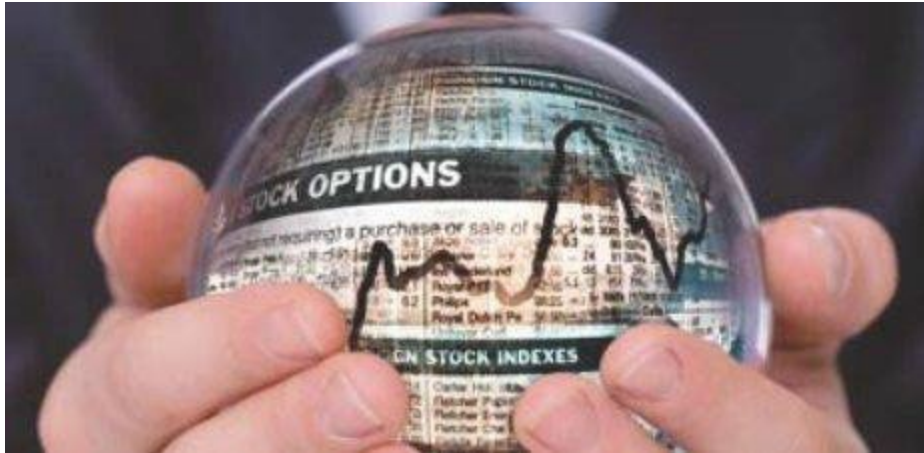


Beacon Trust Client Webinar: Quarterly Market Outlook



Source: www.TheDigeratiLife.com

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Calculation methodologies are available upon request. #111728 #113612
For one on one presentation only.

2025 Year-To-Date (YTD) Market Performance – Select Indexes

YTD Performance as of 4/16/25: *

- S&P 500: -10.0%
- Russell 1000 Growth: -14.8%
- Russell 1000 Value: -4.6%
- Russell 2000 (Small Cap): -16.1%
- MSCI EAFE (International Equity): +3.9%
- Bloomberg Aggregate Bond: +2.2%
- Gold: +25.4%

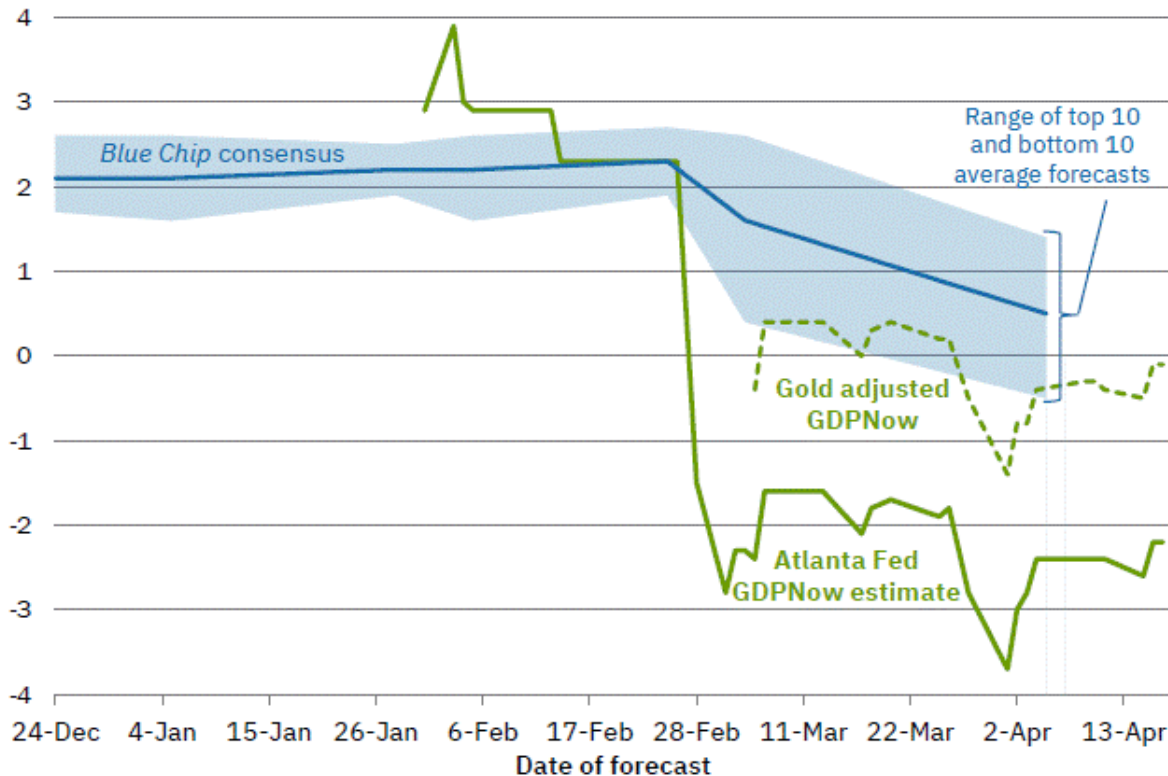
Reminder: The S&P 500 increased 25%+ in 2023 and 2024.

Lesson: Diversification has paid off with respect to reducing risk in 2025 (YTD) despite hindering performance over the 2023-2024 time period.

