

## NEWS FLASH:

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*You work hard for your money.*

*We'll work hard to help protect it.*

## Market Commentary<sup>1-5</sup>

### Let's Be Careful Out There

We continue to advocate that investors remain right on their comfort level with their stock market risk and there is no better time for an investor to be broadly diversified. With the stock market at or near all-time highs, and given the strong gains year-to-date, everyone should be looking to take some profits to pull their bond safety net underneath them up.

We see a host of risks. The news is full of the latest Geopolitical risks (Russia, The Middle East, Iran, North Korea) and political risks in this era of unprecedented change. Economically, core inflation is still elevated, running at approximately 3.1%, and the job market has slowed down rather dramatically in recent months (a mere 22k jobs were created in August and June was revised to a negative number). Meanwhile, the market remains extremely top heavy with the top ten holdings at approximately 39% of the total market. Total stock market valuation to US Gross Domestic Product (aka the Buffett indicator) totals approximately 219% and anything over 100% is considered to be higher risk. Finally, margin debt is at record levels, and we see signs of speculative behavior everywhere.

### Top 10 Holdings (%) in S&P 500

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Source: LSEG Datastream, Cohen & Steers and Morningstar. 6/30/2025

We should note that markets can remain at elevated levels for long periods of time, and we would be remiss to not highlight for you some of the recent positives. Business profitability has been strong and is expected to remain so for the remainder of 2025. The Atlanta Fed is predicting 3rd Quarter GDP growth in excess of 3% and “The One Big Beautiful Bill” will provide significant economic stimulus in early 2026, which should support continued growth. The onshoring of supply chains is also driving strong business investment in durable goods.

So how do we manage the risks? We think one of the best ways to manage stock market risk, other than diversification, is by controlling what you pay for a given stock. Some say we are missing out, but valuations remain one of the best predictors of long-term stock market returns. Along these lines we remain concerned with Large Cap Growth stock valuations, particularly in Tech and AI, but we see a compelling opportunity in many Large Value names. The two-tier market that we have been noting remains in place. Our Large Value holdings offer compelling dividends and are trading at discounted valuations that historically were excellent opportunities.

(continued)

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### “QUOTABLE”

“NEAR-TERM RISKS TO INFLATION ARE TILTED TO THE UPSIDE AND RISKS TO EMPLOYMENT TO THE DOWNSIDE—A CHALLENGING SITUATION. TWO-SIDED RISKS MEAN THERE IS NO RISK-FREE PATH.”

**JEROME H. POWELL**  
**CHAIRMAN OF THE FED**  
**2025 CHAMBER OF COMMERCE**  
**LUNCHEON—9/23/25**

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### “QUOTABLE”

“DESPITE A COOLING LABOR MARKET, US CONSUMERS SPENT AT A SOLID CLIP IN WITH RETAIL SALES BEATING EVEN THE MOST OPTIMISTIC FORECAST.”

**BRIAN WESBURY**  
**CHIEF ECONOMIST**  
**FIRST TRUST ADVISORS**

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### Russell 1000 Value Relative to Russell 1000 Growth Total Return Index Data Since 1980



Source: Bloomberg & Strategas Research, 8/8/2025. Annualized trailing returns.

International holdings, which are the top performing asset in most portfolios, remain cheap vs. their US peers and potentially offer years of outperformance if these stocks revert to their historical mean. In addition, we expect the dollar to continue to weaken from recent lofty levels. Selective holdings in small and medium size companies also continue to make sense, but selective is the key word here. Last, we see an enticing opportunity in select real asset strategies—including real estate, core infrastructure, natural resources and commodities—as part of a long-term inflation-aware allocation. These assets can offer durable income, diversification, and downside protection, especially in portfolios seeking stability beyond traditional stocks and bonds.

### 3-year rolled correlation of MSCI World and U.S. Treasuries <sup>6</sup>



Source: LSEG Datastream, Cohen & Steers and Morningstar. 6/30/2025

The Federal Reserve cut interest rates 25 bps (1/4 of 1%) in September, and the market expects two more 25 bps rate cuts in 2025, with another two cuts in 2026. We are thankful that most investors were able to ladder CDs and US Treasuries for the next 1-5 years thus locking in for several years the best bond market rates that we have seen in the last 15 years. It does look to be tougher from here as bond offerings already reflect the expected cuts and corporate spreads have tightened further.

