the 9:05 Bailard's Quarterly Newsletter Q4 2025

Economic Brief: A Little Good News

From Shaboozey to Walmart, Jon Manchester, CFA, CFP® (Chief Strategist, Wealth Management) looks at consumer sentiment and market strength amid mixed economic signals.

Inside this edition:

Many years after hanging up his cleats in favor of a guitar, former linebacker Collins Obinna Chibueze still strikes a commanding presence under the bright lights. Standing 6'4", not counting the cowboy hat, the fast-rising singer better known as Shaboozey enjoyed a breakout year in 2024, earning him a "Best New Artist" nomination for last year's Grammy Awards. The melodious Shaboozey moniker has its own football roots, dating back to when a high school coach slapped the name on his helmet as a phonetic reading of his surname. Shaboozey has been sounding it out ever since, blending country music with elements of hip hop, rock, and other influences. At their best, Shaboozey's songs are playful and catchy while also introspective and questioning, built atop a bassline of human struggle.

His smash hit "A Bar Song (Tipsy)" spent 19 weeks as the #1 song on Billboard's Hot 100 list and tied a record for the longest-running top hit in the chart's history. It captured a mood that seems to persist today: "Gasoline and groceries, the list goes on and on, This nine-to-five ain't workin', why the hell do I work so hard?" That angst reverberates in another popular Shaboozey track called "Good News" that begins: "Man, what a hell of a year it's been, Keep on bluffin', but I just can't win." Although the song is a personal reflection it contains some deeply plaintive lyrics ("All I really need is a little good news"), which seem to match the melancholy we continue to see in consumer surveys. As one example, the University of Michigan's Consumer Sentiment Index improved slightly in December yet had slumped ~29% over the past year and stood only marginally higher than its five-year low point—established in mid-2022 when overall U.S. inflation peaked at 9% year-over-year growth.

It was undeniably a doozy of a year in 2025. *Bloomberg* columnist Clive Crook summarized it nicely: "Over the past 12 months, the U.S. has seen…every norm of economic policy—trade policy, fiscal policy, monetary policy—blithely tossed aside. At the same time, the U.S. economy stands at the bleeding edge of what might be as consequential an economic revolution as the transition from farming to manufacturing, or from manufacturing to services—except that the AI revolution could happen much faster."[1] Besides all that, 2025 was rather uneventful! The jump in economic uncertainty clearly did not dissuade the markets. It was, perhaps,

1 *"Investors Are Flying Blind Into the 'Golden Age,' www.bloomberg.com, 12/26/2025.*

another reminder that the stock market is not the economy. Investors heard sufficient good news to drive equity prices sharply higher for a third straight year. Critically, corporate profits did not disappoint: Standard & Poor's (S&P) currently estimates that S&P 500 Index operating earnings advanced 13% per-share in 2025. That was the bottom line, but other tailwinds including lower interest rates, AI enthusiasm, and favorable tax policies also helped equities overcome numerous obstacles last year.

Amidst all the policy upheaval and a 43-day U.S. government shutdown—longest in history—investors learned to cope at times with a dearth of information from official government agencies. Beyond minding the information gaps, the August 2025 firing of Dr. Erika McEntarfer, commissioner of the Bureau of Labor Statistics (BLS), cast a shadow across the federal data landscape. Her dismissal immediately followed the Bureau's July employment report in which the BLS sharply revised down its estimate of jobs added in May and June by a cumulative 258k. Whether or not the administration is correct that the "BLS is broken," the optics of the decision did not go over well.[2] In fact, handing McEntarfer a pink slip via social media hours after a disappointing jobs report may end up sowing more doubt. It prompted the *Bloomberg* Editorial Board to caution that "In so many words, this tells financial markets that official statistics are no longer to be trusted."[3] The ultimate consequences are unclear for the investment community as 2026 gets underway, but it may encourage decision-makers to rely more heavily on private sector data, where possible. *Bloomberg's* Crook suggests that investors may be "flying blind" in an environment of heightened uncertainty and confusion over the state of the economy. For the financial markets, the adage "no news is good news" doesn't typically apply.

Dot Com Club

A pivot to using more data from the private sector could easily start in Bentonville, Arkansas at Walmart's global headquarters. The obvious reason: sheer scale. Walmart

