

“Never-Never Land”*



Market Update

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June 2025

Principle
WEALTH



Today's Agenda

1. Revisiting Our January Outlook – Our Top 5 Drivers Of 2025
2. Markets
3. Economy & Policy
4. Everything Else

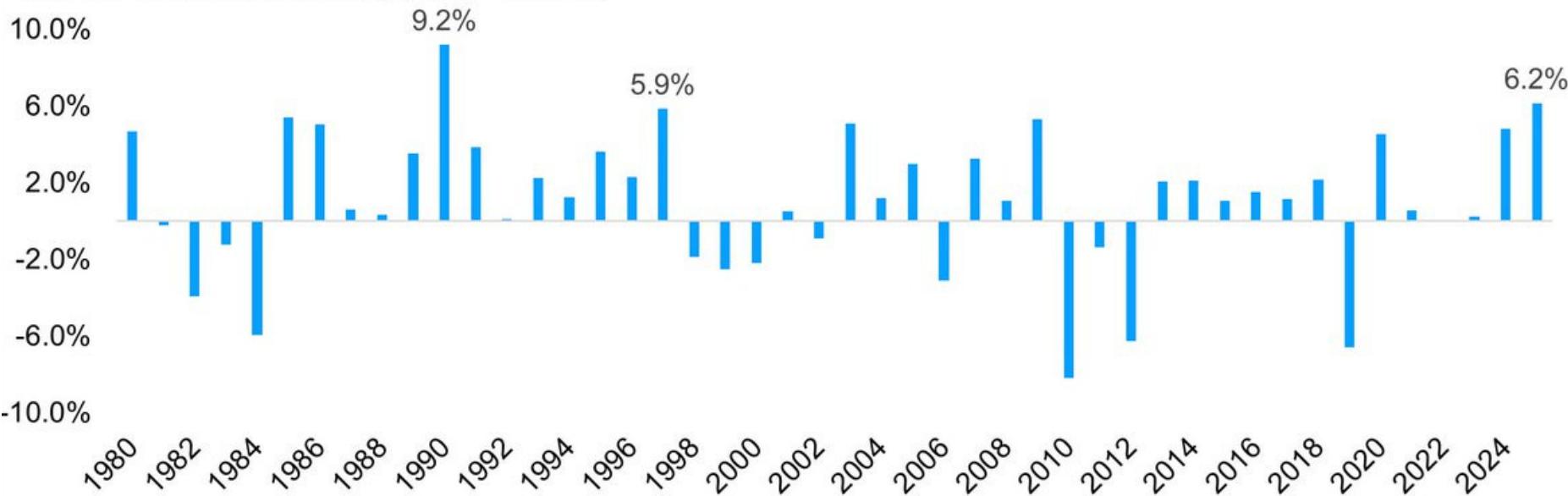
Our Top 5 Drivers Of 2025

1. The Boss – The 10-Year U.S. Treasury Yield
2. Policy – Monetary, Fiscal, Trade
3. Regulation
4. Employment - The Other Fed Mandate
5. Earnings & Buybacks

Market Performance – Hooray For May!

The Best May For Stocks In 35 Years

S&P 500 Performance In May (1980 - Current)



Source: Carson Investment Research, FactSet, as of 05/30/2025

Big Rallies Spark Big Returns

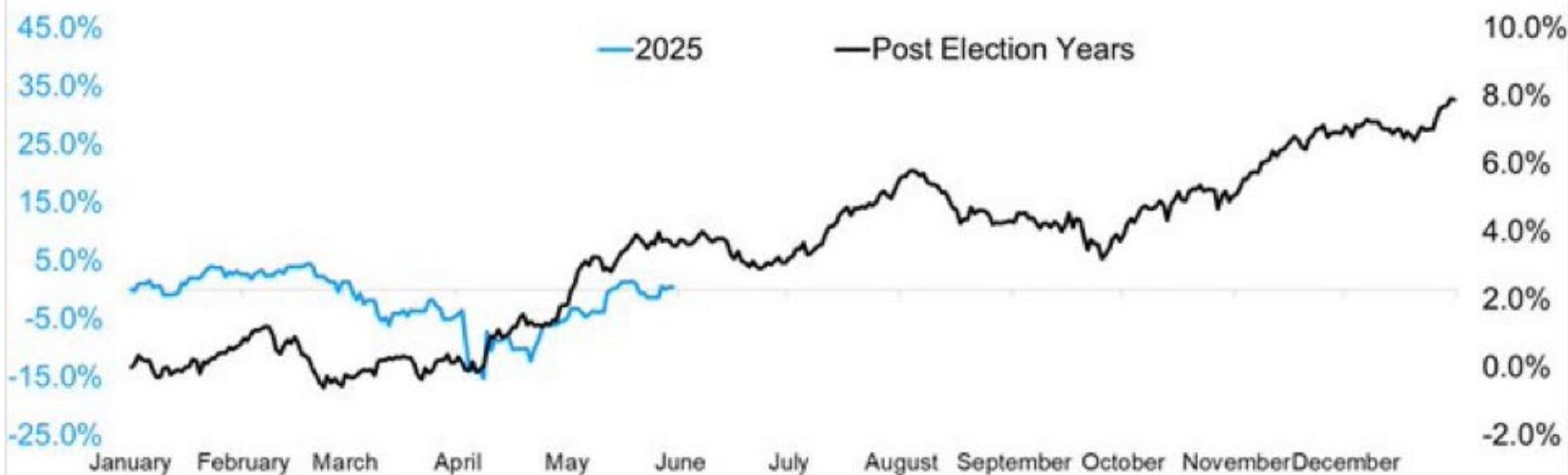
Biggest S&P 500 Index Rallies Over 27 Trading Days (1950 - 2025)												
15 Biggest Rallies						S&P 500 Forward Total Returns						
Rank	Start	End	Start S&P	End S&P	27-Day Return	3-Month	6-Month	1-Year	2-Year	3-Year	4-Year	5-Year
1	3/23/2020	4/30/2020	2237	2912	30.2%	12%	13%	46%	46%	50%	84%	96%
2	3/9/2009	4/16/2009	677	865	27.9%	9%	27%	41%	59%	68%	98%	139%
3	3/20/2020	4/29/2020	2305	2940	27.5%	11%	14%	46%	45%	49%	85%	94%
4	3/6/2009	4/15/2009	683	852	24.7%	10%	30%	45%	61%	71%	98%	140%
5	3/5/2009	4/14/2009	683	842	23.3%	8%	31%	47%	63%	73%	106%	142%
6	3/3/2009	4/9/2009	696	857	23.0%	4%	26%	42%	62%	72%	99%	143%
7	8/12/1982	9/21/1982	102	125	21.9%	12%	24%	41%	46%	67%	121%	205%
8	3/10/2009	4/17/2009	720	870	20.8%	9%	26%	40%	58%	70%	94%	138%
9	10/3/1974	11/11/1974	62	75	20.7%	6%	23%	25%	44%	45%	51%	71%
10	3/4/2009	4/13/2009	713	859	20.5%	6%	26%	42%	59%	70%	101%	135%
11	8/9/1982	9/16/1982	103	124	20.1%	11%	24%	41%	50%	69%	123%	212%
12	11/20/2008	12/31/2008	752	903	20.0%	-11%	3%	26%	45%	49%	72%	128%
13	3/18/2020	4/27/2020	2398	2878	20.0%	13%	19%	48%	50%	51%	89%	98%
14	8/6/1982	9/15/1982	104	124	19.8%	10%	25%	39%	49%	69%	122%	214%
15	4/8/2025	5/16/2025	4983	5958	19.6%							
Historical Averages (Top 14 Rallies)						8%	22%	41%	53%	62%	96%	140%