* Source: Morningstar

Uncertain Q1 GDP Estimate → Sluggish Economy

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q1
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

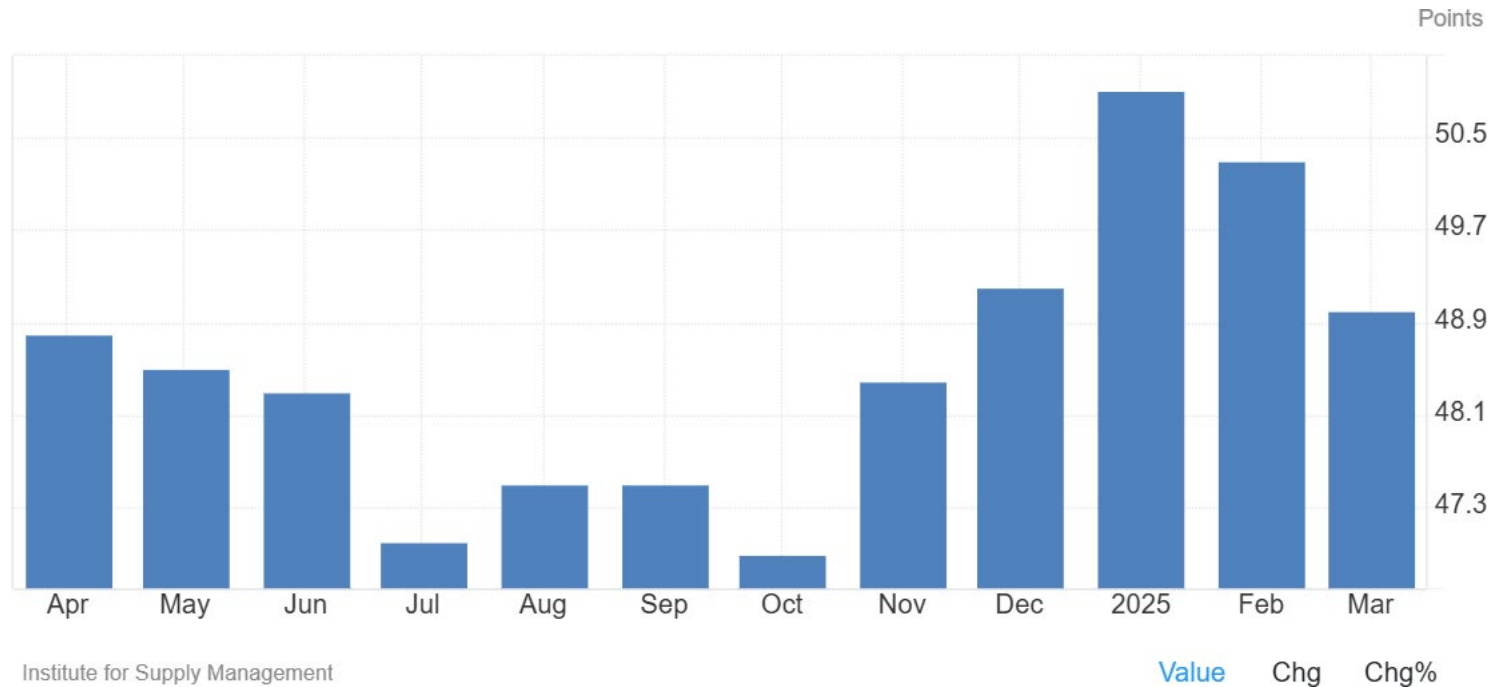
2024 GDP Growth was good.

- Q1 (+1.6%)
- Q2 (+3.0%)
- Q3 (+2.8%)
- Q4 (+2.3%)

Gold imports surged to get ahead of anticipated tariffs.

Despite the sharp drop in the Atlanta Fed estimate, we believe GDP will increase 1%-2% in 2025, driven by pro-business regulations and AI productivity gains.

