Monthly Market Recap

April 2025

From the Investment Committee

April was marked by unprecedented market volatility, driven by abrupt shifts in U.S. trade policy and renewed economic uncertainty. Equity markets sold off sharply following the April 2 announcement of new tariffs, with the S&P 500 Index declining 11.5% over the next five trading sessions. However, sentiment reversed just as swiftly following a partial policy rollback on April 9, resulting in the largest single-day gain for several major indices. While the rebound offered some relief, uncertainty remains elevated. Investors continue to navigate a landscape where shifting headlines and policy signals can trigger meaningful short-term moves.

Volatility also surged across fixed-income markets in the wake of tariff news. Risk premiums widened significantly in investment-grade, high-yield and municipal bond sectors. A flight to quality supported short-term U.S. Treasuries, while municipals notably underperformed. Though both volatility and spreads moderated later in the month, they remained above pre-announcement levels. Importantly, current risk measures, while elevated, are still well below the extremes witnessed during the Covid-19 pandemic and the Global Financial Crisis.

From a broader economic perspective, U.S. growth contracted in the first quarter for the first time since 2022, with an initial GDP estimate of -0.3%. This marked a notable shift in economic momentum and added to expectations that the Federal Reserve may begin cutting interest rates in the second half of 2025, a reversal from its previously hawkish stance. GDP was heavily affected by the front-running of imports ahead of tariffs, which we do not expect to persist in future quarters. Consumer confidence continues to erode, and attention has increasingly turned to the labor market.

Despite these issues and tariff-related volatility at the start of April, the market settled down to close the month. Our base case is that the U.S. manages to avoid a recession, but this hinges on the assumption that there will be some “give” in the U.S.-China trade conflict, which we are monitoring closely.

At Fidelis Capital, we remain anchored in our core principles of quality, discipline and diversification. In an environment characterized by rapid shifts and heightened uncertainty, we believe it is essential to resist reactionary decisions and stay committed to a long-term strategy. We continue to emphasize well-capitalized companies, thoughtful asset allocation and tax-aware planning across portfolios. As always, we are monitoring developments closely and stand ready to adjust positioning as conditions evolve.

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Key Takeaways

Tariff Day Sparks Historic Market Swings	• April experienced some of the most dramatic stock market swings in recent history, driven primarily by the sudden change in U.S. trade policy. • The S&P 500 plummeted by 11.5% in four trading sessions (April 2-8). • On April 9, the S&P 500 surged nearly 10% following Trump's announcement of a 90-day pause on most tariffs. Even with this volatility, the S&P 500 was down only 0.68% on the month. • Despite these gains, the S&P 500 remained about 10% below its February 19 all-time record high.
U.S. GDP Contracts in First Quarter	• Gross Domestic Product declined at a 0.3% annualized rate in the first quarter of 2025. • The contraction was driven by slower consumer and government spending as well as a surge in imports, which weighed heavily on overall growth and should not persist in future quarters.
Consumer Confidence Worsens	• The Conference Board's Consumer Confidence Index fell 7.9 points to 86.0 in April, marking the fifth straight monthly drop and the longest decline since 2008. • The University of Michigan's Consumer Sentiment Index showed an 8% drop in April and a 32% slide in expectations since January, which is the sharpest three-month decrease since 1990. • Despite drops in survey data, PCE, unemployment and jobs reports, among other hard data reports, remain relatively steady.
Municipal Bond Market Poses Opportunity for Active Managers	• An increase in supply, tax payment-related selling, increased credit concerns and other factors all contributed to the negative monthly municipal bond market returns. • We believe this sell-off is overdone and view municipal bonds as an attractive opportunity for the appropriate investor as valuations are exceptional.

Asset Class Performance

Equities

- U.S. equities experienced incredible volatility in April. The week following Liberation Day, the S&P 500 was down 11.5%. After many tariffs were rolled back, the market was able to end the month down just 0.68%.

- International markets outperformed again in April, with both developed international and emerging markets outperforming the S&P 500.

