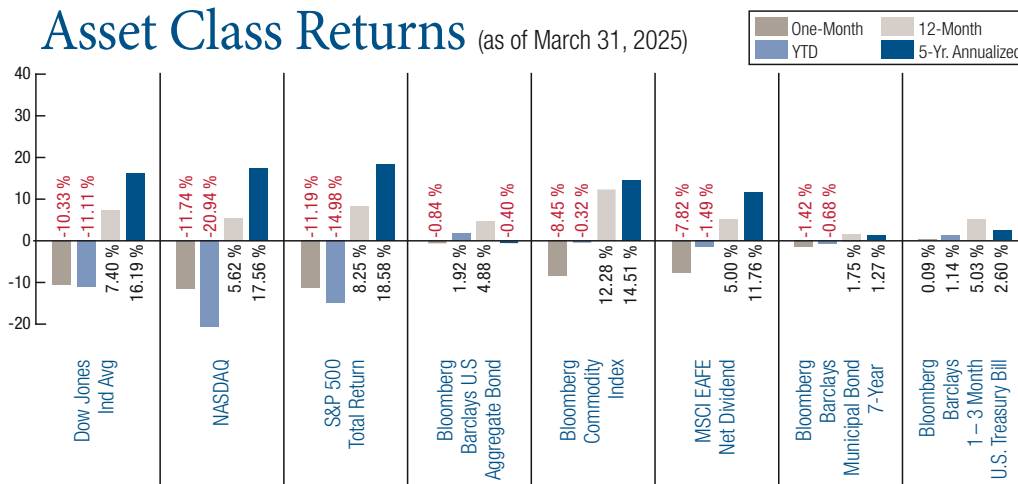


From the Office of Jeff Sgroi, CFP®



Asset Class Returns (as of March 31, 2025)



Material prepared by Raymond James for use by its Financial Advisors

It is an embarrassing understatement to say that the market has been trading in an unprecedented fashion this month. To bring some sense to the recent calamity, we would like to share thoughts on four topics, in addition to a brief market and economic update.

Market & Economic Snapshot

As the global trade and economic environment that we and foreign trade partners had become accustomed to over the past number of decades has been shaken, so too have the markets, at least on a short-term basis. Raymond James' Chief Investment Officer Larry Adam shares trends on the economy, equities, fixed income, and commodities & currencies below.

Economy

- Tariff uncertainty has dented sentiment, but U.S. labor market stability continues to underpin the economy.
- Massive spending plans in Europe, including a 500B euro spending package in Germany, could boost growth across the eurozone.

Equities

- The S&P 500 fell into correction territory for the first time since 2023, suffering its worst quarterly decline (-4.3%) since 3Q22.
- European stocks outpaced U.S. equities by their widest quarterly margin (+15.2%) in USD terms since at least 1988.

Fixed Income

- The Fed held its key policy rate steady at 4.25%-4.50% in 1Q25.
- The administration's policy initiatives will create some challenges for Fed policymakers.

Commodities & Currencies

- Gold prices jumped 19.3% QoQ, topping \$3,000/oz for the first time.
- The U.S. dollar fell 3.9% QoQ, erasing most of its post-election gains.

Washington's Policy Impact on Markets and Potential Tariff Outcomes

At the immediate time of this writing, President Trump announced a 90-day pause on tariffs for most countries, China excluded. China's tariffs, in fact, will be raised to a staggering 125%. Those countries receiving a temporary reprieve will pay 10% during the Reciprocal Tariff period. This announcement caps off a week of fervent activity in

the global economy, as markets reset based on a potential economic slowdown, inflation risks, and challenges in budgeting and cap-ex spending.

Ed Mills, Managing Director of Equity Research at Raymond James believes there are three paths for tariffs.

1. Trump starts cutting deals and tariffs are reduced;
2. Courts or Congress block the tariffs; and/or
3. Trump stays the course resulting in a historic realignment of global trade.

Mr. Mills states that market activity immediately after the tariff announcement on April 2 reflected the risk tied to outcome #3. Subsequent and recent bounces in the market suggest the higher likelihood of options #1 and #2.

According to Ed Mills and colleagues, factor contributing to the potential outcome include:

- **Congressional Pressure on Tariffs:** Recent hearings with U.S. Trade Representative Jamieson Greer highlighted significant congressional scrutiny of the administration's tariff policies. Republican senators expressed concerns about the broad impact of tariffs on consumers, industries, and allies.
- **Impact on Markets:** Volatility remains elevated around the tariff agenda, with market sentiment fluctuating based on the perceived likelihood of each outcome. The uncertainty has contributed to increased market volatility and cautious investor sentiment, which the president and his allies are certainly watching.
- **Global Trade Realignment:** The administration's focus on onshoring and reducing dependency on Asian markets has led to a strategic pivot towards the Western Hemisphere. This shift aims to strengthen trade relationships within the region and reduce vulnerabilities related to critical minerals and manufacturing. In short, it is also a shift toward a significantly more nationalistic approach to trade and economic activity than we have experienced in decades.

