

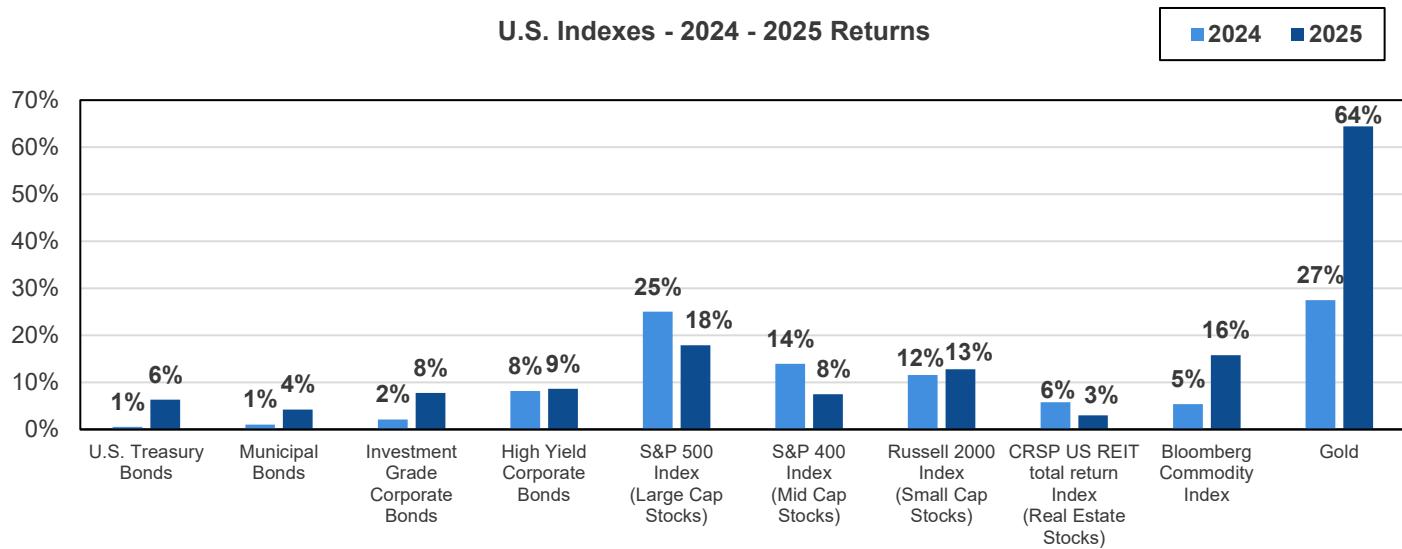
2025 YEAR END REVIEW



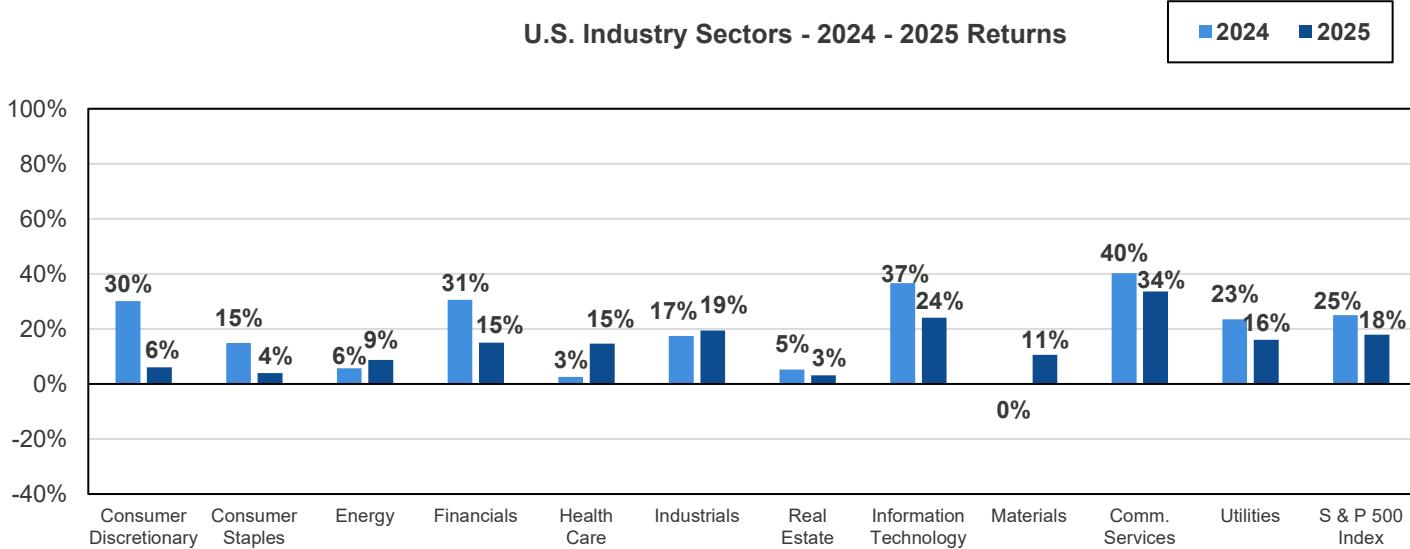
US MARKETS

2025 was another positive year for investors. This marks the third consecutive year of good growth across the markets. Continued uncertainty propelled gold to record highs, but all asset categories finished the year in positive territory.

The following is a look at the past two years in the U.S. markets:



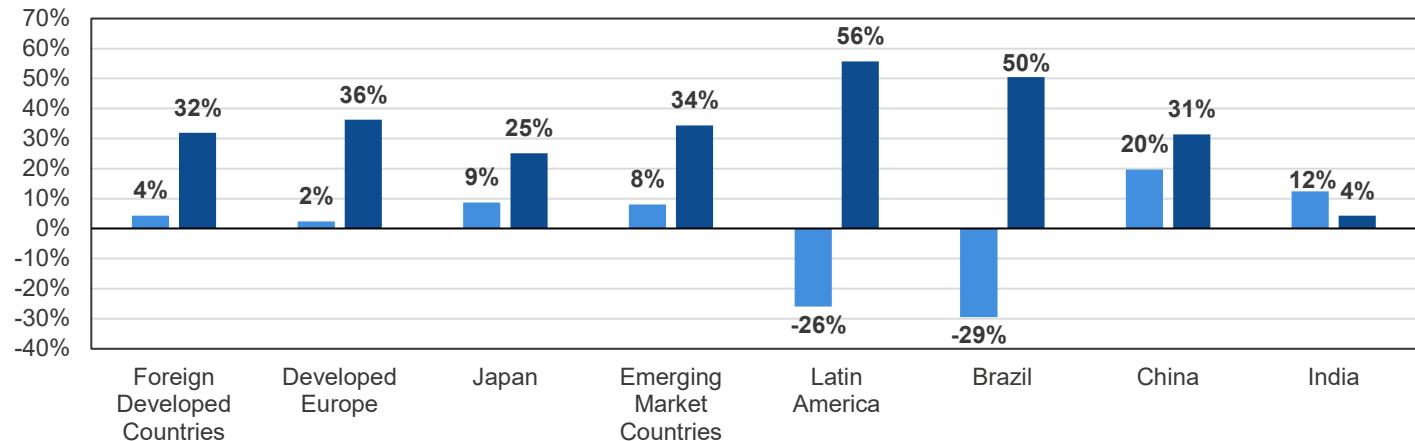
The economy benefited most sectors, with Information Technology and Communication Services stocks leading the way.



