

“April Showers Bring May Flowers”

Market Update
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Julina Ogilvie, CIMA®, CPWA®, CEPA®

May 2025





Today's Topics

1. Markets

- Markets YTD
- VIX 101 – Volatility Creates Opportunity
- Measure Less Frequently
- Don't Confuse Possible With Probable
- What Can Go Right?
- Market Fundamentals – Cash On The Sidelines, Earnings, Dividends, Buybacks

2. Economy & Policy

- The Fed – “Tidsoptimist”
- Inflation – Where?
- The Rest Of The World Is Cutting Rates
- GDP Data – Better Than It Appears
- Soft Data vs. Hard Data – There's A Lag
- Housing – Rising Inventory

3. Everything Else

- Lots Of Spending In The Pipeline
- Warren Buffet Is Retiring – His Legacy
- Volatility Is Normal
- Happy Mother's Day!

Market Performance – Year-To-Date

Weekly Data Center

Index Returns (%)

| Equities | Level | 1 week | QTD | YTD | 1 year | 3-yr. Cum. |
|---------------------|-------|--------|-------|-------|--------|------------|
| S&P 500 | 5687 | 2.94 | 1.42 | -2.91 | 13.82 | 43.34 |
| Dow Jones 30 | 41317 | 3.00 | -1.53 | -2.39 | 10.03 | 32.73 |
| Russell 2000 | 5022 | 3.24 | 0.51 | -9.02 | 1.61 | 12.19 |
| Russell 1000 Growth | 2511 | 3.35 | 4.55 | -5.87 | 16.60 | 56.66 |
| Russell 1000 Value | 1124 | 2.54 | -1.63 | 0.47 | 9.71 | 26.43 |
| MSCI EAFE | 2536 | 3.19 | 6.21 | 13.65 | 14.57 | 39.18 |
| MSCI EM | 1133 | 3.38 | 3.23 | 6.33 | 10.87 | 16.05 |
| NASDAQ | 17978 | 3.43 | 3.95 | -6.72 | 14.30 | 46.90 |

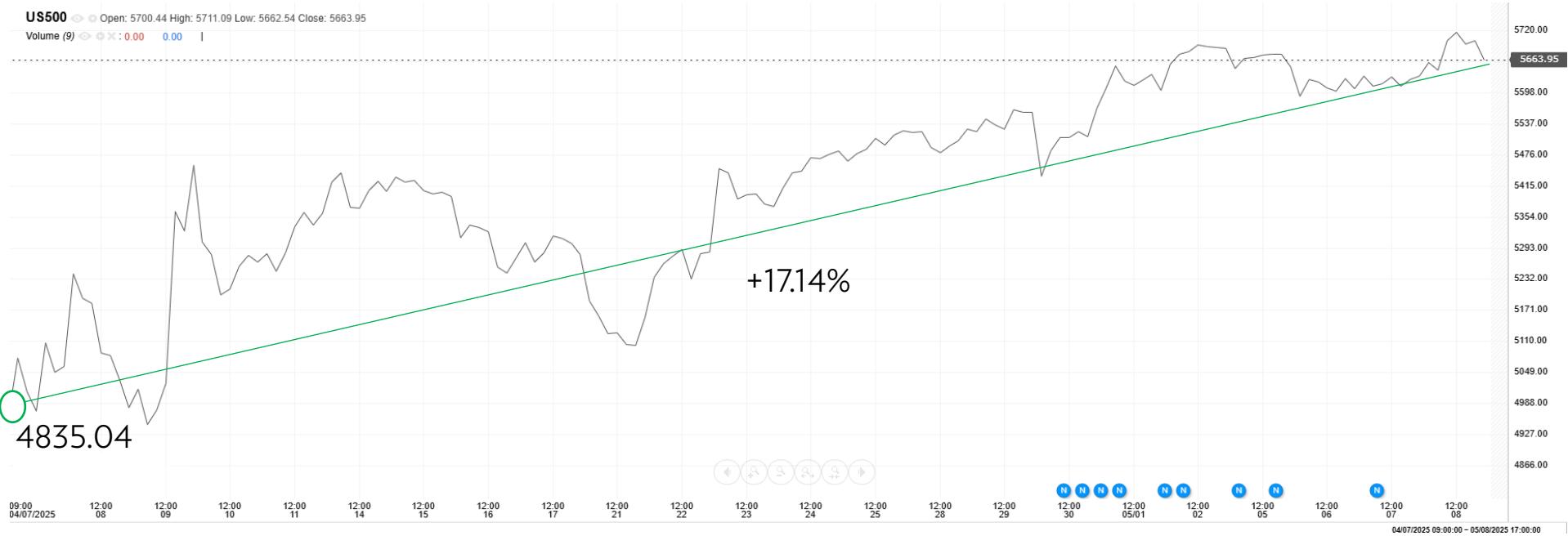
| Fixed Income | Yield | 1 week | QTD | YTD | 1 year | 3-yr. Cum. |
|-------------------|-------|--------|-------|-------|--------|------------|
| U.S. Aggregate | 4.67 | -0.30 | -0.40 | 2.37 | 6.36 | 5.77 |
| U.S. Corporates | 5.28 | -0.43 | -0.72 | 1.57 | 6.07 | 9.47 |
| Municipals (10yr) | 3.80 | 0.76 | -0.51 | -0.25 | 1.15 | 7.80 |
| High Yield | 7.93 | 0.27 | 0.37 | 1.38 | 8.65 | 21.06 |

Levels (%)

| Key Rates | 5/2/25 | 4/25/25 | 3/31/25 | 12/31/24 | 5/2/24 | 5/2/22 |
|-----------------------|--------|---------|---------|----------|--------|--------|
| 2-yr U.S. Treasuries | 3.83 | 3.74 | 3.89 | 4.25 | 4.87 | 2.73 |
| 10-yr U.S. Treasuries | 4.33 | 4.29 | 4.23 | 4.58 | 4.58 | 2.99 |
| 30-yr U.S. Treasuries | 4.79 | 4.74 | 4.59 | 4.78 | 4.72 | 3.07 |
| 10-yr German Bund | 2.52 | 2.47 | 2.70 | 2.35 | 2.56 | 0.96 |
| SOFR | 4.39 | 4.33 | 4.41 | 4.49 | 5.31 | 0.30 |
| 3-mo. EURIBOR | 2.14 | 2.17 | 2.34 | 2.71 | 3.85 | -0.42 |
| 6-mo. CD rate | 1.89 | 1.88 | 1.89 | 2.29 | 2.33 | 0.28 |
| 30-yr fixed mortgage | 6.80 | 6.90 | 6.77 | 7.28 | 7.44 | 5.45 |
| Prime Rate | 7.50 | 7.50 | 7.50 | 7.50 | 8.50 | 3.50 |

