



SilverOak

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WEALTH MANAGEMENT LLC

Quarterly Webinar  
April 25, 2025



# Introduction

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President, Partner and Chief Compliance Officer
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Partner and Lead Analyst



# Agenda

- Economy and SilverOak Dashboard
- Market performance
- Special update
- SilverOak's outlook
- Valuable reminders
- SilverOak updates
- Questions



# *Economy and SilverOak Dashboard*



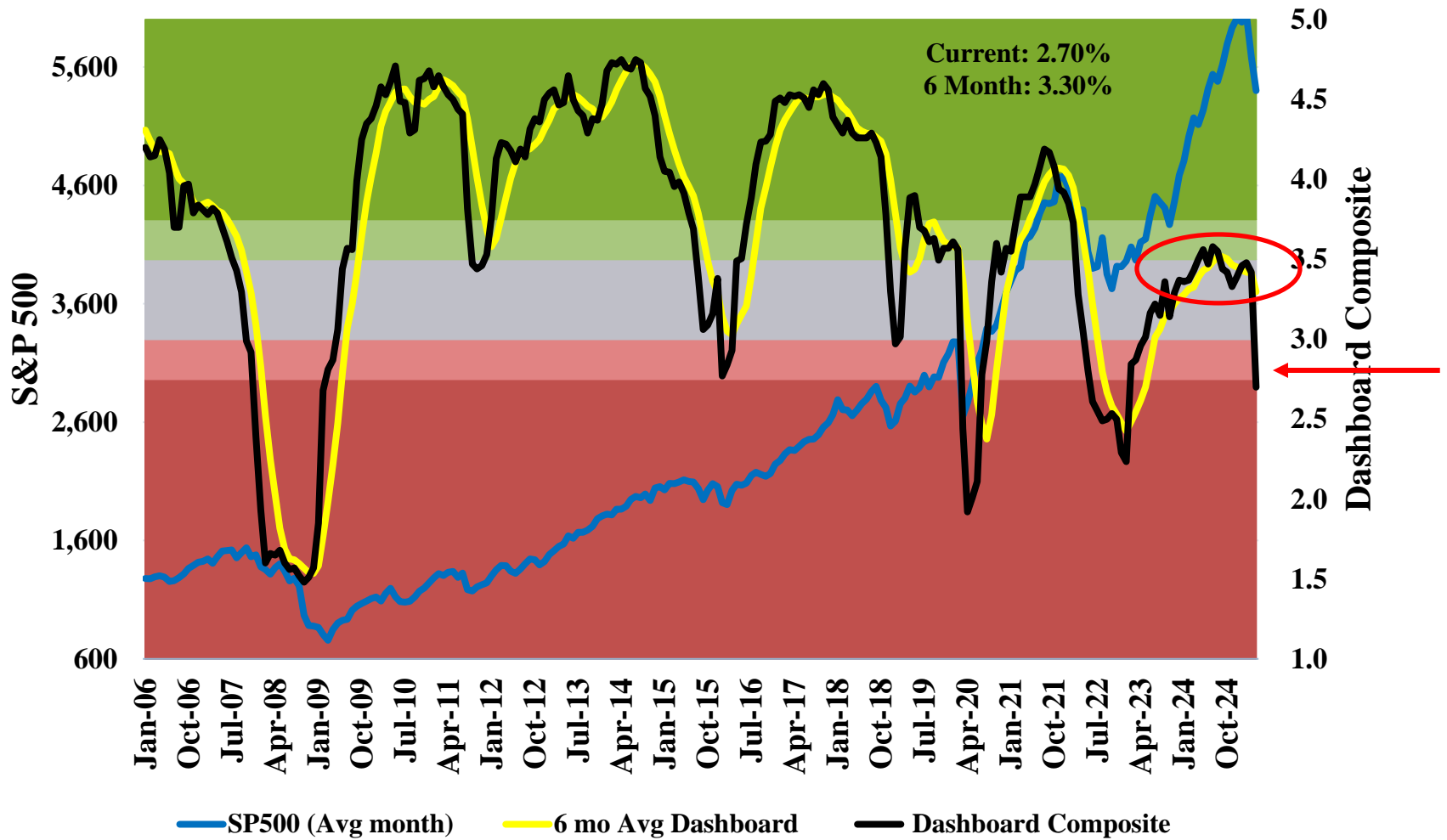
# SilverOak Dashboard

Projected

	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	2Q 2025
<b>Economy</b>	Green	Green	Green	Light Green	Grey	Grey	Red	Grey	Grey	Grey	Grey	Light Green	Light Green	Green	Green	Grey
<b>Credit Markets</b>	Light Green	Light Green	Light Green	Light Green	Grey	Grey	Grey	Red	Red	Red	Grey	Grey	Grey	Grey	Grey	Grey
<b>Valuations</b>	Red	Red	Red	Red	Light Red	Light Red	Light Red	Light Red	Red	Red	Red	Red	Red	Red	Red	Red
<b>Market Sentiment</b>	Green	Green	Grey	Red	Red	Red	Red	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Red
<b>Composite 6mo. Avg.</b>	Green	Green	Green	Grey	Light Red	Red	Red	Red	Grey	Grey	Grey	Grey	Light Green	Grey	Grey	Grey



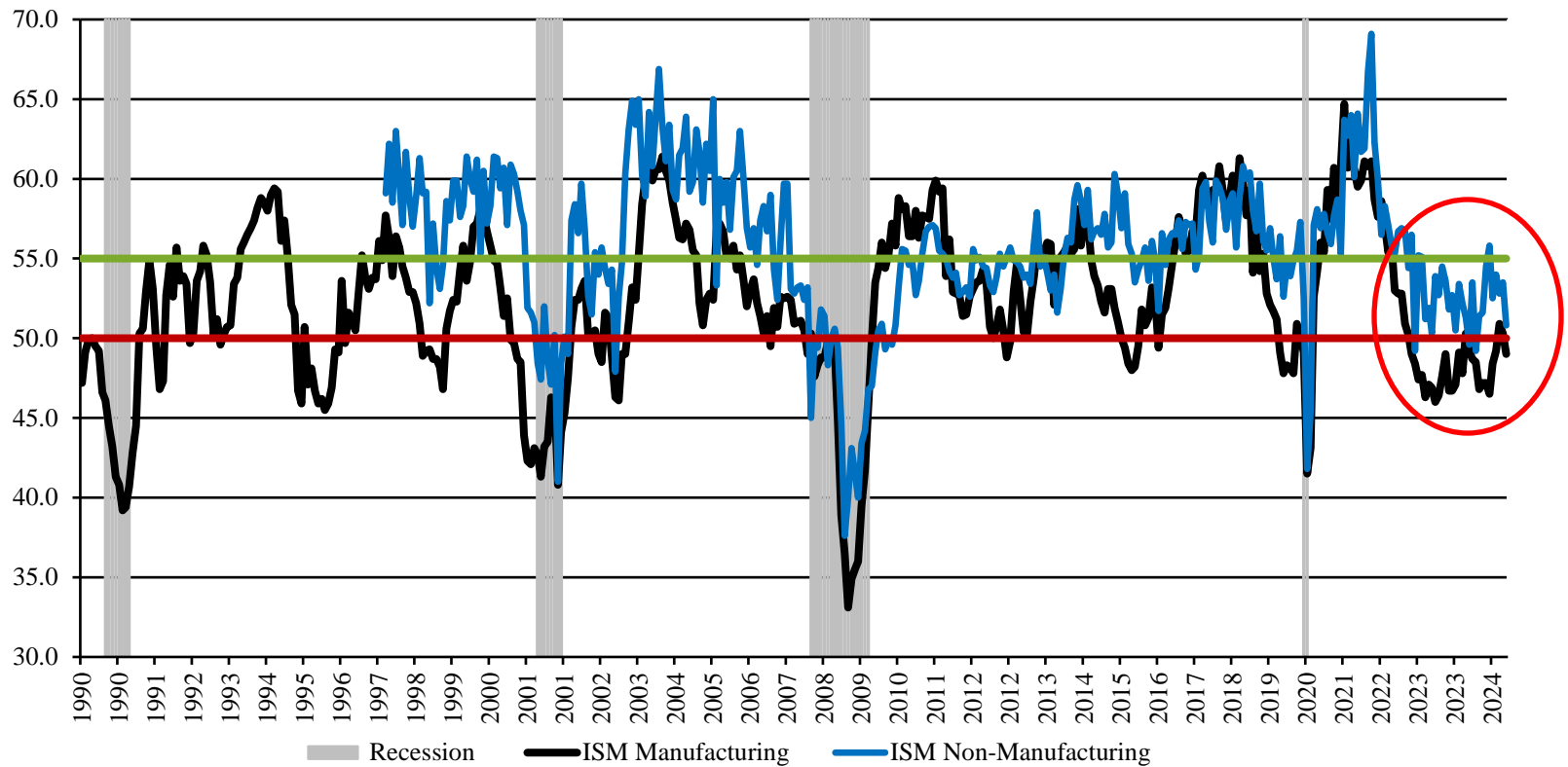
# SilverOak Dashboard



As of 4/17/2025 (monthly rolling)

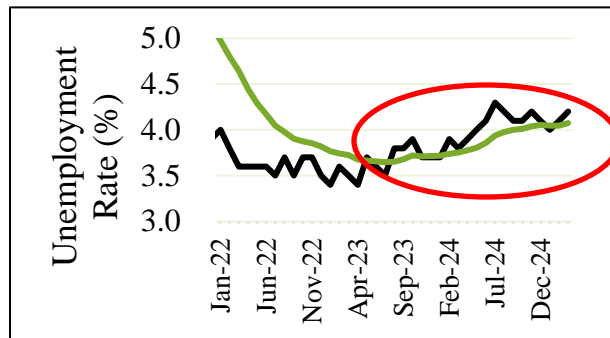
# Economy (ISM Indices)