Fixed Income

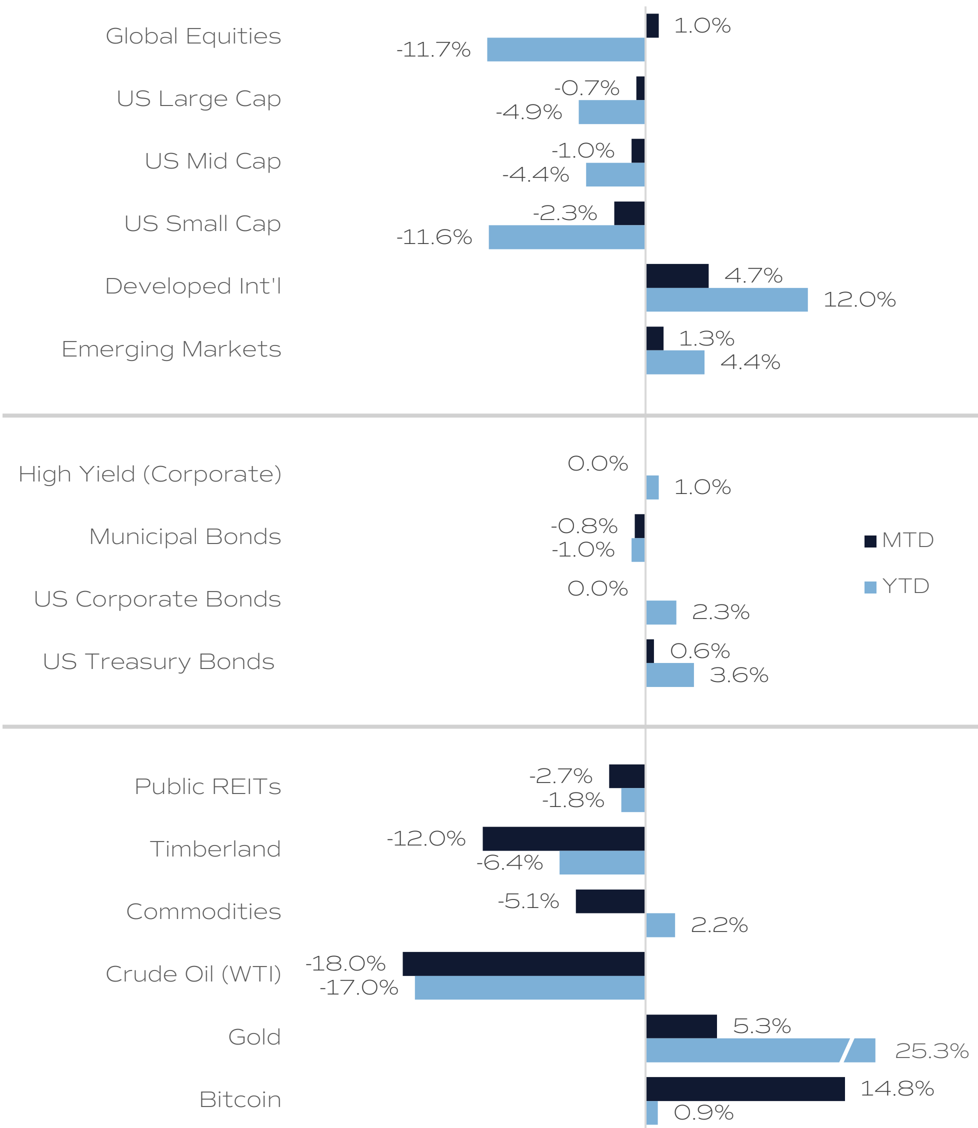
- As a result of the flight-to-quality trade, U.S. short-term Treasuries rallied while other sectors and maturities, such as the municipal bond market, posted negative returns for April.

- Bond market volatility and spreads began to decline as we moved through the month but ended April above pre-tariff announcement levels.

Real Assets

- Heightened volatility across risk assets and a dramatic downshift in global growth expectations hit real assets especially hard in April. Crude oil was down nearly 18% for the month, falling below $60 per barrel for the first time in four years.

- U.S. dollar alternatives, like gold and bitcoin, were the exceptions for the month, with both up better than 5%. The U.S. dollar had one of its largest monthly declines in the last decade, which helped boost a number of alternative currencies.



Source: Bloomberg as of April 30, 2025.

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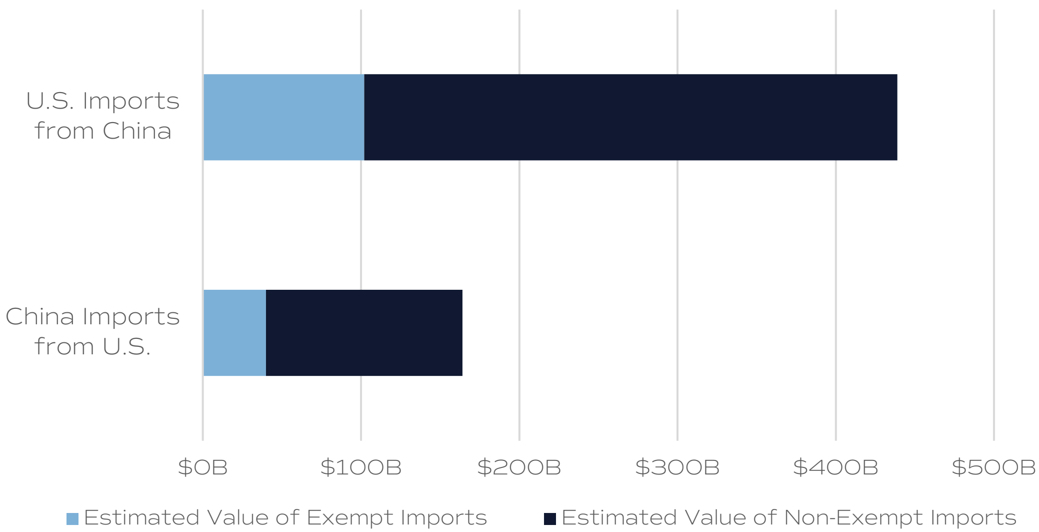
Macroeconomic Overview

