



# APRIL 2025 MARKET COMMENTARY

## Summary

- **U.S. Treasury Curve:** Volatile investment markets throughout April reacted to shifting trade policy messaging, mixed economic readings, and President Trump's expression of frustration with the Federal Reserve (Fed). Intermediate Treasury yields<sup>1</sup> ended April lower.
- **Municipal Market Rates and Technicals:** Macroeconomic concerns caused the municipal market to shift dramatically week-to-week. Nevertheless, issuance remained elevated and fund outflows slowed, helping to sustain demand. Higher yields and Municipal/Treasury Ratios<sup>2</sup> (M/T ratios) relative to recent years created favorable conditions to extend duration.
- **Corporate Market Technicals:** The option-adjusted spread (OAS) for the Bloomberg (BBG) Corporate Investment Grade (IG) Index<sup>3</sup> (the Corporate Bond Index) widened by 12 basis points (bps), as concerns increased over broad and sector-specific tariff effects. Total fixed-rate gross investment grade (IG) corporate bond new issuance was \$118.7 billion, although \$156 billion in redemptions left net issuance in negative.
- **Securitized Trends:** BBG data showed monthly total returns were positive across the mortgage-backed securities (MBS) and asset-backed securities (ABS) sectors, while excess returns<sup>4</sup> were negative.
- **Equity Market Trends:** Equity markets, as measured by the S&P (the S&P Index)<sup>5</sup> experienced losses for most of the first half of April and rebounded during the second half, ending lower by less than 1 percent for the month.

---

*The following commentary is a summary of discussions among members of the Breckinridge Capital Advisors Investment Committee as they reviewed monthly activity in the markets and investment returns. The members of the Investment Committee, under the leadership of Co-Chief Investment Officers Matthew Buscone and Jeffrey Glenn, CFA, are Co-Heads of Research, Nicholas Elfner and Adam Stern, J.D., M.P.A.; and Portfolio Manager and Director, Corporate Research, Josh Perez, CFA.*

1. U.S. Department of the Treasury, as of March 31, 2025.

2. The Municipal/Treasury (M/T) ratio compares yields of municipal bonds with those of U.S. Treasury bonds of the same maturity. M/T ratios can show the relative value of municipal bonds compared with taxable bonds, by indicating when yields for municipal bonds exceed the after-tax yields on taxable bonds.

3. IG Corporate bond performance is as measured by the BBG U.S. Corporate Investment Grade Bond Index, an unmanaged market-value-weighted index of investment grade corporate fixed-rate debt issues with maturities of one year or more. You cannot invest directly in an index.

4. Excess return refers to the amount by which an investment's actual return exceeds what is expected, given its risk level. It measures how much an investment outperforms a benchmark or a risk-free rate. A positive excess return indicates outperformance, while a negative one suggests underperformance. Bond excess return is typically the return of a corporate or securitized bond compared to the return of a U.S. Treasury security of the same maturity.

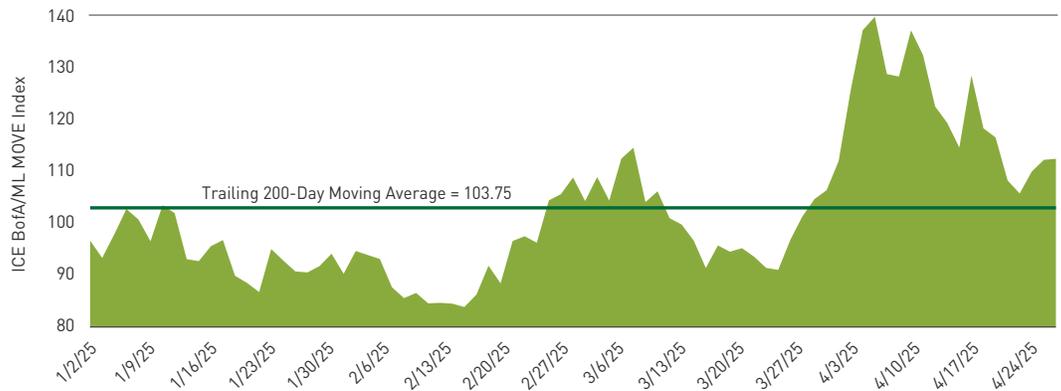
5. The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market-value-weighted index with each stock's weight in the index proportionate to its market value. You cannot invest directly in an index.



