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THE ADVOCATE

The Price of Safety: America After AAA

Donor Advised Funds:
A Flexible Tool for Strategic Giving

Market Review

Golden Eagles Soar:
A Season to Remember at Tennessee Tech

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Table of Contents

A Note from the Principal

Dear Friends,

As we enter the final quarter of the year, the pace of headlines hasn't slowed, but our purpose remains the same: to keep perspective when the noise grows loud. This issue of The Advocate focuses on what "safety" really means—in investing and in the broader life of our country.

Our lead article looks at the recent U.S. credit rating downgrade and what it reveals about discipline, resilience, and trust. Ratings may change, but America's record of meeting its obligations and adapting through challenge remains strong. The story is less about a letter grade and more about the habits that sustain strength over time.

We also turn to the topic of charitable giving. Donor advised funds have become an increasingly valuable way to give strategically, aligning generosity with long-term planning in a manner that benefits both family and community.

As always, our market review steps back from short-term volatility to focus on process and perspective. In every season, disciplined investors find that patience and diversification remain their most reliable allies.

Finally, we take a moment to celebrate something close to home, Tennessee Tech's remarkable 8–0 start to the football season.

It's a reminder that teamwork, preparation, and belief in the mission still matter, whether on the field, in business, or in investing.

Thank you for your continued trust and confidence. We are honored to walk beside you and look forward to the opportunities ahead.

Warm Regards,

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President

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The Price of Safety: America After AAA

Wayne Cravens

When a storm rolls in over the river, the old hands don't spend their energy debating the weather report. They check the moorings, trim the sails, study the channel markers, and keep enough respect for the water to know it will do as it pleases. Markets, like rivers, remind us that safety is not a feeling; it is a posture. For much of our investing lives, the shorthand for that posture in America has been the quiet confidence that U.S. obligations would be honored-our "full faith and credit." The tidy label of "AAA" made that confidence legible to the world, but the label was never the substance. It was a symbol that pointed toward a deeper character: a nation that, even when It stumbles, gets back up and pays what It owes.

So what are we to make of America after ''AAA" - of the seasons when the badge is scuffed or the commentary grows impatient with our fiscal housekeeping? First, we can acknowledge what the headlines sometimes obscure: symbols matter because they carry memory. Ratings say something about numbers, yes, but they also say something about habits. They ask whether a people can govern themselves with restraint as well as ambition, whether they can argue without breaking trust, and whether they will do the unglamorous work of aligning promises with resources. A downgrade is not a verdict on destiny; it is a mirror held up to the present.

Mirrors can be irritating. They show us the late-night decisions, the shortcuts, the incremental trades against tomorrow. But a good mirror is a gift. Families use them to course-correct: to right-size expenses, to rebuild margin, to restore old disciplines that once came naturally. Nations are larger, noisier families. We quarrel about priorities; we negotiate our way forward; we occasionally flirt with brinkmanship and call it strategy. That is not new, and it need not be fatal. What matters is whether we remain a people who, when the chisel of consequence meets the marble of reality, choose craftsmanship over vanity.

For investors, the price of safety after "AAA" is both literal and Instructive. Literally, it often means higher yields to own what the world still treats as its most liquid and dependable asset. That can bruise existing bond prices, which makes the headlines, but it also improves the forward prospects for savers and balanced portfolios, which rarely does. A retiree living on income can welcome the return to income; a foundation with long obligations can once again build those obligations on sturdier math. The market's way of insisting on discipline is to raise the toll for shelter. When we pay it, we receive the shelter.

More instructively, the price of safety reminds us to keep the difference between safety and certainty clear in our minds. Safety is a function of character-of sound process, prudent diversification, quality balance sheets, sensible duration, adequate cash. Certainty is a story we tell ourselves when we grow tired of ambiguity. Markets offer the former to the patient; they never offer the latter. We honor our clients most when we build plans that are resilient under Imperfect conditions rather than elegant under Ideal ones. That is the dally craft of risk management: not erasing risk, but locating it where it is understood, compensated, and survivable.

