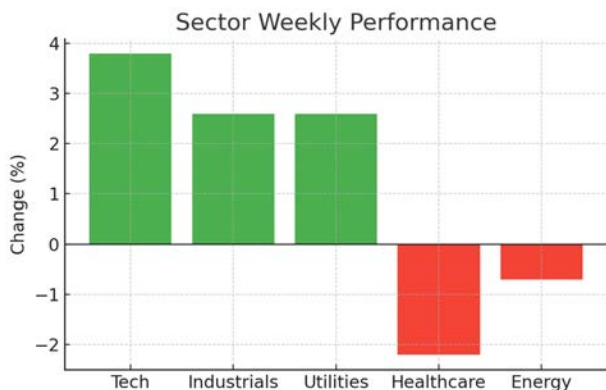


## Markets at a Glance

As we move into the second half of 2025, the stock market appears robust at first glance. Major indices like the S&P 500 and Nasdaq have reached fresh highs, reflecting confidence in earnings and economic resilience. But beneath the surface, cracks are forming: the median S&P 500 stock is still 11% below its 52-week high, a sign that this rally again remains narrow. We are entering earnings season, and 12% of the S&P 500 reported through last Friday. So far, reported earnings have been almost 8% above estimates. Will this continue? Or is this the 'calm before the storm'? Will inflation numbers continue to rise? How will the reduced immigration numbers affect wage growth and the job market? Many questions remain to be answered.



Top performing sectors last week included tech, industrials, and utilities.

Energy and healthcare lagged.



## Policy & Tariff Watch

The U.S. is on edge ahead of the Aug. 1 trade deadline with the EU. Proposed 30% tariffs could shake earnings outlooks. Meanwhile, speculation surrounding Fed Chair Jerome Powell has triggered hedging in bond markets — highlighting investor anxiety. Uncertainty is growing by the day...

## Inside the OBBBA: Big Cuts, Big Costs

The One Big Beautiful Bill Act (OBBBA) includes:

- Tax Cuts: Expanded SALT cap, child & senior credits, corporate incentives
- Spending: \$170B for border security, \$150B in defense
- Cuts: \$1.2T in Medicaid reductions
- Deficit Impact: +\$3.3T over 10 years



## Investor Playbook: Fragile Optimism



Even with strong corporate earnings and upbeat consumer sentiment, the market's response has been muted — suggesting good news may already be priced in. Investors are now balancing growth optimism against rising tariff risk, Fed policy uncertainty, and fiscal imbalances. Markets have performed well since the April low, making this a good time to review your asset allocation.. Our portfolios have fared very well and I have been actively locking in gains within our equity allocations. I don't feel this is the time to move to an underweight equity allocation but uncertainties and current U.S. stock valuations also don't support an overweight equity position.

Don't become a collector of investments — there are times when selling and rebalancing can be the right move.

## What's Next?

- Jul 23: Alphabet, Tesla, IBM Earnings |
- Jul 24: ECB Rate Decision |
- Jul 25: U.S. Durable Goods Orders |
- Jul 29: Next FOMC Meeting



-Scott Tremlett, CEO/Chief Investment Officer

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