INTERNATIONAL MARKETS

International stock markets outperformed the U.S., with both developed and emerging markets performing well. Much of the outperformance (over U.S.) was attributed to a falling U.S. dollar.

International Equity Markets - 2024 - 2025 Returns



S&P 500
total return has
been **POSITIVE** in
74 of the past
100 YEARS.

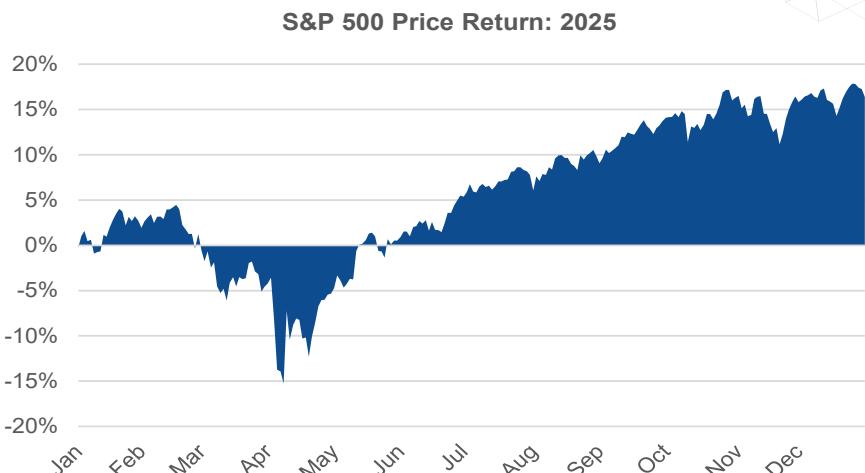
		2018	
		2000	
		1990	
		1981	
		1977	
		1969	
		1962	
		1953	
		2022	1946
		2001	1940
		1973	1939
		2002	1966
			1934
2008	1937	1974	1957
1931	1930	1941	1929
-40% to	-30% to	-20% to	-10% to
-50%	-40%	-30%	-20%
-10%			
1	2	3	6
			14

2025	2020	2016	2014	2024	2023	2010	2021
2015	2006	2017	2019				
2011	2004	2009	2013				
2007	1988	2003	1997				
2005	1986	1999	1995				
1994	1979	1998	1991				
1993	1972	1996	1989				
1992	1971	1983	1985				
1987	1968	1982	1980				
1984	1965	1976	1975				
1978	1964	1967	1955				
1970	1959	1963	1950				
1960	1952	1961	1945				
1956	1949	1951	1938	1958			
1948	1944	1943	1936	1935	1954		
1947	1926	1942	1927	1928	1933		
0% to	+10% to	+20% to	+30% to	+40% to	+50% to		
+10%	+20%	+30%	+40%	+50%	+60%		
15	21	18	15	3	2		

The S&P 500 (total return including dividends) was up 17.9% during the year. This was the 59th time since 1926 that it rose more than 10% during a calendar year. Looking over a longer time period we see that the S&P 500 has been positive in 74 of the past 100 years meaning that 74% of those years (1926 – 2025) have shown positive returns. That percentage holds for the 2000's as well, with 20 of 26 years showing positive returns (2000 – 2025).

S&P 500

The S&P 500 price only index (excluding dividends) showed some volatility during the year, declining to negative 15% during the April tariff announcements before rebounding to end the year with double digit gains.

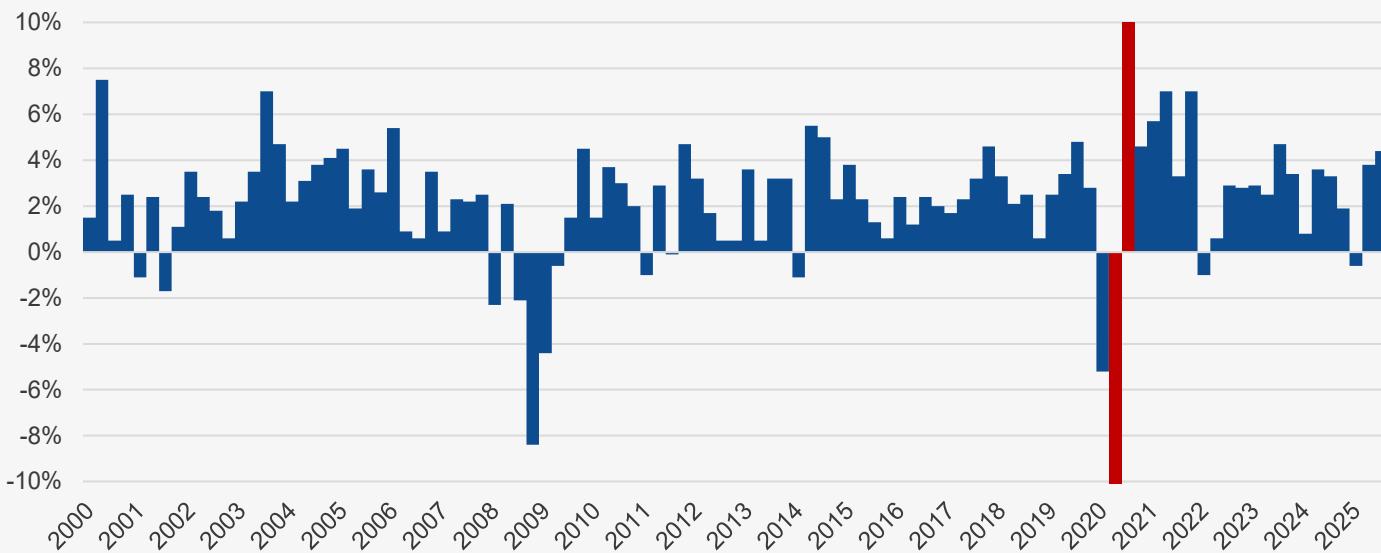


THE ECONOMY HAS GROWN IN **18 OF THE PAST 20 QUARTERS** POST PANDEMIC.

GDP

The U.S. economy continued its steady growth. The economy, as measured by the Gross Domestic Product (GDP), slowed in the 1st quarter of 2025 but has roared back with above average growth in the 2nd and 3rd quarters. Economists are mixed in their projections for 2026 but most are in the camp of continued growth.