	Year End 2024 %	Recent Period %	Prior Period %	YTD Change %
GDP (YoY Change)	2.50	2.00	2.50	(0.50)
Conference Board - LEI	(0.10)	(0.70)	(0.20)	(0.60)
Unemployment Rate	4.10	4.20	4.10	0.10
CPI (YoY Change)	2.90	2.40	2.80	(0.50)
CPI ex. Food & Energy	3.20	2.80	3.10	(0.40)
PCE	2.86	2.65	2.96	(0.22)
Effective Fed Funds Rate*	4.33	4.33	4.33	0.00
10-Year U.S. Treasury*	4.57	4.16	4.17	(0.41)

- Despite highly volatile policy uncertainty in early April, the market appears to have adjusted, and trading seems less frenetic at the close of the month.
- GDP contracted 0.3% in Q1, primarily due to the front-running of imports ahead of tariffs. This resulted in a massive one-off increase in imports, which caused the U.S. trade deficit to balloon.
    - An increase in the trade deficit, all things being equal, reduces GDP. It is quite likely that the data swings the other way next month and the market is, appropriately, already discounting.

U.S. & China Exempt About 25% of Imports from Tariffs**



- Markets are trying to understand the impact of tariffs on the global (and local) economy. Outside of China, negotiations appear to be underway with most countries.
- There has been much more intransigence (on both sides) in the case of U.S.-China trade. We may be seeing some progress based on reports of targeted reductions in some of the tariff structure between the two countries.
- Rand estimates that close to a quarter of tariffs may have been exempted or reduced and that this may be part of the reason for late April market resilience.

Source: Bloomberg as of March 31, 2025. *As of April 30, 2025. **Calculations by Bloomberg News and RAND China Research Center based on China Customs and USTR data for 2024, as of May 2, 2025.

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U.S. Equity Markets

	MTD %	YTD %	1 Yr %
Technology	1.63	(11.24)	13.79
Consumer Staples	1.23	6.53	14.84
Communications Services	0.75	(5.50)	16.84
Industrials	0.20	0.00	9.63
Utilities	0.10	5.04	21.98
Consumer Discretionary	(0.32)	(14.08)	11.34
S&P 500	*(0.68)*	*(4.93)*	*12.07*
Real Estate	(1.20)	2.34	18.34
Financials	(2.08)	1.33	22.73
Materials	(2.17)	0.58	(3.28)
Health Care	(3.71)	2.60	1.86
Energy	(13.65)	(4.83)	(10.81)

Best

- ***Technology*** has been one of 2025's largest underperformers thus far. Despite ongoing concern in the sector, its software companies outperformed during April amid high tariff-related volatility. Palantir led the sector, posting a return of nearly 40% during April.

Worst

- ***Energy*** finished the month down nearly 14%. Continued uncertainty around international trade resulted in crude oil prices moving lower. The index for crude oil traded at nearly -18% for the month.

MTD (%)

	Value	Core	Growth
Large	-3.0	-0.6	1.8
Mid	-2.5	-1.0	3.4
Small	-4.0	-2.3	-0.6

YTD (%)

	Value	Core	Growth
Large	-1.0	-5.1	-8.4
Mid	-4.5	-4.4	-4.0
Small	-11.4	-11.6	-11.7

