

Community Foundation of the Ozarks (50/50)

Market Update & Outlook 2Q 2025

The economy and markets rebounded in the second quarter, energized by the postponement of most tariffs to the second half of the year. The resulting relief rally propelled both U.S. and international stocks to gains of more than 10% during the period. The Federal Reserve kept rates steady, reflecting concern that tariffs might cause inflation to rise in the second half of the year.

Recent Economic Data Has Been Mixed

The .5% contraction in first-quarter U.S. GDP might be interpreted by a casual observer as a sign the U.S. economy is entering recession. However, the drop in economic output resulted entirely from a massive 40% jump in imports, as businesses stocked up on inventory before tariffs began. In the calculation of GDP, imports are subtracted. This factor should reverse in the second quarter, leading to current consensus economic growth estimates of around 3.5%.

The front-loading of inventory ahead of tariffs also helped keep inflation readings low. Companies have been selling through pre-tariff inventory, allowing them to maintain prior pricing schedules. As a result, the Consumer Price Index (CPI) for June increased just slightly to 2.7%, remaining below the 2.9% rate at the start of the year. As the year progresses, the impact of baseline 10% tariffs and higher levies on certain countries could cause inflation to rise. But until final tariff rates are set, the ultimate impact on the economy and inflation remains uncertain.

The labor market has shown resilience this year, with the unemployment rate holding steady at 4.1% in June. This is a key area of focus for the Federal Reserve as it considers future rate cuts. If job conditions deteriorate, the Fed is more likely to resume rate cuts sooner.

The initial assessment of the budget package recently passed into law suggests a neutral impact on the economy over time. The extension of current tax rates and other stimulus measures will likely be offset by the burden of additional government debt. Therefore, the baseline projection is that the economy will settle back toward the 2% growth trend that has been the norm for the past 25 years.

Weak Start for Stocks, Strong Finish

Stocks experienced a significant decline at the beginning of the quarter but then rallied to finish the period at record highs. In the three trading days following the announcement of “Liberation Day” tariffs on April 2, U.S. stocks dropped 13%. This resulted in a cumulative decline of nearly 20% from the Feb.19 high. Market volatility spiked to the highest levels since the pandemic in 2020.

MARKET SCOREBOARD	2Q 2025	2025 YTD
S&P 500 (Large U.S. stocks)	10.94%	6.20%
MSCI EAFE (Developed international stocks)	11.78%	19.45%
Bloomberg Aggregate Bond (U.S. taxable bonds)	1.21%	4.02%
Bloomberg Municipal Bond (U.S. tax-free bonds)	(.12%)	(.35%)
Wilshire Liquid Alternative (Alternative investments)	1.81%	2.58%

Source: Morningstar Inc, June 30, 2025.

Several factors caused markets to react negatively. First, the tariffs announced on April 2 were more than double the expected size. Second, the methodology used to determine tariff rates was quite different than the “reciprocal” approach suggested by the administration. Finally, with proposed tariff levels of 25%–145% for key U.S. trading partners, investors assumed a recession was all but certain.

However, the rapid market downturn prompted the administration to change course and postpone the Liberation Day tariffs for 90 days. In the meantime, a baseline 10% tariff rate was put in place for most countries. The plan was then to negotiate final rates with each country before July 9. This development ignited a significant relief rally, beginning with a 10% single day rise in U.S. stocks on April 9.

As the feeling grew that the most onerous tariff rates were off the table, positive market momentum continued. U.S. stocks reached record highs by the end of the quarter, fully recovering the prior 20% decline. International stocks did even better, receiving a performance boost from the significant depreciation in the U.S. dollar.

Fed Holds Rates Steady in 2025

Despite earlier Federal Reserve forecasts of more rate cuts in 2025, the Fed Funds rate has been steady at 4.25%–4.50% so far this year. Both economic growth and inflation have declined modestly, a scenario that would typically result in rate cuts. However, the Fed has steadfastly refused to lower rates, drawing the ire of the administration and some members of Congress.

Why the reluctance to lower rates? The Fed's reasoning is tariff uncertainty. Tariffs are expected to lower economic growth but increase inflation. Lower growth argues for rate cuts, while higher inflation argues for rate hikes. The economy's resilience over the past couple of months has reinforced the Fed's patient stance. Chair Powell noted in his remarks to the House Financial Services Committee at the end of June that he didn't think the Fed needed "to be in any rush ..." regarding a policy decision. Unless there is a significant deterioration in the labor market, the Fed will likely wait until later in the year to cut rates. In the current environment, the Fed believes patience is indeed a virtue.

