## FSA INSIGHTS

## MARKET UPDATE: "SHOULD I STAY OR SHOULD I GO?"

In recent weeks, markets have reminded us just how quickly sentiment can shift. The implementation of sweeping tariffs by the U.S. administration on April 2, 2025, dubbed "Liberation Day" have led to heightened volatility, with major indices experiencing substantial declines, and concerns about a potential recession have intensified. We know many of you are wondering what it means for your portfolio—and whether it's time to make a move. In the words of The Clash: "Should I stay or should I go?"

Uncertainty is high, headlines are noisy, and the instinct to do something can be strong. But this is exactly when our investment framework matters most. Equity markets have fallen and credit spreads have widened resulting in less favorable sentiment. On the economic side, we have seen some softening in the economic data, but we still do not see the kind of broadbased weakness that typically precedes a recession. Labor markets remain resilient, consumer spending is holding up, and corporate earnings—while mixed—don't point to systemic risk.

It's natural to ask whether this environment feels more like the Great Financial Crisis of 2008 or uncertainty of COVID in 2020. While every market drawdown is unique, this one currently looks more like a **short and steep** correction—potentially with **snapback potential** if we get positive catalysts like tariff policy shifts, tax relief, or regulatory clarity. Unlike in 2008, we don't see structural cracks in the system. And unlike in 2020, we're not facing an exogenous biological threat that forced a shutdown of the economy.

Importantly, our view is that it would not be prudent to reduce risk at this time. Intra-year market corrections are a relatively normal occurrence. Since 1980, the market has experienced an average intra-year correction of 14% each year. For comparison, equities have historically fallen around 30% during recessions. When market corrections occur, and no recession follows, markets have historically rewarded investors that stay the course.

In the current scenario, policy direction could shift overnight, and markets can turn just as quickly as they fell. Timing that inflection is nearly impossible—and costly if you miss it.

In the meantime, we've seen bonds do their job by providing stability, a reminder of the benefits of diversification. When the range of outcomes is very wide (or, when market volatility comes back online), we believe that having a well-diversified portfolio allows for a much better experience for investors. For investors that can take illiquidity risk, we believe private markets exposure has a lot of merit in this environment. By emphasizing strategic growth, operational improvements, and disciplined capital deployment, these markets offer the opportunity for a more measured and resilient investment approach. For investors seeking to balance portfolio volatility, this has the potential to serve as a valuable counterweight to the unpredictability of publicly traded assets.

So, we return to the core questions that matter: What are your long-term goals? Are you taking the right amount of risk to meet them? Most investors should feel comforted by the fact that their portfolios were implemented with these questions in mind. You have done this legwork, and so long as your goals have not changed, the answers should remain the same: stay the course.

For now, we are closely monitoring the situation and will keep you informed of any significant changes that may impact your investment strategy. If you have any questions or concerns about your portfolio in light of these events, please don't hesitate to reach out. And remember—when markets are shouting "Go!"... sometimes the best move is to stay.

Respectfully,

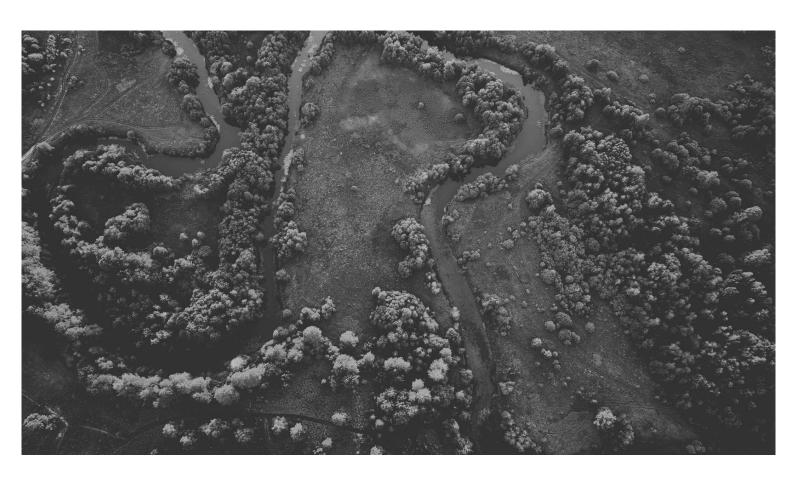
Andy Webb

Chief Investment Officer

Andy WEGO

Brett Akers
Director of Investments





**READ MORE INSIGHTS** 

Disclosure: The information contained herein is provided as of the date first set forth and are the views and opinions of FSA Investment Group, ILC. While FSA-IG has tried to provide accurate and timely information, there may be inadvertent technical or factual inaccuracies or typographical errors. FSA-IG assumes no duty to update any such information for subsequent changes of any kind. This information is confidential and may not be disseminated without prior written consent from FSA Investment Group, ILC. Returns are based upon information received from third parties, which is believed to be accurate, but no representation is made that the information provided is accurate and complete. The performance information shown represents total returns that include income, realized gains and losses. The U.S. Dollar is the currency used to express performance. Performance data has not been prepared to meet any specific requirements applicable to the presentation thereof and should in no event be viewed as predictions or representations as to actual future performance. Portfolio performance may be volatile and there can be no assurance that an investor's investment objectives will be achieved. References to indices or benchmarks are not meant to imply that the portfolio will achieve returns, volatility, or other results similar to an index. They are provided exclusively for comparison purposes only. The composition of the index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change over time. Investing involves a high degree of risk, and all investors should carefully consider their investment objective and the suitability of any investment program. Forward looking statements are based upon assumptions which may differ materially from actual events. This information should not be relied upon in making an investment decisio

