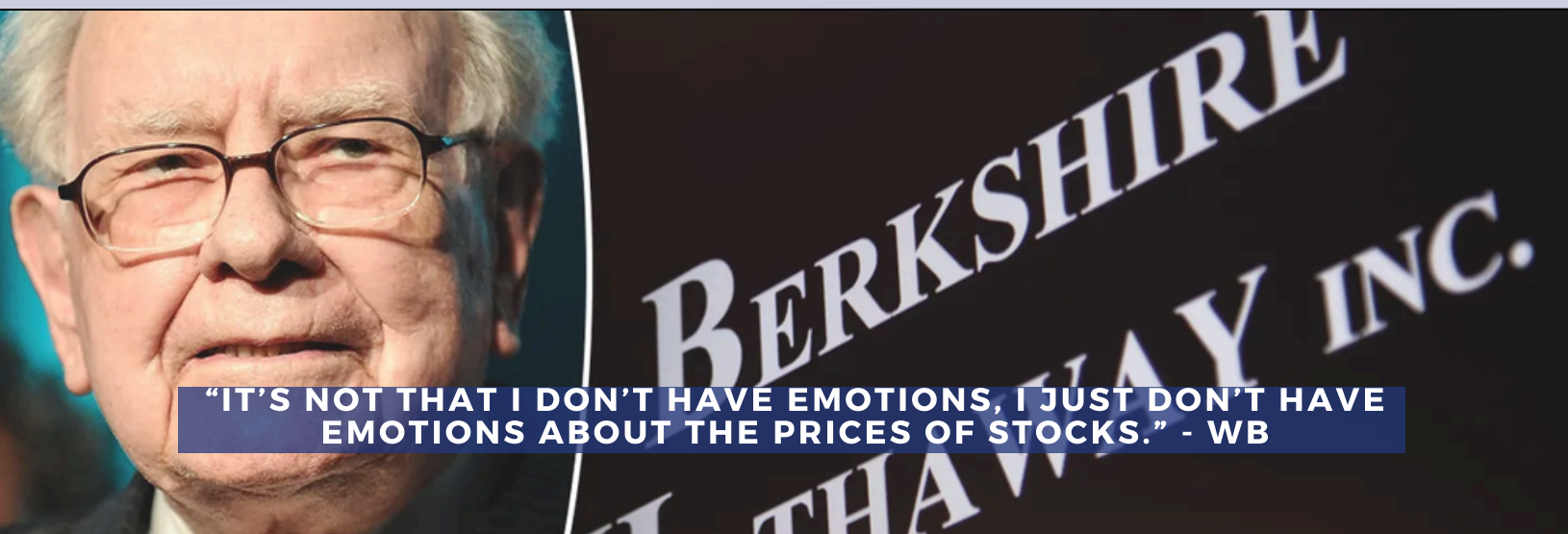


MAY 2025

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Great Point Capital's May Markets Letter

Whether it be unique alternative investments, creative tax savings, regular income or growth potential that you are considering, the Great Point Capital [Alternatives platform](#) has it.

NOTE: Information and content compiled as of 6:00PM CST May 13th.

THIS MONTH'S HIGHLIGHTS

- The Oracle of Omaha has stepped down.
Here are [20 Inspiring Warren Buffett Quotes](#) to Inspire You.
- The "Art of the Deal" meets global reality - President Trump learns that negotiating Trade Tariffs is a lot different then negotiating condo association fees.
- As noted last month: **1.** "Equity corrections accompanied with large volatility spikes (as measured by the the vix), have proven to be excellent opportunities for long-term investors". **2.** Our "Just Charts" section last month showed visually how U.S. equities were oversold, and due for a tradable bounce. 

MARKET REVIEW & SUMMARY

The last 30 days: "What a long, strange trip it's been" - The Grateful Dead.

- [The Consumer Price Index](#) rose 2.3% over the prior year in April, a slowdown from March's 2.4% and the lowest annual increase since February 2021.
- The U.S. and China on Monday [announced they would significantly cut back tariffs](#) placed on each other's goods for at least 90 days as both sides plan to continue negotiations on a trade deal. The total U.S. levy on Chinese goods will drop from 145% to 30%.
- The latest employment report showed that 177,000 jobs were added in April, down from 185,000 in March, but higher than the expected 138,000. The unemployment rate remained at 4.2%, as expected.
[See here](#) for some of the more pertinent details inside this month's report.
- The U.S. [10 year](#) yield has gone from; 4.00% to 4.60% to 4.15% and closed the month at 4.37%. Only a 12 bp difference from March 31st's close of 4.25%.
[Read here](#) an excellent summary on U.S. interest rates and where they stand now. We still expect a market manageable 4.25-4.75% 10 year note trading range.
- The S&P 500 as measured by the [SPY](#), has gone from; 565 to 480 (a key technical level on the charts), to 545 back to 510 and closed the month at 565. 565 being just shy of 575 the price on the day before the recent election. 🚩

On The Radar

BITCOIN is off to the races again, trading at \$104k.