Expected Impact of the Federal Budget Bill

The signing of the *One Big Beautiful Bill Act* (OBBBA) into law eliminates lingering uncertainty regarding tax policy for this year and beyond. The OBBBA extends, with some modifications, the *Tax Cuts and Job Act* of December 2017 (TCJA). The bill also adds new stimulus measures, going beyond merely maintaining the TCJA.

Forecasters estimate that economic growth could be 0.2%–0.5% higher over the next few years due to the bill. However, the associated costs have raised concerns about debt sustainability. The Congressional Budget Office (CBO) report from June 5 estimates the OBBBA would add \$2.4 trillion to national debt over the next 10 years, increasing to \$3 trillion once debt-servicing costs are included. This would increase total government debt to over 120% of GDP by 2034. However,

the CBO's report does not account for any income from recent tariff increases, which could offset some of the additional costs.

The Global Financial Crisis and COVID-19 pandemic had a significant negative effect on U.S. borrowing levels. While the OBBBA isn't likely to reduce the federal deficit, it shouldn't be the proverbial "last straw" for the nation's debt load either. With that said, improvement in the pace of economic growth over the next decade will be a crucial factor determining the sustainability of U.S. debt going forward.

2025 Market Outlook

Tariffs continued to be the key factor impacting markets during the second quarter. Volatility peaked in early April but quickly receded on April 9 when the "Liberation Day" tariffs were postponed. Approaching the July 9 deadline, very few trade deals had been finalized, causing an additional postponement to August 1. In recent days, the White House has again threatened higher tariffs for several countries. Despite growing comfort that the worst of the tariff chaos is behind us, trade policy is still up in the air and highly uncertain.

Even if left at the baseline level of 10%, tariffs would be four times higher than 2024's average rate of 2.5%. The absorption of this tax on trade is likely to be shared across foreign companies and governments, U.S. distributors and retailers, and the final consumer. All else being equal, profit margins for both U.S. and foreign companies will decrease, and goods inflation will increase due to tariffs. The magnitude of these impacts won't be known until final tariff rates are set and stable.

While the specific impact on margins and corporate earnings remains unclear, analysts have begun marking down profit expectations. At the beginning of 2025, consensus earnings growth expectations for S&P 500 companies were 14% for this year. These forecasts have since been reduced to 8–10%. With U.S. stocks trading at an above average price-to-earnings (P/E) multiple of 23 times forward earnings, markets are more susceptible to downside risk if profits disappoint.

In addition to trade policy and market valuation concerns, geopolitical risk continues to be worrisome. The ongoing war between Russia and Ukraine and the recent fighting between Israel and Iran add uncertainty to the investment

June 30, 2025

Market Update & Outlook

backdrop. While unpredictable, an escalation in these or other conflicts has the potential to upset markets and increase volatility.

Despite these challenges, U.S. stocks finished the second quarter at all-time highs. While this may seem counterintuitive, it represents a classic example of “climbing a wall of worry.” This is when stocks continue to rise despite negative economic news and investor pessimism. Important to remember is that economic data is backward looking, showing what happened in the past. By contrast, markets are forward-looking, always anticipating what lies ahead. Currently, there are several positive factors in the forward view, including these:

- Recent extension of individual and corporate tax rates, which removes uncertainty and keeps taxes at attractive levels
- Growing enthusiasm regarding Artificial Intelligence (AI) and its potential to increase productivity and profits
- Expectations that the administration will reduce government regulation
- Likelihood that the Federal Reserve will cut rates later this year

The experience of the second quarter provided a wonderful example of the importance of staying engaged with your investment strategy through periods of market turmoil. History shows that the absolute best days in the stock market are often adjacent to some of the worst. This was on display in early April when, on April 8, stocks bottomed 20% below the February high, only to rise more than 10% in a single day on April 9. Volatility is a consistent and natural feature of the market. Think of it as the price investors pay to access the superior long-run returns that stocks offer. Despite the angst turbulence can cause, these are the periods when portfolio discipline is most important. The key is staying invested and focused on long run financial goals and objectives.

