



Midyear Outlook 2025

Pragmatic Optimism, Measured Expectations

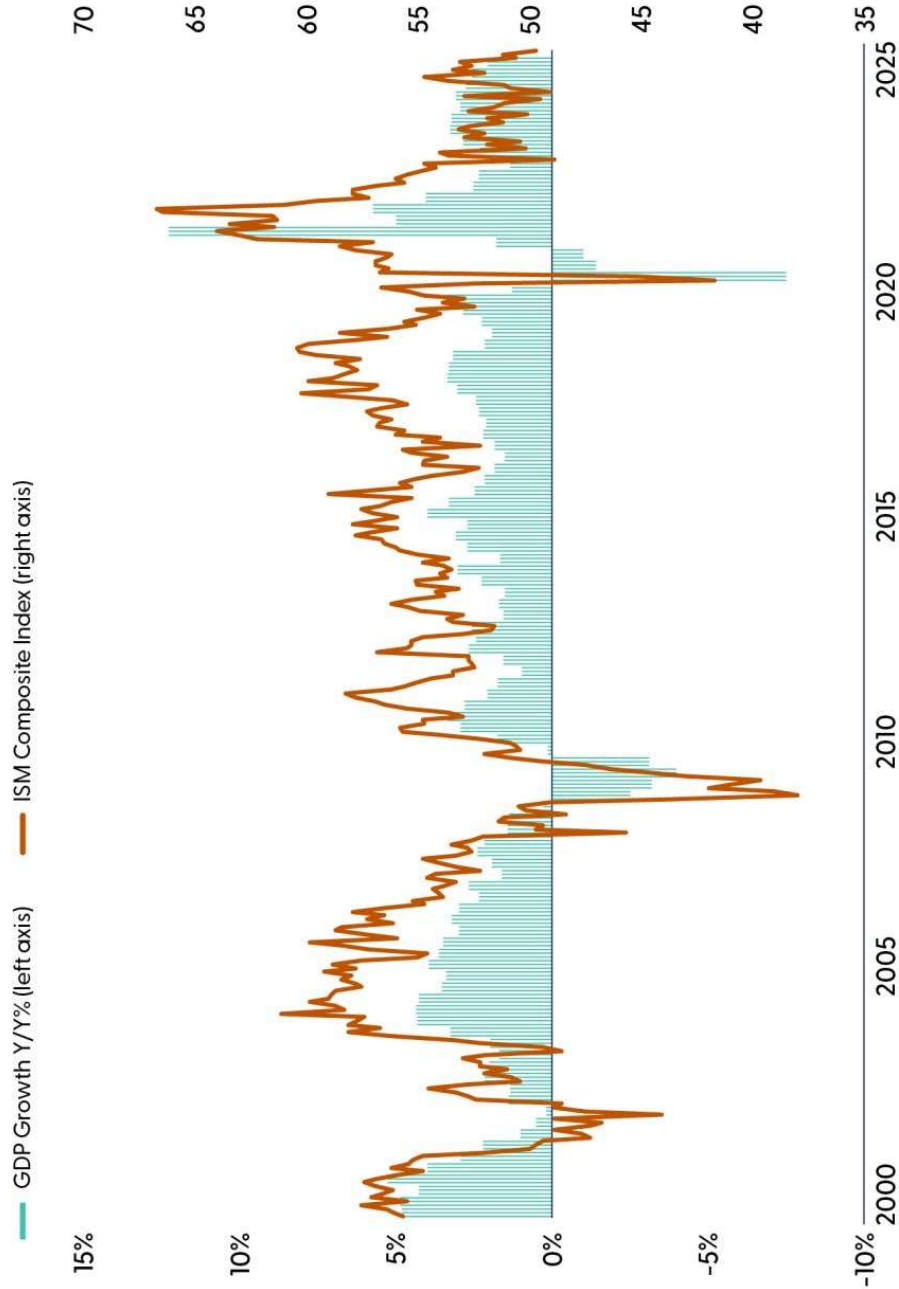


Member FINRA/SIPC

Economy

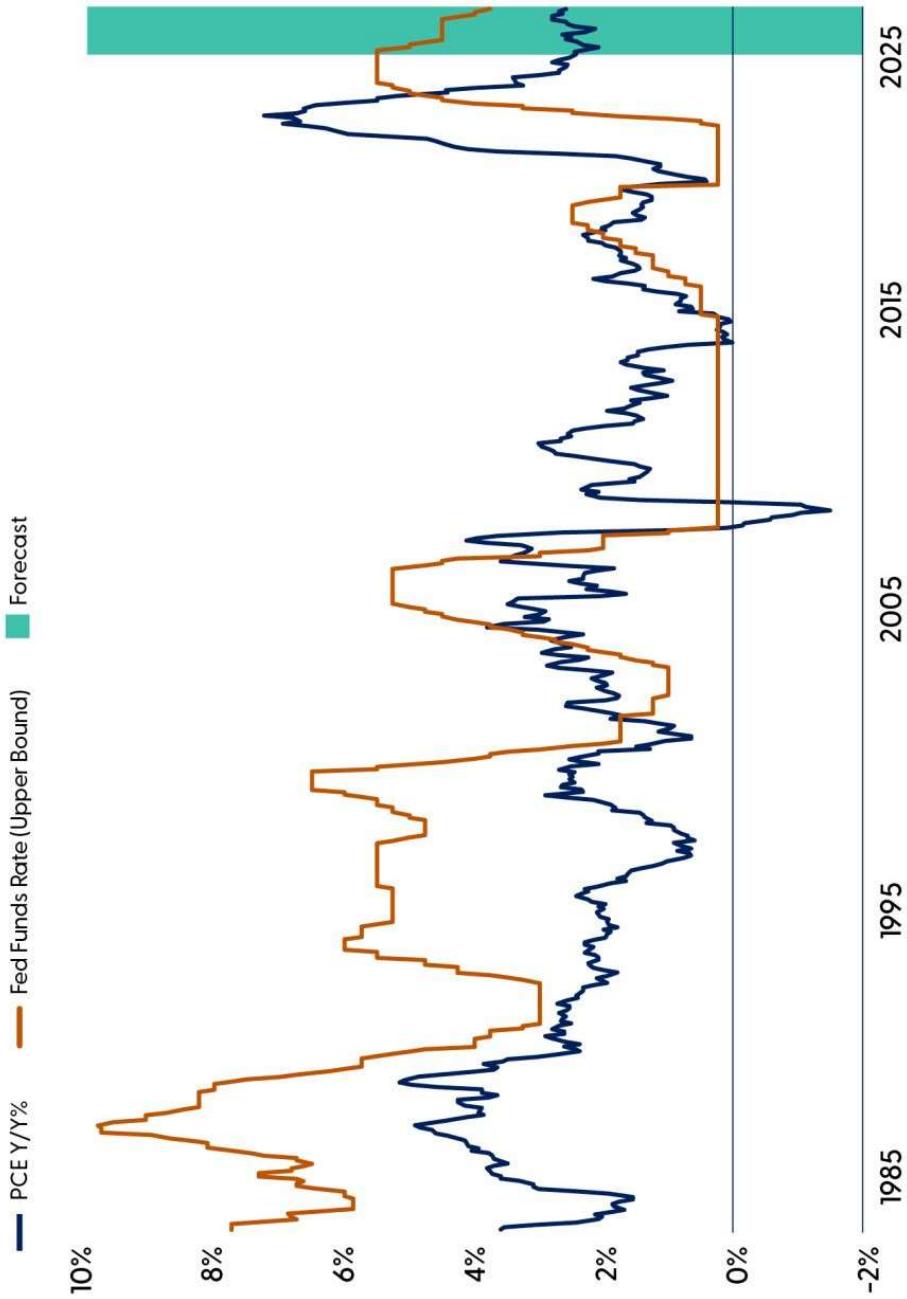
Is the Economy Entering
Uncharted Waters?

