

The Pulse



Please see page 7 for our latest form ADV information.

november 2025
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What are we watching now? Everything, as usual. But there are a few concerns that rise to the top: tariffs, the action (or inaction) of the Federal Reserve, housing costs, AI, geopolitical uncertainty, the labor market, and of course the stock and bond markets.

That's a lot, but the world is a complicated place. We've got stock markets dominated by big-tech-AI stocks while investors worry that AI is in a bubble. Advocates of AI and its detractors both cite the massive amounts of spending on AI products and development as proof that they are right about the future of AI. Meanwhile Nvidia, which makes the chips for AI, has just declared a VERY profitable quarter.

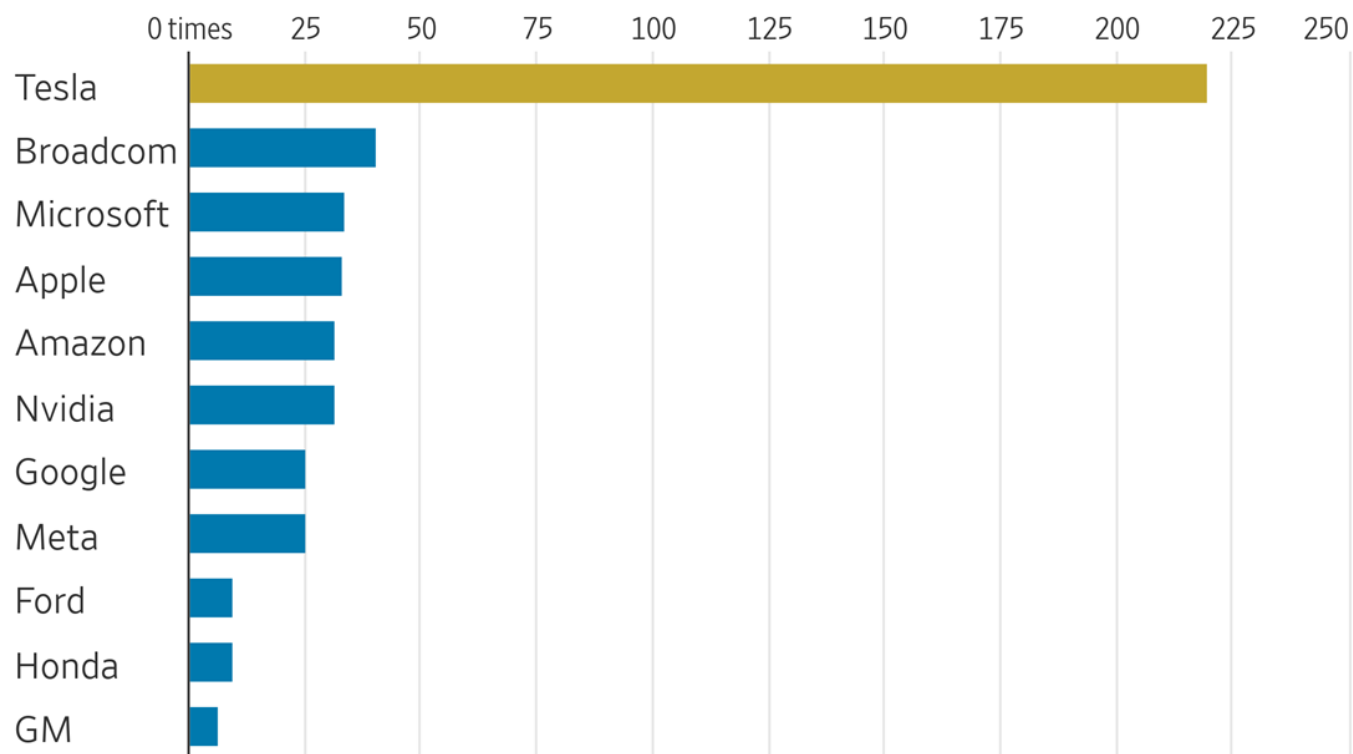
Consumer-sentiment surveys, like the one conducted by the University of Michigan, have fallen lately, except for sentiment in one population sector: those with large stock portfolios.

In addition, stocks, bonds, and investors are all watching the Fed to see what it will do next. The Federal Reserve Board meets again on December 9-10, and investors are hoping for a third rate cut. It is by no means assured, with inflation still higher than desired but the labor market showing weakness. I wouldn't want to be Fed Chairman Jerome Powell, but it's a very important job. Stay tuned and we'll keep you informed.

