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AURIC PRIVATE WEALTH

What's New is Old But New Record Highs Never Get Old

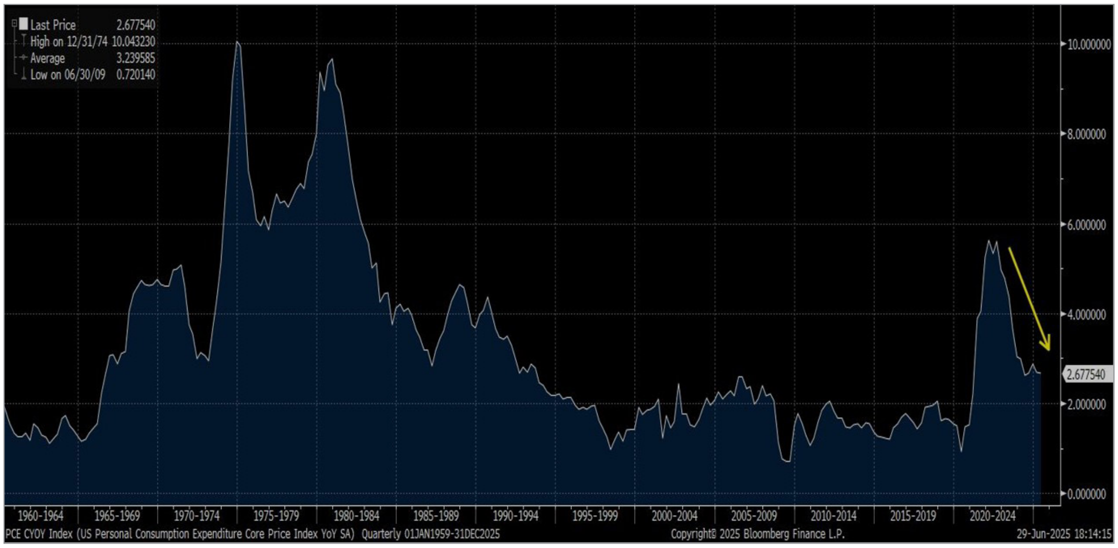
July 2025

A Brief Review of 2025

A Year Of War, Tariffs, Lower Inflation & Interest Rates

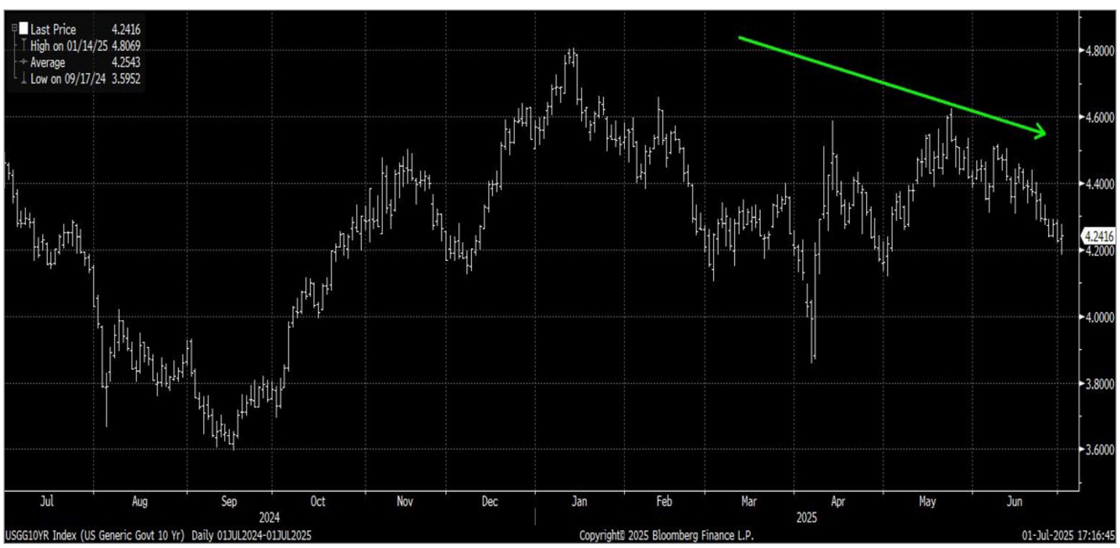
Buoyed by equity markets hitting record highs, we entered 2025 with strong optimism – but this outlook was quickly upended by the unexpected tariffs from the Trump Administration followed by a sudden escalation of war in the Middle East, which drew in the United States. The tariff battle led to a bear market sell-off of 20%, and the bombing of Iran by Israel and the U.S. saw oil prices rise sharply. But stocks quickly recovered, and oil fell just as sharply within days. It felt like we were in a warp drive of events. We also had a significant drop in inflation with interest rates trending down. So, as we enter the second half of 2025, equity markets are at new highs, interest rates continue to fall, the Middle East war has possibly turned to peace, and tariffs still need negotiations.

Core Personal Consumption Expenditure (PCE): Inflation Has Fallen Sharply



2-Year Treasury Yield Trending Down

10-Year Treasury Yield Trending Down



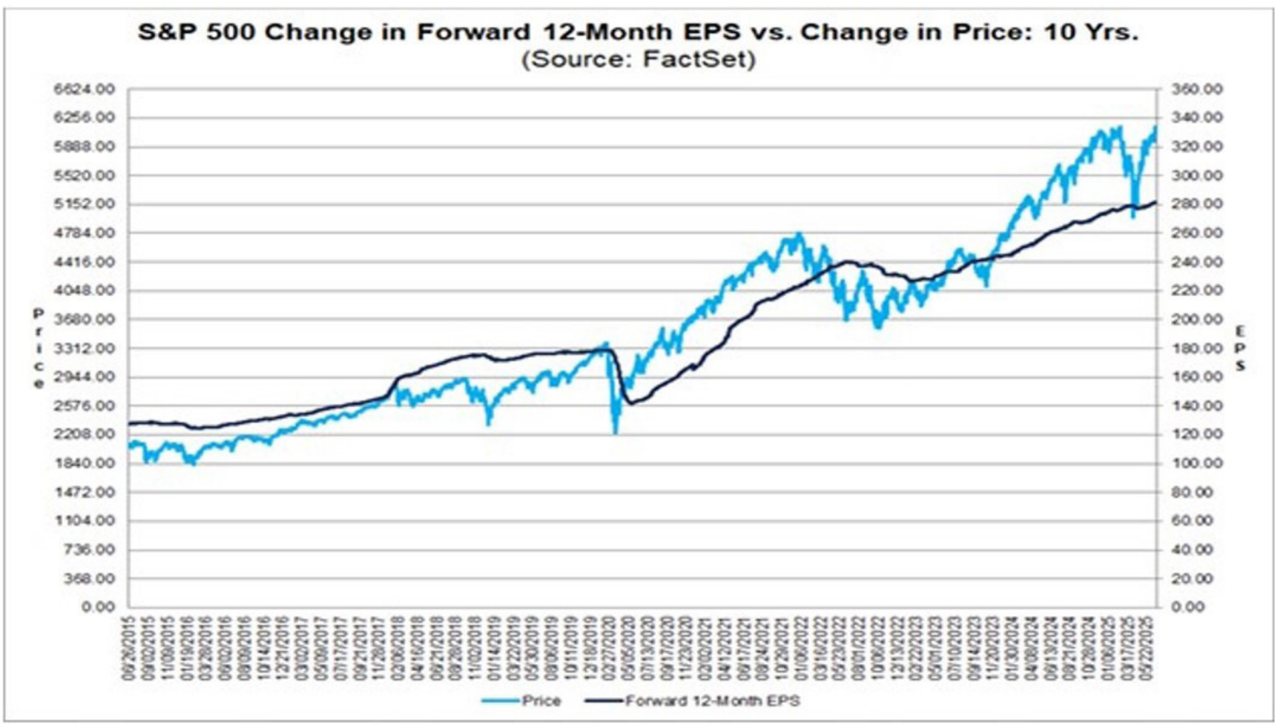
Earnings Remained Robust In 1Q25

Equity prices over time truly price in earnings and a certain level of risk. As for earnings in 1Q25, they came in much stronger than expected – beating by 8% – and earnings for the S&P 500 growing nearly 14% over the past year. Within the reporting season, 78% of companies beat earnings expectations and 62% beat revenues. The main driver of where earnings came from was the Mega-Cap Tech companies, whose earnings surged 28% year-over-year, far exceeding the rest of the index.

As for 2Q25 earnings, estimates have come down sharply due to the tariffs. The average expected growth of earnings is about 5%, down from 10%. This might be a good setup for earnings to surprise to the upside, given that the tariffs have not been as bad as feared. Importantly, the equity market discounts pricing out six months, so the market is now pricing in 2026. Earnings growth estimates for 2026 are in the range of 14%-16%, which is very strong growth. We believe the new technology of artificial intelligence (AI) is going to and is already having a profound impact on business productivity and corporate margins. All of this is broadly bullish for equities in the second half of the year, in our view.

