MARKET MINUTE

With McGAREL



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All data as of 30/4/25, unless otherwise noted.

After a strong January, the S&P 500 Index ("Index") has now declined for three consecutive months. April was highly volatile, with the Index dropping 11.2% in the first six trading days before rebounding to finish nearly flat for the month. This marks the third time this decade the Index has posted three straight negative months-the last two instances (2020 first quarter pandemic and the early fall 2023 recession scare) were followed by sharp rebounds.

However, we don't anticipate similar outsized returns this time, as we view the Index as fairly valued after two consecutive calendar years of outsized gains.

We would suggest, however, that claims about America's world standing, the end of America's economic exceptionalism, or the imminent jeopardy of the U.S. as a safe haven for capital are premature, at best. There is little data to support such a view. In our view, it will take more than a month of policy uncertainty to undermine America's economic might.

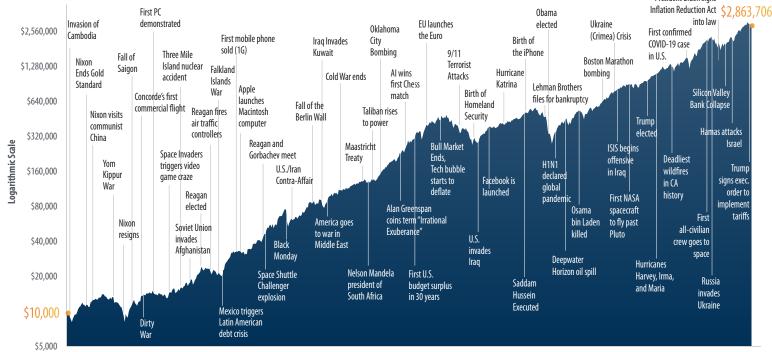
In light of so much angst amid the volatility in April, we offer ten positives we believe to be true today. While we can't predict if a recession is imminent, or in the far distance, we see several positives for the economy and markets as we enter May:

- 1. Strong labor market (4.2% unemployment)
- 2. Interest rates are normalizing and recently declined (10-year Treasury at 4.16%)
- The Federal Reserve has ample room to cut interest rates if the economy slows (fed funds at 4.50% currently)
- 4. Inflation remains subdued; no Fed hikes expected
- 5. Energy prices are lower (see current gasoline prices)
- 6. Index earnings are forecasted to grow 9% in 2025
- 7. No evidence of a current recession
- 8. Banks are well-capitalized and stable-this is not 2008/2009!
- As 1st quarter earnings end, more companies will be allowed to resume stock buybacks...support for the market
- 10. Valuations are more attractive: the Index is down 9.4% from the February all time high

Finally, a reminder that the equity markets always climb a wall of worry. Long term, superior returns come from risk assets but volatility is the price to pay for those excess returns. See chart below. Timing the market is impossible...but a proper allocation which includes equities, along with fixed income, and alternatives seems prudent to us today.

Crises and Events | S&P 500 Index Since 1970

This chart shows the growth of \$10,000 based on S&P 500 Index performance over the last several decades. We believe looking at the market's overall resiliency through major crises and events helps to gain a fresh perspective on the benefits of investing for the long-term. **The average annual total return of the S&P 500 Index for the period shown below was 10.80%.**President Biden signs



Source: First Trust, Bloomberg. Data from 31/12/1969 - 31/3/2025. Past performance is no guarantee of future results. These returns were the result of certain market factors and events which may not be repeated in the future. This example is for illustrative purposes and do not represent any actual investment. Stocks are not guaranteed and have been more volatile than the other asset classes. The S&P 500 Index is an unmanaged index of 500 companies used to measure large-cap U.S. stock market performance. Investors cannot invest directly in an index. An index does not charge management fees or brokerage expenses, and no such fees or expenses were deducted from the performance shown. References to specific securities should not be construed as a recommendation to buy or sell and should not be assumed profitable.

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