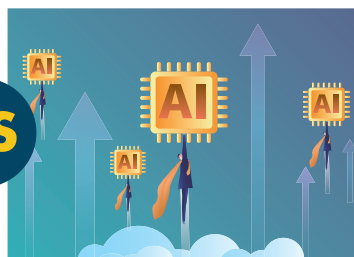




Benchmark Returns as of July 31, 2025

	For the Month	Year-to-Date		For the Month	Year-to-Date
S&P 500	2.24%	8.59%	Bloomberg Aggregate Bond Index	-.026%	3.75%
Dow Jones Industrial Average	0.16%	4.72%	Developed International	-1.39%	18.25%
Nasdaq	3.72%	9.79%	Emerging Markets	2.02%	17.90%

A new tax bill, progress on trade negotiations, net-positive economic data, and double-digit growth in corporate earnings supported the upward momentum of U.S. equities in July. The S&P 500 notched ten all-time highs over twenty-two trading days, continuing its rebound from April's brief but breathtaking losses. However, the rally lost momentum at month-end as the August 1st tariff deadline neared, and the Fed's post-meeting commentary hinted at potential challenges ahead. Tensions emerged at the month's end as questions about the impact of tariffs on growth and inflation began to overshadow the AI-driven optimism that has buoyed investors since the rebound from April lows.



ECONOMY AND THE FED

A surprisingly weak July labor report was also cited for the August 1st pullback in stocks. Non-farm payrolls grew by only 73,000 in July (~110,000 were expected) and the data for May and June were revised sharply lower. Other economic releases throughout the month

were met with more optimism. Specifically, retail sales for June came in higher than expected, increasing 0.6% from May. The advance estimate of second quarter GDP surprised to the upside, with an annual growth rate of 3%. Conversely, inflation measures raised concerns. The June data for both the CPI and the PCE price index indicated some pass-through of import duties to consumer goods.

The July 29-30 FOMC meeting ended with the fed funds rate unchanged at 4.25% to 4.50%. The meeting was remarkable for including a rare dissent from two of the twelve voting members of the committee, both of whom were in favor of reducing the benchmark short-term rate by 0.25%. The FOMC will be parsing nearly two months of economic data before their next meeting scheduled for September 17th.

THE ONE BIG BEAUTIFUL BILL ACT (OBBBA)

Congress passed the Trump administration's sweeping fiscal package just in time to be signed into law on July 4th. Investors focused on the bill's sweeping tax provisions – such as permanent bonus depreciation and R&D expensing – which bolstered forward-looking earnings expectations and supported equity valuations in capital-intensive sectors.

The final version proved more expansionary than initial drafts and raised longer-term concerns. As our colleagues at Argus Research noted, "OBBBA... likely will trigger severe escalation in the U.S. deficit over the coming decade, as spending reductions in safety-net programs are insufficient to pay for new and renewed tax cuts, higher defense spending, and higher immigration-enforcement spending."

TRADE: DEALS AND DEADLINES

The tariff imposition originally scheduled for July 9th was deferred to August 1st to afford a broader negotiation window. Notable deals were announced with Japan and the EU, Mexico's current tariff rates were extended, and talks with China continued. Scores of other trading partners appear to be subject to a White House directive signed just hours before the deadline. The new tariffs include a 10% global minimum and 15% or higher duties for countries with trade surpluses with the U.S. Markets reacted by moving lower on the first trading day of August.

SECOND QUARTER CORPORATE EARNINGS

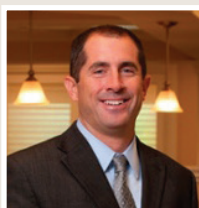
At month-end, the blended 2Q earnings growth for the S&P 500 stood at 11.2%. This represents the actual reports from 330 companies combined with analysts' estimates for the remaining 170 entities. High single-digit earnings growth was predicted at the start of the reporting season, but over eighty percent of actual reports were above expectations. Notably, thirty-three technology companies have reported so far and all surprised to the upside. The average surprise factor was 8.8%. (Source: LSEG I/B/E/S)

RISK FACTORS AND MARKET OUTLOOK

Speculative trading in so-called meme stocks returned in force during July, reviving memories of the pandemic-era retail trading frenzy. Many pundits see this as a warning sign of a frothy top for stocks, with the potential for a sharp pullback in prices.

Still (once again quoting Argus Research) "stocks have a history of rising above transition." The current transition is focused on assessing the actual impact of tariffs on inflation and investing in the promise of the generative AI economy.

– YOUR CALDWELL TRUST INVESTMENT TEAM –



Scott Antritt
Director of Investments
941-202-6507



Gail Neujahr, CFA
Senior Portfolio Manager
941-202-6507



Kendall Peacock, CFA, CAIA
Senior Portfolio Manager
941-202-6507