



FOURTHOUGHT
PRIVATE WEALTH

Supply, Demand, & Disruption

The Economics of Tariff Turmoil

REQUIRED DISCLOSURES:

FourThought Private Wealth

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FOURTHOUGHT
PRIVATE WEALTH

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As managing partner and lead planner for FourThought Private Wealth, Scott has more than 37 years of experience in comprehensive wealth management. He has been named one of Barron's Top 1200 Financial Advisors in America 20 times.

CERTIFICATIONS AND REGISTRATIONS

- CERTIFIED FINANCIAL PLANNER™
- Certified Private Wealth Advisor (CPWA®)
- Certified Investment Management Analyst (CIMA®)
- Accredited Investment Fiduciary (AIF®)



Jake MacFarlane

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Jake MacFarlane, CFA®, manages investment models at FourThought Private Wealth, focusing on equity strategies and in-depth company research. He also leads research on alternative investments and develops quantitative screening tools to ensure portfolios meet client goals.

CERTIFICATIONS AND REGISTRATIONS

- Chartered Financial Analyst (CFA®)
- Series 65

Agenda

Objective: Clarity on recent headlines, context for long-term planning, FourThought's perspective

Tariff 101

Where are we? The current economic and market landscape.

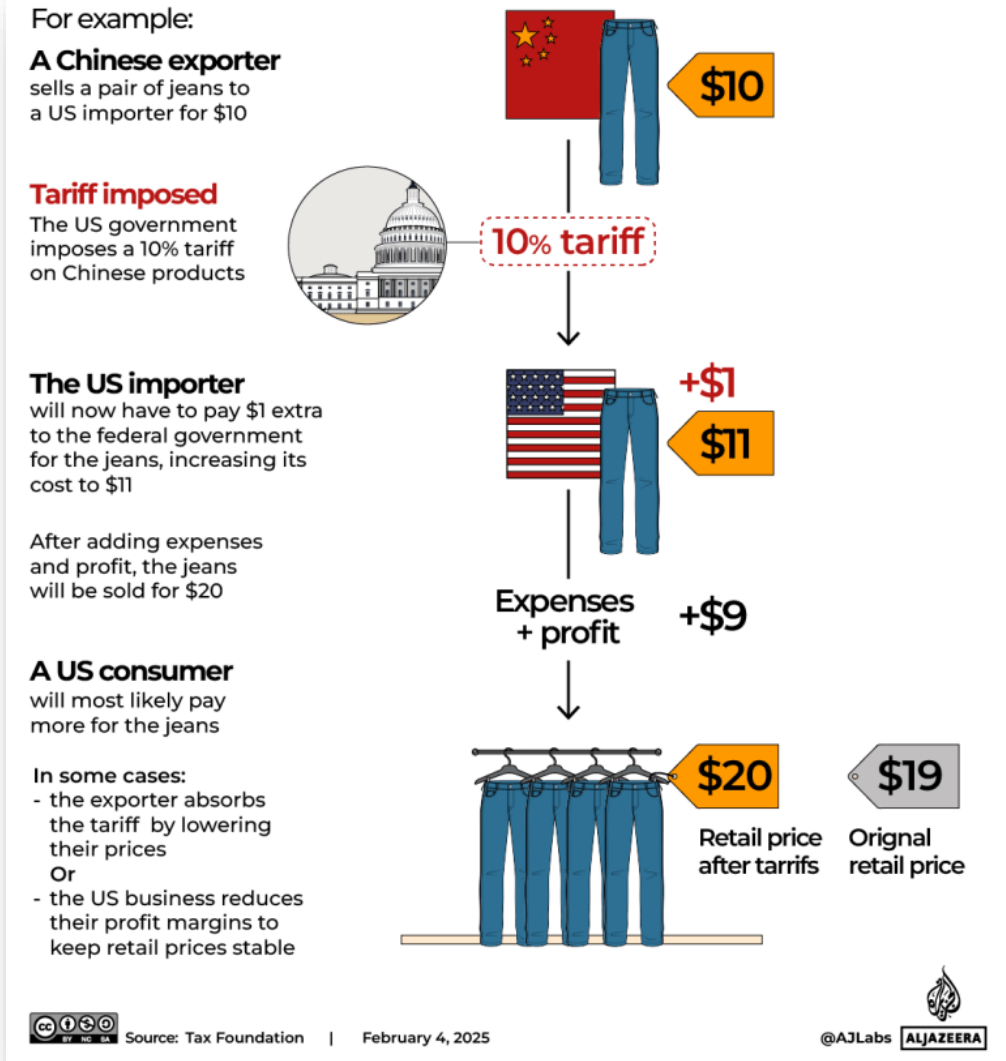
Back to basics – key investment truths

Outlook on the economy and investment markets

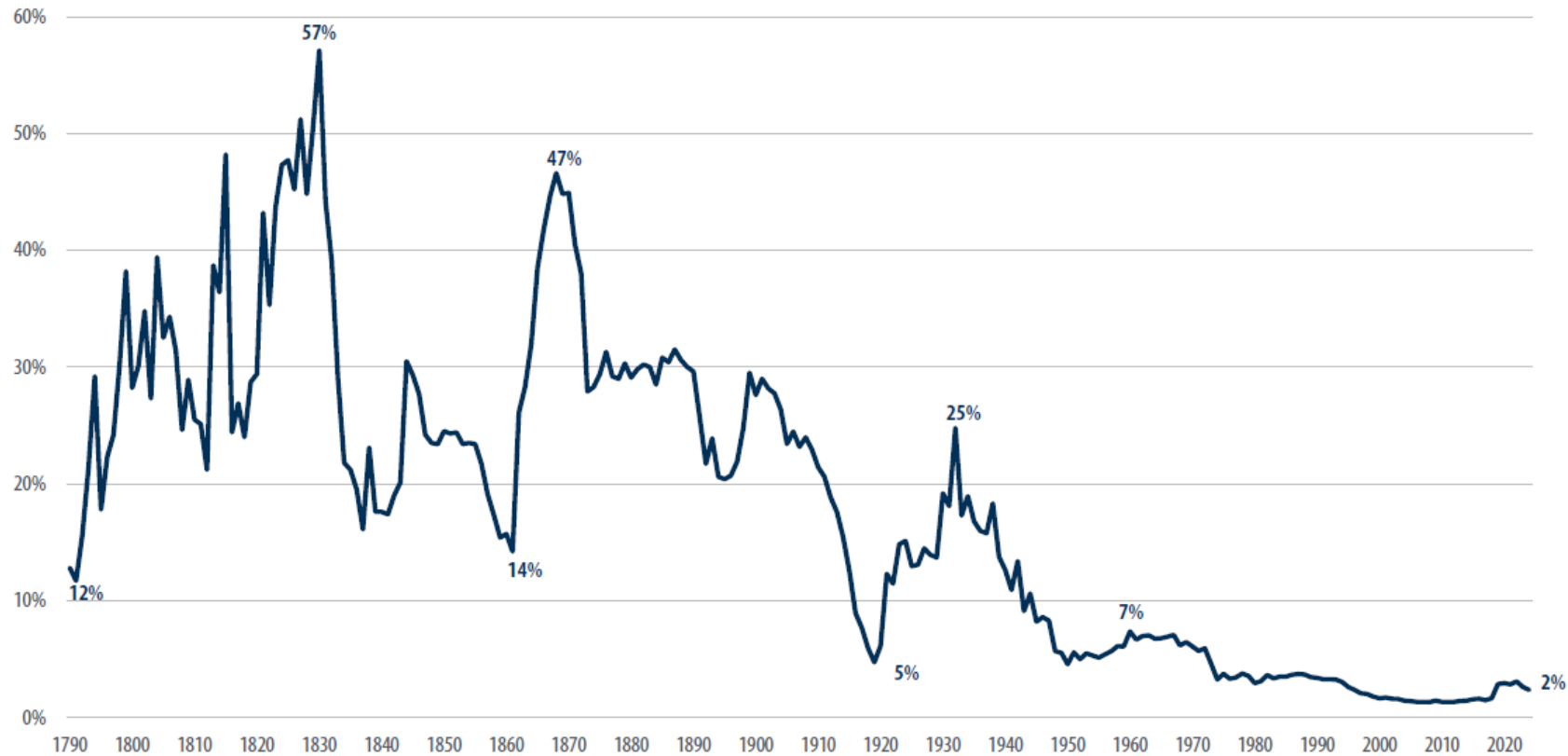
What is FourThought doing: growth, income & safety

What Are Tariffs?

A tariff is a tax imposed by one country's government on goods and services from a foreign country, making them more expensive to encourage local purchases.



