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WINTER 2025

THE DUGDALE | HAYES INVESTMENT GROUP

Financial Advisors with D.A. Davidson & Co. member SIPC

Bradley E. Dugdale, Jr.

Senior Vice President,
Financial Advisor,
Portfolio Manager

BDugdale@dadco.com

Darin Hayes, CPFA, CWS®

Senior Vice President,
Financial Advisor,
Portfolio Manager

DHayes@dadco.com

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Tax Mailing Information

The majority of D.A. Davidson's 1099s will be mailed by February 17, 2025, with the remaining to follow in subsequent waves mailed by March 15, 2025. This phased delivery approach is used because many accounts hold securities that are able to reclassify their 2024 distributions as late as February 28, 2025 and it greatly reduces the number of corrected documents required to be issued.*

Below are the anticipated mailing dates based on securities held:

| Wave | Anticipated Mailing Date | Accounts Generally Included |
|----------|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Week of February 10 | Accounts holding certain equities, most fixed income, and options |
| 2 | Week of February 24 | Accounts holding mutual funds, most Real Estate Investment Trusts (REITs), fixed income securities not captured in the first wave, and accounts with reclassifications or corrections |
| 3 | Week of March 3 | Accounts holding Unit Investment Trusts (UITs), mutual funds and REITs not captured in the second wave, and accounts with reclassification or corrections |
| 4 | Week of March 10 | Accounts with mortgage-backed securities and accounts with late reclassifications or corrections |

** Please note this phased delivery approach does not completely remove the chances of receiving an amended 1099. If an amendment is required due to a reclassification or correction, it will be mailed by the end of March.*

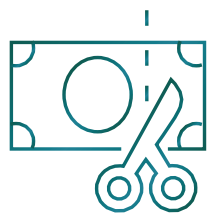
Other important information:

- Accounts holding a Master Limited Partnership (MLP) will receive a K1 Statement generated by the partnership. These are typically mailed in February. Copies of K1 Statements are also available at taxpackagesupport.com.
- Tax documents will be available on the D.A. Davidson Client Access site on the mailing date. To self-enroll, visit access.davidsoncompanies.com.

TRENDS 2025

At the start of each year, Davidson Investment Advisors publishes “Trends” to provide some insight into exciting, disruptive, or otherwise new developments they anticipate being impactful to businesses, consumers and society. We are featuring a few highlights from this year's publication with their permission.

DOGE



The Trump administration's formation of the Department of Government Efficiency (DOGE) has the stated objective of reducing government spending and burdensome regulation – a frustration of many Americans. President Trump has tasked Elon Musk to lead the effort working with/under the White House Office of Management and Budget. Cutting government spending has been very difficult historically given the political constraints and promises elected officials make on the campaign trail. Unlike the private sector, there are obstacles to head-count reductions such as civil-service protections to consider. That said, long-term changes are needed to address the U.S. federal deficit. Annual deficit spending is approaching \$2 trillion and success in this effort could be very important to improve the country's fiscal position. However, the courage to address non-discretionary spending (Medicare/Medicaid, Social Security, and interest on federal debt) is likely a requirement for real progress, as non-discretionary spend is trending toward two-thirds of all outlays. One thing we know is that Trump and Musk enjoy challenging the status quo, and therefore, investors should pay attention to any progress on this effort.

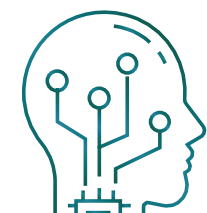
POWER HUNGRY



Despite some hope of an energy transition, consumption of all sources of energy is increasing. Whether it be coal, oil, natural gas or biomass (wood), though the share of these fossil fuels as a percentage of energy consumed is going down, the actual amount is increasing. In 2024, the United States reduced coal usage by 55 million tons versus 2023 - and the United Kingdom went to basically zero with the closure of its last coal-fired power plant in October; yet, according to the Energy Institute's Statistical Review of World Energy, global production of coal exceeded 9 billion tons, the highest ever recorded and more than double than at the start of the millennium. Why? China's coal production increased 83 million tons during the first 11 months of this year while India's grew by 66 million tons. The offsets of reduced fossil fuel usage in the (mainly) developed West - U.S., U.K., Germany, etc. - has been more than offset by the increasing needs in emerging markets, particularly in Asia.

Carbon-neutral forms of energy such as nuclear, wind and solar are indeed growing at a faster pace, but, for the foreseeable future, the world will use these newer sources of energy to add, rather than replace existing sources. Case in point, wood, as measured by percent of energy consumed, is at all-time lows, though global energy production from wood reached an all-time high in 2022, more than what was produced in either 1800 or 1900. With the advent of Artificial Intelligence and other power-hungry technologies, societies that fail to accept this fact do so at their own peril, for not only is affordable energy essential to progress, it is also essential to national security.

AGENTIC AI



Agentic AI represents a significant evolution in artificial intelligence, moving beyond passive information processing to proactive, autonomous action. In previous years we've highlighted how AI has continued to evolve from machine learning to generative AI to multimodal AI. Unlike traditional Generative AI models, which typically require human prompts to initiate tasks, Agentic AI systems possess built-in decision-making frameworks. This allows them to independently plan, strategize, and execute actions within predefined constraints. This trend has profound implications across various sectors, transforming how businesses, governments, and individuals interact with technology.

