QUARTERLY UPDATE

LETTER FROM OUR CIO

JULY 8, 2025

The second quarter of 2025 was marked by a complex economic and market environment, shaped by persistent policy uncertainty, evolving monetary policy expectations, and notable geopolitical developments. Both investors and businesses navigated a landscape defined by shifting macroeconomic signals and increased volatility.

Economic Overview

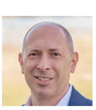
US economic growth remained modest in the quarter. The most recent data shows that the US GDP grew 2% in Q1 2025. While Q2 data is forthcoming, the backdrop included mixed housing indicators and slowing momentum in certain sectors. Labor market data painted a nuanced picture, with weekly unemployment claims exhibiting a gradual upward trend. Inflation, as demonstrated by the US Core CPI, hovered at 2.79% as of May 2025. While price pressures have slowly retreated for core goods, tariffs and supply-side disruptions continued to influence certain categories. The Federal Reserve left interest rates unchanged for the fourth consecutive meeting, maintaining a cautious stance as it forecasts slower GDP growth. Market participants are closely anticipating rate cuts later in 2025, a view supported by some Fed officials, pending sustained moderation in inflation.

Market Performance

Financial markets managed to deliver gains through the period. The S&P 500 climbed +10.15% over the first quarter. However, the path was volatile; the index fluctuated as investors responded to Fed meetings, corporate earnings, trade negotiations, and geopolitical uncertainty. Leadership rotated frequently, with the energy, technology, and financials sectors showing strength, while healthcare and communication services dragged. Major events, such as US-Iran tensions and ongoing trade disputes, especially with China and Canada, reverberated through equities and commodities.

Summary and Outlook for Q3 2025

In summary, Q2 2025 reflected resilience amid headwinds—a theme likely to characterize the remainder of the year as markets and the economy adjust to evolving monetary, fiscal, and geopolitical factors. As we enter Q3 2025, the economic and market landscape remains marked by uncertainty and caution caused by trade tensions and supply chain challenges. In financial markets, volatility remains elevated, where Equities and commodities continue to react to policy headlines, tariff announcements, and economic data. We continue to maintain a cautious approach, emphasizing diversification and resilience amid the evolving environment. We remain agile, attuned to geopolitical developments, and responsive to emerging economic signals. Maintaining a diversified portfolio and focusing on market dynamics is paramount to us at Legacy Edge Advisors. We remain constructive on sectors such as semiconductors and software to take advantage of AI trends, cybersecurity, industrials, infrastructure and the electrical grid. We tactically reduced equity exposure in the qualified accounts in late January but rebalanced back into equities in early April. While we continue to maintain that markets will focus on economic activity, valuations are higher than normal as evidenced by elevated P/E ratios, and earnings expectations may come down to account for the potential impact of tariffs. We continue to monitor the economic, political and market environment and believe that portfolios at Legacy Edge are well positioned for the financial goals according to the risk temperament of our clients.



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