FINANCIAL FOCUS

PEGASUS ASSET MANAGEMENT

A Pegasus Newsletter© July 2025

Dear friends,

We are pleased to announce that we have relocated to our new office at 44 Whippany Road, Suite 101, Morristown, NJ 07960. We look forward to working with you from our new location.

By, Jaysen Bohrod, CFA

Market Commentary

Equity markets showed resilience in the second quarter of 2025, despite continued uncertainties surrounding U.S. fiscal and monetary policy, war in the Middle East, and inflation. After falling over 21% in the beginning of April, the S&P quickly rebounded from the lows to reach an all time high of 6,284, ending the first half of the year up just over 5%. Gains are still largely being driven by enthusiasm around artificial intelligence, automation, and cloud computing. Investor sentiment has remained constructive but cautious as valuations remain above historical averages. Earnings growth will need to continue in order to justify the current pricing levels. That being said, equity inflows continued to be strong this quarter, signaling that risk appetite remains intact.

On the fixed income side, we have seen heightened volatility driven by the ongoing uncertainty around the Federal Reserve's policy stance. Despite slowing inflation, the Fed held the federal funds rate steady through June at the target range of 4.25%-4.5%. At the beginning of the year, there were expectations for multiple rate cuts but economic data has pushed them back to possibly the end of this year. The U.S. 10-year Treasury yield started the second quarter at 4.24%, fell to as low as 3.86% and rose to as high as 4.60%, before finishing June yielding 4.22%

Geopolitical tensions in the Middle East added massive risk and volatility to energy markets. Oil prices fell to a low of $55 per barrel in May and spiked to $76 in June as a result of the war between Israel and Iran. Fear grew over the possibility that Iran would attempt to close the Straight of Hormuz, which sees around 20% of the worlds petroleum liquids consumption flow through it every day. As the war came to a ceasefire, oil prices retreated back to around $65 per barrel.

Gold ended the quarter rising to $3,307 per ounce, with the help of the "de-dollarization" trend. Central banks around the world, including China and India, have added to gold reserves in record quantities, reducing the reliance on the US dollar in foreign reserves. This is also effectively creating structural support for gold, smoothing out the price dips and stabilizing the market.

Looking forward into the second half of 2025, we still expect uncertainty from ongoing tariff negotiations but the worst of the volatility appears to have subsided. Corporate earnings are expected to improve modestly, with AI related productivity gains boosting margins. As previously stated, earnings growth and the fed rate cut predictions continue to support elevated equity valuations, while the focus turns to slower GDP growth forecasts and a cooling labor market.

Online Access Needed For Money Movement Authorizations

- Going forward, Schwab will only accept digital authorizations for all money movement transactions such as ACH transfers, Wires, or 3rd party checks.
- You can create an online Schwab account at **https://www.schwaballiance.com** if you don't have one already. Or, if you have access but forgot your username or password, call Schwab at 1-800-515-2157 to reset it.

Beware Of Phishing

From Charles Schwab's "Tips For Preventing Fraud"

■ Do not click on links or attachments in emails and text messages if you question the validity of the sender. Instead, type the real web address, such as **https://www.schwaballiance.com**, in your browser.

■ Hover over questionable links to reveal the site's full URL and see where the link really goes. Do not click on links that don't match the sender or don't match what you expect to see.

■ Check the sender's domain name in the email address, such as john.doe@schwab.com, to see if it matches what you would expect to see. Be suspicious & cautious!

■ Activate the spam filters in your email settings to help prevent unsolicited emails from going to your inbox.

■ If you suspect that an email appearing to be from Schwab is a phishing email, forward it to phishing@schwab.com.

If you have questions about an email from Schwab or personal information you entered about your Schwab account after clicking an email link, call Pegasus Asset Mgt. at 845-369-9422 or the Schwab Alliance team immediately at 800-515-2157.

We Moved To A New Location!

Pegasus Asset Management, Inc.

44 Whippany Road, Suite 101

Morristown, NJ 07960

All phone numbers & email addresses remain the same.

Stock Market Holidays

Day Before Independ. Day - July 3rd (closes early)
Independence Day - July 4th
Labor Day - September 1st

PEGASUS ASSET MANAGEMENT

Financial Focus: A Pegasus Newsletter

©1995-2025 Pegasus Asset Management, Inc.
Exclusive of charts

Please remember that past performance is no guarantee of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Pegasus Asset Management, Inc. ["Pegasus]), or any non-investment related content, made reference to directly or indirectly in this commentary will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this commentary serves as the receipt of, or as a substitute for, personalized investment advice from Pegasus. No amount of prior experience or success should not be construed that a certain level of results or satisfaction if Pegasus is engaged, or continues to be engaged, to provide investment advisory services. Pegasus is neither a law firm, nor a certified public accounting firm, and no portion of the commentary content should be construed as legal or accounting advice. A copy of the Pegasus' current written disclosure Brochure discussing our advisory services and fees continues to remain available upon request or at www.pegasusassetmgt.com. **Please Remember:** If you are a Pegasus client, please contact Pegasus, in writing, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services, or if you would like to impose, add, or to modify any reasonable restrictions to our investment advisory services. Unless, and until, you notify us, in writing, to the contrary, we shall continue to provide services as we do currently. **Please Also Remember to advise us** if you have not been receiving account statements (at least quarterly) from the account custodian.

Historical performance results for investment indices, benchmarks, and/or categories have been provided for general informational/comparison purposes only, and generally do not reflect the deduction of transaction and/or custodial charges, the deduction of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. It should not be assumed that your Pegasus account holdings correspond directly to any comparative indices or categories. **Please Also Note**: (1) performance results do not reflect the impact of taxes; (2) comparative benchmarks/indices may be more or less volatile than your Pegasus accounts; and, (3) a description of each comparative benchmark/index is available upon request.