Q1'2025 Market Review & Outlook

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At Winthrop Wealth, we follow a **Total Net Worth Approach** to wealth management that combines both comprehensive financial planning and investment management. The financial plan helps define cash flow needs, seeks to optimize account structures, considers tax mitigation strategies, and determines the appropriate asset allocation based on the client's willingness and ability to take risk. Based on the output of the financial plan, our investment management process designs a well-diversified portfolio constructed with a long-term methodology based on prudent risk management, asset allocation, and security selection. *For clients who receive both financial planning and investment advisory services under agreement. No strategy assures success or protects against loss. Investing involves risk, including loss of principle.*

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First Quarter 2025 Highlights

- **US Equity Markets:** The US equity market stumbled to begin the year, as the S&P 500 fell by -4.3% in the first quarter. This ended a streak of five consecutive positive quarters and marked the worst quarterly performance since Q3 2022. The market weakness was primarily driven by weaker-than-expected economic survey data, concerns about layoffs by the Department of Government Efficiency (DOGE), anxiety that the rally in Artificial Intelligence (AI) stocks may be overdone, and fears regarding President Trump's tariff agenda.

- **Treasury Yields:** Short- and long-term Treasury yields declined throughout the quarter. As a reminder, the Federal Reserve influences short-term interest rates by setting the Federal Funds rate, while the market determines long-term yields based on investor demand, which varies based on expectations of future inflation and economic growth. The 10-Year Treasury yield ended the quarter at 4.21%, for a decrease of about 36 basis points (bps).

- **US Fixed Income Market:** The Bloomberg US Aggregate Bond index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, increased by +2.8% as the 10-Year Treasury yield declined. As a reminder, our objective with fixed income is to provide ballast, stability, and income to portfolios. Ballast means that ideally, the fixed income holdings are increasing when equity markets are declining. We would like to highlight that bonds did provide ballast amid the recent bout of market volatility, with a +1.9% gain from February 19th to quarter-end. In our opinion, intermediate-term bonds remain an attractive investment opportunity, as the yield to maturity on the US Aggregate Bond Index ended the quarter at 4.6%.

- **Inflation:** The Fed began lowering interest rates in 2024 as inflation decelerated toward normalized ranges, but concerns have now emerged that tariffs could trigger a resurgence, as evidenced by the spike in expectations from the University of Michigan survey.

- **The Fed:** The top end of the Federal Funds rate remains at 4.50%. The Fed lowered interest rates by 1.00% in 2024, with the latest 0.25% cut occurring in December. The FOMC's most recent Summary of Economic Projections (SEP) showed that the median participant expects they will lower rates to 3.9% in 2025 and to 3.4% in 2026.

- **US Economy:** Over the last few weeks, we have begun to see the impact of government spending cuts and tariff uncertainty reflected in weaker business and consumer survey data. So far, this downbeat survey data has not seeped into hard economic statistics. Survey data can be more volatile, so until we see cracks emerging in the labor market or consumer spending, we view the economy as merely slowing. Real GDP growth is estimated at +2.0% in 2025 and +1.9% in 2026.

- **Short-Term Market Outlook:** Coming into 2025, our short-term outlook was cautious given that the stock market had been on a remarkable run over the past few years with very few drawdowns. We continue to expect heightened volatility this year as investors grapple with the constant news flow related to tariffs, tax policy, and government finances. Additionally, as evidenced by DeepSeek, anything that challenges the AI-related dominance of the Magnificent 7 companies is likely to lead to market turbulence. In our view, it is time to shift the playbook from investing during constant new all-time highs and signs of froth, to an environment marked by greater uncertainty, heightened rotations, and evolving market leadership. *No strategy assures success or protects against loss.*

- **Long-term Investment Philosophy:** Although our short-term outlook changes based on current conditions, our long-term outlook remains optimistic for investors with both a comprehensive financial plan and investment process. Markets have historically increased over time despite frequent drawdowns as successful corporations have been able to figure out ways to generate profits through advances in innovation and productivity. To capitalize on the power of compounding, we believe in the benefits of staying **D**isciplined, **O**pportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses. In our opinion, adhering to a structured process and executing on all these components should help keep our clients on track toward pursuing their long-term objectives. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

All data sourced from Bloomberg as of 3/31/25

US Equity Markets

The US equity market stumbled to begin the year, as the S&P 500 fell by -4.3% in the first quarter. This ended a streak of five consecutive positive quarters and marked the worst quarterly performance since Q3 2022. The market decline was primarily driven by weaker-than-expected economic survey data, concerns about layoffs by the Department of Government Efficiency (DOGE), anxiety that the rally in Artificial Intelligence (AI) stocks may be overdone, and fears regarding President Trump's tariff agenda.

US Equity Market Performance								
Broad Market	**Q1 2025**	**2024**	**Style**	**Q1 2025**	**2024**	**Sector**	**Q1 2025**	**2024**
S&P 500	-4.28%	25.00%	Russell 1000 Growth	-9.97%	33.35%	Utilities	4.94%	23.43%
Russell 3000	-4.73%	23.80%	Russell 1000 Value	2.13%	14.35%	Real Estate	3.58%	5.23%
Dow Jones Industrial Average	-0.87%	14.99%				Financials	3.48%	30.50%
Nasdaq	-10.26%	29.60%				Materials	2.81%	-0.04%
			Sector	**Q1 2025**	**2024**	Industrials	-0.19%	17.30%
Size	**Q1 2025**	**2024**	Energy	10.21%	5.72%	Communication Services	-6.21%	40.23%
Mid Cap (S&P 400)	-6.11%	13.89%	Health Care	6.54%	2.58%	Technology	-12.65%	36.61%
Small Cap (Russell 2000)	-9.48%	11.52%	Consumer Staples	5.23%	14.87%	Consumer Discretionary	-13.80%	30.14%

Source: Bloomberg

Key Points

- **New All-Time High, Followed by a -10% Correction:** The S&P 500 reached a new all-time closing high of 6,144 on February 19th before declining by -10.0% over the next sixteen trading days. Historically, market declines are common as the S&P 500 has average about one -10% correction each year since 1928. The market ended the quarter at 5,612, about -8.5% below its peak.