Businesses Report Slowdown in New Orders



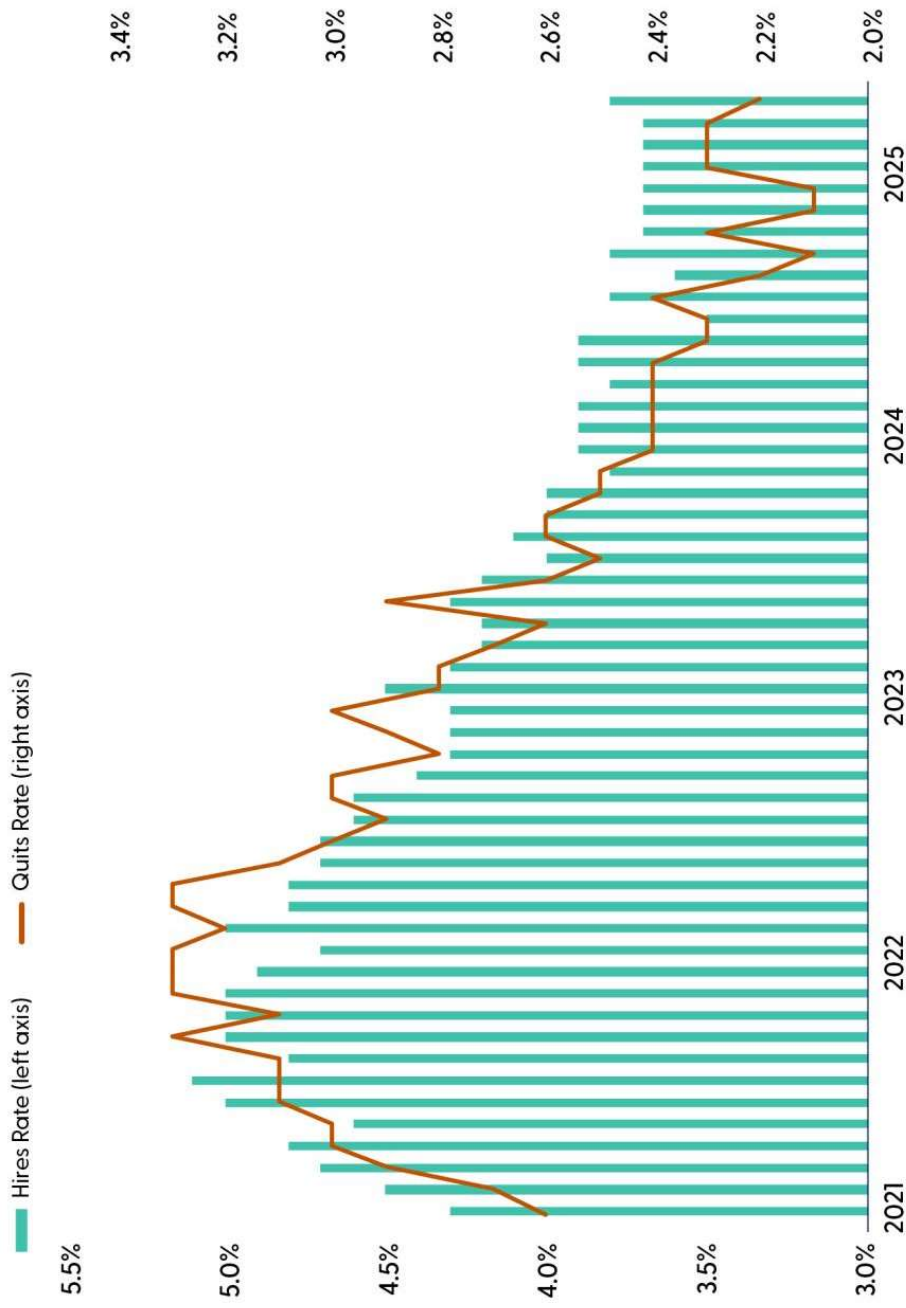
Source: LPL Research, U.S. Bureau of Economic Analysis, Institute of Supply Management 06/09/25. All indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.

The Fed Could Cut, Yet Remain Restrictive



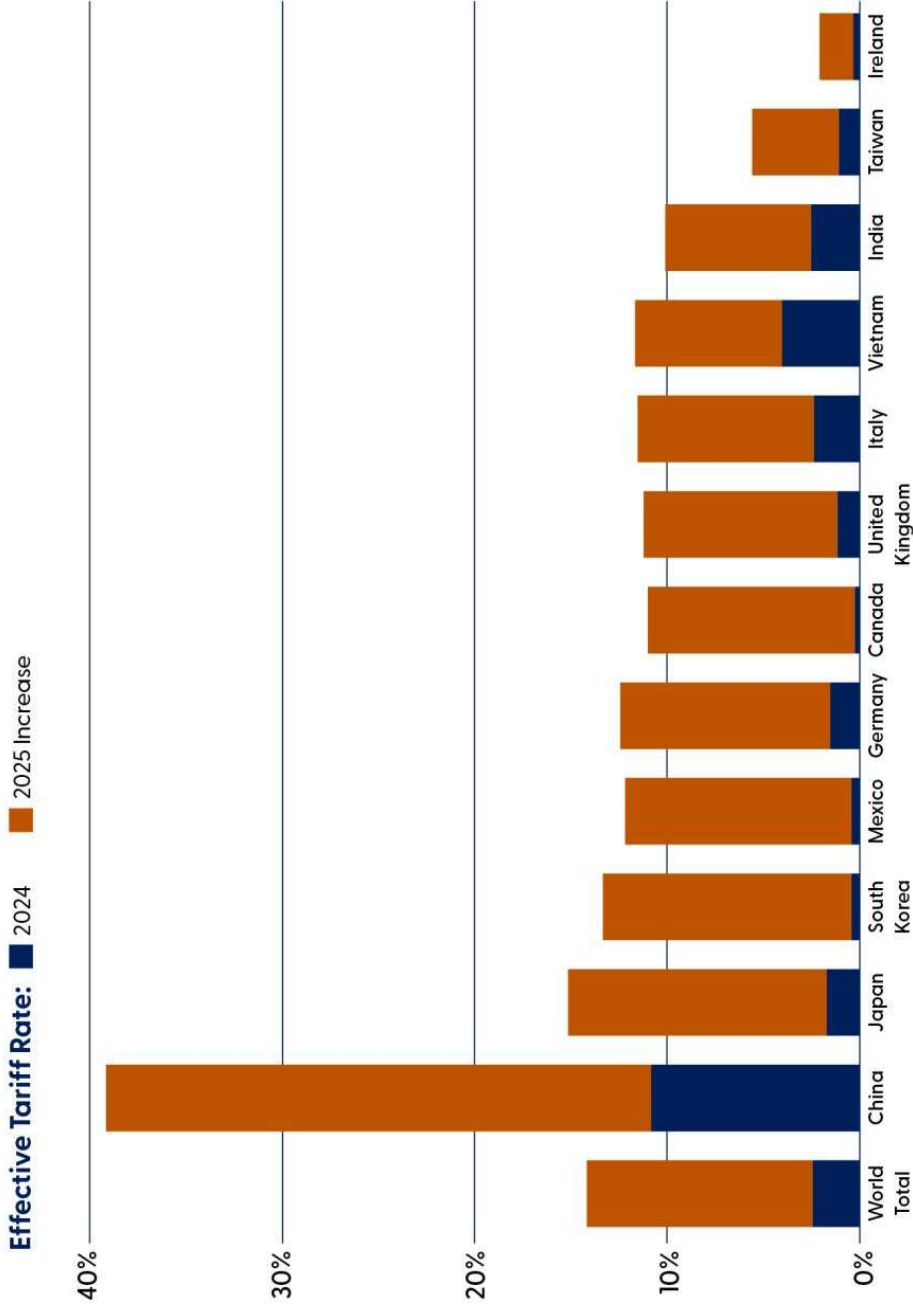
Source: LPL Research, Federal Reserve, Bureau of Labor Statistics 05/13/25. All indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.

Businesses and Workers Are Hesitant About Current Labor Market



Source: LPL Research, Bureau of Labor Statistics 06/09/25.