History helps. America has seen downgrades, budget standoffs, Inflation scares, banking jitters, and the occasional bout of national melodrama. Each time, the republic's underlying strengths-rule of law, deep and transparent markets, a bias toward innovation. and ultimately a culture that mends what It frays--reassert themselves. Not immediately, not painlessly, but reliably enough that long-term Investors who kept their keel in the water were rewarded. The lesson is not that we are immune to consequence; It Is that we are still disposed toward repair.

What does that disposition ask of us now? It calls for a return to old virtues, lived In modern ways. In portfolios, that looks like emphasizing high-quality enterprises at sensible valuations-businesses with cash flows you can understand and management teams that treat capital as dear. It looks like fixed income that does Its Job again: lending to strong borrowers for clear purposes at fair prices and reasonable maturities. It looks like tending the garden of taxes with attention and modesty-harvesting losses when volatility gives you the chance, placing assets where they belong, and letting compounding do the heavy lifting. And it looks like maintaining genuine liquidity: not as an excuse to time markets, but as a tool to meet life's needs without turning temporary storms Into permanent losses.

Beyond the portfolio, the price of safety invites a more mature civic posture. We can ask more of our leaders without asking the impossible. We can reward compromise rather than celebrity, stewardship rather than spectacle. We can remember that a republic is designed to be corrected by its citizens and that capital likes clarity more than it likes perfection. I am old-fashioned enough to believe that thrift, gratitude, and straight talk still move needles. They certainly move families toward strength; I suspect they do the same for nations.

There is also a spiritual dimension to all of this that our grandparents grasped intuitively. They understood that blessings become brittle when they are presumed upon. Our deep capital markets, our technological vitality, our standing in the world—these are not entitlements. They are the compounded result of choices, sacrifices, and repairs made by people who came before us. We honor that inheritance when we steward rather than consume it, when we make room for the next generation to find both opportunity and guardrails, and when we refuse to let short-term emotion rewrite long-term purpose.

Some will hear all of this and say, “That sounds cautious.” Good. Caution is not fear; it is respect -respect for cycles, for arithmetic, for the stubborn truth that money takes time to become wealth. Our work is not to outshout the news. It is to build a plan that can outlast It. The plan will be unglamorous in the details: savings rates that are adequate, spending that fits the season, debts that serve rather than command, insurance that protects what cannot be easily replaced, documents that say what you mean when you cannot speak for yourself. None of that makes headlines. All of it makes families resilient.

So yes, the badge may read a touch differently than it once did. The toll for safety may be a little higher. Yet the lighthouse still throws its beam across the channel, and the markers still show a way through. For our clients and friends, the counsel is unchanged in its aim and sharpened In its urgency:

- Hold fast to quality you can explain.
- Diversify with humility, at home and abroad.
- Use volatility as a servant-rebalance, harvest, and improve.
- Keep liquidity enough to meet life without selling your future.
- Measure progress in years and decades, not in episodes.

I will not promise calm waters. I will promise our steady hand on the tiller. America after "AAA” is still America—capable of foolishness, certainly, but also of repentance and repair. We have been a people who argue and then go to work. Let us be that people still. And as we are, may our Investments and our lives reflect1he deeper safety that ratings can hint at but never confer: the safety that grows from character, community, and the dally decision to do the next right thing.

Donor Advised Funds: A Flexible Tool for Strategic Giving

Caleb Rouse

Charitable giving has always been a reflection of gratitude and purpose — a way to support causes we care about while aligning generosity with thoughtful financial stewardship. In recent years, more families have discovered a tool that allows them to simplify their giving, maximize tax efficiency, and build a lasting legacy of philanthropy: the Donor Advised Fund, or DAF.

What Is a Donor Advised Fund?

A Donor Advised Fund is a charitable investment account established for the sole purpose of supporting qualified nonprofits. When you contribute cash, appreciated securities, or other assets to a DAF, you receive an immediate tax deduction. The assets then grow tax-free within the fund and can be granted to charities over time, at your discretion.

