

NEWSLETTER

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3 BIG THINGS

1

April showers bring May flowers may as well have applied to the stock market this year. After an extremely volatile April on the back of tariff headlines, May was a very strong month for US stocks, gaining over 6%. This was the largest return in the month of May dating back to 1990.

2

The biggest market news was the US agreeing to a 90-day cut of tariffs placed on Chinese goods from 145% to 30%. China responded by cutting its tariff on US goods to 10% from 125%. There was also an agreement with the UK to cut tariffs. These positive developments on trade as well as an extension of the tax cuts getting passed in the House boosted market sentiment and led to the strong returns during the month.

3

Given he is cited below in the quote of the month nearly every newsletter, I'd be remiss to not mention that Warren Buffett announced his retirement during the annual Berkshire Hathaway shareholder meeting here in Omaha. He did this to everyone's surprise. Although how surprised should we have all been the man is 94 years old. Since taking over Berkshire in 1965 if you had invested just \$1,000 in the company it would be worth \$44.7 million at the end of last year. This compares to the S&P 500 that would have grown to \$342,900. A track record that I'm hard-pressed to believe will ever be equaled. Certainly a much deserved retirement!

Quote of the month: "The stock market is a device to transfer money from the 'impatient' to the 'patient'." – Warren Buffett

MARKET QUICKTAKES

ECONOMIC INSIGHTS IN A NUTSHELL

May saw sentiment improve both in markets and across the economy. Consumer confidence jumped by the most in four years and consumer sentiment stabilized after four straight declines. While there was some concern following the Q1 GDP data showing the economy shrinking it is becoming more evident that this was a consequence of companies trying to get ahead of the tariffs and leading to an artificially high trade deficit negatively impacting the data. The unemployment rate was unchanged during the month remaining at the relatively low level of 4.2%. As long as the labor market remains strong and economic activity does the same it may be hard pressed to see the Fed lower rates over the summer months as previously anticipated.

STOCKS

Tech stocks led the way during May a reversal of the weaker performance we had seen thus far in 2025. All major areas of equities saw gains during the month as a risk on appetite returned to markets. While international markets trailed the US on the month they still saw gains above 4% bringing their year to date gains above 14%! Healthcare stocks struggled throughout the month as political pressures continue for a variety of subindustries such as pharmaceuticals and some of the insurers as well.

FIXED INCOME

Interest rates rose throughout the month leading to losses across most fixed income sectors. High yield bonds and emerging market bonds still managed small gains due to their higher yields. Government bonds were the worst performer as the deficit remains a concern in markets. The hope that the deficit would narrow in coming years took a hit as the proposed tax bill showed elevated deficits remaining in the coming years. The Fed has remained on hold with their policy as well keeping short term rates in place.

COMMODITIES

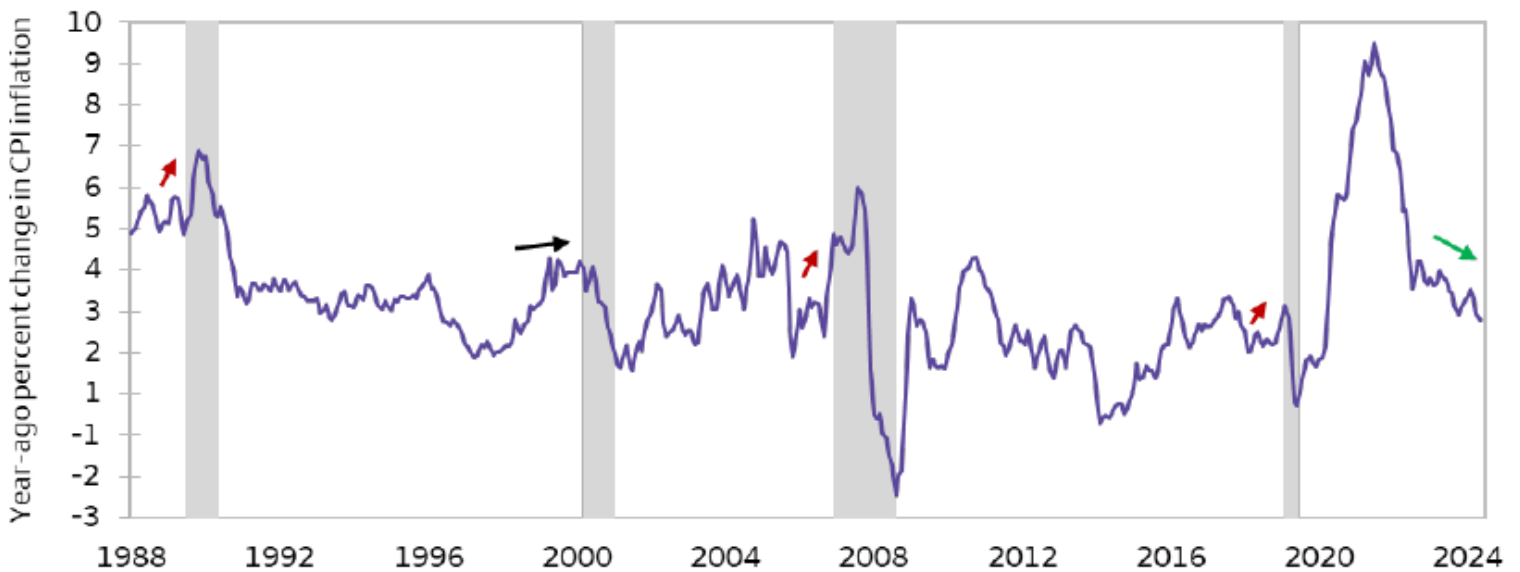
Commodities finished the month relatively flat. Gold finally took a breather after starting the year with impressive gains. Other metals saw gains as Silver and Copper both advanced. Platinum was the best performer up almost 10% in the month. Energy commodities were a mixed bag with oil recovering some of its losses, but natural gas continuing to decline.

