



SAM NEWS

2nd Quarter 2025 Report
July 2025

V-Shaped Recovery Bull Market Resumes

After closing at all-time highs in mid-February, stock volatility picked up in early April due to the announcements of broad tariffs on Liberation Day by the Trump administration. In April, the S&P 500 briefly dipped 19% amid the initial bout of panic selling. Since 1990, there have been 32 periods when the volatility index (VIX) was above 30. In the 31 previous periods, stocks were up an average of 24.9% one year later. To put the recent volatility into perspective, the VIX Index hit its 3rd highest peak in April since 1990- volatility spiked higher than when the tech bubble burst and only lagged behind levels seen during the Global Financial Crisis and COVID shocks.

Stocks bottomed in mid-April and recovered all of the Liberation Day losses by mid-May after many of the most onerous tariffs were paused and trade deals were negotiated. As of this writing, the S&P 500 and NASDAQ Composite have recovered to new all-time record highs. We believe that stocks will finish the year even higher due to strength in the economy and solid corporate earnings. Please read our SAM Outlook and SAM Strategy sections that follow.

2nd Quarter 2025 INVESTMENT REPORT

With all that happened during the quarter, it is a bit surprising that U.S. stocks ended at a record high. As the old adage says, stocks “climb a wall of worry” and there is always something to worry about. The S&P 500 rose 10.9 % for the quarter while the DOW 30 rose 5.5%. The NASDAQ Composite rebounded 18.0% during the quarter after suffering the largest losses during the April selloff. The small company Russell 2000 gained 8.5%. International stocks, as represented by the MSCI EAFE Index gained 12.1% during the quarter and international stock returns continue to lead U.S. stock returns by a wide margin year-to-date. The U.S. bond market (Bloomberg Aggregate Bond Index) had a total return of just 1.2% for the quarter and is up 4.0% so far this year.

INVESTMENT INDICES

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

	YTD	2024	2023
Dow 30	4.6%	15.0%	16.2%
S&P 500	6.2%	25.0%	26.3%
Nasdaq Composite	5.9%	28.6%	43.4%
Russell 2000	-1.8%	11.5%	16.9%
MSCI EAFE (Int'l stocks)	19.9%	1.1%	15.0%
Bloomberg U.S. Aggregate (Bonds)	4.0%	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.

New Quarterly Reports

We are excited to announce that your quarterly reports now have a slightly different format. We made the decision earlier this year to change to a new software provider and just recently completed the transition. If you have any questions on how to read the new reports, please do not hesitate to call the office. We would also appreciate any feedback you may have.

Using this same software we will also be able to offer clients a secure personal portal, which allows you to receive our reports and newsletter electronically and securely. The portal also provides additional data and historical dashboards specific to your accounts. We are looking for clients that are willing to be part of our “beta” group for the portal. Our goal is to have as many clients as possible using the portal- this will save many cases of paper every year! If you are interested in being an early adopter, please call or email.

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**SAM Outlook and Strategy on
the following pages.**



U.S. stocks bottomed in early April and continued their steady climb to record highs until the very last day of the quarter. This is despite remaining trade tensions, fear of a recession around the time the tariffs were implemented, and the Iran-Israel conflict which had some U.S. involvement. Inflation is stable, interest rates are range-bound and could decline a little later in the year (Federal Reserve rate cut), and earnings are trending higher- this

makes for a great environment for continued stock gains. In general, we remain optimistic on the stock market for the remainder of the year.

Resiliency has so far prevailed despite all of the uncertainty so far in 2025. With Trump's 90-day tariff extension deadline coming soon along with continued unrest around the world there may be more volatility in the second half of the year. There are still some signs of caution- for example, money market funds still hold \$7 trillion in assets. Despite the uncertainty and some caution among investors, we think the S&P 500 could gain another 6-10% for the remainder of the year based on similar scenarios across market history.

SAM STRATEGY

Our mostly buy and hold strategy paid off yet again during the quarter. We remained invested through the extreme volatility and near 20% decline in the S&P 500. For many clients, your reports will reflect all-time high values. We also had some wise clients who added funds to their accounts and "bought the dip." Historically, adding money to your accounts during these uncertain times pays off in a huge way over time.

Our international holdings continue to out-perform our domestic stock holdings. We believe that international companies are undervalued and that winners rotate, so our foreign stock holdings could have outsized gains this calendar year. Our decent allocation to international has definitely helped our year-to-date performance. We are also seeing a broadening of the stock rally. More and more stocks are participating in the gains- not just the "Magnificent 7" technology companies that are talked about all the time. 2025 is a year where broad diversification will likely be well rewarded.

Lastly, bonds are on track to have a solid year. The Barclays Aggregate Bond Index is up 4.0% so far in 2025. Bond yields remain at the highest levels in 15-20 years. If the Federal Reserve lowers interest rates later in the year, bond prices will rise and their total return will increase. We continue to purchase individual bonds and bond funds for clients with very high historical yields.

Annual Review Appointments

We are continually setting in-person, telephone and Zoom online client review appointments. If we have not gotten together this year and you would like to set an appointment, please call our office toll-free at 877-658-5193 and we will schedule with you right away.

SUMMER IS HERE

Over the last 50 years, the S&P 500 has posted a median gain of 3.7% from Memorial Day to Labor Day, with positive returns 72% of the time. In the 15 years the index was down year-to-date through Memorial Day, median returns dropped to 1.4%, with gains two-thirds of the time. (Source: Bespoke)

Upcoming Stock Market Holidays

Independence Day, July 4th
Labor Day, September 1st



We sincerely appreciate your continued trust and confidence. If you know of someone who may benefit from our service, please pass along our contact information. As always, there is no cost for an initial consultation.