Newsletter

April 2025

Market Update

The markets are taking a hit today. The main reason being cited is the new tariffs imposed by the Trump administration. While this may seem dramatic, it could be a short-term overreaction. It's likely that some of these tariffs will be negotiated down over time, especially as other nations remove barriers to U.S. products.

We're not here to advocate for or against tariffs—our goal is to help you understand what's going on in the markets and how it impacts your portfolio.

Market Snapshot (as of last night):

- S&P 500: down 3.39% year to date (YTD)
- Nasdaq 100 (tech stocks): down 6.735% YTD

As you know, our largest allocation across client accounts is to buffered equity ETFs. These funds use hedging techniques to reduce downside risk. While they don't eliminate risk entirely, they do a solid job of minimizing losses during market downturns.

Thanks to this allocation, most of our clients haven't felt the full sting of the broader market pullback. Through yesterday, while the S&P and Nasdaq were down between 3–7%, many of our clients were down about 1%. Of course, results vary depending on your specific allocation—aggressive portfolios experienced larger drops, while more conservative clients saw minimal or even no losses.

Since our move from Schwab to Axos, we've been holding a lot of client meetings to review recent performance. Many clients have been pleasantly surprised to see that their accounts held up much better than expected—especially compared to what they've been hearing on cable news.

In fact, this has led to strong client confidence: over the past few weeks, clients have added or committed to adding about $4 million in new funds.

Market Action Today

As of this writing, the S&P 500 is down 4.34%, the Nasdaq 100 is down 5.53%, and small cap stocks are down 6.1%. In comparison, our typical client portfolios are down approximately 2.5%. No, we don't enjoy seeing red either—but this is exactly why we use buffered equity ETFs. They're designed to help soften the blow in volatile markets like today.

So, What Should You Do Right Now?

1. Understand that your portfolio is holding up better than the indexes—especially if you're not an aggressive investor.
2. Remember that 10% market drops happen about every 18 months on average. It's been about 2.5 years since the last one. This is normal. The "why" just changes each time.
3. Consider adding to your investments. Stocks are cheaper than they were a few weeks ago, and buying low makes for better long-term results.
4. Let us review your other accounts. If you have investments elsewhere without any buffer or hedge, we're happy to take a look and see how we can reduce risk.

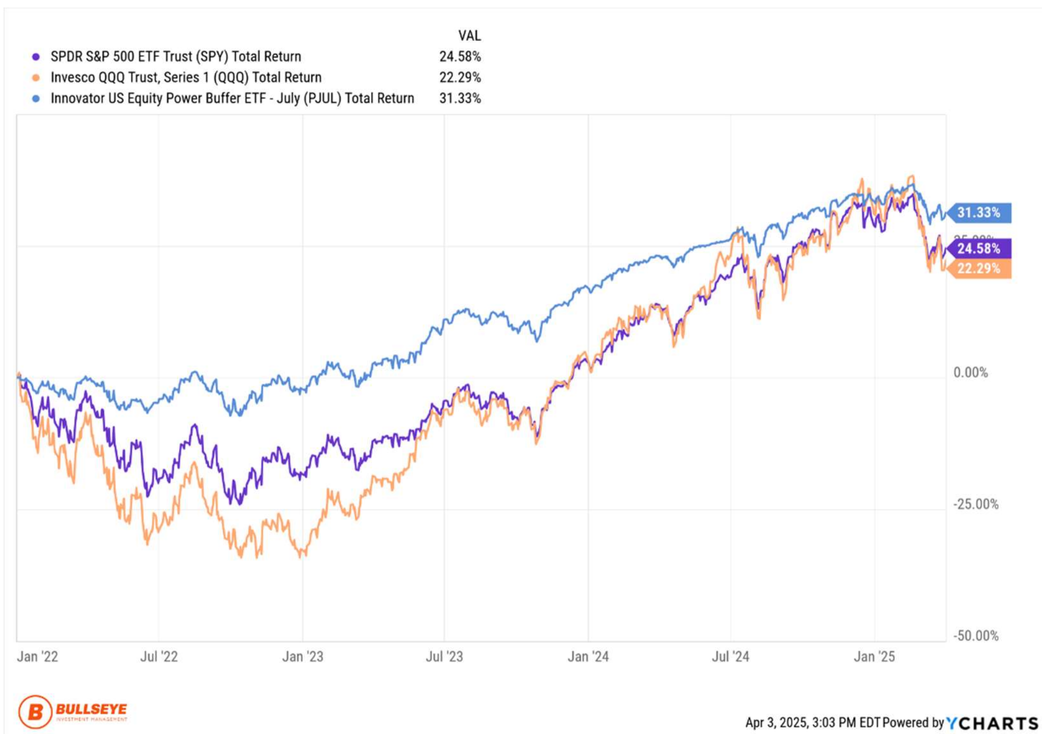
What Are We Doing?

