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Freedom market commentary

Q2 2025

After a rapid selloff at the start of the quarter caused by President Donald Trump unveiling a new, aggressive posture on tariffs, global equity markets rebounded quickly then surged while fixed income remained relatively flat.

SECOND QUARTER HIGHLIGHTS

- Rebound follows tariff shock
- Inflation slows, jobs soften
- Fed awaits potential impacts

Trump shocked markets at the start of the quarter by announcing a substantial shift from the US's historically pro-free-trade policies. Using the presidency's expansive trade powers, Trump outlined imminent minimum tariffs in addition to additional tariffs on individual nations' imports based on trade imbalances. The S&P 500 TR slid 12.1% before bottoming out four days later, and the fear of the tariffs' inflationary effects created cause for concern in the bond markets.

Soon enough, between delays, softening rhetoric and ongoing negotiations, the market rebounded and rallied. And while the US's average tariff may still settle three to five times higher

WHO WANTS A WEAK DOLLAR?

On New Year's Day, you could buy a euro for $1.04. By the end of the second quarter, the same note would set you back $1.17. In global terms, the US dollar weakened by 10.7% of its value relative to other sovereign currencies, according to the ICE US Dollar Index.

This fall comes off the dollar's meteoric rise in 2022 caused by a tightening money supply and increasing foreign investment in US companies. Sweeping changes to US trade policy and expected reductions in interest rates have brought the dollar closer to historical norms, though it remains somewhat elevated.

But is this weaker dollar bad? Is it good? As the domestic purchasing power of a healthy currency is relatively stable – exchange rates are much more volatile than local prices – it depends on how you're positioned in the global economy.

If you import goods, a weak dollar means that something that cost you $1 six months ago might cost you $1.11 today, cutting into profits. Consumers who only buy domestic goods can also suffer, as competition from imports tends to keep domestic producers' prices lower.

If you're a producer exporting goods, a weak dollar is good for you, since it means your overseas clients will get more for their money and can buy more. US producers who don't export also benefit, as fewer imports and more demand on domestic competitors' products makes it easier to raise prices.

From investors' perspectives, US investors selling foreign securities enjoy a weak dollar while US investors buying foreign securities suffer under it.

In practice, the effects of currency fluctuations are muddled. Domestic export manufacturers regularly import raw materials. Foreign buyers regularly trade and store value in US dollars, particularly in light of the dollar's status as a global reserve currency. So, the tide may come or it may go, but we all have to swim in our particular piece of the ocean.

than its prior stance, the S&P 500 TR closed the quarter up 10.9% while monthly inflation reports have been neutral to positive, and the ongoing cooling trend continued.

The Federal Reserve held the benchmark interest rate steady, delaying expected rate cuts and keeping its powder dry in case tariffs cause inflation to reaccelerate. Meanwhile, the employment rate has remained strong despite softer job creation numbers and elevated unemployment claims. First quarter gross domestic product estimates showed a half a percent contraction in the first quarter, though a significant portion of that has been attributed to importers buying excess inventory ahead of tariffs. Presumably, once that inventory is sold, it will be reflected in quarterly GDP estimates to come.

Meanwhile, geopolitical turmoil – the ongoing wars in Ukraine and Gaza, and an attack on Iran by Israel joined by the US – created moments of short-lived volatility.

EQUITY

Returning to familiar form, large-cap growth stocks led the equity market. The Russell 1000 Growth index gained 17.8% this quarter compared to the Russell 1000 Value index's 3.8%. AI-themed stocks rebounded from first-quarter fears of overinvestment and Chinese competition and continue to spend heavily in what many in the industry consider a race with winner-take-all stakes. Information technology gained 23.7% and communications services gained 18.5% to lead among the 11 sectors tracked by S&P 500 sector specific indices.

