April 8, 2025

Quarterly Insights – April 2025

Market internals revealed that while the S&P 500 logged a moderately negative return for the quarter, the declines in the index were primarily due to sharp drops in widely held technology and consumer stocks, as other parts of the market proved resilient.

To that point, on a sector level, only four of the 11 S&P 500 sectors finished the quarter with a negative return and two of those four sectors saw only fractional declines. As mentioned, the consumer discretionary and technology sectors were, by far, the worst performing sectors in the first quarter, as both saw substantial declines. And, since those two sectors carry some of the most enormous weights in the S&P 500, they weighed on the overall index performance. The consumer discretionary sector was the worst performer for the quarter as it was hit by intense weakness in one of the largest consumer stocks (Tesla) combined with general concerns about lower consumer spending in the face of policy uncertainty. The technology sector was the other substantially negative performer in the first quarter as tech stocks fell following the debut of the Chinese AI program DeepSeek, which challenged assumptions about the future economic benefit of AI for major tech firms.

Looking at sector outperformers, energy was the top-performing sector in Q1 thanks to rising demand expectations following strong Chinese economic data and after some European countries committed to increasing debt to fund economic growth. The healthcare, utilities and consumer staples sectors logged modest gains in Q1, as those traditionally defensive sectors were viewed as more insulated from any new trade wars and tended to be more resilient in the face of an economic slowdown.

From an investment style standpoint, value significantly outperformed growth in Q1 as growth strategies posted substantial losses due to their large weightings of tech and consumer stocks. Value strategies logged a slightly positive return over the past three months and benefited from exposure to a broader array of sectors that traded at lower valuations and were not as impacted by the negative headlines.

Finally, looking at performance by market cap, small caps declined sharply in the first quarter and lagged large caps thanks to a combination of rising worries about economic growth and still high interest rates. Large cap indices also declined in the first quarter, although those losses were more modest.

US Equity Indexes	Q1 Return	YTD
S&P 500	-4.27%	-4.27%
DJ Industrial Average	-0.87%	-0.87%
NASDAQ 100	-8.07%	-8.07%

4995 Murphy Canyon, Suite 300, San Diego, CA 92123 ✦ Phone 619-391-2383
info@centurioncounsel.com, www.centurioncounsel.com

S&P Midcap 400	-6.10%	-6.10%
Russell 2000	-9.48%	-9.48%

Source: YCharts

Internationally, foreign markets massively outperformed the S&P 500 and finished the quarter with a substantially positive return. Foreign developed markets saw the largest gains and outperformed emerging markets after Germany and other EU countries signaled a willingness to increase deficit spending to boost economic growth and defense. Emerging markets logged more modest gains thanks to better-than-expected Chinese economic data.

Commodities were modestly positive in the first quarter as strength in gold helped to boost the major commodity indices. Gold hit a new record high and traded above $3000/oz. thanks to a weaker U.S. dollar and increased demand following policy volatility from the new administration. Oil logged a small loss but finished well off the lows of the quarter thanks to better-than-expected Chinese economic data and expectations for more demand from Europe.

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Switching to fixed income markets, the leading benchmark for bonds (Bloomberg Barclays US Aggregate Bond Index) realized a modestly positive return for the first quarter of 2025. Better-than-expected inflation readings and general concerns about economic growth boosted bonds broadly and helped longer-duration bonds to outperform shorter-duration bills and notes, as investors sought higher long-term yields amidst policy uncertainty.

Turning to the corporate bond market, higher-quality but lower-yielding investment-grade bonds outperformed higher-yielding but lower-quality bonds in the first quarter and that reflected investor concerns about future economic growth amidst policy uncertainty. However, both investment-grade and high-yield corporate bonds finished the first quarter with modest gains, reflecting a still present sense of economic optimism from bond investors.

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Second Quarter Market Outlook

Stocks begin the second quarter of 2025 following the worst quarterly performance in nearly three years and facing dual market headwinds of policy uncertainty and potentially slowing economic growth. However, while clearly markets are facing legitimate headwinds, it's important to realize that stocks fell in the first quarter mostly on fears of what might happen in the economy, not because of what is actually occurring. Point being, if future policy decisions and an economic slowdown aren't as bad as currently feared, it could cause a substantial market rebound in the coming months.

