



# **Q2 2025 Market & Economic Update**

July 16<sup>th</sup>, 2025

# Presenters



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# From Tariffs to All-Time High's

Today we will discuss:

- Q2 Market recap
- Economic Resilience
- Big Beautiful Bill
- What it means for the markets

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# YTD Market Performance Recap



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# BFG Portfolio Tactical Allocation

Overweight
U.S. Equities
Growth
Quality
Longer-Duration Bonds

Underweight
International Equities
Sector Specific
Small Cap's
Short-Duration Bonds

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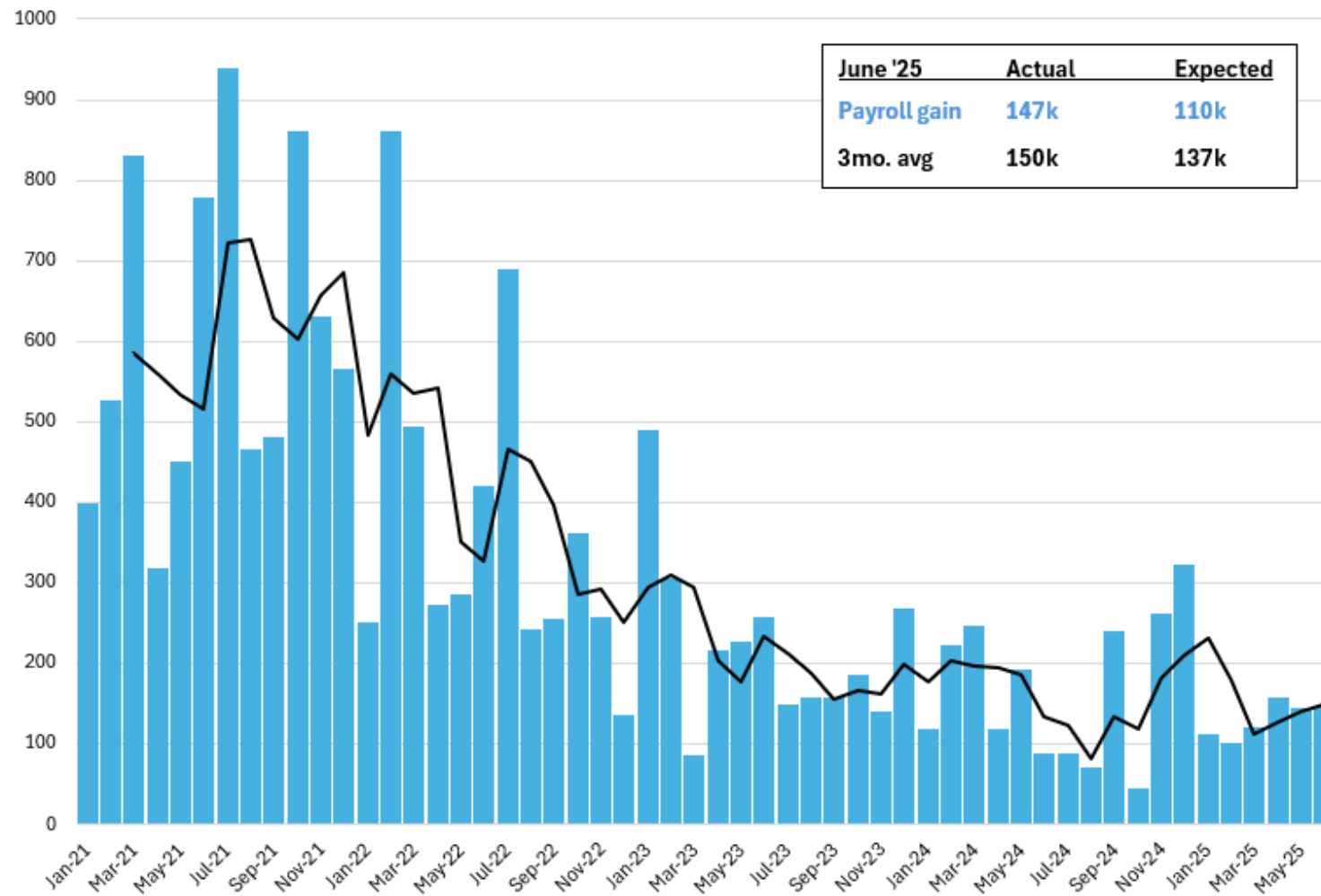
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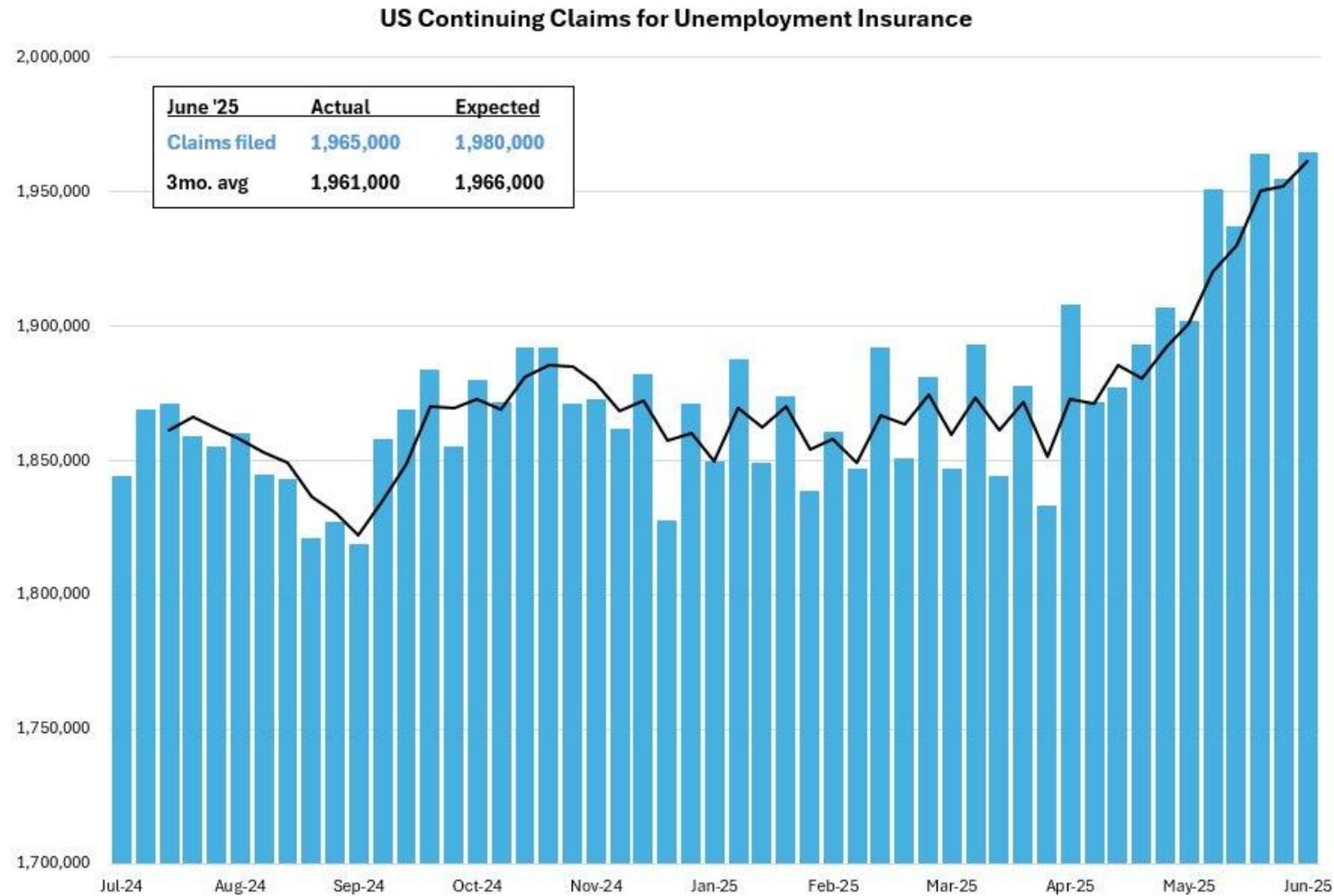
# Economic Overview

