



STONEBRIDGE
Capital Advisors

MONTHLY MARKET COMMENTARY

APRIL 2025 REVIEW

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Michael Dashner, CFA | Director of Equity, Portfolio Manager

EQUITY REVIEW

At first glance, April appeared relatively uneventful, with the S&P 500 finishing the month down less than 1%. However, beneath the surface, markets experienced notable volatility, with several sharp moves driven by policy uncertainty and shifting investor sentiment.

Periods like this serve as a strong reminder of the risks associated with market timing and making large, reactionary asset allocation changes. For as long as I can remember, we have emphasized the importance of maintaining appropriate risk exposure, staying diversified, and following a disciplined investment process, particularly for moments like these.

To put this volatility in context: from the intraday high to the intraday low last month, the market declined over 15%. Investors who panic-sold during that stretch would face a steep, uphill battle to recover those losses. In contrast, those with a balanced asset allocation and disciplined risk framework had the opportunity to either stay the course or even add to high-quality positions at more attractive valuations.

The catalyst for much of April's market disruption was the additional tariff announcement on April 2nd, which sent shockwaves through global asset markets. While the specifics of the policy remain in flux, the administration's subsequent signal of a 90-day pause, and openness to negotiation, helped calm markets and establish a tentative bottom. Volatility levels observed during the month were among the highest we've seen since 1987. If it felt like a roller coaster, it's because it was.

Looking ahead, we expect continued market volatility. Trade terms remain unresolved, leading to ambiguity in corporate earnings guidance. Additionally, because many businesses and consumers front-loaded imports in the first quarter to avoid expected tariffs, net exports fell sharply, dragging Q1 2025 GDP into negative territory. While this sounds concerning, we expect the net export figure to normalize in the coming quarters. The greater unknown is whether consumer spending begins to soften meaningfully.

Despite these headwinds, periods of uncertainty often present the most compelling opportunities. As active investors with a long-term horizon, we welcome volatility not as a threat, but as a chance to deploy capital into high-quality companies at more favorable valuations. Discipline and patience remain our most valuable tools.