Quarterly Real GDP Growth: 2000-2025

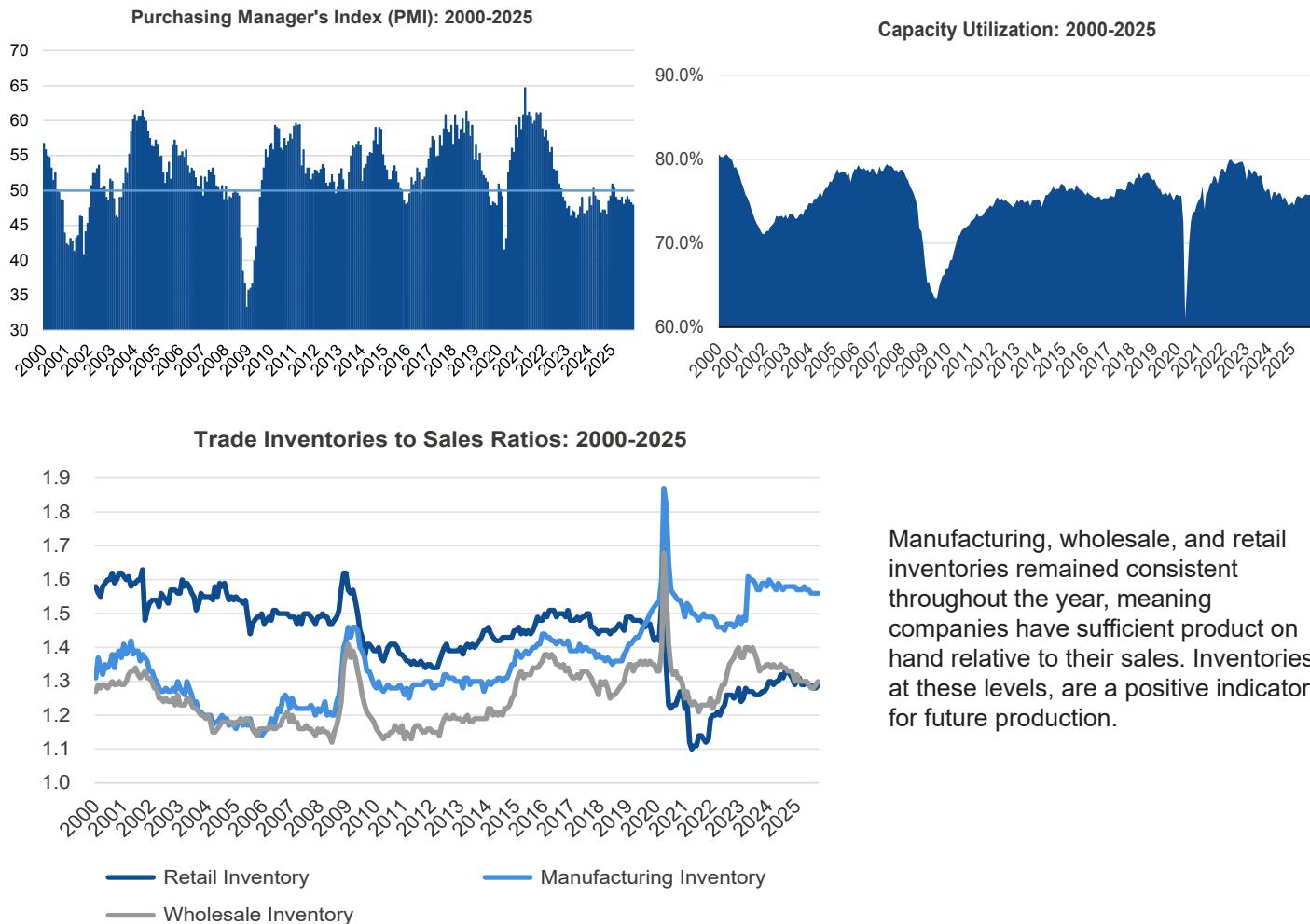


* Data extends beyond range shown

MANUFACTURING

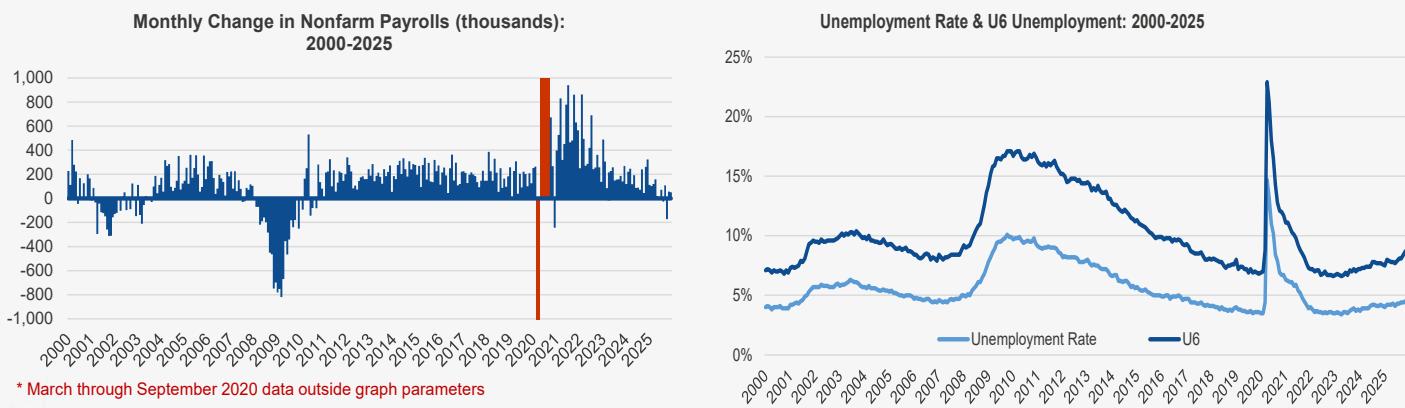
We continue to keep an eye on the PMI reading (Purchasing Managers Index) which has been below 50 for 35 of the past 38 months. When the index is above 50 it signals an expansion in the manufacturing sector, while a reading below 50 indicates a contraction.

The capacity utilization rate bounced around 75% for the entire year. This signals that factories have available capacity as the economy grows.



EMPLOYMENT

Employment continues to be a concern. The U.S. economy only added 584,000 new jobs in 2025, the lowest since the 2020 pandemic year. The official unemployment rate rose slightly to 4.4% during the year. The U6 rate, which is the broadest measure of those unemployed, ended the year at 8.4%.

