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THIRD QUARTER 2025 NEWSLETTER

What a Year So Far!

We've only reached the halfway mark, but 2025 has already delivered more than its share of surprises — in markets, policy, and geopolitics.

In late January, Deep Seek became the most downloaded AI software, prompting a sharp 18% drop in NVIDIA shares. Yet by June 30, NVDA had rebounded to near all-time highs.

In early April, fears around tariffs sparked a steep selloff on what's now infamously called "Liberation Day." Fortunately, the situation de-escalated as the White House postponed and scaled back the proposed measures, setting the stage for a market recovery.

One big, beautiful bill grinds its way through the legislature. Moody's downgrades US debt on May 19.

Meanwhile, geopolitical tensions flared when Israel attacked Iran in June, drawing U.S. involvement into the fray, deploying massive bunker-buster bombs on June 20.

Despite these events, markets showed surprising resilience, with equities ending the quarter at or near record highs.

It has been a fascinating — and humbling — time for those of us in the business of providing investment advice.

The market's swift recovery from the April lows underscores the importance of patience and discipline in the face of volatility.

Review of Previous Quarters:

	<u>12/31/2024</u>	<u>03/31/2025</u>	<u>06/30/2025</u>	<u>QTD Change</u> as of <u>06/30/2025</u>	<u>YTD Change</u> as of <u>06/30/2025</u>
S&P 500	5,881.63	5,611.85	6,204.95	+10.57%	+5.50%
Dow	42,544.22	42,001.76	44,094.77	+4.98%	+3.64%
NASDAQ Composite	19,310.79	17,229.29	20,369.73	+18.23%	+5.48%
Russell 2000	2,233.86	1,989.09	2,175.04	+9.35%	-2.63%
MSCI EAFE	2,261.05	2,400.82	2,654.79	+10.58%	+17.41%
10-Year Treasury Note	4.58%	4.21%	4.23%	+2 basis points	-35 basis points
3-Month T-Bill Rate	4.32%	4.30%	4.30%	No Change	-2 basis points
Price of Gold (COMEX)	\$2,637.70	3,157.40	3,276.70	+3.78%	+24.23%
Crude Oil (NYMEX)	\$71.78	71.36	65.79	-7.81%	-8.34%
US Dollar Index	108.43	104.19	96.81	-7.08%	-10.72%

Inclusion of these indexes is for illustrative purposes only. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results. Information and data points sourced from FactSet

- A **basis point** is 1/100th of one percentage point.
- **Treasury Bills** are certificates reflecting short-term (under one year) obligations of the U.S. government.
- **Treasury Notes** are marketable U.S. government debt securities with a fixed interest rate and a maturity between one and ten years.
- The **S&P 500** is an unmanaged index of 500 widely held stocks that's generally considered representative of the U.S. stock market.
- The **NASDAQ** composite is an unmanaged index of securities traded on the NASDAQ system.
- The **Russell 2000** is a small-cap U.S. stock market index that makes up the smallest 2,000 stocks in the Russell 3000 Index.
- The **Dow Jones Industrial Average (DJIA)** commonly known as "the Dow" is an index representing 30 stocks of companies maintained and reviewed by the editors of the Wall Street Journal.
- The **MSCI Europe, Australasia and Far East Index** is a market capitalization weighted selection of stocks from 21 developed nations excluding the US and Canada.
- The **US Dollar Index** measures the value of the U.S. dollar relative to a basket of top 6 currencies: EUR, JPY, GBP, CHF, CAD and SEK.

Below the Surface

The "Magnificent 7" are underperforming the other 493 S&P 500 stocks.

International stocks are leading by a wide margin. See the MSCI EAFE stats above.

Small cap stocks continue to lag their large cap brethren.

Within fixed-income, the 10-Year Treasury has traded in a range of 4.20% to 4.80%.

The Fed remains on hold despite intense pressure from the White House.

What Lies Ahead?

The July 9 tariff deadline looms, and, as expected, the White House has been inconsistent on its stance.

On July 15, the next inflation report will offer important clues as to whether tariffs are beginning to raise prices or drag on growth.

Most analysts expect the Fed to stay on the sidelines until fall, weighing the competing risks of slowing growth vs. rising inflation.

Kiplinger Forecasts

Kiplinger anticipates economic growth to come in at 1.7% for calendar 2025 but slowing to just 1% in the second half of the year.

Inflation is predicted to rise to 3.6% at year-end 2025, up from 2.9% at the end of last year.

Unemployment is expected to rise from 4.2% today to 4.5% on December 31.

The MCM Viewpoint

We see tariffs as an unfortunate economic policy. It is no surprise to us that markets fall as tariffs are introduced and recover when they are rolled back. We hope the trend on tariffs continues on the path of moderation.

It is heartening that equity markets have recovered and regained momentum. That said, valuations are elevated, and we recommend patience and discipline with respect to equities

Municipal bonds have lagged Treasuries thus far in 2025. Weighing on the municipal market has been a heavy supply of new issues, but longer term the outlook looks better. High quality municipal yields are just a notch below Treasuries with taxable equivalent yields over 7% for clients in the top income tax brackets.

The pattern of new all-time highs is bullish for stocks. As Sir Isaac Newton once said, "the trend is your friend."

Having said this, years of experience suggest that we are wise to *remain humble, keep our emotions in check, maintain our discipline, stay diversified, and stick to our well-conceived plan.*

As expressed by legendary investor, Benjamin Graham, “the essence of investment management is the management of risks, not the management of returns.” If we manage the risks, the returns take care of themselves.

