Monthly Market Recap

March 2025

From the Investment Committee

U.S. financial markets experienced a chaotic first quarter of 2025. Within a month, the S&P 500 went from all-time highs on February 19 to suffering its first correction (measured as a pullback of 10% or more) since October 2023.

Markets were weighed down by concerns of President Trump's aggressive stance regarding trade policy and tariffs, coupled with increasing inflation expectations and growth fears about the U.S. economy.

The Economic Policy Uncertainty Index has reached the highest level in more than 40 years, and the Atlanta Fed maintains its forecast that first-quarter U.S. GDP will be negative. The University of Michigan's consumer sentiment index fell in March, and inflation expectations jumped up to 5%—the highest level since November 2022.

Despite all major U.S. indexes finishing down for the quarter, there was some positive news in the equity markets. Seven of the eleven S&P 500 sectors were positive, led by Energy (+10%), Health Care (+6%) and Consumer Staples (5%). The worst performing sectors were Consumer Discretionary (-13%) and Technology (-12%). International stocks outperformed domestic, with the Euro Stoxx 50 up 7.2%.

We expect markets to remain relatively volatile in the short term while investors try to decipher the intent, duration and economic impact of the Trump administration's trade policy. We expect more volatility and point out that the markets correct on average 1.1 times a year, according to Ned Davis Research. Though it feels painful, this type of market action is not unusual.

We think that policy uncertainty will most likely lead to slower growth and higher inflation in the short term, which is forcing investors to recalibrate near-term expectations, but don't believe that the U.S. economy moves into a recession in 2025.

Given that viewpoint, we advocate staying prudent, disciplined and diversified in portfolios while also maintaining a long-term plan that is in accordance with your long-term goals and objectives.

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Key Takeaways

U.S. Stocks Record Worst Quarter Since 2022

- Concerns over trade policy and macroeconomic growth led both the S&P 500 and Nasdaq to their worst quarters since 2022.
- For the quarter, the S&P 500 was down 4.3%, the Nasdaq down 10.3% and the Dow down -0.9%.
- Despite the major U.S. indices all showing declines, 7 of the 11 S&P 500 sectors were positive for the quarter, led by Energy (+10%), Health Care (+6%) and Consumer Staples (+5%).

Consumer Confidence Hits Four-Year Low

- The Conference Board's Consumer Confidence Index dropped again in March to 92.9, its lowest reading since January 2021.
- Respondents reported concerns about the impact of President Trump's trade policy as well as weakening growth.
- The number of respondents expecting a recession is at a nine-month high.

Fixed Income Market Risk Measures on the Rise

- Treasury bonds were the best performing fixed-income sector in a flight-to-quality trade.
- Spread levels on High Yield and other risk assets moved higher for the month.
- Municipal bonds were among the worst performers as a result of record issuance combined with tax-related selling and credit concern.

Fed Keeps Rates Unchanged During March Meeting

- The Federal Reserve unanimously voted to keep interest rates unchanged at the conclusion of its March 18-19 meeting.
- This is the second consecutive meeting in 2025 where the Fed voted to hold rates steady after three consecutive cuts at the end of 2024.
- The Fed dot plot indicates it is expecting two more rate cuts in 2025 with an additional two cuts in 2026.