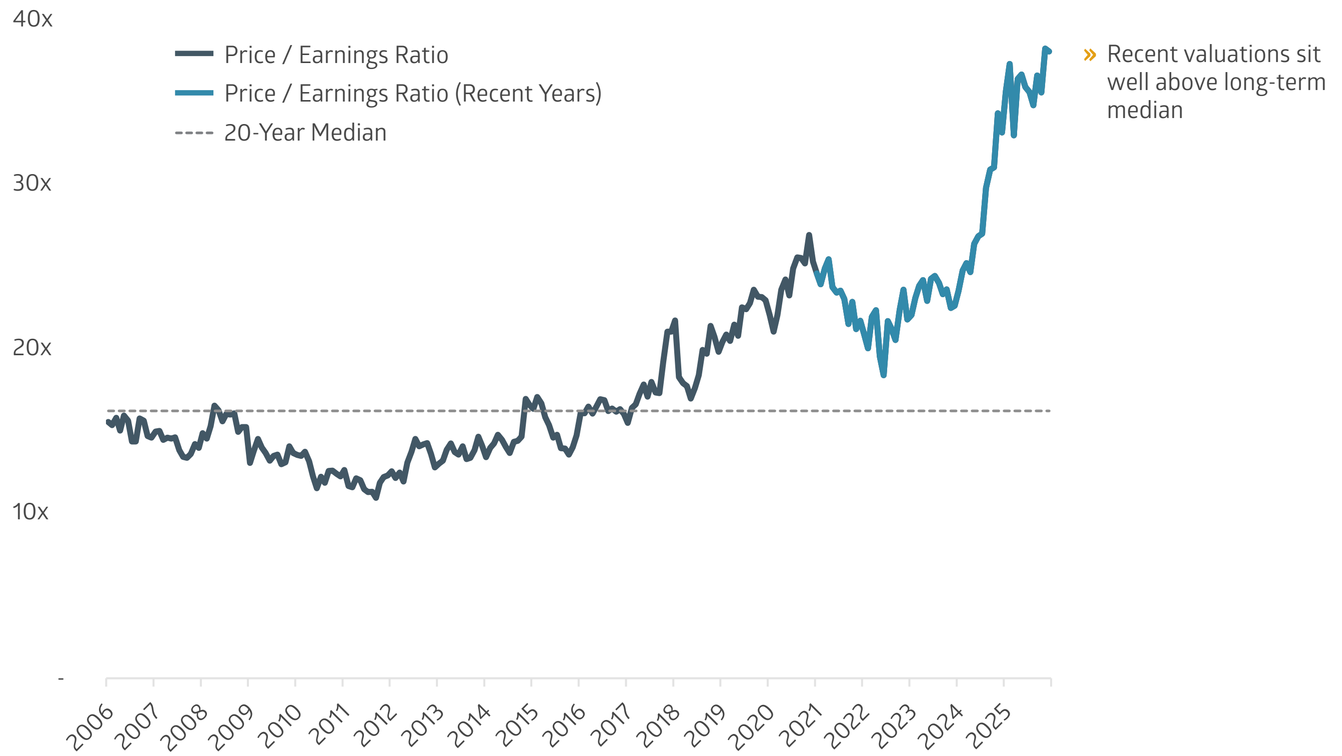
> ***"The jump in economic uncertainty clearly did not dissuade the markets. It was, perhaps, another reminder that the stock market is not the economy."***

hauls in roughly 10% of all retail spending in this country, excluding automobiles.[4] With around 2.1 million employees across 19 countries worldwide, Walmart amassed a staggering $681 billion of revenue in fiscal 2025—which in Gross Domestic Product (GDP) terms would put Walmart on par with countries such as Argentina and Sweden. Avoiding the company is a logistical challenge: 90% of the U.S. lives within 10 miles of a Walmart store.[5] So when Walmart talks, the markets listen. In late November, Walmart reported its third quarter results, posting sales growth of ~6% and closer to a 7% advance for earnings per share (EPS). Perhaps more telling, outgoing CEO Doug McMillon said that U.S. customers and members are "still spending with upper and middle income households driving our growth."[6] McMillon acknowledged that lower income families have been under additional pressure, but also noted that like-for-like Q3 inflation was just 1.3% for Walmart US.

Technology has helped Walmart keep a lid on prices, consistent with their "Every Day Low Prices" mantra. According to CFO John David Rainey, the company's supply chain investments have lowered delivery costs by 50% over the last two years. Tech workers now make up around a third of the corporate workforce.[7] To compete with Amazon and other tech-forward retailers requires operating with the speed of a technology company. According to Bank of America, Walmart can now deliver within three hours to 95% of American households.[8]

2 "BLS Revisions Show President Trump Was Right – Again," www.whitehouse.gov, 9/9/2025.
3 "Trusted Data Is a Vital Economic Asset," www.bloomberg.com, 8/15/2025.
4 "How Walmart became a tech giant – and took over the world," www.economist.com, 5/15/2025.
5 "Walmart, Inc.: Morgan Stanley Global Consumer & Retail Conference," www.walmart.com, 12/2/2025.
6 "Walmart Inc. Q3 2026 Earnings Call," www.walmart.com, 11/20/2025.
7 "Can Walmart Shed Its Discount Vibe?" www.nytimes.com, 6/23/2025.
8 "Heard on the Street: Should Walmart Really Be Trading Like a Tech Company?" www.wsj.com, 12/6/2025.

