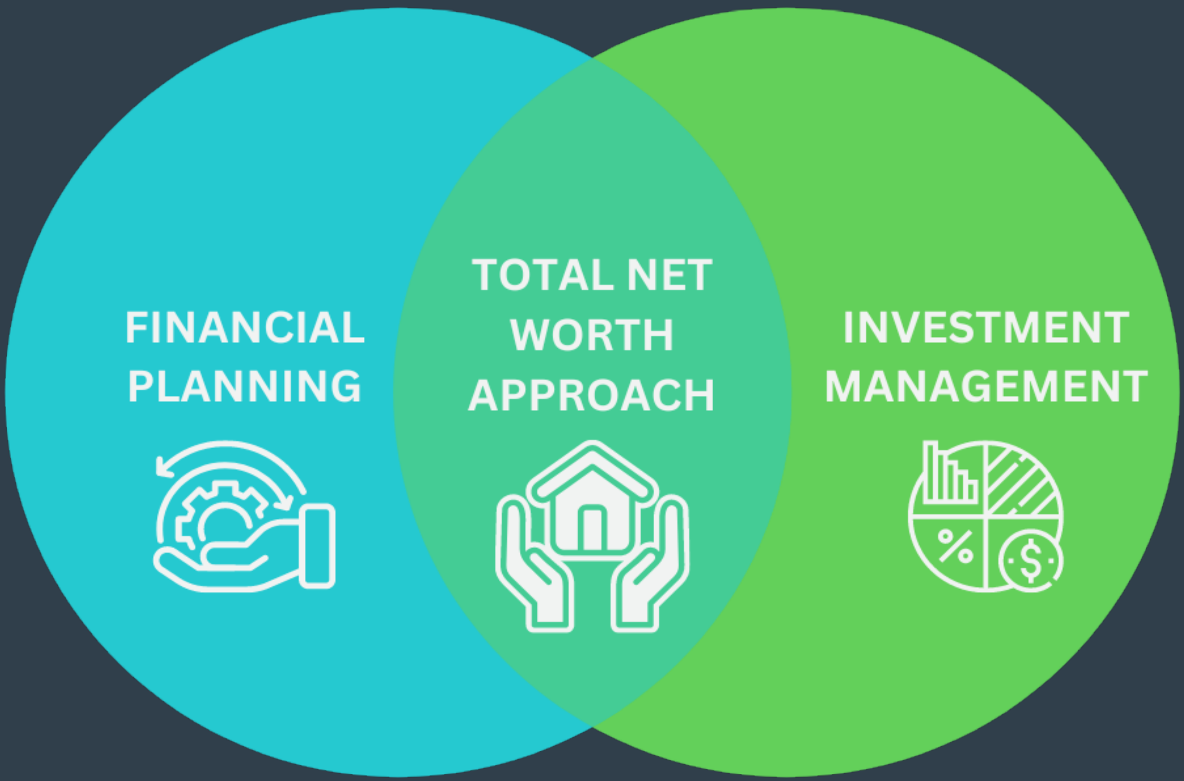
2025 Market Review & Outlook

Andrew Murphy, CFA
Co-Chief Investment Officer



At Winthrop Wealth, we follow a **Total Net Worth Approach** to wealth management that combines both comprehensive financial planning and investment management. The financial plan helps define cash flow needs, seeks to optimize account structures, considers tax mitigation strategies, and determines the appropriate asset allocation based on the client's willingness and ability to take risk. Based on the output of the financial plan, our investment management process designs a well-diversified portfolio constructed with a long-term methodology based on prudent risk management, asset allocation, and security selection. *For clients who receive both financial planning and investment advisory services under agreement. No strategy assures success or protects against loss. Investing involves risk, including loss of principle.*

2025 Highlights

- **US Equity Markets:** The US equity market completed another strong year, with the S&P 500 rising +17.9%. This marked the third consecutive year of double-digit gains, following advances of +25.0% in 2024 and +26.3% in 2023. Momentum remained strong into year-end, as the market finished higher in each of the last eight months and the final three quarters. The rally this year was driven by progress on trade deals and easing tariff uncertainty, stronger-than-expected corporate earnings, sustained optimism around artificial intelligence, and recent rate cuts by the Federal Reserve.

- **Treasury Yields:** Treasury yields declined across the curve as labor-market weakness and easing inflation expectations led the Fed to lower the Federal Funds rate by a cumulative 0.75%, while pulling most longer-term yields lower as well. The 10-Year Treasury yield declined by about 40 basis points to 4.17%. The Federal Reserve influences short-term interest rates by setting the Federal Funds rate, while the market determines long-term yields based on supply dynamics, including elevated federal debt issuance, and investor demand, which vary with expectations for future inflation and economic growth.

- **US Fixed Income Market:** The Bloomberg US Aggregate Bond Index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, increased by +7.3% due to the decline in the 10-Year Treasury yield. This marked the third consecutive annual gain for the Agg and the best calendar-year return since 2020. All else equal, we expect intermediate-term bonds to provide both ballast and positive returns once yields either stabilize or decline. In our opinion, intermediate-term bonds remain an attractive investment opportunity, as the yield to maturity on the US Aggregate Bond Index ended the year at 4.3%.

- **Inflation:** Inflation has eased from its peak but remains above the Fed's target, allowing rate cuts to resume while policymakers balance easing with lingering inflation risks.