- **Volatility Increases; Bull Market Still Intact**: The S&P 500 experienced thirteen days in the first quarter where the market declined by at least -1%. This compares to only three days in the first quarter of 2024. Despite the volatility and correction, the S&P 500 is higher by nearly +63% since the start of the latest bull market on 10/12/22. After two consecutive +25% calendar year returns in 2023 and 2024, our view was that a pickup in volatility was likely and normal. Please see our Client Question: Principles for Long-Term Investing.

- **Tariff Uncertainty**: President Trump has imposed, threatened, or delayed tariffs on several trading partners, including Canada, Mexico, China, and the European Union. Various industries have also been impacted, with tariffs implemented or proposed on autos, steel, aluminum, copper, lumber, pharmaceuticals, and semiconductors. The President also announced that April 2nd will be Reciprocal Tariff Day, when the United States will introduce measures against countries that implement tariffs or trade barriers. As we stated in our Post-Election commentary, we expect agreements sooner rather than later, as these blanket tariffs will likely lead to higher prices, slower economic growth, and lower corporate earnings.

- **Shifting from Concentration to Diversification:** For most of the past two years, a narrow group of companies known as the Magnificent 7 drove significant outperformance in US large-cap growth stocks. However, in 2025, market leadership has reversed, reminding investors of the importance of diversification. During the quarter, Value (+2.1%), Developed International (+6.9%), and Emerging Markets (+2.9%) posted positive returns. Meanwhile, Growth (-10.0%), Communication Services (-6.2%), Technology (-12.7%), and Consumer Discretionary (-13.8%) struggled, with all Magnificent 7 stocks declining, including Meta (-1.5%), Microsoft (-10.8%), Apple (-11.2%), Amazon (-13.3%), Alphabet (-17.9%), Nvidia (-19.3%), and Tesla (-35.8%).
    - We construct diversified portfolios across regions, countries, market caps, factors, styles, sectors, and industries and tilt toward the areas we feel provide the most potential benefit. Our view remains that diversified portfolios can lead to more consistent and less volatile results than a single asset class or an 'all-eggs-in-one-basket' approach. Please see our Client Question on Asset Allocation for our views on portfolio construction. *There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

- **Sector Performance:** Although only four sectors declined, the ones housing the Magnificent 7 stocks, Communication Services (-6.2%), Technology (-12.7%), and Consumer Discretionary (-13.8%), were the primary drivers of broad market weakness.

- **Upcoming Catalysts:** Reciprocal Tariff Announcement (4/2), BLS Employment Report (4/4), CPI Inflation (4/10), PPI Inflation (4/11), Unofficial Start of Q1 Earnings Season (4/11), Retail Sales (4/16), Q1 GDP (4/30), PCE Inflation (4/30), FOMC Meeting (5/7).

Fixed Income Markets

Interest Rates

Short- and long-term Treasury yields declined in the quarter. As a reminder, the Federal Reserve influences short-term interest rates by setting the Federal Funds rate, while the market determines long-term yields based on investor demand, which varies based on expectations of future inflation and economic growth.

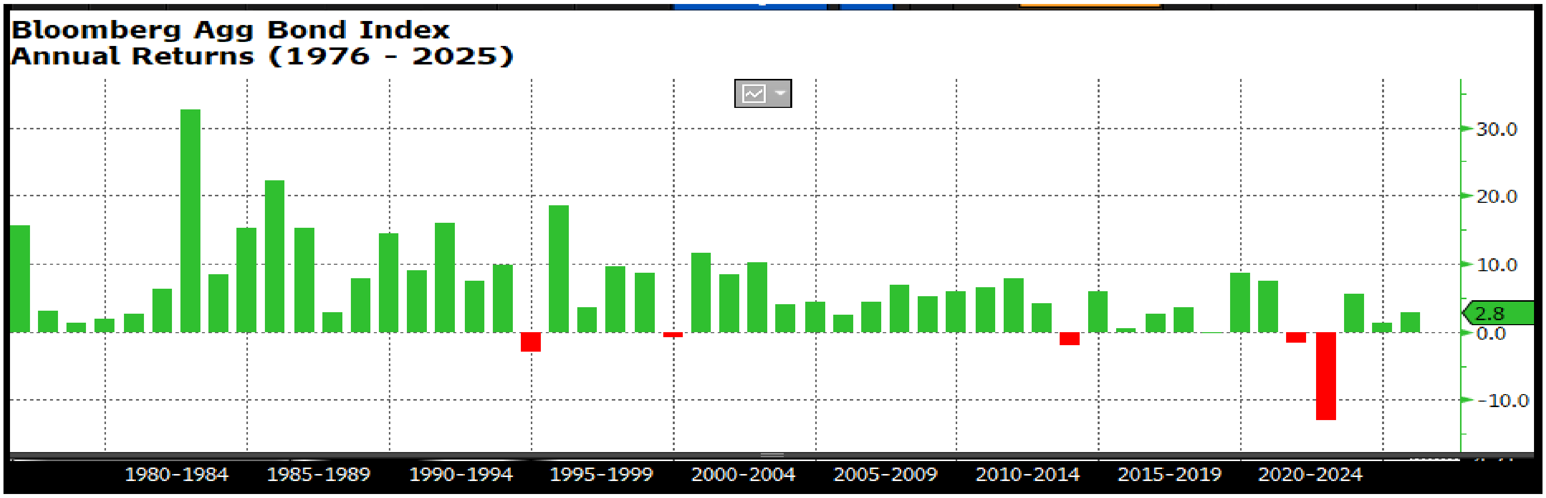
- **Short-Term Treasury Yields:** declined on expectations that slower economic growth would lead to more rate cuts from the Federal Reserve. Short-term yields were above +5% for most of 2023 and 2024.
    - Quarter-end levels: 3-Month: 4.29% (-0%), 6-Month: 4.22% (-0%), 12-Month: 4.02% (-0.1%).
    - Investing in short-term Treasuries with +5% yields was a great strategy over the past several quarters, but we believe that opportunity has passed, and investors now face reinvestment risk with lower rates at maturity. We suggest using short-term Treasuries to fund anticipated liabilities, and to invest any excess cash in longer maturities or in a diversified portfolio. *Investing involves risk including loss of principal. No strategy assures success or protects against loss.*
- **Long-Term Treasury Yields:** peaked in mid-January, with the 10-year yield nearly hitting 4.8%, before falling due to fears that tariffs would lead to an economic slowdown.
    - Quarter-end levels: 10-Year: 4.21% (-0.4%), 30-Year: 4.57% (-0.2%).
    - In our opinion, if the Trump administration can reduce the government deficit and moderate the increase in the federal debt, it would significantly help to stabilize long-term interest rates.

