



SAM NEWS

3rd Quarter Report
October 2025

Cautious Optimism Stocks At All-Time Records

U.S. stocks notched a series of fresh record highs during the 3rd quarter. International stocks continued their out-performance, returning 25% year-to-date. Bond returns are also solidly positive so far as the Federal Reserve reduced rates for the first time this year by .25% in mid-September. As the economy moves past peak tariff uncertainty, we expect to see resilient U.S. economic growth and further gains for U.S. stocks supported by policy easing and robust corporate earnings. Economists believe that there may be up to two more Fed rate cuts this year, followed by two cuts in 2026. Looking forward, if the U.S. economy avoids a major growth scare or recession, we believe stocks can continue their gains. Please read on for our SAM Outlook and SAM Strategy sections.

3rd QUARTER 2025 INVESTMENT REPORT

Since the early April “Liberation Day” low, U.S. stocks have rallied about 35%. So far, tariffs have not had a meaningful impact on corporate earnings, inflation, or the consumer. It may be too soon to know the full impact of tariffs, but we remain cautiously optimistic about the outlook for the economy. U.S. corporate earnings and earnings forecasts have continued to rise. In fact, almost 80% of U.S. companies beat revenue expectations in the second quarter. As we repeatedly say, corporate earnings ultimately drive stock prices.

Year-to-date, the S&P 500 is up 14.8%. The Nasdaq Composite (mostly technology stocks) has gained 17.9% and the Dow Jones Industrial Average has lagged somewhat but is still up 10.4%. Developed international stocks as represented by the MSCI EAFE Index continue to lead with gains of 25.1% after a number of years of underperformance. The Russell 2000 comprised of small U.S. stocks is also up 10.3% so far this year. U.S. bonds (Bloomberg Aggregate) are having a solid year with a total return of 6.1%. Gold prices are having their best year since 1979 with the precious metal up 45%.

INVESTMENT INDICES

All numbers listed below are total returns (including dividends) and are percentage gains or losses.

	Year-to-Date	2024	2023
Dow 30	10.4%	15.0%	16.2%
S&P 500	14.8%	25.0%	26.3%
Nasdaq Composite	17.9%	29.5%	43.4%
Russell 2000	10.3%	11.5%	16.9%
MSCI EAFE (International Stocks)	25.1%	3.8%	15.0%
Bloomberg Aggregate (Bonds)	6.1%	1.3%	5.5%

These are not the rates of return for SAM accounts, but are shown as a historical benchmark for various asset classes. SAM does not guarantee account performance. Accounts may lose value. Information taken from sources believed to be reliable, but its accuracy cannot be guaranteed.

Client Portal

We are pleased to report that our new client portal is fully operational and ready for additional clients to sign up. This secure portal allows you to see balance and performance information on your accounts more frequently and also gives you the ability to receive your quarterly performance reports and our newsletter electronically instead of by mail. Our goal is to transition as many clients as possible to the portal to save paper and make our quarterly office processes more efficient. If you are ready to enroll in the portal, please contact Kimberly in our office (559) 658-5193 or kimberly@sierraam.com and we will get you signed up right away.

Upcoming Stock Market & SAM Office Closures

Thanksgiving Day, November 27th
SAM Closed Friday, November 28th
Christmas, December 25th
SAM Closed Friday, December 26th
New Year's, January 1st
SAM Closed Friday, January 2nd

**SAM Outlook & SAM Strategy
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SAM OUTLOOK

The current economic and investing environment has been categorized as Goldilocks-esque. The economy is growing, real wage growth is rising, the Federal Reserve is reducing interest rates, corporate earnings are accelerating, we have more certainty around tax policy, deregulation is occurring across industries, and companies have large capital expenditure plans that they are just beginning to implement. On the other hand, the job market is softening, tariff uncertainty remains, inflation is running a little higher than the Federal Reserve would prefer, the government just shut down, and stock valuations – whether you're looking at price-to-sales or price-to-earnings ratios – are looking a bit frothy. It is our belief that the positives will out-weigh the negatives and stocks will stay on their upward trajectory- not in a straight line, of course. Analysts are already forecasting 14% earnings growth for 2026, so stocks may not be as expensive as they currently appear.

Our outlook for bonds remains positive as well. The Bloomberg Aggregate Index has already returned just over 6% in 2025. The potential total return on bonds (interest payments plus price appreciation) is very appealing to us at this time. If the economy somehow takes a turn for the worse, a rally in bonds will bring price appreciation that can provide ballast in our balanced and conservative portfolios. If bond prices decline, we have locked in great yields on the bonds that we have already purchased. With the Federal Reserve reducing rates, we believe that a recession is much less likely and bond prices should stay fairly stable.

SAM STRATEGY

There are two old sayings that still get used in the investing world- Don't fight the tape, and don't fight the Fed (Federal Reserve). The tape is the general trend of the stock market, which has been very positive and the Federal Reserve has just lowered interest rates. Both of these indicators are good for the stock market and investors in general. We are not expecting outsized gains in stocks in the near-term, but perhaps there will be a continued broadening of the rally from the growth-oriented "Magnificent 7" technology stocks to other areas of the market. Even if the stock market finished the year with the gains we have already experienced year-to-date, it would be a better than average year for the markets.

During the quarter, we made some subtle changes to our holdings but are still sticking with our overall allocations in client accounts. As we have highlighted in previous 2025 newsletters, our international investments continue to add value and outpace U.S. stocks by a wide margin on a year-to-date basis. As of this writing, developed international stocks are up 25%, compared with the S&P 500 which is up just under 15%. We manage diversified portfolios because we know that winners rotate.

Workplace Retirement Account Management

SAM has the ability to actively monitor and manage your workplace retirement accounts including 401(k), 403(b), 457, etc. We have partnered with a financial technology company called Pontera that allows us to directly manage your workplace retirement accounts just like the rest of your Schwab investment accounts! Please contact Will Boyer by email at will@sierraam.com or by phone at 559-658-5193 if you are interested in learning more about this added service.

We sincerely appreciate your continued trust and confidence. If you know of someone who may benefit from our service, please pass along our contact information. As always, there is no cost for an initial consultation.

TIME FOR TAX PLANNING

It's Less Than 90 Days To Year-End! Time to start thinking about...

Tax planning: Schedule an appointment with your CPA or tax preparer.

IRA and retirement plan contributions: Be sure to fund by the IRS deadlines.

Gifting Appreciated Securities

With stock prices at all time highs, now may be a great time to consider donating appreciated securities from your non-IRA brokerage accounts to charity. There are major advantages in donating appreciated securities instead of cash. When you donate an appreciated security, you don't have to pay capital gains tax on the gain, and generally you get a tax deduction for the full value of the security on the day it is donated. Giving appreciated securities instead of cash can save you hundreds or even thousands of dollars versus a cash gift. Contact our office or see your tax preparer to find out if you should take advantage of this unique way of giving.

RMD's (Required Minimum Distributions) for IRA's:

Charles Schwab will notify clients who have required minimum distribution requirements in 2025 of their Required Minimum Distribution (RMD) from all types of IRA accounts. The RMD must be taken this year in order to avoid severe penalties. If you have any taxable accounts with us, we can arrange to have the RMD amount directly transferred from your IRA to your after tax account - no hassle! We will be reaching out this month, or just call our office at 559-658-5193.

"Time is your friend; impulse is your enemy." John Bogle