What this all means is that we are in a K-shaped recovery, with the wealthy doing better (and spending money) while the less wealthy are losing ground and worried about prices. The on-and-off again tariffs don't help, the confusion about SNAP benefits (do past recipients need to reapply?) hurts low-income families, and endless political infighting depresses us all.

But don't be distracted. Consumer spending drives our economy, and retailers are expecting a good holiday-shopping season (we hope). Congress and the Trump Administration are working on health-care affordability, and we hope something happens before long. We hope that Americans show kindness and helpfulness during the season. Best to you and yours!

Share price as a multiple of forward earnings



Source: FactSet

Chart from The Wall Street Journal as of 10/25/25

I would rather sit on a pumpkin, and have it all to myself, than be crowded on a velvet cushion. - *Henry David Thoreau*



Please note:

Your custodian will issue monthly statements for all accounts that have had activity that month. For accounts with no activity, statements will be sent quarterly. Online account values are updated daily. If you have any questions, call us!

Fourth Quarter Market Outlook

Markets begin the final quarter of 2025 in a decidedly positive macroeconomic environment as the Fed is cutting interest rates, tariffs have not disrupted the U.S. economy (so far), broader economic growth remains stable and investment enthusiasm for AI-linked tech stocks remains high. Those factors propelled stocks steadily higher throughout the third quarter, added to already-solid year-to-date gains for major U.S. stock indices and boosted investor enthusiasm.

However, while the current macroeconomic setup is positive, it should not be confused with a riskless environment and continued gains in stocks are not inevitable. And as always, there are risks to the markets and economy we must monitor.

First, the labor market is deteriorating and that is an economic risk that needs to be monitored closely. Numerous employment indicators, in addition to the monthly jobs report, are signaling a loss of momentum. For now, they are not at levels that would increase concerns about overall U.S. economic growth, but if we see the unemployment rate continue to rise, investors will become more concerned about the state of the U.S. economy and that could be an unexpected negative influence on the markets, as an economic slowdown is not currently anticipated by investors or analysts.

Additionally, inflation remains stubbornly high. Headline CPI remains just under 3.0%, solidly above the Fed's 2.0% target. Meanwhile, tariffs are now starting to impact broader parts of the U.S. economy and while analysts generally believe tariffs will produce only a one-time price increase and not create broader inflation, that outcome remains uncertain. Bottom line, there is a chance that tariffs further boost inflation in the fourth quarter and that could result in the Fed having to reconsider future rate cuts, which would produce a negative surprise.

Staying on tariffs, there remains substantial policy uncertainty with regard to trade and tariff policy. The Supreme Court will hear arguments on most reciprocal tariffs in November and if the Supreme Court upholds the lower court ruling invalidating tariffs, it could cause market volatility. While the removal of tariffs may initially boost stocks, it will also extend broader policy uncertainty, as the administration will likely try to reimpose tariffs using different legislation. Bottom line, markets embrace clarity and the longer trade policy uncertainty exists, the greater the chance that it becomes a headwind on growth.

Finally, AI and tech enthusiasm has driven the valuation of the S&P 500 to a historically high level. While elevated valuation, by itself, isn't a negative influence on stocks, the high valuation does underscore this reality: A lot of profit growth is priced into the largest tech stocks and if AI-related capital expenditures from major tech firms begin to decline or AI adoption disappoints investor expectations, it could be a substantial surprise negative for markets.

In sum, the macroeconomic environment is currently positive as the

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Senior Financial Advisor



economy and markets are benefiting from rate cuts, fiscal stimulus (via the One Big Beautiful Bill Act) and continued investor enthusiasm for AI-linked tech stocks. But we also recognize that risks remain on the periphery of both the markets and the economy.

At Diastole Wealth Management, we understand these risks and we are committed to helping you effectively navigate this investment environment. Successful investing is a marathon, not a sprint, and even bouts of intense volatility are unlikely to alter a diversified approach designed to meet your long-term investment goals.

How can you benefit from a drop in interest rates?

By Joseph DePatie CFA, CFP®

It's hard to go a day without hearing from the news media that interest rates are dropping. But what does that really mean—and perhaps more importantly, how can you benefit? In this article, I'll provide a brief overview of interest rate cycles, the role of the Federal Reserve, and the implications for your financial situation.