Asset Class Performance

Equities

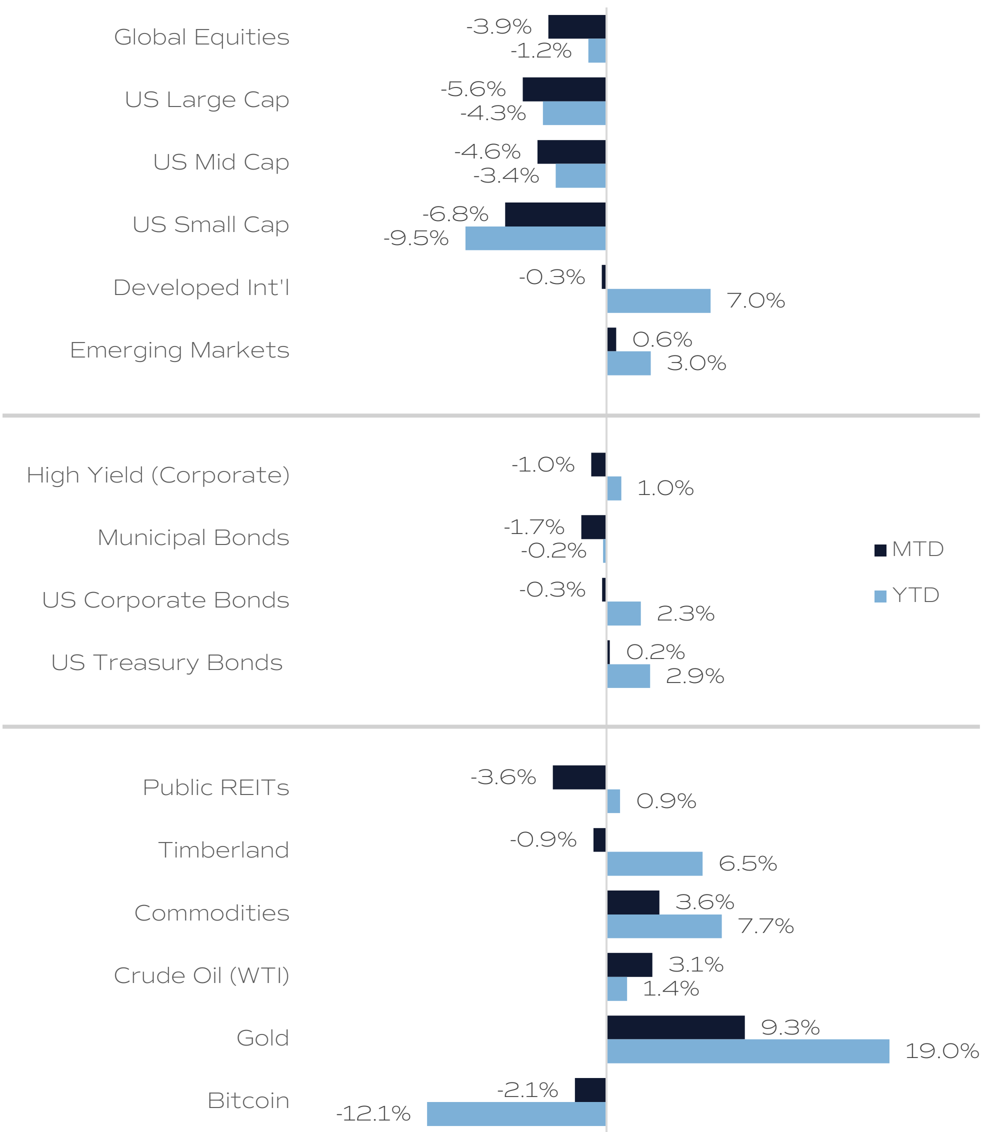
- U.S. equities continued to pull back in March. Uncertainty around tariffs and other macroeconomic events continue to weigh on markets.
- International markets outperformed again in March, with both developed international and emerging markets outperforming the S&P 500 by more than 5% in March and 7% in the first quarter.

Fixed Income

- A flight-to-quality trade was evident in March as investor uncertainty increased. As a result, market participants moved to the safety of U.S. Treasury bonds and riskier assets underperformed higher-quality sectors for the quarter.
- Municipal bonds underperformed most other sectors because of record new issuance during the first quarter, tax-related selling and credit uncertainty due to federal funding concerns.

Real Assets

- Most industrial commodities had a good month and very strong first quarter of the year. Tariff threats, a gradually weakening U.S. dollar and rising inflation expectations have held commodity prices firm despite economic growth projections drifting lower.
- The difference in performance between alternative currencies was notable in Q1. Gold and silver were up better than 15%, while cryptocurrencies remain beaten down following their late 2024 year-end run.



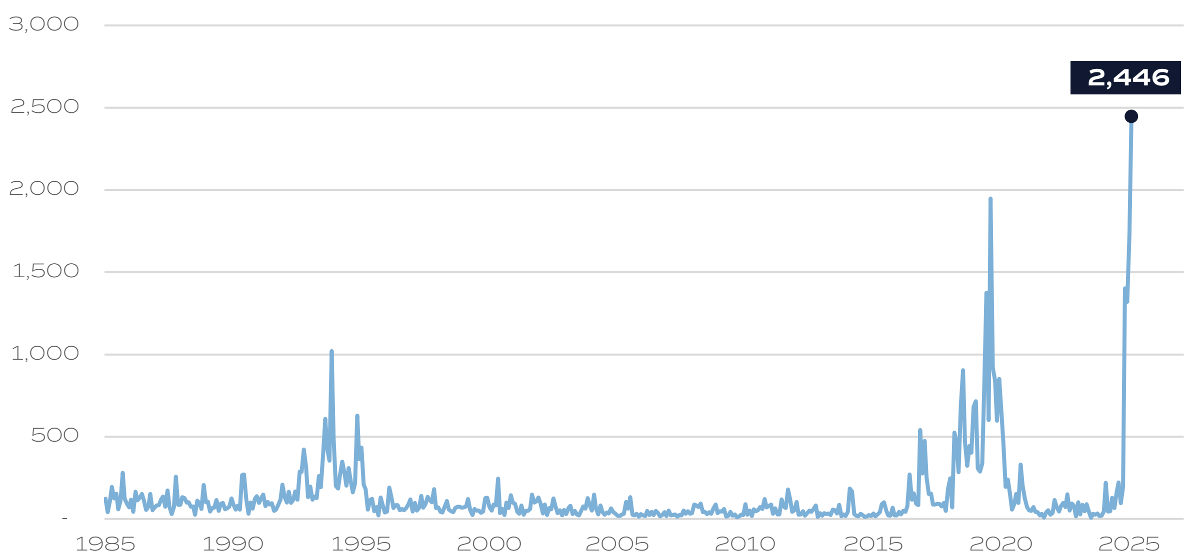
Source: Bloomberg as of March 31, 2025.