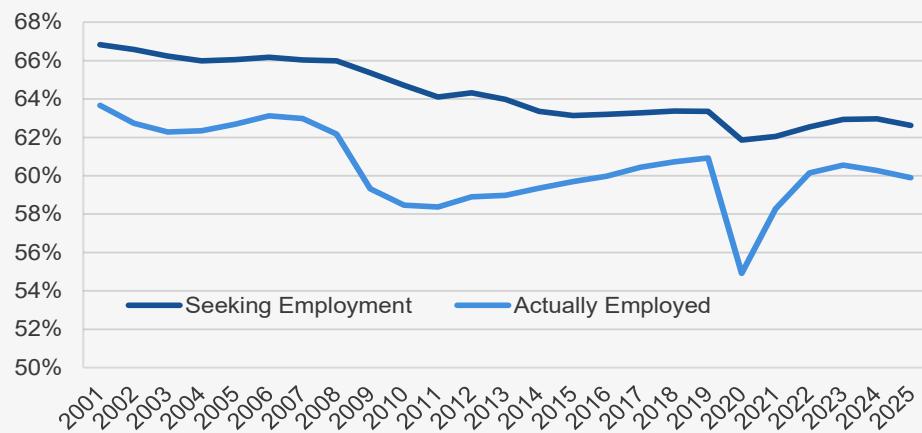


EMPLOYMENT

Another way to analyze the employment situation is to look at the raw data. There are 273 million working age people in the U.S. Of those, 171 million "want to work". Of those 171 million persons wanting to work, 164 million are currently employed, leaving 7 million unemployed. An alternative way to look at the data is that there are 102 million people of working age who do not "want to work" – which is 3 million more than last year - (age, in school, stay at home parent, etc.) plus another 7 million people who want to work but are not employed.

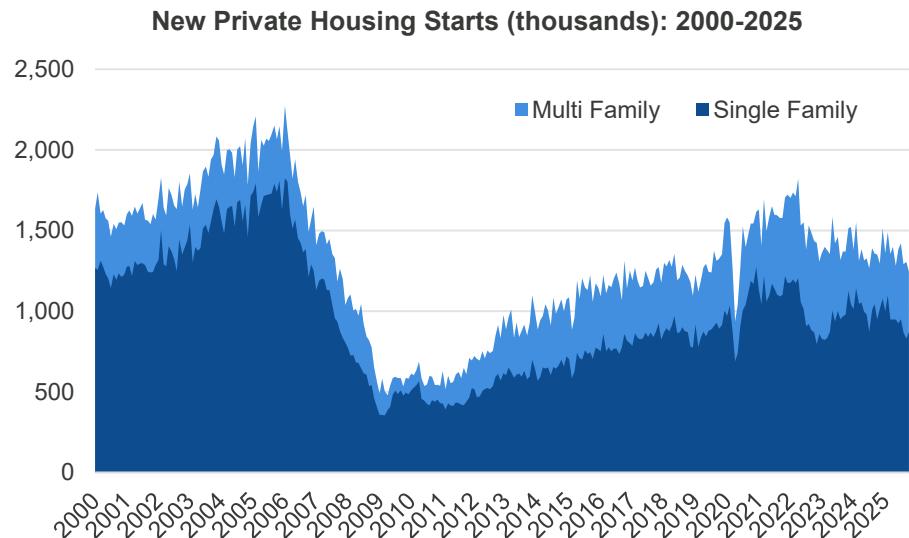
**% of Population age 16 and over Seeking Employment
vs Actually Employed: 2000-2025**

We can also look at the data to view the percentage of individuals wanting to work with the percentage actually employed. Currently, 62.6% of the U.S. eligible population wants to work and 59.9% are working. Job openings are currently equal to the number of persons unemployed, meaning mismatching of skills to job openings continues to be a concern for employers.

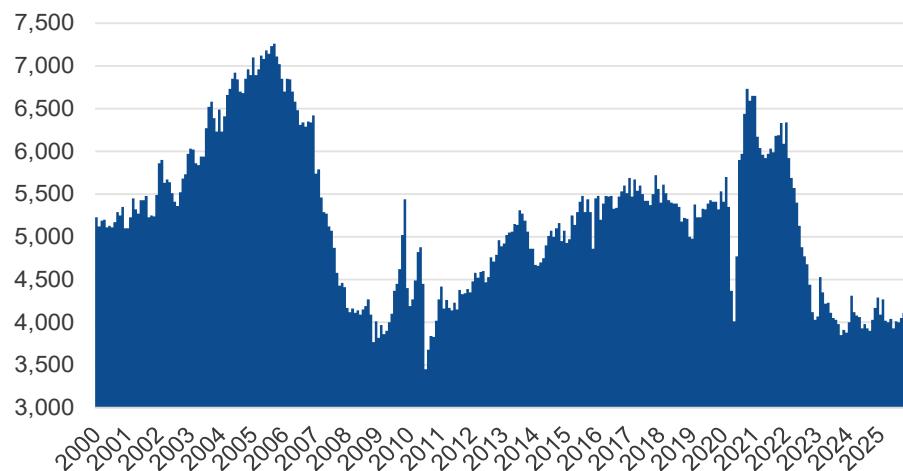


HOUSING

Monthly new home starts remain flat, as mortgage rates continue to be a headwind to the residential housing market.



Existing Home Sales (thousands): 2000-2025



Monthly sales of existing homes followed the same pattern, averaging just 4.1 million per year which is about the same as in 2024.

HOUSING

30 Year Fixed Rate Mortgage: 2000-2025

The interest rate on a 30-year fixed rate mortgage started the year at 6.85%, hit a high of 7.04% in January and finished the year at 6.15%. Rates have remained above 6% since September 2022. Falling mortgage rates could be a catalyst for the housing market.



Case-Shiller Home Price Index Year over Year Change:
2000-2025

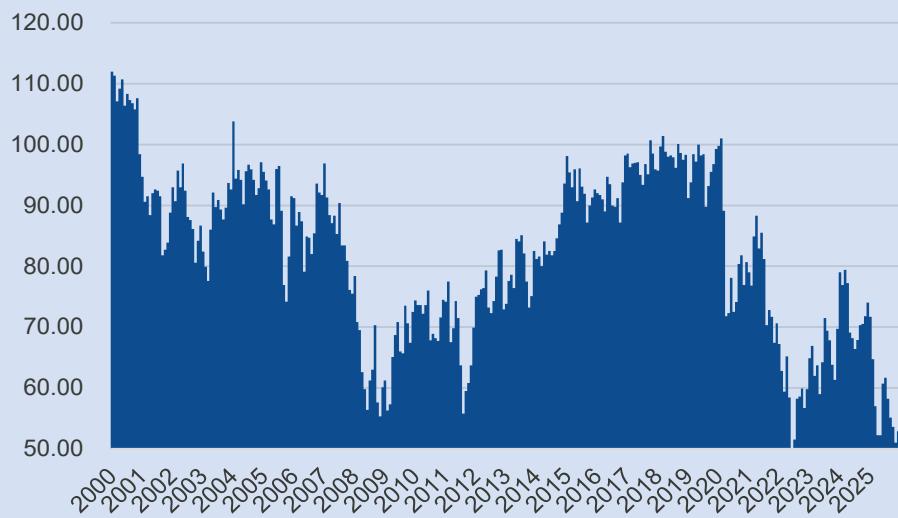


The average price of a home in the U.S. increased by 1.4% in 2025. This is the lowest annual increase since 2011.