Community Spotlight, Fun Activities & MCM Notes

The MCM team enjoyed a fun and rewarding spring supporting our favorite non-profit organizations.



Cornerstone Family Programs Spring Gala

Cornerstone Family Programs hosted “An Evening in Paris” in the latest edition of its dazzling spring gala. MCM stepped up as a Sponsor and we enjoyed dancing the night away with a table full of family and friends. The event was a great success, raising funds needed to provide essential programs and services that positively impact the lives of children, teens, adults and seniors in our community.

It was all hands on deck for the 30th annual **Cancer Hope Network Golf Classic & Pickleball Tournament**. Bill served as co-chair and played golf with Dan and some dear friends. Orlando returned as defending pickleball champion. Bob, Kerry, and Barbara were on hand for cocktails, awards, and dinner. Barbara’s fundraising talent was on full display — she sold 38 raffle books before dinner and confidently took the mic for the live auction! Cancer Hope Network provides an exceptional service – connecting current patients with seasoned survivors for mentoring and encouragement.



Cancer Hope Network’s Pickleball Tournament



Bill, Dan, and Friends at
Cancer Hope Network Golf Outing



Orlando & Dani at Ali's Wedding

Orlando has been enjoying the warmer weather! He has spent several weekends down the shore in Manasquan with girlfriend Danielle, enjoying the beach, the local restaurants and abundant social opportunities. Moving inland, Orlando has been working on his golf game, teeing up with old and new friends whenever possible. Unlike in past updates, Orlando doesn't have any major travel adventures to share, but he has some irons in the fire!

Dan recently hosted his 5th annual Young Professionals Golf Outing at Fiddler's Elbow Country Club, where 28 golfers enjoyed an extended happy hour after a spring downpour cut the outing short. Dan and Bob were fortunate to attend the JPMorgan Asset Management Summit in New York City, returning with fresh market insights from thought leaders and value-add strategies to bolster MCM clients' portfolios. Dan was also honored to be elevated to Vice President of Fairleigh Dickinson University's Board of Governors, where he'll help advance the university's mission through ongoing community engagement.



Bob and Dan at the JPM Asset Management Summit



Kerry's Son, Gavin, Holding the Championship Trophy

Kerry has enjoyed playing in many charity golf outings the last few months. It is a great way to support worthy causes and have fun with good company! Kerry and husband, Garrett, enjoy playing competitive golf in the summer. Son, Gavin, now age 11, is exceedingly passionate about his hockey career. The Mellott family will spend many a summer weekend at hockey tournaments. The highlight each year is Hershey, where Gavin will also be able to go on his beloved rollercoasters! Kerry's family has become close with many of the other hockey families which has made the experience even nicer. Considerable time is also devoted to the pool and cheering for Gavin at his swim meets.

Bob personifies the Rotary motto of *Service above Self*. Most recently, he participated in a collaborative effort by Morristown Rotary and Deloitte working to beautify Lidgerwood Park in Morristown. On the personal side, Bob had an incredible Father's Day. Sons, James and Matt, treated him to a round of golf at the challenging links of Ballamor Golf Club in Egg Harbor Township. Post golf, the boys retreated to the venerable Old Homestead for a mouthwatering steak dinner!



*Bob and Fellow Rotary Members
at Lidgerwood Park*



Bill and Joan Golfing in Spain

Bill was able to embark on a very special trip this spring. A visit with his Rotary exchange student son, Joan Pages, in Barcelona and environs. The two grew very close while Joan was in Mendham and have maintained their relationship over the past 15 years. Joan has grown into an exceptional young man and with a beautiful family and successful career. Bill could not be any prouder!

A Time to Learn

Bill, Bob, and Orlando were fortunate to attend the **Raymond James National Conference for Professional Development** in Orlando, FL in early May. We so look forward to this annual event to learn the latest on economics, markets, and financial planning. Networking with talented, successful RJ advisors from around the country is always a highlight and brings timely ideas to our practice year after year.



Bill, Bob, & Orlando at Elevate Conference

A Time for Fun



MCM Team Golf Outing

Summer provides opportunity for recreation, and at Mendham Capital that means golf. Last week we held our annual team outing on a steamy afternoon at Fiddler's Elbow. Great fun!

Some Exciting News!

We recently reconnected with our beloved, retired colleague, Hilary Fagnani, at the amazing wedding of her beautiful daughter, Ali, to her handsome groom, Christopher Pisciotta. The ceremony and reception were held at the trendy, new Wave Resort in Long Branch. It was heartwarming to celebrate with such a fun, well matched couple. Hilary and husband, Mark, presided over a most joyous celebration!



Congratulations to Ali and Chris!

As always, we are grateful for the trust you place in our team. If you know a friend, colleague, or loved one who may benefit from the kind of care and planning we provide, we'd be honored to connect.

Thank you for your continued trust and support.

Check out below for more fun updates!

"Our Photo Finish"



Bill Presenting CHN Pickleball Winner



Dan and Friends at Golf Outing



Orlando in Action on Pickleball Court



Dan and the New FDU Board... Nice Work Dan!



Bob and Friends at Rotary Cleanup



Kerry, Garret, and Friends at Golf Outing

Sincerely,



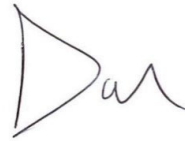
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