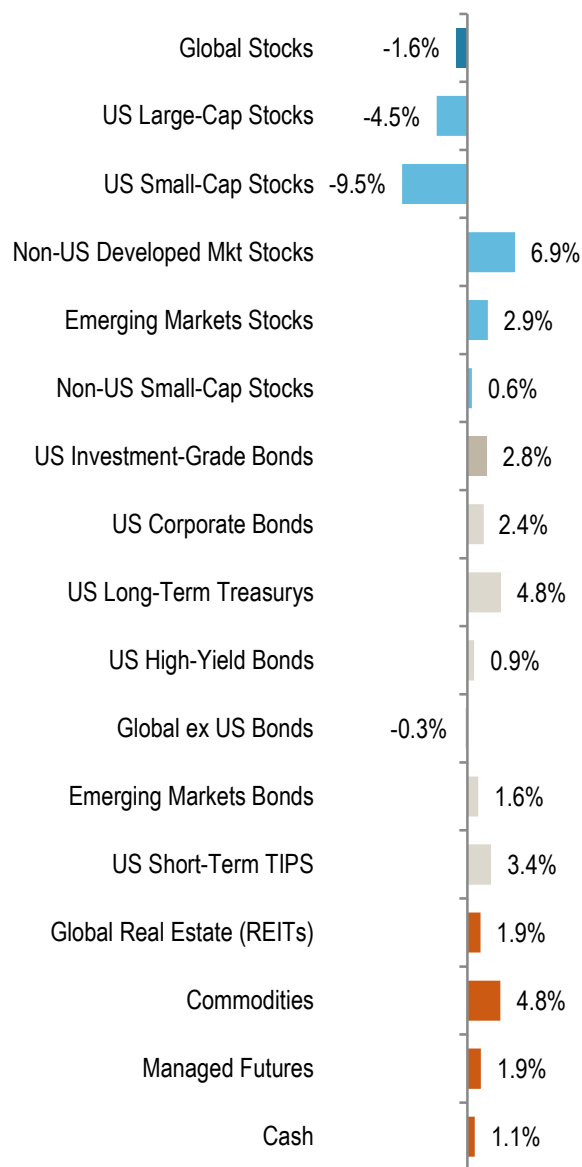


As of March 31, 2025

First Quarter 2025



First Quarter 2025: When It Rains, It Rains on Everyone

The first quarter of 2025 marked a reversal for U.S. equities, as optimism gave way to uncertainty. A combination of shifting trade policies, a weakening dollar, and a cooling technology sector weighed on markets, sending the S&P 500 to its worst quarter since 2022. The S&P 500 fell 4%, while the tech-heavy Russell 1000 Growth tumbled 10%, largely erasing gains from the post-election rally.

The large technology stocks that propelled the U.S. market to its highest back-to-back annual returns since the nineties were hit hard this quarter as their lofty valuations deflated. The so-called Magnificent Seven had their worst quarter on record, underscoring the importance of diversification. Even with Nvidia, Apple, and Microsoft each posting double-digit declines, seven of the eleven S&P sectors posted positive returns, with defensive sectors like healthcare and consumer staples emerging as leaders.

The US dollar has also taken a hit while gold prices reached a zenith as investors sought a safe haven from inflation and geopolitical concerns. A depreciating dollar and European talk of fiscal stimulus gave non-US stocks a chance to shine this quarter.