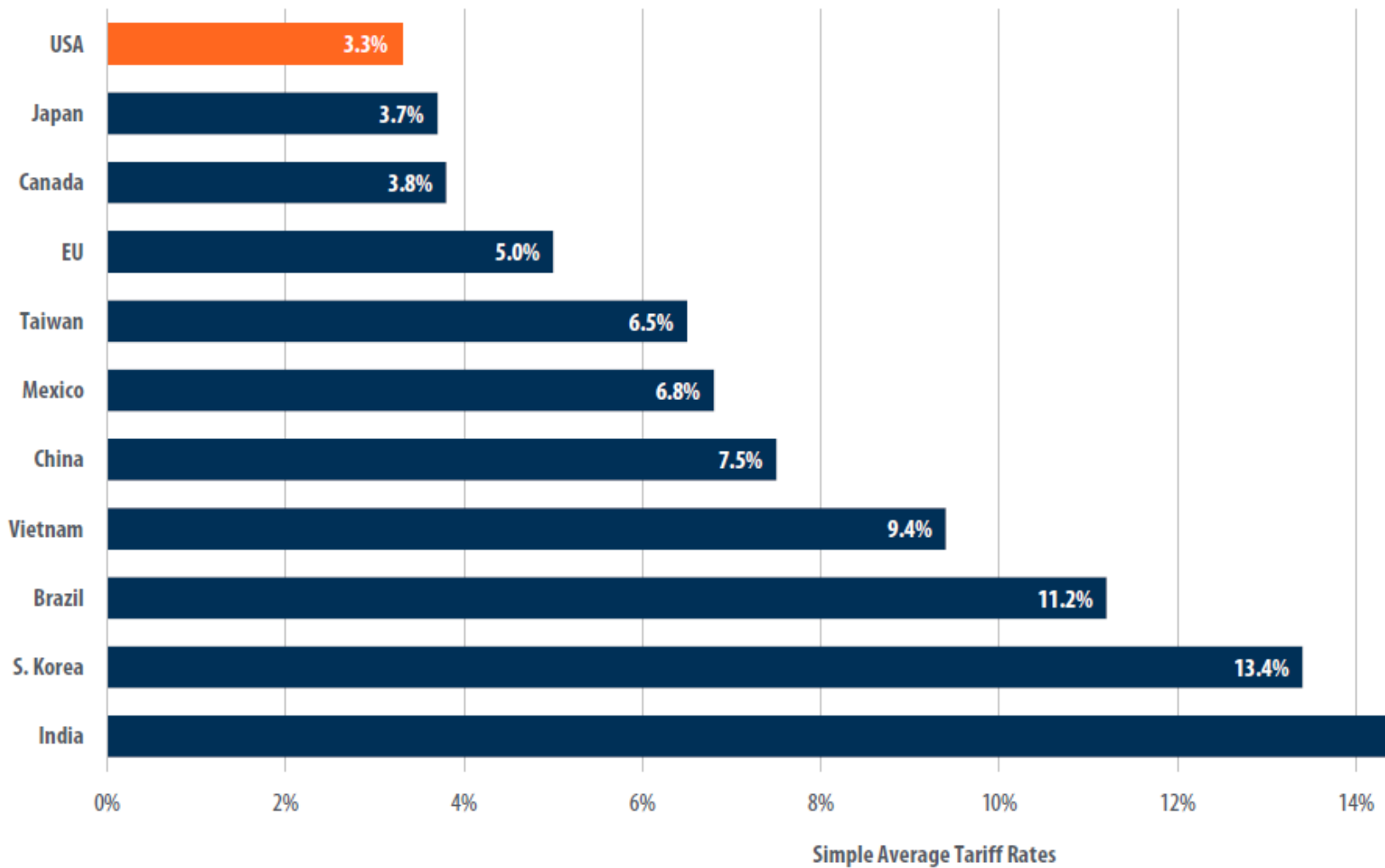
The average effective U.S. tariff rate has been significantly lower in the last 40 years due to a combination of multilateral and regional trade agreements, economic policy shifts towards free trade, and the expansion of global supply chains.



Source: First Trust, National Bureau of Economic Research (NBER), St. Louis Fed (FRED). Data from 1790-2024. Effective Tariff Rates – The actual rate of tariffs on imports, considering both the tariff levels and the types of goods being traded.

Average Effective Tariff Rates Since 1790

The U.S. simple average tariff rate across all imported goods is low at 3.3% compared to its top 10 trading partners. Major economies like the EU (5.0%), China (7.5%), and India (17.4%). these key trading partners, tariff rates vary widely due to different trade policies and economic structures.



**Simple
Average Tariff
Rates – US &
Top Trading
Partners**

Source: First Trust, World Trade Organization. 2023 data (latest available). Simple Average Tariff Rates – The average of all tariff rates applied to imported goods, calculated without weighting for trade volume.

S&P 500 Index Year-To-Date

S&P 500: Year-To-Date

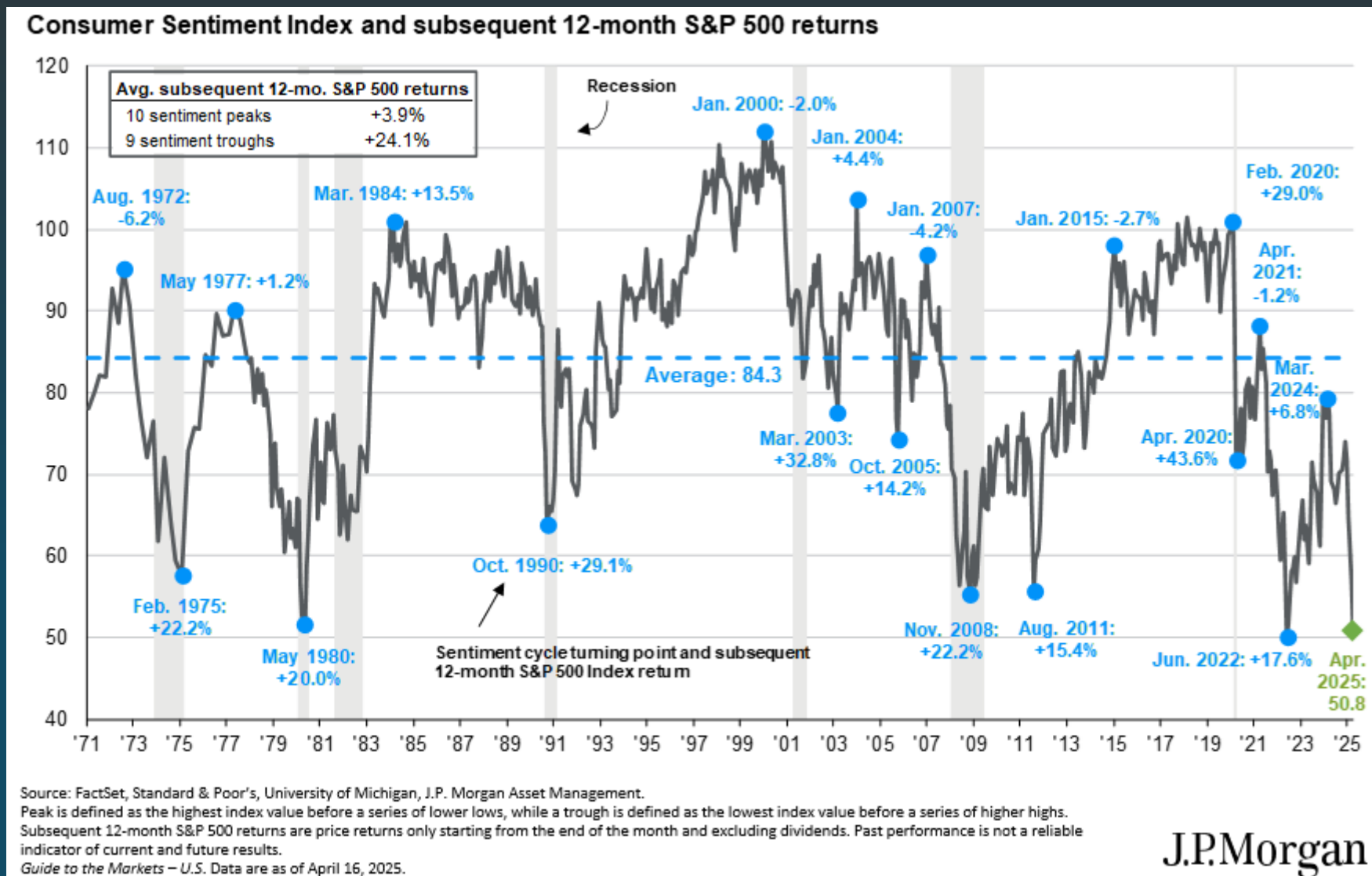


10 Year Treasury Yield Movement

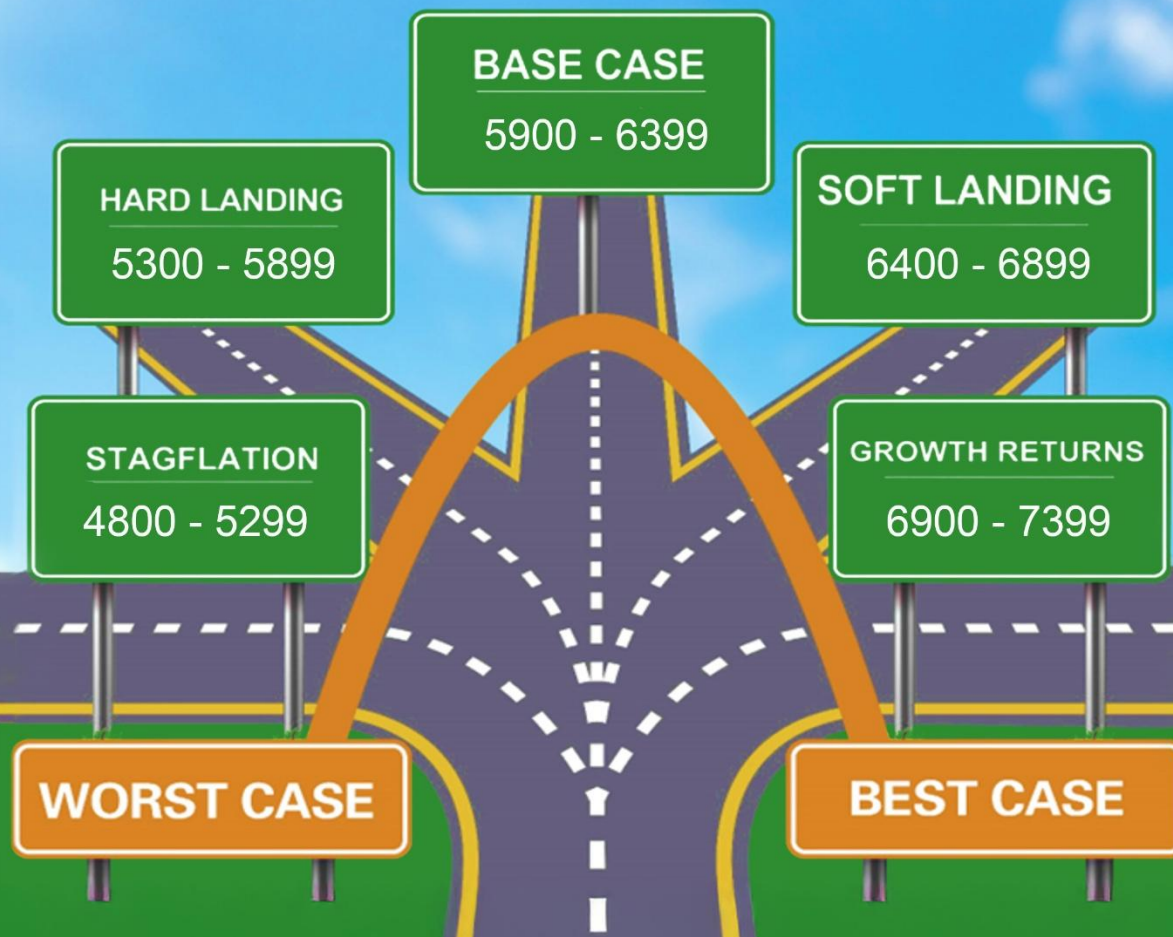
10 Year Treasury Rate: Year-To-Date



Investor Confidence Waning



Signs to Watch



SP 500 @ 6070 1.28.25
SP 500 @ 4864 4.7.25

**SP 500 in a 21% correction
from high in Feb.**

Source: FactSet Global Research

- 1.
- 2.
3. Trump 2.0
 - Tariffs
 - Deregulation
 - Immigration

4. Federal Reserve Policy
 - Inflation
 - Labor Markets
5. Consumer Strength
6. AI Developments

7. Corporate Earnings and Profit Margins
8. Long-Term Yields

Tariffs: The Good, the Bad and the Ugly

Bad: Trade war with China. Stagflation.

