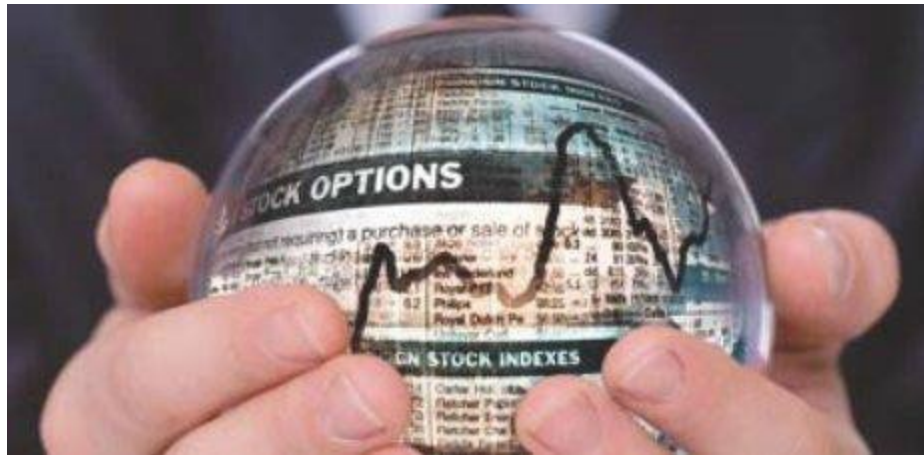


Beacon Trust Client Webinar: Midyear Review and Market Outlook



Source: www.TheDigeratiLife.com

Presented by
Brian McGann
John Longo
Beacon Trust

July 25, 2025

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2025 Year-To-Date (YTD) Market Performance – Select Indexes

YTD Total Return Performance as of 7/30/25: *

- S&P 500: +8.9%
- Russell 1000 Growth: +9.9%
- Russell 1000 Value: +7.4%
- Russell 2000 (Small Cap): +0.8%
- MSCI EAFE (International Equity): +19.0%
- Bloomberg Aggregate Bond: +3.7%
- Gold (IAU): +24.5%

Reminder: The S&P 500 increased ~25%+ in 2023 and 2024.

Lesson: Diversification has paid off with respect to reducing risk and potentially increasing return in 2025 (YTD) despite hindering performance over the 2023-2024 time period.

* Source: Morningstar

S&P 500 YTD Performance (7/30/25)



Intra-Year Stock Market Correction



YTD price
return data
using 7/31/25
data (9:45am)

