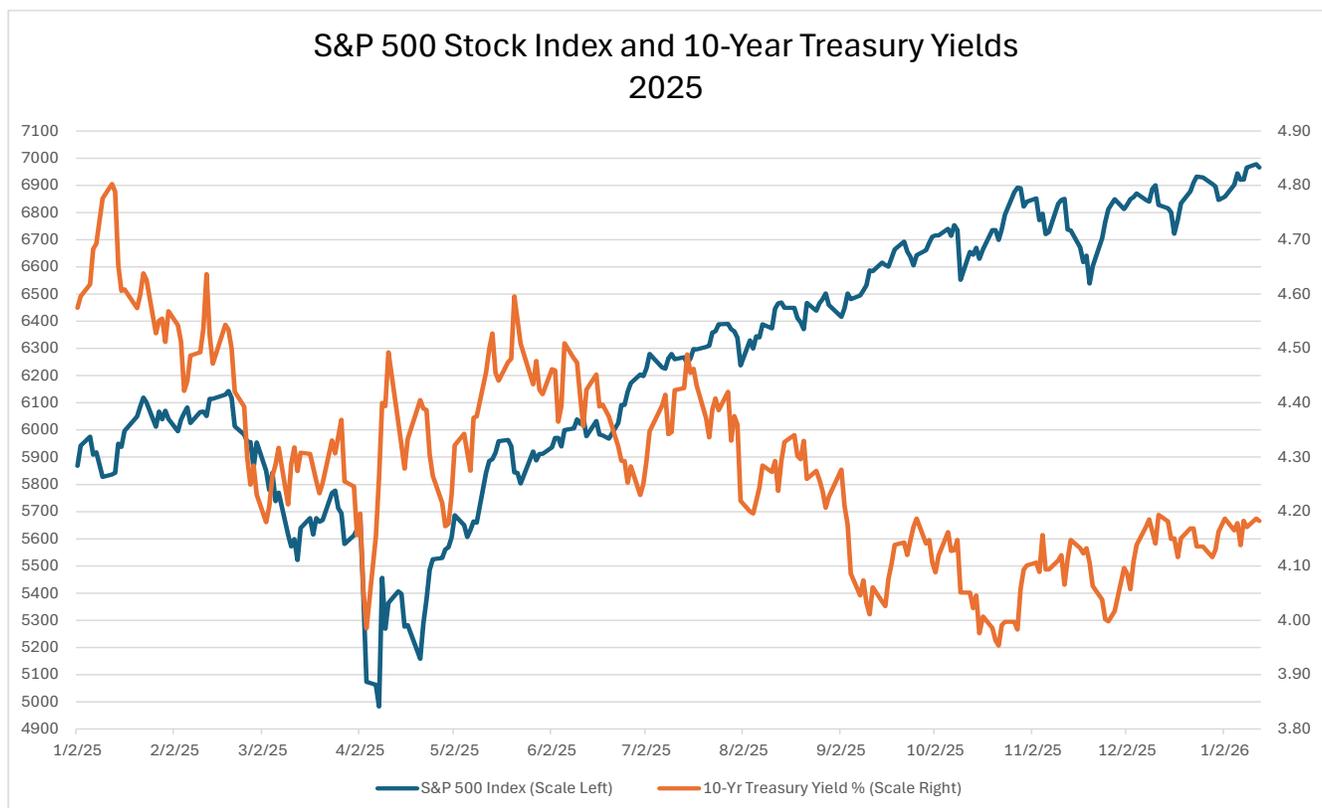


Raymond Capital Advisors, LLC

January 19, 2026

Stock & Bond Benchmark Total Returns (%) For Periods Ending December 31, 2025					
	QTR	1-Year	3-Years	5-Years	10-Years
Standard & Poor's 500	2.65	17.88	23.01	14.42	14.82
Bloomberg Barclays U.S. Aggregate Bond	1.06	7.19	4.63	-0.38	2.00
60% Stocks / 40% Bonds TAA Composite Index	2.02	13.65	15.44	8.46	9.78
3-month Treasury Bills	0.96	4.20	4.82	3.22	2.17
Inflation (CPI)	N/A	2.68	2.97	4.46	3.16

Returns (%) include capital gains, dividends and interest. All data **annualized** for periods greater than one year. N/A = Not Available.
60% Stocks / 40% Bonds TAA Composite Index is rebalanced monthly.
Sources: S&P Dow Jones Indices, Morningstar, Federal Reserve, BLS.



Review: Resilient Bull market – 3rd Year of Double-Digit Stock Market Gains

Investors entered 2025 cautiously optimistic toward both stocks and bonds, supported by an economic backdrop of moderate growth, easing inflation, and expectations for lower interest rates, tax cuts, and deregulation. **Improving corporate profit margins and productivity trends** allowed analysts' earnings expectations—and equity valuations—for the S&P 500 to remain elevated. Market leadership, however, remained heavily concentrated in large-cap growth stocks (the so-called “Magnificent 7”), as had been the case for much of the prior two years.

