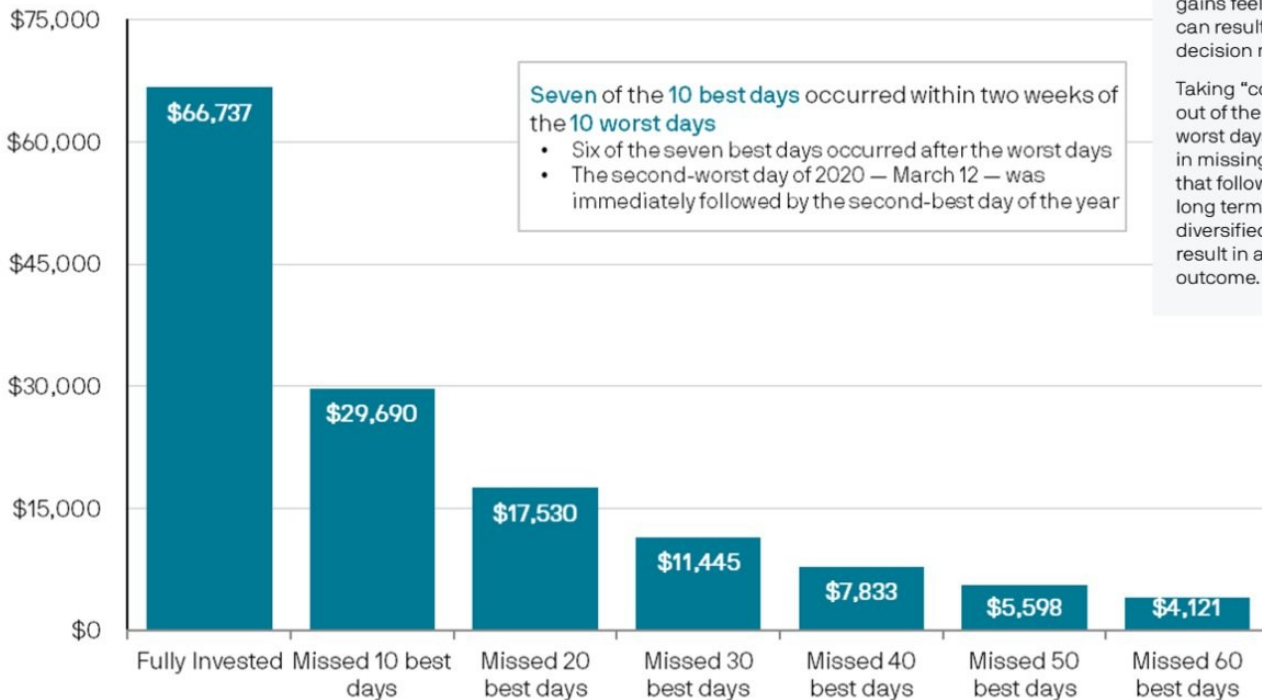
Recently, I was discussing with a client the benefits of thinking long-term when investing when I remembered and shared this chart from J.P. Morgan's Guide to Retirement. Seeing what a profound impact it had during the meeting, I thought it would be helpful to share it with everyone since it illustrates the benefit of staying the course through market cycles.

Staying the Course

The chart looks back at a 20-year period (July 1, 2005 - June 30, 2025) which includes some significant drawdowns in the S&P 500, including the 2008 Financial Crisis and COVID.

Returns of the S&P 500

Performance of a \$10,000 investment between July 1, 2005 and June 30, 2025



Seven of the 10 best days occurred within two weeks of the 10 worst days

- Six of the seven best days occurred after the worst days
- The second-worst day of 2020 – March 12 – was immediately followed by the second-best day of the year

Plan to stay invested

Losses hurt more than gains feel good. Market lows can result in emotional decision making.

Taking "control" by selling out of the market after the worst days is likely to result in missing the best days that follow. Investing for the long term in a well-diversified portfolio can result in a better retirement outcome.

Its goal is to show the benefit of staying in the market and not trying to time it when things get bumpy. Missing only the ten best days of the market out of 20 years (or 7,300 days) would mean cutting your investment gain in half. Further, missing a total of the twenty best days would reduce your gain almost in half again!

When analyzing the data, seven of those best ten days occur within two weeks of the ten worst days, which makes staying on course all that more difficult. With a long-term horizon, staying invested during challenging times ultimately helps your recovery. April of this year is a recent example of staying the course as current gains from the market recovery would have been reduced or negated if holdings had been sold off.

