

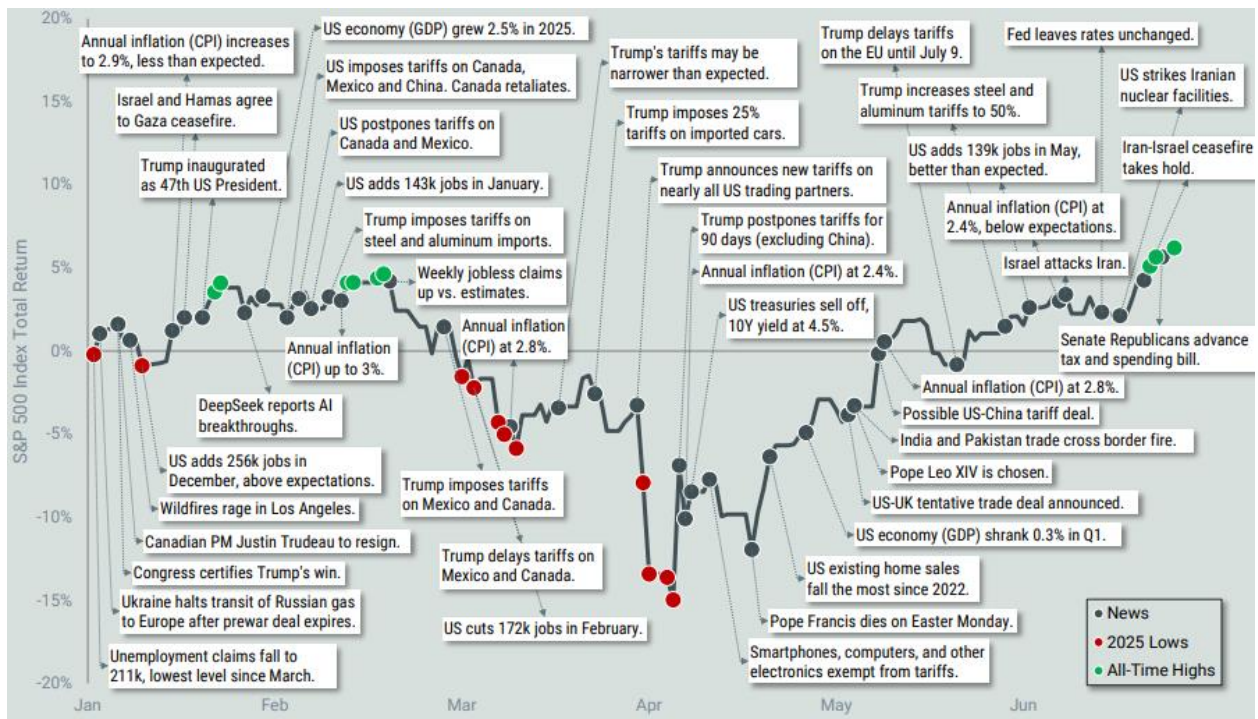
July 2025

"He likens the market to an excitable dog on a very long leash in New York City, darting randomly in every direction. The dog's owner is walking from Columbus Circle, through Central Park, to the Metropolitan Museum. At any one moment, there is no predicting which way the pooch will lurch. But in the long run, you know he's heading northeast at an average speed of three miles per hour. What is astonishing is that almost all of the market players, big and small, seem to have their eye on the dog, and not the owner."

-Ralph Wagner (as quoted in *The Four Pillars of Investing* by William J. Bernstein)

As we chronicled in our market commentary last month, markets sold off aggressively in the wake of Trump's 'Liberation Day' tariff announcement. The S&P 500 fell over 12% over the four trading days following the April 2nd declaration. Markets rose sharply after the pause was issued a week later. The month proceeded with large swings in daily volatility as clarifications, backtracking, and new developments came from the Administration. But, by early May, markets had recovered completely from the initial tariff announcement. All told, equity markets domestically and abroad posted very strong returns for the quarter.