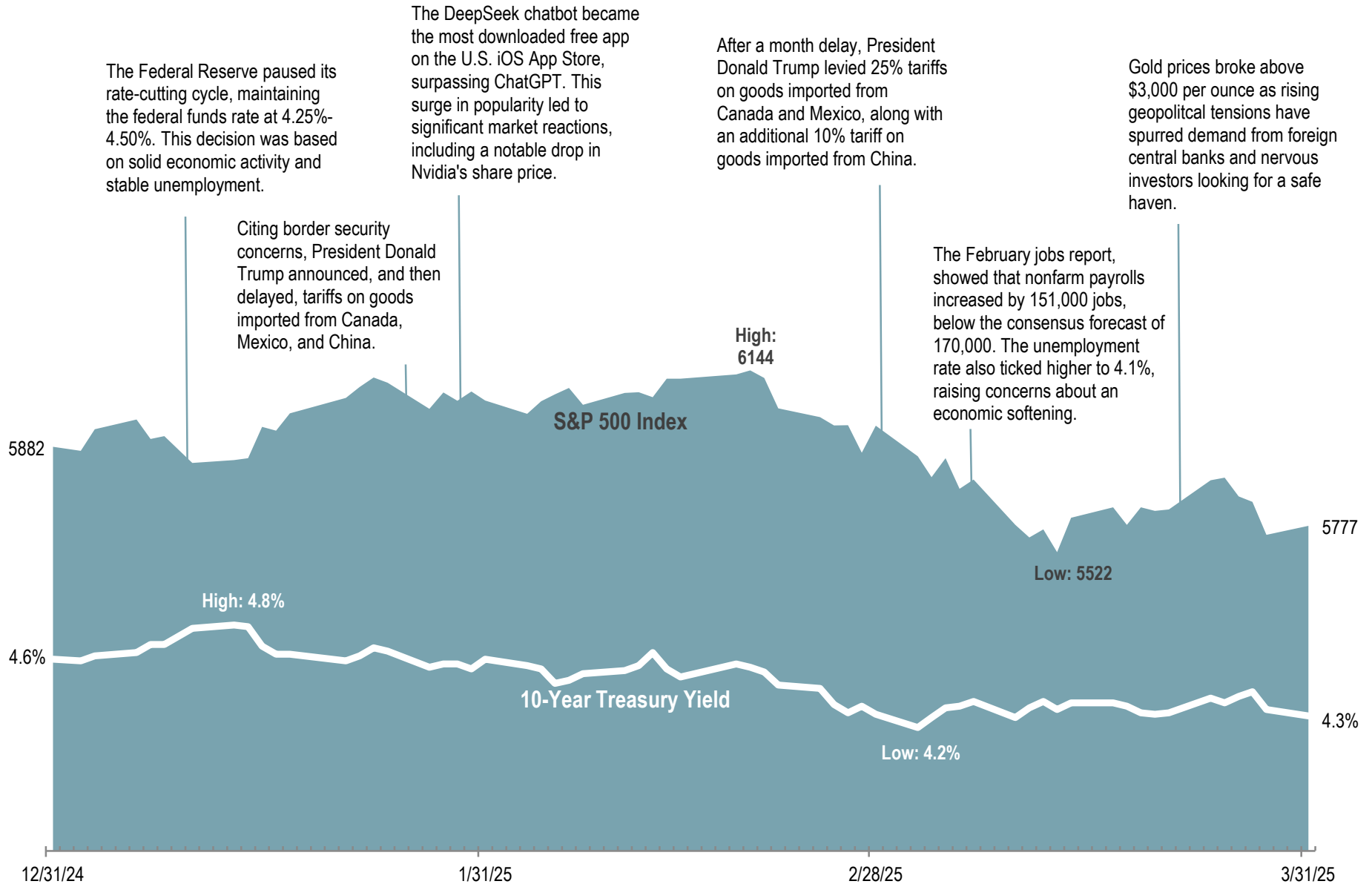
Uncertainty surrounding trade policy was a major driver of volatility. The new administration's unpredictable tariff maneuvers rattled businesses and investors, prompting analysts to revise economic growth expectations downward while elevating inflation forecasts. As firms hesitated to commit to capital spending and hiring, consumer confidence deteriorated, falling to its lowest level since late 2022, according to a University of Michigan survey.