WALMART'S FORWARD PRICE-TO-EARNINGS RATIO: Current valuation relative to 20-year median



Source: FactSet, Jan. 31, 2006 through Dec. 31, 2025.

Walmart has even introduced an artificial intelligence "retail companion" called Sparky on their website to answer product questions, synthesize reviews, and compare options. The focus on digital growth seems to be paying off. Walmart's e-commerce business is now profitable and U.S. e-commerce sales have grown at >20% year-over-year in 10 of the last 11 quarters.

If Walmart as a tech company seems disorienting, consider that the world's largest retailer just landed on the Nasdaq Stock Market. In December, after trading for over 50 years on the New York Stock Exchange, Walmart's stock (WMT) migrated to the Nasdaq, joining companies such as Nvidia, Apple, Alphabet, and Microsoft. The exchange of choice for many tech companies, Nasdaq became the first U.S. stock market to trade online back in 1998. Walmart's share price carries the sheen of a tech stock as well. After rising 23% last year, WMT finished 2025 trading at nearly 38x forward earnings, higher than many of its new Nasdaq peers.

Cold Brew

Although Walmart has managed to keep prices low via some alchemy of scale and technology, the overall inflation picture remains uncertain. Hot spots persist, including some high-profile areas. Electricity prices rose 6.9% year-over-year in November, per the BLS's Consumer Price Index (CPI).[9] Data centers are getting much of the blame, according to *The Wall Street Journal*, but hurricanes, wildfires, state renewable energy plans, and the replacement of aging or damaged grid equipment are all playing a role.[10] California is feeling the pain more acutely than other states: power prices rose 35% inflation-adjusted over the 2019 to 2024 timeframe.

No area is getting more attention than health insurance costs. With the expiration of federal tax credits, the 24

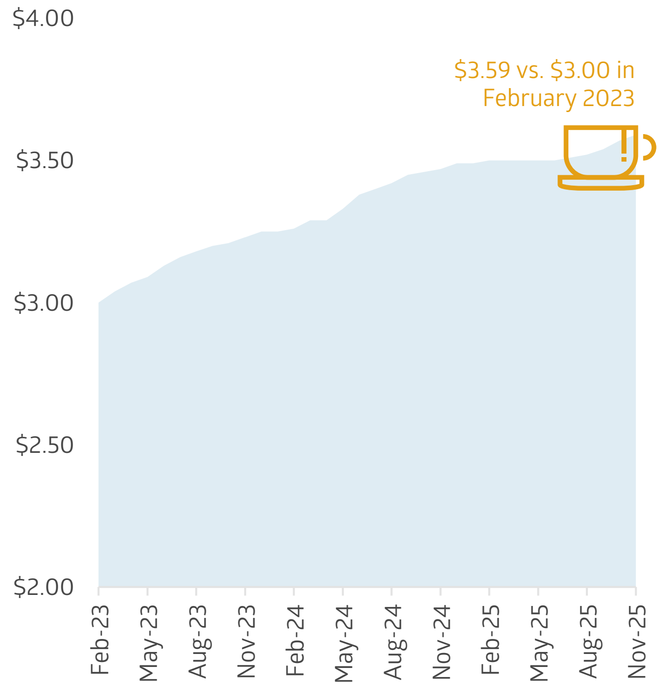
9 "Consumer Price Index for All Urban Consumers (CPI-U), Table 7," www.bls.gov, 12/18/2025.
10 "Be Prepared to Keep Paying More for Electricity," www.wsj.com, 12/29/2025.

million people that enrolled in coverage last year under the Affordable Care Act (ACA) will see their premiums increase significantly. San Francisco-based health policy organization KFF estimated that premium payments will more than double.[11] For those covered under Medicare Part B, the 2026 standard monthly premium is going up nearly 10%. Employer-based health insurance is not immune, either. Mercer projects a total health benefit cost increase of 6.7% this year, pushing the average cost above $18,500 per employee.[12] In 2025, Mercer's annual survey found that the average cost of employer-sponsored health insurance rose 6%, driven in part by sharp growth in prescription drug spending with more companies including GLP-1 coverage.

At risk of burying the lead, though, coffee prices have been surging higher. For the many Americans who require a caffeine infusion to successfully back out of the garage each morning, this is a problem. Coffee prices soared 19% year-over-year, according to the November CPI report, and the restaurant point-of-sale company Toast calculates that the median price of a regular cup of coffee is about 20% higher than it was in early 2023.[13] This has consumers trading down: cutting back on trips to the coffee shop and home-brewing instead. We can't risk a caffeine crisis if this economy is to keep rolling.

Through all the noise, geopolitical tumult, and incertitude, Wall Street is uniformly optimistic. In fact, a year-end *Bloomberg News* survey found that all 21 strategists estimate the S&P 500 Index will post a fourth consecutive positive year in 2026.[14] Wall Street analysts are estimating another strong year for corporate profits, as well, with S&P 500 earnings per share expected to increase by 14.8% on top of 2025's already strong earnings growth.[15] Again, the stock market is not the economy, but it does beg the question of whether everybody is gettin' tipsy, to paraphrase Shaboozey. Another year of rising profits would certainly qualify as a little good news.

