American State Bank & Trust
Trust Department Quarterly Update
October 2025

Stock and Bond Markets

Stocks continue to do well, with communication services, technology, industrials, utilities, and international stocks leading the way so far in 2025. Technology stocks, especially what is known as the magnificent seven (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla), have certainly been the primary driver of returns for the past few years. Below is information from J.P. Morgan regarding past performance of those 7 stocks compared to the S&P 500 stock index. There are a few takeaways from this information. It is important to have exposure to the technology sector, due to the exponential growth that artificial intelligence has and may continue to provide. On the other hand, it is likely that the rest of the S&P 500 may soon outperform technology stocks since one sector doesn't typically outperform the rest for an extended period. Neither of those thoughts is a guarantee, and it is impossible to accurately predict, so as always it is best to be diversified and benefit from whichever sector is currently outshining the rest of the markets.

Performance of "Magnificent 7" stocks in S&P 500

Indexed to 100 on 1/1/2021, price return

Returns	'21	'22	'23	'24	'25 YTD
S&P 500	27%	-19%	24%	23%	14%
S&P 500 ex-Mag 7	23%	-12%	11%	14%	11%
Magnificent 7	40%	-40%	76%	48%	18%
*Share of returns***	*33%*	*56%*	*63%*	*55%*	*45%*

J.P.Morgan ASSET MANAGEMENT

Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. S&P 500 ex-Mag7 is calculated by backing out a weighted average Mag 7 price return from the S&P 500 price return. Share of returns represents the Magnificent 7's contribution to the index return.

International stocks have continued to do well, outpacing US stocks in 2025. It has long been forecasted that international stock markets may have a period where they outperform U.S. stock markets due to stock valuations. Whether that continues or not, it is recommended for investors to have a portion of their portfolio invested in international stocks to improve diversification and long-term performance.

See the next page of this newsletter for information regarding our investment portfolios, which have a portion invested in technology and international stocks.

Bonds have been doing well in 2025. They should continue that trend in a decreasing interest rate environment and play an important role in a diversified portfolio.

Interest Rates

The Federal Reserve lowered the Fed Funds rate from approximately 4.25% to 4.00% at its September meeting, down from its peak of 5.25% in 2024. Market predictions currently point to rates continuing to decrease with it being forecasted that the Fed may make additional cuts at its November and December meetings and continue to bring rates down in 2026. We do not anticipate getting back to 0% to 1% rates in the foreseeable future, but it could come down to somewhere around 2.75% to 3.50% in the next year. Decreasing interest rates are typically good for stocks and bonds. If you have CD or money market balances and are looking to make more of a return, let us know and we can discuss options with you.

Investment Portfolios

Did you know that we provide you with the ability to invest in diversified investment portfolios that we monitor and manage based on your risk tolerance? Not only does it take the picking and choosing off your shoulders, but it is also professionally managed and designed to outperform benchmarks over the long term. Below is how they have performed as of the end of June compared to the corresponding benchmark provided by Morningstar, which is a highly regarded third party company that provides investment research. Contact your account officer to begin utilizing our investment portfolios if you are not currently.

American State Bank & Trust Model Portfolios	3 Yr	5 Yr	10 Yr
Very Conservative Model (20% Equity/80% Fixed)	8.89%	2.90%	4.30%
Conservative Model (40% Equity/60% Fixed)	12.05%	5.44%	6.51%
Moderate Model (60% Equity/40% Fixed)	15.11%	7.83%	8.59%
Aggressive Model (80% Equity/20% Fixed)	18.55%	10.41%	10.71%
Very Aggressive Model (95% Equity/5% Fixed)	21.00%	12.35%	12.14%

Morningstar Target Risk Indexes	3 Yr	5 Yr	10 Yr
Morningstar Conservative Target Risk (20% Equity/80% Fixed)	8.21%	2.38%	3.87%
Morningstar Moderately Conservative Target Risk (40% Equity/60% Fixed)	11.47%	5.15%	6.06%
Morningstar Moderate Target Risk (60% Equity/40% Fixed)	14.51%	7.61%	7.87%
Morningstar Moderately Aggressive Target Risk (80% Equity/20% Fixed)	17.59%	10.17%	9.68%
Morningstar Aggressive Target Risk (95% Equity/5% Fixed)	20.13%	12.29%	11.06%

The American State Bank & Trust Investment Portfolios based on risk tolerance were established in 2014. These returns take the portfolio inception and subsequent allocation changes into consideration.

Past performance does not guarantee future results. Returns for periods greater than one year are annualized, which means on average the portfolio had a return of the figure presented each year over that span of time.

Want To Visit?

With the end of the year fast approaching, let us know if there is anything we can do to help you with tax planning, gifting, contributions to retirement accounts, or estate planning. If you have any questions or would like to discuss anything regarding your account, please do not hesitate to reach out. Your account Officer’s contact information is listed on your statement. We can meet with you in person, by phone or email, or we can set up virtual meetings with you. We appreciate your business and hope you and your family are doing well.

We are reminded of the saying that the only constant in life is change. Brittany Lyons accepted a position elsewhere outside of banking, and we wish her the very best. If Brittany was your account Officer, your current account Officer’s contact information is listed on your statement. You can rest assured that we have a knowledgeable staff maximizing your assets’ performance.

