



Halftime Insights: 2025 Mid-Year Update

From Tariff Tantrums and Rate Debates to Our Second-Half Outlook

Answers to Our Most Frequent Client Questions



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Welcome & Introductions

Doug Couden, CFA, Chief Investment Officer, Partner

Doug leads the firm's multi-disciplined (technical, fundamental, and macro) investment approach, including BakerAvenue's Impact Strategy. He is a member of the firm's executive committee, is responsible for managing the investment team, the firm's research process, and the overall performance of the strategies.

King Lip, CFA, CMT, Chief Strategist, Partner

King leads the firm's specialized strategies on Concentrated Stock management and Options. King is also a member of the S&P Dow Jones Indices U.S. Index Committee Advisory Panel and a member of BlackRock's RIA Advisory Council. He is a regular commentator on CNBC and has been nominated as a Top 100 Independent Wealth Advisor in Barron's magazine and the San Francisco Business Times. King was named as one of the Top 10 Rising Stars of ETF investing by ETF Report and was named as an expert ETF strategist in the book, "ETF Investment Strategies".

Moderated by Tim Gordon, CIMA®, Wealth Solutions, Managing Director

Tim has over 20 years of experience in the financial services industry. He works with our strategic referral partners east of the Mississippi River to make sure that BakerAvenue is a good fit for what their clients want to accomplish with their financial goals.



TODAY'S
DISCUSSION

Purpose. Passion. Performance.

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Welcome & Introductions

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A Quick Look Back

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Second Half of 2025: Addressing the
Key Issues

4

Actionable Opportunities in the Second
Half of 2025

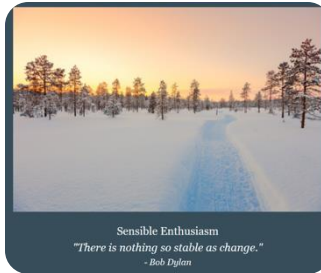
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Q & A

Looking Back
Before We Move Forward

A Quick Look Back...

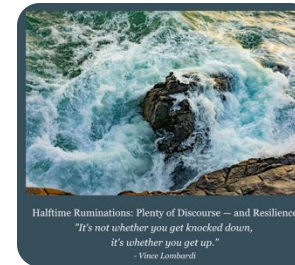
January 2025



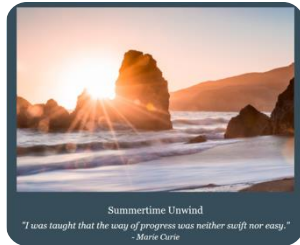
May 2025



July 2025



August 2024



S&P 500



July 2025 – Halftime Ruminations: Plenty of Discourse – and Resilience

The first half of the year had enough material headlines to fill a multi-year cycle. As we cross the midpoint of 2025, market resiliency amidst the turbulent backdrop of tariff uncertainties, geopolitical tensions, and fiscal debt discourse, to name a few, has been impressive. More than a few investors overlooked the tailwinds of sustainable growth, enduring industry themes, and repositioning that have propelled markets to all-time highs.

May 2025 – Tone Change?

The introduction of new tariffs by the White House was arguably the most significant change to global trade policy in more than fifty years. We've been emphasizing that policy volatility is likely to lead to market volatility, and last month was a historic example. Recently, a positive shift in tariff tone, combined with strong earnings results and bearish investor positioning, helped markets recover much of the correction.

January 2025 – Sensible Enthusiasm

We see more positives than negatives as we enter the new year. Economic growth has proven to be resilient, earnings are poised to accelerate, and investor positioning looks constructive.

August 2024 – Summertime Unwind

Volatility has resurfaced in the past few weeks, catalyzed by a growth scare and concerns that the Fed is behind the curve. The outsized market moves have been amplified by the unwind of over-extended and leveraged positions.

Grow and Protect Investment Philosophy

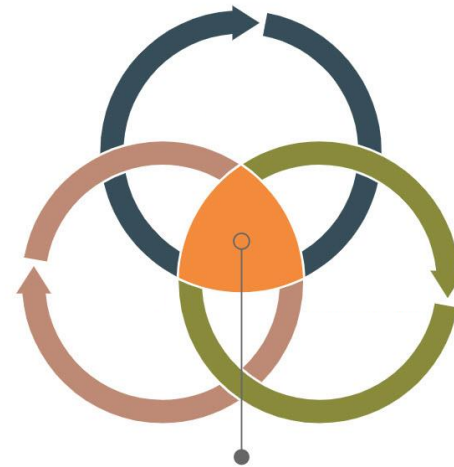
We utilize in-depth fundamental, technical and macro analysis for long-term capital appreciation and risk control.

Macroeconomic Analysis

- Monetary Policy
- Fiscal Policy
- Interest Rate Analysis
- Currency Moves
- Geopolitical Issues
- Business Cycle Analysis
- Inflation Direction
- Credit Cycle Analysis

Technical Analysis

- Relative Strength
- Intermarket Analysis
- Market Trends
- Moving Averages
- Support & Resistance Levels
- Seasonal Patterns



Fundamental Analysis

- Revenue & Cost Drivers
- Competitive Analysis
- Positioning
- Identifiable Catalysts
- Forecasts vs. Expectations
- Sustainability Profile
- Valuation

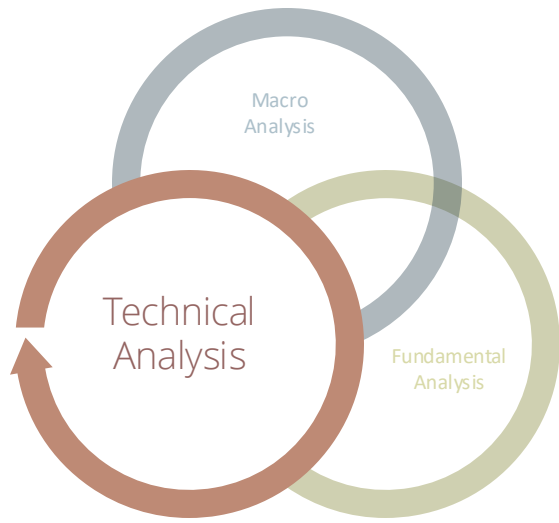
BakerAvenue Investment Committee

- Risk Exposure
- Thesis Challenges
- Portfolio Characteristics
- New Securities Selection

Polling Question #1

What factors do you think will affect the markets most in the second half of 2025?

