



The Compass Rose Group

at Morgan Stanley

Cardinal Directions - *Our Thoughts*

April 2025

Earlier this year, markets rallied on expectations of lower regulation and tax cuts. The focus has turned to aggressive tariff policies, which were initially perceived as negotiation tools but are now transitioning into a significant revenue source for the U.S. government. While this shift is still developing, we expect the market to gradually adjust to this new reality and price in tariffs as a longer-term economic factor rather than just a temporary trade strategy.

Because this transition is ongoing and uncertainty remains high, we anticipate continued market volatility. Until there is greater clarity on how tariffs will ultimately impact economic growth, we expect sharp moves in both directions.

The challenge with tariffs is that their impact can vary. They can be:

1. **Negative**, if higher input costs weigh on corporate margins and consumer prices.
2. **Neutral**, if domestic spending offsets those costs through a multiplier effect.
3. **Expansionary**, if domestic consumption rises enough to stimulate economic growth.

For now, the job market remains strong, and we do not expect a vicious economic cycle, where job losses lead to weaker consumption, which in turn hurts corporate earnings and drives further layoffs. As long as employment remains healthy, the foundation for economic stability remains intact.¹

Importantly, despite short-term volatility, earnings growth projections remain in the double digits for the next three years, and there continues to be substantial investment in the U.S. economy. Companies are still deploying capital, expanding operations, and investing in new technologies. This reflects underlying economic strength and supports our expectation that markets will fully recover from this volatility, though it will take time to work through the uncertainty.²

We acknowledge the market's concerns, but we also see areas of resilience. While uncertainty remains high and volatility is likely to persist, the key factors to watch will be inflation trends, Fed policy, and consumer spending among higher-income households.

Scheduling Your Next Portfolio Review

The Compass Rose Group operations team is continuing to find solutions to help provide efficient and effective levels of service to clients, including scheduling biannual portfolio review meetings.

In case you have not seen it yet, we are sending out an email every six months inviting clients to schedule time with their primary advisor. When you see "Scheduling Your Next Portfolio Review" in your inbox, simply open the message and click the button "Send Meeting Request" to generate an email to our scheduling team. The email will prompt you to fill in relevant information including your name, preferred day of the week, preferred time of day, and preferred location (i.e., in-person, via Zoom, or by phone). Once you hit send, a service associate will follow-up with a few options that meet your preferences.

You can also schedule directly by calling Craig Jones, our Registered Client Service Associate, at 505-889-2826.

Market Moves

Click the link below to review the recent movements and current standings of the Capital Market Indices (As of 4/1/25)

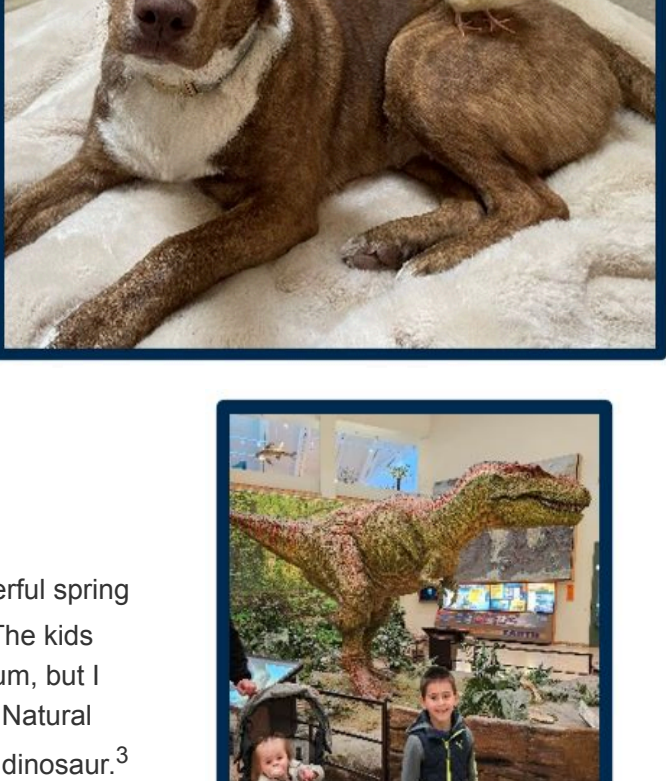
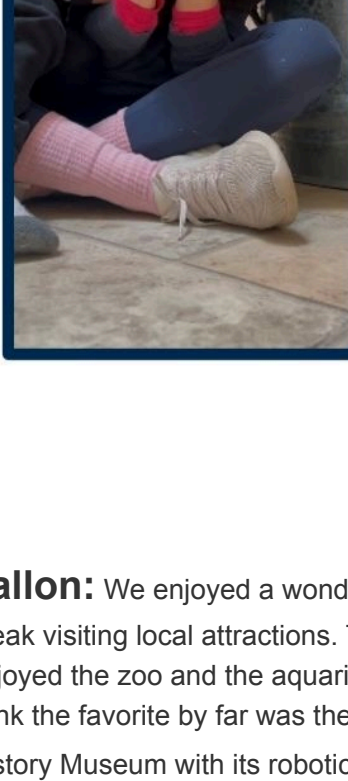
Capital Market Indices