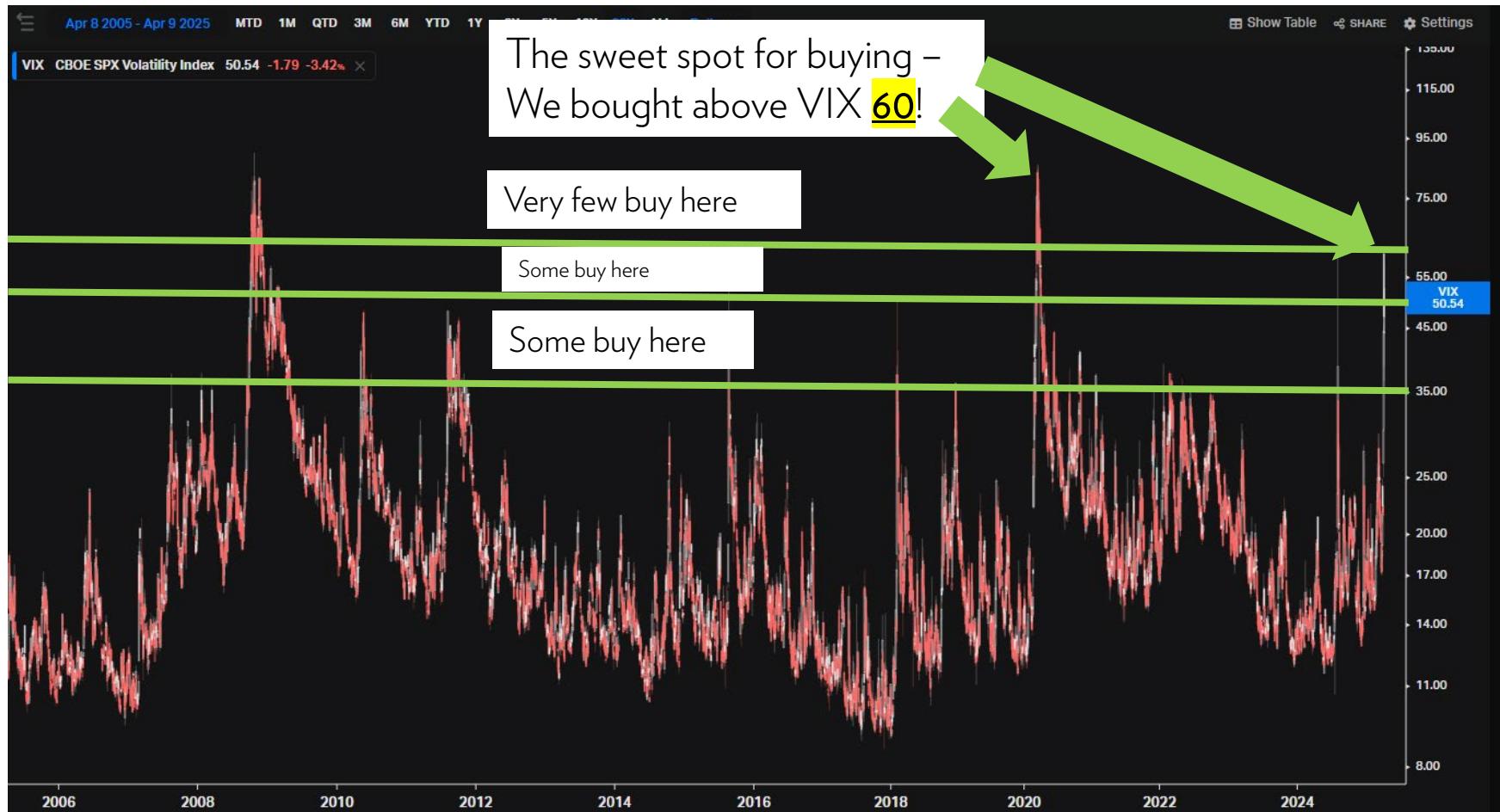
Source: J.P. Morgan Asset Management, as of 05/06/2025

An Eventful April - S&P 500 4/7/25 - 5/8/25



Source: Investing.com, as of 05/08/2025

VIX 101 – Investing During Peak Volatility



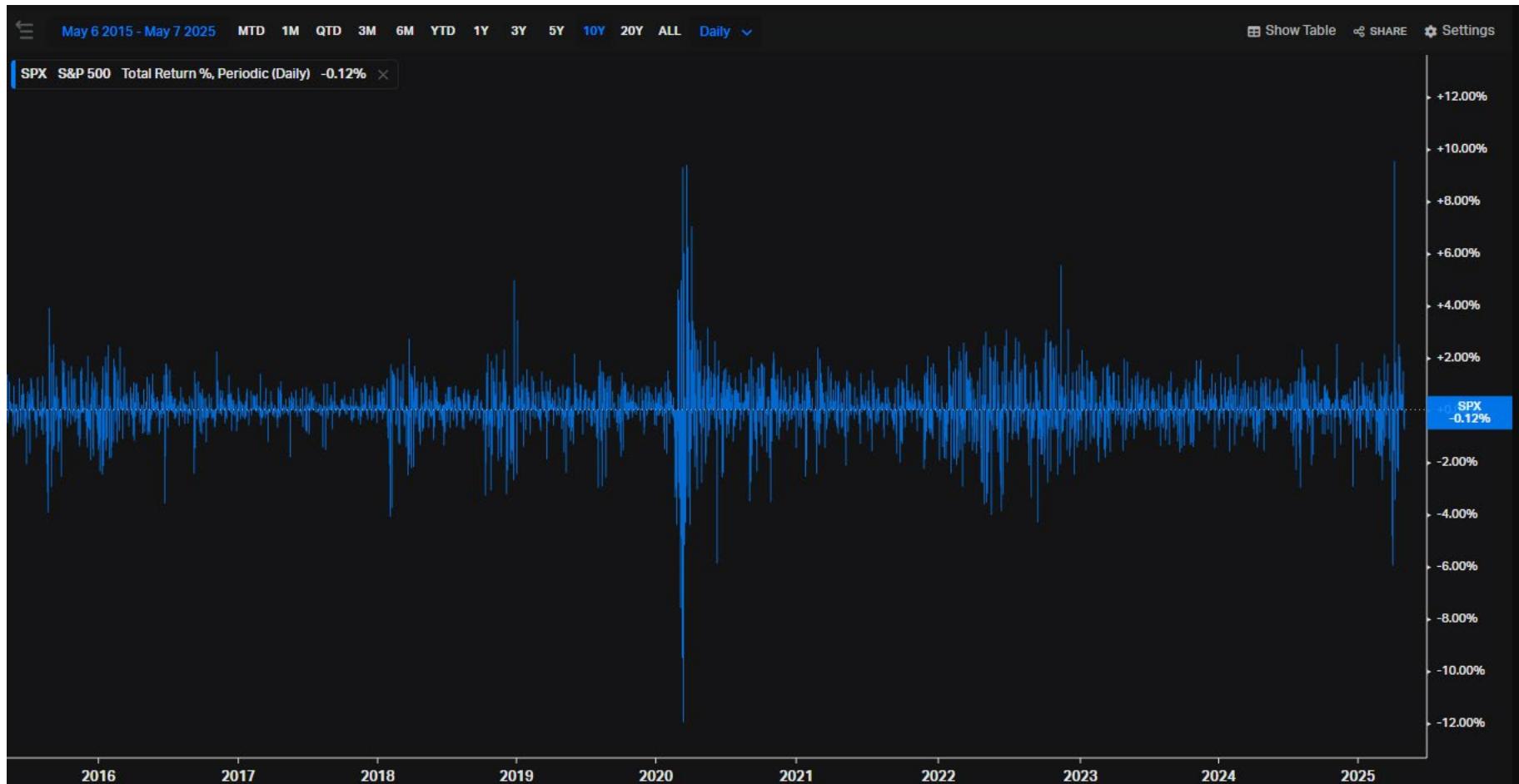
Source: KoyFin, as of 04/09/2025

Volatility Brings Opportunity

| Biggest 4-Day \$VIX Spikes and Forward S&P 500 Total Returns (January 1990 - April 2025) | | | | | | | | | |
|---|--------------|--------------|-------------|-------------------------------|--------------|--------------|--------------|--------------|--|
| Biggest 4-day \$VIX Spikes | | | | Forward S&P 500 Total Returns | | | | | |
| End Day | Start \$VIX | End \$VIX | \$VIX Spike | 1-Year | 2-Year | 3-Year | 4-Year | 5-Year | |
| 8/24/2015 | 13.79 | 40.74 | 195% | 17.5% | 34.5% | 61.6% | 66.8% | 103.8% | |
| 2/5/2018 | 14.79 | 37.32 | 152% | 5.2% | 30.7% | 56.6% | 81.9% | 69.8% | |
| 4/8/2025 | 21.51 | 52.33 | 143% | | | | | | |
| 8/25/2015 | 15.25 | 36.02 | 136% | 18.9% | 36.5% | 65.1% | 70.9% | 108.0% | |
| 2/27/2020 | 17.08 | 39.16 | 129% | 30.2% | 51.9% | 39.9% | 82.5% | 109.7% | |
| 2/6/2018 | 13.54 | 29.98 | 121% | 2.4% | 29.5% | 53.8% | 80.3% | 65.4% | |
| 8/5/2024 | 17.69 | 38.57 | 118% | | | | | | |
| 4/7/2025 | 21.77 | 46.98 | 116% | | | | | | |
| 8/21/2015 | 13.02 | 28.03 | 115% | 13.4% | 29.4% | 54.2% | 61.3% | 95.4% | |
| 2/7/2018 | 13.47 | 27.73 | 106% | 3.0% | 30.3% | 54.5% | 83.8% | 66.7% | |
| 4/4/2025 | 22.28 | 45.31 | 103% | | | | | | |
| 5/7/2010 | 20.19 | 40.95 | 103% | 23.0% | 28.5% | 56.2% | 86.0% | 110.1% | |
| 12/18/2024 | 13.92 | 27.62 | 98% | | | | | | |
| 2/25/2020 | 14.38 | 27.85 | 94% | 27.7% | 39.4% | 33.2% | 73.2% | 105.8% | |
| 8/8/2011 | 24.79 | 48.00 | 94% | 28.0% | 58.1% | 84.5% | 103.2% | 117.5% | |
| 2/8/2018 | 17.31 | 33.46 | 93% | 7.1% | 36.3% | 60.8% | 87.5% | 75.2% | |
| 3/12/2020 | 41.94 | 75.47 | 80% | 61.8% | 74.9% | 65.9% | 121.5% | 144.7% | |
| 2/27/2007 | 10.20 | 18.31 | 80% | 0.5% | -43.7% | -15.6% | 2.9% | 8.9% | |
| 2/26/2020 | 15.56 | 27.56 | 77% | 25.1% | 42.1% | 34.2% | 73.6% | 103.0% | |
| 8/5/2019 | 13.94 | 24.59 | 76% | 16.8% | 60.9% | 52.6% | 72.0% | 107.8% | |
| Average (20 Biggest 4-Day Spikes) | | | | 18.7% | 35.9% | 50.5% | 76.5% | 92.8% | |
| Average All Other Periods | | | | 12.2% | 25.3% | 39.5% | 56.3% | 74.4% | |
| Differential | | | | 6.6% | 10.6% | 11.0% | 20.1% | 18.4% | |