## ISM Manufacturing & Non-Manufacturing Indices



Source: Institute for Supply Management. Data as of 4/17/2025

# Economy (Unemployment Rate)

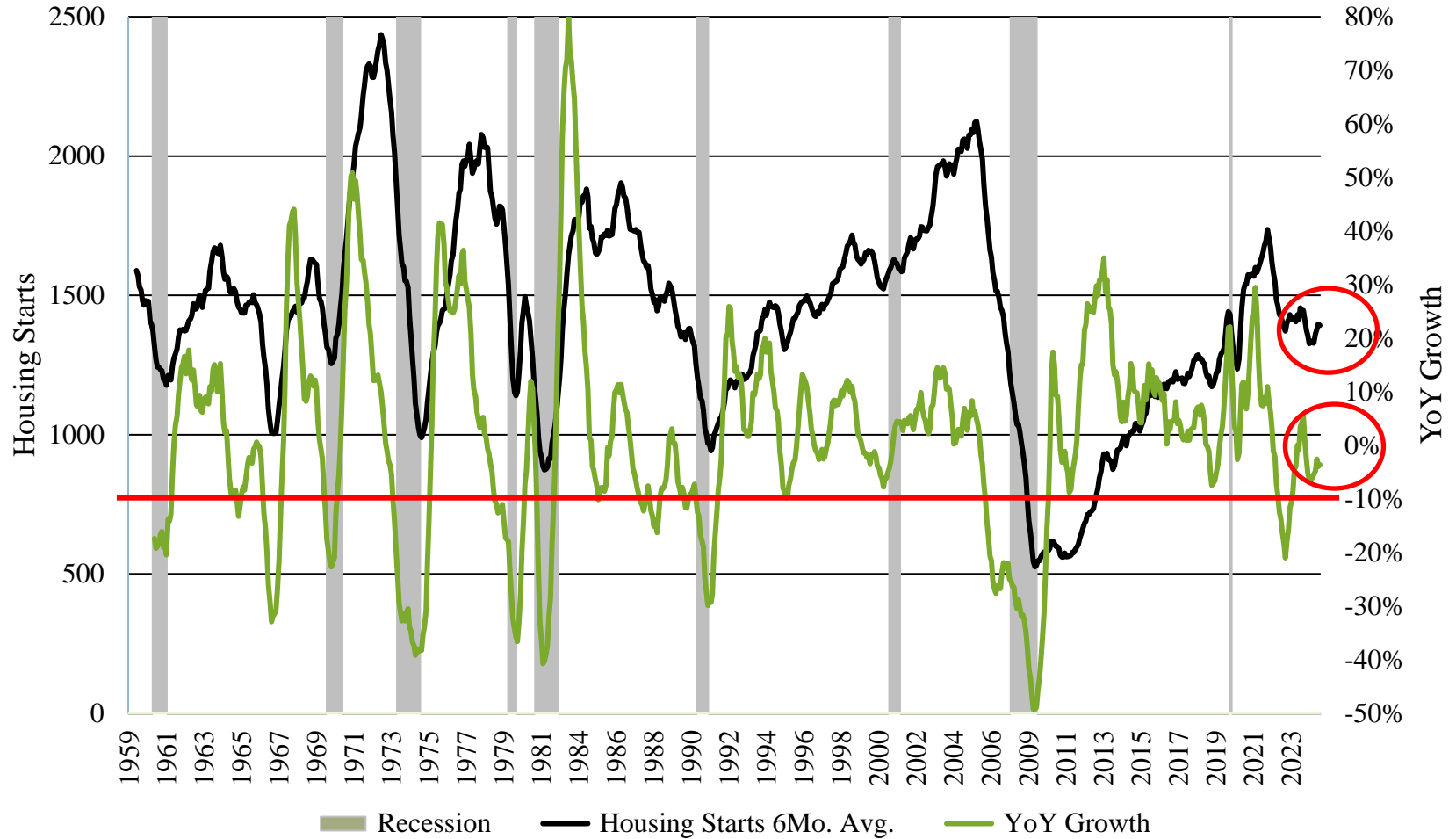


Source: St. Louis Fed. Data as of 4/17/25



# Economy (Housing Starts)

## Housing Starts

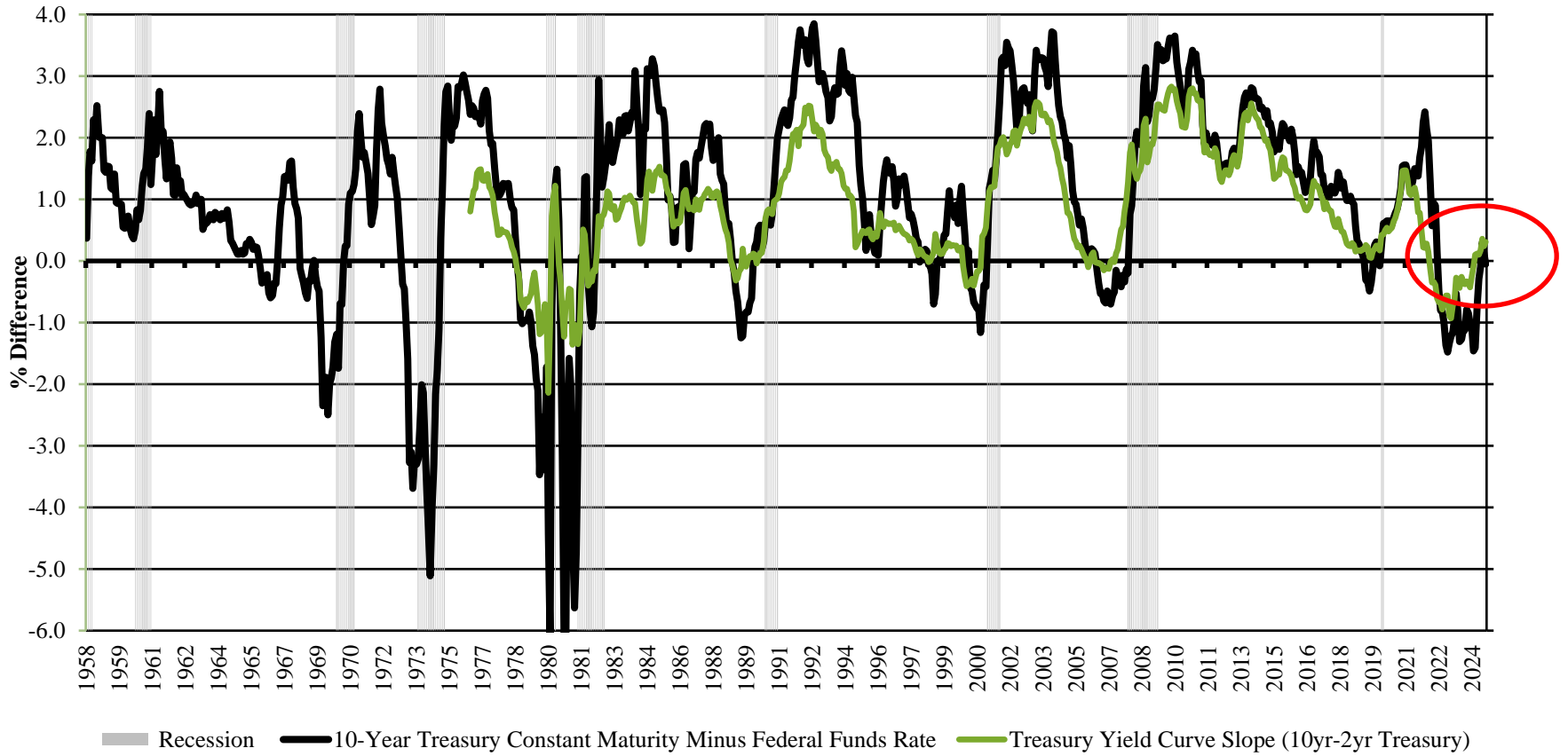


Recession Housing Starts 6Mo. Avg. YoY Growth



# Credit Markets (Yield Curve)

## Treasury Yield Curve Spread

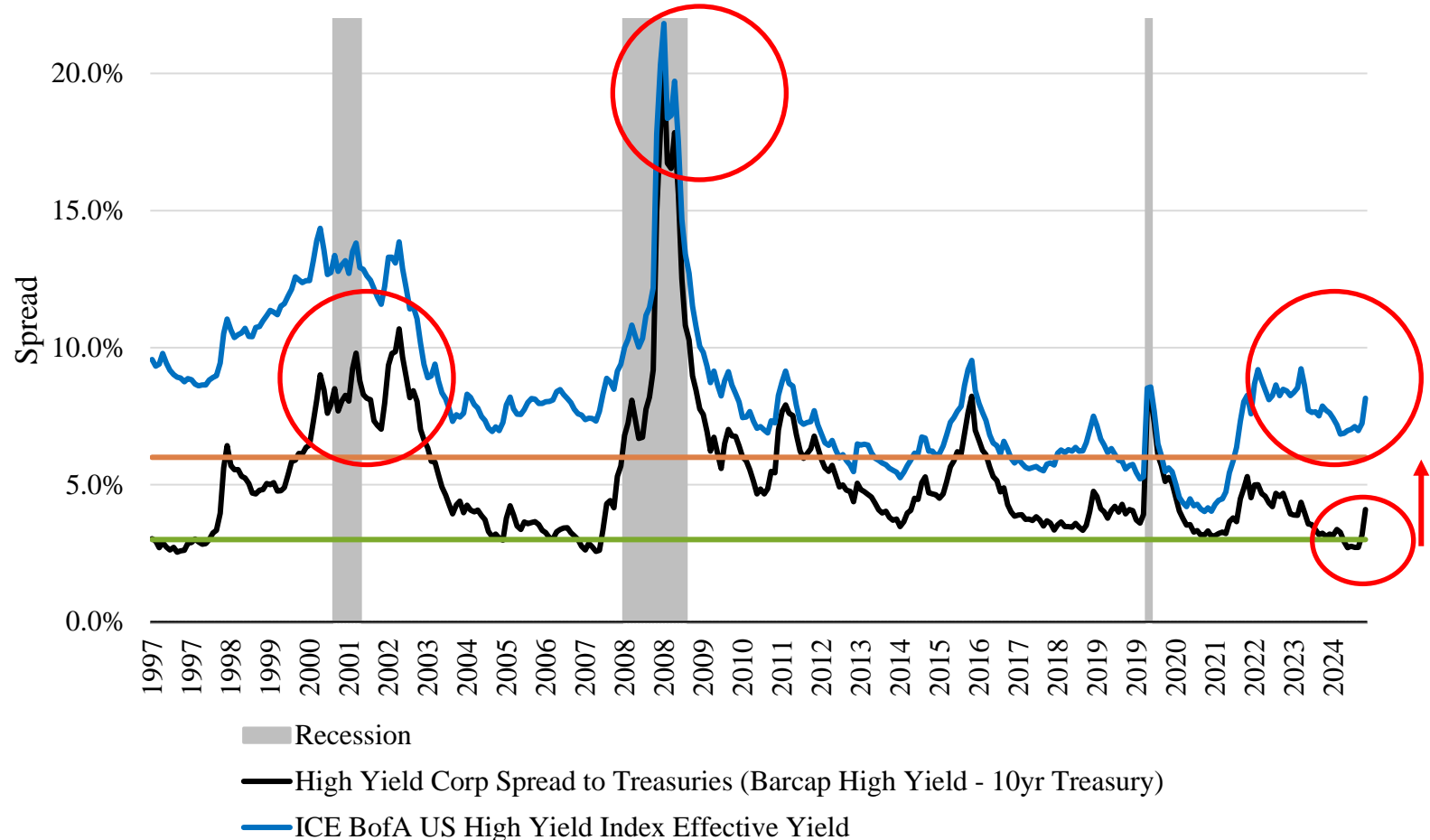


Recession 10-Year Treasury Constant Maturity Minus Federal Funds Rate Treasury Yield Curve Slope (10yr-2yr Treasury)



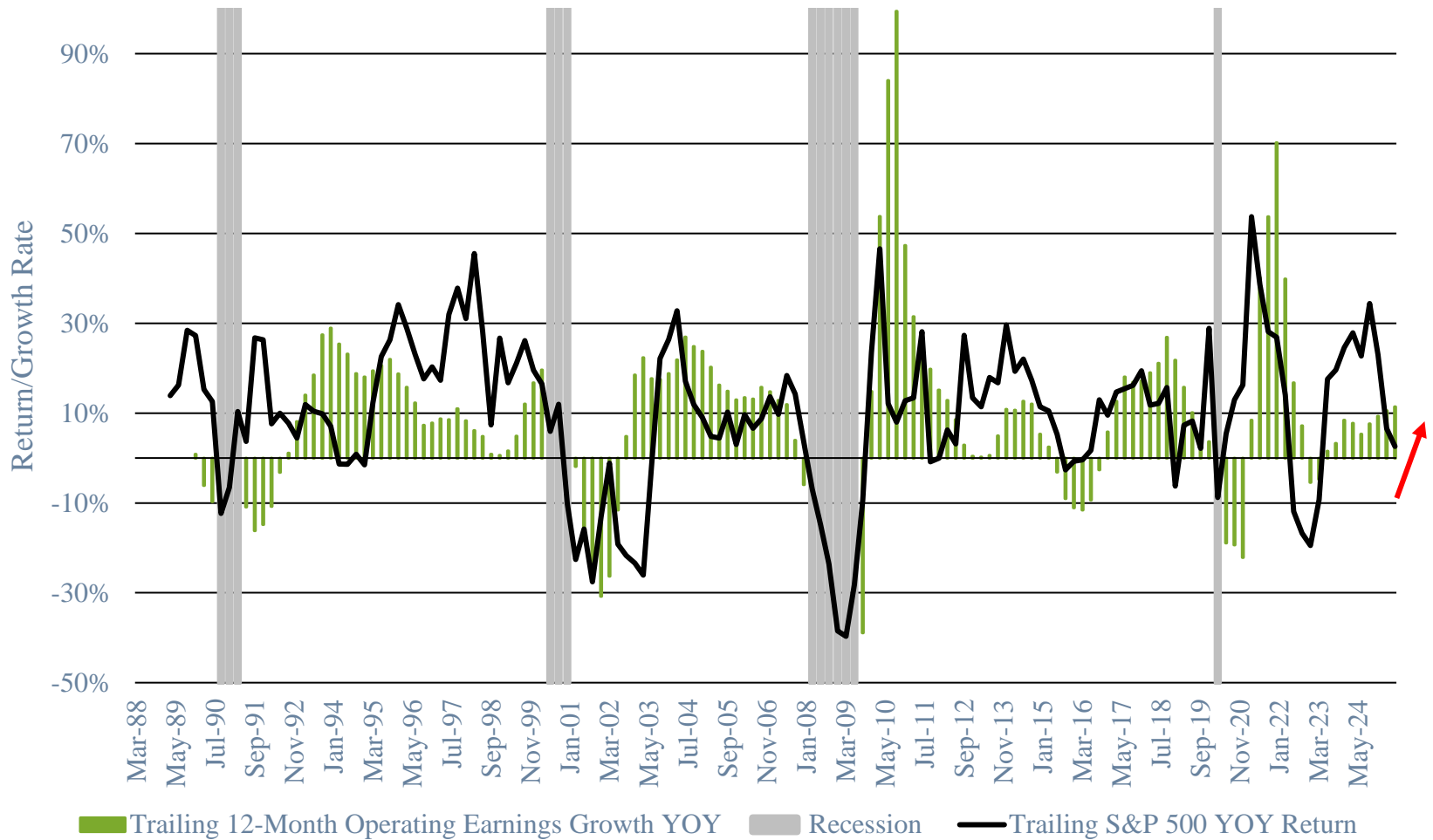
# Credit Markets (High Yield Spread)

## Credit Spreads – High Yield



Source: St. Louis Fed. Data as of 4/17/25

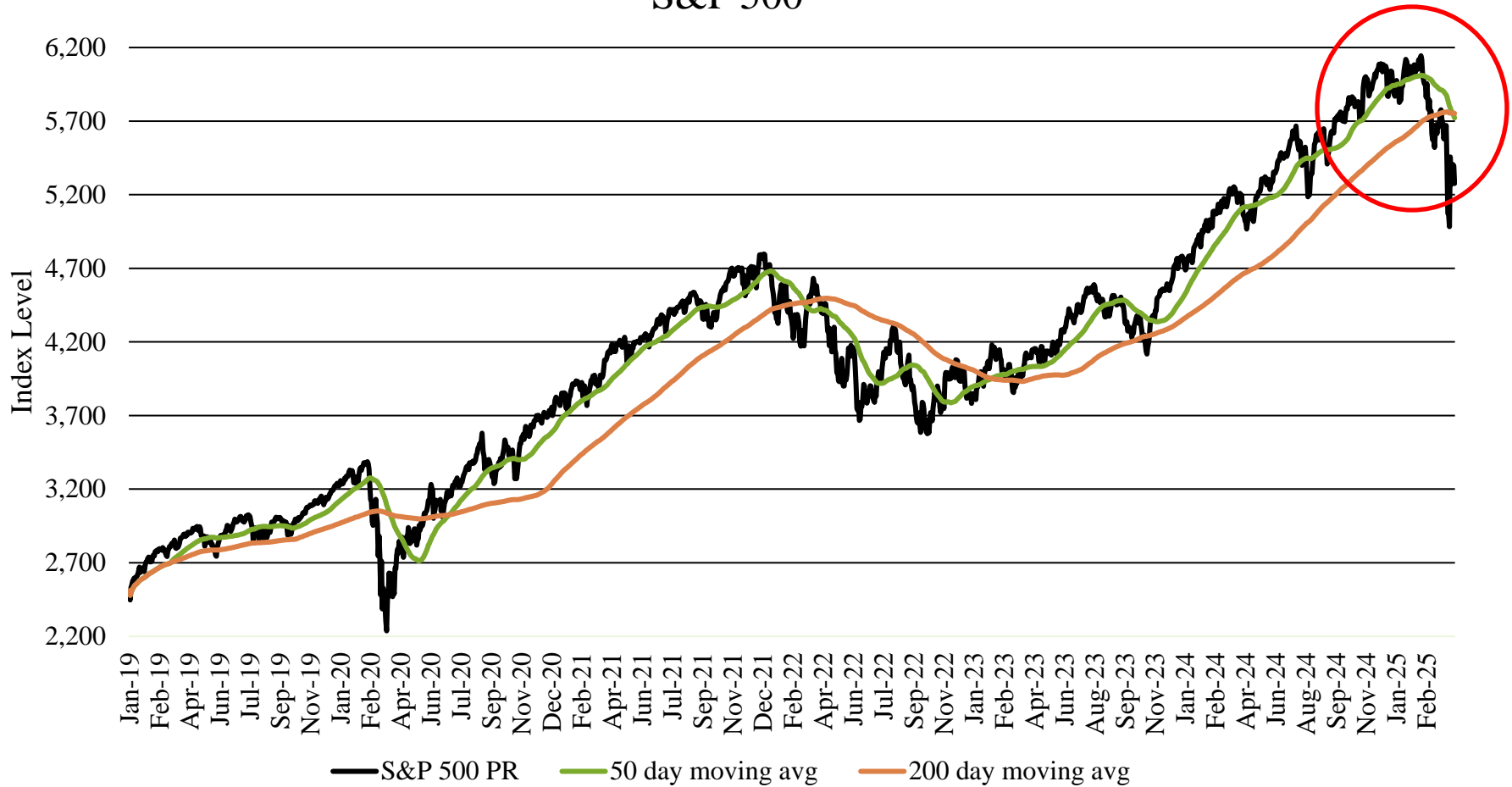
# Valuations (Corporate Earnings)