Outside of tech, industrials (+12.9%) and consumer discretionary (+11.5%) also saw double-digit gains. Only energy (-8.6%), healthcare (-7.2%) and real estate (-0.1%) took losses. The energy sector has suffered under low prices. Performance of real estate securities has been highly contextual, with data centers going strong and commercial leasing lagging.

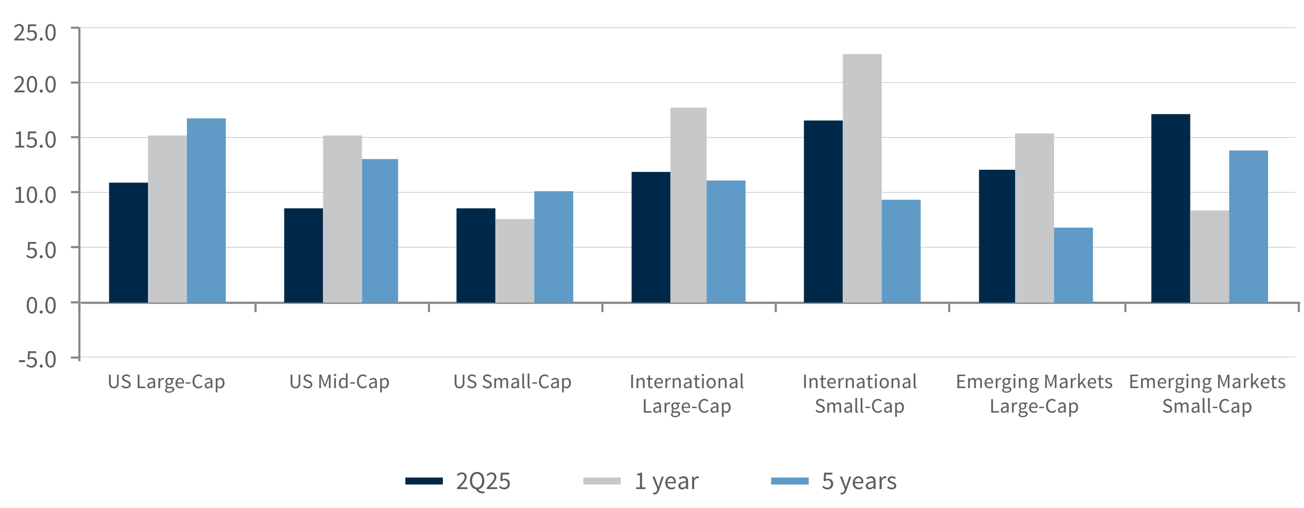
More defensive corners of the US market were left behind, as evidenced by the performance of the consumer staples sector, which gained just 1.1% for the quarter; the S&P 500 Dividend Aristocrats recorded -0.8% for the quarter.

Non-US equity had a strong first quarter, amplified for US investors by a weaker US dollar, which lost 7% of value relative to other currencies in the second quarter. Europe has committed to increased military spending and production, and Germany removed its fiscal "debt brake" in the first quarter, boosting investor sentiment. German equity markets, in aggregate, gained 16.3% in US dollars in the second quarter. In euros, this performance is roughly at par with US large cap stocks.

The MSCI EAFE index, which tracks large-cap stocks in non-US, developed economies, finished up 11.8% in terms of US dollars. The MSCI Emerging Markets index tallied a 12.00% gain in US dollars. Developed market and emerging market small caps and defensive stocks also recorded strong gains.

EQUITY RETURNS

Source: Morningstar as of 6/30/2025



EQUITY POSITION IN FREEDOM PORTFOLIOS

Taking advantage of buying opportunities amid the volatility of the second quarter, Freedom portfolios increased exposure to equity, reaching a neutral allocation relative to each portfolio's benchmark.

Freedom remains overweight in US equity, reflecting the region's stronger fundamentals and profitability. The AMS Investment Committee favors fundamental analysis over technical considerations like currency and sentiment, so Freedom remains overweight in US equity, based on fundamentals. Freedom remains overweight large-cap equity and slightly overweight small- to mid-cap equity. Large caps continue to demonstrate strong earnings and fundamentals, while small- and mid-caps remain attractively priced relative to risk.