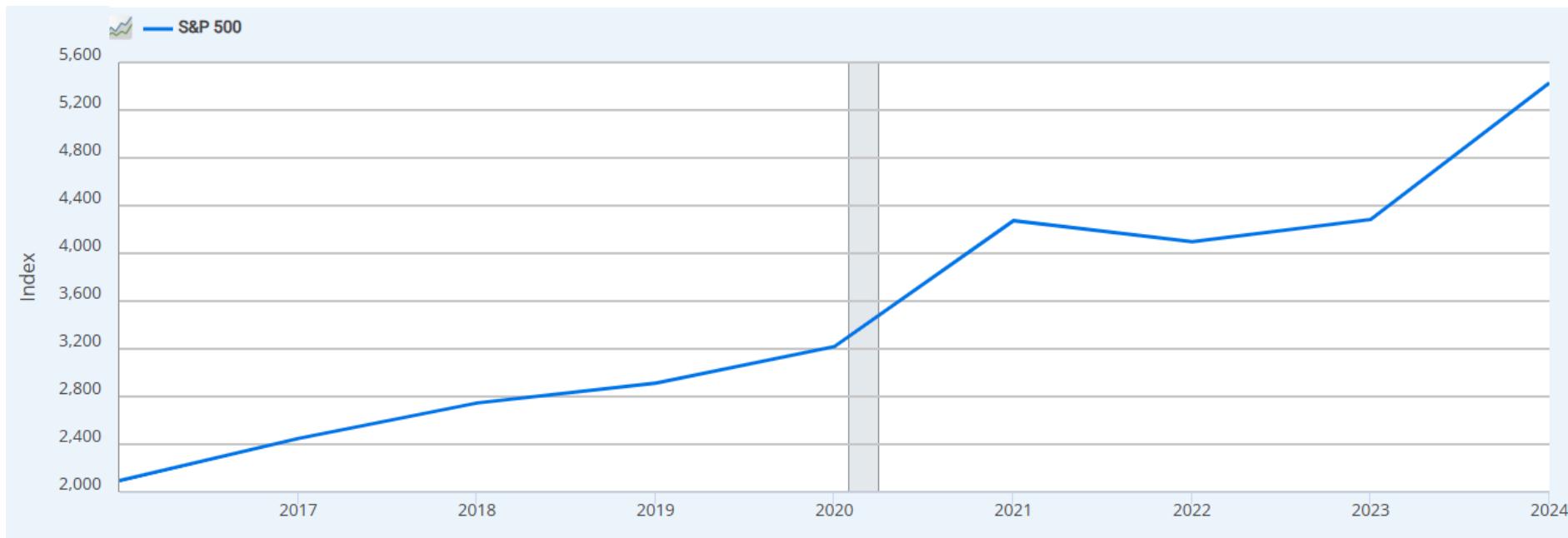
Source: Creative Planning, Charlie Bilello as of 04/14/2025

S&P 500 Daily View – Measure Less Frequently



Source: YCharts, as of 05/07/2025

S&P 500 Annual View – Measure Less Frequently



Source: FRED, S&P Dow Jones Indices, as of 04/30/2025

Don't Confuse Possible With Probable

Tariffs

What's Possible?



Taxes

Regulation

The Fed

Earnings

Employment

Real Estate

Inflation

Anything



What's Probable?

Lower Than Current Proposal

Increase SALT Deduction, Corp Tax Cut, Accelerated Depreciation

Less Regulation

Lower Rates, End Of QT

Higher Than Expected

Slightly Less

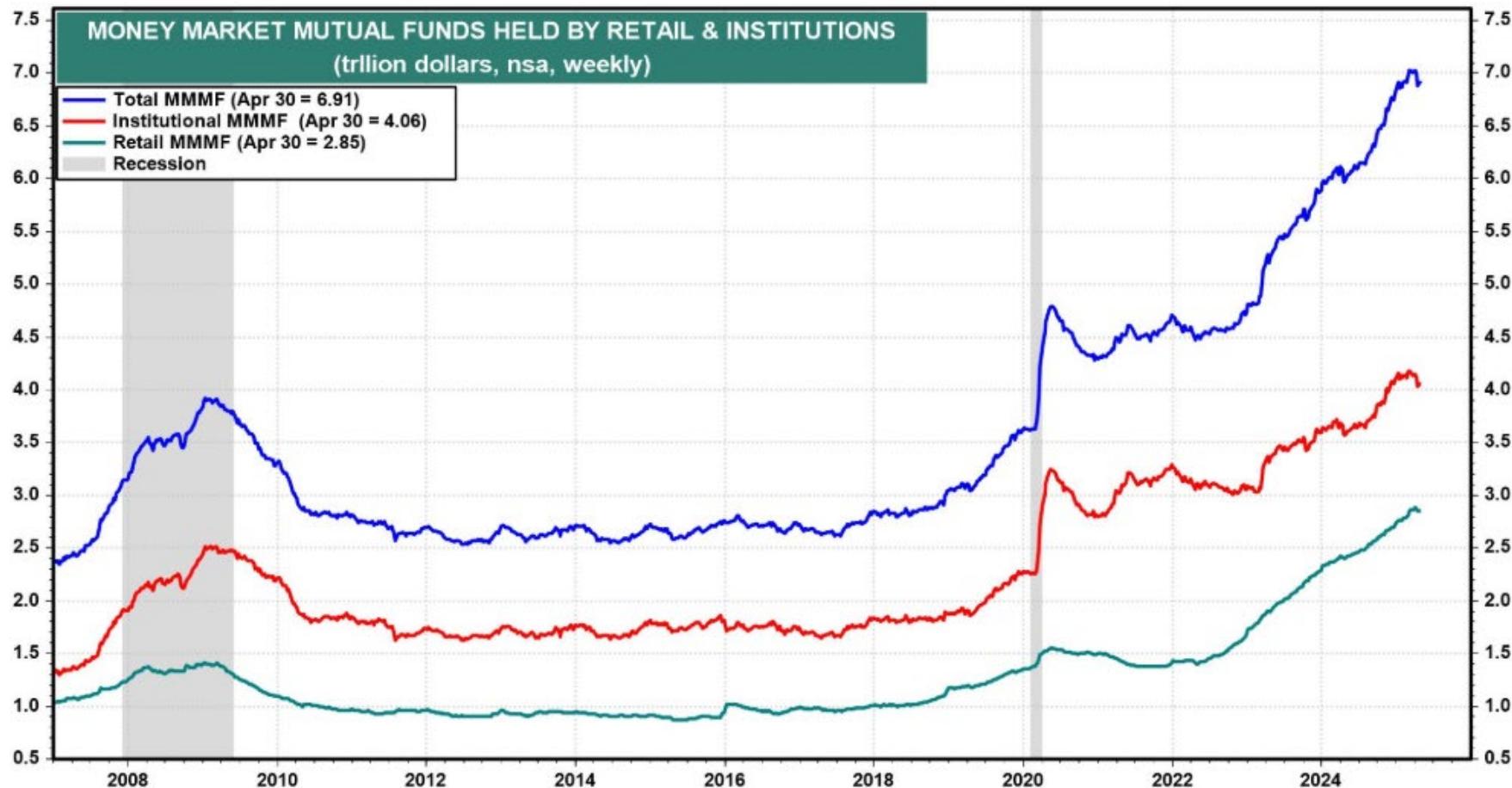
Mortgage Rates Come Down, More Housing Supply, Softer Prices

Inflation Continues To Decline

Cutting Through The Negative Narrative - What Can Go Right?

