WINTHROP WEALTH

APRIL 2025 MARKET RECAP

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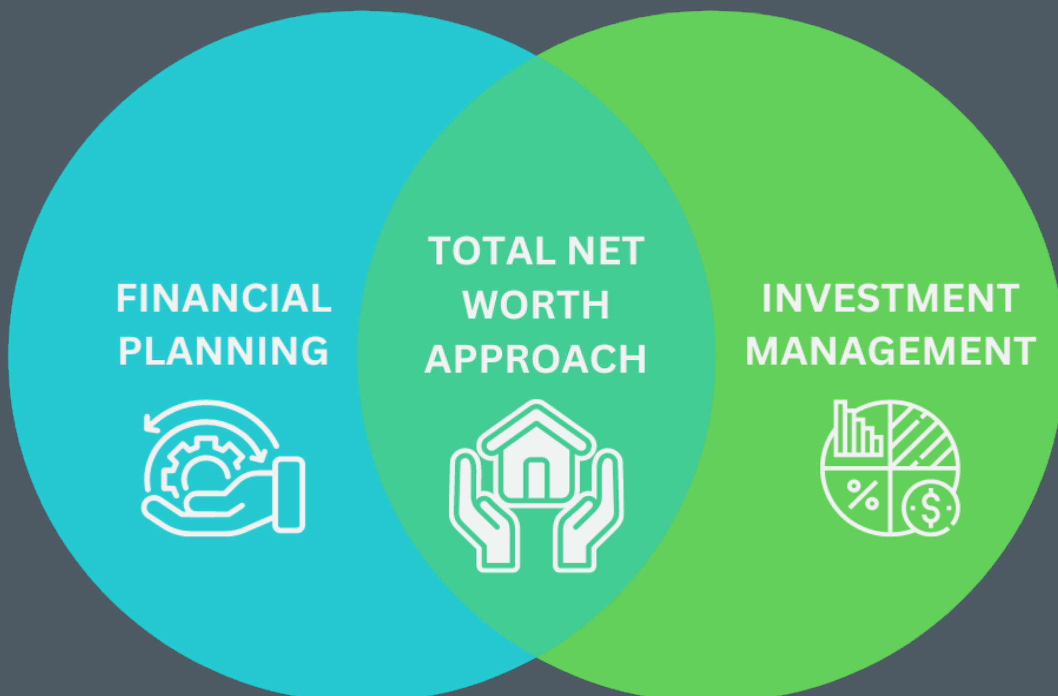

At Winthrop Wealth, we follow a **Total Net Worth Approach** to wealth management that combines both comprehensive financial planning and investment management. The financial plan helps define cash flow needs, seeks to optimize account structures, considers tax mitigation strategies, and determines the appropriate asset allocation based on the client's willingness and ability to take risk. Based on the output of the financial plan, our investment management process designs a well-diversified portfolio constructed with a long-term methodology based on prudent risk management, asset allocation, and security selection. *For clients who receive both financial planning and investment advisory services under agreement. No strategy assures success or protects against loss. Investing involves risk, including loss of principle.*

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The S&P 500 fell by -0.7% in April, but that modest headline decline masks what was one of the most volatile and eventful months for markets in recent memory. After President Trump's tariff announcements on April 2nd, the S&P 500 fell -12% over the next four trading days, bringing the index close to a bear market with a peak-to-trough decline of nearly -19%. When the President paused reciprocal tariffs on April 9th, the S&P 500 surged +9.5% that day - marking the third-best single-day gain for the index since 1980 (this serves as another reminder why Missing the Best Days Crushes Investor Returns). The market rallied into month-end, capped by a six-day streak of consecutive gains. The S&P 500 ended April higher by nearly +12% from the April 8th low, but still down about -4.9% year-to-date.

This recent market turbulence reinforces our belief in the importance of maintaining a long-term perspective. Please see our Principles for Long-Term Investing.

