



The Compass Rose Group

at Morgan Stanley

Quarterly Video Series

Q2 Market Summary.

With Q2 2025 behind us, in-house Portfolio Manager, Jake Tolk, and Alternative Investments Director, William S. Reardon, provided updates on tariff and tax policy, while reviewing a few market tailwinds and headwinds.

[Q2 Market Summary Video](#)

Also, as mentioned in the video, see here a link from the Morgan Stanley Global Investment Office, titled ***U.S. Policy Pulse A Guide to the One Big Beautiful Bill Act***.

[Policy Pulse Video](#)

Of course, please contact your primary Financial Advisor with The Compass Rose Group with any questions or comments.

Cardinal Directions - *Our Thoughts*

August 2025

This year, the theme of market volatility persists. At its April 2025 low, the drawdown was around 21%. But those losses have now been fully recovered. In fact, the S&P 500 has hit all-time highs. Inflation has remained relatively contained, and markets have found their footing.¹

In our view, the stock market is benefiting from several key tailwinds:

1. There is still a significant amount of cash on the sidelines. Many investors who did not share our more optimistic outlook earlier in the year stayed out of the market. As the market has rallied, we are starting to see some of that cash come back in. This could result in what we call a melt-up, where asset prices rise as investors come back in.
2. The Fed appears poised to cut interest rates. With inflation under control and growth steady, a rate cut could be a strong tailwind for equity, credit, and real estate markets.
3. We are still in the early innings of a deregulatory shift.
4. The employment landscape remains stable. We are seeing continued strength in job creation, wages, and participation—further supporting consumer spending and corporate earnings.
5. We are seeing a very real and rapid leap forward in artificial intelligence and automation. This is a major trend that should not be underestimated, and we do not believe the stock market is pricing in this opportunity correctly.
6. The millennial generation is now in its peak spending years—buying homes, raising families, and spending more across the board.
7. A potential headwind that we were watching, tax increases, now appears to be off the table. That has helped to improve sentiment and remove an overhang for many business owners and investors.

Of course, we are not without risks, and we remain mindful of them:

1. Tariffs remain in the headlines, and new announcements are still causing short-term volatility.
2. Geopolitical concerns remain, particularly around Israel and Iran. Meanwhile, the war in Ukraine has started to intensify again. These are fluid situations and market watching closely.
3. The national debt continues to grow.
4. We are also navigating an uncertain political environment here in the U.S. Policy clarity can be hard to come by, which can weigh on investor confidence in the short term.

1. Source: FactSet: S&P 500 (SP50-USA); US Consumer Price Inflation Live Data (July 11th, 2025).

Scheduling Your Next Portfolio Review

The Compass Rose Group operations team is continuing to find solutions to help provide efficient and effective levels of service to clients, including scheduling biannual portfolio review meetings.

In case you have not seen it yet, we are sending out an email every six months inviting clients to schedule time with their primary advisor. When you see "Scheduling Your Next Portfolio Review" in your inbox, simply open the message and click the button "Send Meeting Request" to generate an email to our scheduling team. The email will prompt you to fill in relevant information including your name, preferred day of the week, preferred time of day, and preferred location (i.e., in-person, via Zoom, or by phone). Once you hit send, a service associate will follow-up with a few options that meet your preferences.

You can also schedule directly by calling Sarai Ordonez, our Registered Client Service Associate, at [505 889-2827](tel:5058892827).

Market Moves

Click the link below to review the recent movements and current standings of the Capital Market Indices (As of 7/28/25)

[Capital Market Indices](#)