## MARKET REVIEW

Market volatility jumped higher in April, as measured by the Intercontinental (ICE) Bank of America/Merrill Lynch Option Volatility Estimate (MOVE) Index<sup>6</sup> and the Chicago Board Options Exchange (BoE) Volatility Index<sup>7</sup> (VIX), when President Donald J. Trump announced higher tariffs to be applied more broadly than anticipated (See Figures 1 and 5).

**FIGURE 1: BOND MARKET VOLATILITY JUMPED IN EARLY APRIL & REMAINED WELL ABOVE THE 200-DAY MOVING AVERAGE**

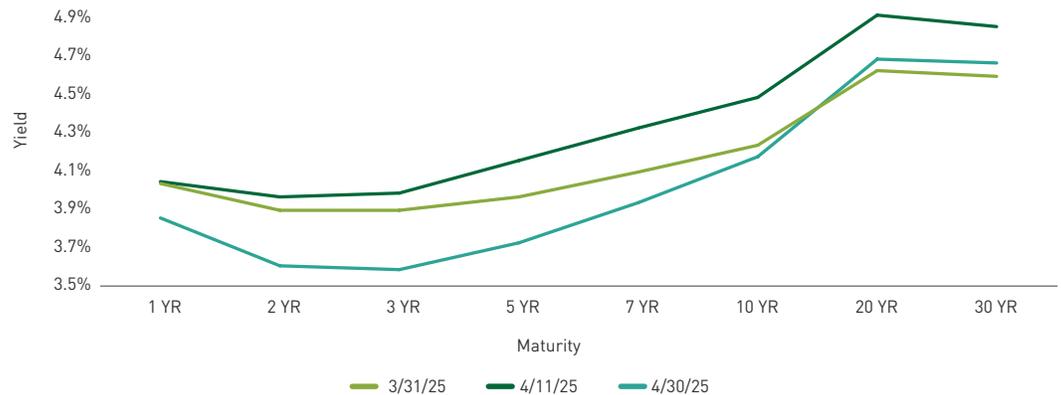


Source: Intercontinental Exchange, as of April 30, 2025. Past performance is not indicative of future results.

In the weeks that followed, a series of changes—from a 90-day pause on many tariffs, to increased tariffs on goods from China, to suggestions that other tariffs may be reduced—caused almost daily swings in stock and bond market sentiment and values. A series of additional policy and data reports contributed to lower consumer confidence, amid increasing recession concerns.<sup>8</sup>

By the end of the month, Treasury yields were lower for 2-, 5-year, and 10-year Treasuries by 28, 22 and 4bps, respectively. The 30-year Treasury yield was 11bps higher (See Figure 2). The BBG U.S. Treasury Index<sup>9</sup> (the Treasury Index) recorded an April total return of 0.63 percent.

**FIGURE 2: AFTER JUMPING ON TARIFF ANNOUNCEMENTS, TREASURY YIELDS SETTLED BACK TO END APRIL MOSTLY LOWER THAN MARCH**



Source: U.S. Department of the Treasury, as of April 30, 2025. Past performance is not indicative of future results.

6. As of March 31, 2025, based on the Intercontinental (ICE) Bank of America/Merrill Lynch Option Volatility Estimate (MOVE) Index, which tracks the movement in U.S. Treasury yield volatility implied by current prices of one-month over-the-counter options on 2-year, 5-year, 10-year and 30-year Treasuries. Historically, the index rises as concerns grow that interest rates may be higher. You cannot invest directly in an index.

7. The Chicago Board Options Exchange (CBOE) Volatility (VIX) Index is the ticker symbol and name for the Chicago Board Options Exchange's (CBOE) Volatility Index, a measure of the stock market's expectation of volatility based on S&P 500 index options. You cannot invest directly in an index.