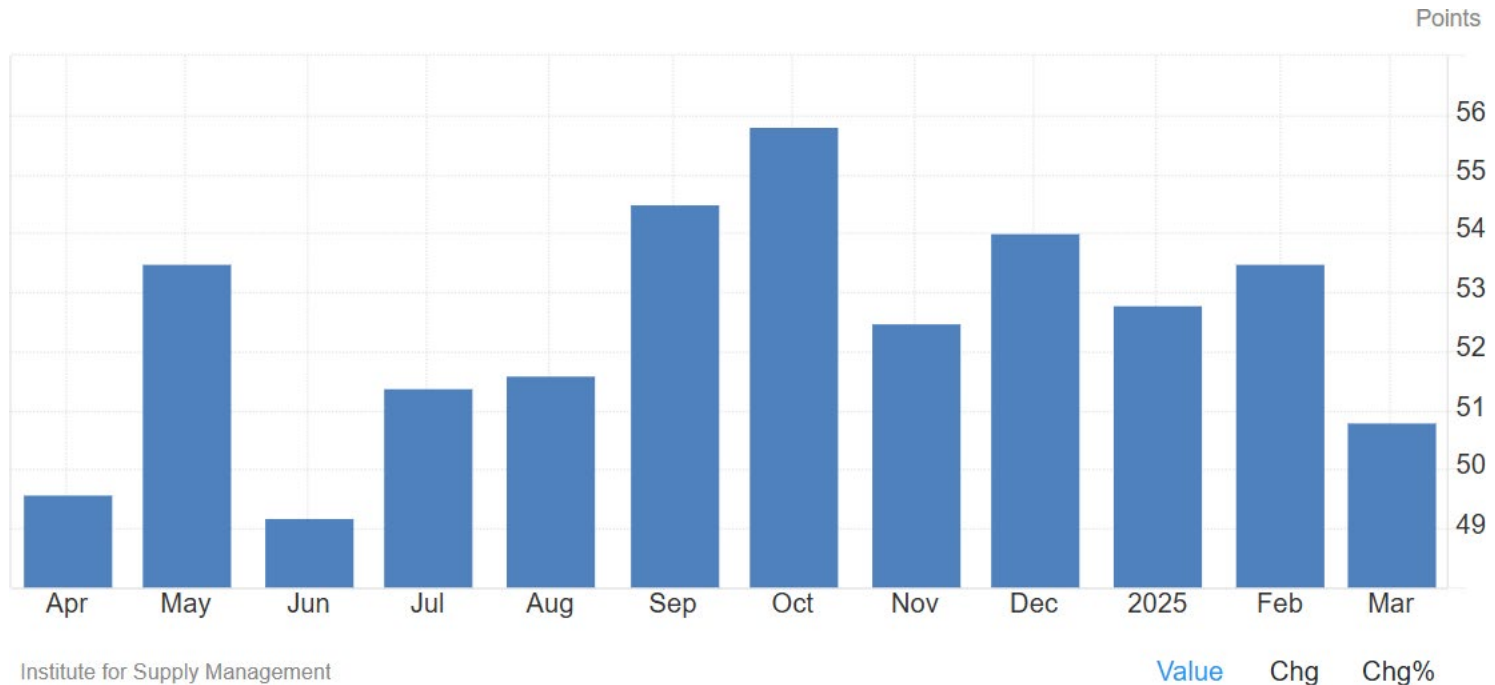
ISM Manufacturing Falls, < 50



The ISM Manufacturing PMI fell to 49 in March 2025 from 50.3 in February, below forecasts of 49.5. The reading pointed to the first contraction in factory activity in three months, after expanding only marginally in February. New orders (45.2 vs 48.6), backlog of orders (44.5 vs 46.8) and employment (44.7 vs 47.6) contracted faster and production also declined (48.3 vs 50.7) while price pressures soared to the highest since June 2022 (69.4 vs 62.4). Meanwhile, inventories rebounded (53.4 vs 49.9) and supplier deliveries (53.5 vs 54.5) indicated a continued slowing of deliveries. "Demand and production retreated and destaffing continued, as panelists' companies responded to demand confusion. Prices growth accelerated due to tariffs, causing new order placement backlogs, supplier delivery slowdowns and manufacturing inventory growth", Timothy Fiore, Chair of the ISM Manufacturing Business Survey Committee said. source: Institute for Supply Management

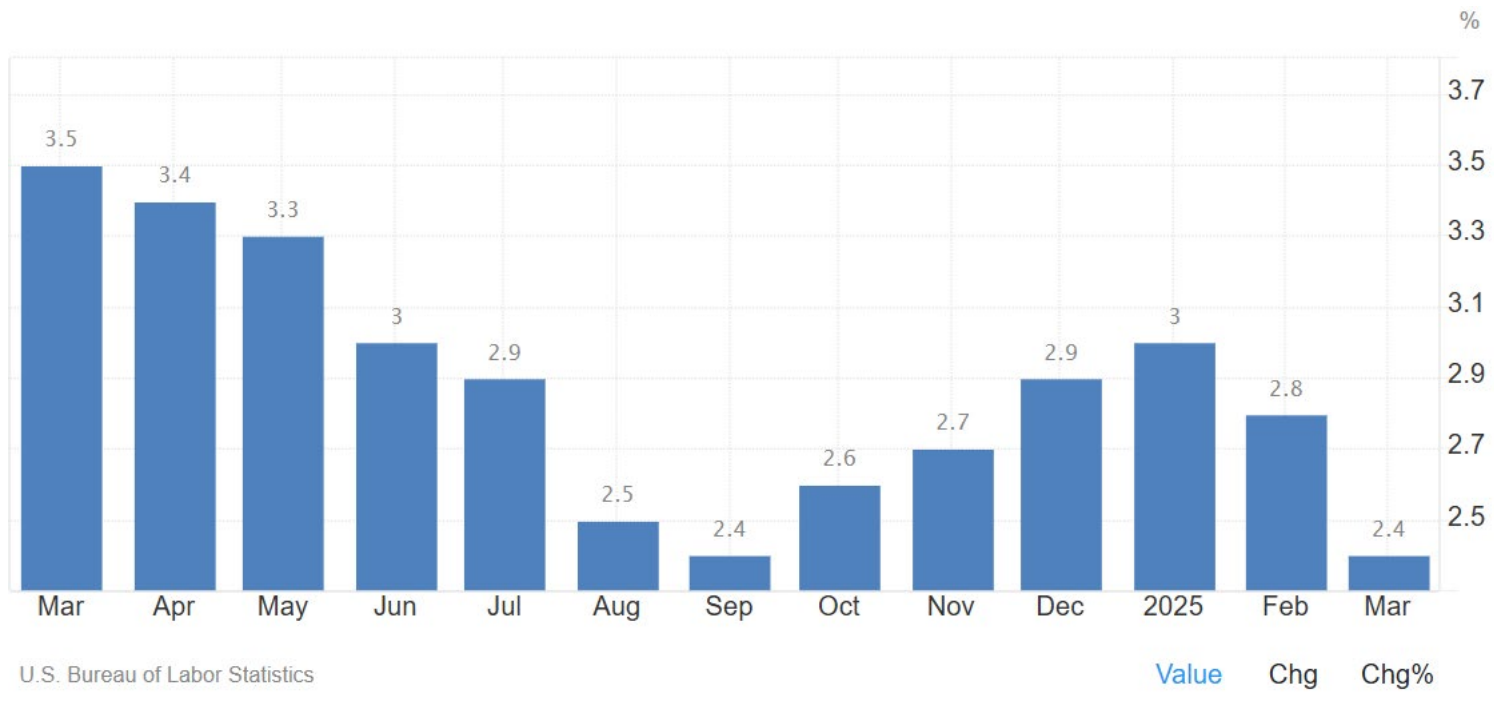
Source: Trading Economics

ISM Services Falls, Still > 50



The ISM Services PMI fell sharply to 50.8 in March 2025 from 53.5 in February, well below forecasts of 53. The reading pointed to the softest expansion in the services sector since June last year. New orders (50.4 vs 52.2) and inventories (50.3 vs 50.6) slowed and employment contracted sharply (46.2 vs 53.9). Also, supplier deliveries eased (50.6 vs 53.4) and backlogs of orders indicated contraction for the seventh time in the last eight months (47.4 vs 51.7). Meanwhile, production rose faster (55.9 vs 54.4) and price pressures eased (60.9 vs 62.6). " There has been a significant increase this month in the number of respondents reporting cost increases due to tariff activity. Despite an increase in comments on tariff impacts and continuing concerns over potential tariffs and declining governmental spending, there was a close balance in near-term sentiment", Steve Miller, Chair of the ISM Services Business Survey Committee said. source: Institute

