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Happy May Everyone!

Well, another month and extended craziness in the world and the markets. Likely the norm for a while, so let's keep our seatbelts securely buckled! On a personal note, this weekend Kate's son, Parker, graduates from Ithaca College, and is hoping to land a job in sports broadcasting, which was his major. Obviously, this is a big milestone in his life, as well as his parents, to be included among those special life milestones that we hold so dearly. As I reflect on my own graduation as well as those of both of my children, this ceremony seems more about the parents than the kids, marking one of the last steps in their transition to adulthood.

In my casual social media scrolling, I came upon a note commenting that by the time a child graduates from college we as parents will have already spent over 90% of our time physically with them. Of course, this also means that for the years beyond graduation, it is a mere 10%. That hit me pretty hard. On top of that, we recently saw the play "Our Town" on Broadway; it was a great show with some incredible acting, and by the end everyone was in tears. The message of the play was that while events such as weddings, graduation, and the like are important, the real joy of life comes in the mundane moments we share with our family and friends. Things as simple as an evening dinner, a walk in the woods, or watching a movie at the end of the day. These are the times that matter, that we savor, and I hope most to appreciate. It becomes quality time, not quantity time, and I am going to try my best to remember that going forward.

Ok, enough of my sappiness for this month, let's get into the markets. As I write this note, we are a day removed from the May 12th rally spurred by the weekend announcement of a short-term tariff agreement reached between the US and China. This rally put the S&P 500 above the level it reached just before Trump's tariff announcement day of April 2nd. In fact, for the year that same index is now slightly positive, which might be hard to believe after all the bad news that is broadcast hourly on tv and on social media. Does this mean we are out of the woods? I have no idea. For now, I feel the market equation I shared last month remains intact, perhaps a little less extreme. This month I am introducing a ranking of each based on a scale of 1-10, to try to provide some perspective on them:

Month	Uncertainty	Anticipated Downturn	Disjointed Trump Administrative Messaging	Immediate Gratification Society	=	Market Stress
April	10	10	10	10		40/40
May	8	8	10	10		36/40

Not sure if this is a good indicator on where my thoughts are, perhaps things will get clearer in the next few days and weeks. That said, I am still sitting tight in my investment allocations as I explained in my April note. It has been a wild ride this year in the markets, and I am not predicting any sort of calm soon.

I did want to share another chart today, with interesting statistics that are based in fact and not my opinion. This chart shows two returns for the S&P 500 every year since 1950. The first is the actual calendar year return for the year- straightforward- January 1-December 31, positive or negative. The second is the size of the intrayear drawdown- the percentage decline in the value of the index from its peak value to its lowest point before recovering. I love this chart, as it gives me perspective on swings in the markets from day to day. Understanding that drawdowns happen every year has allowed me to focus less on the immediate, daily and headline trends and more on the intermediate and longer-term trends. I hope it helps gives you some perspective as well.

S&P 500 Returns & Intrayear Drawdowns: 1950-2024

Year	Return	Drawdown	Year	Return	Drawdown	Year	Return	Drawdown
1950	30.8%	-14.0%	1975	37.0%	-14.1%	2000	-9.0%	-17.2%
1951	23.7%	-8.1%	1976	23.8%	-8.4%	2001	-11.9%	-29.7%
1952	18.2%	-6.8%	1977	-7.0%	-15.6%	2002	-22.0%	-33.8%
1953	-1.2%	-14.8%	1978	6.5%	-13.6%	2003	28.4%	-14.1%
1954	52.6%	-4.4%	1979	18.5%	-10.2%	2004	10.7%	-8.2%
1955	32.6%	-10.6%	1980	31.7%	-17.1%	2005	4.8%	-7.2%
1956	7.4%	-10.8%	1981	-4.7%	-18.4%	2006	15.6%	-7.7%
1957	-10.5%	-20.7%	1982	20.4%	-16.6%	2007	5.5%	-10.1%
1958	43.7%	-4.4%	1983	22.3%	-6.9%	2008	-36.6%	-48.8%
1959	12.1%	-9.2%	1984	6.2%	-12.7%	2009	25.9%	-27.6%
1960	0.3%	-13.4%	1985	31.2%	-7.7%	2010	14.8%	-16.0%
1961	26.6%	-4.4%	1986	18.5%	-9.4%	2011	2.1%	-19.4%
1962	-8.8%	-26.9%	1987	5.8%	-33.5%	2012	15.9%	-9.9%
1963	22.6%	-6.5%	1988	16.5%	-7.6%	2013	32.2%	-5.8%
1964	16.4%	-3.5%	1989	31.5%	-7.6%	2014	13.5%	-7.4%
1965	12.4%	-9.6%	1990	-3.1%	-19.9%	2015	1.4%	-12.4%
1966	-10.0%	-22.2%	1991	30.2%	-5.7%	2016	11.8%	-10.5%
1967	23.8%	-6.6%	1992	7.5%	-6.2%	2017	21.6%	-2.8%
1968	10.8%	-9.3%	1993	10.0%	-5.0%	2018	-4.2%	-19.8%
1969	-8.2%	-16.0%	1994	1.3%	-8.9%	2019	31.2%	-6.8%
1970	3.6%	-25.9%	1995	37.2%	-2.5%	2020	18.0%	-33.9%
1971	14.2%	-13.9%	1996	22.7%	-7.6%	2021	28.5%	-5.2%
1972	18.8%	-5.1%	1997	33.1%	-10.8%	2022	-18.0%	-25.4%
1973	-14.3%	-23.4%	1998	28.3%	-19.3%	2023	26.1%	-10.3%
1974	-25.9%	-37.6%	1999	20.9%	-12.1%	2024	24.9%	-8.5%

Data Sources: NYU, Bloomberg (My Calculations)

Here are some of my observations of this chart:

- There have been 41 years with a double-digit drawdown since 1950.
- 16 of those times the S&P 500 finished the year down; 8 of those years were down double-digits.
- That means 25 of those times it finished up, not bad odds!
- Of those 25 years with double digit drawdowns, 16 times the index ended the year with double-digit gains!
- Using history as a guide, years in which there was a correction of 10% of worse are more likely to finish the year with gains than losses!

These are insights that help put any downturn in perspective. Markets rise and fall, and we hate the way we feel when we are in the middle of a downturn, but in this context, the action in the stock market so far this year is fairly normal.

OK, on that note, wishing you all a wonderful remainder of May!! Bring on Summer!!

With Kind Regards as Always!

Chris and Kate