

September 2025 Monthly Commentary

October 1, 2025

Stock Market & Portfolio Performance

3rd Qtr 2025: U.S. stocks posted strong returns for the quarter. International stocks also rose, while bonds posted decent returns. For the first nine months of 2025, stocks and bonds recorded solid returns.

Inside this issue:

The Fed Lowers Rates by a Quarter a Point	2-3		<u>3rd Qtr</u>	<u>YTD '25</u>	<u>Description:</u>
		Without Dividends:			
Instructions to Upgraded MAM Portal by Ryan McCarthy	3-4	S&P 500	7.8%	13.7%	500 Largest Public U.S. Companies
		Russell 2000	12.0%	9.3%	2000 of the smallest U.S. stocks
		MSCI EAFE	4.2%	22.3%	international stock index
2026 Medicare Open Enrollment	5	U.S. Aggr Bond	2.1%	6.2%	index of U.S. bonds
Our Services	6	With Dividends, after all fees:			
		MAM portfolios	4.5%	9.7%	non-very conservative MAM portfolios
		MAM Consrv	3.6%	8.3%	portfolios with 45%+ bond allocation

The returns showed above are unaudited. Past performance is not indicative of future results. Returns for McCarthy Asset Management Portfolios (“MAM Portfolios”) are net of management fees and transaction costs, and reflect the reinvestment of dividends. Results represent a composite of clients using a similar investment strategy, individual results will vary.

Returns for the indices are provided solely as a general indication of current market conditions. MAM Portfolios are not invested in a style substantially similar to any index. Indices do not reflect the deduction of management fees or transaction costs or the reinvestment of dividends. Performance for the indices would be lower if these costs were reflected.

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At its September meeting, the Federal Reserve cut the federal funds target range by 25 basis points to 4.0% - 4.25%. This was the Fed's first interest rate cut since last December. The move was expected due to recent softness in the labor market.

Divergent Outlook: The Fed's new projections for rates showed a narrow majority of 10 participants supporting another 50-basis point reduction in the federal funds rate by year-end, implying consecutive moves at the Fed's two remaining meetings in October and December. However, nine participants indicated no cut in at least one of the two meetings, and seven of these saw no further cuts this year. This indicates a wide dispersion of views on the committee and underlines that additional rate cuts this year are not guaranteed.

Compounding the environment the Fed is facing are two factors affecting the economy that are beyond the Fed's control. One is the inflationary impact of President Trump's tariffs. The second is the reduction in the supply of the labor market due to the federal government's effort to reduce immigration. Chairman Jerome Powell said in an environment where the Fed faces risks of both higher inflation and weaker employment, "it's not incredibly obvious what to do."

Impact of Rate Cut: The rate cut reduced the federal funds to the lowest level in almost three years. The reduction should provide some immediate relief to consumers with credit-card balances and small businesses with variable rate debt. Mortgage rates and other long-term borrowing costs are less sensitive to individual Fed moves but have declined in recent weeks as investors anticipate a modest sequence of additional cuts.

Impact on Savers: A negative impact of the rate cut is on the yield that savers can earn. While money market accounts at brokerage companies such as Schwab have been yielding a little over 4%, that rate has now fallen by 0.25% due to the Fed rate cut. If the Fed does additional rate cuts, money market rates will correspondingly fall further. Despite the reduction in yields, money market accounts are likely to remain popular with investors. Last month, assets in money market accounts reached a record \$7.7 trillion.

Risk of a Recession Reduced: Despite recent weak monthly employment reports, the risk of a U.S. recession has fallen the last few months. The chart below is from the Wall Street Journal:

Probability of recession in next 12 months, WSJ economist survey



Source: WSJ

In late 2022 and early 2023, over 60% of economists were projecting a recession to start within the next 12 months. As the Fed cut interest rates and consumer spending stayed strong, the percentage of economists predicting a recession fell steadily, reaching a low of just over 20% in early 2025. The recession prediction spiked to 45% by April of 2025 when President Trump unveiled his tariff plans. Since then, the recession risk has dropped to just over 30%.