The AMS Investment Committee believes that strong diversification will continue to be rewarded on a risk-adjusted basis in a chaotic market, resisting the trap of overexposure to a handful of high-flyers.

FIXED INCOME

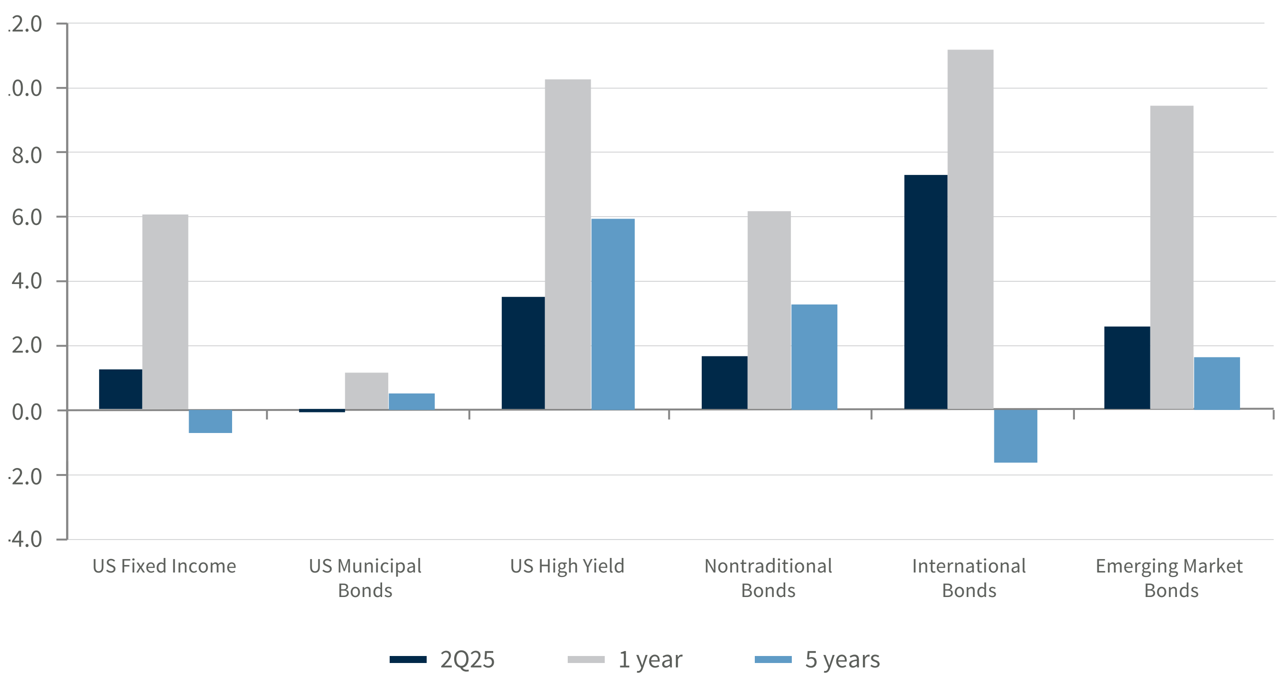
Treasury yields dove briefly in the wake of Trump's tariff announcements, rebounded quickly and then created some headlines related to national debt concerns, but bonds markets held steady through the quarter. Fixed income returned 1.2%, according to the Bloomberg U.S. Aggregate Bond index. Treasury yields are generally down across all maturities compared to the start of the year.

The Federal Open Market Committee disappointed both the White House and eager investors by holding the benchmark interest rate steady, a cautious approach motivated by the potential impacts of major trade and fiscal policy changes, Federal Reserve Chairman Jermone Powell said.

US owners of foreign debt, as with equity, benefited from a weakening dollar.

