

Five in Five

April 2025

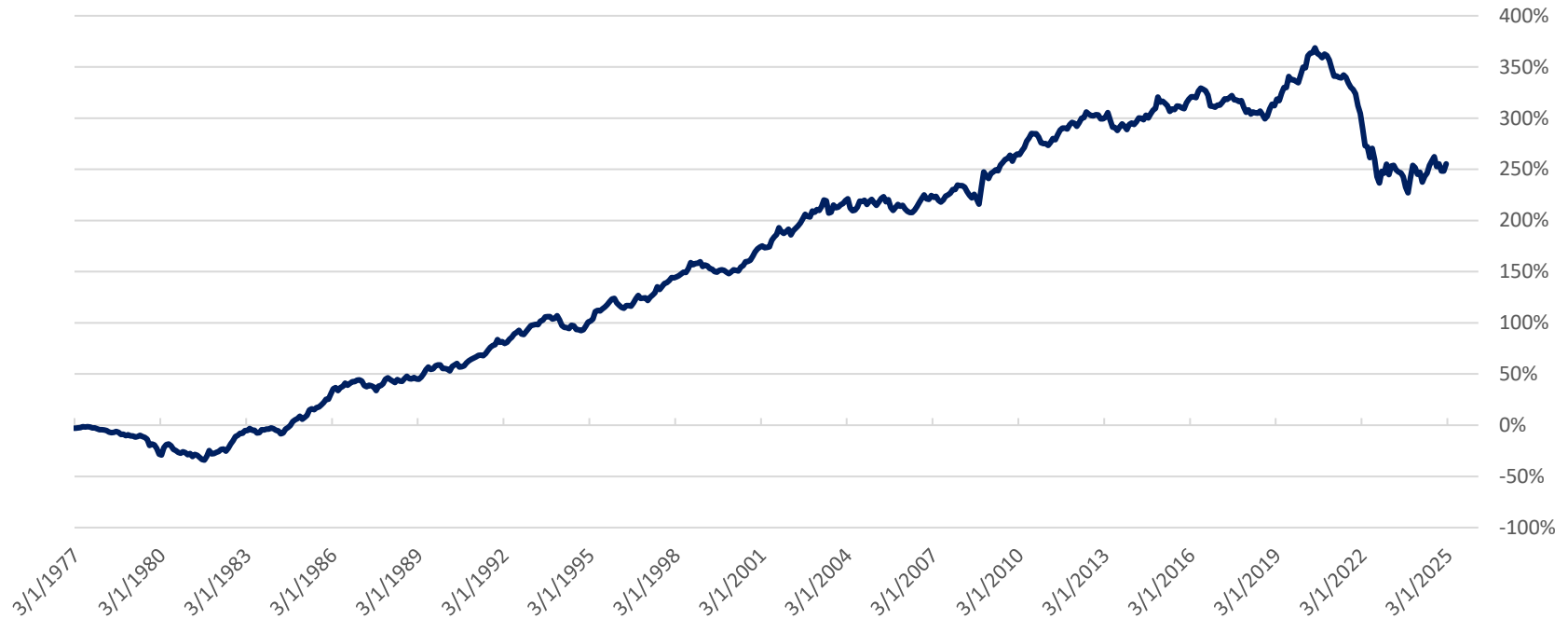


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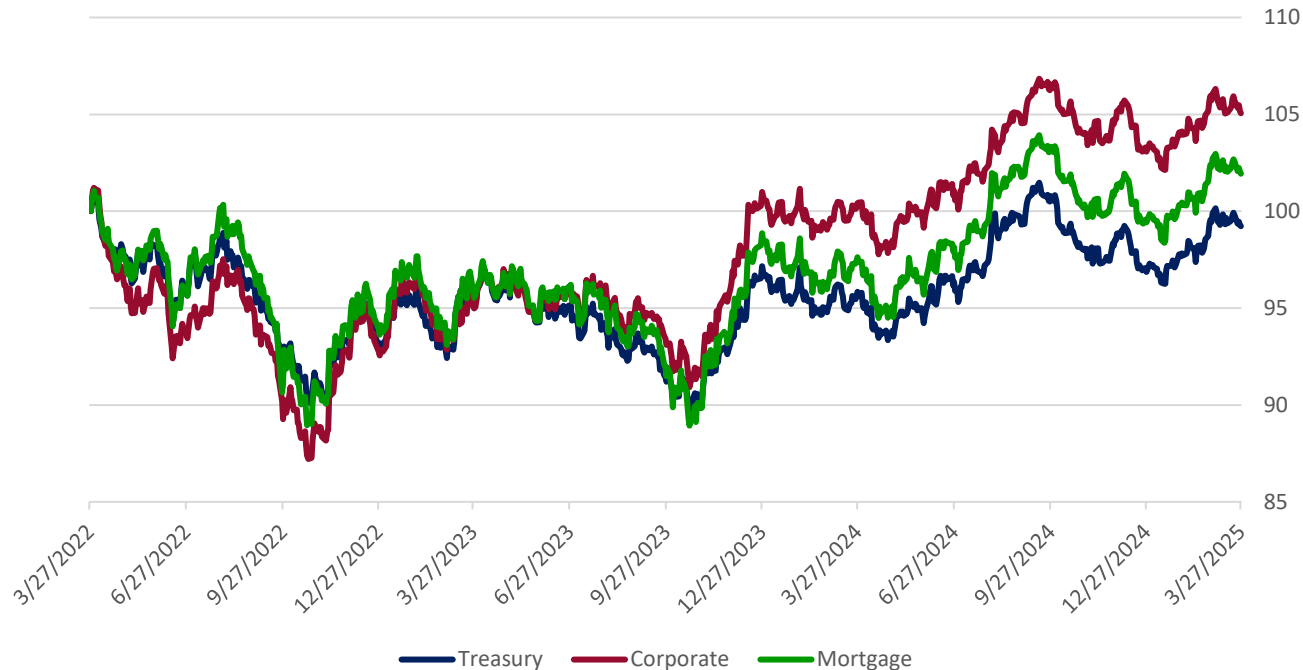
Core Bond Total Return
Relative to CPI



