



Newsletter 3Q 2025 & Market Summary

After the steep -19% drop in April of 2025 the market rebounded at a record rate and is showing the resilience of the US economy with the S&P 500 now up +6.20% YTD Jun 30, 2025! GDP is expected to be 2.4% for 2025 and international stocks are having the best year up +19.92%. We still see 2025 having a strong enough economy to weather this volatility and have the strength to produce an average rate of growth in the high single digits. However, as the tariff negotiations linger inflation is beginning to slowly appear in areas such as coffee, auto prices, and building supplies with inflation kicking up a bit to 2.7% from 2.4% in 1Q. The 2Q 2025 has 81% of S&P 500 companies reporting positive EPS beats and 80% have reported positive revenue beats, according to FactSet. The Consumer seems to be doing fine given workers are receiving wage increases averaging 3.2%, a rate higher than inflation which is now at 2.7%. Seniors have received a 2.5% cost of living increase for 2025 for Social Security and unemployment remains low at 4.1% with over 8 million jobs available. Tension is growing but the Federal Reserve is continuing to pause and “wait and see” until the tariff negotiations give more clarity on what inflation is likely to do before the Fed continues lowering interest rates. We still believe the Fed will lower at least two more times in 2025 bringing the rate closer to 3.5% by yearend. The Foresight Models diversification has helped to buffer the down turn with YTD returns as of Jun 30, 2025: Money Market +1.50%, and All Fixed Income +4.19%, Conservative +4.62%, Moderate +5.19%, Aggressive +6.50%, All Equity +7.33%, S&P 500 +5.69%.

Welcome our employee accomplishments and newest employees at Foresight!



Dillon Schroeder
VP of Personal Wealth
Management

Recently became an
AIF[®]
Accredited Investment
Fiduciary



Allison Bradley
Office Manager and
Assistant to Financial
Planners, MBA/BA-
Bowling Green
University



Mark Bialke
BBA-Finance at EMU-
joined Foresight as a
Financial Analyst Intern



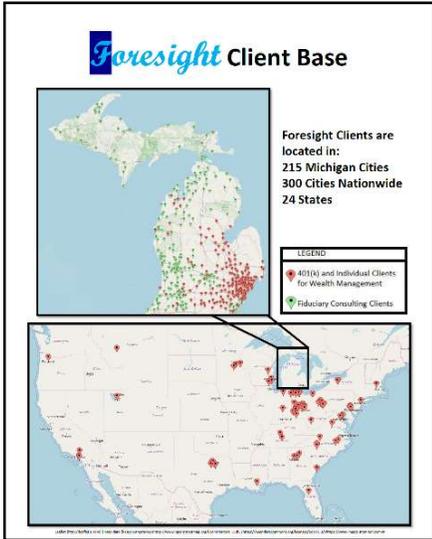
Liam Peoples
Pursuing a BBA-Finance
at EMU-joined
Foresight as a Financial
Analyst Intern

New “Trump Accounts” for Infants!: Beginning in 2025 all newborns from Jan 1, 2025 through Dec 31, 2028 are eligible to get a “Trump Account” investment account that will be funded with \$1,000 from the federal government and invested in an index fund of the US stocks of your choice. The funds will not be available for use until the child turns 18 years of age. The account will have penalties if removed before age 59 ½. It will grow like a Roth account tax free. After the account is established it can be funded with \$5,000 yearly. Additional information will be forthcoming as it becomes available but the key item to remember is the account has to be **opted into** or the child does not get the account.

Financial Advisor Magazine Rankings for 2025: Every year Financial Advisor Magazine ranks all the Registered Investment Advisory firms on growth, returns, and net new clients. Foresight was move up 63 spots in 2025 to hold the 335th investment firm in the nation! For Michigan we ranked 13th in the state. We are very honored to have accomplished this achievement and thank you for being a part of our firm.

Roll over Excess Funds in 529 Plans to Roth IRAs: The Secure Act 2.0 now allows up to \$35,000 of excess funds in 529 college savings plans to be rolled over to Roth IRAs for the child once they get a job and earn at least \$7,000 per year. This can also be used as a gifting strategy to purposely overfund 529 plans with \$35k. Contact Foresight with any questions.





FCMA Mutual Fund Model Returns
 June 30, 2025

Money Mkt	+1.50%
100% Fixed Income	+4.19%
Conservative Model	+4.62%
Moderate Model	+ 5.19%
Aggressive Model	+6.50%
100% Equity Model	+7.33%
S&P 500 Model	+5.69%

Indexes:

S&P 500 Index	+ 6.20%
MSCI EAFE Foreign	+ 19.92%
10Yr T-Bond Index	+ 4.02%

Future performance is not guaranteed; above returns are total return with reinvestment of dividends, interest, capital gains, and shown net of the highest FCMA management fee.



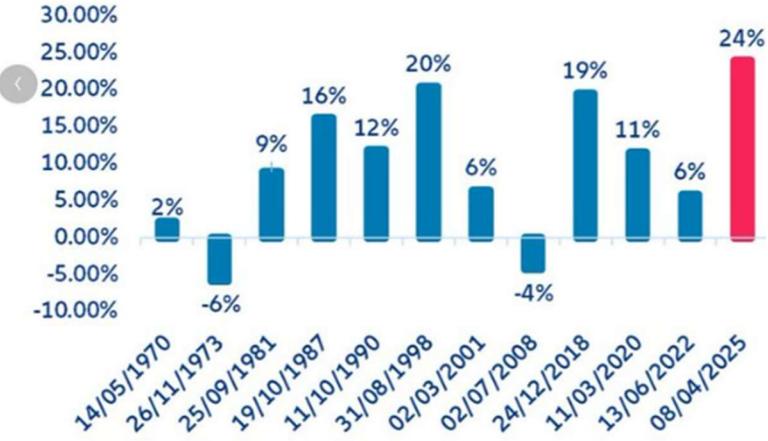
Foresight's Outlook and Portfolio Strategies

Market and Economic Outlook: from Patrick Carney, VP Director of Personal Wealth Management

The second quarter of 2025 was anything but boring in the world of financial markets. The quarter began by seeing a steep -19% decline in the S&P 500 following President Trump's "liberation day" on April 3rd. However, the market quickly recovered and made its way back to all-time highs by June 27th. This was the quickest market recovery following at least a -15% market decline in the past 75 years.