Intermediate-Term Bonds

The Bloomberg US Aggregate Bond index (Agg), which acts as a proxy for the intermediate-term investment-grade bond market, increased by +2.8% as the 10-Year Treasury yield declined. Bond prices move inversely to interest rates and credit spreads. Please see our Bond Primer.

After challenging years in 2021 and 2022 and tepid results in 2024, we continued to recommend a patient approach for intermediate term bonds. All else equal, we expected intermediate-term bonds to provide both ballast and positive returns once yields either stabilized or decline. As a reminder, our objective with fixed income is to provide ballast, stability, and income to portfolios. Ballast means that ideally, the fixed income holdings are increasing when equity markets are declining. We would like to highlight that bonds did provide ballast amid the recent bout of market volatility, with a +1.9% gain from February 19th to quarter-end.

In our opinion, intermediate-term bonds remain an attractive investment opportunity, as the yield to maturity on the US Aggregate Bond Index ended the quarter at 4.6%. Yield to maturity is defined as the estimated annualized rate of return an investor can expect on a bond if purchased today and held to maturity, assuming the issuer makes all their interest and principal payments (i.e., no defaults). In our view, patient investors should be optimistic about intermediate-term fixed income returns over the next several years. *Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.*



Source: Bloomberg

Inflation

"We'll be working to try and find the best possible way to separate non-tariff inflation from tariff inflation."

- Fed Chair Jerome Powell

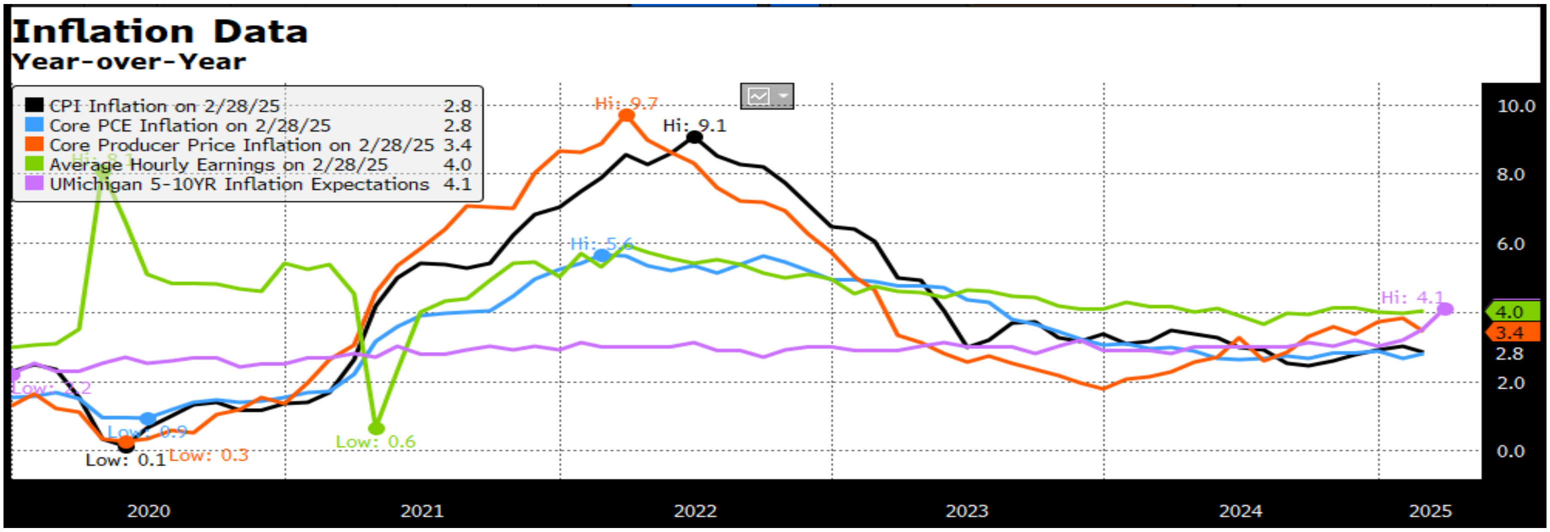
The increase in inflation since early-2021 was driven by supply chain bottlenecks, surging energy prices, strong consumer demand caused by a solid labor market, and massive amounts of stimulus. The Fed began lowering interest rates in 2024 as inflation decelerated toward normalized ranges, but concerns have now emerged that tariffs could trigger a resurgence, as evidenced by the spike in expectations from the University of Michigan survey.

