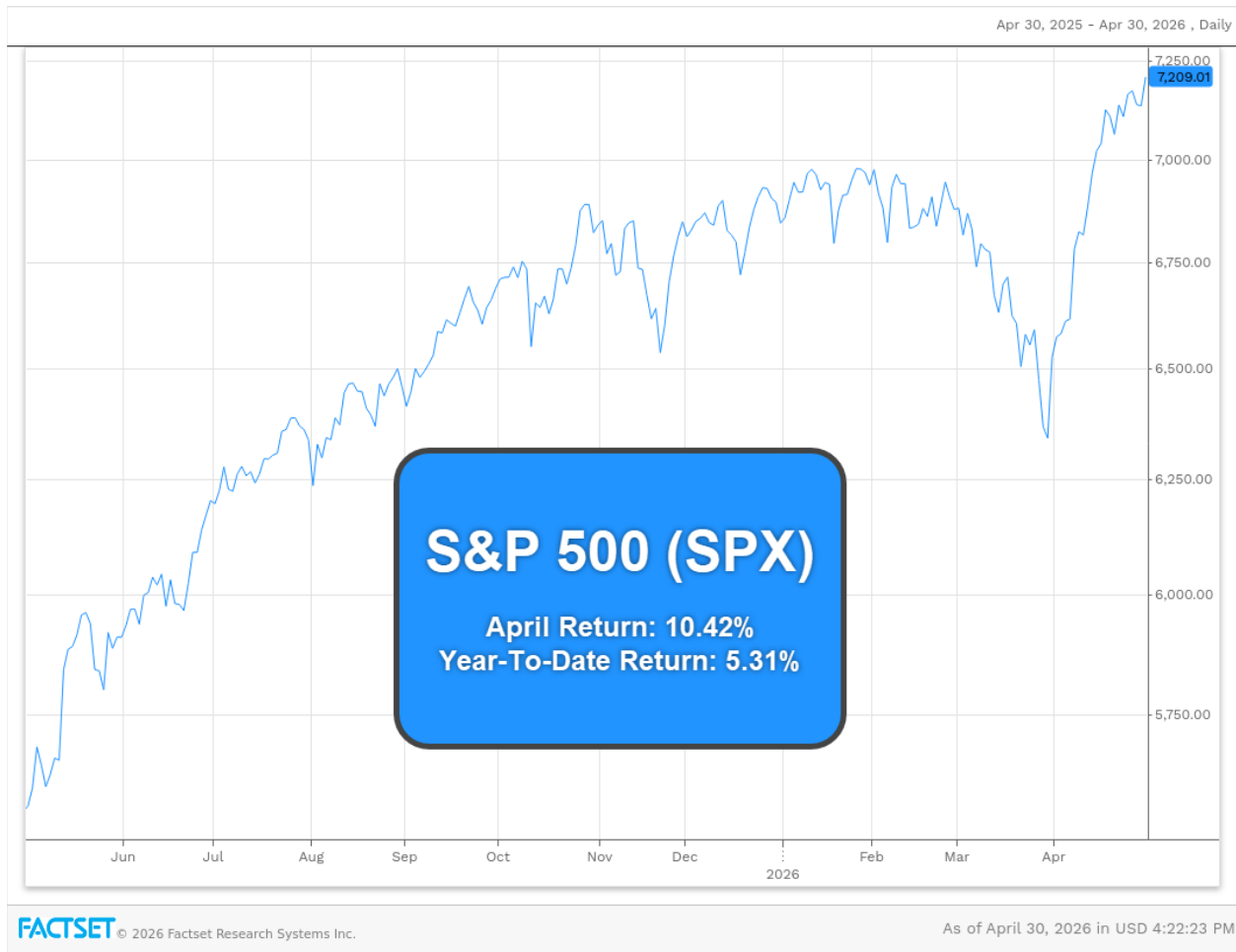


# TRUE NORTH WEALTH MANAGEMENT

OF SULLIVAN & ASSOCIATES WEALTH MANAGEMENT

## April Client Newsletter

Volatility is the price investors pay for growth, and April demonstrated why that volatility is usually worth the hassle. The S&P 500 (SPX) was down almost 10% from all-time highs near the end of March, spurring concerns as the conflict with Iran intensified. While investors may have been uncomfortable, the market's situation was fairly common, with 56% of years experiencing a decline of 10% from highs at some point. Despite those drawdowns, the market has still averaged an 11% return over time when including dividends. In this year's case, SPX rallied sharply higher in April, returning to all-time highs and gaining 10% for its best month since November 2020.



