C&N VANTAGE POINT

QUARTERLY MARKET RECAP & OUTLOOK | SECOND QUARTER, 2025

MEET A TEAM MEMBER

JIM FOOTE, CRPS®

Retirement Plan Services Department Manager

Throughout his career, Jim Foote has seamlessly transitioned more than 1,200 retirement plans, establishing himself as a trusted problem solver in the field. His approach is characterized by a commitment to enhancing plan efficiency, streamlining administration processes, and tailoring retirement solutions to meet individual needs. Jim possesses a deep understanding of all the intricate components that comprise retirement planning, allowing him to optimize solutions for both businesses and their employees.

Prior to joining C&N Wealth Management, Jim held key roles at reputable financial institutions, including Stonebridge Financial Group, where he focused on serving the greater Philadelphia area. He also excelled as Vice President - Sales & Marketing at RetireWell Administrators, Inc. and spent an impressive 27 years at One America, where he ascended to the position of Regional Sales Director – Retirement Service. His journey in the financial sector commenced as a Retirement Sales Consultant at The Copeland Companies.

Jim Foote is a distinguished alumnus of the University of Dayton, holding a bachelor's degree in business management and marketing. Beyond his professional accomplishments, Jim is a devoted family man, sharing his life with his wife, Yvonne, and their two children, Nolan and Presley. In his leisure time, he generously devotes his energy to coaching Presley's travel softball team. Away from the diamond, Jim is an avid traveler with his family and an unwavering supporter of Philadelphia's professional sports teams. Additionally, Jim and Yvonne are actively engaged in philanthropy, extending support to several cancer charities and volunteering for their children's parent-teacher organization at school.

Key Equity Indexes - As of Quarter End	%YTD Return**	NTM P/E**	P/B**	Dividend Yield**
S&P 500	5.65	22.00	4.93	1.20
Russell 2000	-1.95	23.86	1.88	1.32
Russell 1000 Growth	5.38	28.71	11.94	0.54
Russell 1000 Value	5.59	16.90	2.72	1.99
MSCI EAFE	19.87	14.81	1.90	2.70
MSCI EM	16.07	12.88	1.78	2.04

Sources: JP Morgan Weekly Market Recap; Northern Trust. Past performance does not guarantee future results, which may vary.
** As of 6/27/2025

Key Interest Rates	2025			
	9/27/24	12/27/24	3/28/25	6/27/25
2-yr Treasury Note	3.55	4.31	3.89	3.73
10-yr Treasury Note	3.75	4.62	4.27	4.29
30-yr Treasury Note	4.1	4.82	4.64	4.85
30-yr Fixed Mortgage	6.69	7.28	6.75	6.85
Corp. Bond Index	4.69	5.37	5.17	5.06
High-Yield Bond Index	7.22	7.65	7.86	7.41

Sources: JP Morgan Weekly Market Recap & Oppenheimer Markets Review At-a-Glance
Past performance does not guarantee future results, which may vary.

2025 YTD EQUITY STYLE PERFORMANCES**

	US Equity Style			MSCI World Style		
Equity Size	Value	Core	Growth	Value	Core	Growth
Large	6.00%	6.11%	6.08%	11.17%	9.33%	7.84%
Medium	3.12%	4.84%	9.79%	7.62%	10.30%	15.60%
Small	-3.16%	-1.79%	-0.49%	6.81%	7.42%	8.04%

YTD U.S. FIXED INCOME PERFORMANCES***

Bloomberg Benchmark	Return
Treasury Index	3.79%
Aggregate Index	4.02%
High Yield Bond Index	4.57%
Municipal Bond Index	-0.35%

Source: Bloomberg. US Equity Style Returns are Russell Indices. Past performance does not guarantee future results, which may vary.
**As of 6/30/2025
***All returns represent total returns as of 6/30/2025

