EAGLE WEALTH STRATEGIES SPRING 2025

THE EAGLE'S VIEW

AN INDEPENDENT FIRM

Market Update

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President Trump announced plans for widespread tariffs to combat what his administration sees as unfair trade practices and currency manipulation from foreign countries. The main goal seems to be to bring manufacturing and jobs lost to globalization back to the United States. The tariffs might also just be a means to establish leverage to negotiate new trade deals or other matters. The success of these goals is unknowable, as are the far-reaching unintended consequences of how all of this might play out over the next few months, years, and even decades. Trump has always been somewhat of a wild card and willing to make bold and major policy shifts – in short, uncertainty in the future is increasing.

IN THIS ISSUE:

Businesses and investors hate uncertainty. High taxes and heavy regulations might be bad for business, but if they are known and understood, they can be planned for, and businesses adapt and adjust. It is much more difficult to run a business if you don't know what your supply chain will look like in 3 months, or 3 years. Should you build a new factory or make a major investment? Should you hire or launch a new product or service? Will your business, your suppliers, or your customers be hit with massive tariffs? There is always uncertainty in the markets – but the level of uncertainty can and does fluctuate. There are also the "unknown unknowns" that we are not even considering today, and the probability of these major unknown events tend to rise as uncertainty increases.

Tariffs can spark innovation by shielding domestic firms, redirecting investment, and creating market opportunities, but they need to be *strategic* to avoid raising costs that hinder progress. In the 1980s, U.S. tariffs on Japanese motorcycles gave Harley-Davidson a timely opportunity to recover, partly by investing in quality and innovation. More recently, the 2018-2019 U.S. tariffs on Chinese goods led to a measurable uptick in domestic manufacturing investments, with firms like Apple expanding U.S.-based production and startups in sectors like battery tech gaining traction.

However, across the board, stocks have been losing ground rapidly since the White House initiated a global trade war. Like all wars, the outcomes can be notoriously difficult to predict. Despite what some may believe, the job of a financial planner and portfolio manager is not to predict (i.e., guess) the future, but rather to prepare for a variety of possible outcomes and create portfolios that mitigate risk and seek return in a disciplined manner. Clients who have weathered previous storms with Eagle Wealth Strategies — like the 2001 dot-com bubble, the 2008 financial crisis, or the more recent 2020 Covid crisis — already know the drill: now is not the time to panic. That is not to say the pain isn't real. The fact remains that several trillion dollars of market value have vanished, public and private employees are out of work, prices and inflation are likely to rise, and the global powers are realigning themselves. So, what is the long-term investor to do?

- **Diversification:** It's never advisable to have a highly concentrated portfolio with large bets on single stocks or only a few asset classes. A concentrated portfolio is a prediction vs. planning strategy. You are just hoping you can predict the winners over some period of time and then you will have to predict the next winners for the next period of time, and so on. The fact is, winners and losers will change. The most successful investors focus on planning for the uncertainty ahead, they stay diversified to balance risk, and they avoid concentrated portfolios based on forecasts and predictions.

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- **Long-term Investing:** Market timing is a fool's game. No one can predict the future, and good investment management is not about predicting, it's about planning. You of course should reassess your long-term financial planning and investment strategy. Your risk tolerance may need to be adjusted if you are closer to retirement or have liquidity concerns. You may want to adjust your spending or savings to reduce withdrawals or add to your portfolio as market volatility increases. You have much more control over your own spending and savings than you do over the rate of tariffs or what Trump might tweet tomorrow. **Focus on what you can control, and plan around what you cannot.** Market volatility is an opportunity to invest at cheaper valuations. Panic or hording cash are never good reactions – it also means you need to try to time the market and decide when to reinvest. Often, it's well after the market has had a recovery and you miss a large portion of the next bull market rally.

- **Defense leads to good offense:** When uncertainty is increasing, it is more important than ever to have some defensive positions in your portfolio. This does not mean holding high amounts of cash – sitting out the game is not playing defense; you are simply not playing at all. Remember, holding cash is market timing. Playing good defense is about having substantial diversification among asset classes - not just bonds, but also sub-assets classes within your stock allocation as discussed above. Just what is a "defensive position" can depend on your overall strategy and how the asset classes within your portfolio interact with each other over time. Currently, within our stock portfolios, defense means leaning more towards "value" stocks and dividend payers and leaning away from high valuation (P/E) companies, like the "Magnificent 7" (Tesla, Google, Amazon, Meta, Nvidia, Microsoft, and Apple).

