

MARKET INSIGHTS

APRIL 2025



PARK EDGE

Quad 4 – Deflation (growth and inflation slowing) remains the prevailing macro regime, just as we highlighted last month. You’ll notice this reflected in the downgraded Asset Class Signal Strength section below, along with reduced equity exposure in our Portfolio Snapshots.

The sharp downturn in equities—true to the saying “risk happens slowly, then all at once”—was accelerated by major tariff announcements, a risk we’ve consistently flagged since the election. The familiar adage about President Trump still holds: don’t take him literally, but do take him seriously.

Consensus GDP estimates have now come down to levels more aligned with our outlook. However, we continue to believe Wall Street is underestimating inflation. Disinflationary trends are nearing an inflection, and we expect CPI to drift higher—remaining far enough above the Fed’s 2% target to satisfy investors’ desire for rate cuts. Equity markets would need to deteriorate notably further to compel the Fed to place financial stability ahead of its inflation mandate. If/when they roll out a new name for what amounts to Quantitative Easing, it’s likely to be a buy signal.

ASSET CLASS SIGNAL STRENGTH:

ASSET CLASS	APRIL 2025	MARCH 2025	3 - 12 MONTH OUTLOOK *
EQUITIES	DEFENSIVE SHORT	OFFENSIVE LONG	FAVORABLE
FIXED INCOME	DEFENSIVE LONG	DEFENSIVE LONG	FAVORABLE
COMMODITIES	DEFENSIVE LONG	DEFENSIVE LONG	FAVORABLE
US DOLLAR	DEFENSIVE LONG	OFFENSIVE LONG	UNFAVORABLE
RFR (3M TBILL)	DEFENSIVE LONG	DEFENSIVE LONG	NEUTRAL
BITCOIN	DEFENSIVE LONG	OFFENSIVE LONG	FAVORABLE

PORTFOLIO SNAPSHOT *(new format shows current exposure relative to target range)*

MODEL	EQUITIES			FIXED INCOME		
	RANGE	APR 2025	MAR 2025	RANGE	APR 2025	MAR 2025
BOND	--	--	--	-25 to 100%	45%	45%
PEA CORE STOCK	100%	100%	100%	--	--	--
MODERATE ARM	30 to 60%	45%	60%	10 to 40%	20%	20%
DIVIDEND INCOME	30 to 60%	45%	60%	10 to 40%	20%	20%
MACRO PERSIST	-40 to 40%	20%	20%	-40 to 40%	30%	30%
SYSTEMATIC MACRO	0 to 60%	0%	0%	--	--	--
ALL ASSET	-25 to 100%	0%	25%	-25 to 100%	15%	15%
FOCUS	-100 to 300%	42%	42%	-100 to 300%	22%	22%
Special Situation Equity	0 to 100%	85%	85%	--	--	--

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CURRENT MARKET REGIME: *current conviction score 52%*

Quadrant	MARKET REGIME	
	Current % Share	Previous % Share
GOLDBLOCKS / Quad 1	18%	24%
REFLATION / Quad 2	11%	26%
INFLATION / Quad 3	30%	23%
DEFLATION / Quad 4	42%	27%

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