Source: YCharts, Creative Planning, Charlie Bilello, as of 05/18/2025

The Post-Election Year Trend Continues

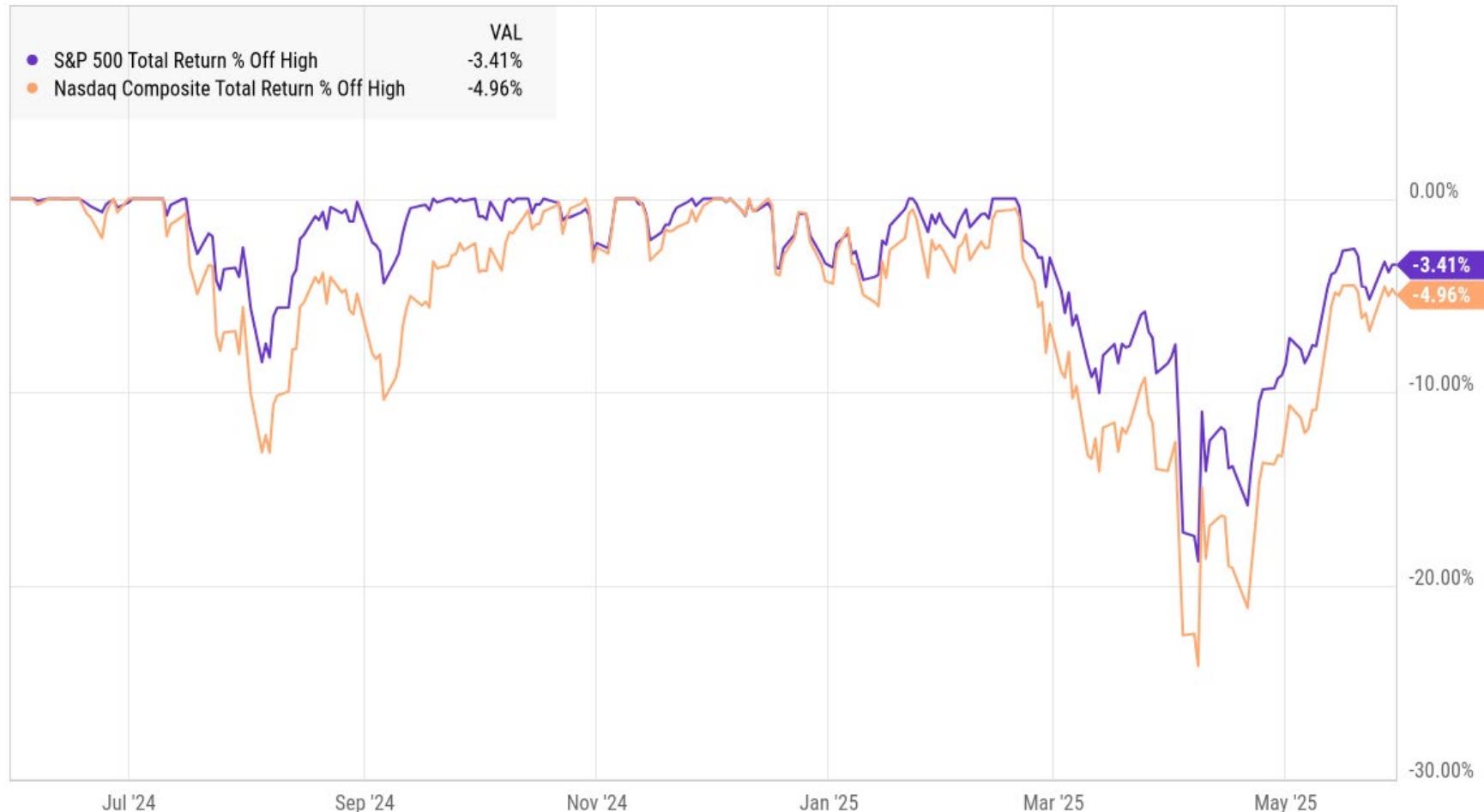
Post-Election Years Tend To Bottom In Early April And Rally

Average Post-Election Year For S&P 500 (1950 - Current)