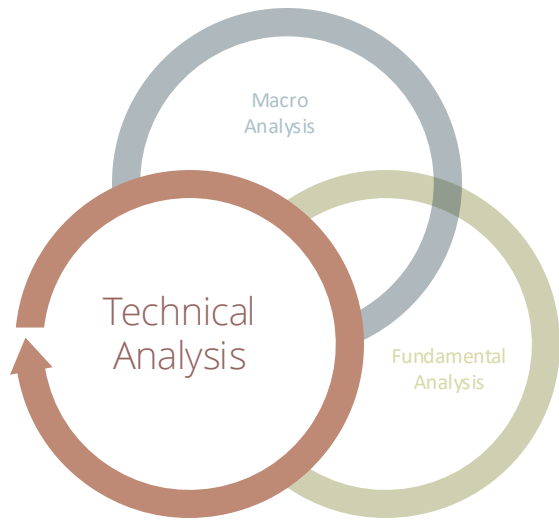
Technicals



Pro-Growth Market Message

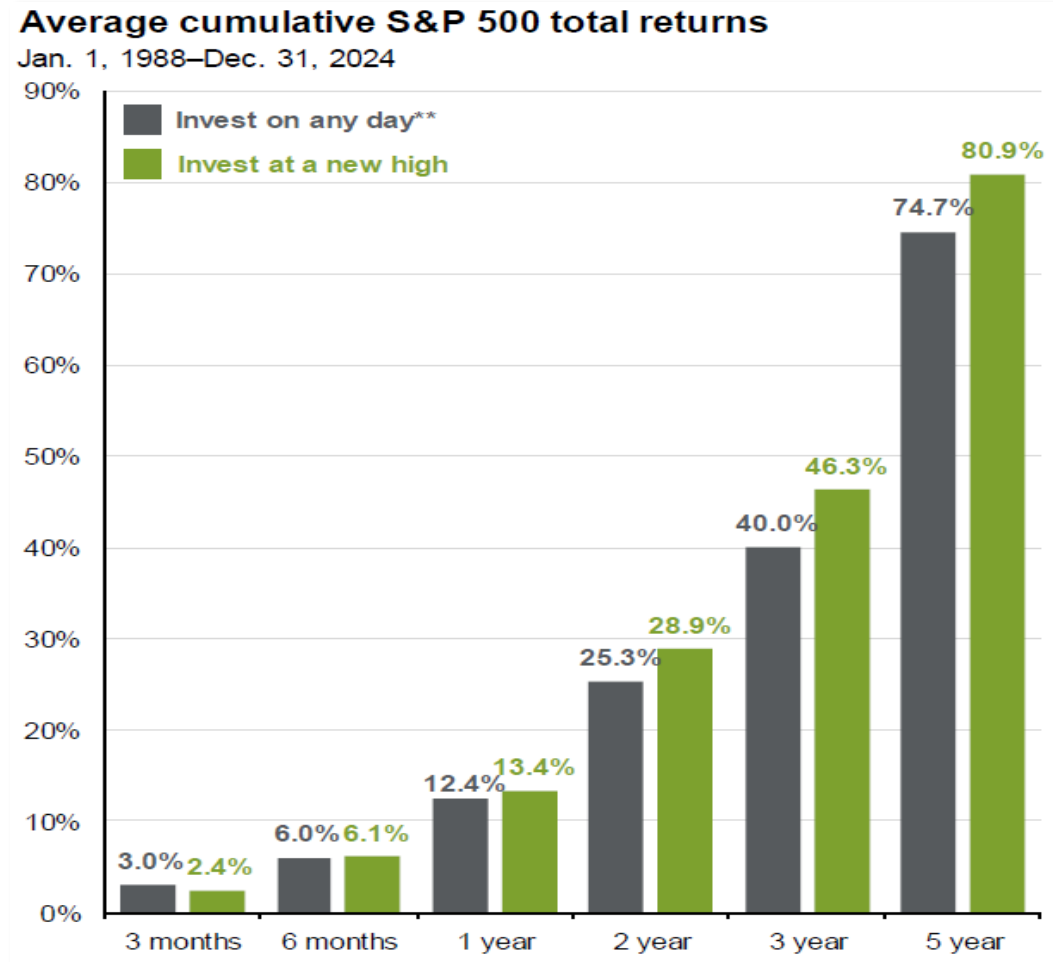
Market leadership has had a “pro-growth” bias. Economically sensitive groups are leading defensives.

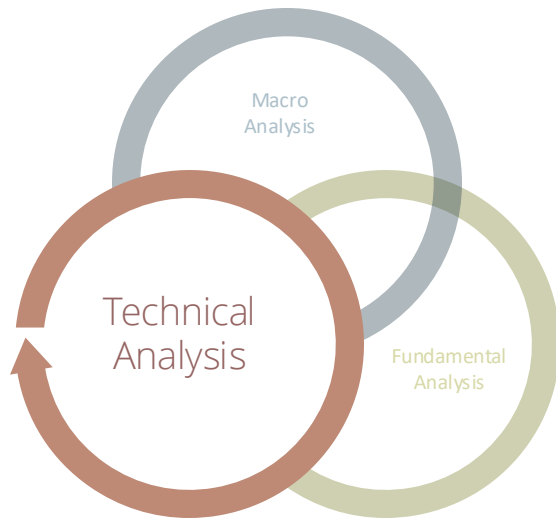




Investing at All-Time Highs

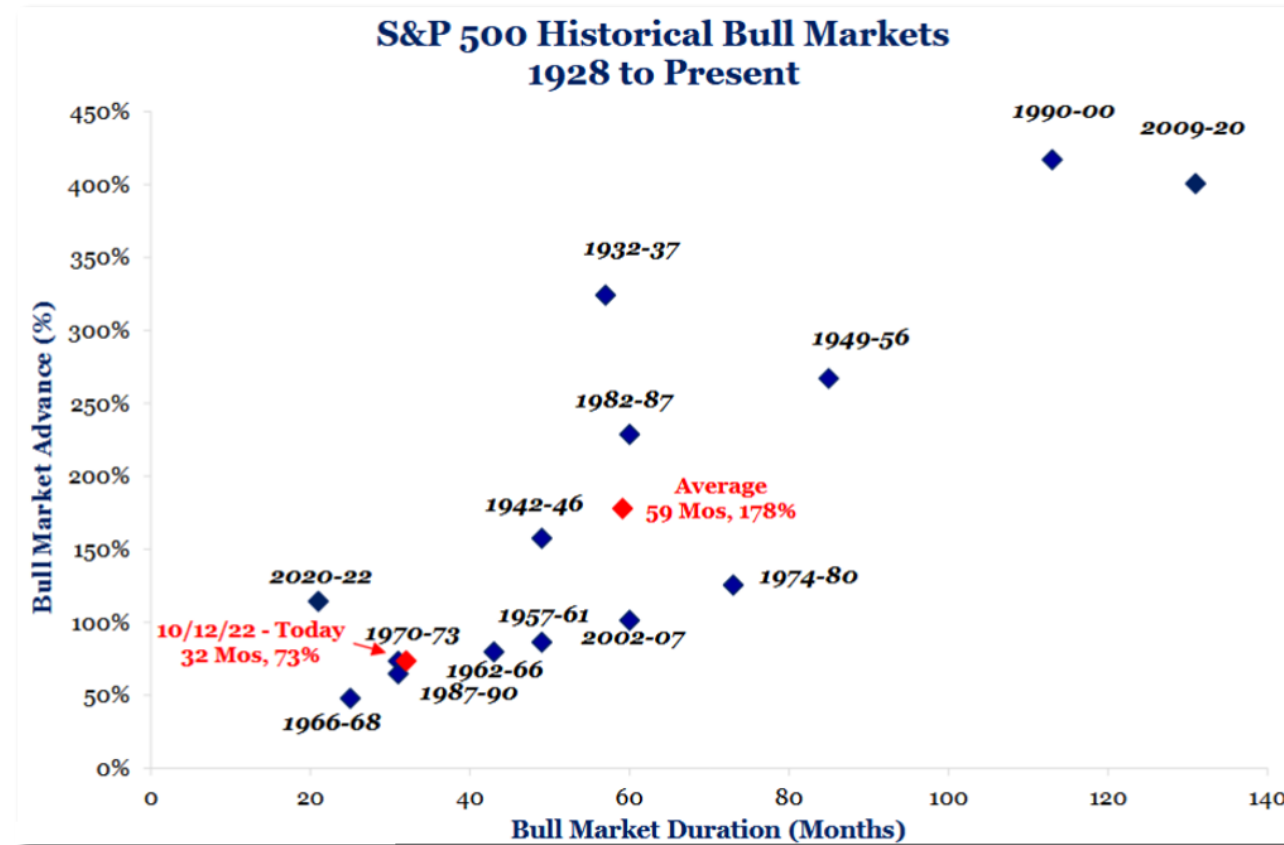
Historically speaking, investing at all-time highs has not sacrificed forward returns. Momentum is a powerful factor to consider.