The Fed has divided inflation into three buckets:

- **Goods**: were mostly in deflationary territory since mid-2023, but prices have begun to increase in response to tariffs
- **Husing:** still elevated at +4.3% year-over-year, but currently at the lowest level since February 2022.
- **Non-Housing related Core Services:** currently at 3.3% year-over-year and slowly decelerating.

Here are several key inflation indicators and a chart tracking the data since the start of 2020:

- **The Bureau of Labor Statistics Consumer Price Index (CPI)** is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The index includes food and energy prices.
    - Latest Reading: 2.8% (February). Peak: 9.1% (June 2022).
- **The Core Personal Consumption Expenditure (PCE) Index** measures the prices paid by consumers for goods and services based on surveys of what businesses are selling. Core means that the index excludes food and energy prices. This is the Fed's preferred inflation measure, which they target at an average of 2%.
    - Latest Reading: 2.8% (February). Peak: 5.6% (February 2022).
- **The Core Producer Price Index (PPI)** measures the average change in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.
    - Latest Reading: 3.4% (February). Peak: 9.7% (March 2022).
- **The Bureau of Labor Statistics Average Hourly Earnings** tracks total hourly renumeration (in cash or in kind) paid to employees in return for work done (or paid leave). Data is from the Current Employment Statistics (CES) survey.
    - Latest Reading: 4.0% (February). Peak: 8.1% (April 2020).
- **The University of Michigan Inflation Expectations** data is based on a monthly survey designed to gauge consumer expectations. Participants are asked for their view on annual inflation over the next 5 to 10 years.
    - Latest Reading: 4.1% (March). Peak: 4.1% (March 2025).



Source: Bloomberg

The Fed

The Federal Reserve serves as the central bank of the United States and performs critical functions designed to promote the health of the economy and stability of the financial system. The three key entities include the Board of Governors, twelve Federal Reserve Banks, and the Federal Open Market Committee (FOMC). The FOMC sets monetary policy in accordance with its mandate from Congress: to promote maximum employment and stable prices. According to the Fed, "monetary policy directly affects interest rates; it indirectly affects stock prices, wealth, and currency exchange rates. Through these channels, monetary policy influences spending, investment, production, employment, and inflation in the United States." Please see our Client Question on the Fed.

Interest Rates		Balance Sheet		Commentary
Federal Funds Rate	Federal Funds Rate 2025 Change	Fed Balance Sheet	Fed Balance Sheet 2025 Change	March 2025 Press Conference
4.25% - 4.50%	No Change.	$6.7 Trillion	- $146 Billion	"The new Administration is in the process of implementing significant policy changes in four distinct areas: trade, immigration, fiscal policy, and regulation. It is the net effect of these policy changes that will matter for the economy and for the path of monetary policy." - Fed Chair Jerome Powell

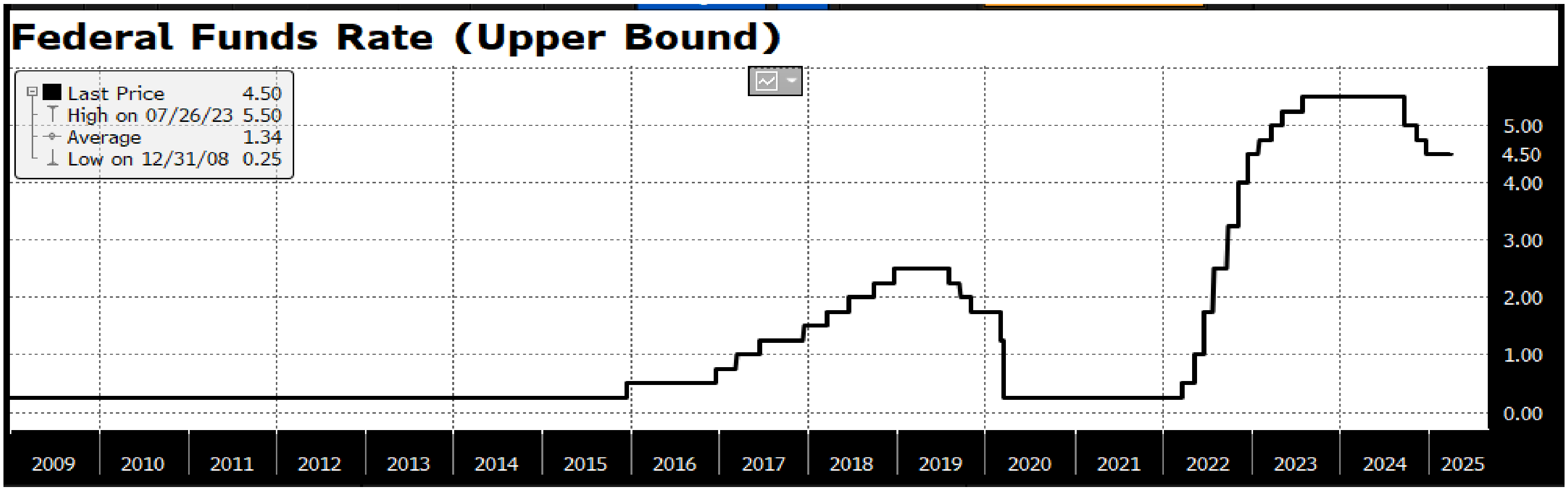
Source: Federal Reserve and Bloomberg

Interest Rates: The top end of the Federal Funds rate remains at 4.50%. The Fed lowered interest rates by 1.00% in 2024, with the latest 0.25% cut occurring in December. The FOMC's most recent Summary of Economic Projections (SEP) showed that the median participant expects they will lower rates to 3.9% in 2025 and to 3.4% in 2026. The next FOMC meeting is on May 7th.

Balance Sheet – Quantitative Tightening: In March, the Fed announced that its balance sheet runoff, or Quantitative Tightening program, would slow down again from a monthly pace of $60 billion to $40 billion—$5 billion in Treasuries and $35 billion in agency mortgage-backed securities. The Fed's balance sheet now stands at about $6.7 trillion, down from a peak of nearly $9 trillion in 2022. The Fed still thinks they can reduce the balance sheet close to its pre-pandemic size.