Historical Stock Market Drawdowns

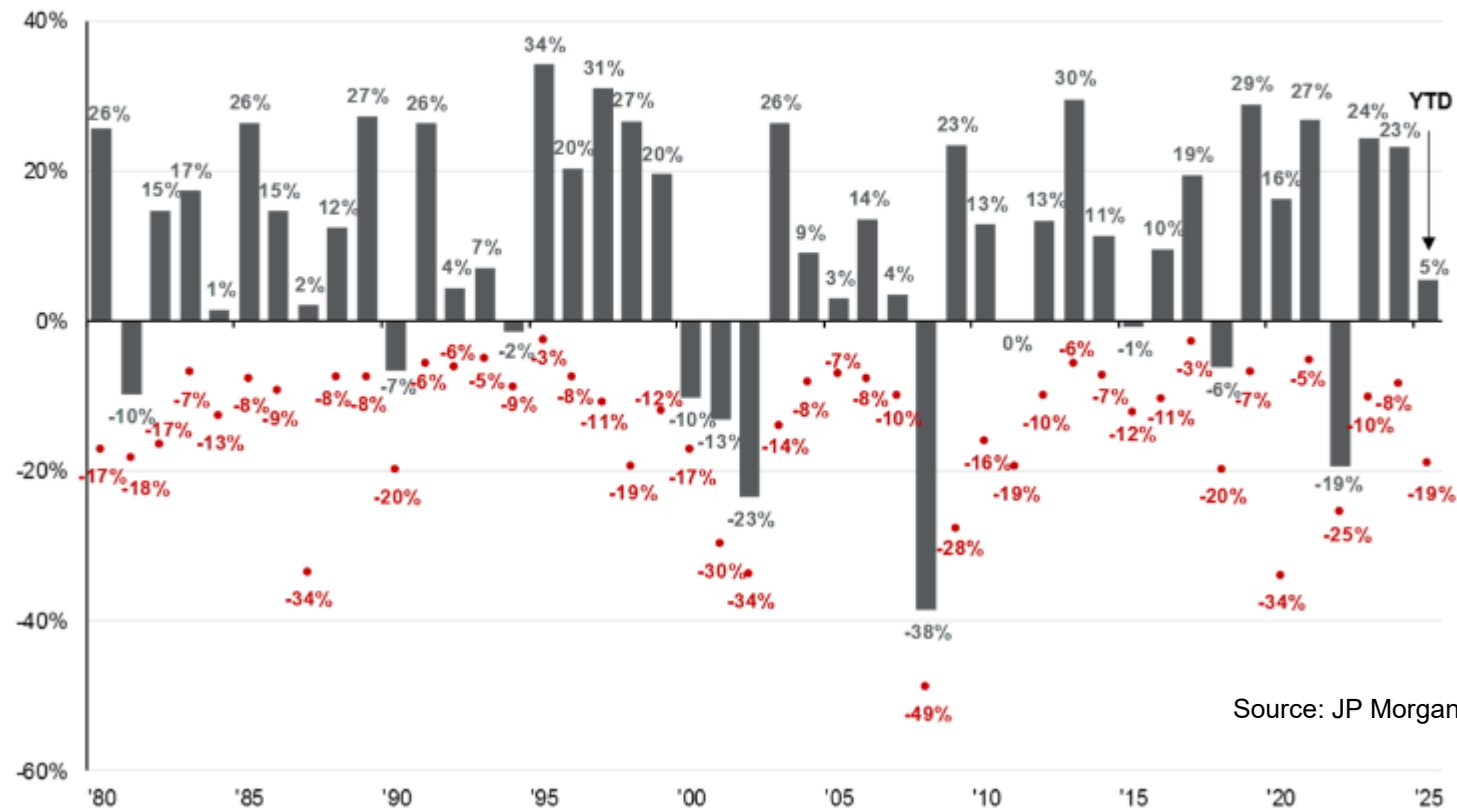
Stocks Are Volatile By Nature But Usually Provide Attractive Long-Term Returns

Annual returns and intra-year declines

🔗 Actions

S&P 500 intra-year declines vs. calendar year returns

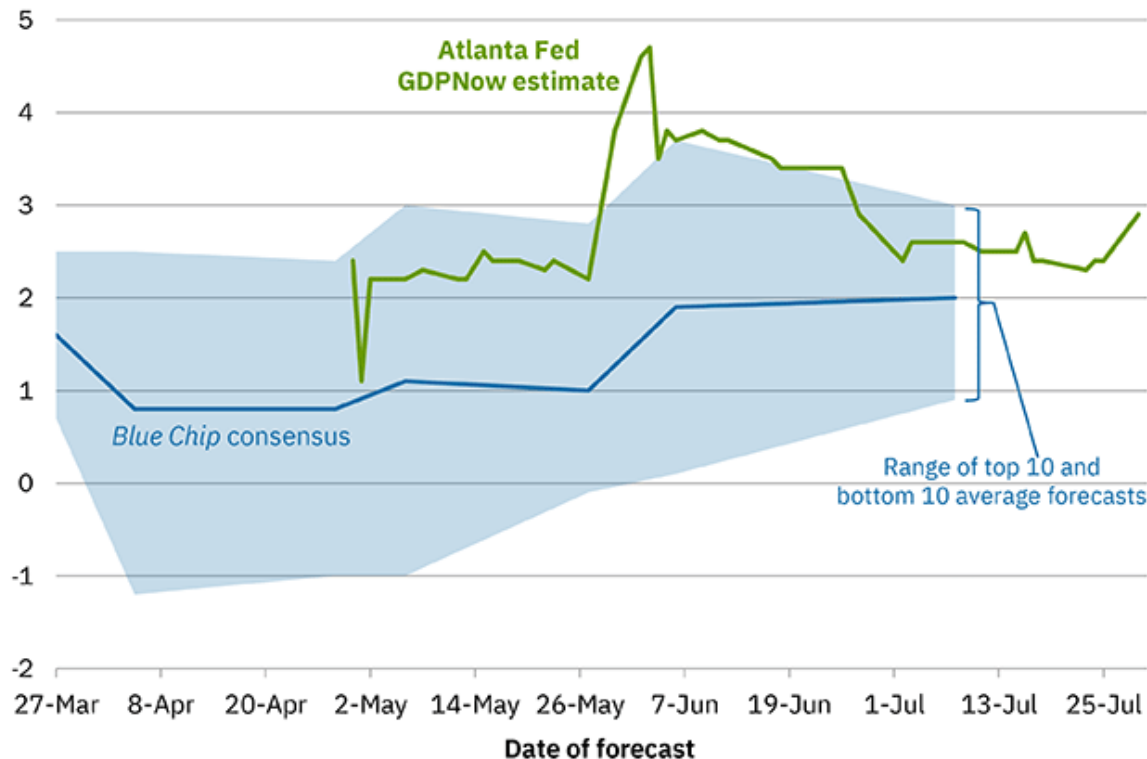
Despite average intra-year drops of 14.1%, annual returns were positive in 34 of 45 years



