

### **Commentary:**

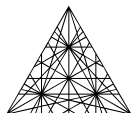
April ended on a more positive note as U.S. markets rebounded from steep early-month losses driven by uncertainty surrounding President Trump's trade policies. After the President's tariff "Liberation Day" announcement on April 2, markets reacted sharply, with the following day marking the steepest decline since March 2020. Investors feared the proposed tariffs could increase the likelihood of an economic recession.

On April 9, President Trump announced a 90-day pause on higher-level reciprocal tariffs to allow time for negotiations. However, China was excluded from the pause, and tariffs on Chinese goods were further raised to 145%. Although trade tensions remained elevated, market sentiment improved later in the month as economic data showed resilience in both consumer spending and the labor market. That said, strong retail sales may have reflected a pull-forward in demand ahead of the anticipated tariffs.

The Federal Reserve continued to underscore the growing policy dilemma, as tariffs present upside risks to inflation and downside risks to growth. The Fed maintained its patient stance and reiterated its "wait-and-see" mode ahead of the upcoming FOMC meeting set for May 6-7.

Small- and mid-sized companies continue to trade at historically wide valuation discounts relative to their large-cap counterparts. Structural factors such as increased M&A activity, reshoring, insulation from multinational dynamics, declining interest rates, shifts in corporate tax policy and deregulation create a compelling landscape for selective opportunities.

The valuation of the Russell 2000 Value remains compelling, currently trading at ~12x estimated earnings for the next twelve months versus ~21x for the S&P 500. This attractive valuation differential underscores the importance of valuations as a strong determinant of long-term performance.



**April 2025 Performance**

<i>(April 30, 2025)</i>	<b><u>Growth</u></b>	<b><u>Core</u></b>	<b><u>Value</u></b>
Russell 1000 (Large Cap)	1.8%	-0.6%	-3.1%
" 3000 (All Cap)	1.7	-0.7	-3.1
" 2000 (Small Cap)	-0.6	-2.3	-4.0

As value-oriented stock pickers, we find the current market conditions exceptionally favorable for our methodology. Our focus remains steadfast on identifying exceptional businesses trading at a discount to Private Market Value, with catalysts to surface value. We will continue to use the volatility provided by Mr. Market to increase our stakes in great companies at attractive prices.

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**Important Disclosures**

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