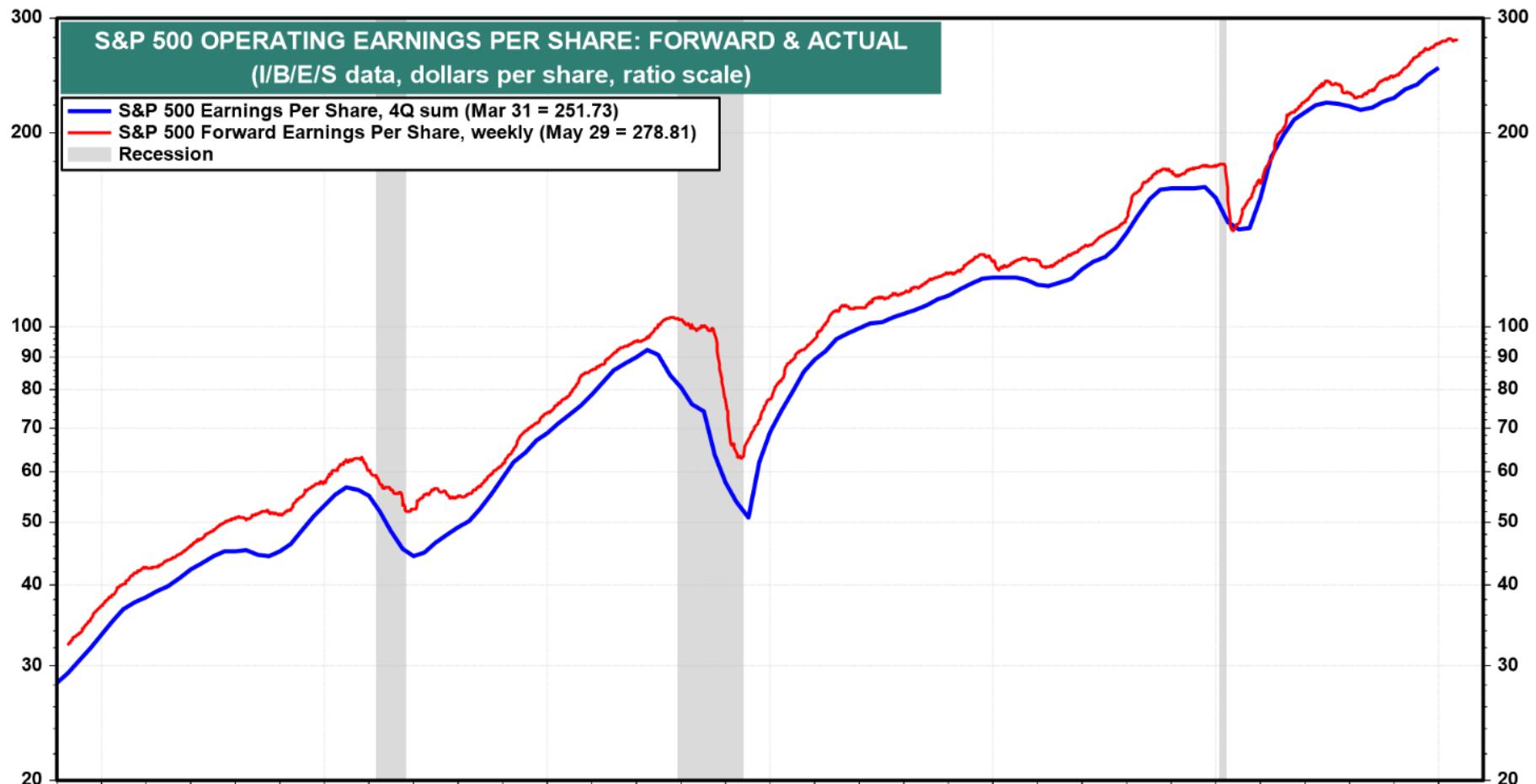
Source: Carson Investment Research, FactSet, as of 05/30/2025

All-Time Highs - Coming Soon



Source: YCharts, as of 05/31/2025

Corporate Profits Continue To Rise

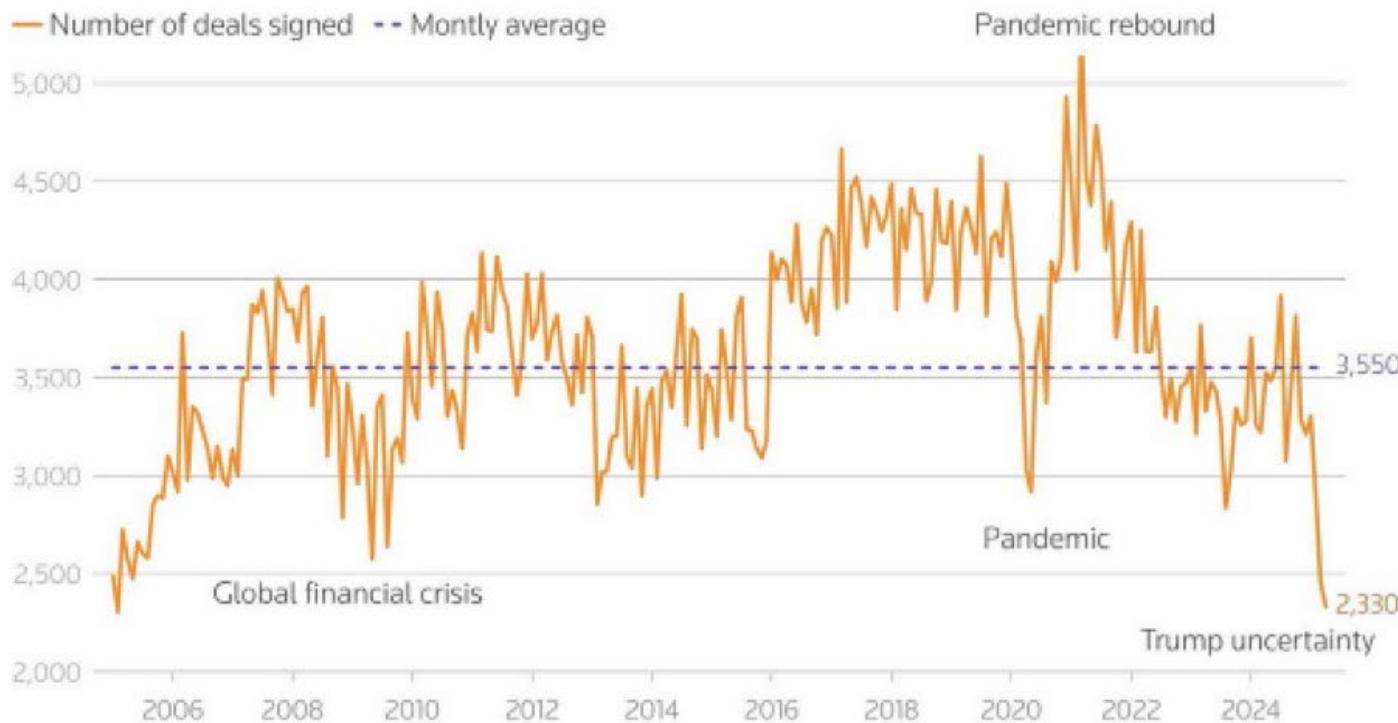


Source: LSEG Datastream, Yardeni Research, as of 05/31/2025

M&A Activity – More On The Horizon

Deal signing falls to 20-year low, worse than during the global financial crisis

The number of deals inked globally fell to their lowest in April since February 2005