Recession Risks Will Rise If Effective Tariff Rate Surpasses 20%



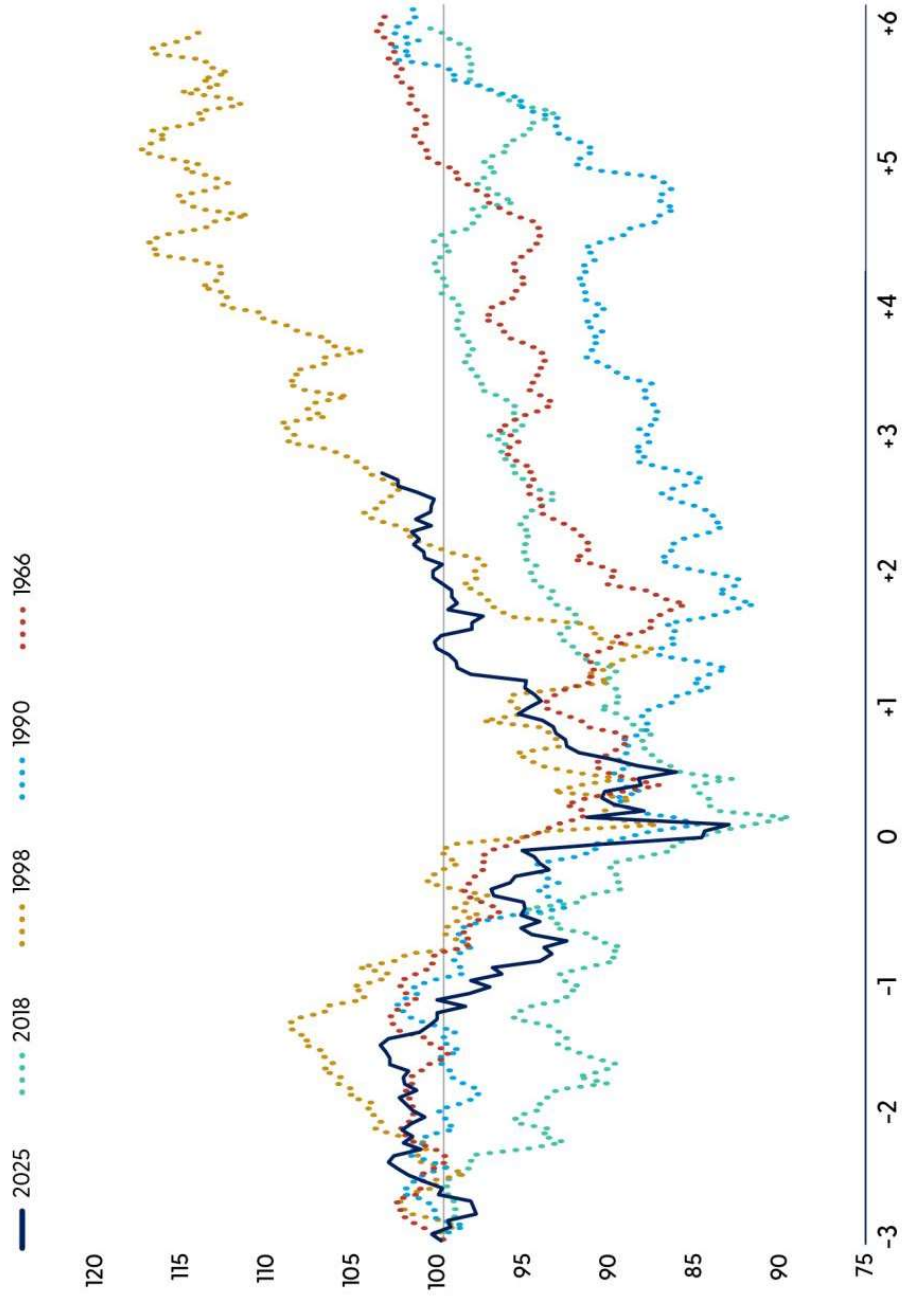
Source: LPL Research, Fitch Ratings, Census Bureau 06/09/25

Stocks

Path to Upside Clouded
with Uncertainty

History Suggests Bull Market Could Break Either Direction

S&P 500 Normalized to 100



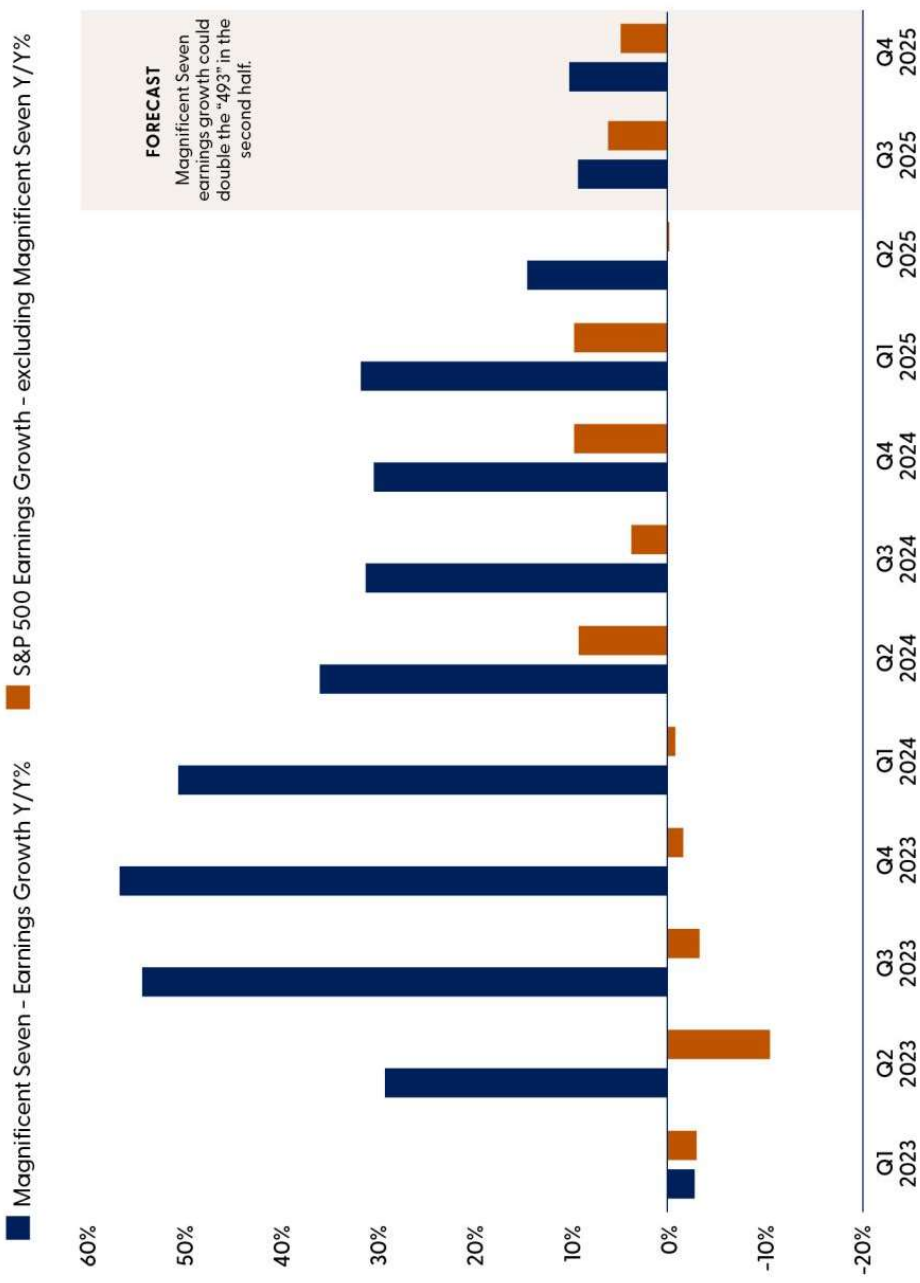
Source: LPL Research, Bloomberg
06/27/25. All indexes are unmanaged
and cannot be invested in directly. Past
performance is no guarantee of future
results

Post-Correction Recoveries Tend To Keep Going Higher

Correction Dates				S&P 500 Forward Returns		
High	Low	Decline	Recovery	+6-month	+12-month	
6/12/50	7/17/50	-14.0%	9/22/50	17.0%	29.8%	
1/5/53	9/14/53	-14.8%	3/11/54	18.4%	40.9%	
9/23/55	10/11/55	-10.6%	11/14/55	3.0%	3.1%	
8/3/59	10/25/60	-13.9%	1/27/61	10.4%	14.6%	
9/25/67	3/5/68	-10.1%	4/30/68	7.9%	9.5%	
4/28/71	11/23/71	-13.9%	2/4/72	6.8%	12.2%	
11/7/74	12/6/74	-13.6%	1/27/75	21.0%	37.1%	
7/15/75	9/16/75	-14.1%	1/12/76	12.0%	11.6%	
9/21/76	3/6/78	-19.4%	8/15/79	9.5%	22.7%	
10/5/79	11/7/79	-10.2%	1/21/80	12.4%	23.5%	
2/13/80	3/27/80	-17.1%	7/14/80	14.0%	13.4%	
10/10/83	7/24/84	-14.4%	1/21/85	13.8%	22.4%	
10/9/89	1/30/90	-10.2%	5/29/90	-10.7%	9.9%	
10/7/97	10/27/97	-10.8%	12/5/97	14.1%	21.4%	
7/17/98	8/31/98	-19.3%	11/23/98	12.7%	19.7%	
7/16/99	10/15/99	-12.1%	11/16/99	3.8%	-2.2%	
11/27/02	3/11/03	-14.7%	5/12/03	13.0%	18.1%	
4/23/10	7/2/10	-16.0%	11/4/10	11.4%	4.7%	
4/29/11	10/3/11	-19.4%	2/24/12	4.5%	13.5%	
5/21/15	2/11/16	-14.2%	7/11/16	7.6%	15.9%	
1/26/18	2/8/18	-10.2%	8/24/18	-1.9%	1.1%	
9/20/18	12/24/18	-19.8%	4/23/19	3.4%	-2.7%	
7/31/23	10/27/23	-10.3%	12/1/23	15.7%	33.1%	
2/19/25	4/8/25	-18.9%	?	?	?	
				Average	9.6%	16.2%
				Median	11.4%	14.6%
				% Positive	91%	91%