Macroeconomic Overview

	Year End 2024 %	Recent Period %	Prior Period %	YTD Change %
GDP (YoY Change)*	3.20	2.50	3.20	(0.70)
Conference Board - LEI	(0.10)	(0.30)	(0.20)	(0.20)
Unemployment Rate	4.10	4.10	4.00	0.00
CPI (YoY Change)	2.90	2.80	3.00	(0.10)
CPI ex. Food & Energy	3.20	3.10	3.30	(0.10)
PCE	2.86	2.79	2.66	(0.08)
Effective Fed Funds Rate**	4.33	4.33	4.33	0.00
10-Year U.S. Treasury**	4.57	4.21	4.21	(0.36)

- Policy uncertainty is at very high levels. Hard data still indicates a relatively healthy economic picture, with slowing but positive GDP growth, near-full employment and relatively stable inflation.
- However, survey data indicates consumers are worried. Recent stock market behavior would appear to confirm that.

Economic Policy Uncertainty Index: Highest Level in More Than 40 Years



- Markets tend to over- or under-estimate impacts of policy changes. President Trump's tariff announcements on April 2 will likely lead to over-reaction depending on the perceived severity of the tariff regime.
- Subsequent volatility may create opportunities for rebalancing. While we don't think the storm has passed yet, we are watching for indications that the market has more fully absorbed new policy data over the next quarter as we think about adjustments.

Source: Bloomberg as of February 28, 2025. *As of December 31, 2024. **As of March 31, 2025.

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U.S. Equity Markets

	MTD %	YTD %	1 Yr %
Energy	3.85	10.21	2.49
Utilities	0.26	4.94	23.87
Health Care	(1.70)	6.54	0.40
Real Estate	(2.41)	3.58	9.60
Consumer Staples	(2.43)	5.23	12.43
Materials	(2.62)	2.81	(5.67)
Industrials	(3.59)	(0.19)	5.50
Financials	(4.20)	3.48	20.10
S&P 500	*(5.63)*	*(4.28)*	*8.23*
Communications Services	(8.28)	(6.21)	13.56
Technology	(8.83)	(12.66)	5.89
Consumer Discretionary	(8.91)	(13.80)	6.86

MTD (%)

	Value	Core	Growth
Large	-2.8	-5.8	-8.4
Mid	-3.7	-4.6	-7.4
Small	-6.0	-6.8	-7.6

YTD (%)

	Value	Core	Growth
Large	2.1	-4.5	-10.0
Mid	-2.1	-3.4	-7.1
Small	-7.7	-9.5	-11.1

Best

- ***Energy*** has continued to benefit from ongoing sector rotation and was one of just two sectors to post a positive return in March. Despite this month's performance, it's important to note that 7 S&P 500 sectors were positive in the first quarter and 8 sectors outperformed the index.

Worst

- ***Technology*** and ***Consumer Discretionary*** finished the month down nearly 9%, continuing the first-quarter trend of investors moving away from the Magnificent Seven. Notably, Apple, Microsoft and Nvidia account for roughly 45% of the Technology sector, while Amazon and Tesla account for nearly 40% of the Consumer Discretionary sector.

- Large-cap value, mid-cap value and mid-cap core were the only U.S. capitalizations and styles to outperform the S&P 500 in March. Growth stocks in general showed the largest losses, with large-cap growth stocks underperforming by nearly 3%.

- International stocks continued to outperform U.S.-based stocks on the month. Emerging markets were up 0.6%, and developed markets were relatively flat. Relative to the S&P 500, however, both developed international and emerging markets outperformed the S&P 500 by more than 5%.

Source: Bloomberg as of March 31, 2025.

