



INVESTMENT MANAGEMENT TEAM

SUMMER 2025 SPELLMAN FUND REPORT

Summary:

During the summer of 2025, the U.S. stock market staged a remarkable rebound from its spring downturn, with the S&P 500 surging 15.78% from the beginning of May through the end of August. The Spellman Fund also delivered strong results, gaining 12.91% over the same period. However, we trailed the S&P 500 by 2.87%.

This bullish rally was fueled by record-breaking corporate earnings, particularly in the Technology and AI sectors, alongside growing expectations of interest rate cuts and a reduction in geopolitical tensions. Technology played a pivotal role in driving our performance, contributing 6.65 percentage points, or 51%, of the Spellman Fund's total return for the summer. Notably, three of our five top-performing holdings came from the Technology sector, underscoring its central role in our portfolio's growth during this period.

Tariff Rebound:

Over the summer, various tariff policies and market reactions shaped the trade activity. Americans now face an average tariff rate of 17.4% due to the increases, which is the highest since 1935. These amount to an average tax increase of nearly \$1,300 per US household in 2025. This added cost has led to shifts in consumer behavior, with many households reducing discretionary spending or seeking lower-cost options. These changes help ease inflationary pressures, which in turn aligns with the likelihood of future interest rate cuts.

To keep customers, companies have been adjusting their supply chains by sourcing materials locally or from countries not affected as heavily by tariffs. Some companies have also been temporarily absorbing any increase in costs, streamlining their operations, or negotiating with their suppliers.

Interest Rates:

Throughout the summer, the Federal Reserve held three in-person meetings in May, June, and July, and one notation vote in August. During this period, interest rates remained unchanged, holding steady at 4.25%–4.50%. Early in the summer, markets rallied on expectations of upcoming rate cuts. Despite no rate cut in the Fed's July meeting, softening language from the statement and Powell's remarks signaled that cuts were still likely, leading to a brief market dip followed by a rebound as investors maintained expectations for future cuts. After CPI news and August's notation vote, investors remained positive with small surges following these events.



Portfolio Performance (May 1st – Aug 29th)

The portfolio had an overall increase of 12.91%

The top three performing sectors were Consumer Services (23.63%), Consumer Cyclicals (21.15%), Technology (16.96%).

Top 5 Highest Performers

NVIDIA Corporation (NVDA):

- 56.07% Increase
- \$174.18 Ending Price Per Share



Nexstar Media Group (NXST):

- 44.16% Increase
- \$204.53 Ending Price Per Share



Turtle Beach Corporation (TBCH):

- 40.00% Increase
- \$15.82 Ending Price Per Share

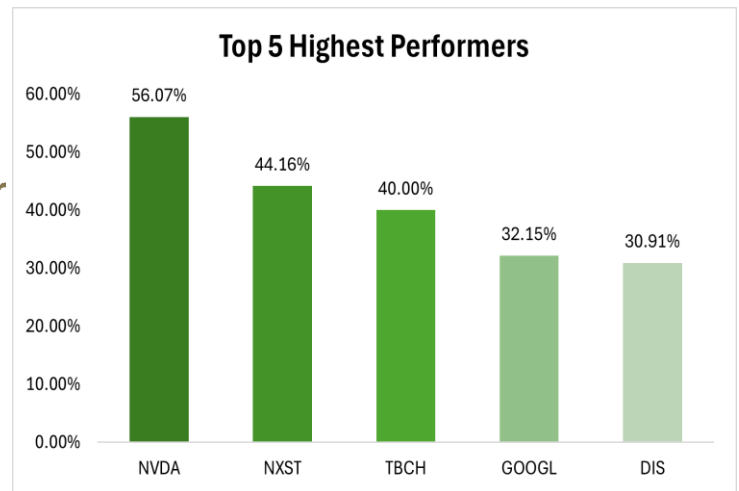


Alphabet Class A (GOOGL):

- 32.15% Increase
- \$212.91 Ending Price Per Share

Disney (DIS):

- 30.91% Increase
- \$118.38 Ending Price Per Share



The three lowest performing sectors were Healthcare (-10.61%), Consumer Non-Cyclical (0.71%), Utilities (10.83).

Top 5 Lowest Performers

UnitedHealth Group Inc. (UNH):

- -22.11 Decrease
- \$309.87 Ending Price Per Share



American Tower Corporation (AMT):

- -8.29% Decrease
- \$203.85 Ending Price Per Share



SAP SE Sponsored ADR (SAP):

- -5.18% Decrease
- \$272.16 Ending Price Per Share



Coca-Cola Company (KO):

- -2.53% Decrease
- \$68.99 Ending Price Per Share



Procter & Gamble Company (PG):

- -1.17% Decrease
- \$157.04 Ending Price Per Share

