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Pearsall Wealth Management

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July 2025 Pearsall Wealth Management Newsletter

| <u>Index¹</u> | <u>Q1 2025</u> | <u>Q2 2025</u> | <u>Year to Date</u> |
|------------------------------|----------------|----------------|---------------------|
| S&P 500 | -4.27% | 10.94% | 6.20% |
| Dow Jones Industrial Average | -0.87% | 5.46% | 4.55% |
| Russell 2000 | -9.48% | 8.50% | -1.79% |
| MSCI EAFE | 7.01% | 12.07% | 19.92% |
| Bloomberg Aggregate Bond | 2.78% | 1.21% | 4.02% |
| US Treasury Bill – 3 month | 1.04% | 1.07% | 2.13% |

Thomson Reuters performance data as of 6/30/2025

Last quarter my comments focused on the market volatility, noting we expected it to continue until there was greater clarity on the tariffs that had recently been imposed. With the 90-day extension of a pause in tariffs for some countries expiring last week, and new tariffs imposed, some uncertainty remains², however much more is known now than three months ago and the markets have responded in a positive fashion. After the US equity market selloff in April the market has been surprisingly resilient. Though there are many factors that come into play, including the pause on tariffs to allow negotiation, the two I like to highlight are the expected increased efficiency (and likely profits) stemming from companies integrating artificial intelligence (AI) into their organizations, and that business owners are still waking up every day trying to figure out how to make their business succeed.

Given the market volatility year to date it is difficult to impossible to project where we may be in the next few weeks or months. Looking longer term UBS has increased the S&P year end 2025 price target to 6,200, and our June 2026 target to 6,500³; you may recall from our last newsletter that the price target had been decreased to 5,800 (having started the year at 6,600 and being reduced to 6,400⁴). UBS optimism has increased as the UBS Chief Investment Office expects greater stability in US trade and fiscal policy to emerge in the second half of the year, as well as the federal reserve resuming decreasing interest rates³.



Have you wondered how artificial intelligence may impact your life? We've enclosed a UBS research report on how AI and humanoid robots may reshape aging societies – I would not consider it "light summer reading" but it is certainly thought provoking and helps provide perspective for the current excitement over the changes artificial intelligence may bring.

If you have questions on the enclosed report, would like to review your portfolio, or update your financial plan please give us a call.

From Melissa:

Cost of College: The costs associated with college may seem pretty straightforward but there are many unexpected expenses that can significantly add up. When creating a plan for college costs, it is important to look at more than tuition and room & board.

When I looked at my itemized bill for the first time when I was attending Siena College I was amazed by all the little fees that were tacked onto my bill. For example, many first time college students see mandatory fees for things like technology use, fitness center use, student activity fees, etc. One important fee not to be overlooked is health insurance. The Affordable Care Act allows many to remain on their parents insurance until age 26, however, some states rules vary and sometimes the health insurance option through college might work better depending on one's family situation.

Other expenses to consider:

- The cost to get set up at college
- Travel costs to and from college.
- Spring Break
- Study Abroad- If your child or grandchild thinks this is something that might interest him or her plan ahead. I knew I wanted to study abroad therefore I started savings when I was a freshman so I could take those weekend trips around Europe and explore the city.
- Expensive majors with expensive supplies
- Greek life
- Food and social costs beyond the meal plan and on campus events



Savings plans such as 529 plans can help cover certain expenses such as technology and certain living expenses, but typically they do not cover personal expenses. To avoid potential loans and long-term financial debt, it is important to be aware of the additional costs of college education and plan appropriately.

Financial Literacy: It's that time of the year when many young adults/teenagers are thinking about picking classes for school next semester. Whether it be college or high school, a recent survey conducted by the National Endowment for Financial Education® showed that 83% of respondents say the state they live in should require a semester- or year-long course focused on personal finance as a graduation requirement, while 82% of respondents who attended high school say they wish they were required to complete a personal finance class while they were in school⁵. I couldn't agree more. When I was in high school the closest thing we got to money management is a workbook in Home Economics. I certainly had to teach myself with help from my parents. By the time I was off to college I had been managing my own bank account, credit card, budget and bills for years. I met several people at college that didn't even have a clue how to keep a check register.

