

QUARTERLY PORTFOLIO REVIEW

March 31, 2025

Just as spring renews the earth, may this season inspire fresh beginnings and financial growth. We're here to help you nurture what matters most.

Year in Review

- 30 year mortgage rates have risen to about 6.64 and the 15 year to 5.83.
- Reminder that April 15th is Tax day. If you are in need of your 1099s they can be found on www.schwab.com.
- If you are considering a large purchase or sizable home renovations, please contact our offices prior to discuss possible tax implications of portfolio withdrawals.
- Stocks and bonds typically have an inverse relationship. When the economy grows, stocks rise, and interest rates increase, causing bond prices to fall. During downturns, investors seek bonds for safety, pushing prices up while stocks decline. However, factors like inflation and market sentiment can weaken or reverse this correlation.

BENCHMARKS YTD THROUGH 3/31/2025

FTSE World Gov't Bond Index 3-7 Yr. Hedged	+1.65%
Russell 2000 (US Small Cap index)	-9.79%
S&P 500 (US Large Cap index)	-4.59%
Wilshire 5000 (US Total Market index)	-5.15%
MSCI EAFE (International Stock index)	+6.15

2025 DIVERSIFICATION

Diversification helps an investment portfolio by reducing risk through exposure to a variety of assets. Instead of relying on a single stock or sector, a diversified portfolio spreads investments across equities, bonds, real estate, and commodities. This strategy minimizes the impact of poor performance in any one area, leading to more stable overall returns.

A well-diversified portfolio experiences less volatility, as different asset classes respond differently to market conditions. During economic downturns, bonds and defensive stocks may hold their value better than riskier assets. This balance protects against market fluctuations and helps investors capitalize on opportunities across different industries and regions.

Beyond risk reduction, diversification also promotes emotional stability by preventing drastic losses that could lead to panic selling. Investors who diversify are more likely to stay committed to their long-term financial strategy. Maintaining diversification requires periodic portfolio rebalancing to ensure proper asset allocation.

By spreading investments strategically, diversification enhances stability and increases the likelihood of achieving financial goals while navigating market uncertainties with greater confidence.

For example, 2025 International Equities have significantly outperformed US Equities and will be a part of our conversation in our Quarterly review. Please join us!

QUARTERLY CLIENT WEBINAR

Date: Thursday, April 24th Starting time: 12:00 pm, Eastern Standard Time

Meeting Number: 2632 070 5822

Website link: <https://afadvisorsevents.webex.com/afadvisorsevents/j.php?MTID=mc87d90ed0029c63db7f3965f90038677>

To join the teleconference only: US TOLL: +1-415-655-0002 Access code: 2632 070 5822 Password if asked: 0425

If you cannot join us for this important webinar, we will post a recording of the entire presentation on our website at www.afadvisors.com.