If you must be in it, and/or have a "FOMO", consider [IBIT from Blackrock @ iShares Bitcoin Trust ETF](#).

Read these two opposing opinions:

[The future of Bitcoin](#) and why it may eventually languish.

[21 Truths of Bitcoin](#) and its path to \$250,000.00.

Bitcoin research:

A. [Bitcoin: A Unique Diversifier](#) and its appeal to certain investors.

B. [Bitcoin First Revisited](#). Why investors need to consider bitcoin separately from other digital assets.

C. [The Case for Bitcoin](#): A piece to help investors understand bitcoin's unique features and risk/return characteristics as an alternative investment.

Did you know?

Interest rate traders [no longer expect a rate cut](#) at the June or July FOMC meetings. The first 2025 cut is expected at the Sept.17 FOMC meeting. 🚩

WHAT WE'RE WATCHING

USA manufacturing investment opportunities.

Over the past decade, private equity firms have invested more than \$1.4 trillion into U.S. manufacturing. Nearly 1,000 manufacturers take on new PE investment every year, making it one of the most consistent, high-impact sectors in the alternatives space.

Research: [ENTERING A GOLDEN AGE OF MANUFACTURING](#) - How Policy, Innovation, and Reshoring are Reshaping the U.S. Manufacturing Landscape.

[DelCam Capital](#) - Specializes in acquiring and enhancing well-established manufacturing companies poised for growth within their own existing facilities. Their strategic approach involves assembling a diversified group of complementary businesses, aiming to significantly surpass market growth rates and enhance profitability.

Steve Trotta of Delcam stresses that their proprietary system harnesses the human capital already in place to create a culture of accountability and growth. Each member of the leadership team has clear and measurable goals while relentlessly focusing on excellence in manufacturing growth and optimization in delivering consistency and accountability. A disciplined approach to business operations, financial management, capital investing, analytics-based decision making and most importantly, team-building techniques form the foundation of DelCam's operational management methodology.

Potential results that are unique, offer investment diversification and can provide an opportunity for both "income & growth".

- Annual and biennial cash distributions averaging a 15% average annual cash return.
- Anticipated 22% IRR target over a 3-7 year cycle.
- No management fees and a GP that is directly invested alongside LPs and employees.

L.P. Investors joining at this stage will enter at an implied \$40 million enterprise value (8x 2025 [EBITDA](#)), on parity with existing LPs, and with no dilution while having the added benefit of investing 16 months after Fund II's inception. The target 2029 exit valuation for LP's is \$75 million equating to a 3.4 multiple on invested capital ([MOIC](#)).

- **Contact your Great Point Capital representative to learn more about this diversifying investment opportunity.**
- **IMPORTANT Disclosure:** Investing involves risk, including the possible loss of principal. Before investing, carefully consider your investment objectives and risk tolerance. Past performance is not indicative of future results. The value of investments can go up or down, and you may not get back the full amount invested. This article is for informational purposes only and does not constitute investment advice. Consider consulting with a qualified financial advisor before making any investment decisions. 

Worth Reading - Five Strategies [to Defer Capital Gains](#) in Real Estate Investing. [Daniel Goodwin](#) is the Chief Investment Strategist at Provident Wealth Advisors.

These powerful strategies, from timing your sales during low-income years to leveraging qualified opportunity zones, can defer capital gains taxes on your real estate investments.

These aren't magic tricks to make your taxes disappear, but they are legitimate ways to postpone or potentially decrease your capital gains tax keeping more money in your pocket and working for you. With that in mind, let's explore five savvy strategies that can help you keep as much of your hard-earned money.

[Learn these 5 here:](#)

Strategy No. 1: The low-income-year limbo.

Strategy No. 2: The installment sale shuffle.

Strategy No. 3: The charitable cha-cha with donor-advised funds.

Strategy No. 4: The 1031 exchange two-step.

Strategy No. 5: The opportunity zone tango. 

SOMETHING TO CONSIDER - Alternatives Part 2

Interested in investing in diversifying alternative investments?