If your child or grandchild can take a personal finance class, certainly encourage it. We have recently given London a small allowance and a chore list to earn extra money. While it seems like the only items she buys are skincare products and video games, we are trying to set her up with a good foundation so it's not a shock to manage her own finances when she gets her first job, car, and heads off to college.

If this is something that interests you and your family, UBS along with Everfi, one of the nation's leading education technology companies launched **The Code**. This program provides our clients with free access to a series of digital interactive personal finance courses for learners of all ages. If you are interested, for you or your family here is the link to get started www.ubs.com/thecode

From Tara:

UBS Online Services UBS is continually striving to improve your client experience by allowing access to your information in a clear convenient manner. For those of you who frequently visit UBS Online Services, you may have noticed some feature upgrades to the Gear Icon and Settings. When you click on the gear icon you now see descriptions for each top level category, one of which is Security Settings which allows you to group items such as password changes, PIN's, etc. When you click on any of the settings you will now land on the most frequented actionable page associated with the category and you will get a horizontal navigation view of all the pages associated with the category. If you have access to the internet and have not yet explored UBS Online Services, I highly encourage you to take that next step right here at <https://onlineservices.ubs.com/>



Mobile app reminder The UBS mobile app allows you to access your online services on the go from your cell phone and mobile devices such as tablets. If you do not currently have the mobile app, you can follow these easy steps:

- Download the app from the app store
- Sign in to the app using your online services username and password
- A one-time PIN will be sent to you for fraud prevention purposes.
- Say “yes” to biometrics and “yes” to notifications

If you have any questions about UBS Online Services and/or the mobile app please give me a call, I would be happy to walk you through any questions you might have.

Best wishes for a great Summer,

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529 plans are sold with program descriptions that contain details of the risks, fees and charges associated with the particular investment, which you should read carefully before investing. Even though individuals are not required to invest in their in-state plan, some states do provide tax or other advantages exclusively to residents who invest in their own state's plan. For example, many states offer a state income tax deduction for contributions and/or state income tax exemption for qualified withdrawals. States may impose state tax liability on withdrawals and/or earnings from out-of-state 529 plans. In addition, some states offer prepaid tuition plans. Investors should be aware that the markets have risks and the value of their investments may change from day to day. Therefore, an investment's return and principal value will fluctuate so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost.

There are two sources of UBS research. One source is written by UBS Wealth Management Research (“WMR”). WMR is part of UBS Global Wealth Management & Business Banking (the UBS business group that includes, among others, UBS Financial Services Inc. and UBS International Inc.), whose primary business focus is individual investors. The second source is written by UBS Investment Research. UBS Investment Research is part of UBS Securities LLC, whose primary business focus is institutional investors. The Individual report style, length and content are designed to be more easily used by individual investors.



The research reports may include estimates and forecasts. A forecast is just one element of an overall report. Differences may sometimes occur between the individual and institutional reports with respect to interest rate or exchange rate forecasts due to differences of opinions. The analysts preparing individual and institutional research use their own methodologies and assumptions to make their own independent forecasts. Neither the institutional forecast nor the individual forecast is necessarily more reliable than the other.

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¹ Thomson Reuters via UBS Portfolio Management Report performance data as of 6/30/2025 where does the correlate to? I do not see a 1 footnote in the newsletter

² Has the worst of the tariff threat passed? UBS House View Briefcase July 8, 2025 Chief Investment Office GWM

³ UBS House View Investment Strategy Guide: Five things to watch in the second half, July 2025 Chief Investment Office GWM

⁴ US Equities, CIO View: Equities Chief Investment Office GWM Investment Research April 4, 2025

⁵ " Poll: Majority of U.S. Adults Continue to Want Financial Education in High Schools <https://www.nefe.org/news/2025/04/poll-majority-of-us-adults-want-financial-education-in-high-schools.aspx>

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