CONSUMER SENTIMENT

University of Michigan Index of Consumer Sentiment:
2000-2025

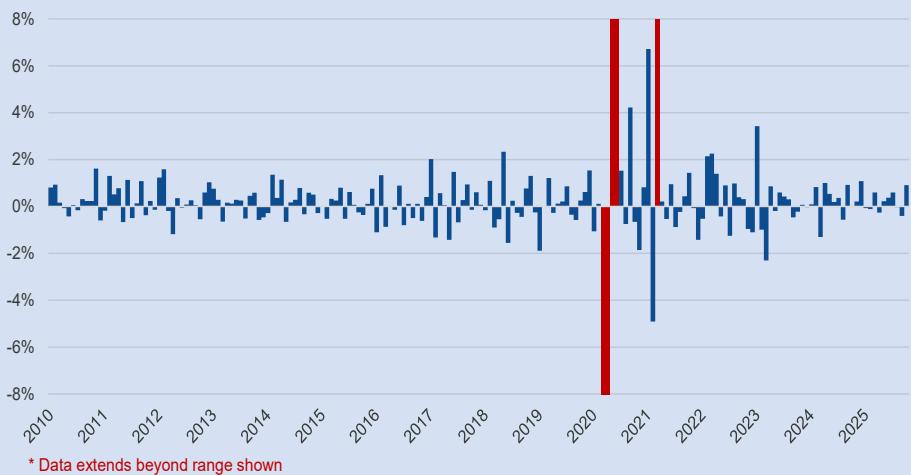
As one might expect, consumer sentiment, as measured by the University of Michigan monthly survey, continued to fluctuate, starting the year at 74, falling to a low of 51 before ending the year at 52.9. Readings in the 60's are low by historical standards.



CONSUMER SALES

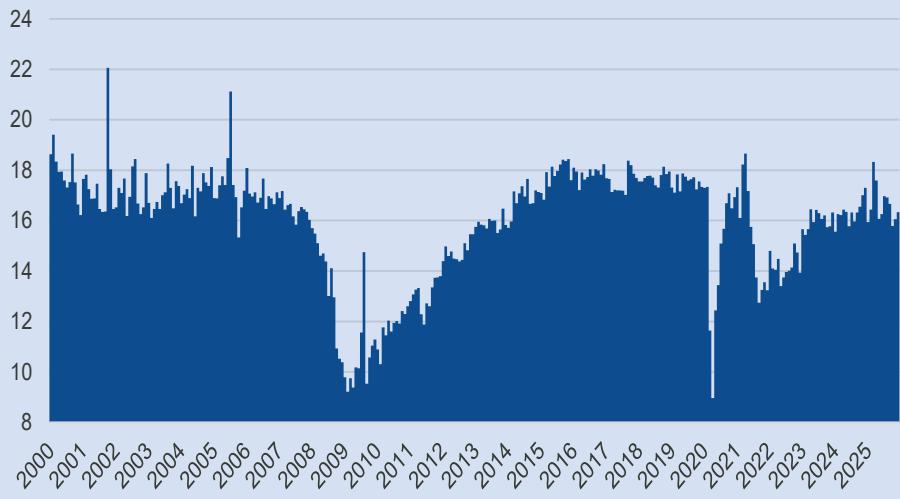
Month over Month Change in Sales: 2010-2025
General Merchandise, Apparel, Furniture, & Other

Retail sales grew by 3% year over year in 2025 which is in line with prior years.



Total Vehicle Sales (millions): 2000-2025

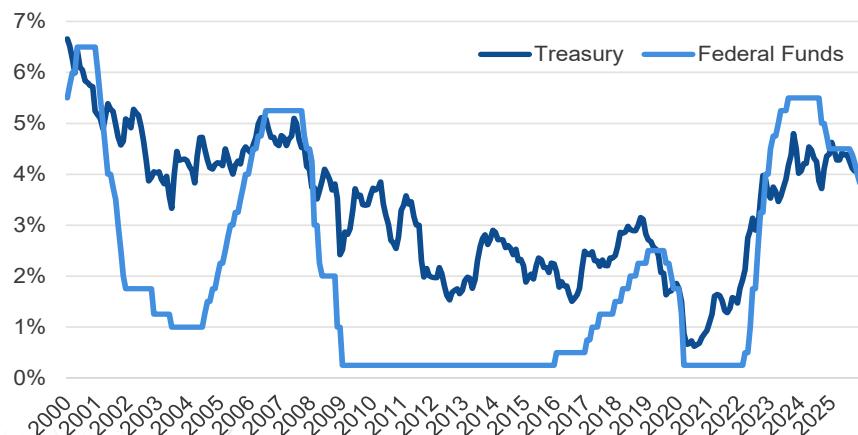
Sales of new vehicles remained steady during the year. New vehicles sold at an annualized pace of 16 million vehicles which is on pace with 2024.



INTEREST RATES

The Federal Reserve lowered the Fed Funds rate three times in 2025 on top of three cuts in 2024, lowering it from 5.5% to 3.75% over the past two years. Future Fed Fund rate cuts will be dependent inflation and employment data. Longer term rates (10-year Treasury rates) are determined by market forces and started the year at 4.58%, hit a low of 3.97%, before ending the year at 4.18%.

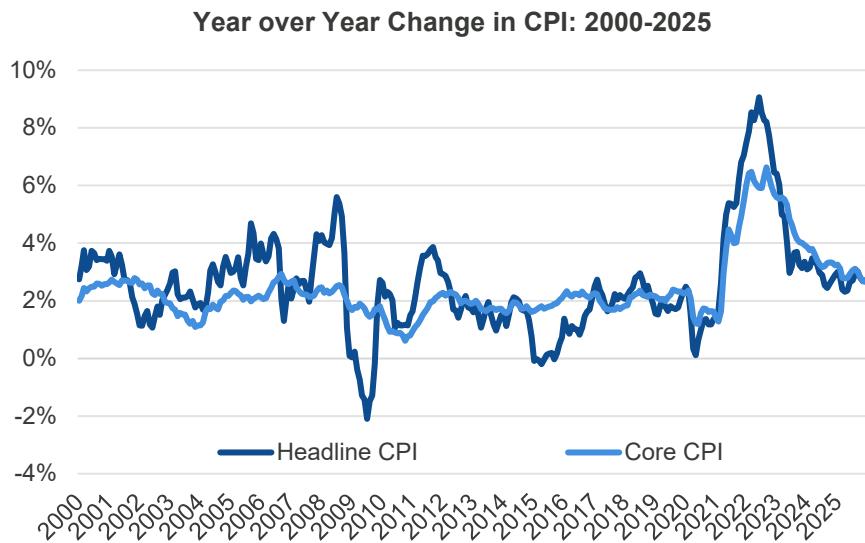
10 Year Treasury Rate and Federal Funds Rate: 2000-2025



