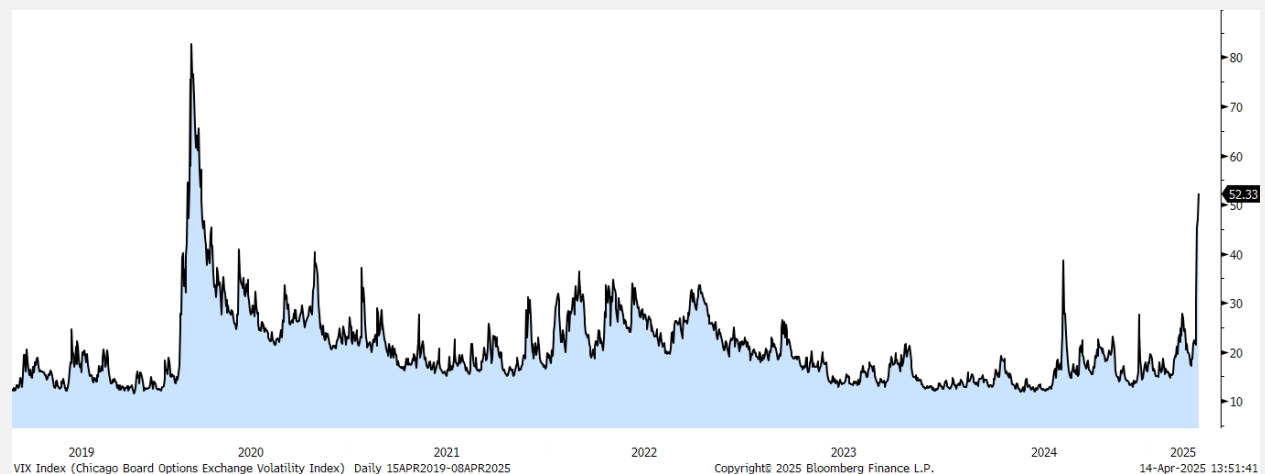


The U.S. April 2 shock and awe tariff announcement and subsequent drama, including a 90-day pause on reciprocal tariffs for all nations except China, where the trade war has only intensified, continues to roil markets. Losses post the Rose Garden tariff announcement pushed the S&P 500 down roughly 20% from its recent high in February before recouping some of those losses on the pause announcement last week and sent the volatility or “fear” index soaring to levels not seen since the depths of Covid.

**Volatility likely near peak levels and poised to ease over next few months**



Unlike most previous market corrections, the current drawdown was not caused by a build-up of excesses in the financial system (e.g., the Great Financial Crisis) or an exogenous shock (e.g., Covid). It was driven by a policy decision, and the situation remains fluid. Last week's 90-day pause, as the bond market went awry with the 10-year Treasury yield unexpectedly rising, seemingly shows a willingness by the administration to course correct. Given policy adjustments could happen quickly, we want to keep our positioning nimble and balanced with a mix of more defensive U.S. and international positions that should hold up better if economic conditions deteriorate combined with investments in stocks that have been overly punished and could see outsized returns on trade deal progress or further policy revisions. At this point, we are inclined to incrementally increase the latter positions on any additional broad market selloffs. Looking further out, the policy emphasis will likely shift from immigration, tariffs, and fiscal cuts to tax cuts, deregulation, and revitalizing the U.S. manufacturing base. Again, uncertainty remains high, but we want to use the selloff and now more reasonable valuation levels to position our portfolios in areas where we could see longer-term outperformance.

### S&P 500 Equal Weighted Valuation Below 10-year Average



In the short-to-intermediate term, we could see further market declines. The 10% base level tariffs now in effect will pose a headwind to growth and possibly push inflation higher, while the current level of tariffs with China will essentially choke off trade altogether. The first quarter earnings season is about to ramp up, and management teams will likely highlight the recent macro uncertainty as a headwind. Earnings estimates will likely be revised lower and stocks could struggle to find their footing. Still, the chart below shows the number of stocks trading below their 200-day moving average on the New York Stock Exchange. It illustrates that when less than 20% of stocks are trading above their 200-day moving average (as was the case around the lows during the Great Financial Crisis, President Trump's first go-around with tariffs, and Covid), it has paid to at least maintain equity allocations and has been an opportune time to increase exposure over the long run.

### Percentage of NYSE Stocks Closing Above 200-Day Moving Average



Jed Glick, CFA, Portfolio Manager – U.S. Equities

## Who We Are

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### 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
- Impactful
- Diverse Perspective
- 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.*

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

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ASSET MANAGEMENT

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