- **Volatility Surges:** The S&P 500 closed up or down by at least 2% on eight trading days in April—more than in all of 2024 combined and tied with October 2022 for the most volatile month since the onset of the pandemic in March and April 2020.
- **Tariff Wars and Whiplash:** Investors had no choice but to endure Trump's Tariff Rollercoaster, with new measures announced, delayed, or exempted almost daily throughout the month. Here are some of the highlights. On April 2nd, under the banner of 'Liberation Day,' President Trump announced a 10% baseline tariff on imports from all countries, along with reciprocal tariffs ranging from an additional 10% to 49% on 60 nations, aimed at reducing trade barriers and deficits. The prevailing belief was that the drastic increase in tariffs would trigger a recession and cause inflation to spike. On April 9th, as financial markets were in chaos, the President announced a 90-day pause on reciprocal tariffs for all countries except China. Throughout the month, the U.S. and China exchanged tariff increases, with rates escalating to 145% and 125%, respectively, as of this writing. In a recent interview, Treasury Secretary Scott Bessent called these tariffs "unsustainable" and stated that it is China's responsibility to de-escalate the situation. Bessent further stated that the US is making progress in negotiations with 17 countries that represent "important trading relationships."
    - The situation remains very fluid, with new headlines on tariffs and negotiations occurring nearly every hour. As we stated in our Post-Election commentary, President Trump used the threat of tariffs with some success during his first administration, although this created market volatility and weighed on the economy. While we expected tariffs, we were surprised by the extreme rates announced on April 2nd, and we were relieved that President Trump decided to lower the temperature after the financial markets dropped. Going forward, we expect agreements sooner rather than later, as these blanket tariffs will likely lead to higher prices, slower economic growth, and lower corporate earnings. For investors, constant tariff threats and negotiations are now part of the new economic and market landscape.

Short-Term Outlook: At this point, the main causes of market volatility—namely, President Trump's tariffs and, to a lesser extent, his threats to fire Fed Chair Powell—have been self-inflicted. We have also seen direct evidence that the President is monitoring financial activity and is willing to pivot in response to market instability. This should reassure investors that he is not intent on driving the economy off a cliff. Perversely, however, a stock market rally may embolden the President to escalate tariffs and apply additional pressure on other countries. Additionally, even if President Trump were to remove all tariffs, significant damage has already been done to investor and business confidence. In our view, the environment suggests continued volatility, with the market likely to remain in a wide trading range over the coming months - until investors gain more clarity on tariffs, tax policy, inflation, and the overall health of the labor market and economy.

As we outlined in our Navigating Volatile Markets commentary, during periods of market stress, we follow the same playbook and convey the same messages. We believe that having the right mindset, a comprehensive financial plan, and a thorough investment process can provide confidence in working toward your long-term financial goals, especially during challenging periods. During inevitable market declines, while they can certainly be uncomfortable, we seek to utilize the volatility as an opportunity to make lemonade out of lemons by tax-loss harvesting or reallocating to more attractive securities. **In many of our managed portfolios, we looked for tax-loss harvesting opportunities and rebalanced into equities where appropriate during the market selloff early in the month.** During difficult market periods, we believe those who were able to either stay invested, rebalance, or add to their existing holdings will eventually be rewarded. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. Consider your own risk tolerance, financial circumstances, and time horizon.*

All data sourced from Bloomberg as of 4/30/2025

Fixed Income Markets

Interest Rates

Most Treasury yields declined slightly over the month. As a reminder, the Federal Reserve influences short-term interest rates by setting the Federal Funds rate, while the market determines long-term yields based on investor demand, which varies based on expectations of future inflation and economic growth.