(continued)

## Social Security Administration's Paperless Transition <sup>10</sup>

As of September 30, 2025, the Social Security Administration (SSA) will stop mailing paper checks and transition entirely to electronic payments. This change follows an executive order signed in March aimed at reducing delays, minimizing fraud, and improving overall efficiency. If you currently receive Social Security payments by paper check, you'll need to choose an electronic payment method before the deadline. This shift is part of a broader modernization effort across federal agencies, which also affects IRS tax refunds and other government payments. You have two options:

### 1. Direct Deposit

This is the fastest and most secure way to receive your benefits. Your payment will be deposited directly into your checking or savings account. To set it up, you can:

- Create or log into your account on the Social Security website

- Call the SSA toll-free at 1-800-333-1795

- Visit your local SSA office or your bank, credit union, or savings and loan institution

*Note: This is only an option if you already receive Social Security or SSI benefits and you have a bank account.*

### 2. Direct Express® Card

If you don't have a bank account or prefer not to use direct deposit, the Direct Express® card is a convenient alternative. Your benefits will be loaded onto a prepaid debit card each month. There are no fees to enroll, and no minimum balance required. Learn more about this option by visiting the SSA FAQ page on SSA.gov.

The one exception in bonds is intermediate tax-free or municipal bonds (10 – 20 yr bonds). Intermediate tax-frees currently offer tax-free yields at or near US Treasury rates. This means that investors in the highest tax brackets can lock in taxable equivalent yields of 6% or more for a portion of their bond holdings.

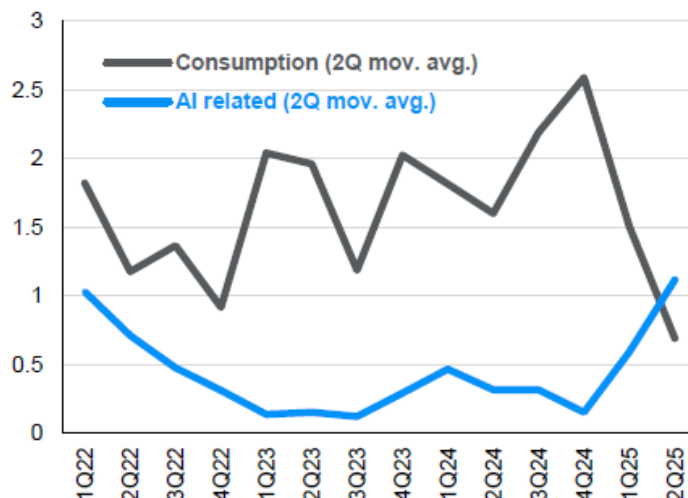
In sum, we are not calling for wholesale selling or for you to sell to time the market. We are advocating prudent risk management and trimming stocks to your desired risk tolerance. We are also advising that all investors be broadly diversified and adhere to a strong valuation discipline. In doing so, we see plenty of opportunity for long-term investors.

**“Price is what you pay, but value is what you get.”**<sup>11</sup>  
- Warren Buffett

Tom Foley  
Managing Director,  
Private Wealth Advisor  
9/23/2025

## AI Investment & Consumer Spending Contributions to GDP

Two quarter average, %pt



Source: BEA, JP Morgan Private Bank, JP Morgan Asset Management, 9/1/2025

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## What is the Fed's Dual Mandate?

The Federal Reserve's dual mandate refers to its two primary objectives set by Congress under the Federal Reserve Act:

### THE TWO MANDATES

#### 1. Maximum Employment

- The Fed aims to create conditions where everyone who wants a job can find one.
- It doesn't target a specific unemployment rate, since the "maximum" level of employment can shift due to demographics, technology, and other nonmonetary factors.
- Policymakers monitor a wide range of labor market indicators, including job gains, unemployment rates, and labor force participation.

#### 2. Price Stability

- This means keeping inflation low and predictable.
- The Fed targets a long-run inflation rate of 2%, measured by the annual change in the Price Index for Personal Consumption Expenditures (PCE).
- Stable prices help consumers and businesses make long-term financial decisions with confidence.

### Why These Two?

Together, these goals aim to foster a healthy economy. Stable prices support sustainable growth, while high employment ensures broad participation in that growth.

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## Behind the Curtain of Job Reporting

On the first Friday of each month, the Bureau of Labor Statistics (BLS) releases its monthly Jobs Report, a key indicator of the U.S. labor market. While widely reported in the media, it's common for initial estimates to be revised in the following months, which can raise questions about their accuracy.