Slightly Worse: Trade war with China. Recession

Base Case: Avoid recession, but the economy slows.

Improved: China is improved, with no recession and true changes.

Greatly Improved: Better than feared results, economy jumps back.

The Long-Term Perspective



Stock Fundamentals – What Drives Price?

Why Do Stock Prices Move?



Prices go up when profits increase.



Prices go down when profits fall.



Prices move based on expectations about the future.

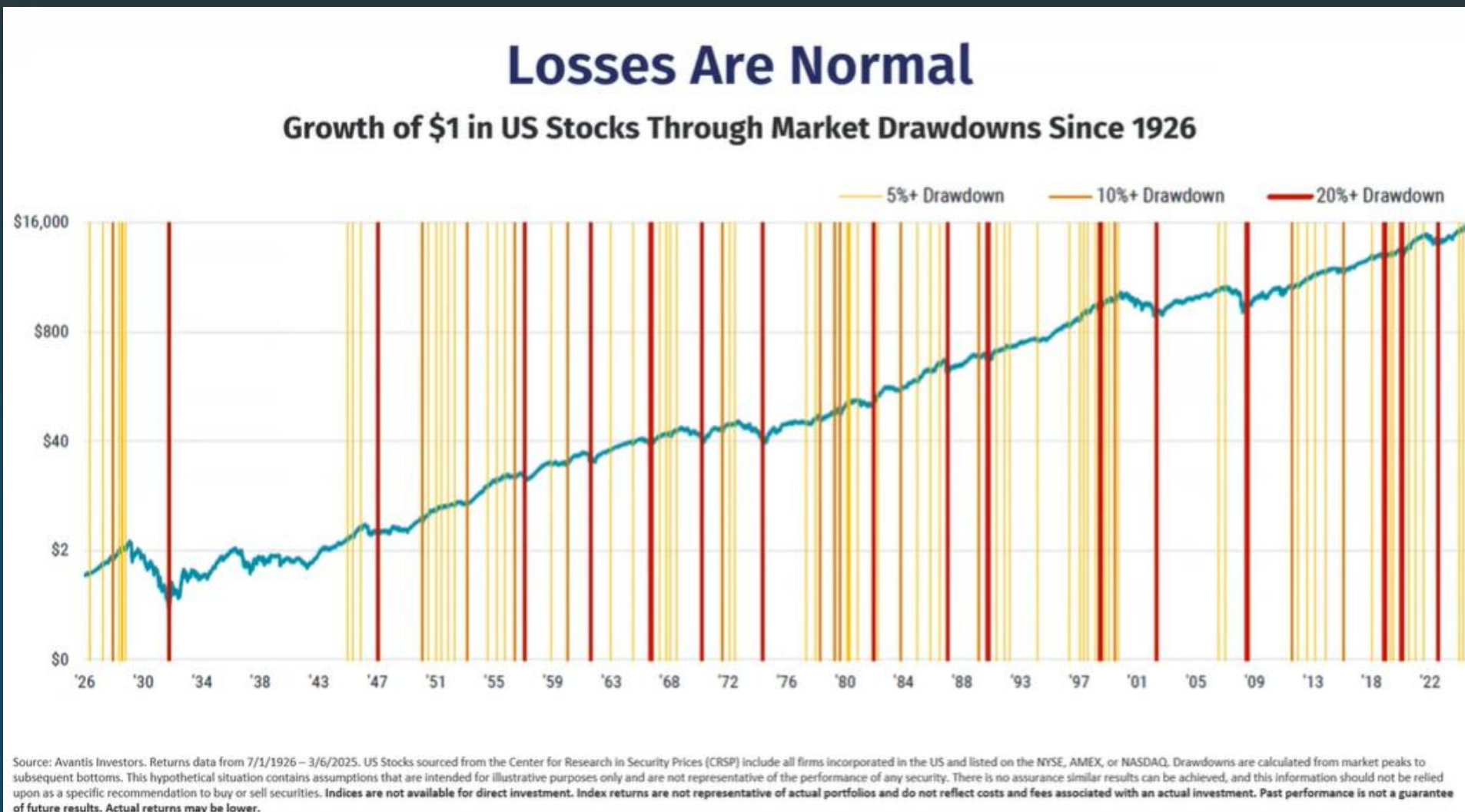
Source: Plancorp

Stock Market & Earnings



Source: FactSet Global Research

Drawdowns Happen!



VIX > 50 Forward Returns

Volatility Index (\$VIX) - Historical Closes Above 50 (January, 1 1990 - April 8, 2025)															
Highest VIX Closes			Forward S&P 500 Total Returns					Highest VIX Closes			Forward S&P 500 Total Returns				
Rank	Date	VIX	1-Year	2-Year	3-Year	4-Year	5-Year	Rank	Date	VIX	1-Year	2-Year	3-Year	4-Year	5-Year
1	3/16/2020	82.69	69%	84%	74%	130%	157%	39	11/10/2008	59.98	22%	39%	43%	64%	115%
2	11/20/2008	80.86	49%	67%	69%	105%	168%	40	12/5/2008	59.93	29%	46%	53%	77%	130%
3	10/27/2008	80.06	29%	46%	56%	82%	133%	41	10/31/2008	59.89	11%	29%	34%	60%	104%
4	10/24/2008	79.13	25%	42%	50%	76%	125%	42	11/13/2008	59.83	23%	38%	47%	62%	120%
5	3/18/2020	76.45	66%	90%	73%	132%	160%	43	12/9/2008	58.91	26%	45%	48%	75%	124%
6	3/17/2020	75.91	60%	78%	63%	118%	142%	44	12/8/2008	58.49	23%	41%	48%	70%	121%
7	3/12/2020	75.47	62%	75%	66%	121%	145%	45	3/13/2020	57.83	49%	59%	51%	101%	126%
8	11/19/2008	74.26	39%	56%	61%	88%	149%	46	10/8/2008	57.53	11%	24%	25%	62%	92%
9	11/21/2008	72.67	42%	54%	59%	92%	152%	47	3/30/2020	57.08	53%	82%	62%	111%	122%
10	3/19/2020	72.00	65%	91%	74%	132%	159%	48	4/1/2020	57.06	66%	89%	75%	122%	121%
11	10/17/2008	70.33	20%	30%	39%	70%	107%	49	12/15/2008	56.76	31%	49%	49%	80%	129%
12	10/29/2008	69.96	18%	33%	48%	66%	111%	50	1/20/2009	56.65	45%	66%	74%	102%	155%
13	10/10/2008	69.95	23%	36%	42%	74%	113%	51	11/7/2008	56.1	20%	36%	46%	62%	113%
14	10/22/2008	69.65	25%	38%	48%	75%	118%	52	12/11/2008	55.78	30%	49%	51%	77%	127%
15	10/15/2008	69.25	24%	36%	44%	73%	113%	53	12/10/2008	55.73	26%	44%	49%	74%	120%
16	11/17/2008	69.15	34%	45%	55%	78%	135%	54	11/28/2008	55.28	25%	38%	42%	73%	124%
17	12/1/2008	68.51	39%	55%	63%	89%	146%	55	10/14/2008	55.13	12%	23%	29%	57%	93%
18	10/23/2008	67.80	22%	37%	48%	70%	117%	56	10/13/2008	54.99	10%	23%	29%	56%	89%
19	11/18/2008	67.64	33%	46%	51%	77%	132%	57	11/26/2008	54.92	26%	40%	43%	74%	127%
20	10/16/2008	67.61	18%	31%	36%	68%	106%	58	11/5/2008	54.56	15%	35%	41%	60%	105%
21	10/28/2008	66.96	14%	32%	46%	64%	110%	59	3/9/2020	54.46	44%	57%	50%	99%	117%
22	11/12/2008	66.46	31%	47%	58%	74%	135%	60	12/12/2008	54.28	30%	48%	49%	76%	127%
23	11/14/2008	66.31	30%	41%	54%	70%	129%	61	3/11/2020	53.9	46%	60%	48%	101%	124%
24	3/20/2020	66.04	74%	100%	79%	142%	168%	62	10/7/2008	53.68	9%	22%	25%	60%	86%
25	3/27/2020	65.54	59%	86%	66%	120%	141%	63	11/3/2008	53.68	11%	30%	37%	60%	104%
26	11/24/2008	64.70	33%	47%	46%	79%	136%	64	3/31/2020	53.54	56%	84%	67%	115%	112%
27	3/25/2020	63.95	61%	88%	69%	126%	145%	65	10/21/2008	53.11	16%	29%	36%	64%	104%
28	10/9/2008	63.92	21%	34%	40%	73%	109%	66	10/20/2008	52.97	14%	25%	31%	62%	99%
29	11/6/2008	63.68	21%	42%	49%	66%	119%	67	3/2/2009	52.65	63%	94%	108%	137%	198%
30	12/4/2008	63.64	34%	51%	59%	83%	138%	68	2/23/2009	52.62	51%	85%	95%	118%	176%
31	12/2/2008	62.98	34%	51%	57%	81%	136%	69	12/16/2008	52.37	25%	42%	42%	73%	121%
32	10/30/2008	62.90	11%	30%	40%	64%	106%	70	4/8/2025	52.33					
33	3/24/2020	61.67	62%	88%	70%	127%	146%	71	10/6/2008	52.05	2%	15%	16%	51%	75%
34	3/23/2020	61.59	78%	108%	85%	149%	175%	72	1/15/2009	51	38%	60%	64%	92%	143%
35	11/11/2008	61.44	25%	41%	47%	67%	121%	73	3/3/2009	50.93	64%	96%	110%	141%	200%
36	3/26/2020	61.00	54%	78%	58%	113%	131%	74	4/2/2020	50.91	64%	86%	70%	120%	113%
37	11/25/2008	60.90	33%	45%	44%	80%	135%	75	3/5/2009	50.17	71%	102%	113%	147%	206%
38	12/3/2008	60.72	30%	47%	53%	77%	129%								
Average (\$VIX Above 50)			35%	53%	55%	88%	129%	CREATIVE PLANNING® @CharlieBilello							
Average (\$VIX Below 50)			12%	25%	39%	56%	74%								
Differential			23%	28%	15%	32%	55%								

Data Source: YCharts. For discussion purposes only. Not intended for external distribution.