Source: S&P, as of 4/17/25

# Sentiment (Market Trend)

## S&P 500



Source: S&P, as of 4/17/25

# *Market Performance*



# Market Summary

## ■ Equity market performance

	<u>Q1 2025</u>	<u>1-Year</u>
– US large cap		
• S&P 500	-4.3%	+8.3%
– US mid cap		
• Russell Midcap	-3.4%	+2.6%
– US small cap		
• Russell 2000	-9.5%	-4.0%
– International equities		
• MSCI ACWI ex US USD	+5.2%	+6.1%
• MSCI ACWI ex US NR LCL	+2.7%	+6.9%
– Emerging markets		
• MSCI Emerging Markets USD	+2.9%	+8.1%
• MSCI Emerging Markets LCL	+2.7%	+11.3%



# Market Summary

## ■ Bonds and other asset class performance

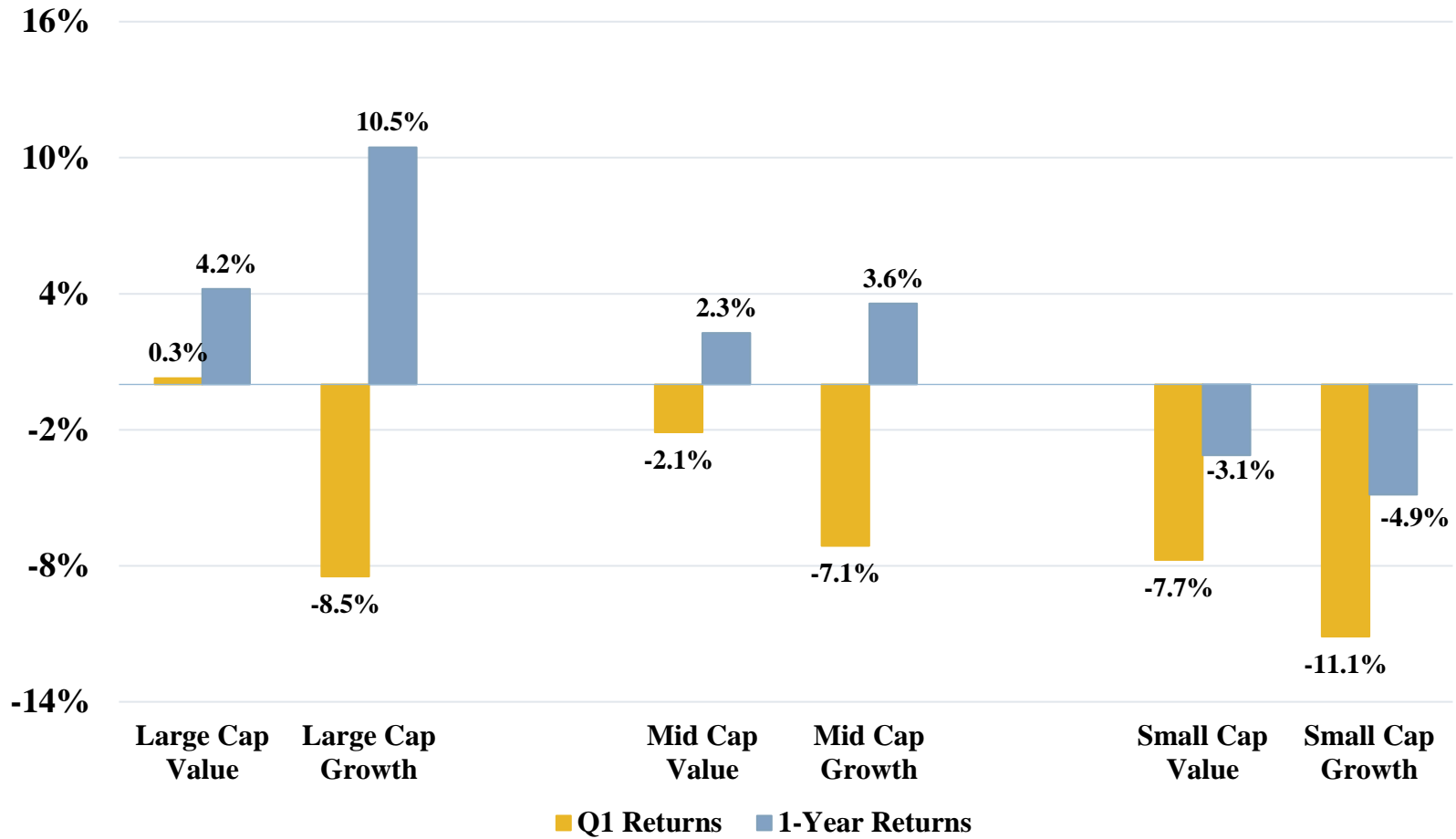
	<u>Q1 2025</u>	<u>1-Year</u>
– US fixed income		
• Bloomberg U.S. Aggregate	+2.8%	+4.9%
– Global fixed income		
• Bloomberg Global Agg ex US	+2.5%	+1.5%
• Bloomberg Global Agg ex US Hdg	-0.2%	+4.2%
– Commodities		
• Bloomberg Commodity TR	+8.9%	+12.3%
– REITS		
• MSCI US REIT NR	+0.8%	+9.0%

Source: Morningstar





# Value Led Growth in Q1

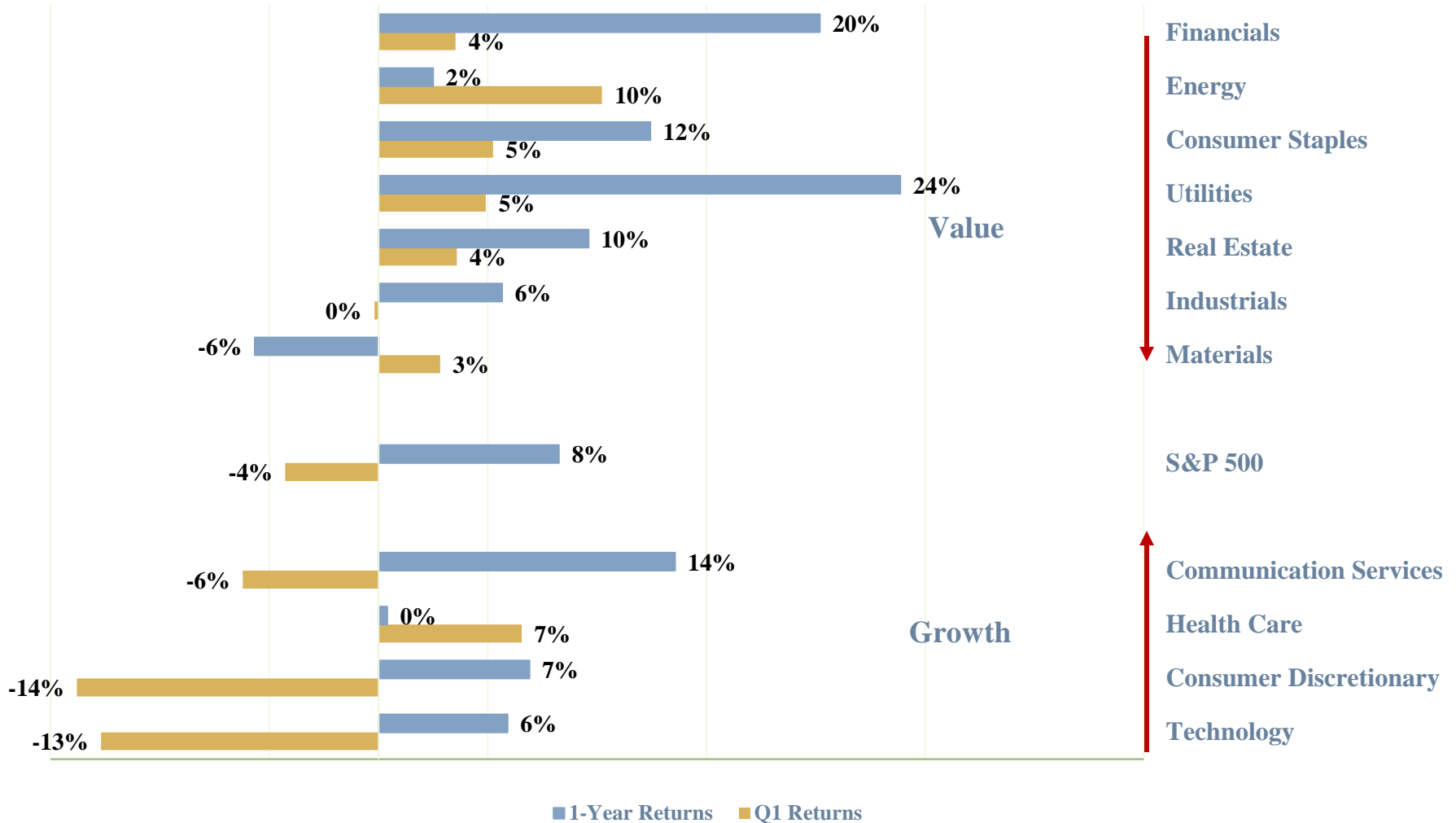


Past performance is no guarantee of future success. As of 3/31/2025.

Returns in US dollars.



# S&P 500 Sector Performance

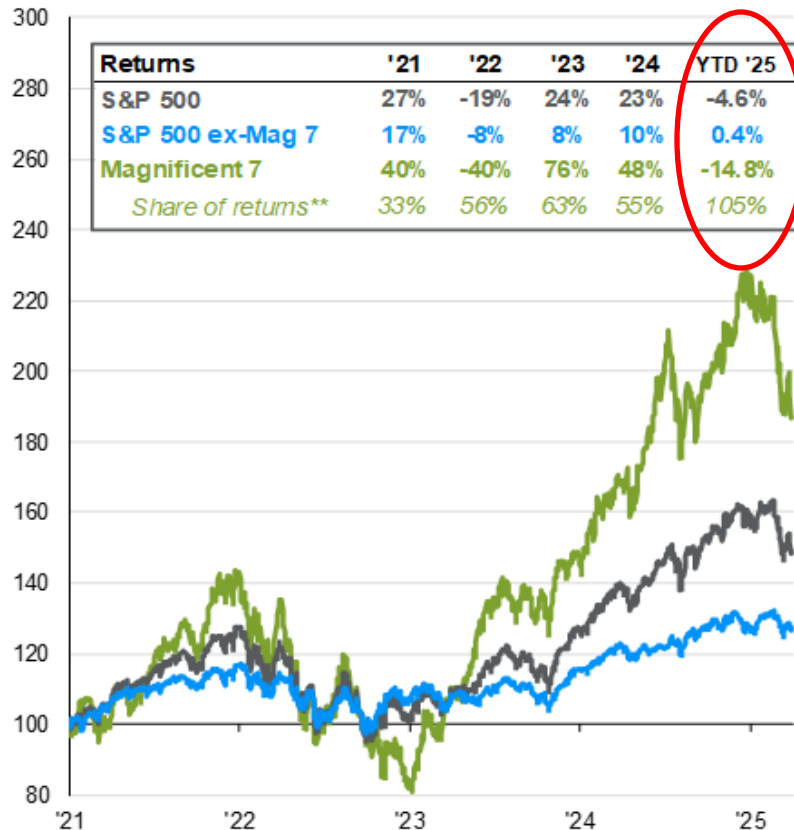


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# Mag 7 Stocks Trail in 2025

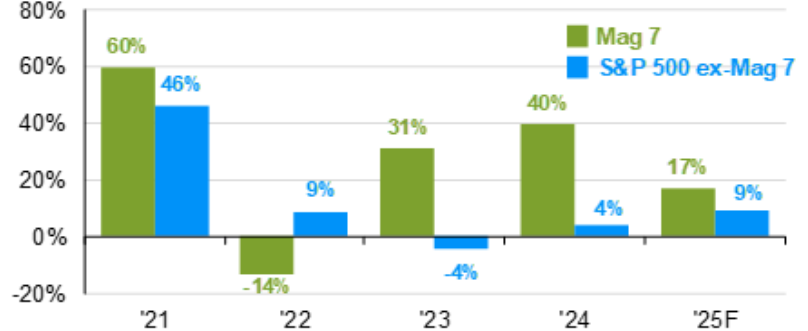
## Performance of "Magnificent 7" stocks in S&P 500\*