On behalf of the Forvis Mazars Private Client team, thank you for your continued trust and confidence!

Jeff Layman & Andrew Douglas

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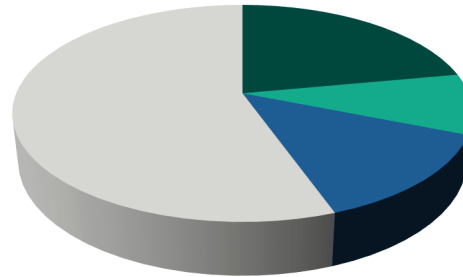
Community Foundation of the Ozarks (50/50)

As of September 30, 2025
Summary by Account

Account Name	Account Number	Inception Date	Objective	Current Value	Weight
Community Foundation of the Ozarks (50/50)	xxxx0172	12/2/2021	Growth	\$5,207,854.02	100.00%
Community Foundation of the Ozarks (50/50)	xxxx0172	12/2/2021	Growth	\$5,207,854.02	100.00%

Community Foundation of the Ozarks 50/50 Account Asset Allocation

9/30/2025

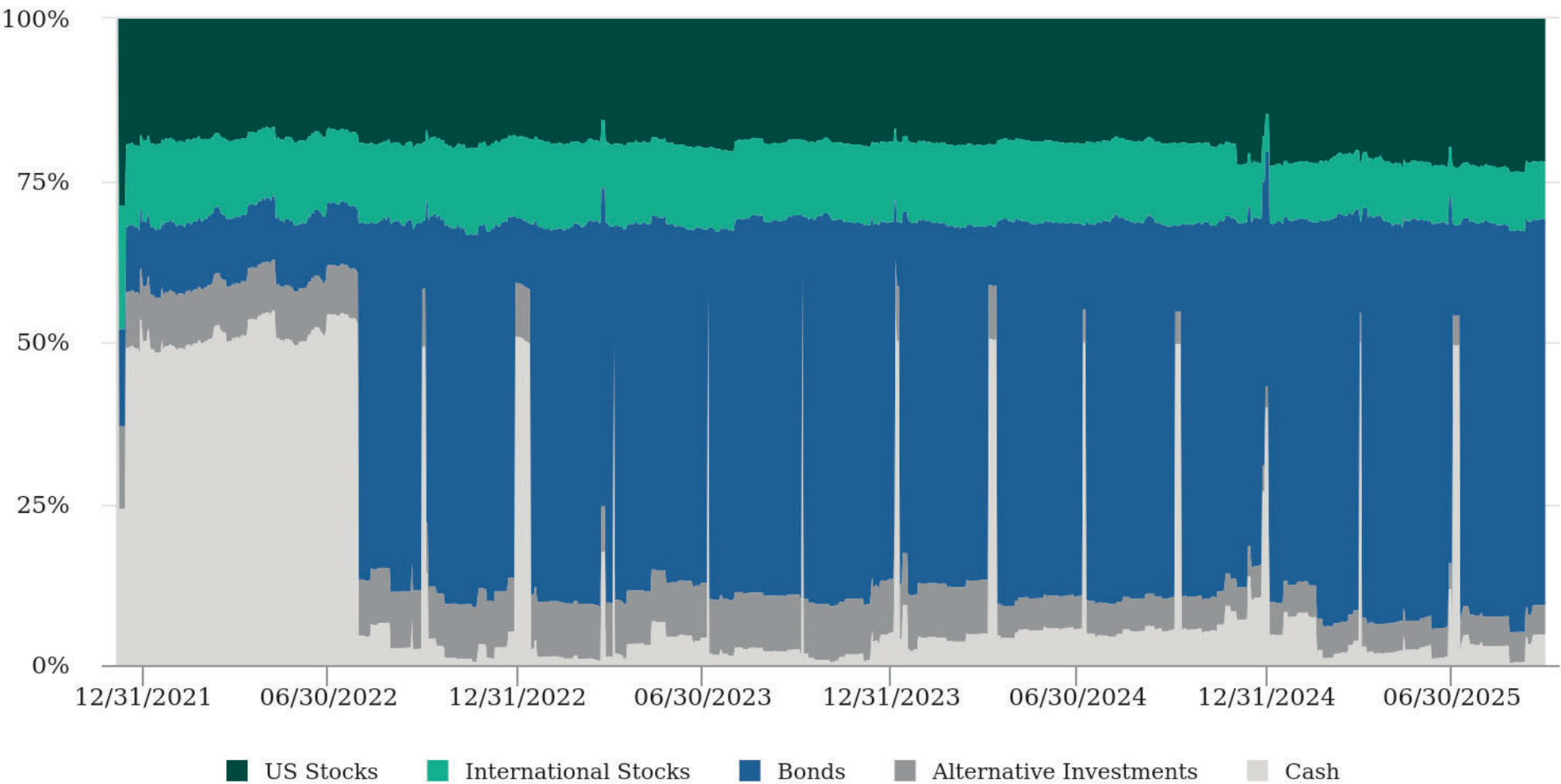


Asset Class	Current Value	Current Percent	Asset Class Ranges