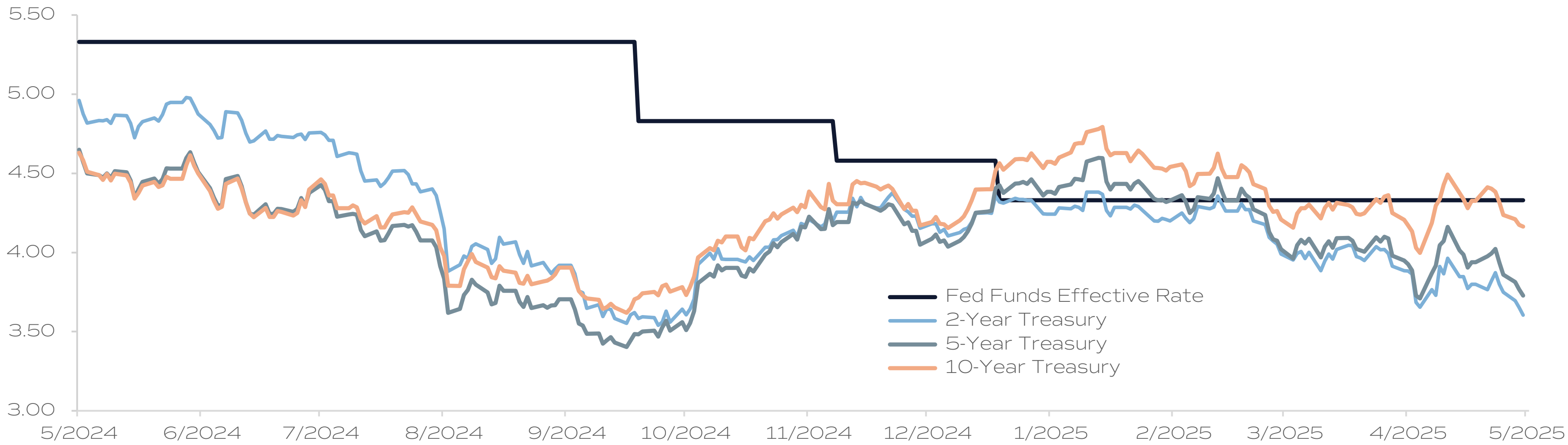
- Mid-cap growth stocks outperformed the S&P 500 by nearly 3.5% and large-cap growth stocks outperformed by nearly 2%. Value stocks across all capitalizations underperformed in April, highlighted by mid-cap value stocks underperforming the market by over 4.5%.

- International stocks continued to outperform domestic markets. International developed markets posted a return of 4.7%, which equals an outperformance relative to the S&P 500 of more than 5%. Emerging markets outperformed by 2%.

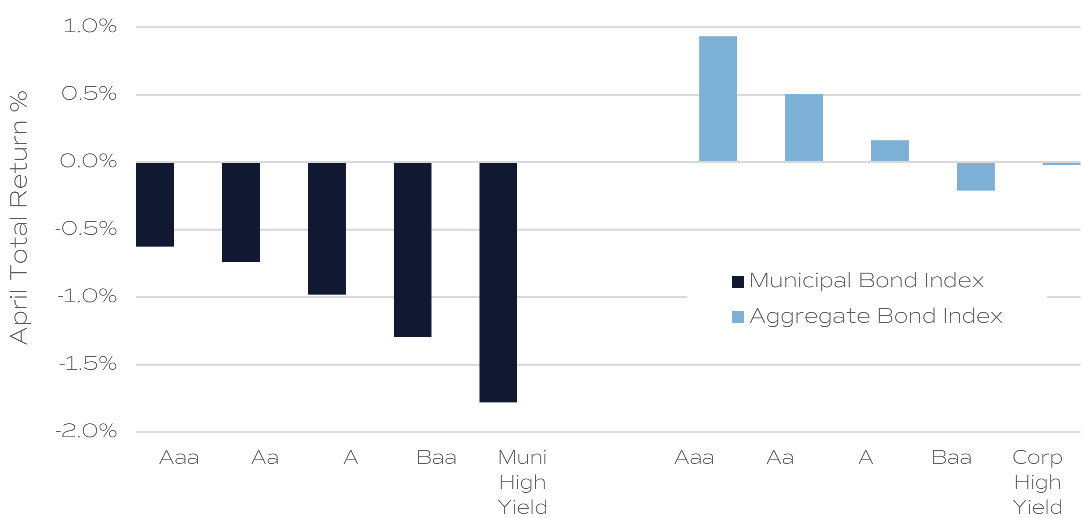
Source: Bloomberg as of April 30, 2025.

Fixed Income

Fed Funds Rate & Treasury Yields



*April Bond Index Performance by Credit Rating**



- During periods of increased volatility and market turbulence, investors tend to prefer the safety of higher-quality over lower-quality bonds. April's bond market performance exhibited such behavior, with Aaa-, Aa- and A-rated bonds performing better than Baa and high-yield bonds, in both municipal and taxable bond markets.
- Municipal bonds, however, posted negative returns across all credit profiles due to increased supply, tax selling and concerns around tax exemption status.
- We view the underperformance in municipal bonds as an opportunity.

Source: Bloomberg as of April 30, 2025. *Bloomberg Bond Indexes as of April 30, 2025.