This year's rebound in risk markets has been the fastest in more than 50 years

80-day performance of S&P500 after reaching bear market*, %



Sources: Bloomberg, LSEG Datastream, Allianz Research
 Notes: The dates on the x-axis mark the date of the S&P500 reaching a bear-market (-20% from previous all-time-high) and the subsequent performance in the next 80 days (until 26 June 2025 in the last observation). *Since on 8 April 2025 we were only close to a bear market (-19%) we included all previous -19% occurrences as well.

A Big Q2 Quarter Should Have Bulls Smiling

S&P 500 Performance After A >10% Quarter (1950 - Current)

Date of Quarter End	Quarterly Return	S&P 500 Forward Returns		
		Next Quarter	Next Two Quarters	Next Four Quarters
9/28/1951	11.0%	2.2%	4.8%	5.5%
9/30/1954	10.6%	11.4%	13.2%	35.2%
12/31/1954	11.4%	1.7%	14.0%	26.4%
6/30/1955	12.2%	6.4%	10.8%	14.5%
9/30/1958	10.7%	10.3%	10.7%	13.6%
12/31/1958	10.3%	0.4%	5.9%	8.5%
3/30/1961	12.0%	-0.6%	2.6%	6.9%
12/31/1962	12.1%	5.5%	9.9%	18.9%
3/31/1967	12.3%	0.5%	7.2%	0.0%
6/28/1968	10.4%	3.1%	4.3%	-1.9%
9/30/1970	15.8%	9.3%	19.1%	16.8%
3/31/1975	21.6%	14.2%	0.6%	23.3%
6/30/1975	14.2%	-11.9%	-5.3%	9.5%
3/31/1976	13.9%	1.5%	2.4%	-4.2%
6/30/1980	11.9%	9.8%	18.8%	14.9%
12/31/1982	16.8%	8.8%	19.5%	17.3%
12/31/1985	16.0%	13.1%	18.7%	14.6%
3/31/1986	13.1%	5.0%	-3.2%	22.1%
3/31/1987	20.5%	4.2%	10.3%	-11.2%
3/28/1991	13.6%	-1.1%	3.4%	7.6%
6/30/1997	16.9%	7.0%	9.6%	28.1%
3/31/1998	13.5%	2.9%	-7.7%	16.8%
12/31/1998	20.9%	4.6%	11.7%	19.5%
12/31/1999	14.5%	2.0%	-1.0%	-10.1%
12/31/2001	10.3%	-0.1%	-13.8%	-23.4%
6/30/2003	14.9%	2.2%	14.1%	17.1%
12/31/2003	11.6%	1.3%	2.6%	9.0%
6/30/2009	15.2%	15.0%	21.3%	12.1%
9/30/2009	15.0%	5.5%	10.6%	8.0%
9/30/2010	10.7%	10.2%	16.2%	-0.9%
12/31/2010	10.2%	5.4%	5.0%	0.0%
12/30/2011	11.2%	12.0%	8.3%	13.4%
3/30/2012	12.0%	-3.3%	2.3%	11.4%
3/28/2013	10.0%	2.4%	7.2%	19.3%
3/29/2019	13.1%	3.8%	5.0%	-8.8%
6/30/2020	20.0%	8.5%	21.2%	38.6%
12/31/2020	11.7%	5.8%	14.4%	26.9%
12/31/2021	10.6%	-4.9%	-20.6%	-19.4%
12/29/2023	11.2%	10.2%	14.5%	23.3%
3/29/2024	10.2%	3.9%	9.7%	6.8%
6/30/2025	10.6%	?	?	?
Average		4.7%	7.5%	10.6%
Median		4.4%	9.0%	12.8%
% Higher		85.0%	85.0%	75.0%
All Years Since 1950				
Average		2.3%	4.6%	9.3%
Median		3.0%	5.0%	10.4%
% Positive		66.8%	69.0%	72.5%

Source: Carson Investment Research, FactSet 07/01/2025 @ryandetrick



The 2nd quarter gained +11%, which signaled a resilient market and overall economic strength for the United States. Typically, when the market gains over +10% in a given quarter, the next quarter and next two quarters are positive 85% of the time and the next year is positive 75% of the time with an average return of +10.6%.