We are always here to help you stay on course and try to find ways to make things more comfortable. During tough market conditions, we utilize our tool set to review and adjust diversification, asset allocation, and cash buckets. We also try to increase our overall communication. Let's take a closer look at each of these:

Diversification

When we develop our models, we use diversification. We accomplish this by spreading the portfolio into different

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Congratulations to RFS' Newest CFP® Professional
Troy Hammer, Operations Manager

Congratulations to Liam Studt, Associate Advisor, on achieving his Certified Financial Planner (CFP®) certification this year. CFP® professionals have met the CFP Board's high standards for education, examination, experience, and ethics. To become a CFP® professional, Liam had to fulfill a minimum of 6,000 hours of professional experience in the personal financial planning process, complete required CFP Board-approved coursework, and then sit for the comprehensive CFP® Certification Examination. The exam is designed to assess an individual's ability to integrate a wide range of financial planning knowledge and apply it to real-life financial planning situations. Liam successfully passed the CFP Certification Examination in July. We are proud of Liam's accomplishment and hope you'll join us in congratulating him on this achievement. ■



Staying the Course through Market Cycles
(Continued)

mutual funds and ETFs, which we manage under different objectives. The goal is to add exposure to multiple asset classes that will provide investment in various industries and geographical locations to reduce the overall risk. The thought is that the spreading out of investments allows outperforming positions to offset losses in other positions, leading to more consistent performance and reducing volatility.

Monitor and Rebalance

We monitor all our funds and ETFs performance against peers and indexes. This helps us determine if we need to set up a meeting with fund management to discuss the portfolios positioning and outlook. From these ongoing conversations we can determine if adjustments need to be made to the allocation or positioning of the portfolio.

Cash Bucket

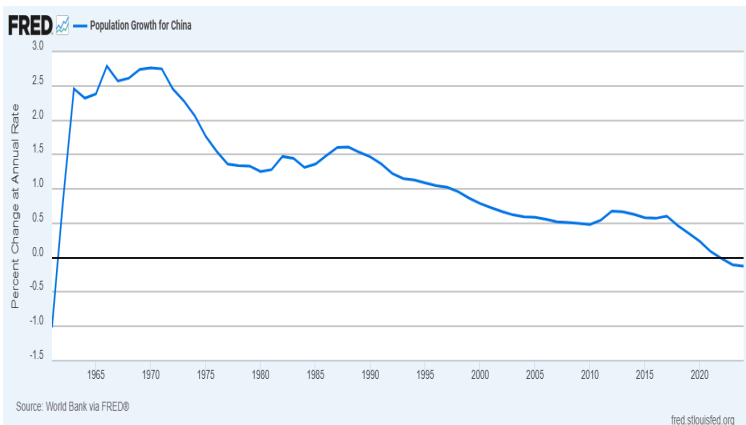
Many clients are using their portfolios to create an income stream to support their lifestyle. So, on average we have about 18 months of cash set aside in the portfolio. This allows the portfolio to remain invested without the need to sell at low points in the market. This creates uninterrupted cash flow no matter how crazy the market gets.

Communication

During stressful market environments we strive to keep our clients informed. We try to help you understand what is going on and communicate our plans for the portfolios. Information provides clarity and calm during these times, which is of the utmost importance to us. Hopefully, the chart provides some insight into why it is important to stay the course throughout the market cycles. As always, we are here to further discuss. ■

Birth Rates and Demographics Still Matter
(Continued)

Chinese population. This on top of a declining birth rate leave many skeptical of the country's ability to maintain its position in the economic stage with the anticipation that nearly a quarter of the working-age population will be out of the labor force by 2050. While they may be able to offset some of this productivity loss, other factors like cost of living and the burden of labor may set back the Chinese ambitions. ■



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Year-End Planning:

Before Cookies or your Pets Distract You

Janet Edwards, Director of Client Relations

Is it just me, or did we blink sometime around Halloween and suddenly it's December? My Christmas tree is already up, and I've somehow started filling in my 2026 calendar and just like that, I am making 2026 Airbnb reservations before all the best deals are gone. Even my dogs are confused — they're still expecting trick-or-treaters, and here I am asking them to pose for Christmas card photos on their breaks from bouncing through the snow like over-caffeinated reindeer!