# US Job Growth

US Nonfarm Payrolls MoM

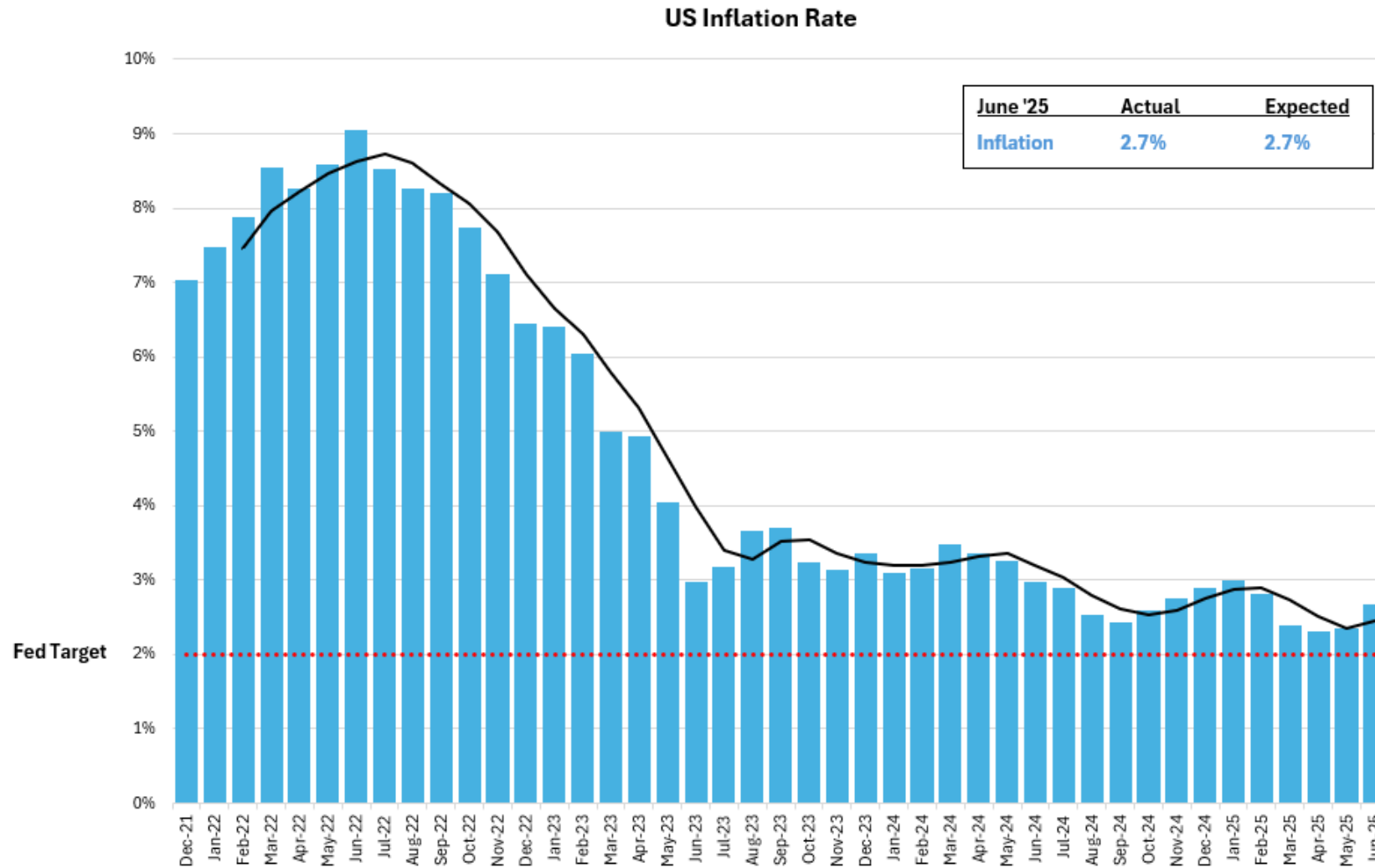


# Labor Concerns





# Inflation



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# Where Do Rates Go From Here?

Fed Funds Change	End of Q1 (March 31st)	Now	Diff
No Change	1.12%	4.50%	3.38%
1 Cut	8.40%	24.33%	15.93%
2 + Cuts	90.48%	71.17%	-19.31%