Fixed Income (cnt'd)

Investment-Grade and High-Yield Corporate Bond Spreads

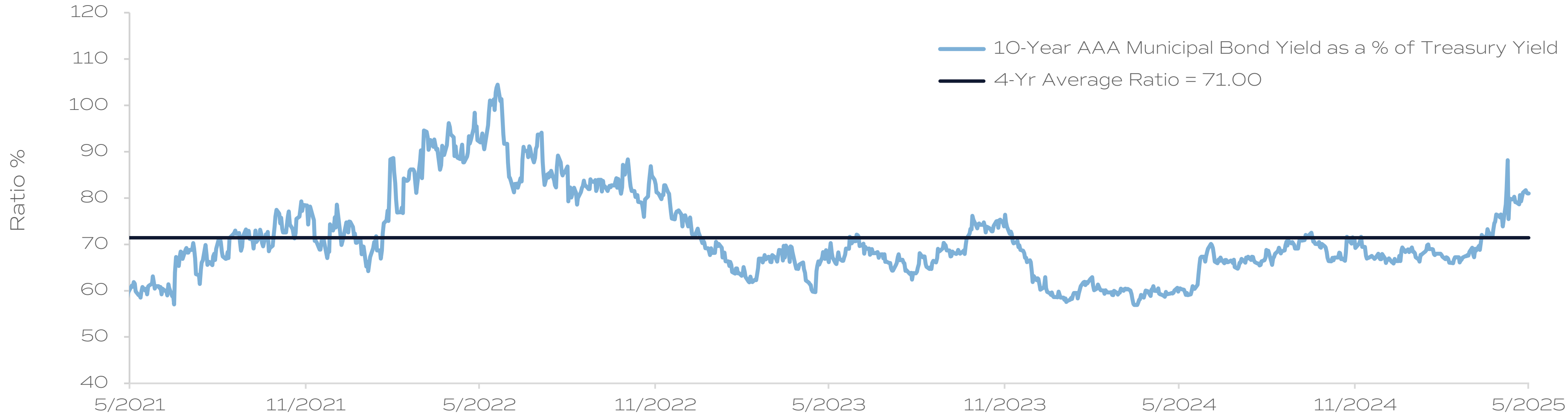
- Investment-grade corporate bond spreads and High-Yield spreads moved higher for the month with investors preferring higher-quality bonds.
- Despite the move higher in spreads, they remain well below levels of past market disruptions.

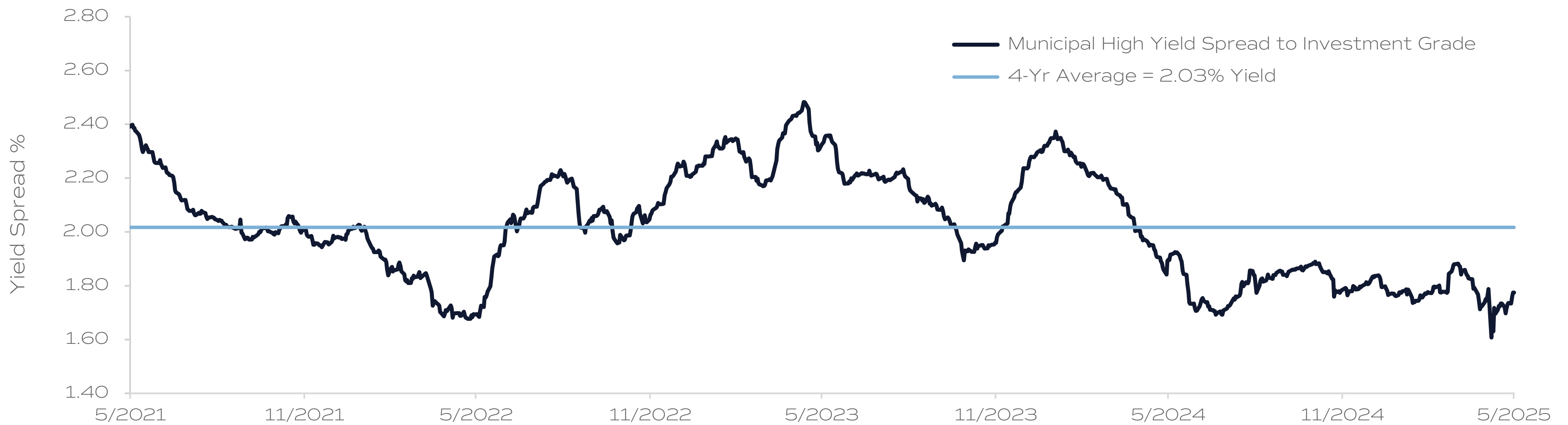
Source: Bloomberg as of April 30, 2025.

