

April 25, 2025

Greetings Clients and Friends,

The first quarter of 2025 has come and gone and spring is here. We hope this finds you doing well.

As you all know, 2023 and 2024 had been pretty smooth sailing for us as investors. The election came and went and the stock market rallied after it. December cooled off a little but 2024 was still a successful year. Things have changed dramatically, though, in the last couple of months.

Through the end of March, most of the major indices were off slightly, but then once President Trump's tariff announcements were made on April 2<sup>nd</sup>, there was a quick and sharp pullback in stocks that brought all the major indices down over 10% (and close to 20% on the NASDAQ). There have been days of volatility that we've not seen since the early days of COVID. Things may be stabilizing some now, as President Trump has shown some willingness to negotiate and compromise, but it's still too early in the game for anyone to fully understand or accurately predict where all of this will land. There are several moving parts – long term stock prices are driven by earnings, not the daily news cycle, and it's too early to know the impact on earnings or the U.S. economy for that matter. It will also be important to watch the direction of interest rates. The Federal Reserve has been hesitant to move until they have hard economic data but they've been getting pressure from the White House to ease rates downward. It will take some time to work through all of this, and don't be surprised if there are more crazy days with wild market swings.

Market pullbacks or corrections are part of the normal cycle of investors' lives, and most of you have been through a number of these. The story is different every time, but we've seen over and over that markets recover over time and we return to old highs and hit new ones eventually. A bet against the long term success of the U.S. economy is normally a losing bet. One of our goals as advisors is to make sure that we're building all-weather portfolios, and we have seen in the last few months that diversified portfolios have held the line pretty well and managed market volatility in a roller coaster environment.

As always, please let us know if we can answer questions or do anything to streamline your financial life.

Russell