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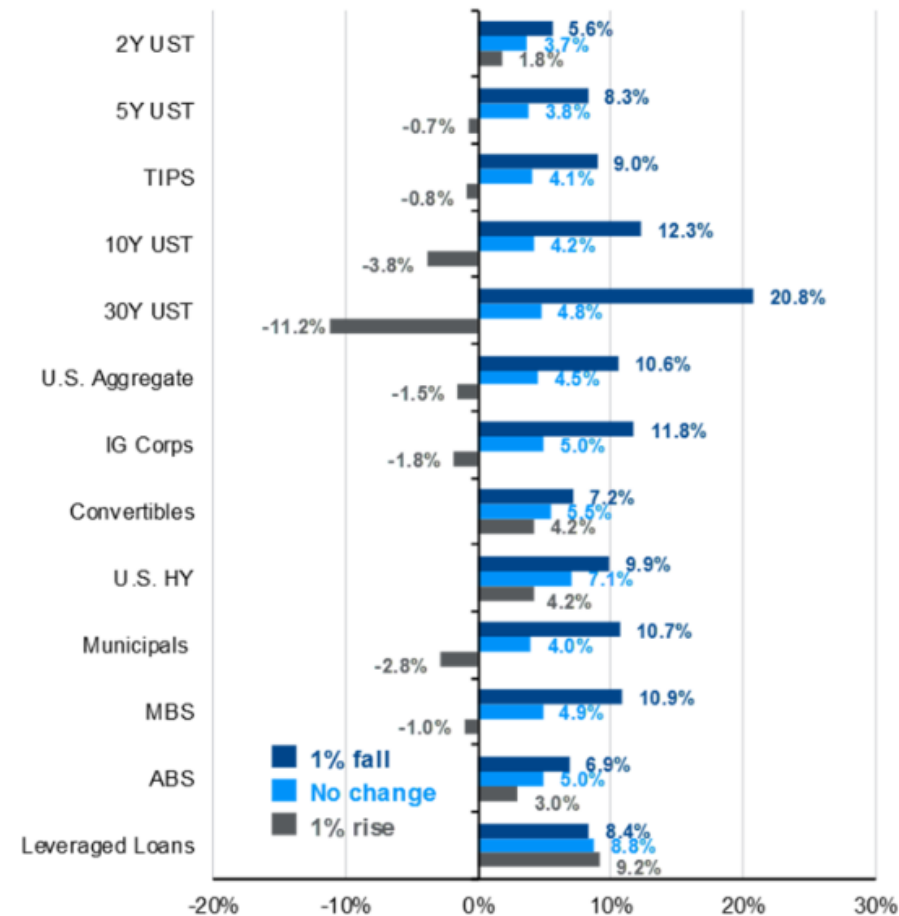
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# Fixed Income Outlook

## Fixed income returns in different interest rate scenarios

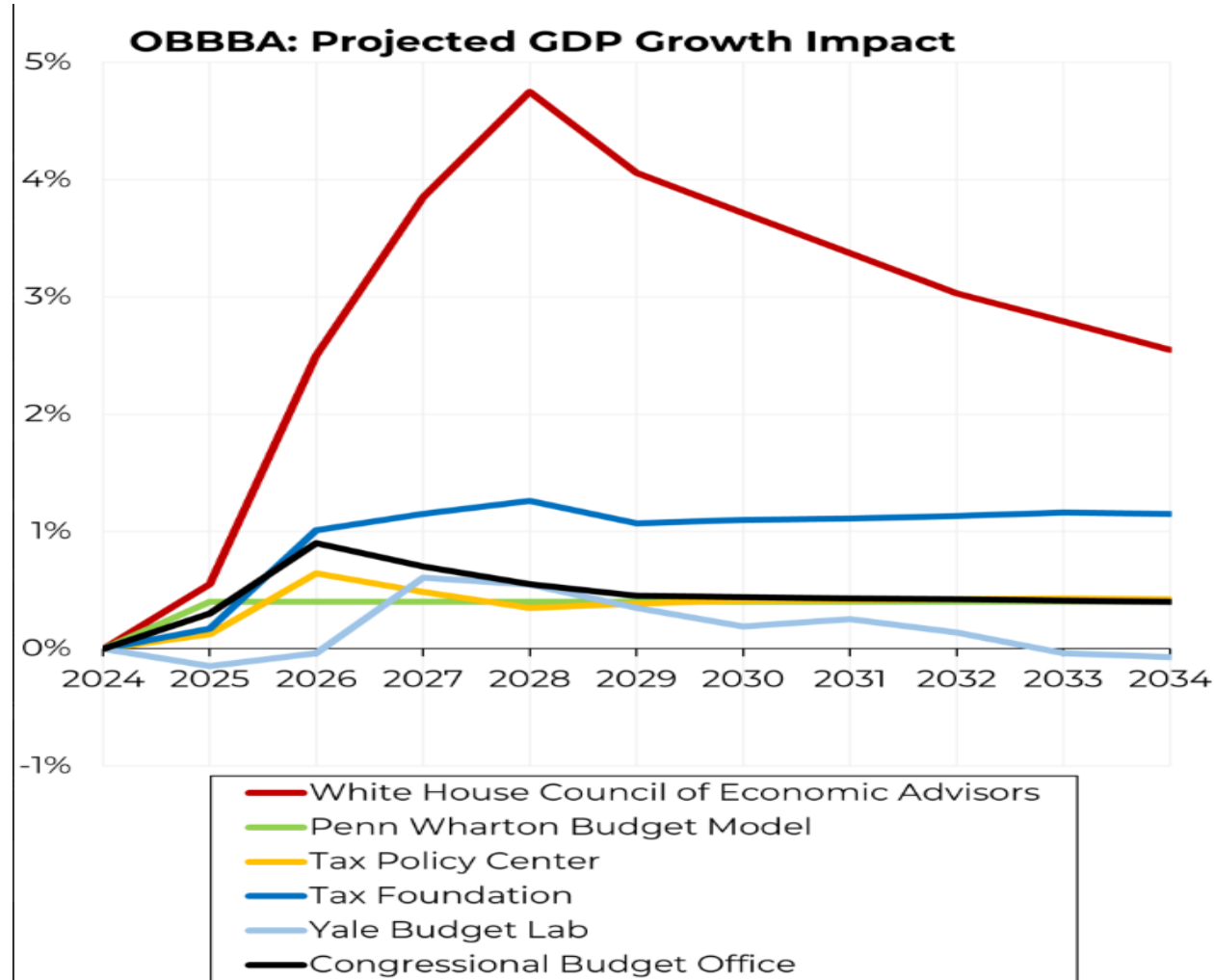
Total return, assumes a parallel shift in the yield curve



