Global Market Overview

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

Year-to-Date Market Review

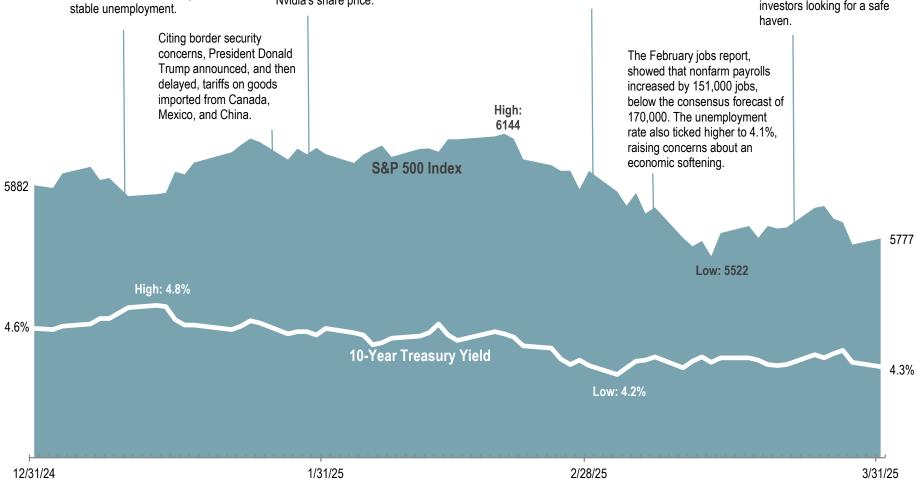
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The Federal Reserve paused its rate-cutting cycle, maintaining the federal funds rate at 4.25%-4.50%. This decision was based on solid economic activity and stable unemployment.

The DeepSeek chatbot became the most downloaded free app on the U.S. iOS App Store, surpassing ChatGPT. This surge in popularity led to significant market reactions, including a notable drop in Nvidia's share price.

After a month delay, President Donald Trump levied 25% tariffs on goods imported from Canada and Mexico, along with an additional 10% tariff on goods imported from China.

Gold prices broke above \$3,000 per ounce as rising geopolitcal tensions have spurred demand from foreign central banks and nervous investors looking for a safe haven.



Sources: Sellwood Investment Partners LLC, Morningstar, Federal Reserve Economic Data, Wall Street Journal, CNBC



Global Economic Overview As of March 31, 2025 **Federal Funds Rate** 3500 16 6.0% 125 5 60 3000 120 5.0% 2500 12 Federal Funds Rate 50 115 3 Projected Federal Funds Rate (CME) 110 2000 10 2 4.0% 105 FOMC Dot Plot Median 30 1500 8 100 3.0% 0 95 1000 -1 90 2.0% 500 10 85 0 80 1.0% US Trade-Inflation **Treasury Curve** Market Volatility Adjusted Gold Unemployment Weighted US Steepness CBOE Volatility **Dollar Broad** Price per Oz. Rate 0.0% 10yr Yield - 2yr Index: VIX Index Yield Since 1968 Since 1948 Since 1990 Since 2006 Since 1976 **US Treasury Yield Curve** 3/2025 12/2024 3/2024 3/2022 3/2020 6.0% Market Inflation Expectations 5.0% 0.5 5 Year 2.6 2.4 2.4 3.3 10 Year 2.4 2.3 2.3 2.8 0.9 4.0% 20 Year 2.4 2.5 2.5 2.8 1.2 3.0% 1.5 CPI Year-over-Year 2.9 3.5 8.5 2.0% West Texas Crude Oil 69.5 72.4 84.0 100.5 20.5 1.0% Consumer Sentiment Index 89.1 57.0 74.0 79.4 59.4 0.0% S&P 500 Operating EPS 59.4* 49.4 19.5 61.2 54.6 3 Year 5 Year 7 Year 10 Year 20 Year 30 year -5.5 Real GDP Growth YoY 2.5 1.6 -1.0 12/24 Federal Funds Rate 4.33 4.48 5.33 0.20 0.65 **-**3/25 -3/24 **3/22** 3/20