At the March FOMC press conference, Fed Chair Powell acknowledged that tariff uncertainty is likely to weigh on economic growth and lead to a transitory increase in inflation. He further stated that "uncertainty today is unusually elevated." Despite that backdrop, the median participant on the committee still expects they will lower the Federal Funds rate by 0.5% to 3.9% in 2025. According to Bloomberg, market pricing indicates about three 0.25% rate cuts this year, with the first expected in June.

The Fed is essentially in a 'wait-and-see' mode for now. Over the next several months, we will learn more about the Trump administration's policies and their impact on the economy. If inflation materially spikes or the economy continues to show strength, expect fewer rate cuts. However, if the economy shows any signs of significant slowing, expect the Fed to begin cutting aggressively. We anticipate that the Fed will remain nimble and data dependent. In our view, investors should continue to expect elevated market volatility given the complex scenarios surrounding tariffs, economic growth, inflation, and interest rates.



Source: Bloomberg

US Economy

The upbeat mood seen among US businesses at the start of the year has evaporated. Companies report widespread concerns about the impact of federal government policies, ranging from spending cuts to tariffs and geopolitical developments.

- Chris Williamson, Chief Business Economist, S&P Global Flash US PMI (February 2025)

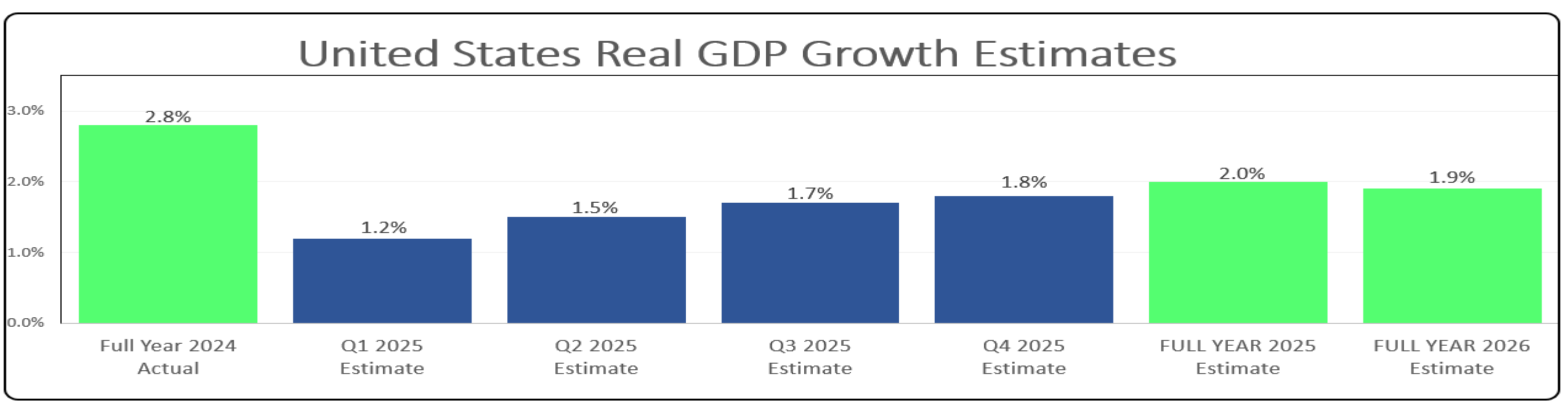
Over the last few weeks, we have begun to see the impact of government spending cuts and tariff uncertainty reflected in weaker business and consumer survey data. So far, this downbeat survey data has not seeped into hard economic statistics. Survey data can be more volatile, so until we see cracks emerging in the labor market or consumer spending, we view the economy as merely slowing.

Real GDP growth is estimated at +2.0% in 2025 and +1.9% in 2026. The unemployment rate is currently 4.1%, well below the 50-year average of 6.1%. Additionally, most people have benefited from rising asset values and home prices. According to the Federal Reserve, total net worth for U.S. households and nonprofit organizations reached a record $169.4 trillion at the end of 2024. The latest retail sales figure rose 3.1% year-over-year.

However, there are signs that consumers are becoming stretched, including rising debt levels and diminished savings. Consumer health is critical, as consumption drives approximately 70% of GDP. The future trajectory of the economy will likely depend on the Trump administration's policies on taxes, tariffs, deregulation, and government spending.