Source: Sabrina Valle, Dealogic, Announced Deals, as of 04/30/2025

Inflation – Are We There Yet? Yes!



Source: Bloomberg, BLS, as of 05/30/2025

PCE – Measured Live, We Are At The Fed's Target

Table 7. Price Indexes for Personal Consumption Expenditures: Percent Change from Month One Year Ago

Line		2024				2025				Line
		Sept.	Oct.	Nov.	Dec.	Jan. ^r	Feb. ^r	March ^r	April ^p	
1	Personal consumption expenditures (PCE)	2.1	2.3	2.5	2.6	2.5	2.6	2.3	2.1	1
2	Goods	-1.2	-0.9	-0.4	0.0	0.6	0.4	-0.3	-0.4	2
3	Durable goods	-1.9	-1.6	-1.2	-1.3	-1.2	-0.9	-1.0	-0.3	3
4	Nondurable goods	-0.8	-0.5	0.1	0.6	1.6	1.1	0.1	-0.4	4
5	Services	3.7	3.9	3.8	3.9	3.4	3.7	3.5	3.3	5
	Addenda:									
6	PCE excluding food and energy	2.7	2.8	2.8	2.9	2.7	2.9	2.7	2.5	6
7	Food ¹	1.2	1.2	1.6	1.8	1.6	1.5	2.0	1.9	7
8	Energy goods and services ²	-8.1	-6.1	-4.3	-1.7	0.9	-1.2	-5.0	-5.6	8
9	Market-based PCE ³	1.8	1.9	2.1	2.2	2.2	2.2	1.9	1.9	9
10	Market-based PCE excluding food and energy ³	2.4	2.4	2.4	2.4	2.3	2.5	2.3	2.3	10

^p Preliminary

^r Revised

Stale Data:

PCE: +2.1%
Core PCE: +2.5%

Live Data:

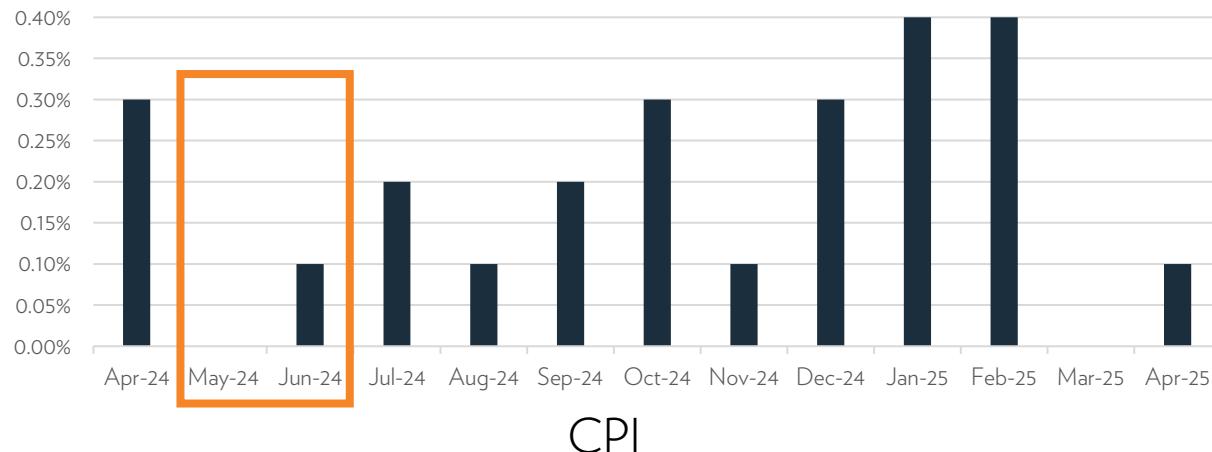
PCE: +1.9%
Core PCE: +2.3%

The Fed's Target For Inflation Is ~2% - Measured Live, We Are Below That!

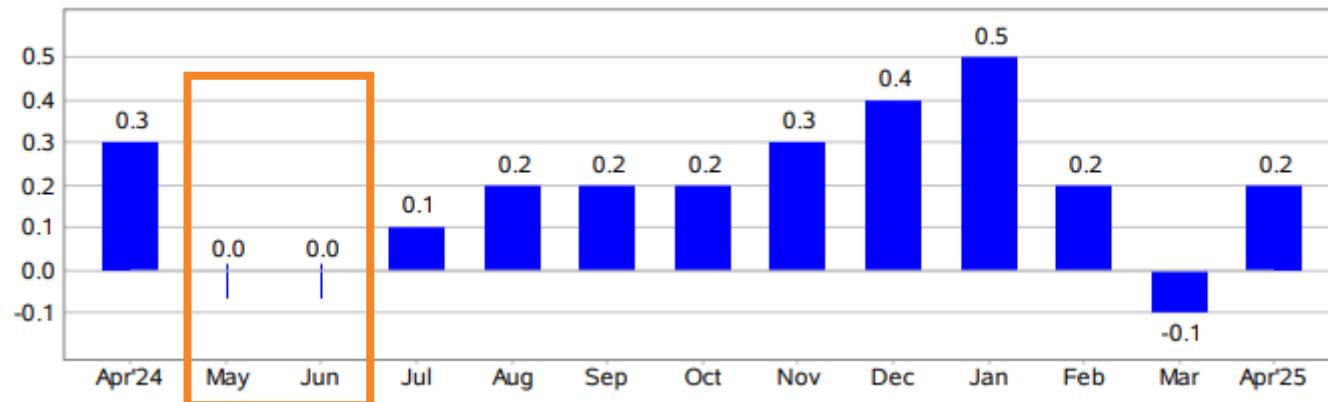
Source: U.S. Bureau of Economic Analysis, Seasonally Adjusted, as of 05/30/2025

