Churchill Management Group

Monthly Market Update

June 11, 2025

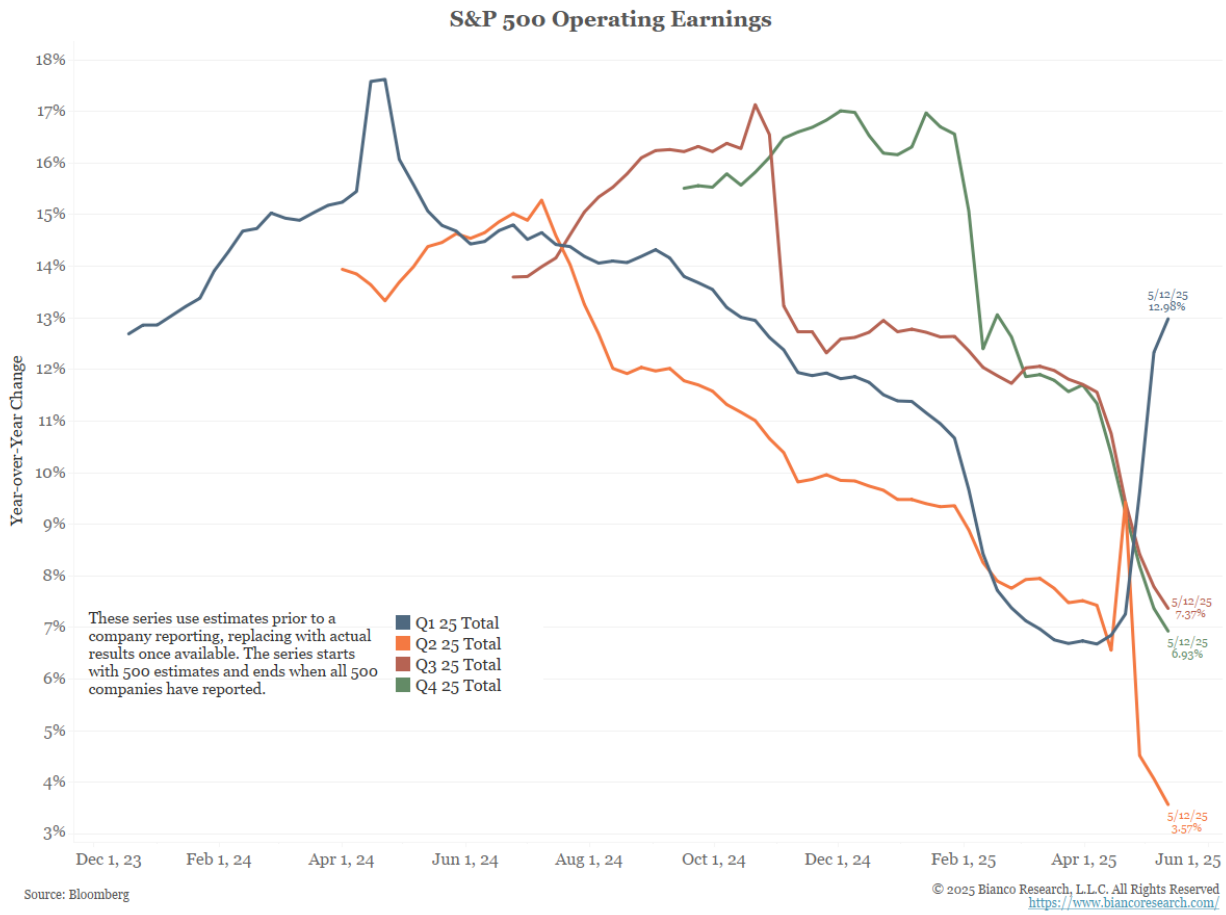
TACTICAL STRATEGIES

PREMIER WEALTH TACTICAL & PREMIER WEALTH TACTICAL CORE

Stocks have continued their strong bounce back from the lows that were driven by tariff concerns, gaining roughly 7% since the start of May. While trade tensions persist, investors have learned to look past the political turmoil and focus instead on the resilient “hard” economic data, which has been unexpectedly strong.

While the drama in Washington continues - tariffs are on, tariffs are off - talks are on, talks are off - sharp responses to the headlines have seemed to calm down. A big part of that is understanding the current administration’s style: start loud, negotiate hard, and then back off. In some sense, the markets now see the noise as the normal course, and many believe the worst case may already be priced in, leaving upside if the worst doesn’t happen.