United States Economic Data

Data Point	Latest Reading	Historical Readings				Historical Averages				Source
		3-Months Ago		12-Months Ago		5-Year Average		10-Year Average		
Economic Indicators										
Leading Economic Indicators (Y/Y)	**-3.1%**	-3.0%	↓	-5.5%	↑	-1.9%	↓	0.8%	↓	Conference Board
Financial Conditions Index	**0.09**	0.68	↓	1.12	↓	0.23	↓	0.12	↓	Bloomberg
ISM Manufacturing Index	**50.3**	49.2	↑	49.8	↑	52.4	↓	53.1	↓	Institute for Supply Mgmt
ISM Services Index	**53.5**	54.0	↓	51.3	↑	55.5	↓	56.1	↓	Institute for Supply Mgmt
Consumer										
Retail Sales (Y/Y)	**3.1%**	4.4%	↓	3.6%	↓	7.0%	↓	5.2%	↓	US Census Bureau
Michigan Consumer Sentiment	**57.0**	74.0	↓	79.4	↓	69.9	↓	82.5	↓	University of Michigan
Debt-to-Service Ratio	**9.8%**	9.1%	↑	9.2%	↑	9.5%	↑	9.8%	↓	Federal Reserve
Labor Market										
Unemployment Rate	**4.1%**	4.1%	↑	3.9%	↑	5.0%	↓	4.7%	↓	Bureau of Labor Statistics
Change in Nonfarm Payrolls	**151,000**	323,000	↓	246,000	↓	115,433	↑	153,258	↓	Bureau of Labor Statistics
JOLTS Job Openings	**7,740,000**	7,508,000	↑	8,093,000	↓	8,956,203	↓	7,674,840	↑	Bureau of Labor Statistics
Housing Market										
Existing Home Sales (Annual Rate)	**4,260,000**	4,290,000	↓	4,120,000	↑	4,960,300	↓	5,173,400	↓	Ntl Association of Realtors
Case-Shiller Home Price Index (Y/Y)	**4.7%**	4.5%	↑	7.5%	↓	9.2%	↓	7.0%	↓	S&P
30-Year Fixed Rate Mortgage	**6.8%**	7.3%	↓	7.3%	↓	5.4%	↑	4.7%	↑	Bankrate.com
Inflation										
Core PCE Inflation (Y/Y)	**2.8%**	2.9%	↓	3.0%	↓	3.5%	↓	2.5%	↑	Bureau of Econ Analysis
Consumer Price Index (Y/Y)	**2.8%**	2.9%	↓	3.5%	↓	4.2%	↓	2.9%	↓	Bureau of Labor Statistics
Average Hourly Earnings (Y/Y)	**4.0%**	4.0%	↑	4.2%	↓	4.6%	↓	3.7%	↑	Bureau of Labor Statistics



Source: Winthrop Wealth, Bloomberg

Outlook

Economic Growth	Monetary Policy
Over the last few weeks, we have begun to see the impact of government spending cuts and tariff uncertainty reflected in weaker business and consumer survey data. So far, this downbeat survey data has not seeped into hard economic statistics. Survey data can be more volatile, so until we see cracks emerging in the labor market or consumer spending, we view the economy as merely slowing. **Real GDP Estimates:** • 2025: +2.0% • 2026: +1.9%	The top end of the Federal Funds rate remains at 4.50%. The Fed lowered interest rates by 1.00% in 2024, with the latest 0.25% cut occurring in December. The FOMC's most recent Summary of Economic Projections (SEP) showed that the median participant expects they will lower rates to 3.9% in 2025 and to 3.4% in 2026. The Fed is essentially in a 'wait-and-see' mode for now. Over the next several months, we will learn more about the administration's policies and their impact on the economy. We anticipate that the Fed will remain data dependent. In our view, investors should continue to expect elevated market volatility given the complex scenarios surrounding tariffs, economic growth, inflation, and interest rates.

Corporate Earnings	Valuation
S&P 500 earnings estimates have edged down slightly in recent weeks, likely in response to economic uncertainty. First quarter 2025 earnings season kicks off in mid-April. **S&P 500 Earnings Estimates** • 2025: $270 (+11%) • 2026: $308 (+14%) Over long time periods, earnings drive stock prices.	Valuations continue to look stretched, despite the recent pullback. The P/E ratio is calculated as the current price divided by the earnings-per-share. • Forward P/E (next 12-months): 20.3x. • 25-Year Peak (1999): 25.2x. • 25-Year Average: 16.6x. Valuation analysis is subjective and typically based on interest rates, earnings growth estimates, and historical or relative values.

Source: Winthrop Wealth, Bloomberg

Short-Term Outlook: Coming into 2025, our short-term outlook was cautious given that the stock market had been on a remarkable run over the past few years with very few drawdowns. We continue to expect heightened volatility this year as investors grapple with the constant news flow related to tariffs, tax policy, and government finances. Additionally, as evidenced by DeepSeek, anything that challenges the AI-related dominance of the Magnificent 7 companies is likely to lead to market turbulence. In our view, it is time to shift the playbook from investing during constant new all-time highs and signs of froth, to an environment marked by greater uncertainty, heightened rotations, and evolving market leadership. *No strategy assures success or protects against loss.*

As we outlined in our Navigating Volatile Markets commentary, during periods of market stress, we follow the same playbook and convey the same messages. We believe that having the right mindset, a comprehensive financial plan, and a thorough investment process can provide confidence in working toward your long-term financial goals, especially during challenging periods. During inevitable market declines, while they can certainly be uncomfortable, we utilize the volatility as an opportunity to make lemonade out of lemons by tax-loss harvesting or reallocating to more attractive securities. Furthermore, historically, investing after market declines has produced both strong average annualized returns and a high percentage of positive outcomes. During difficult market periods, we believe those who were able to either stay invested, rebalance, or add to their existing holdings will eventually be rewarded. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. Consider your own risk tolerance, financial circumstances, and time horizon.*

Long-term Investment Philosophy: In our view, investors with a globally diversified portfolio and a long-term time horizon should remain optimistic. Markets have historically increased over time despite frequent drawdowns as successful corporations have been able to figure out ways to generate profits through advances in innovation and productivity. To capitalize on the power of compounding, we believe in the benefits of staying **D**isciplined, **O**pportunistic, and **D**iversified, while striving to **M**itigate fees, taxes, and expenses.