THE PRICE OF A CUP OF COFFEE:
Median retail price since early 2023

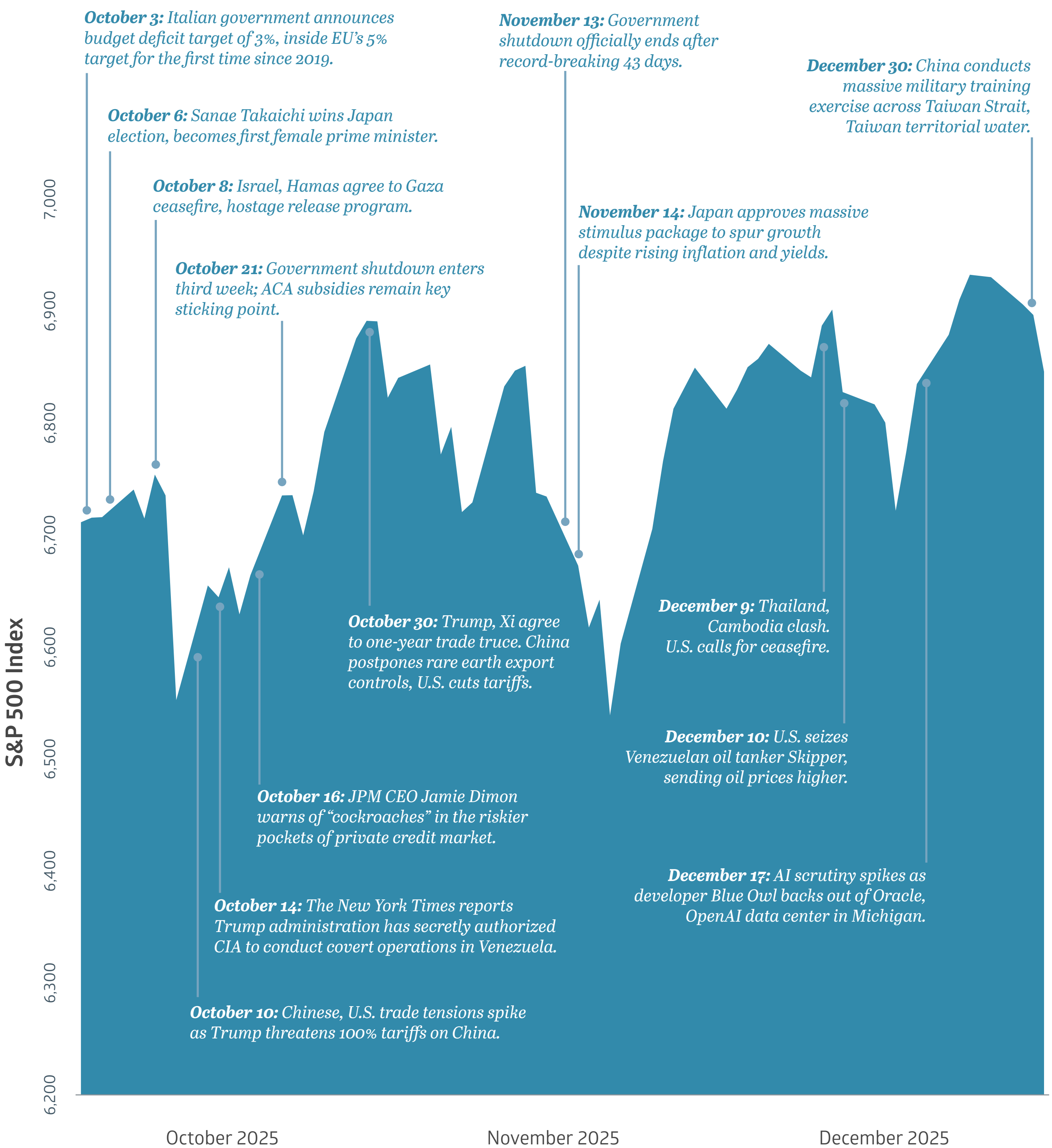


Source: Toast, February 2023 through November 2025.

11 "ACA Marketplace Premium Payments Would More than Double on Average Next Year if Enhanced Premium Tax Credits Expire," www.kff.org, 9/30/2025.
12 "Mercer survey finds US employers and workers will face affordability crunch as health insurance cost is expected to exceed $18,500 per employee in 2026," www.mercer.com, 11/18/2025.
13 "High Coffee Prices Are Changing How Consumers Take Their Daily Brew," www.bloomberg.com, 12/16/2025.
14 "Every Wall Street Analyst Now Predicts a Stock Rally in 2026," www.bloomberg.com, 12/29/2025.
15 FactSet, EPS One-Year Growth (%) estimated for year-end 2026, data retrieved 1/8/2026.

