

RODGERS BROTHERS, INC.

PERCEPTIONS

1 st Quarter, March 31, 2025		% Change	% Change
	03/31/2025	1 st Quarter	Year to Date
Dow Jones Industrial Average	42,001.76	-0.87 %*	-0.87 %*
S&P 500	5,611.85	-4.27 %*	-4.27 %*
Russell 2000	2,011.91	-9.48 %*	-9.48 %*
Bloomberg Aggregate Bond Index		2.78 %	2.78 %
10 Year Treasury Yield	4.21 %		
30 Year Treasury Yield	4.57 %		

* Includes reinvested dividend

Price vs Value

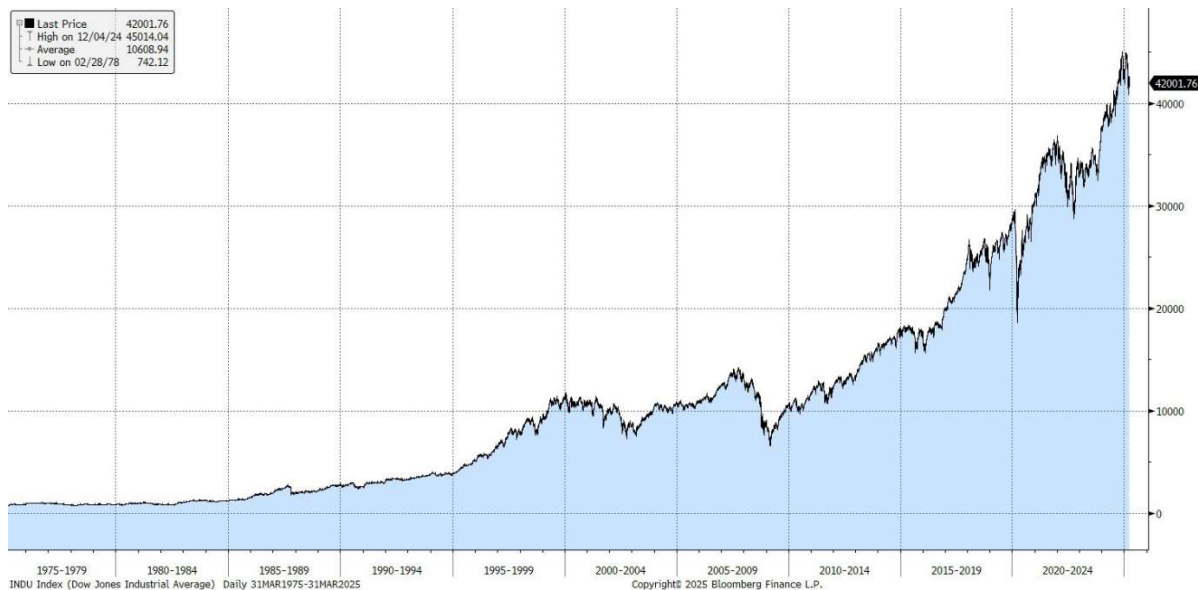
“Imagine how much harder physics would be if electrons had feelings.”

– Richard Feynman, Physicist

Richard Feynman, winner of the 1965 Nobel Prize in Physics, was a pioneer in the field of quantum electrodynamics, the theory of the interaction between light and matter. Unlike the hard sciences, human behavior introduces emotions into the science of investing, resulting in exaggerated security price movement, sometimes to what we consider an extreme. While a given security’s momentary pricing reflects the collective short-term influence of emotions, these fluctuations can cause a price to temporarily deviate from the intrinsic value, which is ultimately grounded in the fundamental and technical aspects of said security. When there is a distortion between price and value, there is both opportunity and risk.

The noise and acute volatility we are currently experiencing would test the patience of Job in staying on course with your objectives. The higher the degree of uncertainty, the greater the potential distortion between price and value. It is the underlying fundamental value of the securities you hold, the intrinsic value, that allows us to assume long-term objectives will be met. Current emotional pricing discounts much of the headline news, like tariff policies, recession possibility, and inflation fears; while stock prices are volatile, the underlying intrinsic value remains relatively stable. That said, it is vital that we recognize and adapt to changes in the marketplace. Portfolio management is a dynamic process, adjusting when variables change.

Long-term investing is hard, especially in moments of intense decline like we are currently experiencing. Even though the market declines are distressing, the patient, long-term investor is rewarded over time. In the 1st quarter of 2020, as the uncertainty of the Covid pandemic spread, the S&P 500 lost more than 33.7% from its high before the index rallied to end the year up 18.4%. In 2022, as inflation rose, the S&P 500 declined 18.1% but rallied 57.9% over the next two years.



Dow Jones Industrial Average 03/31/1975 – 03/31/2025

Over the last 50 years, the Dow Jones Industrial Average has risen from approximately 800 in 1980 to 40,000 today, despite distressing and sometimes horrific news. The chart displayed above highlights the value of long-term equity investing through ages. Crises in the moment are emotionally distressing; in the long term, they are a small setback on the chart. While no one knows what tomorrow will bring, well-run, essential businesses with strong leadership and healthy balance sheets will be the cornerstone of your wealth accumulation.

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