

Third Quarter 2025	Quarter In Review
	Jensen Private Client

Firm Update

'Tis the season to go out of your way to step on that crunchy leaf in your path! Summer seems to have flown by, and we believe the last quarter of the year will pass just as quickly.

As we plan for the end of the year, we have two reminders to share:

If you are required to take a distribution from a retirement account and have not yet done so, we will be contacting you soon to begin the process. Although custodians prioritize required minimum distributions (RMDs) during the fourth quarter, they should be initiated before December 12 to ensure they are completed before the end of the year. Please give us a call if you would like to process your RMD before that deadline approaches.

Similarly, for those of you planning on enacting gifts to loved ones, charities or others, we encourage you to share those plans with us as soon as possible. After December 15 our clients' custodians cannot guarantee that these transactions will be successfully processed by year end.

As you may recall, we recently [communicated](#) about Executive Order 14247, which stated that the government would stop sending paper checks for payments, tax refunds and benefits, and also required that the payment of taxes to the US Treasury be made electronically. The original deadline of September 30, 2025 has now been extended and officials have indicated that "taxpayers should continue using existing forms and procedures, including those filing their 2024 returns on extension of a due date prior to Dec. 31, 2025." You may review the updated guidance [here](#). Please consult with your tax professional if you have any questions.

Finally, we enjoy always seeing you in-person, so if you have not met with us recently and we don't have an appointment scheduled in the near future, don't hesitate to do so.

Third Quarter 2025 in Review

The third quarter of 2025 marked another strong period of performance for U.S. equities that successfully absorbed economic headwinds on the back of a crucial monetary policy pivot by the Federal Reserve. After holding rates steady since December 2024, the Federal Open Market Committee (FOMC) delivered a 25-basis-point rate cut in September. This long-awaited easing was justified by a desire to prevent further deterioration in the labor market, which has seen employment numbers revised lower. Although US inflation is still higher than the target rate of 2%, the market is now pricing in a high probability of additional rate cuts that are expected in support of the labor market.

Economic activity remained surprisingly robust and the stock market continued to be buoyed by capital flows into Artificial Intelligence (AI) infrastructure. The final reading for Q2 2025 GDP was revised higher, driven by strong consumer spending and exports. Underlying economic strength has also been evident in corporate results. S&P 500 index companies are currently forecasted to achieve year-over-year earnings growth for Q3 2025, exceeding prior expectations. This expected earnings growth, driven largely by AI investment and the "Mag 7" companies, has



provided the fundamental pillar for equity gains and is a large factor in the stock market's ability to reach all-time highs.

Looking Ahead

The outlook for U.S. equities remains generally favorable. The technology sector continues to drive market leadership, supported by ongoing investment in AI, cloud infrastructure, and automation. Earnings growth is also expected to accelerate into 2026, with consensus estimates pointing to a meaningful pickup following a period of moderation. Meanwhile, consumer spending — while uneven — has remained resilient at the upper end of the income spectrum, providing a stabilizing force for corporate revenues.

Nonetheless, risks persist. Employment data has begun to soften, with rising unemployment claims and slower hiring trends indicating a cooling labor market. Inflation, though moderated from its peaks, remains stubborn in certain categories and could complicate the Federal Reserve's easing path. While the Fed's initial rate cut has supported sentiment, the trajectory of monetary policy remains a key variable for valuations and risk-taking.

Against this backdrop, we maintain a constructive stance toward U.S. equities, with an emphasis on quality and selectivity. The market's advance continues to rest on solid fundamentals — particularly in technology — where secular trends in AI, automation, and digital transformation remain powerful drivers. However, we are mindful of macroeconomic headwinds and concerns that the markets are "priced to perfection" so we continue to favor businesses with durable operating models, strong balance sheets and cash flows, and the ability to sustain pricing power in more uncertain environments.

Connect With Us

Thank you for your continued confidence in Jensen. It is a privilege to work with you and your families, and we are tremendously grateful for your ongoing support. As always, please do not hesitate to contact us with any questions you may have.

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S&P 500 Index: Is a market value weighted index consisting of 500 stocks chosen for market size, liquidity and industry group representation. The Index is unmanaged, and one cannot invest directly in the Index.

Free Cash Flow: Is equal to the cash from operations of a company less capital expenditures.

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