Similarly, economic uncertainty drove savings rates up during the quarter, as Americans started to save for a rainy day. Caution around spending has been a significant theme on corporate earnings calls, with many companies lowering their forecasts and expressing uncertainty around how policy will affect them. With the particulars around tariffs remaining in flux, Costco's Ron Vachris summarized the situation faced by retailers and customers alike: "When it rains, it rains on everyone." For now, though, the forecast remains cloudy going into the second quarter.

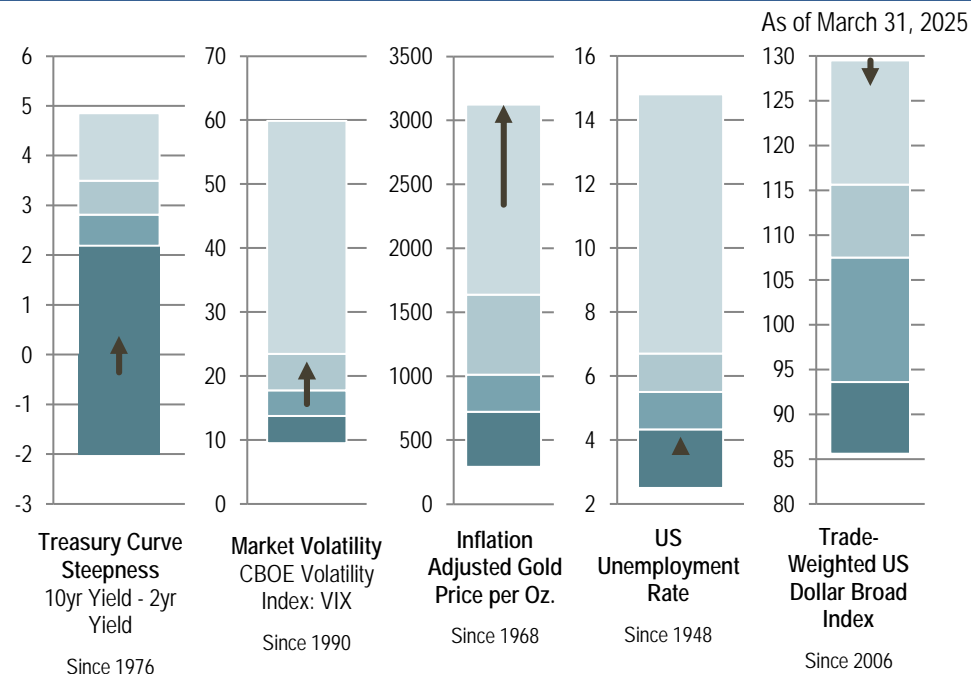
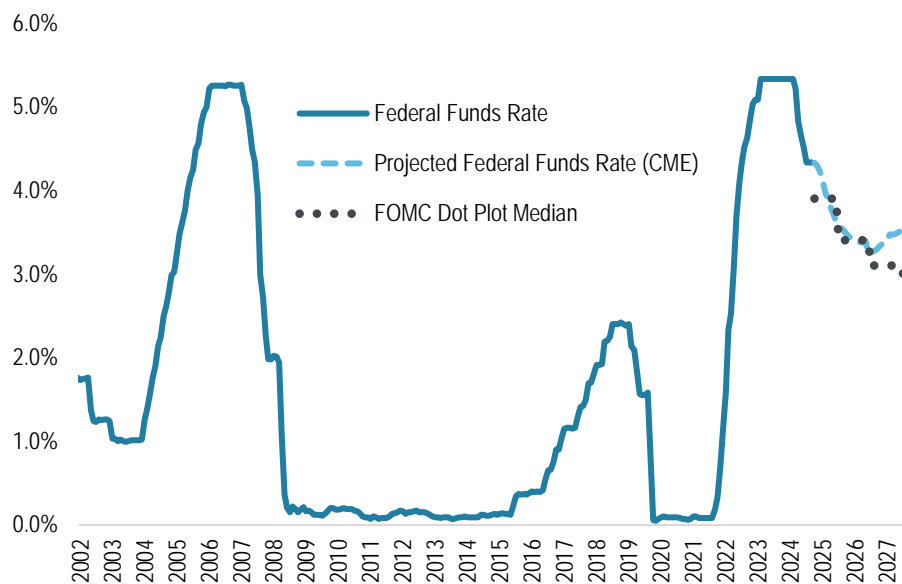
	QTD	YTD	1 Year	3 Years	5 Years	20 Years
Global Stocks	(1.6%)	(1.6%)	6.3%	6.3%	15.0%	7.6%
US Large-Cap Stocks	(4.5%)	(4.5%)	7.8%	8.7%	18.5%	10.2%
US Large-Cap Value	2.1%	2.1%	7.2%	6.6%	16.1%	8.0%
US Large-Cap Growth	(10.0%)	(10.0%)	7.8%	10.1%	20.1%	12.2%
US Small-Cap Stocks	(9.5%)	(9.5%)	(4.0%)	0.5%	13.3%	7.5%
US Small-Cap Value	(7.7%)	(7.7%)	(3.1%)	0.0%	15.3%	6.8%
US Small-Cap Growth	(11.1%)	(11.1%)	(4.9%)	0.8%	10.8%	8.1%
Non-US Developed Markets (USD)	6.9%	6.9%	4.9%	6.1%	11.8%	5.2%
Non-US Developed Markets (Local)	2.9%	2.9%	4.1%	8.7%	13.3%	6.2%
Emerging Markets (USD)	2.9%	2.9%	8.1%	1.4%	7.9%	6.1%
Emerging Markets (Local)	2.7%	2.7%	11.1%	4.7%	9.6%	8.0%
US Investment-Grade Bonds	2.8%	2.8%	5.0%	0.5%	(0.4%)	3.2%
US Long-Term Treasurys	4.8%	4.8%	1.7%	(6.7%)	(7.6%)	3.6%
US Short-Term TIPS	3.4%	3.4%	7.4%	2.8%	4.0%	3.0%
Global Real Estate (REITs)	1.9%	1.9%	5.0%	(3.3%)	7.2%	5.4%
Cash	1.1%	1.1%	4.9%	4.2%	2.6%	1.7%