Indexed to 100 on 1/1/2021, price return



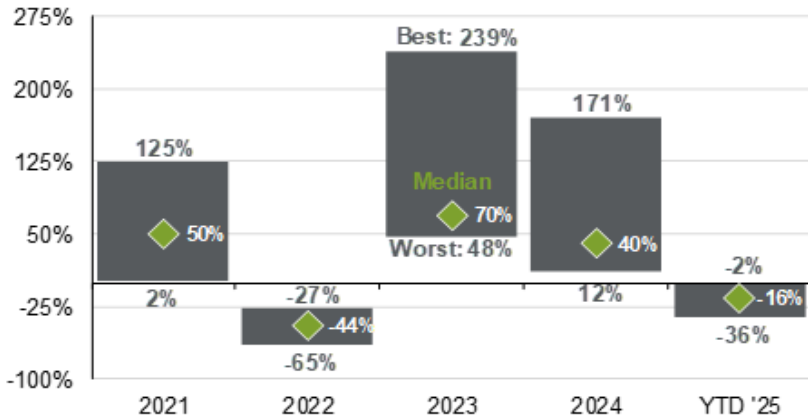
## Earnings growth

Pro forma EPS, year-over-year



## Magnificent 7 performance dispersion

Price returns, best, median and worst performing Mag 7 stock by year



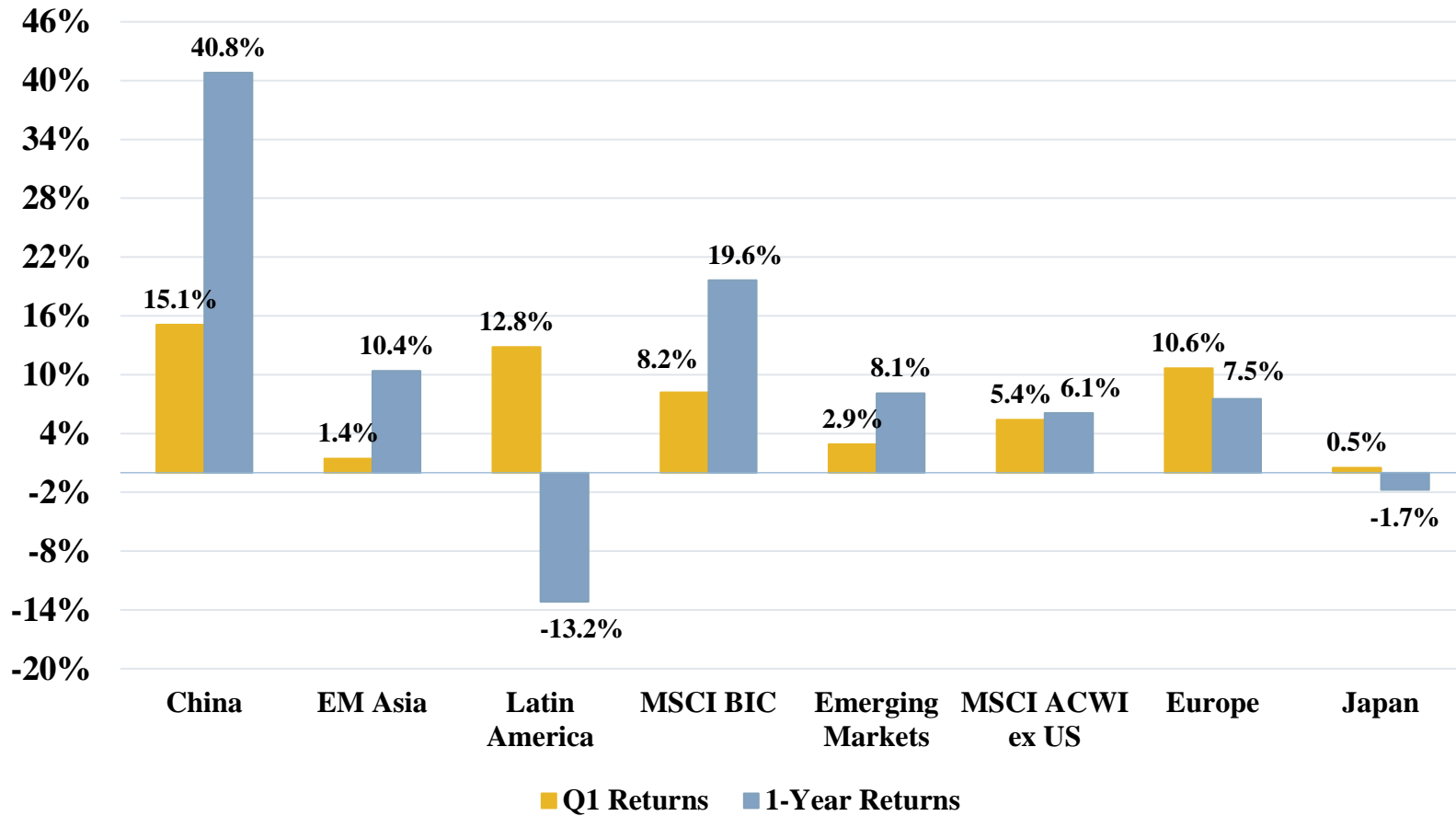
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

\*Magnificent 7 includes AAPL, AMZN, GOOG, GOOGL, META, MSFT, NVDA and TSLA. Earnings estimates for 2025 are forecasts based on consensus analyst expectations. \*\*Share of returns represent how much each group contributed to the overall return.

Guide to the Markets - U.S. Data are as of March 31, 2025.



# International Performance

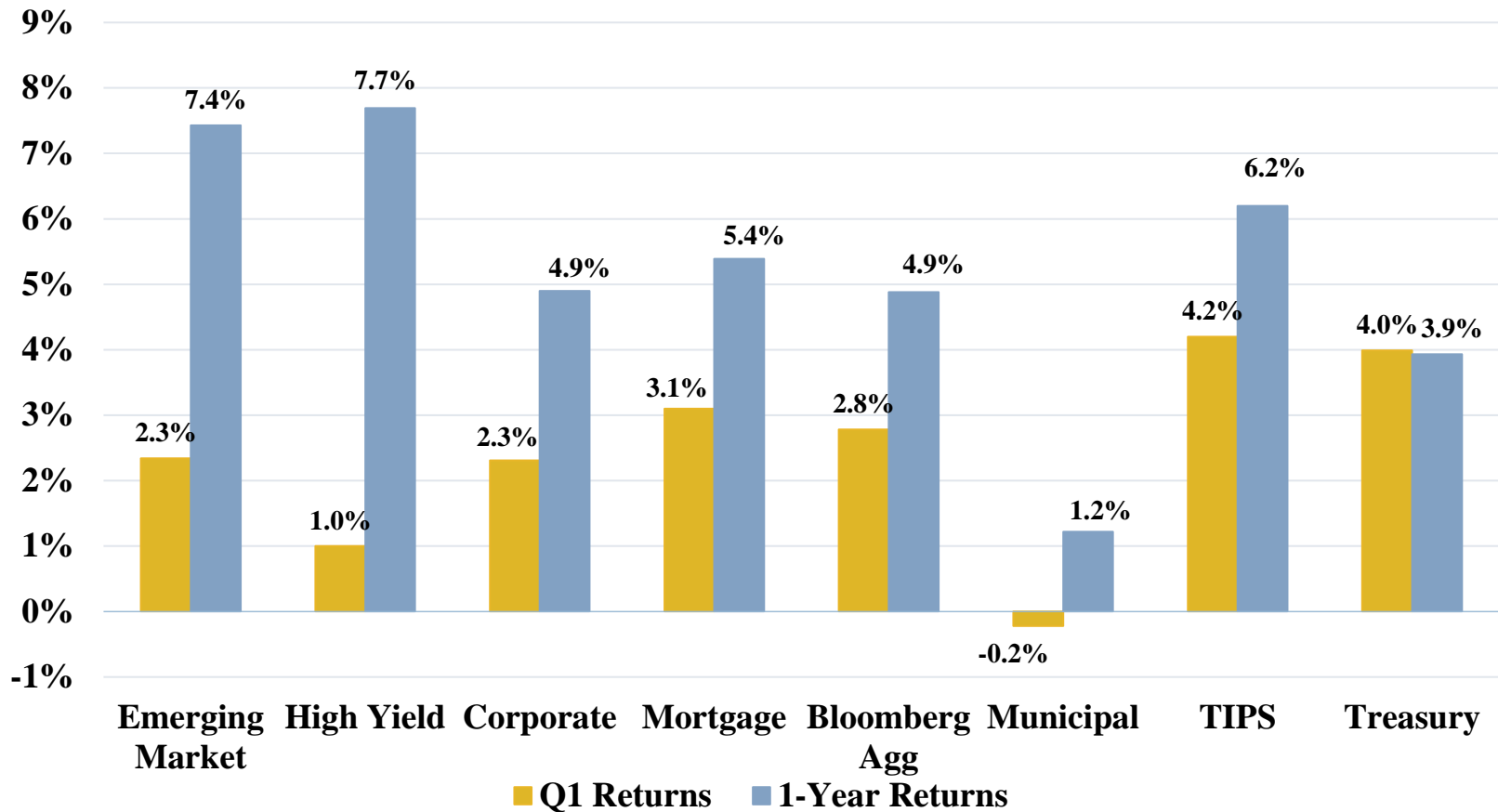


Past performance is no guarantee of future success. As of 3/31/2025.

Returns in US dollars.



# Decline in Interest Rates Helped Bonds



Past performance is no guarantee of future success. As of 3/31/2025.

Source: Morningstar. Returns in US dollars.

# Updated Market Summary

## ■ Equity market performance

	<u>1/1/25 - 4/24/25</u>	<u>Max Drawdown</u> <u>1/1/25 - 4/24/25</u>	<u>4/9/25 - 4/24/25</u>
– US large cap			
• S&P 500	-6.4%	-18.8%	+10.1%
– US mid cap			
• Russell Midcap	-5.3%	-19.2%	+11.4%
– US small cap			
• Russell 2000	-11.9%	-23.8%	+11.2%
– International equities			
• MSCI ACWI ex US USD	+7.0%	-13.2%	+10.7%
• MSCI ACWI ex US NR LCL	+0.9%	-13.3%	+7.3%
– Emerging markets			
• MSCI Emerging Markets USD	+2.4%	-13.1%	+9.6%
• MSCI Emerging Markets LCL	+1.2%	-12.1%	+7.6%



# Updated Market Summary

## ■ Bonds and other asset class performance

	<u>1/1/25 –</u> <u>4/24/25</u>	<u>Max</u> <u>Drawdown</u> <u>1/1/25 –</u> <u>4/24/25</u>	<u>4/9/25 –</u> <u>4/24/25</u>
– US fixed income			
• Bloomberg U.S. Aggregate	+2.3%	-2.5%	+0.4%
– Global fixed income			
• Bloomberg Global Agg ex US	+7.5%	-2.0%	+3.9%
• Bloomberg Global Agg ex US Hdg	+1.2%	-1.6%	+0.7%
– Commodities			
• Bloomberg Commodity TR	+5.6%	-9.2%	+6.0%
– REITS			
• MSCI US REIT NR	-3.1%	-16.3%	+10.0%

Source: Morningstar



# *Special Update*



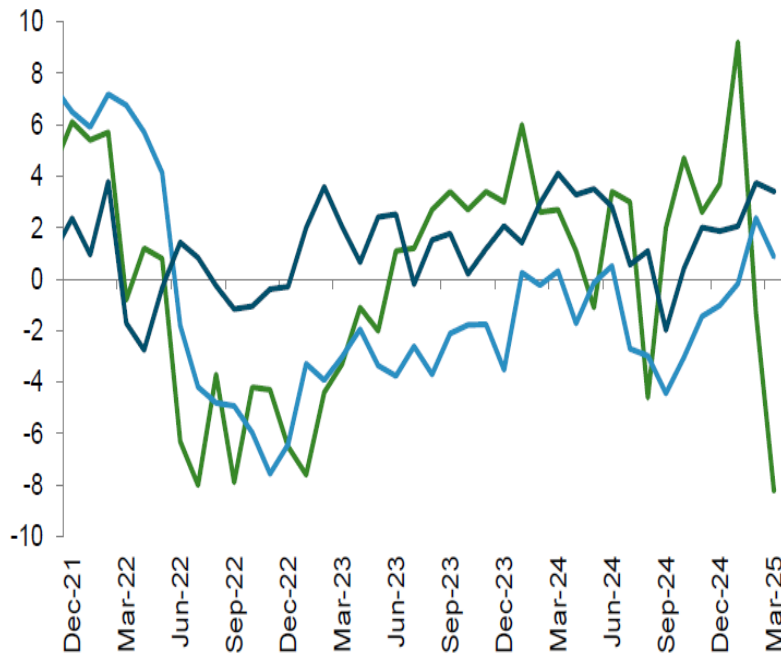


# Tariff Announcements

## Global Manufacturing Bullwhips

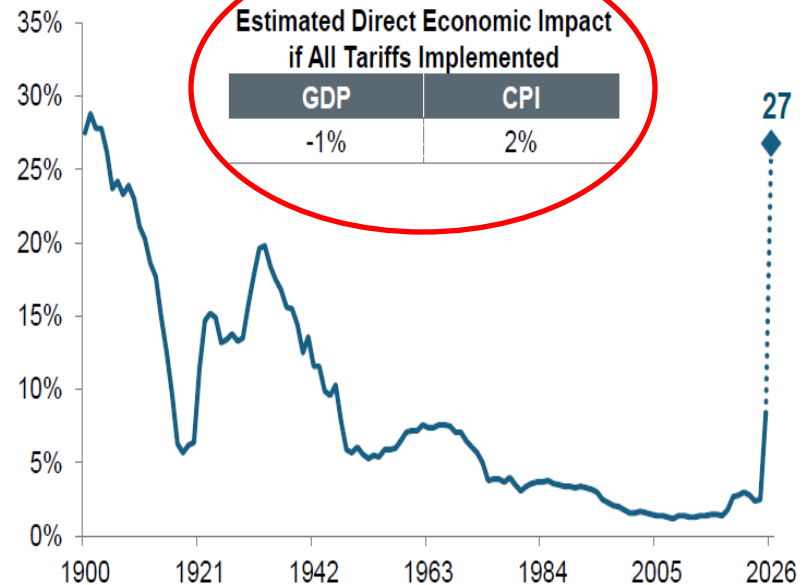
— U.S. — DM — EM

New Orders Less Inventories



## U.S. Tariff Rate

Rate



**LEFT:** Bullwhip: New orders less inventories of goods. New orders and inventories are sourced from PMIs. DM: Developed markets. EM: Emerging markets. PMI: Purchasing manager's index. Source: Markit, Institute for Supply Management, S&P Global, Macrobond, Fidelity Investments (AART) as of 3/31/25, **RIGHT:** Tariff rate measured as average tariff rate on all imports. Solid line measures the average tariff rate prior to the 4/2/2025 tariff policy announcement. Dotted line represents the forecasted tariff increases through 2026, incorporating the 4/2/2025 tariff policy. Source: Tax Foundation, Fidelity Investments (AART), as of 3/31/25.