Inflation – The Set-Up For Summer

PCE (Monthly)



CPI



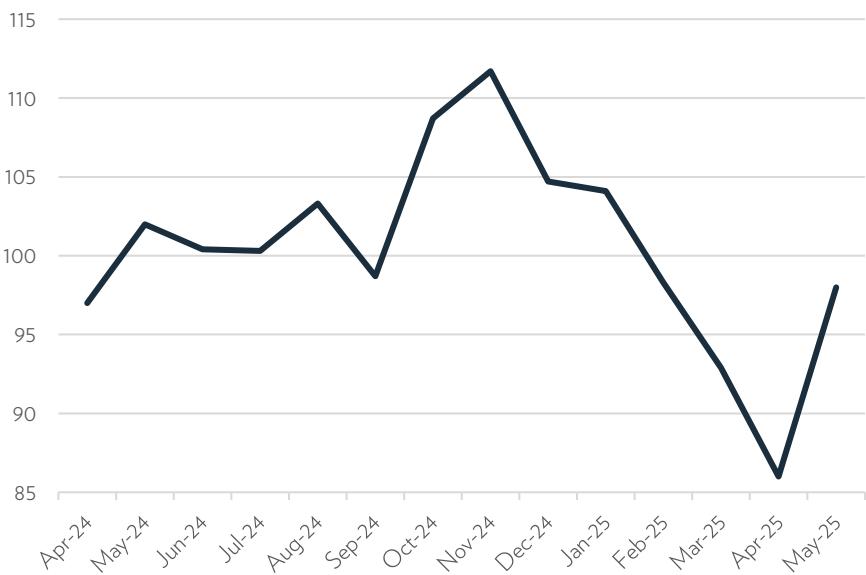
Source: Bloomberg, Bureau of Labor Statistics, Bureau of Economic Analysis, as of 05/30/2025

Consumer Confidence – Emotions Running Wild

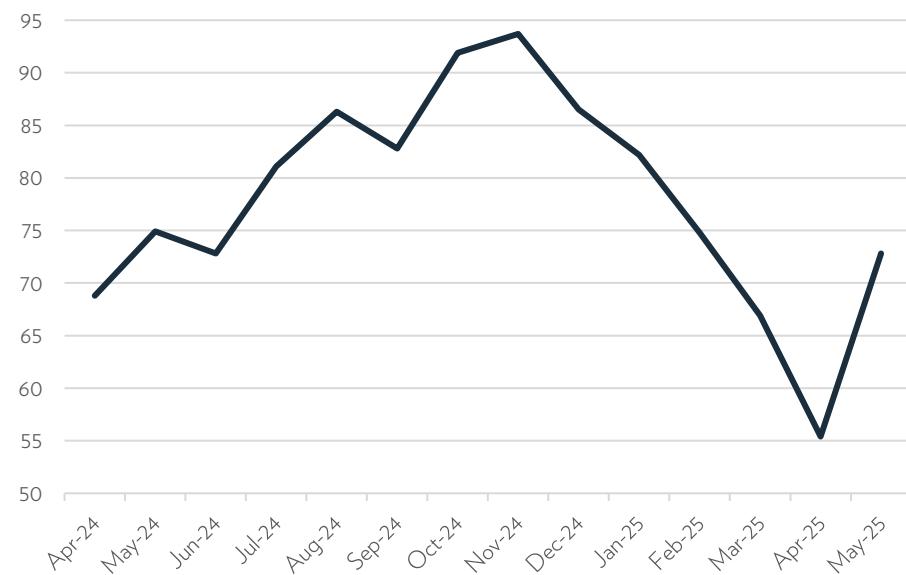
US Consumer Confidence Rebounds

Gauge of expectations jumps most since 2011

Consumer Confidence



Consumer Expectations



Source: Bloomberg, The Conference Board, as of 05/27/2025

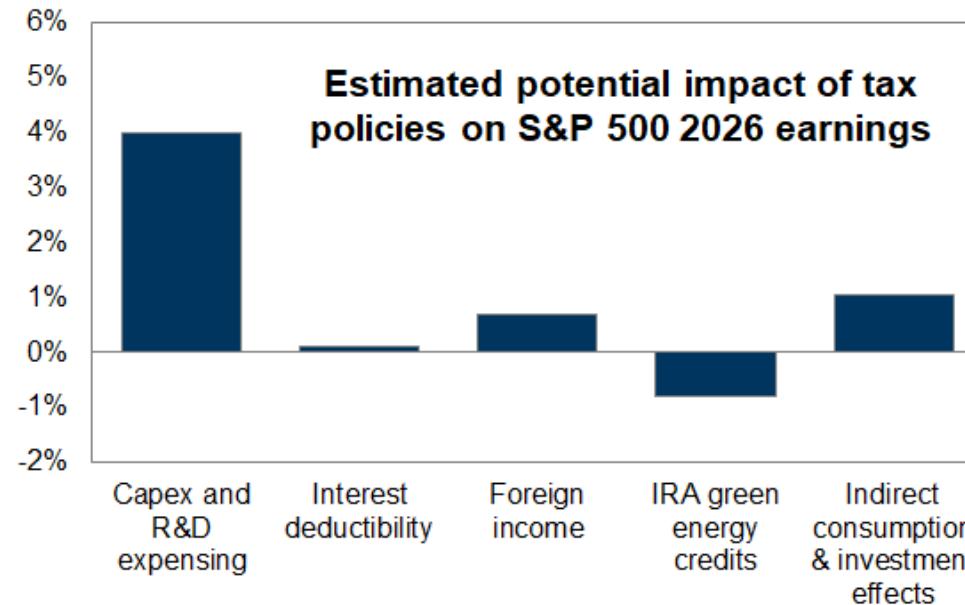
Tariffs – U.S. Imports From China Dropping Fast