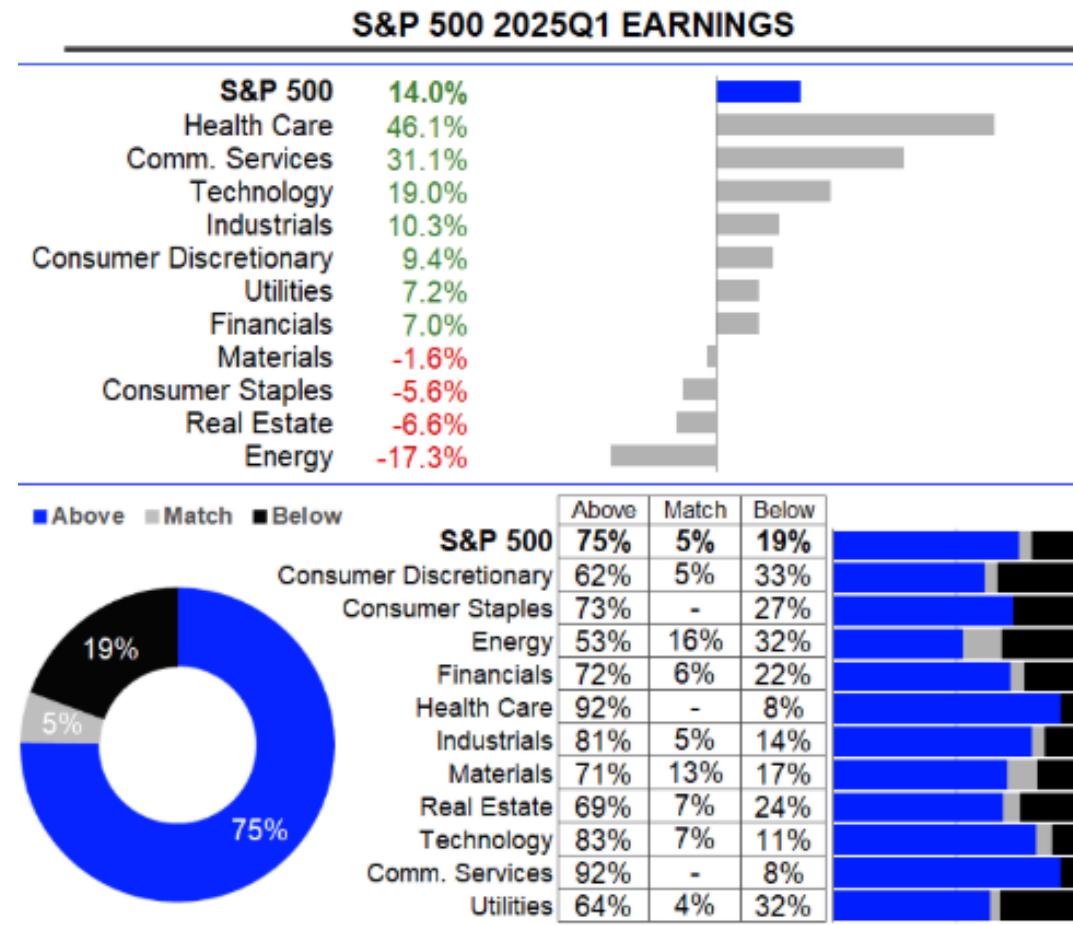
1. Unemployment Stays Low, Near Full Employment
2. Long-Term Interest Rates Decline
3. Fed Cuts Expected (Short Term Rates Decline)
4. Inflation Continues To Decline
5. Energy Prices Are Much Lower (Feels Like A Tax Cut)
6. Earnings Continue To Rise
7. No Recession
8. Banks Remain Stable And Have More Liquidity
9. Buybacks Continue To Climb
10. Valuations Are Lower

An Abundance Of Cash



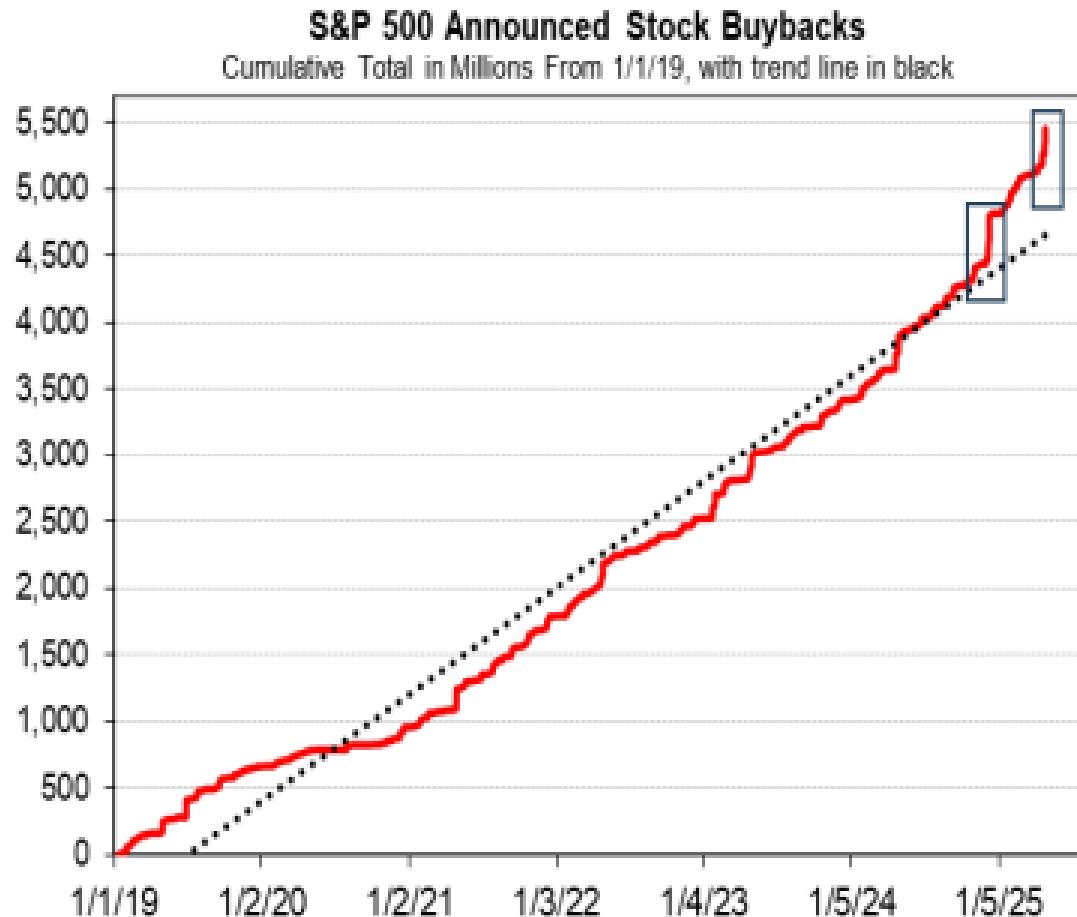
Source: Yardeni Research, as of 04/30/2025

