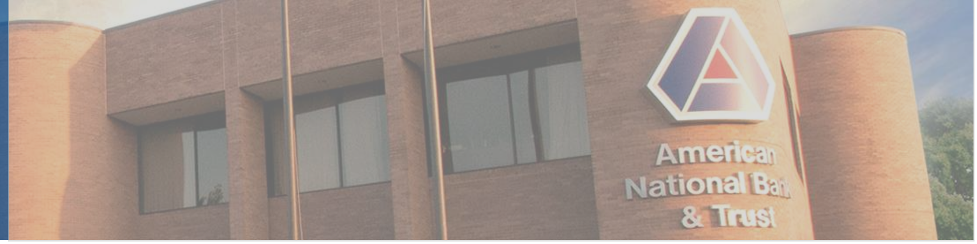


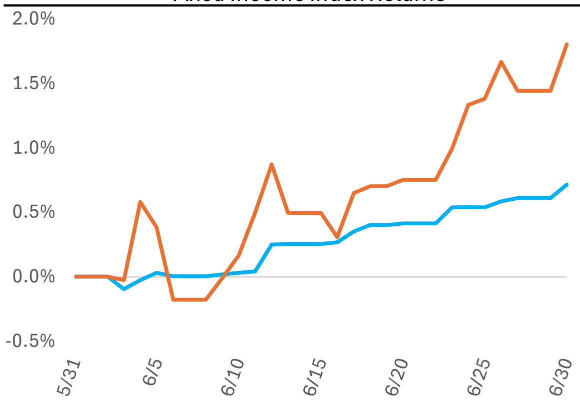
June Market Update

As of 6/30/2025 | amnat.com

Macro & Market View: Summertime Slowdown

June did not live up to its historical tag, Summertime Slowdown, this year with a positive equity market return of 4.64% for the month, measured by the S&P 500 index. This well exceeds the 0.77% that the S&P 500 index averages in June. We remain focused on how policy decisions, primarily regarding interest rates and political changes, have contributed to economic growth and positive returns in the broad fixed income and equity benchmarks, as shown below. Some other factors we monitor are domestic and international growth, the U.S. consumer sentiment, investor sentiment, and inflation. Over the past month, equity markets have risen for the broad US stock indices, while stock and bond market correlations have been 80% and 73% for the aggregate corporate and municipal bond markets, respectively. Equity returns this year are positive at 6.20% for the S&P 500 index, while the U.S. Aggregate bond index returned 4.02%.