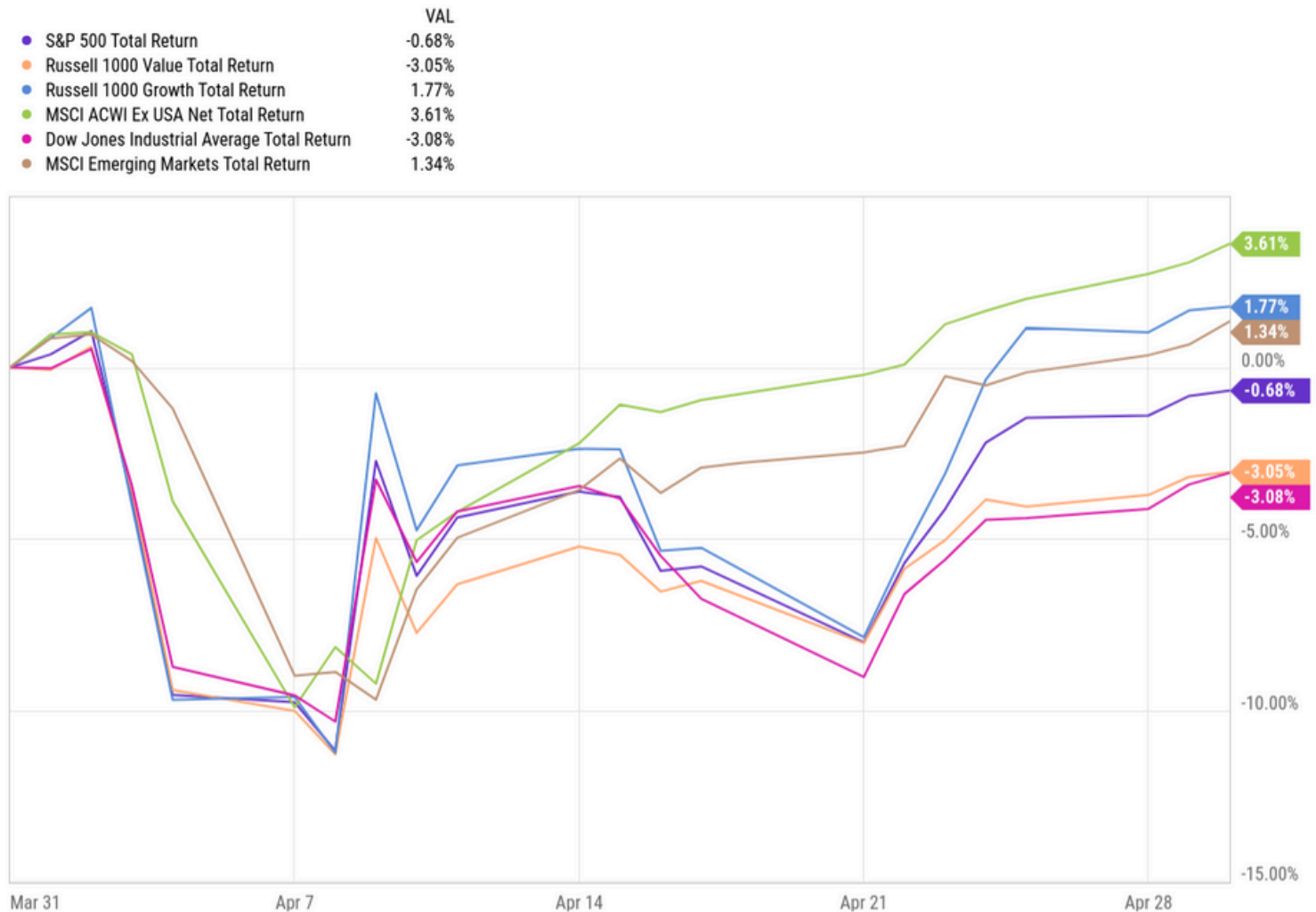




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EQUITY REVIEW

Major Index Returns



Date Range: 03/31/2025 - 04/30/2025

Past performance is not indicative of future returns. You cannot invest directly in an index.

May 2, 2025, 11:34 AM EDT Powered by **YCHARTS**

“What’s important is that our strategy hasn’t changed. We’re fundamental investors and what it means to be a disciplined investor is you have to be disciplined when times are good and when times are bad.”

- Michael Dashner, CFA | Director of Equity



Jon Lynn | Director of Fixed Income, Portfolio Manager

FIXED INCOME REVIEW

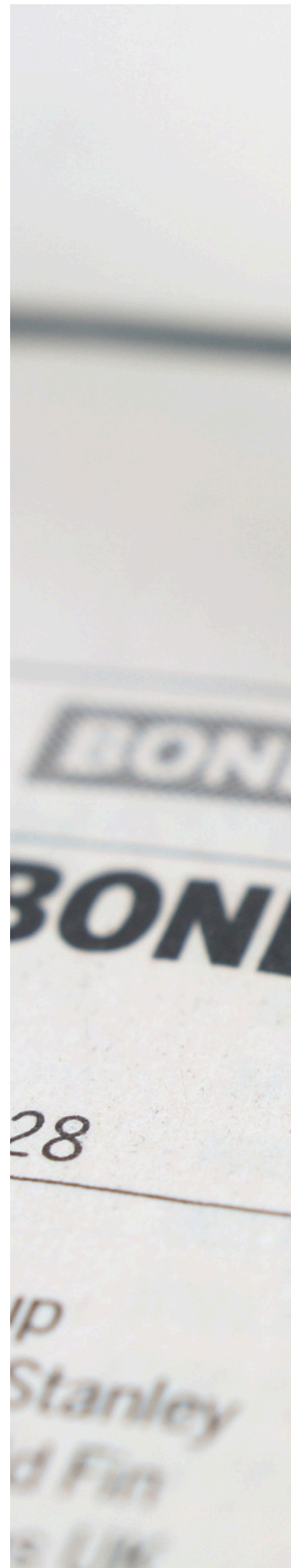
After steadily declining from a mid-January peak of around 4.80%, the 10-year Treasury yield plummeted to start the month after the magnitude of the tariff war was unveiled. It then surged 50 bps during the next week. The 2-year Treasury also displayed considerable volatility in April, ending the month 36 bps lower than its mid-month high point. The market has struggled pricing how economically disruptive and just how inflationary this new environment will be.

