

March 2025 Market Recap

March 2025 Market Recap: Policy uncertainty was the main market driver.

Corporate earnings reported during March did not drive market performance. The risk-off theme in February persisted in March, with continued focus on the return of tariffs and their effect on macroeconomic and geopolitics.

1. Correlations and index volatility rose across the board, while dispersion declined.
2. The VIXEQ, which reflects the average implied single-stock volatility, closed over 40, the highest month-end reading since September 2022.
3. Brent crude oil finished the month at \$71 a barrel, Gold around \$3,100 an ounce, Bitcoin was at \$83,000 and €/€ at 1.08.

Short-to-Intermediate Term Outlook

Our view is that greater volatility has usually corresponded with a wider range of returns, thus creating opportunities for above-benchmark returns. Back in January 2025, the [IMF in its “World Economic Outlook Update” forecasted the U.S. GDP to grow at an annual rate of 2.7% in 2025, Advanced Economies \(including the U.S.\) at 1.9%, Emerging Markets and Developing Economies at 4.2%.](#) We now believe incorporating current policy uncertainties, could bring around 2% annual U.S. GDP growth, while also shaving 50 basis points from global GDP growth.

- We remain underweight long-term U.S. Treasuries, as we expect higher long-term bond yields to persist globally.
- As effects of current policy start to filter through global economies, later this year, we believe the valuation compression will favor U.S. equities to resume their global leadership. *(See U.S. Equity Valuations table below from Jefferies.)*
 - In the short-to-intermediate term in the U.S.:
 - Defensive sectors, including consumer staples and utilities could provide some protection and dividends.
 - Quality stocks should continue to provide some upside.
 - Emerging market stocks such as Brazil offer a great entry point.
- We continue to maintain our exposure to inflation protection assets such as gold and selected commodities.

April 7, 2025

Assets Performance

Product	Jan-25	Feb-25	Mar-25	1Q2024
S&P 500	2.78%	-1.30%	-5.63%	-4.27%
Nasdaq	1.66%	-3.91%	-8.14%	-10.27%
Russell 2000	2.62%	-5.35%	-6.81%	-9.48%
Russell 2000 Value	2.05%	-3.83%	-6.00%	-7.75%
Russell 2000 Growth	3.16%	-6.77%	-7.58%	-11.11%
Russell 2000 Quality Factor	2.90%	-4.43%	-5.33%	-6.90%
Russell 3000	3.16%	-1.92%	-5.83%	-4.72%
MSCI ACWI	3.29%	-0.70%	-0.86%	1.69%
MSCI EAFE	5.21%	1.81%	-0.90%	6.15%
iShares MSCI Frontier and Select EM ETF	3.03%	1.79%	2.38%	7.37%
MSCI Emerging Markets	1.66%	0.35%	0.39%	2.41%
Bloomberg Barclays US Corporate High Yield Bond Ind	1.37%	0.67%	-0.95%	1.08%
Barclays U.S. Agg (U.S. Bond)	0.69%	2.20%	-0.19%	2.70%
Barclays Global Agg (Global Bond)	0.74%	1.43%	0.51%	2.70%
60% S&P 500 / 40% Barclays US Agg.	1.94%	0.10%	-3.46%	-1.48%
60% MSCI ACWI / 40% Barclays US Agg.	2.25%	0.46%	-0.59%	2.11%
60% MSCI ACWI / 40% Barclays Global Agg.	2.27%	0.15%	-0.31%	2.11%
FTSE Nareit U.S. Real Estate Index	1.09%	3.61%	-3.27%	1.31%
FTSE EPRA/Nareit Global Real Estate Index	1.44%	2.26%	-1.99%	1.67%
iShares Gold Trust	7.69%	0.78%	9.88%	19.24%
iShares U.S. Oil & Gas Exploration & Production ETF	3.01%	0.58%	2.33%	6.01%

Source: Delphin Investments; Bloomberg fixed income indices; FTSE Russell; FTSE™, Factset, "Nareit®; BlackRock; MSCI Inc."

Performance as of 3/31/2025.

U.S. EQUITY VALUATIONS - The S&P 500, at 19x 12-month forward earnings, is down three and half points from its February peak, but is only back to where it was in January 2024. In 2002, the S&P 500 traded at a low of 14.2x its next year's earnings. In 2008, when the country was in a severe recession, that figure hit 8.8x. During COVID we saw the S&P 500 fwd multiple dropping to just below 16x.

	S&P 500	Nasdaq 100	Russel 2000
Return YTD	-13%	-17%	-18%
Current NTM P/E	18.8x	22.1x	21.2x
EPS NTM	269.61	786.86	86.11
2025 EPS Growth Est	10%	16.5%	45%

* BBG numbers

Past performance is not an indication of future results.

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