Forward Returns After Largest 4-Day Decline

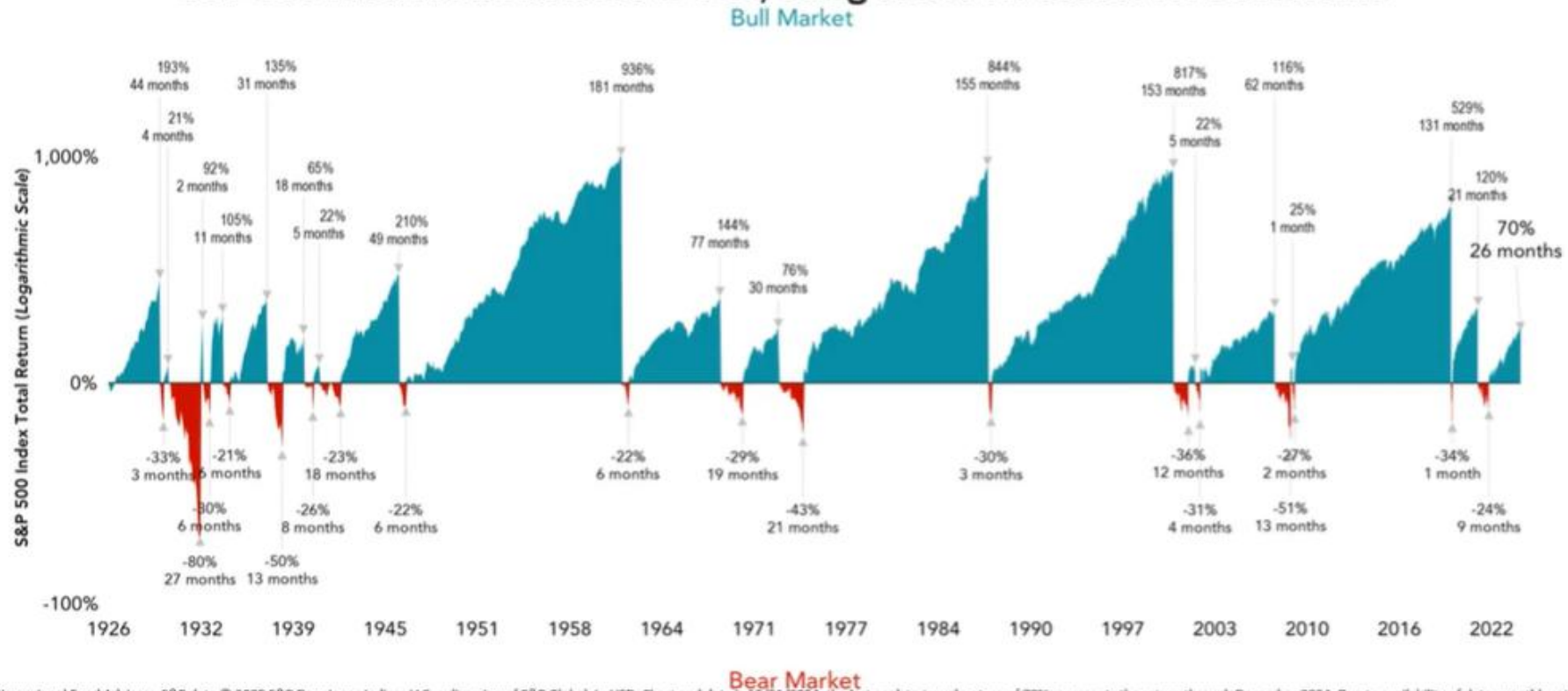
S&P 500: Biggest 4-Day % Declines and Forward Total Returns (1950 - 2025)								
Biggest 4-Day % Declines					Forward S&P 500 Total Returns			
Rank	End Date	Start S&P	End S&P	4-Day %	1-Year	3-Year	5-Year	
1	10/19/1987	315	225	-28.5%	28%	55%	119%	
2	10/20/1987	305	237	-22.4%	24%	47%	108%	
3	10/9/2008	1099	910	-17.2%	21%	36%	103%	
4	3/16/2020	2882	2386	-17.2%	69%	74%	159%	
5	3/12/2020	2972	2481	-16.5%	62%	63%	144%	
6	10/10/2008	1057	899	-14.9%	22%	42%	110%	
7	10/7/2008	1161	996	-14.2%	10%	24%	86%	
8	11/20/2008	873	752	-13.8%	49%	73%	164%	
9	10/21/1987	298	258	-13.3%	14%	35%	91%	
10	8/31/1998	1093	957	-12.4%	40%	23%	13%	
11	10/22/1987	283	248	-12.2%	19%	41%	98%	
12	4/8/2025	5671	4983	-12.1%				
13	7/23/2002	906	798	-12.0%	26%	63%	112%	
14	10/8/2008	1114	985	-11.6%	11%	25%	88%	
15	3/23/2020	2529	2237	-11.5%	78%	85%	174%	
CREATIVE PLANNING®					@CharlieBilello			

Source: YCharts

Bulls and Bears – Beware!

A History of Market Ups and Downs (1926-2024)

S&P 500 Index Total Returns in USD, Using a 20% Threshold for Downturns



Source: Dimensional Fund Advisors. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. In USD. Chart end date is 12/31/2024, the last peak to trough return of 70% represents the return through December 2024. Due to availability of data, monthly returns are used January 1926 through December 1989; daily returns are used January 1990 through present. Periods in which cumulative return from peak is -20% or lower and a recovery of 20% from trough has not yet occurred are considered bear markets. Bull markets are subsequent rises following the bear market trough through the next recovery of at least 20%. The chart shows bear markets and bull markets, the number of months they lasted and the associated cumulative performance for each market period. Results for different time periods could differ from the results shown. Indices are not available for direct investment. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. Past performance is not a guarantee of future results. Actual returns may

