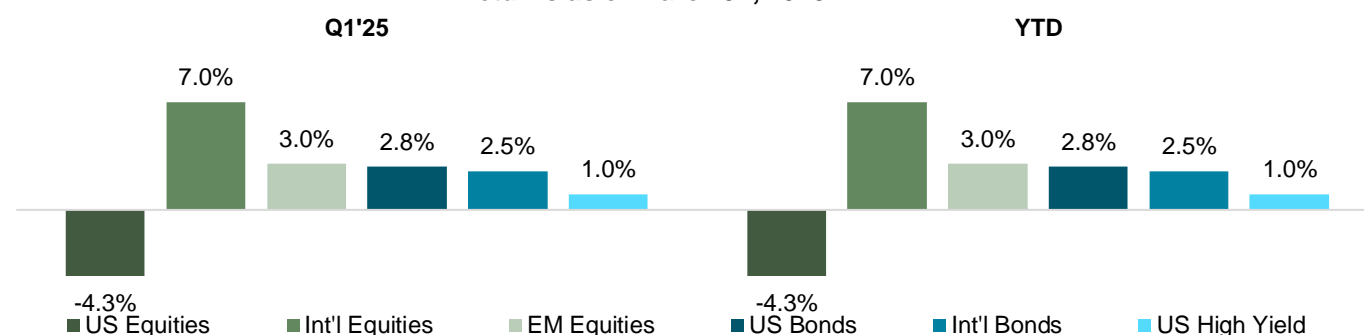




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Quarterly Market Review

Returns as of March 31, 2025



Source: FactSet

In the first quarter of 2025, diversification helped investors mitigate risks and seize opportunities amid market volatility. A globally diversified moderate risk 60/40 stock bond portfolio eked out a small gain of 0.3% despite negative returns in the U.S. equity markets.

Tariff concerns and weakness in technology stocks sent the S&P 500 down -4.3% in Q1'25, ending a streak of five consecutive quarterly gains. The sell-off was concentrated in a handful of large AI-focused technology companies dubbed the Magnificent Seven - Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla that struggled to maintain their previous dominance amid competition from China and tariff concerns. This marked a sharp reversal from prior years when the Mag-7 accounted for more than 50% of the S&P 500's 20%+ returns in 2023 and 2024.

Within the U.S. equity markets, there was wide dispersion. Defensive companies that pay dividends had positive returns, while fast-growing technology companies posted their worst quarter since 2020. Across size, smaller companies trailed their larger peers, given their reliance on domestic growth where policy uncertainty dominated.

As U.S. stock lost ground, international stocks surged when investors went looking for cheaper opportunities. Stocks in Europe rose 10.9% from major fiscal initiatives designed to stimulate growth and enhance the region's defense capabilities. Stocks in China gained 15% on AI enthusiasm.

Bonds gained as investors shifted their concerns from inflation to recession risk. U.S. bonds ended the quarter with a respectable 2.8% return, as yields, which are a proxy of borrowing costs, fell more than 20 basis points.

Finally, across other asset classes, gold, the ultimate safe port in an economic storm, gained 18%, its best quarter since 1986. Gold's rally was also partly driven by a weaker dollar.

INDEX DEFINITIONS

Asset Class	Index	Definition
China	MSCI China	Measures the performance of large and mid-cap shares in China including China H shares, B shares, Red chips, P chips, and foreign listings (e.g., ADRs). Index covers about 85% of the China equity universe.
Commodities	Bloomberg Commodity	Measures the performance of a broadly diversified exposure to physical commodities via futures contracts.
Emerging Markets (EM) Equity	MSCI Emerging Markets	Measures the equity market performance of countries considered to represent emerging markets.
Europe	MSCI Europe Ex UK GR USD	Measures large and mid-cap shares across 14 Developed Markets (DM) countries in Europe. With 336 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets excluding the UK.
Global 60/40 Index Blend	60% MSCI ACWI, 40% Bloomberg Global Aggregate	Measures the performance of a blend of global equities and global bond indexes used as a benchmark for balanced portfolios.
Gold	Bloomberg Sub Gold	Measures the performance of futures contracts on gold and is quoted in USD.
International Bonds	Bloomberg Global Aggregate ex-USD	Measures the performance of investment-grade debt from 24 local currency markets. This multi-currency index includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers. It excludes bonds issued in USD.
International Developed Equity	MSCI EAFE	Measures the equity performance of countries considered to represent developed markets, excluding the U.S. and Canada.
Small Caps	S&P 600	Measures the performance of 600 small-sized companies in the USS Constituents that generally have a market cap between \$400 million and \$1.8 billion and meet criteria to ensure they are liquid and financially viable.
U.S. Dollar	U.S. Dollar Index	Measures the value of the U.S. dollar relative to the value of a 'basket' of currencies of the majority of the U.S.'s most significant trading partners. Factors the exchange rates of six major world currencies: euro, Japanese yen, Canadian dollar, British pound, Swedish krona, and Swiss franc.
US Bonds	Bloomberg US Aggregate	Measures the performance of USD-denominated, investment-grade, fixed-rate taxable bond market of SEC-registered securities. The index includes Treasury bonds, Government-related Corporate, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS sectors.
U.S. Equities	S&P 500	Measures the performance of 500 leading companies in the U.S. Constituents that generally have a market cap above \$5 billion and represent approximately 80% of the investable market.
U.S. High Yield	Bloomberg Barclays U.S. Corporate High Yield	Measures the performance of USD-denominated, non-investment-grade, fixed-rate taxable corporate bonds. "High-yield" securities have the middle rating from Moody's, Fitch, or S&P of Ba1/BB+/BB+ or below. Index excludes emerging market debt.

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Investments in equities, bonds, options, and other securities, whether held individually or through mutual funds and exchange traded funds, can decline significantly in response to adverse market conditions, company-specific events, changes in exchange rates, and domestic, international, economic, and political developments.

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