



ALBION
FINANCIAL
GROUP

Guiding Clients
To A Lifetime of
Good Decisions



JULY 2025

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INTRODUCTION

As the golden days of summer unfold, this letter's contributors each offer thoughtful perspectives: John Bird, CEO, characterizes how Albion's steady guidance to clients aims beyond mere financial success, Jason Ware, CIO, charts the resilience of markets amidst uncertainty, and Senior Wealth Advisor Anders Skagerberg finds wisdom in the quiet growth of both gardens and portfolios. Read through to the Albion Community Update segment for details on our next conference call and to meet the two newest members of our Investment Team.

FROM JOHN BIRD'S DESK

What does it mean to have a successful financial life? It's a question we've devoted our professional lives to understanding so we can guide clients along their own success path. Our work at Albion is concentrated in two overlapping spheres. The first is working to help each client understand their current financial position and where, on the current trajectory, their financial life is heading. We then work over the years to improve that trajectory through financial planning. Intimately associated with that is the second sphere; managing financial assets in service of the plan. Our investment team dives deeply into the economy and markets to identify and monitor investments that individually have merit and as part of a portfolio provide return potential and diversification. Our team must stay abreast of this flood of information every day and work



What does it mean to have a successful financial life? At Albion, we are dedicated to helping provide clarity, support and guidance so you can make a lifetime of good financial decisions.

to separate the signal from the noise. It's ceaseless as financial markets never sleep.

In this quarterly missive you will hear the perspective of Jason Ware, our Chief Investment Officer, who with the rest of the investment team works daily to keep our portfolios on the right track. And you'll hear from Anders Skagerberg, one of our Senior Wealth Advisors, who will highlight important planning issues and how they might impact you. The work of these teams is the foundation of what we do. But it's not all we do. And from time to time it's not the most impactful thing we do.

Is "What does it mean to have a successful financial life?" the right question? I think not. Treating financial success as the primary objective is putting the cart before the horse. But drop a word and the question is better. How about "What does it mean to have a

successful life?" Albion's work is to help our clients plan and manage their financial affairs so they stay on their path of a successful life.

A few examples may help illustrate this point. In just the last several weeks I've been fortunate to join client meetings where while a review of financial planning and investment issues was an essential exercise for setting the stage the challenges creating the most concern were less financial and more about life direction.

Taking the significant step to retire is one of these challenges. Our financial planning work provides clarity around the financial resources available in retirement. Portfolios are allocated to support retirement as well. The difficulty is often grappling with the question of "What does it mean to have a successful life?, which by extension requires coming to grips with stepping away

from a career that has provided purpose, meaning, identity, and financial success often for decades. Having some notion of what we are retiring to is at least as important as acknowledging all we've gained from what we are retiring from.

In a recent meeting a client announced she'd made the decision, informed her employer, and was retiring in six weeks. We of course were excited for her and happy to hear the news. But it wasn't a surprise. Rather it was the culmination of a long and thoughtful process of exploring what retirement would look like from a variety of perspectives. She'd thought through and had begun engaging in what she was retiring to. She had a strong family and friend group outside the office. And she knew the financial opportunities and limitations retirement would bring.

Working with our clients as they negotiate the challenges of an ill spouse, child, or parent or the death of a spouse, child, or parent are other areas where financial stability is not, nor should it be, the primary focus. However it can be helpful when we are able to work with our clients to help them see a clear path to continued financial stability during such difficult times. The passing of a spouse is very difficult and may lead to a reexamination of life's priorities. Serving as a sounding board, and a financial check and balance, for surviving spouses during these transitions has been helpful to our clients and gratifying when in some small way we are able to contribute to a better outcome.

I met with a long-time client the other day whose spouse passed away after a protracted Alzheimer's driven decline. Prior to her decline the two of them were inseparable. They built and ran a business together, played music and traveled together, and were clearly one another's best friends. Alzheimer's changed their roles.

He became the primary caregiver, she the patient. Now she's gone. The joy of running and growing the business is not nearly as powerful as it was when he shared challenges and successes with his best friend. Yet it's been central to his life for five plus decades. He is working to redefine what's most important to him and to be deliberate about what he'd like the next decade to be. I don't know if our conversations will truly help him narrow down the potential paths available though I do feel that offering a safe space to explore – and helping keep financial guardrails in place – has offered a modicum of peace of mind.

