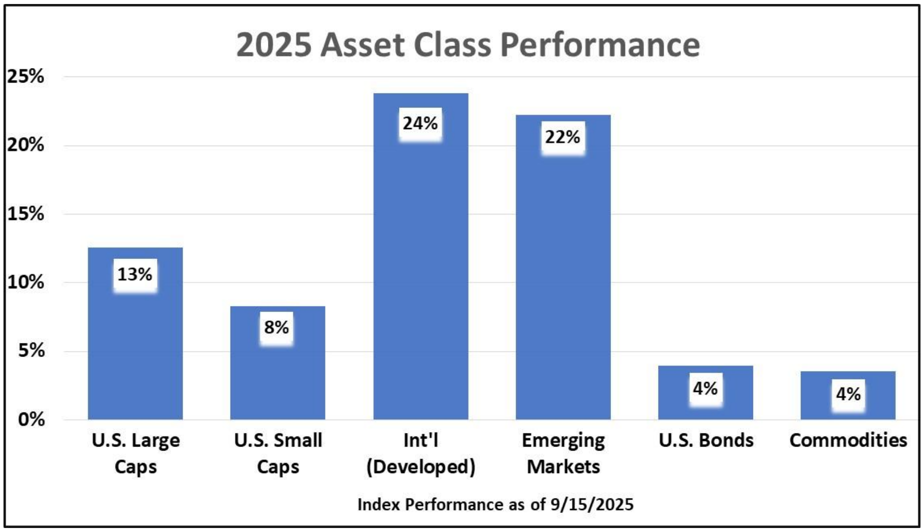
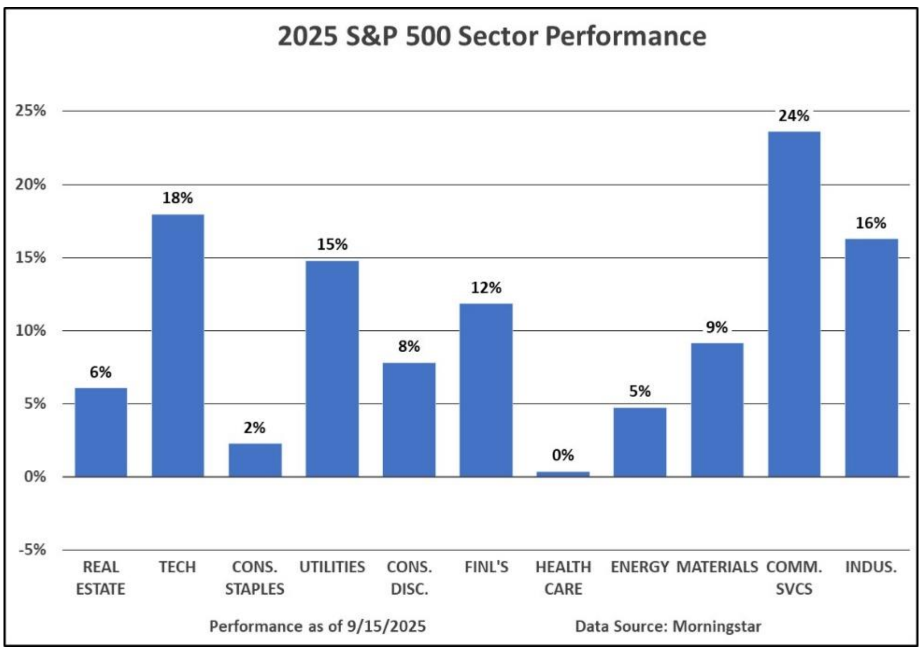
Golden Rule Program Quarterly Review Q3 2025

The GRP Quarterly Review is designed to keep you apprised of the markets and how your account is being managed.





