2025 in Review

It is unclear if 2025 was a year of more market moving events than years past, but perhaps the metric is irrelevant. Investment positioning and strategy likely determines how many market moving events are perceived by investors. In other words, it is all in the “eye of the beholder” and context matters. From our perspective it certainly felt like a “noisy” year but when you break it down it was probably less about the number of events we experienced and more about the fact that we are living in a new paradigm. Below we highlight the most noteworthy events of the year:

- Fed meetings: As usual, there were 8 Fed meetings this year, but it was the last three meetings of 2024 that set the stage for an interesting 2025. With 100bps cuts in Fed Funds to end 2024, it appeared that we were heading into 2025 with a dovish bent only for the Fed to pause all cuts until September. The new Administration called this politically driven, while Chairman Powell cited a continued focus on economic data to drive Fed policy. Although jobless claims and PCE trended lower to start the year to support the Fed’s pause, ironically the Administration, and specifically Liberation Day in April, brought more uncertainty for the path of inflation and the economy. As much as we believe the Fed was thoughtful about the path of interest rates, the noise created around what Trump wanted (lower rates) and the uncertainty created by global tariffs, as well as a government shutdown, led to an environment of hyper focus around the Fed throughout the entire year. Markets typically drive their expectations off of the state of the economy and less from rhetoric but this time around it was challenging to navigate. At the end of the year though, the market and the administration got what they expected, and wanted, with 75bps of cuts in the last three meetings. As we move into 2026 and the well telegraphed expectation for a dovish Fed chair replacing Powell in May, the noise around the Fed could begin to subside. As much as that holds true, as we have stated in previous commentaries, our concerns will be less around the path of rates and more about the magnitude. Larger cuts could indicate to the market that the Fed is behind the current state of the economy and that could be viewed negatively for risk assets.

- Inauguration Day: As much as this was not a market moving event, we believe it is important to note a change in the U.S. administration which was a key driver in the noise experienced by the market in 2025. According to a study by the White House Transition Project reported by multiple news agencies in May, Trump had more interactions with reporters in his first 100 days than any of his six predecessors. He even exceeded the pace achieved in his first term. As much as that increased transparency is a positive for the U.S. public to know what the President is doing, that creates an environment where the market is continuously trying to evaluate policy and how it is executed. Constant rhetoric change from political leadership is not something the market is used to navigating.

- Gaza War Ceasefire: The importance of ending the war between Israel and Hamas in Gaza cannot be understated but there is a bigger theme to take away from this event. The U.S., and Trump in particular, has re-established itself as a pro-active peacekeeper throughout the world. The approach to keeping peace though is different than the world has experienced in the last 60 plus years. In this paradigm, the U.S. will play an active role in negotiating peace throughout the globe but is attempting to do so with the world’s nations, and in particular Europe, playing a larger role both monetarily and physically to provide defense. This is a dramatic shift from the precedent that has been set in the decades of the past. In fact, it may mean that the role the U.S. plays in geopolitical conflict will be to the benefit of the American taxpayer and military but could come at the expense of other conflicts such as international trade and potentially a lack of military strength to encourage peace throughout the world. We debated adding the Putin-Trump meeting in Alaska as another pivotal event for 2025, but it has only become more clear that as much as the pomp and circumstance around that meeting was high (and great media fodder!), it did little to put controls in place between the Russia/Ukraine conflict. This will likely continue to be an area of high focus geopolitically in 2026.

- Liberation Day: Although the tariffs announced on April 2, 2025 were significant and had a widespread negative impact on markets, there was one major takeaway from this event. It was initially believed that Trump’s second term may be more of a “medicine first, candy later” approach where the administration would have less of a focus on the reactions of the stock market than in his first term where he approached most of his policy around ensuring a positive stock market. At first, Liberation Day was truly shaping up to be the template for Trump 2.0 where the negative price action did not immediately receive any placating from the administration. Fortunately, the Trump 1.0 playbook was back in play as the administration announced a delay in the timing of the tariffs the following week. That reversal defined the 2025 lows for the stock market and has been on an upward trajectory ever since.

- First Brand Files for bankruptcy: What could have been the first domino to fall from a corporate fundamental standpoint, appears to be an idiosyncratic fraud event that hopefully provides a valuable lesson to the market. Our bigger takeaway from the event, as much as a high level of continued due diligence is needed for investments at all levels, is that we are now in a world where the public market is one component of global finance as opposed to the sole source. The current and future financial paradigm is now a combination of both public and private finance. As much as the public credit markets continues to grow, so has private credit which now stands at ~$3 trillion. We believe this growth in the private markets has created an environment of self-financing for the corporate markets that has the ability to continue to encourage growth and investment above and beyond what the banking sector alone can support.