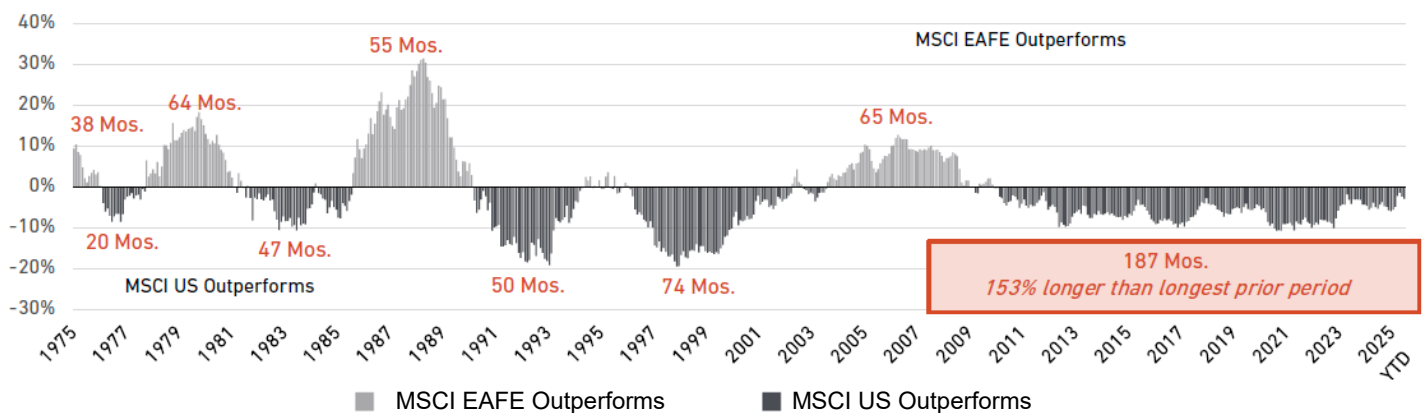
The BLS collects this information through two major surveys. The household survey contacts approximately 60,000 households to gather employment status and demographic data (age, race, sex). The establishment survey reaches roughly 121,000 businesses and government agencies to collect data on nonfarm payrolls, hours worked, and earnings. These sample sizes are designed to be statistically representative of the broader population, though they depend on timely responses and consistent reporting.

Revisions occur because not all data is available by the initial release date. Late responses and corrections are incorporated into updated reports over the next two months to improve accuracy. For example, based on historical data, the September report may include responses from about 73% of surveyed businesses initially, with that figure rising to 94% by November. These updates are a routine part of the process and help ensure the final data is as complete and accurate as possible.

Included as well are annual revisions, such as the 2024 benchmark revision, released in September 2025, which revealed that employment had been overestimated by 911,000 jobs. This revision was based on comparing the monthly survey results to the Quarterly Census of Employment and Wages (QCEW). The QCEW is derived from state unemployment insurance tax records, making it a highly reliable source.

### MSCI EAFE Index vs. MSCI US Index 3-Year Rolling Returns (US\$, %) ending June 30, 2025

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Source: Harding Loevner, Bloomberg, MSCI Inc. Data as of June 30, 2025.

### “QUOTABLE”

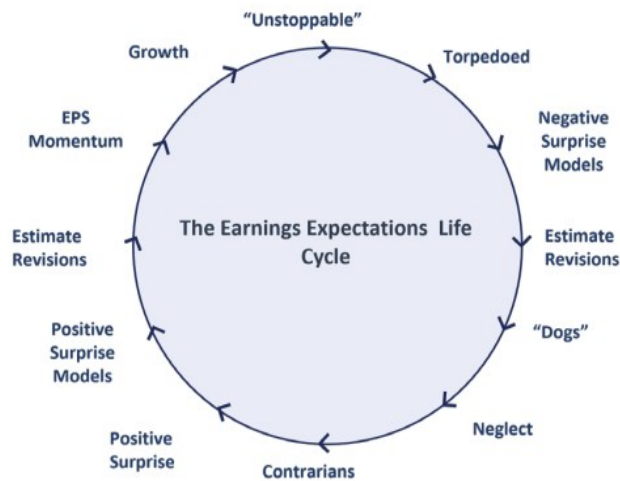
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“WE BELIEVE INVESTORS ARE BEING PRESENTED WITH TREMENDOUS OPPORTUNITIES THAT ARE BEING OVERLOOKED BY SPECULATIVE, SHORTER-TERM TRADERS. OPPORTUNITIES, IN SECTORS LIKE DIVIDEND-PAYING STOCKS AND NON-US QUALITY, PRESENT TREMENDOUS INVESTMENT POTENTIAL AND CURRENTLY DOMINATE OUR PORTFOLIOS.