Source: JP Morgan

Q2 GDP = 3.0% Growth → No Recession

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q2
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

2025 Q1 GDP was slightly negative, but the economy seems to have recovered in Q2, with a growth rate of 3.0%.

One Big Beautiful Bill Summary

Current law	Final legislation
Standard deduction	
\$15,000 single; \$30,000 married filing jointly for 2025	\$15,750 single; \$31,500 married filing jointly for 2025
'Bonus' deduction for older adults	
\$1,600 for age 65 and older for 2025; \$2,000 unmarried / not surviving spouse for 2025	\$7,600 for age 65 and older; \$8,000 for unmarried / not surviving spouse; both from 2025 through 2028
State and local tax deduction (SALT)	
\$10,000 limit through 2025	\$40,000 limit for 2025; increases by 1% through 2029; reverts to \$10,000 in 2030
Child tax credit	
Max credit of \$2,000 per child through 2025; refundable portion \$1,700 for 2025	Max credit of \$2,200 per child; refundable portion \$1,700 with inflation adjustments for 2025
Estate and gift tax exemption	
\$13.99 million single; \$27.98 million married filing jointly for 2025	\$15 million single; \$30 million married filing jointly for 2026
Tax on tips	
N/A	Deduct up to \$25,000 per year from 2025 through 2028
Overtime pay	
N/A	Deduct up to \$12,500 per taxpayer from 2025 through 2028
Auto loan interest	
N/A	Deduct up to \$10,000 of annual interest on new loans from 2025 through 2028
Trump Accounts for child savings	
N/A	One-time \$1,000 credit to account per child born between 2025 through 2028
Charitable deduction for non-itemizers	
N/A after 2021	\$1,000 single; \$2,000 married filing jointly; permanent after 2025

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Firms Adding Tariff Charges → Stubborn Inflation

American consumers see tariff surcharges on their receipts amid trade war

American consumers are noticing a new line on their shopping receipts — a tariff surcharge. Even with President [Donald Trump's](#) 90-day pause on tariffs, companies and customers are feeling the impact, especially those that import their products from China.