TENSIONS AND TURNAROUNDS

Navigating a shifting global landscape. Global markets contended with a turbulent macroeconomic landscape, largely shaped by evolving U.S. policy initiatives. The tariffs announced on April 2 ("Liberation Day") were broader and more substantial than anticipated, delivering a sharp initial shock to sentiment. However, incremental de-escalation efforts, including 90-day pauses and an emphasis on trade negotiations, helped stabilize the situation. Despite these efforts, the persistence of elevated tariffs and policy uncertainty continued to reshape the global economic environment. Consensus forecasts, led by U.S. revisions, shaved global growth expectations and pushed inflation projections higher. Although one-year U.S. recession probabilities moderated after the initial spike, they remain elevated at roughly 35-40%. Global economic activity, while distorted by trade data and front-loading ahead of tariffs, proved relatively resilient. Inflation pressures were subdued across several major economies, but core inflation rates stayed above central bank targets and U.S. inflation is expected to rise in the second half of the year due to tariff effects. The Federal Reserve adopted a cautious stance, holding rates steady during the quarter, though markets are pricing in several rate cuts over the coming year. Non-U.S. central banks are also anticipated to continue easing policy. Still, if the past quarter is any indication, the macro backdrop can deliver surprises. Beyond the potential for unexpected developments, several known unknowns could alter the outlook again, such as Middle East conflict, fiscal policy shifts, and tariffs.

Second quarter strength for equities. Financial markets performed well in the second quarter with gains across most major asset classes. Equity markets proved quite resilient in the face of considerable uncertainty throughout the quarter across a number of avenues including U.S. tariff policy, geopolitics and fiscal policy. Despite a 10%-plus sell-off in early April, U.S. equities rebounded firmly to post an 11% quarterly gain with a major boost from strong performance in technology and AI-related parts of the market. Sector returns spanned 15%-plus gains in information technology and communication services to 8-10% losses in energy and health care. Following a weaker 1Q, megacap tech re-emerged as a market leader with the Magnificent 7 group posting roughly double the return of the S&P 500 (21%). Meanwhile, the U.S. dollar initially weakened in April and then continued to slide lower throughout the rest of the quarter as some investors looked to diversify away from the U.S. Broader dollar indexes were down over 6%. Non-U.S. equities outpaced the U.S. in dollar terms and retain a notable (i.e., double-digit) advantage in 2025 so far. Fixed income returns were positive but much lower than equities. Credit spreads tightened in the quarter while longer-term interest rates were modestly higher, resulting in a more favorable setup for high yield fixed income versus investment grade. Real assets returns were positive but below global equities for the quarter. Global listed infrastructure was closer to keeping pace with global equities while natural resources and global real estate saw mid-single-digit gains.

SECOND QUARTER 2025 TOTAL RETURNS (%)

Global equities ended the quarter at an all-time high, rebounding sharply from the weakness experienced in early April.

	FIXED INCOME						EQUITIES			REAL ASSETS		
	Cash	Muni	Inv. Grade	TIPS	High Yield	EM Debt	U.S.	Dev. Ex-U.S.	EM	NR	GRE	GLI
	1.1	-0.1	1.2	0.5	3.5	7.6	11.1	13.0	12.9	3.4	5.2	10.4
YTD	2.1	-0.3	4.0	4.7	4.6	12.3	5.8	19.7	14.9	10.8	6.5	15.5

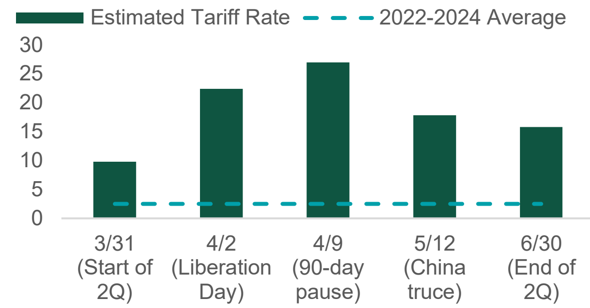
Source: Northern Trust Asset Management, Bloomberg. NR: Natural Resources; GRE: Global Real Estate; GLI: Global Listed Infrastructure. Indexes are gross of fees. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

KEY DEVELOPMENTS

Policy Uncertainty

Policy uncertainty remained a key focus in 2Q. Tariff policy was a primary vector with uncertainty around the level of tariffs and their ultimate economic impact. After market consternation following early-April news of reciprocal tariffs, investor sentiment on the issue improved following eventual de-escalations around reciprocal and U.S.-China tariffs, plus legal rulings against some of the tariffs. Still, key tariff deadlines loom in early 3Q and questions remain on how tariffs will impact economic activity in the rest of the year.