Earnings Are Expected To Remain Strong

Factset S&P 500 Annual Bottom Up EPS Actual And Estimates



Source: Carson Investment Research, FactSet 07/07/2025

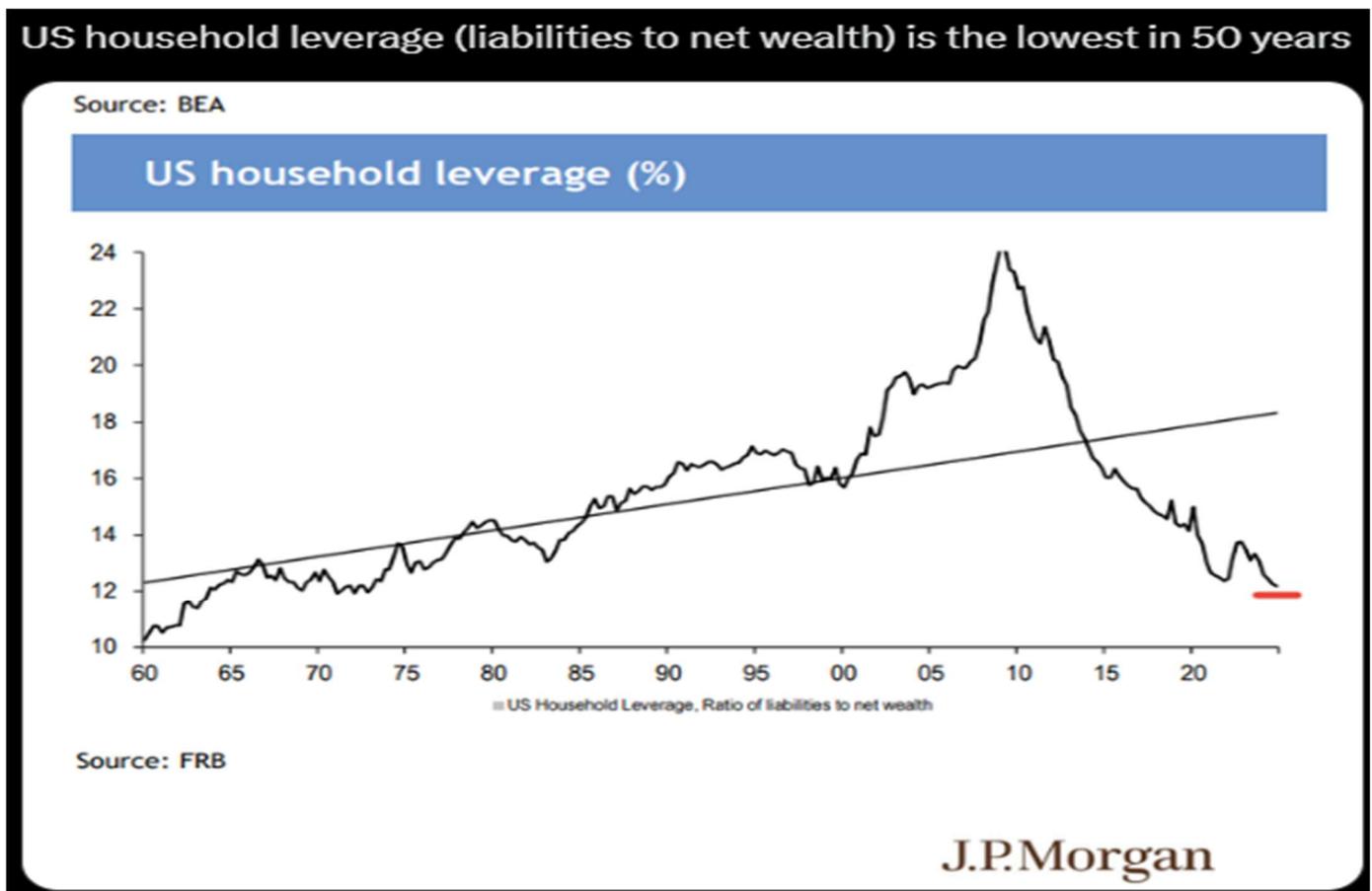
@ryandetrick



This is all under the current backdrop of increased earnings expectations for the remainder of 2025 and into 2026.

So far, 2Q 2025 earnings reporting has been very strong, with over 81% of companies beating earnings expectations and nearly 80% also beating revenue expectations.

The United States economy remains strong with 2Q 2025 GDP estimated at +2.4%, unemployment down to 4.1%, a labor force with roughly 7.8 million jobs still available, CPI inflation at 2.7%, and wage growth averaging 3.4%, having outpaced inflation since June, 2023. In addition to these strong macro data points, US household leverage is at its lowest point in 50 years as household net worth's continue to rise at a faster pace than their liabilities like debt.



However, additional volatility is expected the remainder of 2025 as the current administration continues to put pressure on the Federal Reserve to further lower interest rates, global conflicts continue on, the US dollar likely continues to weaken, and new policies continue rolling out of Washington including OBBBA (One Big Beautiful Bill Act) being signed into law in early July.

OBBBA (One Big Beautiful Bill Act) Key Points:

- Made current tax brackets permanent moving forward
- Permanent above-the-line deduction for non-itemizers: cash contributions to qualified charities up to \$1,000 for single filers and \$2,000 for MFJ.
- Increased the width of certain tax brackets like the 10% and 12% marginal federal brackets, which will result in more income being taxed at lower rates and will likely save most families additional taxes beginning in 2025.
- Temporary increase of state and local tax deductions (SALT) from \$10,000 to \$40,000
- New below the line deductions of an additional temporary +\$6,000 deduction for seniors age 65+ (phased out at 6% of the households MAGI over \$75,000 for single filers and \$150,000 for MFJ), deductions of up to +\$25,000 of income from tips (Phased out beginning at \$150,000 AGI for single filers and \$300,000 for MFJ) and +\$12,500 from overtime wages (only for time and a half pay difference vs. standard pay for overtime), and up to \$10,000 of interest paid on qualifying auto loans. These temporary deductions are currently in place from 2025-2028.
- Extension of the Qualified Opportunity Zone program.
- Increased gift and estate tax exclusion to \$15 million per person
- Creation of the “Trump Account”, which is a type of IRA for children, born from 1/1/2025 to 12/31/2028, who will receive a \$1,000 government contribution. This will be funded by the government at birth without any earned income needed. This is currently in effect from 2025-2028.

