

NEWSLETTER

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3 BIG THINGS

1

Halftime! It's hard to believe 2025 is half over. The first six months of the year certainly didn't lack excitement. The morning of April 9th the S&P 500 sat 20% below all time highs. Later that day the 90 day tariff pause took place and markets have been off to the races since. We closed June at new all time highs thanks to a 5% gain in US stocks during the month.

2

While US stocks have had a strong recovery and now show nice gains on the year, up 5.5%, they are not the market leaders they have been over the last several years. International markets continue to lead the way through the first half with developed markets up 20% and emerging markets up 16%. Other diversifiers such as commodities are playing their role as well up over 5%. Fixed income has also seen gains with bonds advancing 3.5% over the first half of the year.

3

News flow continues to be dominated by a variety of geopolitical events. New to the mix in June was heightened conflict between Israel and Iran. Israel launched a series of attacks against Iran and later in the month the US bombed key Iranian nuclear sites. This took place over the weekend and expectations were for stock markets to suffer and oil prices to spike. This was another great example of even if you knew an event you may not be able to accurately predict the market reaction as equities continued to move higher and after an initial move higher in oil prices things retreated.

Quote of the month: "History provides crucial insight regarding market crises: they are inevitable, painful and ultimately surmountable" – Shelby M.C. Davis

MARKET QUICKTAKES

ECONOMIC INSIGHTS IN A NUTSHELL

Economic data has taken a back seat to what things are going to look like once the tariff pause ends as well as the final tax bill as it works its way through congress. Data releases this month came with the narrative that companies are likely waiting to see how things play out before making large capital investments or still seeing the impacts of pulling forward of demand prior to the tariffs being put in place. Despite much uncertainty in the legitimacy in the data, things have been relatively positive. Inflation has not seen any spikes and expectations are for a 3% GDP growth number for second quarter. The employment landscape remains on solid footing as well. We will know much more throughout July as the tariff pause and tax bill will both likely be resolved to some degree.

STOCKS

Stocks had another strong month. In particular some of the large tech names roared higher. The technology sector led the way domestically up over 9%. While large growth led the way, the spread wasn't as dramatic as we have seen in years past. This could be another sign that the explosive leadership in the magnificent seven names may be waning. Overseas emerging market stocks had a great month returning nearly 7% and continuing the strong year we've seen in foreign markets.

FIXED INCOME

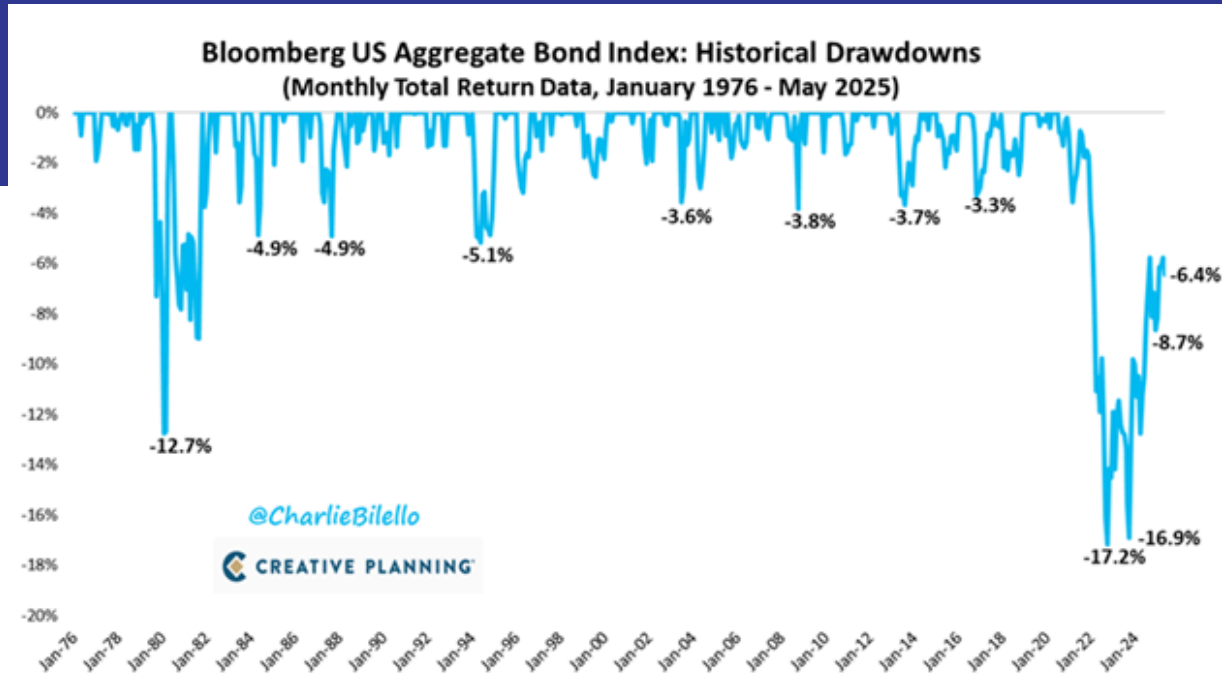
Interest rates dropped for the first time in a couple of months leading to gains for bonds. The 10 year treasury began the month at 4.45% and fell to 4.22% by month end. While the Fed has remained on pause from their rate cutting cycle, it does appear a couple of rate cuts will take place in the second half of the year. The lower rates flowed through to mortgages as toward the end of the month we saw the lowest average mortgage rates since March. This may help ignite some more activity in the housing market.