Q4 2025 World Events

WITH THE S&P 500 INDEX AS THE BACKDROP



Source: Yahoo Finance, Bailard. ***Past performance is no indication of future results. All investments involve the risk of loss.***

Avoiding Crypto Probate

Dave Jones, JD, LLM, CFP®, Bailard's Director of Estate Strategy, provides a practical guide to wallets, exchanges, and trust planning for digital assets.

Cryptocurrency ownership has grown rapidly, and many people now hold Bitcoin, Ethereum, Solana, and other digital assets in wallets or on exchanges, such as Coinbase. Yet estate planning for these assets can be challenging. Unlike most traditional assets, cryptocurrency lacks a straightforward titling or beneficiary framework, which means it does not always fit neatly into conventional revocable trust planning.

When planning is incomplete, trustees may face delays in accessing cryptocurrency, court involvement through probate, or loss of privacy—precisely the outcomes a revocable trust is designed to avoid.

Why Cryptocurrency Requires a Different Approach in Revocable Trust Planning

Traditional assets can often be placed into a revocable trust by changing legal title. A home can be deeded into a trust. A brokerage account can be retitled. Certain assets, such as life insurance policies, generally do not require retitling and instead name the revocable trust as the beneficiary.

Other assets are handled differently. Tangible personal property—such as artwork, antiques, or collectibles—is commonly addressed by listing the asset on the trust's Schedule of Assets and, in many cases, by executing a general assignment of personal property. These assets are not retitled in the traditional sense, but they are still brought within the trust's asset base.

Cryptocurrency fits within revocable trust planning in a similar way, but with an added layer of complexity driven by how the asset is held. For estate planning purposes, the critical distinction is whether cryptocurrency is held directly by the individual in a self-custody wallet or held with an institutional custodian through an exchange account.

Why this is worth a look:

This article explores how cryptocurrency fits into revocable trust planning, why wallets and exchange accounts are treated differently, and what steps can reduce the chance of delays and probate involvement after death.

Wallets vs. Exchange Accounts

Self-custody wallets such as Ledger, Trezor, MetaMask, or Coinbase Base Wallet are controlled directly by the owner through private keys. There is no institution standing between the individual and the blockchain, which is a decentralized, secure digital ledger that transparently records transactions.

Because there is no traditional "title" to change, bringing wallet-held cryptocurrency into a revocable trust is typically handled by:

- Listing the wallet on the trust's Schedule of Assets, and
- Executing an assignment of digital assets.

When done properly, a trustee can step in and manage these holdings directly without probate or other court involvement. What wallets generally do not allow is conversion into dollars or other fiat currencies. To liquidate, assets often must be transferred from the wallet into an exchange account.

Exchange accounts operate differently. Personal cryptocurrency exchange accounts generally cannot be held in the name of a revocable trust. Instead, the exchange functions as an institutional custodian and controls the private keys on behalf of the account holder.

During life, exchange accounts make it easy to buy, sell, and convert cryptocurrency to cash. After death, however, access often slows significantly. Institutional custodians are rightly cautious about releasing assets and typically require formal legal documentation to establish authority. Even when an exchange account is listed on the trust's Schedule of Assets, custodians commonly require:

- A certified death certificate
- Proof of the trustee's identity
- Court-issued authority, such as letters testamentary or letters of administration

In practice, this often means probate court involvement may still be required, despite advance planning. In California, a limited remedy may be available through a Heggstad petition, which allows a probate court to treat an asset as trust property if it was clearly listed on the trust's Schedule of Assets, even if it was never formally transferred. While a successful Heggstad petition may help avoid a full probate administration, it still requires probate court filings, legal fees, and several months to complete.

[Note: Some institutional platforms support trust-owned accounts, such as Coinbase Prime, though these are generally designed for business or institutional use rather than personal accounts.]

A Practical Example: How Wallets and Exchanges Are Treated

Consider John, a California resident with two types of crypto holdings.

Wallet-held assets:
John has $150,000 of Bitcoin stored on a Ledger Nano hardware wallet and $50,000 of Ethereum in a Coinbase Base Wallet. Both are listed on his revocable trust's Schedule of Assets and supported by an assignment of digital assets. When John passes away, the trustee retrieves the recovery information and transfers the cryptocurrency as directed in the trust. No probate court involvement is required, and the process remains private.

Exchange-held assets:
John also keeps $75,000 of cryptocurrency in a personal Coinbase exchange account. Even though the account is listed in the trust, the institutional custodian requires a

Three Areas That Matter for Crypto Planning

Effective planning for cryptocurrency generally focuses on three areas: documentation, access, and authority.