CPI Falls To 2.4%



The annual inflation rate in the US eased for a second consecutive month to 2.4% in March 2025, the lowest since September, down from 2.8% in February, and below forecasts of 2.6%. Prices for gasoline (-9.8% vs -3.1%) and fuel oil (-7.6% vs -5.1%) fell more while natural gas prices soared (9.4% vs 6%). Inflation also slowed for shelter (4% vs 4.2%), used cars and trucks (0.6% vs 0.8%), and transportation (3.1% vs 6%) while prices were unchanged for new vehicles (vs -0.3%). On the other hand, inflation accelerated for food (3% vs 2.6%). Compared to the previous month, the CPI decreased 0.1%, the first fall since May 2020, compared to expectations of a 0.1% gain. The index for energy fell 2.4%, as a 6.3% decline in gasoline more than offset increases in electricity (0.9%) and natural gas (3.6%). Meanwhile, annual core inflation eased to 2.8%, the lowest since March 2021, and below forecasts of 3%. On a monthly basis, the core CPI edged up 0.1%, below expectations of 0.3%. source: U.S. Bureau of Labor Statistics

Source: Trading Economics

Firms Adding Tariff Charges → Higher Inflation

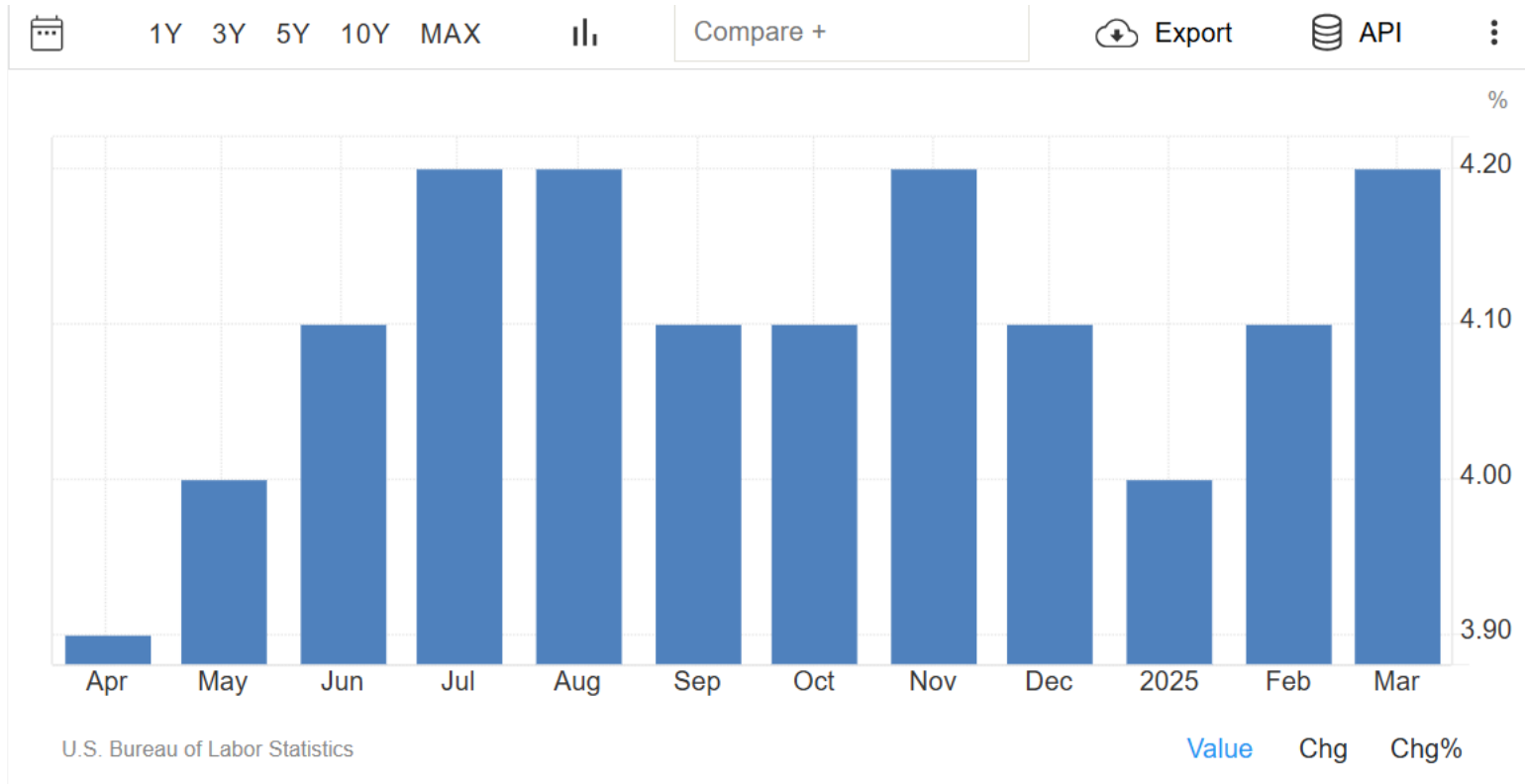
American consumers see tariff surcharges on their receipts amid trade war

American consumers are noticing a new line on their shopping receipts — a tariff surcharge. Even with President [Donald Trump's](#) 90-day pause on tariffs, companies and customers are feeling the impact, especially those that import their products from China.

The surcharges have been popping up across several industries, impacting nearly everything from prices of clothing to automobile manufacturing. Some companies are charging flat fees, while others charge a percentage of the total cost of a given purchase.