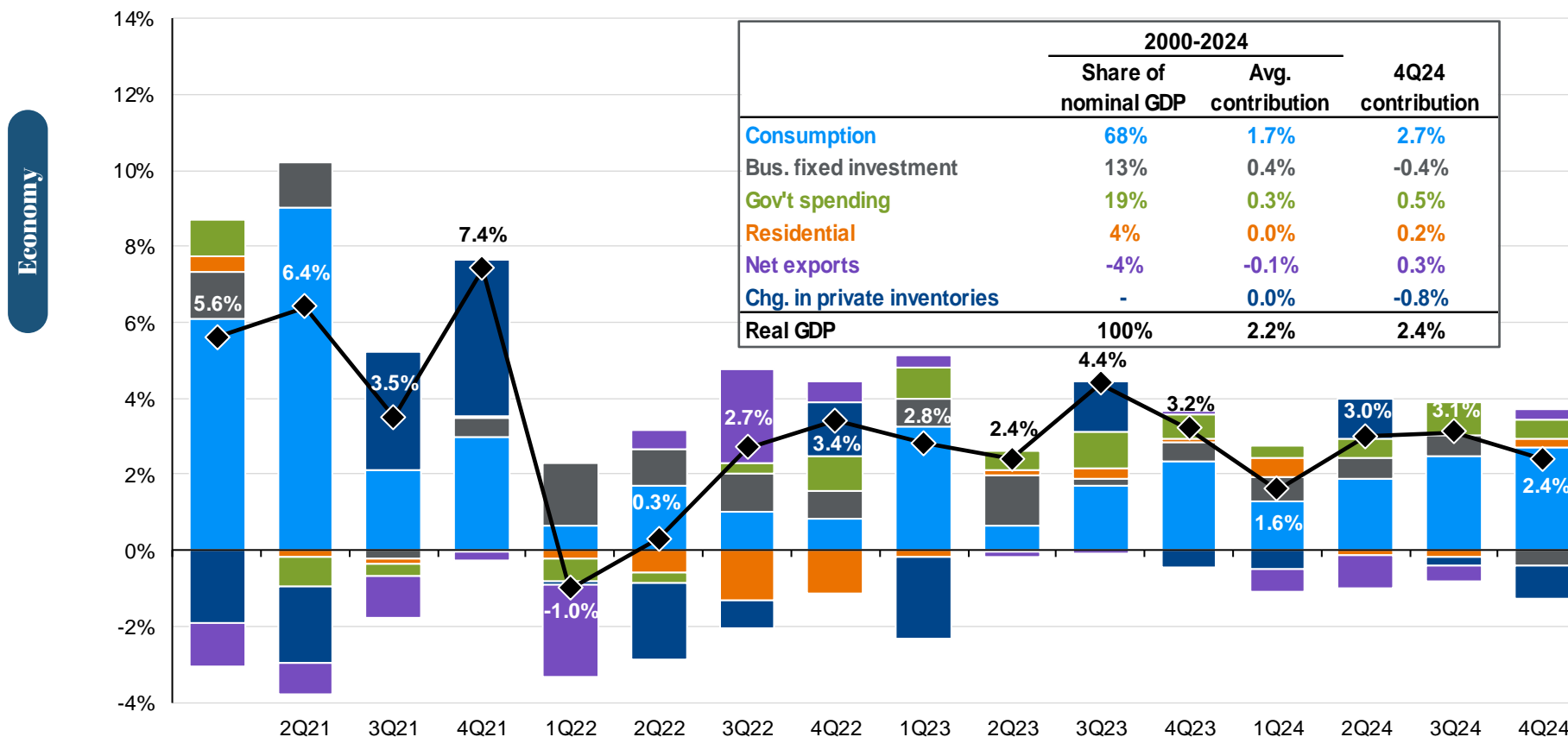


Economic and Investment Conditions

Components of GDP growth

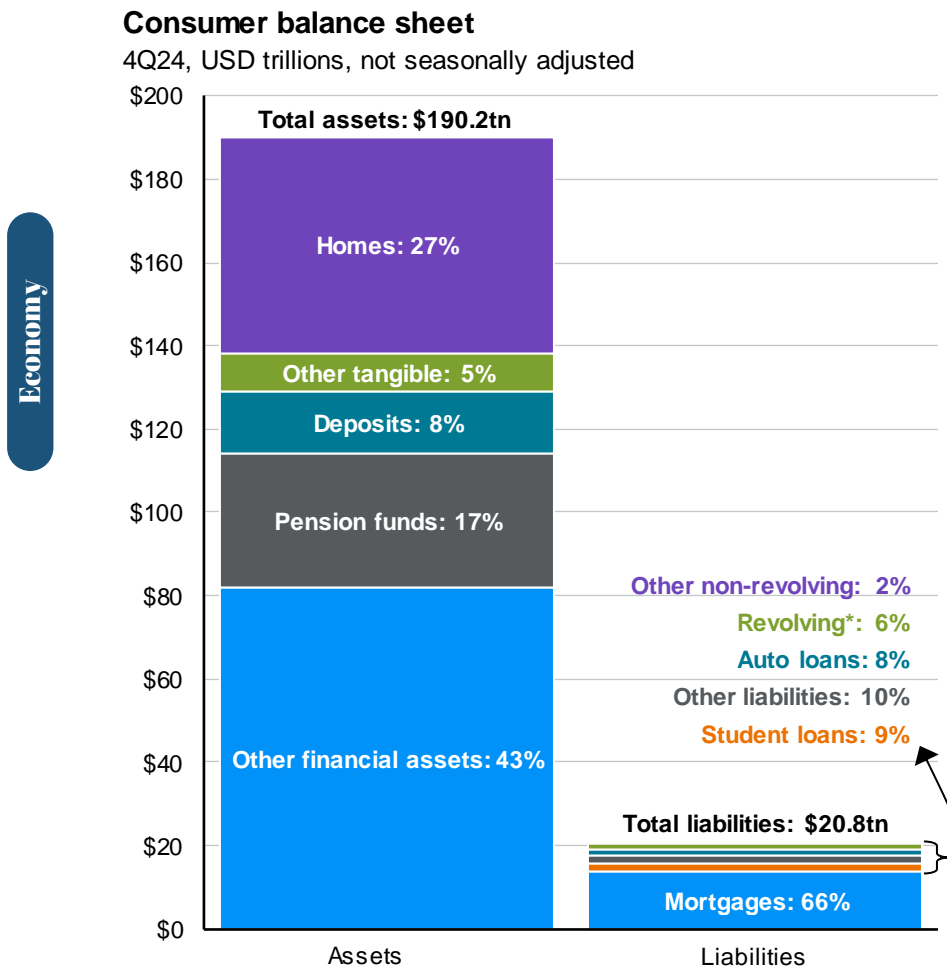
Contributors to real GDP growth

Quarter-over-quarter, seasonally adjusted annualized rate



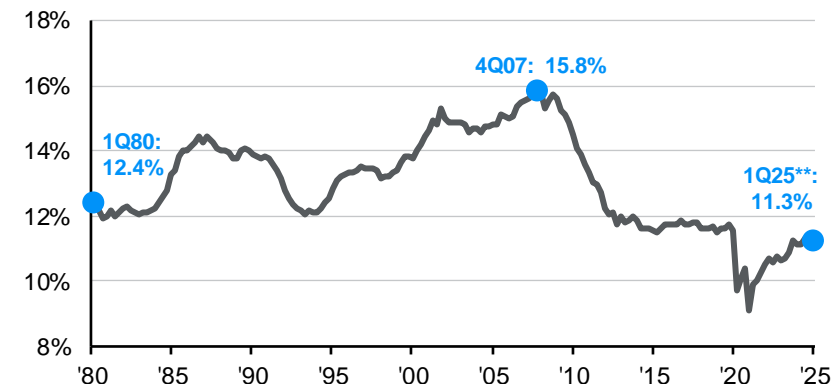
Source: BEA, FactSet, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of March 31, 2025.

Consumer Finances



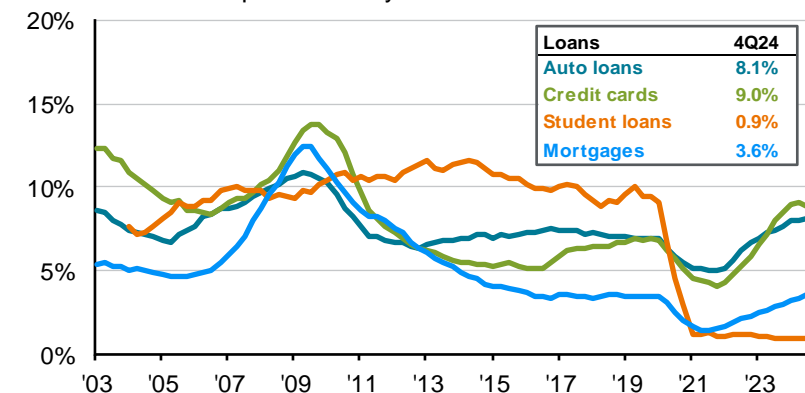
Household debt service ratio

Debt payments as % of disposable personal income, SA



Flows into early delinquencies

% of balance delinquent 30+ days



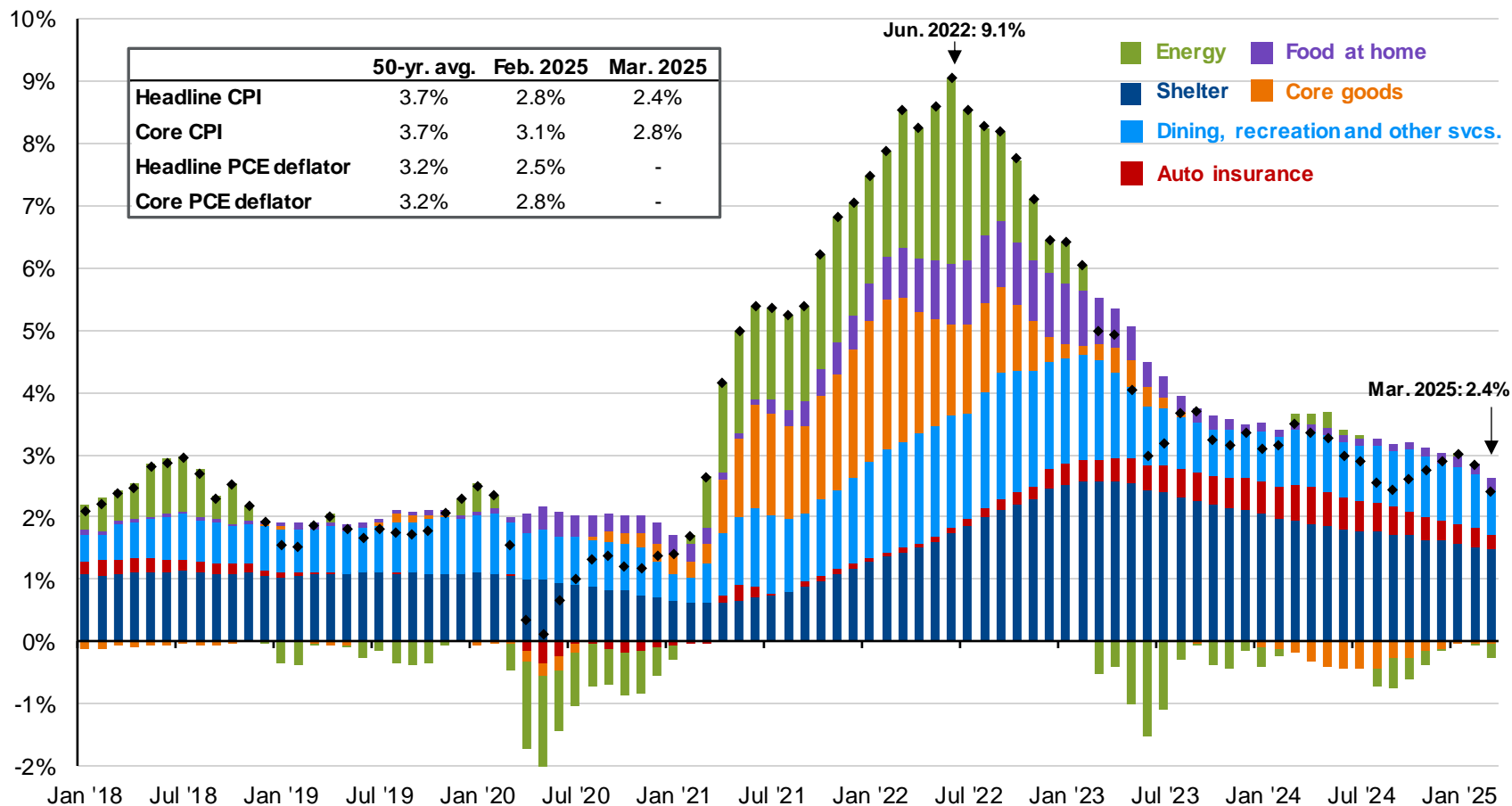
Source: FactSet, FRB, J.P. Morgan Asset Management; (Top and bottom right) BEA.
Data include households and nonprofit organizations. SA – seasonally adjusted. *Revolving includes credit cards. Values may not sum to 100% due to rounding. **1Q25 figures for debt service ratio are J.P. Morgan Asset Management estimates. Household debt service ratio data from 1Q80 to 4Q04 are J.P. Morgan Asset Management estimates. Due to the moratorium on delinquent student loan payments being reported to credit bureaus, missed federal student loan payments were not reported until 4Q24.
Guide to the Markets – U.S. Data are as of March 31, 2025.