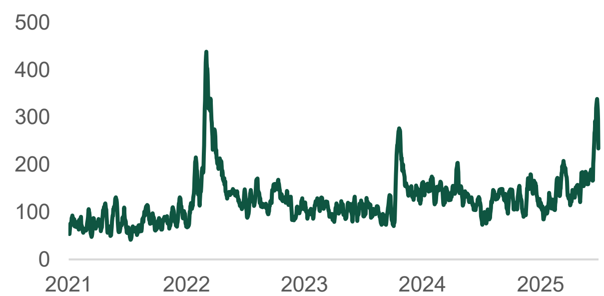
ESTIMATED EFFECTIVE TARIFF RATES (%)



Geopolitics

Geopolitical risk also pushed its way towards center stage in 2Q. In addition to the ongoing Ukraine war, tensions escalated in the Middle East and India-Pakistan. Even as the U.S. launched airstrikes against nuclear sites in Iran, a ceasefire was agreed to within two weeks of the initial Israel strikes. Oil prices gained (and subsequently fell following the ceasefire) about 15%. The episode was largely without sustained major financial market impacts as energy infrastructure and global oil shipments were not meaningfully targeted.

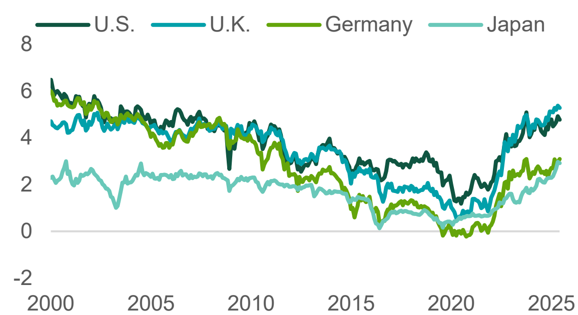
GEOPOLITICAL RISK INDEX (7-DAY AVERAGE)



Debt & Deficits

Government debt for many developed market countries has increased following pandemic-era fiscal support. Plus, some governments continue to delay fiscal consolidation. Inflation has remained high and in some cases above central bank targets for the most part of the last four years. This has all helped contribute to shifting supply/demand dynamics for longer term fixed income. A number of major developed countries (U.S., U.K., Japan, etc.) saw new post-2020 highs in their 30-year government bond yields in the quarter.

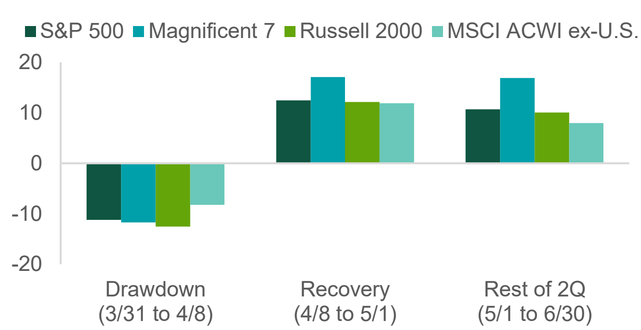
30-YEAR GOVERNMENT BOND YIELDS (%)



Technology

Following concerns around the durability of the AI investment story earlier this year, investor interest gained traction as companies look to adopt AI and the associated digital ecosystem is built out. Megacap tech-related companies returned to their familiar spot as a market leader. With increased emphasis on AI adoption, these companies have re-established their more favorable earnings outlook versus the rest of the U.S. market. Overall, the Magnificent 7 contributed just over 55% of the 11% quarterly gain for the S&P 500.

