



## Chicago Partners Q3 2025 Quarterly Conference Call Summary

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

- [Quote](#)
  - “Despite some severe interruptions, our country’s economic progress has been breathtaking. Our unwavering conclusion: Never bet against America” – Warren Buffett, 2021
- [The U.S. Economic Data: Current State of the U.S. Economy](#)
  - **The U.S. Economy Continues to Move Forward** – In reference to the supertanker, as the economy continues to move forward, stronger GDP growth translates into an increase in revenue, as well as stronger growing stock market returns.
  - **Virtuous Economic Cycle** – Stronger GDP growth indicates a strong tax revenue and growing stock market returns, which will equate to lower inflation and lower interest rates.
  - **World Economies – Share and Growth** – As mentioned beforehand, the economy is good, but not great. GDP has fluctuated over the years. In 2005, GDP was at 76% and dropped to 60.5% in 2015. Currently in 2025, GDP is at 58.8%.
  - **Composition of GDP** – Since the beginning of the 2000’s, there is a trending GDP growth rate of roughly 2.1% a year. Consumers make up roughly 70% of our economy, and there is a negative impact on trade. Net exports are at a negative 4.2%. If we can grow GDP, we can generate attractive stock prices and added revenue.
  - **Bull & Bear Markets** – This is a symbiotic relationship. Historically, the bull market has a 3.4% growth rate in GDP while the bear market has a 1.2% growth rate in GDP. This proves to be significant in terms of the impact on capital market pricing.
  - **History of US Capital Market Returns** – This shows the long-term return on stock and bonds from 1926. The US stocks have averaged about 10.4%, and this has been through recessions and depressions. Bonds have returned roughly half of that, with the inflation rate averaging 2.8% a year.
  - **Asset Allocation by Holding Period** – An important perspective: we’re halfway through the year of 2025, and the time horizon individuals tend to look at is a 1-year time horizon. Looking at a short horizon will show high volatility due to the current environment. If we extend the time horizon to five years out, the volatility will decrease. Many investors already have a five-year time horizon, but because of the media many individuals are fixed on the daily price. Having an extended time horizon can also help us be better at capital allocation.
  - **The US Treasury Yield Curve** – This shows the yield curve vs interest rates today. Bond market investors are expecting that the federal government will cut interest rates.
  - **The US Treasury Yield Curve (continued)** – In one month, the treasury yield is 4.29%. In two years, the treasury yield will be 3.89%. Looking ahead, it is expected that the treasury yield will continue to decrease.
  - **World Interest Rate Probability** – The Bloomberg factors in future prices, and as of now there is a 64% chance the federal government will cut interest rates, followed by October with a 57% chance, and then another cut in December by 70%. There is estimated to be 3 rate cuts by the end of the year. The economic data that comes out before these estimations will prove to be influential to these numbers.



- **Federal Funds Rate – Target Range Lower Limit** - You can see that the interest rates over the last 25 years are all over the place. This is the federal reserve data and will change based on economic circumstances (this has risen and fallen during economic recessions, during Covid-19, etc.).
- **The U.S. Debt Clock** – As we can see, there is significant public debt. Interest rates are around 4%, and the Government has an incentive to drive interest rates lower to lower the cost of financing the debt.
- **The Market Return Equation** – The formula is market return equals earnings growth (E), plus the dividend yield (Y), plus the change in PE ratio (P/E).
- **Large Cap Market Return (RM) = E + Y + Change in P/E** - PE ratio is estimated at 23. If that stays the same and nothing changes, then the next 12-month stock market return is expected to be about 7% or 8%. This is a consensus estimate by analysts.
- **P/E Ratios and Equity Returns** – The returns are mildly positive.
- **Sources of Earnings Growth** - Highlighting expectations for the years 2026 and 2027, the earnings per share growth is 14% and 12% respectively. That's an important component of stock market returns.
- **Annual Returns and Intra-Year Declines** - We are positive after a 19% decline and have rebounded sharply. It is not uncommon to have these large declines. Clients' capital needs to continue to stay consistent.
- [Economic Indicators: Optimal Recessionary Conditions and Leading Economic Indicators](#)
  - **Economic Survey Results** – Trade policy and Tariff's remain the top concerns. There is a positive reading regarding the CEO Confidence Index.
  - **U.S. Conference Board Leading Index** – Economic Index indicates a decline from 101 last quarter, to 99.0 on 5/31/25.
  - **U.S Conference Board Leading Index** – The Confidence Index indicates a future increase to 6.28 on 7/31/25 which is up from 4.99 last quarter.
- [Evolving Portfolio DNA](#)
  - **Evolving Portfolio DNA** – Chicago Partners is looking to continue to diversify portfolios by including public securities, hybrid securities, and private securities.
  - **Major League**
    - We are working to diversify portfolios across public and private investments to provide exposure to potential higher return with lower volatility.
    - **ASPEN**
  - **Minor League**
    - **SPBC & HODL**
- [Client Access](#)
- [Q&A](#)
  - **Big Beautiful Bill**
  - **International Markets**
  - **What would create an unstable U.S. Economy?**
    - There are many factors that would create an unstable economy. Low interest rates are very important – The higher the interest rate the more financial distress, which also makes it more difficult to pay for financing. The Government has a large incentive to drive these rates down.