Inflation Components

Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted

Economy



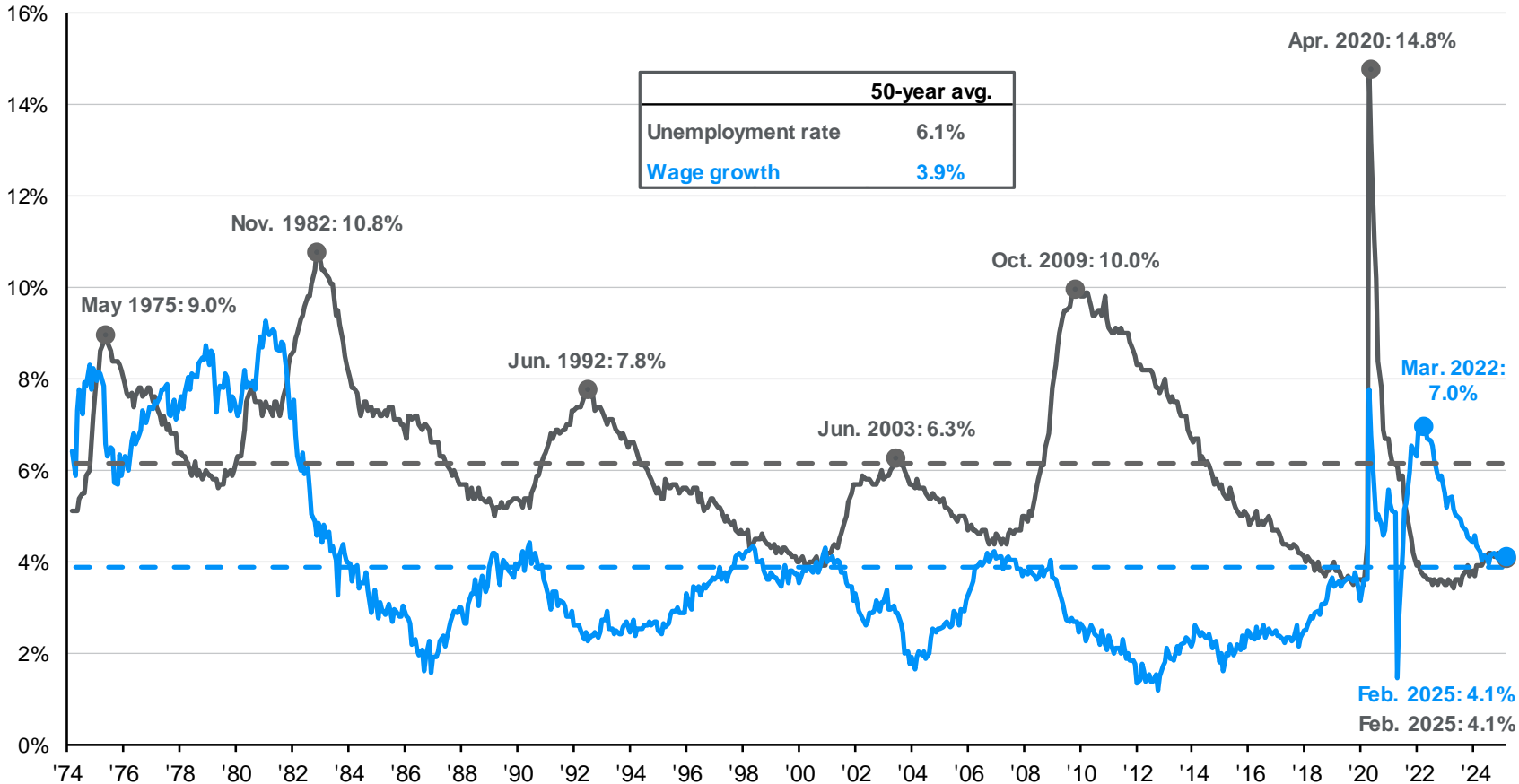
Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages.
Guide to the Markets – U.S. Data are as of April 16, 2025

Unemployment and Wages

Economy

Civilian unemployment rate and year-over-year wage growth

Private production and non-supervisory workers, seasonally adjusted, percent

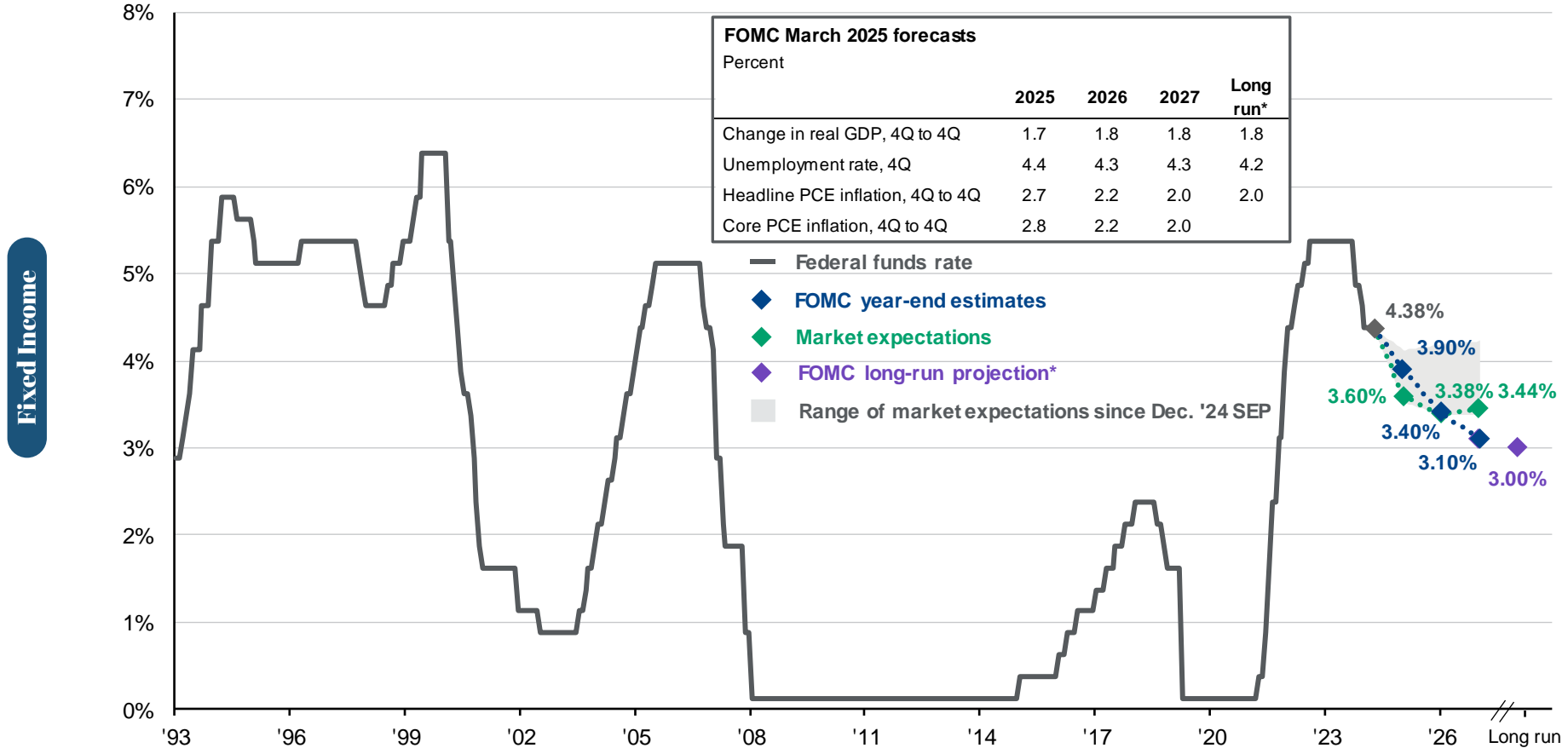


Source: BLS, FactSet, J.P. Morgan Asset Management. Private production and non-supervisory jobs represent just over 80% of total private nonfarm jobs. Guide to the Markets – U.S. Data are as of March 31, 2025.

