



carolyn@weatherlyassetmgt.com
T 858.259.4507 F 858.259.0782
832 Camino Del Mar, Ste 4 | Del Mar, CA 92014
WWW.WEATHERLYASSETMGT.COM

If you prefer to receive this letter via e-mail, please let us know: carolyn@weatherlyassetmgt.com

Fourth Quarter 2025 Weather(ly) Report
January 2026

As we head into a New Year, we reflect on the events that defined 2025. Markets were influenced by global tensions; initially with tariffs and related negotiations, then ending with the US capture of President Maduro of Venezuela, highlighting super power competition. Inflation lingered with the Federal Reserve policy and Chair undergoing change into 2026. While US equity markets ended at new highs, with the S&P up 17.86% for 2025, they were outperformed by world markets, with the MSCI All Country World Index up 22.87% over the same period. The US dollar remained weak, further improving currency dynamics within multi-national corporate earnings. AI dominance continued into the fourth quarter with concentration amongst market leaders elevating concerns. Gold and silver charged ahead reaching new highs at year end, closing at \$4,319.37/oz and \$71.66/oz, respectively. Copper followed upward price movement at the end of the quarter.

Interest rates in the US trended downward in the fourth quarter. The Federal Reserve lowered rates a quarter point in December, for a total of 3 cuts in the year, with more dissents regarding next steps for 2026. The Treasury yield curve ended 2025 fairly flat on the short end, and 30-year mortgage rates ended the year around 6.25%. Muni and corporate curves dropped in yields throughout the quarter, with spreads in quality names remaining tight.

Weatherly continued to work within client portfolios, focusing on appropriate asset allocation, diversification and opportunities in evolving thematic investments. An emphasis on technology and international holdings in general elevated returns, while healthcare names, minus GLP-1 related holdings, were an anchor to windward in portfolios.

"Top Ten" Holdings*

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

An abundance of planning opportunities were created for Weatherly clients this year after the July 4th passage of the One Big Beautiful Bill Act. Many charitably inclined clients utilized their required minimum distributions for qualified charitable distributions to help achieve their philanthropic goals while minimizing tax impact. Other clients used the market strength in equities to shave highly appreciated positions to help rebalance portfolios or added to their Donor Advised Funds to ease capital gains with an ability to grant to charities now or in the future.

The evolution of the Venezuelan situation remain of importance as to the level of escalation and focus on Russia and China alongside oil supply and production. Geopolitical concerns remain paramount as we head into an environment compounded by midterm elections. Consumer sentiment is also near 5-year lows, credit card debt and delinquencies remain historically high, displaying the divergence in haves versus have-nots in the current k-shaped economy. The private equity markets have also garnered attention in 2025 and mergers and acquisitions activity is expected to be surpassed in 2026.

We welcome dialogues with our current and prospective clients and their trusted professionals to leverage planning opportunities in the New Year.

*** 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** (gross fee)</u>	<u>WAM Equity (net fee)</u>	<u>S&P 500†</u>	<u>MSCI ACWI (gross USD)</u>	<u>WAM Fixed** (gross fee)</u>	<u>WAM Fixed (net fee)</u>	<u>Merrill Lynch 1-3 year</u>	<u>WAM Balanced** (gross fee)</u>	<u>WAM Balanced (net fee)</u>	<u>Blended 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%
4th Quarter 2025	1.12%	0.87%	2.65%	3.37%	1.16%	1.03%	1.12%	1.12%	0.93%	1.89%
Year-to-Date 2025	14.19%	13.19%	17.86%	22.87%	5.86%	5.36%	5.09%	11.45%	10.70%	11.54%
5-Year Trailing (Ann.)	10.40%	9.40%	14.40%	11.70%	1.90%	1.40%	1.79%	7.70%	6.95%	8.21%
10-Year Trailing (Ann.)	14.22%	13.22%	14.79%	12.27%	2.86%	2.36%	1.84%	10.31%	9.56%	8.53%
Since Inception (Ann.)	10.87%	9.87%	11.13%	8.64%	4.33%	3.83%	3.26%	10.07%	9.32%	8.35%

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 4th 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%, for 1995-2024 combined, 9.76%, and for 1995-2025 combined, 9.87%. 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%, for 1995-2024 combined, 3.78% and for 1995-2025 combined, 3.83%.

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.