Amazon CEO Andy Jassy recently [told CNBC](#) that he thinks manufacturers will start to "pass that cost" on to customers rather than trying to absorb it. Many of the company's third-party sellers — which make up 60% of products sold on Amazon — are based in China, and are facing the harshest of Trump's tariffs.

Unemployment Rate Increases To 4.2%

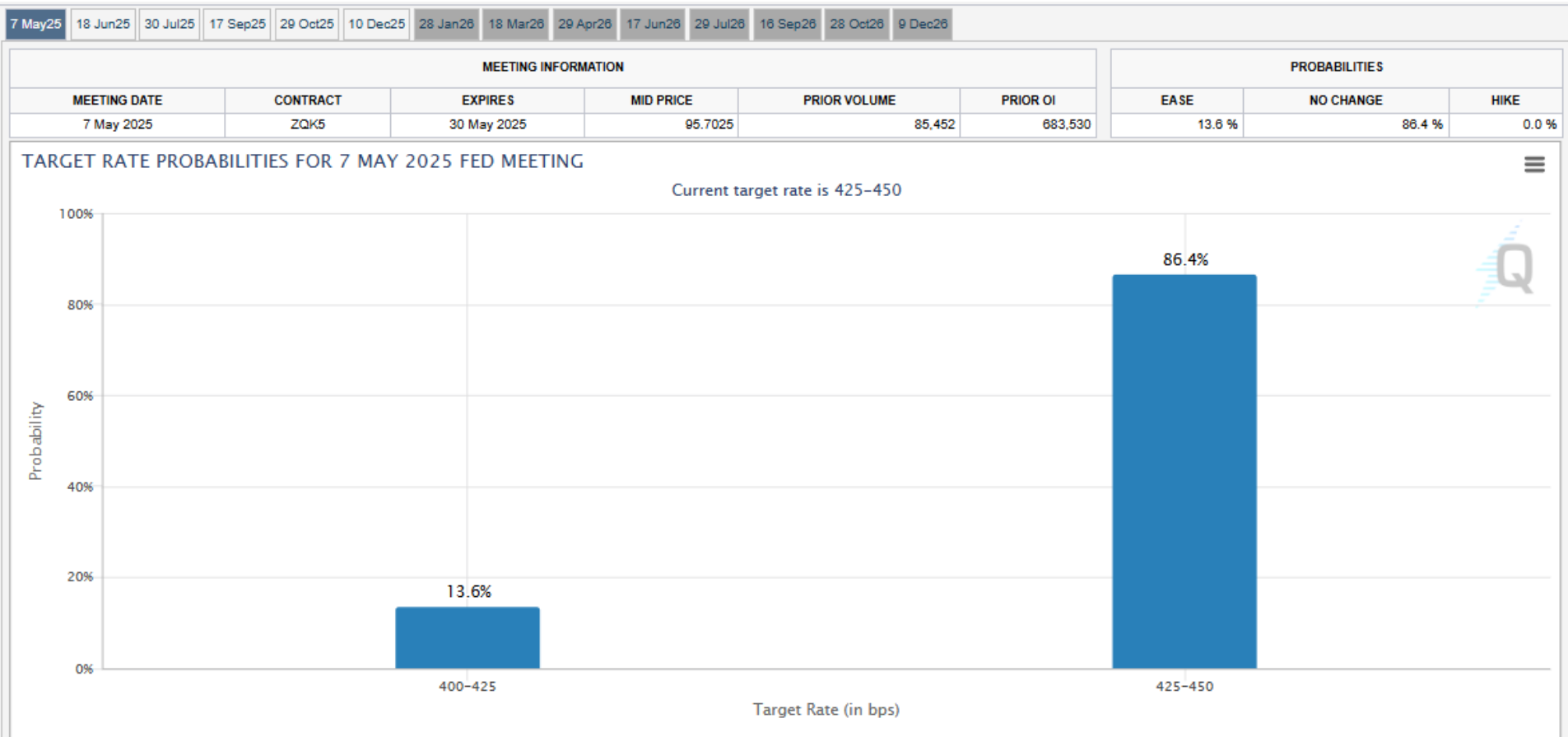


The U.S. unemployment rate rose to 4.2% in March 2025, the highest level since November and slightly above market expectations of 4.1%. The number of unemployed individuals increased by 31,000 to 7.08 million, while employment grew by 201,000 to reach 163.51 million. The labor force participation rate also edged up to 62.5% from 62.4%, and the employment-population ratio remained steady at 59.9%. Additionally, the U-6 unemployment rate, which includes those marginally attached to the labor force and those working part-time for economic reasons, decreased slightly to 7.9% in March from 8.0% in the previous month. source: U.S. Bureau of Labor Statistics

Source: Trading Economics

Fed Likely On Hold In May, But Will Signal Rate Cuts

Futures markets are estimating an 86% chance of no rate cut in May. However, we think the Fed will signal in its press conference that future rate cuts are imminent.