S&P 500 Earnings Continue To Beat Expectations



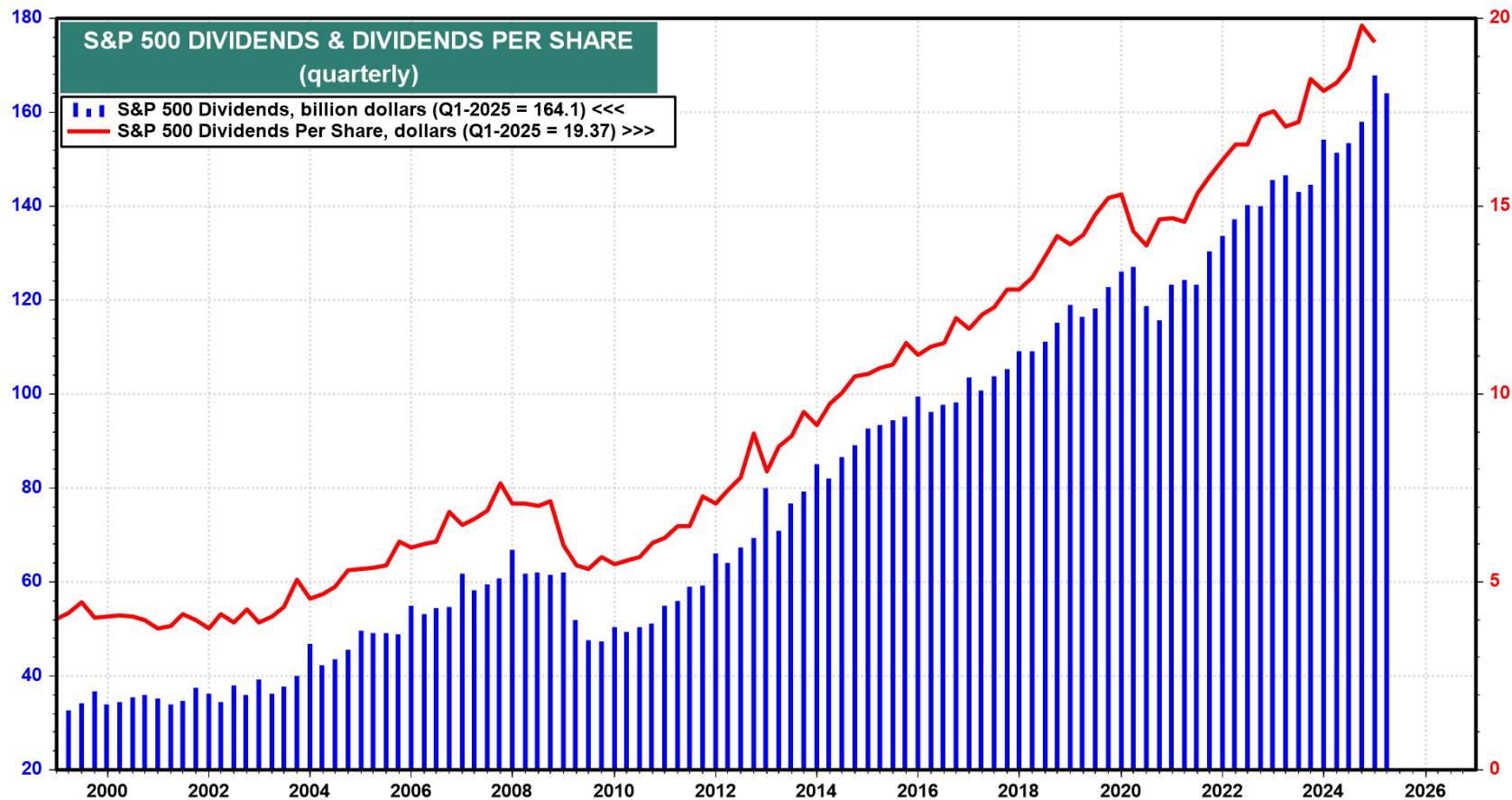
Source: LSEG, Lipper Alpha, Tajinder Dhillon, CFA, as of 05/07/2025

Buyback Announcements Reach New Highs



Source: The Reynold's Strategy, Bloomberg, as of 05/05/2025

Dividends Continue To Grow



Source: Yardeni Research, LSEG, Datastream, as of 03/31/2025

The Fed – “Tidsoptimist”

“Tidsoptimist” is Swedish for “Time Optimist” – a person who habitually underestimates the time needed to complete tasks, leading to frequent lateness. They are often optimistic about having more time available than they do, causing them to arrive late or miss deadlines.

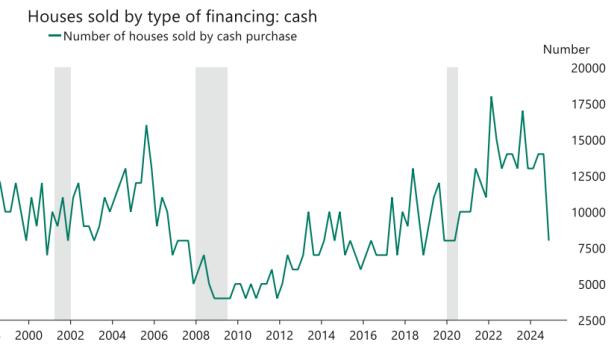
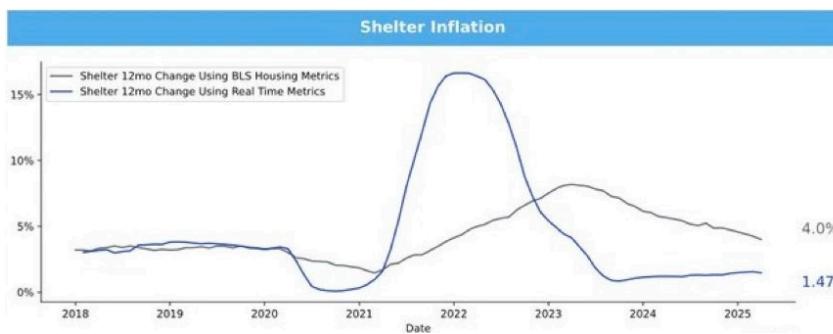
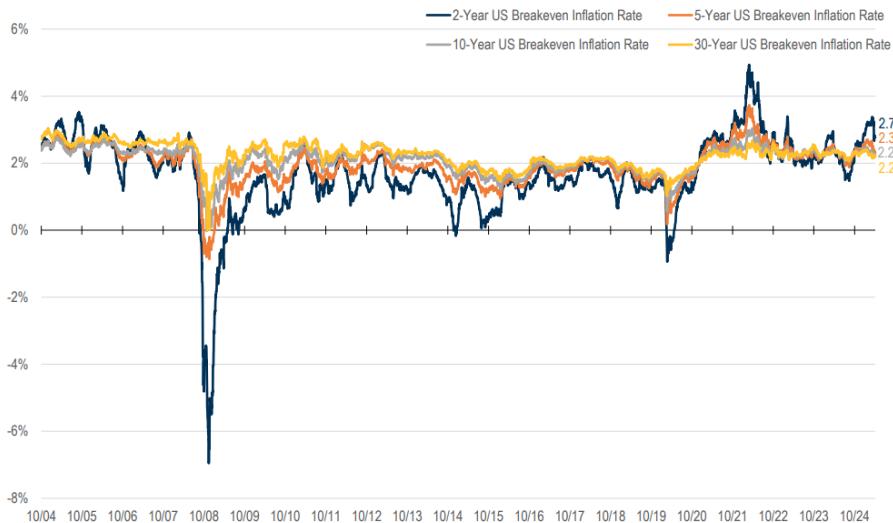
Percent

| Variable | Median ¹ | | | | |
|--|---------------------|------------|------------|------------|---------------------|
| | 2025 | 2026 | 2027 | Longer run | |
| Change in real GDP December projection | 1.7 2.1 | 1.8 2.0 | 1.8 1.9 | 1.8 1.8 | → Q1 2025: -0.30% |
| Unemployment rate December projection | 4.4 4.3 | 4.3 4.3 | 4.3 4.3 | 4.2 4.2 | → April 2025: 4.20% |
| PCE inflation December projection | 2.7 2.5 | 2.2 2.1 | 2.0 2.0 | 2.0 2.0 | → April 2025: 2.30% |
| Core PCE inflation ⁴ December projection | 2.8 2.5 | 2.2 2.2 | 2.0 2.0 | | → April 2025: 2.60% |
| Memo: Projected appropriate policy path | | | | | |
| Federal funds rate December projection | 3.9 3.9 | 3.4 3.4 | 3.1 3.1 | 3.0 3.0 | → April 2025: 4.50% |

Source: The Federal Reserve, as of 04/30/2025.

All Indicators Point To Cuts- So Why Not Cut?

Inflation – Where?



Sources: YCharts, Apollo, WisdomTree, Zillow.com, First Trust, as of 04/30/2025

Inflation – Basket Of Commodities?