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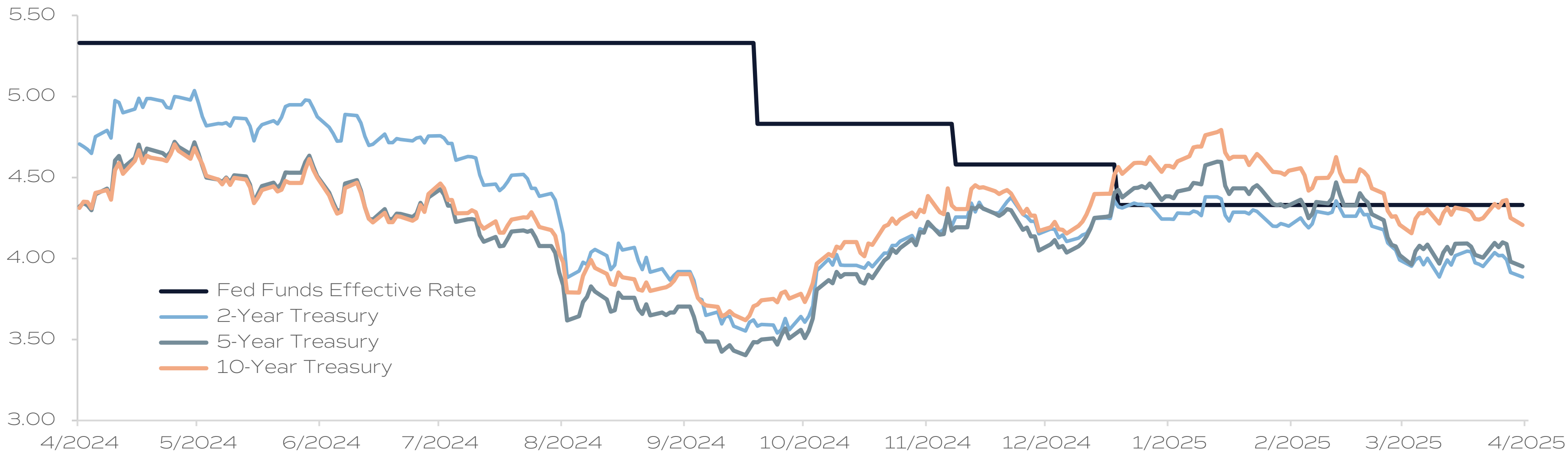
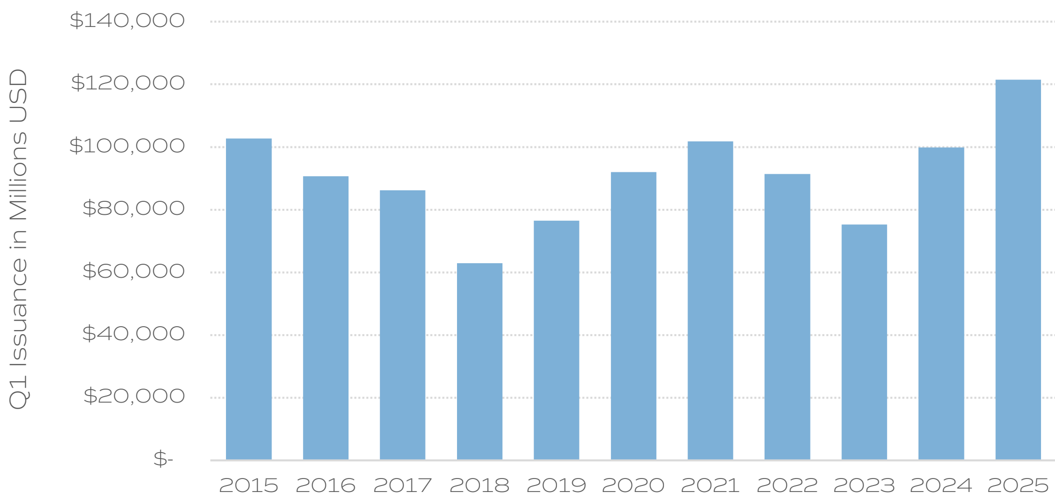
Fixed Income

Fed Funds Rate & Treasury Yields



Record Pace of Q1 Municipal Bond Supply in 2025 vs. Last 10 Years



- Q1 municipal bond supply for 2025 is running at the fastest pace in over 10 years. This is on top of heightened supply in Q1 2024.
- Fears of reduced federal funding for state and local municipalities under the Trump administration have been the primary driver of the supply increase.
- This increase in supply, combined with lackluster investor demand and tax season-related selling, contributed to the underperformance of municipal bonds for the month and year-to-date.

Source: Bloomberg as of March 31, 2025.

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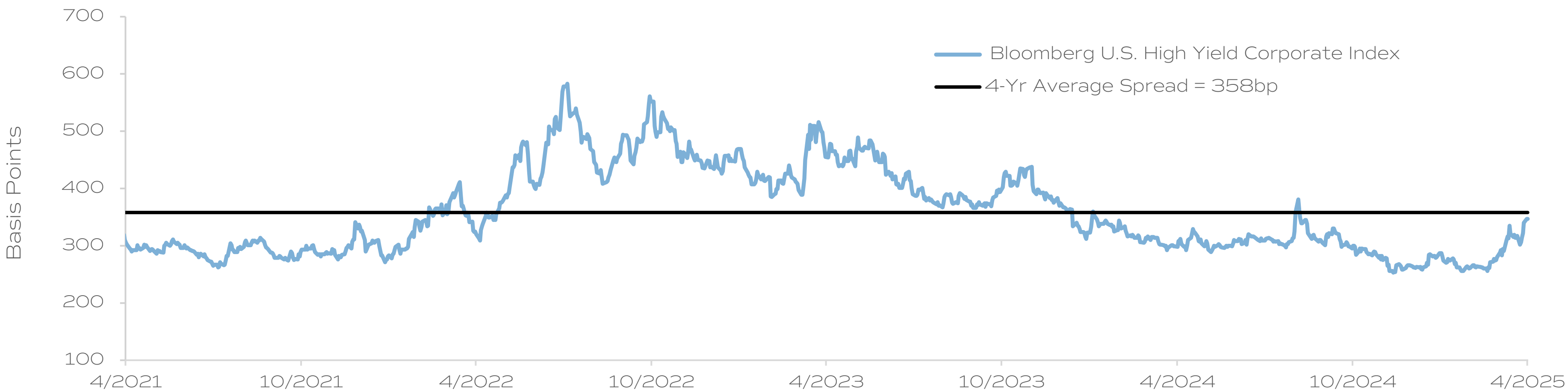
Fixed Income (cnt'd)

Investment-Grade and High-Yield Corporate Bond Spreads

- Investment-grade corporate bond spreads and High-Yield spreads moved higher for the month and quarter, with investors preferring higher-quality bonds.
- Despite the move higher in spreads, they remain well within normal ranges for now.



Source: Bloomberg as of March 31, 2025.