Personal Notes:

Chuck: Bring on April. Going to spend a week in early April babysitting the two grandsons in California while the parents get in a bit of vacation time. Will be fun and exciting to see San Jose through their eyes. Masters' week (golf) is in early April and always the kickoff to the main golf season and the sign of springtime. Will be in San Jose so naptime will be my watch time. Lots of family birthdays in April so will be a busy month.

Jake: Spring is starting to show itself, and we're feeling the seasonal energy pick up. Amber is heading to Colorado for another Advanced Rolifing course – always a great opportunity to deepen her practice and bring back new insights. We also had the joy of having Bella home for Spring Break, and it was wonderful to spend some quality time together as a family. The garden is next on our minds – seeds are on the way, and we're hopeful for a productive crop this year. Here's to growth in all its forms!

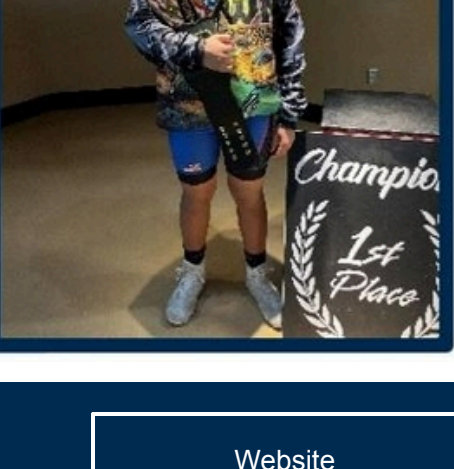
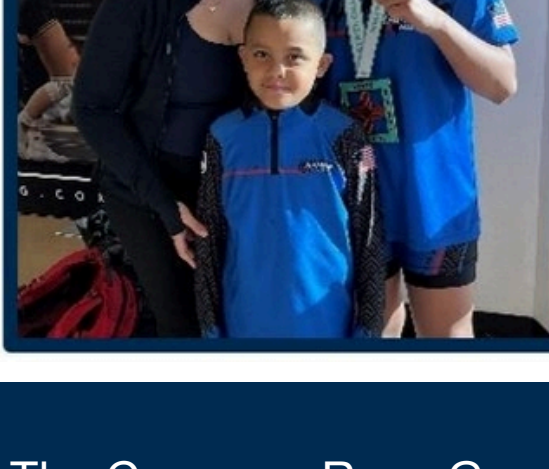
Will: The Reardon Farm is in full swing with nine chickens joining us in March. To be honest, I wasn't sold on these little chickens initially, but they are growing on me. Excited for warmer weather, irrigation season, and plenty of family time outside! Happy spring to all.