What are the takeaways? Having a place to explore your prospective path into the future with someone who can listen carefully and without judgement yet help ensure your financial guardrails remain in place may be helpful. Honoring who we are and where we've come from yet being open to step out of the past into the future opens a world of possibilities. And finally I'd like to note the primary conclusion from an eighty-five year study by Harvard University into determining the key factors that are the best indicators of being happy in life. It comes down to one: Positive relationships keep us happier, healthier, and help us live longer. It pays to care about one another.

We will continue to work to offer excellent guidance as we endeavor to help you make a lifetime of good financial decisions. We will work to ensure your financial assets are invested to offer a high probability of meeting or exceeding your goals. But this is only part of it. Each of us needs to nurture those relationships that whether we know it or not truly give our life meaning.

Thank you for entrusting your financial-well being to Albion. We will never take your trust for granted and work each day to earn it over again.

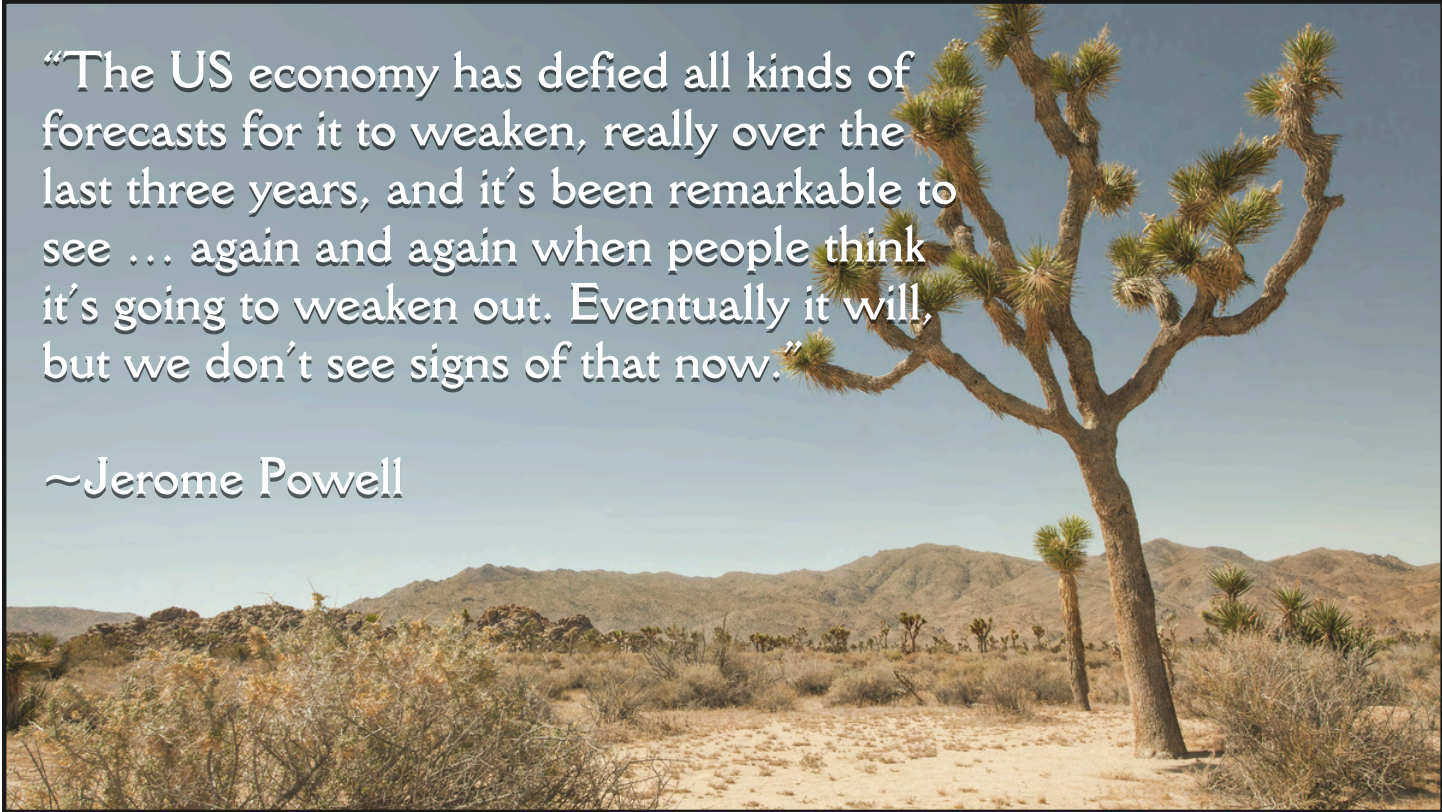
ECONOMY & MARKETS by Jason Ware

The second quarter of 2025 gave investors a bit of everything: acute policy uncertainty, sudden war in the Middle East, a sharp drawdown in stocks, and new all-time highs – all in the span of twelve weeks. April opened with a thud, as newly announced tariffs sent markets into a tailspin. Stocks dropped quickly in almost Covid-like fashion, bond yields jumped, and recession chatter returned. But the panic faded almost as quickly as it began. By the end of the month, the White House had walked back key parts of the tariff plan, easing pressure. Markets stabilized. Come mid-May, they were rallying once again as a second key tariff pause, this time with China, took hold. By late June, the S&P 500 had not only recovered it hit fresh highs and in the face of Israeli and US airstrikes on Iran nuclear facilities. Wow. Markets always seem to climb that “wall of worry.”

Underneath the headlines, the economic backdrop continued to evolve, but not unravel. After a soft first

quarter – real GDP slipped slightly into negative territory solely due to a flood of imports ahead of tariffs – the second quarter is shaping up stronger, with current estimates near +3% growth. Averaging the two quarters, the first half of the year is running around +1.5%. Not bad. Meanwhile, the labor market remains healthy. Job creation has normalized and is in positive territory, while unemployment remains stable and wage growth outpaces inflation helping real incomes. Given this employment backdrop consumer spending is holding up, especially among middle- and higher-income households. On the business side, capital investment remains solid led by AI infrastructure, automation, and software. That said, not *everything* is firing – manufacturing is weak (been in a slump for over 2 years), housing is stuck in a *low-transaction* freeze, and tighter credit conditions persist. Nevertheless, the US economic engine overall is still running.

Inflation has settled into the “2 percent-plus” zone we’ve long argued would occur. It’s neither reaccelerating nor