**RICHARD BERNSTEIN—RICHARD BERNSTEIN ADVISORS**

## The Earnings Expectations Life Cycle

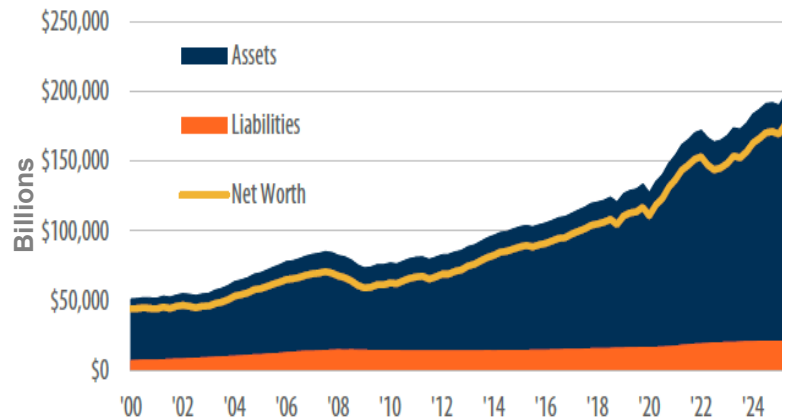
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Source: Richard Bernstein Advisors, LLC.

## Balance Sheet of Households and Nonprofit Organizations

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Source: Federal Reserve Board, First Trust Advisors, Quarterly data Q1 2000– Q2 2025.

## What Are Real Assets? 20-22

When you think of finance, you may first think of financial assets: stocks and bonds. Beyond that, though, are another class of assets called Real Assets – assets that can be touched and that have value because of their existence and direct contribution to how societies function and grow.

**Real Estate:** Residential housing, healthcare/medical buildings, industrial facilities, data centers, cell towers, storage units, etc.



**Infrastructure:** Assets that provide essential services, such as roads, bridges, airports, seaports, utilities, renewable energy facilities, and communication networks. These are often long-lived, require a large amount of capital to facilitate, and typically generate stable, utility-like cash flows.



**Natural Resources:** Farmland, timberland, mineral reserves, etc.

**Commodities:** Physical raw materials such as oil, natural gas, metals, and agricultural products like grains and livestock. While often more volatile, commodities play a central role in global supply chains.

Real Assets are indispensable to our global economy and society in general. They provide for basic needs, fuel modern life and industry, and they facilitate trade, travel, and communication. Because of their connection to physical supply and demand, real assets can be a hedge against inflation and stock market volatility. When the cost of living increases, the value of Real Assets typically do, too.



They do carry certain risks including regulatory, liquidity, and operational. We think, however, that prudently owning Real Assets, whether directly or by using a Managed Fund, can improve risk-adjusted returns. We're happy to talk more on any questions you may have or to see if adding a Real Assets Fund to your portfolio may be right for you.





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## Disclosures

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# Help Wanted:

## Beneficiary Reminders: Per Stirpes

Remember that when designating a beneficiary on your accounts, you should also think about how your assets will pass if one of your beneficiaries dies before you. It's important that you know your options.

- **Per Stirpes:** The inheritance passes down the family tree, ensuring the descendants of a deceased beneficiary receive their share.
- **Per Capita:** The estate is divided among all living beneficiaries within the same class. This can be limited to children or expanded to include all descendants.

Let us know if you'd like to check how your beneficiaries are titled or to make any updates.

## Statement Preferences

We want all clients to receive information regarding their accounts in the manner they prefer. You may have recently received communication from Fidelity with the option to switch from Paper Statements to Electronic Statements. Though we do encourage all clients to utilize Electronic Statements for a variety of reasons, we understand there are some who prefer paper. If your statement delivery preferences are not currently how you'd like to receive them, please let us know and we'll be happy to assist.