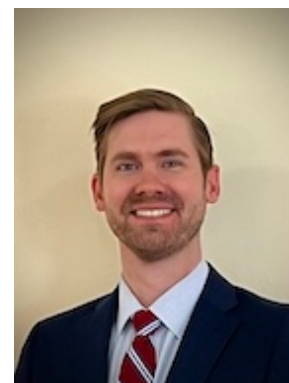
Interest rate fluctuations are a normal part of the economic expansion and contraction cycle. When times are good and perceived risk is low, lenders tend to be more willing to loan money at lower rates. Conversely, when economic conditions deteriorate and risk increases, lenders may charge higher interest rates—or stop lending altogether.

Lenders often get into trouble when too many loans are made during prosperous times. If the economy shifts and borrowers can no longer make payments, lenders may struggle to collect interest. If those lenders are banks, and customers hear about the bad loans, they may rush to withdraw their funds all at once—a phenomenon known as a “run on the bank.” Historically, such events led to customers losing their money.

Enter the Federal Reserve Bank (the Fed). Established by the Federal Reserve Act of 1913, the Fed was created as a lender of last resort to mitigate the risk of large-scale bank runs. Today, the Fed still serves that role, but it also has a dual mandate: to maintain stable prices and low unemployment.

To achieve these goals, the Fed adjusts short-term interest rates. During economic downturns, it lowers rates to stimulate borrowing and spending. When the economy overheats and inflation rises, it raises rates to cool price growth. These policy actions are collectively known as *monetary policy*—and they're closely followed by the news media. This fall, the Fed has lowered interest rates two times.

As interest rates decline, it's a smart time to review your current borrowing situation. Common consumer debt vehicles—such as mortgages, home equity lines of credit, personal loans, student loans, and credit cards—should all be evaluated to see if better options are available.



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Why You Can't Trade Onions on Wall Street: The Story Behind America's Most Regulated Vegetable

By: Samson S. Staff, Financial Advisor

If you've ever stared at a pile of onions in the grocery store and thought, "I should invest in those," you're not alone. In fact, for a brief, and chaotic, period in the 1950s, onions were a hot commodity on the Chicago Mercantile Exchange. But today? Onions are banned from futures trading in the United States.

That's right. You can trade pork bellies, orange juice, even frozen concentrated apple juice, but not onions. And the reason why is as tear-jerking as the vegetable itself.

The Great Onion Crisis of 1955

The ban dates back to a wild episode involving two Chicago traders: Vincent Kosuga and Sam Siegel. In 1955, the duo cornered the onion futures market. They bought up massive amounts of physical onions, millions of pounds, and simultaneously sold massive quantities of futures contracts betting that the price would crash.

Then, in a masterstroke of market manipulation, they flooded the market with their own onions, causing prices to plummet from \$2.75 to just 10 cents per 50-pound bag. Farmers were devastated. Warehouse owners were left with mountains of rotting onions. Kosuga and Siegel? They walked away with a fortune.

The scandal caused such a stink (literally and politically) that Congress took action.

Enter the Onion Futures Act

In 1958, President Dwight D. Eisenhower signed the **Onion Futures Act**, which made it illegal to trade futures contracts on onions in the U.S. It remains one of the only vegetables (or commodities, period) to receive this kind of federal attention.

The law is still on the books today, and onions remain the only commodity banned from futures trading.

But Why Onions?

Critics at the time (and even today) argue that banning onion futures wasn't about onions at all. It was about political pressure from Midwestern farmers who were wiped out by the manipulation. Others say it was an overreaction, noting that futures markets for other commodities, like oil and wheat, are just as prone to speculation.

Still, the ban has endured. In fact, attempts to repeal the Onion Futures Act have come up in Congress multiple times, but none have succeeded. It turns out no one wants to be known as the Senator who brought back onion speculation.

So What Now?

Onion prices today are determined by supply, demand, weather, and trucking costs, just like any other produce. But they lack the speculative layer that other agricultural commodities have. Some economists say that makes the market more volatile, not less, because farmers and distributors can't hedge their risks.

Still, for better or worse, onions are stuck in a regulatory limbo, a vegetable whose brush with Wall Street was so dramatic, it got banned for life.

Our thanks to Hannah Boundy, whose article, "The Onion King and Market Manipulation" from Sherwood Financial Partners inspired this report.



Changes to Social Security Taxes.