Fixed Income (cnt'd)

Investment-Grade and High-Yield Municipal Bond Spreads

- The underperformance of municipal bonds was notable in March and April, particularly in longer-duration bonds.
- We do expect spread levels, particularly muni/Treasury ratios on longer-maturity bonds, to revert to more normal levels in the coming months.





Source: Bloomberg as of April 30, 2025.

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Real Assets

	Price USD	MTD %	YTD %	1 Yr %
Real Assets				
FTSE NARREIT	720.90	-2.68%	-1.79%	15.06%
FTSE NARREIT - Timberland	133.67	-12.04%	-6.35%	-10.20%
Bloomberg Commodity Index	100.93	-5.15%	2.19%	-0.74%
Crude Oil (WTI) [bbl.]	58.21	-17.96%	-17.04%	-22.25%
Natural Gas [MMBtu]	3.12	-24.09%	-8.24%	85.71%
Copper [lb.]	9,125.00	-6.02%	4.07%	-8.67%
Gold [oz.]	3,288.71	5.29%	25.31%	43.85%
Silver [oz.]	32.62	-4.31%	12.85%	24.04%
Bitcoin	94,581.18	14.75%	0.93%	57.98%
Ethereum	1,794.70	-1.37%	-46.37%	-39.42%

Crude Oil Slides to Four-Year Low*

Source: Bloomberg as of April 30, 2025. *FactSet as of May 1, 2025.

***Summary*:** April was a highly volatile month for most risk assets, and real assets were no exception.

Energy prices declined dramatically in anticipation of a significant slowdown in global growth. The potential slowdown was seemingly confirmed by notable declines in industrial metals, led by copper's 6% monthly decline.

One bright spot in April was U.S. dollar alternatives (gold and bitcoin), which rallied nicely as the U.S. dollar had one of its worst months of the last decade.

- While crude oil has quietly been drifting lower since the summer of 2022, April may prove to be a breaking point, as there is little in the way of price support until the $50 price point.
- The decline should be a welcomed sight at the pump as the summer driving season begins to ramp up.
- Crude's decline is especially notable given the significant weakness in the U.S. dollar. Hard commodities are generally viewed as strong hedges against U.S. dollar weakness, but that has not been the case thus far.

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Financial Markets Performance

	Price USD	MTD %	QTD %	YTD %	1 Yr %	3 Yr %	5 Yr %
Global Equity							
MSCI ACWI	833.54	0.97%	0.97%	-0.26%	12.31%	5.02%	757.80%
U.S. Equity							
S&P 500	5,569.06	-0.68%	-0.68%	-4.93%	12.07%	12.14%	15.58%
Russell 1000	3,045.67	-0.60%	-0.60%	-5.06%	11.93%	11.83%	15.40%
Russell Mid Cap	3,361.93	-1.03%	-1.03%	-4.40%	7.33%	7.05%	12.94%
Russell 2000	1,964.12	-2.31%	-2.31%	-11.58%	0.86%	3.24%	9.84%
International Equity							
MSCI ACWI ex US	351.94	3.68%	3.68%	9.23%	12.45%	8.52%	10.66%
MSCI EAFE	2,501.02	4.67%	4.67%	12.01%	13.07%	10.57%	12.01%
MSCI Europe	176.48	4.31%	4.31%	15.58%	14.35%	11.62%	13.48%
MSCI Japan	1,629.17	5.44%	5.44%	5.88%	8.64%	11.19%	9.15%
MSCI Emerging Markets	1,101.40	0.64%	2.96%	2.96%	8.51%	1.79%	8.32%
Global Fixed Income							
Bloomberg US Corporate High Yield	2,709.52	-0.02%	-0.02%	0.98%	8.69%	6.24%	6.35%
Bloomberg Municipal Bond Index	1,322.09	-0.81%	-0.81%	-1.03%	1.66%	2.20%	1.17%
Bloomberg US Corporate Total Return	3,364.28	-0.03%	-0.03%	2.27%	7.60%	3.04%	0.47%
Bloomberg US Treasury Total Return	2,372.05	0.63%	0.63%	3.57%	7.68%	1.22%	-1.67%
Bloomberg Global Aggregate	489.63	2.94%	2.94%	5.65%	8.82%	1.21%	-1.20%
Bloomberg U.S. Aggregate	2,258.75	0.39%	0.39%	3.19%	8.02%	1.95%	-0.67%
Bloomberg Gov't/Credit	2,617.63	0.42%	0.42%	3.13%	7.66%	1.95%	-0.70%
Bloomberg High Yield Municipal Bond Index	453.61	-1.78%	-1.78%	-0.98%	4.35%	3.48%	4.65%

Source: Bloomberg as of April 30, 2025.