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Jack K. Heilbron
Chairman
Centurion Counsel, Inc.

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April 8, 2025

Filomena Cilani
PO Box 370
Bonsall, CA 92003

Quarterly Insights – April 2025

Dear Mrs. Cilani:

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April 8, 2025

Russell Clark
8400 Gray Lane
La Grange, TX 78945

Quarterly Insights – April 2025

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April 8, 2025

Don Martin and Karin Crawford
3142 Green Canyon Road
Fallbrook, CA 92028

Quarterly Insights – April 2025

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Starting with trade and tariff policy, there could be improvement in the communication strategy from the administration regarding its policy goals. There were signs late in the first quarter that officials realized their errors and were working to communicate more directly, effectively and consistently with markets. Regardless of what actual tariff policy ultimately looks like, improvement in communication of the administration's policy goals will be a market positive and could help end this pullback.

Turning to economic growth, while fears of a slowdown surged in the first quarter, economic data stayed mostly resilient. Jobless claims remained subdued, measures of manufacturing and service activity showed continued expansion, and the unemployment rate remained historically low, close to 4.0%. Put simply, there was little in the actual data in Q1 to imply the economy is weakening. If economic data stays solid throughout the second quarter, it will push back on those recession fears and could help fuel a rebound in the markets.

On market valuation, the declines of the first quarter have resulted in the S&P 500 trading at a more reasonable valuation compared to the start of the year, as extremely bullish investor sentiment has been replaced by a decidedly bearish outlook (which has historically set the stage for a market rebound). Bottom line, the market was richly valued at the start of the year and investor sentiment was complacent, but the volatility of the first quarter has removed both of those conditions and that is a general positive for the markets.

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April 8, 2025

Stephen Deck
2581 Regent Road
Carlsbad, CA 92008

Quarterly Insights – April 2025

Dear Mr. Deck:

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To that point, on a sector level, only four of the 11 S&P 500 sectors finished the quarter with a negative return and two of those four sectors saw only fractional declines. As mentioned, the consumer discretionary and technology sectors were, by far, the worst performing sectors in the first quarter, as both saw substantial declines. And, since those two sectors carry some of the most enormous weights in the S&P 500, they weighed on the overall index performance. The consumer discretionary sector was the worst performer for the quarter as it was hit by intense weakness in one of the largest consumer stocks (Tesla) combined with general concerns about lower consumer spending in the face of policy uncertainty. The technology sector was the other substantially negative performer in the first quarter as tech stocks fell following the debut of the Chinese AI program DeepSeek, which challenged assumptions about the future economic benefit of AI for major tech firms.

Looking at sector outperformers, energy was the top-performing sector in Q1 thanks to rising demand expectations following strong Chinese economic data and after some European countries committed to increasing debt to fund economic growth. The healthcare, utilities and consumer staples sectors logged modest gains in Q1, as those traditionally defensive sectors were viewed as more insulated from any new trade wars and tended to be more resilient in the face of an economic slowdown.

From an investment style standpoint, value significantly outperformed growth in Q1 as growth strategies posted substantial losses due to their large weightings of tech and consumer stocks. Value strategies logged a slightly positive return over the past three months and benefited from exposure to a broader array of sectors that traded at lower valuations and were not as impacted by the negative headlines.

Finally, looking at performance by market cap, small caps declined sharply in the first quarter and lagged large caps thanks to a combination of rising worries about economic growth and still high interest rates. Large cap indices also declined in the first quarter, although those losses were more modest.

US Equity Indexes	Q1 Return	YTD
S&P 500	-4.27%	-4.27%
DJ Industrial Average	-0.87%	-0.87%
NASDAQ 100	-8.07%	-8.07%
S&P Midcap 400	-6.10%	-6.10%
Russell 2000	-9.48%	-9.48%

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April 8, 2025

Richard and Mary Doremus
8454 Jackie Drive
San Diego, CA 92119

Quarterly Insights – April 2025

Dear Mr. and Mrs. Doremus:

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April 8, 2025

Larry Dubose
14218 Bonney Brier Dr
Houston, TX 77069

Quarterly Insights – April 2025

Dear Mr. Dubose:

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April 8, 2025

Linda Dubose
9070 Bessie Heights
Orange, TX 77630

Quarterly Insights – April 2025

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CENTURION COUNSEL, INC.