Domestic Equity	\$1,148,852.60	22.06%	10-25%
International Equity	\$468,706.86	9.00%	7.5-20%
Fixed Income	\$701,497.94	13.47%	5-25%
Real Assets	\$0.00	0.00%	0-10%
Liquid Alternatives	\$236,957.36	4.55%	0-5%
Liquid Capital	\$2,651,839.27	50.92%	45-55%
Total	\$5,207,854.02	100.00%	

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Source: Morningstar Inc.
 Model allocation is based on Forvis Mazars Private Client asset allocation guidelines of date of report.
 *Based on Morningstar Inc. security classification.

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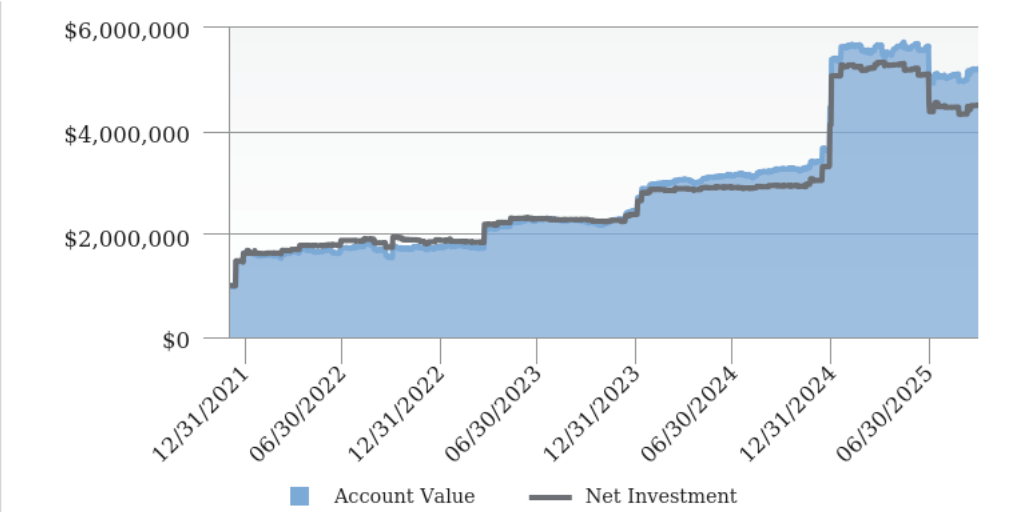


Inception to Date Allocation

* Since data availability date of 12/4/2021

Community Foundation of the Ozarks (50/50)

