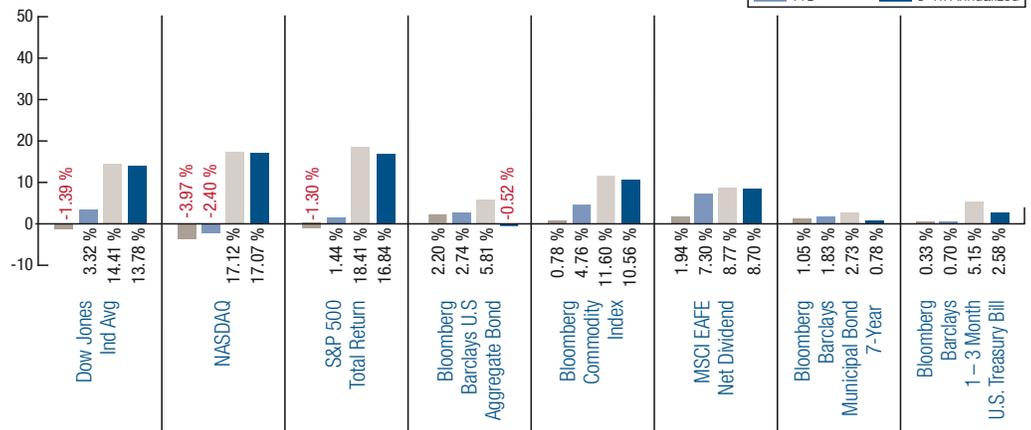


From the Office of Jeff Sgroi, CFP®



“Expect the best. Prepare for the worst.
Capitalize on what comes.”
— Zig Ziglar

Asset Class Returns (as of February 28, 2025)



Market & Economic Synopsis

- Ongoing questions surrounding tariffs disrupt historically strong trade alliances and trigger higher volatility in domestic equity markets.
- Foreign equities enjoy tremendous first two months in 2025, bucking a longer-term trend of relative underperformance.
- Economists broadly agree in rising likelihood of recession considering higher unemployment (due to federal employee layoffs), effect of tariffs, and policy uncertainty.

- 10-year U.S. Treasury yield dips, rewarding bond holders, as investors flock to traditional safe havens. Correspondingly, U.S. mortgage rates post largest weekly drop in six months.
- Germany strays from traditionally tight fiscal policy with planned spending splurge.

Market Update

There are three principles of investing we would like to focus on in this *Market Update*. In short, market volatility is elevated, though far from any historical spikes at the time of this writing.

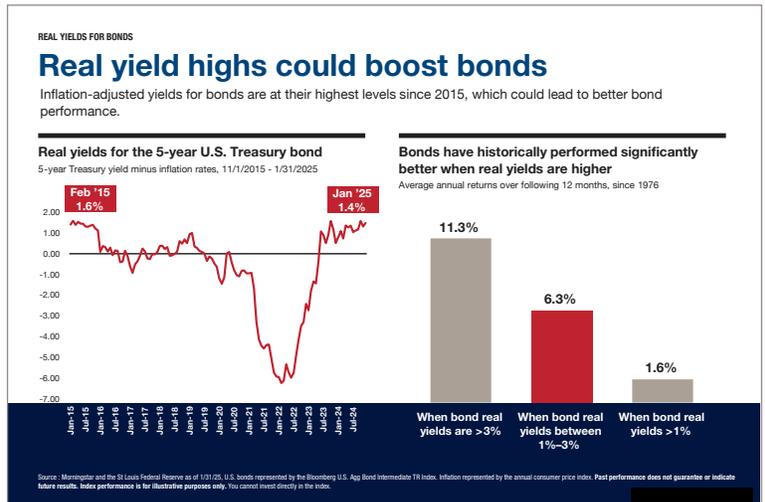
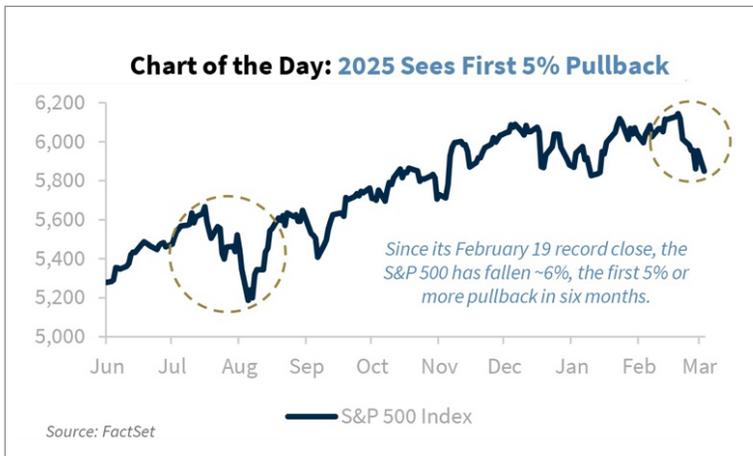
Perspective

Stock market pullbacks are the norm, not the exception, and often present opportunity. After strong returns in the S&P 500 in 2023 and 2024, our expectation was for more muted returns in 2025. Through the first two months of 2025, this has played out as predicted. Two months does not make a market, however. Through the first few days in March, the S&P 500 is down approximately 6% from the all-time highs it reached in late 2024.