“The US economy has defied all kinds of forecasts for it to weaken, really over the last three years, and it’s been remarkable to see ... again and again when people think it’s going to weaken out. Eventually it will, but we don’t see signs of that now.”

~Jerome Powell

all the way back to the Fed's 2% target. Numerically, core PCE, the Fed's preferred measure, hovers in the high-2% currently driven by sticky shelter prices and select other services (like insurance). Going forward, many fret that tariff costs will be an upside impulse to general inflation. From our perch, we doubt that will be the case as the services category cools further.

Speaking of the Fed, Powell & Co. held rates steady through the quarter, signaling a patient stance. The Fed isn't in a hurry. They want to see how the economy evolves with tariffs and clearer signs that inflation is heading toward target. From our vantagepoint, the destination remains the same ... a Fed funds rate in perhaps the high 3% range, which we view as neutral. The path there may just take longer than originally hoped. Indeed, we still pencil in two rate cuts this year, probably commencing in September. The annual gathering of central bankers in Jackson Hole later this summer (August) should be interesting.

Against that backdrop, equities have displayed their mettle. The early-April plunge sent the S&P 500 down over -12% (-20% off February highs), yet business earnings and economic data kept coming in resilient, so buyers returned. To wit, first quarter profits rose over +13% year-over-year and early Q2 numbers are tracking positive as well. Full-year EPS is projected to reach ~\$270 / share with 2026 estimates near \$300. For perspective, that's nearly double 2019's pre-pandemic baseline. American companies continue to adapt and grow in ways that defy easy macro narratives.

Valuations, however, are arguably "full." The S&P now trades at roughly 22x forward earnings (P/E) – *historically* rich, though supported by good fundamentals. Moreover, valuation tells us little about *near-term* market direction and that premium may be justified by unmatched domestic corporate vitality – much of which remains concentrated in a few mega-cap names, the epicenter of

said dynamism, though it is beginning to broaden. We're seeing renewed interest in sectors like healthcare, financials, and industrials. Concurrently, after a notable sluggish stretch, other areas like small and mid-cap stocks – even international equities – are starting to show signs of life. We continue to believe that in this environment, where the market's leadership may be less concentrated, diversification is prudent.

Earlier this year we stated that 2025 could be defined by "three twos": (roughly) +2% GDP growth, core inflation in the 2s, and two Fed cuts. That framework still holds. It's a setup that doesn't require heroic assumptions. With the economy expanding, profits growing, inflation steady and unproblematic, and rates in check, the case for an enduring bull market remains intact. Of course, risks haven't vanished. Geopolitical friction, policy missteps, and DC politics may stir up volatility. But volatility, as ever, is a feature – not a bug – of long-term investing.