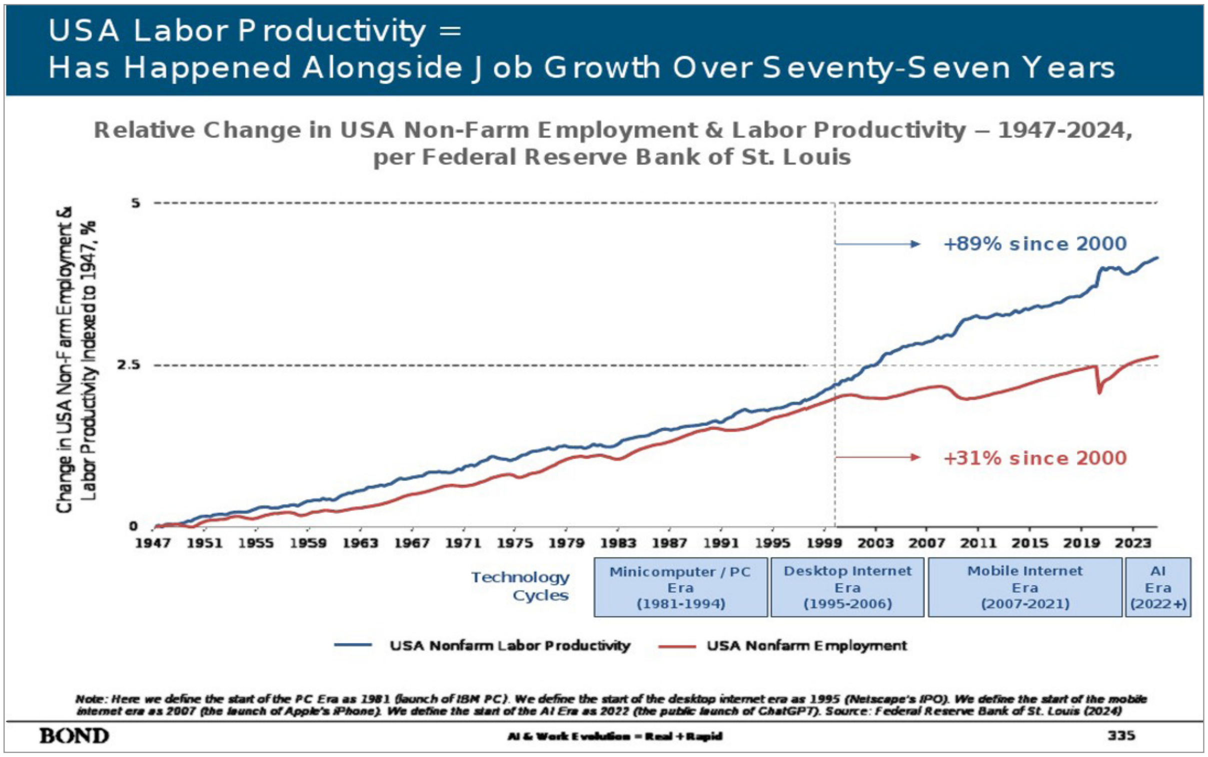
We maintain our target of 7200 for the S&P 500 by next year. Without any major disruptions, we believe it will be possible for the S&P 500 to reach 7000 by year end.

Earnings Continue To Trend Higher With Stocks Positively Responding



Source: FactSet, June 27, 2025

Productivity Growth Is Driven By Advances In Technology



Source: Bond Capital Associates LLC, May 30, 2025

The First Half Also Saw The U.S. Bomb Nuclear Sites In Iran

As the second half of the year was coming to a close, the U.S. went into Iran and bombed three nuclear sites in an attempt to stop any development of a nuclear weapon. Oil prices responded by rallying sharply, but with no supply shock from the event, oil prices soon collapsed. This move allowed equities to rally and close at record all-time highs.

Crude Oil Rose 21% During The Iran-Israel War Only To Fall Back Down

All That's New Is Old, Version 2

Our Year Ahead Outlook focused on All That Is New Is Old, meaning that, throughout the history of the United States, various new technologies were introduced that transformed how we lived and worked. The economy has always transformed with some jobs leaving but new jobs being created. We believe we are in another major transition at a level that has never been seen before in history. Why? Because so many new technologies are being developed and introduced at the same time – and they are being adopted at the fastest pace ever seen. We are of the belief that change brings opportunity! The themes continuing to work in the equity market include Artificial Intelligence (AI), Robotics, Virtual Reality, Blockchain, and Web 3.0.

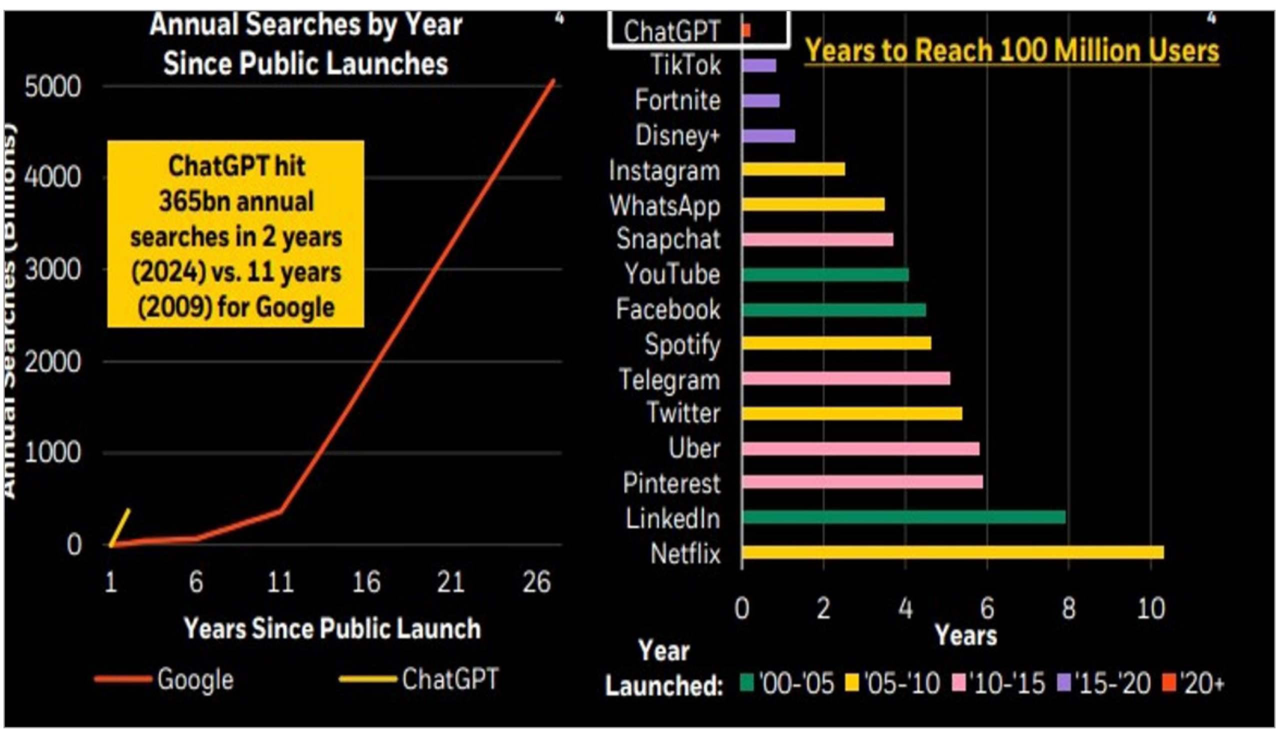
Tariffs Were A Temporary Interruption

When President Trump launched Liberation Day on April 2, the stock market had expected some tariffs but not at the scale that was ultimately announced. As markets do, they corrected into bear territory, clawing prices down 20% by pricing in the new, higher-than-expected tariffs. The market believed the tariffs would significantly impact the economy negatively. But as it became clear that the Trump Administration was not looking to crush the economy and markets and was actually looking to negotiate, the equity market responded positively. We did make the case that tariffs may have been the talk at the time, but ultimately, it's the new technologies being introduced and adopted that were driving and continue to drive the equity market. Once focused on these fundamental drivers, the equity market rallied to new record highs. So, what should we expect going into the second half of this year?

Is It The Dawning Of The Age Of Aquarius?

The Age of Aquarius (which some claim began in November of 2024) is associated with periods of transformation, renewal, and technological progress. It's clear we've entered a new era – a Digital Era, marked by rapid advances in digital technology that are reshaping how we live and work. Innovations are being adopted at such a pace that the coming decade could feel like science fiction brought to life. Think Star Trek or even The Jetsons – once worlds of pure imagination, now inching toward an everyday reality.

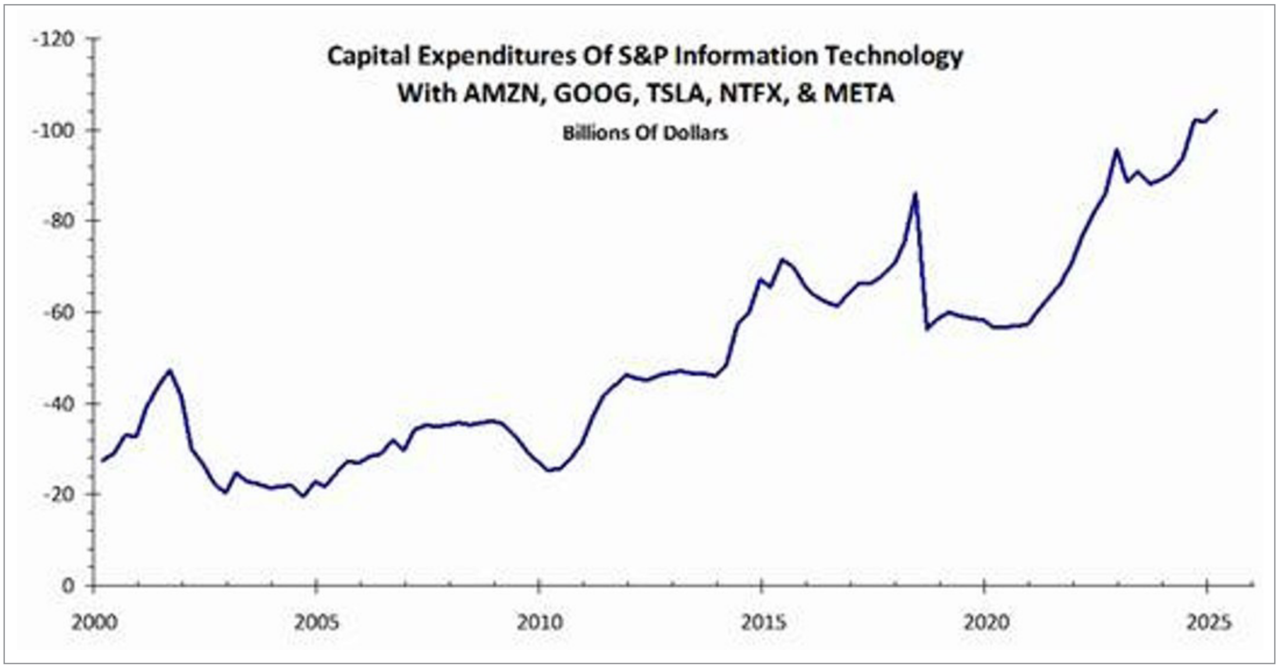
Artificial Intelligence Tech The Fasted Adopted Technology Ever!