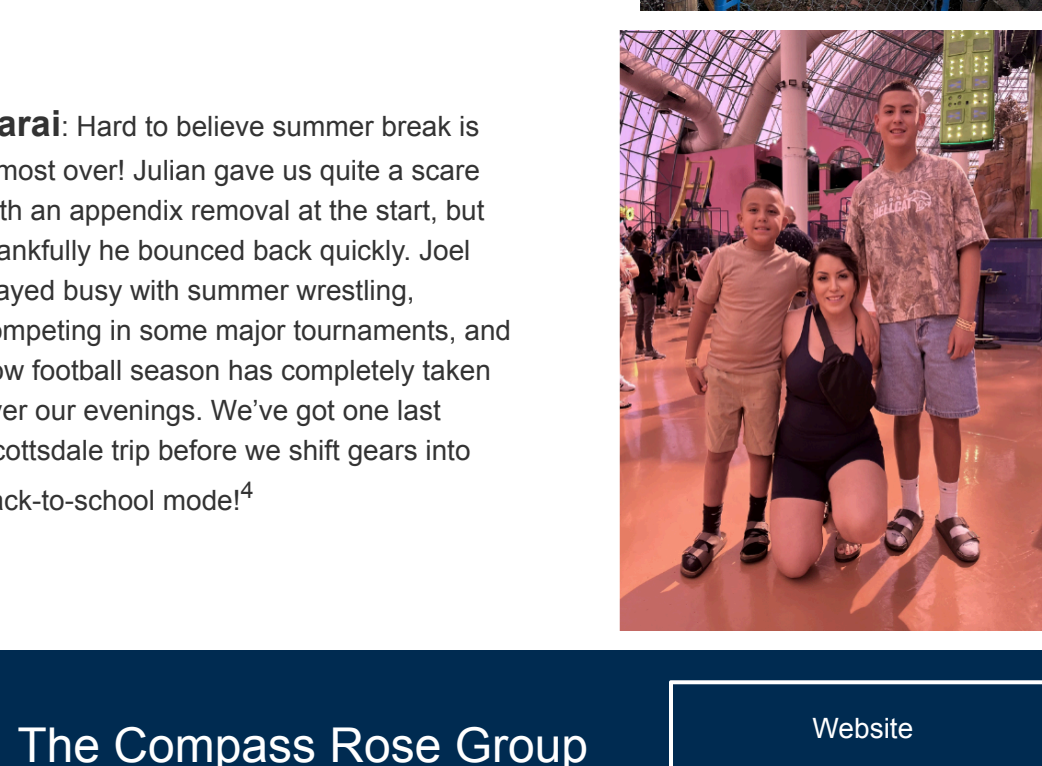
Personal Notes:

Chuck: Heading to La Jolla, California for the end of the summer trip with the entire family. This has been a family tradition for over 70 years as my parents went as children. Will spend time with the kids and grandkids on the beach, in the swimming pool, at Lego Land, and hoping to find a little relaxation somewhere in the middle. So very special to be able to carry on the family tradition for the next generation. Maybe pictures to follow in next month's newsletter.

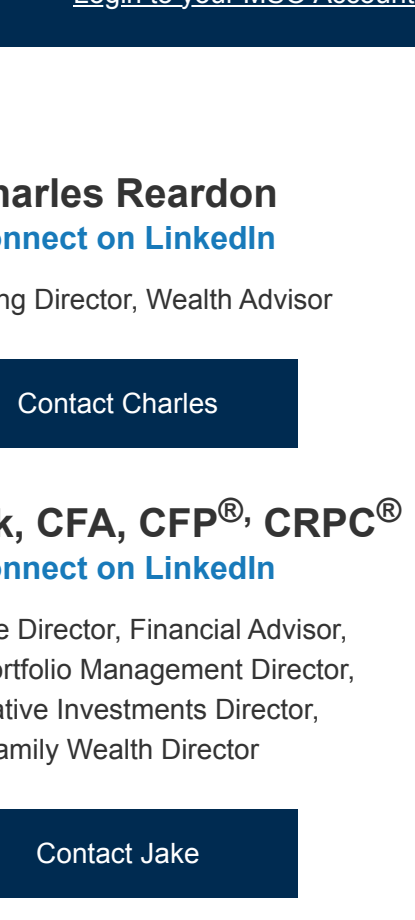
Jake: All three of my daughters were in town this month, and my sister came to town for a weekend. Seeing them all together has warmed my heart, but it is difficult seeing them off to their next chapter; Bella is heading back down to Lubbock, and Lexi is back in DC. I look forward to the next celebration with them, which will likely be Lexi's wedding!



