

Economic and Investment Newsletter

June 2025

Current Market Commentary

Since our May Economic and Investment Commentary, the following has taken place in the US:

Economic uncertainties remain with the tariff policies as they were paused to provide relief and negotiations for countries such as China and the EU. Market seems to remain positive on the potential inflationary effects of tariffs.

The U.S. lost its AAA credit rating for the first time in over a century. The downgrade is a result of concerns over the U.S. government's ability to fulfill its fiscal debt in the long run. Borrowing costs could be affected across business and government while inflation continues to pressure the Fed to remain cautious in reducing interest rates.

There are concerns the status of the Greenback as the world's safety currency could be affected and some countries might shift some of the reserve currencies to the Euro or the Japanese Yen.

Fintent Invest Strategy Outlook

At Fintent Invest, we continue to underweigh US centric investments and overweigh on EU as Germany prepares to increase significantly in military spending which has a potentially large impact on economic growth. We continue to focus on downside protection as volatility will continue in the next 36 months with deficit, stagflation, Fed rate cuts, tariffs hanging over investor's mind. We continue to focus on high quality corporate bonds and to minimize taking unnecessary credit risk.

Fintent Invest is focused on taking strategic interest rate risk that will produce the highest income for our income focused portfolios without compromising on credit quality. We are also avoiding high yield/below investment grade fixed income products and gaining exposures in non-U.S. companies that pays high dividends.

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