Source: Bloomberg, as of 05/30/2025

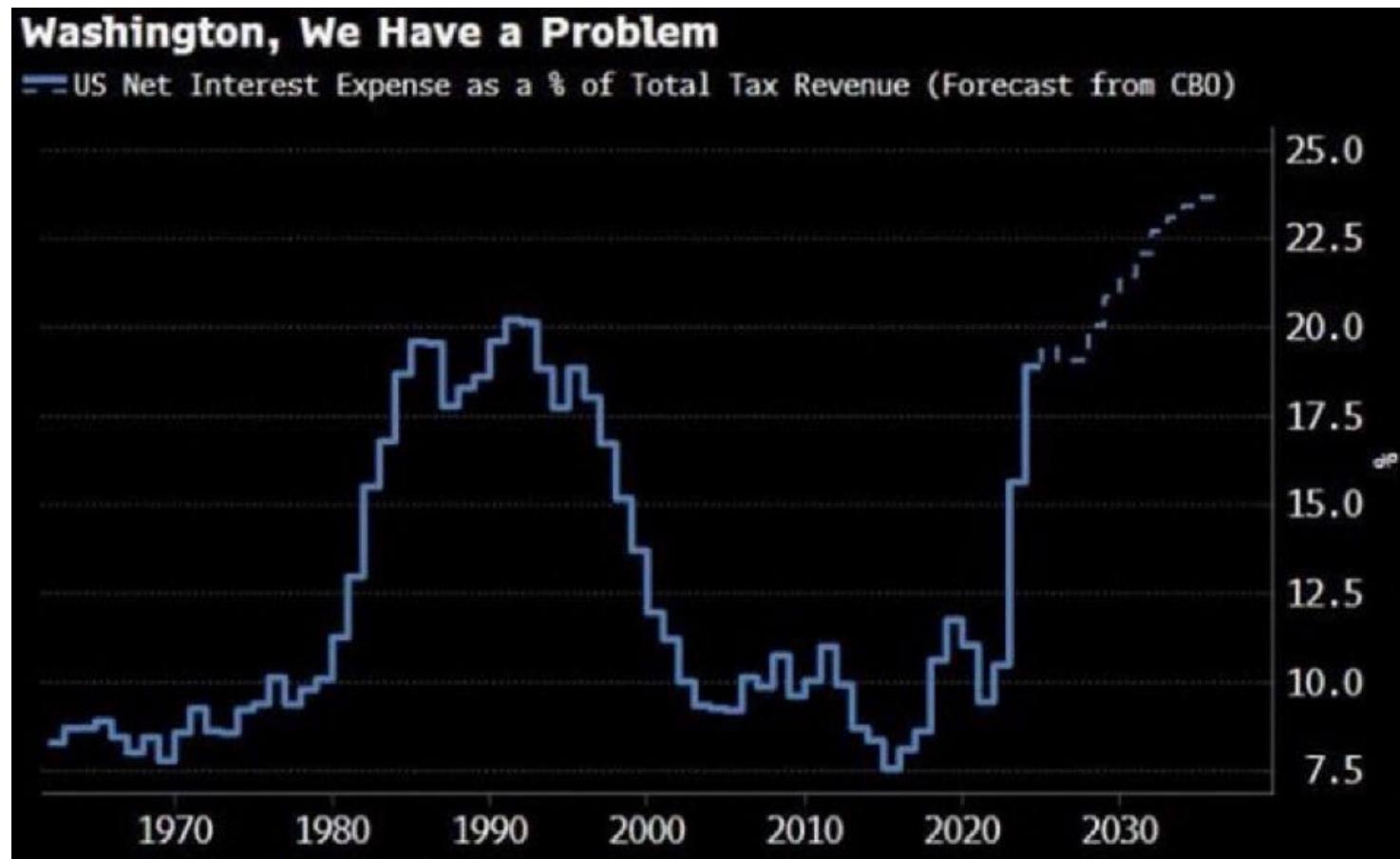
One Big Beautiful Bill Update – SALT, Accelerated Depreciation

- SALT (State And Local Tax) Deduction - \$40,000 cap, permanent
- Immediate expensing of R&D expenses from 2025 - 2029