Returns for periods longer than 1 year are annualized.

Sources: Sellwood Investment Partners LLC, Morningstar, Federal Reserve Economic Data, MSCI, FTSE Russell, ICE BofA, Credit Suisse

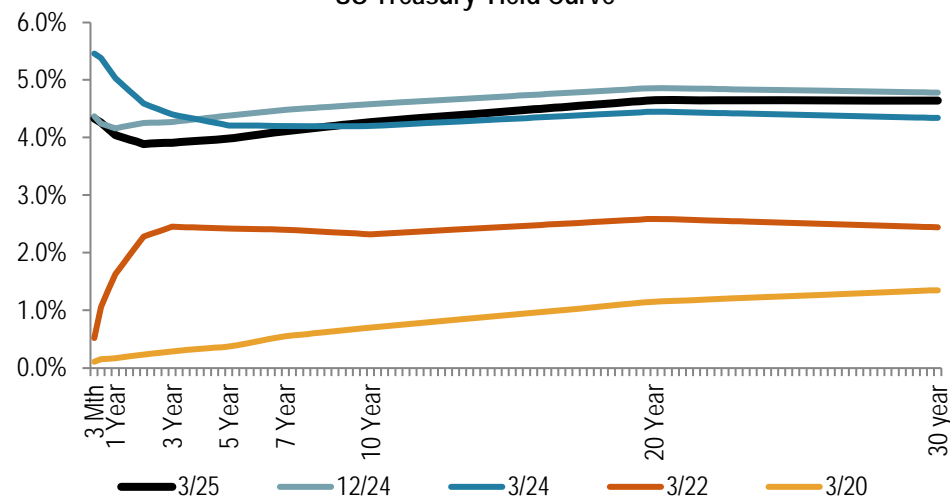


Federal Funds Rate



	<u>3/2025</u>	<u>12/2024</u>	<u>3/2024</u>	<u>3/2022</u>	<u>3/2020</u>
Market Inflation Expectations					
5 Year	2.6	2.4	2.4	3.3	0.5
10 Year	2.4	2.3	2.3	2.8	0.9
20 Year	2.4	2.5	2.5	2.8	1.2
CPI Year-over-Year	---	2.9	3.5	8.5	1.5
West Texas Crude Oil	69.5	72.4	84.0	100.5	20.5
Consumer Sentiment Index	57.0	74.0	79.4	59.4	89.1
S&P 500 Operating EPS	59.4*	61.2	54.6	49.4	19.5
Real GDP Growth YoY	---	2.5	1.6	-1.0	-5.5
Federal Funds Rate	4.33	4.48	5.33	0.20	0.65