- AI investment: Combine the power of liquidity provided by the private credit markets and the scalability of productivity created by corporate investment in AI suggests the global economy is preparing to experience a generational shift in productivity. As much as the investment in AI has both pros and cons, and that time will be required for the workforce to retool and industries decide how best to leverage these capabilities, it is important to recognize that this new paradigm will change how the world operates not dissimilar to the birth of the internet and global connectivity.

- U.S. Government Shutdown: The U.S. experienced the longest government shutdown in history in the fourth quarter lasting 43 days. While the impact on markets was limited, it did add to the uncertainty around the timeliness and accuracy of economic data to inform the decisions of the Federal Reserve. More importantly, it likely identified the maximum polarization between the agenda of the Republican and Democratic parties. We would like to surmise that this may mean that the pendulum of policy views has swung so far left and right that we could see some normalization of policy across the aisle in the years to come. Changes like this do not happen overnight, but hopefully it is a wakeup call to both parties to find middle ground that is in the best interests of the nation to maintain the credibility of the U.S. as a nation and world power.

Despite all of these events and others, volatility in both the equity and rates markets trended lower throughout the year, risk assets moved steadily higher and likely these events will set the tone for 2026. As with most strategist predictions for 2026, we also expect continued capital expenditures into AI and with lofty equity valuations, we expect M&A to accelerate. This means that corporate leverage is likely to go higher but has the potential to do so in a manageable way in a world with higher productivity tools and a dovish Fed. The key risk remains to maintain a balanced economy and if the data driven Fed of 2025 has been able to read the tea leaves properly, and we don't have any outsized rate cuts to adjust for negative unemployment or inflation concerns, we believe the positive trend for markets can continue.

As the year comes to an end, we hope the holidays were joyous for all and we send best wishes for a wonderful 2026. Happy New Year!

Commentary as of 12/31/25. Data as of 12/31/25, per Bloomberg.

Who We Are

Our Independence Prioritizes the Client

Seelaus Asset Management, LLC is a private, women-owned investment manager providing expertise in active fixed income and equity portfolio management and designing customized investment strategies.

Our Vision

To be a best-in-class asset manager that leads with value in a client driven, partnership model.

Our Values

- *Innovative*
- *Diverse Perspective*
- *Impactful*
- *Authentic*

Our Mission

To be an agent for change in the finance industry by demonstrating a straight line between the support we receive as a women-owned firm and the support we provide to women in the industry and in the community.

To learn more about our investment offerings, please call 212-935-0755, email ir@seelausam.com or visit https://www.rseelaus.com/asset-management/

26 Main Street, Suite 304, Chatham, NJ 07928

Tel: 212-935-0755 Fax 888-901-4201

Seelaus Asset Management, LLC (the “Investment Manager”) is a privately held U.S. Securities and Exchange Commission registered investment advisor that specializes in fixed income and equities portfolio management and tactical asset allocation investment strategies for private clients, financial advisors, insurance companies, pension plans, and other institutional investors. Registration does not imply a certain level of skill or training. The Investment Manager is a subsidiary of R. Seelaus & Co., Inc. More information about Seelaus Asset Management, LLC can be found in its Form ADV, which is available upon request or on the company website found at www.rseelaus.com.

The information contained herein is not, and may not be relied on in any manner as, legal, tax or investment advice or as an offer to sell or a solicitation of an offer to buy an interest in investment vehicles sponsored or managed by the Investment Manager.

Past performance is not indicative of future results. There is no guarantee that any specific outcome will be achieved. Investments may be speculative, illiquid and there is a risk of loss.

The opinions expressed herein are those of the Seelaus Asset Management, LLC Investment Team. The opinions referenced are current as of the date of publication and are subject to change at any time as a result of changes in market or economic conditions or other variables used to create this report including but not limited to any estimates, targets, analysis, and assumptions. Certain information contained in this presentation constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “target,” “project,” “estimate,” “intend,” “continue” or “believe,” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund or other investment vehicles sponsored or managed by the Investment Manager may differ materially from those reflected or contemplated in such forward-looking statements. Nothing contained herein may be relied upon as a guarantee, promise, assurance, or a representation as to the future.

Certain transactions give rise to substantial risk and are not suitable for all investors. This material is furnished for informational purposes only.