Your [Great Point Capital](#) representative can assist you.

Investors have generally allocated to alternatives seeking to enhance returns, manage risk, or improve diversification beyond that afforded by traditional asset classes.

Reasons to consider adding alternatives to a portfolio:

- Enhanced potential returns and income - Various types of alternative investments can help improve total returns and income, potentially bolstering a portfolio's overall performance across market cycles.
- Diversification - Alternative investments can provide returns that differ from traditional investments as well as the opportunity to manage risk.
- Complexity - Some investors hold the view that alternatives are too complex and point to a shortage of available research as a barrier for allocating to them.

These visuals can assist with better understanding alternative investments.

Overview of the alternative investment landscape

Categories of alternatives generally include liquid alternatives, private equity, private credit, real assets, and digital assets, each with several subcategories. Though not an exhaustive list, below is an overview of the alternative investment landscape.



Liquid alternatives/ hedge funds

- Equity hedge
- Relative value
- Options-based
- Event driven
- Macro



Private equity

- Generalist private equity
- Buyout
- Venture capital
- Growth equity
- Secondaries



Private credit

- Direct lending
- Distressed debt
- Collateralized loan obligations
- Mezzanine debt
- Opportunistic credit



Real assets

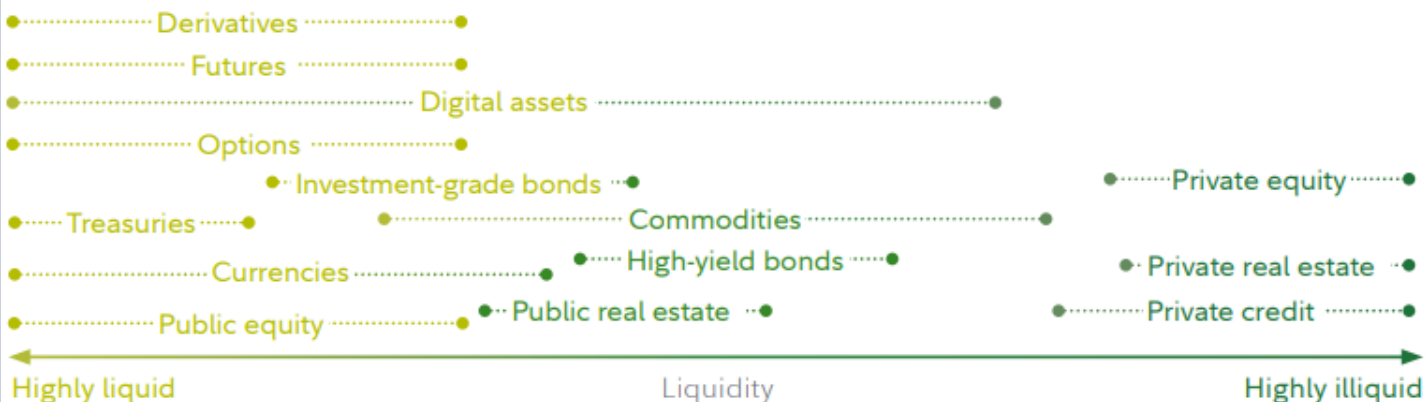
- Private real estate
- Commodities
- Infrastructure
- Fine art/collectibles



Digital assets

- Cryptocurrencies
- Stablecoins
- Central bank digital currencies
- Non-fungible tokens

General asset class liquidity ranges



Keep an Eye On

The recent well needed U.S. Equity correction, has brought U.S. equities by some measures back to a neutral territory where a base has been built.

See two valuations: [Fear & Greed](#) and Morningstar [US Market Fair Value](#).



JUST CHARTS

Chart 1

The frozen US housing market continues, with Existing Home Sales languishing near their lowest levels over the past 25 years



Chart 2

The median housing payment needed to afford the median priced home has nearly doubled over the past five years.