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Tactical Views

Asset Class	Underweight		Neutral		Overweight
Cash	•	●	•	•	•
Equities	•	•	●	•	•
U.S. Large Cap	•	•	•	●	•
U.S. Mid Cap	•	•	•	●	•
U.S. Small Cap	•	•	●	•	•
Developed Int'l	●	•	•	•	•
Emerging Markets	•	●	•	•	•
Fixed Income	•	•	●	•	•
U.S. Government	•	•	•	●	•
MBS	•	•	•	●	•
Corporates	•	•	●	•	•
Municipals	•	•	•	•	●
High Yield	•	●	•	•	•
Developed Int'l	•	●	•	•	•
Emerging Markets	•	●	•	•	•
Real Assets	•	•	●	•	•
Commodities	•	•	●	•	•
Timberland	•	•	●	•	•
Private Real Estate	•	•	●	•	•
Alternatives	•	•	•	●	•
Hedge Funds	•	•	●	•	•
Private Equity	•	•	•	●	•
Private Debt	•	•	●	•	•

Equity Sectors	Underweight		Neutral		Overweight
Energy	•	•	•	●	•
Healthcare	•	•	●	•	•
Consumer Discretionary	•	●	•	•	•
Industrials	•	•	●	•	•
Technology	•	•	•	●	•
Communications	•	•	●	•	•
Financials	•	•	•	●	•
Real Estate	•	•	•	●	•
Utilities	•	●	•	•	•
Materials	•	•	●	•	•
Consumer Staples	•	●	•	•	•

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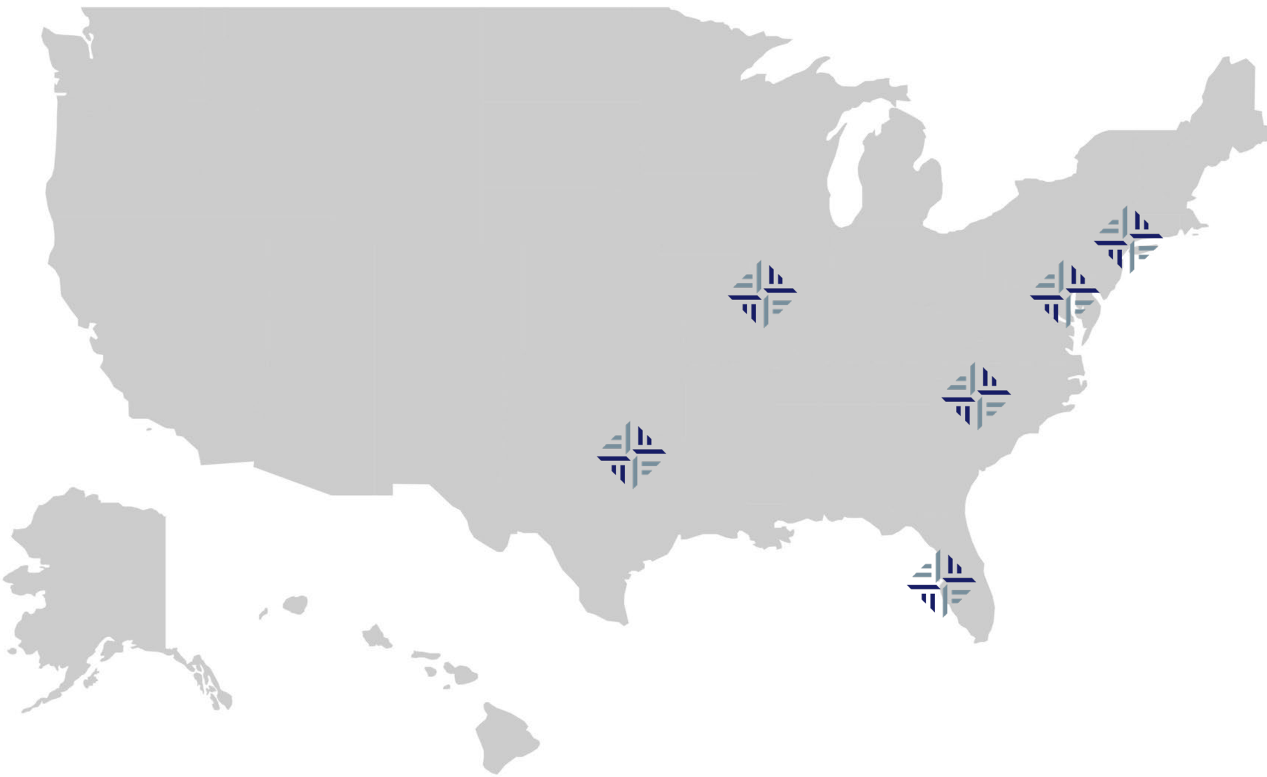

