Champion Advisors LLC
Wealth Management

October 2025

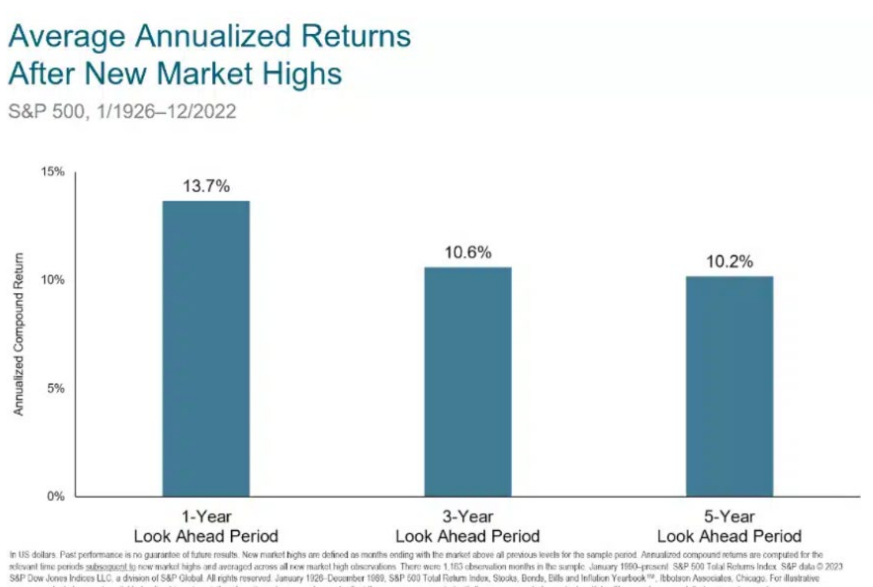
Dear Client,

As we close out the third quarter of 2025, we wanted to share with you our observations on the current economic and market environment, recap portfolio performance and positioning, and offer our thoughts on the coming quarter.

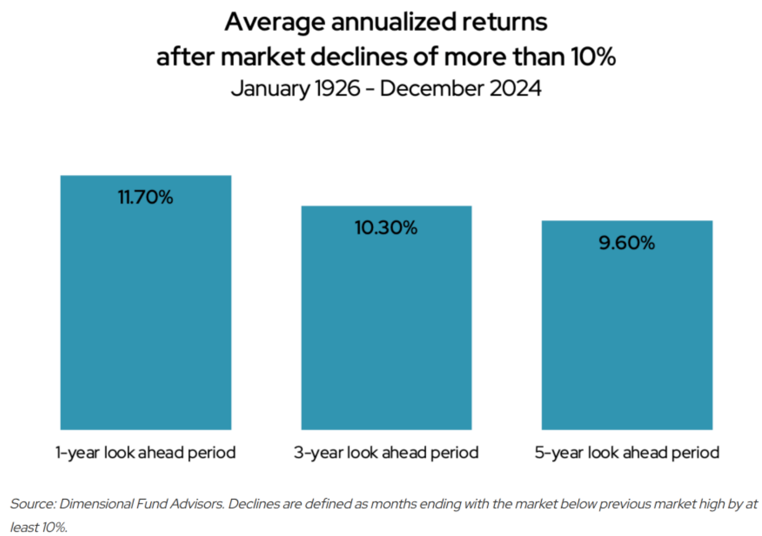
Stocks extended gains over the third quarter, with major indices in the US hitting new records, as trade negotiations continued and the US federal Reserve cut interest rates – the rate reduction in September being the first in nearly a year. *Developed international equities lagged the US, but emerging markets were higher, and both remained ahead of the US for the year.* In the bond market, US Treasuries were slightly higher, with the benchmark 10-yr yield just above 4%.

Two major events have been making headlines in the news every day: (1) the stock market reaching new highs almost daily, and (2) the government shutdown. So – what do these mean for our clients' portfolios?

With the market seeing highs, many are concerned we may be due for a large fall. However, according to Jake DeKinder, Head of Client Communications at DFA, this is not likely. In the DFA Podcast, "The Informed Investor (Episode 6): Do Stocks Stumble after all-time Highs?", he highlights that investors may be surprised to find out that average returns over one, three, and five years after a new market high are similar to those after months that ended at any level:



Reaching a new market high doesn't automatically mean the market will then retreat. Stocks are priced to deliver a positive expected return every day – meaning that reaching record highs with some regularity should not be unexpected. The research further indicates the same when the market declined by at least 10%:



The second topic we'd like to address is the federal government shutdown that started October 1st when Congress failed to pass funding legislation to carry the government past the end of the fiscal year (Sep. 30). The following Exhibits, taken from DFA's "Stocks can Still go up if the Government Shuts Down" *(Oct 18, 2023)*, and Wes Crill, DFA's Senior Chief Client Solutions Director and Vice President, remind us that the US has faced fourteen funding gaps since 1981, ten of which have resulted in shutdowns.