Market Update

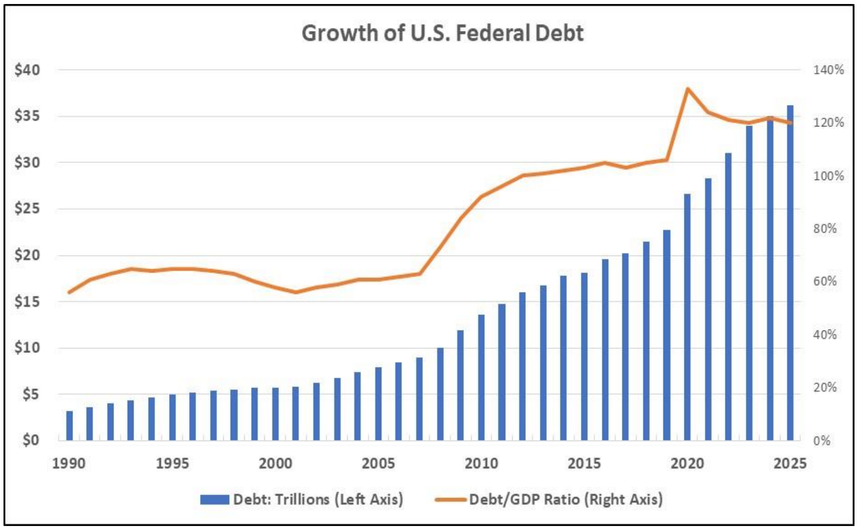
The stock market has rebounded strongly from its selloff in early April. The S&P 500 is up over 34% from its low and has now advanced over 13% for the year. U.S. small cap stocks have had fared decently, up 8%. It's noteworthy that 2025 is the fifth consecutive year (and eighth out of nine) where small caps have trailed large caps. This large-cap outperformance speaks to the dominance of large tech stocks in recent years. But the real winner of 2025 has been international stocks. A combination of low valuations, improving earnings and a weakening dollar have propelled international stocks to gains of over 20%. This is a welcome change from recent years where international stocks have generally lagged. The Golden Rule Program has about 30% of its stock allocation outside the U.S., so this has helped returns. All eleven sectors of the S&P 500 have advanced this year, led by the Tech-related sectors (Tech & Communication Services).

Bonds have also had a good year in 2025. Quality bonds can be found yielding 4%-6%, and the minor decline in rates thus far this year has caused bond prices to increase. Bond valuations look attractive compared to the sky-high valuations of U.S. large cap stocks. Investors expect the Federal Reserve Bank to lower rates on September 17. The Fed has significant control over short-term interest rates, and the decision will quickly reduce the interest rates investors receive in T-Bills, money-market funds, CDs and bank accounts. However, the Fed's influence is much lower on longer-term bonds, so those rates may not follow short-term rates. For investors with large amounts in the bank or money-market funds, it may make sense to move some money towards longer-maturity bonds.

Long-Term Trends

One of the main challenges in investing is staying focused on long-term objectives. Our world is so inundated with information, distractions and short-term market gyrations that it can be difficult to distinguish what is truly important from what will be rapidly forgotten. We wanted to share a few of the trends and risks that will shape the investing world over the next 10-plus years. Each presents both opportunities and challenges, and we need to keep an eye on them.

- **Rising U.S. and foreign sovereign debt**: The U.S. government is $37 trillion in debt ($108,000 per person), and many other nations are similarly strapped. Although thus far we've been able to "kick the can down the road", there will come a point where national debts have huge impacts on inflation, interest rates, taxes, economic growth, etc.



- **Artificial Intelligence**: AI will be highly disruptive to many industries, creating huge stock market winners and losers. There will be unpredictable ramifications from the use of AI, and it may lead to unforeseeable societal shifts. A secondary effect of the AI boom is that the need for electricity is going to increase substantially, which will impact the energy and utility industries.
- **De-globalization**: The Covid lockdowns revealed supply-chain dependencies which could be a threat to the national security of the U.S. and other countries. The "Trump tariffs" are one aspect of the trend towards reshoring and a reversal of globalization trend.
- **Aging demographics in developed economies**: The combination of expanding lifespans and low birth rates is already creating top-heavy populations. This creates opportunities for some industries but also exacerbates the debt problems mentioned previously.

Quote of the Quarter: *"Life is not long enough--human nature desires quick results, there is a peculiar zest in making money quickly, and the remoter gains are discounted by the average man at a very high rate. The game of professional investment is intolerably boring and overexacting to anyone who is entirely exempt from the gambling instinct; whilst he who has it must pay to this propensity the appropriate toll."*
– John Maynard Keynes

Fund Close Up The PIMCO Multisector Bond ETF (PYLD) is a "go-anywhere" fixed-income fund. Many bond funds have strict rules which the portfolio managers must follow, which can make it difficult to take advantage of opportunities when they arise. PYLD can move quickly during market dislocations in any corner of the bond market. The fund currently yields 5.87% and has a duration of 4.4 years.

We thank you for investing in the Golden Rule Program. If you have questions, please direct them to your advisor.

Peter Hughes, CFA
President of LexAurum Advisors, Portfolio Manager of the Golden Rule Program.

Notes and Disclosures

Investors should discuss their individual situation with their financial advisor to find the right balance between risk and potential reward. Asset allocation and diversification are designed to help manage investment risk but cannot assure a profit or the avoidance of loss.

LEXAURUM makes no predictions, representations, or warranties herein as to the future performance of these portfolios. Past performance is never a guarantee of future results.

Equity investment options involve greater risk, including heightened volatility, than fixed-income investments. Fixed-income investments are subject to interest-rate risk, and their value may decline as interest rates rise. The value of REITs will fluctuate with the portfolio of underlying real estate and involves risks such as refinancing, interest rates, availability of mortgage funds, operating expenses, cost of insurance, lease terminations, and potential economic and regulatory changes.

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