RETURNS ACROSS 2Q2025 (%)



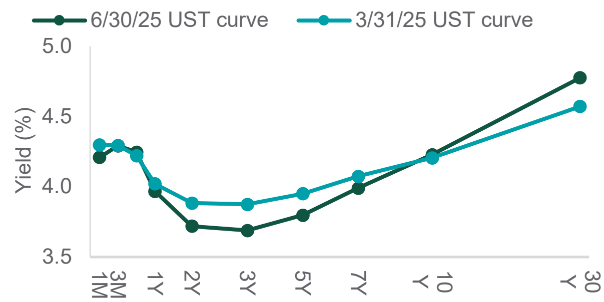
Source: Northern Trust Asset Management, Bloomberg, Macrobond, Yale Budget Lab, Matteo Iacoviello. Data as of 6/30/2025. Fourth chart: Mag 7 proxied by Bloomberg Magnificent 7 Index; returns in USD. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

MARKET REVIEW

Interest Rates

Amid shifting fiscal and inflation dynamics, long-term sovereign bond yields pushed higher across several major countries. The Liberation Day trade shock led longer-dated Treasury yields 45-50 basis points (bps) higher in just five days. During this period there was an unsettling break from historical patterns, including equity losses and dollar weakening, but de-escalatory tariff policies eventually helped provide stability. Front-end yields ended the quarter lower as the market priced in a delayed but more aggressive Fed rate cutting cycle.

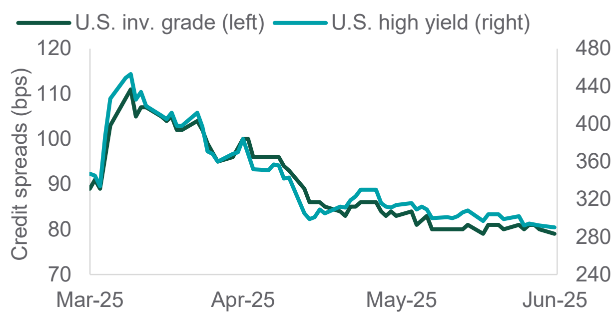
U.S. TREASURY YIELD CURVE



Credit Markets

Investment grade (IG) spreads tightened 10 bps to 0.79%, while high yield (HY) spreads narrowed 57 bps to 2.90%. Credit markets recovered nicely from the early April trade shock that sent spreads as high as 4.53% for HY. While the spread widening was notable, credit market losses were on the smaller side relative to the degree of the sell-off in the equity markets. The ensuing recovery had a defensive tilt as higher-quality credits outperformed. Across the full quarter, IG fixed income returned 1.2% versus a 3.5% gain for HY.

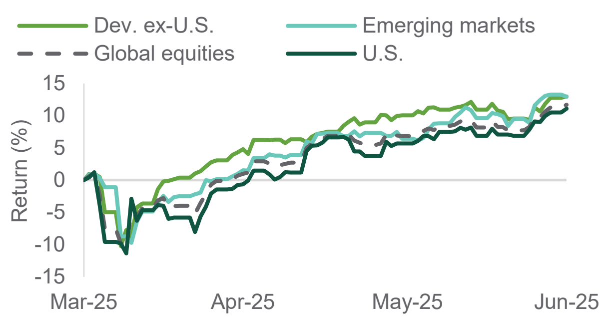
CREDIT SPREADS



Equities

All three major equity regions reached new all-time highs despite steep losses early on. Global equities finished up 11.7%, including more balanced returns from a regional perspective relative to the first quarter in which the U.S. notably underperformed. Equity markets moved higher as policy uncertainty eased, but there was also notable support from strong tech earnings and renewed enthusiasm in the artificial intelligence trade. Within the U.S. market, sector and style leadership had a less defensive posture overall than in the first quarter.

