

2nd
Qtr.
2025



THE ART OF INVESTING

Our View

A QUARTERLY NEWSLETTER
from SABAL TRUST

Like the art world, investing requires discipline, focus and perseverance. The timeless principles that guided artists like Picasso, da Vinci and Monet as they meticulously created their works are equally relevant to today's investors. The successful techniques used by these renowned artists include planning, patience and execution. Investors looking to effectively navigate tariff uncertainty, a slowing economy and questions about interest rates should follow these techniques to position for success.

Each quarter, we'll highlight one of the many ways we help enrich your life and legacy.

History of Volatility

Market history is defined by periods of volatility. Research conducted by Crandall Pierce indicates the S&P 500 experienced a correction or bear market on average every two years since the 1940's. They note that the markets often trend higher, with the S&P spending an average of 5.9 years in bull markets compared to declining periods that average 7.4 months. Knowing these statistics does not make dealing with volatility easier.

Yet, embracing volatility allows our clients to remain disciplined and focused on their long-term investment plans.

Above & Beyond ESTATE ADMINISTRATION AND SETTLEMENT

The estate settlement process can be overwhelming, and the multifaceted and often time-consuming tasks involved in settling an estate require experienced counsel. Detailed work occurs between the gathering of estate assets, filing tax returns and making final distributions to beneficiaries, and personal representatives are faced daily with legal and tax decisions. It is important to select a fiduciary who fully understands the complexity of state law and the tax issues surrounding estate administration. Equally important is selecting someone who has the compassion to work closely with surviving family members during a difficult time. Sabal Trust has the depth of resources and professional experience needed to handle the complex and detailed responsibilities associated with your unique estate, including the expertise to settle estates with closely held businesses, commercial real estate and other unique assets.

Discipline

The great classical painters exhibited discipline in their respective works of art. Michelangelo's discipline and focus were evident in his years of study, preparation and focus on detail as he produced masterpieces like the Statue of David and painted the Sistine Chapel's ceiling. Investment discipline is equally important, especially when dealing with elevated market instability and stress. Missing the best 10 days in the S&P 500 over the past 30 years would have reduced an investor's total return by 54%.

Discipline is necessary to achieve long-term investment success, while its absence can destroy wealth.

Bonds

Bonds provide stability, and recently, they have enjoyed quite the renaissance due to elevated equity market stress. The Federal Reserve is likely to remain cautious about lowering interest rates and will stay attentive to the economic impact of tariffs and federal employment levels. However, given the growing policy uncertainty, there is the expectation of three rate cuts in 2025.

The prospect of lower rates is an excellent opportunity for investors to lock in solid total returns in an asset class that is a critical part of any balanced portfolio.

Emotional Control

Market cyclicalities are normal. Investors must embrace the inevitable ups and downs. Stock prices fluctuate based on economic data, company fundamentals and exogenous shocks. Investor psychology and emotions also play a role in shaping stock prices. Emotions are in constant motion like a metronome. Rarely do investor emotions remain static as they often swing to extremes, fueling market volatility.

The ability of investors to manage their emotions is a critical factor in achieving success.

Balance

Just as Leonardo da Vinci embraced diversification as he mastered various art forms, including paintings, sculptures and drawings, so should investors. Diversification helps manage risk by owning various asset classes and individual securities. Almost 40% of the S&P 500 is concentrated in just 10 stocks, posing real risks to investors. Diversified portfolios can perform better during market turbulence. Our clients' portfolios demonstrated stability during recent market declines because they are balanced and diversified.

In fact, asset allocation is the most important determinant of total returns over longer market cycles.

The Complexity of Risk

Known and unknown risks surface in many forms. As a result, we believe investors should consider risk from a multi-dimensional perspective. We assess risk by exploring our clients' willingness to take risks so we can understand their potential reactions during volatile markets. The second aspect is their ability to take risks. Will their lifestyle be affected by a significant or prolonged market downturn? Finally, we evaluate whether clients need to take risks in the capital markets to achieve their desired goals and objectives.

Risk management involves trade-offs and deciding which risks to accept and which to try and avoid.

Outlook

Shifting sentiment and economic expectations have shaped markets since the start of the year. Slowing economic growth, dampened earnings estimates, and tariff concerns fueled the instability. Policy developments will continue to paint the economic picture and influence investor emotions as we move into the summer months. Just as artists like Rembrandt and Picasso meticulously observed their subjects to capture every detail, investors should carefully monitor the economy and future policy initiatives. This diligence will allow them to make more informed portfolio strategy decisions in an ever-evolving environment.

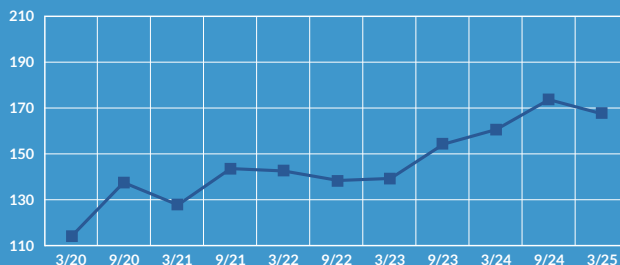


STOCK FOCUS:

Procter & Gamble

Stock Symbol: **PG** Market Capitalization: **\$413B** Dividend Yield: **2.3%** Long-Term Earnings Growth: **4.7%** 2025 P/E: **24.1x** Return on Equity: **30.8%**

Founded in 1837, Procter & Gamble is one of the world's largest consumer goods companies. P&G maintains a strong brand portfolio heavily weighted toward daily consumption. P&G's products generate robust cash flow and provide solid earnings visibility. The company has increased its dividends for 68 consecutive years. Their strong balance sheet, combined with strategic initiatives, including streamlining supply chains and enhancing their digital ecosystem, positions P&G for continued success.



Visit our website at SABALTRUST.COM

St. Petersburg
727.824.8700
101 Central Avenue
St. Petersburg, FL 33701

Sarasota
941.556.0760
1800 Second Street
Suite 103
Sarasota, FL 34236

Tampa
813.229.2180
4211 W. Boy Scout Blvd.
Suite 190
Tampa, FL 33607

The Villages
352.751.2199
1060 Lake Sumter Landing
The Villages, FL 32162