Welcome to the FCS Private Wealth Managements 2nd Quarter Update. I'm Matt Sayers, Partner and Certified Financial Planner here at FCS.

The first quarter of 2025 presented its share of challenges. After reaching an all-time high on February 19th, the S&P 500 finished the quarter down 4.6% per CNBC. This decline was largely driven by tariff-related uncertainty, which weighed on investor confidence. As we know, **the market thrives on predictability.** When future trends feel secure, investors may begin pricing in expectations six months or even a year ahead. On the other hand, when uncertainty takes center stage, the market often shifts its focus to daily headlines, reacting to the news of the moment. We see this dynamic happen every quarter with earnings. During earnings season investors have real, tangible data that provides clarity. In contrast, periods between earnings updates often leave room for speculation and, potentially, volatility.

As we enter the second quarter, the pace of the news cycle remains brisk. Fluid tariff negotiations have whiplashed some investors focused on day to day changes rather than their long term plans. This environment has led some to utter what might be **the most dangerous words in investing: "this time is different."** In times of uncertainty, it's natural for our minds to wander and for doubt to creep in. But as history consistently shows us, while the causes of market declines are always unique—whether stemming from a pandemic, geopolitical tensions, or economic shifts—the market's behavior tends to follow recognizable patterns. To quote Mark Twain**, "History doesn't repeat itself, but it often rhymes."**

Reflecting on past experiences is crucial to understanding today's market. Take, for example, the 2020 COVID-19 selloff. The S&P 500 dropped 34% in just 33 days—a decline that mirrored the historical average for bear markets but unfolded at unprecedented speed. The instinct during such rapid downturns is often to react immediately, but this can be precisely when patience serves us best.

History has proven time and again how swiftly markets can recover. **Markets don't wait for the world to stabilize before recovering.** Often, markets bottom when uncertainty and fear are at their peak. On March 23, 2020, amid a nationwide shutdown and widespread pessimism, the S&P 500 hit its lowest point. Yet, within just 16 days, the index surged 20%, and by August, it had reclaimed all-time highs. This resilience underscores the importance of staying the course and trusting in well-laid investment plans.

We, nor can anyone, predict when this market will move higher. Tailwinds are likely to come from lower rates, tax reform and reduced regulations.

Investing can be incredibly simple. **We believe the secret to success is matching assets with withdrawal needs.**.

We try to prepare for these markets in your plan and in your portfolio. Bonds put us to sleep during most years, however they can be a necessary part of a portfolio for investors with investment withdrawal needs. During temporary stock declines, we are able to rely on the interest and principal value of your bonds to fund withdrawals. Compartmentalizing assets this way allows us to exercise patience with the stock market.

Moreover, we firmly believe in finding opportunities in every challenge**. Temporary market declines may provide opportunities for tax loss harvesting**—a strategy that can reduce your taxable income both now and in future years. Additionally, market pullbacks can be an excellent time to evaluate Roth conversions. By converting assets while values are temporarily lower, more of the subsequent recovery happens in a tax-free Roth environment, potentially enhancing your long-term outcomes.

We endeavor to craft your plan to weather pullbacks, corrections, and even bear markets. If you ever have concerns or questions, please don't hesitate to reach out.

Thank you for your continued trust in FCS. Here's to a successful and prosperous remainder of 2025. Have a great day.

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