Online Account Access and E-Statements

Did you know online access is available to you for your accounts in the Trust Department? It is updated daily so there is no need to wait for your next statement to find out how your account is doing. We also recommend that you elect to receive e-statements in your online account. You will receive them much faster compared to the mail and online access is very secure, more so than a paper envelope. To get set up for online access please see the brochure sent to you in July. If you don’t have that information, contact us and we will gladly provide you with it.

Muni Bonds

The interest rates that CDs and money market products pay is great, but are taxable and when you file your tax return you may be surprised at how much you need to pay in. Are you interested in reducing the amount of federal income taxes that you have to pay? We are continuously looking for innovative ways to help our clients, and for many of our clients we utilize a blend of municipal bond funds, also known as munis, which provide you with a safer alternative to traditional stock and bond investments. The best part is that the income it generates is exempt from federal income tax. Muni bonds are basically loans to states, cities, counties, and other governmental entities to fund day-to-day obligations and to finance projects such as building schools, highways, or sewer systems. It involves slightly more risk than CDs with fluctuations in market value and therefore provides you with more income.

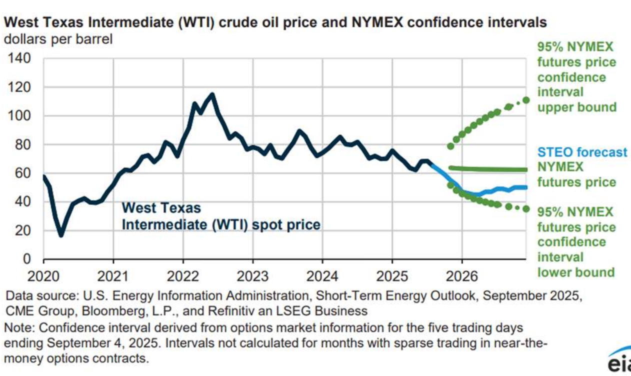
As of 9/30/2025, the 1 year CD rate is 4.10% and, using a round number, let's say you pay 40% in taxes. The net return after taxes on that 1 year CD would be approximately 2.46% after taxes. If your tax rate is 35% your net return is 2.67%, if your tax rate is 30% your net return is 2.87%, and if your tax rate is 25% your net return is 3.08%. Our muni bond fund portfolio pays 3.95% as of 9/30/2025, and that is exempt from federal taxes, which means you would have a higher net yield with muni bonds than you would with CDs or money market.

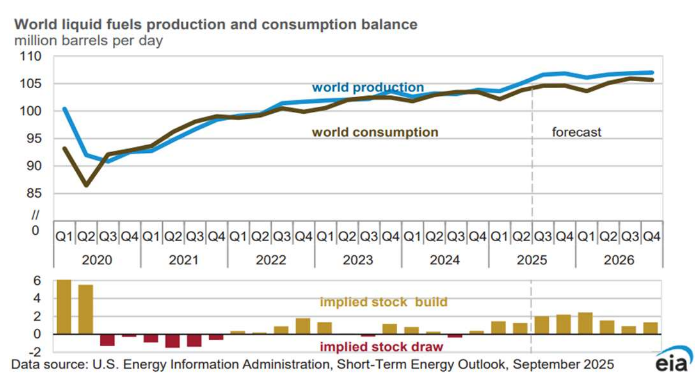
Oil Update

West Texas Intermediate (WTI) is at approximately $62 per barrel as of the end of September. Through the first 9 months of 2025 it has had a range of $58 - $80 and averaged $67.25. In 2024 it averaged $76.50, 2023 it was $77.50, and in 2022 it was $94.90. The U.S. Energy Information Administration (EIA), which is the statistical agency of the Department of Energy, forecasts WTI to be around $64 in 2025 and $48 in 2026. In March 2025, the North Dakota legislative budget projected oil at $59 in FY 2026 and $57 in FY 2027. These low projections are largely due to predictions that supply will be higher than demand. These forecasts are good to be aware of, but they are speculative and can change on a dime. Oil prices at these levels should continue to foster oil activity in the area.

There are 33 drilling rigs in North Dakota as of the end of September, compared to an average of 38 drilling rigs in 2024, 40 in 2023, 40 in 2022, and 22 in 2021.

Leasing and drilling activity has been expanding into northern Williams County, Divide County, and into Montana. In addition, well operators may drill additional wells within spacing units that already have a well. The future remains very bright for mineral interests in the area.





U.S. Energy Information Administration | Short-Term Energy Outlook - September 2025

	2024				2025				2026				Year		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2024	2025	2026
Crude Oil (dollars per barrel)															
West Texas Intermediate Spot Average	77.50	81.77	76.43	70.74	71.85	64.63	65.14	55.41	45.97	46.33	48.68	50.00	76.60	64.16	47.77

Trust Department Services

Trusts
- Living Trusts
- Testamentary Trusts (Through Last Will & Testament)
- Mineral Trusts
- Farm Trusts
- Life Insurance Trusts
- Foundations
- Charitable Trusts
- Special Needs Trusts

Investment Accounts
- Managed Investment Account
- Custody Investment Account
- Mineral Management
- Farm Management
- Real Estate Management
- Cash Management

Estate Settlement and Administration

Individual Retirement Accounts (IRA)
- Traditional IRA
- Roth IRA
- Rollover IRA
- Inherited IRA

Retirement Plans
- 401(k) Plan
- Profit Sharing Plan
- Solo 401(k) Plan
- Simple IRA Plan
- Simplified Employee Pension Plan (SEP)

Conservatorships

College Education Savings
- Coverdell Education Savings Account (ESA)
- Education Trust

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