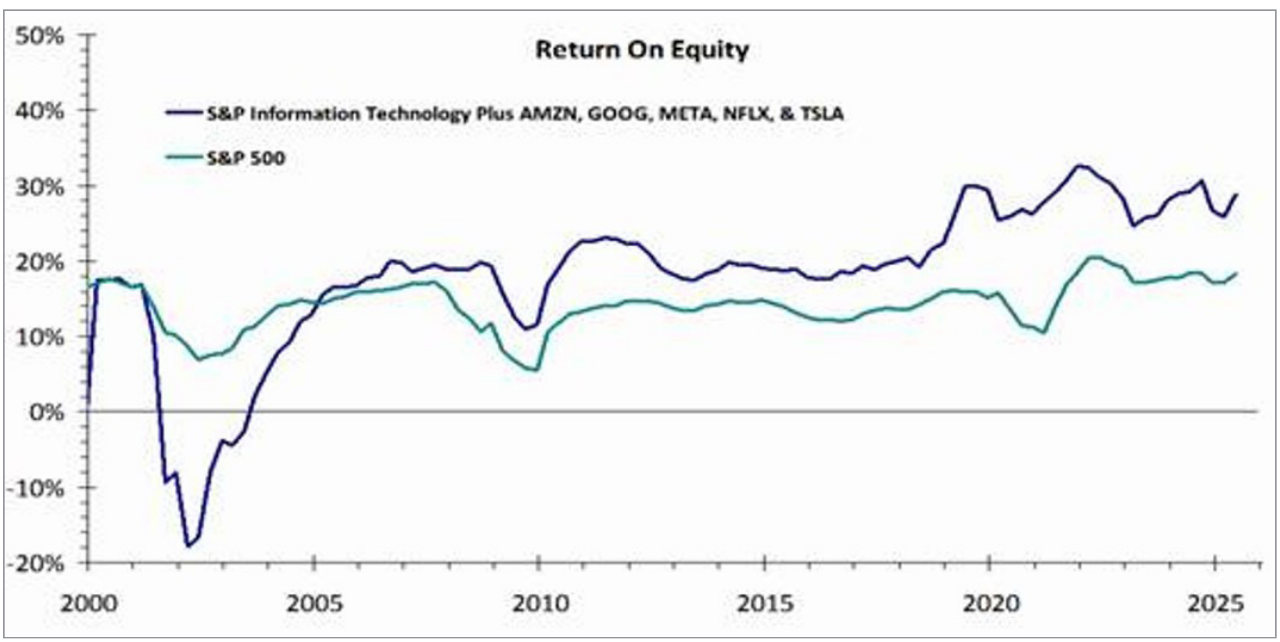
Source: BlackRock, June 26, 2025

Technology & Tech-Related To Drive Stock Prices Higher In 2H25

We may sound like a broken record with our theme of Technology driving equity markets higher, but themes can last for years. With the profound capital expenditure being spent on developing all these technologies (AI, Robotics, Virtual Reality, Blockchain, and Web 3.0), there are trillions of dollars being invested in development and infrastructure. Earnings have been the strongest in Technology, along with the return on equity (ROE) – which is why money keeps investing in these companies.



Source: Standard & Poor's, Bloomberg, Sanctuary Wealth, June 26, 2025



Source: Standard & Poor's, Bloomberg, Sanctuary Wealth, June 26, 2025

Earnings Growth To Remain Robust But Concentrated

Earnings growth remains relatively scarce, found mostly in Technology and Tech-Related issues, in Industrials, Financials, and in those Utility issues that benefit from accelerating demand for electricity. The old FANG Plus Index reached record highs before the S&P 500 did, showing how these stocks are the leadership within the market. There has been no significant rotation to Value. Growth continues to lead the equity market and Growth leads in a scarce earnings environment.

NYSE FANG Plus Index (Top) With Relative to S&P 500 (Bottom)

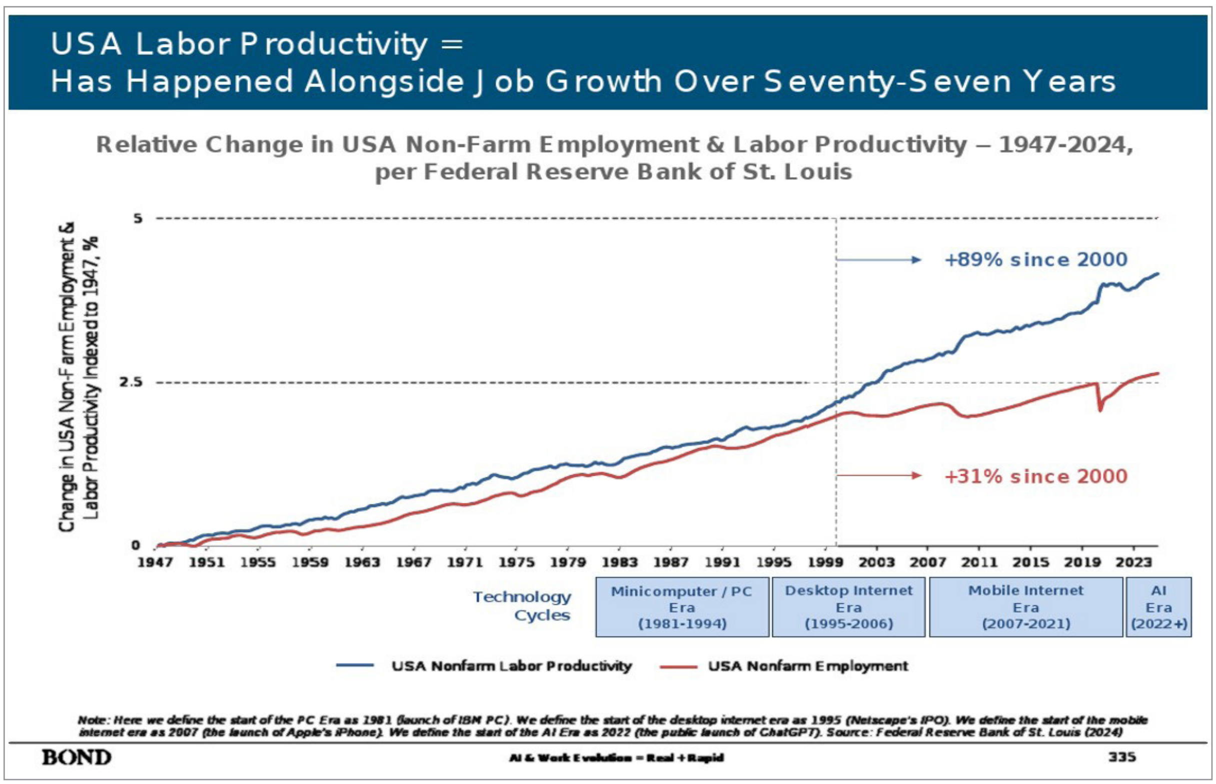
iShares Russell 1000 Growth Vs. iShares Russell 1000 Value

Some Of The Impact Of AI And Blockchain

We believe the primary driver of this market is AI, supported by a wave of emerging technologies. Blockchain is enabling secure transfers of assets and contracts, while the growing use of Cryptocurrencies is streamlining cross-border payments. Web 3.0 is beginning to shift the Internet's value structure, allowing individuals and businesses to retain ownership of their intellectual property and benefit financially from its use. Virtual reality (VR) is evolving beyond entertainment, with real-world applications in manufacturing, education, and healthcare. Robotics is also expanding – from factory automation to pilot programs for driverless taxis and long-haul trucks, low-altitude drone deliveries, and even early-stage deployments in offices and homes. We expect adoption across many of these areas to accelerate over the next 12 to 18 months. This is no longer science fiction – it's real life fact!

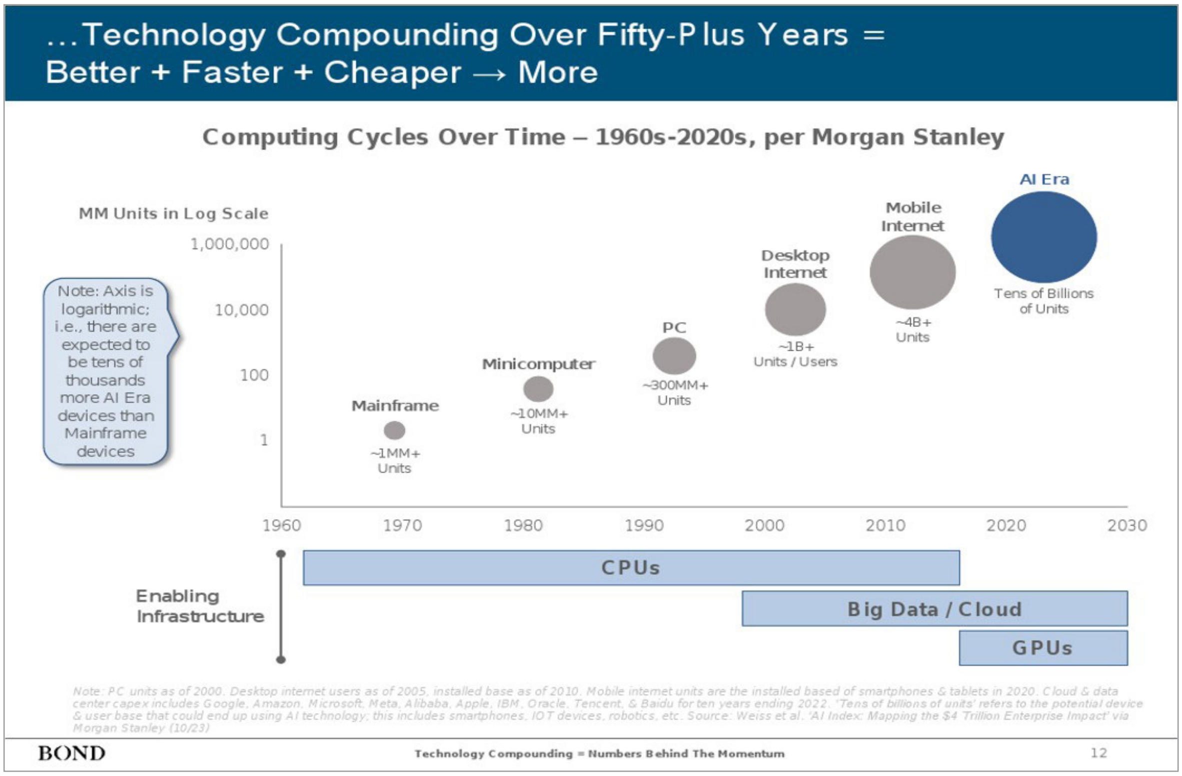
There has never been a technology boom adopted faster than this one – it is an historic event in our lives!!! Every previous technological boom has led to higher productivity, greater profits, and improvements in the standard of living.