# The Big Beautiful Bill

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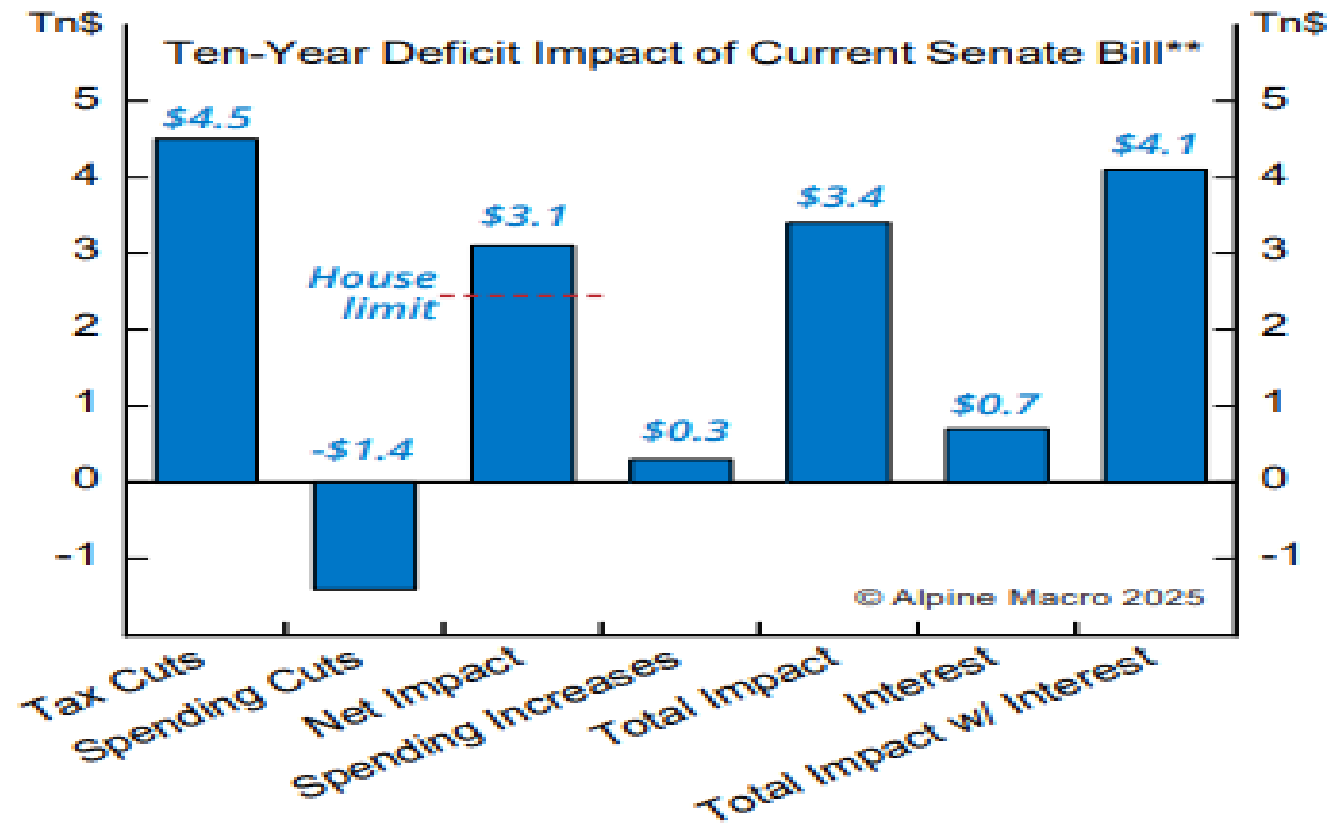
# Why the Market Likes It



Source: Center for a Responsible Federal

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# So What's The Issue?