Please note that Social Security benefits are still subject to taxation, despite what several reports have indicated. Please also note that the interpretations of the current law are subject to change, and will likely change over time.

There were also several changes to itemized deductions that are summarized in the table below:



Table of Contents Navigation +

Changes To Itemized Deductions Under OBBBA

Deduction	TCJA Rules	OBBBA Rules	Year Changes Take Effect
 Medical & Dental Expenses	Qualified medical expenses deductible to the extent that they exceed 7.5% of AGI.	No change – same as TCJA.	N/A – no changes
 State & Local Taxes	Limited to \$10,000 of state and local income, real estate, and personal property taxes.	Limit increased to \$40,000 in 2025, increasing by 1% per year from 2026–2029. Limit reduced by 30% of taxpayer's MAGI over \$500,000, down to a minimum of \$10,000. Limit reverts to \$10,000 in 2030.	2025
 Mortgage Interest	Deductible to the extent of interest paid on the first \$750,000 of total mortgage indebtedness. Limited to acquisition debt (incurred in acquiring, constructing, or substantially improving residence) - home equity loans not deductible.	Retains the \$750,000 indebtedness limitation and acquisition debt requirement. Includes mortgage insurance premiums.	2026
 Gifts To Charity	Cash contributions deductible up to 60% of AGI for donations to public charities, or 30% of AGI for other charities. Capital gain property contributions deductible up to 50% of AGI for donations to public charities using cost basis, 30% of AGI for donations to public charities using FMV, or 20% of AGI for other charities.	Deduction for charitable contributions reduced by 0.5% of taxpayer's AGI. 60% limit on cash contributions to public charities reduced by the amount of capital gain property also contributed to public charities during the tax year.	2026
 Casualty & Theft Losses	Deduction for personal casualty losses allowed for losses resulting from a Federally declared disaster. Wagering losses deductible to the extent of wagering gains.	Deduction also allowed for disasters declared by states or municipalities. Wagering loss deduction limited to 90% of wagering losses, to the extent of wagering gains.	2026
 Misc. Itemized Deductions	All miscellaneous deductions subject to 2% AGI floor (unreimbursed employee expenses, investment expenses, etc.) disallowed.	Miscellaneous itemized deductions remain permanently disallowed. Unreimbursed educator expenses allowed as an additional itemized deduction?	2026
 Overall Itemized Deduction Limit	No limit on itemized deductions.	Itemized deductions reduced by 2/37 for taxpayers in the 37% tax bracket.	2026

Foresight Investment Strategies for 3Q 2025- **from Matthew Lawrence, Manager of Portfolio and Investment Management**

Foresight continues to see opportunities in staying broadly diversified while also finding opportunities to hedge against risk and volatility in these uncertain times. The U.S. economy displayed remarkable resilience in the second quarter of 2025, supported by strong consumer spending, a recovering job market, and the continued emergence of artificial intelligence. Despite persistent inflationary pressures and global trade disruptions, economic activity accelerated, with key metrics signaling an expanding economy. Q2 2025 witnessed strong market rallies, particularly in growth stocks and tech, fueled by breakthroughs in AI and semiconductor technologies. The S&P 500 index surged by +10.9% during Q2, marking its best quarter in recent years. This rally was largely driven by the technology sector, led by mega-cap companies like Nvidia, benefiting from the AI boom. By the end of the quarter, the S&P 500 hit new all-time highs. In addition, the Nasdaq was up 17.9%, the MSCI EAFE index rose by 11.5%, and emerging markets were up 12% in Q2. The Federal Reserve is also expected to implement additional interest rate cuts in 2025, which could further stimulate economic activity and support equity valuations. The current consensus is between 1-2 rate cuts with a targeted Federal Funds rate of 3.50%-3.75% by the end of the year. In conclusion, Q2 2025 was a strong quarter for the economy and markets, buoyed by technological innovation, resilient consumer spending, and positive corporate earnings. However, inflation, geopolitical risks, and the Fed's policies will continue to shape the economic and market landscape moving forward. A balanced and informed investment approach will be essential in navigating this evolving market landscape.

Foresight currently has the portfolios positioned at neutral weightings as follows: 50:50 for Conservative, 60:40 for Moderate, and 75:25 for our Aggressive Retirement Plan participants while investors with personal portfolios at Foresight are at approximately 50:50 for Conservative, 60:40 for Moderate, and 73:27 for the Aggressive Models. We currently still see opportunities in lower correlated assets such as Gold and Market Neutral while also balancing that with growth opportunities in Technology, Financials, and International equities. For Individuals who have personal portfolios with Foresight, we continue to monitor the stock portfolios weekly and use stop-losses to protect the robust gains produced from a strong 2023 and 2024. Foresight is also exploring how best to integrate alternative asset classes into client portfolios. Alternative assets for the purpose of this research are classified as private credit, private equity, private real estate, and private infrastructure. By adding alternative investment categories, the goal is to offer investors extended diversification that has a low correlation with standard public market assets, risk mitigation, access to a rapidly growing market, lower volatility, and excess returns/yields from cost advantages while providing higher quality asset selection and management.

As always, we continue to monitor our portfolios on a daily basis and look for any opportunity to strengthen our positions depending on market trends and future outlook. Please call or email if you have any questions or would like to review your portfolios. Foresight was listed in the 2025 Financial Advisors Magazine and ranked as the 335th RIA advisor nationally and ranked 13th in Michigan! Both Laurie and Patrick were chosen as Five Star Advisors for 2025. We wish everyone a great summer!