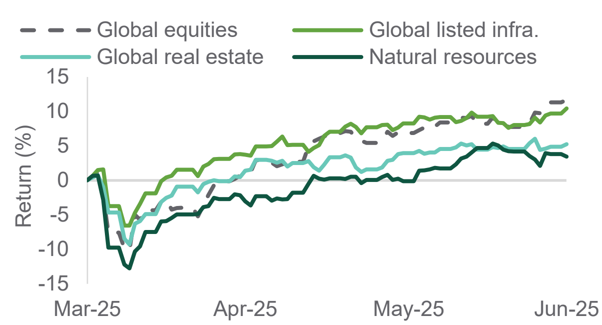
REGIONAL EQUITY INDICES



Real Assets

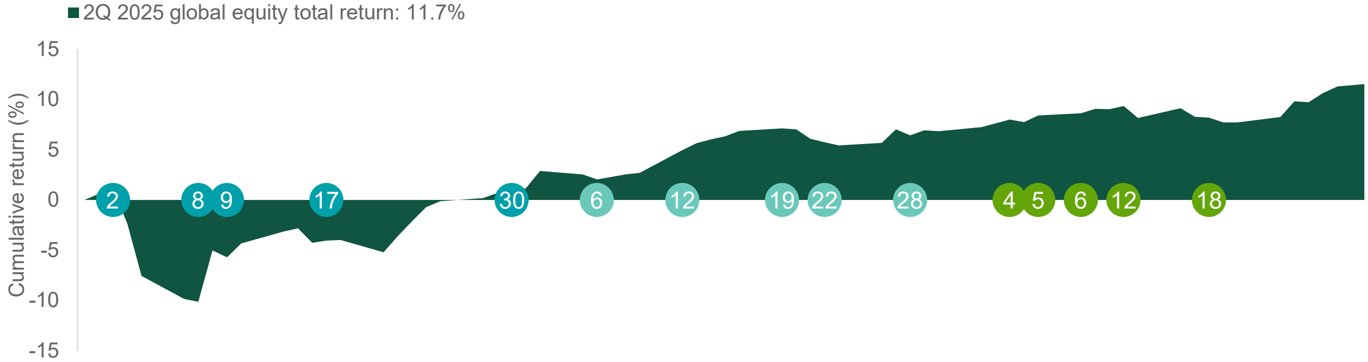
Real assets were positive in the second quarter, but they underperformed global equities. Global Listed Infrastructure led with a 10.4% gain. It provided the most downside protection during the market sell-off in April, and more broadly it continues to see support from structural growth drivers such as global power demand. Global Real Estate and Natural Resources saw solid but lower returns at 5.2% and 3.4%, respectively. Gold rose another 6% during the quarter, extending its strong run and recent appeal as a diversifying portfolio asset.

REAL ASSET INDICES



Source: Bloomberg. Returns in U.S. dollars. Indexes are gross of fees. Past performance is not indicative or a guarantee of future results. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index.

MARKET EVENTS



APRIL	MAY	JUNE
2 U.S. announces sweeping "Liberation Day" tariffs, sparking volatility across global markets.	6 After a historic failure in the first round of voting, Friedrich Merz is confirmed as Germany's new chancellor.	4 The U.S. doubles tariffs on steel and aluminum from 25% to 50%.
8 S&P 500 closes 1% away from entering bear market territory (20% decline from its recent peak) amid escalating trade tensions.	12 U.S. and China agree to a 90-day tariff reduction that lowers the U.S. reciprocal tariff on China from 125% to 10%, helping reduce left-tail risk.	5 U.S. President Trump and Chinese leader Xi Jinping hold a call that is followed by a truce the next week that is aimed at resolving rare earth curbs.
9 Global equities surge 5% after U.S. President Trump announces 90-day pause on reciprocal tariffs but hikes China tariffs.	19 Markets smoothly digest news that Moody's downgraded its U.S. government credit rating, but long-term government bond yields continue to push higher overall.	6 U.S. May employment report shows modest cooling in the labor market.
17 The European Central Bank cuts its policy rate and underscores downside economic growth risks from U.S. tariffs.	22 The U.S. House passes a bill (which nears passage in the Senate as of quarter end) that is projected to add to the long-term government debt load.	12 Israel attacks Iran, followed by direct U.S. involvement about a week later. Oil surges toward $80 per barrel, but a swift ceasefire then sends oil prices back to pre-conflict levels.
30 U.S. growth contracts in the first quarter, reflecting softer demand to some extent but mostly just distortions from outsized imports impacts.	28 Nvidia reports record revenues and guides above estimates, supporting the AI trade and closing out a strong first quarter for large cap U.S. earnings.	18 The Fed leaves the target range for the federal funds rate unchanged, emphasizing patience as it learns more about trade policy impacts.