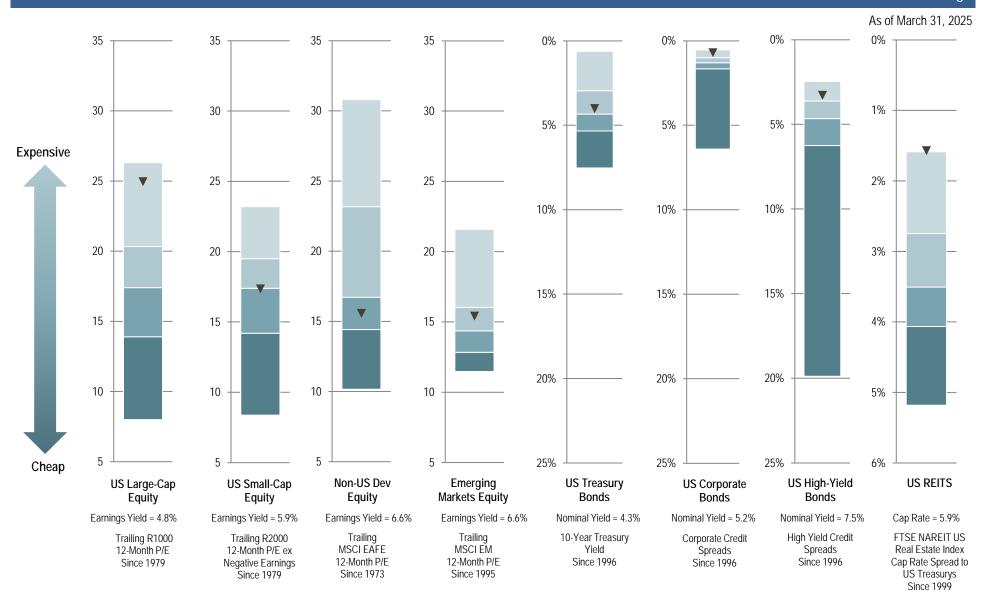
Sources: Sellwood Investment Partners LLC, Morningstar, Federal Reserve Economic Data, CME Group, S&P Dow Jones Indices

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

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

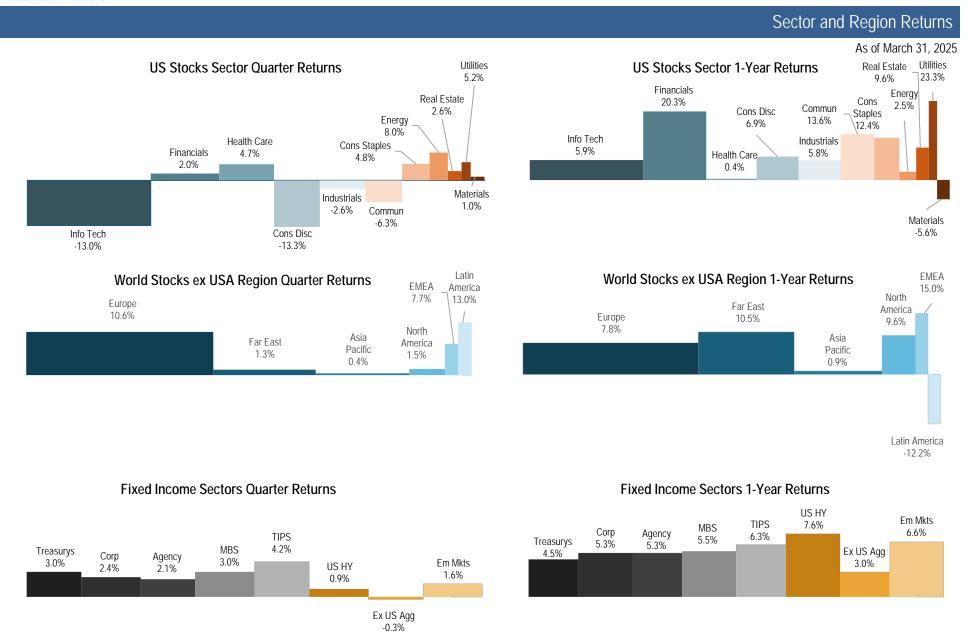


Global Market Valuations - One Year Change



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





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

Calendar Year Total Return and Max Drawdowns

As of April 8, 2025



As of Market Close on April 8, 2025