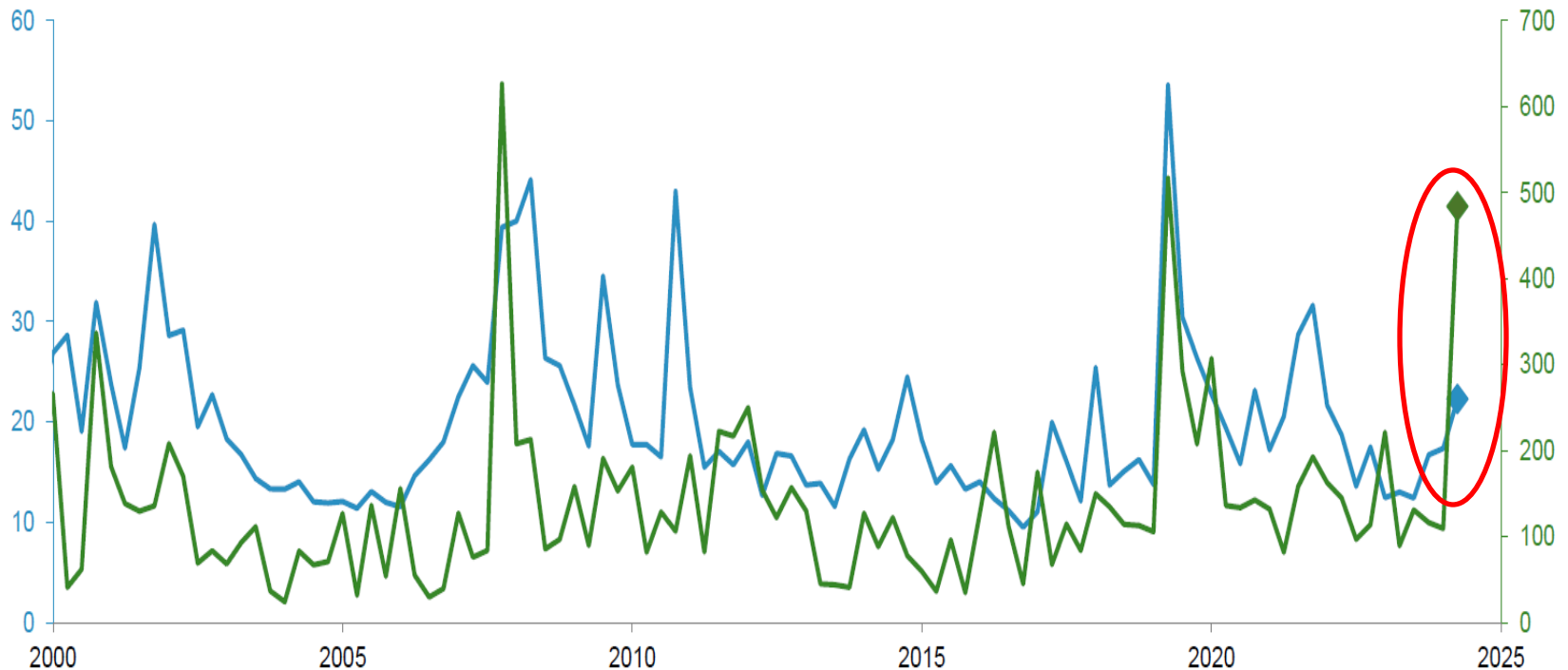
# Uncertainty Leading to Increased Volatility

## Stock Market Volatility and Policy Uncertainty

— Stock Market Volatility — Economic Policy Uncertainty

VIX Index

EPU Index



EPU: Economic Policy Uncertainty Index. Source: Chicago Board Options Exchange, Bloomberg Financial LP, Macrobond, Fidelity Investments (AART) as of 3/31/25.



# US Dollar Volatility

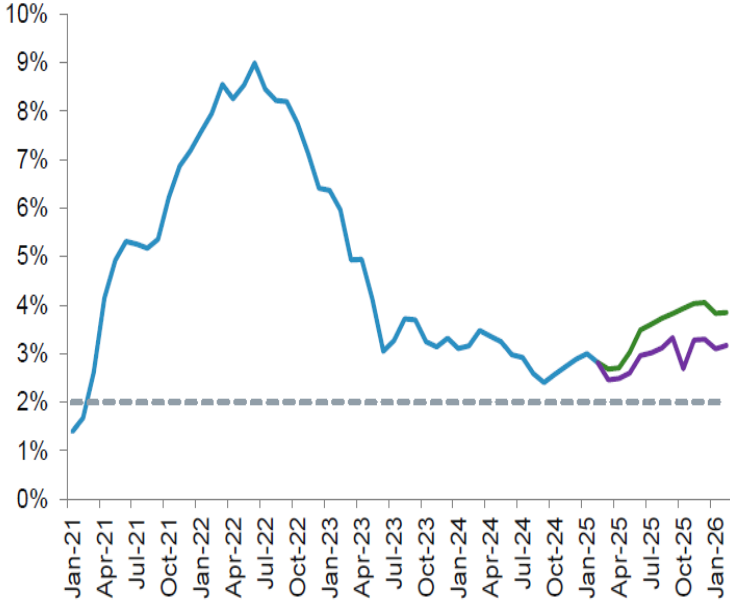
The U.S. dollar  
U.S. Dollar Index



# Inflation Fears Rising

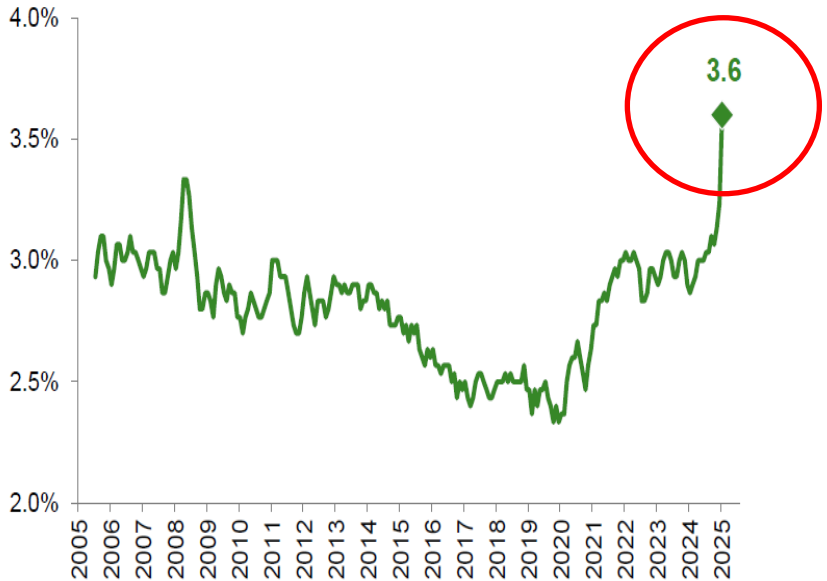
## AART Inflation Estimates vs. Market Expectations

— Headline CPI — AART Forecast — Market Expectations  
Year-over-Year



## Consumer Five-Year Inflation Expectations

Year-over-Year



**LEFT:** CPI: Consumer Price Index. Market expectations: inflation swaps. Source: Bureau of Labor Statistics, Bloomberg, Haver Analytics, Fidelity Investments (AART), as of 2/28/25. **RIGHT:** Consumer Inflation Expectations are a 3-month moving average of the University of Michigan Consumer Survey of 5-year inflation expectations. Source: Federal Reserve Bank of New York, Federal Reserve Bank of Cleveland, Federal Reserve Bank of Philadelphia, University of Michigan, Macrobond, Fidelity Investments (AART), as of 3/31/25.

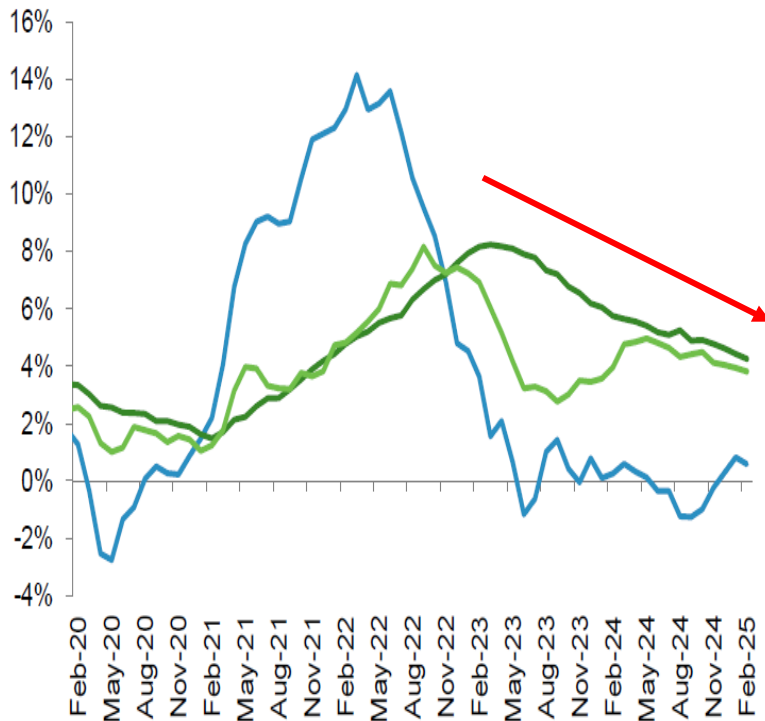


# Inflation Impact by Goods

## Components of Consumer Price Index

— Goods — Rent of Shelter — Services Less Rent of Shelter

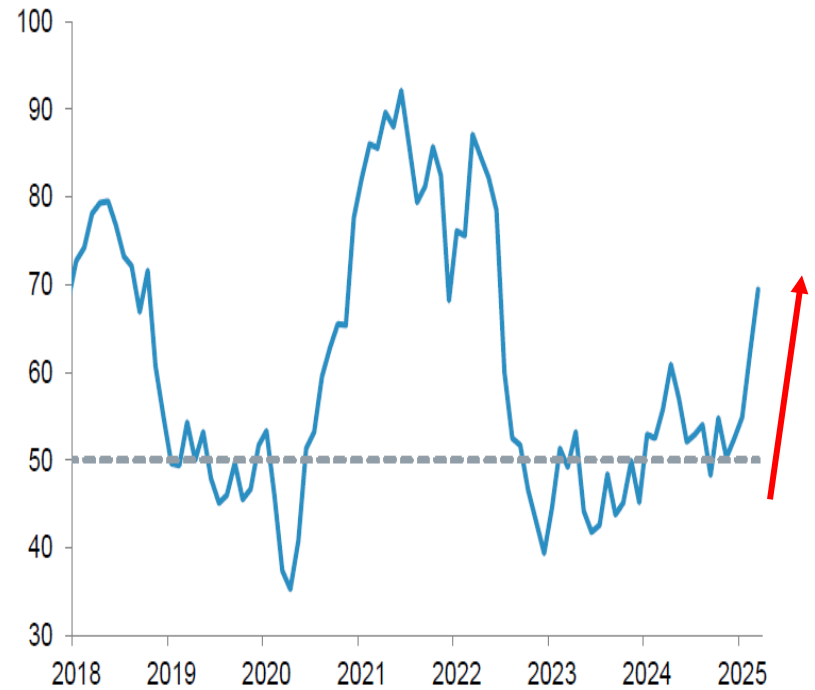
Year-over-Year



## Manufacturing Prices

— ISM Manufacturing Prices Paid

Index

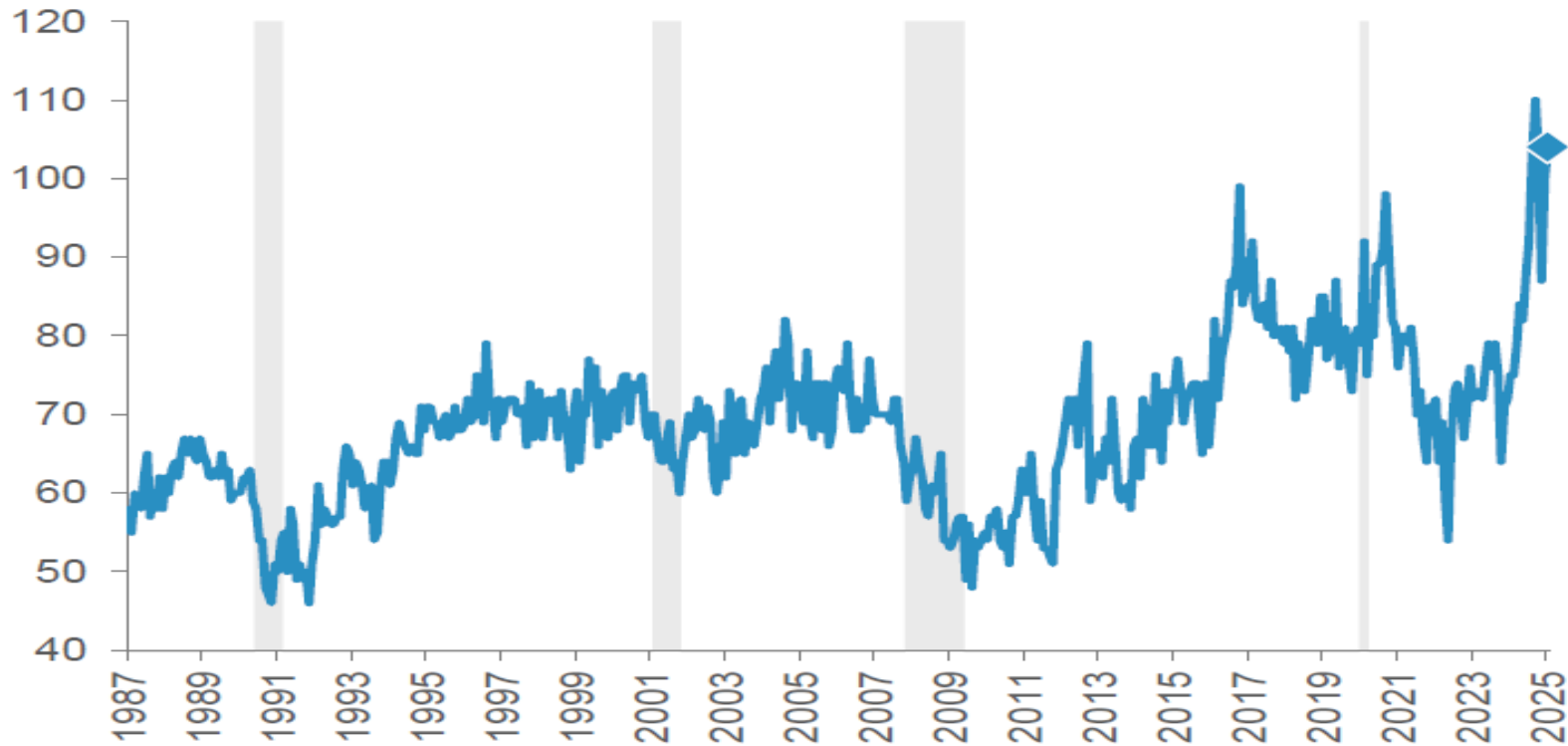


**LEFT:** Source: Federal Reserve Bank of New York, Macrobond, Fidelity Investments (AART), as of 2/28/25.. **RIGHT:** Source: Federal Reserve, Federal Reserve Bank of New York, Macrobond, Fidelity Investments (AART), as of 3/31/25.