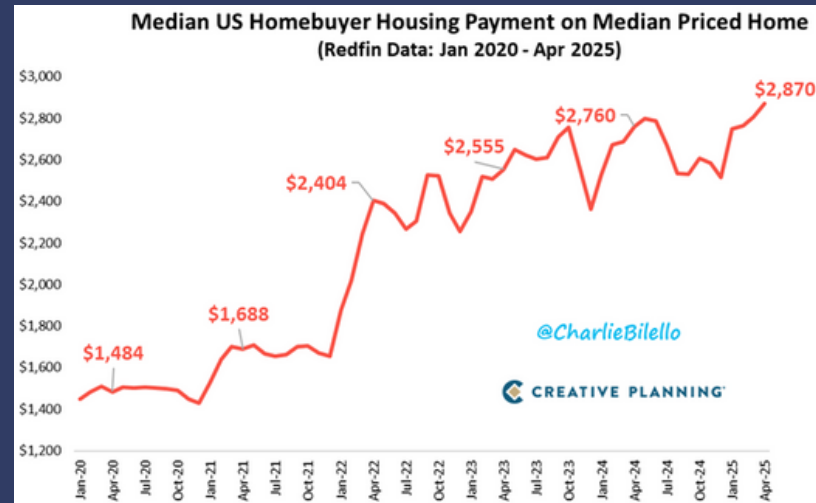


Chart 3

More home sellers are cutting prices.

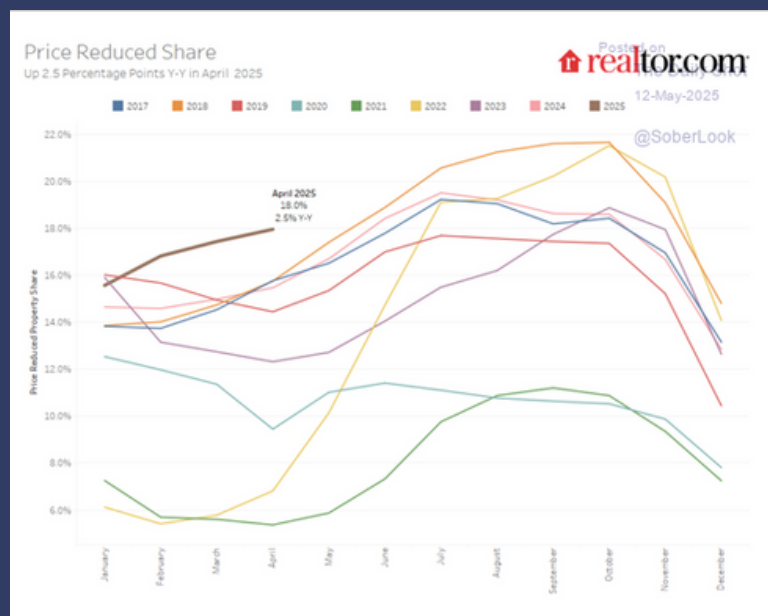


Chart 4

Soon it may be time to +buy 10 year U.S. Treasuries at 4.75%.

The US Bond Market has now been in a drawdown for 57 months, by far the longest in history.

Bloomberg US Aggregate Bond Index: Longest Drawdowns (Monthly Data, Jan 1976 - Apr 2025)			
Start of Drawdown	End of Drawdown	# Months	Max Drawdown During Period (Monthly)
Aug-20	?	57	-17.2%
Jul-80	Oct-81	16	-9.0%
May-13	Apr-14	12	-3.7%
Aug-16	Jul-17	12	-3.3%
Feb-94	Jan-95	12	-5.1%
Mar-87	Nov-87	9	-4.9%
Aug-79	Apr-80	9	-12.7%
Apr-08	Nov-08	8	-3.8%
Feb-96	Sep-96	8	-3.2%
Jun-03	Nov-03	6	-3.6%
Feb-84	Jun-84	5	-4.9%
May-83	Aug-83	4	-3.5%

CREATIVE PLANNING® @CharlieBilello (As of 4/30/25)

NEED TO KNOW

Employment Data Confirms The Economy Is Slowing. Anticipated cost increases due to tariffs and declining consumer confidence will continue.

Two reports here below do an excellent job outlining the relationship between employment, consumer confidence and the robustness of the US economy.

1. [Unemployment, Recessions, and Market Trends.](#)
2. [No Recession, But Slower Growth Coming.](#)

A recent [New York Times feature](#) vividly illustrates just how reliant American households are on Chinese-made goods, using a striking graphic that maps out different rooms in a typical home and shows what percentage of standard items - like toasters (>99%), baby strollers (97%), irons (93%), microwaves (90%), and toys (76%) - are produced in China. 🇺🇸

