



July Newsletter

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Presented by: Royal Route Advisory Group, LLC



Welcome back to our monthly newsletter!

As we move deeper into summer, the financial landscape continues to evolve with a mix of optimism and caution. At Royal Route Advisory Group, we remain committed to helping you navigate these complex times with clarity, discipline, and a steady hand on the wheel.



Financial & Economic Update

The U.S. economy remains resilient, though signs of moderation are becoming more apparent. The Federal Reserve has once again held interest rates steady at **4.25%–4.5%**, marking the fourth consecutive meeting without a change. While the Fed still forecasts **two rate cuts by year-end**, it remains cautious due to the uncertain effects of tariffs and geopolitical tensions.

Inflation is showing signs of cooling. The Fed's preferred gauge, **core PCE**, rose just **0.2% in May**, and the annual rate stands at **2.7%**, near its lowest in four years. Consumer spending has softened, particularly in discretionary sectors like restaurants and home improvement, suggesting a shift in behavior rather than a full retreat.

Meanwhile, the **labor market** is showing early signs of strain, with job growth slowing and unemployment claims ticking up. However, wage growth continues to outpace inflation, supporting household purchasing power even in a high-rate environment.



Market Update & Analysis

Despite global uncertainty, the **S&P 500 reached new all-time highs**, closing at **6,279.35 on July 3rd**. This rally has been driven largely by **technology and AI-related sectors**, with small-cap and Initial Public Offering (IPO) activity also picking up momentum.

- Small-cap is interesting. Expected reductions in regulations are expected to be quite favorable; however, tariffs do work against small companies.
- IPO activity has been slow for the past two years due to high regulatory burdens and legal challenges. IPOs are expected to do well for two reasons: 1) The environment for

deal making is expected to be more favorable. 2) The performance of small-cap companies is capturing the attention of those who want to make a deal.

Here's what's fueling the market:

1. **Inflation** is trending downward, but it ticked up in June, suggesting that expected interest rate cuts later in the year may be in jeopardy.
2. **Tariff impacts** have been more muted than expected, with many retailers absorbing costs rather than passing them on.

Overall, tariffs haven't proven to be so bad, so far.

- a. Revenues are coming in.
- b. Markets are holding up.
- c. The economy is holding up.

And, we are not out of the woods. We can expect volatility until an actual policy is enacted.

3. **Investor sentiment** remains cautiously optimistic, with markets pricing in potential rate cuts later this year, contradicting Number 1 above.

But there are still caution flags:

- **Geopolitical tensions**, particularly in the Middle East, have introduced volatility in oil markets, though prices have since stabilized.
- **Consumer and business confidence** remain fragile, with spending and hiring decisions clouded by policy uncertainty.
- **Valuations are stretched**, and any negative surprises could trigger short-term corrections in the markets.

The City National Rochdale CNR Speedometers Report for July is attached to our newsletter. Seven of the twenty speedometers have worsened since January, justifying our continued defensive posture.

Our strategy remains unchanged: **disciplined, long-term investing**, with opportunistic buying during pullbacks and a focus on fundamentals over headlines.

What Do These Market Developments Mean for You?

It's tempting to fall back on the overly simplistic advice to "just invest for the long term" and leave it at that. Equally unhelpful would be reacting impulsively - making changes simply for the sake of doing something. Such knee-jerk decisions often lead to poor outcomes.

Instead, here's what we've done on your behalf:

- **We followed the Boy Scout motto: "Be Prepared."**
- Throughout 2023 and 2024, we proactively added defensive positions to our portfolio.
- We began identifying potential buying opportunities that could withstand market volatility.
- Over an 18-month period, we uncovered several promising investments, including a value fund with a strong income component.
- When markets declined sharply in March and April 2025, we were "**Prepared**" to "**Buy Low**".
- In Q2, we began integrating this value fund into our portfolio.
- We remain vigilant and "**Prepared**" to take advantage of further opportunities to "**Buy Low**", which may arise in Q3.
- In addition to these steps, we've implemented several other strategic measures to protect and grow your investments.

Finally, while we remain focused on long-term growth, we cannot ignore short-term realities, especially if you anticipate needing access to your funds in the near future. For this reason, we are reaching out via phone and email to schedule mid-year reviews. More details will follow in this newsletter.



Firm Update

Our team continues to grow and refine our services to better serve you:

- **Ed Prince** remains dedicated to overseeing client portfolios with precision and care, while also actively meeting with clients for mid-year reviews—his favorite part of the job.
- **William Fok** and **Amber Jones** are now fully integrated into our advisory and operations teams. Their integration into our advisory and operations teams allows us to expand our capacity while continuing to provide the high level of service you expect.
- We are expanding our **professional network** to offer more tailored referrals and solutions.

Important Mid-Year Review Invitation

We're reaching out by phone and email to schedule your mid-year review.

While the economic outlook is showing signs of improvement, continued volatility is expected. This makes it an ideal time to connect and discuss:

- Your current financial priorities
- Positioning your portfolio to take advantage of expected opportunities
- Any recent or upcoming life changes
- Any other topics or questions you'd like to cover

Regular reviews are a cornerstone of long-term financial success—and consistency is key in any successful strategy.

If you'd prefer to schedule your review proactively, feel free to call or email us directly. We look forward to speaking with you soon.

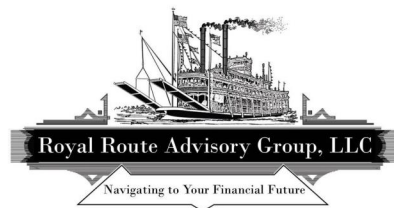


Looking Ahead

As we approach the second half of the year, we remain focused on helping you stay on course. The market may be noisy, but our commitment to your financial journey is unwavering. And if someone you know could benefit from a steady hand in uncertain times, we'd be honored to help guide them.

Warm regards,

The Royal Route Advisory Group Crew



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Closing Note

At Royal Route Advisory Group, our mission remains clear: **Navigating our clients to their financial future.** We are proud to offer thoughtful, personalized service grounded in integrity, innovation, and excellence.