But that fast-forward feeling is exactly why this time of year is perfect for taking a breath and getting ahead of your financial to-dos. Just like the dogs know exactly when it's dinner time, our year-end planning has its own rhythm — and it sneaks up quickly.

So, before the holiday chaos kicks in, the travel plans pile up, and the cookie trays magically refill themselves, here are a few important year-end reminders to help you stay organized, prepared, and ready to start the new year strong. At Reed Financial Services, we help clients stay prepared and proactive—so here are the most important year-end reminders to keep your financial life running smoothly.

1. Take Your Required Minimum Distributions (RMDs)

If you're age 73 or older—or have inherited retirement accounts—RMDs must be withdrawn before year-end to avoid steep IRS penalties.

- Confirm the correct amount has been calculated.
- Verify the distribution occurs before December 31st.
- Consider whether a Qualified Charitable Distribution (QCD) could be beneficial.

2. Complete All Charitable Contributions by December 31st

Charitable gifts must be made and documented by year-end to be included on your tax return. This includes:

- Cash donations
- Donor-advised fund contributions
- Appreciated securities (often a highly tax-efficient strategy)
- Qualified Charitable Distributions (QCDs) from IRAs if age 70½+

If you plan to give, now is the time to ensure it counts for this year.

3. Maximize Retirement Account Contributions

For those still working, review your 401(k), 403(b), or IRA contributions.

- 401(k)/403(b) employee contribution deadline is December 31st.
- IRA contributions can be made up to the tax-filing deadline, but year-end is still a great time to confirm your strategy.
- Evaluate whether catch-up contributions apply if you're 50 or older.

New SECURE 2.0 Super 401(k) Catch-Up Contribution for Ages 60-63

- SECURE 2.0 changes will allow older workers to increase their retirement savings.

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Year-End Planning: Before Cookies or your Pets Distract You

(Continued)

- A major highlight for 2025 is the enhanced catch-up contribution limits for individuals ages 60 to 63. If you're in this age group, you can now contribute up to \$11,250 to your 401(k), 403(b), or governmental 457 plan, far above the standard catch-up amount.
- These increased retirement contributions help you maximize your savings during your peak earning years and can lower your taxable income and reduce your overall tax liability.

Participant Age in 2026	2026 Standard Annual Deferral Limit	Catch-up Contribution for 2026	Total 2026 Annual Contribution Limit
50-59 or 64 or older	\$24,500	\$8,000	\$32,500
60-63	\$24,500	\$11,250	\$35,750

4. Review Flexible Spending Accounts (FSAs)

"Use it or lose it" rules may apply.

- Medical and dependent-care FSAs often require funds to be spent by December 31st.
- Some employers allow a small carryover or grace period—check your plan.

5. Consider setting up or funding 529 college savings plans

The end of the year is a great time to establish or contribute to a 529 plan, especially if you're an Ohio resident.

- Ohio offers a state income tax deduction of up to \$4,000 per beneficiary per year for contribution to Ohio's College Advantage 529 plan.
- Contributions made by December 31st count towards this year's deduction.
- You can contribute more than \$4,000 per year per beneficiary and carry forward the excess for future deductions.
- 529 plans also allow others such as grandparents to contribute and potentially benefit from the tax deduction as well.

If education planning is part of your goals, making these contributions before year-end can provide both future flexibility and immediate tax savings.

6. Evaluate Your Tax Withholding and Estimated Payments

Year-end is a smart time to check for over- or under-withholding, especially if you:

- Sold property
- Received bonuses
- Had changes in employment
- Took large capital gains

Adjusting before December 31st can help avoid surprises in April.

7. Update Beneficiaries and Review Your Estate Plan

Life changes quickly. Year-end is a natural time to confirm:

- Beneficiary designations on retirement accounts and insurance policies
- Your Last Will, Trust, and Powers of Attorney



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Year-End Planning: Before Cookies or your Pets Distract You (Continued)

- Guardianship designations for minor children
- Asset titling and ownership structure

Even small changes can have a major long-term impact.

8. Prepare for Major Life Changes in the Coming Year

If you anticipate any of the following in the near future, now is the time to plan:

- Retirement
- Business sale or liquidity event
- Real estate purchase
- College expenses
- Family additions or changes

A proactive discussion today helps avoid scrambling later.