Productivity Growth Is Driven By Advances In Technology



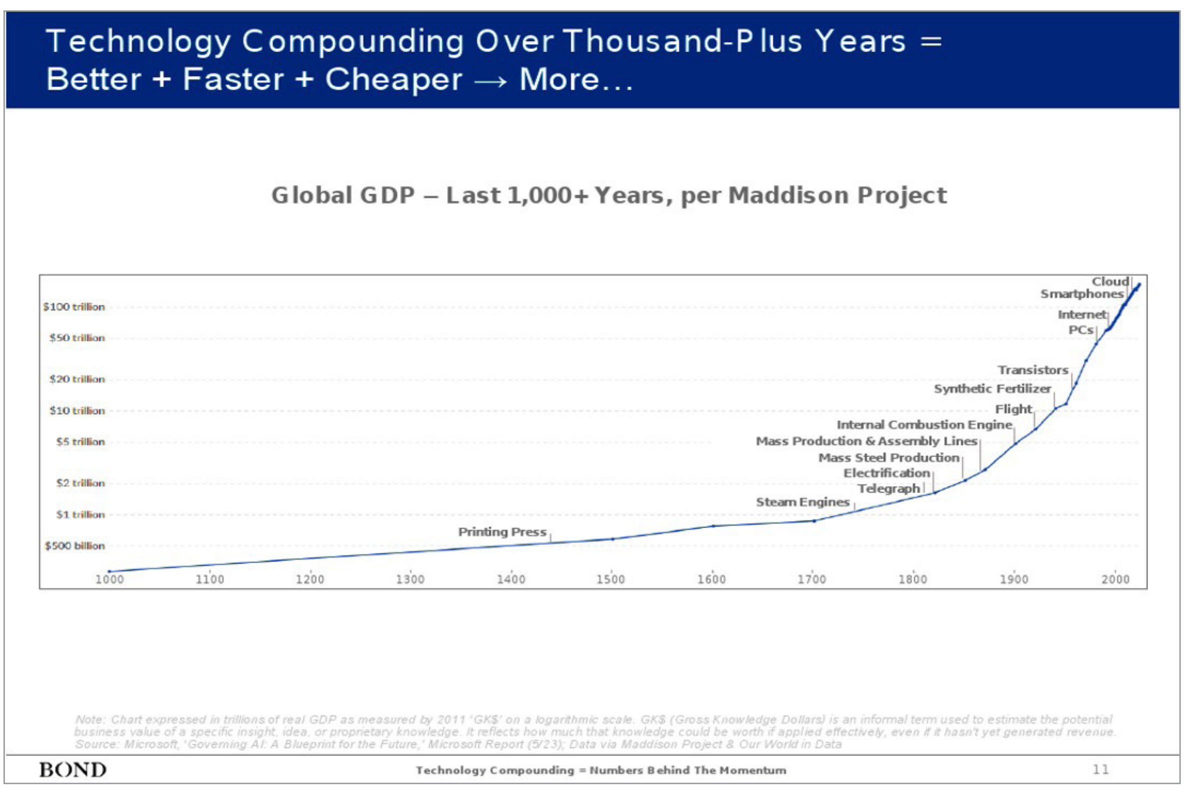
Source: Bond Capital Associates LLC, May 30, 2025

The Power Of Technology Is Accelerating



Source: Bond Capital Associates LLC, May 30, 2025

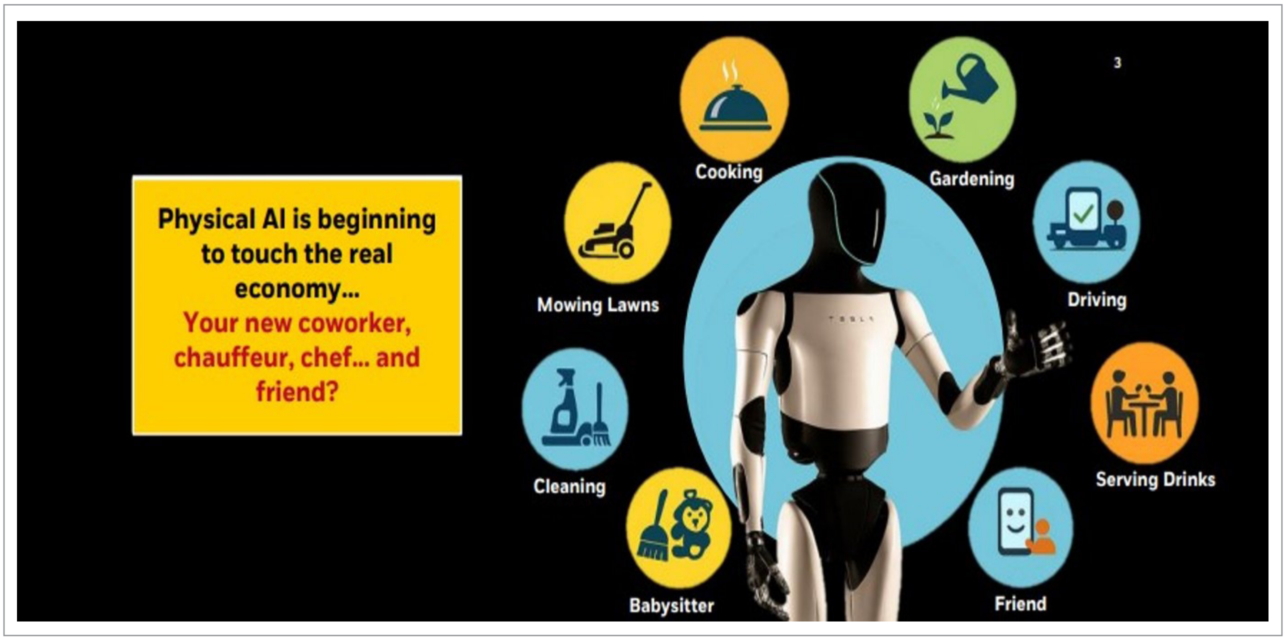
Advances In Technology Grow The Economy



Source: Bond Capital Associates LLC, May 30, 2025

The iPhone Revolutionized Lifestyle And Personal Productivity

AI, Robotics, VR, Blockchain, Web 3.0, Automation Are About To Do The Same For ALL Business, Personal And Financial Activity Globally.



Source: BlackRock, June 26, 2025

Millions Upon Millions Of Chips Will Be Needed

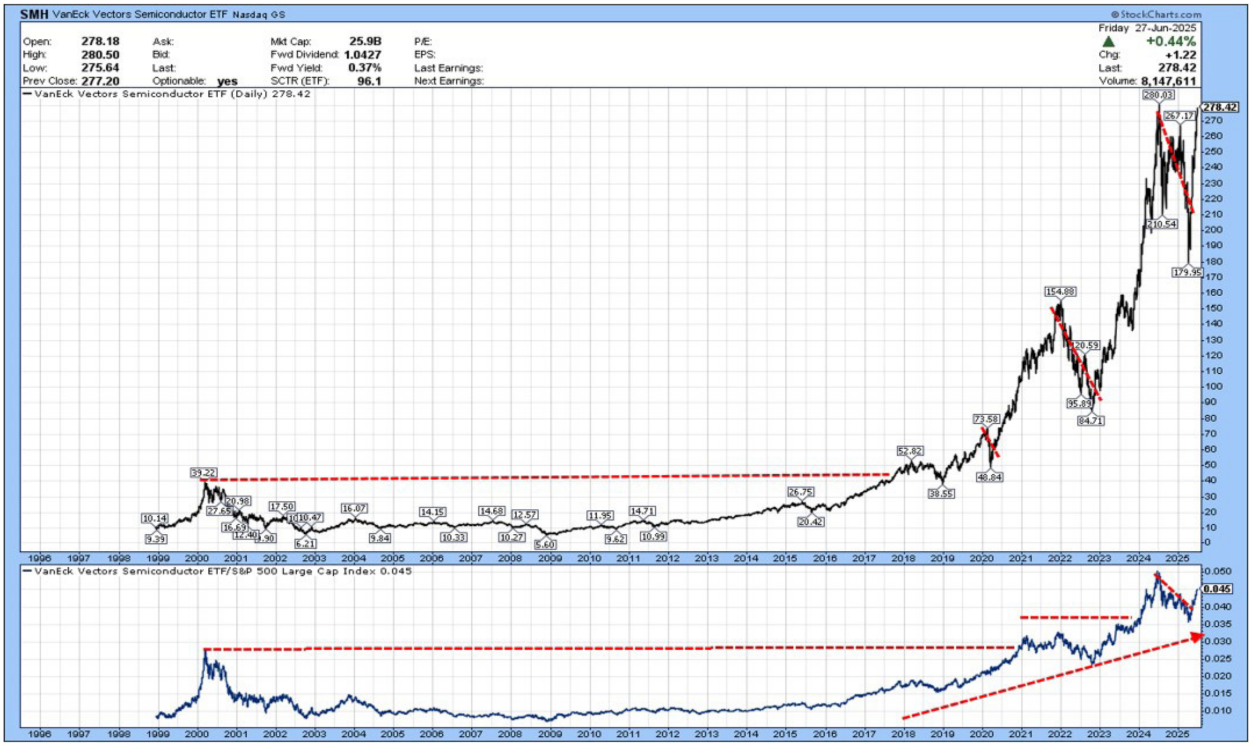
Semiconductor chips are the brains of the computers, phones, iPads, data centers, cars, robots, drones, spaceships... you get the picture. The demand for semiconductor chips will be insatiable for years. According to Bank of America's Semi report on June 24, 2025, *"we lay out a path towards ~$1tn in global data center market by CY30, of which $800bn+ could be dedicated towards generative AI compute, networking, and storage infrastructure."* This is why semiconductor chips are the leadership within Technology.

