Quarterly letter Q1 2025

Brown Lisy Wealth Management Group

April 4, 2025

UBS Financial Services Inc.
One North Wacker Drive
Chicago, IL 60606
312-525-4187
312-525-4635
877-225-7945 fax

advisors.ubs.com/
brownlisygroup

"If something cannot go on forever, it will stop"
– Stein's Law

Two days ago, President Trump announced the long-awaited details of his new trade policy. It represents the biggest change to American economic policy since WWII. It's fair to say that the terms were more severe than most had expected. Reaction, in the markets and in the media, was quick and brutal.

The driver of the policy change seems to be a belief that our country should not have trade deficits with any other country, and the new tariffs are a mechanism to close the gap. We're frankly confused by that, as we have benefitted from a global supply chain built over the past decades which locates production at the most efficient points. We believe that wealthy countries will naturally have trade deficits with poorer countries. We're also curious as to why Congress, which is given power over tariffs by the US Constitution, does not have a larger voice in these matters.

Right now, as we type this, the S&P 500 has pulled back to a level that it hasn't seen in….seven months. Yep, it was at this level in early August 2024. Now, we've lost all the gains that we saw from August to February, but that's the way the stock market works and I'm pretty sure that most investors have seen similar ups and downs many times. It's still up a bit over the past 12 months, and it's up quite a bit over the last 2, 3, 4, 5, and 10 years. Year to date it's down 8.2% after yesterday's big dip.

Yes, this drawdown has been painful, and it's centered around a controversial and disruptive trade policy announcement but let us remind you that this is how market drawdowns present. Last summer, the index fell 8.5% and the story was something known as the "Yen carry trade." Going further back, we see periodic dips and selloffs related to various economic and non-economic items like Covid, various Fed actions, and occasional disappointing government statistical reports. Should you be worried? Well, that's the nature of equity (stock) investments. The market, it's been said, "climbs a wall of worry."

UBS

Is there any good news? Sure. The market isn't going to zero, so the lower it gets the closer it is to a bottom. That sounds trite, but we of course believe that risk of further decline is much lower at S&P 5200 than it was at 6200. And what happened to the things that were driving the bullish sentiment just 6 weeks ago, like AI and "American Exceptionalism?" The market might look at them differently today, but they haven't gone away. Our country was on a pretty good course, and we hope to see it continue despite occasional bumps in the road.

This tariff announcement comes at a time when you'd normally get a regular quarterly update from us, but we wanted to address the tariff issue first. The S&P 500 was down 4.3% in Q1 2025 , following two years of 20%+ growth (and the index recently hit a new high on February 19).

While near-term, there could be a tariff-driven slowdown in economic growth, potential positive offsets to this policy may include more favorable tax prospects, deregulation, productivity growth due to AI innovation, and lower interest rates.

Stay tuned.

As always, we remain focused and committed to a long-term plan that is suited to your needs and goals, and we thank you for your continued trust and confidence and look forward to talking soon.

Sincerely,
Kristan, John and Grant

About the PMP Program: PMP is a wrap fee advisory program in which our Financial Advisors manage client accounts on a discretionary basis. PMP is designed for clients who (i) want to delegate portfolio management discretion to their Financial Advisor; (ii) are looking to implement a medium to long-term investment plan; and (iii) prefer the consistency of fee-based pricing.

PMP is not appropriate for clients who: (i) want to maintain trading control over their account; (ii) seek a short-term investment; (iii) want to maintain consistently high levels of cash, money market funds, or invest primarily in no-load mutual funds; (iv) want to maintain highly concentrated positions that will not be sold regardless of market conditions; or (v) who anticipate significant withdrawals from the account.

Financial Advisors who participate in the PMP Program may also provide services to you and to other clients outside of the Program in their capacity as brokerdealer representatives and as such, may dedicate time to activities other than discretionary portfolio management. Financial Advisors who participate in the PMP Program have an incentive to recommend their services in PMP over those of third party SMA Managers in other Advisory Programs or over traditional commission based brokerage services.

Trade allocation practices and conflicts of interest: Financial Advisors do not aggregate orders across the different strategies they manage. In an effort to reduce market impact and to obtain best execution, your Financial Advisor may purchase or sell securities in bulk (or orders may be "batched") on the same day for some or all PMP accounts in the same strategy managed by the same Financial Advisor. In such cases, all orders in a batch will receive "average pricing" and the price of securities shown on client confirmations will be the average execution price on either all of the purchases or all of the sales (as applicable) aggregated for this purpose. In addition, when executing orders, we may batch orders for your Account with orders entered for other PMP accounts in the same strategy, including those of the Financial Advisor assigned to your Account and related PMP accounts under your Financial Advisor's control. Financial Advisors are permitted to trade in the same securities they purchase for client accounts as long as they trade their personal and related accounts in the same batch as client accounts.

Financial Advisors have broad discretion to trade their PMP Advisory Accounts and there can be no assurance that a Financial Advisor can purchase or sell the same securities for all such Accounts at the same time, or that the Financial Advisor will aggregate your orders with those of other clients and charge an average price per share or unit and, when applicable, a pro-rata share of any fees. As a result, you may receive different prices and executions for the same securities as compared to other clients investing in the same PMP strategy. In addition, although we monitor performance dispersion and other characteristics of Accounts participating in PMP, investment opportunities will not necessarily be allocated among participating Accounts proportional to their overall amount invested.

Below are some of the general risk considerations associated with the investments included in the PMP investment strategies described in this Brochure. The descriptions are not meant to be a complete list of all investment risks. For more complete information regarding fees, expenses, risks and restrictions associated with these investments please review the offering documents and marketing materials. Investors should consult their tax advisor about their specific tax situation before investing in any securities. In addition, clients should familiarize themselves with the particular market risks and the other risks associated with the specific investment.

If you would like more information about the Program or have questions about your account, please ask your Financial Advisor or refer to the firm's Form ADV Disclosure Brochure. UBS Financial Services Inc. does not provide tax or legal advice. Please consult with your tax and legal advisors regarding your personal circumstances.

All of the recommendations made/positions held within the proceeding 12-month period are available upon request. Not all recommendations/holdings should be assumed to be profitable and future recommendations/holdings may not be profitable. Past performance is no guarantee of future results. Above is an overview of the portfolio holdings in the above-stated strategy of the PMP Portfolio Manager as of the date of this report. The portfolio is actively managed and holdings may be replaced at any point in time. The actual allocation within the individual portfolios may be different due to portfolio changes, market conditions or the imposition of investment restrictions.

UBS Financial Services Inc., its affiliates and its employees are not in the business of providing tax or legal advice. Clients should seek advice based on their particular circumstances from an independent tax or legal advisor.

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that you understand the ways in which we conduct business, and that you carefully read the agreements and disclosures that we provide to you about the products or services we offer. For more information, please review the client relationship summary provided at **ubs.com/relationshipsummary**, or ask your UBS Financial Advisor for a copy.

In providing financial planning services, we may act as a broker-dealer or investment adviser, depending on whether we charge a fee for the service. Financial plans provided free of charge are a service incidental to our brokerage relationship and the service terminates upon delivery of the plan. We provide financial planning services as an investment adviser for a separate fee pursuant to a written agreement, which details the terms, conditions, fee and scope of the engagement.

The various research content provided does not take into account the unique investment objectives, financial situation or particular needs of any specific individual investor. If you have any questions, please contact your Financial Advisors. UBS Wealth Management Research is provided by UBS Financial Services Inc. and UBS AG. For more information, please visit our website at ubs.com/workingwithus.