Bear & Bull Markets: Length & Severity

The current bull market, in terms of duration and magnitude, is not that old or extended in comparison to past bull markets.



Polling Question #2

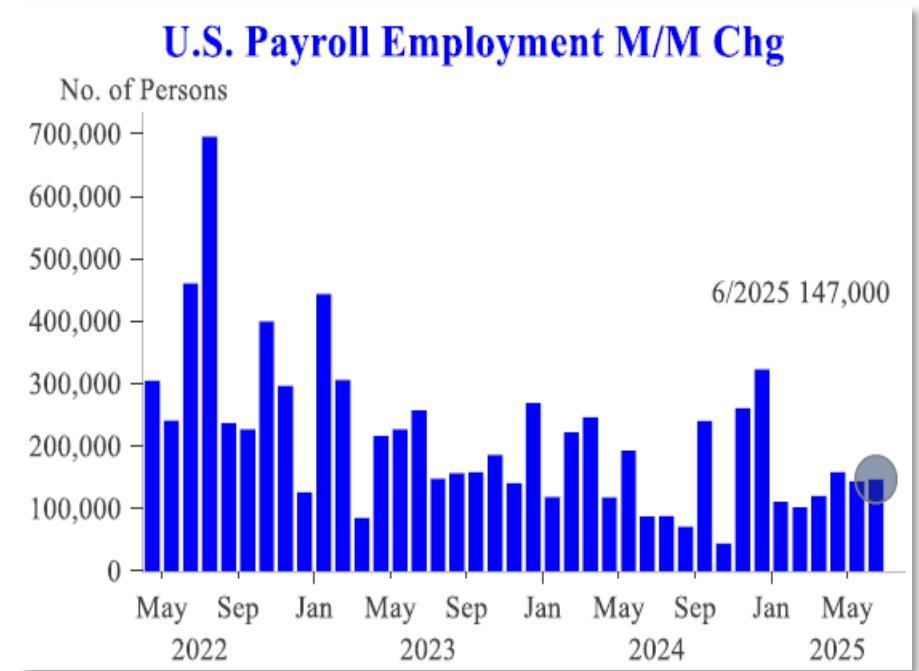
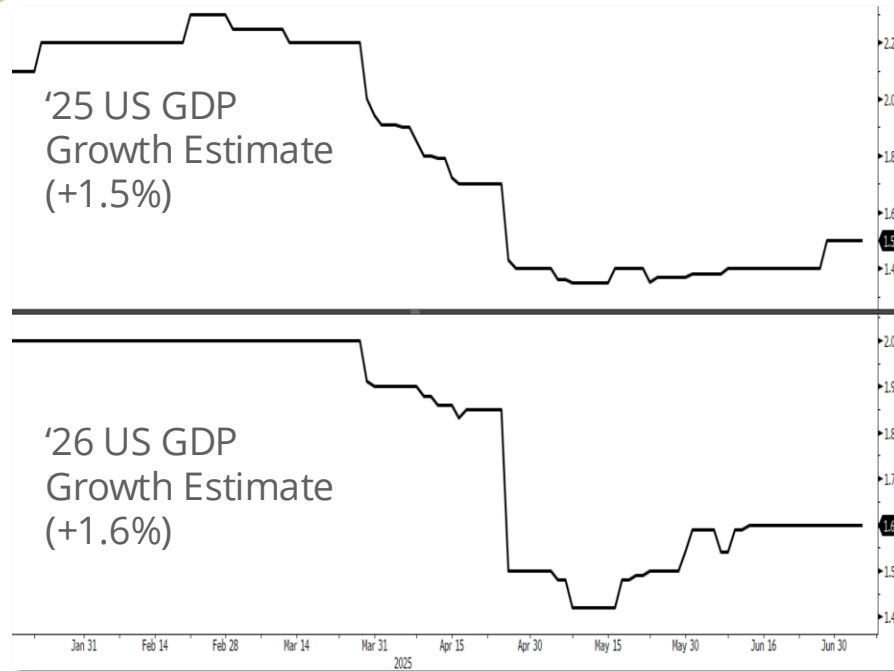
What probability do you assign to a U.S. recession in the next 12 months?

Macro



Slow, but Non-Recessionary

The US economy has been resilient, and the job market is a key metric to monitor. We continue to expect slow, but non-recessionary, growth.