Bank of America went on to say: *"Of the $5.4tn global IT spend today, we believe AI data center systems represent ~$250bn, or ~5% of spend. By CY30, we see this AI TAM growing to ~$820bn, growing at +26% CAGR and far outpacing overall IT spend at just +8% CAGR. We expect every major country/region to invest in creating its independent 'sovereign' AI factory, trained in local language, culture, generating high-tech employment, and serving critical healthcare, defense, industrial, financial and cyber needs. AI servers will likely be the largest investment, representing ~80-85% of TAM at ~$700bn, inclusive of ~$650bn of accelerators, followed by networking at ~10-15% of TAM at ~$74bn, and storage at ~5% of TAM at ~$39bn. Overall, we expect AI data center systems spend to reach 10%+ of global IT spend by CY30, or 80%+ of global data center systems spend."*

All we can say is: Wow! This is a significant investment on a global scale. And this does not cover the spend on Robotics, Blockchain and Virtual Reality.

We are not sure if analysts have figured out how to price this into the earnings of the market yet, but we are confident these investments are most likely going to drive equity prices to our long-term target for the S&P 500 of 10,000-13,000.

VanEck Semiconductor ETF (SMH) (Top) With S&P 500 Relative (Bottom)



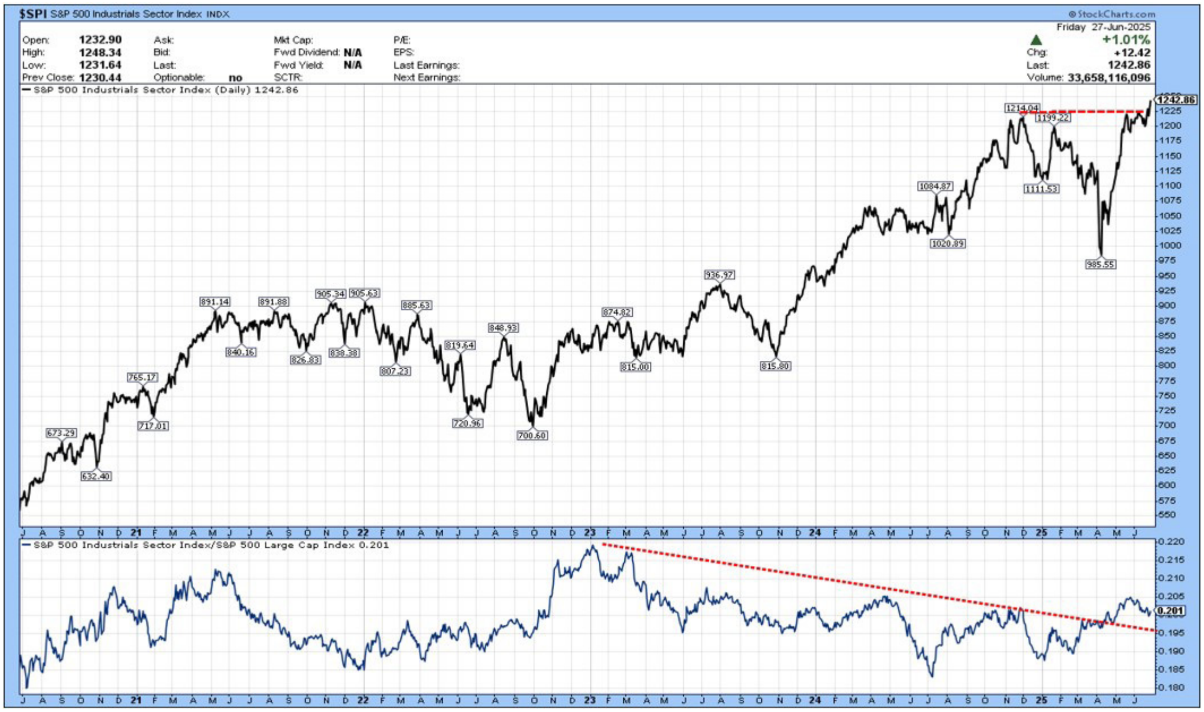
Nvidia (NVDA) has had the lead in the new AI semiconductor chip technology, but others are catching up fast, such as Advanced Micro Devices (AMD), Broadcom (AVGO), Marvell Techology (MRVL), and Huawei in China.

Also Impacting The Equity Market: Industrials, Financials, Utilities & Gold

The Industrials sector is a significant beneficiary of the new technological advancements as infrastructure is needed, and electricity demand is rising sharply, benefiting the Utilities sector. Utilities used to be a boring, defensive, yield-producing basket of companies but now the sector has a Growth bias. Financials, particularly the Banks, are performing well in this economy and interest rate environment. In addition, changes to the Supplementary Leverage Ratio (SLR) regulation are expected, which would allow banks to hold more Treasuries on their balance sheets. This is seen as a positive development for both banks and the Treasury market. In addition, the major banks recently passed their stress tests, enabling them to significantly raise their dividends.

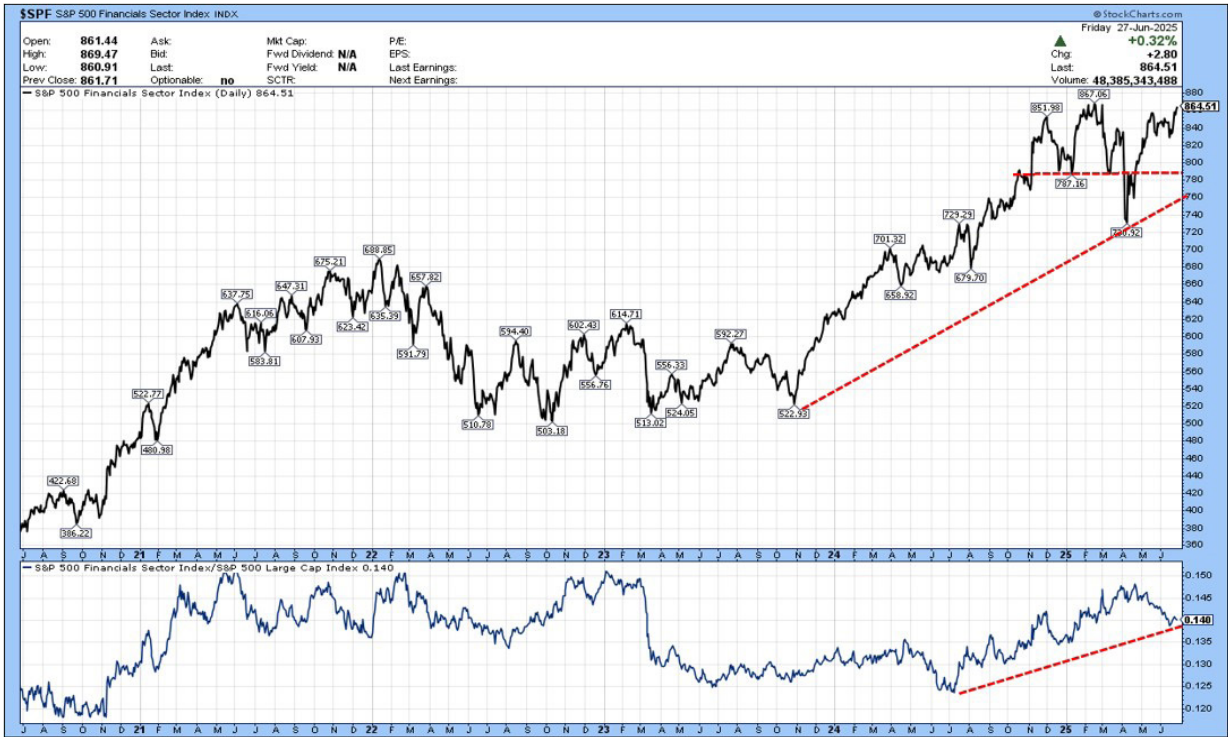
Gold demand has been rising, driven by central bank purchases and growing concerns over the size of the U.S. deficit, which is negatively impacting the dollar. The tariffs have also dampened sentiment toward the U.S. dollar. Meanwhile, Gold continues to hit record highs and is currently the best-performing asset year-to-date. Gold mining stocks have finally begun to respond to the Gold rally, and we see continued upside in the years ahead.