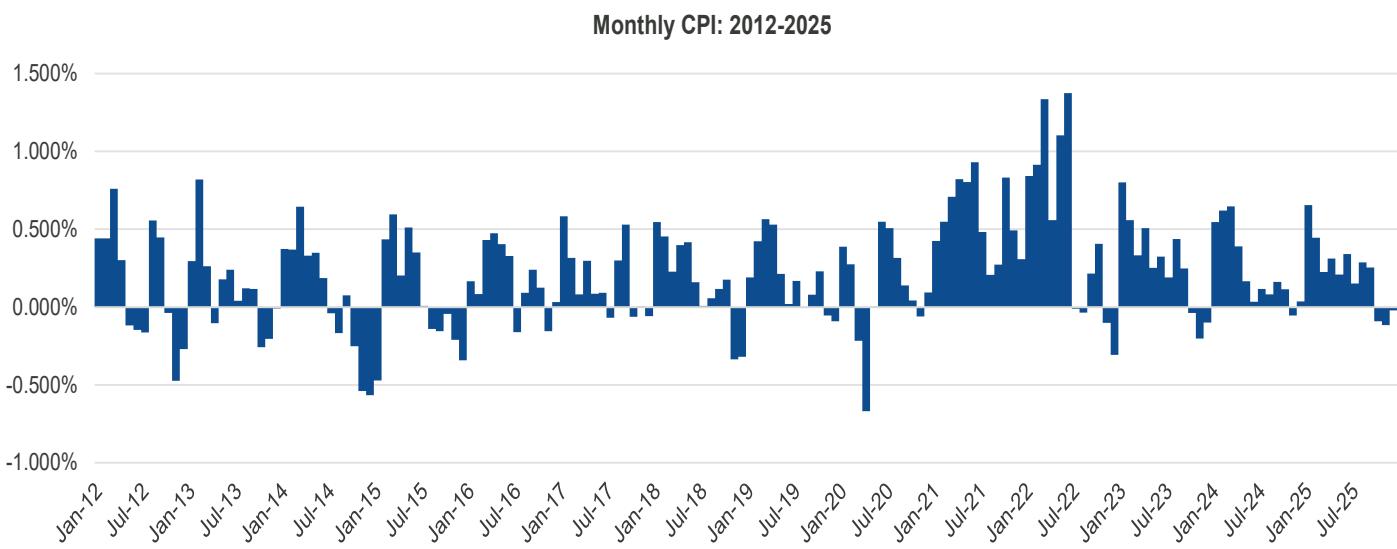
THE FEDERAL RESERVE
LOWERED RATES
THREE TIMES IN
2025, CONSISTENT
WITH 2024.

INFLATION

The major economic story of 2025 continued to be inflation. While the rate of increase in inflation is falling, prices are still rising. Both headline inflation (which includes food and energy) and core inflation (which excludes food and energy) have been stabilizing but remain above the Fed's target rate of 2%. Headline inflation started the year at 2.9% and dropped to 2.7% by the end of the year. Core inflation had a bigger drop, starting the year at 3.2% before ending the year at 2.7%.

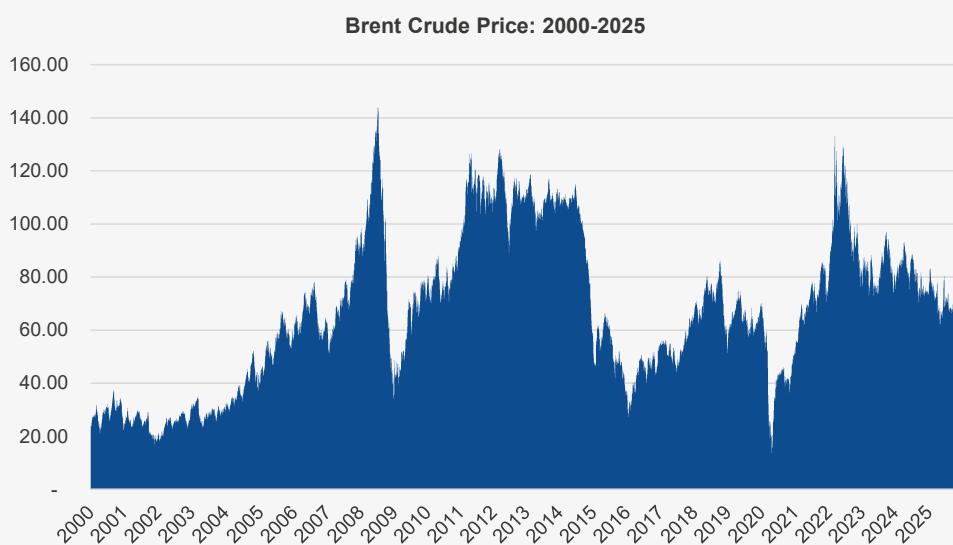


The inflation data above is computed on a year over year basis (ie. December, 2025 to December, 2024) Another way to look at inflation is on a month over month basis which computes how much inflation is continuing to rise (rather than comparing to one year ago). On this measure, inflation data may indicate the worst of inflation is behind us.



OIL

The price of a barrel of oil started the year at \$74, rose to a high of \$83, spent the majority of the year in the \$60s and ended the year at \$61.



US DOLLAR

The U.S. dollar fell 7.2% against other world currencies during the year. Given the run up in value in 2024 of the U.S. dollar is back in line with its 10-year average. A weaker U.S. dollar makes our exports less expensive to foreign markets and imported items more expensive to U.S. consumers.

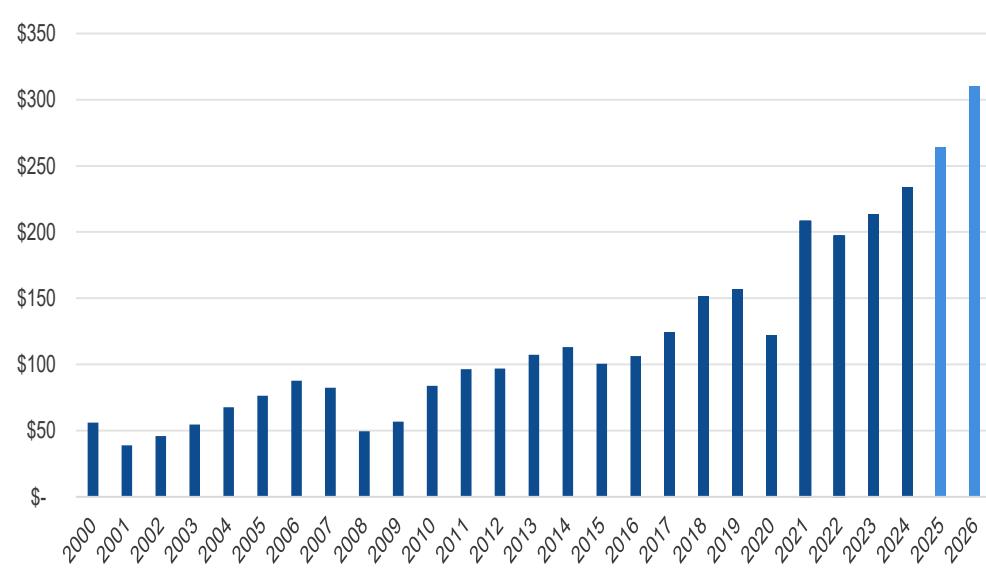


STOCKS

Returns on stocks are a function of corporate earnings, expansion/contraction in the Price to Earnings (PE) ratio and dividends. As the stock market rises, attention needs to be paid to "why"?

