Quantitative Asset Management, LLC
Investment & Advisory Services

April 15, 2025

Quarter Ending March 31, 2025

Quarterly Performance	Q1 Index	YTD	Close
Dow Jones Industrial Average	-1.3%	-1.3%	42,001.76
NASDAQ Composite Price	-10.4%	-10.4%	19,439.50
Standard & Poor's Averages	-4.6%	-4.6%	5,653.25

We have been writing our quarterly letter for close to a decade. Our main goal and objective was to provide clients with a brief review of the previous quarter and offer our thoughts on both current and future market and economic expectations. Only once have we sent out an additional letter to our clients… Q4 of 2018 when a spike in interest rates caused panic selling in the equity markets.

As we started to write our reflections of Q1 2025, the President's tariff plan hit the news wires and broad equity markets began to experience some significant volatility. Under the circumstances, as a change of course, we will spend a brief period of time reviewing Q1, then we'll address the current economic and market environment.

As expected, the year-end market volatility continued into the first quarter of 2025. After equity markets hit new all-time highs in February, the S&P 500 entered correction territory in mid-March after falling 10.5% from its recent high. The S&P 500 ended the quarter losing 4.6%, leading to its worst quarterly performance since Q3 2022.

Much of the selloff was driven by the same stocks that led to outsized equity returns in the past two years: the Magnificent Seven. During the first quarter, the Magnificent Seven declined 14.8%. The other 493 stocks in the S&P 500 were up .4 percent during the same period. Although it's early, we continue to expect a rotation out of high-multiple mega-cap tech names and into names with more reasonable valuations. This shift in investor philosophy should be a net benefit for our investment style. Remember, markets always come back to normalcy and will trade based on fundamentals and reasonable valuations.

The first quarter took investors on a rollercoaster, driven by on-again, off-again tariff policy announcements. The original tariff conversation started as the U.S. imposed trading sanctions on goods from key trading partners such as Canada, Mexico, and China. A short while later, portions of these tariffs were walked back to be finalized at a later date.

The biggest news event, which occurred during the first week of Q2, was the White House's announcement of their reciprocal tariffs on other countries. The reciprocal tariffs were much broader, in both scope and size, than anticipated. The fallout of this announcement has caused significant economic, geopolitical, and market turbulence in the United States and throughout the world economy. Investors are concerned that the rising global tensions and increased policy uncertainty will lead to a slowing economy and possible recession.

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As we move into Q2, we believe that much like the original tariffs on Mexico, Canada, and China, portions of the reciprocal tariffs will be walked back by this administration. Our hope is the White House is using these tariffs as a negotiating tactic and that they will eventually find common ground with their trading partners.

As an investor, times of uncertainty and market volatility are never enjoyable. If you've read our letters, you will know that we have been expecting a correction for quite some time. The only difference with this correction was that we didn't expect it to happen so rapidly. Even though it was expected, down markets are not a fun experience. That said, the markets will digest this news and get back to more normalized valuations. It will just take some time.

As always, please reach out if you have any questions or concerns.

Jeffrey L. Farni, Sr.

John C. Farni