60 Day Trend - Commodity Prices Have Dropped



Source: KoyFin, as of 05/07/2025, Performance From Past 60 Days

Global Central Banks - Cutting

| Global Central Bank Policy Rates | | | | | | | |
|----------------------------------|-----------------|---------------------------|---------|------------------------|---------------------------------|-----------|------------|
| Country | Rate | Central Bank Rate (Today) | CPI YoY | Real Central Bank Rate | YoY CPI Trend vs. Prior Reading | Last Move | Last Month |
| Switzerland | Target Rate | 0.25% | 0.0% | 0.3% | Lower | Cut | Mar-25 |
| Japan | Policy Rate Bal | 0.50% | 3.6% | -3.1% | Lower | Hike | Jan-25 |
| Thailand | Policy Rate | 1.75% | -0.2% | 2.0% | Lower | Cut | Apr-25 |
| Denmark | Current Account | 1.85% | 1.5% | 0.4% | Lower | Cut | Apr-25 |
| Taiwan | Discount Rate | 2.00% | 2.0% | 0.0% | Lower | Hike | Mar-24 |
| Sweden | Repo Rate | 2.25% | 0.3% | 2.0% | Lower | Cut | Jan-25 |
| Eurozone | Deposit Rate | 2.25% | 2.2% | 0.1% | Unchanged | Cut | Apr-25 |
| Canada | Overnight | 2.75% | 2.3% | 0.5% | Lower | Cut | Mar-25 |
| South Korea | Repo Rate | 2.75% | 2.1% | 0.7% | Unchanged | Cut | Feb-25 |
| Malaysia | Policy Rate | 3.00% | 1.4% | 1.6% | Lower | Hike | May-23 |
| China | Loan Prime Rate | 3.10% | -0.1% | 3.2% | Higher | Cut | Oct-24 |
| New Zealand | Cash Rate | 3.50% | 2.5% | 1.0% | Higher | Cut | Apr-25 |
| Czech Republic | Repo Rate | 3.50% | 2.7% | 0.8% | Unchanged | Cut | May-25 |
| Australia | Cash Rate | 4.10% | 2.4% | 1.7% | Unchanged | Cut | Feb-25 |
| US | Fed Funds | 4.38% | 2.4% | 2.0% | Lower | Cut | Dec-24 |
| Norway | Deposit Rate | 4.50% | 2.6% | 1.9% | Lower | Hike | Dec-23 |
| UK | Bank Rate | 4.50% | 2.6% | 1.9% | Lower | Cut | Feb-25 |
| Hong Kong | Base Rate | 4.75% | 1.4% | 3.4% | Unchanged | Cut | Dec-24 |
| Peru | Policy Rate | 4.75% | 1.7% | 3.1% | Higher | Cut | Jan-25 |
| Chile | Base Rate | 5.00% | 4.9% | 0.1% | Lower | Cut | Dec-24 |
| Saudi Arabia | Repo Rate | 5.00% | 2.3% | 2.7% | Higher | Cut | Dec-24 |
| Poland | Repo Rate | 5.25% | 4.9% | 0.4% | Unchanged | Cut | May-25 |
| Philippines | Key Policy Rate | 5.50% | 1.4% | 4.1% | Lower | Cut | Apr-25 |
| Indonesia | Repo Rate | 5.75% | 2.0% | 3.8% | Higher | Cut | Jan-25 |
| India | Repo Rate | 6.00% | 3.3% | 2.7% | Lower | Cut | Apr-25 |
| South Africa | Repo Rate | 7.50% | 2.7% | 4.8% | Lower | Cut | Jan-25 |
| Mexico | Overnight Rate | 9.00% | 3.8% | 5.2% | Higher | Cut | Mar-25 |
| Colombia | Repo Rate | 9.25% | 5.1% | 4.2% | Lower | Cut | Apr-25 |
| Brazil | Target Rate | 14.25% | 5.5% | 8.8% | Higher | Hike | Mar-25 |

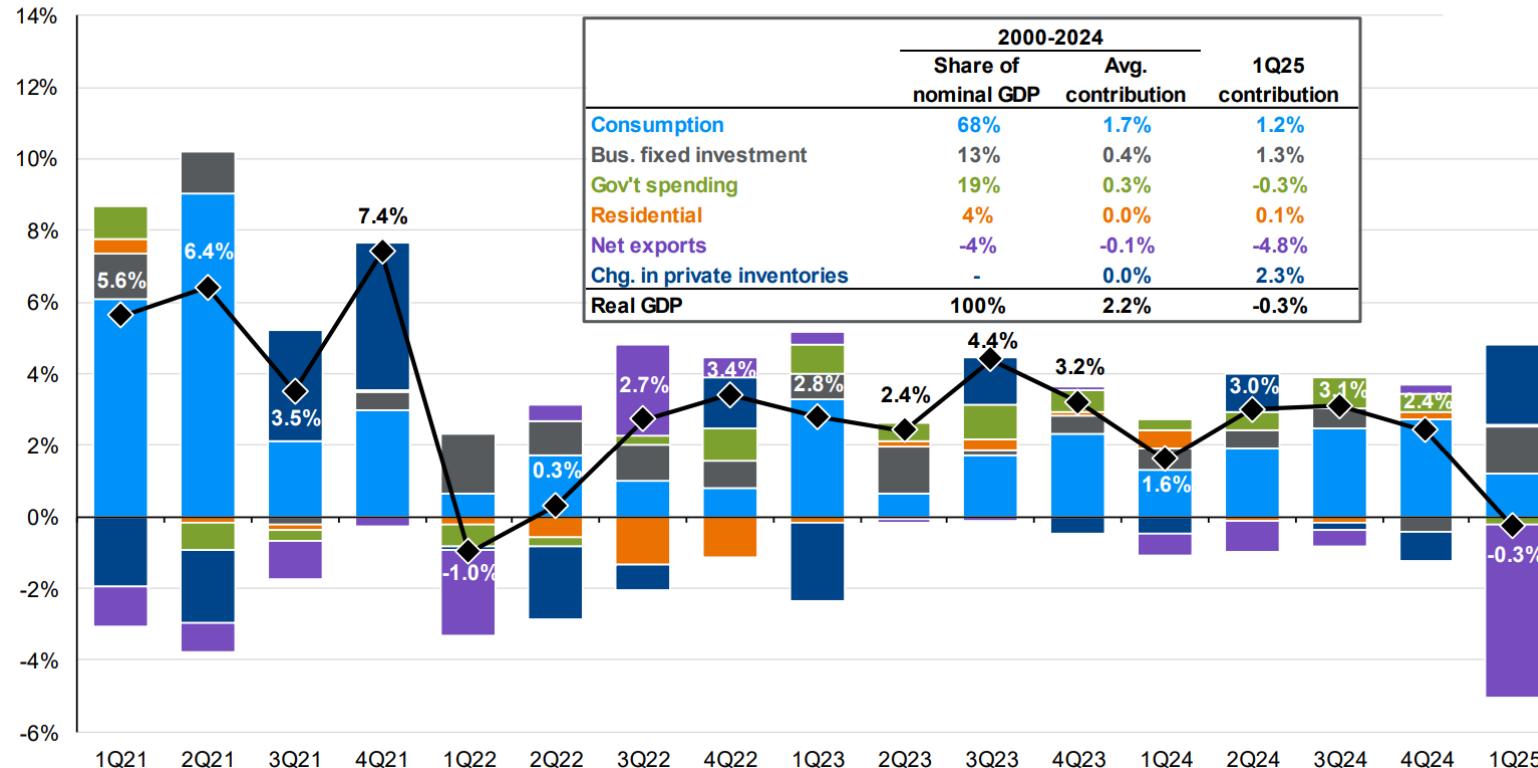
Source: Creative Planning, Charlie Bilello, as of 05/07/2025

GDP Data – A Deep Dive

Q1 GDP Heavily Skewed By Import/Export Data – Don't Be Fooled!

