Market Summary 1st Quarter 2025: Stocks saw a tumultuous quarter marked by a record high reached in mid-February on hopes of strong economic growth, only to be followed by a rapid reversal as uncertainty over the effects of tariffs dominated the headlines. Investor sentiment quickly changed from extreme optimism to extreme pessimism as fears of a potential recession and higher inflation later this year became the dominant theme. The S&P 500 closed -4.27%, its worst performance since Q2 of 2022. Market performance varied dramatically with a huge disparity between Growth (-10%) and Value (+2.5%) as the high flying Magnificent 7 stocks within the Growth index marked their worst quarter on record. Meanwhile, the Bond market saw impressive gains particularly in US 10YR Treasuries where interest rates dropped 0.24% to 4.24%. The markets closed the quarter on unsettled footing as investors awaited the highly anticipated announcement of more clarity on tariffs.

Index Returns:	QTD	12 Months		QTD	12 Months		QTD	12 Months
S&P 500 (SPY)	-4.27%	8.30%	U.S. Growth (SCHG)	-10.06%	8.48%	U.S. Short Bond (BSV)	1.92%	5.73%
S&P 500 Equal Weight (RSP)	-0.67%	3.94%	U.S. Value (SCHV)	2.50%	7.36%	Intermediate Aggregate Bond (AGG)	2.74%	4.85%
Foreign Developed (MAIIX)	8.00%	5.78%	Small Blend (IWM)	-9.51%	-4.04%	High Yield Bond (HYG)	1.23%	7.68%

Market Outlook: According to the new Administration, **a seismic shift in how the US economy functions is underway.** The goal is to reduce the US' ever growing trade and budget deficit, and fortify the US' national security through less dependence on foreign manufacturing. **Implementation of this plan is in three parts: Tariffs, Tax Cuts and Deregulation. The first part of the plan,** announced on April 2nd, were **tariffs that were far more stringent than expected** and sent shockwaves through all capital markets around the globe. Every country affected is now rethinking its economic trade policy and hopefully will have an incentive to negotiate. As it stands today however, these tariffs are viewed as a massive tax hike to corporations and consumers, and certainly NOT what was expected. **The second part of the plan, which is yet to evolve, is both a massive restructuring of income tax and implementation of tax cuts,** which if enacted, would give significant relief to corporations and consumers to offset the effect of tariffs. Tariffs will bring in substantial revenue into the US which can in turn be used to pay for tax cuts that will be passed on to the consumer. **The third part of the plan is significant deregulation for businesses which would spur growth.** How, when, and what is resolved with tariffs and taxes makes the situation fluid and unpredictable. Currently, extreme fear is driving the markets as it prices in the potential of a recession. This means in the near term, stock prices can move even lower and volatility will remain elevated. As more clarity and certainty evolves, the market will find its footing.

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