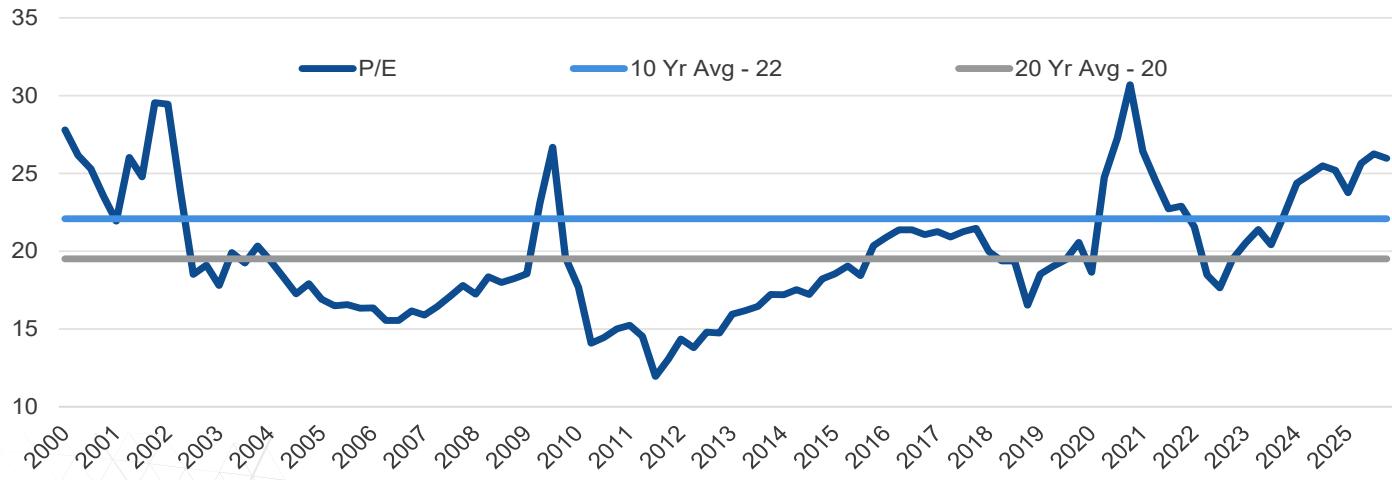
Corporate profits have been a big tailwind to the stock market. The S&P 500 Companies' earnings are projected to increase 13% in 2025 over 2024 earnings. Current estimates call for 2026 earnings to increase 18% over 2025.

The market views the current administration as more business friendly than its predecessor.

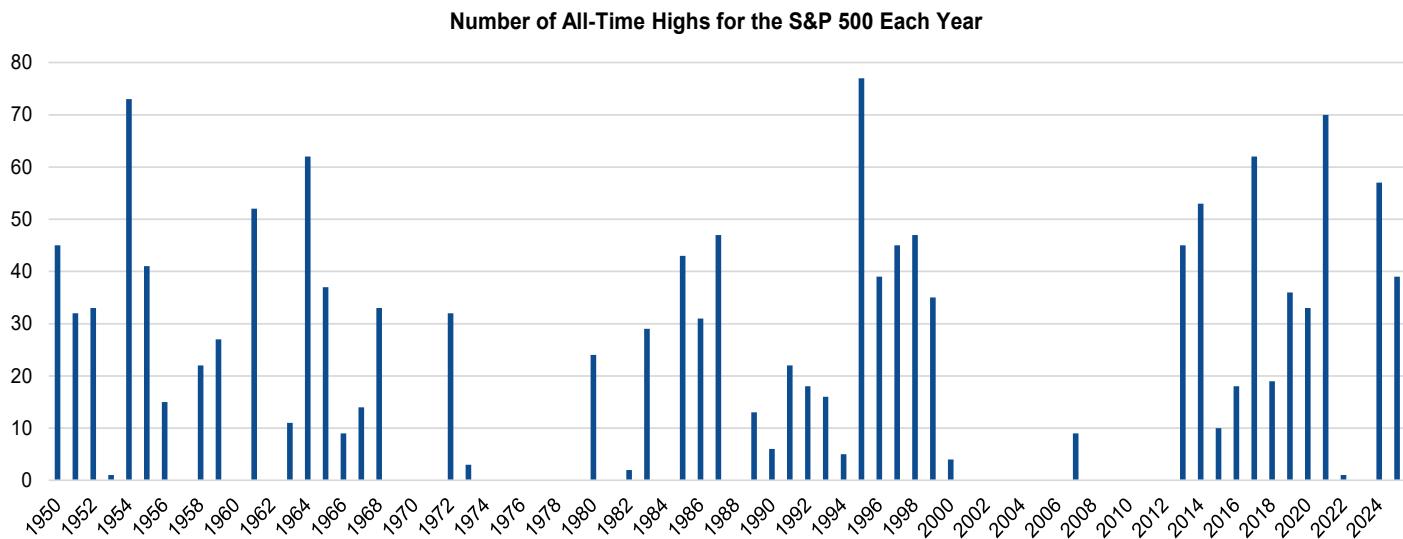


Along with the rise in corporate profits, the S&P 500 Price to Earnings (PE) ratio increased from 25 to 26 during the year. That puts current levels 18% and 30% above the 10-year and 20-year averages, respectively. This leads us to believe that further expansion in the PE ratio may be muted.

S&P 500 P/E Ratio to Historical Averages: 2000-2025



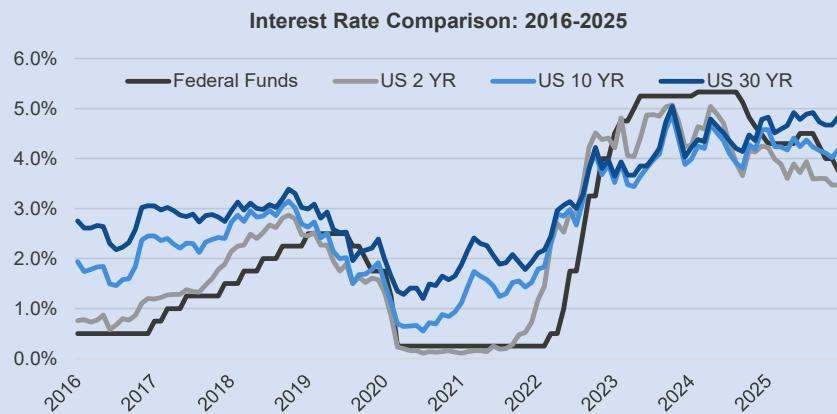
With the PE ratio elevated, one has to wonder how high can the stock market go? During 2025 the S&P 500 hit 39 new record highs after hitting 57 in 2024. Hitting an all time high as proven to be a poor predictor of the market's future performance.