Investment Management

April 8, 2025

Scott Dubose
14542 Circlewood Way
Houston, TX 77062

Quarterly Insights – April 2025

Dear Mr. Dubose:

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April 8, 2025

William Epler
PO Box 653
North Truro, MA 02652

Quarterly Insights – April 2025

Dear Mr. Epler:

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CENTURION COUNSEL, INC.

Investment Management

April 8, 2025

Gary Evans
97 Juliette Pointe Lane
Henderson, NV 89011-2575.

Quarterly Insights – April 2025

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Stocks begin the second quarter of 2025 following the worst quarterly performance in nearly three years and facing dual market headwinds of policy uncertainty and potentially slowing economic growth. However, while clearly markets are facing legitimate headwinds, it's important to realize that stocks fell in the first quarter mostly on fears of what might happen in the economy, not because of what is actually occurring. Point being, if future policy decisions and an economic slowdown aren't as bad as currently feared, it could cause a substantial market rebound in the coming months.

Starting with trade and tariff policy, there could be improvement in the communication strategy from the administration regarding its policy goals. There were signs late in the first quarter that officials realized their errors and were working to communicate more directly, effectively and consistently with markets. Regardless of what actual tariff policy ultimately looks like, improvement in communication of the administration's policy goals will be a market positive and could help end this pullback.

Turning to economic growth, while fears of a slowdown surged in the first quarter, economic data stayed mostly resilient. Jobless claims remained subdued, measures of manufacturing and service activity showed continued expansion, and the unemployment rate remained historically low, close to 4.0%. Put simply, there was little in the actual data in Q1 to imply the economy is weakening. If economic data stays solid throughout the second quarter, it will push back on those recession fears and could help fuel a rebound in the markets.

On market valuation, the declines of the first quarter have resulted in the S&P 500 trading at a more reasonable valuation compared to the start of the year, as extremely bullish investor sentiment has been replaced by a decidedly bearish outlook (which has historically set the stage for a market rebound). Bottom line, the market was richly valued at the start of the year and investor sentiment was complacent, but the volatility of the first quarter has removed both of those conditions and that is a general positive for the markets.

Finally, while the S&P 500 suffered moderate declines in the first quarter, there were many parts of the market that weathered the volatility and posted positive returns. More than half of the sectors within the S&P 500 logged positive returns in the first quarter while two other sectors only saw slight declines,

underscoring that the volatility we witnessed in the first quarter didn't result in a broad market wipeout and there are sectors and factors that can continue to outperform in this environment.

Bottom line, the first quarter did contain several negative surprises for investors, and we begin the second quarter with significant uncertainty on trade policies and legitimate concerns about future economic growth. But there are also positive factors at work that must be considered, including a still-resilient economy and looming positive economic policies such as deregulation and potential tax cut extensions. So, despite depressed investor sentiment, the outlook for the economy and markets is not universally negative.

At Centurion, we have experienced these types of markets before and are committed to helping you effectively navigate this challenging investment environment. Successful investing is a marathon, not a sprint, and through both bull and bear markets, we will remain focused on the diversified approach set up to meet your long-term investment goals.

Therefore, it's critical for you to stay invested, remain patient, and stick to the plan, as we've worked with you to establish a unique, personal allocation target based on your financial position, risk tolerance, and investment timeline.

We remain vigilant towards risks to portfolios and the economy, and we thank you for your ongoing confidence and trust. Please rest assured that our entire team will remain dedicated to helping you successfully navigate this market environment.

Please do not hesitate to contact us with any questions, comments, or to schedule a portfolio review.

Sincerely,

Jack K. Heilbron

Jack K. Heilbron
Chairman
Centurion Counsel, Inc.

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A copy of our Privacy Policy is enclosed.

Summary Disclosure Statement

This document is available at the SEC website at www.adviserinfo.sec.gov. Our *Client Brochure* describes the services offered through Centurion Counsel, Inc. and other important information.