

Quarterly Client Letter

January 7, 2026

Please find your enclosed Quarterly Report and Billing Statement for the period ending December 31, 2025.

The fourth quarter wrapped up a year in which markets stayed resilient despite a long list of challenges. Global stocks continued to climb, supported by steady economic growth, cooling inflation, and expectations of additional Federal Reserve rate cuts. Technology stocks remained strong, but leadership broadened, with small-cap stocks, emerging markets, and gold all contributing meaningfully to returns. Also remember that the year contained normal to above volatility in stocks. US stocks had a peak-to-decline of 19% during the year, reminding us once again that returns in risk assets come with both ups and downs.

Bond markets were slightly positive for the quarter and nicely for the year as Treasury yields declined in anticipation of further Fed cuts in early 2026. Commodities, especially gold, remained a bright spot, benefiting from inflation concerns and global uncertainty.

Overall, most major asset classes delivered solid results for both the quarter and the full year.

The Global Markets Summary shows additional detail on how various markets have performed.

Global Markets Summary

December 31, 2025

Index	4Q	YTD	1 Year	3 Years	5 Years	10 Years
US Large Cap Stocks <i>S&P 500</i>	2.7%	17.9%	17.9%	23.0%	14.4%	14.8%
US Small Cap Stocks <i>Russell 2000</i>	2.2%	12.8%	12.8%	13.7%	6.1%	9.6%
Foreign Developed Stocks <i>MSCI EAFE</i>	4.9%	31.2%	31.2%	17.2%	8.9%	8.2%
Emerging Market Stocks <i>MSCI Emerging Markets</i>	4.7%	33.6%	33.6%	16.4%	4.2%	8.4%
Investment Grade Bonds <i>Bloomberg US Aggregate</i>	1.1%	7.3%	7.3%	4.7%	-0.4%	2.0%
High Yield Bonds <i>BofA Merrill Lynch US High Yield, Master II</i>	1.4%	8.5%	8.5%	10.0%	4.5%	6.5%
Municipal Bonds <i>Bloomberg Muni Bond: 5 Year</i>	1.2%	2.5%	2.5%	6.0%	2.2%	4.4%
Commodities <i>Bloomberg Commodity</i>	5.9%	15.8%	15.8%	4.0%	10.6%	5.7%
Cash <i>FTSE 3 Month T-Bill</i>	1.0%	4.4%	4.4%	5.0%	3.3%	2.2%

What's happening in the economy and markets?

Economic growth continued, though at a slower pace than earlier in the year. The labor market softened, which contributed to the Fed restarting its rate-cutting cycle. Inflation continued trending toward central bank targets, but tariffs and global tensions kept price pressures elevated in some areas.

Looking ahead, markets are focused on:

- How quickly the Fed will cut rates in 2026
- Whether earnings growth can continue at current levels
- How geopolitical risks and trade policy may influence inflation and global growth

Despite these uncertainties, history shows that periods following rate cuts have often been supportive for markets over the following year.

What's happening in portfolios?

Portfolios were up nicely for the year and have performed mostly in line with benchmarks. There have not been any meaningful changes recently.

As always, we appreciate your business and look forward to serving you in 2026. Please let me know if you have any questions about your report or other matters.

Best Regards,



Mark G. Smith, CPA, CFP®
President

Enclosures