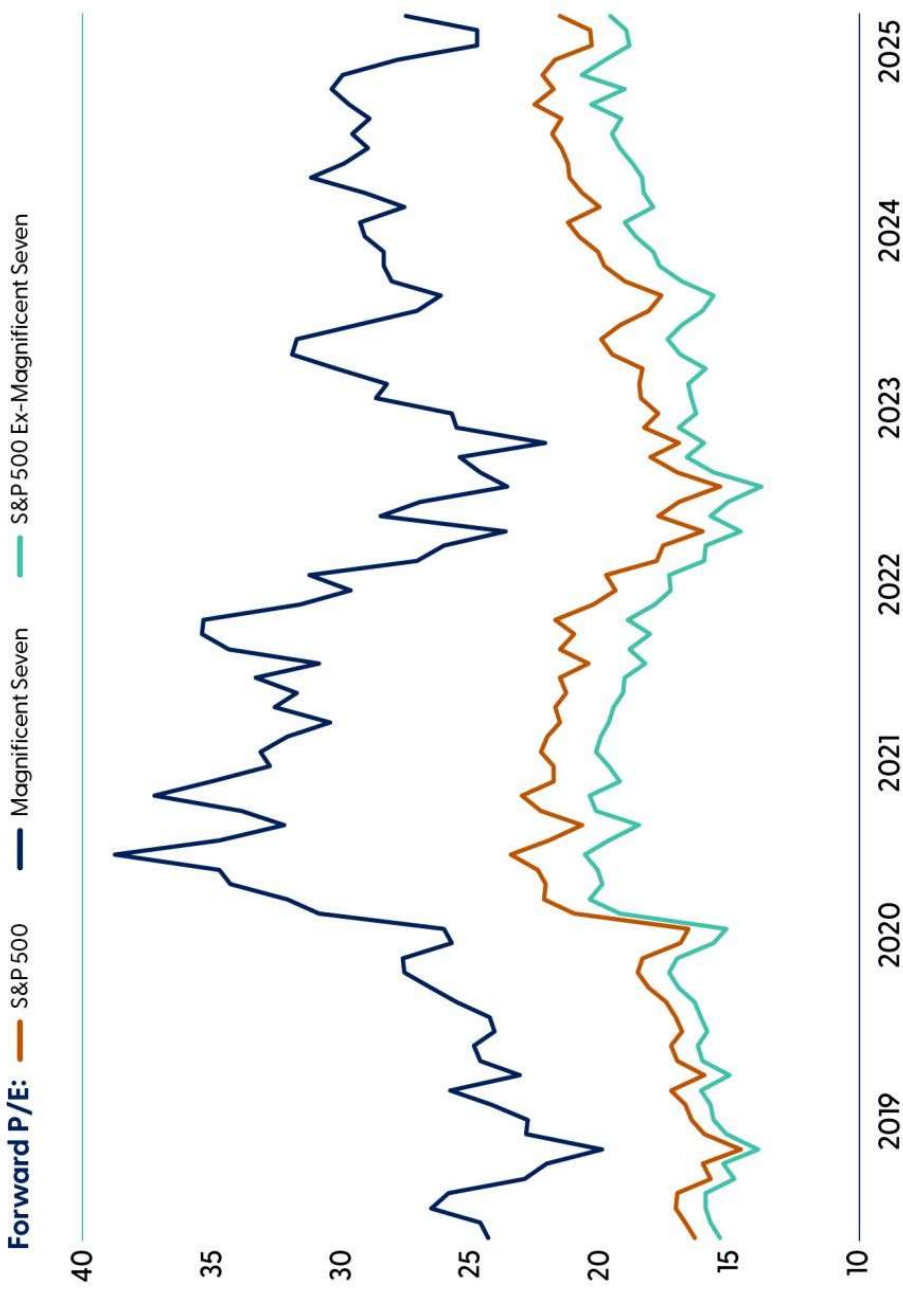
Source: LPL Research, Bloomberg, CFRA 06/09/25. Bear market declines (20% or more) are excluded from this analysis. Recovery dates represent new highs. All indexes are unmanaged and cannot be invested in directly. Past performance is no guarantee of future results.

Big Tech Continues To Provide Significant Earnings Boost



Source: LPL Research, Bloomberg, 06/27/25. Magnificent Seven includes Alphabet (GOOG/L), Amazon (AMZN), Apple (AAPL), Meta (META), Microsoft (MSFT), NVIDIA (NVDA), and Tesla (TSLA). Indexes are unmanaged and cannot be invested in directly. Estimates may not materialize as predicted and are subject to change.

Stock Valuations Are Elevated, But Less So Excluding Mega-Cap Technology Stocks



Source: LPL Research, Bloomberg 06/27/25. Magnificent Seven includes Alphabet (GOOG/L), Amazon (AMZN), Apple (AAPL), Meta (META), Microsoft (MSFT), NVIDIA (NVDA), and Tesla (TSLA). Indexes are unmanaged and cannot be invested in directly. Estimates may not materialize as predicted and are subject to change.

Year-End 2025 S&P 500 Fair Value Target Scenarios

S&P 500 forward P/E ratio (as of June 27) = 21.4

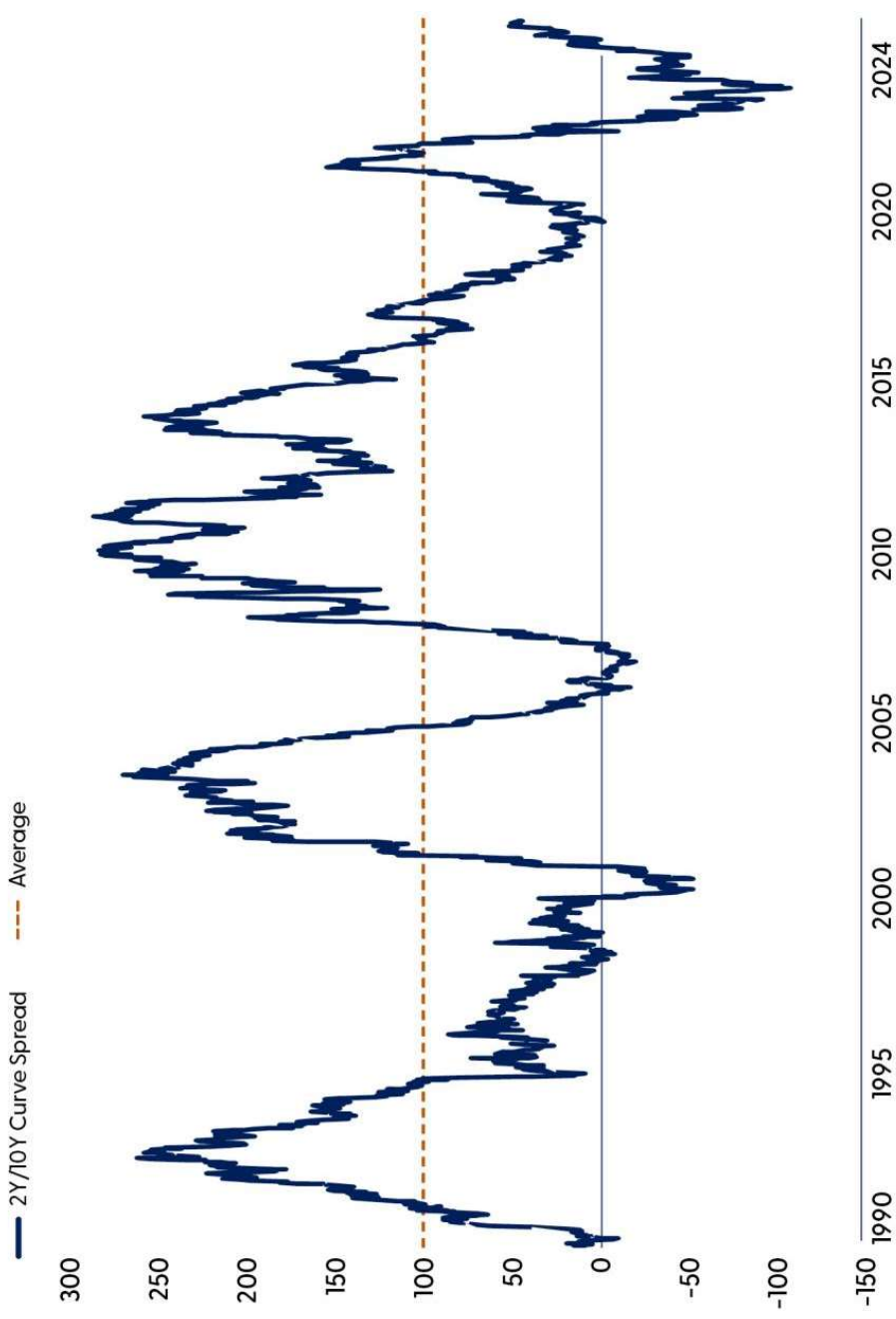
	19	20	21	22	23	24
\$260	4,940	5,200	5,460	5,720	5,980	6,240
\$265	5,035	5,300	5,565	5,830	6,095	6,360
\$270	5,130	5,400	5,670	5,940	6,210	6,480
\$275 Proposed LPLR 2026 S&P 500 EPS	5,225	5,500	5,775	6,050	6,325	6,600
\$280	5,320	5,600	5,880	6,160	6,440	6,720
\$285	5,415	5,700	5,985	6,270	6,555	6,840
\$290	5,510	5,800	6,090	6,380	6,670	6,960

Source: LPL Research, FactSet 06/27/25. Indexes are unmanaged and cannot be invested in directly. Estimates may not materialize as predicted and are subject to change.