VIEWS FROM MARKET STRATEGISTS

Despite a year of sluggish growth, tariff uncertainty, and market volatility, we believe the U.S. economy will skirt a recession in 2025 as key supports limit the depth and duration of the ongoing slowdown. One of these supports is unusually subdued inflation. As the chart shows, recessions have typically followed periods of high and usually rising inflation (as measured by the Consumer Price Index). However, in this instance, inflation peaked in 2022 and has been trending lower since. The chart highlights that in the four recessions since 1990, inflation has risen or been elevated heading into the slowdown. In contrast, over the past year, softening inflation has provided what we believe will be an unusual cushion heading into this summer's tariff-induced slowdown by support real (inflation-adjusted) incomes, adding to household purchasing power, and by restraining longer-term interest rates and financial stress.



Looming economic slowdown cushioned by subdued inflation



Sources: Wells Fargo Investment Institute and U.S. Labor Department. Monthly data, December 1988 – April 2025. CPI = Consumer Price Index. Shaded areas denote recessionary periods.



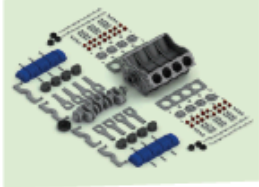

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EVERGREEN REMINDERS

There can be a downside to playing it “safe” if your assets are in investments that don’t keep pace with inflation. Fear of market volatility can make seemingly safe investments appear alluring. The downside of playing it safe, however, is that you may actually be losing purchasing power by putting your money in investments that don’t keep pace with inflation. For example, when the Ford Mustang launched in 1965, the cost of a ‘64 standard coupe was \$2,427. Back then, \$100,000 invested in a 6-month CD would have provided you with \$4,880 in annualized income—enough to buy two Ford Mustangs! Unfortunately, the income on the same \$100,000 CD today would only provide you with enough income to pay for a dual exhaust system and engine upgrade for your cherished Ford Mustang. The speed of a Mustang is apparently no match for the speed of inflation!

The Effects of Inflation: \$100,000 6-Month CD Investment

Year	6-Month CD Rate ¹	Annualized CD Income	MSRP Ford Mustang ²	Your CD Income Could Buy...
1965	4.88%	\$4,880	\$2,427	2 Ford Mustangs (\$4,854) 
1985	7.80%	\$7,800	\$7,885	Almost 1 Ford Mustang ³ (\$7,885) 
2005	4.62%	\$4,620	\$19,215	A top end engine kit for your Mustang (\$4,279) ⁴ 
2025	4.37%	\$4,370	\$31,920	A transmission kit for your Mustang plus five gallons of gas (\$4,370) ⁴ 

CDs are insured by the FDIC, offer a fixed rate of return, and are generally designed for short-term savings needs. The principal value and investment return of investment securities (including mutual funds) are subject to risk, will fluctuate with changes in market conditions, are generally considered long-term investments, and may not be in the best interest of all investors.

Hartford Funds

¹ Data Sources: Federal Reserve, Bankrate, and Hartford Funds, 3/25.
 Rates for previous years are the average CD rate; the CD rate for 2025 is an average of the highest available 6-month CD rates on Bankrate.com as of February 2025.
² Sources: CJ Pony Parts and Ford, 3/25.
³ Data Sources: Energy.gov and IA Auto, 3/25.
⁴ Data Source: CJ Pony Parts, 3/25.
 Hartford Funds Distributors, LLC, Member FINRA.

BEYOND THE MARKET

LIFESTYLE HACK

Summer months comes with more time outside but also likely comes with bug bites. If you have itchy mosquito bites, heat up a spoon under hot water, dry it off, and press it on the bite. Do this for as long as you can tolerate. The heat dissolves the protein that makes the mosquito bite itch. Full disclosure I haven't tried this BUT may have to put it to use this summer.

TECH TIP

Not so much a tip this month as much as it is an alarming fact. In the United States the average screen time is 5 hours and 16 minutes. Younger generations can be even more extreme with an average of 6.5 hours. To put that into perspective, if you spend 2 hours per day on your phone that equates to 1 month out of the entire year spent on your phone. At 6 hours you're spending 3 months or $\frac{1}{4}$ of the year just staring at your phone!

LOCAL EVENTS THIS MONTH

- MJ the Musical, depicting the unique artistry of Michael Jackson is at the Orpheum June 11 - 15th
- June 12th kicks off the College World Series with a celebration at the RiverFront as well as the opening of the FanFest activities outside of Charles Schwab Field downtown
- Nelson Produce Farms has Strawberry Fest running the first two weekends of June.
- Father's Day weekend head out to the SAC Museum to take in the Father's Day Car Show Saturday and Sunday
- June 26th Smash Park in La Vista is hosting a Dachshund Derby. Crowning the fastest wiener dog in town.

ARVADA TEAM HAPPENINGS

The team is getting out to enjoy summer vacation. Melissa and her family took a road trip to the Black Hills. Shawn and his family have done a couple of weekends down at the Ozarks. Lexie also spent Memorial Day Weekend down at the Ozarks and then cheered on her little brother to a 3rd place finish in the State Golf Tournament as only a freshman. I continue to slave away to ensure the places keeps rolling while everyone travels 😊

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