Source: BTC Capital Management, Bloomberg

- Core bonds have outpaced inflation by 250% since 1977.
- They are currently down 30% from their peak in 2020.
- The ratio is flat over the last fifteen years.

Fixed Income Sector Returns



Source: BTC Capital Management, Bloomberg

- Corporate bonds have outpaced mortgage-backed securities (MBS) and Treasuries over the last three years.
- Typically, corporates outperform if the S&P 500 is rising but underperform when it is falling.
- MBS returns normally fall between corporates and Treasuries.

Gasoline & Bond Yields



Source: BTC Capital Management, Bloomberg

- Gasoline prices can be a good proxy for the direction of Treasury yields.
- OPEC+ increased oil production in a surprise move.
- Oil prices are down 17% in just over a month.
- The S&P 500 drop has hindered expectations for above-consensus GDP growth.
- Tailwinds in place for lower bond yields in the near-term.

GROWTH STOCKS UNDERPERFORM Q1 2025

Q1 2025

	<i>Value</i>	<i>Core</i>	<i>Growth</i>
<i>Large</i>	-0.2%	-4.6%	-8.6%
<i>Mid</i>	-4.2%	-6.5%	-8.6%
<i>Small</i>	-10.4%	-9.3%	-8.2%

Source: PSC Portfolio Strategy

- For the first quarter of 2025, mid and large cap Value stocks outperformed Growth stocks, a reversal from 2023 and 2024.
- Growth stocks sold off significantly during the first quarter as lofty valuations and reduced earnings growth forecasts led investors to rotate out of longer duration stocks.
- Both Foreign Developed and Emerging markets outpaced U.S. stocks during the first quarter of 2025 as Western Europe and China stock markets saw upward gains.

THE S&P 500 AND THE TERRIBLE, HORRIBLE, NO GOOD, VERY BAD TWO DAYS (APRIL 3-4, 2025)

S&P 500 sector and stock returns (April 3 – April 4, 2025)

	Return (%)
S&P 500	-10.48
Energy	-15.56
Information Technology	-12.74
Financials	-11.97
Industrials	-11.35
Consumer Discretionary	-10.66
Materials	-10.21
Communication Services	-9.42
Real Estate	-7.46
Health Care	-6.23
Utilities	-6.16
Consumer Staples	-3.88

Company	Return (%)
SanDisk Corp	-36.84
APA Corporation	-28.53
Micron Technology, Inc.	-26.95
Western Digital Corporation	-26.90
Microchip Technology Incorporated	-25.98
Dell Technologies, Inc. Class C	-24.86
GE Healthcare Technologies Inc.	-23.75
Freeport-McMoRan, Inc.	-23.69
Diamondback Energy, Inc.	-23.61
Warner Bros. Discovery, Inc. Series A	-23.58
KKR & Co Inc	-23.25
Apollo Global Management Inc	-23.21
Estee Lauder Companies Inc. Class A	-23.02
Vistra Corp.	-22.89
Devon Energy Corporation	-22.71

- To paraphrase the title of a Disney movie, the S&P 500 (and most other markets) had a rough couple days following the announcement of new sweeping tariff reforms on Wednesday's "Liberation Day"
- All sectors in the S&P 500 were negative over the two days, with the Energy sector selling off the most.
- Companies who rely on foreign countries for main production hubs, including technology and apparel companies, saw significant losses as new tariff rates introduced specifically targeted those countries.

Sources: BTC Capital Management, Bloomberg, PSC Portfolio Strategy, FactSet

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