S&P 500 Industrials (Top) With Relative To S&P 500 (Bottom)



S&P 500 Utilities (Top) With Relative To The S&P 500 (Bottom)

S&P 500 Financials (Top) With S&P 500 Relative (Bottom)



VanEck Gold Miners ETF (Top) With Relative To S&P 500 (Bottom)

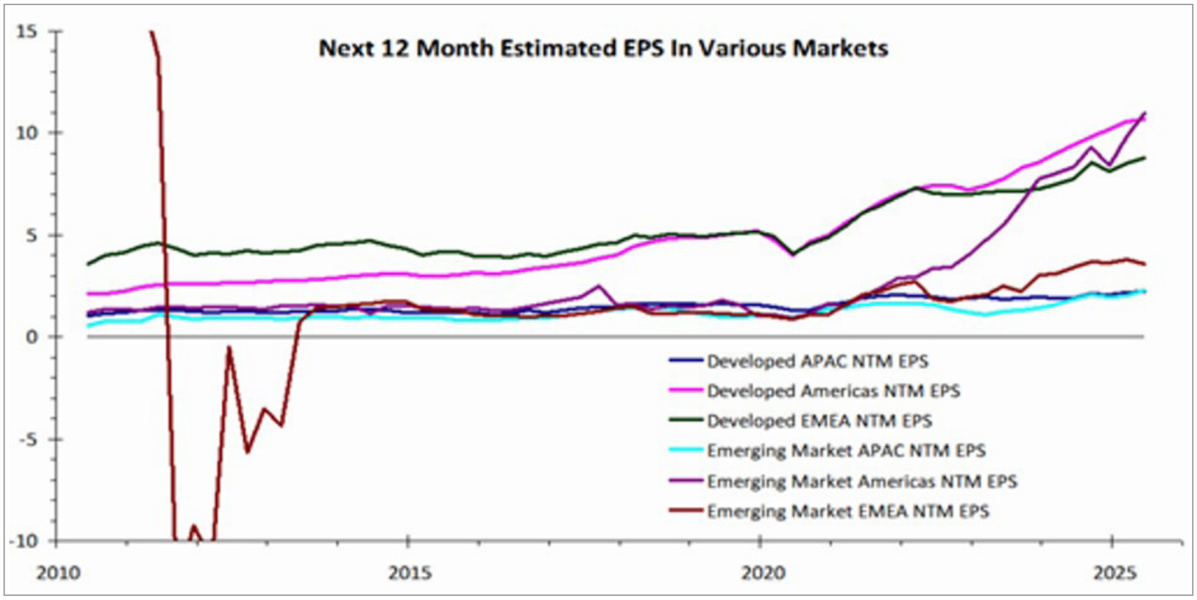
The World Equity Market Is In A Secular Bull Market

Equity markets around the world are breaking out to new all-time highs and this means the world is now in a secular bull market. The transformations and earnings developments of all this new technology that we have talked about in this report are having a profound positive impact on equity markets around the world, in our view.

iShares MSCI EAFE ETF (EFA): Record All-Time Highs

Vanguard Total World Stock ETF (VT): Record All-Time Highs

Global Earnings Are Rising, Supporting The Global Bull Market



Source: Bloomberg, Sanctuary Wealth, June 29, 2025

U.S. Dollar Has Weak First Half

The U.S. dollar began to weaken amid growing concerns about the size of the federal deficit and the rising risk of de-dollarization. The announcement of new tariffs added to these worries, fueling doubts about U.S. exceptionalism. The dollar has fallen sharply by approximately 10%. When we take a long-term view of the dollar, it has been in a horizontal trading range for the past 50 years. The dollar has been in a short-term uptrend, which is not commented on often, but if the Dollar Index closes and stays below 95, the trend is likely shifting negatively. Sentiment is extremely negative on the dollar, and it is extremely oversold. A bounce in the dollar is expected in the second half of the year.

U.S. Dollar Has Been Trendless Over 50 Years

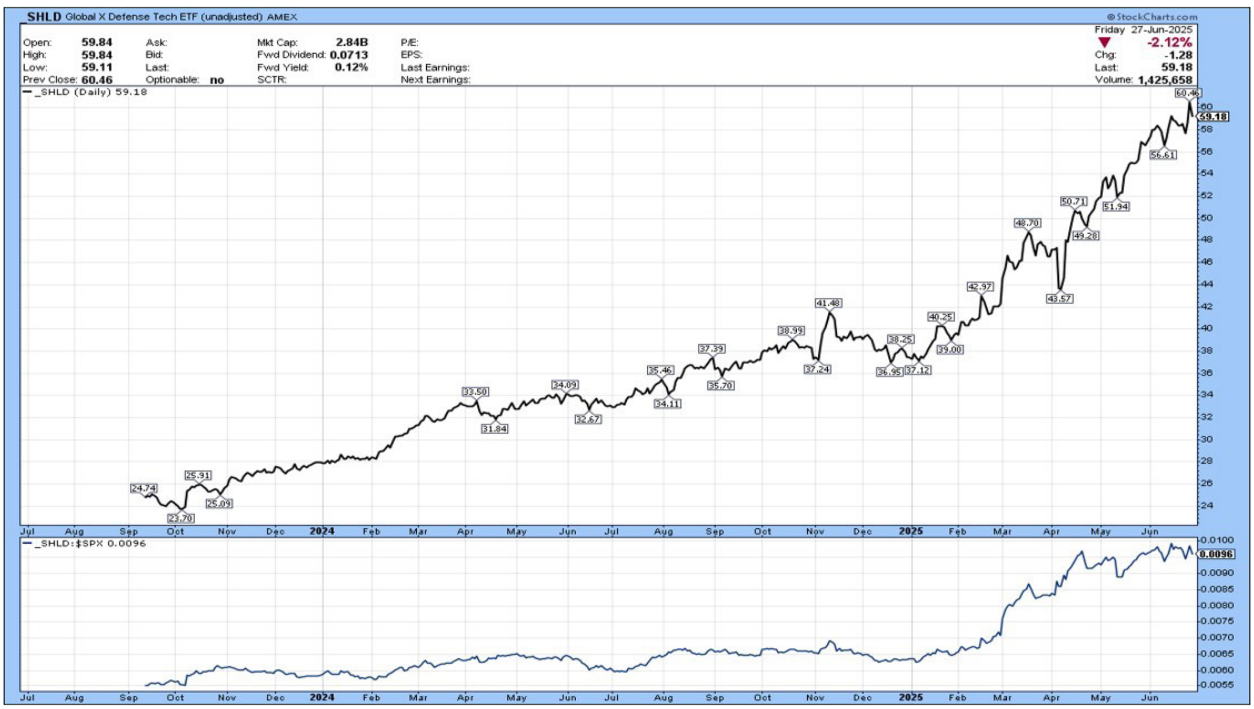
Europe Is Rearming & Spending On Defense Is Bullish For Risk Assets

Since the end of the Cold War, when the Soviet Union collapsed at the end of 1991, the United States has directly financed nearly 20% of NATO expenditures, and perhaps 60% of its indirect expenditures through the U.S.'s enormous military budget. The U.S. has also provided over one-third of NATO's military personnel, with about 100,000 personnel stationed in European NATO nations today. In addition, the U.S. has committed almost 3½ % of its GDP to defense spending, while our NATO allies have on average committed only 2% of GDP to defense.

The Trump Administration decided this imbalance was unsustainable, and after some unpleasantries among allies, the Europeans decided to dramatically increase their defense spending. At the NATO meeting in June, all the NATO countries except Spain have committed to spending 5% of their GDP on defense spending by 2035. Notably, the Germans had already committed to spend €500 billion on infrastructure and another €400 billion directly on defense. This has provided fuel to the already surging European defense industry, which has been supplying weaponry to Ukraine in its war with Russia—particularly in the contested regions of Crimea and the broader Donbas/Donets basin.

With defense spending rising over the coming years, we expect Defense companies to continue to perform well.

Global X Defense ETF (SHLD): New Record Highs



Money Is Moving Digital

Bitcoin (BTC) has been around since 2009. Bitcoin has increasingly gained acceptance as a digital currency, with growing corporate adoption and regulatory approval paving the way for investment vehicles like ETFs. There is approximately $135 billion invested in these financial instruments. This is creating a new asset class. Bitcoin has been trending up since its introduction in 2009, but it does have extreme volatility. We are expecting money to continue to be invested in this new asset class. Technically, we believe BTC is tracking up toward $150,000.

Bitcoin (BTC) Trending Higher

Financial Institutions Are Now Quickly Adopting The Crypto Market

Bitwise 20

Institutional Adoption Tracker

	CRYPTO TRADING AND CUSTODY[1]	PRIVATE CRYPTO FUNDS	CRYPTO ETPS	CRYPTO-ENABLED PAYMENTS	TOKENIZATION
Bank of America	●		●		
BlackRock	●	●	●		●
BNY Mellon	●		●		●
CBOE	●				
Charles Schwab	●		●		
Citi					●
CME	●				
Deutsche Bank	●		●	●	●
Deutsche Börse	●		●		
Fidelity	●	●	●		●
Franklin Templeton	●	●	●		●
Goldman Sachs	●		●		●
HSBC	●		●		●
Interactive Brokers	●		●		
JPMorgan Chase	●	●	●	●	●
London Stock Exchange	●		●		
Mastercard				●	
Morgan Stanley		●	●		
PayPal	●			●	●
Société Générale	●				●
UBS	●		●		●

Source: Bitwise, June 2025

Demand Is Greater For Bitcoin This Year Than Supply Issued This Year

Bitwise

Bitcoin supply and demand: 2025 Update

SUPPLY		DEMAND	
YTD Issuance	76,006 BTC	ETPs	95,222 BTC
		Corporations	228,479 BTC
		Governments	Undisclosed