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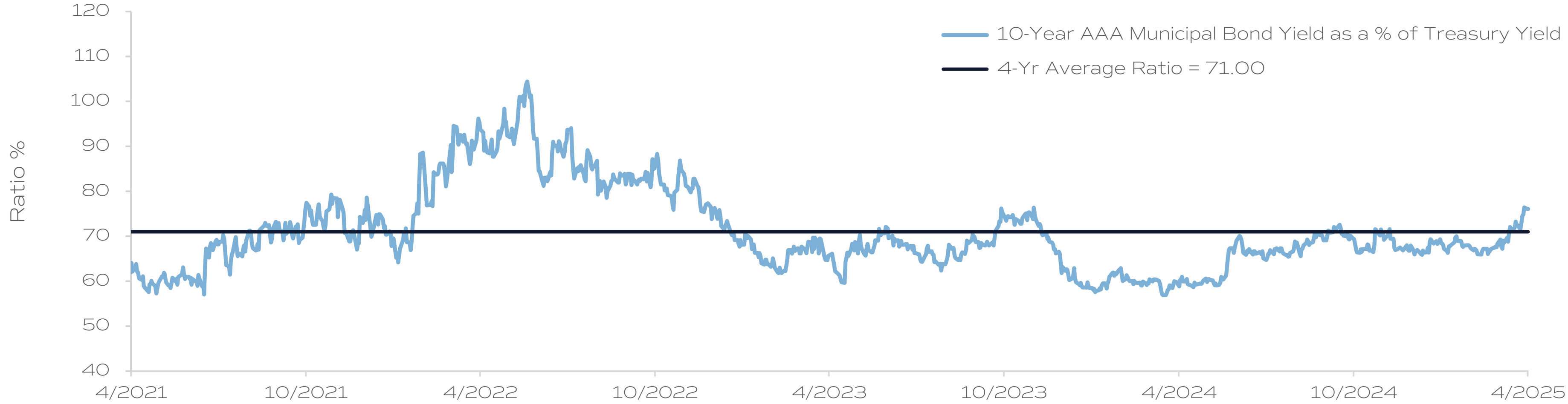
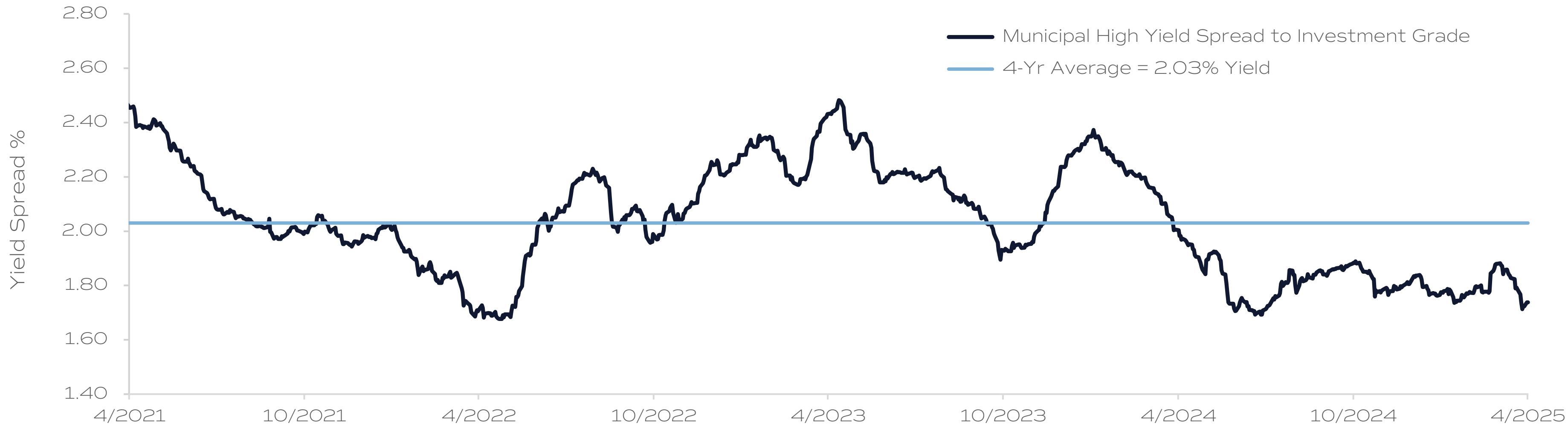
Fixed Income (cnt'd)

Investment-Grade and High-Yield Municipal Bond Spreads

- The underperformance of municipal bonds was notable in March, particularly in longer-duration bonds.
- We do expect spread levels, particularly muni/Treasury ratios on longer-maturity bonds, to revert to more normal levels in the coming months.





Source: Bloomberg as of March 31, 2025.