FIXED INCOME RETURNS

Source: Morningstar as of 6/30/2025

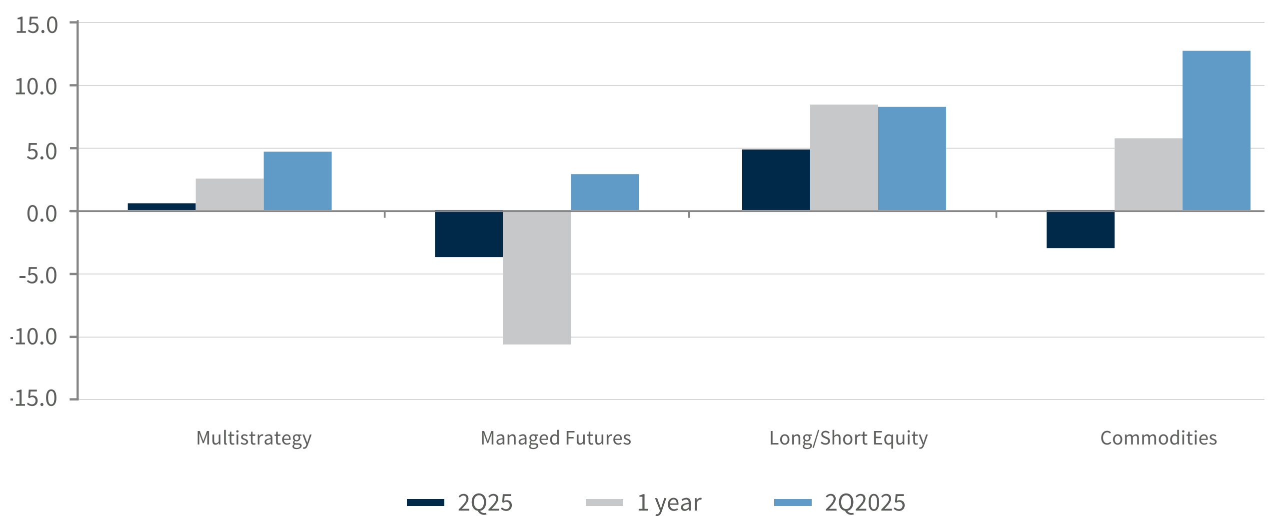


FIXED INCOME POSITIONING IN FREEDOM PORTFOLIOS

The AMS Investment Committee continued to trim Freedom's exposure to fixed income, normalizing the overweight to bonds. Yields continue to be attractive from a risk-adjusted perspective, but the growth case has dwindled as the Federal Reserve has kept interest rates steadier for longer, and there is no longer a compelling case that yields will significantly decline even with interest rate cuts. Yields on the 10-year Treasury have remained steady between 4.0% and 4.5%; the AMS Investment Committee believes interest rates will settle near 4.0%.

ALTERNATIVE INVESTMENTS RETURNS

Source: Morningstar as of 6/30/2025



AMS INVESTMENT COMMITTEE OUTLOOK

Headline- and policy-driven volatility aside, the US economy continues to demonstrate a capacity for healthy growth. A slowdown from higher interest rates has been expected for some time, and we may see those effects emerge, as well those caused by changes in fiscal and trade policy. In recent years, US gross domestic product growth has been at around 3.0%. The AMS Investment Committee thinks it will cool to around 2.0% through 2025.

Based on current conditions, the AMS Investment Committee believes the Federal Reserve will make two rates cuts by the end of the year. A reacceleration of inflation could further delay the cuts. A substantial weakening of the job market could move up the schedule.

The AMS Investment Committee continues to watch corporate earnings, as estimates were revised downward earlier this year. Unless earnings improve, equity gains could be limited.

In recent years, Freedom has been underweight in equity and overweight in bonds, but has shifted to a more neutral posture through 2025, using short-term volatility as trading opportunities.

The AMS Committee believes this market environment remains a friend to the diversified allocation, and will continue to balance risk, seek trading opportunities aligned with long-term goals and avoid the trap of chasing a handful of high-flying assets.

