

Client Newsletter

Quarterly Client Update – September 30th 2025

We are sending you this update and statement at an interesting time to say the least! 😊 The U.S. government is temporarily shut down, yet we are still hard at work. We are making sure we stay on top of all the news-flow and economic data, as we continue our research and due diligence while managing client portfolios. **You will be glad to see that your portfolios continue to grow and experienced a good quarter.** I thought I would structure this update by focusing on a few questions that I think are timely, and that help investors stay focused on the big picture and the longer-term.

How do things look overall?

Overall, the economic picture and the market outlook are a bit of a mixed bag. The economy has shown recent signs of weakening somewhat (especially on the job creation front) yet has not shown signs of falling apart. The introduction of a mix of tariffs and trade deals has caused economic data (especially quarterly GDP reports) to be even more erratic and unpredictable, shifting several times from one quarter to the next. For the full year 2025, if we average out the data, ignoring the quarterly swings, the overall picture is indicative of **an economy that is still solid and doing fairly well**, with a few pockets of weakness. Of course now, with the government shutdown, there will be very little economic data reported. This makes the job of the Federal Reserve even more difficult as they attempt to reduce interest rates enough to help support the job market, but not so much to allow inflation to increase again. Most of the mutual fund and ETF companies we speak to are not predicting a recession over the next 12 months, and they see more pockets of strength in the economy than what investors are hearing when listening to the nightly news or watching TV-based financial networks. In case you didn't know this, **the media often makes things sound worse than they really are!**

Is there more good news or bad news?

In my professional opinion, if we can separate out all of the political news and noise, the economic data leans toward more good than bad. GDP is still growing at around 2% on average. Job creation has weakened, but there have not been many firings either. One analyst describes it as a **"Frozen Jobs Market"** where there are too many uncertainties to hire or fire, and so companies at this point are holding still. At the same time, corporate revenue and profits continue to be robust and exceed expectations. So, despite the volatility and uncertainty, the U.S. Economy has shown resilience, and the U.S. markets continue to climb. The expansion of Artificial Intelligence, coupled with strong corporate earnings growth, along with a still solid economy, is **enough good news to outweigh the bad** news as far as the stock market is concerned.

One of the best descriptions I have heard comes from JP Morgan, who at the beginning of the year, gave a forecast for 2025 to be a **"2034 type of year"**. Breaking that apart, they describe a year in which we have **2% GDP growth, 0% chance of recession for the next 12 months, 3% inflation, and a 4% Unemployment rate.** Focusing on these important data points gets succinctly to the heart of the economic picture; and **we'll take that balance of data any time!** Another way I would describe it, is a slightly weaker than Goldilocks type of economy. One where it would be nice to see a little more strength in the labor market and economy, and a little less threat of inflation drifting back upward. So far though, their overall healthy 2034 outlook describes very well what we are experiencing in 2025.

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What do you recommend?

Our biggest recommendation right now is **to stay laser-focused on the big picture and on the long term**. There is A LOT of noise, a lot of negativity, and a lot of angst & worry. There even seems to be a bit of a disconnect between what you are hearing and reading, and how well your portfolio is actually doing. **Investing mistakes most often happen when the noise and uncertainty of the short-term drowns out the longer-term positives and the opportunities that lay ahead.** The news and the media are NOT your friend and are not helpful in determining how to invest. **You have to be VERY careful what and whom you listen to**, what you read, and how much time you allow yourself to be influenced by these sources of information. The truth is, the US Economy has been very resilient, and even though it is not firing on all cylinders right now, it is still the envy of the world. The stock market has been very strong, and of course it will experience normal ups and downs like it always has. Yet when it does, it will bounce back just like it always has! (Just look at earlier this year for the most recent example.) **Your portfolios are also doing quite well, and you have experienced solid growth over the longer – term, even though there was lots of uncertainty all along the way.** Our biggest recommendation is that you stay focused on the overall Big Picture, and do not let anything deter you from a long-term mindset and approach when it comes to investing. That is the only approach that really works.

Stay the Course. Stay Invested. Stay on the Escalator.

Administrative Updates & Year-End Reminders

Year-End Withdrawals, RMD's and QCD's

With the end of the year just around the corner, we wanted to give a friendly reminder that the deadline for submitting Qualified Charitable Distributions (QCDs) and taking your Required Minimum Distributions (RMDs) from your IRA accounts is November 30th. Please call or email the office as soon as possible to coordinate any remaining distributions for 2025. If you plan to take any year-end withdrawals for holiday giving, please also reach out to us by November 30th so we can ensure that you receive your funds in time.

New Statements Coming

We wanted to let you know that we have begun to work with new providers on the back end so you will see changes in the reports that you receive from us in the coming quarters. The current software provider is sunsetting their system, so we are in the process of transitioning to another provider. We'll keep you updated as this progresses.

AI and ChatGPT Warning

As artificial intelligence tools such as ChatGPT become more available to the public, we wanted to give a gentle warning to never give out your personal or financial information online. Unlike conversations with us or your accountant, there is no confidentiality between users and the AI. Chats are also stored for 30 days or longer and are at risk of being exposed during potential data leaks. We'll be sharing more about AI in future newsletters, but don't hesitate to reach out with any questions. Always be careful when sharing any personal or financial information with any software or online tool.