# Uncertainty Could Discourage Business Investment

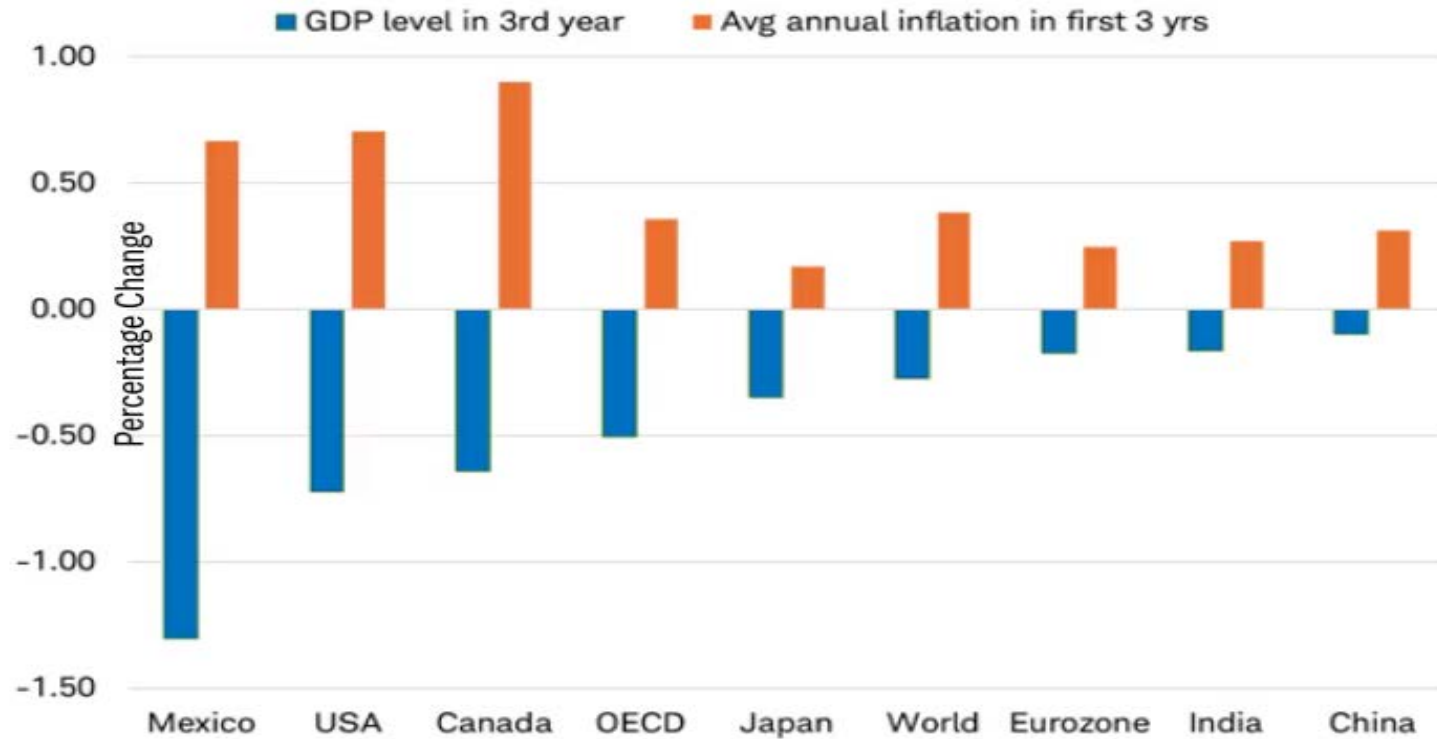
NFIB Uncertainty Index



Shaded areas denote U.S. recession. Source: National Federation of Independent Business, NBER, Macrobond, Fidelity Investments (AART), as of 2/28/25.

# Potential Impact of Trade War

## Direct impact of trade war varies across countries

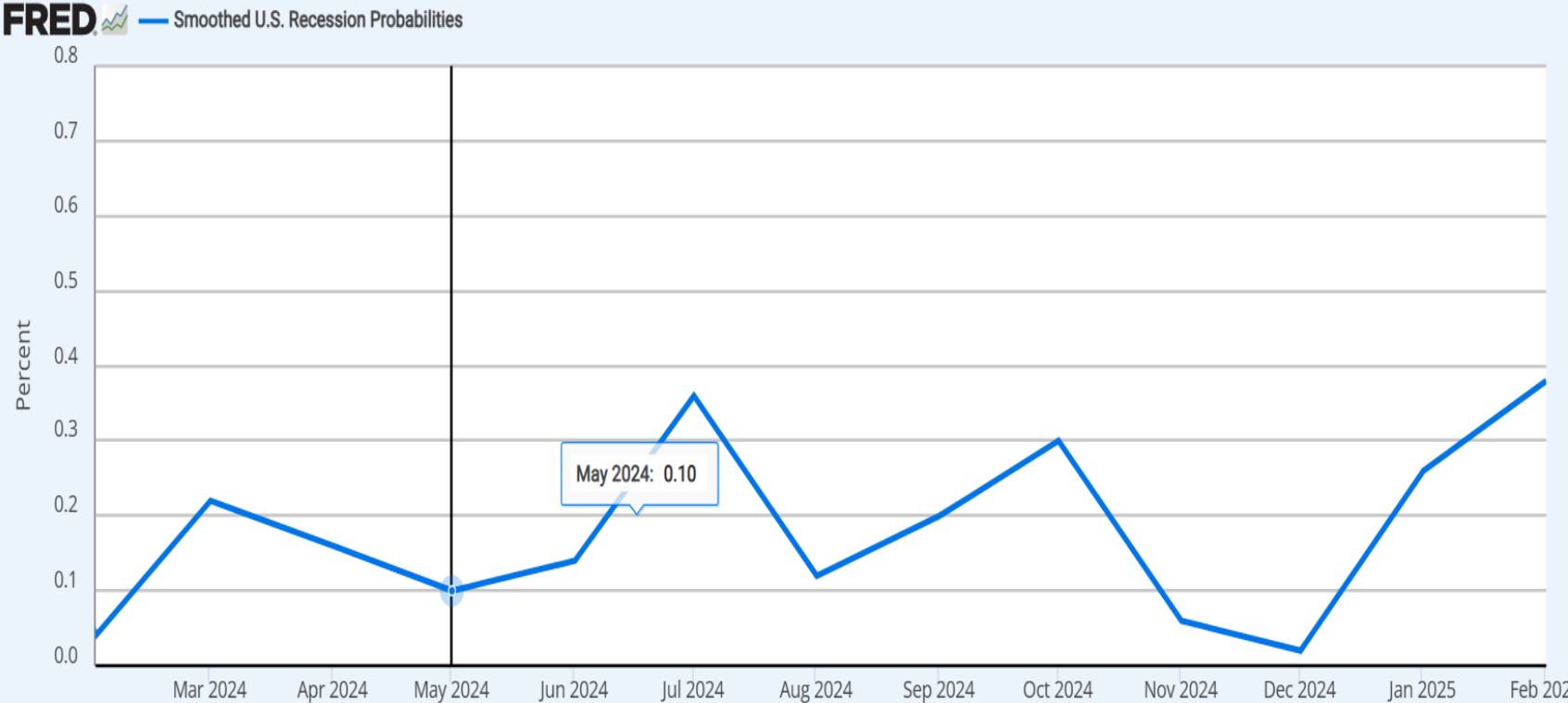


Source: Charles Schwab.

OED calculations using the NIGEM global macroeconomic model and the OECD METRO model, as of 3/27/2025. Simulation assumes bilateral tariffs are raised permanently by 10% on all non-commodity imports into the U.S. with corresponding increases on tariffs applied to non-commodity imports from the US in all other countries. Forecasts contained herein are for illustrative purposes only, may be based upon proprietary research and are developed through analysis of historical public data.



# Recession Odds



Sources: Chauvet, Marcelle; Piger, Jeremy Max via FRED®





# *SilverOak's Outlook*



# SilverOak's Economic Outlook

## ■ U.S. Economy

- Tariffs continue to:
  - Threaten economic growth with deteriorating consumer and business expectations
  - Cause inflationary concerns
- Recession not base case, but risk is rising quickly, and assessment is day-by-day
- Fed not likely to aggressively lower rates

## ■ International Economy

- Growth in jeopardy depending on impact tariffs ultimately have on global trade
- Central banks likely to continue to lower rates



# SilverOak's Market Outlook

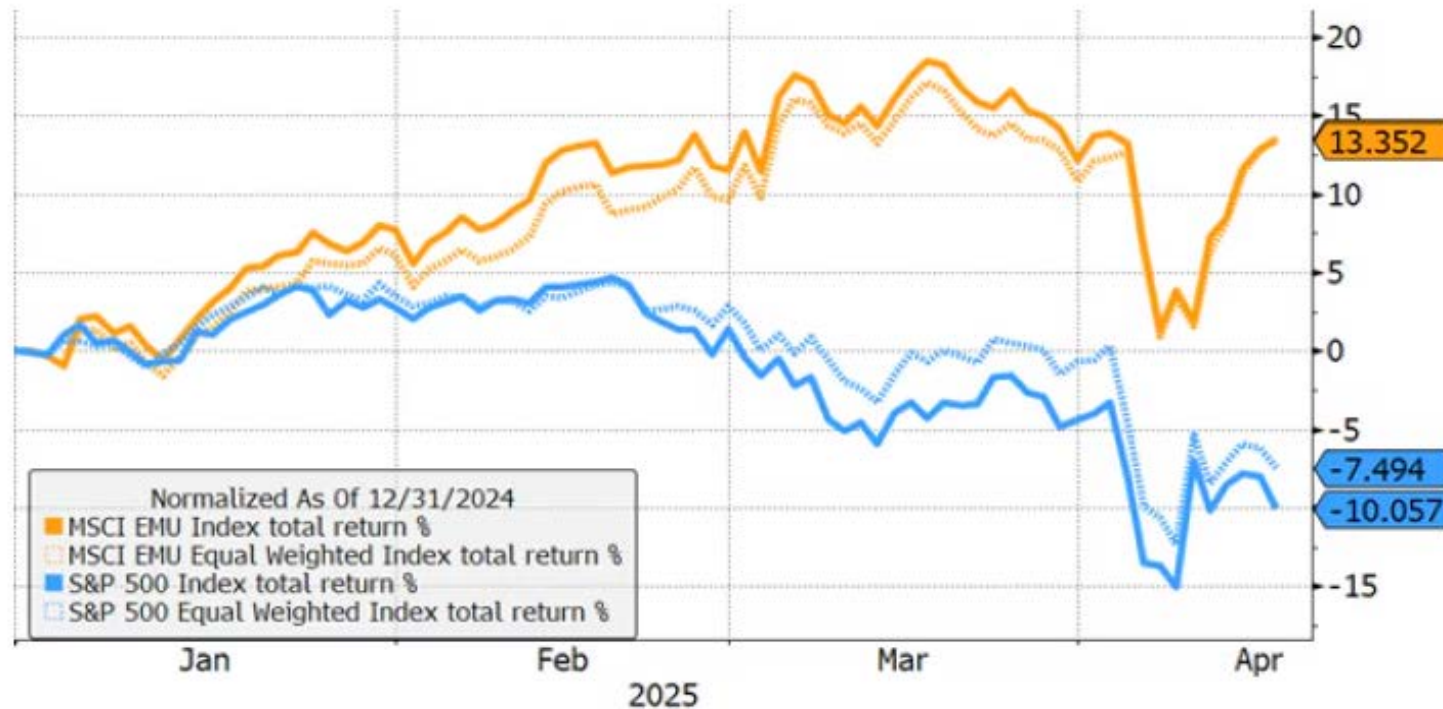
## ■ Equities

- Expect continued volatility
- Should recession risks materialize, a more pronounced market pullback likely, though not necessarily prolonged
- More market-friendly announcements anticipated from Administration
- Corporate earnings still projected to grow, which could re-anchor investor confidence
- Small cap could continue to be challenged, though they are the currently the “cheapest”
- International diversification likely to continue to add value



# Europe Holding Up

European stocks have fully recovered their April 2 "Liberation Day" losses



Source: Charles Schwab, Bloomberg data as of 4/18/2025.