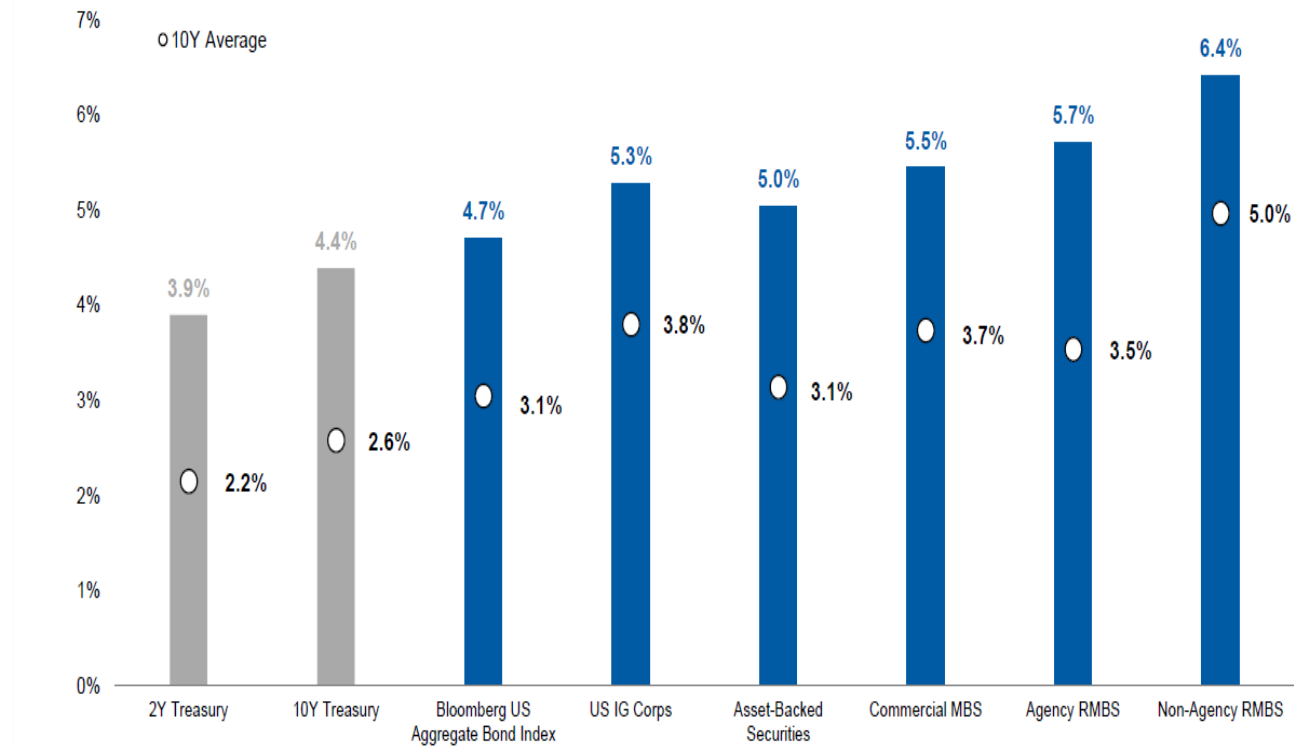


Interest Rate Normalization

We expect a normalized interest rate environment. Yields are attractive across a variety of asset classes.

Current yield vs. 10-year average

Yield to maturity (%)



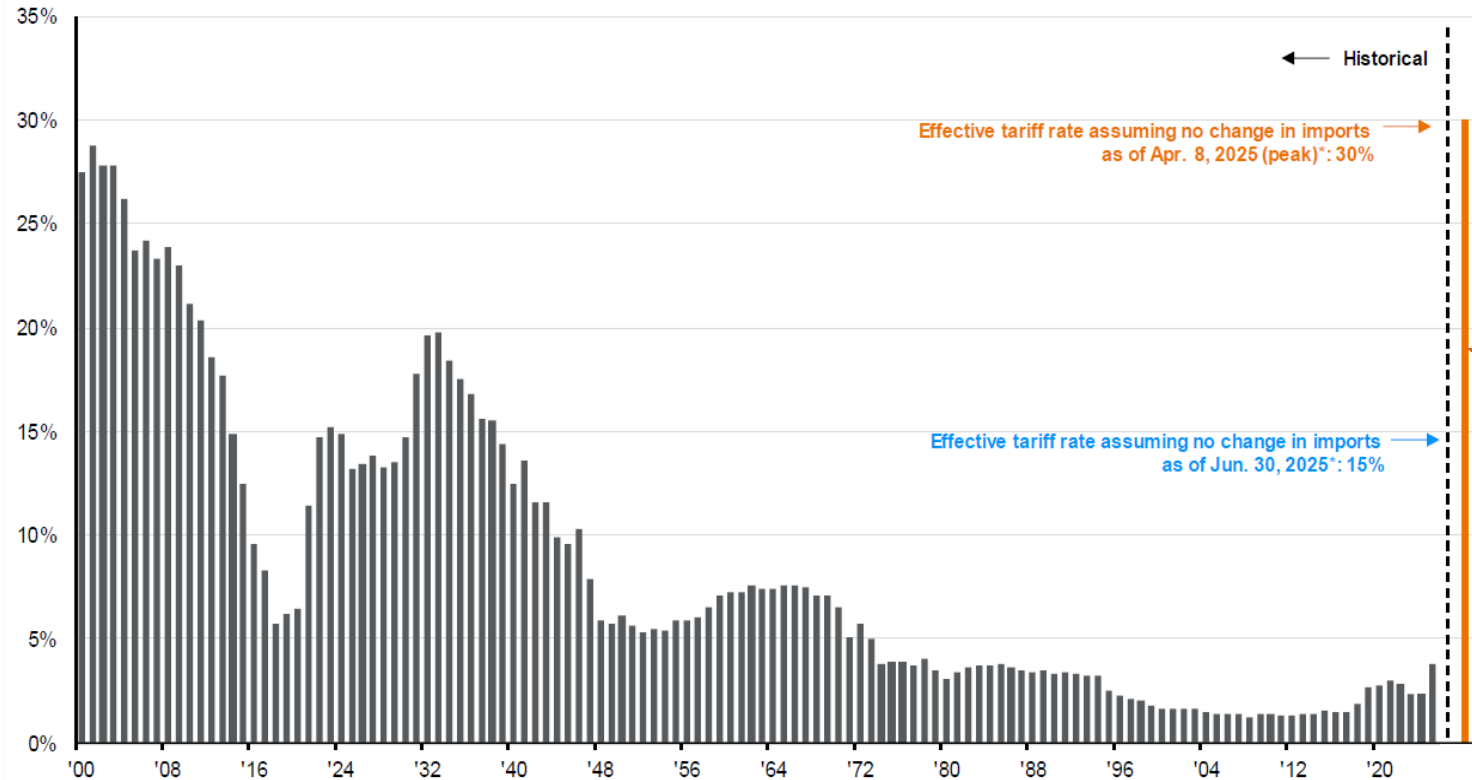


Trade Policy: Still Evolving

Peak trade uncertainty coincided with peak market stress. Headlines remain volatile, but on balance, we continue to view trade developments as directionally positive and far from the worst-case scenario.