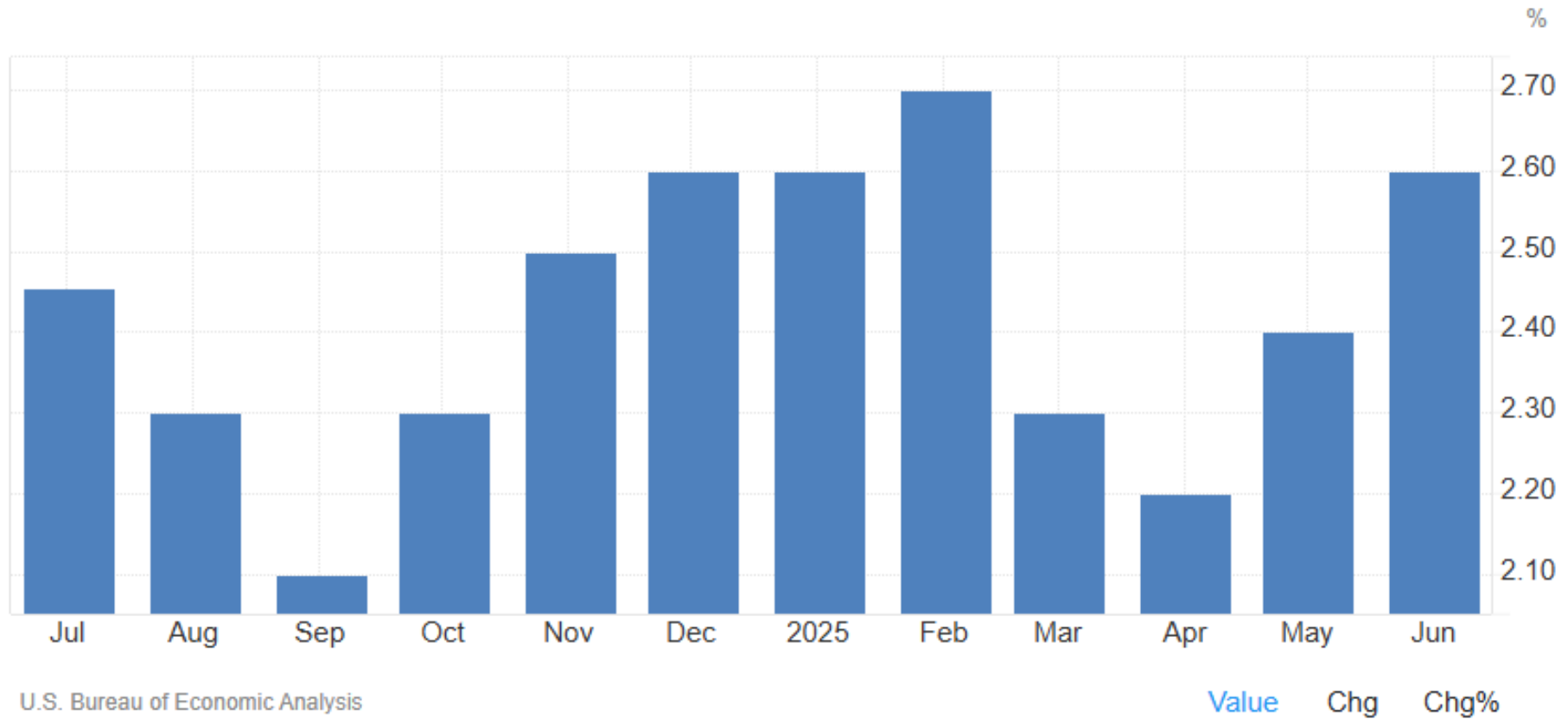
The surcharges have been popping up across several industries, impacting nearly everything from prices of clothing to automobile manufacturing. Some companies are charging flat fees, while others charge a percentage of the total cost of a given purchase.

Amazon CEO Andy Jassy recently [told CNBC](#) that he thinks manufacturers will start to "pass that cost" on to customers rather than trying to absorb it. Many of the company's third-party sellers — which make up 60% of products sold on Amazon — are based in China, and are facing the harshest of Trump's tariffs.