US Treasury Yield Curve

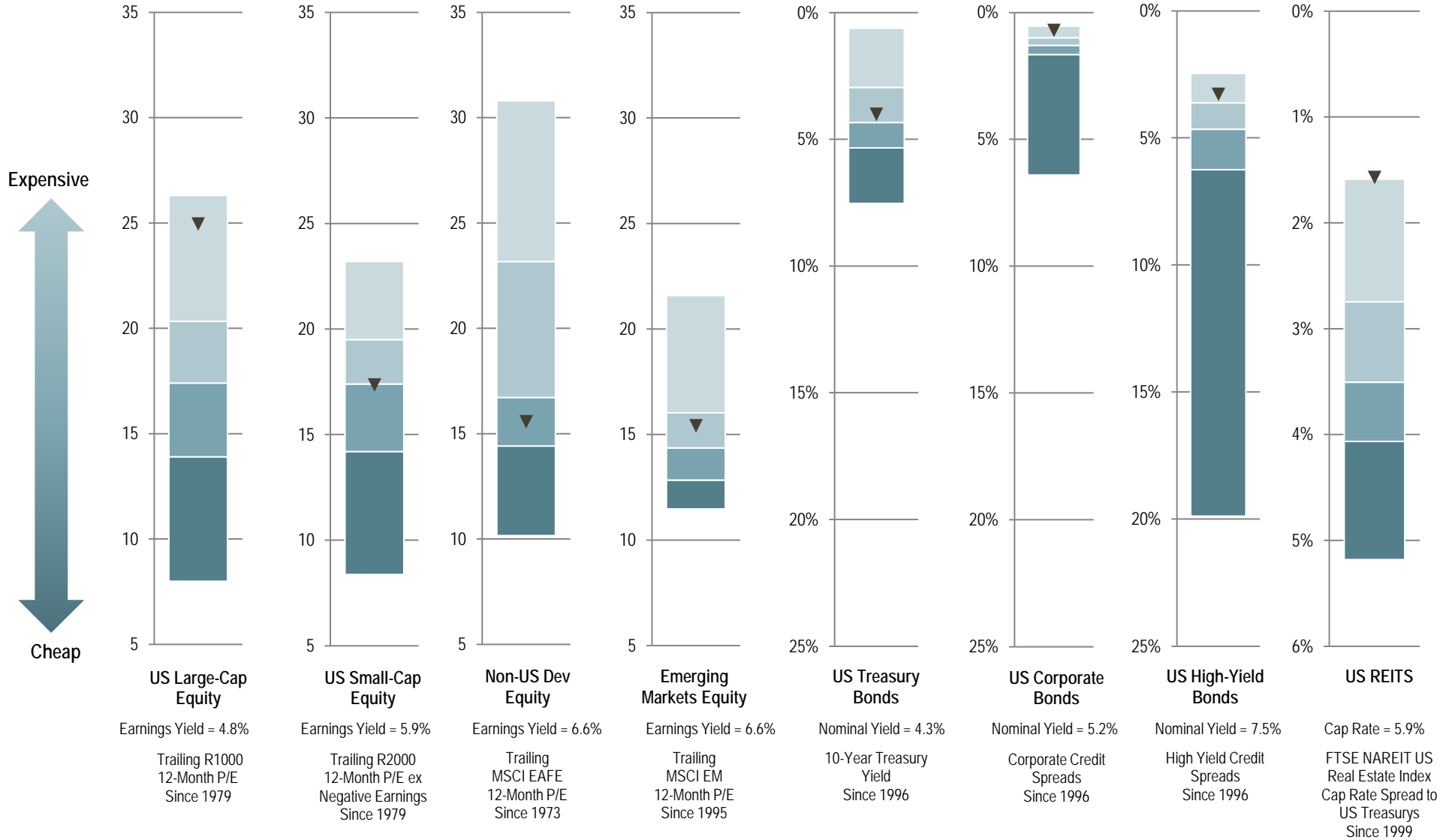


Sources: Sellwood Investment Partners LLC, Morningstar, Federal Reserve Economic Data, CME Group, S&P Dow Jones Indices

Arrows in the top-right charts represent year on year change.

*Estimate, provided by S&P Dow Jones Indices.

As of March 31, 2025

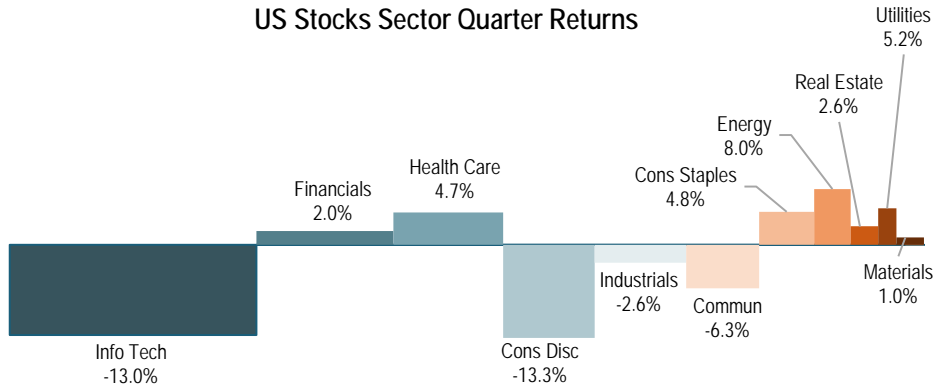