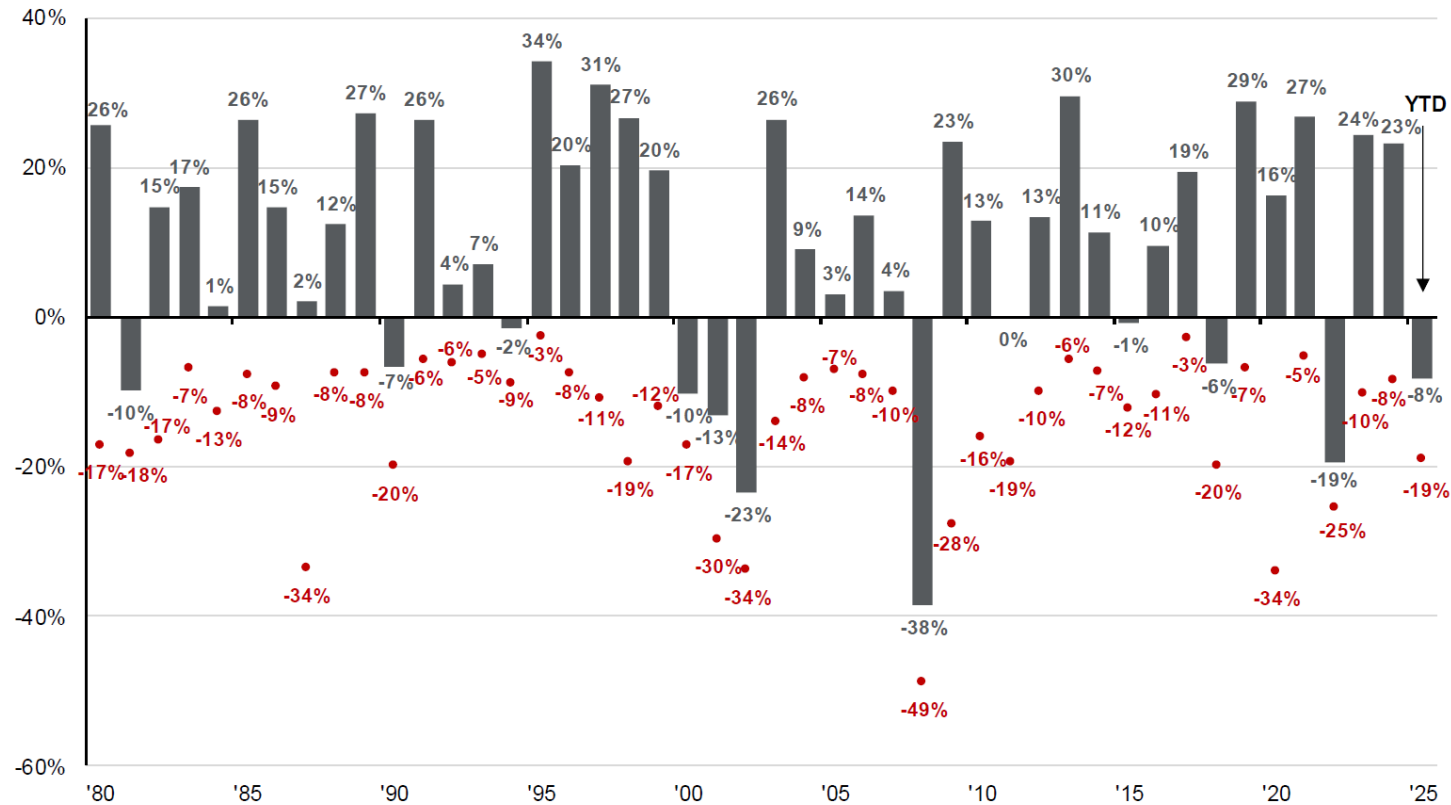


Historical Stock Market Drawdowns

Stocks Are Volatile By Nature But Usually Provide Attractive Long-Term Returns

S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.1%, annual returns were positive in 34 of 45 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Performance After Bear Markets

Stocks Are Usually Higher 1-Year After Entering A Bear Market

Stocks Tend To Do Well Once a New Bear Market Starts

S&P 500 Bear Markets (1950 - Current)

Start of Bear	End of Bear	S&P 500 Change	Day Moved Into a Bear Market	S&P 500 Returns				
				1 Month	3 Months	6 Months	12 Months	24 Months
8/2/1956	10/22/1957	(21.6%)	10/21/1957	2.0%	5.2%	9.3%	31.0%	44.7%
12/12/1961	6/26/1962	(28.0%)	5/28/1962	-5.2%	7.3%	11.2%	26.1%	44.8%
2/9/1966	10/7/1966	(22.2%)	8/29/1966	3.5%	7.9%	17.6%	24.6%	32.6%
11/29/1968	5/26/1970	(36.1%)	1/29/1970	4.7%	-4.9%	-8.9%	10.7%	19.9%
1/11/1973	10/3/1974	(48.2%)	11/27/1973	2.1%	0.7%	-9.2%	-28.1%	-6.3%
11/28/1980	8/12/1982	(27.1%)	2/22/1982	1.8%	3.0%	1.3%	32.1%	39.9%
8/25/1987	12/4/1987	(33.5%)	10/19/1987	8.1%	10.9%	14.7%	22.9%	52.5%
3/24/2000	10/9/2002	(49.1%)	3/12/2001	-1.0%	6.3%	-7.4%	-1.2%	-26.6%
10/9/2007	3/9/2009	(56.8%)	7/9/2008	1.7%	-20.0%	-27.2%	-29.1%	-13.4%
2/19/2020	3/23/2020	(33.9%)	3/12/2020	11.3%	21.0%	34.6%	59.0%	69.5%
1/3/2022	10/12/2022	(25.4%)	6/13/2022	1.1%	4.9%	6.4%	16.5%	44.9%
Average		(34.7%)	Average	2.7%	3.9%	3.9%	15.0%	27.5%
Median		(33.5%)	Median	2.0%	5.2%	6.4%	22.9%	39.9%
			% Positive	81.8%	81.8%	63.6%	72.7%	72.7%