In essence, a DAF allows you to separate the timing of your tax deduction from the timing of your gifts, giving you flexibility to plan your charitable impact more intentionally.

How It Works

1. **Contribute:** You make an irrevocable contribution to your DAF — cash, stock, or other assets such as real estate or business interests.
2. **Deduct:** You may claim a charitable deduction in the year of the contribution (subject to IRS limits).
3. **Grow:** The assets can be invested for potential tax-free growth, increasing the pool available for giving.
4. **Grant:** Over time, you recommend grants to qualified public charities of your choosing.

This structure creates a simple, centralized platform for managing your philanthropy while keeping your tax and estate planning efficient.

Strategic Benefits

For many, the appeal of a DAF lies in its flexibility and simplicity. A few advantages stand out:

- **Tax Efficiency:** Donating appreciated securities avoids capital gains taxes, potentially increasing the amount available for charity while reducing your tax liability.

- **Timing Flexibility**: You can make a large, tax-deductible contribution in a high-income year and distribute grants later, when you have more time to select causes.

- **Legacy Planning:** You can involve children or grandchildren in recommending grants, creating a family tradition of giving and shared values.

- **Administrative Ease:** The sponsoring organization handles recordkeeping, reporting, and compliance — freeing you to focus on where your gifts can make the greatest impact.

When It Makes Sense

DAFs can be particularly powerful in certain seasons of life:

- **During a liquidity event** — such as selling a business or large asset — when charitable giving can help offset the resulting tax impact.

- **When transitioning from accumulation to distribution** — allowing retirees to make charitable gifts now while preserving simplicity in future years.

- **As an alternative to a private foundation —** offering lower costs, less complexity, and immediate deductibility, while maintaining meaningful donor involvement.

A Legacy of Purpose

Philanthropy is about more than tax planning; it's about expressing values that extend beyond our lifetime. A Donor Advised Fund offers a thoughtful way to align generosity with strategy — giving today while planning for tomorrow.