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Early in the year, market sentiment shifted as investors reassessed the implications of the Trump administration's **America First policy agenda**. Announcements related to trade tariffs, on-shoring for supply-chain security, strategic resource independence, shifting geopolitical alliances, and rising global tensions increased concerns about inflation expectations and interest rates. Equity markets sold off sharply, with the S&P 500 declining 21.3% (intraday) from its February 19 high to its April 8 low, following tariff announcements that were significantly larger than anticipated, alongside heightened concerns about U.S. technological leadership in artificial intelligence.

As the year progressed, however, many of the announced tariffs were **quickly and materially negotiated downward**, and remaining measures were increasingly viewed as a largely one-time inflationary shock that was unlikely to become self-reinforcing. While tariff-related price pressures lingered in certain goods categories, broader inflation trends continued to cool. This moderation allowed the Federal Reserve to resume interest rate cuts, which proved supportive for both equity and fixed income markets.

Despite volatile policy shifts and ongoing geopolitical tensions, U.S. equities continued their bull market. For the full year of 2025, the S&P 500 Total Return Index gained 17.88%, marking its third consecutive year of double-digit gains, following 2023 (+26.29%) and 2024 (+25.02%). Market leadership broadened meaningfully, with more balanced performance between growth and value stocks. Small- and mid-capitalization stocks improved notably during the fourth quarter, though large-caps still led for the year overall.

In fixed income, the Bloomberg U.S. Aggregate Bond Index rose 7.19%, supported by easing inflation and stabilizing inflation expectations. However, reflecting continued uncertainty around global trade realignment and geopolitical risk, the U.S. dollar declined 9.41%, while gold surged 64.10%, marking its strongest annual performance since 1979.

With the exception of a brief tactical underweight to equities in November—implemented to modestly reduce exposure to technology and semiconductor holdings amid elevated capital expenditure levels—Raymond Capital Advisors maintained equity exposures in balanced accounts close to benchmark targets throughout the year. Equity portfolios were rebalanced on a disciplined, weekly basis.

Outlook: Still Bullish, Stay Disciplined and Risk Aware

In many respects, current conditions resemble those at the start of last year. The U.S. economy is expected to continue growing at a moderate pace (approximately 2.3%), while inflation is projected to ease toward 2.4%, according to recent Federal Reserve estimates. Productivity growth may exceed expectations, supported by sustained investment in technology and artificial intelligence, helping to keep profit margins and earnings elevated while containing inflationary pressures.

Consensus earnings estimates for the S&P 500 currently stand near \$310 for 2026 and \$350 for 2027. If the market's forward price-to-earnings multiple remains near 22x, this implies an **S&P 500 price range of approximately 6,820 to 7,700, representing a potential -0.4% to +12.5% price return from year-end 2025 levels.** These returns are more moderate than what has actually been experienced in recent years,

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but are broadly consistent with forecasts from major Wall Street strategists, who project year-end targets between 7,100 and 7,700, as reported by *The Wall Street Journal*.

Risks remain, particularly the potential for interim, sentiment-driven market declines that could compress valuation multiples. Historically, such corrections have tended to be temporary when supported by continued earnings growth, the absence of a recession, and ample liquidity (e.g., money market fund assets currently represent approximately 11.5% of total equity market capitalization, compared with a recent historical range of roughly 9% to 16%). However, history does not repeat precisely, and outcomes may differ from past experience.

Current policy dynamics are largely unprecedented, including an expanded use of government intervention across various sectors (e.g., shifting international alliances, escalating political divisions and selective policy favoritism, challenges to Federal Reserve independence, government involvement in corporate transactions such as equity stakes, and proposed restrictions on stock buybacks). These dynamics introduce additional uncertainty that may carry unintended consequences for investor confidence over time.

Investor confidence is ultimately grounded in the rule of law, policy stability, and trust in core institutions—foundations that have long supported U.S. economic resilience and market leadership. Accordingly, investors—especially those approaching or in retirement—should remain mindful of these risks and carefully assess both their willingness and capacity to endure potential market drawdowns and elevated volatility.

For equity selection, quality mid- and small-cap stocks currently trade at more attractive valuations than their S&P 500 brethren and improving leadership in these areas supports our expectation for further market broadening. **This environment offers meaningful diversification and stock-selection opportunities beyond mega-cap technology.**

Concluding Perspective

While *America First* policies, trade dynamics, and geopolitical risks contributed to higher volatility, they did not overwhelm underlying economic fundamentals or disciplined investment processes.

At **Raymond Capital Advisors**, we remain focused on constructing resilient portfolios designed to navigate evolving policy regimes, manage risk, and support long-term financial goals. As always, we appreciate your continued trust and welcome your questions.

Wishing you a healthy, prosperous, and successful 2026!

Geoff & Lance

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