TERM OF THE MONTH

from  Investopedia

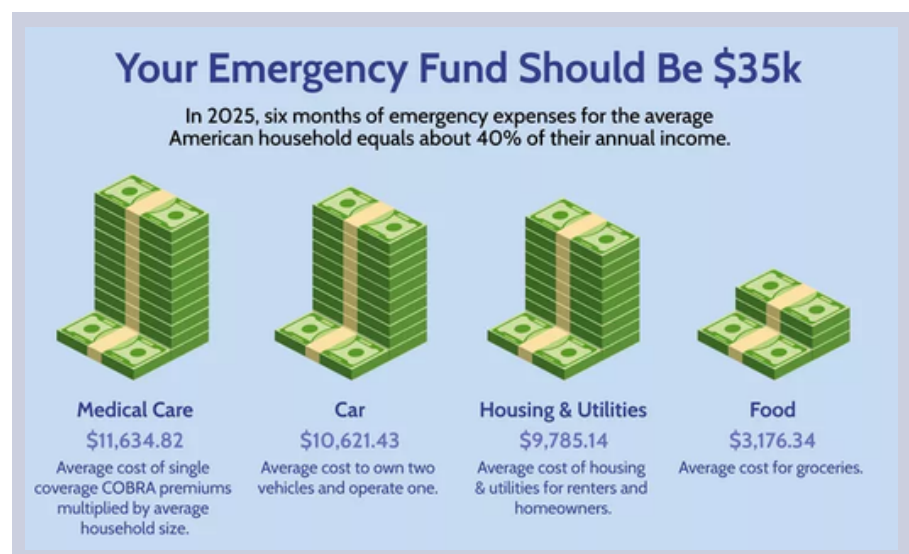
Your Emergency Fund Should Be \$35,000. [Here's Why.](#)

In 2025, six months of emergency expenses equals about 40% of the average American annual household income.

An emergency fund can help account for all types of unexpected costs—from a surprise home or car repair to a potential job or health insurance loss.

KEY TAKEAWAYS

- Your emergency fund should total about \$35,000, according to an analysis by Investopedia.
- That's six months of emergency expenses for the average American household, and equals about 40% of their annual income. 🇺🇸



ONE GREAT POINT 🇺🇸

"Someone's sitting in the shade today because someone planted a tree a long time ago". - Warren Buffett


QUICK TAKE BEFORE YOU GO

[Know the Impact of Rising Interest Rates](#) on Investments and How to Adapt.


Stocks - Interest rate increases typically lead to higher borrowing costs for companies, which can reduce profit margins and curb growth. Rising rates can also dampen investor sentiment and this can result in short-term volatility, even if long-term fundamentals remain strong.

Bonds - The bond market ([TNX](#)) is perhaps the most directly affected by rising rates. When interest rates rise, bond prices generally fall. That's because newly issued bonds pay higher interest, making existing bonds with lower rates less attractive. Long-duration bonds are especially vulnerable.

See - [The Top 4 Questions](#) Fixed Income Investors Want Answered Now.

Real Estate - Rising interest rates often lead to higher mortgage rates, which can reduce demand for housing and slow price appreciation. However, not all real estate reacts the same way. Commercial real estate with strong lease structures or properties in high-demand areas may remain resilient. Additionally, real estate can still serve as an inflation hedge, especially if rental income keeps pace with rising prices. 

FREE RESOURCES & INSIGHTS - WORTH VISITING!

- [Advisor Perspectives](#) - An excellent resource.
- [Advisorpedia](#) - Powerful strategies and ideas to help financial advisors optimize and create efficiencies within their businesses. 



CALL TO ACTION CALENDAR:

MAY 2025

- **May 11:** Major Spending Holiday (Mother's Day)
- **May 12:** Employees Who Work for Tips Reporting Due Date
- **May 26:** Bank and NYSE Holiday (Memorial Day)
- Contribute to a [Health Savings Account \(HSA\)](#), you can typically do so through pre-tax payroll deductions, online transfers, or by transferring funds from other HSAs. In 2025, the maximum individual contribution is \$4,300, and \$8,550 for families. If you are 55 or older, you can make an additional catch-up contribution, which is typically an extra \$1,000 each year.



- The Newly elected Pope - born in Chicago - has everyone saying their prayers for **"Da Bears"** and praying for his assistance with returning Da Bears to NFL glory days. "DA POPE!" blared the front of the Chicago Sun-Times on Friday, one of countless spins on the city's unique accent, immortalized in ["Saturday Night Live" sketches](#). North Side Chicago Cub fans were distraught [to learn](#) and see [a Video showing Pope Leo at the South Side White Sox World Series game in 2005](#). **T**

CARTOONS



THIS MONTH'S THANK-YOUS

[Real Investment Advice "RIA"](#) and Lance Roberts and his team.

[Charlie Bilello](#) - the Chief Market Strategist at Creative Planning - and his excellent work.

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