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Second Quarter 2025 Weather(ly) Report
July 2025

Conflicts across the world stage created potential for realignment of territories and trade policy and impacted global demand for resources. Combined with debate over taxes and interest rates, investors were busy monitoring new developments over the second quarter. The quarter began with a pause on tariffs for 90 days, giving markets a breather as discussions continued to evolve. While tariff concerns caused stress on first quarter GDP, it appears to have eased in the second quarter, with GDP estimated to be growing at an annual rate of 2.5%. U.S. consumers, comprising roughly 2/3rds of the economy, began to decrease purchases in travel and entertainment while companies slowed their hiring and job postings. The U.S. housing market showed signs of cooling to levels not seen since 2020 alongside declining retail sales.

Central banks around the globe continued to meet throughout the quarter and generally acted to decrease interest rates. The European Central Bank cut rates by 25 basis points in April and June, and Switzerland lowered rates by 25 basis points while the U.S. and U.K. left interest rates unchanged. The Federal Reserve's dot plot is now looking toward more data and a potential change near the end of July. While additional pressure came from the White House to lower the Fed Funds rate, Moody's also lowered U.S. Treasury ratings down from their highest level, albeit still backed by the full faith and credit of the United States government.

While turmoil continued in Russia/Ukraine and the Gaza strip, inflammation of the conflict between Israel and Iran heightened on June 22nd when the U.S. targeted 3 Iranian nuclear facilities potentially escalating a major regional conflict. As of this writing, Israel and Iran have agreed to a cease-fire, and the conflict has been labeled the "12 Day War." On June 25th, NATO concluded the summit in The Hague with allies reaching a decision to invest 5% of GDP in defense.

After a wild ride, markets ended the second quarter at new highs with the S&P 500, NASDAQ and MSCI All Country World Index up 10.94%, 17.97%, and 11.69% respectively. Gold prices remained strong with a 6% increase. Weatherly took the opportunity of strength in markets to inch clients towards their target asset allocation and add to high quality, short-term Treasuries, Agencies and Corporate bonds.

"Top Ten" Holdings*

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|---------------------------|--------------------------------|
| 1. Apple Inc. | 6. Invesco Global Water ETF |
| 2. Netflix Inc. | 7. Waste Management Inc. |
| 3. Amazon.com Inc. | 8. Vanguard Intl. Dividend ETF |
| 4. Microsoft Corp. | 9. Nvidia Corp. |
| 5. Costco Wholesale Corp. | 10. Cyberark Software Ltd. |

The "[Big Beautiful Bill](#)" passed through the Senate with VP Vance's tie-breaking vote and the House in time for the July 4th deadline. At the center of the bill is an extension of the 2017 Tax Cuts and Jobs Act which was scheduled to sunset at the end of 2025. The details of the bill include increased border, energy and defense spending with cuts to Medicare and nutritional programs. More information to be analyzed by our team for our clients will include the increase to \$40,000 SALT deductions and many temporary provisions for tips, overtime and some filers over 65 years of age.

With realignment due to shifting trade policies and turmoil in the Middle East, oil prices fluctuated throughout the second quarter but the true story for the year was the U.S. dollar. The U.S. dollar down 10% had the worst start of the year since 1973. Whether this is a short-term opportunity or a reminder for investors that while U.S. markets have dominated the last decade, there is still reason to diversify into developed international markets over the long term. As we head into the latter half of 2025, we welcome the opportunity to work with you, your family and communities.

*** TOP TEN DISCLOSURE**

"Top Ten" holdings consist of Weatherly's largest stock positions as of quarter end. A full list of holdings is available upon request. It should not be assumed that any of the securities, transactions, or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and, in the aggregate, may represent only a small percentage of an account's portfolio holdings.