GDP: 2.4% Expected 2Q 2025 7/30/2025 release date [Gross Domestic Product | U.S. Bureau of Economic Analysis \(BEA\)](#)

Unemployment: 4.1% [Civilian unemployment rate](#)

Job openings: 7.8 million [Job Openings and Labor Turnover Summary - 2025 M02 Results](#)

CPI: 2.7% [Current US Inflation Rates: 2000-2025](#)

Wage growth: 3.4% CPI 2.7% [Are wages keeping up with inflation? | USAFacts](#)

Foresight Planning Ideas

Foresight Ranked Nationally by Financial Advisor Magazine for RIAs: Every year Financial Advisor Magazine ranks all the Registered Investment Advisory firms on growth, returns, and net new clients. Foresight was move up 63 spots in 2025 to hold the 335th investment firm in the nation! For Michigan we ranked 13th in the state. We are very honored to have accomplished this achievement and thank you for being a part of our firm.



Secure Act 2.0 How to Roll Over Excess Funds in a 529 Plan to a Roth IRA: Did you know that any excess funds left in a 529 plan can now be rolled over to a Roth IRA in \$7k increments for 5 years as long as the child has earned wages of at least \$7k per year. The 529 plan has to be in place for at least 15 years then by rolling \$7k for the next 5 years you are able to get up to \$35,000 into a Roth IRA for your child. This concept can be used to consider it as a gifting strategy for parents and grandparents to purposely over fund 529 plans so you will have a way to get your children/grandchildren a Roth IRA with up to \$35k in it to help launch them for their futures. Please contact Foresight if you would like to discuss this further 877-429-4690.

Healthcare Costs for a Retired Couple in 2025 has been released: Each year Fidelity does a thorough analysis of typical healthcare costs that a couple can expect to pay over their retirement years and for 2025 it is expected to cost \$315,000 per couple and \$176,000 for a single. This cost is substantial enough that it needs to be planned for prior to retirement. Please contact Foresight if you wish to discuss ideas of how to cover this risk and cost over your retirement years.

A New Idea for Long Term Care: There are now many low-priced annuities, that have been vetted by the NAPFA organization, where Foresight can help to create a replacement for traditional LTC insurance. If you do not have LTC insurance please contact us to discuss ideas for how best to cover this risk for you as you enter retirement. Especially if you have old life insurance policies that potentially could be converted to a use during your lifetime! Call 877-429-4690.

HSA-Health Savings Plans: Foresight now offers HSA investment plans with debit cards and investment growth for your health care savings accounts. Most employers are now offering HSA plans with your health benefit plans to keep costs reasonable, but the HSA plan attached to the benefit does not allow for you to invest your HSA account and the funds just set in a bank account. The Foresight HSA can be opened, in addition to your employer HSA, and allows you to invest your HSA in our Foresight Models just like we have for our 401(k) plans or mutual funds clients. Any unused HSA balance you have can be easily transferred to a Foresight HSA and made into an investment portfolio while keeping the minimum at your employer for use with your debit card! Then if you need funds put on your debit-card we can simply move funds to the debit card as needed. In the meantime, your HSA is growing and can be saved for healthcare in retirement too! Contact us for more information, 877-429-4690.

Contribution Limits for 2025:

The IRS has officially released the new 401(k),403(b), and 457 savings limits for 2025. Note the extra savings that employees can save if the ages 60 to 63!



Capital Management Advisors, Inc.

Contribution Limits

	<u>2024</u>	<u>2025</u>
401(k), 403(b), or 457 deferral limit	\$23,000	\$23,500
401(k), 403(b), or 457 catch-up deferral limit	\$7,500	\$7,500
401(k), 403(b), or 457 catch-up deferral limit if age 60-63		\$11,250
401(k), 403(b), or 457 max. deferral if age 50+	\$30,500	\$31,000
401(k), 403(b), or 457 max. deferral if age 60-63		\$34,750
Total Savings deferral, match, and profit sharing	\$69,000	\$70,000
Total Savings deferral, match, and profit sharing if age 50+	\$76,500	\$77,500
IRA deferral limit	\$7,000	\$7,000
IRA maximum deferral if age 50+	\$8,000	\$8,000
Simple IRA deferral limit	\$16,000	\$16,500
Simple IRA maximum deferral if age 50+	\$19,500	\$20,000
SEP IRA deferral limit <i>(maximum not to exceed 25% of earnings)</i>	\$69,000	\$70,000
Annual Comp limit & SEP IRA wage limit cap	\$345,000	\$350,000
Highly Compensated Employee wage limit	\$155,000	\$160,000
Roth IRA phase-out range (married)	\$230,000-\$240,000	\$236,000-\$246,000
Roth IRA phase-out range (single)	\$146,000-\$161,000	\$150,000-\$165,000
Traditional IRA phase-out range (married)		
*with workplace retirement plan	\$123,000-\$143,000	\$126,000-\$146,000
*without workplace retirement plan	\$230,000-\$240,000	\$236,000-\$246,000
Traditional IRA phase-out range (single)	\$77,000-\$87,000	\$79,000-\$89,000
Annual Gift Exclusion	\$18,000	\$19,000

Health Savings Accounts (HSA) and High Deductible Health Plans (HDHP)

	<u>2024</u>	<u>2025</u>
Individual HSA limit	\$4,150	\$4,300
Family HSA limit	\$8,300	\$8,550
Individual HSA limit age 55+	\$5,150	\$5,300
Family HSA limit age 55+	\$9,300	\$9,550
Individual HDHP minimum deductible	\$1,600	\$1,650
Family HDHP minimum deductible	\$3,200	\$3,300
Individual HDHP maximum out-of-pocket	\$8,050	\$8,300
Family HDHP maximum out-of-pocket	\$16,100	\$16,600