1. **Looking for opportunities**. Good companies can see their stock drop too far, too fast. We're keeping an eye out for great deals.
2. **Watching the buffered ETFs closely.** Sometimes market volatility creates situations where a buffered ETF has little risk left and lots of upside. That's where we lean in.
3. **Reassuring our clients** that this is manageable—and that most accounts are holding up better than the news would suggest.

Now to Save 1,000 Words…

Check out this chart.

The **light blue line** represents the oldest buffered ETF.



The **purple line** is the S&P 500.

The **orange line** is the Nasdaq 100.

Timeframe: January 1, 2022 (the last major down year) through yesterday.

As you'll see, the buffered ETF does fluctuate—but it holds value especially well during big drops. Over nearly 3.5 years, it's actually **outperformed both the S&P 500 and Nasdaq 100—with less volatility.**

We can't guarantee these results will continue, but these funds have clearly demonstrated the potential to reduce risk, provide a smoother ride, and possibly even outperform over time.

A Closer Look at Portfolio Structure

Most of our balanced portfolios are approximately 65% allocated to buffered equity funds. The remaining portion typically includes stock funds that aren't hedged, as well as fixed income investments—which are actually appreciating today as interest rates fall.

You might wonder why we don't allocate 100% to buffered funds. The reason is simple: we don't want to be too conservative. Our goal is to strike the right balance—having enough buffer to reduce the impact of market downturns, while still remaining competitive in rising markets. It's not an exact science (we don't have a crystal ball), but so far, the approach is working.

In addition, we use covered call funds in many client portfolios. These funds invest in unhedged stocks but offer strong dividend income—typically in the 8–9% range annually. While this strategy doesn't provide immediate protection on a day like today, the steady income stream adds up over time and acts as a kind of "slow-motion" downside protection.

Tax Season Update

You still have time to complete your 2024 contributions!

The deadline to contribute for the 2024 tax year is **April 15, 2025**. If you haven't already made your IRA contributions now is a great time to do so.

Refer to the chart below for the 2024 contribution limits:

TRADITIONAL IRA & ROTH IRA CONTRIBUTIONS	
Total Contribution Limit	$7,000
Catch Up (Age 50+)	$1,000
RETIREMENT PLANS	
ELECTIVE DEFERRALS (401(K), 403(B), 457)	
Contribution Limit	$23,500
Catch Up (Age 50+)	$7,500
Catch Up (Ages 60–63)	$11,250
403(b) Additional Catch Up (15+ Years of Service)	$3,000

Axos Statement Mailing & Online Access

We want to make sure you're set up for success with your new Axos account. A link will be included in this email to help you register for online access.

Please note:

- Axos only publishes quarterly statements—not monthly.
- If you enroll in online access, you will not receive printed statements in the mail.
- If you'd prefer to receive paper statements, just let us know. We'll set that up for you. You'll need to call to verify your mailing address, and we'll make sure your quarterly statements are mailed accordingly.

Annual ADV Delivery

We’ll be sending out our updated Annual ADV (Brochure and Disclosure) by the end of the month. These documents provide important information about our services, fees, and business practices.

Each client will receive a copy via email, but if you prefer a printed version, just let us know—we’ll be happy to mail it to you the old-fashioned way.

As always, if you have any questions after reviewing the documents, feel free to reach out. We're here to help!