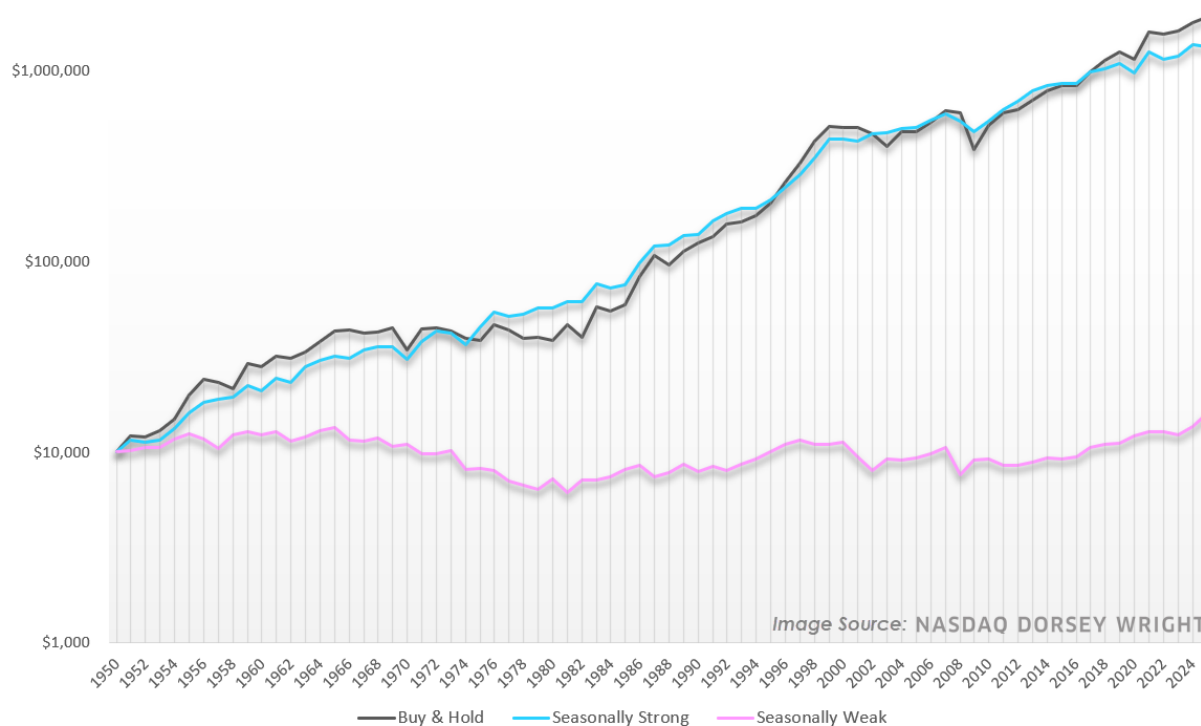
Growth areas of the market performed even better, with Nasdaq-100 (NDX) gaining an astounding 15% for its best month since October 2002.

Stocks initially benefited from a partial easing of geopolitical tensions, as the U.S. and Iran reached a preliminary ceasefire, though negotiations ultimately returned to a deadlock. Despite the lack of a full resolution, strong corporate earnings helped sustain the market's rally. So far this quarter, 84% of S&P 500 companies have reported earnings above analyst expectations, exceeding forecasts by an average of 12.3%. Meanwhile, S&P 500 profit margins have reached new all-time highs. While the S&P 500 has grown 5% YTD, earnings expectations for the next twelve months have increased by almost 10%, leaving stocks roughly 5% cheaper than when we began 2026.

Looking ahead at the rest of the year, there's an old market adage that says, "Sell in May and go away." The phrase refers to the historical tendency for the market to generate the majority of its gains during the six-month period from November to April, while returns from May through October have been more muted. However, not all years follow the pattern. The Dow Jones (.DJIA) gained 17% and 10%, respectively, during the last two seasonally weak periods, offering some optimism that the market can perform well once again.

### US Market Seasonality: Growth of \$10,000

All hypothetical portfolios employ data based upon the Dow Jones Industrial Average (.DJIA) from April 30, 1950, through October 31, 2025.



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- **S&P 500 Index** is a capitalization-weighted index calculated on a total return basis with dividends reinvested. The index includes 500 widely held U.S. market industrial, utility, transportation and financial companies. show less

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