SAM NEWS

1st Quarter 2025 Report
April 2025

Tariff Tantrum

Markets don't rise on euphoria; they scale the wall of worry.

After setting a new all-time high on February 19th, the S&P 500 suffered its first 10% correction since October, 2023. The national nightly news media has really overblown the stock decline this time. U.S. stocks as represented by the S&P 500 are only down 4.3% year-to-date. The "highest-flying" Magnificent 7 technology companies that had the largest percentage price gains over the last two years have been hardest hit. International stocks and U.S. bonds are both solidly positive for 2025.

Going back to 1980, the average intra-year decline for the S&P 500 is 14.1%. This means that although the vast majority of years are positive, the S&P 500 is down at some point during any given year. Stock market corrections are fairly common, with the S&P 500 logging a correction 56 times since 1929. Corrections, if they do not turn into a bear market, are healthy and do much less damage to markets. Based on the current fundamental economic data and the positive forecast for corporate earnings, we believe that the recent decline is just a normal correction and that stocks will finish the calendar year higher. Please read on for our SAM Outlook and SAM Strategy.

1st QUARTER 2025 INVESTMENT REPORT

Stocks were volatile during the first quarter as investors tried to gauge the economic impact of tariffs and ongoing global conflicts. The S&P 500 declined 4.3% for the quarter while the DOW 30 was only down 0.9%. The NASDAQ Composite was down 10.4% during the quarter, suffering the largest losses of the major U.S. indices. The small company Russell 2000 dropped 9.5%. International stocks, as represented by the MSCI EAFE Index gained 6.1% during the quarter. The U.S. bond market (Bloomberg Aggregate Bond Index) had a total return of 2.8% for the quarter as investors sought safe haven in bonds. Gold prices are setting all-time record highs at the time of this writing at $3,177 per ounce.

INVESTMENT INDICES

All numbers listed are total returns (including dividends) and are percentage gains or losses.

	1st Quarter	2024	2025
Dow 30	-0.9%	15.0%	16.2%
S&P 500	-4.3%	25.0%	26.3%
Nasdaq Composite	-10.4%	28.6%	43.4%
Russell 2000	-9.5%	11.5%	16.9%
MSCI EAFE (Int'l stocks)	6.1%	1.1%	15.0%
Bloomberg Aggregate (Bonds)	2.8%	1.3%	5.5%

These are not the rates of return for SAM accounts, but are shown as a historical benchmark for various asset classes. SAM does not guarantee account performance. Accounts may lose value. Information taken from sources believed to be reliable, but its accuracy cannot be guaranteed.

SAM Outlook and Strategy on the following page.

Last Chance to Fund Retirement Plans For Tax Year 2024

In general, most retirement plans must be funded by April 15th to be considered for the 2024 tax year. This applies to traditional IRAs, ROTH IRAs, SEP IRAs, SIMPLE IRAs, and most formal retirement plans. If you have not funded your retirement account for 2024 and are still planning on contributing, you should do this as soon as possible. If you have specific questions about how to make your contribution, please contact our office toll-free at 877-658-5193 and we will be glad to assist you.

ANNUAL ADV OFFER

We recently filed our annual updating amendments to our U.S. Securities & Exchange ADV Part I, ADV Part II, and Customer Relationship Summary (CRS)*. The only material change was to update our regulatory assets under management. Our annual U.S. SEC filings can always be viewed online at

https://adviserinfo.sec.gov/firm/summary/108685

*CRS and Privacy/Proxy included

Upcoming Holidays

Memorial Day, May 26th
Juneteenth National Independence Day, June 19th
Independence Day, July 4th

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SAM OUTLOOK

In our 4th quarter, 2024 newsletter we noted that stocks had just notched all-time record highs and that the S&P 500 had positive returns for five quarters in a row. The 1st quarter of 2025 turned out to be a slightly down quarter for the broad U.S. indices- January was solidly positive, February was essentially flat, and we had a negative March which erased the year-to-date gains. As we have highlighted in numerous SAM newsletters, a correction can come at any time and for any number of reasons. In our opinion this correction is normal, somewhat expected due to a slight overvaluation due to two consecutive years of outsized gains, and will be healthy for the stock market in the long run.

A lot of uncertainty was introduced during the quarter- especially surrounding the economic consequences of tariffs. As a result, U.S. GDP growth is being revised down and some of the soft economic data is weakening. Soft economic data includes surveys, sentiment indicators, and expectations like consumer confidence and business outlooks. At the same time, international growth is unexpectedly heating back up and international stocks have taken the lead. We believe that U.S. stock market volatility may remain elevated for the first part of the year, then as the impact of tariffs are known the stock market will resume higher.

SAM STRATEGY

Despite the recent volatility, we have only made minor changes to our allocations and individual holdings. We have maintained a healthy allocation to developed international stocks along with a small allocation to emerging markets. A market reversal was long overdue- the valuation gap in fundamentals between European and American stocks was historically wide. Europe specifically has been lowering interest rates and is ramping up defense spending. Both of these actions are positive for Europe's economy, especially when coupled with a weaker dollar. Bottom line is that our international exposure has buoyed our year-to-date performance.

When we are constructing client portfolios our goal is to be appropriately positioned for the long run. This means being diversified across U.S. markets, international markets and fixed income. We also do not want to be overly concentrated in any one sector because winners rotate. The first quarter has proven the value in taking a disciplined, low-cost, textbook approach for our clients.

Consider the following:

- In the short-term, markets are unpredictable. The market will move based on the day's headlines and people's emotions.
- The long-term is positive, based on economic growth, productivity, and technology. And the long-term positives outweigh the short-term volatility.
- No one can accurately time the markets consistently. We build portfolios for all seasons.
- Risk and return are forever related. You can reduce your risk but you also need to reduce your long-term expectations.

"Worry often gives a small thing a big shadow."
— Swedish Proverb

We sincerely appreciate your business. Our team strives to provide excellent customer service to all our valued customers. Sending new clients our way is the best possible compliment we can receive. If you know of someone who may benefit from our service, please do not keep us a secret.

WHAT SHOULD YOU DO NOW?

The broad U.S. stock market has just experienced a 10% correction. Consider adding funds to your taxable Schwab accounts soon to take advantage of this decline (buy low). Consider funding your IRA or other retirement accounts for 2024 by April 15th or your tax filing date. Consider funding your IRA or other retirement accounts now for 2025. As of this writing, the Schwab Value Advantage Money Market Fund (SWVXX) is paying 4.17%- if you have savings outside of Schwab that is held in bank accounts at low interest rates or 0%, consider "parking" those funds in your Schwab account instead. If you would like to discuss your specific accounts and how to best fund them, please call our office.

Increased Retirement Plan Limits

For 2025, the IRS has announced increased contribution limits across the various account types. Please be sure to adjust your deferral amounts if your goal is to fully fund your retirement account for 2025. Remember that most company plans are calendar year driven, so make sure you will max out by 12/31. Here are new limits for the most common types of accounts:

	Under 50/Over 50
IRA/Roth	$7,000 / $8,000
401(K)	$23,500 /$31,000
Ages 60-63:($23,500+11,250)	$34,750
Simple IRA	$16,500 /$20,000
Ages 60-63: ($16,500+$5,250)	$21,750

Along these lines, we have the ability to more directly manage your workplace retirement accounts through a secure service called Pontera. If you are interested in discussing this option, please contact Will Boyer in our office.