COMMODITIES

Commodities eeked out small gains as we continue to see large divergences under the surface in the commodity space. Oil spiked during the month on the back of the Iran/Israel conflict, but quickly reversed lower as the threat of supply disruptions were dodged. Gold had its first negative month return of the year, but still finished the first half up 24%.

VIEWS FROM MARKET STRATEGISTS

Why have bonds still felt like such a difficult investment despite us now being 2.5 years past 2022 which proved a historically bad year for fixed income? That's due to bonds not recovering to all time highs, unlike the rapid return to highs we've seen in equities. Not only was this period the deepest correction we have seen in bonds (17.2%), but it is now by far the longest period between new highs for the index we have even seen at nearly 5 years. That's a long time to go without an all time high! The good news is that with where yields stand today we expect much more attractive forward returns on our fixed income investments and hopefully will close the gap on that historic drawdown in the not so distant future.

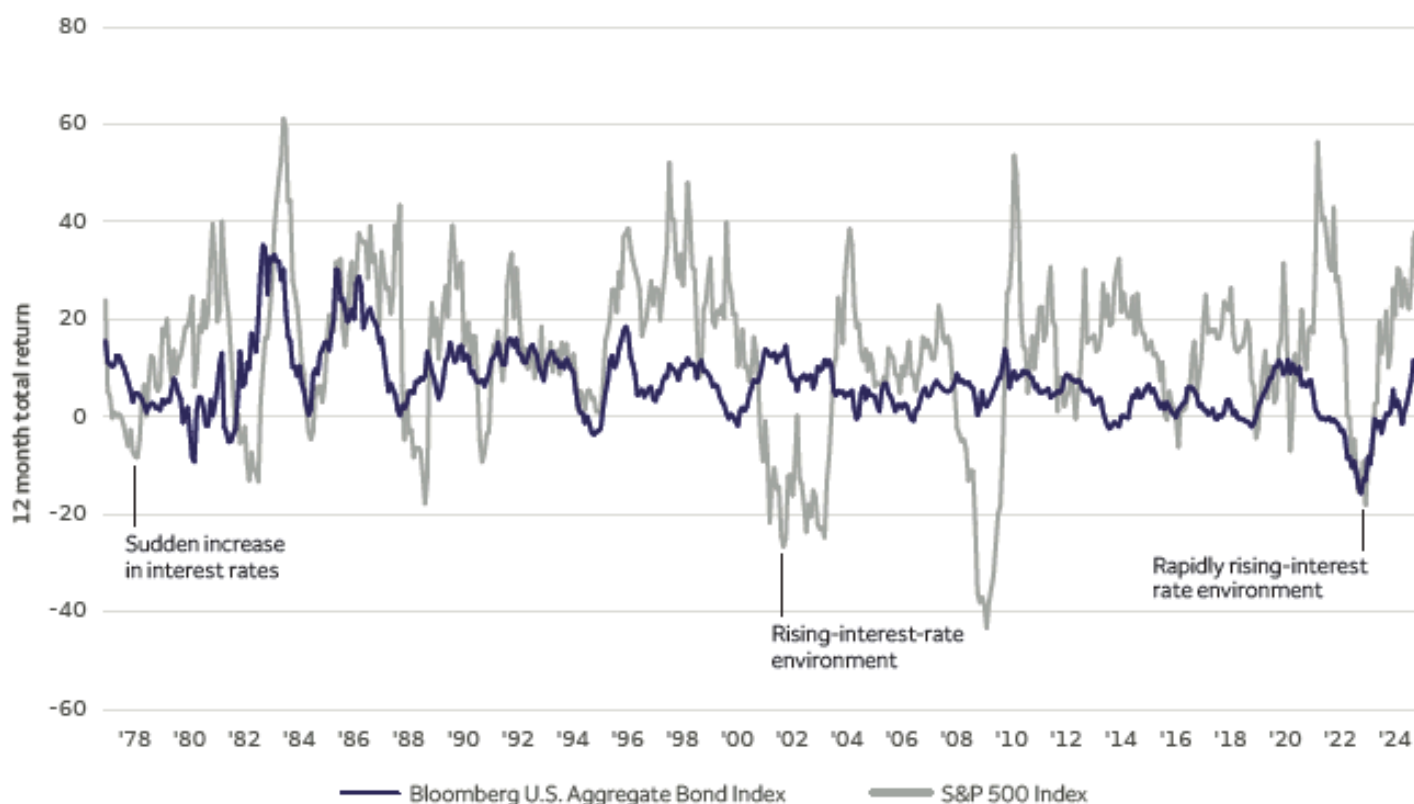


Bloomberg US Aggregate Bond Index: Longest Drawdowns (Monthly Data, Jan 1976 - May 2025)			
Start of Drawdown	End of Drawdown	# Months	Max Drawdown During Period (Monthly)
Aug-20	?	58	-17.2%
Jul-80	Oct-81	16	-9.0%
May-13	Apr-14	12	-3.7%
Aug-16	Jul-17	12	-3.3%
Feb-94	Jan-95	12	-5.1%
Mar-87	Nov-87	9	-4.9%
Aug-79	Apr-80	9	-12.7%
Apr-08	Nov-08	8	-3.8%
Feb-96	Sep-96	8	-3.2%
Jun-03	Nov-03	6	-3.6%
Feb-84	Jun-84	5	-4.9%
May-83	Aug-83	4	-3.5%

CREATIVE PLANNING @CharlieBilello (As of 5/31/25)

EVERGREEN REMINDERS

Following the theme of bonds, Wells Fargo Investment Institute (WFII) put out a great piece on “Why own bonds?”. A valid response after the data on the previous page showing how much of a struggle it has been in this asset class. The chart below depicts one of those reasons and it is to smooth out the ride. The chart shows that the volatility in returns of the grey line (US Stocks) is drastically higher than that of the purple line (US Bonds). Owning bonds in our portfolios allows for us to smooth out the ride that comes with the volatility of investing in stocks. Another point to be made is historically when stocks have negative years, bonds offset this partially by having positive returns. This didn't take place in 2022, but we can see going back nearly 50 years, 2022 appears to be the exception not the rule. If you have more questions on why we continue to allocate to fixed income, please do not hesitate to reach out so we can discuss!



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Sources: Bloomberg U.S. Aggregate Bond Index, S&P 500, and Wells Fargo Investment Institute. Data shown is from Dec 31, 1976 through Dec 31, 2024.