The Fed and Interest Rates

Federal funds rate expectations

FOMC and market expectations for the federal funds rate

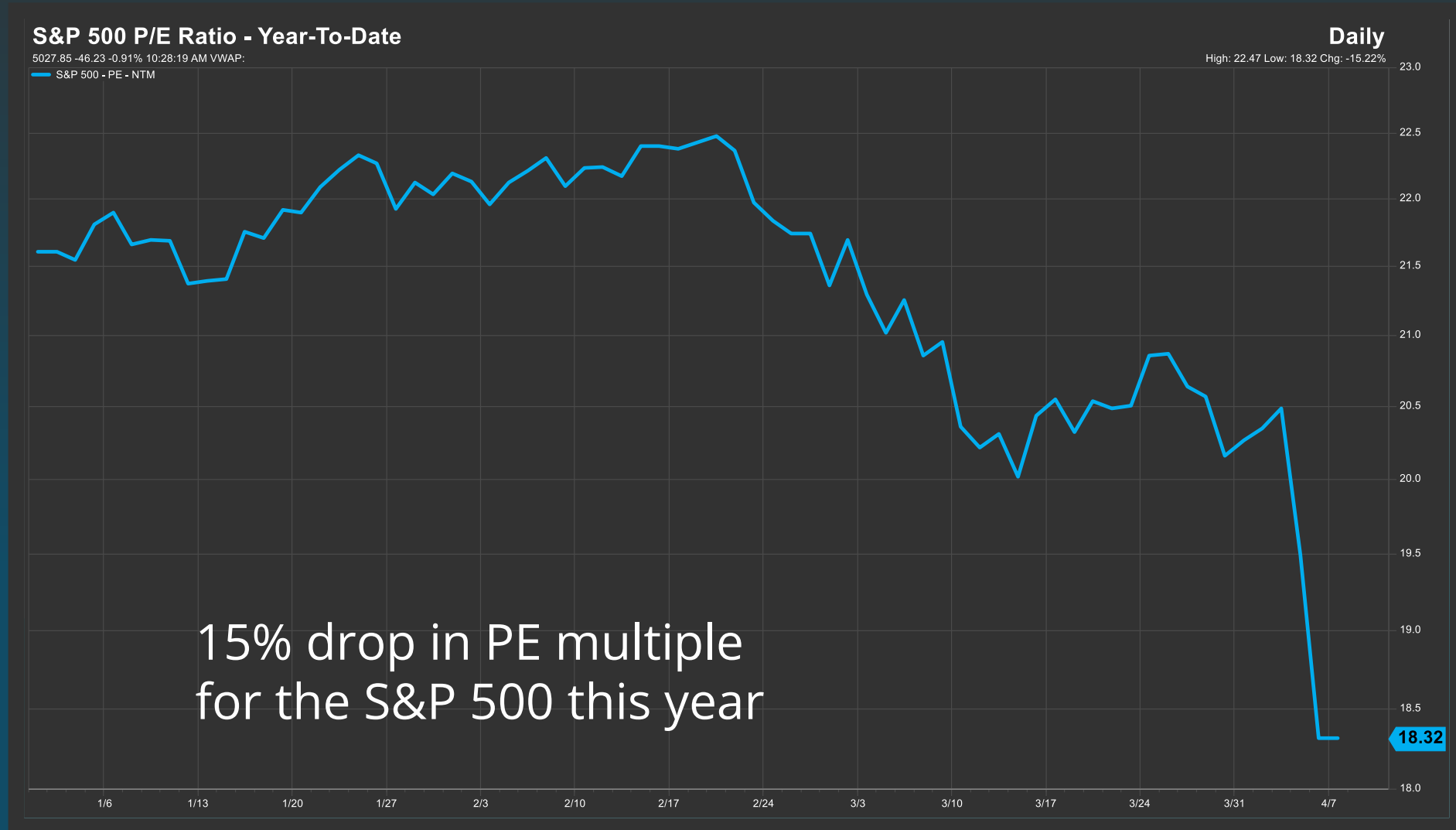


Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.

Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.

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

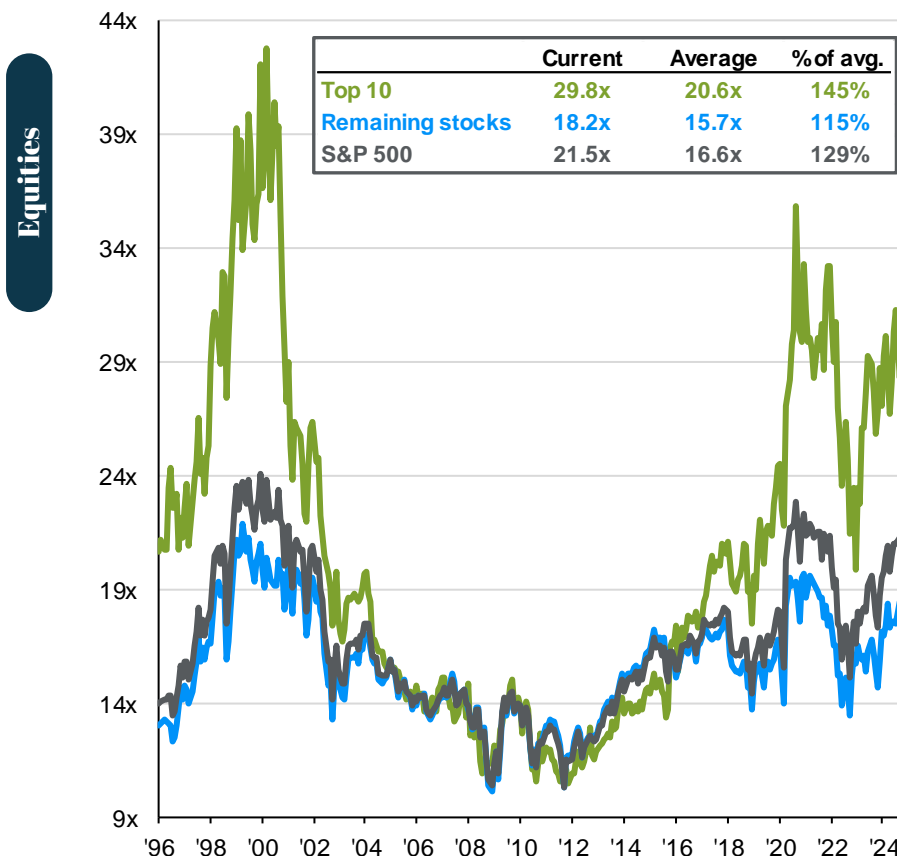
Stock Market Valuation



Q1 S&P 500: Index Concentration and Valuations

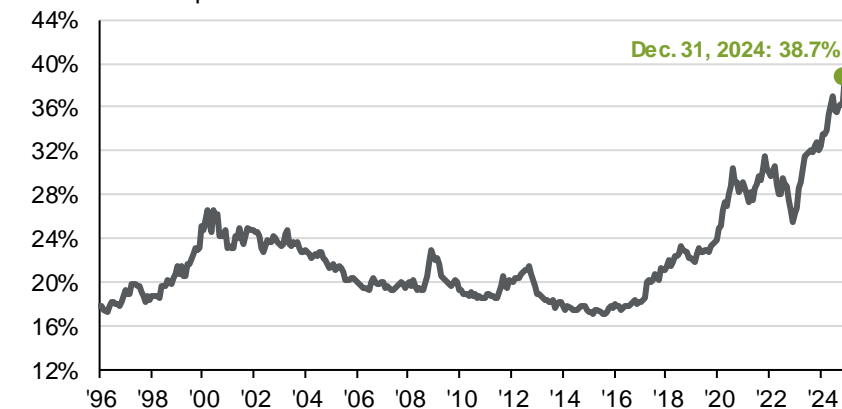
P/E ratio of the top 10 and remaining stocks in the S&P 500

Next 12 months, 1996 - present



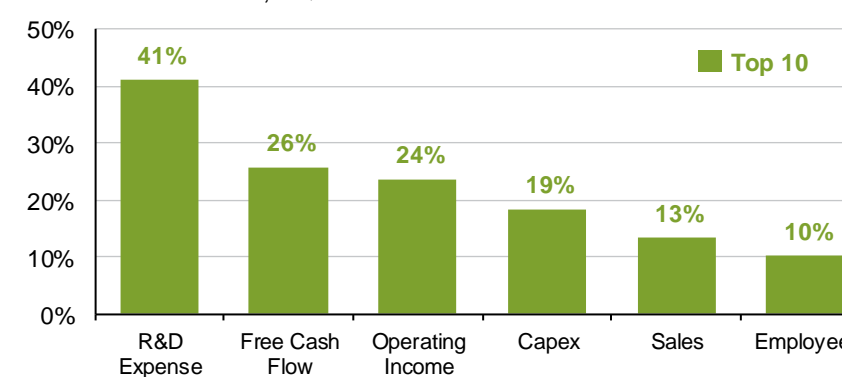
Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



Economic concentration in the S&P 500

% of S&P 500 metric, 3Q24

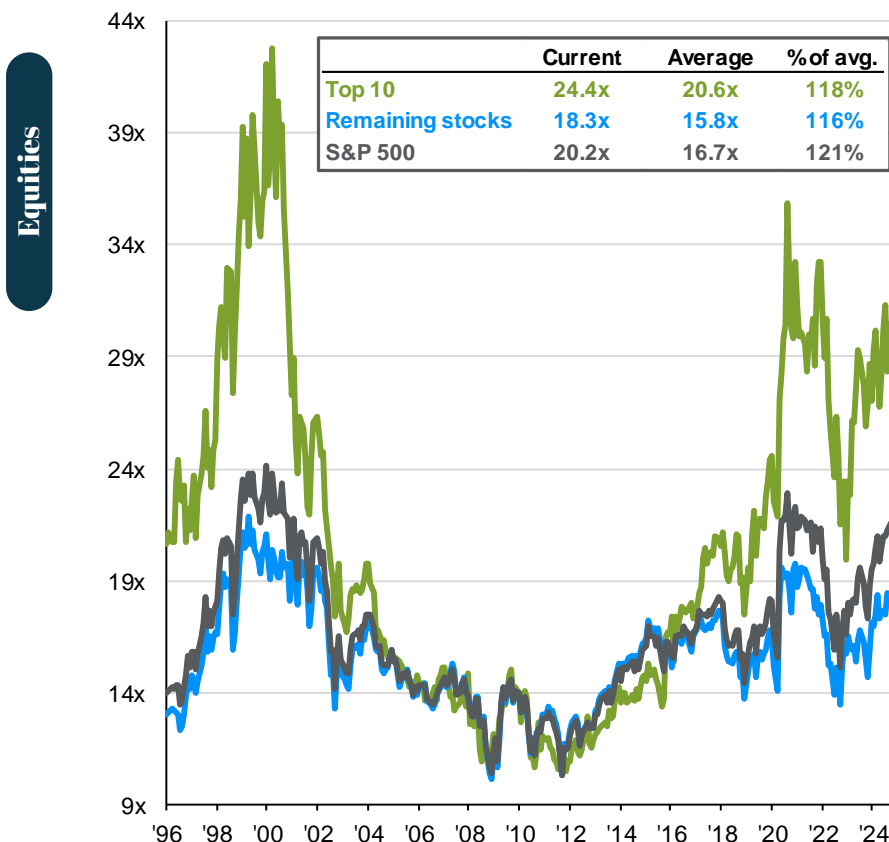


Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. The top 10 S&P 500 companies are based on the 10 largest index constituents at the beginning of each quarter. As of 12/31/2024, the top 10 companies in the index were AAPL (7.6%), NVDA (6.6%), MSFT (6.3%), AMZN (4.1%), GOOGL/GOOG (4.0%), META (2.6%), TSLA (2.3%), AVGO (2.2%), BRK.B (1.7%) and JPM (1.4%). The remaining stocks represent the rest of the 492 companies in the S&P 500.
Guide to the Markets – U.S. Data are as of December 31, 2024.

