



3rd Quarter 2025 letter for clients - RSD Advisors

October 1, 2025

Review of this year

It was another solid quarter for most financial markets. Stocks, bonds, gold, and cryptocurrency all performed well. The foreign exchange value of the US dollar was weaker, which may have actually helped the other financial markets. One of the drivers of the US dollar and financial markets was the anticipation (especially after the Jackson Hole meeting of the US federal reserve in August) that the central bank would ease monetary policy. And they did cut rates in September- and may cut rates more in the near term. That particularly helped smaller companies which often borrow in short-term loan markets. Short-term borrowing costs are more affected by short-term interest rates set by US Federal Reserve. A lower US dollar also is a tailwind for foreign stocks which are denominated in foreign currency. Unlike many recent prior years, foreign stocks have been a stellar performer this year.

Outlook

Despite all the policy chaos and geopolitical problems with wars, tariffs, and other threats markets pushed higher. Corporate earnings have been resilient. Many economic players stockpiled goods and took other measures to mitigate the effects of tariffs so far. So, profit margins, earnings, and inflation were not as bad as anticipated *to date*. This may not last. As of this writing, the US is without a budget, and we are enduring a partial government shutdown.

Our plan

Investing is a long game. While I continue to be cautious, the best plan, in my view, is to take appropriate risks given any client's risk tolerance, time horizon and most importantly financial and lifestyle goals. We will continue on this path. If you have any questions, please do not hesitate to contact me.