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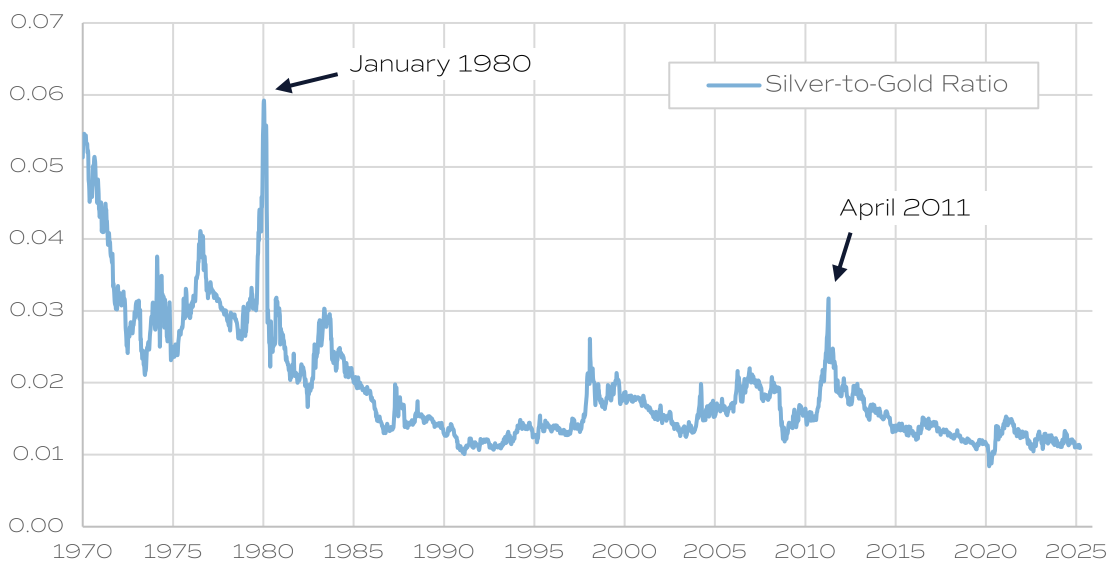
Real Assets

	Price USD	MTD %	YTD %	1 Yr %
Real Assets				
FTSE NARREIT	741.67	-3.61%	0.91%	9.93%
FTSE NARREIT - Timberland	151.96	-0.88%	6.46%	-13.37%
Bloomberg Commodity Index	106.40	3.55%	7.74%	6.95%
Crude Oil (WTI) [bbl.]	71.48	3.09%	1.39%	-4.79%
Natural Gas [MMBtu]	4.11	5.12%	20.88%	166.88%
Copper [lb.]	9,710.00	3.76%	10.74%	9.51%
Gold [oz.]	3,123.57	9.30%	19.02%	40.08%
Silver [oz.]	34.09	9.42%	17.94%	36.55%
Bitcoin	82,421.29	-2.13%	-12.05%	16.34%
Ethereum	1,819.57	-18.19%	-45.63%	-49.92%

***Summary*:** Despite sizable declines across most risk assets in March, real assets posted largely positive returns. A weaker U.S. dollar, ongoing threats of tariffs by the U.S. and potential retaliatory tariffs have elevated inflation expectations, which tend to benefit the prices of most commodities and alternative currencies/precious metals.

Quietly, precious metals have continued their multi-year bull market into the first quarter of 2025, with both gold and silver up better than 15% year-to-date.

Silver-to-Gold Ratio Bucks Historical Trend, Remains Low During Secular Bull Market*



- Since Nixon's closing of the gold window, the price of silver has always traded as some percentage of gold. The percentage changes depending on the secular environment of the U.S. dollar and real long-term interest rates.
- During secular bull markets, like those of the 1970s and late 2000s, silver tends to dramatically outperform gold, especially during late-cycle blowoffs.
- Today, however, silver is grinding along 50-year lows relative to gold, indicating gold's little brother could have room to run if this bull market in precious metals continues.

Source: Bloomberg as of March 31, 2025. *FactSet as of April 1, 2025.

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Financial Markets Performance

	Price USD	MTD %	QTD %	YTD %	1 Yr %	3 Yr %	5 Yr %
Global Equity							
MSCI ACWI	827.15	-3.90%	-1.23%	-1.23%	7.60%	7.39%	15.72%
U.S. Equity							
S&P 500	5,611.85	-5.63%	-4.28%	-4.28%	8.23%	9.03%	18.56%
Russell 1000	3,066.42	-5.79%	-4.49%	-4.49%	7.80%	8.63%	18.44%
Russell Mid Cap	3,399.30	-4.64%	-3.40%	-3.40%	2.59%	4.59%	16.25%
Russell 2000	2,011.91	-6.81%	-9.48%	-9.48%	-4.03%	0.49%	13.23%
International Equity							
MSCI ACWI ex US	340.83	-0.16%	5.34%	5.34%	6.56%	4.94%	11.50%
MSCI EAFE	2,400.82	-0.31%	6.99%	6.99%	5.34%	6.52%	12.42%
MSCI Europe	178.91	-0.07%	10.81%	10.81%	7.69%	8.09%	13.85%
MSCI Japan	1,623.26	-0.21%	0.33%	0.33%	-2.14%	5.59%	9.09%
MSCI Emerging Markets	1,101.40	0.64%	2.96%	2.96%	8.51%	1.79%	8.32%
Global Fixed Income							
Bloomberg US Corporate High Yield	2,710.07	-1.02%	1.00%	1.00%	7.69%	4.98%	7.29%
Bloomberg Municipal Bond Index	1,332.83	-1.70%	-0.22%	-0.22%	1.22%	1.53%	1.07%
Bloomberg US Corporate Total Return	3,365.38	-0.29%	2.31%	2.31%	4.90%	1.14%	1.51%
Bloomberg US Treasury Total Return	2,357.12	0.23%	2.92%	2.92%	4.51%	-0.05%	-1.67%
Bloomberg Global Aggregate	475.65	0.62%	2.64%	2.64%	3.05%	-1.62%	-1.38%
Bloomberg U.S. Aggregate	2,249.91	0.04%	2.78%	2.78%	4.88%	0.52%	-0.40%
Bloomberg Gov't/Credit	2,606.73	0.05%	2.70%	2.70%	4.66%	0.45%	-0.34%
Bloomberg High Yield Municipal Bond Index	461.83	-1.18%	0.82%	0.82%	5.59%	2.86%	4.31%