Q2 S&P 500: Index Concentration and Valuations

P/E of the top 10 and remaining stocks in the S&P 500

Next 12 months, 1996 - present



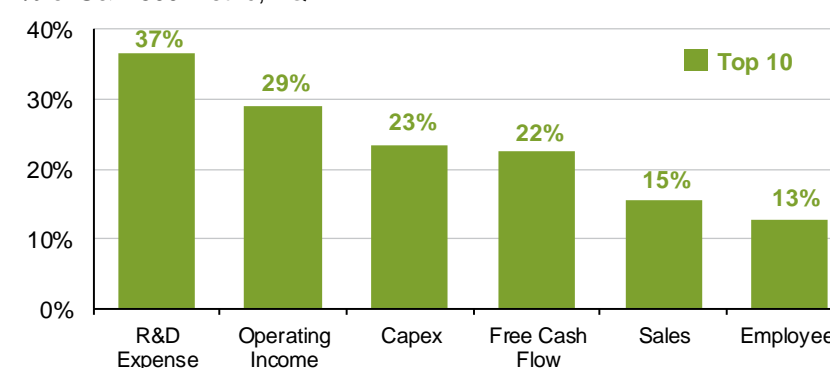
Weight of the top 10 stocks in the S&P 500

% of market capitalization of the S&P 500



Economic concentration in the S&P 500

% of S&P 500 metric, 4Q24



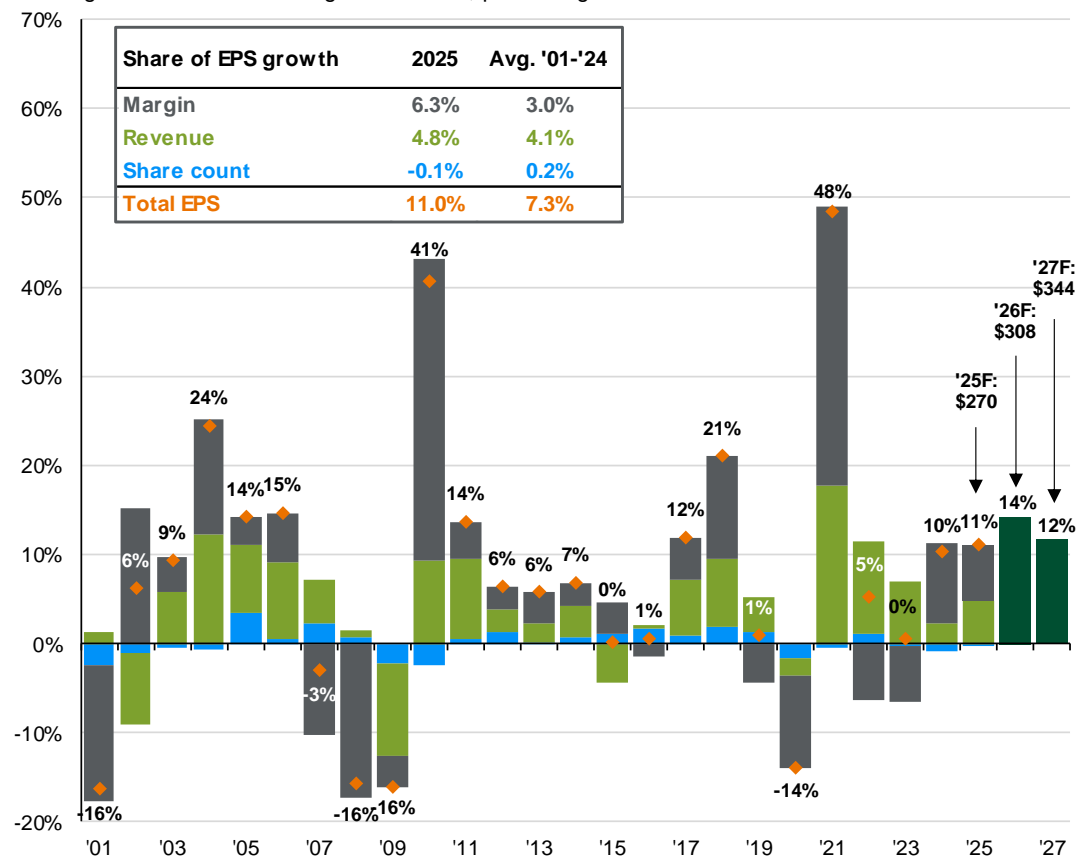
Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management. The top 10 S&P 500 companies are based on the 10 largest index constituents at the beginning of each quarter. As of 3/31/2025, the top 10 companies in the index were AAPL (7.0%), MSFT (5.9%), NVDA (5.6%), AMZN (3.8%), GOOGL/GOOG (3.4%), META (2.7%), BRK.B (2.1%), AVGO (1.7%), TSLA (1.5%), and JPM (1.4%). The remaining stocks represent the rest of the 492 companies in the S&P 500.
Guide to the Markets – U.S. Data are as of March 31, 2025.

Sources of Earnings Growth and Profit Margins

Equities

S&P 500 year-over-year pro forma EPS growth

Annual growth broken into changes in revenue, profit margin and share count



S&P 500 profit margins

Quarterly earnings/sales



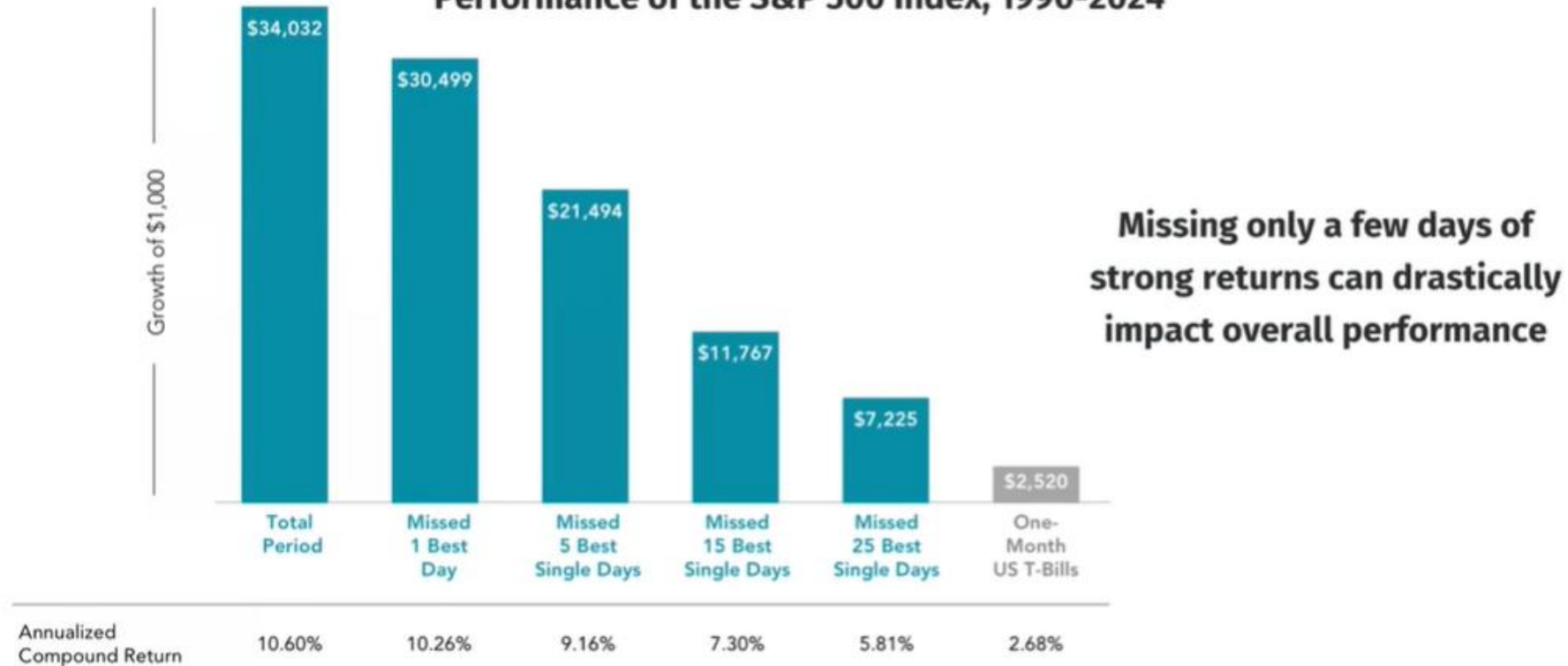
Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Historical EPS levels are based on annual pro forma earnings per share. 2025, 2026 and 2027 EPS growth are based on consensus analyst estimates for each calendar year. Past performance is not indicative of future returns.

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

Reacting Can Hurt Performance

Performance of the S&P 500 Index, 1990-2024



Source: Dimensional Fund Advisors. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global, in USD. "One-Month US T-Bills" is the 1A SBB1 US 30 Day Tbill TR USD, provided by Ibbotson Associates via Morningstar Direct. Data is calculated off rounded daily index values. For illustrative purposes. The missed best day(s) examples assume that the hypothetical portfolio fully divested its holdings at the end of the day before the missed best day(s), held cash for the missed best day(s), and reinvested the entire portfolio in the S&P 500 at the end of the missed best day(s). Annualized returns for the missed best day(s) were calculated by substituting actual returns for the missed best day(s) with zero. Indices are not available for direct investment. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. Past performance is not a guarantee of future results. Actual returns may be lower.

Why Guardrails Are Important

Guiding Principles

We are skeptical of man's ability to predict the future. We believe that most investors measure the wrong things. You know how to invest if you simply trust what you already know.

No Man is God	The Goose That Lays the Golden Eggs	The Tortoise And the Hare	Prepare for The Flood
Don't time the market.	Don't spend your principal.	Invest, don't speculate.	Black swans exist.
Don't think someone is smarter or has a better computer.	Remember, dollar cost averaging works in reverse.	Value matters.	Floods happen personally and geopolitically.
			

Growth

Income

Safety



Thank You!

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