As of September 30, 2025
Portfolio Value Summary



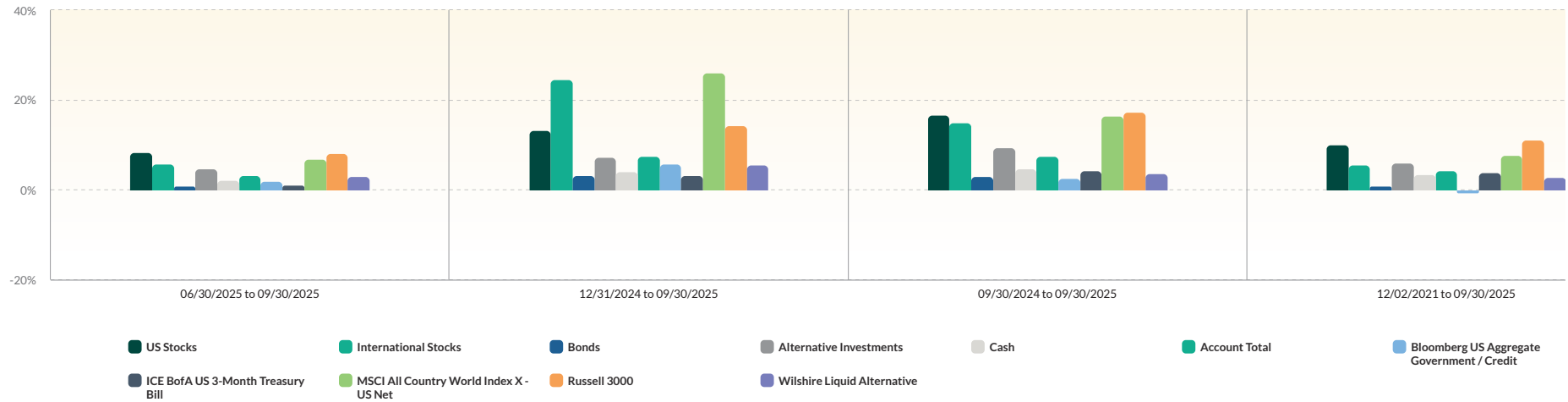
	Year to Date	Last 12 Months (D)	Previous 3 Years (D)	Inception to Date (12/2/2021)
Beginning Value	\$5,386,980	\$3,269,317	\$1,544,081	\$0
Net Contribution	(\$571,222)	\$1,558,500	\$2,752,265	\$4,496,711
Capital Appreciation	\$370,379	\$341,030	\$828,904	\$615,590
Net Income	\$21,717	\$39,007	\$82,604	\$95,553
Ending Value	\$5,207,854	\$5,207,854	\$5,207,854	\$5,207,854
Investment Gain	\$392,096	\$380,037	\$911,508	\$711,143

Figures are net of fees, including management fees.

CFO Custom Performance Report

Community Foundation of the Ozarks (50/50) (57070172, Charitable)

Historical Performance



Asset Class	06/30/2025 to 09/30/2025 Net Return	12/31/2024 to 09/30/2025 Net Return	09/30/2024 to 09/30/2025 Net Return	12/02/2021 to 09/30/2025 Net Return
US Stocks	8.30%	13.40%	16.71%	* 10.17%
International Stocks	5.94%	24.71%	14.96%	* 5.66%
Bonds	0.86%	3.38%	2.96%	* 0.93%
Alternative Investments	4.81%	7.23%	9.57%	* 6.03%
Cash	2.14%	4.15%	4.84%	3.40%
Total	3.28%	7.58%	7.46%	4.38%
Bloomberg US Aggregate Government / Credit	1.91%	5.93%	2.67%	(0.63%)
ICE BofA US 3-Month Treasury Bill	1.08%	3.17%	4.38%	3.88%
MSCI All Country World Index X - US Net	6.89%	26.02%	16.45%	7.71%
Russell 3000	8.18%	14.41%	17.42%	11.10%
Wilshire Liquid Alternative	3.02%	5.68%	3.80%	2.81%

Returns for periods exceeding 12 months are annualized.

Portfolio Holdings

Community Foundation of the Ozarks (50/50) (xxxx0172)