Source: Bloomberg as of March 31, 2025.

Tactical Views

Asset Class	Underweight		Neutral		Overweight
Cash	•	●	•	•	•
Equities	•	•	●	•	•
U.S. Large Cap	•	•	•	●	•
U.S. Mid Cap	•	•	•	●	•
U.S. Small Cap	•	•	•	●	•
Developed Int'l	●	•	•	•	•
Emerging Markets	•	●	•	•	•
Fixed Income	•	•	●	•	•
U.S. Government	•	•	•	●	•
MBS	•	•	•	●	•
Corporates	•	•	●	•	•
Municipals	•	•	•	•	●
High Yield	•	●	•	•	•
Developed Int'l	•	●	•	•	•
Emerging Markets	•	●	•	•	•
Real Assets	•	•	●	•	•
Commodities	•	•	●	•	•
Timberland	•	•	●	•	•
Private Real Estate	•	•	●	•	•
Alternatives	•	•	•	●	•
Hedge Funds	•	•	●	•	•
Private Equity	•	•	•	●	•
Private Debt	•	•	●	•	•

Equity Sectors	Underweight		Neutral		Overweight
Energy	•	•	•	●	•
Healthcare	•	●	•	•	•
Consumer Discretionary	•	•	●	•	•
Industrials	•	•	●	•	•
Technology	•	•	•	●	•
Communications	•	•	●	•	•
Financials	•	•	•	●	•
Real Estate	•	•	•	●	•
Utilities	•	●	•	•	•
Materials	•	•	●	•	•
Consumer Staples	•	●	•	•	•

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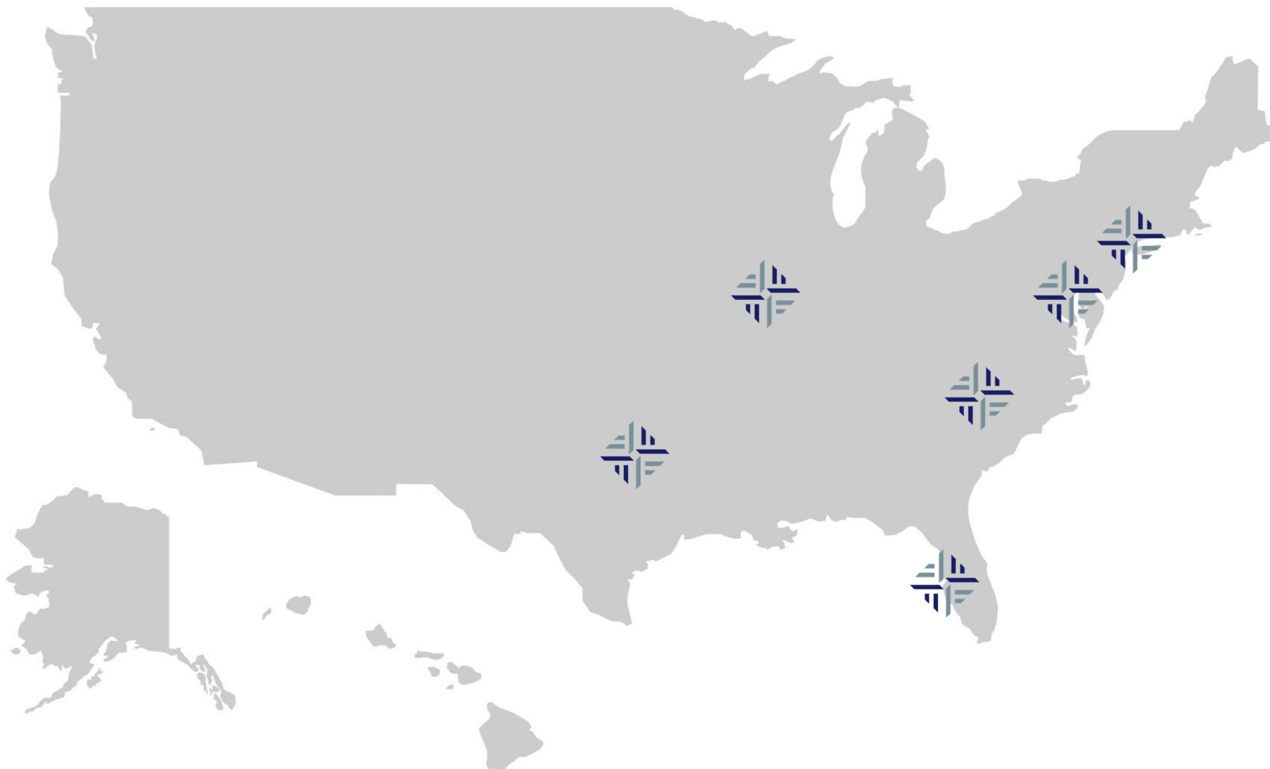