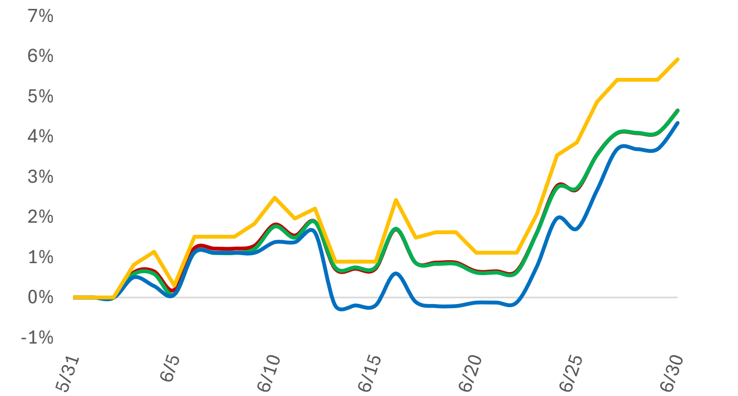
Fixed Income Index Returns



June Returns

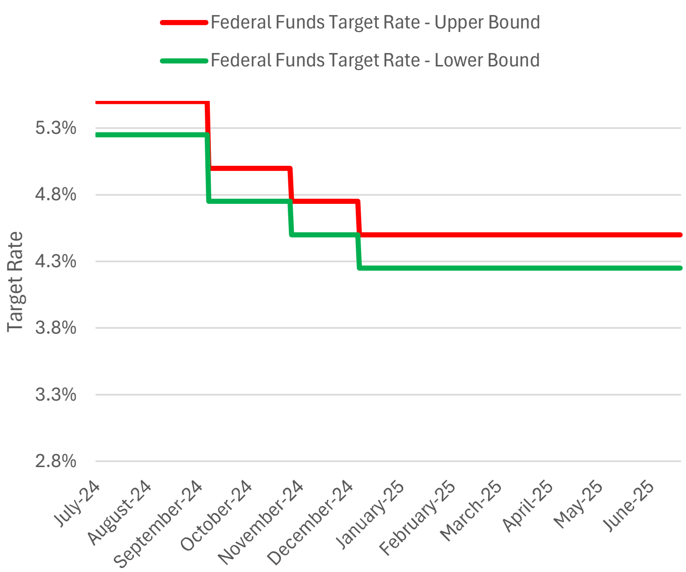
US Aggregate	1.80%
US Municipal	0.71%
Russell 1000	4.65%
S&P 500	4.64%
Dow Jones	4.35%
Nasdaq	5.92%

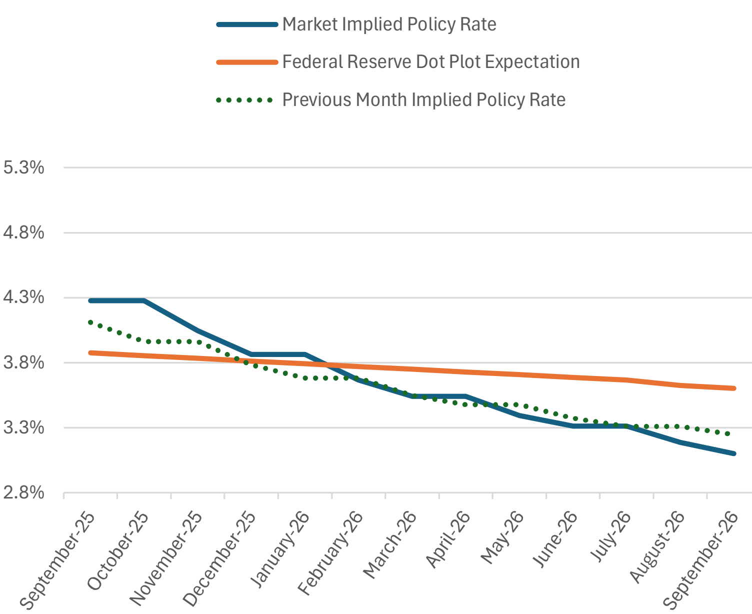
Equity Index Returns



Source: Bloomberg LP, Calculations by ANB&T - Trust & Wealth Management

Market participants are forecasting the Fed policy rate to be lowered over the next twelve months, although that is far from a certainty. We continue to note that market participants expect rates to be lower than the Fed's reported expectation for this year. The next Federal Reserve meeting to discuss monetary policy is scheduled for July 30th. The overall expectation is for the policy rate to be lowered by 118 basis points (actual estimate of -1.2%) to 3.1% by August 2026. The change in market participants' view of what the Federal Reserve should do can be understood in the context of the inflation data measured by Consumer Price Index ('CPI'), the Personal Consumption Expenditures ('PCE'), and expected unemployment.