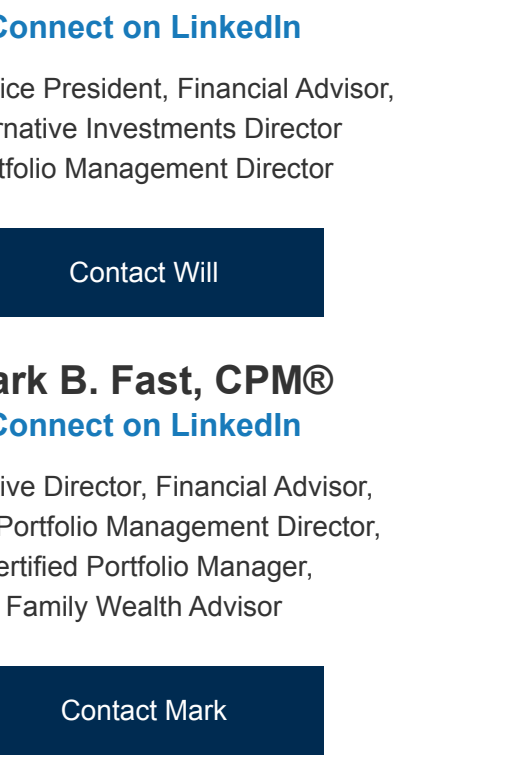
Mark: I spent some time in Newport Beach this July, enjoying quality moments with family and soaking in the ocean breeze. The change of scenery offered the perfect opportunity to reflect on work-life balance and reset my priorities. Mornings and afternoons were focused and productive, while evenings were filled with long walks, laughter, and sunsets on the sand. That intentional time away helped me recharge both mentally and creatively. I'm heading into the second half of the year feeling refreshed and ready for what's ahead.



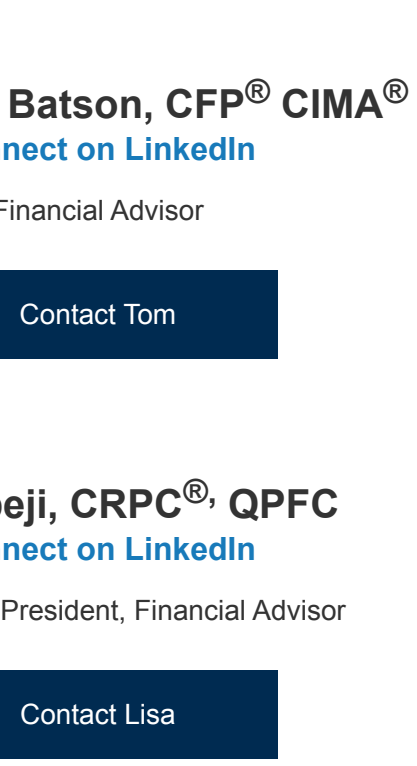
Tom: In June, our Morgan Stanley Scottsdale office held a diaper drive for St Joseph's Hospital Neonatal Intensive Care Unit (NICU) to assist new mom's & their families. In the photo are Evie Haertl from St Joseph's Foundation, and Josie Prinz, the St Joseph's NICU manager.



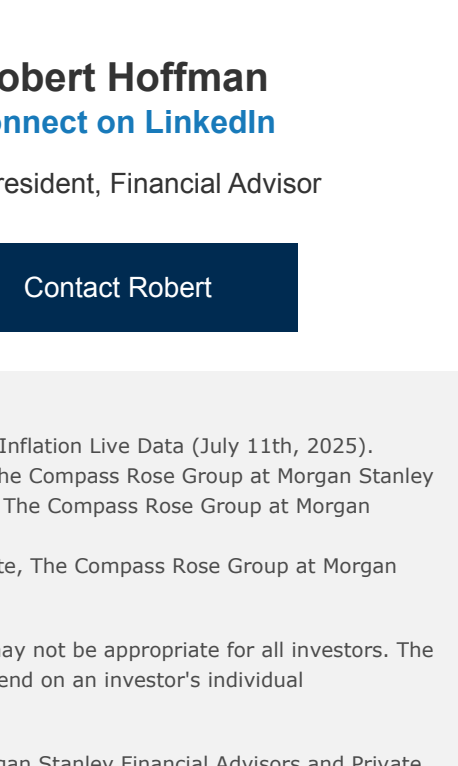
Fallon: We have enjoyed the summer break with camping and trips to the local zoo and aquarium. Benjamin starts first grade in just a few weeks, and he is excited. He has been reading a lot over the summer and we think he is ready for the challenges this school year might bring. Sienna loves spending time at daycare but mostly just enjoys getting out of the house.²



