

RE: INVESTMENT COMMENTARY FOR PERIOD ENDING JUNE 30, 2025

FROM: ARGENT CAPITAL MANAGEMENT

*"Anyone who lives within their means suffers from
a lack of imagination."
Oscar Wilde*

As we prepare this investment update, Congress is putting the finishing touches on the Big, Beautiful Bill. While we applaud some aspects of it, and fret over others, clearly Oscar Wilde would cheer. Congress has certainly not lost its imagination!

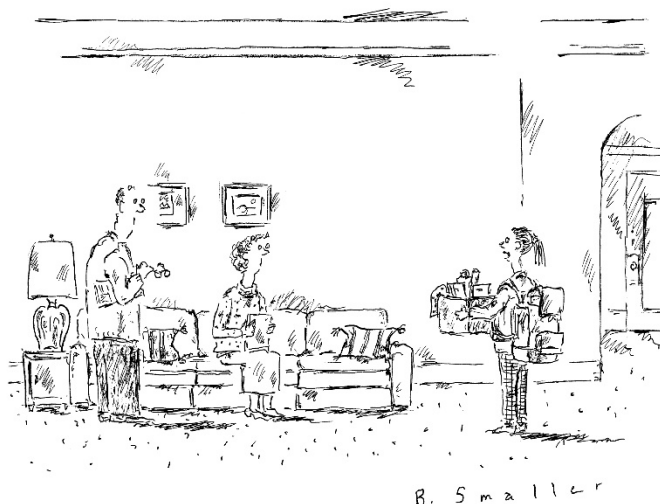
The passage of the new Bill seems apropos, coming just days after the close of one of the wildest first halves for the stock market in memory. What a turbulent ride, with the *April Tariff Tantrum* knocking many stocks down by 30 percent or more. With approaching headlines such as, "Iranian Nuclear Sites Bombed by U.S.", who would have predicted a stock market recovery in May and June? Much more relaxing for those with a Rip Van Winkle temperament, as one napping through the first half would have guessed little had changed.



Perhaps with more trade policy clarity and with certainty around tax policy for the next few years, coming months will be less exhausting. If so, returns for the balance of the year could be surprising. Inflation is falling and should further benefit from pending trade deals which lower the overall effective tariff rate. At Argent, we believe a low bar has been set for corporate earnings expectations, possibly setting the stage for positive surprises. In addition, the dollar is down 10 percent or more against most major currencies, which for multi-national firms can be a positive, turning foreign profits into higher earnings when converted back to dollar denomination.

Needless to say, there are obstacles on the path to better news. Trade wars could easily re-escalate. Inflation could also prove stubborn, particularly if reasonable trade deals fail to materialize. That could prevent the Fed from lowering interest rates. While we try to be generally optimistic, it is a fact that stronger than expected earnings are hardly a given. Housing, for one, has shown weakness in recent months. Finally, while recent jobs reports from the Labor Department are still satisfactory, momentum is weakening. The Labor Force Participation Rate has dipped, and when fewer people are contributing to the workforce, it has negative implications. Fair warning: this is something that is likely to be a growing concern in an Artificial Intelligence (AI) driven future.

Regarding the U.S. federal deficit, we are pleased that deficit dialogue was heated in June as negotiations of the budget ensued. The national debt is undeniably on an unsustainable path, but leaders of both political parties show little interest in addressing it. The truth is that the deficit will not be a problem *until it is*, and by waiting until that *it is* moment – whether in 10, 20 or 30 years – the challenge to rectify it gets harder by the day. As put so well by Ronald Reagan, “Government is like a baby; an alimentary canal with a big appetite at one end and no sense of responsibility at the other.”



“I’ll be summering in my room—see you in September.”

The bottom line is that in a world where our politicians seem to be auditioning for a TV reality show – except no one would believe it – we think a grind higher for stocks, and modest decline in interest rates, seems a likely outcome over the balance of the year. Charlie Munger put it best: “The first law of compounding is to never interrupt it unnecessarily. The best time to buy the great companies in America is when you have the money. The best time to sell them is when you need the money. Everything else is the madness of market timing.”

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