Source: Bloomberg LP, Calculations by ANB&T - Trust & Wealth Management

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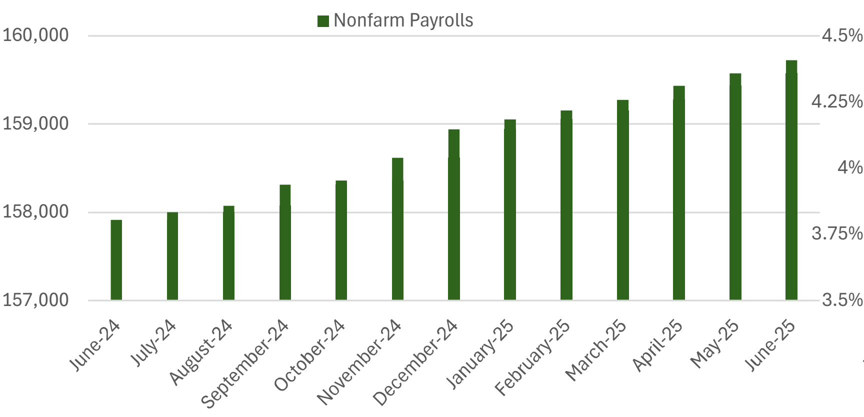
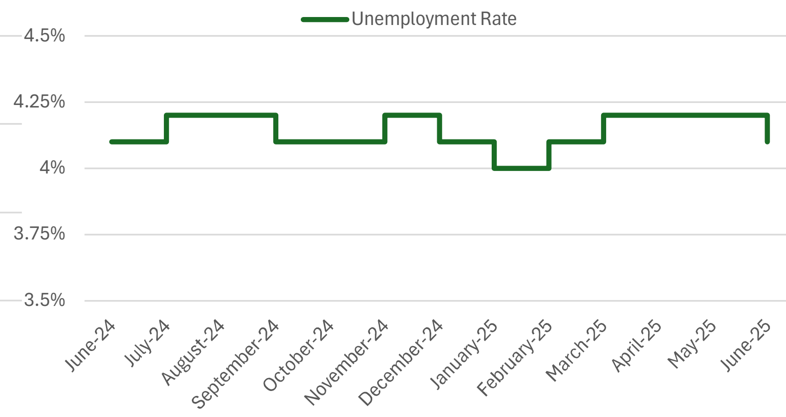
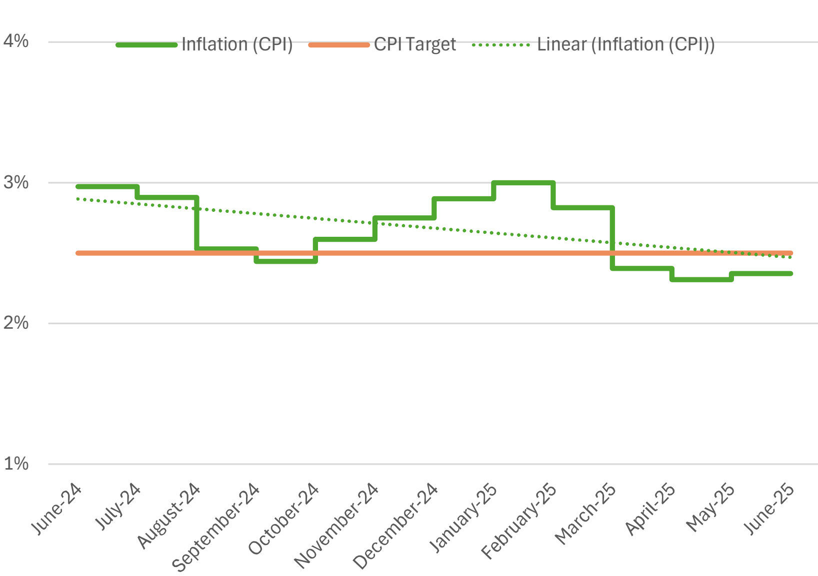
Nonfarm payrolls continue to trend upward, which influences, in part, whether the Federal Reserve will continue lowering interest rates. In isolation, an upward trend in payrolls tends to influence the Federal Reserve to raise interest rates to manage growth. The chart below on the right shows the unemployment rate sitting at 4.10%, where it was one year ago. The data informs the perspective that growth has been strong with market expectations and sentiment indicating some macroeconomic weakness. This situation highlights the Federal Reserve's complex 'dual mandate' of achieving maximum employment and price stability. The continued upward trend in nonfarm payrolls points towards robust employment. However, if this strength is perceived as potentially inflationary, or if the rise in unemployment (despite payroll gains) signals a turning point that could lead to a sharper slowdown later, the Fed faces a delicate balancing act.