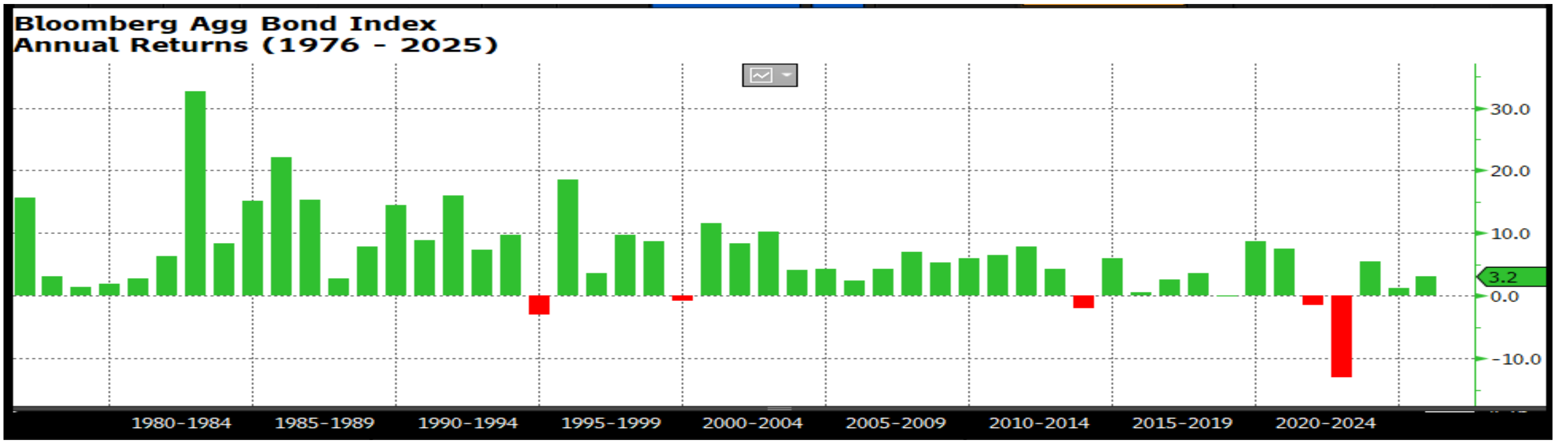
- **Short-Term Treasury Yields:** according to Bloomberg, market pricing indicates about three rate cuts this year, so short-term yields should decline further. Short-term yields were above +5% for most of 2023 and 2024.
  - Month-end levels: 3-Month: 4.29% (-0%), 6-Month: 4.17% (-0%), 12-Month: 3.85% (-0.2%).
  - Investing in short-term Treasuries with +5% yields was a great strategy over the past several quarters, but we believe that opportunity has passed, and investors now face reinvestment risk with lower rates at maturity. We suggest using short-term Treasuries to fund anticipated liabilities, and to invest any excess cash in longer maturities or in a diversified portfolio. *Investing involves risk including loss of principal. No strategy assures success or protects against loss.*
- **Long-Term Treasury Yields:** The 10-Year yield also had a volatile month, spiking after the tariff announcement as liquidity dried up amid concerns over rising inflation. Although the Trump Administration has openly expressed a desire to lower the 10-Year yield, the bond market's reaction served as a reminder that tariff-induced inflation is counterproductive to achieving that goal. The 10-Year peaked at 4.49% before retreating to 4.16% by month-end as the President paused reciprocal tariffs.
  - Month-end levels: 10-Year: 4.16% (-0%), 30-Year: 4.68% (+0.1%).
  - In our opinion, if the Trump administration can reduce the government deficit and moderate the increase in the federal debt, it would significantly help to stabilize long-term interest rates.

Intermediate-Term Bonds

The Bloomberg US Aggregate Bond index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, increased by +0.4% as the 10-Year Treasury yield declined. The Agg is now higher by +3.2% in 2024. As a reminder, bond prices move inversely to interest rates and credit spreads. Please see our Bond Primer.

After challenging years in 2021 and 2022 and tepid results in 2024, we continued to recommend a patient approach for intermediate term bonds. All else equal, we expect intermediate-term bonds to provide both ballast and positive returns once yields either stabilize or decline. We'd like to highlight that bonds provided ballast during the recent bout of market volatility, gaining +2.3% from the equity market peak on February 19th through month-end, and delivering positive returns as yields declined this year.

In our opinion, intermediate-term bonds remain an attractive investment opportunity, as the yield to maturity on the US Aggregate Bond Index ended April at 4.5%. Yield to maturity is defined as the estimated annualized rate of return an investor can expect on a bond if purchased today and held to maturity, assuming the issuer makes all their interest and principal payments (i.e., no defaults). In our view, patient investors should be optimistic about intermediate-term fixed income returns over the next several years. *Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*



Source: Bloomberg.