Average tariff rate on U.S. goods imports for consumption

Duties collected / value of total goods imports for consumption

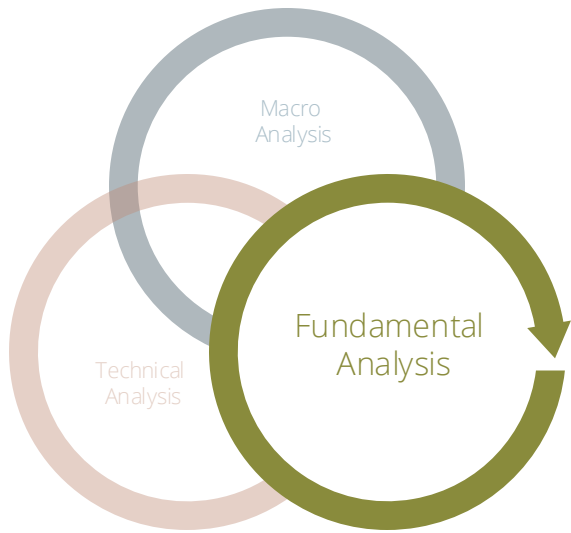


Our Current View /
Base Case

Polling Question #3

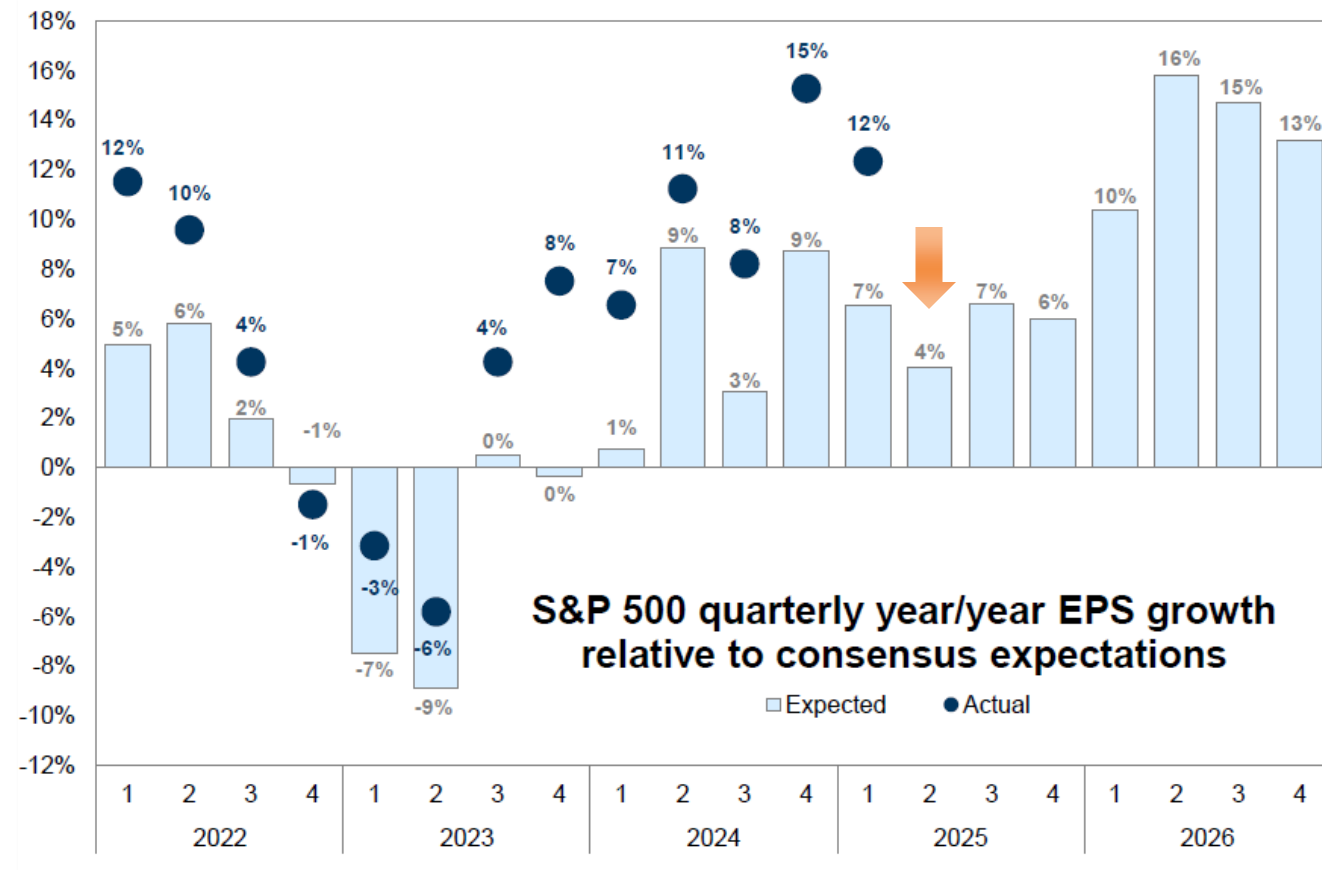
How would you describe your current outlook for the stock market in the second half of 2025?

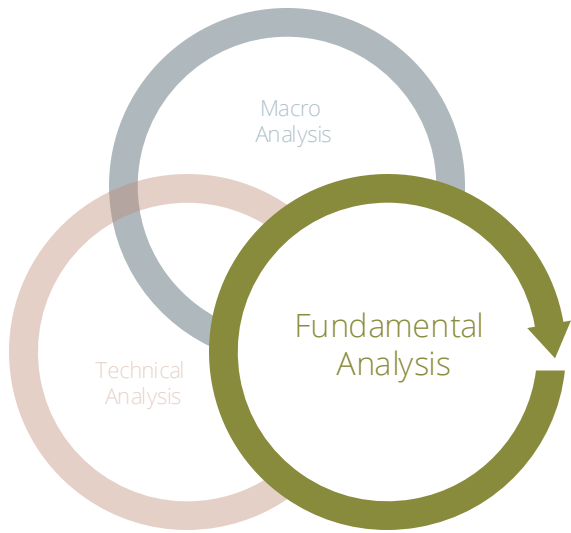
Fundamental



Profit Growth Continues

Another important earnings season is coming. We continue to expect upside to consensus growth rates.