Unfortunately, there is just no way to gain any certainty when the goal posts keep moving - which is why we expect volatility to be with us for a while. Initially corporate credit spreads widened when Treasuries sold off. For now, at least those for investment-grades have settled back to near-March levels, which is to say, probably too complacent for a new environment that still lacks any clarity. Municipal bond yields also rose sharply and quickly mid-month before swiftly settling down again. Still, underperformance versus Treasuries has left benchmark tax-exempt rates at 80-90% of US Government yields—relative value levels we haven't seen several years.

As we noted at our economic forum on April 10th, our strategy to moderately extend duration when rates were previously elevated has put us in a good position for this landscape. We have locked in more attractive rates for longer periods, improving the overall income generation in portfolios. At the same time, by adding only several years of overall duration, we are not significantly increasing interest rate risk (volatility) if inflation pushes rates higher in the future. If we do see periods of higher yields, we would view that as just another opportunity to reinvest in better income levels for future years.

“If we see inflation rise, we would expect the longer-term interest rates to rise as well. So, for us, we see that as an opportunity to continue picking up attractive longer-term yields. We think right now is a good time to be in bonds.”

- Jon Lynn | Director of Fixed Income



OVERVIEW

Equity

Stonebridge’s equity investment style seeks to provide methods for growth and income generation. Within this style, we utilize three equity strategies to invest in industry-leading, domestic companies with solid fundamentals.

We focus on companies with attractive fundamentals, highlighted by strong profit margins, cash flows, and balance sheets.

Prioritizing portfolio diversification, we take advantage of lagging sectors and identify best-in-class companies on an on-going basis. Our disciplined approach allows for us to actively manage portfolios, regardless of market conditions.

EQUITY LARGE CAP GROWTH
est. January 2001

EQUITY DIVIDEND INCOME
est. March 2011

EQUITY GROWTH & INCOME
est. March 2015

Fixed Income

Stonebridge’s approach to fixed income seeks to provide principal protection, asset liquidity and income generation. We manage two fixed income strategies that both utilize individual securities, and are broadly diversified across sectors and issuers.

Maintaining a conservative risk profile, we favor high quality investment-grade credit and capitalize on yield curve relative value. We focus on opportunities along the yield curve to help provide income and lower volatility.

FIXED INCOME TAX-EXEMPT
est. June 1997

FIXED INCOME TAXABLE
est. December 1998

Key Market Moves

03/31/2025 - 04/30/2025

S&P 500:
5611.85 to 5569.06 (down 42.79)
.....
Dow Jones:
42001.76 to 40669.36 (down 1332.4)
.....
NASDAQ:
17299.29 to 17446.34 (up 147.05)
.....

Key Market Moves

03/31/2025 - 04/30/2025

2-Year Treasury:
3.89% to 3.60% (down 29 bps)
.....
10-Year Treasury:
4.23% to 4.25% (up 2 bps)
.....
10-Year A-Rated Corporate:
5.10% to 5.11% (up 1 bps)
.....
10-Year AAA-Rated Municipal:
3.26% to 3.34% (up 8 bps)
.....

Important Disclosure Information

All information herein is as of May 2, 2025, unless otherwise indicated.

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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.