\*Unlikely outcome for now

\*\*Note: Score is a rough approximation for illustrative purposes

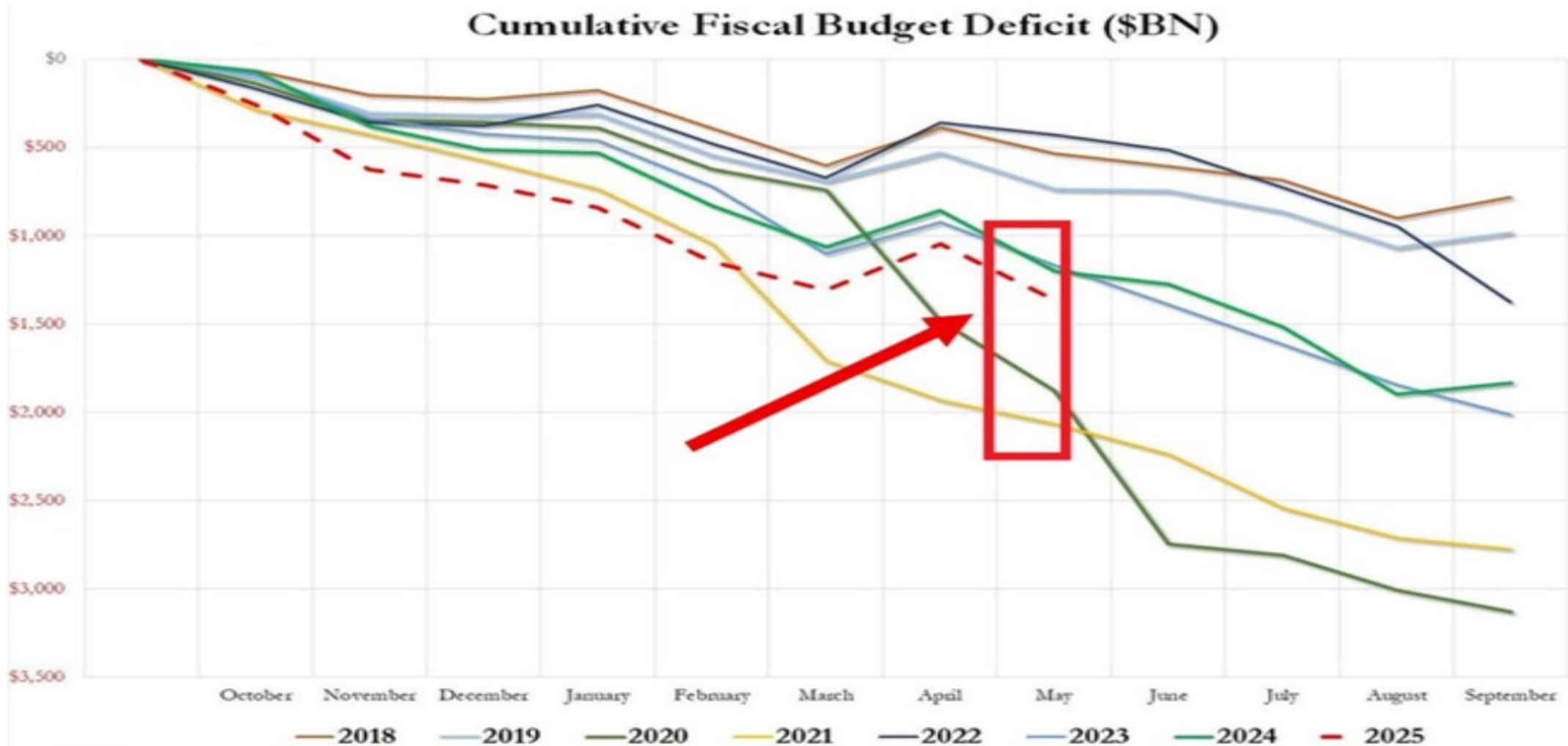
Source: CBO, CRFB

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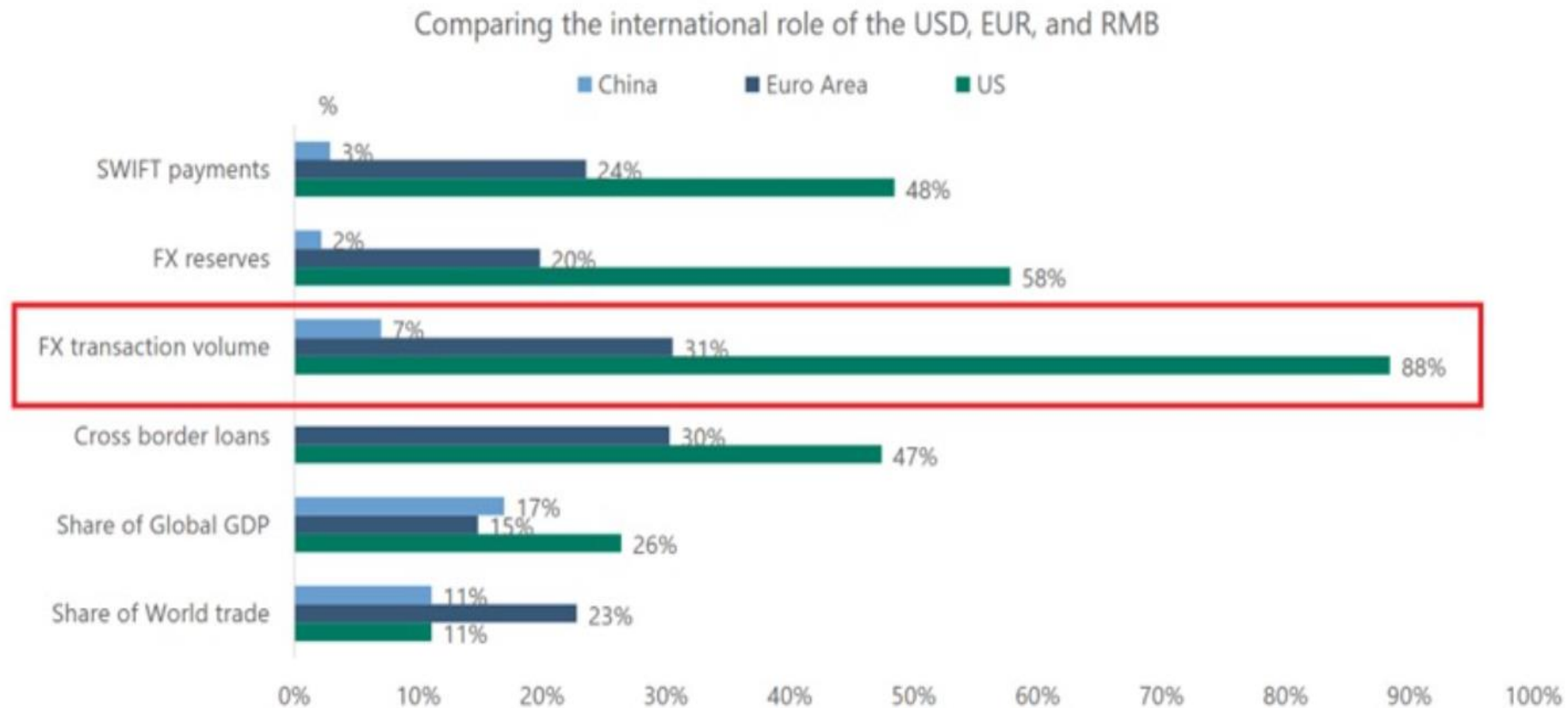
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# Same Old Story



# U.S. Dollar as Reserve Currency



Source: Bloomberg, BIS, Haver Analytics, IMF, Apollo Chief Economist

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# From Tariffs to What's Next

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# Sentiment Hasn't Met Reality