Monetary Policy

The new Administration is in the process of implementing substantial policy changes in four distinct areas: trade, immigration, fiscal policy, and regulation. The level of the tariff increases announced so far is significantly larger than anticipated. The same is likely to be true of the economic effects, which will include higher inflation and slower growth. For the time being, we are well positioned to wait for greater clarity before considering any adjustments to our policy stance.

- Fed Chair Jerome Powell, Economic Club of Chicago

As there was no FOMC meeting this month, we gained insight into the direction of monetary policy from Fed Chair Powell's public speeches on April 4th and 16th. Chair Powell made it clear that, despite the economic uncertainty caused by tariffs, the Fed is in no hurry to lower interest rates. The next FOMC meeting takes place on May 7th. According to Bloomberg, market pricing indicates about three 0.25% rate cuts this year, with the first expected in June.

Fed Chair Powell's decision to hold rates steady angered the President, who prefers that the Fed begin preemptively cutting interest rates to avoid any economic slowdown. We saw this exact situation during the first Trump administration, when the Fed lowered rates three times in 2019 under constant pressure from the President following an economic slowdown during the first US-China trade war. On April 17th, the President posted that the Fed 'should have lowered interest rates long ago' and that 'Powell's termination cannot come fast enough!' After financial markets declined on concerns about a threat to Fed independence, President Trump clarified that he never intended to fire Powell - although he reiterated his desire for lower interest rates.

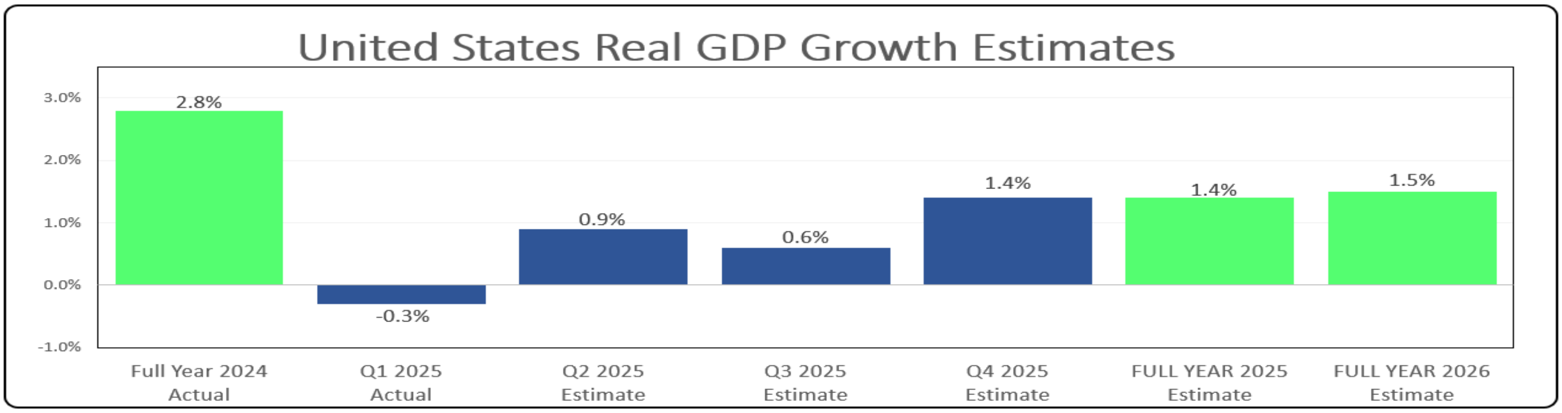
The Federal Reserve is designed to be an independent and apolitical government agency. An independent central bank helps build credibility and maintain market confidence. While the President or members of Congress may occasionally be openly critical, politics are not supposed to influence Fed decisions. Fed Chair Powell's term runs until May 2026. We expect President Trump to continue criticizing Powell until the Fed begins lowering interest rates. We hope the recent market decline, triggered by the perceived threat to Fed independence, was enough to dissuade the President from continuing to threaten Powell's removal before his term expires.