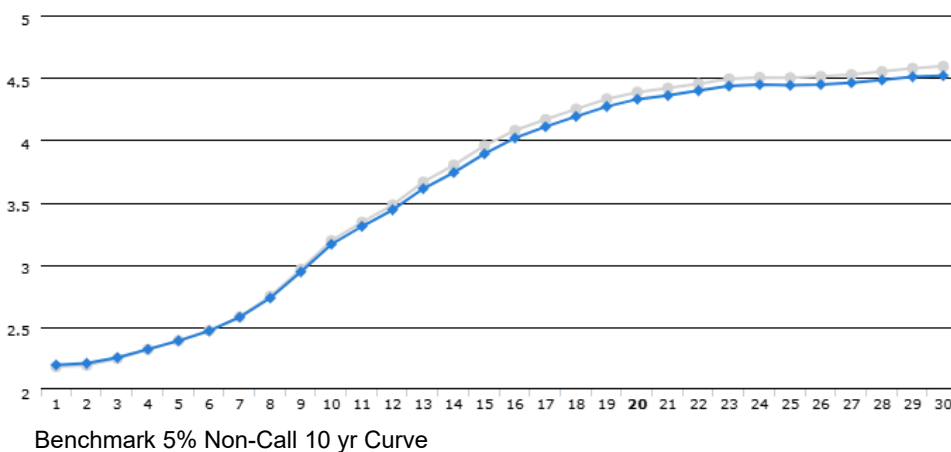
## 529 Checkup

Have you done a checkup of your family's 529 accounts? Doing an annual review is a prudent way to ensure it stays on track to meet the goals for education expenses. Things to review include:

- **Review Performance:** Check your account statements to evaluate how your investments have performed
- **Adjust Investments:** Consider rebalancing your portfolio or switching investment options if your target enrollment year is approaching
- **Optimize Contributions:** Maximize your annual gift tax exclusion and any state tax benefits available in your state
- **Track expenses:** For beneficiaries already in school, track all qualified expenses to align with your withdrawals for the current tax year.
- **Plan for Leftover Funds:** Discuss plans for unused funds for the beneficiary and consider options like rollovers or a change of beneficiary if applicable.

## MBIS Tax Exempt Municipal Benchmark Yields

23



Source: MBIS: Municipal Bond Information Services. 9/10/2025

## Tom Goes to the NYSE





## The Foley Crew

**The Foley Family** – Cal continues to grow Foley Concrete and Dirt and was thrilled to buy his new dump trailer. Paige is excited to wake up every day to palm trees and loves her job with the Miami Dolphins. Georgia is preparing for the Philly marathon and is in her junior year at Boston College. Tamara is helping an on-streets medical team who help the homeless. Tom remains responsible for helping Otis the dog get his steps in.



**The Hier Family** — All is well at the Hier house. The 4 kids are back to school and doing well. The summer was action-packed with kid events and trip to South Dakota and Cape Cod. This fall is no different, just adding driving lessons for Crosby (who was at camp when picture at left was taken...) and new vehicle shopping for Keith.

**Christina** - The Three Muskateers have had a few months of big changes—Lena (14) started her Freshman year of high school and is busy with the fall musical (The Addams Family). Julian (12) started middle school and has been staying active with Cross Country, Boy Scouts, and helping with set design for his fall musical (Legally Blonde). They all took a Labor Day trip to Denver for baseball, hiking, and a concert at Red Rocks.



## Planning for Your Success

Our goal is to help each of you achieve your personal investment goals. For some, it's funding a certain retirement lifestyle or creating a college fund for your kids or grandkids. For others, it's creating a legacy to pass along to family or charity. Others are in the building and accumulation phase of life. We believe we can help each of you accomplish your long term goals by establishing and adhering to a comprehensive financial plan, and we believe this because daily we bear witness to a lifetime of efforts coming to fruition. It is also why we look forward to each and every day.



**Justin** — Despite the impending cold and darkness that is Nebraska winter, the Kaufman family's spirits remain high. Carter (10) started Saxophone this year and is continuing the Violin and his young basketball career. Lillian (6) finished Soccer, and is returning to Dance and Tumbling. Justin's wife, Carrie, has continued her work turning their home into a certified botanical garden. Justin played too much Golf this summer and has now pivoted (under heavy "encouragement") to a seemingly never-ending list of home improvement projects, for which he is only mildly qualified.

**Tammie**— The summer has flown by and the Centenos are gearing up for Club Volleyball. They had a break in the summer from volleyball and Hector spent a lot of time working on his golf game. Tammie spent a lot of time outside with their dog and trying to be a gardener. Taylor and Jaiden are doing what girls in their 20's do, working, going to weddings, hanging out with friends and shopping.



**Evan**— The Eberly family has welcomed a new addition since our last newsletter—Harrison Eberly. As the third child, he has brought even more energy, joy, and chaos to the household. This summer, we enjoyed a getaway to Yankton, South Dakota, where we spent time boating and participating in a variety of outdoor activities. Lillian (5) began Kindergarten this fall at St. Wenceslaus. Calvin (3) remains captivated by his current passions: farms, dinosaurs, and heavy machinery. Harrison (5 months) is a cheerful, chubby baby who is on the verge of crawling and will be into everything very soon.