DISCLOSURE

The foregoing content reflects the opinions of Raymond James Asset Management Services and is subject to change at any time without notice. Content provided herein is for informational purposes only. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct. The charts and tables presented herein are for illustrative purposes only and should not be considered as the sole basis for your investment decision.

Indices and peer groups are not available for direct investment. Any investor who attempts to mimic the performance of an index or peer group would incur fees and expenses that would reduce returns. Asset allocation and diversification does not ensure a profit or protect against a loss. There is no assurance that any investment strategy will be successful.

Further information on the funds selected for the Freedom portfolios is available by prospectus, which can be obtained through your financial advisor. Investors should carefully consider the investment objectives, risks, charges and expenses of mutual funds and exchange traded funds before investing. The prospectus contains this and other information about the funds and should be read carefully before investing. All investments are subject to risk, including loss.

You should understand that the annual advisory fee charged in these programs is in addition to the management fees and operating expenses charged by mutual funds and exchange traded funds if applicable. These additional considerations, as well as the fee schedule, are listed more fully in the Client Agreement and the Raymond James & Associate's Form ADV Part 2A.

It is important to review the investment objectives, risk tolerance, tax objectives and liquidity needs before choosing an investment style or manager. All investments carry a certain degree of risk and no one particular investment style or manager is suitable for all types of investors.

Additional risks may include:

- Fixed-income securities (or "bonds") are exposed to various risks including but not limited to credit (risk of default or principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code) and call risks.
- There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. Short-term bonds with maturities of three years or less will generally have lower yields than long term bonds which are more susceptible to interest rate risk.
- International investing involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility.
- Investing in emerging markets can be riskier than investing in well-established foreign markets. Emerging and developing markets may be less liquid and more volatile because they tend to reflect economic structures that are generally less diverse and mature and political systems that may be less stable than those in more developed countries.
- Investing in small-cap stocks generally involves greater risks, and, therefore, may not be appropriate for every investor. Stocks of smaller or newer or mid-sized companies may be more likely to realize more substantial growth as well as suffer more significant losses than larger or more established issuers.
- These portfolios may be subject to international, small-cap and sector-focus exposures as well. Accounts may have over weighted sector and issuer positions, and may result in greater volatility and risk.
- Alternative investments are generally considered speculative in nature and may involve a high degree of risk, particularly if concentrating investments in one or few alternative investments. These risks are potentially greater and substantially different than those associated with traditional equity or fixed income investments. The investment strategies used by certain funds may require a substantial use of leverage. The investment strategies employed and associated risks are more fully disclosed in each fund's prospectus, which is available from your financial advisor.
- Commodities trading is generally considered speculative because of the significant potential for investment loss. Among the factors that could affect the value of the fund's investments in commodities are cyclical economic conditions, sudden political events, changes in sectors affecting a particular industry or commodity, and adverse international monetary policies. Markets for precious metals and other commodities are

likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

- Specific sector investing, such as real estate, can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments.
- Companies in the technology industry are subject to fierce competition, and their products and services may be subject to rapid obsolescence.

INDEX AND PEER GROUP DESCRIPTIONS

These indices and peer groups are not available for direct investment. Any product which attempts to mimic the performance will incur expenses, such as management fees and transaction costs, that reduce returns.

Bloomberg U.S. Aggregate Bond Index (US Fixed Income): The index is a measure of the investment grade, fixed-rate, taxable bond market of roughly 6,000 SEC-registered securities with intermediate maturities averaging approximately 10 years. The index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS and CMBS sectors.

MSCI EAFE Index (International Large Cap): A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the United States & Canada. The index consists of the following 21 developed market countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom.

MSCI Emerging Markets Index (Emerging Markets Equities): The index captures large and mid cap representation across 24 Emerging Markets (EM) countries*. With 1,251 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. *EM countries include: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.