Sources:

<https://www.whitecoatinvestor.com/retirement-plan-contribution-limits/>

<https://www.fidelity.com/learning-center/smart-money/hsa-contribution-limits>

<https://www.irs.gov/pub/irs-drop/rp-24-25.pdf>

<https://www.morganlewis.com/pubs/2024/10/irs-announces-increased-gift-and-estate-tax-exemption-amounts-for-2025>

How to Apply for Medicare: Are you getting close to age 65? Medigap versus Medicare Advantage Plans, you need to know what the differences are and the benefits of each. If you have questions or are confused how to apply for Medicare insurance and its many options for supplemental coverages please contact us at 877-429-4690 and we would be happy to give you some guidance.

Patrick Carney's Article with NAPFA organization: Visit the site below to read Patrick's article! Learn what

his journey has been as a young financial planner and the satisfaction he gets from helping clients reach their investment goals.

PRACTICE PROFILE

Print this Article

Focusing on what you can control

Patrick L. Carney of Foresight Capital Management Advisors

By Bridget McCrea

As a young fee-only professional, 28-year-old Patrick L. Carney knows that people are going to assess and interact with him differently than they would, say, an advisor with 10-plus years of experience in the profession. This reality doesn't bother the director of personal wealth management at Foresight Capital Management Advisors in Saline, MI, but it has pushed him to accelerate his education and learn as much as he can about financial planning.



"One thing that's very difficult for new advisors in general is getting started and gaining the respect of current and prospective clients. A lot of people come to us looking for an advisor who has a vast array of experience, education, and knowledge," says Carney. "When you're first starting out, you don't have that decade—or multiple decades—of experience that many clients are looking for."

Carney says he stopped worrying about things he couldn't control (e.g., his age, years of career experience, and similar measures) and instead has been working hard over the last six years to earn certifications that position him as a high-level fiduciary. So far, he's earned his CFP®, AIF®, and ChIA® credentials, the last of which he attained by completing the education requirements at the Yale School of Management.

Visit this site to read the whole article:

<https://www.naylornetwork.com/napf-nwl/articles/index.asp?aid=734769&issueID=94950>

CEPA- Certified Exit Planning Analysis Services: Foresight is now certified to provide exiting planning valuations for businesses and owners. Our firm is also prepared to assist with implementing business improvements to assist with increasing the value of your business prior to an exit or retirement. If you are interested, or know of someone who is interested, in pursuing services in this area please reach out to Foresight at 877-429-4690.

NEW WHITEPAPER
RELEASING IN 1Q22!



- Topics Covered:
- Holistic Approach to Finance
 - Life Coaching
 - Behavioral Finance
 - Monte Carlo Simulation
 - High Touch Services
 - The Ultimate Balancing Act

Foresight New White Paper-Financial Planning for the Young Professional!

Focused on the many financial planning areas a young professional should strategically work into their overall lifestyle. When this is organized and addressed at a young age the young professional can successfully launch their career, start a family, pay off student debts and plan for their future! We walk through the Foresight holistic approach to financial planning in this new whitepaper that will be a must read for most career minded professionals. The sooner you read this whitepaper the more settled you will be as you begin the journey in your career.

On-line Access: Each year we encourage everyone to test your on-line access to your account(s) at the custodian or third-party administrator for your plan. Please visit Journeyrps.com or Definiti.com for retirement participants. For individual clients at Schwab Institutional Clients access Schwaballiance.com. To access your web portal for individual accounts, go to <https://fp.morningstar.com>. If you have any difficulty accessing your account, please email or contact us.



July 2025

Market Update

(all values as of 06.30.2025)

Stock Indices:

Dow Jones	44,094
S&P 500	6,204
Nasdaq	20,369

Bond Sector Yields:

2 Yr Treasury	3.72%
10 Yr Treasury	4.24%
10 Yr Municipal	3.21%
High Yield	6.80%

YTD Market Returns:

Dow Jones	3.64%
S&P 500	5.50%
Nasdaq	5.48%
MSCI-EAFE	17.37%
MSCI-Europe	20.67%
MSCI-Pacific	11.15%
MSCI-Emg Mkt	13.70%

US Agg Bond	4.02%
US Corp Bond	4.17%
US Gov't Bond	3.95%

Commodity Prices:

Gold	3,319
Silver	36.32
Oil (WTI)	64.98

Currencies:

Dollar / Euro	1.17
Dollar / Pound	1.37
Yen / Dollar	144.61
Canadian /Dollar	0.73

Macro Overview

Trade tensions continued as uncertainty surrounding the implementation of tariffs in early July drove volatility higher. Developed and emerging market trading partners including Japan, South Korea, Malaysia and South Africa were part of the most recent trade negotiations. An executive order was signed in early July that will hold off new tariff rates until August 1st for all nations facing reciprocal tariffs.

Duties on imports generated \$37.8 billion in revenue for the U.S. in April and May, after newly imposed tariffs became effective on steel, aluminum, cars and numerous goods from China, Mexico and Canada. Duties collected in May made up 6% of the government's monthly income and increased 42% from the \$15.6 billion the U.S. received in April and \$22 billion collected in May.

Some economists perceive any inflationary effects from tariffs to bring about a one time increase in prices, as opposed to a continual increase in prices. Some retailers and importers are absorbing newly imposed tariff costs, while others are passing along the tariffs in the form of higher prices to consumers.

Geopolitical tensions in June elevated financial market volatility resulting in a demand for gold and foreign currencies. The dollar and treasuries have seen less demand recently, yet demand has been increasing for foreign currencies and other investment vehicles.