Source: Bitwise, June 2025

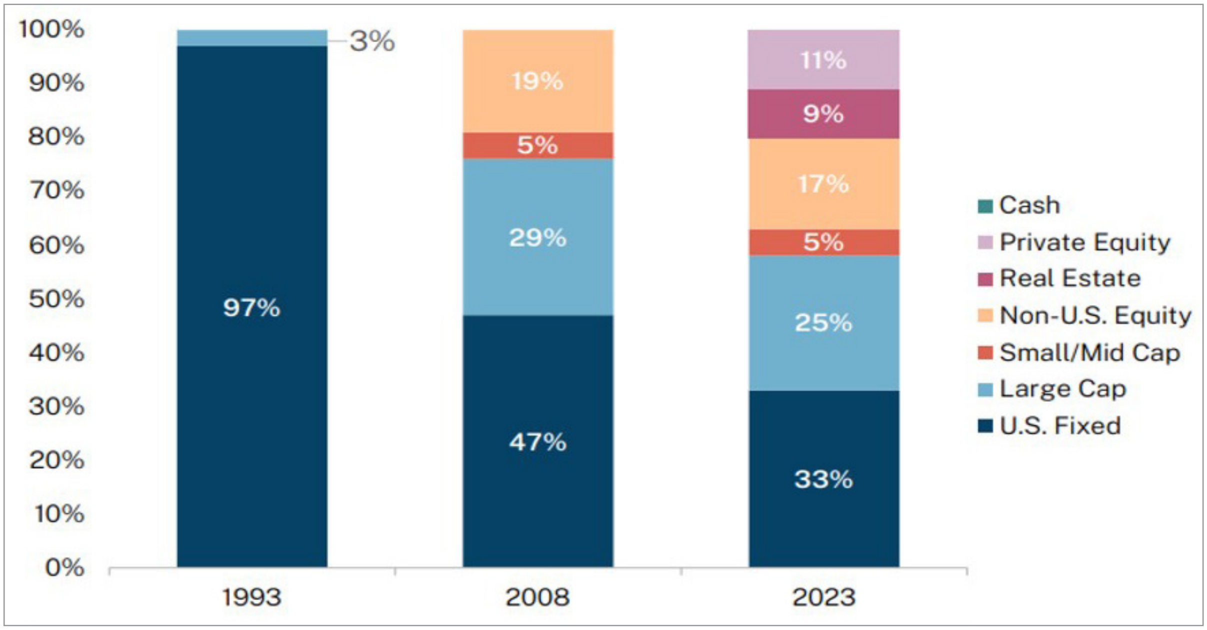
DISCLAIMER

Comments regarding Cryptocurrencies or Cryptocurrency-based securities are for informational purposes only. No part of this communication should be construed as investment advice and is not to be considered a solicitation with respect to the purchase or sale of any Cryptocurrency-related product.

Asset Allocation Models Are Changing

The original asset allocation model developed decades ago had a portfolio with 60% stocks and 40% bonds. With the growth in private equity and credit markets and the development of blockchain and the Crypto market, the younger generation wants a more diversified portfolio and they're willing to take on more risk. This trend should continue with the support of the growth in the private and Crypto markets.

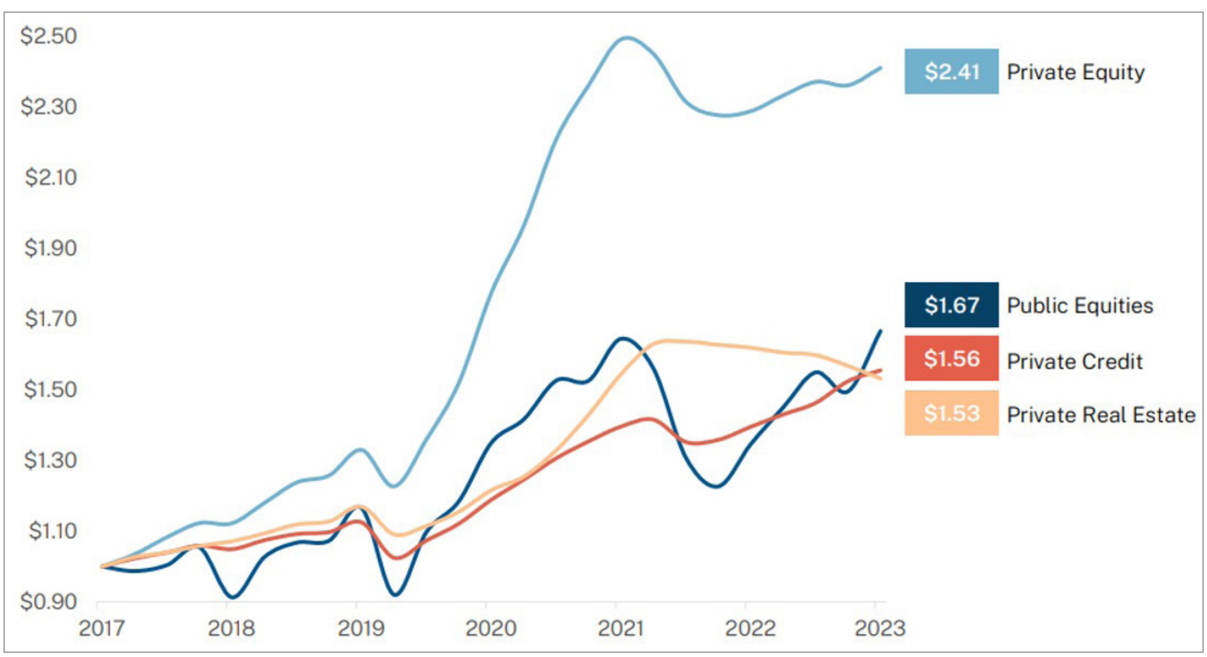
Investor Allocation Seeking to Earn 7.0%



Source: Callan Associates (June 2023)

What the Markets Have Done Over the Last Five Years

Over the past five years, Private Equity has delivered stronger gains and smaller losses across every market cycle since 2017.



Source: Hamilton Lane Data. Bloomberg. December 2024.

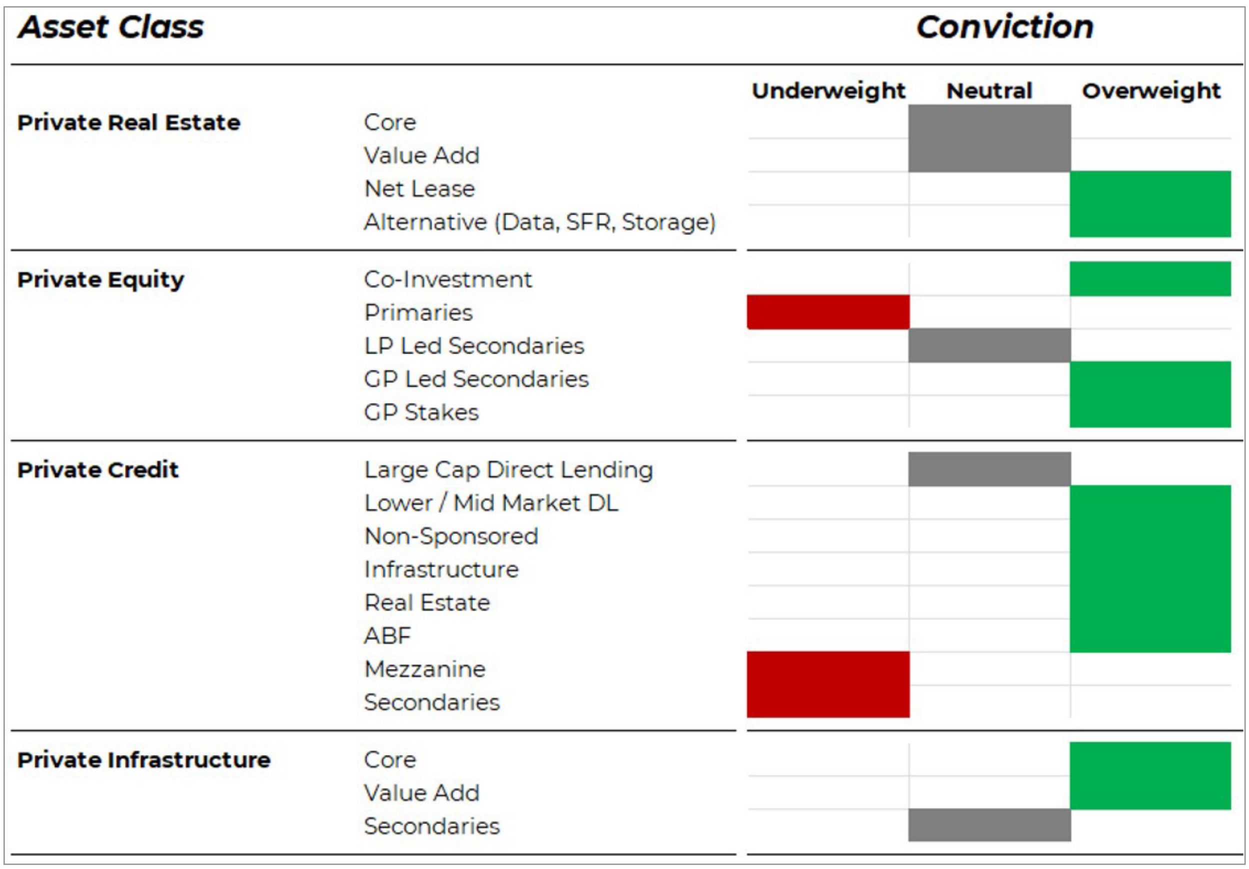
Asset Allocation Conviction 2H 2025

In Private Equity, our high conviction is observed in Secondaries and Co-Investment positions, which offer reduced fees, attractive pricing, direct involvement in deal selection, and alignment with experienced managers.

In Private Credit, our high conviction is evident in all private credit, reflecting strong confidence in the asset class's yield premium, growth trajectory, and resilience across market cycles. The Secondaries market believes this, too, making pricing unattractive.

In Real Estate, our high conviction is allocated to Private Triple Net Lease and Alternative Assets such as data centers, single-family rentals, and storage. Net lease properties offer "bond-like" stability with inflation protection through long-term contractual arrangements.