- **The Fed:** Beginning in September, the FOMC lowered rates by 0.25% at three consecutive meetings, bringing the top end of the federal funds rate to 3.75%. After raising rates to a peak of 5.50% in 2023, the Fed has now reduced rates by a cumulative 1.75%. The most recent Summary of Economic Projections (SEP) shows the median participant expects rates to decline to 3.4% next year.

- **US Economy:** The US economy continues to slow beneath the surface, even as headline growth remains positive. Real GDP is estimated at roughly +2.0% in 2025, below the +2.7% average pace of the prior three years. Looking ahead, the durability of US growth will depend on whether strength among wealthier households, together with recent interest-rate cuts that may help stabilize labor-market conditions, can offset mounting pressures on the lower end of the income distribution.

- **Short-Term Market Outlook:** Our short-term outlook remains cautious given recent market performance. On the positive side, corporate earnings remain solid, with upward revisions, and the Fed has lowered interest rates. At the same time, the economy sits in a more fragile position, inflation remains elevated, and several geopolitical and policy-related risks persist. Although speculation has cooled in some areas, signs of froth remain evident, including stretched valuations, elevated options activity, record-high margin debt, growth in levered ETFs, and continued outsized gains in unprofitable technology companies. In our view, it is prudent to remain disciplined by staying committed to regular rebalancing, opportunistically raising cash, and positioning portfolios to both manage downside risks and participate in potential upside should the bull market continue with limited disruption.

- **Long-term Investment Philosophy:** Our long-term outlook remains optimistic for investors with both a comprehensive financial plan and investment process. Markets have historically increased over time despite frequent drawdowns as successful corporations have been able to figure out ways to generate profits through advances in innovation and productivity. To capitalize on the power of compounding, we believe in the benefits of staying **D**isciplined, **O**pportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses. In our opinion, adhering to a structured process and executing on all these components should help keep our clients on track toward pursuing their long-term objectives. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

All data sourced from Bloomberg as of 12/31/25

US Equity Markets

The US equity market completed another strong year, with the S&P 500 rising +17.9%. This marked the third consecutive year of double-digit gains, following advances of +25.0% in 2024 and +26.3% in 2023. Momentum remained strong into year-end, with the market reaching forty new highs and finishing higher in each of the last eight months and the final three quarters. The rally this year was driven by progress on trade deals and easing tariff uncertainty, stronger-than-expected corporate earnings, sustained optimism around artificial intelligence, and recent rate cuts by the Federal Reserve.

US Equity Market Performance								
Broad Market	**Q4 2025**	**2025**	**Style**	**Q4 2025**	**2025**	**Sector**	**Q4 2025**	**2025**
S&P 500	2.65%	17.86%	Russell 1000 Growth	1.12%	18.55%	Utilities	-1.40%	16.04%
Russell 3000	2.40%	17.13%	Russell 1000 Value	3.80%	15.88%	Financials	2.01%	14.97%
Dow Jones Industrial Average	4.03%	14.92%				Health Care	11.68%	14.60%
Nasdaq	2.72%	21.17%				Materials	1.12%	10.54%
			Sector	**Q4 2025**	**2025**	Energy	1.53%	8.68%
Size	**Q4 2025**	**2025**	Communication Services	7.26%	33.56%	Consumer Discretionary	0.71%	6.04%
Mid Cap (S&P 400)	1.64%	7.48%	Technology	1.42%	24.04%	Consumer Staples	0.01%	3.90%
Small Cap (Russell 2000)	2.19%	12.79%	Industrials	0.86%	19.27%	Real Estate	-2.87%	3.15%

Source: Bloomberg

Key Points

- **From Near Bear to New Highs:** The S&P 500 nearly entered a bear market in early April, declining approximately -19%, before rebounding nearly +39% from the lows. Since the start of the current bull market in October 2022, the index has gained more than +100%, reinforcing our belief in the importance of maintaining a disciplined, long-term investment perspective. Please see our Principles for Long-Term Investing.

- **Tariffs, Trade Deals, and the Courts:** The market drawdown earlier this year was driven in part by the announcement of "Liberation Day" tariffs, impacting inflation and supply chains, before volatility eased as several agreements were reached with major trading partners. The Supreme Court is preparing to rule on the legality of the current tariff framework, but even if certain measures are struck down, the administration has other avenues to reimpose tariffs, keeping trade policy an ongoing source of risk.

- **Magnificent 7 Performance and Market Impact:** The Magnificent 7 delivered another strong year in absolute terms, although only Alphabet (+65%) and Nvidia (+39%) outperformed the broader S&P 500. Despite this dispersion, the group accounted for approximately 42% of the S&P 500's total return in 2025, reflecting their significant weight in the index. In the latter part of the year, Alphabet emerged as the current AI infrastructure leader following a +29% gain in the fourth quarter, supported by positive developments in its custom chip strategy.

- **AI Bubble Concerns and Market Selectivity:** Comparisons to the late-1990s technology bubble resurfaced earlier this year, but our view is that current conditions point to selective pullbacks and periodic volatility rather than a broad-based market collapse. Today's AI leaders are fundamentally different, with substantial earnings, strong balance sheets, and far more reasonable valuations than the dominant technology companies of that era. While pockets of excess exist among more speculative players, debt-expansion strategies, and circular financing arrangements, market leadership became increasingly selective as the year progressed, helping differentiate fundamentals-driven leaders from higher-risk segments of the AI ecosystem.