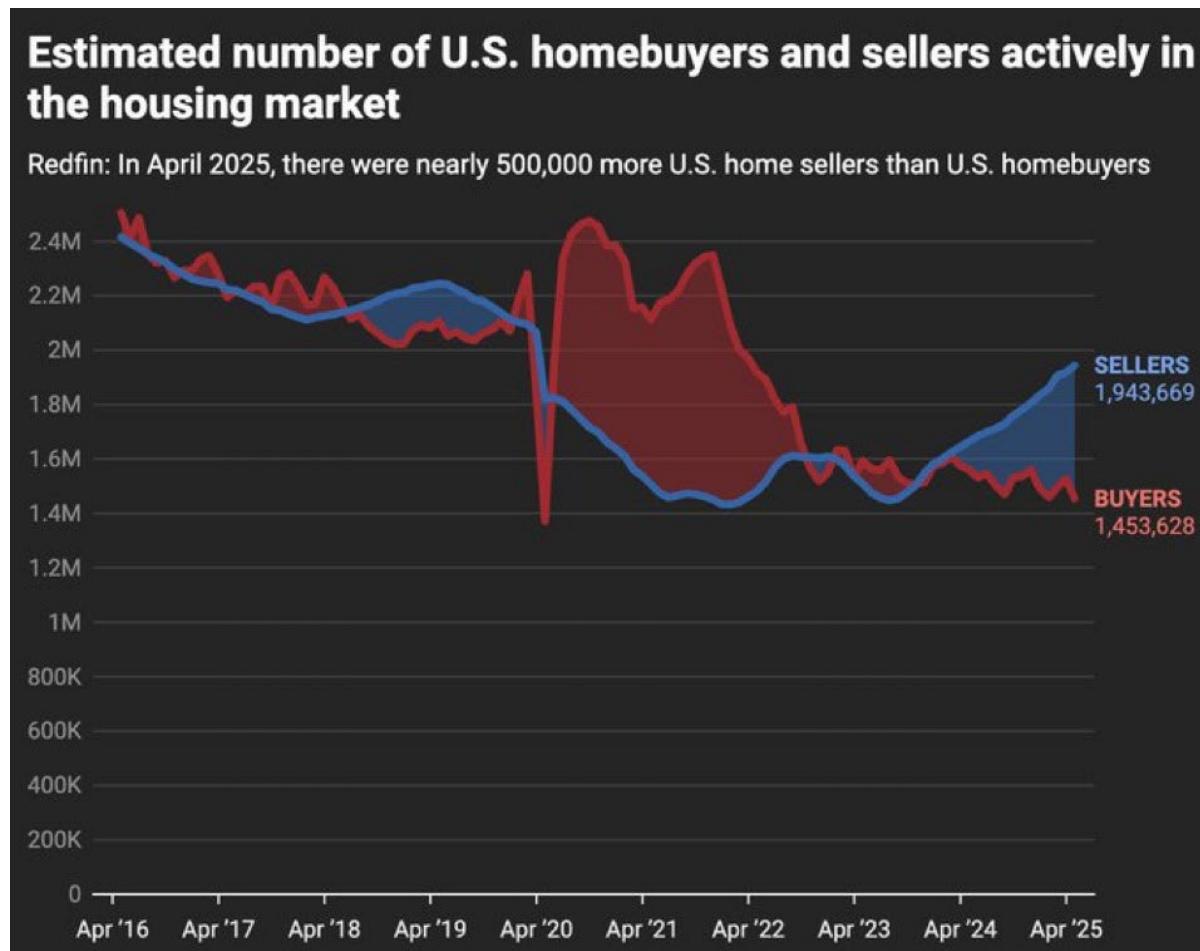
Source: Congressional Budget Office, Goldman Sachs Global Investment Research, as of 05/31/2025

Interest On Our Debt – Rate Cuts Needed



Source: Bloomberg, Macrobond, as of 05/31/2025

Housing – Market Change Coming?

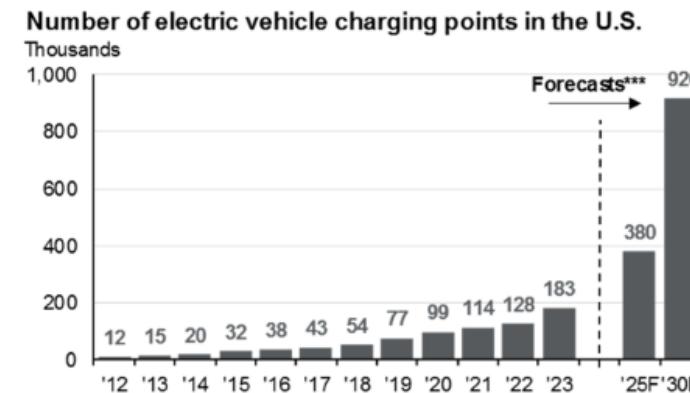
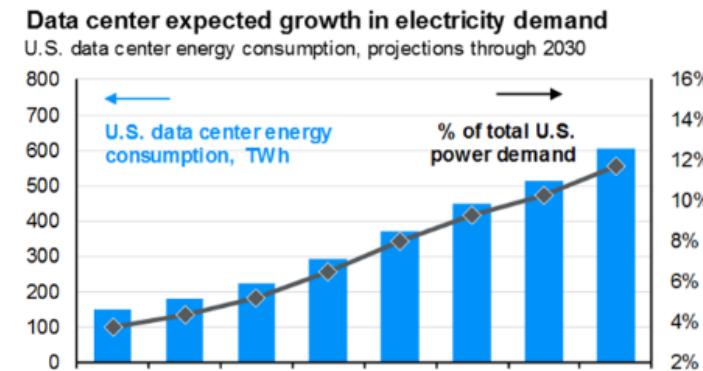
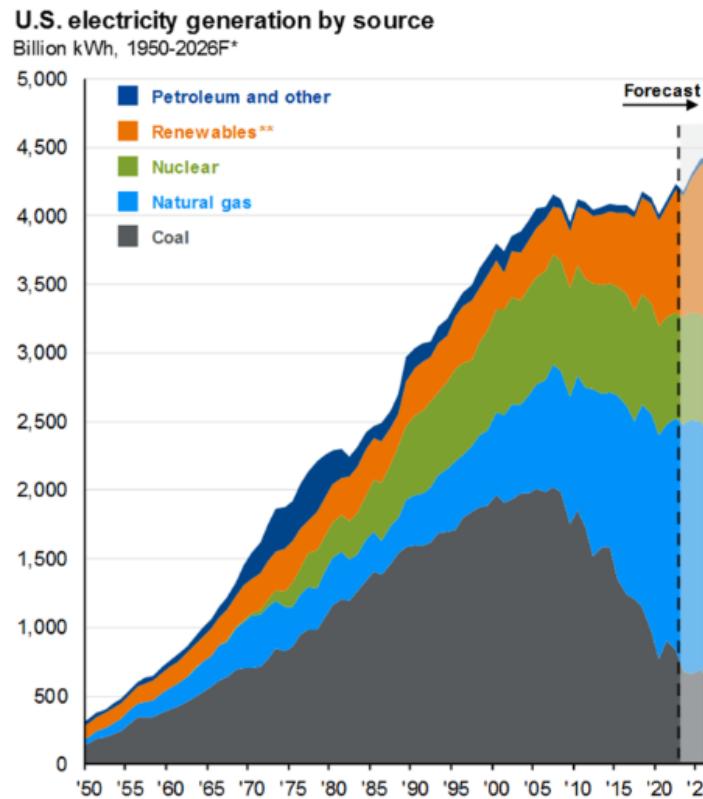


Source: Lance Lambert, Redfin, Datawrapper, as of 05/29/2025

Nuclear – So Green, It Glows!