Recent trade tensions have shifted holdings of U.S. Treasuries as large trading partners such as Canada and China have shed positions while Japan and Norway have accumulated positions. The Treasury market has become a focal point as trade negotiations continue and countries adjust holdings based on exposure to U.S. debt and currency fluctuations.

A stronger than expected employment market is weighing on the Fed's decision to lower rates. The unemployment rate fell to 4.1% from 4.2% in June, as jobs in healthcare and education rose and manufacturing jobs fell. The Fed's hesitancy stems from the threat of higher wages which can be considered inflationary as workers spend more throughout the economy.

Passage of The One Big Beautiful Bill (OB BB), also known as the Tax Cuts and Jobs Act of 2025, will permanently extend the individual tax rates signed into law in 2017, which were originally set to expire at the end of 2025. It also raises the cap on the state and local tax deduction to \$40,000 for taxpayers making less than \$500,000. Numerous government programs as well as Medicaid will see the implementation of new provisions, such as the requirement for individuals aged 19-64 enrolled in Medicaid to demonstrate they are working or participating in qualifying activities for at least 80 hours per month. Certain groups are exempt from these requirements, including parents of dependent children and those with disabilities, substance use disorder, or serious medical conditions.

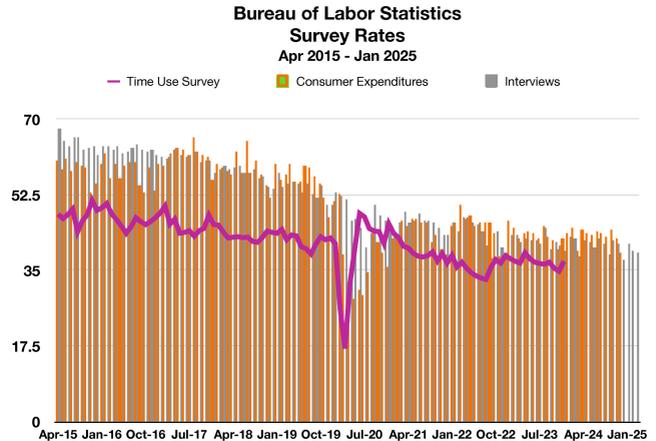
The administration is seeking to ban certain foreign entities from buying farmland in the United States as a precaution, in order to avoid any national-security risk. Chinese owned entities currently own approximately 300,000 acres of U.S. farmland in over 12 states. (Sources: Federal Reserve, Treasury Dept., Labor Dept., USDA)

Accuracy of Government Data In Question – Government Data Gathering

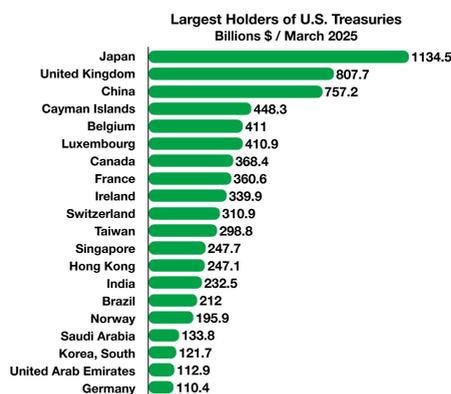
Employment data gathered and compiled by the Bureau of Labor Statistics has once again come into question as the accuracy of the data continues to be an issue. The employment data includes responses that are gathered through surveys nationwide, which were affected adversely by the pandemic and have seen deterioration of accuracy over the past five years.

Data collected is conducted via surveys throughout the employment market, which includes layoffs, new hires, sentiment, wages, and employees quitting. The onset of the pandemic brought about a drop in surveys conducted as well as the method of data collection. A consistent drop in surveys over the past five years has led to less collected data as well as questionable accuracy surrounding gathered data.

Economists and analysts are concerned that the drop in surveys and continued issues with questionable data may be restricting the Federal Reserve from making proper and timely determinations surrounding the status of the nation’s labor market. Response rates for direct employment data conducted via interviews have fallen from roughly 65 in 2015 to less than 40 in the first quarter of 2025. There has also been a consistent drop in consumer interviews and expenditure tracking. This means that there is less data to formulate accurate and reasonable assumptions from, increasing the risk of making erroneous decisions regarding rates and the labor market by the Federal Reserve. (Sources: Labor Dept., BLS)



Which Countries Are Buying & Selling U.S. Treasuries – Treasury Market Overview



Foreign countries hold U.S. government debt in the form of Treasury bonds for various reasons, including trade, currency hedging and for investment. At one point, China was the largest holder of U.S. Treasuries as trade between the two countries expanded throughout the 1990s and 2000s. Eventually Japan became the largest holder of Treasuries in 2017, as trade expanded with Japan and as China began to limit its holdings of U.S. debt. As of March 2025, China’s holdings dropped to \$757.2 billion, down from \$784.3 billion the previous month and significantly lower than the \$901.7 billion held in September 2022, validating a continuation of a multi-year trend. Analysts attribute this reduction to a combination of trade tensions,

diversification of reserves, and possibly reallocating to other markets such as Europe where trade for China has grown. Japan is currently the largest foreign holder of U.S. Treasuries, with holdings rising to \$1.13 trillion in March 2025, up from \$1.059 trillion in December 2024. Japan’s purchases have increased for at least two consecutive months, signaling continued confidence in U.S. debt and its long term trading relationship. The U.K. has also increased its holdings, surpassing China as the second-largest non-U.S. holder with \$807.7 billion in March 2025. The U.K. is often considered a custodial center, with much of the activity reflecting hedge fund and institutional flows. (Source: U.S. Treasury Dept.)