Arrows represent year on year change. Trailing 12 month P/E and cap rate metrics exclude the top and bottom 5%. P/E metrics calculated by Investment Metrics and Morningstar may use different methodology.

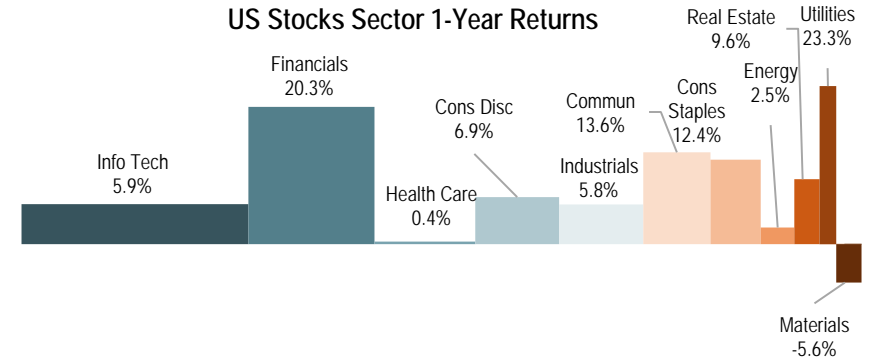
Sources: Sellwood Investment Partners LLC, Robert Shiller Data, S&P Dow Jones Indices, FTSE Russell, MCSI, Federal Reserve Economic Data, NAREIT