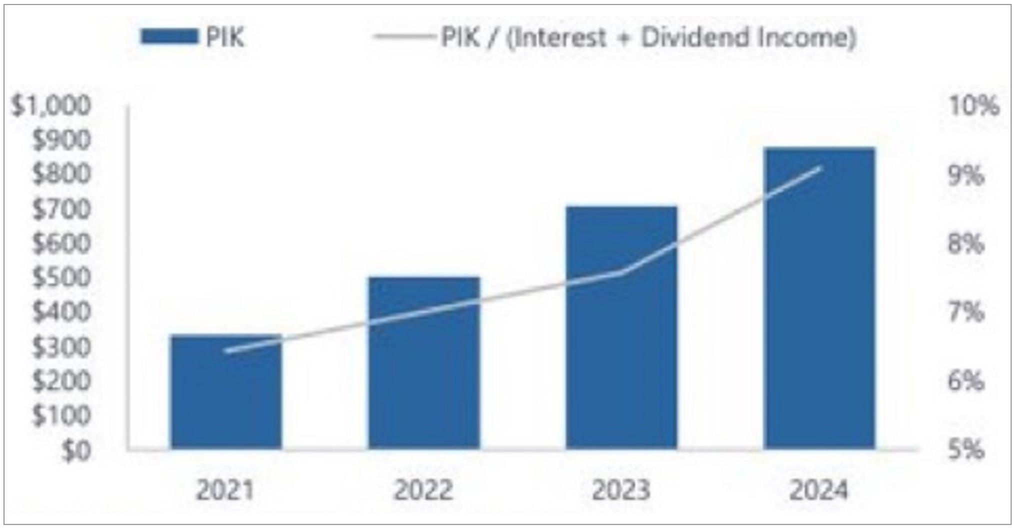
In Infrastructure, our high conviction is assigned to Private Core and Value Add strategies, which are characterized by stable, non-cyclical features essential to economic functioning.



Source: Sanctuary Diligence and Consulting Group

Payment-In-Kind (PIK) Usage Through the Roof

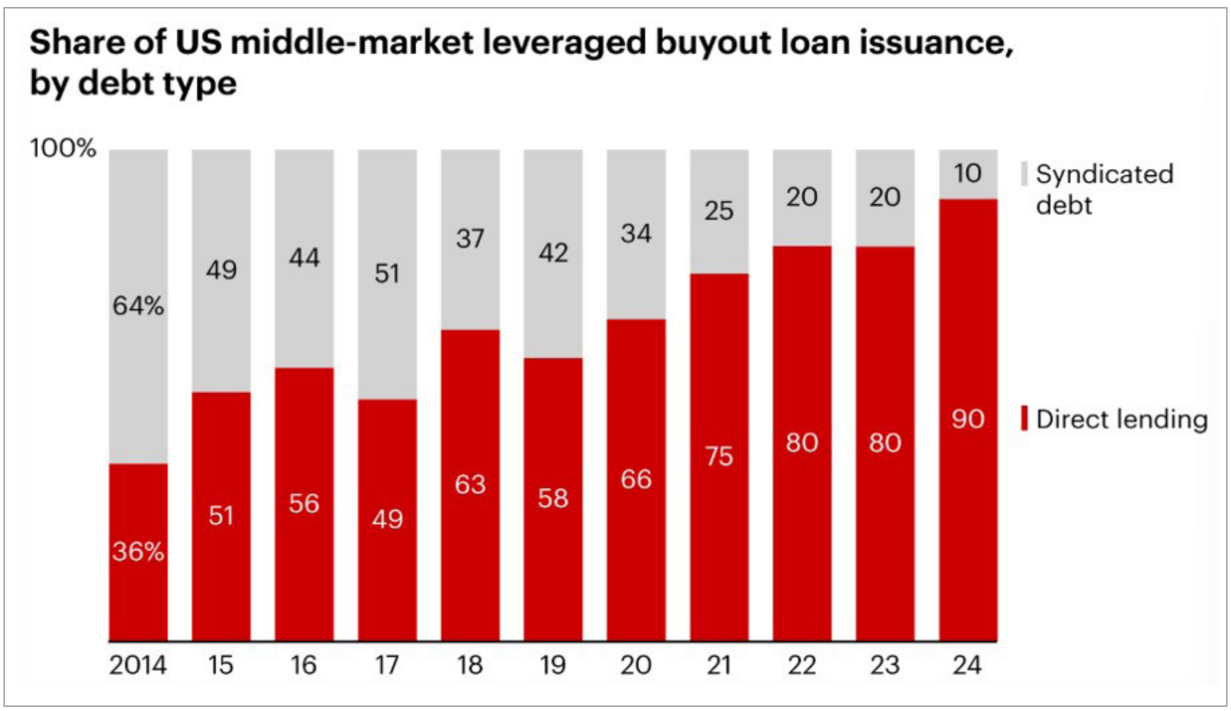
Increased use of PIK (where borrowers pay with additional debt rather than cash) reaches 7.4% of income in broader credit indices, suggesting potential over-leverage. However, challenging this narrative, there is intentional PIK tied to companies that intended to use PIK, and unintentional PIK tied to companies going through distress or that cannot make cash payments. So analyzing PIK is an important metric in selecting your private credit managers.



Source: BlackRock. Bloomberg. JP Morgan.

Private Credit Are Becoming The Banks

Private Credit (Non-Bank Financial Institutions) Dominate Bank Market Share



Source: Bain 2025

Private Equity Portfolios Are Aging

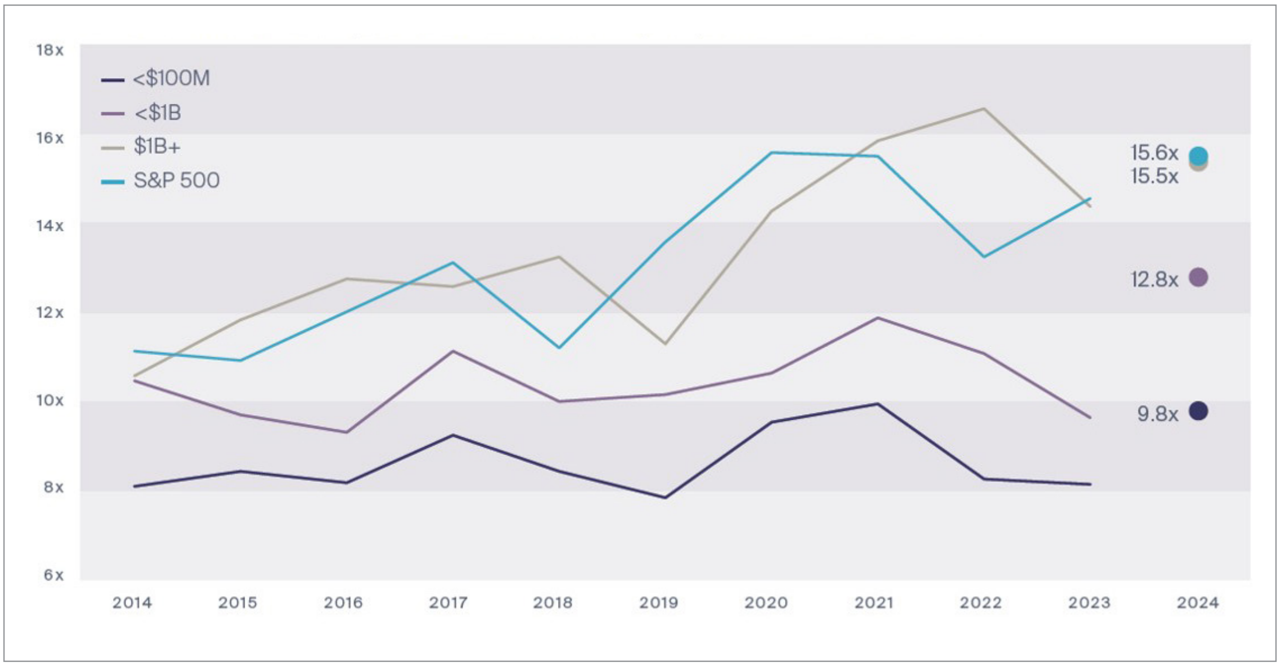
Thirty percent (30%) of Private Equity portfolios are older than 5 years, and median holding periods have risen from 2.5 to 3.5 years, suggesting liquidity challenges as exits delay. Declining exit opportunities in Private Equity correlate with tighter credit markets, intensified by the Federal Reserve's rate hikes, starting back in 2022. This market would benefit from The Fed lowering interest rates and to have a strong cycle of IPO's.

Source: Pitchbook. As of May 2025

How High Are Private Equity Valuations?

The market is bifurcated. Interestingly, opportunities at the smaller end of the market are more pronounced, given lower valuations. Larger deals, $1 billion and up, have been done at a median of 15.5x in 2024, an expansion of more than 40% over the past 10 years. At the lowest end of buyout deals, under $100 million in size, multiples have remained under 10x. Based on this analysis the private market remains cheaper than the S&P 500 today at 22x.

Chart 4. Median EV/EBITDA Multiples in North America & Europe Buyout Transactions vs S&P 500



Source: Pitchbook 2025 Allocator Private Market Solution

Last Words

The first half of 2025 saw markets whipsawed before stabilizing and building in a steady march upward. Will the drumbeat continue? As we stride into the second half of the year, let us summarize our positions:

1. Technology retains market leadership
2. Lower treasury rates for both short- and long-term issues on a cyclical basis
3. Stronger economic growth with a steepening yield curve
4. Banks and capital markets should perform well with fewer regulations and steeper curve
5. Pickup in IPOs confirming the equity market is in a bull market
6. Crypto trading continues to expand and begins to disintermediate existing markets, particularly international trade settlement
7. Gold mining continues to improve with rising gold prices
8. Equity Bull Market expands globally, particularly in defense stocks
9. Pullbacks in equity prices are buying opportunities
10. Asset allocation models are changing from 60%/40% to include private markets and Crypto and this could be adding more risk to a portfolio

Risks To Our Outlook:

- Corporate earnings are significantly negatively impacted from tariffs.
- Renewed inflation pressures, particularly if 10-year Treasury yields rise above 5.0%.
- The consumer has a sharp decline in spending.
- A breakdown in the dollar index below the 95 level.
- Persistent, long-run disruptions in international trade from the tariff negotiations.
- War escalation driving crude oil prices sharply higher.

We believe that corrections are opportunities, not obstacles. As markets climb, patient investors should find value in this dynamic bull market.

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