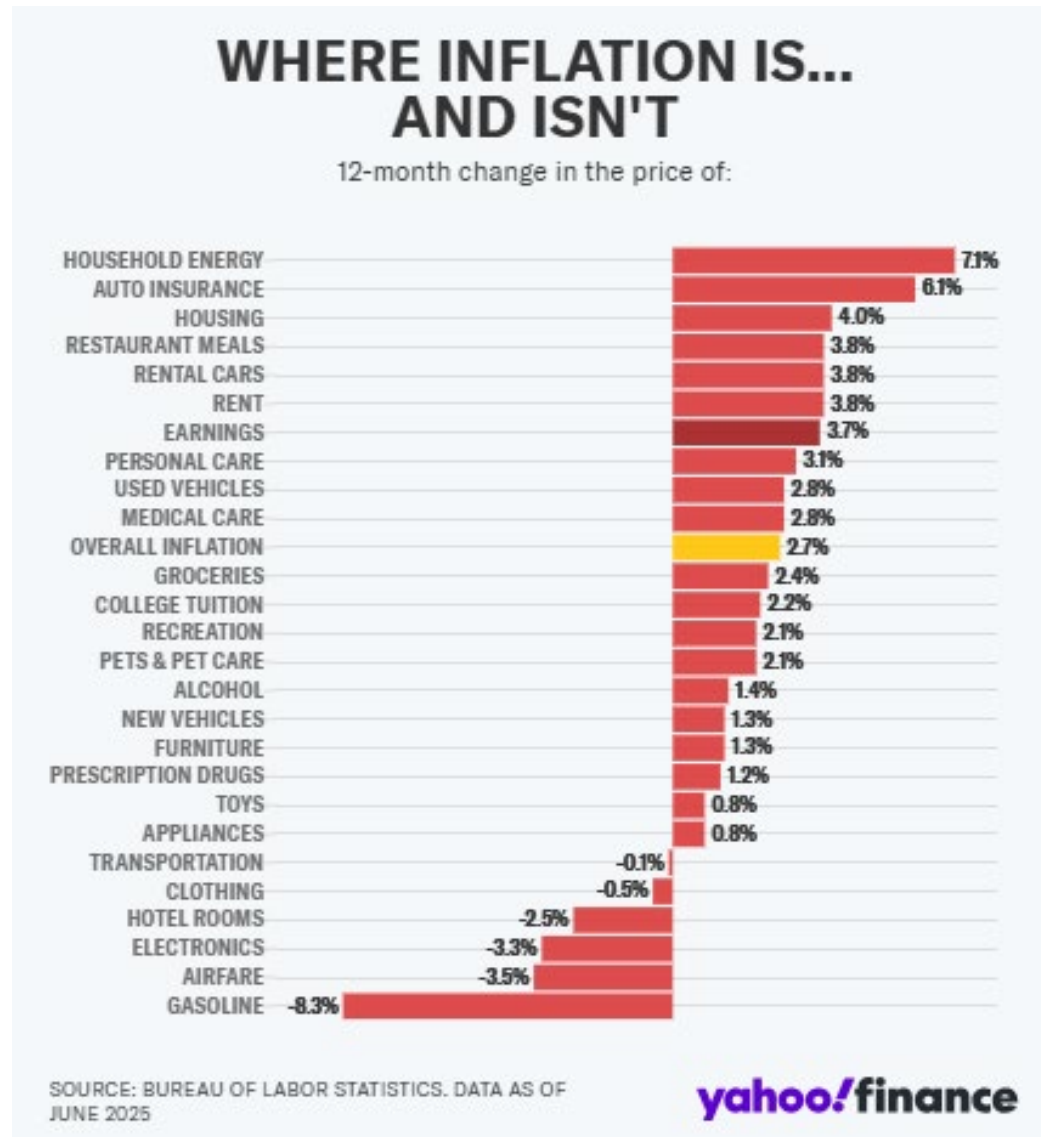
CPI Up, Core CPI Down



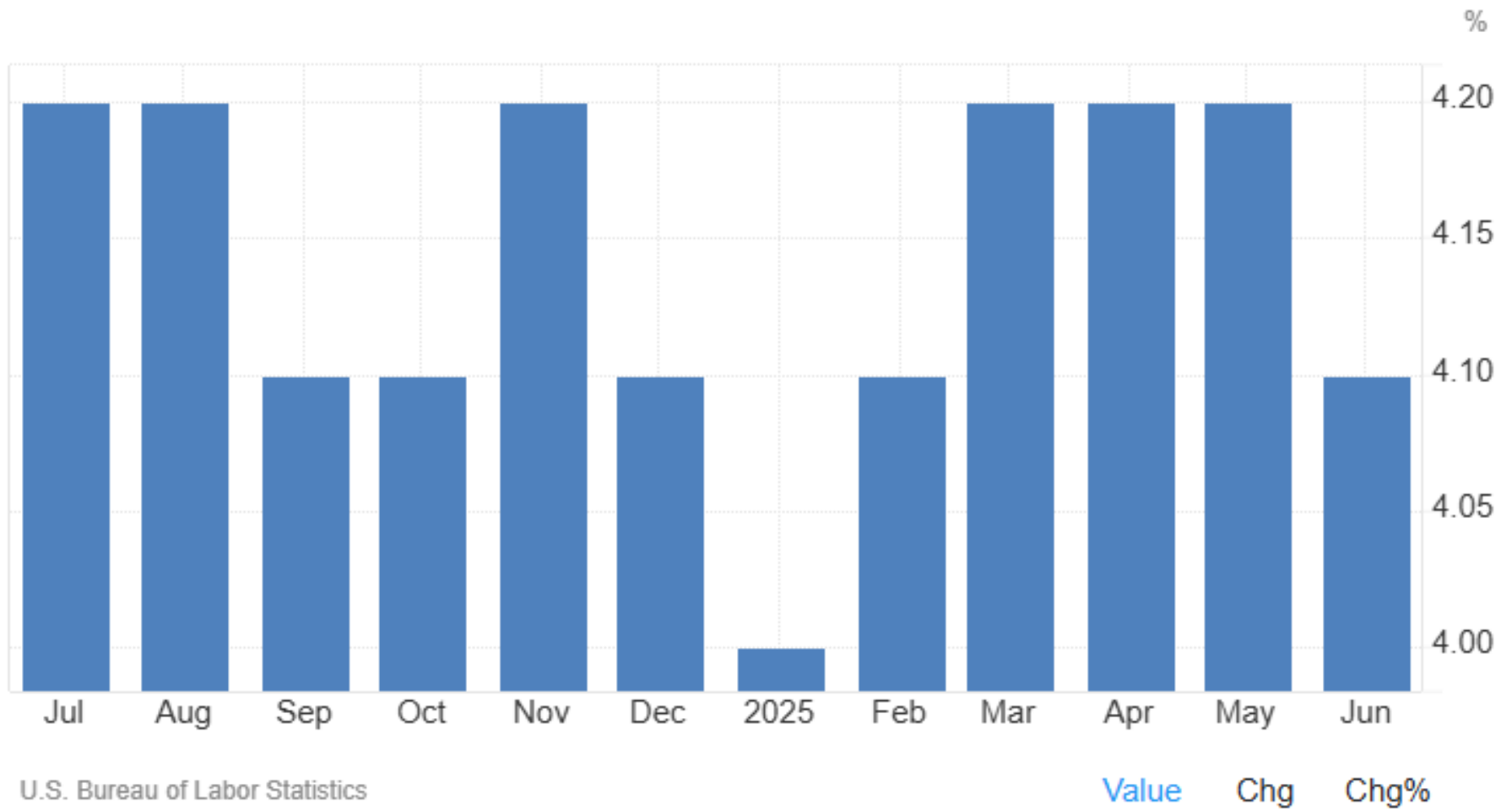
PCE Inflation Increases To 2.6%



Where Inflation Is and Isn't