	<u>WAM Equity**</u> <u>(gross fee)</u>	<u>WAM Equity</u> <u>(net fee)</u>	<u>S&P 500t</u>	<u>MSCI ACWI</u> <u>(gross USD)</u>	<u>WAM Fixed**</u> <u>(gross fee)</u>	<u>WAM Fixed</u> <u>(net fee)</u>	<u>Merrill Lynch</u> <u>1-3 year</u>	<u>WAM Balanced**</u> <u>(gross fee)</u>	<u>WAM Balanced</u> <u>(net fee)</u>	<u>Blended</u> <u>Benchmark</u>
2008	-34.04%	-35.04%	-36.99%	-41.84%	-0.95%	-1.45%	6.61%			
2009	32.36%	31.36%	26.47%	35.41%	10.63%	10.13%	0.78%			
2010	11.93%	10.93%	15.06%	13.21%	6.77%	6.27%	2.35%			
2011	-5.58%	-6.85%	2.12%	-6.86%	4.37%	3.87%	1.55%			
2012	16.36%	15.36%	16.00%	16.80%	5.99%	5.49%	0.43%	11.84%	11.09%	8.18%
2013	28.20%	27.20%	32.41%	23.44%	-1.62%	-2.12%	0.36%	15.41%	14.66%	15.61%
2014	8.53%	7.53%	13.69%	4.71%	5.55%	5.05%	0.62%	7.43%	6.68%	7.01%
2015	4.86%	3.86%	1.38%	-1.84%	1.31%	0.81%	0.54%	3.55%	2.80%	1.09%
2016	8.70%	7.70%	11.95%	8.48%	2.79%	2.29%	0.88%	6.41%	5.66%	6.33%
2017	24.52%	23.52%	21.82%	24.62%	4.49%	3.99%	0.42%	17.01%	16.26%	10.75%
2018	-1.92%	-2.92%	-4.39%	-8.93%	0.61%	0.11%	1.59%	-0.80%	-1.55%	-1.06%
2019	32.54%	31.54%	31.48%	27.30%	7.05%	6.55%	3.55%	22.85%	22.10%	17.01%
2020	30.97%	29.97%	18.39%	16.82%	4.35%	3.85%	3.10%	21.36%	20.61%	12.08%
2021	20.55%	19.55%	28.68%	19.04%	0.69%	0.19%	-0.55%	14.34%	13.59%	13.45%
2022	-22.33%	-23.33%	-18.13%	-17.96%	-5.71%	-6.21%	-3.65%	-17.45%	-18.20%	-10.80%
2023	26.32%	25.32%	26.26%	22.81%	5.39%	4.89%	4.26%	19.10%	18.35%	15.03%
2024	21.42%	20.42%	25.02%	18.02%	3.76%	3.26%	4.10%	15.68%	14.93%	14.26%
2 nd Quarter 2025	10.25%	10.00%	10.94%	11.69%	1.14%	1.01%	1.18%	7.32%	7.13%	6.06%
Year-to-Date 2025	6.72%	6.22%	6.20%	10.33%	2.79%	2.54%	2.79%	5.44%	5.06%	4.64%
5-Year Trailing (Ann.)	13.68%	12.68%	16.61%	14.17%	1.87%	1.37%	1.37%	9.83%	9.08%	9.07%
10-Year Trailing (Ann.)	13.39%	12.39%	13.62%	10.54%	2.66%	2.16%	1.61%	9.70%	8.95%	7.85%
Since Inception (Ann.)	10.81%	9.81%	10.94%	8.41%	4.30%	3.80%	3.24%	10.01%	9.26%	8.14%

Please see footnotes

**** PERFORMANCE DISCLOSURE**

Please note, the Weatherly Asset Management (WAM) Equity performance is a mid- to large-cap value equity approach and the WAM Fixed Income performance is a high-quality intermediate-maturity investment approach. Performance numbers up to 12/31/05 are prepared in compliance with Association of Investment Management Research Performance Presentation Standards (AIMR PPS). Periods from 12/31/05 to 12/31/10 meet the requirements of the revised version of Global Investment Performance Standards (GIPS). Periods from 12/31/10 are calculated in a similar manner but GIPS standards no longer permit carve outs, therefore we no longer claim GIPS compliance. The gross fee returns shown above are presented after deduction of all transaction costs, but prior to the deduction of advisory fees and such other possible expenses as custodial fees. The net of fee return is calculated by subtracting the advisory fees. Investment advisory fees are described in Part II of Weatherly's Form ADV. For the 2nd Quarter 2025, the maximum quarterly management fee is 0.25% for Weatherly's Equity Composite and 0.125% for the Fixed Income Composite.