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Exhibit 1

A History of Halts

Funding gaps lasting at least one day since 1981

DATE FUNDING ENDED	DURATION OF FUNDING GAP (DAYS)	DATE FUNDING RESTORED	SHUT-DOWN
11/20/1981	2	11/23/1981	X
09/30/1982	1	10/02/1982	X
12/17/1982	3	12/21/1982	
11/10/1983	3	11/14/1983	
09/30/1984	2	10/03/1984	
10/03/1984	1	10/05/1984	X
10/16/1986	1	10/18/1986	X
12/18/1987	1	12/20/1987	
10/05/1990	3	10/09/1990	X
11/13/1995	5	11/19/1995	X
12/15/1995	21	01/06/1996	X
09/30/2013	16	10/17/2013	X
01/19/2018	2	01/22/2018	X
12/21/2018	34	01/25/2019	X

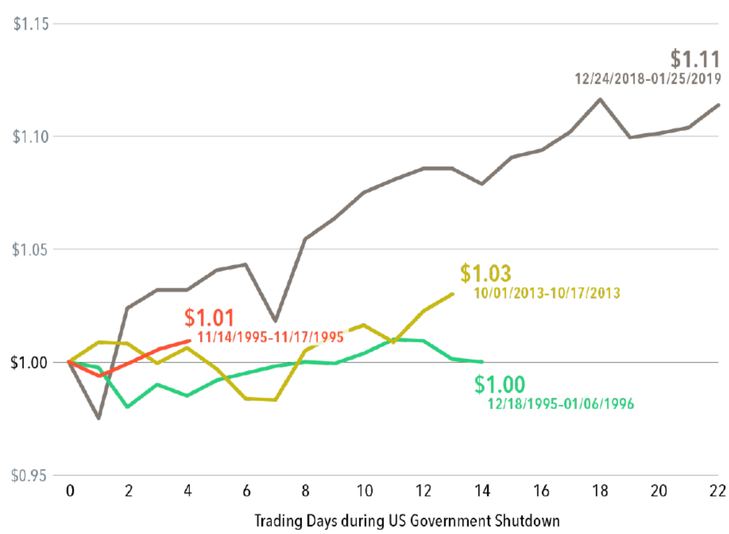
Funding-gap and shutdown dates are sourced from the US House of Representatives: History, Art & Archives.

Most shutdowns have been minimal. However, four lasted at least five days – and during these prolonged episodes, *the US market ended higher at the conclusion of three and was flat in the other*.

Exhibit 2

Open for Business

Growth of wealth for the Fama/French Total US Market Research Index during government shutdowns lasting at least five days since 1981



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The short-term effects on the market should be modest as – so far – equity and bond markets have remained relatively calm. Historically, government shutdowns have had limited and temporary market impact once funding resumes, and CA is looking at this event as a policy delay rather than an economic turning approach.

As US economic growth appears to be moderating, inflation remains a persistent concern and the labor market is showing signs of cooling. Trade and tariff policies, fiscal legislation, and central bank timing of cuts or changes may inject volatility into the markets. Remaining cautious, the Federal Reserve is expected to make the next 25-basis-point cut in December, with additional cuts potentially in early 2026.

Our takeaways from this quarter:

- Be patient! – 2025 is shaping up to be a year of transition rather than a breakout
- While a shutdown may be a nuisance, history suggests it's probably not cause for concern with regards to your portfolio
- Expect volatility – use dips as opportunities (not panic events!)
- Maintain commitment to quality, balance, and diversified exposure across styles and sectors
- Stay focused on long-term goals, not short-term noise.

We close this quarter with renewed optimism, because we structure our clients' portfolios with upside participation and defensive resilience in mind. We will continue to vigilantly monitor market shifts, political uncertainties, and changes in economic attitude, adjusting our strategies as conditions evolve.

We sincerely hope that if at any point the circumstances of your personal situations change, or you have concerns or questions regarding your portfolio, feel free to reach out to myself or Barrett. We would love to discuss your holdings or go over any new goals you're looking to incorporate into your current strategy.

Hope you're doing well and all the best!

Thomas E. Tucker

Tommy Tucker, President/CEO