- **Factor Leadership and Global Rotation:** The Magnificent 7 helped drive another year of Growth (+18.6%) over Value (+15.9%) and Large over Mid (S&P 400: +7.5%) and Small Caps (Russell 2000: +12.8%). International equities (ACWI ex US: +32.4%) outperformed the US for the first time since 2022, supported by a weaker US dollar and improving growth dynamics.
  - We construct diversified portfolios across regions, countries, market caps, factors, styles, sectors, and industries and tilt toward the areas we feel provide the most potential benefit. Our view remains that diversified portfolios can lead to more consistent and less volatile results than a single asset class or an 'all-eggs-in-one-basket' approach. Please see our Client Question on Asset Allocation for our views on portfolio construction. *There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

- **Upcoming Catalysts:** President Trump's Fed Chair Selection (TBD), Supreme Court Decision on Tariffs (TBD), BLS Employment Report (1/9), CPI Inflation (1/13), Retail Sales (1/14), FOMC Decision (1/28), Government Shutdown Deadline (1/30).

Fixed Income Markets

Interest Rates

Treasury yields declined across the curve this year as labor-market weakness and easing inflation expectations led the Fed to lower the Federal Funds rate by a cumulative 0.75%, while pulling most longer-term yields lower as well.

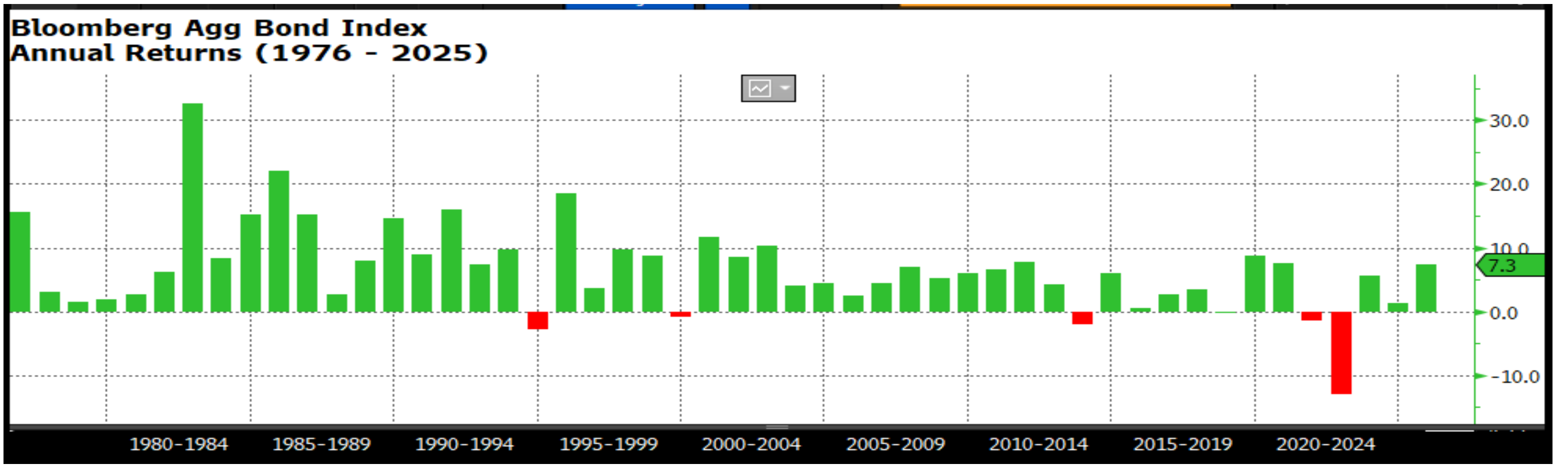
- **Short-Term Treasury Yields:** The Federal Reserve influences short-term interest rates by setting the Federal Funds rate.
  - Year-end levels: 3-Month: 3.63% (-0.7%), 6-Month: 3.60% (-0.7%), 12-Month: 3.47% (-0.7%).
  - According to Bloomberg, market pricing indicates about two 0.25% rate cuts next year, so short-term yields should continue to decline in the coming months.
  - Investing in short-term Treasuries with 4%-5% yields was a great strategy over the past few years, but we believe that opportunity has passed, and investors now face reinvestment risk with lower rates at maturity. We suggest using short-term Treasuries to fund anticipated liabilities, and to invest any excess cash in longer maturities or in a diversified portfolio. *Investing involves risk including loss of principal. No strategy assures success or protects against loss.*
- **Long-Term Treasury Yields:** The market determines long-term yields based on supply dynamics, including elevated federal debt issuance, and investor demand, which vary with expectations for future inflation and economic growth.
  - Year-end levels: 10-Year: 4.17% (-0.4%), 20-Year: 4.79% (-0.1%), 30-Year: 4.84% (+0.1%).
  - As a reminder, mortgage rates are more closely correlated with the 10-Year Treasury yield than with the Federal Funds rate. Investors should not assume mortgage rates will fall simply because the Fed is cutting. In late 2024, the Fed lowered rates by 1.0%, yet the 10-Year yield rose +1.1% and mortgage rates climbed +0.8% as markets priced in higher inflation and growth.

Intermediate-Term Bonds

The Bloomberg US Aggregate Bond Index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, increased by +7.3% due to the decline in the 10-Year Treasury yield. This marked the third consecutive annual gain for the Agg and the best calendar-year return since 2020. Bond prices move inversely to interest rates and credit spreads. Please see our Bond Primer.