Bonds

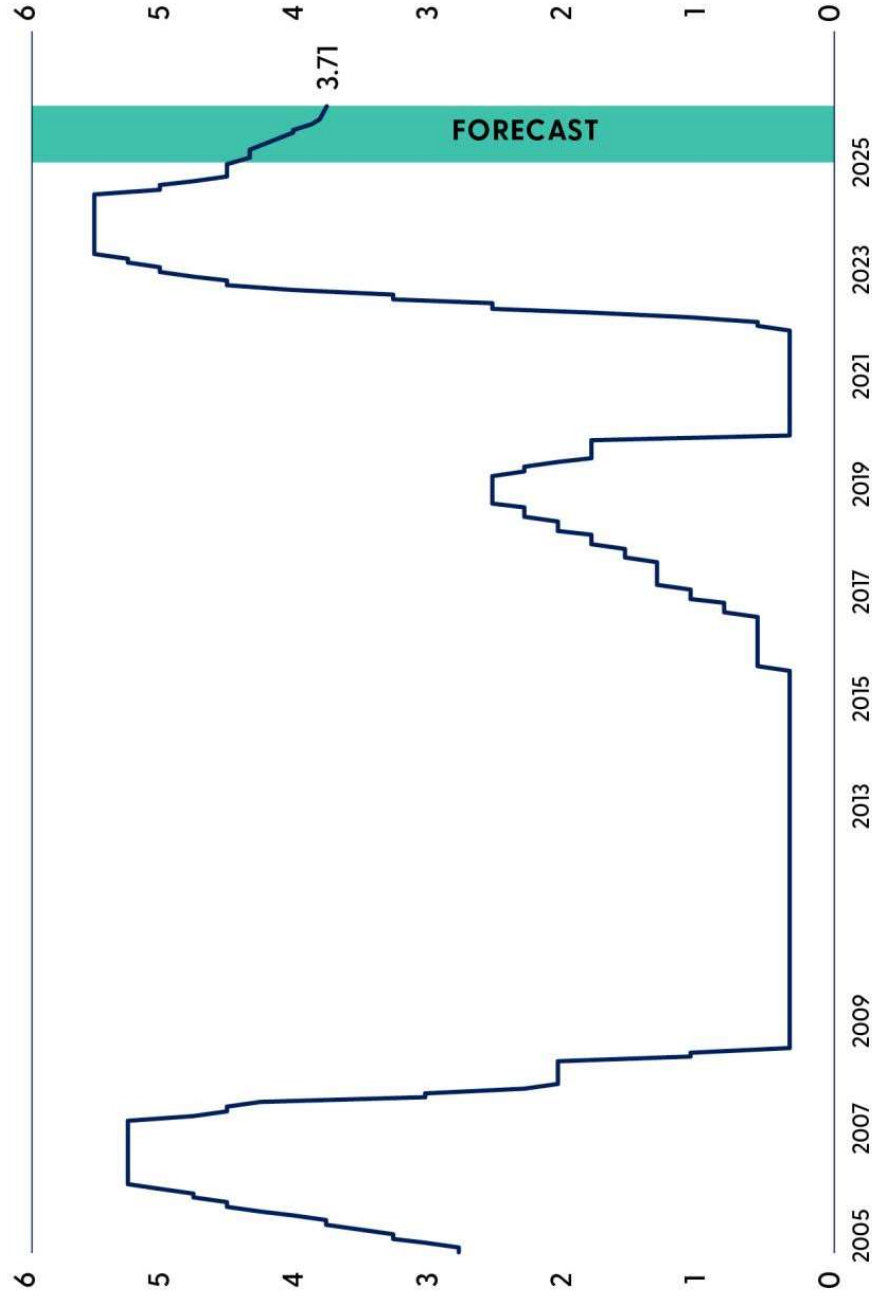
The Jekyll and Hyde Bond Market:
A Tug of War Between Economic
Data and Deficit Spending

The Treasury Yield Curve Could Further Steepen From Here



Source: LPL Research, Bloomberg, 06/09/25. Past performance is no guarantee of future results.

Historical and Market-Implied Fed Funds Rate



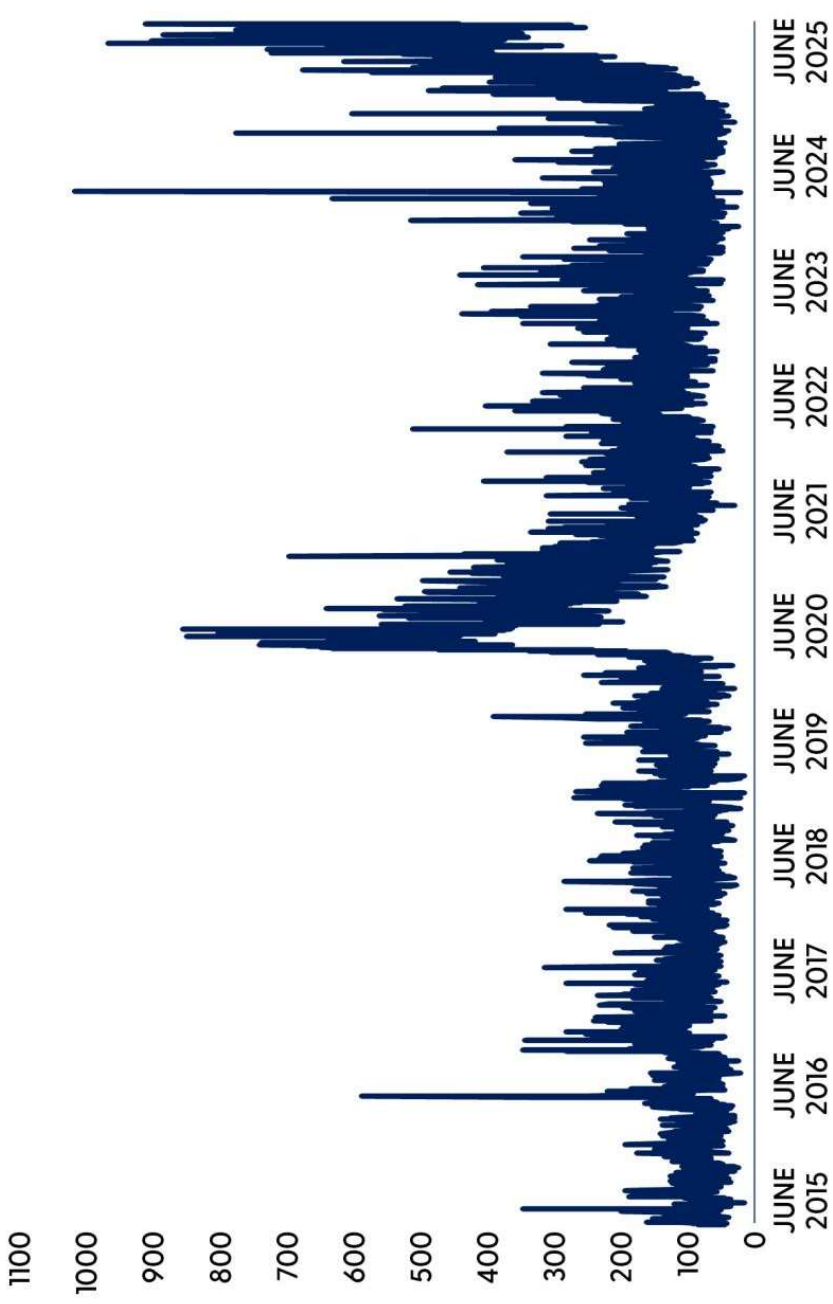
Source: LPL Research, Bloomberg, 06/09/25. Past performance is no guarantee of future results. Estimates may not materialize as predicted and are subject to change.