Market Review

Woody Welch

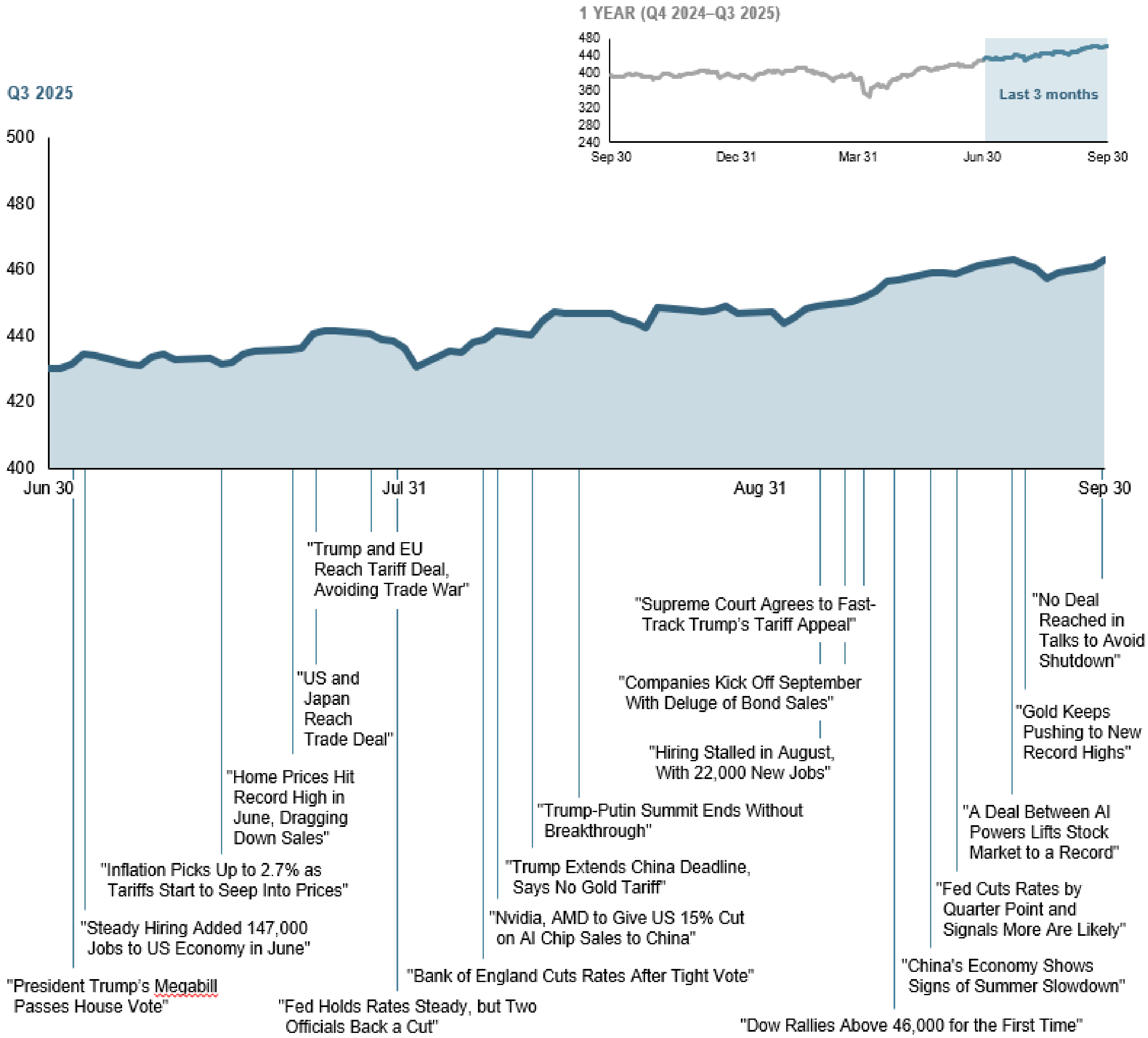
Global equity markets continued their ascent in the third quarter, driven by strong corporate earnings growth and expectations of easing monetary policy. Despite investor concerns related to a slowing economy, tariffs, and a looming government shutdown, the S&P 500 gained 8.1% over the quarter, lifting its year-to-date return to over 14.8%. The tech-heavy Nasdaq posted a 11.4% return, lifted by continued optimism around AI-driven productivity and capital investment in cloud infrastructure. Large-cap growth stocks (Russell 1000 Growth) were up 10.5% nearly doubling value stocks' (Russell 1000 Value) 5.3% gain. Small-cap stocks (Russell 2000) had a strong quarter (up 12.4%), outperforming large-cap stocks amid hopes that lower interest rates would benefit the asset class.

Internationally, developed market stocks (MSCI EAFE) gained 4.8% in the quarter, lifting its year-to-date return to over 25%. Emerging markets (MSCI EM) rose 10.6% in the quarter and are now up more than 27.5% year to date. Gains in the quarter were driven largely by easing global financial conditions and attractive valuations. Year to date, developed international and emerging market stocks are still outperforming domestic stocks, thanks to a roughly 10% decline in the U.S. dollar.

In the U.S. fixed-income market, after holding rates steady for the first eight months of the year, the Federal Reserve resumed rate cuts in September. Against this backdrop, investment-grade core bonds finished the quarter up 2.0% (Bloomberg US Aggregate

World Stock Market Performance

MSCI All Country World Index with selected headlines from Q3 2025



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2025, all rights reserved. Index level based at 100 starting January 2000.
It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio.
Past performance is not a guarantee of future results.

		Change From Previous Period				
JOLTS-based Labor Market Indicators	Current	Previ-ous Re-	3 Month s Ago	6 Month s Ago	12 Months Ago	2019 Aver-age
Quit Rate	2.00%	0.00%	0.00%	0.00%	-0.10%	-0.30%
Layoff Rate	1.10%	0.00%	0.00%	0.00%	0.00%	-0.10%
Hiring Rate	3.30%	0.00%	-0.20%	-0.10%	-0.10%	-0.60%
Job Openings Rate	4.50%	-0.10%	-0.10%	-0.40%	-0.20%	-0.20%

Source: Bloomberg. Data as of

Bond), while high-yield bonds were up 2.4% (ICE BofA US High Yield).