Our advice during high uncertainty is to stay calm, stay invested, and stay diversified. A good strategy is to remain focused on owning a globally diversified mix of stocks and bonds for the long term, with an eye on low fees and tax efficiency. These are the things you can *control* – this is all part of the planning for uncertainty versus trying to predict the future. Avoid predictions and forecasts and resist the temptation to sit on cash – you cannot time the markets, and the opportunity cost can be significant. The ideal hedge against market risk is diversification and patience – both of which are in your control.

As always, contact us with any questions or concerns you may have. And enjoy the (finally!) nice spring weather!

Paul J. Tully, CFP®, RICP®
Founder, Senior Wealth Advisor

Paul's Perspectives

As always, you can (and should if this is causing sleepless nights) call your EWS advisor for their personal thoughts on the economy, the investment markets and economic outlook for the future. It is in times of unprecedented uncertainty that we can be most valuable to you, your family and friends.

There is a lot of chaos with more likely to come. In almost every conversation with clients, friends, and family, the level of anxiety about the economy is high. I have been through many economic ups and downs in the past five decades, but this one is unique in that it's being *caused* by intentional policy moves. whereas most are instead *fixed* by intentional policy moves. As I have written recently and mentioned in conversations, significant volatility was expected, though perhaps not exactly as its occurring. I don't see that changing anytime soon.

I have read, spoken, or heard the word "tariff" (it's a tax) more in the last three months than in last three decades. Tariffs, the trade deficit, and US debt, now over $37 trillion, have become daily topics.

Let's start with some data. The US buys a lot more "stuff" from the rest of the world than the rest of the world buys from the US. The difference is the trade deficit, and we have had one almost every year since the 1970s. We export a lot of goods - over $2 trillion worth in 2024, an increase of 400% since 1990. The amount has grown almost every year. The deficit exists only because our imports have grown faster than our exports. Our trade deficit, absent a very serious long-term decline in the US, is not going away, probably ever, due to our consumption. The curse of being a wealthy nation!

As of the end of March, before any new tariff policy was announced, the average tariff charged by the US was 2.7%. Canada's was 1.8%, Japan 2%, and the European Union, 2%. Tariffs are neither a major problem nor a major solution to our biggest problem, which is our annual deficit and accumulated debt. I wish tariffs could fix both, but as almost every single economist I follow believes, tariffs will exacerbate our problems, not fix them.

JP Morgan chief market strategist Dr. David Kelly stated (before the announcement on April 2):

"The trouble with tariffs, to be succinct, is that they raise prices, slow economic growth, cut profits, increase unemployment, worsen inequality, diminish productivity and increase global tensions. Other than that, they're fine."

After the announcement, Dr. Jeremy Siegel of Wharton said the new tariffs *were "the biggest policy mistake in 95 years".* That statement got many investors' attention quickly.

I have personally relied on the opinions of these 2 people for over 20 years. They are among the most respected people in our business, so this is a concern to me personally and professionally.

My message for these next few months is to hang tough and don't panic. There will be time to adjust. **We are always here if you need us**. We and you have plans to weather this. We've seen this before.

We are continuing to see developments in technology, healthcare and longevity that will not be significantly impeded by current events, though the news media and social media may lead you to believe otherwise. I will share some of that in my next writing, which hopefully will be more upbeat!

Steffanie Lerch , CFP®, RICP®
Partner
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Medicare Supplement Plans

We have spoken and written on this topic before, but I think there is no better time than now to bring this to the forefront of everyone's minds again. With the ever-increasing price of food, household items, and medicine just to name a few, many other items naturally increase from year to year, yet many absorb the cost without knowing they may be able to control that increase. Medicare Supplement plans (otherwise known as Medigap) are one of those items.

Just recently, my own parents were subject to a steep increase in their supplement premium becoming effective in 2025. I became curious as to what the increase was and what their options were for changing to a different insurance provider. I reached out to a trusted insurance broker to obtain quotes for them.

They were both eligible to switch to a new insurance provider effective April 1 while keeping the same Plan G coverage they had before at a savings of $120 a month.

> *Keep in mind that supplement plans can be changed at any time. Unlike Medicare Advantage and prescription drug plans, supplement plans do not have an annual enrollment period where you need to re-enroll or make changes.*

Now this may not be the same result in every situation; however, everyone should be reviewing their healthcare options on a routine basis especially when you have experienced a large upward trend in your premiums. Reviewing your coverage periodically not only ensures it still meets your health needs, but also your ***budget needs***. In addition, new companies and plans are introduced every year, and better coverage or more favorable costs may exist that you were unaware of.