Alternative Investments

Building Resilience in Times of Uncertainty

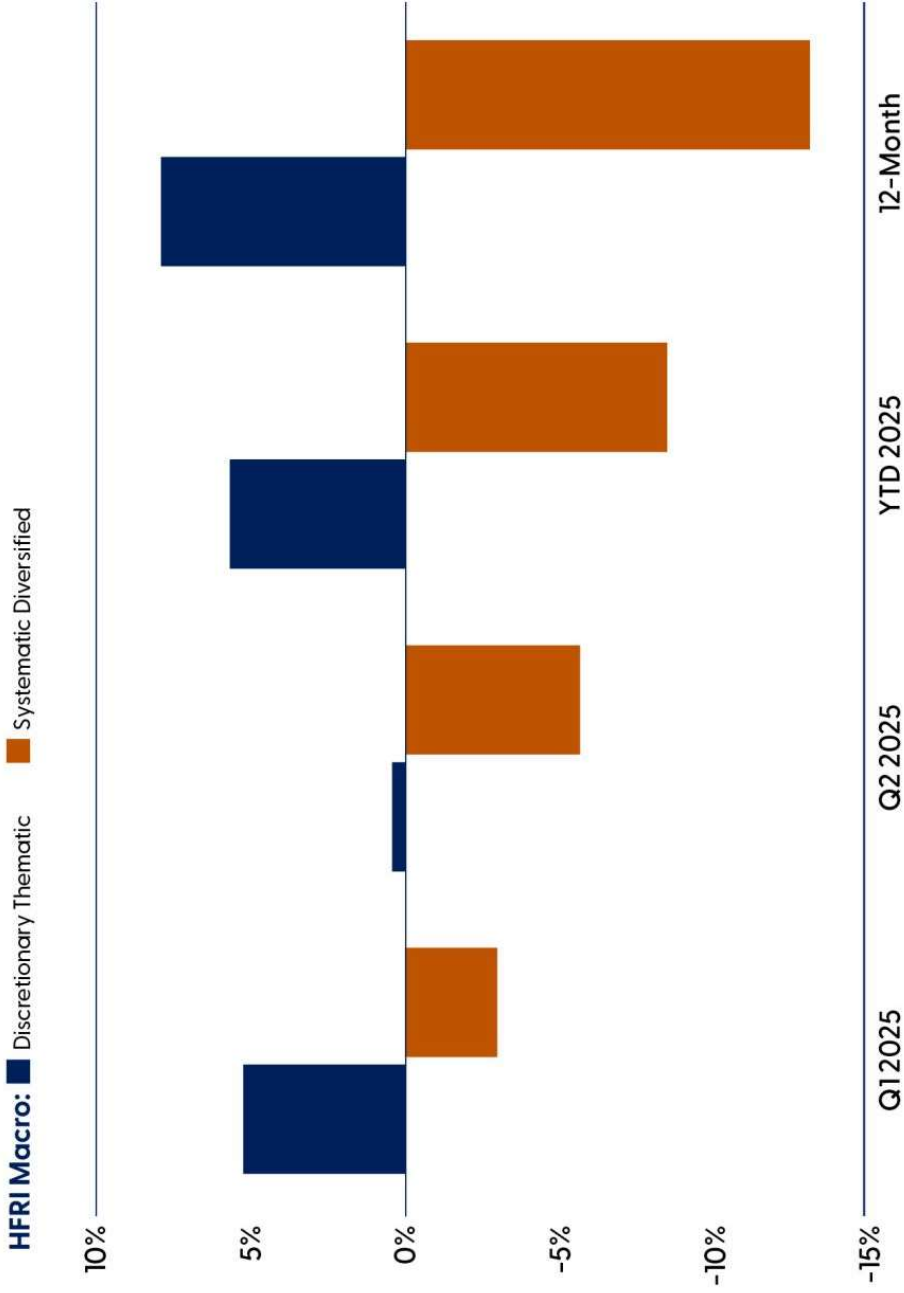
Policy Uncertainty To Remain High

— U.S. Economic Policy Uncertainty Index



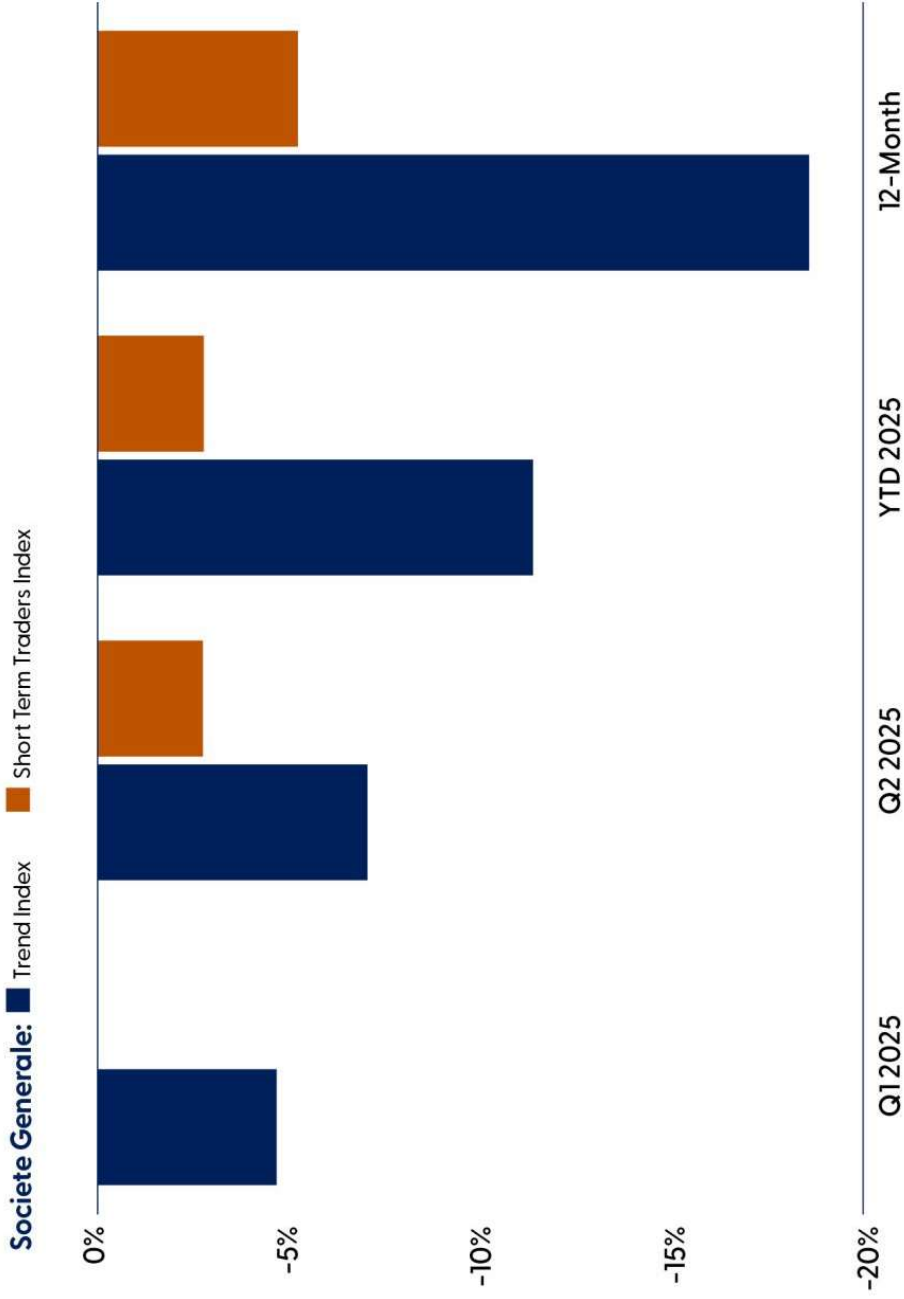
Source: LPL Research Bloomberg, 06/09/25. Indexes are unmanaged and cannot be invested in directly. Past performance is not a guarantee of future results.

Discretionary Macro Responds Better in Whipsawing Market



Source: LPL Research, Bloomberg, 04/30/25. Past performance is no guarantee of future results. All indexes are unmanaged and cannot be invested in directly.