Prepared by Northern Trust Asset Management on behalf of Citizens & Northern Wealth Management.

NTAM is not affiliated with Citizens & Northern Wealth Management and permission to distribute this content does not constitute or imply any endorsement or sponsorship of any third party's product, services, or organization.

This document is intended to be used as written, and may not be reproduced, appended, edited, or otherwise modified without the express written permission of NTAM.

Indexes used: Bloomberg (BBG) 1-3 Month UST (Cash); BBG Municipal (Muni); BBG Aggregate (Inv. Grade); BBG TIPS (TIPS); BBG High Yield 2% Capped (High Yield); JP Morgan GBI-EM Global Diversified (Em. Markets Fixed Income); MSCI U.S. Equities IMI (U.S. Equities); MSCI World ex-U.S. IMI (Dev. ex-U.S. Equities); MSCI Emerging Market Equities IMI (Em. Markets Equities); S&P Global Natural Resources (Natural Resources); MSCI ACWI IMI Core Real Estate (Global Real Estate); S&P Global Infrastructure (Global Listed Infrastructure)..

C&N Wealth Management
For more information please contact:

Philip A. Prough, CIMA®, CFP®
SVP/Chief Investment Strategist
PhilipP@cnbankpa.com

Craig Morgenstern, CFA, CFP®
Senior Investment Officer
Craig.morgenstern@cnbankpa.com

Jay M. Over, CFA, CIPM
Investment Strategist
JayO@cnbankpa.com

IMPORTANT INFORMATION. For Asia-Pacific and Europe markets, this information is directed to institutional, professional and wholesale clients or investors only and should not be relied upon by retail clients or investors. The information is not intended for distribution or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation. Northern Trust and its affiliates may have positions in and may effect transactions in the markets, contracts and related investments different than described in this information. This information is obtained from sources believed to be reliable, and its accuracy and completeness are not guaranteed. Information does not constitute a recommendation of any investment strategy, is not intended as investment advice and does not take into account all the circumstances of each investor. Opinions and forecasts discussed are those of the author, do not necessarily reflect the views of Northern Trust and are subject to change without notice.

This report is provided for informational purposes only and is not intended to be, and should not be construed as, an offer, solicitation or recommendation with respect to any transaction and should not be treated as legal advice, investment advice or tax advice. Recipients should not rely upon this information as a substitute for obtaining specific legal or tax advice from their own professional legal or tax advisors.

Past performance is no guarantee of future results. Performance returns and the principal value of an investment will fluctuate. Performance returns contained herein are subject to revision by Northern Trust. Comparative indices shown are provided as an indication of the performance of a particular segment of the capital markets and/or alternative strategies in general. Index performance returns do not reflect any management fees, transaction costs or expenses. It is not possible to invest directly in any index. For additional information on fees, please refer to Part 2a of the Form ADV or consult a Northern Trust representative.

Northern Trust Asset Management is composed of Northern Trust Investments, Inc. Northern Trust Global Investments Limited, Northern Trust Fund Managers (Ireland) Limited, Northern Trust Global Investments Japan, K.K, NT Global Advisors, Inc., 50 South Capital Advisors, LLC, Northern Trust Asset Management Australia Pty Ltd, and investment personnel of The Northern Trust Company of Hong Kong Limited and The Northern Trust Company.

Powered by NORTHERN TRUST

GEOPOLITICS, DEBT & DEFICITS, AND THE TECH SUPERCYCLE

In today's dynamic financial landscape, three major themes interplay to shape market movements: Geopolitics, Debt & Deficits, and The Tech Supercycle. These forces are intricately connected, influencing investor sentiment and global economic trends.