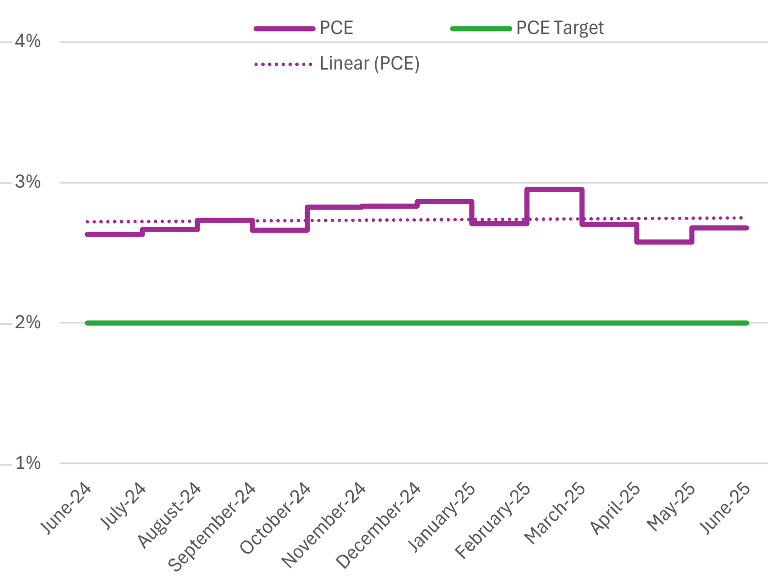




Source: Bloomberg LP, Calculations by ANB&T - Trust & Wealth Management

As shown in the US CPI year-over-year chart on the left below, June saw the past year's downward trending inflation continue and, since April, in a downward trend ending at 2.35%. The downward inflation improvements toward the Fed target of 2.5% gives market participants hope that the Federal Reserve will resume interest rate cuts. We also include the year-over-year change in the PCE and note the increases in March 2025 before before receding to the May 2025 lows. The Federal Reserve closely monitors inflation measured by the CPI and the PCE to manage their goal of price stability. The progress on inflation has been welcomed as it reflects moderation in price increases, but comparing PCE to the target suggests that the current downtrend in inflation may stay above the Fed's target level as economic data adjustments are released.





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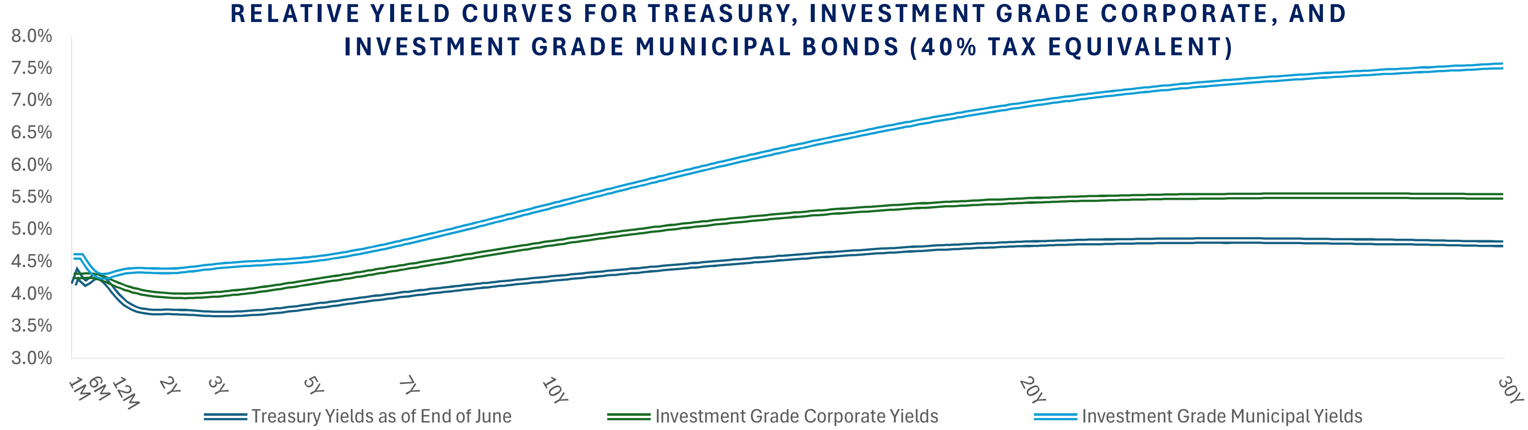
June's reported sales and earnings were broadly a positive surprise, with the Consumer Discretionary and Consumer Staples sectors outperforming the group. Of the 56 companies that reported in the Russell 1000 index for June, 37 had positive sales surprise and 42 had positive earnings surprise; we consider this positive surprise to be a tailwind for equity valuations for the next quarter. For the month, the overall sales and earnings surprise is positive at 2.36% and 5.88%, respectively, with companies being more resilient than consensus analyst estimates.