# SilverOak's Market Outlook

## ■ Fixed Income

- Should provide stability over the full year
  - Bond yields provide the base case for fixed income returns
- Short-term, expect interest rate volatility around policy uncertainty
  - Recent rate spike likely due to short-term technical factors
- Anticipate the Fed to cuts rates late this year
  - They can enact other policy measures to ensure liquidity
- Municipal bonds are still attractive despite recent performance
  - Historically attractive taxable equivalent yields
  - Rainy day funds flush and debt as a % of GDP historically low



# *Valuable Reminders*



# Best Days for Equities Have Followed the Worst

## 3 of the Worst Days Since 1950

Worst days since 1950	Calendar Days	S&P 500 Decline	Return 1 year later
#2	3/16/2020	-12.0%	69.0%
#3	3/12/2020	-9.5%	61.8%
#9	3/9/2020	-7.6%	43.6%

## 5 of the Best Days Since 1950

Best days since 1950	Calendar Days	S&P 500 Gain	Return 1 year later
#3	3/24/20	9.4%	61.7%
#4	3/13/20	9.3%	48.0%
#7	4/6/20	7.0%	55.6%
#12	3/26/20	6.2%	53.7%
#13	3/17/20	6.0%	59.9%

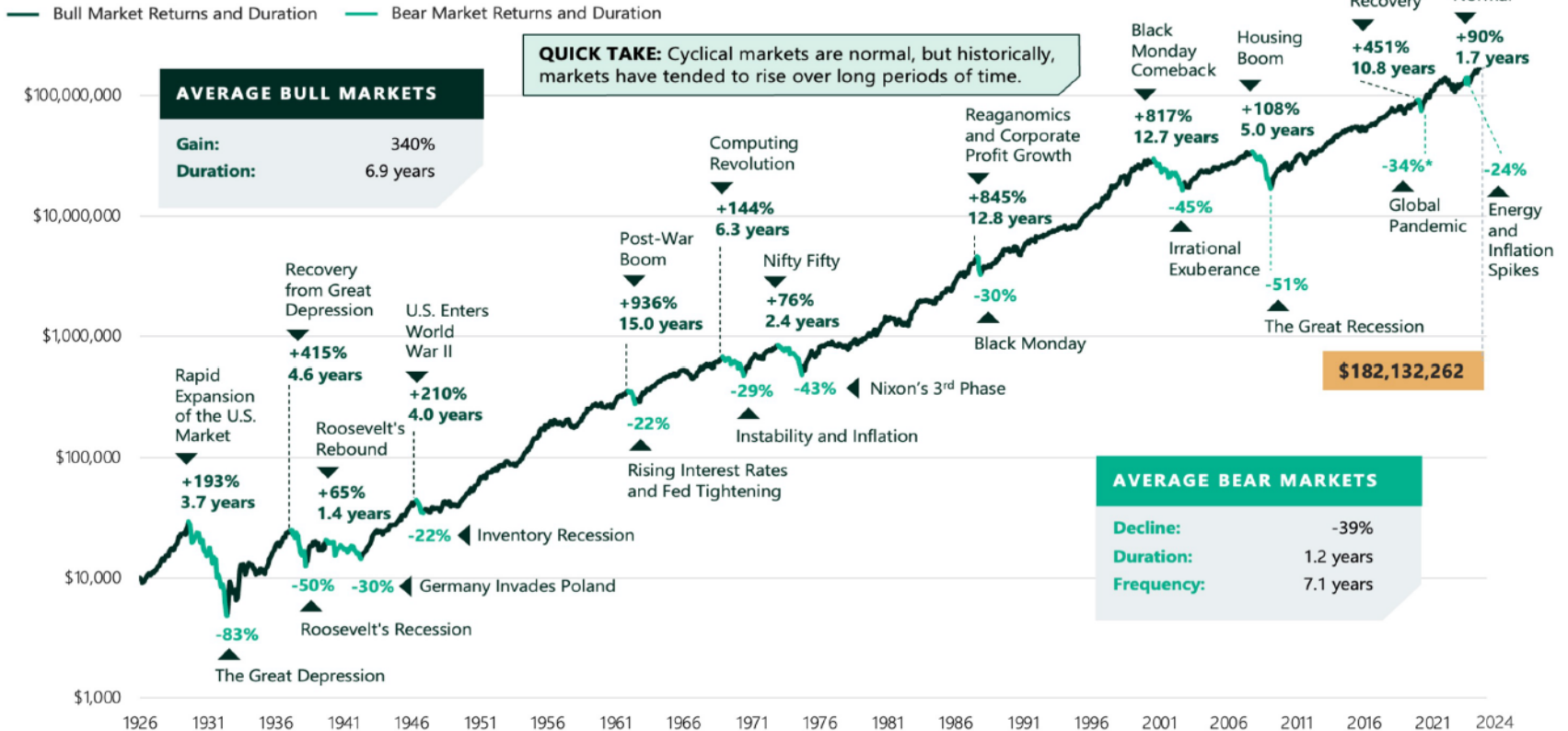
**Over the last 20 years, 24 of 25 of the best days in the market occurred within 1 month of one of the 25 worst days**

Sources: BlackRock; Morningstar as of 3/31/25. "S&P 500" is represented by the S&P 500 Index from 3/4/57 to 3/31/25 and the IASBBI U.S. Lrg Stock Tr USD Index from 1/1/26 to 3/4/57, unmanaged indexes that are generally considered representative of the U.S. stock market during each given time period. Index performance is for illustrative purposes only. It is not possible to invest directly in an index. Past performance does not guarantee or indicate future results.



# Always Reasons to Sell

## S&P 500® Index Total Return Through Market Cycles Since 1926 (1926-2024)



Source: FactSet, S&P Dow Jones Indices as of December 31, 2024. The Index is unmanaged, is not available for investment, and does not incur expenses. Daily performance is not available from 1926. Monthly returns are shown for S&P 500® Index, except for the Global Pandemic, which is daily. The Fed refers to the Federal Reserve Board. **Past performance is no guarantee of future results.**

\*This chart uses monthly returns although this most recent bear market uses daily performance for consistency with the rest of the brochure. Bear markets represented peak-to-trough price declines of -20% or more in the S&P 500® Index. Bull markets reflect all other periods.

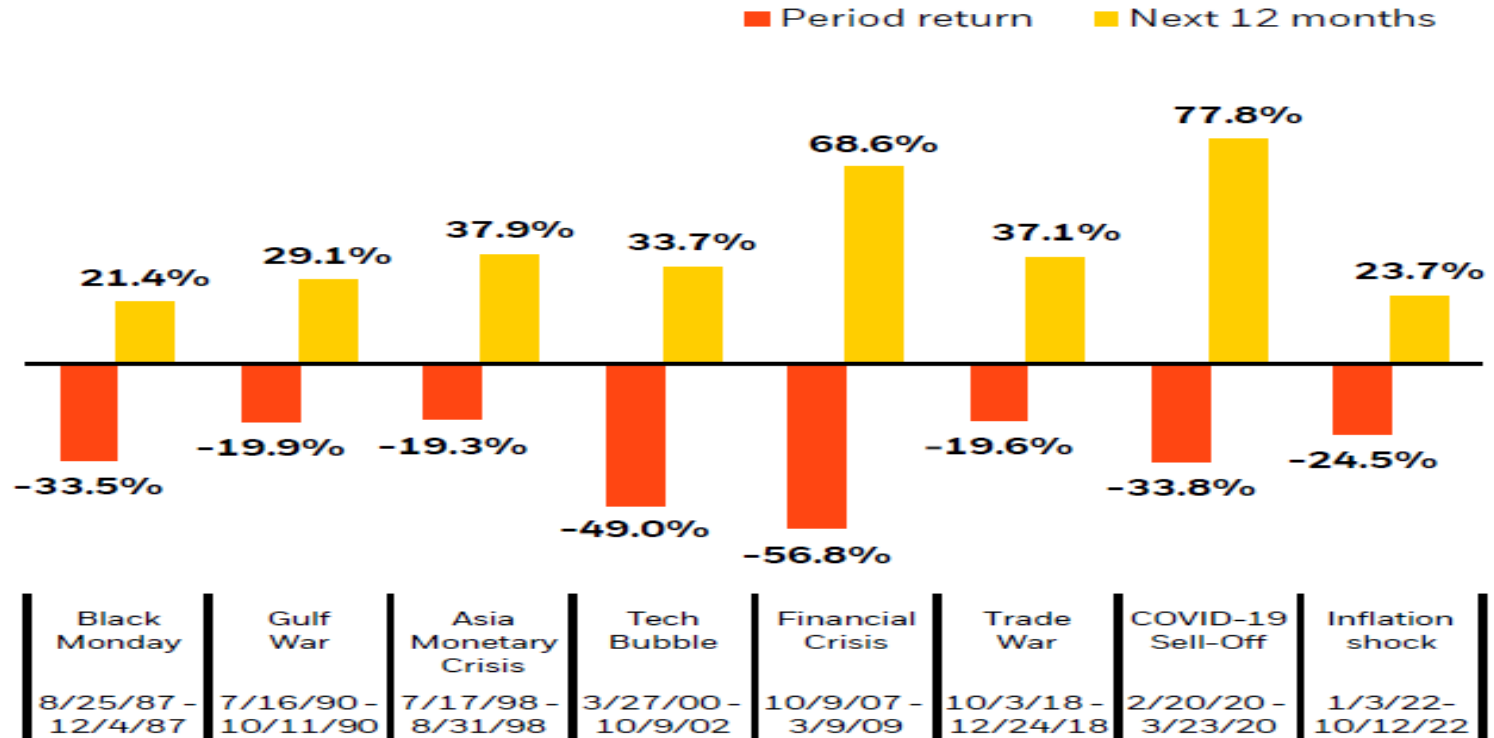




# The Benefit of a Steady Strategy

## Past growth scares and bear markets

Since 1987



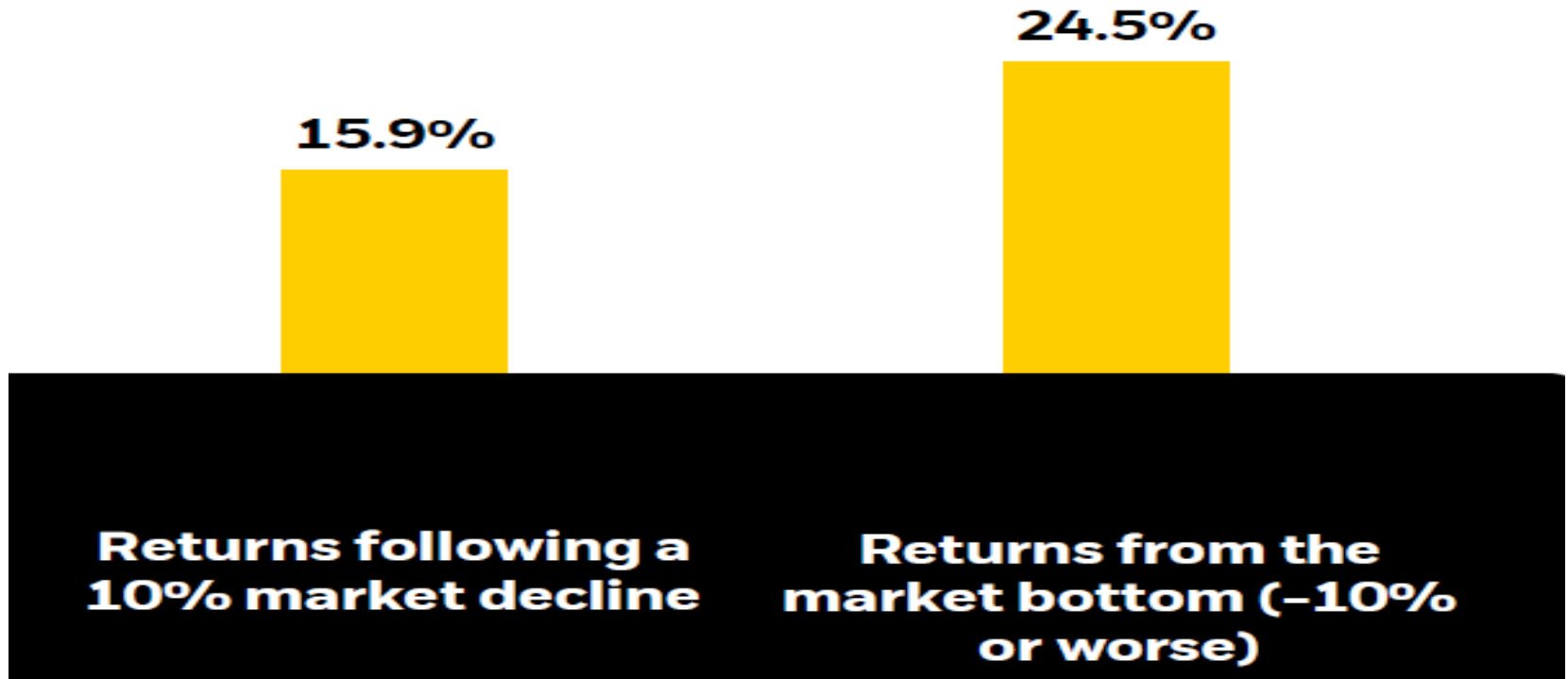
Source: BlackRock; Morningstar as of 3/31/25. S&P 500 is represented by the S&P 500 Index from 3/4/57 to 3/31/25 and the IA S&P U.S. Lrg Stock Tr USD Index from 1/1/26 to 3/4/57, unmanaged indexes that are generally considered representative of the U.S. stock market during each given time period. Index performance is for illustrative purposes only. It is not possible to invest directly in an index. Past performance does not guarantee or indicate future results. \*Indicates principal return, dividends not included. Returns are principal only not including dividends.



# Market Pullbacks Provide Opportunities

## Median return following a -10% decline

Last 20 years, performance next 12 months



Sources: BlackRock; Bloomberg as of 3/31/25. Stocks are represented by the S&P 500 price index, an unmanaged index that is generally considered representative of the U.S. stock market. \* -10% declines\* and \* >10% corrections\* refer to declines of that magnitude or more at any point within the given time frame. Past performance is no guarantee of future results. It is not possible to invest directly in an index.