We're Here to Help

Our team at Reed Financial Services is ready to help you finalize these important items and prepare for a strong start to the new year. If you would like to review your plan, confirm outstanding tasks, or discuss strategies tailored to your goals, don't hesitate to reach out. ■



Updated Login Requirements for RFS Client Portal

Troy Hammer, Operations Manager

If you've historically chosen to use "Challenge Questions" as your method of secondary authentication when you login to the RFS Client Portal, you'll be prompted to use a different method the next time you login.

For better security, our partner provider is phasing out the use of challenge questions and users must enter a one-time passcode—sent through email, delivered by text message, or generated by an authentication app—to access the client portal. If you already have SMS Text authentication enabled, no action is required. But if you've been using challenge questions, the system will default to sending you a one-time passcode via the email associated with your login. If you prefer to use a different method, sign in using your email address and password and select the "Use a different verification method" link as shown below. Please contact us if you have any questions or problems logging in or selecting your preferred authentication method.

TAMARAC®

ENTER VERIFICATION CODE

Authentication Required

Before you can set up this authentication method, we need to verify your identity. ?

Click Request Code to receive a one-time code at your registered email address and confirm your identity.

Email address: M*****@investnet.com

REQUEST CODE

Code

Remember this device

VERIFY

[Use a different verification method](#)

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Reed's Reads!

Evan Watson, Investment Manager

This quarter, I read a few new books of varying genres that I think are worthy of recommending to others. If you are thinking about making one of your New Year's resolutions reading more, maybe start with one of these to get you on the right track.



1) **Flowers for Algernon by Daniel Keyes**

This is one of those books that is considered to be a classic of literature. This novel was published in 1966 after being adapted from a short story and follows the challenges of Charlie. Charlie was used as a test subject in a surgery aimed at raising his intelligence after success in a lab mouse named Algernon. It takes the reader on a ride of emotions as Charlie learns to deal with the changes because of the operation. If you have an interest in the human experience, you will have a great connection to this story.

2) **Brave New World by Aldous Huxley**

This is another classic, originally published in 1932. It reminded me of the things that books like George Orwell's 1984 warned about with an overreliance on technology and dystopian governments. It follows a young man named Bernard living in a futuristic world as he heads to a reservation of the old world and meets John. Bernard brings John to this new world and shows you the breaks in the old world versus the new world.

3) **Countdown 1960 by Chris Wallace**

This is a book I am still working on but am about three quarters of the way through and really appreciate its context of politics and how little they have changed over the last 65 years. The book details the 312 days ahead of the Kennedy-Nixon election from both sides of the campaign. It details the struggles that both candidates faced, how the machines behind them powered things along, and the backroom conversations that helped to shape the future of the country. I think this does a great job of helping to realize that every election is presumed to be on the precipice of the nation either forging forward or floundering and losing its position.

4) **Guns, Germs, and Steel: The Fates of Human Societies by Jared Diamond**

This book is one man's review of the factors that shaped global societies. He looks into the circumstances of the crop and livestock availability as well as the geographic landscape that shaped some parts of the world that led to some continents having civilizations expand versus others that did not. If you are interested in a history of the world that isn't predicated on technologies, this may be for you.

5) **Shadow Cell by Andrew and Jihi Bustamante**

If you love a good spy thriller, how about a book that details the most recent CIA operation to uncover a mole. While the Bustamantes don't come out and exactly say which countries they operated in or who the mole was that they helped uncover, there is enough context clues to make some judgements of your own. This is a real breakdown of the way that the agency worked at this time and depicts just how slow the actual spy world can be.

6) **The Silent Patient by Alex Michaelides**

This was a book that was fairly popular back in 2019 and I have to admit that this one got into me fairly quickly. I ended up reading the second half of the book in one sitting because I kept wanting to turn the page. This book is from the point of view of Theo Faber, a psychotherapist who makes it his mission to help a woman who murdered her husband. However, this isn't as easy as you would expect since she hasn't spoken a word since the day of the murder. Follow along as Theo uncovers what happened on that day and why Alicia hasn't spoken since. ■

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¹Information regarding the birth rates for several countries was obtained from the UN Population Division Data Portal, a source believed to be generally reliable. However, RFS has not independently verified such information, and makes no representation of its completeness. <https://population.un.org/dataportal/home?df=95dea910-2ad4-4be8-81d7-18cffeefc0da>

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