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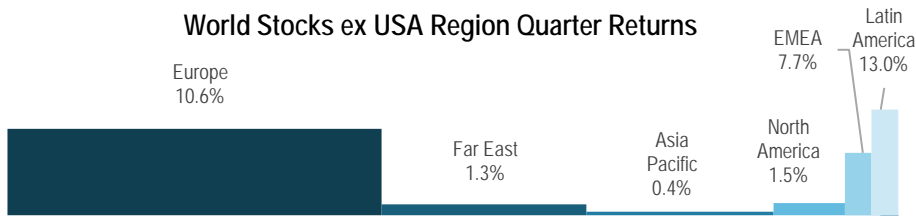
US Stocks Sector Quarter Returns



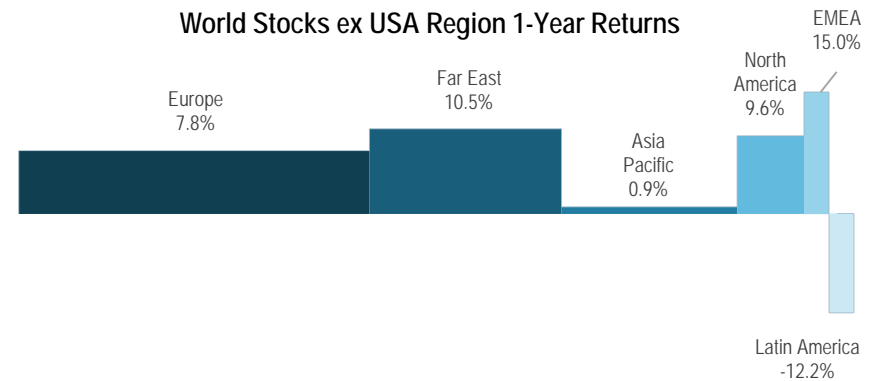
US Stocks Sector 1-Year Returns



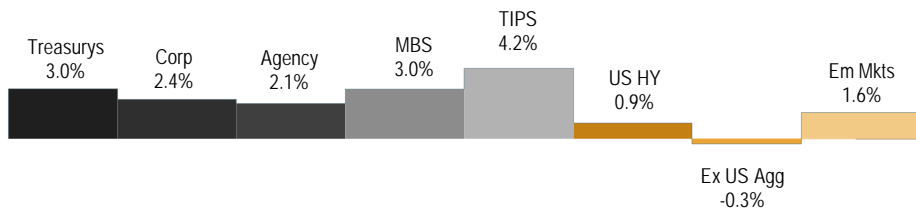
World Stocks ex USA Region Quarter Returns



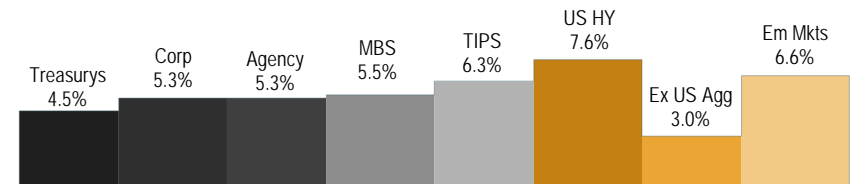
World Stocks ex USA Region 1-Year Returns



Fixed Income Sectors Quarter Returns



Fixed Income Sectors 1-Year Returns



The equity bar widths depict end of the quarter region and sector weights. Fixed income bar widths do not depict specific sector weights. The Far East includes Hong Kong, Japan and Singapore. Sources: Sellwood Investment Partners LLC, Morningstar, S&P Dow Jones Indices, MSCI, ICE BofA

S&P 500 Calendar Year Total Return and Max Drawdowns
As of Market Close on April 8, 2025

