

**Monthly Market Commentary****Summary**

1. The heightened uncertainty associated with tariffs remains a concern despite a temporary pause providing some relief.
2. Trade disruptions due to tariffs will cause some short-term imbalances with the actual impact still unknown as negotiations continue.
3. The economy continues to slow alongside inflation for now; however, a contraction seems unlikely.
4. As markets adjust to the new environment, it is prudent to align portfolios with long term goals in mind.

As we all know, May is the most important month of the year. That's right, it is a time when we get to celebrate all the mothers out there! Moms are the backbone of their families and keep the family ship heading in the right direction. We hope that you all can celebrate Mother's Day with those you love! For the dad's and children, remember every mom wants a clean house and kids that listen on this special day! Enjoy!

April witnessed one of the highest cross asset volatilities we have seen in some time. This created chaos across the global markets as market participants were caught off-guard with the scale and magnitude of tariffs imposed on different countries globally. A shock of this magnitude resulted in extreme stress in financial conditions and investors had no place to hide, with both risk on and risk off assets selling off at the same time; however, most of those losses were recouped as we closed the month. This episode continues to highlight the concentration risk within US markets where a handful of names have outsized impacts due to crowding when uncertainty about the economy and markets is elevated.

On the fundamental side, the economy continues to slow at a gradual pace and has now approached closer to trend growth with inflation slowing as well. The latest GDP for Q1 2025 was reported at 2.1% YoY vs 2.5% YoY in Q4 2024 while inflation came in flat at 2.7% YoY. Growth is expected to slow further to slightly below trend over the next few quarters. Inflation will also slow further but is likely to trough around the second quarter and inflect higher into the second half of the year unless we see a higher degree slowdown in growth. Earnings have come in stronger than expected so far in Q1 with 70% of companies reporting an aggregate revenue and earnings growth of 4.7% and 15.4% on a YoY basis. However, they have slowed from Q4 2024 and should be expected to slow further in the coming quarters as the impact of tariffs is reflected in the P&Ls of companies in the coming quarters.

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