Documentation

Cryptocurrency can be listed on a trust's Schedule of Assets just like real estate or bank accounts. Exchange accounts are typically described by institution and account details. Wallets can be identified by type, such as "Ledger Nano X hardware wallet" or "Coinbase Base Wallet," along with the types of cryptocurrency held, such as Bitcoin, Ethereum, or Solana.

Access

Private keys, passwords, and recovery phrases are critical, but they are sensitive information and should not be included in estate planning documents. Instead, an attorney can help determine secure methods for storing and sharing this information so a trustee can access it when needed.

Authority

Estate planning documents can be written to clearly authorize a trustee to manage digital assets. The precise approach depends on applicable state or country law.

death certificate, proof of identity, and probate court-issued letters of authority before granting access. This portion of his estate is delayed and requires legal filings.

Wallets may allow for smooth administration within a revocable trust. Exchange accounts held with institutional custodians are more likely to involve probate court oversight, even with advance planning.

Facilitating Access for the Trustee

The most important element of cryptocurrency estate planning is coordination. Working with an attorney helps ensure that critical access information is organized, securely documented, and available to the trustee when needed.

Cryptocurrency can be owned by a revocable trust and administered without probate, but only if the trustee can actually access the assets. Control depends on passwords, private keys, recovery phrases, and platform-specific procedures. Because this information is highly sensitive, it should not be included directly in the trust document. Instead, attorneys often help prepare a separate memorandum of instructions that explains where assets are held and how the trustee gains access.

This approach reduces confusion, delays, and court involvement by giving the trustee both clear authority and a practical roadmap for administering cryptocurrency assets.

Key Takeaways

Cryptocurrency does not have to derail a well-designed estate plan. The key distinction lies in how assets are held. Wallet-based cryptocurrency, when properly documented and connected to a revocable trust, may pass to heirs privately and efficiently without probate. Exchange-held cryptocurrency, managed by institutional custodians, may still require probate court involvement before funds are released unless accounts are structured in advance through platforms that support trust ownership.

This discussion is for educational purposes only and is not legal advice. Always consult a qualified attorney in your jurisdiction for guidance on your specific situation.

A New Savings Option for Children: Understanding Section 530A Accounts

Lena McQuillen, CFP®, Director of Financial Planning, explains how Section 530A accounts work and how to evaluate them alongside more familiar savings options for children.

When new savings rules are introduced, families often ask a simple question: *Is this right for us?* The recently created Section 530A account, also known as a "Trump Account," is no exception.

While the name has drawn attention, the more practical question is how this account fits alongside familiar options such as 529 plans, custodial accounts, and Roth IRAs for children. Like most planning tools, 530A accounts come with trade-offs, and understanding those trade-offs helps families decide whether, and how, this option belongs in a broader strategy.

This article explains how 530As work, where they may fit, and how to think about them alongside other savings tools when deciding where to save for a child.

What Is a 530A Account?

530A accounts are designed to encourage long-term saving and investing for children under age 18. They share some characteristics with traditional IRAs in that contributions and investment earnings grow tax-deferred.

What makes these accounts distinct is how they are funded, invested, and accessed during childhood. Until the year a child reaches age 18, 530As follow special rules that do not apply to traditional IRAs. Beginning in the age-18 year, the account transitions and becomes subject to the standard traditional IRA rules.

How 530A Accounts Are Funded

Contribution rules are one of the most important distinctions between 530A accounts and other savings vehicles for children. Contributions may come from several sources, with different rules applying before and after age 18.

> ***What's a Section 530A?***
> *Section 530A is the Internal Revenue Code provision that created this new savings account for children, similar in naming to 529 plans.*

Federal Contribution

Eligible children born between January 1, 2025, and December 31, 2028, may receive a one-time $1,000 Federal contribution. The child must be a U.S. citizen with a valid Social Security number, and an election must be made on IRS Form 4547. Although eligibility is tied to births beginning in 2025, contributions cannot be made before July 4, 2026.

Personal Contributions

Parents, grandparents, or any other individuals may contribute on a child's behalf. Unlike traditional and Roth IRAs for children, earned income is not required, and there are no income limits for contributors. Total personal contributions from all sources are capped at $5,000 per year (lower than traditional and Roth IRA limits) and must be made by December 31 of the applicable year. Personal contributions are made with after-tax dollars and are not deductible.

Employer Contributions

Employers may contribute up to $2,500 per year for an employee or an employee's dependent. These contributions count toward the $5,000 annual personal contribution limit and are not included in the employee's taxable income.

Governmental and Charitable Contributions
Certain governmental entities and charitable organizations may also contribute to 530A accounts for a qualified class of beneficiaries under age 18. These contributions are not subject to dollar limits and do not count toward the annual personal contribution cap.

Contributions Beginning at Age 18
In the age-18 year, 530A accounts transition to a standard traditional IRA framework. Contributions must be supported by the beneficiary's earned income and are subject to standard IRA limits and deductibility rules.