We'll continue to monitor the shifting landscape, adapt where necessary, and stay grounded in what matters most – discipline, resilience, and taking the long view. Thanks, as always, for your trust.

PLANNERS CORNER by Anders Skagerberg

A Garden of Wealth

This spring has been a big one for me. It's our first in our new home in Murray, we've just welcomed our third child (a healthy boy named Henry), and I've been spending many mornings out in the garden.

There's something about those early hours, cup of coffee in hand, checking on the tomatoes and peppers, trying to figure out why my cucumber plant won't grow (*still a mystery*), pulling a few weeds. It's quiet work. Not flashy. But very satisfying.

You Can't Rush Growth, But You Can Set the Stage

There's a quote I love from Bill Gates:

"Most people overestimate what they can do in one year and underestimate what they can do in ten years."

That feels especially true for me right now as I look out at my young and untamed garden.

I've spent the last few months designing, planting, weeding, laying mulch, and getting the irrigation just right. A lot of the effort is invisible—underground, behind the scenes. The payoff isn't instant. But if I do it right, I'll be reaping the rewards for years to come.

Wealth works the same way. The early stages are foundational:

- Contributing to retirement accounts
- Investing for the long run
- Avoiding mistakes
- Being patient

It's easy to lose sight of the long-term vision when you're knee-deep in the work. But if you can keep that vision in focus, the rewards can be staggering.

Some Things Multiply on Their Own—If You Let Them

I planted strawberries and asparagus this year, and one thing I love about both is that they **propagate**. They send out runners, expand their reach, and come back season after season, bigger, stronger, more fruitful.

That's garden compounding at its finest.

When it comes to your money, compounding growth is

one of the most powerful forces in investing.

As your investments generate returns, those returns begin to generate their own returns—leading to growth on top of growth. Over time, this creates an exponential curve that's easy to underestimate but incredibly impactful. With enough time and consistency, compounding becomes a positive feedback loop that can help you reach your financial goals—and potentially go far beyond them.

But you have to give it time and be patient. And of course, you have to **protect against weeds**.

Weeds Never Pull Themselves

In the garden (*especially mine it seems*), weeds are inevitable. They pop up after a rainstorm or creep in when you're not looking. Left alone, they choke out the things you actually want to grow.

Financially, weeds can take the form of:

- Delaying your estate plan
- Spending more than you make
- Jumping in and out of the market

Individual weeds may seem minor in isolation, but over time they drain energy, attention, and resources. Staying on top of them—just like in the garden—is what creates space for the good stuff to thrive.

Sometimes You Have to Get Technical

Here at Albion we talk a lot about simplicity in financial planning and investing—and for good reason. The fundamentals are powerful: spend less than you earn, invest consistently, own great companies, think and act long term, and stay diversified.

But sometimes, getting to simplicity requires **complexity behind the scenes**.

When I set up my irrigation system this spring, I had to dig into the details: What size dripper for each plant? How long for each zone? How frequently, and at what time of day?

It was technical, tedious, and worth every minute—because once it's dialed in, everything else runs smoothly.

That's how I think about **tax planning**, too.

It's not glamorous, and it's often overlooked. But when you fine-tune the details, create solid income projections for the year and compare different tax scenarios and strategies, you begin to understand how you can save money at tax time each and every year.

And just like the irrigation system, once it's set up right, your financial plan can run more efficiently—with less stress, better results, and just minor changes along the way.

At the end of the day, good gardening and good planning aren't all that different.

The same principles apply:

Start with a plan. Dial in the details. Check in regularly. Clear the weeds. Invest long-term. Stay patient.

And remember—growth might not look dramatic day-to-day, but when you zoom out, you'll be amazed at what you accomplish.

Here's to a summer of steady effort and meaningful progress—in your garden, your finances, and your life.

ALBION COMMUNITY UPDATE

Save the Date

On **Wednesday, October 29, 2025 at 10:00 AM MT** we will be hosting our next Client Conference Call. We always look forward to these calls and greatly value the opportunity to connect and share ideas with you. We encourage your participation and welcome any questions you may have—either live during the call or in advance by sending us an email. A recording of the call will be available on our blog and YouTube channel afterwards, and a copy will be emailed to you. Go to our website to register - www.albionfinancial.com/events.

New Faces

Please join us in welcoming the newest members of our Trading and Portfolio Management team, **Bo Wilkinson** and **Zack Riley**.

Bo is from Tooele, Utah and got his undergrad from Southern Utah University and his graduate degree from the University of Utah. Zack is from Little Rock and attended the University of Arkansas.



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