One of the concerns expressed by doubters of the stock market is the disproportionate impact of the magnificent 7 stocks - the largest 7 stocks in the S&P 500. These seven stocks represent 33% of the total market cap and thus have an outsized effect on overall performance. Yet, in 2025 only two of the mag-7 stocks outperformed the overall S&P 500 index. In addition, in November only 32% of U.S. stocks were above their 50-day moving average, while today 70% of the stocks are. This signals the market has broadened out which is bullish for the markets.

BONDS

The bond market is a totally different market. Interest rates are relatively high across the board. With the cuts in the Fed Funds rate, the yield curve is no longer inverted. This has usually been a good sign for the economy, and has dampened talks of a recession.



RECAP

The markets rewarded investors again in 2025. The U.S. stock market provided double digit returns for the 6th time out of the past 7 years. Interest rates rewarded investors as rates remained elevated. We believe in our investment strategies for the long term and stayed on course in spite of the worrisome headline news, and were rewarded for doing so. The year brought wealth transfer opportunities for our clients which we capitalized on as the situation warranted.

At **JVL Wealth Strategies**, our mission is to create a financial strategy that helps our clients withstand the ups and downs of the markets. Our role is to prepare our clients for all economic and market conditions. Our planning and strategies are built to withstand market uncertainties. While we cannot control the news or the events and actions that affect the markets around the world, we can control the strategies and the planning to prepare our clients for the uncertainties the world has to offer. We are planners not predictors.

We deeply value the trust our clients place in us. If you know of someone who could benefit from our experience, please let us know. You can learn more about us at www.jvlwealth.com. Feel free to pass the link along.

REFERENCES AND DISCLOSURES

- [1] Information obtained from YCharts.com: Bloomberg US Treasury (^BBUSTTR), Bloomberg Municipal Bond (^BBMBTR), Bloomberg US Corporate (^BBUSCOTR), Bloomberg US Corporate High Yield (^BBUSCOHYTR), S&P 500 Total Return (^SPXTR), S&P 400 Total Return (^SP400TR), Russell 2000 Total Return (^RUTTR), CRSP US REIT Index Total Return (^CRUSREITTR), Bloomberg Commodity Index Total Return (^BCTR), & S&P GSCI Gold (^SG5C)
- [2] Information obtained from YCharts.com: S&P 500 Consumer Discretionary (Sector) Total Return (^SPXCNDSTR), S&P 500 Consumer Staples (Sector) Total Return (^SPXCNSSTR), S&P 500 Energy (Sector) Total Return (^SPXNRGSTR), S&P 500 Financials (Sector) Total Return (^SPXFINSTR), S&P 500 Health Care (Sector) Total Return (^SPXHCSTR), S&P 500 Industrials (Sector) Total Return (^SPXINSTR), S&P 500 Real Estate (Sector) Total Return (^SRTR), S&P 500 Information Technology (Sector) Total Return (^SPXIFTSTR), S&P 500 Materials (Sector) Total Return (^SPXMSTR), S&P 500 Communication Services (Sector) Total Return (^SPXCMVSTR), S&P 500 Utilities (Sector) Total Return (^SPXUSTR), & S&P 500 Total Return (^SPXTR)
- [3] Information obtained from YCharts.com: MSCI EAFE Total Return (^MSEAFETR), MSCI Europe Total Return (^MSEURTR), MSCI Japan Total Return (^MSJPTR), MSCI Emerging Markets Total Return (^MSEMTR), MSCI Emerging Markets Latin America Total Return (^MSEMLATR), MSCI Brazil Total Return (^MSBRTR), MSCI China Total Return (^MSCNTR), & MSCI India Total Return (^MSINTR)
- [4] Information obtained from YCharts.com: S&P 500 Total Return (^SPXTR)
- [5] Information obtained from YCharts.com: S&P 500 (^SPX)
- [6] Information obtained from YCharts.com: US Real GDP QoQ (I:USRGDPG)
- [7] Information obtained from YCharts.com: US ISM Manufacturing PMI (I:USPMI)
- [8] Information obtained from YCharts.com: US Capacity Utilization: Manufacturing (I:USCUM)
- [9] Information obtained from YCharts.com: US Retail Trade Inventory/Sales Ratio (I:USTRTISR), US Manufacturers Inventory/Sales Ratio (I:USTMISR), & US Wholesalers Inventory/Sales Ratio (I:USTWISR)
- [10] Information obtained from YCharts.com: US Nonfarm Payrolls MoM (I:USCNP)
- [11] Information obtained from YCharts.com: US Unemployment Rate (I:USUR)
- [12] Information obtained from the U.S. Bureau of Labor Statistics website: <https://www.bls.gov>
- [13] Information obtained from FRED: "FRED, Housing Starts: Total: New Privately Owned Housing Units Started, Seasonally Adjusted Annual Rate , U.S. Bureau of the Census, Thousands of Units" & "FRED, Privately Owned Housing Starts: 1-Unit Structures, Seasonally Adjusted Annual Rate , U.S. Bureau of the Census, Thousands of Units"
- [14] Information obtained from YCharts.com: US Existing Home Sales (I:USEHS)
- [15] Information obtained from YCharts.com: 30 Year Mortgage Rate (I:US30YMR)
- [16] Information obtained from YCharts.com: Case-Shiller Home Price Index YoY (I:CSHPINYY)
- [17] Information obtained from YCharts.com: US Index of Consumer Sentiment (I:USCS)
- [18] Information obtained from United States Census Bureau website: <https://www.census.gov>
- [19] Information obtained from YCharts.com: US Total Vehicle Sales (I:USAS)
- [20] Information obtained from FRED: "FRED, Federal Funds Effective Rate, Not Seasonally Adjusted , , Percent" & "FRED, Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis, Not Seasonally Adjusted , , Percent"
- [21] Information obtained from YCharts.com: US Consumer Price Index: All Items Less Food and Energy YoY (I:USCPIASMQ) & US Consumer Price Index YoY (I:USCPIYY)
- [22] Information obtained from YCharts.com: US Consumer Price Index (I:USCPHX4T)
- [23] Information obtained from YCharts.com: Brent Crude Oil Spot Price (I:BCOSPINK)
- [24] Information obtained from YCharts.com: Trade Weighted US Dollar Index: Broad, Goods and Services (I:TWUSDIBG)
- [25] Information obtained from S&P Dow Jones Indices website: <http://us.spindices.com/indices/equity/sp-500>
- [26] Information obtained from S&P Dow Jones Indices website: <http://us.spindices.com/indices/equity/sp-500>
- [27] Information obtained from YCharts.com: S&P 500 (^SPX)
- [28] Information obtained from YCharts.com: 2 Year Treasury Rate (I:2YTCMR), 10 Year Treasury Rate (I:10YTCMR), & 30 Year Treasury Rate (I:30YTCMR)

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