After some challenging periods over the last few years, we are pleased to see solid returns from intermediate-term bonds. All else equal, we still expect intermediate-term bonds to provide both ballast and positive returns as yields either stabilize or decline. Bonds did provide ballast during the recent bout of market volatility earlier this year, gaining +1% while the equity market declined by nearly -19%. We'll also highlight that bonds performed well in a relatively stable rate environment: since mid-October 2022, the 10-Year Treasury yield has started and ended the period at roughly 4.15%, while the Agg delivered a +19.1% total return (+5.6% annualized).

In our opinion, intermediate-term bonds remain an attractive investment opportunity, as the yield to maturity on the US Aggregate Bond Index ended the year at 4.3%. Yield to maturity is defined as the estimated annualized rate of return an investor can expect on a bond if purchased today and held to maturity, assuming the issuer makes all their interest and principal payments (i.e., no defaults). *Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*



Source: Bloomberg

Inflation

Inflation has eased significantly from its highs in mid-2022 but remains somewhat elevated relative to our 2 percent longer-run goal. Inflation for goods has picked up, reflecting the effects of tariffs. In contrast, disinflation appears to be continuing for services. A reasonable base case is that the effects of tariffs on inflation will be relatively short-lived—effectively a one-time shift in the price level.

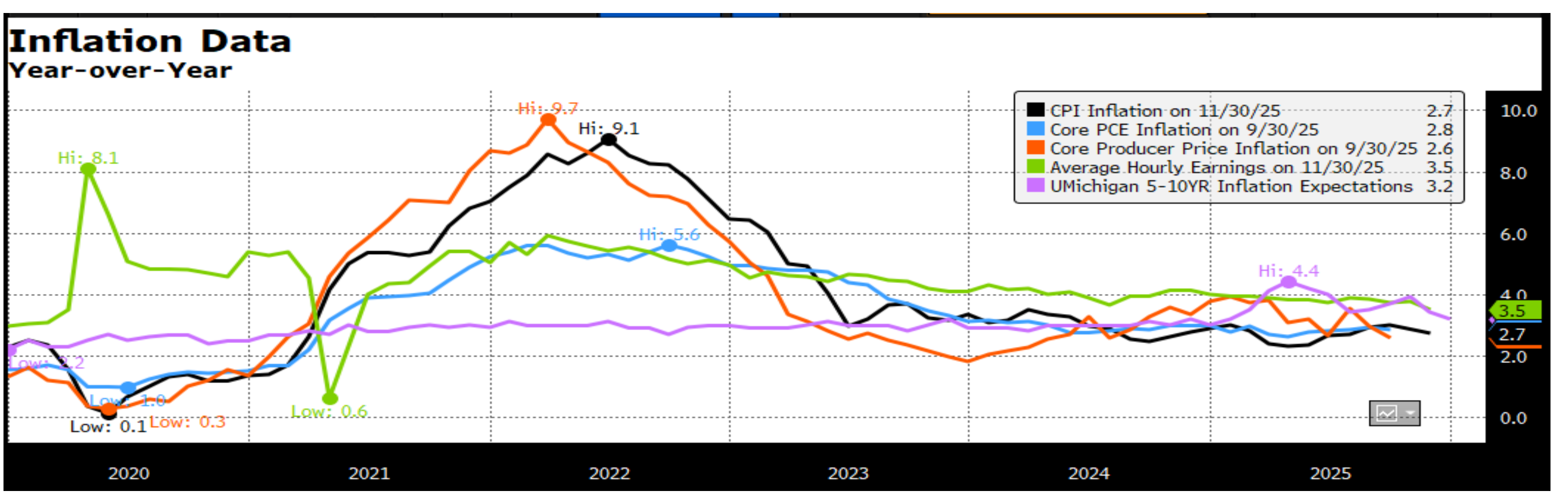
- Fed Chair Jerome Powell, FOMC Press Conference (December 2025)

Due to the government shutdown, the most recent PCE inflation data currently available runs through September. While most inflation measures have eased meaningfully over the past two years, inflation remains above the Federal Reserve's target. The Federal Reserve breaks inflation into three primary components: goods, housing, and non-housing core services. Goods inflation has moved higher in response to tariffs, housing inflation remains elevated at 3.7% year over year but continues to trend gradually lower, and non-housing services inflation stands at 3.4% and is decelerating.

For now, policymakers view the tariff-related pickup in goods prices as a temporary, one-time adjustment rather than the start of a renewed and sustained inflation cycle. Against this backdrop, the Fed has resumed lowering interest rates, though further cuts could be paused if inflation pressures fail to moderate or reaccelerate more meaningfully.

Here are several key inflation indicators and a chart tracking the data since the start of 2020:

- **The Bureau of Labor Statistics Consumer Price Index (CPI)** is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The index includes food and energy prices.
  - Latest Reading: 2.7% (November). Peak: 9.1% (June 2022).
- **The Core Personal Consumption Expenditure (PCE) Index** measures the prices paid by consumers for goods and services based on surveys of what businesses are selling. Core means that the index excludes food and energy prices. This is the Fed's preferred inflation measure, which they target at an average of 2%.
  - Latest Reading: 2.8% (September). Peak: 5.6% (February 2022).
- **The Core Producer Price Index (PPI)** measures the average change in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.
  - Latest Reading: 2.6% (September). Peak: 9.7% (March 2022).
- **The Bureau of Labor Statistics Average Hourly Earnings** tracks total hourly renumeration (in cash or in kind) paid to employees in return for work done (or paid leave). Data is from the Current Employment Statistics (CES) survey.
  - Latest Reading: 3.5% (November). Peak: 8.1% (April 2020).
- **The University of Michigan Inflation Expectations** data is based on a monthly survey designed to gauge consumer expectations. Participants are asked for their view on annual inflation over the next 5 to 10 years.
  - Latest Reading: 3.2% (December). Peak: 4.4% (April 2025).