Contributors to real GDP growth

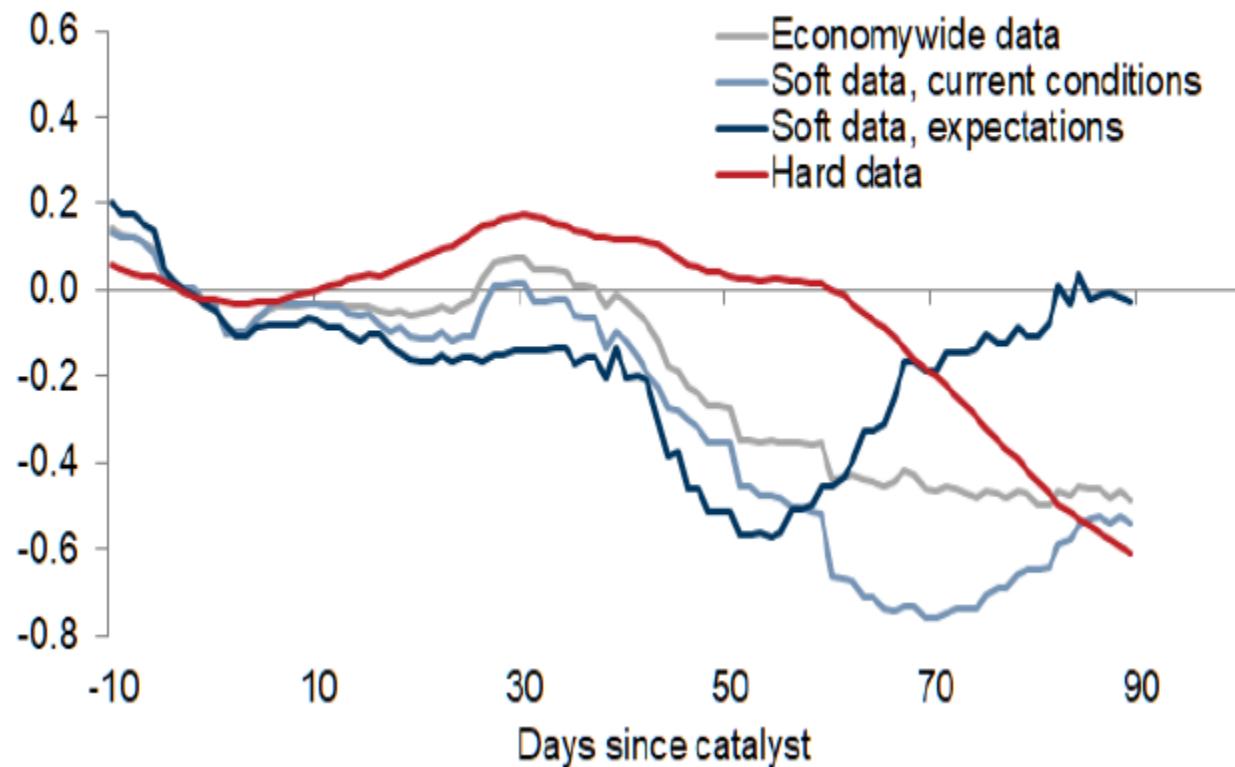
Quarter-over-quarter, seasonally adjusted annualized rate



Source: J.P. Morgan Asset Management, Guide To The Markets, Bureau Of Economic Analysis, as of 04/30/2025

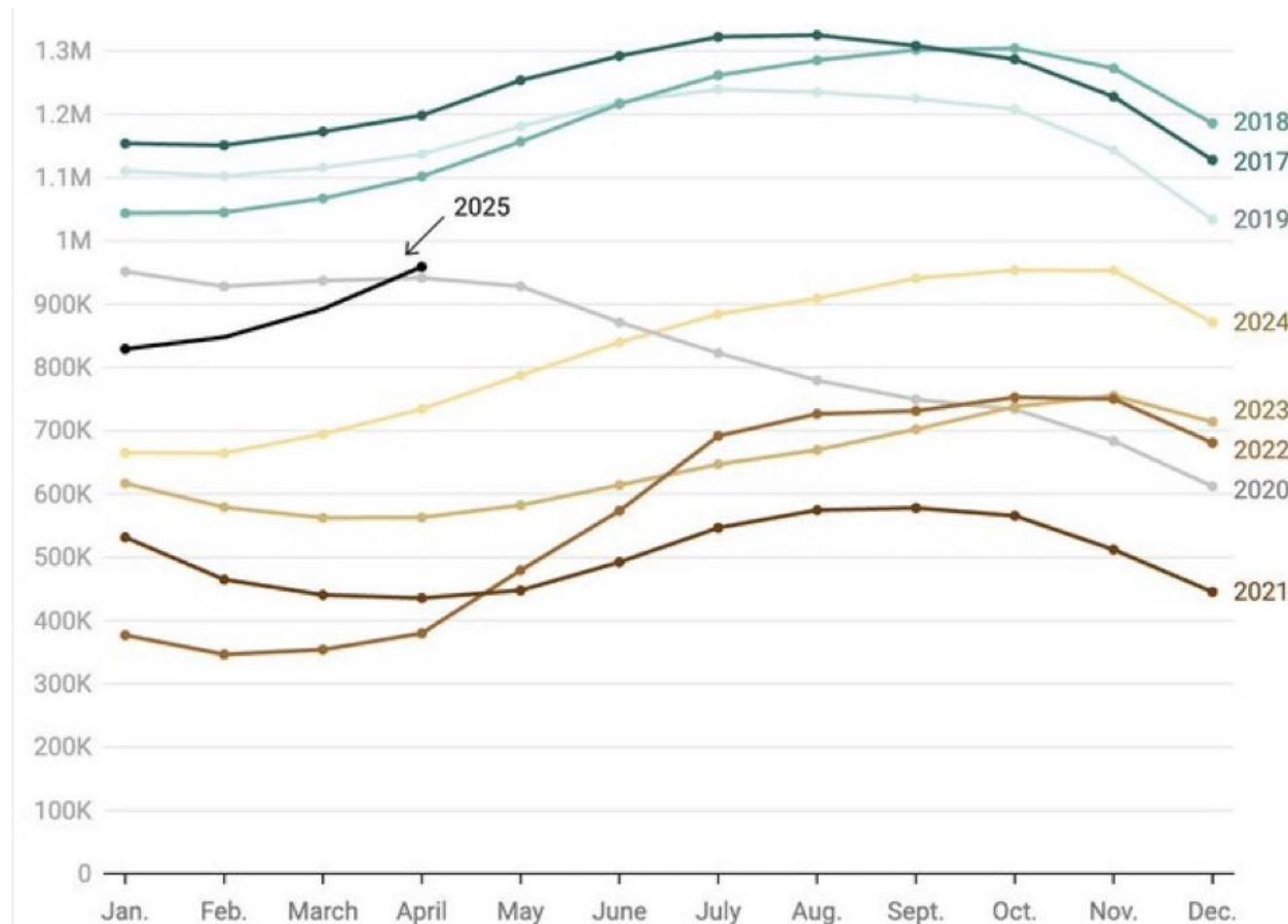
Soft Data vs. Hard Data – There's A Lag

Soft data tends to decline first, with clear weakness in the hard data emerging only a few months later