One common myth or fear that I run into when meeting with clients, and a main reason why clients will not look into making a change to their supplement plans, is that they are worried this would affect their choice of doctor. If you have regular Medicare and a supplement plan, changing the supplement provider is unlikely to affect your health provider options as those same doctors still accept regular Medicare. Most of the time you will still remain in the same plan (i.e. Plan G to Plan G) so your actual benefits will not change. What does change is the company name and your premium amount! And who doesn't love an opportunity for savings?

Keep in mind that everyone's situation is different, and sometimes there are extenuating circumstances that may not make this the best move for you at the moment. However, discussing it is the first step, and we would be glad to initiate the review process for you. **If you are interested in reviewing your Medicare supplement coverage, please reach out to me, your dedicated Advisor, or Relationship Manager for the next steps.**

Maureen Wilson
Client Service Associate

A Fond Farewell

Hello! It's hard to believe, but I've decided to retire on May 1, 2025, after almost 42 years working in the Financial Services Industry. I started in the business as a very timid 19-year-old, working full-time in Center City, Philadelphia at a Company called Shearson American Express (now Morgan Stanley). My best friend Joann was working there also, which was perfect for both of us maneuvering the commute from South Jersey to Philly each day.

I was placed as a CSA working for one of the top producing teams in the firm, which was frightening, but I was excited to give it my best since I believed I could do it. It was tough, but they taught me so much, and were extremely generous and kind to me and my young family. I took the Series 7 exam at age 37 when my daughter was born since I had time off and decided it was now or never! I stayed with this company for 33 years, an accomplishment I was extremely proud of since I never gave up at times when I certainly wanted to.

After a while, I decided I no longer wanted to commute to Philly and started looking for a job closer to my Pitman home. When I saw a job listed in West Deptford with a Financial Planning firm, I was excited and applied. That was one of the best decisions I've ever made! Eagle Wealth Strategies hired me in 2017, and I've been happily working here ever since.

Paul and Chris are the *third* father and son team I've worked with, believe it or not, and for me that has always been a wonderful and unique experience, to learn so much from each! Melissa took me in and trained me so well and was always by my side with the many questions I had over the years! I always appreciated how the entire team at EWS was extremely patient and helpful to me during this transition.

When I moved to Pittsburgh, Chris was kind enough to offer me a part-time position working remotely. This was ideal for me since we were beginning to babysit our two grandchildren upon the move there.

I am so grateful for the many friendships I've made over the years during my career. I feel fortunate to have worked with so many wonderful clients over the years also, some of whom I still keep in touch with. Saying farewell is bittersweet for me since I've never "not worked" but I'm sure I will figure it out. Not setting my alarm will be weird, but *wonderful*!

Rick and I plan on enjoying summers at our Camp on Lake Erie, spending several weeks during the winters in Florida and going to Costa Rica in June with family for starters. Making homemade pasta is a new endeavor which I will attempt, but am not feeling too confident in!

Best Wishes Always!

Mo

News at EWS

An Update on Our Pending Move

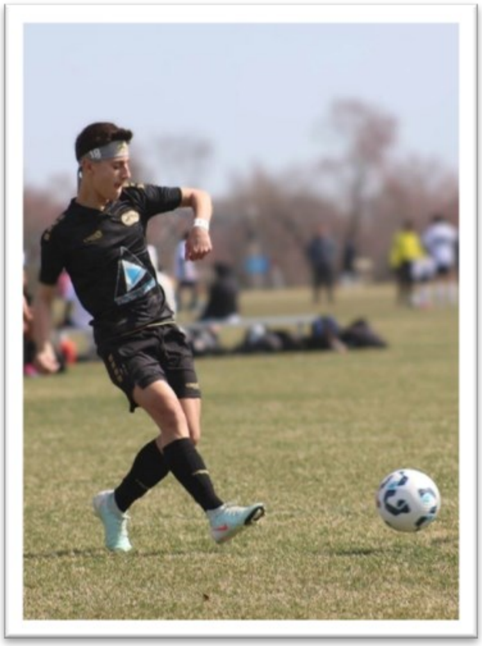
We previously shared that we will soon be moving to our new location at 118 Bridgeton Pike in Mullica Hill. Due to unforeseen circumstances and resulting delays in renovations, we are now anticipating relocating (hopefully) by the end of Summer 2025.

We will give you all advance notice when we have an official move in date. For now though, it's *still* business as usual here in West Deptford.

David and his family got not one, but TWO pictures with the Easter Bunny this year. We don't think the girls minded seeing him a second time!

News at EWS (Continued)

Steff's kids have been excelling in sports as usual! **Landon** keeps busy with soccer 7 days a week with 2 different teams. Her little powerhouse **Brielle** is playing field hockey against U10 and U12 teams – at just 9 years old!



Frank and his family visited the Woodstown station for the Easter train ride—little **Frankie** is a big fan of trains!

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