Composite rates of return, since inception on an annualized basis after deduction of the maximum quarterly management fee is as follows for equity accounts for 1995, 32.41%, for 1995 and 1996 combined, 28.50%, for 1995-1997 combined, 30.24%, for 1995-1998 combined, 26.15%, for 1995-1999 combined, 25.06%, for 1995-2000 combined, 18.31%, for 1995-2001 combined, 12.70%, for 1995-2002 combined, 7.44%, for 1995-2003 combined, 9.53%, for 1995-2004 combined, 9.94%, for 1995-2005 combined, 10.05%, for 1995-2006 combined, 10.48%, for 1995-2007 combined, 10.46%, for 1995-2008 combined, 6.36% for 1995-2009 combined 7.87%, for 1995-2010 combined, 8.06%, for 1995-2011 combined, 7.14%, for 1995-2012 combined, 7.58%, for 1995-2013 combined, 8.57%, for 1995-2014 combined, 8.54%, for 1995-2015 combined, 8.31%, for 1995-2016 combined, 8.29%, for 1995-2017 combined, 8.91%, for 1995-2018 combined, 8.39%, for 1995-2019 combined, 9.23%, for 1995-2020 combined, 9.96%, for 1995-2021 combined, 10.31%, for 1995-2022 combined, 8.88%, for 1995-2023 combined, 9.41%, and for 1995-2024 combined, 9.76%. For fixed income accounts 1995, 11.49%, for 1995-1996 combined, 8.35%, for 1995-1997 combined, 7.63%, for 1995-1998 combined, 7.58%, for 1995-1999 combined, 6.18%, for 1995-2000 combined, 6.50%, for 1995-2001 combined, 6.37%, for 1995-2002 combined, 6.37%, for 1995-2003 combined, 5.92%, for 1995-2004 combined, 5.68%, for 1995-2005 combined, 5.33%, for 1995-2006 combined, 5.25%, for 1995-2007 combined, 5.23%, for 1995-2008 combined, 4.74%, for 1995-2009 combined, 5.09%, for 1995-2010 combined, 5.17%, for 1995-2011 combined, 5.09%, for 1995-2012 combined, 5.11%, for 1995-2013 combined 4.72%, for 1995-2014 combined 4.73%, for 1995-2015 combined, 4.54%, for 1995-2016 combined, 4.44%, for 1995-2017 combined, 4.42%, for 1995-2018 combined, 4.23%, for 1995-2019 combined, 4.32%, 1995-2020 combined, 4.31%, for 1995-2021 combined, 4.15%, for 1995-2022 combined 3.76%, for 1995-2023 combined, 3.80% and for 1995-2024 combined, 3.78%.

Composite returns consist of all 100% discretionary accounts under management utilizing individual stock and bond holdings selected by WAM. Balanced portfolio segments have been included in single asset composites. Effective 1/1/06 to 12/31/10, cash and cash returns have been allocated to the segment returns according to the procedures outlined by Association of Investment Management Research (AIMR). Effective 1/1/16, equity and fixed composite returns no longer include cash or a weighting to cash. Dividends and interest received is generally not reinvested in the same security but is included in total return calculations. Effective 2010, Equity Composite performance excludes two related family groups which hold a concentrated position that due to tax considerations cannot be managed in the same manner as the overall equity composite. The composite performance represents the performance of an aggregate of the firm's managed accounts that align with a particular strategy. Individual account performance will vary, and some clients may have experienced returns significantly different from the composite. Investing entails risk and past performance is no guarantee of future performance.

These performance numbers are provided under the flash reports provision of these said standards. "As prospective and current clients have received past results that were in compliance with the required disclosures within a 12-month period, firms may present interim data and returns (i.e., "Flash numbers") without quarterly disclosures." A full presentation, including all required disclosures, is available upon request. The WAM Balanced Composite represents actual portfolios utilizing strategic asset allocation with both equity and fixed income components. The fixed income component for individual portfolios underlying the balanced composite have allocations tailored specifically for that account and client, and varies between 5% and 90%, whereas the Blended Benchmark is 50% S&P 500 Total Return and 50% Merrill Lynch 1-3 Year representing an average of a 50% Equity and 50% Fixed Income benchmark allocation in the Composite.