For illustrative purposes only, Bloomberg U.S. Aggregate Bond Index is a broad-based measure of investment-grade U.S. dollar-denominated, fixed-rate taxable bond market. S&P 500 Index is a market capitalization-weighted index composed of 500 widely held common stocks that is generally considered representative of the U.S. stock market. **Past performance is no guarantee of future results.** In index is unmanaged and not available for direct investment.

Stocks offer long-term growth potential but may fluctuate more and provide less current income than other investments. An investment in the stock market should be made with an understanding of the risks associated with common stocks, including market fluctuations. Bonds are subject to interest rate, price, and credit risks. Prices tend to be inversely affected by changes in interest rates. Credit risk is the risk that an issuer will default on payments of interest and principal

BEYOND THE MARKET

LIFESTYLE HACK

Are you a fan of iced coffee in the summer months? Get an ice tray and freeze coffee into ice cubes ahead of time to put in your iced coffee. This will allow you to avoid the watery taste that comes from melted ice cubes in your coffee!

Sticking with the coffee theme, sprinkle some coffee grounds near patio areas to help deter bugs naturally. (Full disclosure haven't tried this one)

TECH TIP

Some travel tech tips this month with the Summer vacations in full swing.

- Take a photo of your parking spot or hotel number that you can reference if you forget.
- If heading to a remote location you can download the local google map ahead of time so that your maps still work even if you don't have great service.
- Use "Focus Mode" to silence non-essential notifications so you aren't distracted during beach time or dinner.

LOCAL EVENTS THIS MONTH

- Earth, Wind & Fire are playing at The Astro in La Vista July 16th
- Thursday evenings throughout the month Late Nights at the Zoo take place for adults, but on the 18th a special family edition will take place with an experience packed with kid-friendly activities
- Tyler Childers plays at CHI Health Center on the 24th
- Nelson Produce Farm continues their series of events as Melon Festival takes place on the 25th
- Midtown Crossing is hosting a night market on the 25th. This is a series of four Fridays throughout the summer months
- The Omaha Quilters Guild is holding its 46th annual quilt show at the Scott Conference Center starting July 31st running through August 2nd

ARVADA TEAM HAPPENINGS

The team wishes everyone a safe and happy 4th of July!



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The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock's weight in the Index proportionate to its market value.

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