Quantity	Description	Symbol	Open Date	Cost Basis	Value	Unrealized Gain/Loss	Annual Income	Current Yield
US Stocks								
Large Cap Funds								
3,501.00	Vanguard Total Stock Market ETF	VTI	3/22/2022	\$905,923	\$1,148,923	\$243,001	\$13,118	1.14%
International Stocks								
International Funds								
2,404.643	Causeway International Value Instl	CIVIX	12/2/2024	\$46,700	\$57,375	\$10,675	\$957	1.67%
1,840.00	DIMENSIONAL EMERG MARK CRE EQY 2 ETF	DFEM	9/10/2025	\$58,356	\$59,009	\$653	\$1,366	2.31%
3,589.149	Goldman Sachs GQG Ptnrs Intl Opps Instl	GSIMX	7/29/2022	\$67,987	\$81,617	\$13,630	\$1,606	1.97%
2,830.497	Nationwide International Sm Cp Instl Svc	NWXVX	12/2/2024	\$26,874	\$33,853	\$6,979	\$2,291	6.77%
3,321.00	Vanguard FTSE All-World ex-US ETF	VEU	5/9/2022	\$182,621	\$237,020	\$54,398	\$6,486	2.74%
International Funds Total				\$382,538	\$468,873	\$86,335	\$12,705	2.71%
International Stocks Total				\$382,538	\$468,873	\$86,335	\$12,705	2.71%
Bonds								
Taxable Fixed Income								
7,707.719	BlackRock Income Fund Instl	BMSIX	2/24/2023	\$68,500	\$70,680	\$2,180	\$3,884	5.50%
10,449.153	Guggenheim Total Return Bond Instl	GIBIX	12/7/2021	\$246,803	\$252,556	\$5,753	\$12,408	4.91%
1,254.00	iShares Core Total US Bond Market ETF	AGG	2/24/2023	\$121,781	\$125,714	\$3,932	\$4,788	3.81%
2,400,000.00	United States Treasury Bills 0.0 10/07/25	912797RB5	7/8/2025	\$2,374,704	\$2,398,373	\$23,669	\$0	0.00%
7,777.052	Vanguard Core Bond Admiral	VCOBX	2/24/2023	\$138,530	\$141,698	\$3,168	\$6,721	4.74%

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Portfolio Holdings

Community Foundation of the Ozarks (50/50) (xxxx0172)

Quantity	Description	Symbol	Open Date	Cost Basis	Value	Unrealized Gain/Loss	Annual Income	Current Yield
Bonds								
Taxable Fixed Income								
1,411.00	Vanguard Core Bond ETF	VCRB	2/18/2025	\$107,583	\$110,637	\$3,054	\$4,690	4.24%
Taxable Fixed Income Total				\$3,057,902	\$3,099,657	\$41,755	\$32,491	1.05%
Bonds Total				\$3,057,902	\$3,099,657	\$41,755	\$32,491	1.05%
Alternative Investments								
Alternative Investments								
2,957.290	JPMorgan Hedged Equity 3 Fund;I	JHQT	12/7/2021	\$48,973	\$60,477	\$11,504	\$427	0.71%
910.00	JPMORG HEDGD EQTY LAD OVRLY ETF	HELO	12/16/2024	\$56,794	\$59,150	\$2,356	\$425	0.72%
6,973.114	Parametric Volatil Risk Pm-Defensv Insl	EIVPX	12/7/2021	\$100,509	\$117,497	\$16,988	\$2,511	2.14%
Alternative Investments Total				\$206,276	\$237,124	\$30,848	\$3,363	1.42%
Alternative Investments Total				\$206,276	\$237,124	\$30,848	\$3,363	1.42%
Cash								
Cash								
	CASH	CASH		\$62,276	\$62,276	\$0	\$0	0.00%
191,001.190	Schwab Treasury Obligations Money;Ultra	SCOXX	4/5/2024	\$191,001	\$191,001	\$0	\$7,590	3.97%
Cash Total				\$253,277	\$253,277	\$0	\$7,590	3.00%
Cash Total				\$253,277	\$253,277	\$0	\$7,590	3.00%

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Community Foundation of the Ozarks (50/50)

As of September 30, 2025

Portfolio Holdings

Community Foundation of the Ozarks (50/50) (xxxx0172)

Quantity	Description	Symbol	Open Date	Cost Basis	Value	Unrealized Gain/Loss	Annual Income	Current Yield
Total				\$4,805,915	\$5,207,854	\$401,939	\$69,268	1.33%

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This statement reflects the performance of the assets that we manage. If you hold other unmanaged assets in your account with us, those assets generally will not be reported with your managed assets.

Index Definitions

CPI – Seasonally Adjusted – the consumer price index is a commonly used measure of inflation

S&P 500 Composite – represents the large-cap U.S. stock market and comprises the largest 500 companies weighted by market cap

S&P 400 Mid-Cap – represents the mid-cap U.S. stock market and comprises the next 400 companies by market cap beneath the S&P 500, weighted by market cap

Russell 2000 – represents the small-cap U.S. stock market and comprises 2000 companies on the U.S. stock exchanges weighted by market cap

MSCI EAFE Net – represents the large-cap and mid-cap stock market across developed market countries, excluding the U.S. and Canada

MSCI Emerging Markets (EM) Net – represents the large-cap and mid-cap stock market across 23 emerging market countries

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