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You don’t need much to beat the index, just **a few good quality stocks**, and you should be fine. ***But is it always that simple?***
That was our experience in 2022 and 2023. However, 2024 told a different story. The primary driver of our underperformance wasn’t what we owned, it was what we
didn’t own (i.e. $NVDA and $AAPL). And then came 2025.
The first quarter under Trump has been nothing short of a “disaster” for both the stock market and our portfolio, and it continues to be challenging. But the real question is this:
Should we be concerned, given our long-term investment horizon? Or is this simply business as usual, with the market handing us an opportunity to reposition for future gains?
Well, on March 14th, we made some decisions, reducing our holdings from 23 to 19 so as to reallocate capital towards stocks where we see greater upside potential.
After all, this quote says it all:
*“A down market lets you buy more shares in great companies at favourable prices. If you know what you’re doing, you’ll make most of your money from these periods. You just won’t realise it until much later.” Shelby Davis***Upgrade to paid**

Before we jump into the Q1 2025 Portfolio Update, a few notes to help you get the most out of StockOpine:

📫 *Some emails have landed in spam, please check your folder and mark us as “Not Spam” to stay in the loop.*

🚀 *We revamped our premium tier in early 2025. Check the guide here!*

📄 *Not sure yet? Read our Adyen deep dive to get a feel for the quality of our research before subscribing.*
With that said, here's a quick recap of the long-form articles and the stock ideas we published this quarter, just in case you missed any!
1.
Carrier Global: Is This HVAC Leader Still a Buy?
2.
AMD Deep Dive: From Underdog to AI & Data Center Contender
3.
Beyond Firewalls: Fortinet's Vision for Cyber Dominance (Part 1)
4.
Beyond Firewalls: Fortinet's Vision for Cyber Dominance (Part 2)
5.
2025 February Stock Idea
6.
2025 March Stock Idea

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1. Tariffs is all that matters

In February 2025, President Trump reignited global trade tensions by announcing tariffs on countries like China, Canada, Mexico etc. and by April 2nd (what Trump called the 'Liberation Day') a universal **10% minimum tariff** on all US imports and increased reciprocal tariffs to 57 more countries. Just days later, on April 9th, he backed-down with a 90-day pause and scaled tariffs back to 10% for countries that hadn't retaliated.
This chaotic trade policy has created uncertainty for investors and added strain for consumers. The S&P 500 is down **over 11% since February**, while households are bracing for higher prices and inflationary pressure as import costs rise. Additionally, the Penn Wharton Budget Model as of April 8th projects that Trump's tariffs would reduce GDP by about 8%! This doesn't look good.
Nonetheless, this trade dispute seems more like a **way to challenge China**, as the US had a trade deficit of $295 billion in 2024, up from $279 billion in 2023. On 'Liberation Day', tariffs on Chinese goods spiked to 54% and now reached **as high as 145%**, prompting immediate retaliation from China. In turn, China imposed **tariffs as high as 125% on US**

exports and restricted key raw materials like rare earths, stating it would not respond to further tariffs as it no longer made economic sense.

Adding more complexity, the Trump administration **temporarily exempted electronics** such as smartphones, laptops, and PCs from the reciprocal tariffs (*backing-down again?*). However, Commerce Secretary Howard Lutnick warned that these exemptions are short-lived, citing future levies on semiconductors and other tech components due to national security concerns.

As you can tell, the current environment is uncertain and as long-term investors, we may find opportunities in cheaper valuations, but we must also acknowledge the challenges. Businesses are facing uncertainty, and global supply chains are under strain, which could impact profitability, growth prospects, and ultimately, stock prices.

The stronger a company's moat, the better its chances of weathering these turbulent times.

We're not tariff experts or economists, but if you're looking to better understand the impact of US-China tariffs in bringing manufacturing back to the US, we recommend checking out this insightful article (America Underestimates the Difficulty of Bringing Manufacturing Back) from Molson_Hart on Godfree Roberts substack.

Without further ado, let's dive into our performance analysis and the rationale behind this quarter's transactions.

2. Portfolio Performance

As of March 31, 2025, our **total return for YTD and Q1 2025 stood at -13%**, lagging behind the S&P 500's quarterly return of -4.3%. The reason for the deviation is straightforward: only one stock in our portfolio posted positive returns, while two remained flat for the quarter. In contrast, the S&P 500 benefited from strong performers like Berkshire Hathaway, Philip Morris, ExxonMobil, Visa, and others.

Since inception (January 28, 2022), our **cumulative return stands at 26.8%** (**annualized at 7.8%**), compared to the S&P 500's cumulative return of 33% (annualized at 9.4%). However, we remain confident that this underperformance is temporary.

Source: S&P Dow Jones Indices, Broker, StockOpine analysis

3. Portfolio Insights

In our 2024 Portfolio Update, we introduced the following metrics to help **evaluate the quality of our holdings and identify underperformers**. We also explained the significance of each metric and outlined the minimum thresholds for our portfolio. You can refer to this article for explanations, as moving forward, we will comment on the progress.

Source: Koyfin (affiliate link with a 20% discount for StockOpine readers), StockOpine analysis

To begin with, our portfolio continues to meet the minimum quality criteria we set, so there's no need for a revamp, especially following the reallocation we made on March 14th (more on that later). Compared to the S&P 500, our portfolio's **profitability of 26.1%, and revenue and EPS growth of 9.6% and 13.2%**, are in line with the index. Though, our weighted return on invested capital **(ROIC) of 21%** is slightly below the S&P 500, but it's a notable improvement from the previous quarter's 19.4%, and more than **sufficient to confirm portfolio quality**. On the **valuation front**, following our Q1 2025 decline of 13%, we believe the portfolio is well-positioned for upside. With an **EV/EBITDA multiple of 15.8x** and a **free cash flow yield of 4.5%**, we're in a stronger position than both the index and our prior quarter metrics. Analysts' price targets also **point to a 40.3% potential upside** for our portfolio, versus 24.5% for the S&P 500, reinforcing our belief in future outperformance.