The emergence of autonomous agents is fueling the rise of “digital labor,” providing an always-on, 24/7 workforce. This trend is exemplified by Salesforce, where over 80% of customer service interactions are now resolved through their Agentforce platform. Similar productivity gains are being observed among Salesforce customers who are deploying agents at scale within their own organizations.

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While currently confined to the digital realm, Agentic AI is increasingly manifesting in physical forms through robotics. As reasoning and decision-making capabilities within these systems advance, robots will embody the proactive, Autonomous nature of Agentic AI. These systems will dynamically adapt their actions based on real-time feedback and learn from past experiences to optimize future performance.

The benefits of Agentic AI are substantial, offering increased efficiency, scalability, and enhanced problem-solving capabilities. However, the deployment of such systems also necessitates careful consideration of ethical and operational challenges, issues related to accountability, trust, and the potential for unintended consequences. Despite these challenges, the transformative potential of Agentic AI in redefining operational paradigms and enhancing decision-making at scale positions it as one of the most impactful trends in the AI landscape.

YIMBY



For the last 18 months, housing affordability for first time homebuyers has been worse than at any time before in the United States, according to an index from the National Association of Realtors. While the homeownership rate is above the 60-year average, many experts still say the U.S. is short somewhere between 3.8 million and 6.8 million homes, according to Vox. This has given rise to the Yes In My Backyard, or YIMBY, movement whose aim is to encourage and incentivize more housing mostly through the reduction or elimination of zoning barriers. Another key aspect of the

movement is to provide representation for a wider demographic of people, many of whom are not homeowners, at local planning meetings, a forum often dominated by homeowners. More scalable solutions are also being explored including litigation and pushing certain zoning decisions to a state level from a local level. Via their persistence, the YIMBY movement has given political cover to local officials to loosen or rewrite local zoning laws in many jurisdictions across the country. This has led to many creative solutions such as Accessory Dwelling Units (ADUs) and repurposing older commercial buildings such as malls and their anchor stores as condos and apartments.

Team Tidbits

Brad

The last quarter of the year sailed by with my favorite holidays. I love Thanksgiving, it's my favorite, such a fun relaxed time! Friends, family, and the Christmas parade. Our little granddaughter adds a new spark of energy to everything we do! This year we spent Christmas down south and everyone was able to attend. Before Christmas, our tribe drove to Carlsbad and spent two days at Legoland. It was the perfect experience for the family. It's special when we can get everyone together. We hope you too had a nice holiday as we move into mid-January. All the best!

Darin

The holidays were great. Teagan was home for about three weeks and we were able to spend plenty of time with friends and family. I've done a little snowboarding, but not a lot. A little is probably just about right for me. Teagan completed the fall semester at the University of

Idaho with a 4.0 GPA and another appearance on the College of Science Dean's List. Probably our biggest news to share is that she will be getting married in June of this year. David lives in Coeur d' Alene and attends NIC and will be transferring to the University of Idaho next fall. My parents announced over Christmas that they have planned an Alaska cruise for the entire family (including new member David). There will be eleven of us in all and it should be a fun trip. We'll have a very active summer with the wedding in June followed by the cruise in July. Once again, you can thank me for the lack of snow in CDA this year because I paid my plow guy a flat retainer for the season instead of per-plow rate. This is the second year in a row I think he will win. We're getting it in the mountains though, so I think it's a win-win for everyone.

Kate

As I write, the skies are blue and the temps are in the

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Team Tidbits

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low 20s. We are in the middle of winter with obvious signs the days are getting longer! Terry and I were able to sneak away twice this winter and find some sunshine which always helps the long and dark winter. We were very busy on Christmas as we toured through N. Idaho to see one grandson for Christmas breakfast, a granddaughter for Christmas lunch and two granddaughters and one grandson for Christmas supper. We are so blessed and thankful for those little peanuts every single day. Christmas was wonderful and it was especially nice to come home to a quiet and clean house. You get my drift, right? We have a few little travel carrots dangling in our future so I'll write about those next time. I hope you and yours are well and blasting into 2025 with steam.

Steph

Hello 2025 and all the excitement it's sure to bring! With a New Year brings new beginnings and goals in our house. We officially have a four-year-old who started



ski school and gymnastics to keep us all entertained for many weekends to come. All kinds of new milestones happening with her as she now has transitioned from a toddler bed to a big girl bed. I may have felt a little sadness as I dismantled the nursery that I put together when I was pregnant and dreaming about the little girl I was brewing. What a whippersnapper she's turned out to be! Anyway, I hope you all had a wonderful holiday season and a bright start to 2025!



Left to right: **Kate Absec**, FPQP®, Senior Registered Associate; **Brad Dugdale**, Senior Vice President, Financial Advisor, Portfolio Manager; **Stephanie Brunner**, Client Associate; **Darin Hayes**, CPFA, CWS®, Senior Vice President, Financial Advisor, Portfolio Manager.



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608 Northwest Boulevard | Suite 403 | Coeur d'Alene, ID | (800) 233-7588 | (208) 667-1212

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