Notwithstanding, the outcome of Trump's executive orders is yet to be determined and may play out on the global stage for months to come.

Behavioral Finance and Six Barriers to Investment Success

Our friends at Franklin Templeton shared one of the best synopses on behavioral finance that we have seen in years. The six behaviors and a brief explanation of each are:

- 1. Availability bias** – Our thinking is strongly influenced by what is personally most relevant, recent, or traumatic.
- 2. Herding** – We follow the crowd because we fear making mistakes or missing opportunities.
- 3. Loss aversion** – The pain we associate with a loss is much more intense than the reward felt from a gain.
- 4. Present bias** – We often overvalue immediate rewards at the expense of long-term goals.
- 5. Anchoring** – We often focus too heavily on one piece of information when making decisions.
- 6. Home country bias** – We tend to favor companies and products from our home country or region.

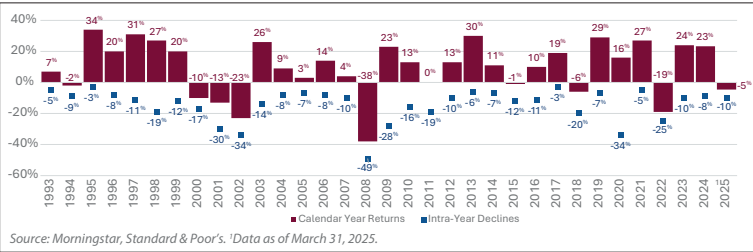
Franklin Templeton goes into further detail in the white paper, making direct correlation and actions taken by investors in down markets. For the entire copy, please contact our office and we will be happy to share it with you. Or you may visit franklintempleton.com/investorbehavior.

We have learned that any or all of these behaviors are part of human nature, though they rarely contribute toward sound, logical investment decisions. We continue to work toward removing the emotional aspect from money management and investment decisions.

Perspective

Anecdotal speaking, in my 27 years in this profession, I do not recall a time with such consistent, volatile intraday market movement. But we have learned that the four most dangerous words in investing are “this time it’s different.” Such mantras lead me back to principles that have worked during other challenging times. Below are visuals that help offer perspective on where we are, where we are going, and how we best get there.

Since 1993, the S&P 500 has finished positive in 23 of the last 32 calendar years, despite having intra-year drops every year. Intra-year dips were as low as -3%, others as great as -49%, averaging -14.6%. In the context of today’s markets, we recognize that even positive years can have meaningful pullbacks. Full calendar year returns do remarkable work in masking intra-year declines.



Index performance is shown for illustrative purposes only and does not reflect the deductions of fees, trading costs or other expenses, which will affect actual investment performance. You cannot invest directly in any index. Individual results may vary. Past performance is not a guarantee of future results. There is no assurance any of the forecasts mentioned will occur.

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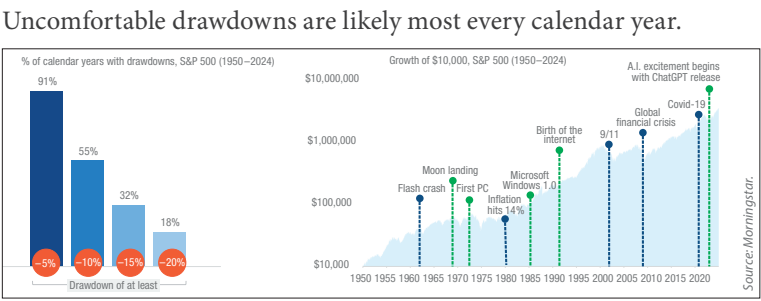
The DJIA index covers 30 major NYSE industrial companies. The NASDAQ represents 4500 stocks traded over the counter. The S&P 500 is a broad based measurement of performance of 500 widely held common stocks. The Barclays Aggregate Bond Index is a diversified index measuring approximately 6,000 investment grade, fixed-rate taxable securities. The Bloomberg Commodity Index is a diversified benchmark for the commodity futures market. The MSCI EAFE index is designed to measure the equity market performance of developed markets excluding the U.S. & Canada. The Barclays Municipal Bond Index is a measure of the long-term tax-exempt bond market with securities of investment grade. The Citigroup Broad Investment Grade Bond Index is market capitalization weighted and designed to track the performance of U.S. dollar-denominated bonds issued in the U.S. investment-grade bond market.

