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Dear Valued Investor,

LPL Research recently unveiled *Midyear Outlook 2025: Pragmatic Optimism, Measured Expectations*, our semi-annual report that recaps where markets and the economy have been over the first half of 2025 and where we think they are going over the remainder of the year. We are pleased to bring you a few of the key highlights today.

If “tariff” isn’t the word of the year, then perhaps it’s “uncertainty” or even “volatility.” Much of this year’s market turbulence has stemmed from the assumption that President Trump’s second-term policies would closely resemble those of his first. As it became clear that this would not be the case, markets were forced to recalibrate.

While uncertainty is likely to persist for the near future, we believe the peak of policy-driven volatility may be behind us. As clarity returns, so too should market stability — bringing with it a range of new investment opportunities. Given the economic distortions of recent months, it is a difficult time to hold strong convictions. However, we expect some clarity to emerge in the second half of the year.

We believe the economy will begin to reflect the delayed effects of trade policy, including slower labor demand, weaker growth, and a modest uptick in inflation. This challenging backdrop will likely create bouts of continued volatility in the stock market, but we ultimately expect equities to finish the year moderately higher. We believe neither the White House nor the Federal Reserve is permanently committed to their current policy paths, which leaves room for constructive shifts.

In this environment, we:

- Continue to emphasize the importance of diversification across asset classes and geographic regions.
- Favor integrating investments that may enhance portfolio stability and have low correlation to traditional markets, like alternatives.
- View periods of volatility as opportunities to selectively increase equity exposure at more attractive levels.

These are just some of the insights you’ll find in our *Midyear Outlook 2025: Pragmatic Optimism, Measured Expectations*. To get more, including considerations and potential action steps to discuss with your advisor, visit go.lpl.com/investormidyearoutlook. The insights provided, combined with guidance from an advisor, can help you prepare for the remainder of the year as you continue working toward achieving your goals.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marc Zabicki'.

Marc Zabicki, CFA
Chief Investment Officer
LPL Financial

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