Unemployment Rate Falls To 4.1%



Odds Suggest Fed Still On Hold In September

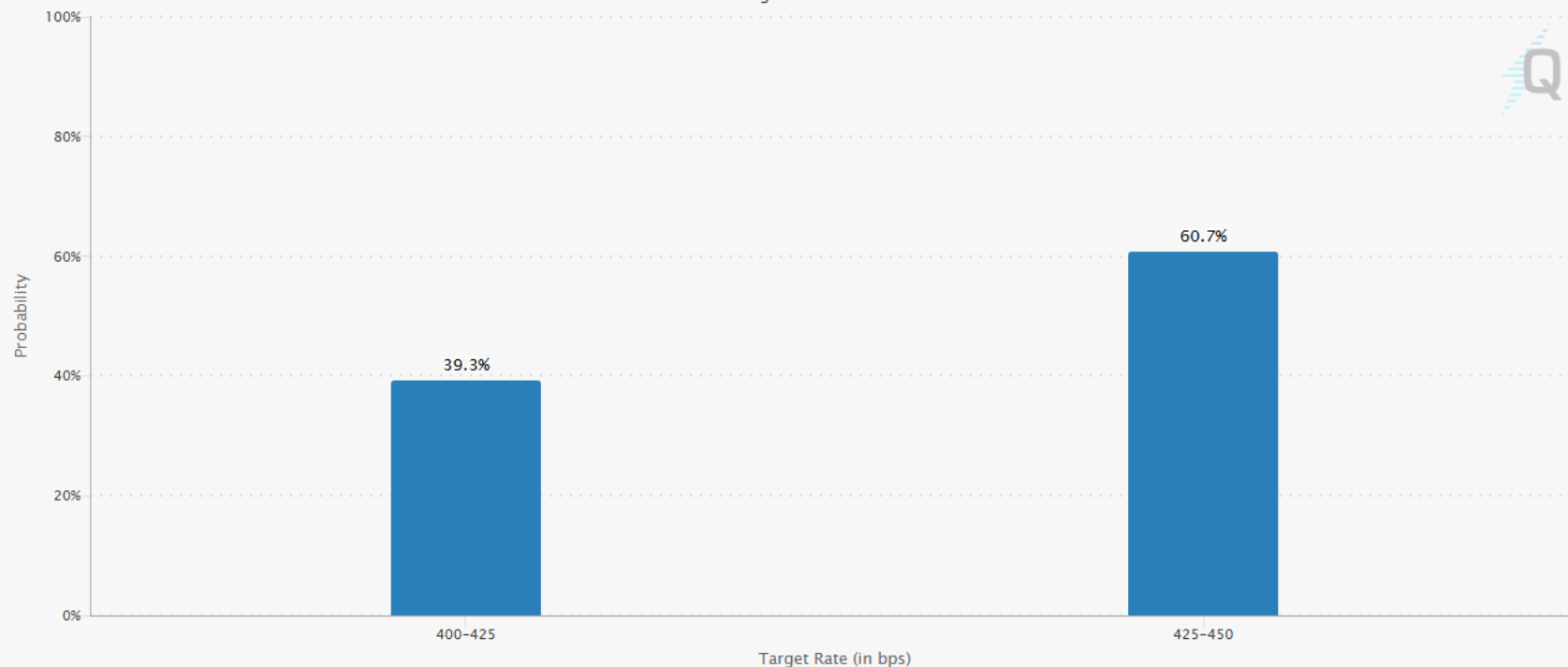
The Fed does not meet in August. The odds suggest no rate cuts in September.