Clarifying a few facts about your Social Security Taxes. There is no permanent elimination of the Social Security tax, although the "One Big Beautiful Bill" enacted in July 2025 provides a temporary tax deduction that will reduce the tax burden on Social Security benefits for many seniors. •

Budgetary Restrictions: However, congressional rules regarding budget reconciliation bills, particularly the "Byrd Rule," prevented the direct elimination of Social Security taxes within the bill. •

Alternative Legislation: Instead of eliminating taxes, the "One Big Beautiful Bill" includes a temporary, income-based, bonus tax deduction for individuals 65 and older. The deduction allows many seniors to reduce their taxable income, potentially lowering or eliminating taxes on their Social Security benefits: a maximum \$6000 tax deduction applied directly to taxable income. There is phasing out at higher incomes, and it's not a dollar for dollar refund like a credit. Income phase-out begins at modified adjusted gross income of \$75,000 for singles and \$150,000 for joint filers. Higher income seniors may get a reduced deduction or none at all if their incomes exceed these levels. ◦

The White House Council of Economic Advisers estimates that 88% of older adults receiving Social Security benefits will pay no taxes on them under the new law, compared to 64% under previous law. ◦

Lower-income seniors may not see significant benefit, as many already pay little to no federal income tax on their Social Security benefits. ◦

This bonus deduction applies to taxpayers 65 or older and is in effect for tax years 2025 through 2028. Please always check with your tax advisor before filing your taxes.

Eniko Mikle
Senior Financial Advisor



Cold! If the thermometer had been an inch longer we'd all have frozen to death. - *Mark Twain*

For example, if you purchased a home in recent years with a mortgage, you may want to explore refinancing. If your current interest rate is 7.25% and you can refinance at 6.25%, that's nearly a 10% reduction in principal and interest payments. Those monthly savings could be redirected toward other bills—or added to your investment portfolio.

Consumers should assess their financial situation and consider strategies to improve cash flow. This might include paying off high-interest debt by leveraging lower-cost alternatives. Lower interest rates can also make large one-time purchases more affordable. Many people rely on auto loans to buy vehicles, and declining rates can reduce monthly payments. Financing options for appliances, home renovations, and even credit cards may also become more attractive.

At Diastole Wealth Management, we work closely with clients to gain a deep understanding of their debt landscape. This enables us to offer informed guidance on restructuring debt while minimizing exposure to interest rate risk. If you'd like to explore how you can benefit from declining interest rates, we'd be happy to speak with you.

Did You Hear... ?

- There is such a thing as Microsoft Competitive Excel. In fact there are World Championships for Excel users. The "athletes" are given a financial "case" in which they have to analyze financials and make prognoses. Millions watch remotely. Every five minutes the person in last place is eliminated. The winner gets... bragging rights?
- A tortoise at the Philadelphia Zoo gave birth to her first offspring at 100-years old. She is believed to be the oldest first-time mother of her species, according to the zoo. There were four hatchlings, and the brave 100-year old is named "Mommy".
- Want to know how you're aging? Try the sit-to-stand test. Sit in a firm, straight chair and see how many times you can stand up and sit again within 30 seconds. The average for people 60 to 64 is 14 (men) and 12 (women). The average for people 85 to 89 is eight. However, the average score for people 20-24 was more than 25 (men) and more than 24 (women). Practice, practice, practice.
- And speaking of aging, for a mere \$250,000 annually you can join a longevity clinic that promises to create a longer, healthier life for you. Treatments include hyperbaric oxygen therapy, stem-cell injections, and red-light therapy, which is supposed to stimulate cell regeneration, improve circulation, and reduce inflammation. Sign me up!
- Cities are recognizing how smart crows are and placing small dispensers at crow-level. Once the crow deposits a cigarette butt, he gets a snack. Result: cleaner streets and happier crows.

Form ADV

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My house is upside down, with the living room upstairs and the bedrooms below - to take advantage of the view for which I purchased this endless work-in-progress. My pets are the boss of me, which is why the best views are blocked by cat trees and dog beds. I am a proud foster failure!

The days are getting shorter and colder, and I am looking forward to winter. Not just for the skiing, but for the snuggling-in-at-home with my fur babies. The world seems more uncertain than ever, but barking is a constant.

As always, my dear clients and friends are also keeping me warm. Please call me if you get the urge - I am happy to hear from you. And I hope that this coming holiday season brings you warmth!

Elizabeth D. Eden
*Senior Financial Advisor
and CEO*

The information contained herein is the opinion of Diastole and is based upon news obtained from sources we deem to be reliable, but is not guaranteed by Diastole and is subject to change at any time based upon unforeseen company events or market conditions.

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