

# Atherean

## Asset Management

April 28, 2025

Dear Atherean Asset Management clients:

Enclosed is your portfolio performance report, a summary of your investment objectives and target asset allocation as per our records, and an investment advisory fee statement for the second quarter of 2025. It is important that you review your investment objectives and target asset allocation and let us know if any of it is incorrect or if there are any changes to your financial profile or liquidity needs. For a full report of the holdings in your accounts we encourage you to refer to your statements and reports generated by the custodian.

### Market and Portfolio Performance

Non-U.S. equities substantially outperformed their U.S. counterparts in the first quarter with the Europe, Australasia and Far East index ("EAFE") up 7.0% year-to-date while the large-cap S&P 500 was down 4.4%, the mid-cap S&P 400 index was down 6.1%, and the small-cap S&P 600 index was down 8.9%<sup>1</sup>. Strict global diversification would have paid off handsomely as a market-cap weighted global equity portfolio was down only 1.0% for the quarter<sup>2</sup>.

At the beginning of the second quarter we experienced the highest equity market volatility since the COVID-induced economic lockdown in 2020. As we mentioned to you in our memo several weeks ago, we believe that U.S. equity markets, particularly the mega-cap growth stocks, had been richly valued for quite some time and that sooner or later this bubble was ripe for disruption. In managing your portfolio we will continue to focus on value and price discipline and asset allocation as relates to your time horizon and risk tolerance.

There has been a significant amount of talk about the end of "American exceptionalism" recently as growth-heavy U.S. equity indices have significantly underperformed their non-U.S. counterparts for the first time in several years. However we are very much bullish on the U.S. economy over the long-term and agree wholeheartedly with Warren Buffett's "never bet against America" statement from several years ago. There is a human tendency to believe that "this time is different" each and every time there is market volatility however a glance at an almost 250-year chart of U.S. economic and stock market history reveals several dozen bear-market or substantively corrective episodes including the Rich Man's Panic of 1901, the Lehman Brothers and Bear Stearns failures of 2008, the 1929 market crash, the internet and telecommunications bubble meltdown of 2000-2002, the Nifty Fifty bear market of the 1970s, the market crash of 1792, the Panic of 1819, the Panic of 1837, the Panic of 1857, the Panic of 1884, the Panic of 1896, the 1997 Asian Financial Crisis, and the 1987 market crash. Yet U.S. equity markets have risen to new highs subsequent to each of these events, in many cases within several years or less. According to data provided by Jeremy Siegel in his classic book "Stocks for the Long Run"<sup>3</sup>, one dollar invested in U.S. equity markets in 1802 would be worth \$2.3M in real, inflation-adjusted terms at the end of 2021, while that same dollar invested in bonds would be worth \$2,163, \$4.06 if invested in gold, and \$0.04 had it been held in non-interest-bearing cash.

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<sup>1</sup> All return figures are year-to-date total return (including dividends) figures as of 3/31/2025

<sup>2</sup> This is based on the performance of the Vanguard total World Stock ETF (VT), which tracks the FTSE Global All-Cap Index, a market-cap weighted index which effectively includes all liquid stocks in the world

<sup>3</sup> Siegel, Jeremy J., "Stocks for the Long Run: the Definitive Guide to Financial Market Returns and Long-Term Investment Strategies", Figure 1.1, Sixth Edition, 2023

## Operational Updates

A reminder that if your account(s) are custodied at Altruist we no longer include performance reports in these quarterly updates as you are now able to view detailed performance history of your account(s) by logging in to the Altruist portal. If you would like to move your account(s) from Altruist to Schwab please reach out to us as we would be glad to provide you with the requisite account transfer forms, which in most cases can be executed electronically within a few minutes.

We appreciate the trust you have given us to manage a significant portion of your wealth. As always, we are available to discuss your investment portfolio, discuss your financial plan, or address any other questions or concerns which you may have. Please feel free to reach out via phone or email if you would like to speak with us.

Sincerely,

A handwritten signature in dark ink that reads "Atherean Asset Management". The signature is fluid and cursive, with the company name written in a single line.

Atherean Asset Management LLC

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## Disclosures:

*This information is not an attempt to render investment advice nor is it an offer or sale of any security, investment product, or investment advice. Descriptions of past equity and fixed income index performance are shown for illustrative purposes only and should not be used to infer future performance. Past performance is not a guarantee of future results.*

*Statements in this document are made as of the date of this document unless stated otherwise, and there is no implication that the information contained herein is correct as of any time subsequent to such date.*

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