Investment Outlook and Portfolio Positioning

Markets are always reacting to news, but today it feels even more pronounced. Every data release, policy comment, or geopolitical headline seems to carry an outsized influence on investor sentiment. This heightened sensitivity seems justified, as investors try to determine the path forward.

Against this noisy backdrop, there are reasons for optimism. One important tailwind comes from monetary policy. The Federal Reserve's recent rate cut, after a prolonged pause, provides a constructive backdrop for both equities and bonds. Lower rates reduce borrowing costs for consumers and corporations, potentially fueling further investment and spending. History also offers perspective.

The consumer also remains a source of strength. The U.S. economy is primarily driven by consumption, often described as the backbone of growth. Spending has held up well across much of the economy, even after adjusting for inflation. While income and spending levels are not distributed equally, i.e., there are meaningful disparities across households, overall consumption has been supported by real wage growth that has outpaced inflation in many segments. This has enabled households to absorb higher costs without meaningfully pulling back. Balance sheets, meanwhile, remain generally healthy, the result of higher brokerage accounts and stable housing values.

Corporate fundamentals add another layer of support. Earnings growth rose 11.7% in the second quarter, making it the third consecutive quarter of double-digit growth. Many companies reported expanding margins, improved efficiency, and positive forward guidance.

Of course, risks remain. We are closely monitoring the labor market. Key indicators such as quit rates, layoff rates, and initial unemployment claims have all flatlined. We seem to be at stall speed, and conditions could shift either way, so we're monitoring developments closely, especially the unemployment rate.

Since April, job gains averaged around 53,000 per month, which aligns closely with estimates of breakeven job levels needed to keep unemployment steady. We are not yet seeing broad-based layoffs or the kind of deterioration that typically signals an outright downturn. In the table above, we show some current key labor market stats compared to prior periods.

Deciphering the job market data is not as easy as reading the headlines. In recent years, immigration has led to large swings in labor supply and distorted the relationship between payroll growth and unemployment. When labor supply expanded quickly in 2023 and 2024, job gains looked strong but were outpaced by labor force growth, leading to higher unemployment. Conversely, when supply growth slowed in late 2024 and early 2025, job growth weakened but the unemployment rate held steady. More recently, employment growth has slowed further, yet the number of job seekers remains roughly in line with available jobs. The key point is that payroll growth can look strong when conditions are deteriorating and appear weak when the market is relatively balanced. Today's combination of modest job growth and a stable unemployment rate suggest the labor market is slowing but not collapsing. We continue to watch the data closely for signs of further weakening.

Of course, we are mindful that exuberance can push valuations beyond reason. Excessive risk-taking and investor optimism will always have the potential to drive markets to extremes. However, there are sound, structural reasons why equilibrium multiples today are higher than in previous decades. A fair base-case multiple is likely in the low-20x range, with peaks in the upper-20s and troughs closer to the historical average of 17x. Today, valuations are at about 22x forward earnings, which is high relative to history.

Within bond markets, after holding rates steady for the first eight months of the year, the Federal Reserve resumed rate cuts in September. The Fed stated the cut was "risk management," taking a more cautious stance toward slowing growth and softening labor conditions. Yet the path forward remains far from certain. While the Fed emphasizes data dependency and balancing the risks of inflation versus economic growth, markets are pricing in a more aggressive easing trajectory.

Today's environment suggests maintaining flexibility, emphasizing credit selectivity, and closely monitoring economic data that will shape market expectations. We are maintaining meaningful exposure to core investment grade bond funds, given attractive starting yields and potential downside protection.

Closing Thoughts

We enter the final quarter of the year with both opportunity and uncertainty. Equities are supported by resilient earnings, healthy consumer demand, and a more accommodative Fed, yet valuations remain elevated, and policy debates loom large. In fixed income, tight spreads reflect strong corporate fundamentals even as fiscal pressures and policy divergence create risks at the long end of the curve. Labor markets are softening but not collapsing, reinforcing the view that growth is slowing rather than outright stalling.