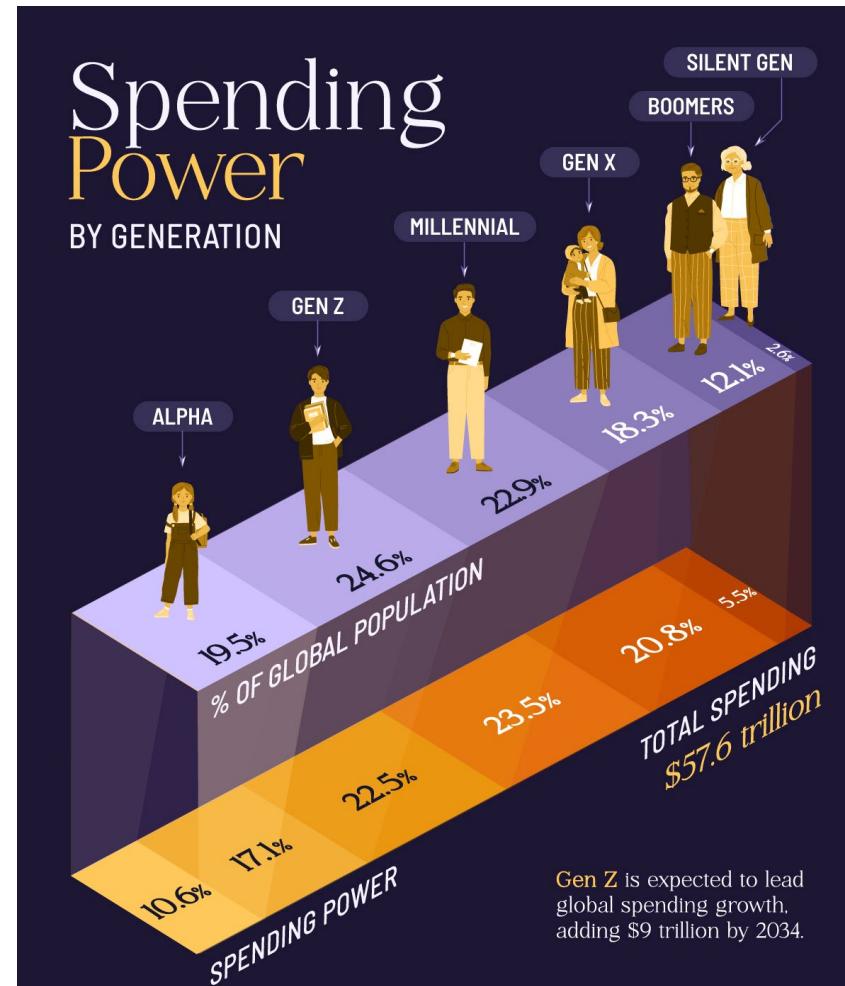
Source: Goldman Sachs, as of 04/30/2025

Housing – Inventory Rising



Source: Lance Lambert, ResiClub, Realtor.com, Datawrapper, as of 03/31/2025

Lots Of Consumption In The Pipeline

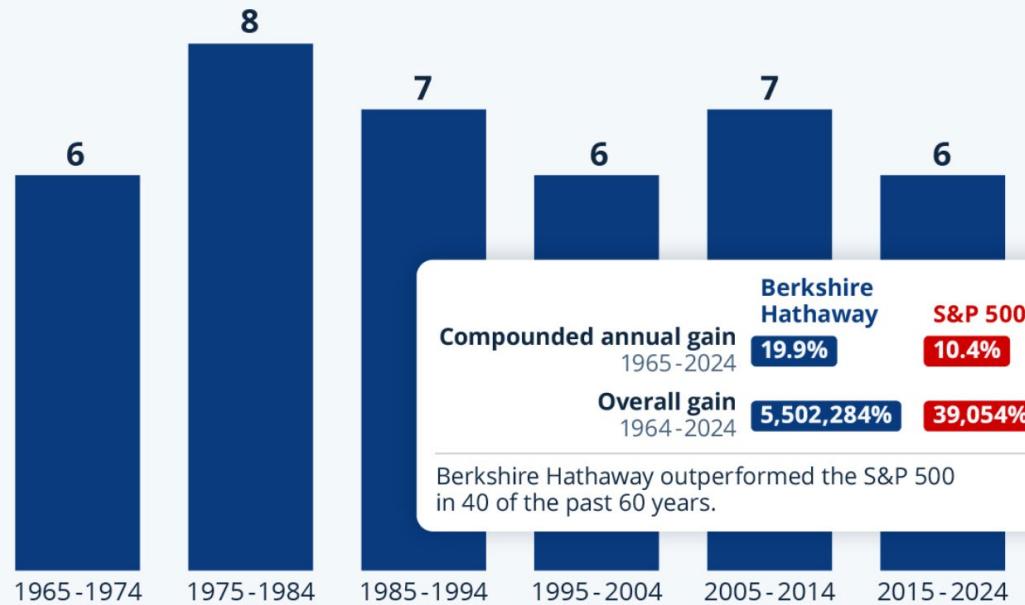


Source: Visual Capitalist, as of 12/31/2024

Warren Buffet Is Retiring – His Legacy

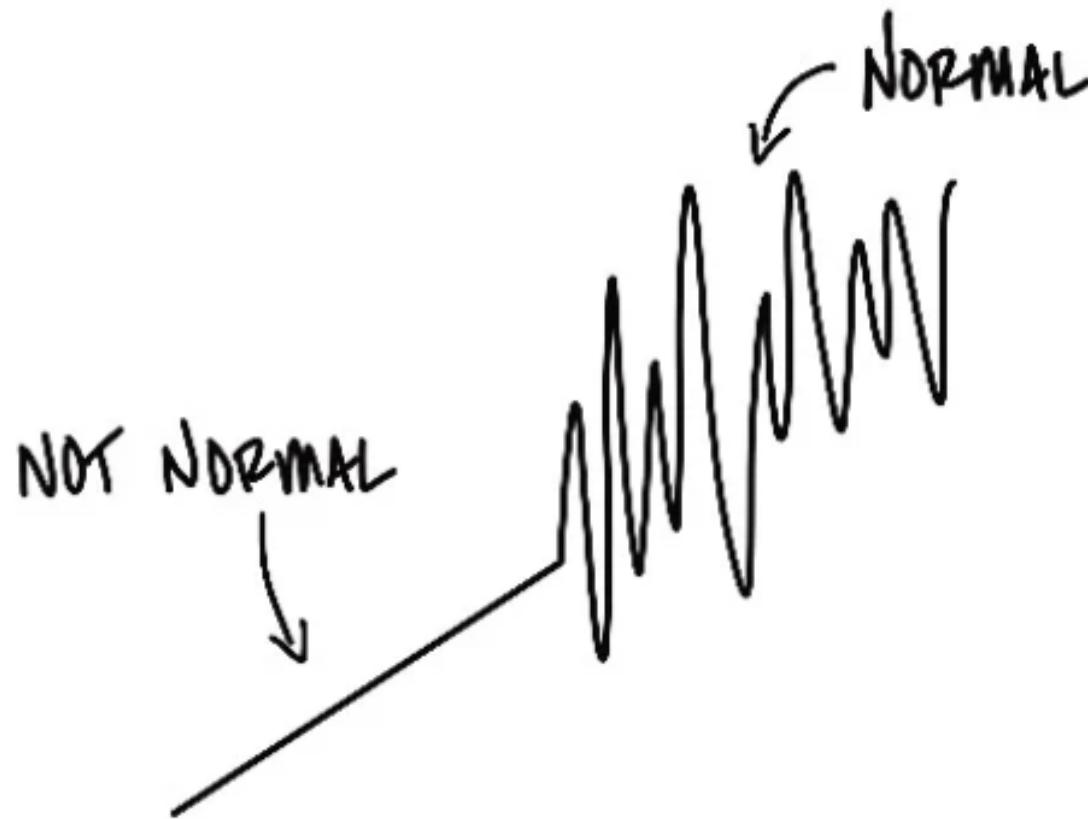
Buffett's Berkshire Hathaway: Consistent Outperformance

Number of years in which shares of Berkshire Hathaway outperformed the S&P 500 (incl. dividends), by decade



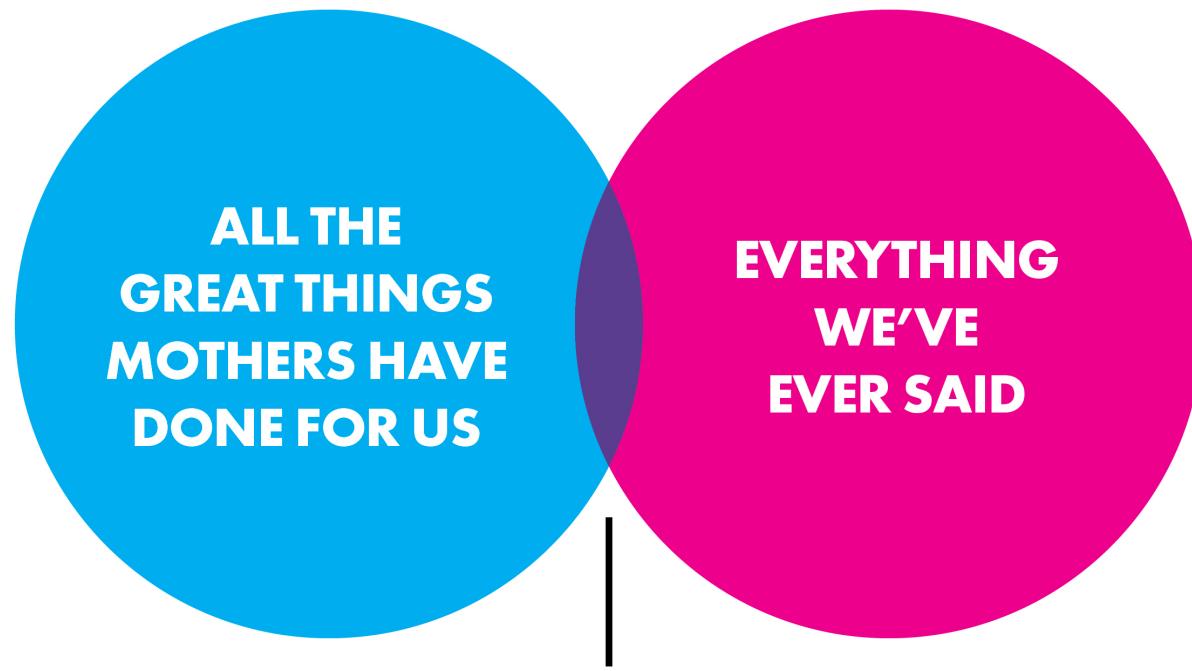
Source: Statista, Company Filings, as of 12/31/2024

Volatility Is Normal



Source: Carl Richards, Vol. 3, as of 12/31/2019

Happy Mother's Day!



**AMOUNT OF TIMES
WE'VE SAID
THANK YOU
TO OUR MOTHERS**

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