8. For example, on April 17, the Associated Press reported that President Donald Trump said that he could dismiss Fed Chair Jerome Powell for not cutting interest rates, renewing a legal disagreement about the central bank's political independence. The National Association of Realtors reported that existing home sales declined in March. On April 29, CNN reported that the University of Michigan April Consumer Confidence Index fell to its lowest level since May 2020. Also on April 29, the U.S. Bureau of Labor Statistics reported that job openings moved down in March for the second month. The Bureau of Economic Analysis (BEA) reported on April 30 that Core Personal Consumption Expenditures (PCE) inflation slowed in March, on a month-over-month basis, while upward revisions to January and February led core PCE inflation to rise 3.5 percent on a quarter-over-quarter seasonally adjusted basis (Q/Q SAAR) in the first quarter. Also on April 30, the BEA announced a 0.3 percent Q/Q SAAR decline in real gross domestic product (GDP) in the first quarter, following a 2.4 percent Q/Q SAAR gain in Q4, and a wide March trade deficit.

9. The BBG U.S. Treasury Bond Index is an unmanaged index of prices of U.S. Treasury bonds with maturities of 1 to 30 years. You cannot invest directly in an index.



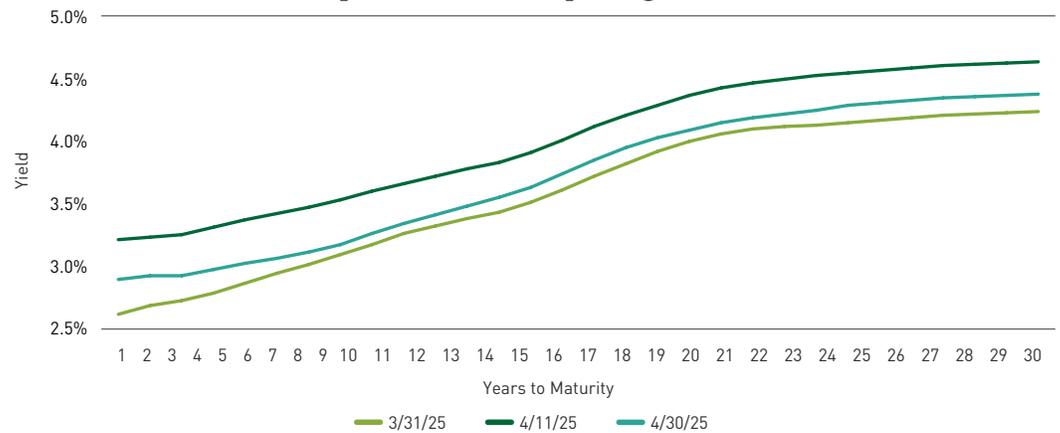
The Breckinridge Investment Committee is expecting two cuts to the federal funds rate in 2025 and anticipates the combined impacts on gross domestic product (GDP) and inflation of Department of Government Efficiency’s (DOGE) efforts and tariffs to be net negative, exerting modest downward pressure on growth and upwards pressure on inflation.

### MUNICIPAL MARKET REVIEW

The Bloomberg (BBG) Short/Intermediate (1-10) Municipal Bond Index<sup>10</sup> fell just 0.58 percent during the month of April, despite dramatic swings intramonth.

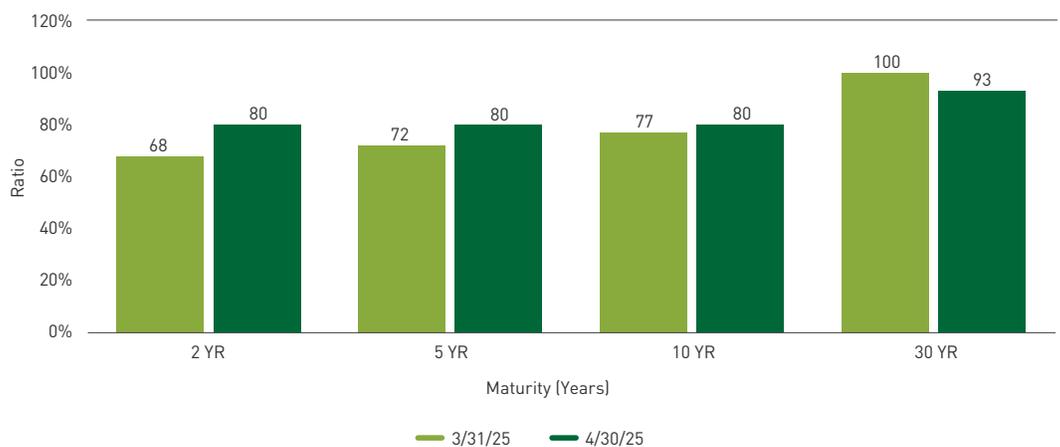
During April, municipal bond yields at 2-, 5-, 10-, and 30-years increased by 26, 19, 16, and 18bps, respectively (See Figure 3). M/T ratios improved (See Figure 4).