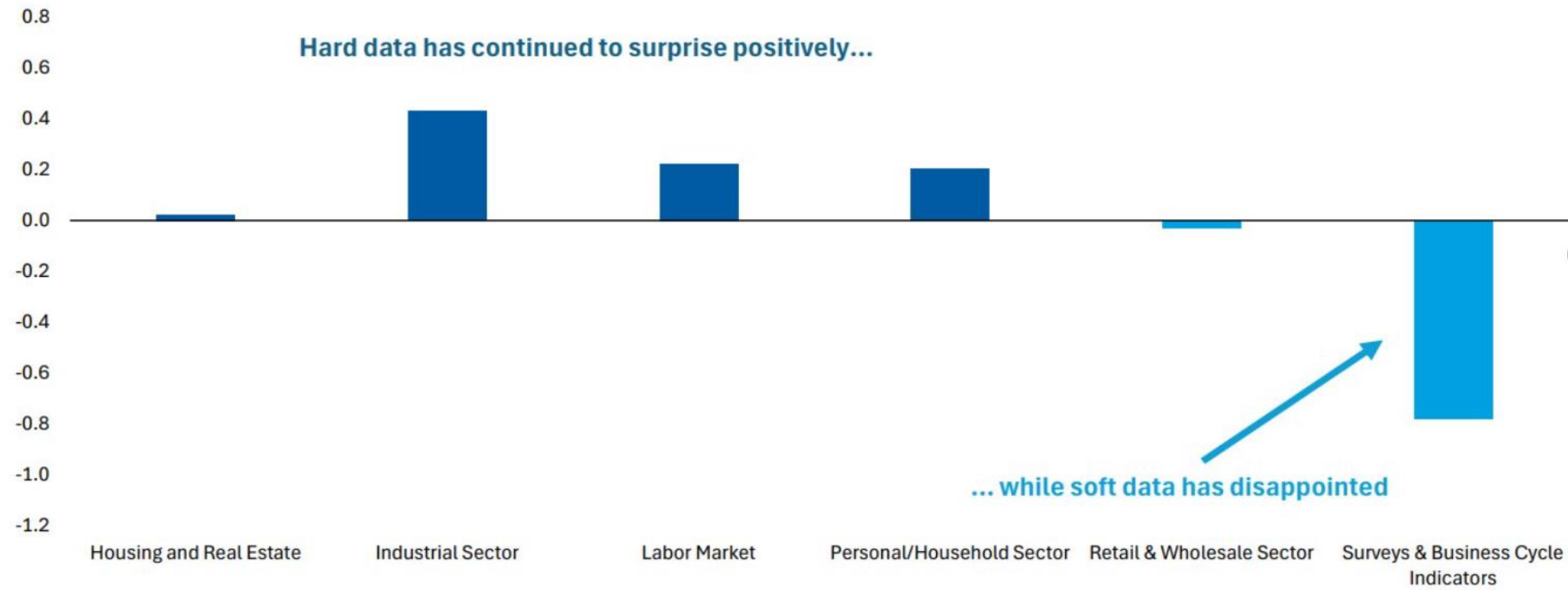
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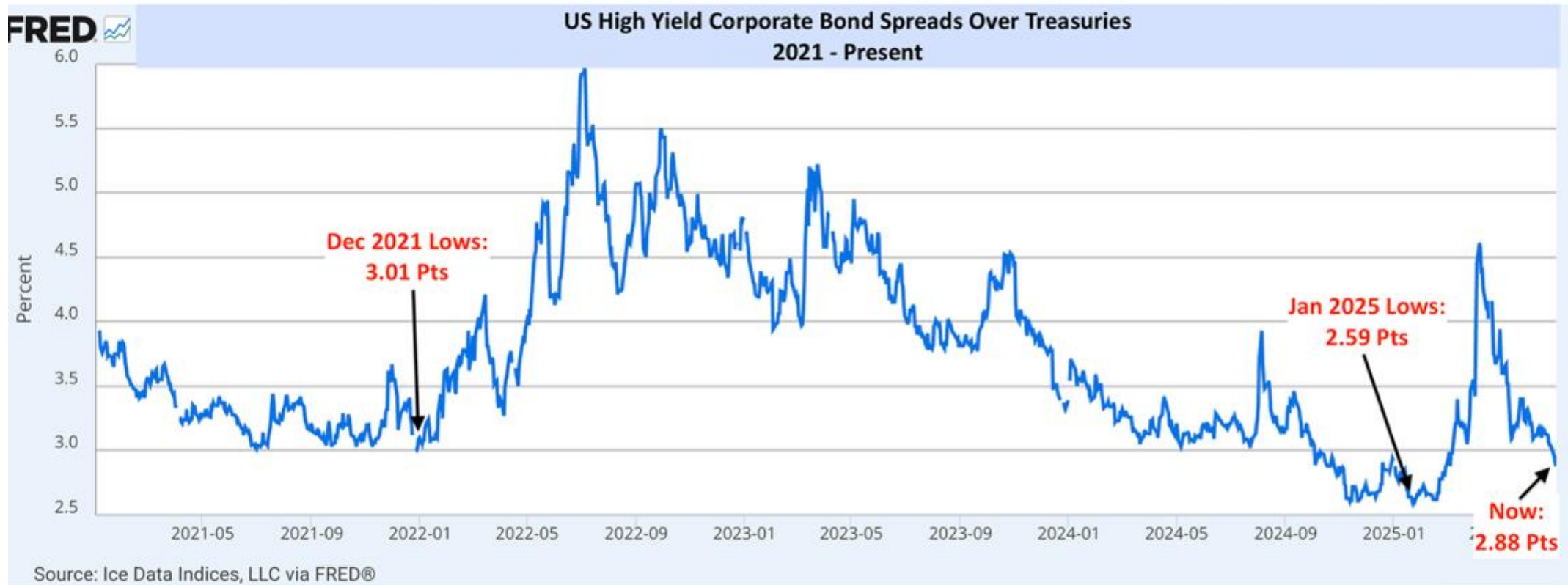
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# Hard Data Has Won Out