Geopolitics: We are navigating an environment characterized by a multipolar world. Territorial disputes and fears surrounding nuclear rearmament persist, presenting significant challenges to global stability. Despite the desire of the U.S. to reduce its international engagements, it remains the principal military power capable of mitigating global disorder. This is evident through its support for Ukraine, facilitating a ceasefire between India and Pakistan, and its recent endeavors to negotiate with Iran to abandon its nuclear ambitions.

The uncertainty creates powerful investment implications. It is likely to lead to increased spending on military capabilities around the globe. In addition, the risk premium in commodity markets is likely to persist and investors should be prepared for potential supply disruptions.

Debt & Deficits: The last few years have witnessed an uptrend in government debt worldwide, primarily driven by fiscal support measures implemented in response to the COVID pandemic. Over the next five years, trends in fiscal consolidation are poised to diverge notably. The U.S. exemplifies a nation postponing the balancing of its budget until later in the decade, sustaining a substantial deficit of around 5-7% to bolster its economy. This increase in debt levels is anticipated to limit funding availability for the corporate sector, potentially burdening it with higher funding costs. Other parts in the developed world are on a more decisive path of fiscal consolidation, which should support their local government bonds as safe havens for investors.

The Tech Supercycle: Artificial Intelligence (AI) has transitioned from being a mere tool to a foundational layer across numerous sectors. This transformation is reinforced by the rapid expansion of digital infrastructure, including 5G, cloud computing, and the establishment of additional data centers (global data center demand is expected to grow by a 15% [1]CAGR to 152 gigawatts in 2030 – Royal Bank of Canada). These trends appear sustainable and robust, exhibiting resilience against short-term economic volatility.

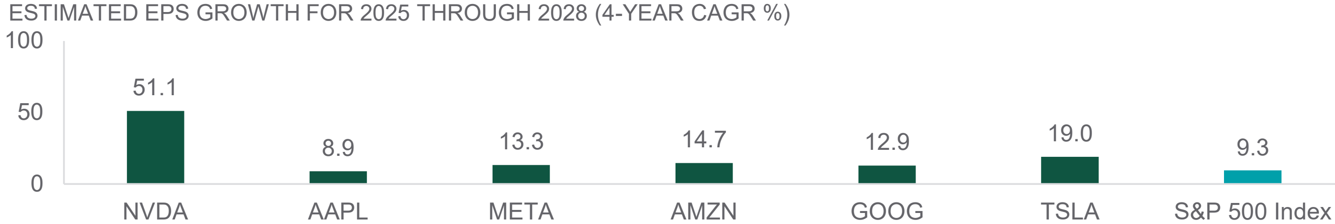
The recent earnings season highlighted firms' confidence in AI-driven growth and resilient cloud performance. Companies are aggressively pursuing capital returns, reflecting their optimism in leveraging technological advancements to drive future profitability.

Conclusion: These themes are interconnected, and markets engage with and are propelled by the forces they generate. These forces significantly impact our research perspective through which investment riskiness is assessed, prioritizing resilience and adaptability in volatile environments.

TECH EARNINGS SUPPORT

Megacap tech's advancement in innovation is expected to drive continued earnings growth dominance.

ESTIMATED EPS GROWTH FOR 2025 THROUGH 2028 (4-YEAR CAGR %)



Source: Northern Trust Asset Management, Bloomberg. Annual estimates for 2025-2028 as of 6/17/2025. NVDA = Nvidia. AAPL = Apple. AMZN = Amazon. GOOG = Google. TSLA = Tesla. META = Meta Platforms. Historical trends are not predictive of future results. EPS = earnings per share. [1]CAGR = compounded annual growth rate.

C&N PORTFOLIO POSITIONING:

NEUTRAL EQUITIES

C&N Vantage Point
July 2025

Market Views:
U.S. Equities Rebound To Fair Value.
Fed Slow To Cut Rates. Likely To Start In September.
Remain Diversified. New Fiscal And Tax Policy Impacts Unknown.