International investing involves additional risks such as currency fluctuations, differing financial and accounting standards, and possible political and economic instability. Also, investing in emerging markets can be riskier than investing in well-established foreign markets. There is no assurance any of the trends mentioned will continue in the future. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal. Investing in the energy sector involves special risks, including the potential adverse effects of state and federal regulation and may not be suitable for all investors.

U.S. government bonds and treasury bills are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. There is an inverse relationship between interest rate movements and bond prices. Generally, when interest rates rise, bond prices fall and when interest rates fall, bond prices generally rise. Commodities may be subject to greater volatility than investments in traditional securities. Investments in commodities may be affected by overall market movements, changes in interest rates, and other factors such as weather, disease, embargoes, and international economic and political developments. Diversification and asset allocation do not ensure a profit or protect against a loss. Dividends are not guaranteed and must be authorized by the company's board of directors. Investment Advisory Services are offered through Raymond James Financial Services Advisors, Inc.

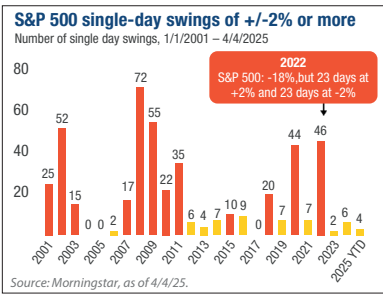
Investments in municipal securities may not be appropriate for all investors, particularly those who do not stand to benefit from the tax status of the investment. Municipal bond interest is not subject to federal income tax but may be subject to AMT, state or local taxes. Municipal securities typically provide a lower yield than comparably rated taxable investments in consideration of their tax-advantaged status. Please consult an income tax professional to assess the impact of holding such securities on your tax liability. CFP® and Certified Financial Planner™ marks in the United States.

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At a 55% likelihood of a 10% pullback, we should expect this level drawdown every other year with a 20% drop every five years.

Exploring market volatility, perception of heightened volatility in today’s market may be misguided. From a historical perspective, $\pm 2\%$ moves were much more frequent during COVID and the 2008/2009 financial crisis. Nonetheless, we expect continued volatility until tariff issues are resolved.



-5.97% on 04/04/25). Again, the theme is to remain invested when it is most difficult to do so.

Top 15 worst market days since 1950*		
Top S&P 500 single day declines and subsequent 1 year return		
Calendar Days	S&P 500 Decline*	Return 1 year later*
10/19/87	-20.5%	23.1%
3/16/20	-12.0%	69.0%
3/12/20	-9.5%	61.8%
10/15/08	-9.0%	20.8%
12/01/08	-8.9%	35.9%
9/29/08	-8.8%	-4.1%
10/26/87	-8.3%	23.5%
10/09/08	-7.6%	17.8%
3/9/20	-7.6%	43.6%
10/27/97	-6.9%	21.5%
08/31/98	-6.8%	38.0%
01/08/88	-6.8%	15.3%
11/20/08	-6.7%	45.1%
05/28/62	-6.7%	26.7%
08/08/11	-6.7%	25.2%
Average	-8.9%	30.9%

Recession and asset class performance			
1/1/1929 – 3/31/2025			
Recessions	U.S. stocks	U.S. bonds	60/40 portfolio
1929-09-01 to 1933-03-31	-33.6	4.9	-19.1
1937-06-01 to 1938-06-30	-22.4	6.4	-9.9
1945-03-01 to 1945-10-31	19.5	1.0	12.4
1948-12-01 to 1949-10-31	15.2	2.5	10.1
1953-08-01 to 1954-05-31	24.2	5.1	16.6
1957-09-01 to 1958-04-30	-1.5	9.7	3.3
1969-08-01 to 1961-02-28	20.3	7.2	14.9
1970-01-01 to 1970-11-30	-2.0	16.2	5.9
1973-12-01 to 1975-03-31	-5.9	5.7	0.0
1980-02-01 to 1980-07-31	9.6	9.5	9.5
1981-08-01 to 1982-11-30	10.5	29.1	17.9
1990-08-01 to 1991-03-31	8.0	7.5	8.1
2001-04-01 to 2001-11-30	-0.9	5.9	1.9
2008-01-01 to 2009-06-30	-25.0	4.8	-11.5
2020-03-01 to 2020-04-30	-1.1	1.2	-0.1
Average	1.0	7.8	4.0