Source: Bloomberg

The Fed

The Federal Reserve serves as the central bank of the United States and performs critical functions designed to promote the health of the economy and stability of the financial system. The three key entities include the Board of Governors, twelve Federal Reserve Banks, and the Federal Open Market Committee (FOMC). The FOMC sets monetary policy in accordance with its mandate from Congress: to promote maximum employment and stable prices. According to the Fed, "monetary policy directly affects interest rates; it indirectly affects stock prices, wealth, and currency exchange rates. Through these channels, monetary policy influences spending, investment, production, employment, and inflation in the United States." Please see our Client Question on The Fed.

Interest Rates		Balance Sheet		Commentary
Federal Funds Rate	Federal Funds Rate 2025 Change	Fed Balance Sheet	Fed Balance Sheet 2025 Change	December 2025 FOMC Statement
3.50% - 3.75%	-0.75% 3 Rate Cuts	$6.6 Trillion	- $305 Billion	The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

Source: Federal Reserve and Bloomberg

Interest Rates

Beginning in September, the FOMC lowered rates by 0.25% at three consecutive meetings, bringing the top end of the federal funds rate to 3.75%. After raising rates to a peak of 5.50% in 2023, the Fed has now reduced rates by a cumulative 1.75%. The interest rate cuts were in response to a cooling labor market even as inflation remains above target. With the unemployment rate at 4.6%, labor-market conditions have softened. This reflects slower labor-force growth from lower immigration and participation, along with weaker hiring demand. This pullback in hiring may be tied to productivity gains at companies adopting AI, reducing the need for additional employees. Chair Powell stated that the cumulative rate cuts should help stabilize the labor market.

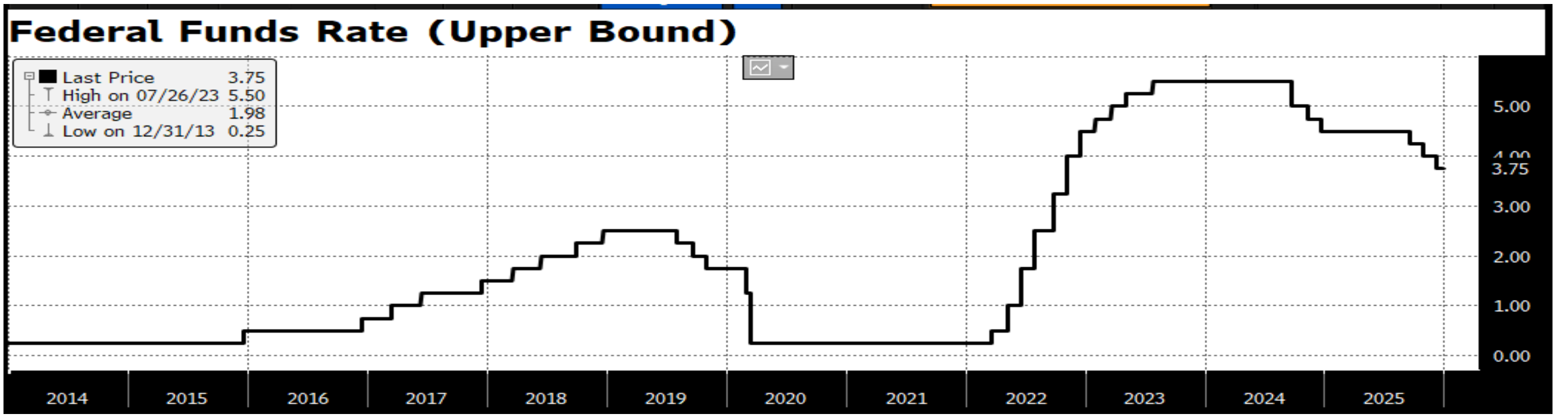
Chair Powell has indicated that the Federal Funds rate is near neutral, leaving the Committee well positioned to pause and assess how the economy evolves. The FOMC's most recent Summary of Economic Projections (SEP) shows the median participant expects rates to decline to 3.4% next year, implying roughly one additional cut. According to Bloomberg, market pricing reflects expectations for approximately two 0.25% rate cuts by the end of 2026.

Balance Sheet

In October, the Fed stated it would stop shrinking the size of its $6.6 trillion balance sheet by reinvesting principal from maturing securities, aiming to maintain liquidity and stability in short-term markets. In December, the Committee announced plans to purchase Treasury bills to maintain sufficient cash reserves in the banking system, supporting smooth functioning in short-term markets. Overall, these steps were designed to keep interest rate markets operating smoothly.

Fed Chair Succession

Jerome Powell's term as Fed Chair ends in May 2026. President Trump has said Powell will not be renominated and that he is considering a shortlist of replacements. A nomination is expected soon. While there are concerns that a new Chair could be more inclined to align with the President's preference for lower interest rates, the Federal Reserve remains a committee-driven institution. Any shift in policy would still require broader support from voting members, meaning the Chair must persuade the Committee rather than act unilaterally.



Source: Bloomberg

US Economy

People at the higher end of the wealth spectrum are benefiting from seeing the stock market go up and housing prices very firm and strong. At the lower end, there's some concern, as people have exhausted much of the liquidity they built up during the pandemic. They're feeling the pinch from inflation remaining persistent and from the labor market softening a bit. Overall, people are in good shape.