In our opinion, adhering to a structured process and executing on all these components should help keep our clients on track toward pursuing their long-term objectives. *Historically, equity markets have recovered from recessions and downturns. Past performance is no guarantee of future returns. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.*

FIRST QUARTER 2025 MARKET RETURNS

US Equity

Index	Q1 2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
S&P 500	-4.28%	25.00%	26.26%	-18.13%	28.68%	18.39%	8.23%	9.03%	18.56%	12.48%	10.22%
Russell 3000	-4.73%	23.80%	25.93%	-19.22%	25.64%	20.88%	7.20%	8.19%	18.15%	11.78%	10.06%
Dow Jones Industrial Average	-0.87%	14.99%	16.18%	-6.86%	20.95%	9.72%	7.40%	8.74%	16.19%	11.42%	9.78%
Nasdaq	-10.26%	29.60%	44.70%	-32.51%	22.21%	45.05%	6.39%	7.63%	18.51%	14.57%	12.56%
S&P 400	-6.11%	13.89%	16.39%	-13.10%	24.73%	13.65%	-2.73%	4.37%	16.87%	8.40%	9.34%
Russell 2000	-9.48%	11.52%	16.88%	-20.46%	14.78%	19.93%	-4.02%	0.49%	13.23%	6.27%	7.52%
Russell 1000 Growth	-9.97%	33.35%	42.67%	-29.14%	27.59%	38.49%	7.75%	10.08%	20.07%	15.10%	12.19%
Russell 1000 Value	2.13%	14.35%	11.41%	-7.56%	25.12%	2.78%	7.16%	6.61%	16.11%	8.76%	7.97%

International Equity

MSCI Index	Q1 2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
EAFE	6.86%	3.82%	18.24%	-14.45%	11.26%	7.82%	4.88%	6.05%	11.76%	5.39%	5.17%
Europe	12.17%	2.64%	22.94%	-17.86%	13.54%	7.89%	6.81%	9.36%	14.22%	5.88%	4.84%
Japan	0.34%	8.31%	20.32%	-16.65%	1.71%	14.48%	-2.10%	5.28%	8.80%	5.25%	4.39%
China	15.02%	19.42%	-11.20%	-21.93%	-21.72%	29.49%	40.44%	3.53%	1.46%	2.51%	8.08%
Emerging Markets	2.93%	7.50%	9.83%	-20.09%	-2.54%	18.31%	8.09%	1.44%	7.94%	3.70%	6.06%
All Country World (ACWI)	-1.32%	17.49%	22.20%	-18.36%	18.54%	16.25%	7.15%	6.91%	15.17%	8.83%	7.63%
ACWI ex US	5.23%	5.53%	15.62%	-16.00%	7.82%	10.65%	6.09%	4.48%	10.91%	4.97%	5.22%

US Fixed Income

Bloomberg Index	Q1 2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
Aggregate	2.78%	1.25%	5.53%	-13.01%	-1.54%	7.51%	4.88%	0.52%	-0.40%	1.46%	3.18%
Treasury Bills	1.04%	5.32%	5.14%	1.52%	0.04%	0.54%	5.03%	4.32%	2.60%	1.86%	1.63%
Corporates	2.31%	2.13%	8.52%	-15.76%	-1.04%	9.89%	4.90%	1.14%	1.51%	2.43%	4.15%
Securitized MBS/ABS/CMBS	3.00%	1.45%	5.08%	-11.67%	-1.04%	4.18%	5.46%	0.69%	-0.52%	1.19%	
High Yield	1.00%	8.19%	13.45%	-11.19%	5.28%	7.11%	7.69%	4.98%	7.29%	5.01%	6.58%
Munis	-0.22%	1.05%	6.40%	-8.53%	1.52%	5.21%	1.22%	1.53%	1.07%	2.12%	3.47%

US Equity Sectors

Index	Q1 2025	2024	2023	2022	2021	2020	1-Year	3-Year	5-Year	10-Year	20-Year
Technology	-12.65%	36.61%	57.84%	-28.19%	34.52%	43.88%	5.89%	13.84%	24.33%	20.62%	15.06%
Real Estate	3.58%	5.23%	12.35%	-26.13%	46.20%	-2.17%	9.60%	-1.19%	9.87%	6.05%	
Industrials	-0.19%	17.30%	18.08%	-5.51%	21.10%	11.05%	5.50%	10.18%	19.20%	10.77%	9.30%
Energy	10.21%	5.72%	-1.42%	65.43%	54.39%	-33.68%	2.49%	10.97%	31.45%	6.19%	6.83%
Consumer Discretionary	-13.80%	30.14%	42.30%	-37.03%	24.43%	33.30%	6.86%	3.38%	15.61%	11.40%	10.82%
Communication Services	-6.21%	40.23%	55.80%	-39.89%	21.57%	23.61%	13.56%	11.82%	17.38%	10.30%	8.91%
Consumer Staples	5.23%	14.87%	0.52%	-0.62%	18.63%	10.75%	12.43%	6.84%	12.69%	8.87%	9.81%
Utilities	4.94%	23.43%	-7.08%	1.56%	17.67%	0.52%	23.87%	5.27%	10.82%	9.54%	9.00%
Materials	2.81%	-0.04%	12.55%	-12.28%	27.28%	20.73%	-5.67%	1.30%	16.11%	8.06%	7.77%
Financials	3.48%	30.50%	12.10%	-10.57%	34.87%	-1.76%	20.10%	11.17%	21.38%	11.99%	6.12%
Health Care	6.54%	2.58%	2.06%	-1.95%	26.13%	13.45%	0.40%	3.92%	12.37%	9.14%	10.26%
							Annualized Returns				

Source: Bloomberg

DISCLOSURES

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual.

The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies pro- moted will be successful.

All indexes mentioned are unmanaged indexes which cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

The Standard & Poor's 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
The S&P Midcap 400 Stock Index is an unmanaged index generally representative of the market for the stocks of mid-sized US companies.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The Russell 1000 Growth Index measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.

The Russell 3000 Growth Index is an unmanaged index comprised of those Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000 Value Index measures the performance of those Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

The prices of small cap stocks and mid cap stocks are generally more volatile than large cap stocks. The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada.

The MSCI EAFE Index consists of the following developed country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK.

The MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of the Americas, Europe, the Middle East, Africa and Asia. The MSCI EM Index consists of the following emerging market country indices: Brazil, Chile, Colombia, Mexico, Peru, Czech Republic, Egypt, Greece, Hungary, Poland, Qatar, Russia, South Africa. Turkey, United Arab Emirates, China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan, and Thailand.