**FIGURE 3: AFTER PEAKING FOLLOWING THE TARIFF ANNOUNCEMENTS, MUNICIPAL YIELDS ENDED APRIL HIGHER THAN MARCH**



Source: Municipal Market Data, as of April 30, 2025. Past performance is not indicative of future results.

**FIGURE 4: M/T RATIO IMPROVED FOR INTERMEDIATE MATURITIES**



Source: Municipal Market Data, as of April 30, 2025. Past performance is not indicative of future results.

Higher yields and M/T ratios offered a favorable opportunity to modestly extend duration across several strategies compared with their benchmarks.

Per the *The Bond Buyer* reporting London Stock Exchange Group (LSEG) data, April bond issuance was \$45.8 billion, up almost 12 percent from the prior month and 2 percent from the \$44.9 billion issued in the same month in 2024. April total issuance is above the 10-year average of \$35.4 billion. Through April 30, monthly municipal bond fund net asset outflows were \$2.8 billion, LSEG reported.

10. Municipal bond performance is as measured by the BBG Managed Money Short/Intermediate (1-10) Index, which measures the performance of the publicly traded municipal bonds that cover the USD-denominated short/intermediate term tax-exempt bond market, including state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. It is rules-based, and market-value weighted. You cannot invest directly in an index.



## CORPORATE MARKET REVIEW

The U.S. Corporate Index OAS widened, adding by 12bps. On a total return basis for April, the Corporate Bond Index fell 0.03 percent, with an excess return of negative 0.62 percent.

According to BBG data, the best-performing sectors were Supranationals, Foreign Agencies, Environmental, Wirelines, and Construction Machinery. The worst-performing were Oil Field Services, Independent Oil, Refining, Midstream, and Chemicals. On a total return basis, bonds rated A fared the best across the IG spectrum.

Total fixed rate gross IG supply was \$118.7 billion. After \$156.8 billion in redemptions, net supply was a negative \$38 billion, BBG reported. April total new issuance was 42 percent and 17 percent lower, respectively, than in the prior month and the same month one year ago.

Through April 30, a month-to-date net total of approximately \$44 billion flowed out of long-term taxable bond mutual and exchange traded funds (ETFs), according to the Investment Company Institute (ICI).

## SECURITIZED MARKET REVIEW

### SECURITIZED SECTOR ONE-MONTH RETURNS THROUGH APRIL 30, 2025

BBG Index	One-Month Total Return (%)	One-Month Excess Return (%)
BBG MBS Index <sup>11</sup>	0.29	-0.38
BBG CMBS Index <sup>12</sup>	0.91	-0.25
BBG Agency CMBS Index <sup>12</sup>	1.03	-0.16
BBG Non-Agency CMBS Index <sup>12</sup>	0.78	-0.34
BBG ABS Auto Loan Index <sup>13</sup>	0.55	-0.19
BBG ABS Credit Card Index <sup>13</sup>	0.58	-0.23

Source: BBG Index data, as of April 30, 2025. Past Performance is not a guarantee of future results.

During April, all securitized sectors earned positive total returns. Excess returns were negative.

According to BBG data, in the residential MBS sector, conventional<sup>14</sup> MBS with coupons ranging from 3 to 4.5 outperformed others in the category, while among Ginnie Mae<sup>15</sup> MBS, 3 and 3.5 coupons outperformed. Credit card ABS outperformed auto loan ABS on a total return basis, while trailing on an excess return basis.

## EQUITY MARKET REVIEW

The S&P Index earned a negative monthly return of 0.8 percent in April. After being off as much as 11 percent on April 8 and 8 percent on April 21, the S&P Index finished the month with seven consecutive positive trading sessions.

