

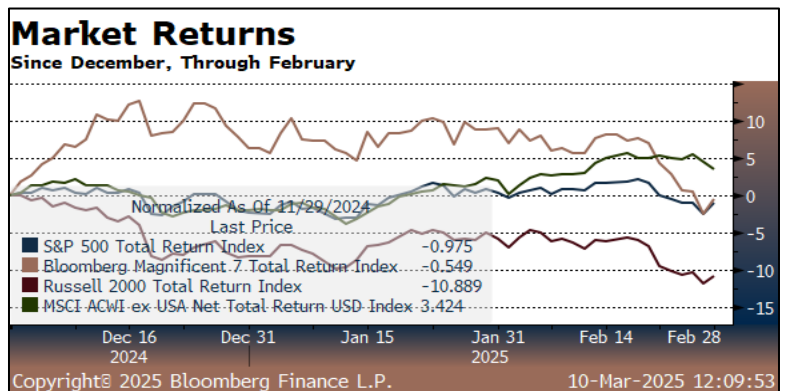
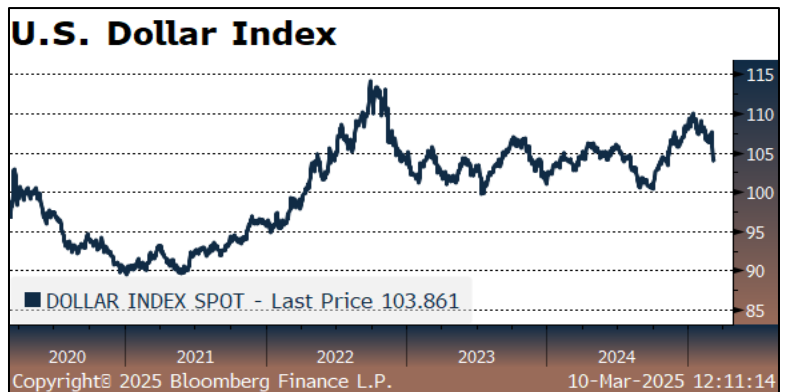
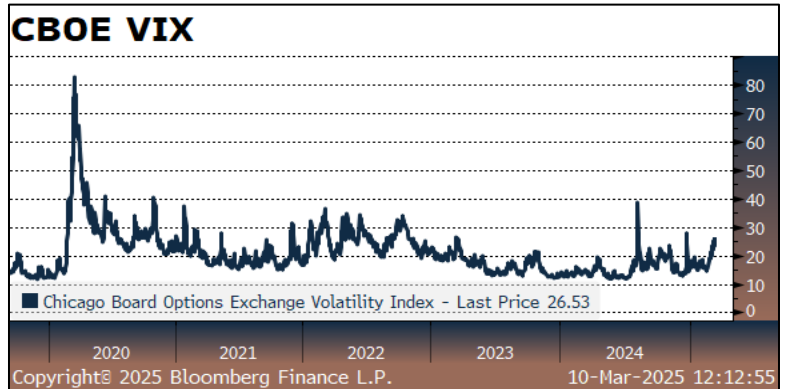
### **Executive Summary:**

- The U.S. economy in February maintained steady growth with a healthy consumer base and low unemployment.
- Challenges still exist from persistent inflation, a cooling labor market, and looming policy shifts related to tariffs and immigration.
- Investor anxiety increased, as reflected by a 19.5% surge in the VIX.

The U.S. economy enters March 2025 with strong consumer spending and growth from late 2024, tempered by volatility from potential tariffs, a cooling labor market, and policy shifts under the new administration.

Tariffs against Mexico and Canada in different forms have been delayed twice in 2025, contributing to market uncertainty. Markets have reacted sharply to news regarding tariffs, inflation, and labor, leading to multiple trading days with S&P 500 swings of +/- 1%. Investor anxiety surged, as reflected in a 19.5% increase in the CBOE Volatility Index, known as Wall Street's "fear gauge". While the Magnificent 7, after averaging 86% annual returns the past two years, dropped 6.47% YTD through February after a steep decline of 8.73% last month. Non-IT sectors have buoyed the S&P 500 to a 1.44% YTD gain, while other domestic asset classes have been less fortunate. The Russell 2000, representing small-cap stocks, declined roughly 5.4% in February and is down 2.87% YTD.