The MSCI US Broad Market Index captures broad US equity coverage. The index includes 3,204 constituents across large, mid, small and micro capitalizations, representing about 99% of the US equity universe.

International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets.

The Barclays Capital US Corporate High Yield Bond index is an index representative of the universe of fixed-rate, non-investment grade debt.

The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

The Bloomberg Barclays US Treasury Bills 1-3 Month Index is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months. The Index includes all publicly issued zero coupon U.S. Treasury Bills that have a remaining maturity of less than 3 months and at least 1 month, are rated invest- ment grade, and have $300 million or more of outstanding face value.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price.

Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

Municipal bonds are subject to availability and change in price. They are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise. Interest income may be subject to the alternative minimum tax. Municipal bonds are federally tax-free but other state and local taxes may apply. If sold prior to maturity, capital gains tax could apply.

High yield/junk bonds (grade BB or below) are not investment grade securities, and are subject to higher interest rate, credit, and liquidity risks than those graded BBB and above. They generally should be part of a diversified portfolio for sophisticated investors.

The market value of corporate bonds will fluctuate, and if the bond is sold prior to maturity, the investor's yield may differ from the advertised yield.

Asset allocation does not ensure a profit or protect against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio.

Diversification does not protect against market risk. All investing involves risk which you should be prepared to bear.

United States Economic Data – Definitions

Leading Economic Indicators

The Conference Board US Leading Economic Indicators Index (LEI) is designed to forecast future activity based on economic variables that tend to move before changes in the overall economy. The index contains 10 data points. Updated monthly. Data goes back to 1960.

Financial Conditions Index

The Bloomberg US Financial Conditions Index tracks the overall level of financial stress in the money market, bond, and equity markets to help assess the availability and cost of credit. A positive value indicates accommodative financial conditions, while a negative value indicates tighter financial conditions. The number is a Z-Score that indicates the number of standard deviations by which current conditions deviate from normal levels. Updated daily. Data goes back to 1990.

ISM Manufacturing Index

The ISM Manufacturing PMI Index is based on a survey of more than 300 manufacturing firms - the index monitors employment, production, inventories, new orders, and supplier deliveries. A reading above 50 percent indicates that the manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting. Updated monthly. Data goes back to 1948.

ISM Services Index

The ISM Non-Manufacturing PMI Index is based on a survey of more than 300 non-manufacturing firms. The index is a composite of four indicators with equal weights: Business Activity, New Orders, Employment, and Supplier Deliveries. A reading above 50 percent indicates that the non-manufacturing economy is generally expanding; below 50 percent indicates that it is generally contracting. Updated monthly. Data goes back to 1997.

Retail Sales

The US Census Bureau Retail Sales data tracks the resale of new and used goods to the general public for personal or household consumption. Data is adjusted for seasonal variation and holiday and trading-day differences and calculated from a survey of approximately 5,500 retail and food services firms. Updated monthly. Data goes back to 1992.

Michigan Consumer Sentiment

The University of Michigan collects data on consumer attitudes and expectations. The index is comprised of measures of attitudes toward personal finances, general business conditions, and market conditions or prices. Updated monthly. Data goes back to 1966.

Debt-to-Service Ratio

The Federal Reserve Household Debt Service and Financial Obligations. Also known as Household Debt Service Ratio (DSR). Calculated as Household debt service payments and financial obligations as a percentage of disposable personal income; seasonally adjusted. Updated quarterly. Data goes back to 1979.

Unemployment Rate

The Bureau of Labor Statistics Unemployment Rate tracks the number of unemployment persons as a percentage of the labor force. The labor force is calculated as the total number of employed plus unemployed. The unemployment rate is calculated from the Current Population Survey (CPS). Updated monthly. Data goes back to 1948.

Change in Nonfarm Payrolls

The Bureau of Labor Statistics Nonfarm Payrolls measures the monthly change in the number of employees on business payrolls. Approximately 140k businesses and government agencies representing 690k individual worksites are surveyed each month. Data is from the Current Employment Statistics (CES) survey. Updated monthly. Data goes back to 1939.

JOLTS Job Openings

The Job Openings and Labor Turnover Survey (JOLTS) is conducted by the Bureau of Labor Statistics of the U.S. Department of Labor. The program involves the monthly collection, processing, and dissemination of job openings and labor turnover data. The data, collected from sampled establishments on a voluntary basis, include employment, job openings, hires, quits, layoffs and discharges, and other separations. Updated monthly. Data goes back to 2000.

Existing Home Sales

The National Association of Realtors Existing Home Sales SAAR tracks total existing home sales including single family homes, townhomes, condominiums, and co-ops. All sales are based on closings from Multiple Listing Services. Updated monthly. Data goes back to 1999.

Case-Shiller Home Price Index

The S&P Case-Shiller US National Home Price Index tracks the value of single-family housing within the United States. The index is a value-weighted average of 20 metro areas. Updated monthly. Data goes back to 2001.

30-Year Fixed Rate Mortgage

Bankrate.com calculates the national average 30-year Fixed Rate Mortgage. Updated daily. Data goes back to 1998.

Core PCE Inflation

The Core Personal Consumption Expenditure (PCE) index measures the prices paid by consumers for goods and services without the volatility caused by movements in food and energy prices to reveal underlying inflation trends. The FOMC targets an average of +2.0% Y/Y growth in Core PCE Inflation. Updated monthly. Data goes back to 1960.

Consumer Price Index

The Bureau of Labor Statistics Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The index does include food and energy prices. Updated monthly. Data goes back to 1914.

Average Hourly Earnings

The Bureau of Labor Statistics Average Hourly Earnings tracks total hourly renumeration (in cash or in kind) paid to employees in return for work done (or paid leave). Data is from the Current Employment Statistics (CES) survey. Updated monthly. Data goes back to 2007.