This is a moment to stay disciplined. Near-term volatility and policy noise will likely continue, but fundamentals (i.e., healthy balance sheets, consumer spending, and improving breadth in equity markets) are providing a constructive backdrop. We continue to maintain diversified portfolios, balancing risk and opportunities, and positioning to benefit from long-term secular trends while staying alert to evolving macro and policy risks.

We thank you for your continued confidence.

Golden Eagles Soar: A Season to Remember at Tennessee Tech

Taylor Anderson

It's been a season unlike any other in Cookeville. As the crisp fall air settles over Tucker Stadium, the Tennessee Tech Golden Eagles stand undefeated at 8–0—a milestone few could have imagined just a few short years ago. This remarkable run has stirred pride across campus and throughout the Upper Cumberland, reminding us of what can happen when a community unites behind its team.

Behind this success story lies a quiet but powerful transformation. Over the past year, the Golden Eagle Collective has helped usher in a new era for Tech athletics—one built on shared purpose, collaboration, and forward thinking. Through recent changes to revenue sharing and the evolving structure of athletic support, the program has found new ways to strengthen its foundation. The early results speak clearly: improved recruiting, renewed energy, and a culture of confidence that shows both on the field and off.

The sense of connection has grown as well. The introduction of Monday "Chalk Talks" has become a favorite new tradition for fans and supporters alike. These gatherings offer an inside look at the program—where coaches share strategy, stories, and the kind of thoughtful insight that turns spectators into students of the game. In an age when college sports can feel increasingly commercial, these evenings bring the focus back to what makes Tennessee Tech special: community, humility, and shared pride.

As the Golden Eagles continue their historic season, there's a sense that something larger is taking shape. This isn't simply about football—it's about the enduring strength of a university and a town that believe in one another. When Golden Eagle Nation stands together, it reminds us that progress is rarely about chance. It's the product of steady effort, clear vision, and the deep ties that bind a community to its own.

For now, the stands are full, the energy is contagious, and hope runs high. Whatever the rest of the season holds, these Golden Eagles have already given Cookeville something lasting: a reason to stand tall, proud, and united in purple and gold.

As a firm deeply rooted in this community, we're proud to see the same values that guide our work—discipline, preparation, and vision—reflected so clearly on the field. However the season ends, the Golden Eagles have already given Cookeville a reason to celebrate and believe.

Your Financial Advocate

You have goals you want to achieve… places you hope to go… things you want to do… people you desire to spend time with.

These dreams have motivated you over the years to work hard and to sacrifice.

Fully realizing your dreams also takes planning and execution to get them "over the top".

Whether you aspire to…

> ...travel the world with your spouse…
>
> …spend more time on hobbies like flying, cooking, or wine collecting…
>
> ...live on a ranch in the country or a cabin in the mountains…
>
> ...create a legacy for your children and grandchildren…
>
> ...support the charities and causes that you hold dear...

We can help you create and execute a comprehensive plan for financial success. One that will give you the confidence to spend your free time on the other things that are important to you.

At Cravens & Company Advisors, our mission is to help successful individuals and their families realize and enjoy their life goals. We are an SEC-Registered Investment Advisor that combines holistic planning, personalized investment management, tax and estate strategies, and business planning with a proactive, solutions-oriented mindset. The result is a fiduciary with a plan and a culture centered on your success; however you define it.

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Our goal is to provide each client with the leadership, relationship, and creativity needed to allow them to achieve their life's goals and, even more importantly, the confidence to enjoy the journey. After all, what is the point of all the work and worry if you do not get the satisfaction of realizing the results?

At Cravens & Company, we have a team that is by design, ready to work for you. If you have complex financial issues and/or desire a relationship of this type, please contact us to arrange an introductory meeting. We can be reached at 931-528-6865 or by email at info@cravensco.com.

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WEALTH MANAGEMENT