As this chart shows, we have experienced only a modest sell off in what we believe was a richly valued market. In fact, 10% pullbacks (from peak to trough) occur in most calendar years. The reasons for market selloffs vary, but current movement is not reason for alarm.

Diversification Works

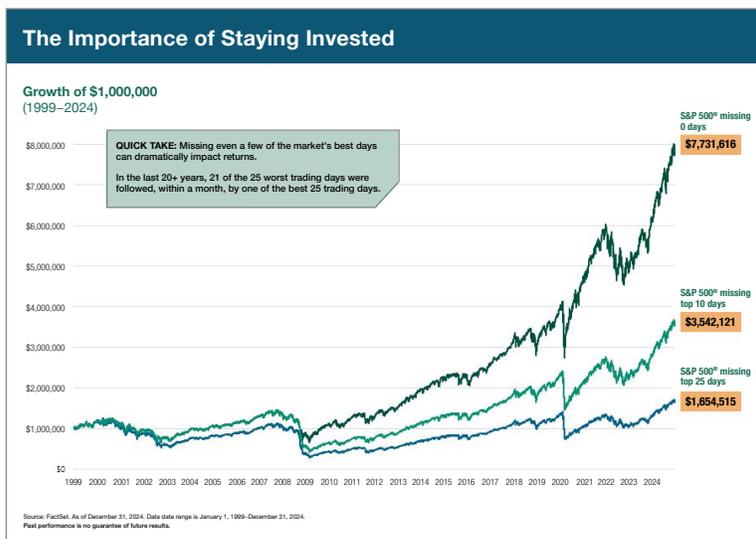
Large cap technology stocks have garnered the attention of investors for years, and for good reason. During periods of market stress, however, investors understandably find comfort in less volatile positions. Maintaining a diversified portfolio is one of our best risk-mitigating strategies. Currently, we are finding value and a safe harbor in bonds.



Real yields are at levels we have not seen in a decade. This is primarily due to inflationary pressure dropping the past two years, juxtaposed with real yields rising. Currently, the 10-year U.S. Treasury yield sits around 4.25%, and based on today's values and historical metrics, fixed income investments (bonds) present solid value and a strong opportunity in the near term.

Stay Invested

As the adage goes – time in the market is more important than timing the market. In other words, the best investors do not try to pick highs and lows, but instead stay invested in one's appropriate risk profile and maintain a suitable strategy and allocation.



Over the past 25 years, missing the best 10 days in the market cut an investor's return in half (per S&P 500). Missing the top 25 days cut investors' return by significantly more. A quick resolution to tariff policy or an unexpected positive economic data point could be the catalyst for a turning point in our market.

In conclusion, remaining poised during tumultuous times often rewards investors. Please contact our office for a consultation and discussion regarding your portfolio and personal situation if you would like to discuss our strategy further.

From the Homefront

From reading our *Market Update*, you likely know Hannah and Lily are hockey players, and rabid NHL fans – Lily loves the Colorado Avalanche and Hannah's team is the Edmonton Oilers. The two teams met in Denver in January, and to Hannah's delight, the Oilers bounced back from a 3–0 deficit to win 4–3. We are looking forward to the upcoming Stanley Cup playoffs!



From the Officefront

We have a number of exciting updates from our office. Recently, Susan Gomes was recognized by Raymond James for her 10 years with our firm. Congratulations on your commitment to our firm and clients over the past decade, Susan!

Zach Mobilian completed the Power of Four Race with his partner, finishing the 24-mile endurance race across our local ski areas in just over eight hours. Although it was not Zach's fastest time (he has competed in the event five times), finishing the grueling race is an accomplishment in and of itself. And as an aside, Zach has started working towards earning his Certified Financial Planner[®] designation. For most candidates, coursework takes over 12 months to complete before sitting for the final exam.

Having worked out of Suite E in the 617 West Main Street Professional Building since 1998, I just relocated to the top floor in the same building and am incredibly excited to have a different view. I welcome you to visit. Susan and Zach remain in their same, respective locations, as does Alyssa.

I also recently completed two programs to further our client offerings and professional capabilities. The Private Wealth Advisor (PWA) Program is a specialized education program designed and offered by Raymond James' Practice Management & Education group and offers wealth managers tools to help high-net-worth families better manage their assets and achieve their financial goals. Specifically, coursework offered by Cannon Financial included the following topics: Banking & Credit Management Issues, Business Succession Planning Issues, Executive Compensation Issues, Protection Strategies, Risk Management & Insurance Issues, and Distribution of Estate Issues. The six-month program also included three onsite visits to Raymond James' corporate headquarters in Florida to work with specialized consultants, meet department heads and key contacts, and collaborate with fellow advisors participating in the program. Acceptance as a Raymond James Private Wealth Advisor culminated with my capstone presentation.

The second program, the Certified Wealth Strategist[®] designation, was a sensible follow up to the PWA Program. The focus topics included Investment Planning Issues, Retirement Planning Issues, and Tax Planning Issues. In short, these educational efforts allow our office to expand the breadth of solutions in an increasingly complex financial environment.

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