The recession risk may fall further if the Fed implements additional rate cuts. At its September meeting, a narrow majority of officials penciled in two additional rate cuts this year, and one more rate cut in 2026. This suggests a gradual easing cycle that would provide a boost to the economy.

Instructions to Upgraded MAM Portal (by Ryan McCarthy)

Advyzon recently informed us that it will be retiring the legacy portal and reports in November of this year. To prepare for this, we have moved our MAM Client Portals, Monthly Reports, and Quarterly Reports to Advyzon's new and upgraded version.

The changes to the Monthly Reports and Quarterly Reports are mostly cosmetic, as we have made improvements to the design and visualization of the reports. The material and contents of the Monthly Reports and Quarterly Reports will remain the same. This article will focus on the Client Portal.



The way in which you log into your MAM Portal is unchanged. The link for accessing the portal continues to be: <https://client.myadvisorlink.com/auth/users/webportal/MAM>. The email and password that you used previously will remain the email and password for the revamped portal.

Once you log into the new MAM Portal, you will see three sections on the left side of the screen:

1. Home
2. Accounts
3. Documents

Home – The Home page replaced what was the Overview page in the previous portal. The Home page combines all your MAM accounts. The charts and graphs will display the combined total. The Home section contains five areas:

1. The upper left section is called **Portfolio Growth**. This lists the current value of your combined accounts and shows a graph that displays the total value since inception. It also lists the current market value, net investment, and total gain net of management fees since inception for all of your MAM accounts.
 2. The upper right, **Asset Allocation**, displays the asset allocation of all portfolios both in a pie chart and with a listing of the percentage invested in each asset class. To see the percentage from the pie chart, hover over the piece of the pie chart in which you are interested in.
 3. **Performance** in the middle left lists the annualized percentage returns across all your MAM portfolios. It shows the month-to-date (MTD), quarter-to-date (QTD), year-to-date (YTD), trailing 1-year, trailing 3-year, trailing 5-year and since inception.
 4. The middle right contains the **MoneyGuidePro** widget, which is the software we use to prepare a Retirement Analysis. If we have prepared a Retirement Analysis for you, the probability of success from the most recent analysis will be displayed here. If you click the link to MoneyGuidePro, you can access the Play-Zone tool, which allows you to adjust any of the spending goals or assumptions from the Retirement Analysis and see the real time impact the changes have to the probability of success. I am available to have a Zoom call if you would like me to explain how to utilize the MoneyGuidePro features.
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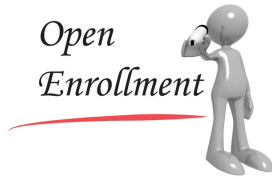
Accounts – The Accounts section provides more information and detail regarding each of your specific accounts. This area will allow you to customize the specific portfolio(s) and timeframe in which you are interested in.

- Features of the Accounts section:
 - ◇ Changing which portfolio(s) are being displayed.
 - The default setting is to have all your accounts checked and shown.
 - To change what accounts are being displayed, click the arrow to the right of the “All” in the “Total Market Value” section.
 - You can then check which account(s) you want to view and click “Ok” once you are done.
 - ◇ Changing the timeframe being shown.
 - The default timeframe setting is year-to-date.
 - To change the timeframe being displayed, click the calendar icon above the dates being shown.
 - You can then select whichever timeframe you are interested in.
 - ◇ Exporting the information into a PDF or Excel.
 - Just to the right of the timeframe and dates, you can click the “PDF” or “Excel” button to export this information.
- 1. The first tab in this section is the **Asset Allocation** of your portfolio(s). There are two ways to view your Asset Allocation here. The top section will be at a higher level, and then the bottom section will dive more into the detail of your portfolio(s) allocation. Changing which portfolios are included will automatically update the asset allocation pie chart and table.
- 2. The second tab in this section is the **Account Performance** of your portfolio(s). The top section is the “Portfolio Value vs Cumulative Net Investment” graph. The light blue line will show the Portfolio Value since inception. The dark blue line will show the Cumulative Net Investment since inception. The difference between the two lines represents your portfolio gains. The lower section is the “Performance” chart. This will list the returns across multiple timeframes, including MTD, QTD, YTD, 1-Year, 3-Year, 5-Year, and Since Inception. Changing which portfolios are included will automatically update this graph and chart.
- 3. The third tab in this section is the **Fund Performance** of your portfolio(s). The “Performance” chart provides detailed information of every fund in your portfolio(s). For each fund, it will tell you the ending market value, weight, and performance from a variety of timeframes. Changing which portfolios are included will automatically update this performance table.