NRC Approves NuScale Power's Uprated Small Modular Reactor Design

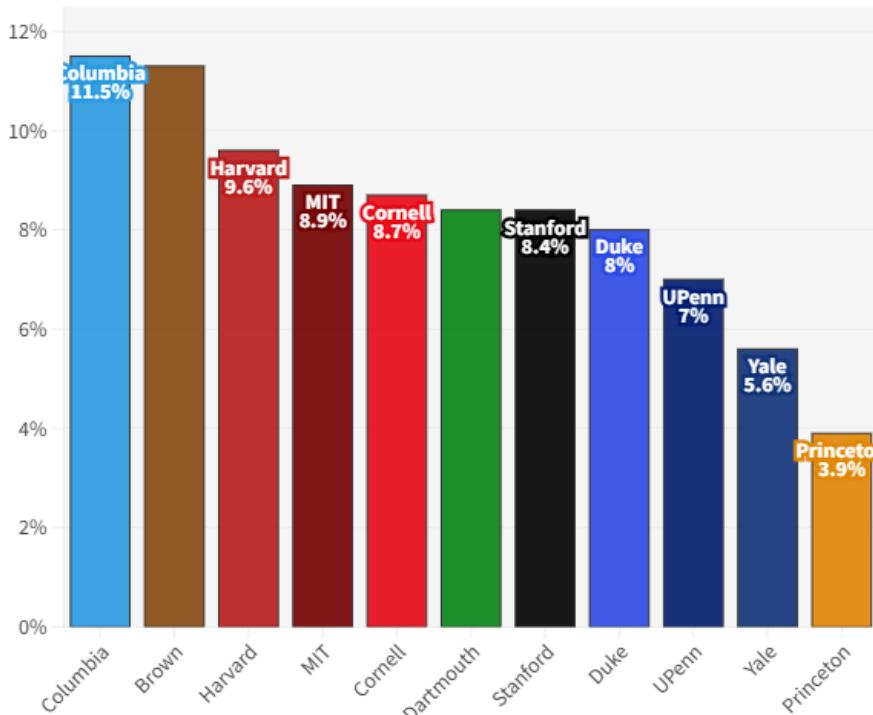
Meta signs nuclear power deal with Constellation Energy



Source: U.S. Department of Energy, J.P. Morgan Asset Management, Guide To The Markets, as of 05/31/2025

Endowment Results – Enormous Returns??

Fiscal Year 2024 Ivy+ Endowment Returns



Endowment Size

Harvard	\$53.2B	UPenn	\$22.3B
Stanford	\$42.8B	Columbia	\$14.8B
Yale	\$41.4B	Cornell	\$10.7B
Princeton	\$34.1B	Dartmouth	\$8.3B
MIT	\$24.6B	Brown	\$7.2B

Elite Colleges Build Up Cash

School	Financing move
Yale University	Sold \$400 million of taxable bonds in May
MIT	Sold \$750 million of taxable bonds in May
Brown University	Entered into \$300 million private loan
University of Southern California	Established new \$250 million taxable commercial paper program
Princeton University	Sold \$320 million of taxable bonds in April
Harvard University	Sold \$750 million of taxable bonds in April
Northwestern University	Sold \$500 million of taxable bonds in March
Stanford University	Sold \$327 million of taxable bonds in March
Cornell University	Increased size of taxable commercial paper program by \$700 million to \$1 billion in April

Note: The University of Chicago has not yet released 2024 financial reports.

Source: Harvard University, Bloomberg, as of 05/28/2025

Moody's Downgrades U.S. Credit Rating – Conflicting Views

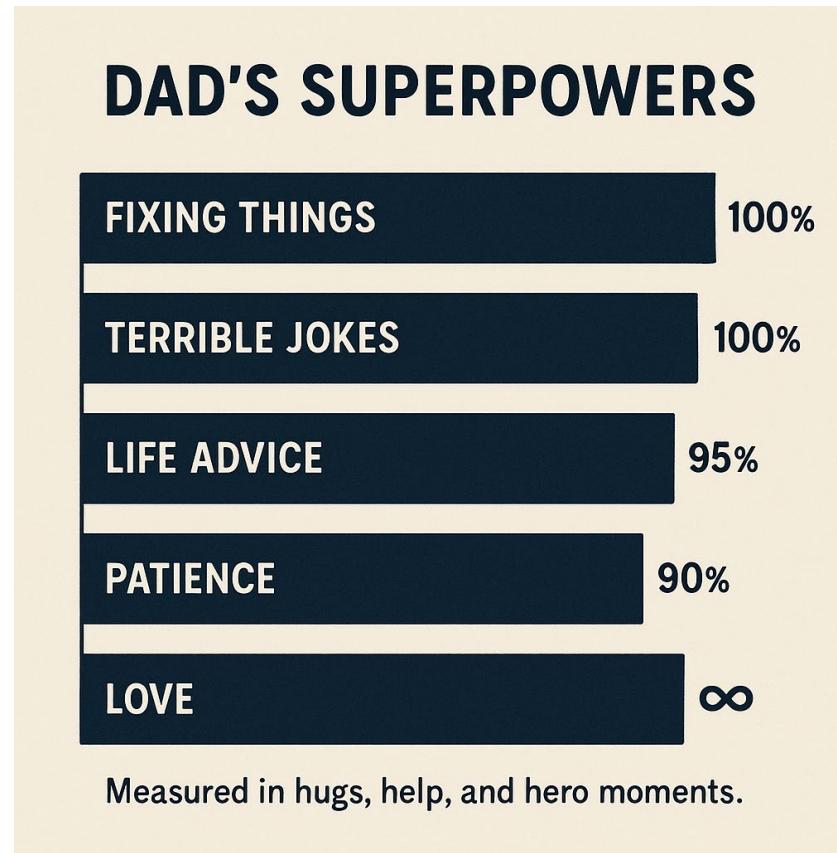
“Zandi asserts that for each dollar of new government spending: temporary food stamps adds \$1.73 to the economy, extended unemployment benefits adds \$1.63, increased infrastructure spending adds \$1.59, and aid to state and local governments adds \$1.38.” – Manhattan Institute, *Why Government Spending Does Not Stimulate Economic Growth: Answering The Critics*, January 8th, 2010



Moody's downgrades United States credit rating, citing growth in government debt

Source: CNBC, Manhattan Institute, as of 05/16/2025

Happy Father's Day!



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