*Bloomberg U.S. economic surprise by economic sector*

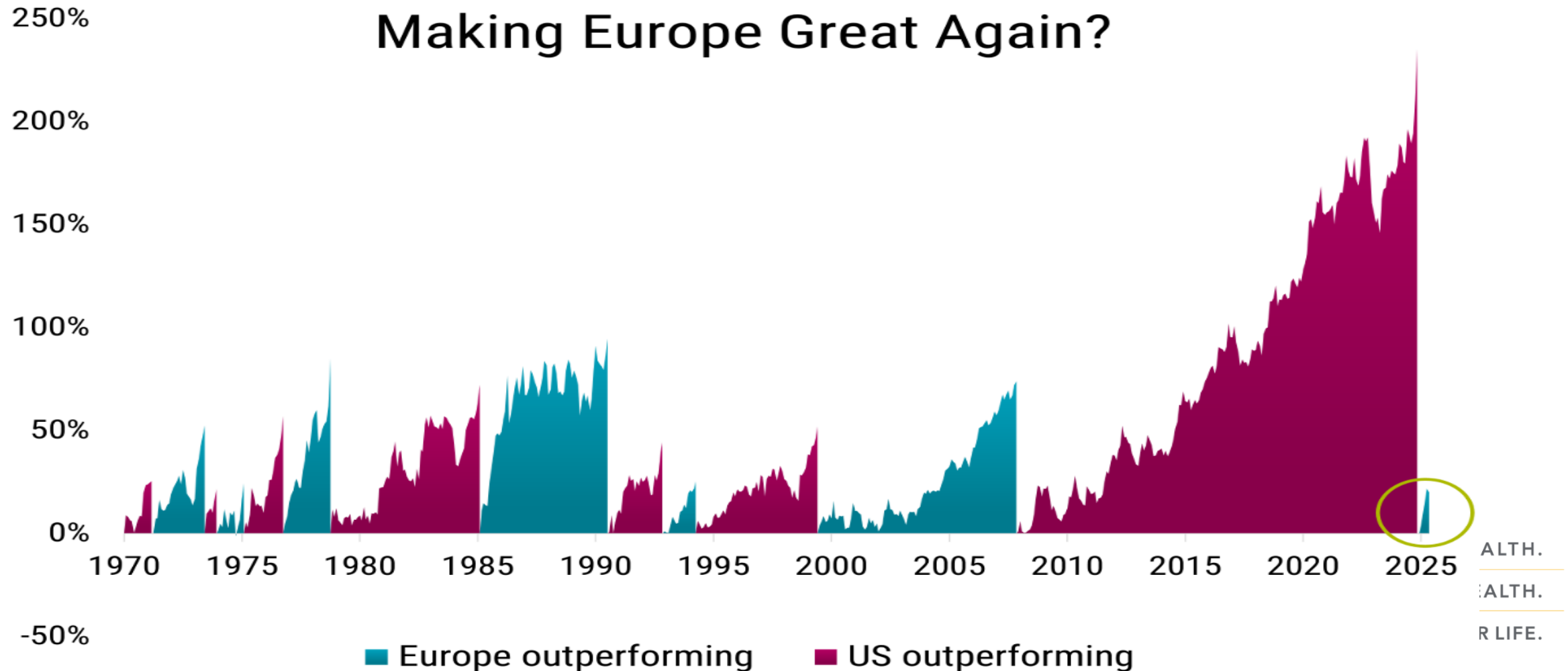


# Bond Market Isn't Concerned



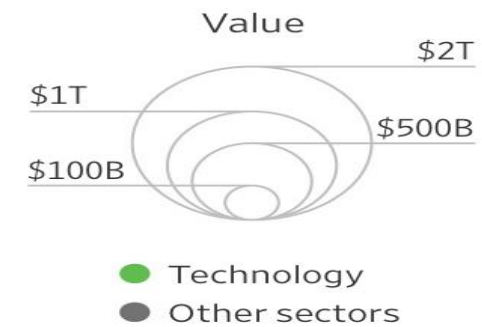
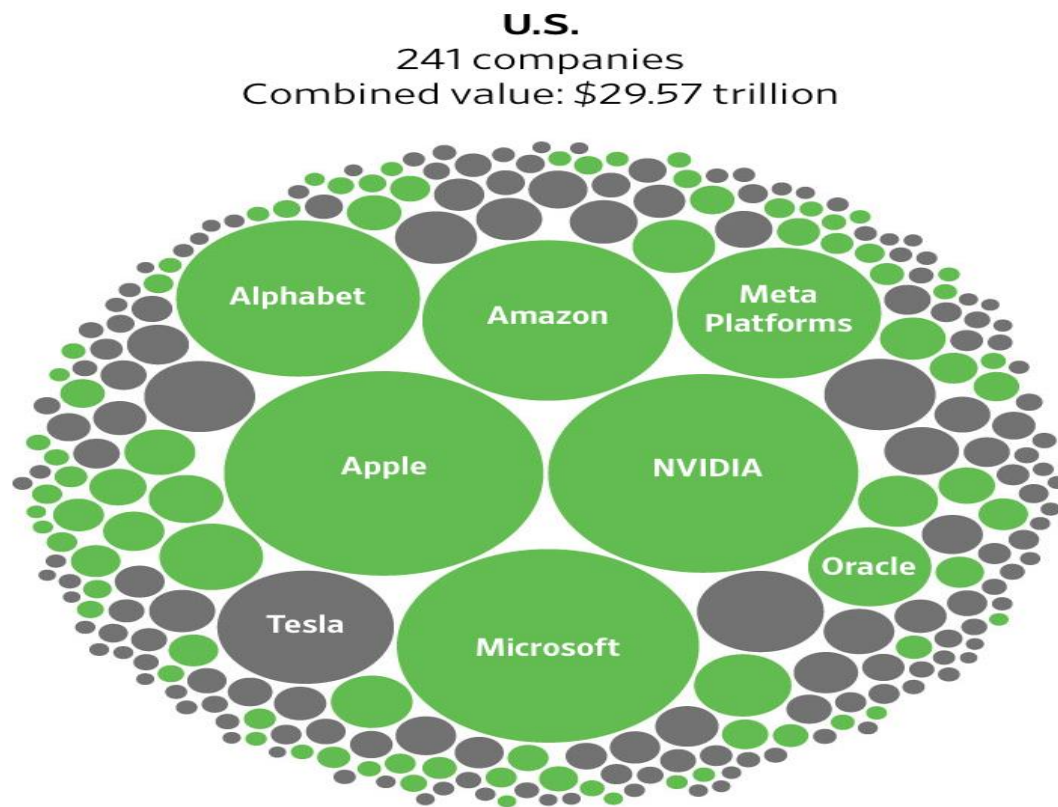
# U.S. vs. Europe

## Making Europe Great Again?



# U.S. vs. Europe

Publicly held 'from-scratch' companies valued over \$10 billion and less than 50 years old, by select country/region



**EU**  
14 companies  
\$433.63 billion

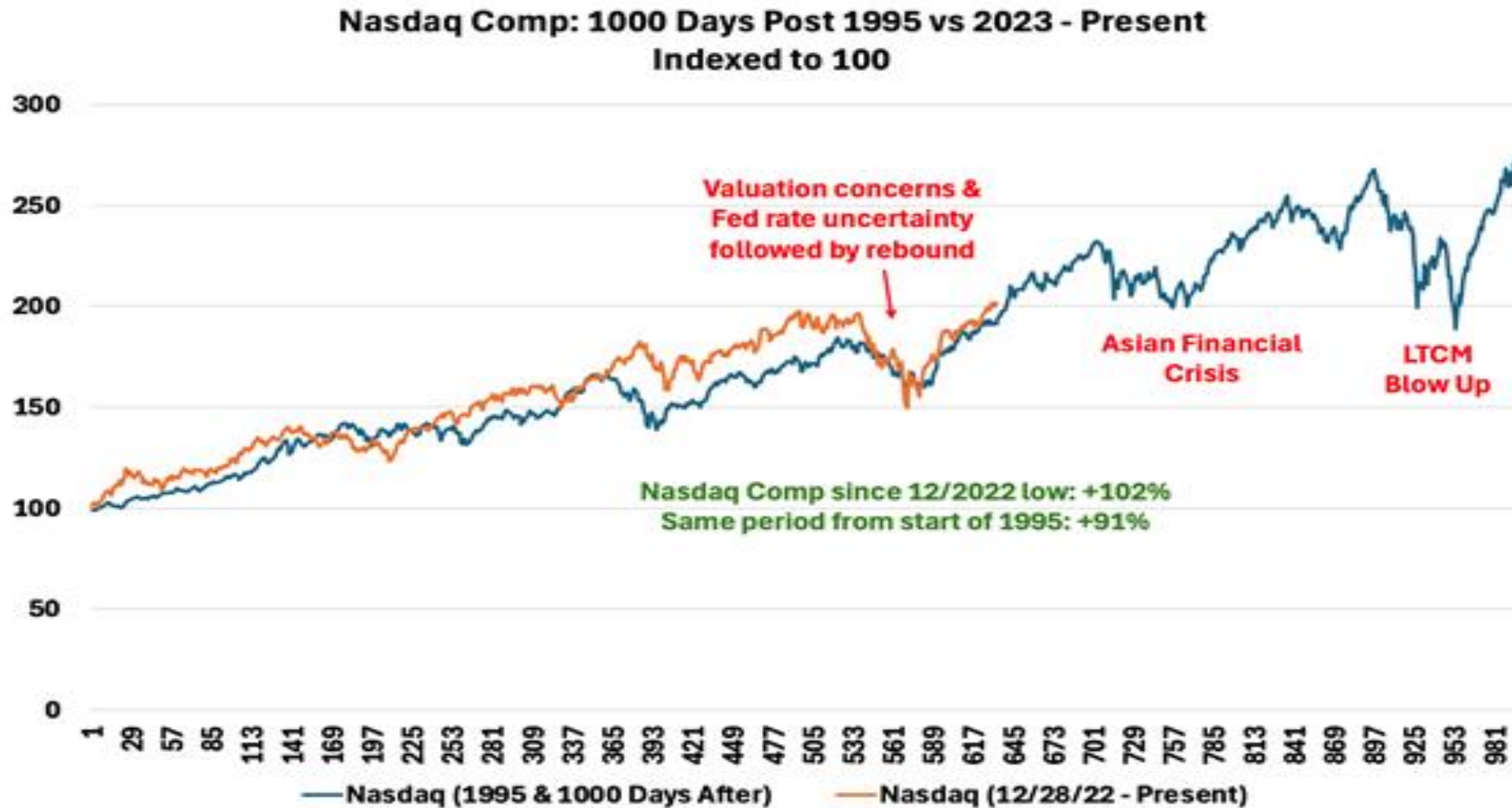


Note: As of Nov. 26  
Source: Andrew McAfee, MIT Sloan School of Management  
Andrew Barnett/WSJ