Our investment process blends active fixed income with dynamic long-only equity strategies. Our Legacy portfolio blends long-term growth and value on a discretionary basis, while our Dividend portfolio seeks lower volatility and higher current income. We also have Momentum and Quality strategies that are data-driven, factor tilt portfolios. The Momentum portfolio benefits from positive momentum while remaining well-diversified. The Quality portfolio blends low volatility with momentum to produce a portfolio of high quality equity income and positive momentum. For investment themes with more international exposure, our Benjamin Builder solutions complement the other equity strategies and offer an efficient method to invest broadly across geography, style, and sector using an institutional, active process.

Fixed income markets delivered positive total returns in June across both taxable and tax-free markets. Interest rates declined across the curve, contributing to the gains. In the taxable market, the 10-year U.S. Treasury yield fell by 17 basis points over the month, ending at 4.23%. The Federal Open Market Committee (FOMC) met on June 18 and held short-term interest rates steady, maintaining the effective federal funds rate at 4.33%. The Treasury yield curve shifted downward in a parallel move, with both the 2-year and 20-year yields declining by the same margin. In the municipal market, the tax-free yield curve steepened. Short-term yields declined by 15 to 17 basis points, while longer-term yields saw more modest decreases of 3 to 5 basis points. Volatility remained elevated in the Treasury market, with the 10-year yield trading in a range between 4.22% and 4.50%. In contrast, municipal market volatility was more subdued, with the 10-year AAA benchmark yield ranging from 3.19% to 3.32%. Periods of heightened volatility often present opportunities, and we remain focused on capturing higher yields to enhance return potential going forward. While the inverted Treasury curve has historically signaled recession risk, resilient consumer spending continues to support economic growth. Traditional indicators remain valuable, but their relevance must be reassessed in the context of today’s evolving economic landscape.

RELATIVE YIELD CURVES FOR TREASURY, INVESTMENT GRADE CORPORATE, AND INVESTMENT GRADE MUNICIPAL BONDS (40% TAX EQUIVALENT)



Source: Bloomberg LP, Calculations by ANB&T - Trust & Wealth Management

June saw a continuation of investor optimism, driven by record highs in the S&P 500 and Nasdaq indices. This optimism was fueled by hopes of favorable trade agreements and potential interest rate cuts by the Federal Reserve, which were anticipated to reduce investor uncertainty. The S&P 500 closed the month with a cumulative return of 4.55%, marking a strong performance for the index. The Information Technology sector led the gains, contributing significantly to the overall market performance with a return of 2.77%. The correlation between stock and bond markets remained a focal point for investors. The anticipation of interest rate cuts by the Federal Reserve, coupled with moderate inflation reports, suggested a dovish monetary policy stance, which typically supports equity markets while putting downward pressure on bond yields. This environment encouraged risk-taking, as evidenced by the increased appetite for equities over bonds. Our long-term approach allowed us to take advantage of reasonable valuations as market sentiment changed. We expect market volatility to continue this year for equity markets and use the opportunity to add strong companies at reasonable valuations. Bitcoin and other cryptocurrencies experienced heightened volatility, influenced by regulatory developments and market sentiment. The market's focus remained on potential regulatory changes that could impact the adoption and trading of digital assets. Despite these challenges, investor interest in cryptocurrencies persisted, driven by their potential for high returns and diversification benefits. We evaluate the investment landscape and adjust our expectations as markets and expectations change. Technology innovation continues to strengthen productivity enhancements due to tailored AI services. These factors lead us to blend value and growth investments across equities and seek relative value fixed income that complement your financial goals and risk appetite. Thank you for trusting us to manage your financial assets.