S&P 500 Index Total Return



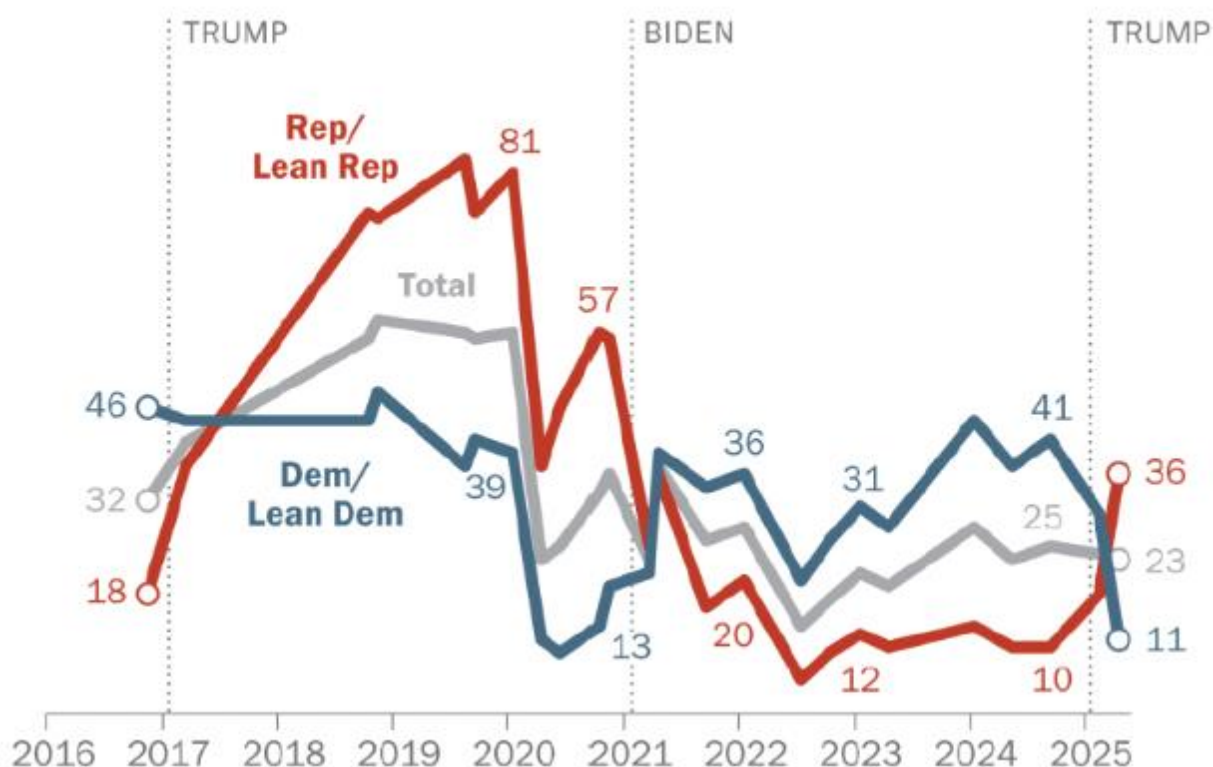
Source: Avantis Investors, January 1, 2025 to June 30, 2025

These strong returns may come as a surprise to anyone following the daily onslaught of economic and non-economic news coming out of the White House along with the recently escalated conflict in the Middle East. Indeed, it has been a tumultuous start to the year compared to normal.

It is important to recognize is that our personal sentiments on the market, economy, or world at large may not always align with how markets actually perform. We tend to overweight our personal attitudes toward the world around us and often project that optimism or pessimism onto how we expect investments to behave. Lately, partisan political lines have been a good predictor of that bias.

Americans' Rating of Economic Conditions

% of surveyed who say economic conditions in the country today are good/excellent



Source Pew Research Center, survey of US adults conducted April 7-13, 2025.

History has shown that basing investment decisions around these biases can be detrimental to long-term portfolio outcomes.

It is also critical to remember that markets are constantly processing new information about current events and, critically, probabilities and expectations for things that may

happen in the future. Markets are forward looking. The things you might be worried about that are coming down the pike are effectively already priced into the value of investments today.

We recognize that the short-term volatility can feel intense in the moment. Often this can lead to a very rational feeling of needing to “do” something. From the start of the year, the S&P 500 experienced a total drawdown of 19% by the early-April lows. With the backdrop of unpredictable tariff policy, it may have seemed like a good time to de-risk before things got worse. But, what followed over the next two months was a 25% rise in the index to new all-time highs. Those who were able to maintain discipline in the face of uncertainty were once again rewarded.

Your long-term investment plan and financial plan are crafted with the expectation of volatility and down markets. We know there will be unpleasant periods in our investment journeys. It is important that these plans are not forgotten or discarded in times of market stress. In truth, they are most useful in those very periods.

As always, we remain focused on helping you navigate periods of uncertainty with a long-term perspective and a steady hand. Please don't hesitate to reach out if you have any questions or would like to discuss your plan further.

Past performance is no guarantee of future results.

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