Investment Rules

While the beneficiary is under age 18, 530A accounts are limited to low-cost mutual funds or ETFs that track the S&P 500 Index, or other qualifying U.S. equity indexes. Individual securities, sector-specific funds, and fixed income investments are not permitted during this period.

Beginning in age-18 year, these restrictions are lifted and the account may be invested like any other traditional IRA, allowing for greater flexibility and alignment with the beneficiary's time horizon, risk tolerance, and financial goals.

Access and Tax Treatment

530As are subject to a strict lock-up period during childhood. No withdrawals are permitted before age 18, and there are no hardship or special exceptions.

Beginning January 1 of the year the beneficiary turns 18, funds may be withdrawn for any purpose. Distributions generally follow traditional IRA rules, including ordinary income taxation and a potential 10% early withdrawal penalty before age 59½, unless an exception applies. 530A accounts are also subject to required minimum distribution (RMD) rules.

Personal contributions are made with after-tax dollars and create basis in the account. These amounts are not taxed again when distributed, though earnings are taxable and subject to early-withdrawal penalties. Contributions from the Federal government, employers, and charitable organizations (and earnings from these contributions) are treated as pre-tax dollars and are fully taxable when distributed.

All distributions follow pro-rata rules, meaning each withdrawal reflects a mix of taxable and after-tax amounts, rather than allowing personal contributions to be withdrawn first. This calculation applies only to the 530A account itself and does not aggregate other traditional IRAs.

An early boost in communities with median income below $150,000

As one example, philanthropists Michael and Susan Dell have announced plans for their charitable organization to provide a $250 contribution for eligible children in certain ZIP codes.

How 530A Accounts Compare to Other Options

Families typically have several tools available when saving and investing for children, each designed for different goals and tradeoffs. The right choice depends on how flexible the funds need to be, how they are expected to be used, and when access may be required.

At a high level:

- 530A accounts emphasize long-term growth with limited flexibility during childhood.
- 529 college savings plans are designed specifically for education-related expenses and often offer the most favorable tax treatment.
- Custodial accounts (UTMA/UGMA) provide broad flexibility but transfer control to the child at the age of majority.
- Roth IRAs for children can be effective when earned income is available and retirement savings is a priority.

The table on the next page summarizes key differences across these options to help frame the trade-offs at a glance. In practice, many families use a combination of strategies rather than relying on a single account type.

Final Thoughts

While they add a tax-advantaged planning option for families, Trump Accounts are not a universal solution. Their usefulness depends on a family's goals, time horizon, and how much flexibility is needed during childhood.

530A accounts are best viewed as a complement to existing strategies such as 529 plans, custodial accounts, or Roth IRAs for children. In many cases, the most effective approach is not choosing one account over another, but understanding how different tools can work together based on how and when funds are expected to be used.

Savings Options for Children: A Quick Comparison

Key features, tradeoffs, and when each option tends to make sense

	530A accounts	529 plans	Custodial accounts	Roth IRAs for Children
Primary purpose	Long-term retirement saving with structured rules	Saving for college and education expenses	General-purpose saving with maximum flexibility	Retirement saving
Who can contribute (before age 18)	Parents, individuals, employers, Federal government, charities	Anyone	Anyone	Parents or Child (after-18)
Earned income required?	No (pre-18)	No	No	Yes
Annual contribution limits	$5,000 (pre-18); IRA limits after age 18	No Federal limit (gift tax rules apply)	No limit	Earned income only, and IRA limits
Investment flexibility (before age 18)	Limited to broad U.S. equity index funds	Moderate (plan-dependent)	Broad	Broad
Access before adulthood	Not permitted	Permitted for education	Permitted	Limited
Tax treatment of contributions	After-tax (personal), Pre-tax (all others)	After-tax	After-tax	After-tax
Taxation at distribution	Pro-rata taxation, early withdrawal penalty may apply	Tax-free if qualified	Capital gains and income taxes apply	Tax-free if qualified
Control at adulthood	Becomes beneficiary's IRA	Account owner retains controls	Transfers to child	Child controls

References:

Internal Revenue Service. (2 December 2025). Treasury, IRS issue guidance on Trump Accounts established under the Working Families Tax Cuts; notice announces upcoming regulations.

Ed Slott Master Elite Fall 2025 Workbook. Ed Slott and Company, LLC takes no responsibility for the current accuracy of this article.

The White House. (2 December 2025). Landmark Dell Gift Supercharges Trump Accounts for America's Kids.

How We've Stayed Steady

By Sonya Mughal, CFA, Chief Executive Officer

This year prompted me to spend more time thinking about how our teams approach their work. Not a single decision or event, but the way the year unfolded and how we stayed focused through it. It was a year that asked for patience and perspective, and in many ways, that felt familiar.

What stood out was the focus on execution. Decisions were made thoughtfully, and teams stayed engaged through uneven conditions. We continued to invest in our people and our processes rather than waiting for perfect clarity, and our independence gave us the space to be deliberate without the pressure to chase short-term outcomes.