US Economy

There are many uncertainties surrounding the new tariff policy: the potential retaliatory actions, including on services, by other countries, the effect on confidence, the impact on investments and capital flows, the effect on corporate profits and the possible effect on the US dollar. Whether or not the menu of tariffs causes a recession remains in question, but it will slow down growth.

- Jamie Dimon, JP Morgan Chase, Chairman and CEO Letter to Shareholders (April 2025)

After months of downbeat survey data, we are now starting to see the impact of tariffs weigh on hard economic statistics. First-quarter GDP came in at a disappointing -0.3% seasonally adjusted annual rate. Imports, which are subtracted from GDP, reduced the reading by -5% as businesses and individuals pulled forward purchases from other countries to front-run tariffs. Additionally, the ADP Employment Report for April showed an increase of only +62,000 jobs for the month, well below the 12-month average of +150,000. Slowing job growth is a concerning sign that trade uncertainty may be affecting hiring decisions. The next major labor market data point is the BLS Employment Report, scheduled for release on May 2nd. Where we go from here will largely depend on the President's evolving trade policies.



Source: Bloomberg.

APRIL 2025 MARKET RETURNS

US Equity												
Index	**April**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
S&P 500	-0.68%	-4.93%	25.00%	26.26%	-18.13%	28.68%	18.39%	12.07%	12.14%	15.58%	12.29%	10.29%
Russell 3000	-0.67%	-5.37%	23.80%	25.93%	-19.22%	25.64%	20.88%	11.39%	11.38%	15.10%	11.65%	10.14%
Dow Jones Industrial Average	-3.08%	-3.92%	14.99%	16.18%	-6.86%	20.95%	9.72%	9.48%	9.40%	13.04%	11.02%	9.76%
Nasdaq	0.88%	-9.47%	29.60%	44.70%	-32.51%	22.21%	45.05%	12.24%	13.18%	15.35%	14.57%	12.84%
S&P 400	-2.25%	-8.22%	13.89%	16.39%	-13.10%	24.73%	13.65%	1.17%	6.16%	13.29%	8.32%	9.44%
Russell 2000	-2.31%	-11.58%	11.52%	16.88%	-20.46%	14.78%	19.93%	0.86%	3.24%	9.84%	6.29%	7.71%
Russell 1000 Growth	1.77%	-8.38%	33.35%	42.67%	-29.14%	27.59%	38.49%	14.52%	15.58%	17.21%	15.25%	12.40%
Russell 1000 Value	-3.05%	-0.98%	14.35%	11.41%	-7.56%	25.12%	2.78%	8.53%	7.57%	12.96%	8.33%	7.91%

International Equity												
MSCI Index	**April**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
EAFE	4.58%	11.76%	3.82%	18.24%	-14.45%	11.26%	7.82%	12.57%	10.07%	11.37%	5.44%	5.53%
Europe	5.40%	18.22%	2.64%	22.94%	-17.86%	13.54%	7.89%	15.93%	14.02%	14.03%	6.14%	5.32%
Japan	5.23%	5.58%	8.31%	20.32%	-16.65%	1.71%	14.48%	8.28%	10.42%	8.77%	5.42%	4.79%
China	-4.27%	10.11%	19.42%	-11.20%	-21.93%	-21.72%	29.49%	26.13%	3.46%	-0.65%	0.50%	7.82%
Emerging Markets	1.31%	4.28%	7.50%	9.83%	-20.09%	-2.54%	18.31%	9.02%	3.84%	6.34%	3.07%	6.27%
All Country World (ACWI)	0.93%	-0.40%	17.49%	22.20%	-18.36%	18.54%	16.25%	11.84%	10.26%	13.06%	8.62%	7.80%
ACWI ex US	3.61%	9.03%	5.53%	15.62%	-16.00%	7.82%	10.65%	11.93%	8.03%	10.08%	4.83%	5.54%

