



STONEBRIDGE
Capital Advisors

STONEBRIDGE MARKET UPDATE

Navigating Recent Volatility

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Clarity, Without the Complexity

Reflecting on the current market conditions and taking advantage of opportunities as they present themselves.

Overview

While market conditions have been choppy in recent weeks, this level of volatility is not entirely unexpected. Market corrections are a normal part of investing, and notably, we have not seen a 10% pullback in the S&P 500 since 2023—historically, at least one occurs per year.

One key driver of recent volatility is policy uncertainty, particularly surrounding tariffs and broader economic policies. Markets are increasingly pricing in a higher degree of uncertainty, which could persist for the foreseeable future. While tariffs have been a primary catalyst, they are not the only factor influencing market behavior.

Notably, AI-related stocks have led the recent selloff, while defensive sectors like staples and healthcare have remained relatively stable. It's also important to recognize that mega-cap technology names like Microsoft and Nvidia had already begun to trend flat-to-down before this broader market pullback. We believe this repricing is allowing other undervalued areas of the market to gain traction.

For the past several months, we have been identifying opportunities beyond the "Magnificent 7," recognizing the risks associated with the concentration of the largest companies in market-weighted indices. When leadership in these dominant stocks reverses, the broader index can experience heightened volatility. However, not all stocks have been affected equally—many names have remained resilient or even posted gains during this period. This underscores the importance of looking beyond headlines and maintaining a long-term investment focus.

With the market currently 8% off its all-time high, now is a prudent time to reassess client risk tolerance and portfolio positioning. Given the evolving landscape, markets may remain sensitive to policy shifts and macroeconomic developments, leading to continued short-term volatility. However, history has shown that staying disciplined and focused on long-term fundamentals remains the best course of action.

Stonebridge Approach to Investing

Stonebridge Investment Philosophy

Our investment philosophy is centered around fundamental analysis and a long-term investment horizon. Understanding that markets can be volatile, our goal is to achieve superior performance for our clients through in-depth research and discipline.

At Stonebridge, our approach to investment management begins and ends with the client. We gain an in-depth understanding of your long-term goals and financial objectives. This includes identifying your values, risk tolerance and return expectations, income or growth needs, time horizon, tax implications, and any other aspects that assist us in managing your portfolio.

Speak with a Stonebridge Capital Advisors Professional

We always welcome the opportunity to work with you. If you are interested in learning more about how our expertise can elevate your investment strategies, please do not hesitate to contact us today!

Important Disclosure Information

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Risk Considerations

Forecasts and targets are based on certain assumptions and on our current views of market and economic conditions, which are subject to change. There can be no assurance that any investment strategy will be successful and meet its investment objectives. Investments fluctuate with changes in market and economic conditions and across different environments due to multiple factors, some of which may be unpredictable. Asset allocation and diversification do not guarantee investment returns or eliminate risk of loss. All investing involves risks, including the possibility of a loss of principal. Past performance is not necessarily indicative of future results. Additional information may be available upon request.