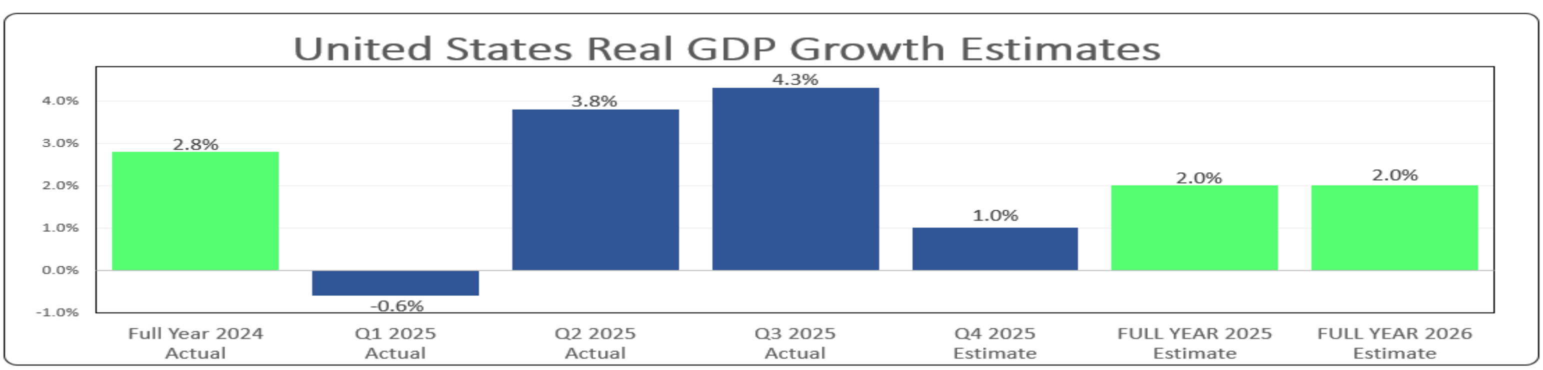
- Bruce Van Saun, Chairman and CEO of Citizens Financial Group, Goldman Sachs Financial Conference (December 2025)

The US economy continues to slow beneath the surface, even as headline growth remains positive. Real GDP is estimated at roughly +2.0% in 2025, below the +2.7% average pace of the prior three years. The labor market has cooled meaningfully, with the most recent BLS Employment report for November showing a three-month average of just +22,000 jobs created, well below the two-year average of approximately +120,000. The unemployment rate has risen to 4.6%, the highest level since 2021. This reflects a combination of slower labor-force growth, and easing labor demand, potentially due to emerging productivity gains among companies adopting AI.

Importantly, recent growth has become concentrated. JP Morgan estimates that technology-sector capital spending, much of it tied to artificial intelligence, accounted for roughly 35–45% of GDP growth over the prior three quarters, implying underlying growth would be closer to 1% without this contribution. At the same time, consumer spending has been supported by a wealth effect at the upper end of the income spectrum. According to the Federal Reserve, net worth for US households and nonprofits climbed to a record $176.3 trillion as of June, helping insulate higher-income consumers even as lower-income households face rising costs and fewer job prospects. Looking ahead, the durability of US growth will depend on whether strength among wealthier households, together with recent interest-rate cuts that may help stabilize labor-market conditions, can offset mounting pressures on the lower end of the income distribution.

United States Economic Data

Data Point	Latest Reading	Historical Readings: 3-Months Ago		Historical Readings: 12-Months Ago		Historical Averages: 5-Year Average		Historical Averages: 10-Year Average		Source
Economic Indicators										
Leading Economic Indicators (Y/Y)	**-3.3%**	-3.4%	↑	-3.0%	↓	-1.5%	↓	0.2%	↓	Conference Board
Financial Conditions Index	**0.81**	0.68	↑	0.56	↑	0.42	↑	0.15	↑	Bloomberg
ISM Manufacturing Index	**48.2**	48.7	↓	48.4	↓	51.9	↓	53.0	↓	Institute for Supply Mgmt
ISM Services Index	**52.6**	52.0	↑	52.5	↑	55.1	↓	55.6	↓	Institute for Supply Mgmt
Consumer										
Retail Sales (Y/Y)	**3.5%**	5.0%	↓	3.9%	↓	7.8%	↓	5.4%	↓	US Census Bureau
Michigan Consumer Sentiment	**52.9**	58.2	↓	71.8	↓	66.9	↓	80.0	↓	University of Michigan
Debt-to-Service Ratio	**9.8%**	9.1%	↑	9.2%	↑	9.6%	↑	9.8%	↑	Federal Reserve
Labor Market										
Unemployment Rate	**4.6%**	4.3%	↑	4.2%	↑	4.2%	↑	4.6%	↑	Bureau of Labor Statistics
Change in Nonfarm Payrolls	**64,000**	(26,000)	↑	261,000	↓	280,350	↓	139,533	↓	Bureau of Labor Statistics
JOLTS Job Openings	**7,670,000**	7,227,000	↑	8,031,000	↓	9,152,814	↓	7,816,168	↓	Bureau of Labor Statistics
Housing Market										
Existing Home Sales (Annual Rate)	**4,130,000**	4,000,000	↑	4,170,000	↓	4,729,700	↓	5,081,800	↓	Ntl Association of Realtors
Case-Shiller Home Price Index (Y/Y)	**1.4%**	1.6%	↓	4.3%	↓	8.8%	↓	6.8%	↓	S&P
30-Year Fixed Rate Mortgage	**6.3%**	6.4%	↓	7.3%	↓	5.9%	↑	4.9%	↑	Bankrate.com
Inflation										
Core PCE Inflation (Y/Y)	**2.8%**	3.0%	↓	3.0%	↓	3.8%	↓	2.7%	↑	Bureau of Econ Analysis
Consumer Price Index (Y/Y)	**2.7%**	2.9%	↓	2.7%	↑	4.5%	↓	3.1%	↓	Bureau of Labor Statistics
Average Hourly Earnings (Y/Y)	**3.5%**	3.8%	↓	4.2%	↓	4.4%	↓	3.8%	↓	Bureau of Labor Statistics



