

QUARTERLY MARKET COMMENT

First Quarter 2025



Volatility gripped markets in the first quarter of 2025. The major US stock indices saw moderate declines as chaotic U.S. trade and tariff policies caused a steep decline in business and consumer confidence. In turn, this raised concerns that economic growth would dramatically slow and corporate earnings growth would disappoint. The market was due for a pullback coming into the year and went into correction territory (a decline greater than 10% but less than 20%) before improving a bit by the end of the first quarter. The S&P 500 logged a moderately negative return for the quarter due to sharp drops in widely held technology and consumer stocks. Other areas of the US stock market experienced wide variations in returns.

While the US markets were moving lower, the international markets were resilient and ended the quarter on a very positive note. Developed markets saw the largest gains and outperformed emerging markets after Germany and other EU countries signaled a willingness to increase deficit spending to boost economic growth and defense. Real estate experienced positive returns, along with commodities, thanks to a weaker US dollar and gold hitting a new record high. Switching to fixed income markets, most finished the quarter in positive territory due to a slight decline in intermediate and long-term interest rates.

Bottom line, the first quarter did contain several negative surprises for investors, and we began the second quarter with significant uncertainty about trade policies and legitimate concerns about future economic growth. The economy was already starting to show signs of slowing, and the current economic uncertainty may turbocharge this decline. The path forward is looking a bit murkier than just one quarter ago. Currently, investor sentiment is very depressed, and historically, this is a contrarian sign. There could be some positive surprises on the upside, and we don't want to discount the impact these may have either.

We have experienced these types of markets before and are committed to helping you effectively navigate this challenging investment environment.

Successful investing is a marathon, not a sprint, and through both bull and bear markets, we will remain focused on the diversified approach set up to meet your long-term investment goals. Therefore, it's critical to stay invested, remain patient, and stick to the plan, as we've worked with you to establish an asset allocation based on your financial position, risk tolerance, and investment timeline. We remain vigilant towards risks to portfolios and the economy.

Asset Index Category	1Q 2025 %	1-Year 2024 %	5-Year Average %	10-Year Average %
S&P 500 Index-Large Companies	-4.59	23.31	16.77	10.50
S&P 400 Index-Mid-size Companies	-6.48	12.20	15.13	6.72
Russell 2000 Index-Sm Companies	-9.79	10.02	11.78	4.85
US Real Estate Funds	1.15	5.90	9.61	4.53
Gold	18.21	26.62	13.18	9.23
US Commodities	0.15	-4.22	18.09	5.76
Global Real Estate Funds	1.66	0.23	5.86	2.42
MSCI EAFE-Developed International	6.15	1.15	9.01	2.64
MSCI EM Index-Emerging Markets	2.41	5.05	5.35	1.23
Barclays US Aggregate Bond Index	2.78	1.25	-0.40	1.46
Long US Government Bond Index	3.66	-9.77	-18.55	-3.53
Emerging Market Bond Index	2.97	3.83	3.99	2.17

We appreciate and value the trust you have placed in us to help guide you through your financial life. Please let us know if you have any questions or concerns.

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