Market Risks:
Fiscal Policies Lead To Extended Negative Consumer Behavior.
Earnings Decline And Price Multiples Contract Accordingly.
Stagflation. (Slow Growth. High Inflation.)

Risk Type	Asset Class	Sector Category	Under Weight	Neutral	Over Weight	Viewpoints
	Cash/Cash Alternatives	**Ultrashort Bonds**			⊕	We increase to slight overweight funded from reduction of equites to neutral. This is a source of funds for rebalancing in the event of a larger equity market downturn.
Risk Control	Alternatives (Fixed Based)	**Absolute Return**	●			This is a bond alternative category. Given current yields, we believe core fixed income provides better risk/reward, especially in a risk-off market. We retain our underweight.
Risk Control	Alternatives (Fixed Based)	**Inflation-Linked Bonds**		⊖		We reduce to neutral believing nominal treasuries offer better risk/reward with inflation expectations leveling out post-tariff announcements.
Risk Control	Fixed Income	**US Investment Grade Bonds**			⊕	Yields provide respectable entry points. A risk-off environment will favor investment grade and we favor nominal treasuries over TIPS.
Risk Control	Fixed Income	**International Bonds**	●			U.S. yields remain more competitive than most foreign developed markets. We stay underweight international bonds, but tilt our allocation towards unhedged bonds due to dollar weakness.
Risk Control	Fixed Income	**Emerging Markets Bonds**		●		We maintain our neutral position given the unknown impacts of potential tariff wars, and knowing which countries or regions will be affected, if at all.
Risk Assets	Fixed Income	**High Yield Bonds**		●		Spreads remain tight based on historical norms. With a slowing economy expected, and a changing U.S. fiscal policy, we maintain our neutral positioning.
Risk Assets	Equities	**US Large Cap**			●	We maintain a slight overweight to this category and rebalanced back into this space during April's downturn. We believe the secular bull market is still in place and look to add at times of weakness.
Risk Assets	Equities	**Developed Ex-US**	●			We retain a slight underweight, but within it, we move to a slight overweight to foreign large growth in June's rebalance. The shift keeps the portfolio's growth profile given the reduction in U.S.. Mid Caps.
Risk Assets	Equities	**US Mid & Small Cap**		⊖		We reduced Mid Cap to neutral in June. The potential for a slowing U.S. economy has us trimming this position to fund our Ultrashort Bond increase. Small Cap remains at neutral with a tilt towards value.
Risk Assets	Equities	**Emerging Markets**	●			Tariff uncertainty has us maintaining an underweight to this category, as we prefer developed international equities who tend to have a more diversified revenue sources.
Risk Assets	Alternatives (Equity Based) & Real Assets	**Real Estate**		●		REITs have shown signs of bottoming and current income is attractive. But data center buildout concerns and a Fed that may keep rates higher for longer has us maintaining our neutral position.
Risk Assets	Alternatives (Equity Based) & Real Assets	**Commodities/Natural Resources**		●		We retain our neutral stance favoring foreign large value and U.S. large growth as a better blended approach to inflation tempering and an economy showing signs of cooling.

Wealth Management
90-92 Main Street
Wellsboro, PA 16901

Quarterly Market Recap & Outlook Second Quarter, 2025

C&N VANTAGE POINT

Wealth Management
90-92 Main Street
Wellsboro, PA 16901
cnbankpa.com | 570.724.0243

Philip A. Prough, CIMA®, CFP®
SVP/Chief Investment Strategist
PhilipP@cnbankpa.com

Jay M. Over, CFA, CIPM
Investment Strategist
JayO@cnbankpa.com

Craig Morgenstern, CFA, CFP®
Senior Investment Officer
Craig.Morgenstern@cnbankpa.com

C&N
Vantage Point
on the markets

Listen to the latest C&N Vantage Point Podcast

C&N Vantage Point provides an in-depth look at C&N's Wealth Management investment and financial planning strategies. Discussions include our current portfolio positioning, outlook for the month and thoughts on the markets.

cnbankpa.com/Vantage

Scan with phone