Fallon: We enjoyed a wonderful spring break visiting local attractions. The kids enjoyed the zoo and the aquarium, but I think the favorite by far was the Natural History Museum with its robotic dinosaur.³



Sarai: I recently hit my six-month milestone with The Compass Rose Group, I'm truly grateful not only for being a part of a team that makes every day a learning adventure, but also for the pleasure of getting to know each one of our clients. At home, things have been just as exciting. My boys have just wrapped up their wrestling season, and I'm bursting with pride over my oldest, Joel, who clinched both a state championship and a national title. Watching him work hard has been incredibly inspiring.⁴



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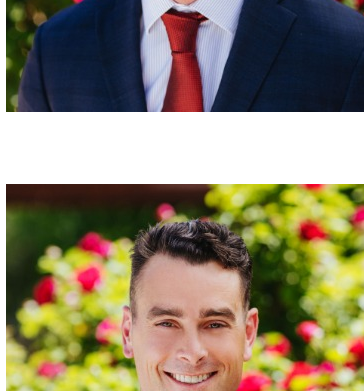


Charles Reardon

[Connect on LinkedIn](#)

Managing Director, Wealth Advisor

[Contact Charles](#)



Jake Tolk, CFA, CFP®, CRPC®

[Connect on LinkedIn](#)

Executive Director, Financial Advisor,
Senior Portfolio Management Director,
Alternative Investments Director,
Family Wealth Director

[Contact Jake](#)



William Reardon

[Connect on LinkedIn](#)

Senior Vice President, Financial Advisor,
Alternative Investments Director
Portfolio Management Director

[Contact Will](#)



Thomas M. Batson, CFP® CIMA®

[Connect on LinkedIn](#)

Financial Advisor

[Contact Tom](#)

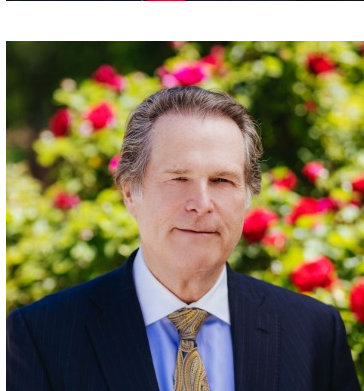


Lisa Obeji, CRPC®, QPFC

[Connect on LinkedIn](#)

Senior Vice President, Financial Advisor

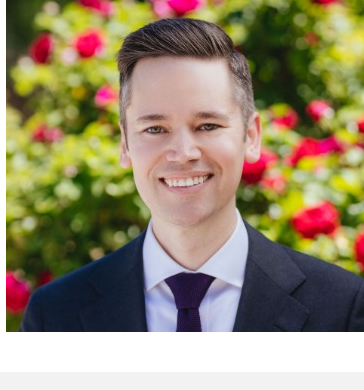
[Contact Lisa](#)



Kenneth Montoya

First Vice President, Financial Advisor

[Contact Kenneth](#)

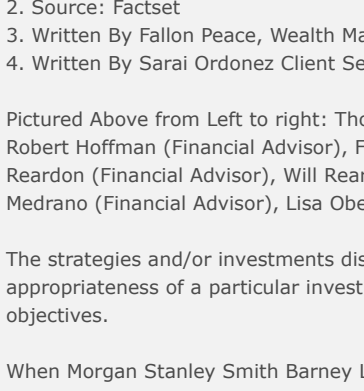


Robert Hoffman

[Connect on LinkedIn](#)

Vice President, Financial Advisor

[Contact Robert](#)



Justin Medrano, CIMA®

[Connect on LinkedIn](#)

Financial Advisor, Branch Manager

[Contact Justin](#)

1. Source: Factset

2. Source: Factset

3. Written By Fallon Peace, Wealth Management Associate at The Compass Rose Group at Morgan Stanley

4. Written By Sarai Ordóñez Client Service Associate at The Compass Rose Group at Morgan Stanley

Pictured Above from Left to right: Thomas Batson (Financial Advisor), Jesse Casasa (Client Service Associate), Robert Hoffman (Financial Advisor), Fallon Peace (Portfolio Associate), Jake Tolk (Financial Advisor), Charles Reardon (Financial Advisor), Will Reardon (Financial Advisor), JoAnn Trevino (Client Service Associate), Justin Medrano (Financial Advisor), Lisa Obeji (Financial Advisor), Kenneth Montoya (Financial Advisor).

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