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When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise notes. Each index is unmanaged, and investors can not actually invest directly into an index:

TIPS: Bloomberg Global Inflation-Linked: U.S. TIPS Total Return Index Unhedged
Municipals 5-Year: Bloomberg Municipal Bond 5 Year (4-6) Total Return Index Unhedged USD
Core Bond: Bloomberg US Aggregate Total Return Index USD
High Yield Municipals: Bloomberg Muni High Yield Total Return Index Value Unhedged USD
High Yield: Bloomberg US Corporate High Yield Total Return Index USD
U.S. Long Duration: Bloomberg US Aggregate Government & Credit - Long
Foreign Bond: Bloomberg Global Aggregate ex-USD Total Return Index Value USD (50/50 blend of hedged and unhedged)
Real Assets: S&P Real Assets
U.S. Large Cap: Russell 1000 Total Return Index
U.S. Small Cap: Russell 2000 Total Return Index
International Developed: MSCI EAFE Net Total Return USD Index
Emerging Markets: MSCI Emerging Markets Net Total Return USD Index
U.S. Equity REITs: FTSE Nareit Equity REITs Total Return Index USD
Commodities: Bloomberg Commodity Total Return Index
Hedge Funds: Hedge Fund Research HFRI Fund of Funds Composite Index
Foreign Bond: Bloomberg Global Aggregate x USD Total Return Unhedged
U.S. Core Bond: Bloomberg U.S. Aggregate Total Return Index USD
U.S. High Yield: Bloomberg US Corporate High Yield Total Return Index USD
U.S. MBS: Bloomberg U.S. MBS (30Y) Total Return Index
U.S. All Cap: Russell 3000 Total Return Index
U.S. Large Cap: Russell 1000 Total Return Index
U.S. Small Cap: Russell 2000 Total Return Index
US Value: Russell 3000 Value Total Return Index
US Growth: Russell 3000 Growth Total Return Index
Int'l Developed All Cap: MSCI EAFE IMI Net Total Return USD Index
Int'l Developed Large Cap: MSCI EAFE Large Cap Net Total Return USD Index
Int'l Developed Small Cap: MSCI EAFE Small Cap Net Total Return USD Index
Int'l Developed Value: MSCI EAFE Value Net Total Return USD Index
Int'l Developed Growth: MSCI EAFE Growth Net Total Return USD Index
EM All Cap: MSCI Emerging Markets IMI Net Total Return USD Index
EM Large Cap: MSCI Emerging Markets Large Cap Net Total Return USD Index
EM Small Cap: MSCI Emerging Markets Small Cap Net Total Return USD Index
EM Value: MSCI Emerging Markets Value Net Total Return USD Index
EM Growth: MSCI Emerging Markets Growth Net Total Return USD Index

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Material Risks & Limitations

Fixed Income securities are subject to interest rate risks, the risk of default and liquidity risk. U.S. investors exposed to non-U.S. fixed income may also be subject to currency risk and fluctuations.

Cash may be subject to the loss of principal and over longer period of time may lose purchasing power due to inflation.

Domestic Equity can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry factors, or other macro events. These may happen quickly and unpredictably.

International Equity can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry impacts, or other macro events. These may happen quickly and unpredictably. International equity allocations may also be impact by currency and/or country specific risks which may result in lower liquidity in some markets.

Real Assets can be volatile and may include asset segments that may have greater volatility than investment in traditional equity securities. Such volatility could be influenced by a myriad of factors including, but not limited to overall market volatility, changes in interest rates, political and regulatory developments, or other exogenous events like weather or natural disaster.

Private Equity involves higher risk and is suitable only for sophisticated investors. Along with traditional equity market risks, private equity investments are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility and/or the potential loss of capital.

Private Credit involves higher risk and is suitable only for sophisticated investors. These assets are subject to interest rate risks, the risk of default and limited liquidity. U.S. investors exposed to non-U.S. private credit may also be subject to currency risk and fluctuations.

Private Real Estate involves higher risk and is suitable only for sophisticated investors. Real estate assets can be volatile and may include unique risks to the asset class like leverage and/or industry, sector or geographical concentration. Declines in real estate value may take place for a number of reasons including, but are not limited to economic conditions, change in condition of the underlying property or defaults by the borrow.

Marketable Alternatives involves higher risk and is suitable only for sophisticated investors. Along with traditional market risks, marketable alternatives are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility or the potential for loss of capital. Additionally, short selling involved certain risks including, but not limited to additional costs, and the potential for unlimited loss on certain short sale positions.