Source: Carson Investment Research, FactSet 04/07/2025

@ryandetrick



Once in a Lifetime Move: 1 Day = 1 Year Return

Lesson: Timing The Market Is Futile



Walter Treur • 2nd

Partner @ BT Capital Partners | Funds & Investment Solutions

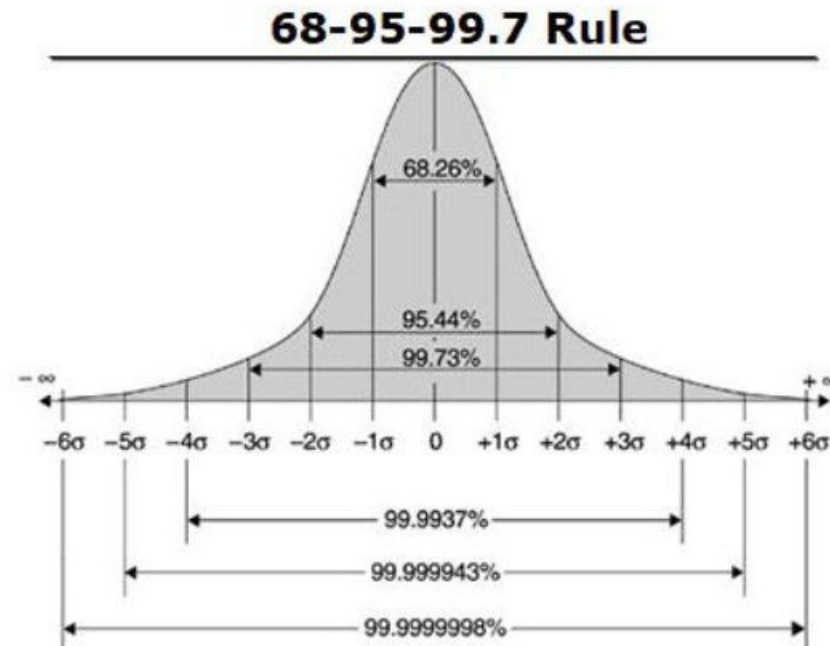
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The S&P 500 had a $+9.5\sigma$ yesterday.

To put that in context, 9σ events are meant to occur once every 13.7 billion years – that's the same age as the universe, whereas Earth is only 4.5 billion years old. 😊

Source: [Alexander Altmann, Barclays Investment Bank](#)



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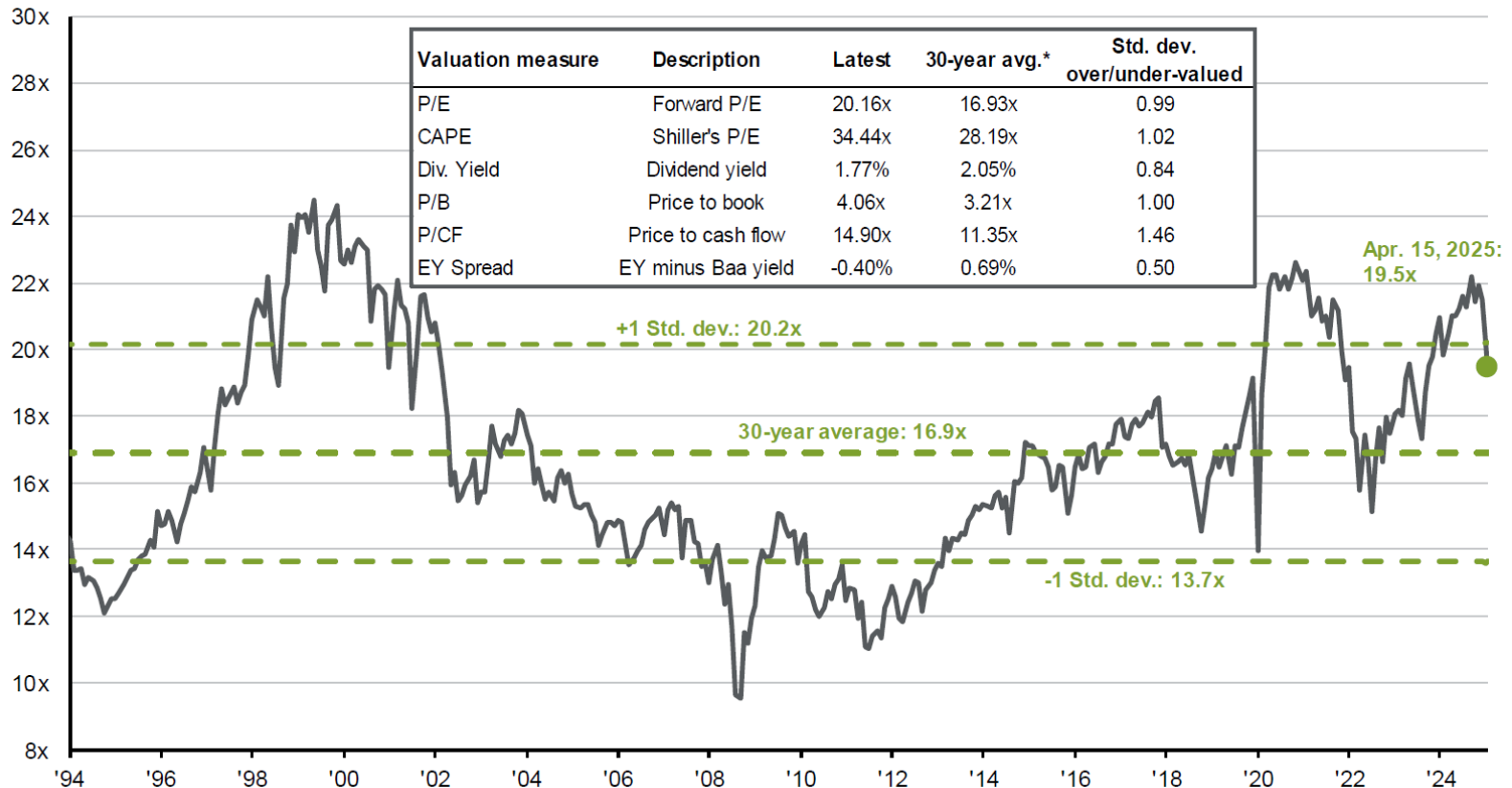
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Source: LinkedIn

Mid Single Digit Return Expectations for 2025

We do not expect further P/E multiple contract and estimate year-end calendar returns to be up mid-single digits from the start of the year due to earnings growth

S&P 500 Index: Forward P/E ratio



Source: FactSet, FRB, Refinitiv Datastream, Robert Shiller, Standard & Poor's, Thomson Reuters, J.P. Morgan Asset Management.

