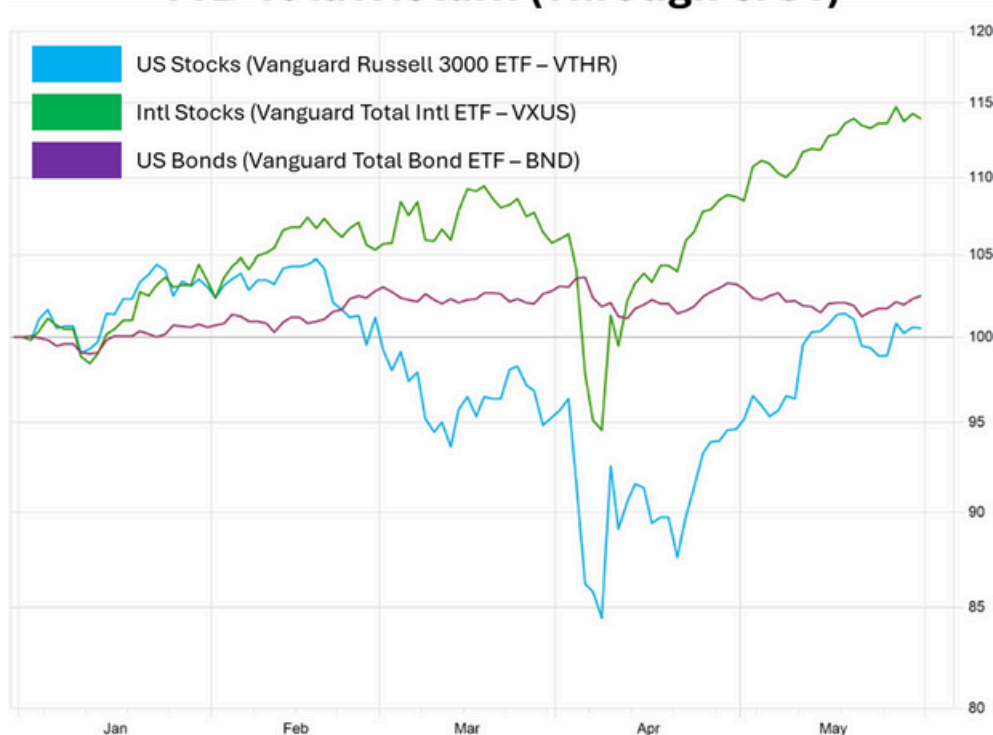


Investment Update

June 2025

To say markets have been volatile this year would be an understatement. Investor sentiment is near the lows of 2008 and Covid, while on the other hand, market and economic data has been surprisingly normal. Year-to-date (through 5/31) international stocks are up 14%, US stocks are basically flat, and US bonds are up 2.5%.

YTD Total Return (Through 5/31)

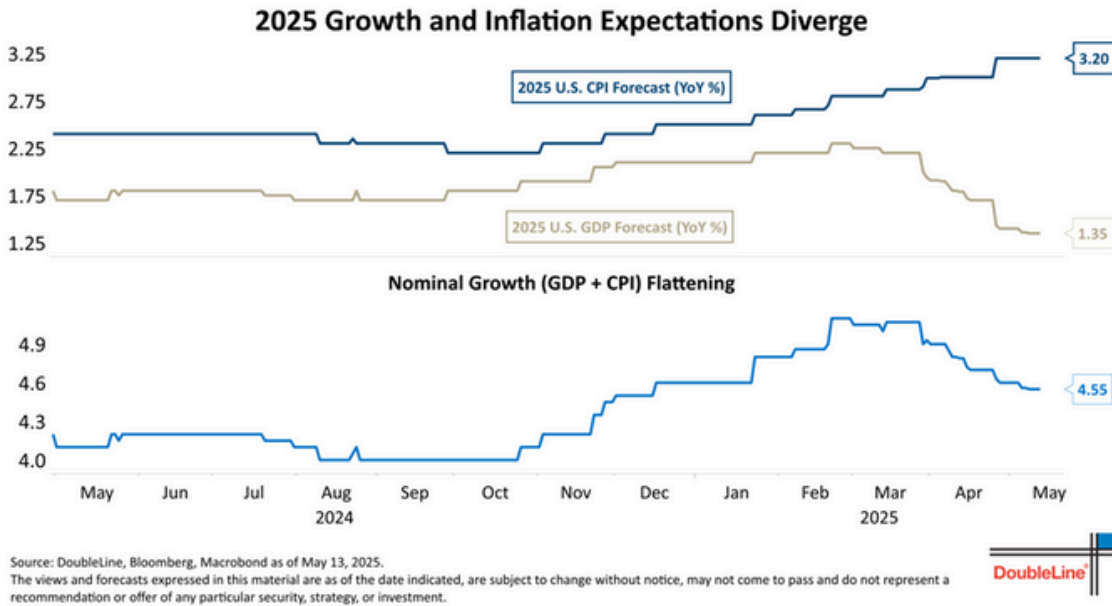


The volatile nature of the US stock market has largely been attributed to tariffs and to what extent they are being levied. Diversification has been the name of the game, with a broadly diversified portfolio providing both better returns and a much smoother ride. This is in contrast to 2024 where US stock returns greatly exceeded most other asset classes.

Tariffs are effectively a tax increase on imported goods. In the short-term, that means higher inflation and lower growth. Markets have so far been willing to look through the disruption as a one-time shock (similar to Covid). Even with lower growth and higher inflation, the overall economy is still expected to grow 4-5% this year which is positive for corporate and personal earnings. That's also before stimulative tax cuts and deregulation. We'll save the deficit issues for another update.

Investment Update

June 2025



The overall economy (Real GDP + inflation) is still expected to grow 4-5%

This most recent 5-month period does offer a great opportunity to revisit how you feel about portfolio risk. The best portfolio for you is the one that lets you sleep at night. The April ~20% correction in US stocks was a litmus test of your comfort levels with risk and volatility. We are happy to re-run your financial plan utilizing different asset allocation mixes to help determine the right one for you.

We would also expect the volatility to continue. Interest rates have been range bound the last 2-3 years as the economy has been strong - this has kept stock prices high and credit spreads low (the extra yield we get for lending to riskier borrowers).

We remain active in the alternative space and patient in evaluating investment opportunities in public markets. As an example, commercial real estate has been in a 3-year bear market and we are beginning to see prices stabilize.

Interestingly, this higher inflation/yield environment is beginning to impact housing (a much bigger part of consumer spending than tariffs). It just goes to show how markets are self-regulating as higher mortgage rates lead to lower prices.

Our team will continue to provide updates as the year progresses. In the meantime, we hope you enjoy the summer. Please do not hesitate to contact us with any questions or concerns.

Investment Update

June 2025



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