ROEHL & YI
INVESTMENT ADVISORS, LLC

Market Update
From Roehl & Yi

As you may already know, the stock market has been more volatile in recent weeks, rattled by uncertainty over tariffs and other U.S. policy measures. One major concern is that potential trade barriers could be sizable and long-lasting, which could exacerbate inflation and perhaps even undermine the economy.

We understand how unsettling sudden market declines can be. It's natural to feel uneasy, to worry about your portfolio, or to question whether to shift your holdings. We hope to briefly share some thoughts on what's happening and to put it in context.

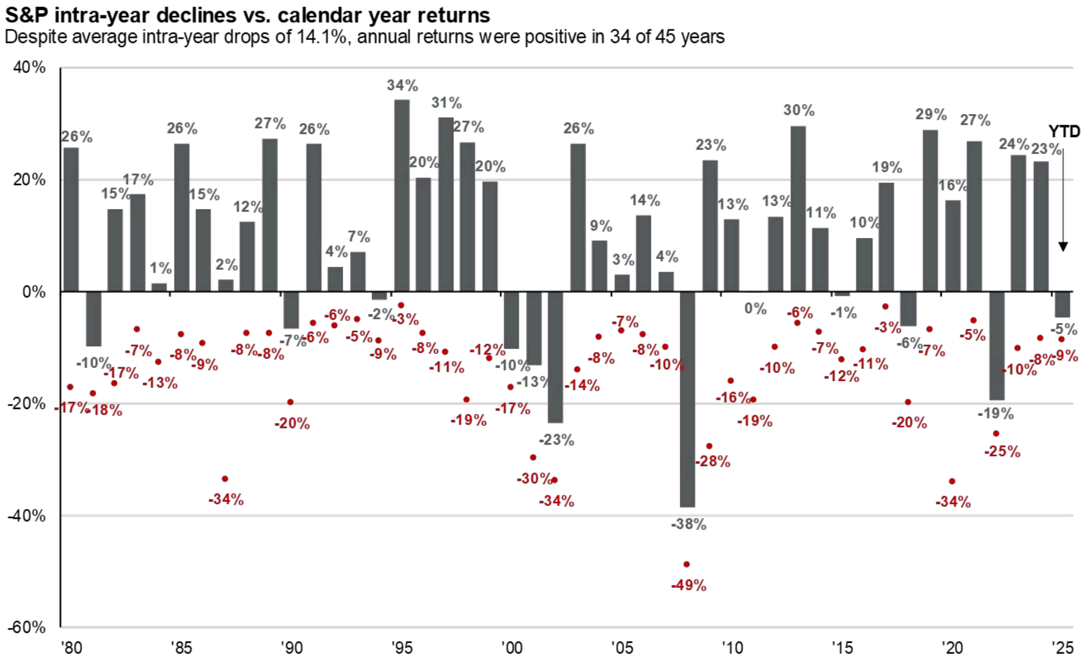
First, the magnitude — and especially the speed — of the shifts in foreign policy, government practices, and international trade have been dramatic. As for tariffs specifically, there are two issues. The first is their sheer size. Historically, there's been a belief that presidential actions can't meaningfully impact an economy as large as the U.S. But potential levies of 25% or more on major trading partners represent a clear risk. The back-and-forth unpredictability of policymaking has only heightened the anxiety, with some tariffs in effect, some temporarily suspended, and some additional ones scheduled to kick in April 2nd.

The markets have reacted to these fears that further tariffs will be imposed by the Trump Administration, leading to retaliation and a broader trade war. Last week, the S&P 500 briefly reached correction territory with the index down 10% from its recent high in February. While you may understandably be concerned, it's important to keep a few points in mind.

1. Volatility is normal. On average over the past 70 years, the S&P 500 has fallen 5% or more about twice a year and 10% about once every 18 months. While past results do not predict future returns, the markets have gone on to new heights each time. In other words, investors have weathered upheavals in the past.

The chart below shows that the average intra-year drop has been 14.1% since 1980. Despite the occasional market volatility, the S&P 500 posted positive returns in 34 of 45 years (76%). Patient investors are often rewarded as many downturns have recovered in the same year. While we cannot know for sure the future path of the markets, a long-term investing perspective is key. This current bout of volatility should be looked at as an opportunity for the long-term investor who should be looking to buy when stocks and bonds are on sale.

Annual Returns and Intra-Year Declines



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2024, over which time period the average annual return was 10.6%.
Guide to the Markets – U.S. Data are as of March 10, 2025.

2. After posting returns of over 20% in back-to-back years, US equity markets had become expensive as measured by a range of valuation multiples. In our view, the correction, especially in tech stocks, is healthy and long awaited.

3. Despite poor performance from US stocks so far in 2025, diversification has benefited investors. For example, US bonds, international stocks, dividend paying stocks, and gold all have positive returns in 2025 (source: Morningstar as of March 17).

The rhetoric and policies coming out of the Trump administration – whether one agrees with them or not – has many people on edge. There is currently a lot more sensitivity around political influence on markets. Obviously, a lot remains in flux and market turbulence may persist into the near future. We know downturns can be painful and even a little frightening; but we remain optimistic and believe that the wisest strategy is to stick to your long-term investment plan. It is critically important to attempt to take the emotions out of our investment decisions and to separate our political feelings from the economic realities. Corporate America is generally in good health as is the consumer. As in the past, we will work our way through the current period of volatility.

Please reach out if you have any thoughts or questions.

The Roehl & Yi Promise

Roehl & Yi is committed to delivering value through enhanced client engagement, new educational videos, resource-filled emails, and more.

As always, we are grateful for your continued trust in Roehl & Yi. Please call us first with any questions or concerns about your investments or other financial matters. May you and your family experience happiness and good health.

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INVESTMENT ADVISORS, LLC

For a personal wealth of reasons

450 Country Club Rd., Suite 200, Eugene OR 97401

Tel: 541.683.2085 • Toll Free: 888.683.4343

www.Roehl-Yi.com