Capital Management Advisors, Inc.

N INCREASES TO \$15 MILLION FOR SINGLE FILERS AND \$30 MILLION FOR MARRIED FILERS IN 2026

One Big Beautiful Bill Act Highlights

Estate Tax Exclusion:

Increases to \$15 million for single filers and \$30 million for married filers in 2026, and with further inflation-indexed increases after 2026. Different from prior estate tax exclusion provisions in that the bill made this increase “permanent” in the sense that no automatic sunset or expiration date has been imposed. The current exemption for individuals of \$13.61 million and \$27.22 million for married couples, was set to be reduced by half at the end of 2025.

Interest Deduction On Auto Loans:

Interest on auto loans deductible, yet applicable to only new autos with final assembly in the U.S. for tax years 2025 – 2028. Deduction limited to \$10,000 and phases out when income exceeds \$100,000 for single filers and \$200,000 for joint filers.

Tax On Overtime Pay:

This deduction, capped at \$12,500 for individuals and \$25,000 for joint filers, phases out for higher earners and is set to expire on December 31, 2028. While it doesn't eliminate taxes on overtime, it provides a tax break for those working extra hours, potentially increasing take-home pay.

Trump Accounts / MAGA Accounts:

Tax-deferred investment accounts for newborn American children born in the United States between January 1, 2025 and December 31, 2028. Newborns will be seeded with a one-time government contribution of \$1,000. The accounts will track a stock index and allow for parents and families to make additional private contributions of up to \$5,000 per year.

Account holders will be allowed to make partial withdrawals at age 18, and access the full amount at age 25, but only for specific purposes, such as paying for higher education or taking a loan to start a small business. Account holders gain full access to the funds at age 30 to use it for any purpose. Parents or the child's legal guardians manage the account until the child reaches 18.

To open an account, the child's guardian or parent must have a Social Security number and be authorized to work in the US.

The initial \$1,000 provided by the government to fund Trump Accounts is a government contribution, not a tax credit in the traditional sense for taxpayers who contribute to the account. There are no tax deductions for contributions, and earnings are taxed as ordinary income.

Expanded 529 Plan Provisions:

The bill expands the definition of qualified expenses for 529 plans beyond traditional higher education costs and K-12 tuition to include a wider range of educational and career development opportunities such as vocational schools, trade schools, and technical schools. Newly eligible expenses include tuition, books, fees, exam costs, and supplies for workforce, on-the-job training, and continuing education programs.

The \$10,000 per-year limit for K-12 tuition and the \$10,000 lifetime limit for student loan repayments remain in place. Federal tax treatment of 529 plan growth, as well as in-state tax deductions and credits, are unchanged.

One Big Beautiful Bill Act Highlights (continued)

Tax on Social Security:

The One Big Beautiful Bill (OB BB), also known as the Tax Cuts and Jobs Act of 2025, does not actually eliminate taxes on Social Security benefits, instead, it provides a temporary, income-based deduction for taxpayers aged 65 and older.

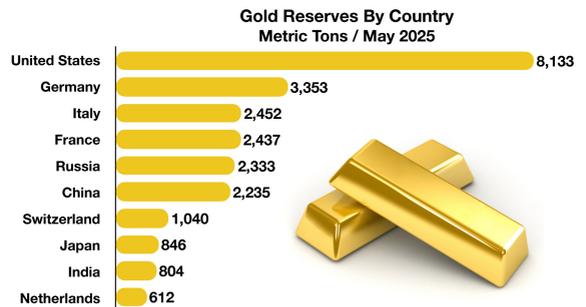
The deduction is \$6,000 per individual and phases out for those with higher incomes over \$75,000 for single filers, \$150,000 for joint filers. The deduction is not limited to those receiving Social Security benefits, it also applies to all seniors within the specified income limits. The deduction is temporary and set to expire at the end of 2028. The OB BB does not make any changes to the Social Security program itself, such as the benefits structure or eligibility requirements.

StableCoins Evolving To Become More Accepted:

The GENIUS Act (Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025) is landmark legislation aimed at creating the first comprehensive federal regulatory framework for payment via stablecoins in the United States. The GENIUS Act establishes clear rules for the issuance, backing, and supervision of payment via stablecoins and digital assets pegged to a stable value such as the U.S. dollar. Long term, the act seeks to integrate stablecoins into the mainstream banking and payments system, providing legal certainty and consumer protections. (Sources: Tax Foundation, SSA.gov, TheWhiteHouse.gov)

Country Holdings of Gold Shifting – Global Gold Reserves

Some of the same countries that have been selling U.S. Treasury positions, have been buying gold as global trade has been adjusting. There have been instances when countries have imposed exchange controls or a freeze on assets, such as on foreign securities. Gold provides the essential liquidity in these circumstances. Thus central banks from around the world accumulate and hold gold to afford such benefits.



For thousands of years, gold has been one of the most sought after metals in the world. It was first used as jewelry as early as 2600 BC in ancient Mesopotamia, what today is Iraq. Most notably, gold currently plays a significant role in the international monetary markets, where countries worldwide hold gold as a reserve. Holding gold as a reserve provides diversification among assets, economic security, and liquidity.

As trade tensions have risen, so has the divergence from traditional dollar denominated holdings by foreign entities to gold. The recent drop in value of the U.S. dollar since the beginning of the year has concurrently increased demand for gold as a stable holding for various central banks worldwide. The United States has also been accumulating gold over the past few months, reaching a reserve of over 8,100 metric tons of gold, the largest of any nation. (Sources: CIA Factbook, World Gold Council)