U.S. Bonds – Extreme Interest Rate Changes

- Unprecedented moves on U.S. Treasury bonds after larger-than-expected tariffs and uncertainty
- Potential loss in confidence in U.S. bond markets by foreign investors
- Corporate bond credit spreads widened out but are nowhere near recessionary levels

MOVE Index – Bond Market Volatility

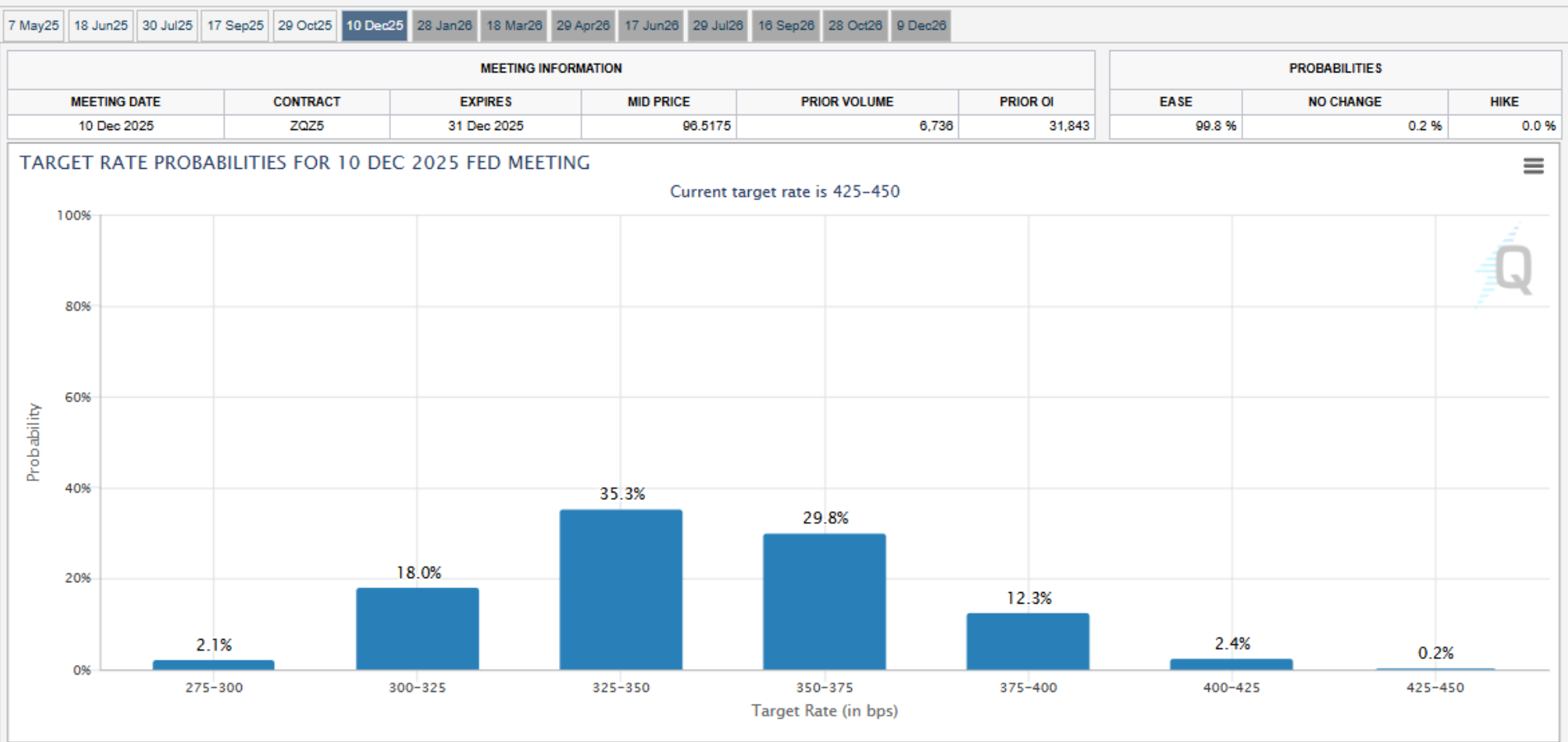


US Treasury Curve 10-Year and 30-Year



Odds Are 75bps-100bps Cut By End of 2025

Futures markets are pricing in fairly aggressive cuts due to the slowing economy and rising unemployment rate. The odds currently favor 75bps- 100bps in cuts by year-end.



Federal Reserve – Implications for Monetary Policy

- Tariffs add uncertainty to Fed’s macroeconomic outlook and dual mandate

- Inflation
- Employment



- “Fed is well positioned to wait for greater clarity” – Jerome Powell 4/16/25

- Ready to step in to stabilize markets if necessary

Bond Market Outlook

- 2025 U.S. 10-year Treasury range 3.75% - 4.50%
- Diversification characteristics of bonds are performing well
 - Bonds will provide ballast if US economy slows down markedly
 - Predictable income, potential for price gains if the Fed lowers interest rates
- Ongoing credit surveillance critical as tariff details are announced
- Attractive yields present opportunity
 - Tax-exempt municipal bonds 3.00%+
 - US Treasury and Investment Grade corporate bonds 4.00%-5.00% +



Beacon Trust Fixed Income Portfolios

Taxable Portfolio

- High quality investment grade corporate bonds, US Treasuries (10 years and shorter), FDIC CDs
- Shorter to intermediate maturity structure, focus on belly of curve
- Average 'AA' rating
- Strong balance sheets, effective management
- Pricing power

Municipal Portfolio

- High quality essential revenue and general obligation issuers
- 'AA' underlying rating
- Avoid less creditworthy issuers (hospital, healthcare, continuing care facilities, charter schools)
- Tax-free income levels compelling now



Questions?