Sharp Market Reversals Challenged Trend Followers

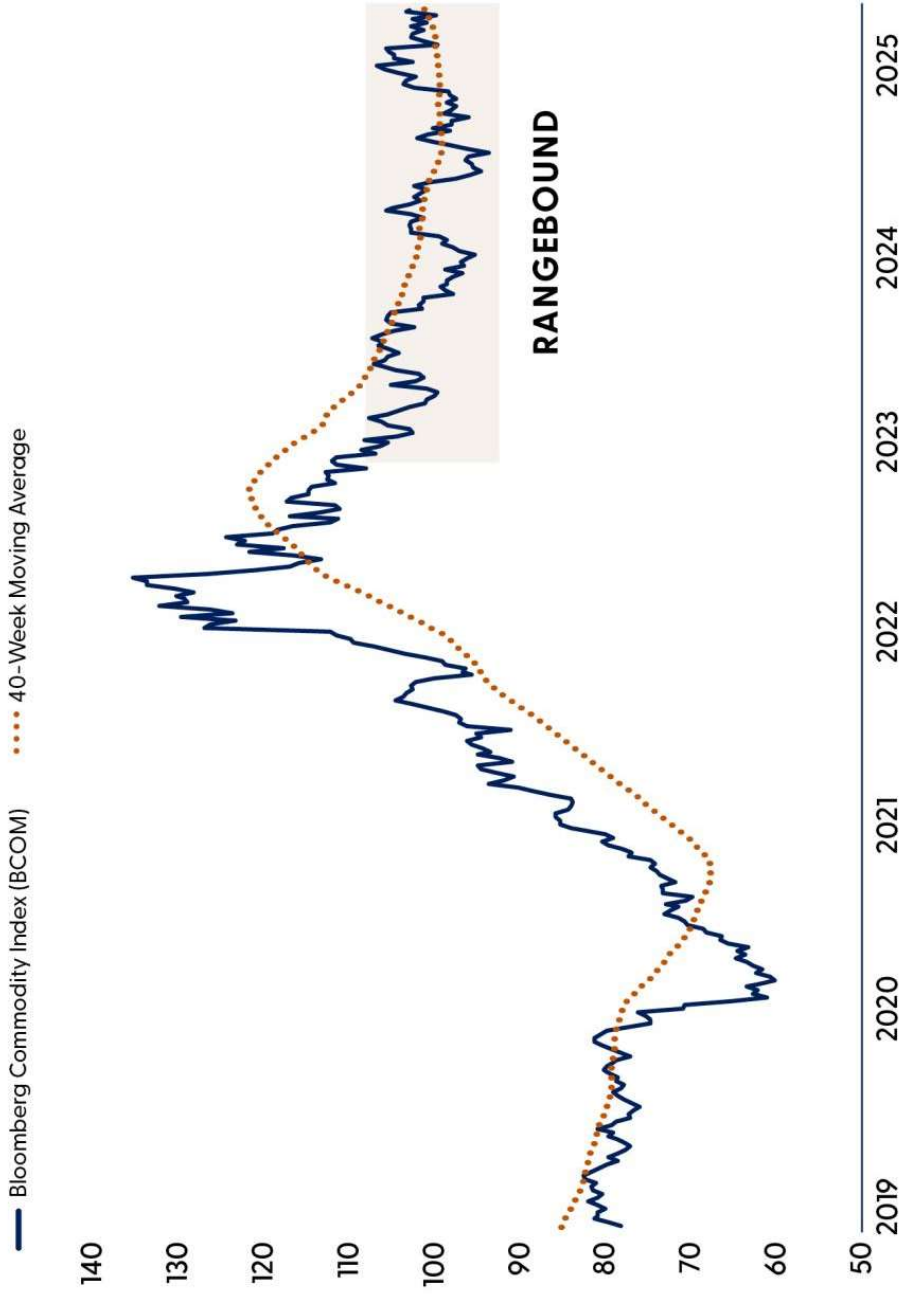


Source: LPL Research, HFR, Bloomberg, 05/31/25. Past performance is no guarantee of future results. All indexes are unmanaged and cannot be invested in directly.

Commodities

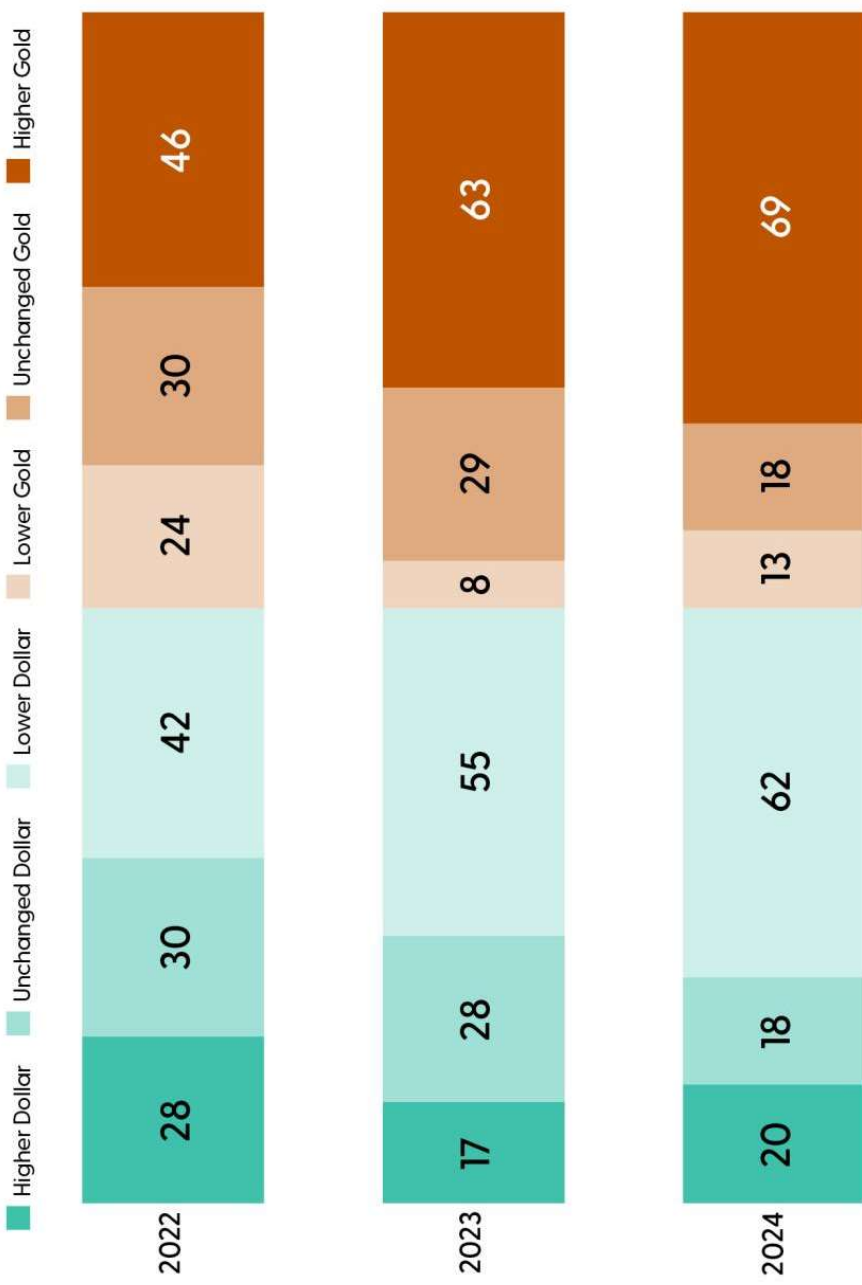
Mixed Results Amid
Messy Macro Backdrops

Commodity Cycle Stuck in Consolidation



Source: LPL Research, Bloomberg 06/09/25. Past performance is no guarantee of future results. All indexes are unmanaged and cannot be invested in directly.

Central Bankers Expect More Gold and Less Dollar Reserves Over the Next Five Years