17 Sep25 29 Oct25 10 Dec25 28 Jan26 18 Mar26 29 Apr26 17 Jun26 29 Jul26 16 Sep26 28 Oct26 9 Dec26

MEETING INFORMATION						PROBABILITIES		
MEETING DATE	CONTRACT	EXPIRES	MID PRICE	PRIOR VOLUME	PRIOR OI	EASE	NO CHANGE	HIKE
17 Sep 2025	ZQU5	30 Sep 2025	95.7175	53,623	207,098	39.3 %	60.7 %	0.0 %

Target Rate Probabilities for 17 Sep 2025 Fed Meeting

Current target rate is 425-450



Odds Favor 25-50bps In Rate Cuts By End of 2025

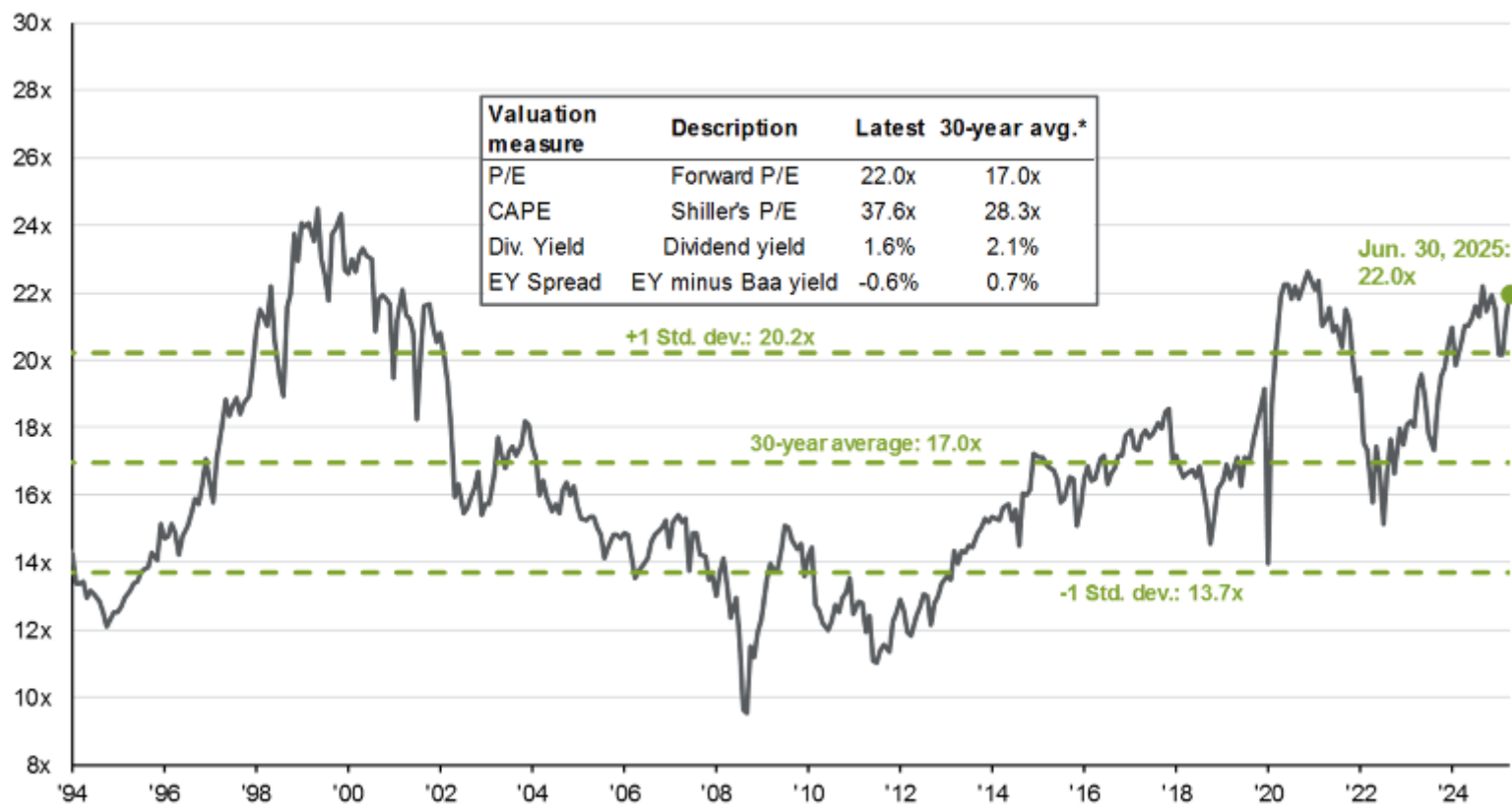
Futures markets favor 25-50bps in cuts by year-end. Inflation data may drive the Fed's decision.