Craig: We decided to jump on the bandwagon this month and start gardening! Paige and I, with the help of my homesteading father, built this little garden in the early part of July. Dad provided us with some seeds and starters from his greenhouse so we could start growing some squash, poblano peppers, tomatoes, basil, oregano, beans, radishes, and assorted flowers. We have yet to name the garden (Craig's Garden is a little too basic for me). Suggestions are welcome!³



Sarai: Hard to believe summer break is almost over! Julian gave us quite a scare with an appendix removal at the start, but thankfully he bounced back quickly. Joel stayed busy with summer wrestling, competing in some major tournaments, and now football season has completely taken over our evenings. We've got one last Scottsdale trip before we shift gears into back-to-school mode!⁴

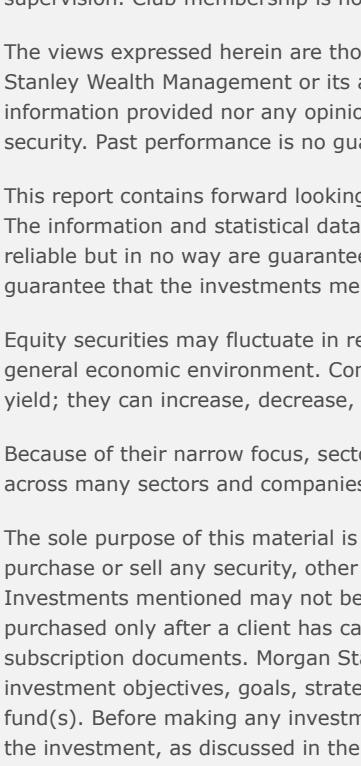


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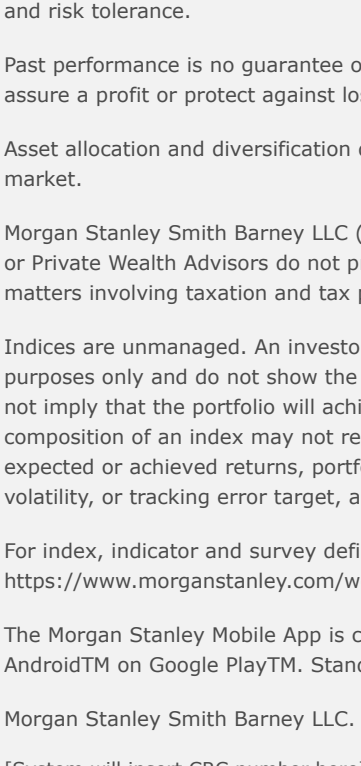
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Charles Reardon
[Connect on LinkedIn](#)

Managing Director, Wealth Advisor

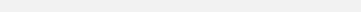
[Contact Charles](#)



Jake Tolk, CFA, CFP®, CRPC®
[Connect on LinkedIn](#)

Executive Director, Financial Advisor,
Senior Portfolio Management Director,
Alternative Investments Director,
Family Wealth Director

[Contact Jake](#)



William Reardon
[Connect on LinkedIn](#)

Senior Vice President, Financial Advisor,
Alternative Investments Director
Portfolio Management Director

[Contact Will](#)

Mark B. Fast, CPM®
[Connect on LinkedIn](#)

Executive Director, Financial Advisor,
Senior Portfolio Management Director,
Certified Portfolio Manager,
Family Wealth Advisor

[Contact Mark](#)

Thomas M. Batson, CFP® CIMA®
[Connect on LinkedIn](#)

Financial Advisor

[Contact Tom](#)

Lisa Obeji, CRPC® QPFC
[Connect on LinkedIn](#)

Senior Vice President, Financial Advisor

[Contact Lisa](#)

Robert Hoffman
[Connect on LinkedIn](#)

Vice President, Financial Advisor

[Contact Robert](#)

1. Source: FactSet: S&P 500 (SP50-USA); US Consumer Price Inflation Live Data (July 11th, 2025).

2. Written by Fallon Peace, Wealth Management Associate at The Compass Rose Group at Morgan Stanley

3. Written by Craig Jones, Registered Client Service Associate, The Compass Rose Group at Morgan Stanley

4. Written by Sarai Ordonez, Registered Client Service Associate, The Compass Rose Group at Morgan Stanley

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