Morningstar US Fund Multistrategy: Funds in this category typically have a majority of their assets exposed to alternative strategies, but at a minimum, alternatives must comprise greater than 30% of the strategy's gross exposure. The category includes funds with static allocations to alternative strategies as well as those that tactically adjust their exposure to different alternative strategies and asset classes.

Russell 2500 Index (US Small- to Mid-Cap): This index is a capitalization weighted index comprised of the bottom 500 stocks in the Russell 1000 index and all of the stocks in the Russell 2000 index. This Index includes the effects of reinvested dividends.

S&P 500 Dividend Aristocrats TR: The S&P 500 Dividend Aristocrats Index is a list of companies in the S&P 500 with a track record of increasing dividends for at least 25 consecutive years. It tracks the performance of well-known, mainly large-cap, bluechip companies. This index is equally weighted and includes reinvested dividends.

Bloomberg US Government 1-3 Year: The index is composed of agency and Treasury securities with maturities of one to three years and includes the reinvestment of dividends.

Bloomberg US Corporate High Yield 2% Issuer Capped: The index measures the performance of high yield corporate bonds, with a maximum allocation of 2% to any one issuer.

S&P 500 TR Index (US Large-Cap): This index is a broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks. It consists of 400 industrial, 40 utility, 20 transportation, and 40 financial companies listed on US market exchanges. This is a capitalization-weighted calculated on a total return basis with dividends reinvested. The S&P represents about 75% of the NYSE market capitalization.

Bloomberg Commodity Index: The index tracks prices of futures contracts on physical commodities on the commodity markets. The index is designed to minimize concentration in any one commodity or sector. It currently has 22 commodity futures in seven sectors. No one commodity can compose less than 2% or more than 15% of the index, and no sector can represent more than 33% of the index (as of the annual weightings of the components). The weightings for each commodity included in Bloomberg Commodity Index are calculated in accordance with rules that ensure that the relative proportion of each of the underlying individual commodities reflects its global economic significance and market liquidity. Annual rebalancing and reweighting ensure that diversity is maintained over time.

Russell 2000 Index: This index covers 2000 of the smallest companies in the Russell 3000 index, which ranks the 3000 largest US companies by market capitalization. The Russell 2000 represents approximately 10% of the Russell 3000 total market capitalization.

Russell Midcap Index: This index consists of the bottom 800 securities in the Russell 1000 index as ranked by total market capitalization. This Index includes the effects of reinvested dividends.

ICE US Dollar Index: This is a benchmark that measures the value of the US dollar relative to a basket of six major world currencies. It is maintained and published by ICE (Intercontinental Exchange) and is widely used in financial markets to gauge the strength of the dollar.

Russell 1000 Growth: This index represents a segment of the Russell 1000 index with a greater-than-average growth orientation. Companies in this index have higher price-to-book and price-earnings ratios, lower dividend yields and higher forecasted growth values. This Index includes the effects of reinvested dividends.

Russell 1000 Value: This index represents a segment of the Russell 1000 index with a less-than-average growth orientation. Companies in this index have low price-to-book and price-earnings ratios, higher dividend yields and lower forecasted growth values. This Index includes the effects of reinvested dividends.

S&P 500 Select Sector Indices: Following a modified market capitalization weight methodology, Select Sector Indices are calculated and maintained by S&P Dow Jones Indices. The constituents of each index are all members of the S&P 500, and each constituent of the S&P 500 is assigned to at least one Select Sector Index based on the constituent's classification under the Global Industry Classification Standard (GICS®). Most of the Select Sectors align in their membership with GICS sectors, with a few exceptions. The membership of Technology Select Sector combines constituents of the GICS Information Technology and Telecommunication Services sectors. The Financial Services Select Sector includes stocks from the GICS Financials sector excluding Real Estate but keeping Mortgage REITS, and the membership of Real Estate Select Sector includes constituents of the GICS Real Estate Industry Group, excluding Mortgage REITS.

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