Upside For Stocks Constrained By Valuations

We do not expect further P/E multiple expansion. Returns may be limited to earnings growth.

S&P 500 Index: Forward P/E ratio



Risk of Fed Chair Powell Getting Fired Increases

How Trump could use an expensive Fed building renovation to oust Powell

WASHINGTON (AP) — President Donald Trump says he has finally found a way to achieve his goal of removing Federal Reserve Chair Jerome Powell, accusing him of mismanaging the U.S. central bank's \$2.5 billion renovation project.

The push comes after a monthslong campaign by Trump to try to rid himself of the politically independent central banker, who has resisted the Republican president's calls to slash interest rates out of concerns about the administration's tariffs sparking higher levels of inflation.

Source: PBS, Reuters, Newsweek, CNBC

Trump Lashes Out at 'Dummy' Jerome Powell As Pressure Tactics Ignored

Trump says Fed's Powell will be out in 8 months, calls him a 'numbskull'

Trump says 'stupid' Powell 'probably won't cut' rates when Fed meeting ends Wednesday

Trump again slams Fed chair Powell after rates hold

Trump indicated Tuesday that Powell's handling of an extensive renovation project on two Fed buildings in Washington could be grounds to take the unprecedented and possibly legally dubious step of firing him. "I think it sort of is," Trump said.

"When you spend \$2.5 billion on, really, a renovation, I think it's really disgraceful," Trump said, adding that he never saw the Fed chair as someone who needed a "palace."

What Happens If Powell Is Fired?

What happens if Trump fires Fed Chair Powell: ‘This would be a mess,’ analysts warn

KEY POINTS

- A new research note gaming out possible scenarios if President Donald Trump fires Federal Reserve Chairman Jerome Powell warns that it “would be significantly negative for markets.”
- Wolfe Research speculates that the Supreme Court could ultimately decide whether Trump has the power to fire Powell for cause.
- Trump said he was “highly unlikely” to fire Powell, shortly after a senior White House official said the Fed chair was likely to be fired soon.

[Evercore](#) founder [Roger Altman](#) told CNBC’s “[Closing Bell](#)” on Wednesday, “There are a lot of bad ideas out there. But the president firing the chairman of the Fed, or, should I say, trying to fire him —because that’s not clear to me at all that he could succeed — that’s among the worst ideas.”



Questions?