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When referencing asset class returns or statistics, the following indices are used to represent those asset classes, unless otherwise notes. Each index is unmanaged, and investors can not actually invest directly into an index:

TIPS: Bloomberg Global Inflation-Linked: U.S. TIPS Total Return Index Unhedged

Municipals 5-Year: Bloomberg Municipal Bond 5 Year (4-6) Total Return Index Unhedged USD

Core Bond: Bloomberg US Aggregate Total Return Index USD

High Yield Municipals: Bloomberg Muni High Yield Total Return Index Value Unhedged USD

High Yield: Bloomberg US Corporate High Yield Total Return Index USD

U.S. Long Duration: Bloomberg US Aggregate Government & Credit - Long

Foreign Bond: Bloomberg Global Aggregate ex-USD Total Return Index Value USD (50/50 blend of hedged and unhedged)

Real Assets: S&P Real Assets

U.S. Large Cap: Russell 1000 Total Return Index

U.S. Small Cap: Russell 2000 Total Return Index

International Developed: MSCI EAFE Net Total Return USD Index

Emerging Markets: MSCI Emerging Markets Net Total Return USD Index

U.S. Equity REITs: FTSE Nareit Equity REITs Total Return Index USD

Commodities: Bloomberg Commodity Total Return Index

Hedge Funds: Hedge Fund Research HFRI Fund of Funds Composite Index

Foreign Bond: Bloomberg Global Aggregate x USD Total Return Unhedged

U.S. Core Bond: Bloomberg U.S. Aggregate Total Return Index USD

U.S. High Yield: Bloomberg US Corporate High Yield Total Return Index USD

U.S. MBS: Bloomberg U.S. MBS (30Y) Total Return Index

U.S. All Cap: Russell 3000 Total Return Index

U.S. Large Cap: Russell 1000 Total Return Index

U.S. Small Cap: Russell 2000 Total Return Index

US Value: Russell 3000 Value Total Return Index

US Growth: Russell 3000 Growth Total Return Index

Int'l Developed All Cap: MSCI EAFE IMI Net Total Return USD Index

Int'l Developed Large Cap: MSCI EAFE Large Cap Net Total Return USD Index

Int'l Developed Small Cap: MSCI EAFE Small Cap Net Total Return USD Index

Int'l Developed Value: MSCI EAFE Value Net Total Return USD Index

Int'l Developed Growth: MSCI EAFE Growth Net Total Return USD Index

EM All Cap: MSCI Emerging Markets IMI Net Total Return USD Index

EM Large Cap: MSCI Emerging Markets Large Cap Net Total Return USD Index

EM Small Cap: MSCI Emerging Markets Small Cap Net Total Return USD Index

EM Value: MSCI Emerging Markets Value Net Total Return USD Index

EM Growth: MSCI Emerging Markets Growth Net Total Return USD Index

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Material Risks & Limitations

Fixed Income securities are subject to interest rate risks, the risk of default and liquidity risk. U.S. investors exposed to non-U.S. fixed income may also be subject to currency risk and fluctuations.

Cash may be subject to the loss of principal and over longer period of time may lose purchasing power due to inflation.

Domestic Equity can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry factors, or other macro events. These may happen quickly and unpredictably.

International Equity can be volatile. The rise or fall in prices take place for a number of reasons including, but not limited to changes to underlying company conditions, sector or industry impacts, or other macro events. These may happen quickly and unpredictably. International equity allocations may also be impact by currency and/or country specific risks which may result in lower liquidity in some markets.

Real Assets can be volatile and may include asset segments that may have greater volatility than investment in traditional equity securities. Such volatility could be influenced by a myriad of factors including, but not limited to overall market volatility, changes in interest rates, political and regulatory developments, or other exogenous events like weather or natural disaster.

Private Equity involves higher risk and is suitable only for sophisticated investors. Along with traditional equity market risks, private equity investments are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility and/or the potential loss of capital.

Private Credit involves higher risk and is suitable only for sophisticated investors. These assets are subject to interest rate risks, the risk of default and limited liquidity. U.S. investors exposed to non-U.S. private credit may also be subject to currency risk and fluctuations.

Private Real Estate involves higher risk and is suitable only for sophisticated investors. Real estate assets can be volatile and may include unique risks to the asset class like leverage and/or industry, sector or geographical concentration. Declines in real estate value may take place for a number of reasons including, but are not limited to economic conditions, change in condition of the underlying property or defaults by the borrow.

Marketable Alternatives involves higher risk and is suitable only for sophisticated investors. Along with traditional market risks, marketable alternatives are also subject to higher fees, lower liquidity and the potential for leverage that may amplify volatility or the potential for loss of capital. Additionally, short selling involved certain risks including, but not limited to additional costs, and the potential for unlimited loss on certain short sale positions.