Source: Winthrop Wealth, Bloomberg

Outlook

Economic Growth	Monetary Policy
The US economy continues to slow, even as headline growth remains positive. The labor market has cooled meaningfully, with the most recent BLS Employment report showing a three-month average of just +22,000 jobs created. The durability of US growth will depend on whether strength among wealthier households, together with recent interest-rate cuts that may help stabilize labor-market conditions, can offset mounting pressures on the lower end of the income distribution. **Real GDP Estimates:** • 2025: +2.0% • 2026: +2.0%	Beginning in September, the FOMC lowered rates by 0.25% at three consecutive meetings, bringing the top end of the federal funds rate to 3.75%. After raising rates to a peak of 5.50% in 2023, the Fed has now reduced rates by a cumulative 1.75%. The FOMC's most recent Summary of Economic Projections (SEP) shows the median participant expects rates to decline to 3.4% next year. Jerome Powell's term as Fed Chair ends in May 2026. President Trump has said Powell will not be renominated and that he is considering a shortlist of replacements. A nomination is expected soon. Any shift in policy would still require broader support from voting members.

Corporate Earnings	Valuation
S&P 500 earnings estimates are rising again after earlier declines tied to tariff-related uncertainty. Fourth quarter 2025 earnings season kicks off in mid-January. **S&P 500 Earnings Estimates** • 2025: $271 (+12%) • 2026: $310 (+15%) Over long time periods, earnings drive stock prices.	Valuations continue to look stretched. The P/E ratio is calculated as the current price divided by the earnings-per-share. • Forward P/E (next 12-months): 22.0x. • 30-Year Peak (1999): 25.6x. • 30-Year Average: 17.2x. Valuation analysis is subjective and typically based on interest rates, earnings growth estimates, and historical or relative values.

Source: Winthrop Wealth, Bloomberg

Short-Term Outlook: Our short-term outlook remains cautious given recent market performance. On the positive side, corporate earnings remain solid, with upward revisions, and the Fed has lowered interest rates. At the same time, the economy sits in a more fragile position, inflation remains elevated, and several geopolitical and policy-related risks persist. Although speculation has cooled in some areas, signs of froth remain evident, including stretched valuations, elevated options activity, record-high margin debt, growth in levered ETFs, and continued outsized gains in unprofitable technology companies. In our view, it is prudent to remain disciplined by staying committed to regular rebalancing toward long-term targets, opportunistically raising cash for distributions, and positioning portfolios to both manage downside risks and participate in potential upside should the bull market continue with limited disruption.

The key factors we are monitoring include President Trump's nomination for the next Federal Reserve Chair, the Supreme Court decision on the legality of tariffs imposed under the International Emergency Economic Powers Act, the trajectory of artificial intelligence development including realized productivity gains, capital spending and financing trends, and rotating market leadership, as well as the overall health of the labor market, particularly whether recent softening stabilizes or broadens further. While these or other developments may lead to volatility, market declines are an inevitable part of investing. What matters most is how investors respond. We aim to stay vigilant and seek to use these periods as opportunities to make lemonade out of lemons, whether through tax-loss harvesting or reallocating to more attractive securities. April provided the latest example, as we sought tax-loss harvesting opportunities and rebalanced into equities where appropriate during the near bear market. As we outlined in our Navigating Volatile Markets commentary, maintaining the right mindset, a comprehensive financial plan, and a disciplined investment process can provide confidence in working toward long-term goals. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. Consider your own risk tolerance, financial circumstances, and time horizon.*

Long-term Investment Philosophy: Our long-term outlook remains optimistic for investors with both a comprehensive financial plan and investment process. Markets have historically increased over time despite frequent drawdowns as successful corporations have figured out ways to generate profits through advances in innovation and productivity. To capitalize on the power of compounding, we believe in the benefits of staying **D**isciplined, **O**pportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses.

In our opinion, adhering to a structured process and executing on all these components should help keep our clients on track toward pursuing their long-term objectives. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

2025 MARKET RETURNS

US Equity										
Index	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
S&P 500	17.86%	25.00%	26.26%	-18.12%	28.68%	18.39%	17.86%	22.96%	14.40%	14.79%	10.98%
Russell 3000	17.13%	23.80%	25.93%	-19.22%	25.64%	20.88%	17.13%	22.20%	13.12%	14.26%	10.75%
Dow Jones Industrial Average	14.92%	14.99%	16.18%	-6.86%	20.95%	9.72%	14.92%	15.35%	11.57%	13.09%	10.39%
Nasdaq	21.17%	29.60%	44.70%	-32.51%	22.21%	45.06%	21.17%	31.44%	13.38%	17.70%	13.68%
S&P 400	7.48%	13.89%	16.39%	-13.12%	24.73%	13.65%	7.48%	12.51%	9.07%	10.68%	9.41%
Russell 2000	12.79%	11.52%	16.88%	-20.46%	14.78%	19.93%	12.79%	13.69%	6.06%	9.58%	8.17%
Russell 1000 Growth	18.55%	33.35%	42.67%	-29.14%	27.59%	38.49%	18.55%	31.11%	15.31%	18.11%	13.22%
Russell 1000 Value	15.88%	14.35%	11.42%	-7.56%	25.12%	2.78%	15.88%	13.85%	11.29%	10.50%	8.30%