Documents – The section replaces what was previously known as the “Vault.” The features and functionality of the Documents section mirror the Vault.

1. Shared Files – This is where we upload documents securely to you, and vice-versa. To upload a document to us, click the arrow to the right of “Actions” in the top right, and then select either Upload Files or New Folder.
2. Custodian Documents – This contains your monthly Schwab statements for each of your managed accounts. This also includes your annual tax forms.

MAM Comments: We are excited to roll out this new MAM Client Portal to you, as well as the upgraded Monthly and Quarterly Reports. If you have any questions about any of these changes or would like to have a quick Zoom meeting to review and discuss them, please let me (Ryan) know and I will coordinate scheduling one.



The annual enrollment period ("Open Enrollment") for 2026 Medicare coverage will run from October 15, 2025, to December 7, 2025. During this time, you can make changes to various aspects of your coverage, such as switching from Original Medicare to Medicare Advantage, or vice versa.

As most of you know, we have retained the services of Eileen Hamm to help our clients with issues related to Medicare. Because we pay Eileen's firm a fee, this service is available at no charge to MAM clients. Quite a few clients have already utilized Eileen's services, either when they first became eligible for Medicare, or for those already enrolled, during the annual Open Enrollment. For those of you who have worked with Eileen in the past, she will be in contact to see if you would like to have her review your coverage.

Here is what Eileen can help you with during Open Enrollment:

- Review your Medicare supplemental coverage to see if it has met your needs during the past year and evaluate other options if appropriate.
- Review and make recommendations for any changes to your Part D prescription drug plan.

Per Eileen, "If you are on a Medigap-type supplemental plan (such as a Plan F or Plan G), and are happy with it, no change should be needed. However, the Part D prescription plans can change from one year to the next. Your insurer should mail you a notice about any changes, so pay close attention to the letter. Your premium may be going up next year, or the cost of your medications could increase, or some medications may no longer be covered under your plan. Even if you are currently happy with your Part D plan, it makes sense to evaluate your coverage every fall."

If you would like to have Eileen help you for the first time, let us know and we will send an introductory email. Alternatively, you can email her directly at eileen@superiorlrc.com. Because Open Enrollment is Eileen's busy season, if you would like her to advise you, please reach out to her as soon as possible.

Sincerely,

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Our Services

McCarthy Asset Management, Inc. (MAM) is an independent, privately owned Registered Investment Advisor firm. We provide clients with the peace of mind that comes from knowing professionals are managing their financial affairs. The services we offer include:

Investment Management Services:

- MAM creates and manages customized investment portfolios based on each client's investment objectives, timeframe and risk tolerance.

Financial Planning Services:

- The Net Worth Analysis (NWA) tracks the accumulation of Invested Assets for pre-retirees and the retention of Invested Assets for retirees. Updated annually.
- "Retirement Analysis" a comprehensive analysis of your retirement goals, which produces easy-to-read, interactive working plan, stored in the cloud. Updated as needed for life events.
- Social Security Planning is an analysis of the best strategy for when and how to start claiming Social Security benefits.

Tax Services: Clients are able to utilize the income tax services provided through either the firm Stephen P. McCarthy, CPA or from the CPA firm of Lauren Be. These services are offered at an hourly rate and may include:

- Tax Return Preparation
- Income Tax Projections
- Tax Minimization Ideas
- Tax Authority Representation

Other Services: MAM has retained outside experts, whose services are available at no cost to our clients:

- Long Term Care Planning– Allen Hamm of Superior LTC Planning Services, Inc.
- Medicare Advisory Program (MAP) - Eileen Hamm

Reminders/Updates

Please let us know if you would like us to show you how to access the information that is available on your MAM portal.



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Registered Investment Advisor.