



Chicago Partners Q2 2025 Quarterly Conference Call Summary

You can click on each link to jump to the discussion of the topic.

- [Quote](#)

- "Since 2020, we have been proactively refining the structure of our client portfolios to enhance their resilience against market volatility, including the significant fluctuations we're experiencing today. Our team is closely monitoring current developments and remains steadfast in staying informed and adaptive. While recent headlines may feel unsettling, we remain focused on implementing thoughtful, long-term strategies designed to navigate uncertainty and protect your financial goals.

As always, we're here to support you. If you have any questions or concerns, please don't hesitate to reach out—we're committed to providing clarity and guidance every step of the way"
- Chicago Partners

- [Guest Speaker: Christopher A. Zook, Chairman & Chief Investment Officer, CAZ Investments](#)

- [Client Experience: Investor Psychology & Important Reminders](#)

- **14 Stages of Trading Psychology** – We were in a state of euphoria and many investors have recently experienced a shift to the panic/despondency stage. The course of the 14 stages can occur in a week, in a quarter, or even, in the case of recent events, one day.
- **Extreme Fear Driving the Market** - Extreme fear is currently driving the market with the Fear & Greed Index being at a 4. If you do not have cash needs, the best thing to do is to hold on to your current allocation. This is also an opportunity to rebalance for your long-term targets.
- **Intra Year Volatility** – Experiencing intra year volatility is a “normal” occurrence. The 2nd week of March is a usual time to experience lows. This was consistent with performance this past March. A more normalized return is anticipated after this period of tariffs.
- **Staying Invested for the Long Term** – If you invested \$100k in 2005 and kept it invested, your return would equate to \$717,046. If you missed just the best 5 days, this return drops to \$452,884. You can capture the best days by holding onto your investments and staying invested for the long term. When you sell, you are creating a new decision for yourself for when to buy back in which is just as difficult as deciding when to sell.
- **Stay the Course Amid Stock Market Volatility** – The 12 months after a decline can be a strong period to remain invested.
- **Average Investor Performance** – The average investor has an average return of 2.9% which is almost half the return of a 50/50 portfolio. This demonstrates the importance of having a long-term plan in place that you stick to.
- **Long-Term Perspective on Market Downturns** – If you can withstand bear markets, the non-bear markets have historically been very robust with stronger returns.
- **Declines & Recovery Expectations** – When corrections in the market happen, the average frequency of corrections -10% to -20% in the market is about every 2.9 years. The recent bear market, we experienced, -20% & over, has an average frequency of happening once every 6.7 years. The volatility we have experienced falls within these expected frequencies.
- **We Do Better When You Do Better**

- [U.S. Economic Data: Current State of the U.S. Economy](#)



- **Nominal and Real U.S. 10-Year Treasury Yields** – The nominal yield represents a pre-inflation return. The current 10-yr treasury yield has return of 4.23%. The real return, adjusting for inflation, is a little over 1% which is also before taxes.
- **U.S. Treasury Yield Curve** – In comparison to the yield curve of the beginning of the year. Short term interest rates remain elevated at 4.3%, but the rest of the curve differs. The 2 year is lower while going out 30 years the yield is higher. The 10year treasury this morning was 4.32%.
- **World Interest Rate Probability** – This gives us an indication of what markets anticipate will happen with regards to interest rates. Right now we are seeing a 69% chance that a rate cut will occur in June of about 25 basis points, an 83% chance in June, and 73% chance in July.
- **Current National Debt** – Interest rates impact our economy through financing our national debt. The national debt is currently \$36.7 trillion, with interest on the debt being over \$1 trillion. Lowering interest rates has a positive impact by lowering the cost of financing our debt.
- **The President's Federal Budget Proposal – Fiscal Year 2025** – Tax receipts are estimated to be \$5.5 trillion. The proposed budget includes spending of about \$7.2 trillion, causing a deficit of about \$1.781 trillion. Interest rates will have an impact on this deficit.
- **The Market Return Equation** – Market Return = Earnings Growth + Dividend Yield + Change in the PE Ratio
- **Large Cap** – Earnings expected to grow 9.36%. The PE ratio is 20.32, more reasonable than where it was last quarter because it is less elevated. Dividends are growing with yield at 1.5.
- **Mid Cap** – The is lower growth expectation for mid cap but they are less expensive. Earnings are expected a growth of 6.74%. The valuation is dramatically lower than Large Cap as seen by the lower PE ratio.
- **Small Cap** – The dividend yield of small cap is higher than large cap or mid cap, at 2.78.
- **Supertanker Economy** – It is difficult for the economy to turn negative. The vast majority of the economy is made up of consumption at 68.1%. Strength in employment rate places consumers in a position to spend.
- **S&P 500 Valuation Measures** – The valuation measures remain a little elevated compared to the 30-year average.
- **P/E Ratio and Equity Returns** – The PE ratio has dropped but remains positive, indicating more attractive returns.
- **Checklist: Optimal Recessionary Conditions**
- **Leading Economic Indicators**
- [Evolving Portfolio DNA](#)
 - **Major League: CP Strong performers Update**
 - CAZ Strategic Opportunities Fund
 - Quantinno – DEALS Overlay
 - CEDIX
- [Client Access](#)
 - **Notes From Our Compliance Team** – Please let us know if you have any changes to your investor status, sit on the board of any companies, or have any other restrictions. To comply with regulations, we must have this data on file.
- [Q&A](#)