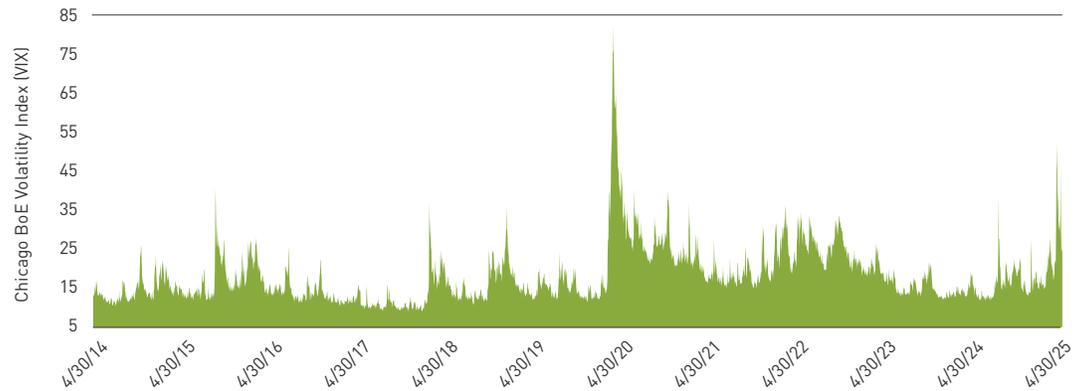
The VIX Index touched levels not seen since the COVID-19 pandemic (See Figure 5). The 200-day moving average increased from 17.5 to 19.6.

At a sector level, 5 of 11 sectors gained on the month: Information Technology (1.6 percent), Consumer Staples (1.1), Communication Services (0.6), Industrials (0.2) and Utilities (0.1) had positive returns, while Energy (-13.7), Healthcare (-3.8), Materials (-2.2), Financials (-2.2), Real Estate (-1.3) and Consumer Discretionary (-0.3) had negative returns.

11. The Bloomberg MBS Index tracks agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARM) guaranteed by government-sponsored enterprises (GSEs) Government National Mortgage Association (Ginnie Mae) (GNMA), Federal National Mortgage Association (Fannie Mae) (FNMA), and Federal Home Loan Mortgage Corporation (Freddie Mac) (FHLMC). The index is constructed by grouping individual pools into aggregates or generics based on program, coupon, and vintage. You cannot invest directly in an index.
12. The Bloomberg U.S. CMBS Investment Grade Index measures the market of U.S. Agency (GNMA, FNMA, and (FHLMC) and U.S. Non-Agency conduit and fusion CMBS deals with a minimum current deal size of \$300mn. You cannot invest directly in an index.
13. Bloomberg U.S. Asset-Backed Securities (ABS) Index is the ABS component of the Bloomberg U.S. Aggregate Bond Index, a flagship measure of the U.S. investment grade, fixed-rate bond market. The ABS index has three subsectors: credit and credit cards, autos, and utility. You cannot invest directly in an index.
14. Conventional MBS are issued by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC).
15. Ginnie Mae MBS are issued by the Government National Mortgage Association (GNMA).
16. The Russell 1000® Value Index is an unmanaged market capitalization-weighted index of value-oriented stocks of U.S. domiciled companies that are included in the Russell 1000 Index. Value-oriented stocks tend to have lower price-to-book ratios and lower forecasted growth values. You cannot invest directly in an index.
17. The Russell 1000® Growth Index is an unmanaged market capitalization-weighted index of growth-oriented stocks of U.S. domiciled companies that are included in the Russell 1000 Index. Growth-oriented stocks tend to have higher price-to-book ratios and higher forecasted growth values. You cannot invest directly in an index.



**FIGURE 5: EQUITY MARKET VOLATILITY HIT COVID-ERA LEVELS IN APRIL 2025**



Source: Chicago Board Options Exchange, as of April 30, 2025. Past performance is not indicative of future results.

The Russell 1000 Value Index<sup>16</sup> fell 3.1 percent, while the Russell 1000 Growth Index gained 1.8 percent.<sup>17</sup>

Performance among higher beta and higher momentum stocks led during the month, while value and dividend stocks lagged.