# Bearish Sentiment is a Contrarian Indicator

## Top 10 bearish investor sentiment periods

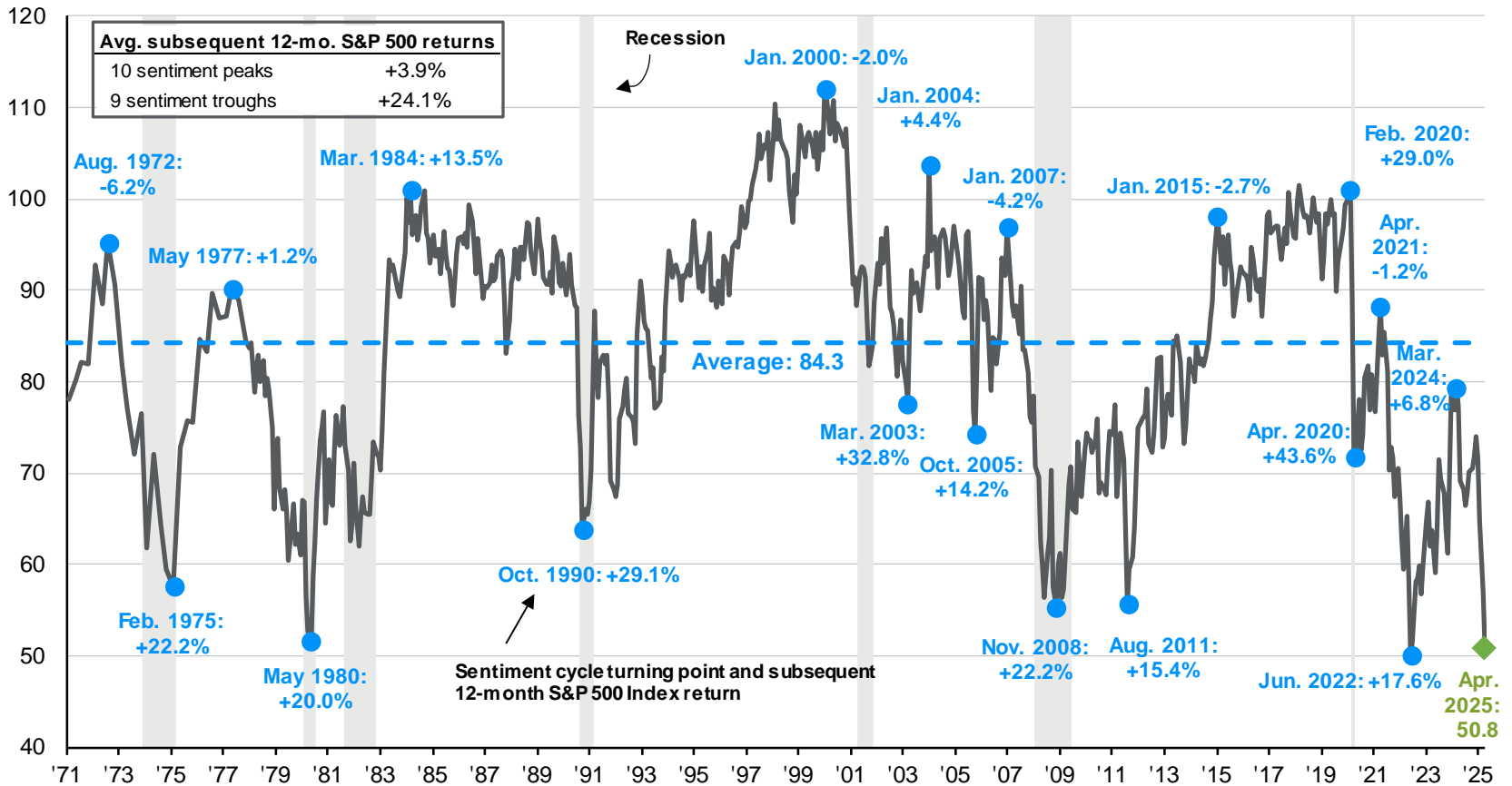
Date	Bearish sentiment (%)	Avg annual return next 3 mo.	Avg annual return next 1 yr.
3-5-09	70.3%	38.6%	70.5%
10-19-90	67.0%	7.3%	29.9%
8-31-90	61.0%	0.9%	26.9%
9-22-22	60.9%	2.2%	16.9%
10-9-08	60.8%	-1.4%	20.9%
9-29-22	60.8%	6.2%	19.8%
<b>2-27-25</b>	<b>60.6%</b>	?	?
4-28-22	59.4%	-4.6%	-1.1%
6-23-22	59.3%	-2.3%	16.6%
<b>3-13-25</b>	<b>59.2%</b>	?	?
<b>Average</b>	<b>55.9%</b>	<b>5.9%</b>	<b>25.1%</b>

Sources: BlackRock; Morningstar, St. Louis Federal Reserve and AAIL as of 3/31/25. Returns are represented by the S&P 500 Index, an unmanaged index that is generally considered representative of the U.S. stock market. Past performance is no guarantee of future results. It is not possible to invest directly in an index.



# Bearish Sentiment is a Contrarian Indicator

Consumer Sentiment Index and subsequent 12-month S&P 500 returns



Source: FactSet, Standard & Poor's, University of Michigan, J.P. Morgan Asset Management.  
 Peak is defined as the highest index value before a series of lower lows, while a trough is defined as the lowest index value before a series of higher highs.  
 Subsequent 12-month S&P 500 returns are price returns only starting from the end of the month and excluding dividends. Past performance is not a reliable indicator of current and future results.

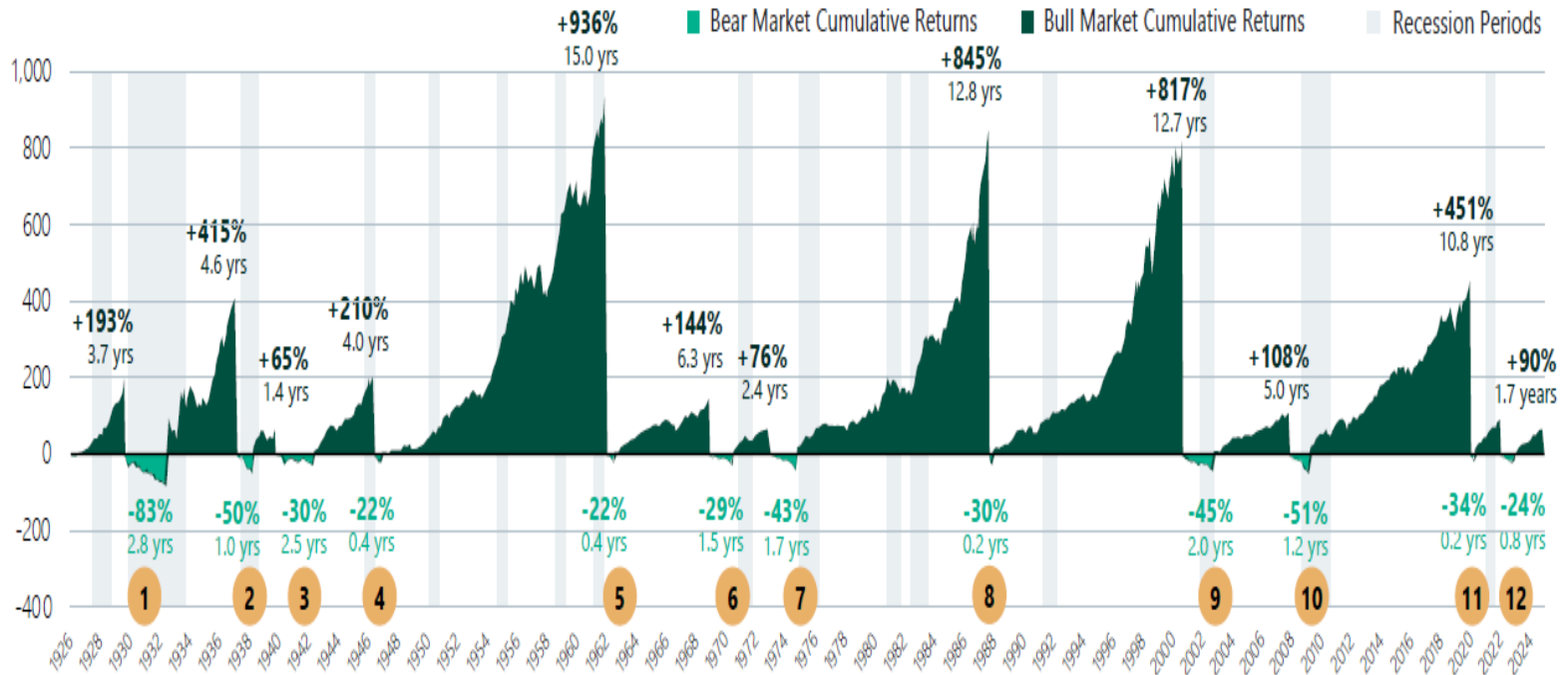
Guide to the Markets – U.S. Data are as of April 23, 2025.



# Market Downturns Are the Price of Admission

## S&P 500® Cumulative Returns<sup>1</sup> (%) (1926-2024)

**QUICK TAKE:** While volatility is a normal part of investing, the sharpness and longevity of each bear market varies widely and, in many cases, S&P 500 cumulative returns are up significantly following a bear market.



Source: FactSet, NBER, MSNBC, and S&P Dow Jones Indices. The Index is unmanaged, is not available for investment, and does not incur expenses. As of December 31, 2024, S&P 500® (gross dividends reinvested) in USD. **Past performance is no guarantee of future results.**

1. Monthly returns are shown for S&P 500® Index, except for the Global Pandemic and Energy and Inflation Spikes market events, which are daily.
2. Based on the closest month-end date after the bear market end date. Uses monthly returns.
3. Average does not include most recent bear market.

A bear market is a prolonged period in which investment prices are falling or are expected to fall, accompanied by widespread pessimism. Although figures can vary, a downturn of 15%-20% in a key index (Dow Jones Industrial or S&P 500®, for example) from a recent peak over at least a two-month period is considered an entry into a bear market. Bear markets usually occur when the economy is in a recession and unemployment is high, or when inflation is rising quickly.

A bull market is a prolonged period in which investment prices are rising or are expected to rise. A bull market may also be a prolonged period of time when prices are rising in a financial market faster than their historical average. Bull markets are characterized by optimism, investor confidence and expectations that strong results will continue. Bull markets can happen as a result of an economic recovery, an economic boom or investor psychology.



# Diversification Key to Hedge Against Uncertainty

Periodic Table of Returns

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD	Legend
35%	40%	5%	79%	28%	8%	20%	39%	28%	5%	21%	38%	0%	36%	38%	43%	16%	41%	32%	9%	Commodities
33%	16%	-20%	58%	27%	8%	19%	34%	14%	3%	18%	30%	-2%	31%	20%	29%	-8%	26%	25%	7%	Foreign-Developed Country Stocks
27%	12%	-26%	37%	19%	4%	18%	33%	13%	1%	18%	26%	-2%	26%	18%	27%	-11%	18%	16%	3%	Emerging-Market Stocks
22%	11%	-34%	32%	18%	4%	18%	32%	12%	1%	12%	22%	-3%	26%	18%	26%	-13%	18%	14%	3%	Investment-Grade Bonds
18%	7%	-36%	28%	17%	2%	16%	23%	11%	1%	12%	15%	-4%	26%	14%	25%	-14%	17%	12%	2%	Value Stocks
16%	6%	-36%	27%	16%	2%	16%	19%	6%	0%	11%	15%	-4%	22%	8%	17%	-16%	14%	9%	1%	High-Yield Bonds
12%	5%	-37%	26%	15%	0%	16%	7%	5%	-4%	9%	13%	-9%	22%	8%	15%	-18%	13%	8%	1%	REITs
11%	2%	-38%	20%	15%	-4%	15%	3%	3%	-4%	8%	9%	-11%	18%	6%	11%	-20%	12%	8%	-1%	60% Large Cap 40% IG Bonds
9%	-1%	-38%	19%	12%	-12%	11%	-2%	-2%	-5%	7%	8%	-11%	14%	3%	5%	-20%	10%	5%	-4%	Large Cap Stocks
4%	-2%	-43%	18%	8%	-13%	4%	-2%	-4%	-15%	3%	4%	-11%	9%	-3%	-2%	-24%	6%	4%	-9%	Small Cap Stocks
2%	-16%	-53%	6%	7%	-18%	-1%	-10%	-17%	-25%	2%	1%	-14%	8%	-8%	-3%	-29%	-8%	1%	-10%	Growth Stocks

**Past performance is no guarantee of future results.** Diversification/asset allocation does not ensure a profit or guarantee against a loss. It is not possible to invest directly in an index. See Appendix for important index information. Asset classes represented by: Commodities—Bloomberg Commodity Index; Emerging-Market Stocks—MSCI Emerging Markets Index; Non-U.S. Developed-Country Stocks—MSCI EAFE Index; Growth Stocks—Russell 3000 Growth Index; High-Yield Bonds—ICE BofA U.S. High Yield Index; Investment-Grade Bonds—Bloomberg U.S. Aggregate Bond Index; Large Cap Stocks—S&P 500 index; Real Estate/REITs—FTSE NAREIT All Equity Total Return Index; Small Cap Stocks—Russell 2000 Index; Value Stocks—Russell 3000 Value Index. Source: Morningstar, Standard & Poor's, Fidelity Investments (AART), as of 3/31/25.



# *SilverOak Updates*



# SilverOak Updates

- IQSS™ (Investment Quality Scoring System™) update
- 2024 tax season is over 😊
  - Though extensions are still in process!
- Workstation expansion and office space considerations
- Summer project implementing new internal systems, including possible AI tools
- The extended SilverOak family is expanding!





*Additional  
Questions  
and/or Topics?*



# *End of Quarterly Webinar*

Please contact your SilverOak Advisor  
to discuss any questions and/or concerns.

If you are not currently working with SilverOak, feel free  
to contact us at 952-896-5701 to learn more about our services.

[www.silveroakwealth.com](http://www.silveroakwealth.com)