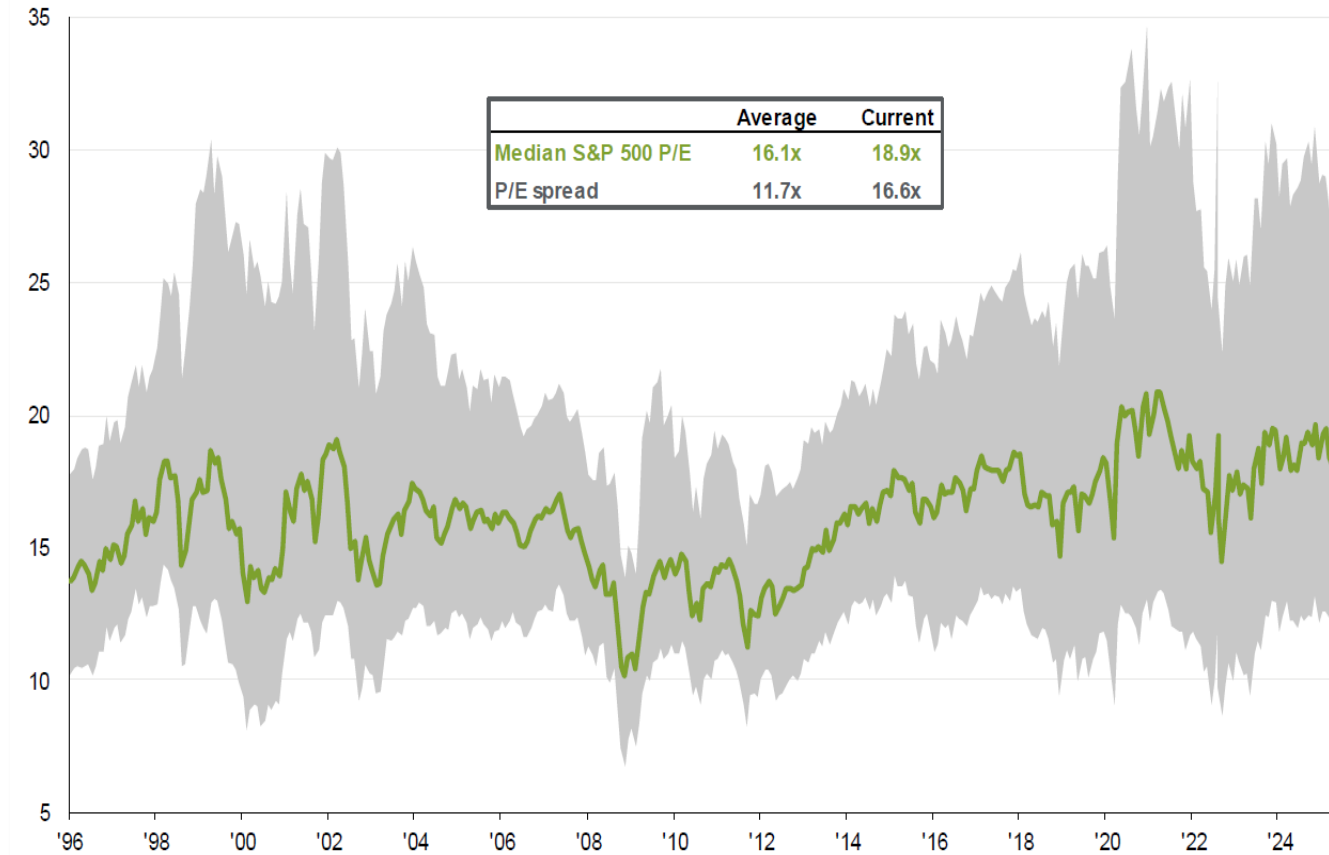


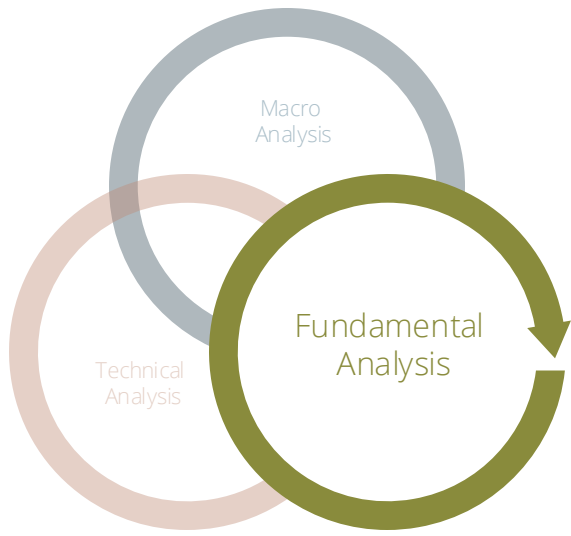


Valuation Update

We don't see valuation as a headwind or catalyst. However, there remains a historically wide gap between high- and low-priced stocks. We believe this is a good environment to stay active.

Dispersion between the forward P/E of S&P 500 stocks in the 20th and 80th percentile



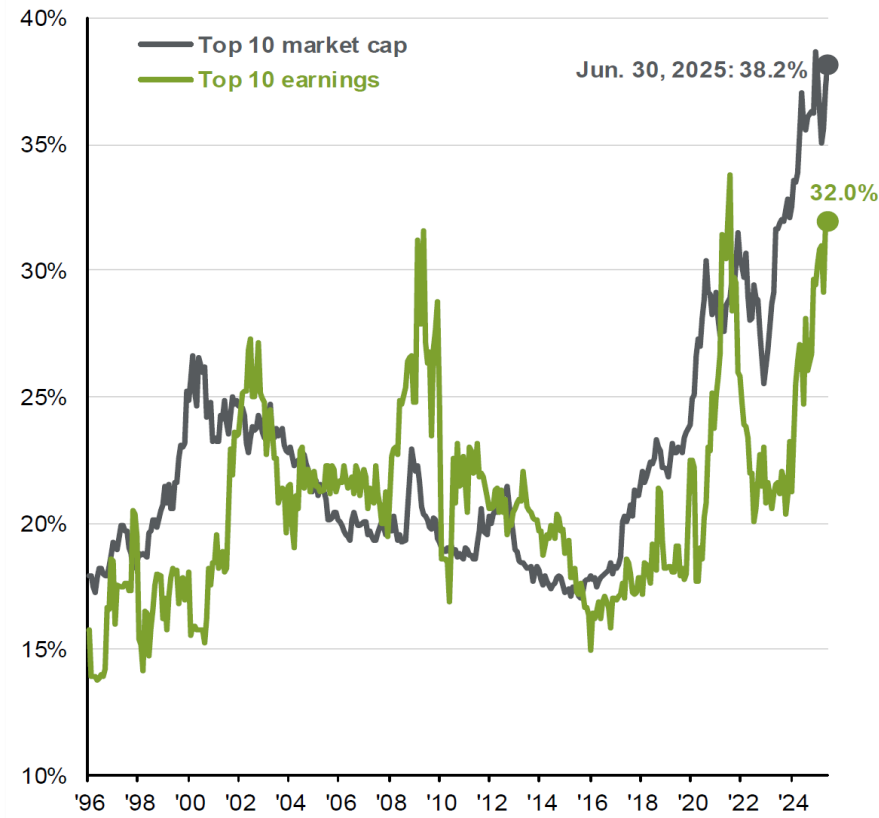


Market Concentration

The market is a bit top-heavy with the largest companies making a historically large impact. Encouragingly, the earnings contribution of those companies has grown alongside their weights.