Experience matters, and the colleagues leading our teams today have worked together for years. They've been through different cycles, learned alongside one another, and developed a shared way of working. When conditions shift, that experience shows up quickly in how decisions are made and how priorities are set.

That continuity is evident in our real estate platform. Nearly a year ago, Preston Sargent, longtime leader of Bailard's real estate business, announced his intention to retire, allowing ample time to plan the transition with care. Effective January 1, Tess Gruenstein and James Pinkerton now serve as co-heads of the platform and as co-CEOs of the Bailard Real Estate Fund. Their partnership reflects years of working together, with complementary skills and a consistent approach to decision making. Alex Spotswood continues to drive acquisitions and portfolio management, and Preston remains involved as a strategic advisor, offering perspective shaped by decades of experience.

That same approach shows up across the firm. In 2025, Dave Harrison Smith, CFA, became Chief Investment Officer, drawing on his background and the collaborative way our investment teams operate. His promotion reinforced the direction already in place. In his first six months as CIO, Dave has helped bring even greater cohesion across the investment platform.

> ***"Trust is earned quietly, over time.***
>
> ***Staying steady comes from the people in place and the way they work together."***

This all speaks to something simple. Decisions are being made by people who know the business, know the work, and know each other well. Trust is earned quietly, over time. Staying steady comes from the people in place and the way they work together.

Market Performance
As of December 31, 2025

U.S. Interest Rates	**3/31/2025**	**6/30/2025**	**9/30/2025**	**12/31/2025**
Cash Equivalents				
90-Day Treasury Bills	4.20%	4.29%	3.94%	3.60%
Federal Funds Target	4.50%	4.50%	4.25%	3.75%
Bank Prime Rate	7.50%	7.50%	7.25%	6.75%
Money Market Funds	4.24%	4.24%	4.09%	3.70%
Bonds				
10-Year U.S. Treasury	4.57%	4.17%	4.23%	4.15%
10-Year AA Municipal	2.95%	3.37%	3.40%	3.00%

U.S. Bond Market Total Returns (US$) through 12/31/2025	**QUARTER**	**SIX MONTHS**	**YEAR TO DATE**	**ONE YEAR**
U.S. Bonds				
Bloomberg Barclays U.S. Treasury Index	0.90%	2.43%	6.32%	6.32%
Bloomberg Barclays U.S. Corporate Index	0.84%	3.46%	7.77%	7.77%
Bloomberg Barclays U.S. Aggregate Index	1.10%	3.15%	7.30%	7.30%
Bloomberg Barclays U.S. 1-15 Municipal Blend Index	1.41%	4.04%	5.18%	5.18%

Global Stock Market Total Returns (US$) through 12/31/2025	**QUARTER**	**SIX MONTHS**	**YEAR TO DATE**	**ONE YEAR**
U.S. Stocks				
S&P 500	2.65%	10.98%	17.86%	17.86%
Russell 2000 Growth Total Return Index	3.26%	16.27%	12.59%	12.59%
Russell 2000 Value Total Return Index	1.22%	13.56%	13.01%	13.01%
Russell 1000 Value Total Return Index	1.12%	11.75%	18.56%	18.56%
Russell 1000 Growth Total Return Index	3.81%	9.34%	15.91%	15.91%
International Stocks				
MSCI EAFE (Europe, Australasia, Far East), net dividends	4.86%	9.86%	31.22%	31.22%
MSCI Emerging Markets, net dividends	4.73%	15.88%	33.57%	33.57%

Alternatives (US$) through 12/31/2025	**QUARTER**	**SIX MONTHS**	**YEAR TO DATE**	**ONE YEAR**
NFI-ODCE Index*	1.06%	1.47%	3.60%	3.60%
Gold Spot	11.93%	30.77%	64.58%	64.58%
WTI (West Texas Intermediate) Crude Oil	-7.94%	-11.81%	-19.94%	-19.94%

**Q4 2025 data not yet released, and assumed to be same as the Q3 2025 return.*

Sources: FactSet, the National Council of Real Estate Investment Fiduciaries, ICE.
***Past performance is no indication of future results.** All investments have the risk of loss.*

ABOUT *THE 9:05*

Since 1978, we've held a weekly company-wide meeting during which we talk about the prior week's activities and those anticipated in the week to come. We refer to this meeting, which begins just after nine each Monday morning, as "the 9:05." Just as the 9:05 enables us to share our knowledge and insights with each other, this newsletter provides us with a valuable means of communicating with our clients. Hence its title: *the 9:05*.

Disclosures

The information in this publication is based primarily on data available as of December 31, 2025, and has been obtained from sources believed to be reliable, but its accuracy, completeness, and interpretation are not guaranteed. We do not think it should necessarily be relied on as a sole source of information and opinion.

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