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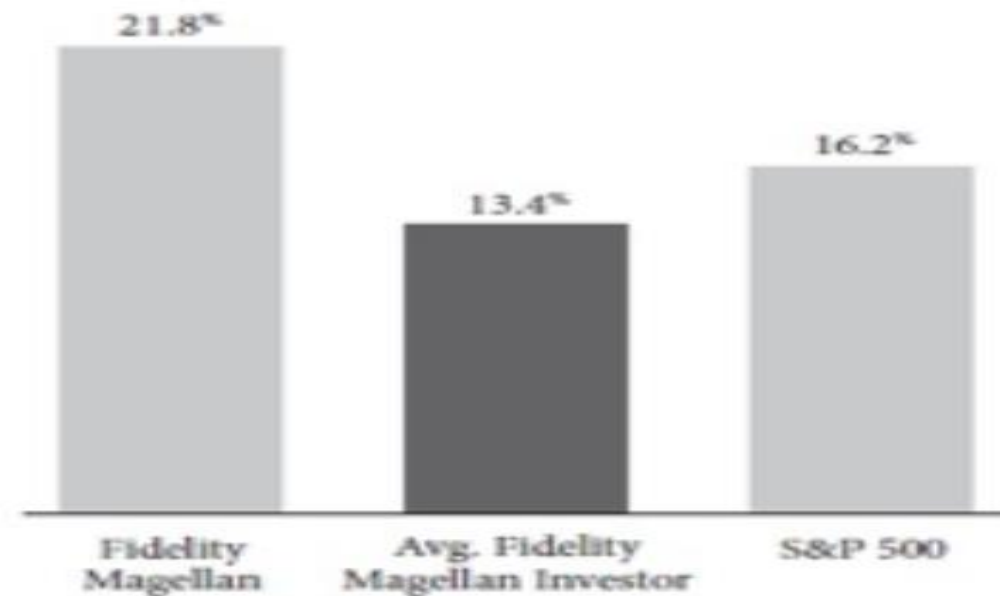


# Today vs 2000's



# Stay Disciplined

Fig 4.5 Fidelity Magellan vs. Fidelity Magellan Investors



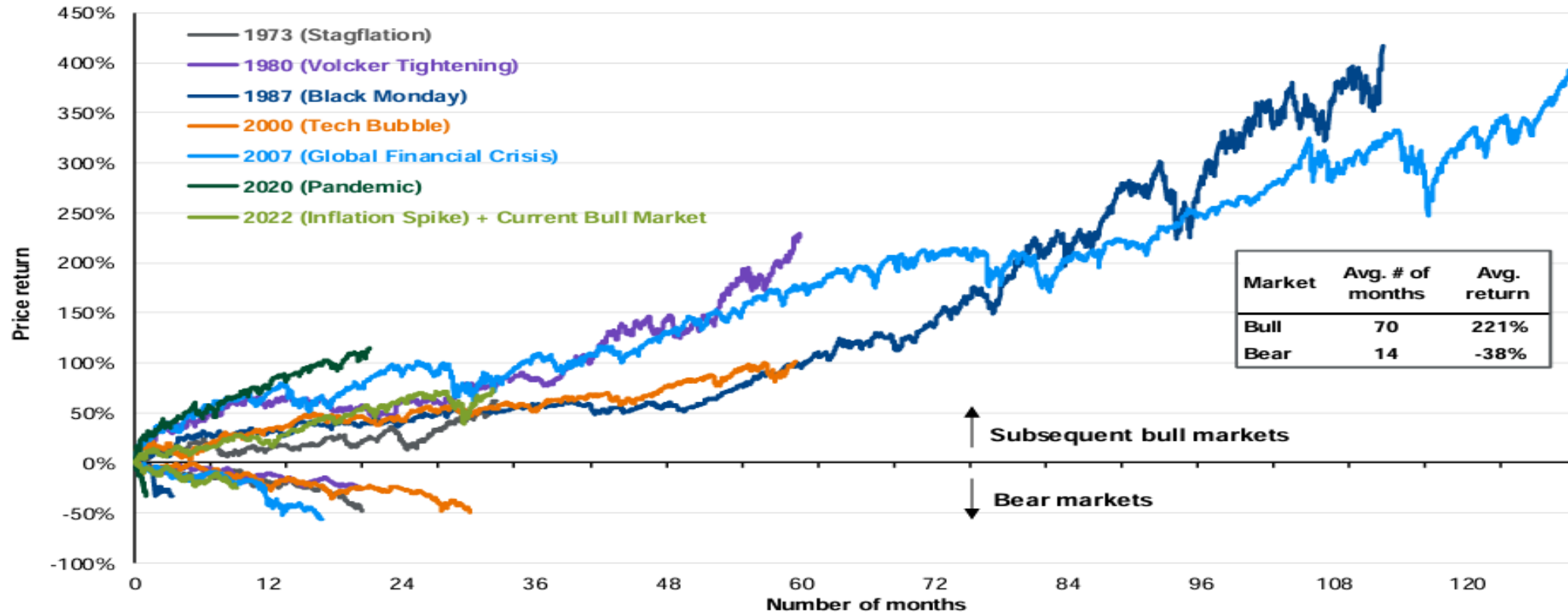
Source: [www.cbsnews.com](http://www.cbsnews.com). "Lessons From a Great Fund Manager's Record". July 16, 2010.



# Bull vs. Bear Markets

## Length and severity of bear and subsequent bull markets

Number of months, S&P 500 price return



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.  
Bear markets are defined as a 20% drawdown from the prior peak and measured from peak to bottom. Bull markets are measured from the bottom of the prior bear market to the peak.  
Guide to the Markets – U.S. Data are as of June 30, 2025.

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ASSET MANAGEMENT

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# Recap

- **The Big Beautiful Bill acted as a catalyst for markets**
  - Not necessarily a tax cut, but avoids monumental tax increase
- **Market will be driven more by economy & earnings**
  - Tune out the “noise”
- **AI & Tech have the chance to drive this market forward**
- **Good time to stay disciplined**

**Thank you for joining us!**

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