With speculation about tariff impacts in focus, according to Bloomberg, one-month realized correlation among stocks within the S&P 500 spiked to 0.6 to 0.7 throughout most of April, well above the five-year average of 0.29. Sector performance rotated throughout the month, but April featured poor breadth in returns of underlying securities.

On April 28, *FactSet* reported that the blended net profit margin for the S&P 500 for Q1 2025 is 12.4 percent, which is below the previous quarter's net profit margin, but above the year-ago net profit margin and above the 5-year average of 11.7 percent. It marked the fourth consecutive quarter that the S&P 500 is reporting a net profit margin above 12 percent.



---

**For Investment Professional and Institutional Use Only.**

#BCAI-05062025-y5xfzvkg (5/10/2025)

DISCLAIMER: All information and opinions are current as of the dates indicated and are subject to change. Breckinridge believes the data provided by unaffiliated third parties to be reliable but investors should conduct their own independent verification prior to use. Some economic and market conditions contained herein have been obtained from published sources and/or prepared by third parties, and in certain cases have not been updated through the date hereof.

There is no assurance that any estimate, target, projection or forward-looking statement (collectively, "estimates") included in this material will be accurate or prove to be profitable; actual results may differ substantially. Breckinridge estimates are based on Breckinridge's research, analysis and assumptions. Other events that were not considered in formulating such projections could occur and may significantly affect the outcome, returns or performance.

Not all securities or issuers mentioned represent holdings in client portfolios. Some securities have been provided for illustrative purposes only and should not be construed as investment recommendations. Any illustrative engagement or sustainability analysis examples are intended to demonstrate Breckinridge's research and investment process.

Yields and other characteristics are metrics that can help investors in valuing a security, portfolio or composite. Yields do not represent performance results but they are one of several components that contribute to the return of a security, portfolio or composite. Yields and other characteristics are presented gross of advisory fees.

All investments involve risk, including loss of principal. No investment or risk management strategy, including diversification, can guarantee positive results or risk elimination in any market. Periods of elevated market volatility can significantly impact the value of securities. Investors should consult with their advisors to understand how these risks may affect their portfolios and to develop a strategy that aligns with their financial goals and risk tolerances.

Past performance is not indicative of future results. Breckinridge makes no assurances, warranties or representations that any strategies described herein will meet their investment objectives or incur any profits. Performance results for Breckinridge's investment strategies include the reinvestment of interest and any other earnings, but do not reflect any brokerage or trading costs a client would have paid. Results may not reflect the impact that any material market or economic factors would have had on the accounts during the time period. Due to differences in client restrictions, objectives, cash flows, and other such factors, individual client account performance may differ substantially from the performance presented.

Actual client advisory fees may differ from the advisory fee used to calculate net performance results. Client returns will be reduced by the advisory fees and any other expenses incurred in the management of their accounts. For example, an advisory fee of 1 percent compounded over a 10-year period would reduce a 10 percent return to a 9 percent annual return. Additional information on fees can be found in Breckinridge's Form ADV Part 2A. Index results are shown for illustrative purposes and do not represent the performance of any specific investment. Indices are unmanaged and investors cannot directly invest in them. They do not reflect any management, custody, transaction or other expenses, and generally assume reinvestment of dividends, income and capital gains. Performance of indices may be more or less volatile than any investment strategy.

Fixed income investments have varying degrees of credit risk, interest rate risk, default risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa.

Equity investments are volatile and can decline significantly in response to investor reception of the issuer, market, economic, industry, political, regulatory or other conditions.

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg does not approve or endorse this material or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

The S&P500 Index ("Index") and associated data is a product of S&P Dow Jones Indices LLC, its affiliates and/or their licensors and has been licensed for use by Breckinridge. © 2025 S&P Dow Jones Indices LLC, its affiliates and/or their licensors. All rights reserved. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. For more information on any of S&P Dow Jones Indices LLC's indices please visit [www.spdji.com](http://www.spdji.com). S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("SPFS") and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). Neither S&P Dow Jones Indices LLC, SPFS, Dow Jones, their affiliates nor their licensors ("S&P DJI") make any representation or warranty, express or implied, as to the ability of any index to accurately represent the asset class or market sector that it purports to represent and S&P DJI shall have no liability for any errors, omissions, or interruptions of any index or the data included therein.

---