Helping matters has been a strong economic performance. Stock earnings were very good in Q1. S&P stocks grew earnings by almost thirteen percent in the quarter. Expectations as late as March 31 were for seven percent growth. Stocks love pleasant surprises.



GDP forecasts point to a strong second quarter, labor markets remaining stable, and recent inflation data coming in softer than expected. A key contributor to easing inflation has been the decline in energy prices, which continues to exert significant influence on overall price levels.

Still, the political wildcard remains in play. Recent tension between President Trump and Elon Musk is a reminder of how quickly things can shift. Trade negotiations are progressing, but with the July 9th deadline tied to the 90-day pause approaching, any breakdown in talks could rattle investor confidence, at least temporarily.

Meanwhile, a proposed tax bill—broadly seen as stimulative in the short term—raises concerns about long-term deficits. If the bond market grows uneasy about rising debt levels, it could drive interest rates higher, though for now, yields have remained surprisingly steady.

There is some market risk here in that the markets have priced in the tax bill assuredly passing. It would be seen as a setback if it didn't.

From a market structure standpoint, conditions remain constructive. After a strong rebound in April, we've spent the last month consolidating. That's actually healthy. Encouragingly, major indices have held above key technical levels like the 200-day moving average, and we may be on the verge of another breakout. While trading volume has been light, that hasn't impeded recent stock market rallies.

Looking Ahead

If trade tensions ease—or at least avoid escalation—there's a solid case for continued upside. A new tax bill, stable job growth, and lower oil prices could all support demand and help extend the current run.

For now, we remain optimistic, but not blind to the risks. We're watching yields, trade progress, and earnings trends closely, and continue to position portfolios to balance growth potential with downside protection.

TACTICAL OPPORTUNITY

On confirming strength in the market, we bumped our percent invested higher in May. Uncertainty has subsided substantially since April, and economic data has remained resilient. Strong moves from technology players in Nvidia, Zscaler, and Crowdstrike helped bolster the portfolio. We continue to lean Growth over Value with an emphasis on Technology.

FULLY INVESTED STRATEGIES

ETF SECTOR ROTATION

In May, the S&P 500 posted solid gains amid a resilient economy and softening inflation data. Market leadership narrowed with outperformance concentrated in Technology, while Energy and Utilities lagged amid falling oil prices and lower demand expectations. In the strategy, we increased Technology exposure in XLK and pulled from the underperforming Health Care sector. Overweighting Tech and Communications, while underweighting Real Estate and Utilities, continued to pay off.

EQUITY GROWTH OPPORTUNITY

May was a risk-on month led by the MAG-7 stocks, and that trickled down to most Growth and Tech stocks in general. That benefited the strategy with our high-growth names like Hims & Hers Health, Inc., Applovin Corp, Rocket Lab USA Inc, and Toast Inc. having big gains for the month. Even some pro-cyclical names like Seagate Technology saw rapid gains. The one area that has lagged is Healthcare, but overall, the strategy has held up well against the market for the year.

EQUITY GROWTH AND VALUE

We saw strong gains in Large-Cap Technology and AI-driven names bolstered the portfolio in May. Standouts like Nvidia, Microsoft, Broadcom, and Meta drove much of the upside. Amid the risk-on shift, the portfolio leans into momentum within the Technology sector and has had relatively little turnover in the recent month.

EQUITY DIVIDEND INCOME

The dividend strategy saw mixed performance as the market favored Growth over yield in May, although certain pockets held up well. Financial holdings in JP Morgan and ING posted strong gains, while stalwarts Philip Morris and AT&T serve as solid anchors in the portfolio.

RISK BLENDED STRATEGIES

Our Risk Blended Strategies are a combination of both Premier Wealth Tactical Core and ETF Sector Rotation. Please see the above commentary for more information on each strategy.

- **Churchill Moderate:** 70% Premier Wealth Tactical Core / 30% ETF Sector Rotation
- **Churchill Moderately Aggressive**: 50% Premier Wealth Tactical Core / 50% ETF Sector Rotation
- **Churchill Aggressive:** 30% Premier Wealth Tactical Core / 70% ETF Sector Rotation

For a full description of each strategy, please click here.

Best regards,

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