Weight of the top 10 stocks in the S&P 500

% of market capitalization, % of last 12 months' earnings



Themes for 2025

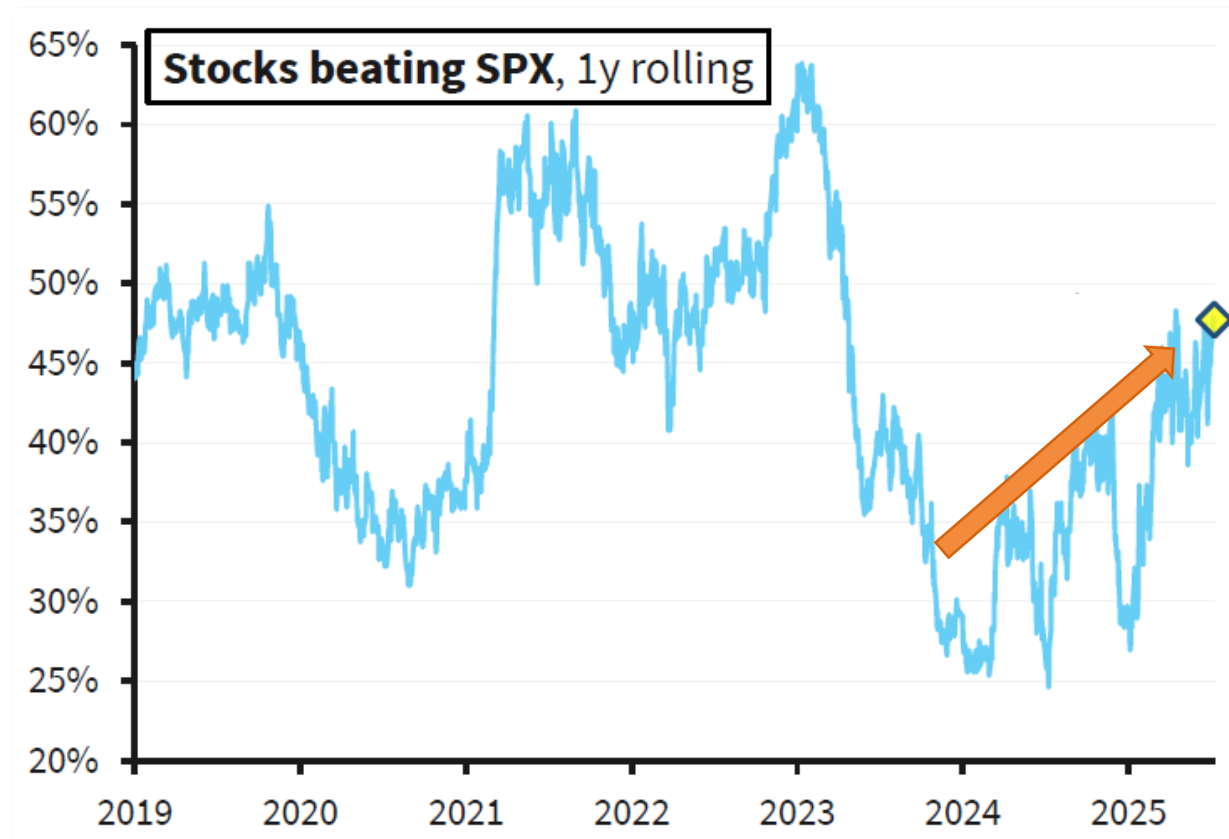
Actionable Opportunities in the Second Half of 2025



STAY ACTIVE

- Narrowness will likely broaden out – “barbell” approach
- International asset class opportunities
- Increased volatility will provide opportunities for stock selection due to mispricings

Actionable Opportunities: Stay Active



Actionable Opportunities in the Second Half of 2025



STAY ACTIVE

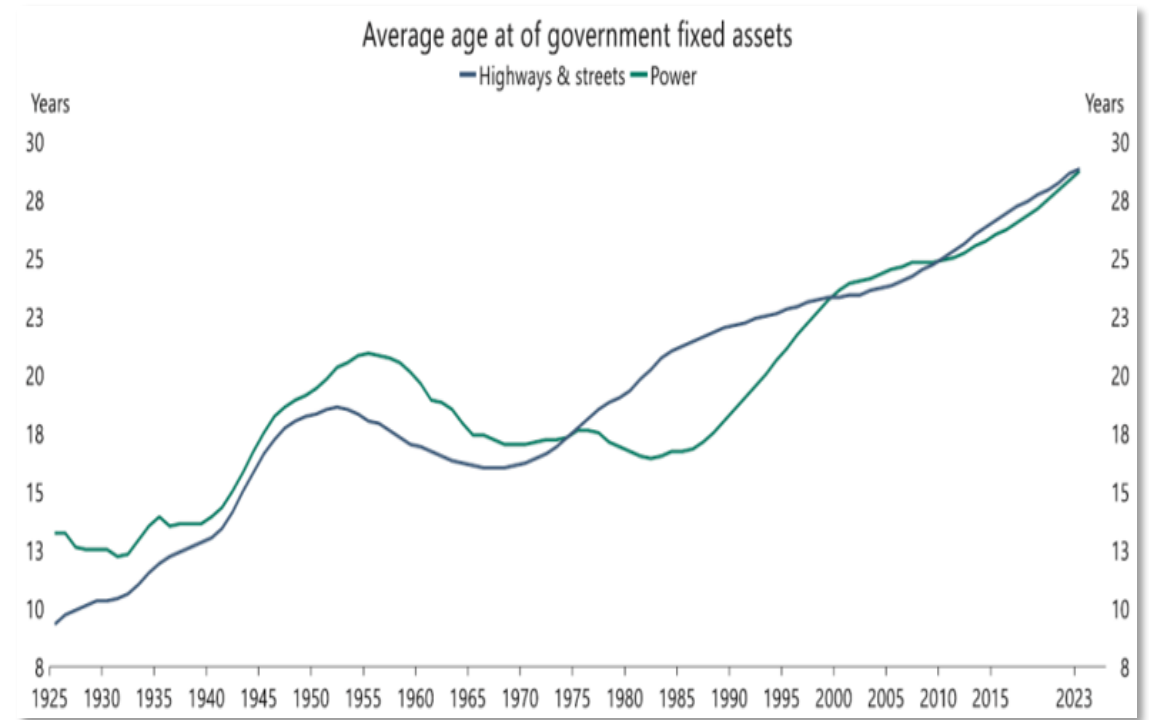
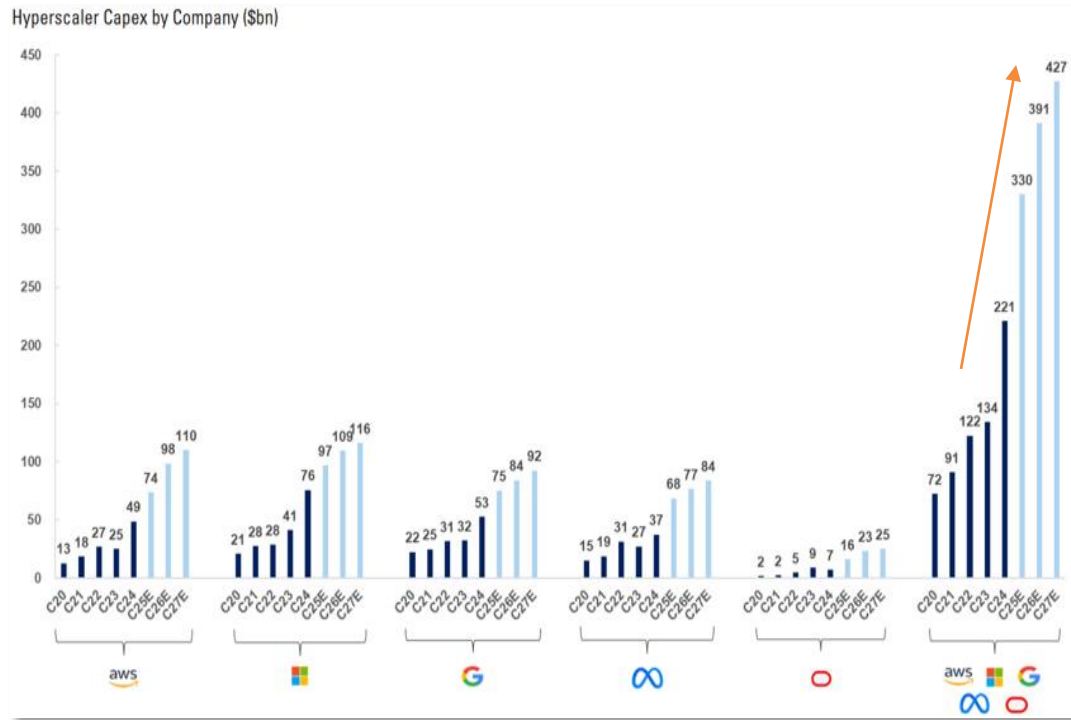
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CAPITAL INVESTMENT