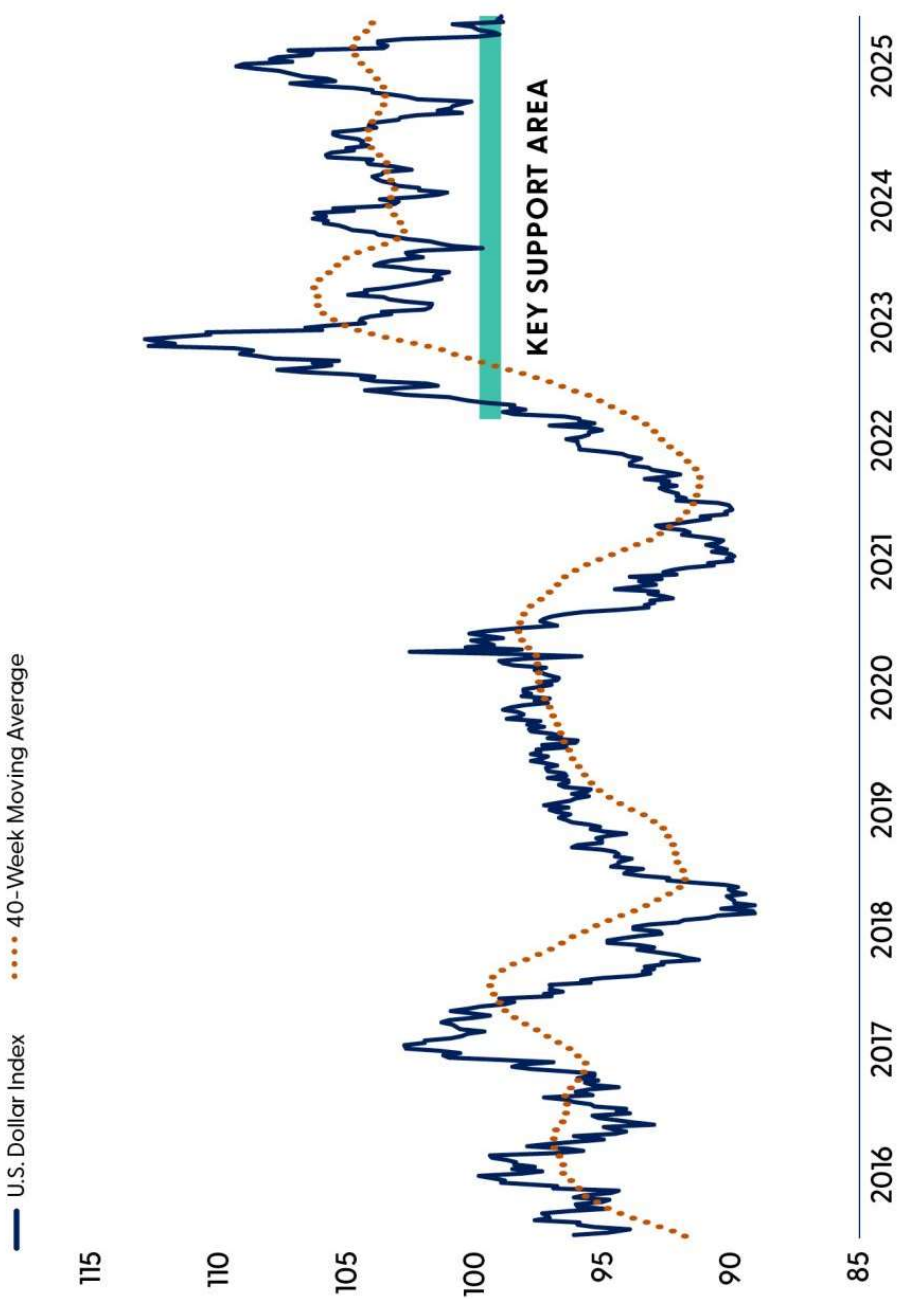


Source: LPL Research, World Gold Council 6/09/25.

Currencies

The Dollar Is Down, But Not Out

The Dollar Is Retesting Key Support



Source: LPL Research, Bloomberg 06/09/25. Past performance is no guarantee of future results. All indexes are unmanaged and cannot be invested in directly.

Disclosures

The opinions, statements, and forecasts presented herein are general information only and are not intended to provide specific investment advice or recommendations for any individual. It does not take into account the specific investment objectives, tax and financial condition, or particular needs of any specific person. There is no assurance that the strategies or techniques discussed are suitable for all investors or will be successful. To determine which investment(s) may be appropriate for you, please consult your financial professional prior to investing.

Any forward-looking statements, including the economic forecasts herein, may not develop as predicted and are subject to change based on future market and other conditions. All performance referenced is historical and is no guarantee of future results.

References to markets, asset classes, and sectors are generally regarding the corresponding market index. Indexes are unmanaged statistical composites and cannot be invested in directly. Index performance is not indicative of the performance of any investment and does not reflect fees, expenses, or sales charges. All performance referenced is historical and is no guarantee of future results.

General Risk Disclosures

Investing involves risk including the potential loss of principal.

Alternative investments may not be suitable for all investors and should be considered as an investment for the risk capital portion of the investor's portfolio. The strategies employed in the management of alternative investments may accelerate the velocity of potential losses.

Managed futures are speculative, use significant leverage, may carry substantial charges, and should only be considered suitable for the risk capital portion of an investor's portfolio.

Investing in stock includes numerous specific risks including the fluctuation of dividend, loss of principal, and potential illiquidity of the investment in a falling market. Because of their narrow focus, sector investing will be subject to greater volatility than investing more broadly across many sectors and companies. Value investments can perform differently from the market as a whole. They can remain undervalued by the market for long periods of time. The prices of small and mid-cap stocks are generally more volatile than large cap stocks.

Disclosures

General Risk Disclosures (continued)

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price. Bond yields are subject to change. Certain call or special redemption features may exist which could impact yield. Government bonds and Treasury bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate, and credit risk, as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features. Mortgage-backed securities are subject to credit, default, prepayment, extension, market, and interest rate risk.

Floating rate bank loans are loans issued by below investment grade companies for short term funding purposes with higher yield than short term debt and involve risk.

Preferred stock dividends are paid at the discretion of the issuing company. Preferred stocks are subject to interest rate and credit risk. As interest rates rise, the price of the preferred falls (and vice versa). They may be subject to a call feature with changing interest rates or credit ratings. The majority of preferred stocks outstanding are concentrated in the financial sector.

International debt securities involve special additional risks. These risks include, but are not limited to, currency risk, geopolitical and regulatory risk, and risk associated with varying settlement standards. These risks are often heightened for investments in emerging markets.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

The fast price swings of commodities will result in significant volatility in an investor's holdings. Commodities include increased risks, such as political, economic, and currency instability, and may not be suitable for all investors. Precious metal investing is subject to substantial fluctuation and potential for loss.

Any company names noted herein are for educational purposes only and not an indication of trading intent or a solicitation of their products or services. LPL Financial does not provide research on individual equities.

Disclosures

General Risk Disclosures (continued)

All index data from FactSet. International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

All information is believed to be from reliable sources; however, LPL Financial makes no representation as to its completeness or accuracy.

Investing involves risks including possible loss of principal. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. Investing in foreign and emerging markets debt or securities involves special additional risks. These risks include, but are not limited to, currency risk, geopolitical risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Asset allocation does not ensure a profit or protect against a loss.

General Definitions

Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments, and exports less imports that occur within a defined territory.

The PE ratio (price-to-earnings ratio) is a measure of the price paid for a share relative to the annual net income or profit earned by the firm per share. It is a financial ratio used for valuation: a higher PE ratio means that investors are paying more for each unit of net income, so the stock is more expensive compared to one with lower PE ratio.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. EPS serves as an indicator of a company's profitability. Earnings per share is generally considered to be the single most important variable in determining a share's price. It is also a major component used to calculate the price-to-earnings valuation ratio.

The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Bloomberg U.S. Aggregate Bond Index is an index of the U.S. investment-grade fixed-rate bond market, including both government and corporate bonds. The HFRI® Indices are broadly constructed indices designed to capture the breadth of hedge fund performance trends across all strategies and regions.

Disclosures

General Definitions (continued)

The HFRI Institutional Macro Index is a global, equal-weighted index of hedge funds with minimum assets under management of USD \$500MM which report to the HFR Database and are open to new investments.

A company's market capitalization is the market value of its outstanding shares. Market capitalization is calculated by multiplying the number of a company's shares outstanding by its stock price per share. Classifications such as large cap, mid cap, and small cap are only approximations and may change over time.

Equity Definitions

Cyclical stocks typically relate to equity securities of companies whose price is affected by ups and downs in the overall economy and that sell discretionary items that consumers may buy more of during an economic expansion but cut back on during a recession. Counter-cyclical stocks tend to move in the opposite direction from the overall economy and with consumer staples which people continue to demand even during a downturn.

A Growth stock is a share in a company that is anticipated to grow at a rate significantly above the average for the market due to capital appreciation.

A Value stock is anticipated to grow above the average for the market due to trading at a lower price relative to its fundamentals, such as dividends, earnings, or sales.

Large cap stocks are issued by corporations with a market capitalization of \$10 billion or more, and small cap stocks are issued by corporations with a market capitalization between \$250 million and \$2 billion.

Fixed Income Definitions

Credit Quality is one of the principal criteria for judging the investment quality of a bond or bond mutual fund. As the term implies, credit quality informs investors of a bond or bond portfolio's credit-worthiness, or risk of default.

Credit ratings are published rankings based on detailed financial analyses by a credit bureau specifically as it relates to the bond issuer's ability to meet debt obligations. The highest rating is AAA, and the lowest is D. Securities with credit ratings of BBB and above are considered investment grade.

The credit spread is the yield of corporate bonds less the yield on comparable maturity Treasury debt. This is a market-based estimate of the amount of fear in the bond market. Base-rated bonds are the lowest quality bonds that are considered investment-grade, rather than high-yield. They best reflect the stresses across the quality spectrum.

The Bloomberg Aggregate U.S. Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment-grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

This research material has been prepared by LPL Financial LLC.

Not Insured by FDIC/NCUA or Any Other Government Agency	Not Bank/Credit Union Guaranteed	Not Bank/Credit Union Deposits or Obligations	May Lose Value
---	----------------------------------	---	----------------

RES-0003846-0425 | For Public Use | Tracking #751101 | #751103 (Exp. 07/2026)

