

QUARTERLY PORTFOLIO REVIEW

June 30, 2025

***“Summertime is
always the best of
what might be.”***
— Charles Bowden

Year in Review

- The Fed kept the federal-funds rate unchanged in the 4.25%–4.5% range in May and June, but officials warned that uncertainty about the economic outlook remained elevated.
- On inflation, the US core consumer price index, which excludes more-volatile food and energy items, showed prices rose 2.8% from a year earlier in May, the most recent data available—higher than the Fed’s target rate of 2.5%.
- Investors also turned their attention to gold, whose price has risen 25.2% this year as of May 31, the most recent data available. Some may believe gold can be a useful tool for protecting wealth from rising prices or a safe haven to stabilize a portfolio when stocks are volatile. But gold hasn’t been effective at tracking inflation and has been far from immune to downturns.

BENCHMARKS YTD THROUGH 6/30/2025

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| FTSE World Gov’t Bond Index 3-7 Yr. Hedged | +3.81% |
| Russell 2000 (US Small Cap index) | -2.47% |
| S&P 500 (US Large Cap index) | +5.50% |
| Wilshire 5000 (US Total Market index) | +5.04% |
| MSCI EAFE (International Stock index) | +17.37% |

GEOPOLITICAL JITTERS

Since mid-June, news around the world has focused on the conflict between Israel and Iran. As with any major geopolitical event, investors face uncertainty about the impact these events might have on global economies and financial markets.

Taking a broad perspective, investing for the long run inevitably means weathering political and economic events that may cause market turmoil. Over the past 50-plus years, investors have experienced challenges, including double-digit inflation, financial crises, and a global pandemic. However, markets have consistently demonstrated their resilience, continually adjusting to new information and rewarding discipline in the long run. One dollar invested in the MSCI World Index in 1970 grew to \$126 by June 24, 2025, despite numerous challenges along the way. Investors tempted to react to short-term turmoil may risk missing out on these longer-term returns.

Maintaining broad diversification and adhering to a sound financial plan remain reliable ways to stay the course and capture markets’ long-term growth potential.

QUARTERLY CLIENT WEBINAR

Date: Thursday, July 24th Starting time: 12:00 pm, Eastern Standard Time

Meeting Number: 2632 442 8381

Website link: <https://afadvisorsevents.webex.com/afadvisorsevents/j.php?MTID=m9dcf4050bcc7e69ba954889ca4ca19fd>

To join the teleconference only: US TOLL: +1-415-655-0002 Access code: 2632 442 8381 Password if asked: 0724

If you cannot join us for this important webinar, we will post a recording of the entire presentation on our website at www.afadvisors.com.