- Financials: M&A, IPO revival, deregulation
- Industrials: CapEx spending has been below trend over the past several years

Actionable Opportunities: Capital Investment



Actionable Opportunities in the Second Half of 2025



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CAPITAL INVESTMENT

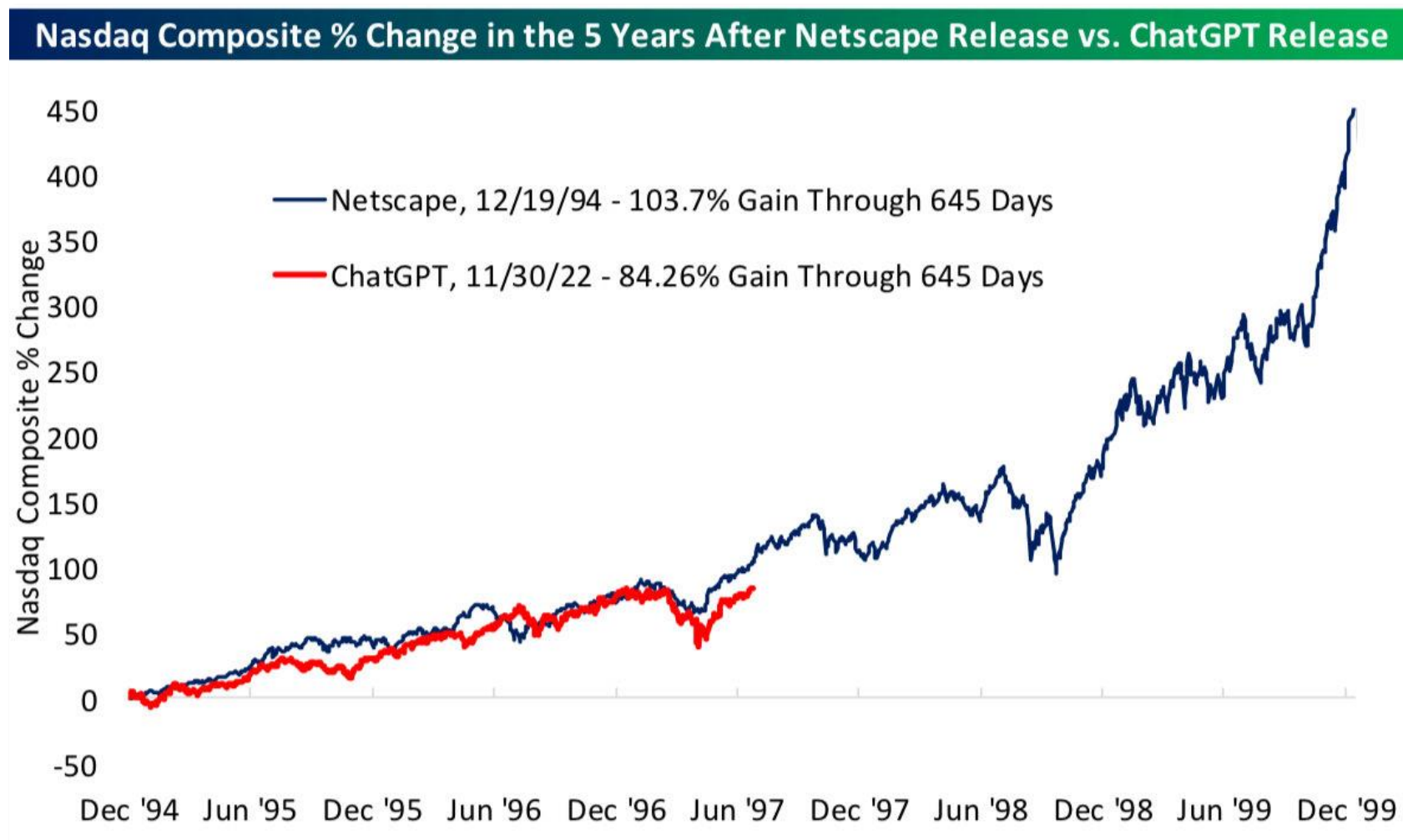
- Financials: M&A, IPO revival, deregulation
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AI / POWER GENERATION

- AI is a new industrial revolution
- Power generation inadequate
- Widespread adoption of AI technologies is still in its infancy

Actionable Opportunities: Artificial Intelligence



Q & A

Thank You

For additional questions or to schedule an introductory consultation, please contact us at
bakerave.com/contact or email us at **info@bakerave.com**



Purpose. Passion. Performance.

Since 2004, BakerAvenue has guided clients through personal and professional transitions. Our firm provides comprehensive wealth management and investment expertise for high-net-worth individuals, families, trusts, foundations and endowments.

We're headquartered in San Francisco with offices in New York, Dallas, Houston, Seattle, San Diego, and Naples.