International Equity											
MSCI Index	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
EAFE	31.22%	3.82%	18.24%	-14.45%	11.26%	7.82%	31.22%	17.21%	8.92%	8.18%	5.57%
Europe	40.30%	2.64%	22.94%	-17.86%	13.54%	7.89%	40.30%	20.95%	10.54%	8.99%	5.57%
Japan	24.60%	8.31%	20.32%	-16.65%	1.71%	14.48%	24.60%	17.52%	6.60%	7.62%	4.21%
China	31.17%	19.42%	-11.20%	-21.93%	-21.72%	29.49%	31.17%	11.62%	-3.19%	5.53%	7.80%
Emerging Markets	33.57%	7.50%	9.83%	-20.09%	-2.54%	18.31%	33.57%	16.38%	4.19%	8.41%	5.98%
All Country World (ACWI)	22.34%	17.49%	22.20%	-18.36%	18.54%	16.25%	22.34%	20.63%	11.19%	11.71%	8.18%
ACWI ex US	32.39%	5.53%	15.62%	-16.00%	7.82%	10.65%	32.39%	17.32%	7.90%	8.41%	5.63%

US Fixed Income											
Bloomberg Index	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
Aggregate	7.30%	1.25%	5.53%	-13.01%	-1.54%	7.51%	7.30%	4.66%	-0.36%	2.01%	3.25%
Treasury Bills	4.29%	5.32%	5.14%	1.52%	0.04%	0.54%	4.29%	4.91%	3.24%	2.18%	1.67%
Corporates	7.77%	2.13%	8.52%	-15.76%	-1.04%	9.89%	7.77%	6.09%	-0.09%	3.27%	4.27%
Securitized MBS/ABS/CMBS	8.49%	1.45%	5.08%	-11.67%	-1.04%	4.18%	8.49%	4.96%	0.22%	1.68%	
High Yield	8.62%	8.19%	13.45%	-11.19%	5.28%	7.11%	8.62%	10.05%	4.50%	6.52%	6.74%
Munis	4.25%	1.05%	6.40%	-8.53%	1.52%	5.21%	4.25%	3.87%	0.80%	2.34%	3.52%

US Equity Sectors											
Index	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
Technology	24.04%	36.61%	57.84%	-28.19%	34.53%	43.89%	24.04%	38.77%	20.89%	24.28%	16.60%
Real Estate	3.15%	5.23%	12.35%	-26.13%	46.20%	-2.17%	3.15%	6.83%	5.66%	6.18%	
Industrials	19.27%	17.30%	18.08%	-5.51%	21.10%	11.05%	19.27%	18.20%	13.57%	12.95%	10.07%
Energy	8.68%	5.72%	-1.42%	65.47%	54.39%	-33.68%	8.68%	4.23%	23.66%	8.27%	6.16%
Consumer Discretionary	6.04%	30.14%	42.30%	-37.03%	24.43%	33.30%	6.04%	25.20%	9.00%	13.17%	12.01%
Communication Services	33.56%	40.23%	55.80%	-39.89%	21.57%	23.61%	33.56%	42.85%	16.34%	14.06%	10.72%
Consumer Staples	3.90%	14.87%	0.52%	-0.62%	18.63%	10.75%	3.90%	6.25%	7.18%	8.15%	9.58%
Utilities	16.04%	23.43%	-7.08%	1.56%	17.67%	0.48%	16.04%	9.99%	9.72%	10.60%	8.99%
Materials	10.54%	-0.04%	12.55%	-12.28%	27.28%	20.73%	10.54%	7.53%	6.78%	9.91%	8.03%
Financials	14.97%	30.50%	12.10%	-10.57%	34.87%	-1.76%	14.97%	18.90%	15.19%	13.11%	5.99%
Health Care	14.60%	2.58%	2.06%	-1.95%	26.13%	13.45%	14.60%	6.25%	8.20%	9.90%	10.29%
	Calendar Year Returns						**Annualized Returns**				

Source: Bloomberg

DISCLOSURES

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies pro- moted will be successful.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
The S&P Midcap 400 Stock Index is an unmanaged index generally representative of the market for the stocks of mid-sized US companies.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 3000 Growth Index is an unmanaged index comprised of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

The MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of the Americas, Europe, the Middle East, Africa and Asia. The MSCI EM Index consists of the following emerging market country indices: Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa. Turkey, United Arab Emirates, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

The MSCI US Broad Market Index captures broad US equity coverage. The index includes 3,204 constituents across large, mid, small and micro capitalizations, representing about 99% of the US equity universe.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

The Barclays Capital US Corporate High Yield Bond index is an index representative of the universe of fixed-rate, non-investment grade debt.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

The Bloomberg Barclays US Treasury Bills 1-3 Month Index is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months. The Index includes all publicly issued zero coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and at least 1 month, are rated invest- ment grade, and have $300 million or more of outstanding face value.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

The market value of corporate bonds will fluctuate, and if the bond is sold prior to maturity, the investor's yield may differ from the advertised yield.

Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio.

Diversification does not protect against market risk. All investing involves risk which you should be prepared to bear