International markets have benefited from diversification away from U.S. markets. The MSCI ACWI ex. U.S. index, a broad exposure to developed international and emerging market companies, is up 5.52% YTD through February. While valuations in this space have been favorable, returns may have been amplified by a weaker dollar amid soft retail sales and inflation worries. However, ongoing geopolitical risks and tariffs could strengthen the dollar and reverse these gains.



Despite the turbulence, U.S. unemployment holds at 4.1%, manufacturing has expanded for two straight months, and 2025 forecasts show 2.3% real GDP growth, cooling inflation (PCE 2.6%, CPI 2.4%), and 10% S&P 500 earnings growth. A continued “goldilocks” scenario with above potential Real GDP growth and manageable levels of inflation remains in play, and the administration’s push for peaceful resolutions in global conflicts could stabilize domestic and international markets by easing supply chain pressures.

In summary, while short-term volatility may test investor’s resolve, history reminds us that maintaining a long-term investment strategy has consistently rewarded patience, resulting in the U.S. market delivering robust returns over decades. Underpinned by our nation’s abundant natural resources, exceptional human capital and the resilience of the world’s largest economy, we believe U.S. stocks will continue to reward investors, regardless of political leadership.

SECTORS	2024	YTD	EQUITY INDICES	2024	YTD	COMM. & CURRENCIES	LAST CLOSE	YTD
S&P 500 COMM SVC	40.23%	-3.67%	S&P 500 INDEX	25.00%	-3.60%	WTI CRUDE FUTURE Apr25	67.04	-6.10%
S&P 500 CONS DISCRET IDX	30.14%	-12.88%	DOW JONES INDUS. AVG	14.99%	0.13%	BRENT CRUDE FUTR May25	70.36	-5.51%
S&P 500 CONS STAPLES IDX	14.87%	7.36%	NASDAQ COMPOSITE	29.60%	-8.97%	NATURAL GAS FUTR Apr25	4.40	45.96%
S&P 500 ENERGY INDEX	5.72%	4.38%	S&P 400 MIDCAP INDEX	13.89%	-4.90%	LME COPPER 3MO (\$)	9,613.50	9.64%
S&P 500 FINANCIALS INDEX	30.50%	0.23%	RUSSELL 1000 GROWTH INDX	33.35%	-9.00%	Gold Spot \$/Oz	2,909.10	10.67%
S&P 500 HEALTH CARE IDX	2.58%	8.90%	RUSSELL 1000 VALUE INDEX	14.35%	2.29%	Silver Spot \$/Oz	32.54	11.66%
S&P 500 INDUSTRIALS IDX	17.30%	1.63%	RUSSELL MIDCAP RT INDEX	15.34%	-2.73%	Euro Spot	1.08	4.62%
S&P 500 INFO TECH INDEX	36.61%	-11.27%	RUSSELL 2000 INDEX	11.52%	-8.33%	British Pound Spot	1.29	3.15%
S&P 500 MATERIALS INDEX	-0.04%	3.76%	MSCI ACWI ex US	5.53%	8.23%	Japanese Yen Spot	148.04	6.95%
S&P 500 REAL ESTATE IDX	5.23%	5.19%	MSCI EAFE	4.44%	10.69%	DOLLAR INDEX SPOT	103.84	-4.30%
S&P 500 UTILITIES INDEX	23.43%	3.21%	MSCI EM	8.01%	5.29%			

Source: Bloomberg

As of: 3/10/2025

Total Return								
Bloomberg Barclays Bond Indices	2023	2024	YTD	Effective Duration	Avg. Maturity	Yield-to-Worst	Key Rates	
U.S. Aggregate	5.53%	1.25%	2.15%	6.19	8.46	4.67%	Effective Fed Funds	4.33%
Intermediate	5.24%	3.00%	1.76%	3.88	4.33	4.36%	2-yr Treasury	3.92%
Global Agg ex USD	5.72%	-4.22%	2.87%	7.03	8.59	2.81%	10-yr Treasury	4.21%
Inv Grade Corporate	8.52%	2.13%	1.93%	7.08	10.67	5.18%	10-yr German Bund	2.81%
U.S. Corporate High Yield	13.45%	8.19%	1.76%	3.40	4.71	7.30%	Prime Rate	7.50%
<b>Tax Exempt</b>							30 Year Fixed Mortgage	6.70%
Muni 1-10 Yr Blend (1-12)	4.61%	0.91%	1.38%	3.99	6.30	3.14%		

Source: Bloomberg

As of: 3/10/2025

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