US Fixed Income												
Bloomberg Index	**April**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
Aggregate	0.39%	3.18%	1.25%	5.53%	-13.01%	-1.54%	7.51%	8.02%	1.95%	-0.67%	1.54%	3.13%
Treasury Bills	0.35%	1.40%	5.32%	5.14%	1.52%	0.04%	0.54%	4.95%	4.44%	2.67%	1.89%	1.64%
Corporates	-0.03%	2.27%	2.13%	8.52%	-15.76%	-1.04%	9.89%	7.60%	3.04%	0.47%	2.50%	4.08%
Securitized MBS/ABS/CMBS	0.32%	3.34%	1.45%	5.08%	-11.67%	-1.04%	4.18%	8.98%	1.97%	-0.59%	1.22%	
High Yield	-0.02%	0.98%	8.19%	13.45%	-11.19%	5.28%	7.11%	8.69%	6.24%	6.34%	4.88%	6.63%
Munis	-0.81%	-1.03%	1.05%	6.40%	-8.53%	1.52%	5.21%	1.66%	2.20%	1.16%	2.10%	3.35%

US Equity Sectors												
Index	**April**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**1-Year**	**3-Year**	**5-Year**	**10-Year**	**20-Year**
Technology	1.62%	-11.24%	36.61%	57.84%	-28.19%	34.52%	43.88%	13.79%	19.11%	21.55%	20.53%	15.39%
Real Estate	-1.20%	2.34%	5.23%	12.35%	-26.13%	46.20%	-2.17%	18.34%	-0.39%	7.64%	6.45%	
Industrials	0.19%	0.00%	17.30%	18.08%	-5.51%	21.10%	11.05%	9.63%	13.16%	17.27%	10.79%	9.48%
Energy	-13.65%	-4.83%	5.72%	-1.42%	65.43%	54.39%	-33.68%	-10.81%	6.22%	21.17%	3.97%	6.34%
Consumer Discretionary	-0.32%	-14.08%	30.14%	42.30%	-37.03%	24.43%	33.30%	11.34%	8.17%	11.30%	11.37%	11.17%
Communication Services	0.75%	-5.50%	40.23%	55.80%	-39.89%	21.57%	23.61%	16.83%	18.62%	14.55%	9.76%	8.90%
Consumer Staples	1.23%	6.53%	14.87%	0.52%	-0.62%	18.63%	10.75%	14.84%	6.38%	11.48%	9.09%	9.93%
Utilities	0.10%	5.04%	23.43%	-7.08%	1.56%	17.67%	0.52%	21.98%	6.84%	10.14%	9.60%	8.84%
Materials	-2.17%	0.58%	-0.04%	12.55%	-12.28%	27.28%	20.73%	-3.28%	1.76%	12.35%	7.50%	8.05%
Financials	-2.08%	1.33%	30.50%	12.10%	-10.57%	34.87%	-1.76%	22.73%	14.28%	18.68%	11.73%	6.00%
Health Care	-3.70%	2.60%	2.58%	2.06%	-1.95%	26.13%	13.45%	1.86%	4.29%	8.90%	8.87%	9.87%
								Annualized Returns				

Source: Bloomberg.

DISCLOSURES

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies pro- moted will be successful.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
The S&P Midcap 400 Stock Index is an unmanaged index generally representative of the market for the stocks of mid-sized US companies.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 3000 Growth Index is an unmanaged index comprised of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of those Russell 3000 com- panies with lower price-to-book ratios and lower forecasted growth values.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

The MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of the Americas, Europe, the Middle East, Africa and Asia. The MSCI EM Index consists of the following emerging market country indices: Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa. Turkey, United Arab Emirates, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

The MSCI US Broad Market Index captures broad US equity coverage. The index includes 3,204 constituents across large, mid, small and micro capitalizations, representing about 99% of the US equity universe.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

The Barclays Capital US Corporate High Yield Bond index is an index representative of the universe of fixed-rate, non-investment grade debt.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

DISCLOSURES

The Bloomberg Barclays US Treasury Bills 1-3 Month Index is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months. The Index includes all publicly issued zero coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and at least 1 month, are rated invest- ment grade, and have $300 million or more of outstanding face value.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

The market value of corporate bonds will fluctuate, and if the bond is sold prior to maturity, the investor’s yield may differ from the advertised yield.

Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio.