



Market Outlook: Vibes

Q1, 2025



The U.S. economy has been resilient. Unemployment remains relatively low, and consumer spending stayed healthy, including during the holiday season. Businesses are more optimistic about the economy, and they are encouraged by expectations for a more pro-growth agenda and improved collaboration between government and business. However, two significant risks remain. Ongoing and future spending requirements will likely be inflationary, and therefore, inflation may persist for some time. Additionally, geopolitical conditions remain the most dangerous and complicated since WWII.”

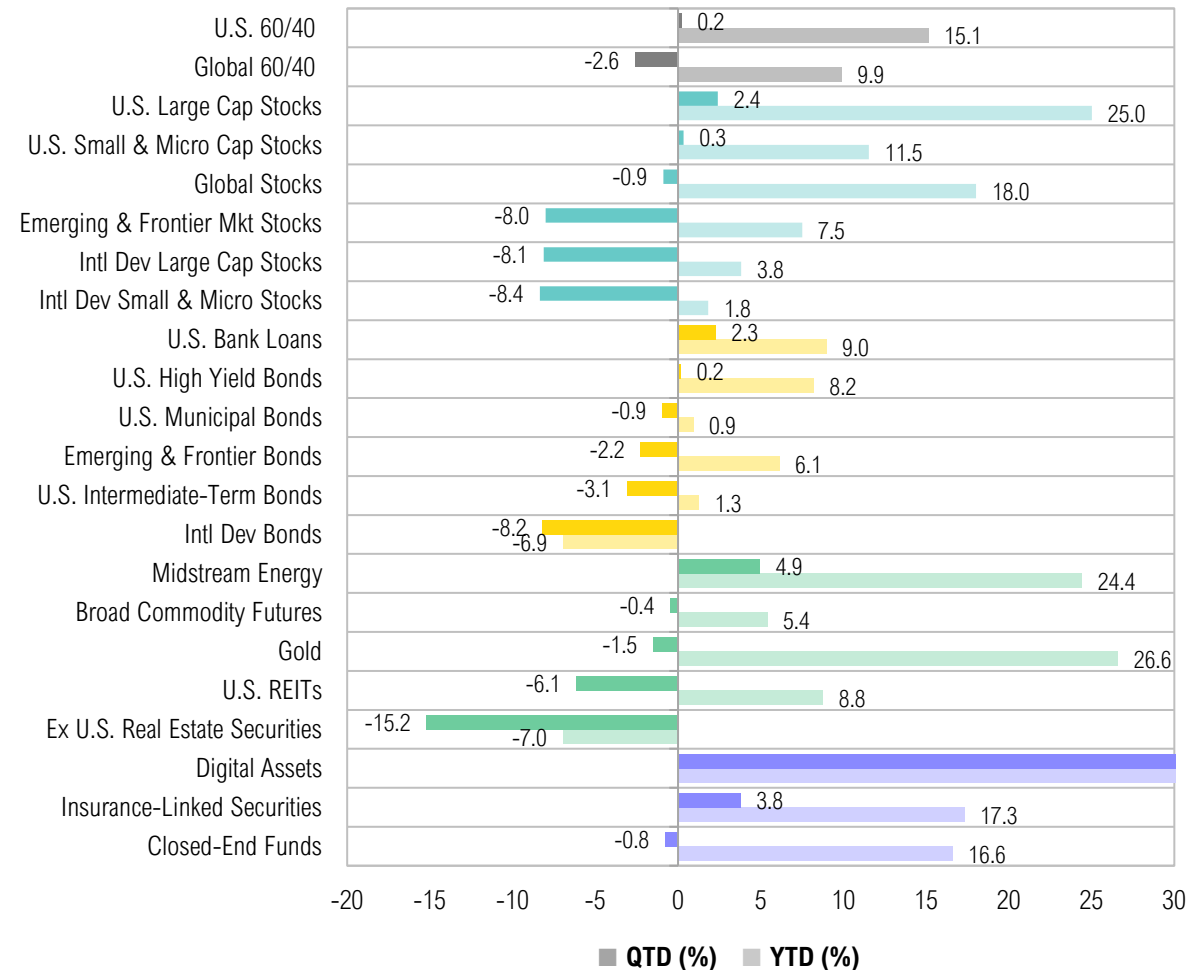
Jamie Dimon, *JPMorgan CEO*



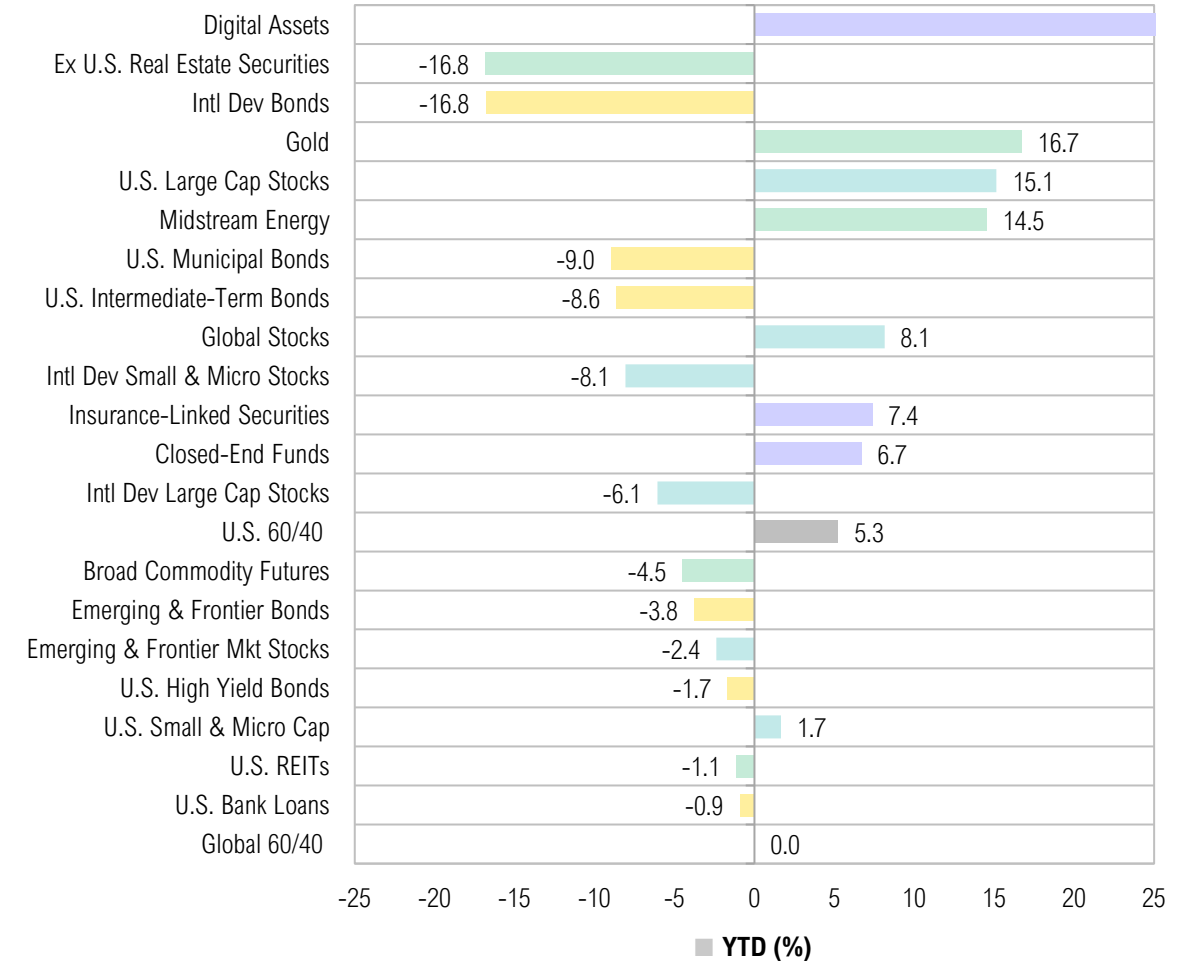
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Major winners over Q4 included digital assets (+52.0%) and midstream energy (+4.9%) while ex-U.S. real estate (-15.2%) and international small cap stocks (-8.4%) lagged

Total Returns, %



Relative Total Returns vs. Global 60/40, %



Source: Bloomberg. Returns for periods greater than 1 year are annualized.

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Positioning Summary	vs. Trend										Asset Class Themes
	Growth.....										
	Inflation.....										
	Policy.....										
	vs. Benchmark										
	Equity.....										
	U.S. Stocks.....										
	Intl Dev Stocks.....										
	Emerging Stocks.....										
	Fixed Inc & Credit....										
	U.S. Interm-Term Bds...										
	U.S. Short-Term Bds....										
	Intl Dev Bonds.....										
	High Yield Bonds.....										
	Real Assets & Infra...										
	Real Estate.....										
	Commodity Futures.....										
	Energy & Infra.....										
	Gold.....										
	Opportunistic.....										

- The U.S. remains a positive outlier amid slow growth in developed economies and China, underpinned by high debt loads, high deficits, and poor demographics.
- U.S. consumer spending is becoming more discerning on higher credit costs and depleting savings, but pain limited to low-end cons.; high-end has room to lever up.
- The incoming administration needs to thread the needle of reducing spending enough to calm bond markets without negatively impacting growth.
- While the U.S. policy mix remains unusually supportive, U.S. equity valuations are approaching peak levels; be thoughtful with equity risks.
- Tilt towards quality and higher free cash flows in large caps, but maintain some exposure to high-quality growth managers. Active small cap and emerging markets are excellent opportunities; Europe remains a value trap.
- It remains imperative that the Trump admin can calm the bond market in order to keep the economic expansion intact and maintain risky asset valuations.
- Public credit spreads are very tight; minimize dedicated risks there, but opportunities exist for active managers.
- Select private credit is still poised to outperform, but avoid legacy portfolios.
- Watch 10-year yields (>5%) for inflation concerns returning and credit spreads (>400bps) for signs of economic stress.
- Policy, geopolitics and AI power needs all argue for a healthy allocation to real assets.
- AI power demand is leading to opportunities in energy infrastructure, including utilities, natural gas and nuclear.
- Opportunities available in select private real estate, but avoid legacy portfolios.
- Bonds, gold, and bitcoin will continue to compete for incremental safe-haven flows, but higher yields make bonds incrementally more attractive.
- Volatility creates opportunity: consider tactical multi-asset and long/short equity. Stick to first principles: stay diversified, avoid unnecessary risks, and fade extremes.

- 1** U.S. growth continues to be impacted by past stimulus & deficit spending, but income growth has been above inflation for several months.
- 2** Higher interest rates, AI, and the incoming admin will continue to feed divergences, with room for growth and repricing in several areas.
- 3** Policy, geopolitics and AI power needs all argue for a healthy allocation to real assets.
- 4** Stick to first principles: Stay diversified, avoid unnecessary risks, and fade extremes.

“

This election cycle is the last chance for the U.S. to grow our way out of this mountain of debt...”

Scott Bessent, *U.S. Treasury Secretary Nominee*

“

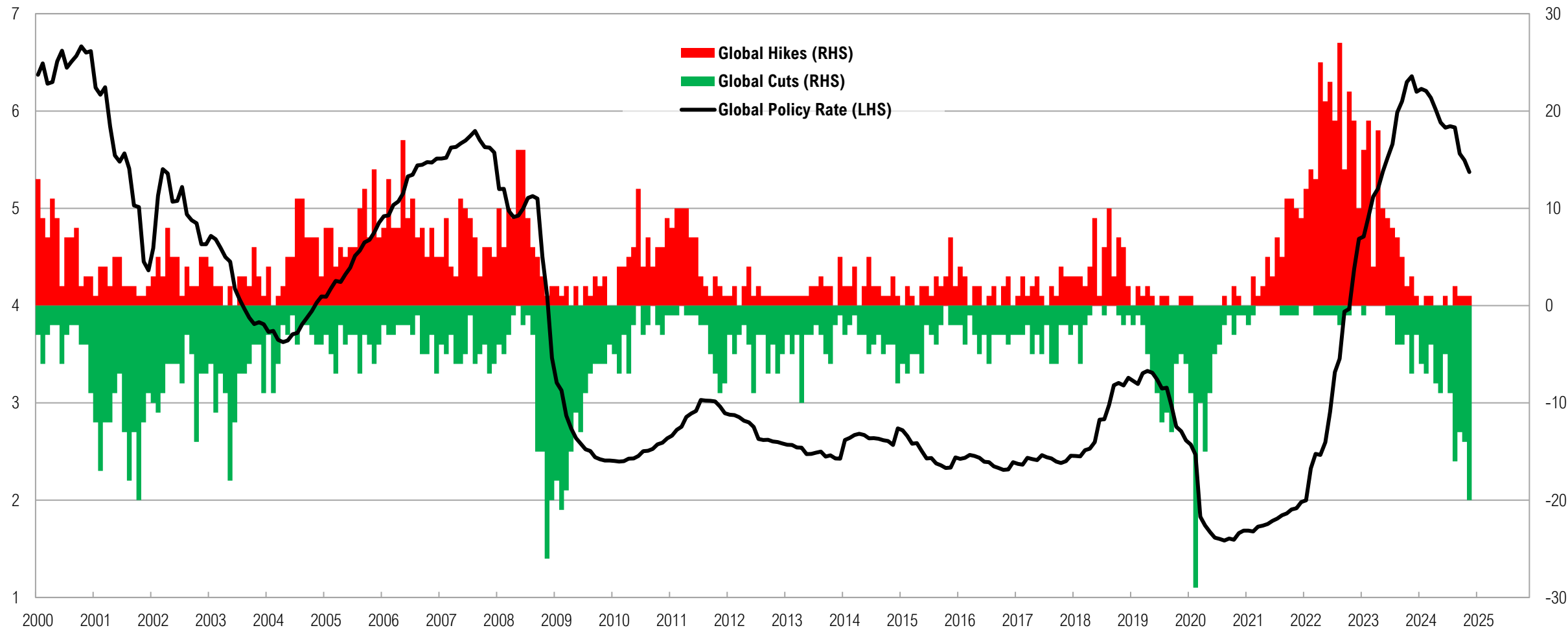
Well, I am concerned about fiscal sustainability, and I am sorry that we haven't made more progress. I believe that the deficit needs to be brought down, especially now that we're in an environment of higher interest rates.”

Janet Yellen, *U.S. Treasury Secretary*

➤ Globally, December 2024 saw the highest number of interest rate cuts and the largest drop in policy rates outside of a major crisis or pandemic

Global GDP-Weighted Policy Rate, %

Countries That Hiked/ Cut Interest Rates



Source: IMF, BIS, Topdown Charts, SpringTide. Includes 39 countries on which data is available for. GDP weighting based on most recent 2024 GDP estimate published by the IMF.

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➤ Recapping some of Trump's picks for key White House and Cabinet jobs



Treasury Secretary:
Scott Bessent

- **Replacing:** Janet Yellen
- Bessent's platform supports tax cuts, reducing government spending and deficits, strong national defense, targeted and gradual tariffs, and inflation.
- Bessent has proposed a "3-3-3" target, which includes achieving 3% economic growth, reducing the federal deficit to 3% of GDP by 2028, and increasing daily energy production by the equivalent of 3 million barrels of oil.



SEC Chair:
Paul Atkins

- **Replacing:** Gary Gensler
- Atkins is expected to adopt a more deregulatory approach, reversing many of Gensler's policies. He has a strong pro-cryptocurrency stance, advocating for clearer regulations that would benefit the digital asset market.
- He is likely to promote policies that facilitate capital formation and enhance market efficiency, which could include reforms in proxy voting processes and conflict-of-interest disclosures.



FDA:
Dr Marty Makary

- **Replacing:** Robert Califf
- Makary aims to restore the agency's "gold standard" of scientific research while reducing bureaucratic hurdles to expedite medical treatments.
- He attributes public health issues, like the opioid crisis and rising allergies, to hubris and a lack of diverse viewpoints. Makary has also called for greater transparency in healthcare pricing.



FTC:
Andrew Ferguson

- **Replacing:** Lina Khan
- Ferguson seeks to enhance America's position as a leader in technology and innovation by reducing burdensome regulations, particularly around data privacy and AI.
- Despite his deregulatory stance, Ferguson's approach may still involve some consumer protection measures, albeit in a less aggressive manner compared to Khan's tenure.



AI & Crypto Czar:
David Sacks

- **Replacing:** N/A (new role)
- Sacks says he will defend online free speech and address perceived Big Tech biases and censorship. He aims to establish a clear legal framework for AI that fosters innovation without excessive regulation.
- Sacks plans to provide regulatory clarity for the crypto industry, focusing on compliance, taxation, and operational guidelines to enable growth in the U.S.

Potential tailwinds for:

- + **Active small cap**
- + **Biotech, life sciences**
- + **Crypto, digital assets**
- + **Oil services**

Potential headwinds for:

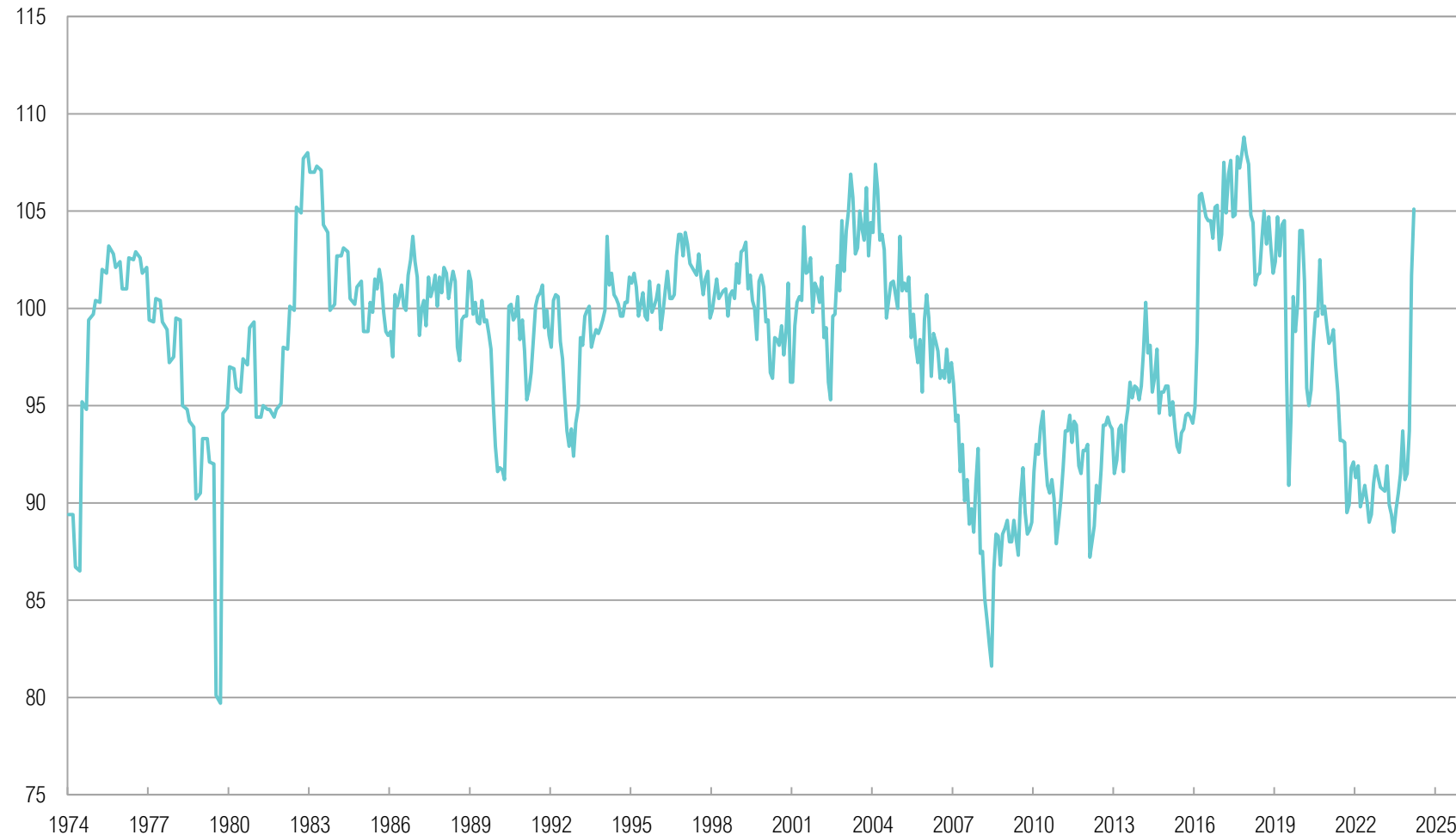
- **Healthcare sector**
- **Oil, natural gas**
- **Consumer staples**

Source: Reuters, Wall Street Journal, CNBC, New York Times.

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➤ Small business optimism jumped to a six-year high in December in anticipation of pro-business policies and legislation from the incoming administration

National Federation of Independent Business (NFIB) Small Business Optimism Index

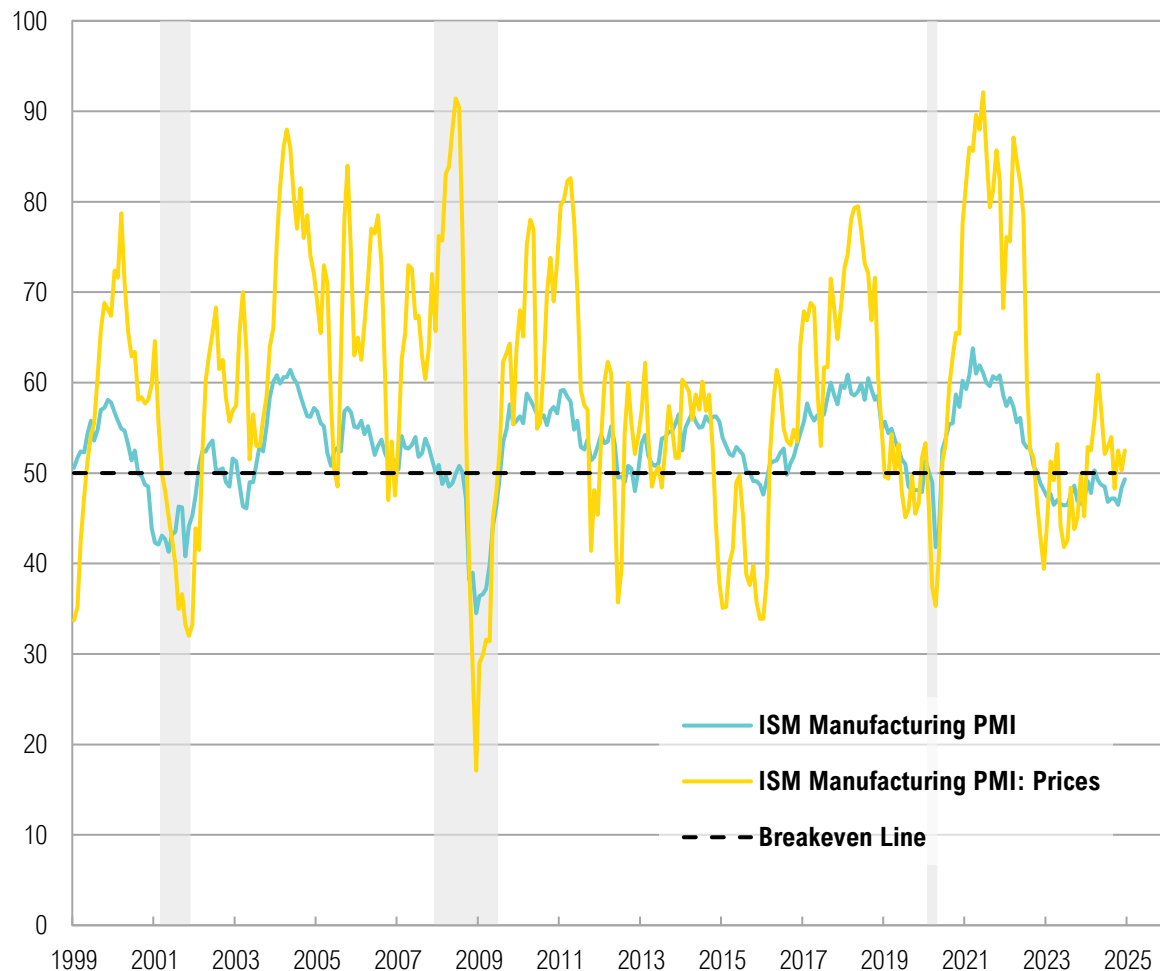


Source: NFIB

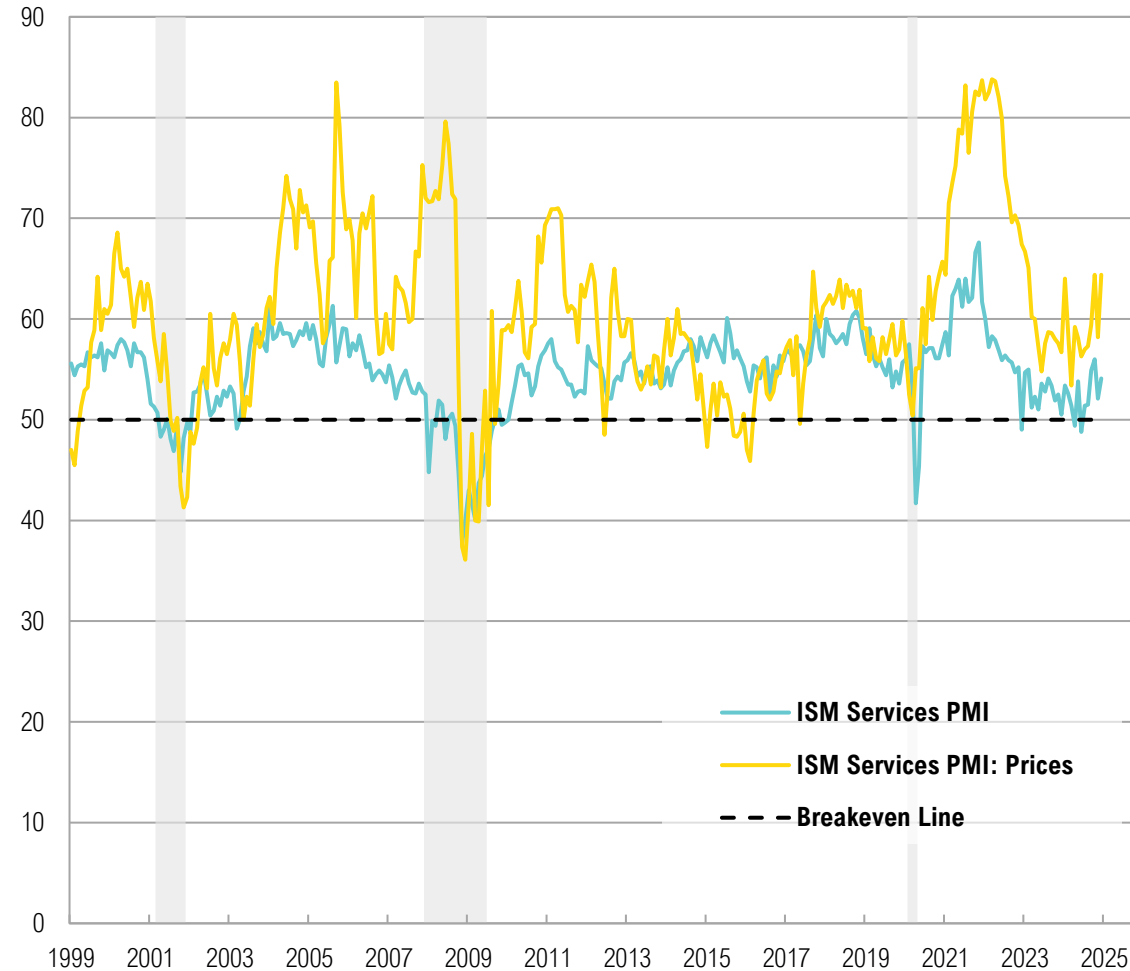
- **52% of small business owners expect the economy to improve, rising to the highest level since December 1982.**
- **20% of survey respondents believe now is a good time to expand their business—the highest percentage since February 2020.**
- **22% of small business owners expect higher real sales volumes. This is the highest number since January 2020.**
- **Inflation and labor quality remain key concerns for small business owners.**

➤ While the manufacturing sector remains in contractionary territory, the services sector remains strong; services prices paid continues to increase

ISM Manufacturing PMI



ISM Services PMI

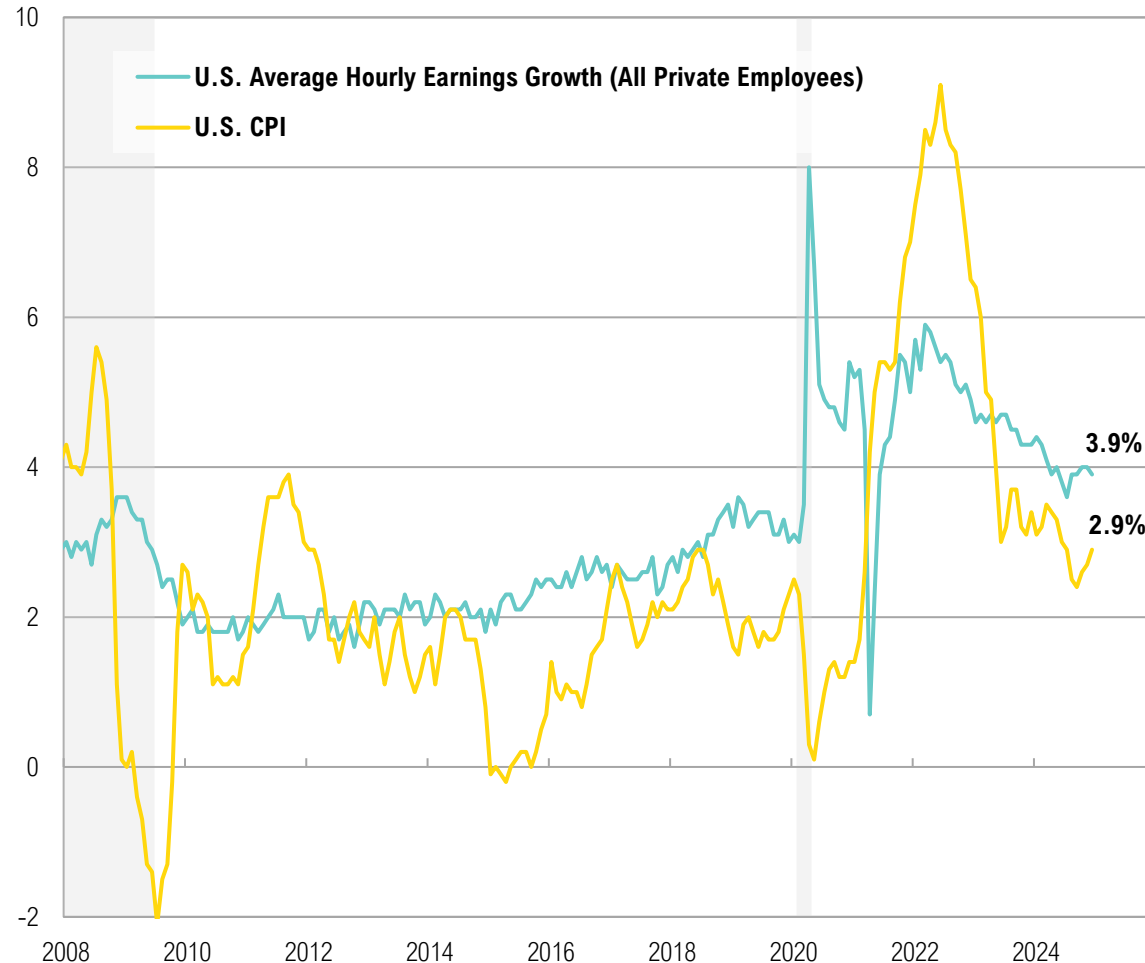


Source: Bloomberg. As of 12/31/2024.

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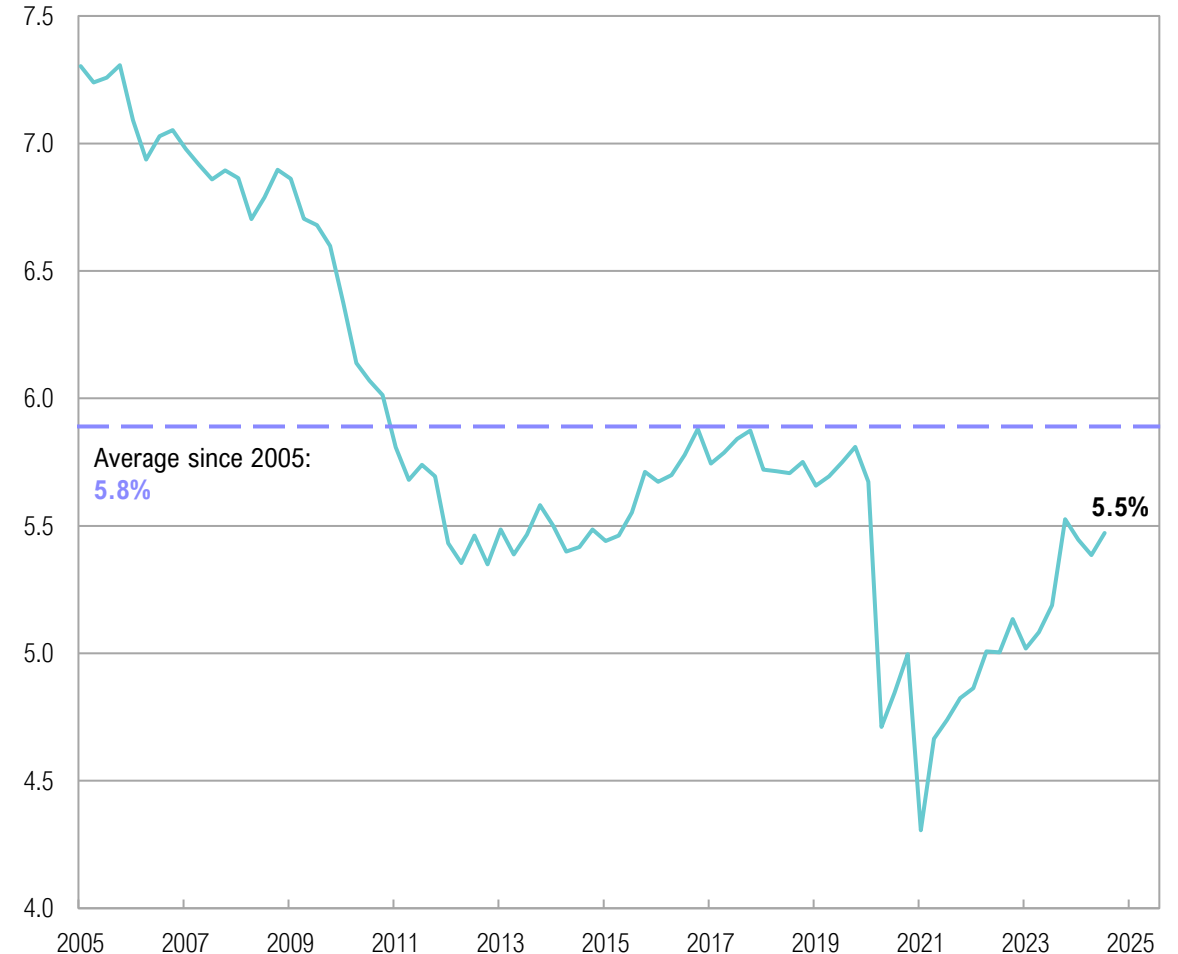
Hourly earnings continue to meaningfully diverge from CPI, rising 3.9% year-over-year in December; debt service ratios remain below average

CPI vs Average Hourly Earnings Growth (All Private Employees), %



Source: Bloomberg

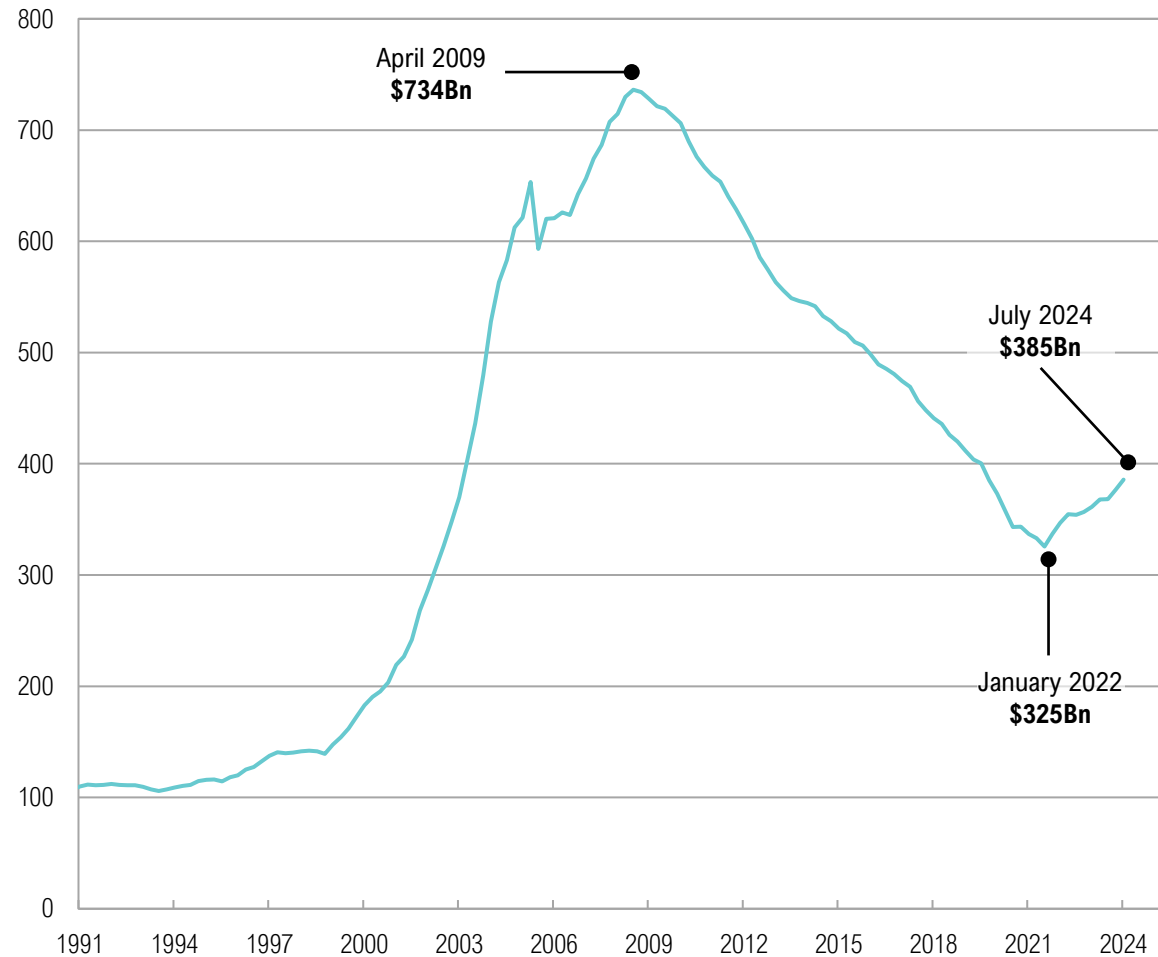
Consumer Debt Service Ratio



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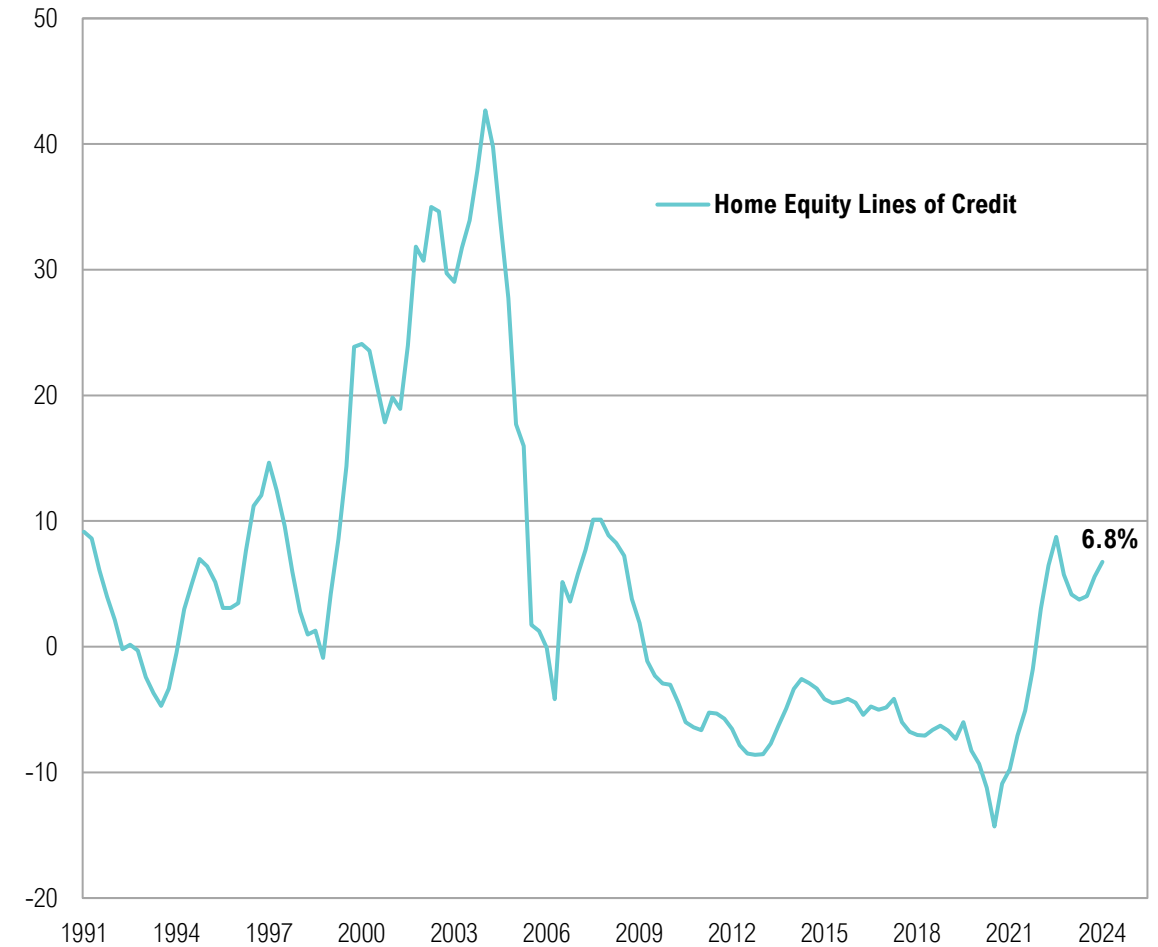
HELOC balances, which declined from 2009 to 2022, have started to climb higher again, and remain largely untapped as a source of consumer credit

Aggregate Balance on Total Home Equity Lines of Credit, \$Bn



Source: Federal Reserve Bank of St Louis

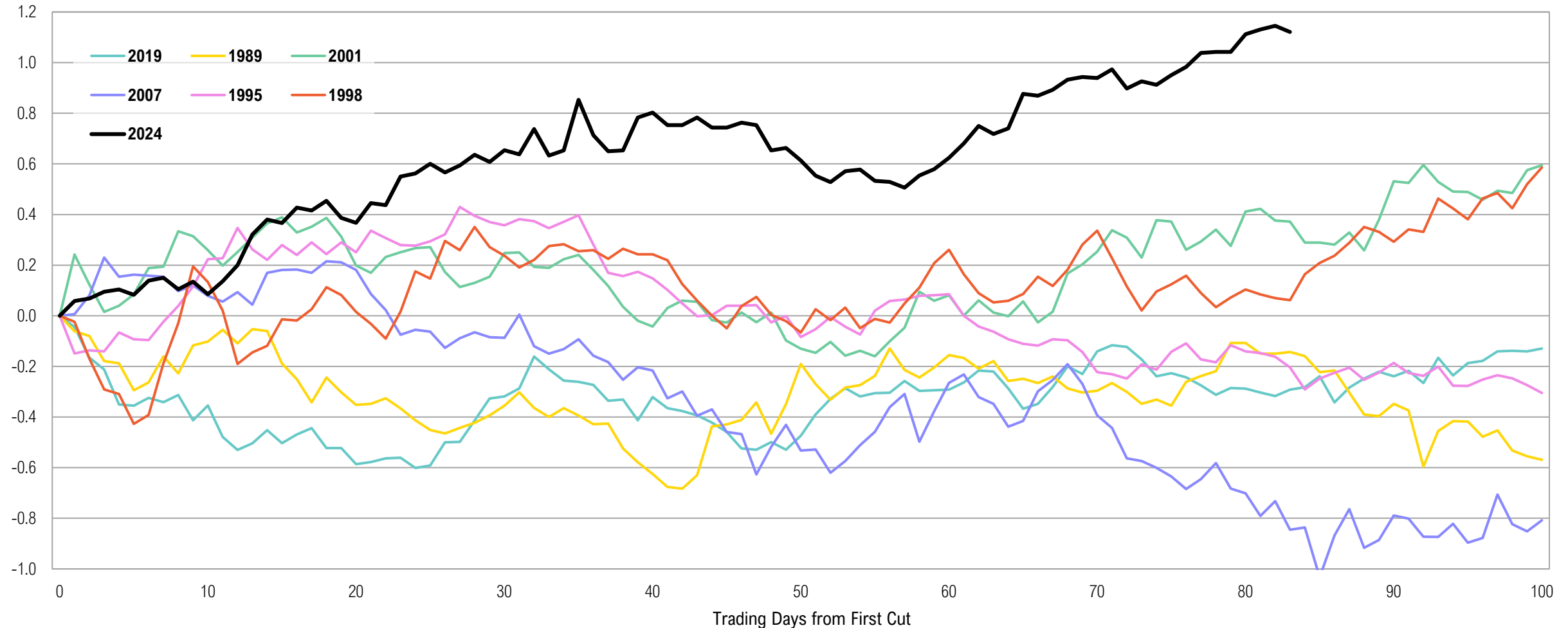
Total Home Equity Lines of Credit, Y/Y %



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➤ Relative to prior major rate cutting cycles, the 10-year Treasury yield remains elevated since the first cut (more on this later)

Absolute Change in 10-Year Yield During Major Cutting Cycles, %

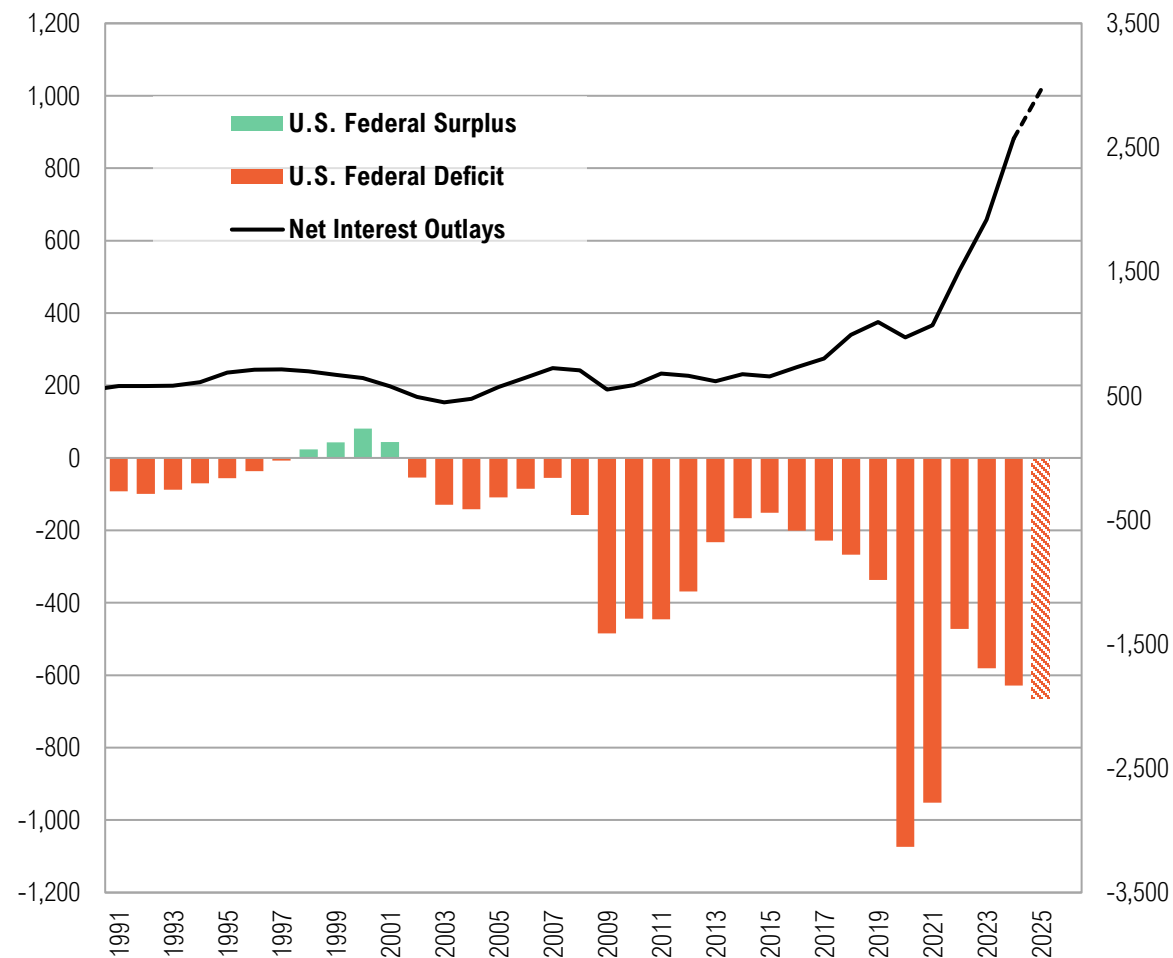


Source: Bloomberg. As of 1/15/2025.

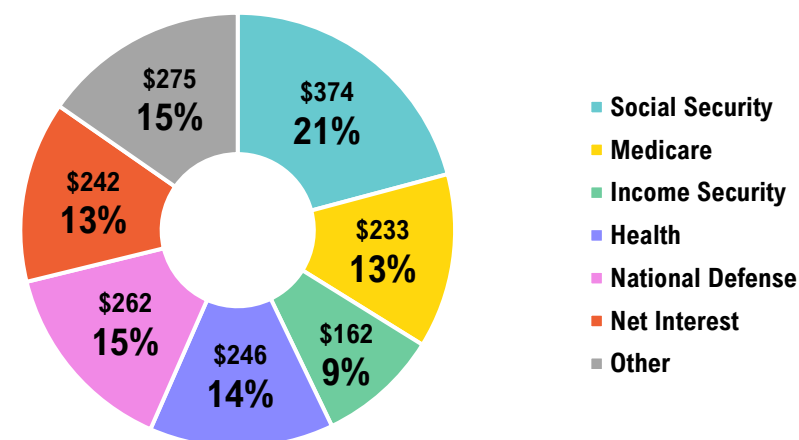
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➤ At \$1.8 trillion, 2024 was the largest non-crisis/pandemic deficit on record; the CBO estimates the 2025 fiscal deficit to reach \$1.9 trillion

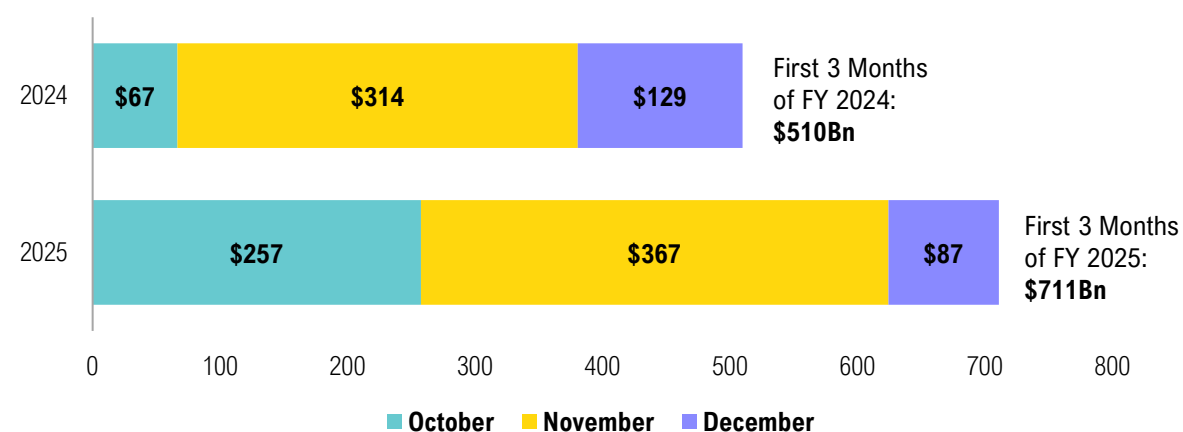
Net Interest Outlays, \$Bn



Outlays of the U.S. Government by Source for 2025 Fiscal YTD, \$Bn



Fiscal Deficit by Month, \$Bn

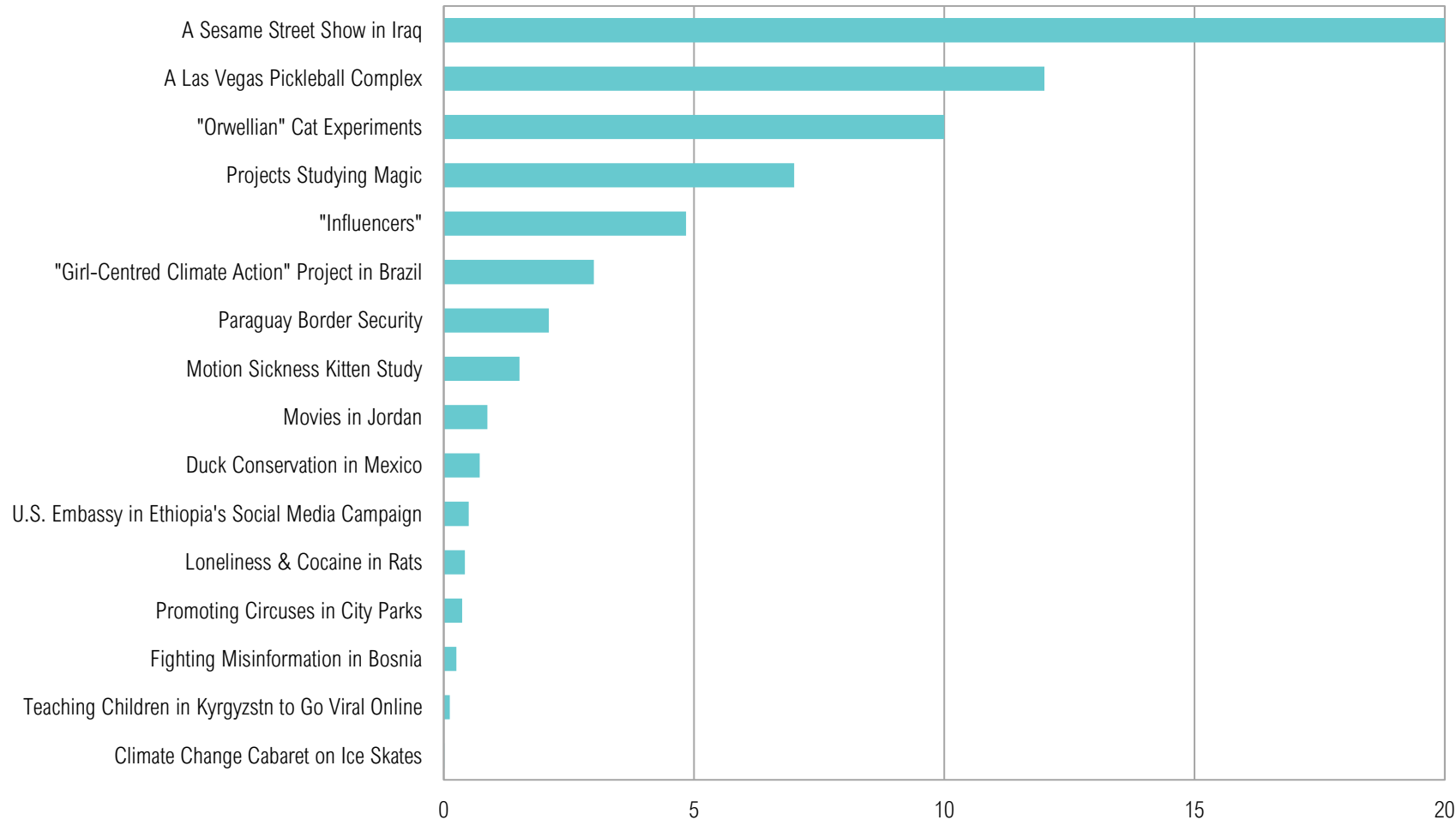


Source: Bureau of the Fiscal Service, Congressional Budget Office. Fiscal 2025 year started on 10/1/2024. As of 12/31/2024.

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Room to trim? The U.S. government spent \$1,008,313,329,626 on various non-essential projects and donations in 2024

U.S. Government Project Donations, \$Mn



Source: Committee on Homeland Security & Governmental Affairs

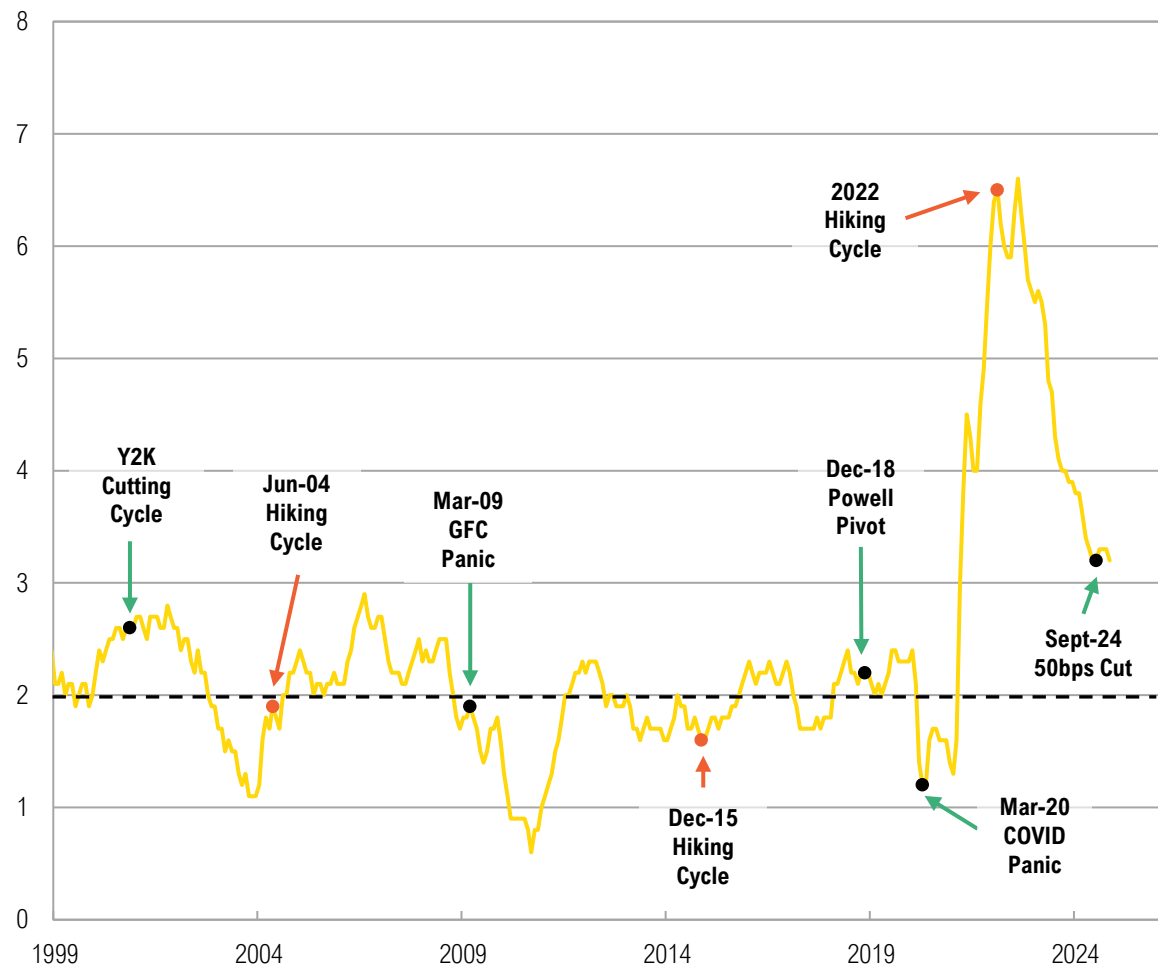
- On the bright side: there are a lot of taxpayer dollars that can be used more wisely, and to assist in lightening the U.S. government's fiscal deficit issue.
- The new Department of Government Efficiency (DOGE) aims to streamline federal operations by reducing inefficiencies, cutting waste, and simplifying regulations.
- Led by Elon Musk and Vivek Ramaswamy, DOGE is an advisory board, not an official government entity.
- According to Trump, its focus is to offer guidance on dismantling bureaucracy, reducing regulations, cutting spending, and reorganizing agencies.



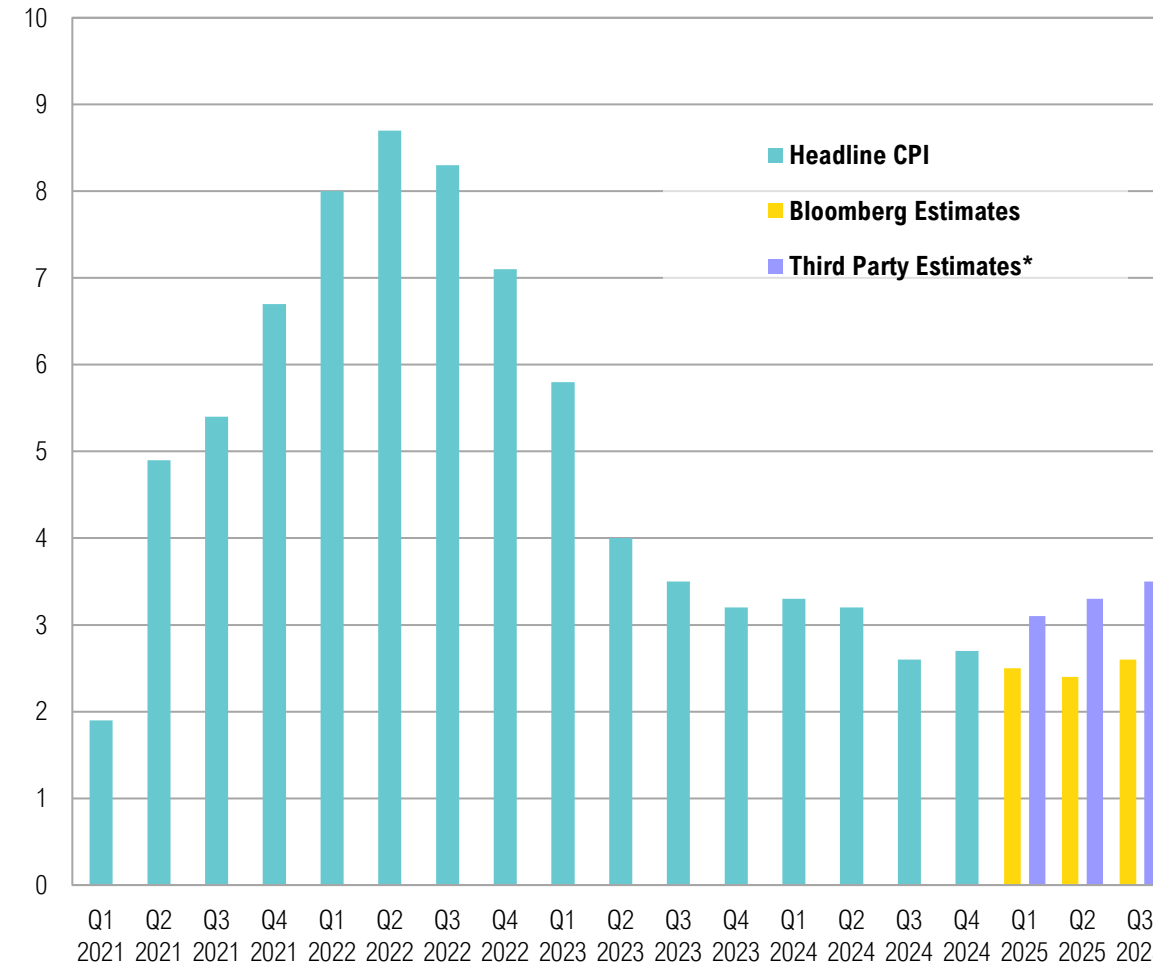
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➤ Inflation's last mile: At 3.2%, core inflation remains well above target; estimates show that headline inflation is likely to remain above 2% through the Q3 2025

U.S. Core Inflation, Y/Y %



U.S. Headline CPI & Future Estimates, Y/Y %

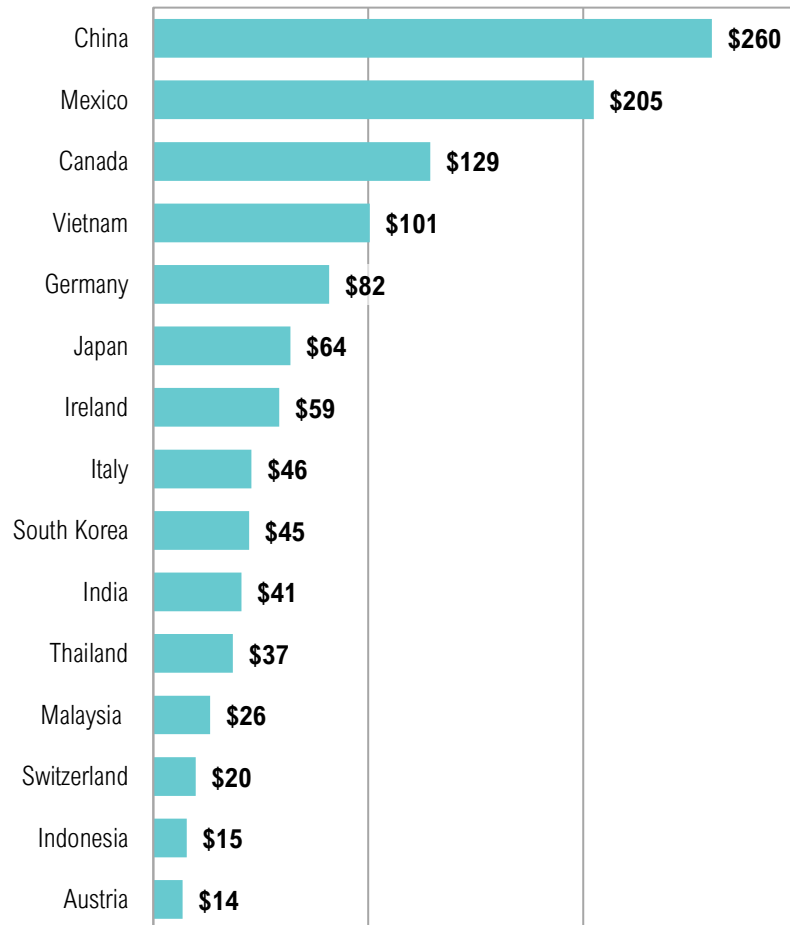


Source: Bloomberg. *Third party estimates: Hedgeye.

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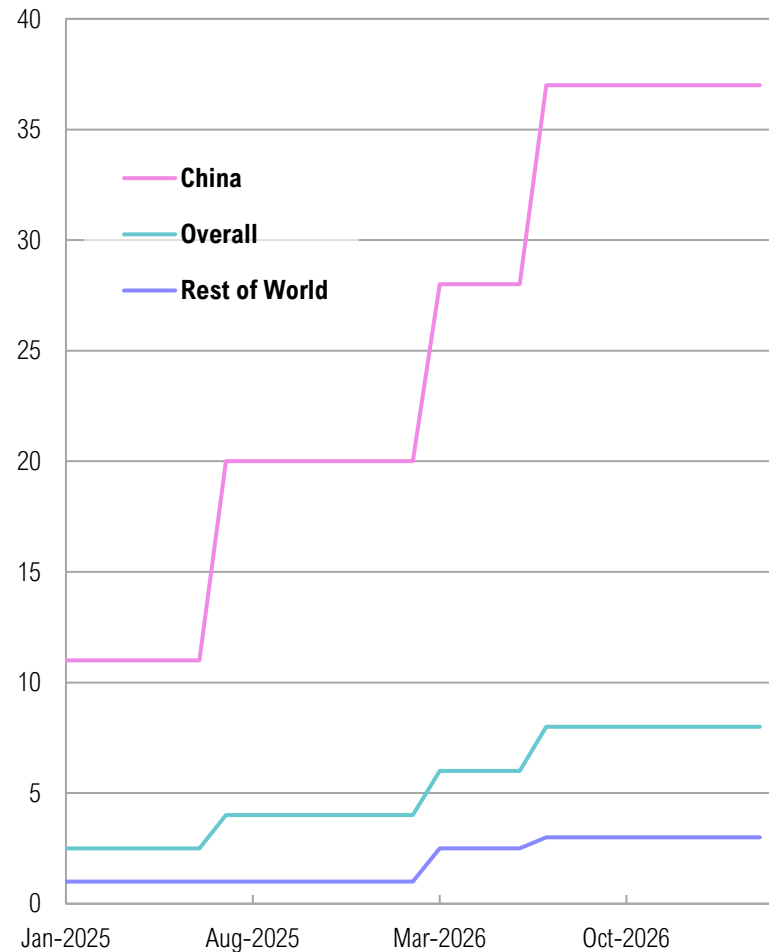
➤ It remains to be seen to what extent the universal tariffs proposed by Trump will be implemented

U.S. Largest Trade Deficits in 2023, \$Bn



Source: Bloomberg

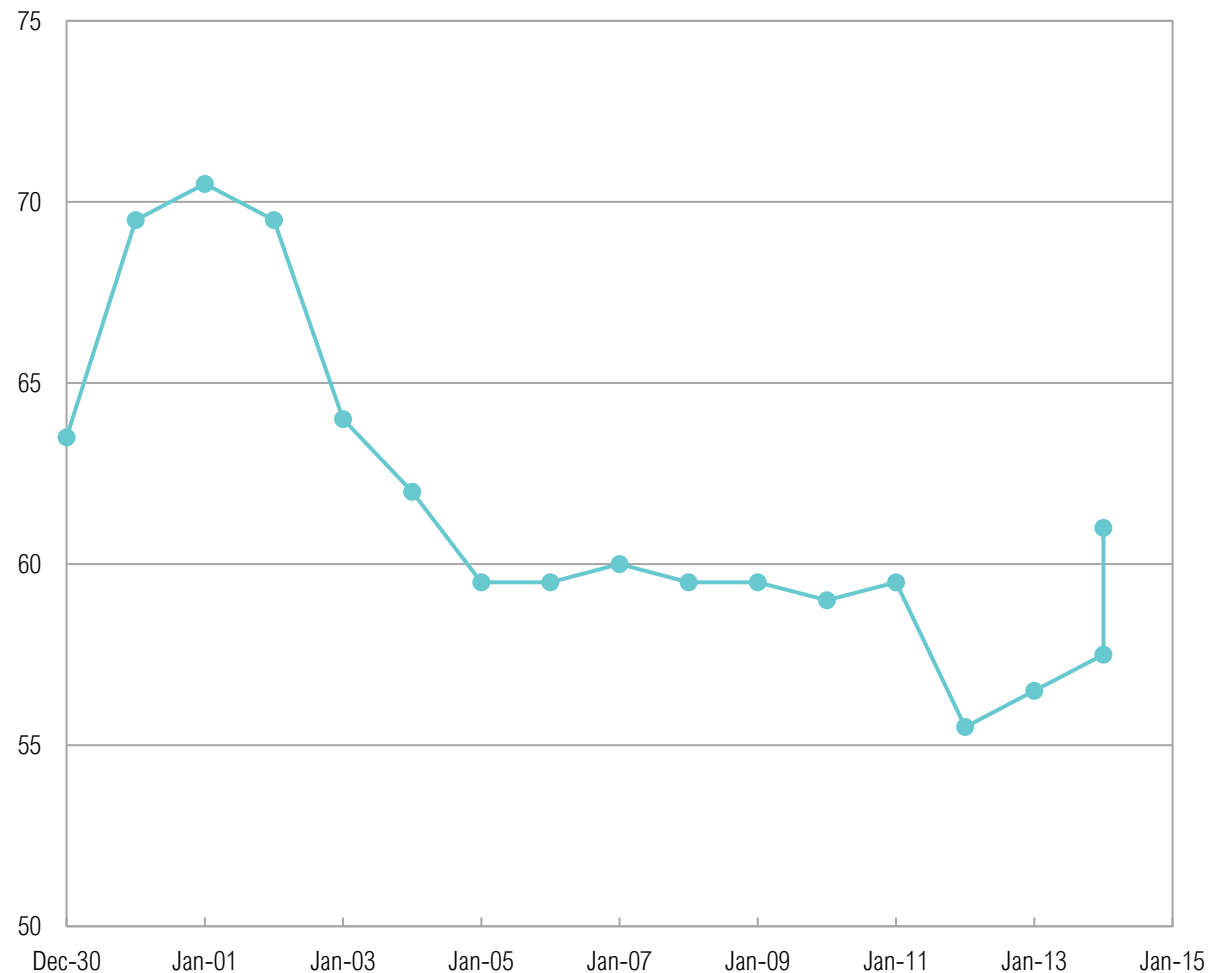
Estimated U.S.-Weighted Average Tariffs, %



- Tariff hikes are widely anticipated to start in summer 2025.
- Estimates are for tariffs on China to triple by the end of 2026.
- Smaller tariff increases are likely to apply to other countries (predominantly Mexico and Canada) with a key focus on targeting intermediate and capital goods.
- The average U.S. tariff rate is expected to rise to 8% by the end of 2026.
- Most economists anticipate U.S. imports and exports as a share of global trade to drop from 21% to 18%.
- A decline in U.S.-China trade is likely.
- Unless the domestic economy can offset issues, U.S. economic growth may slow due to reduced trade activity, with increasingly complex inflation dynamics.

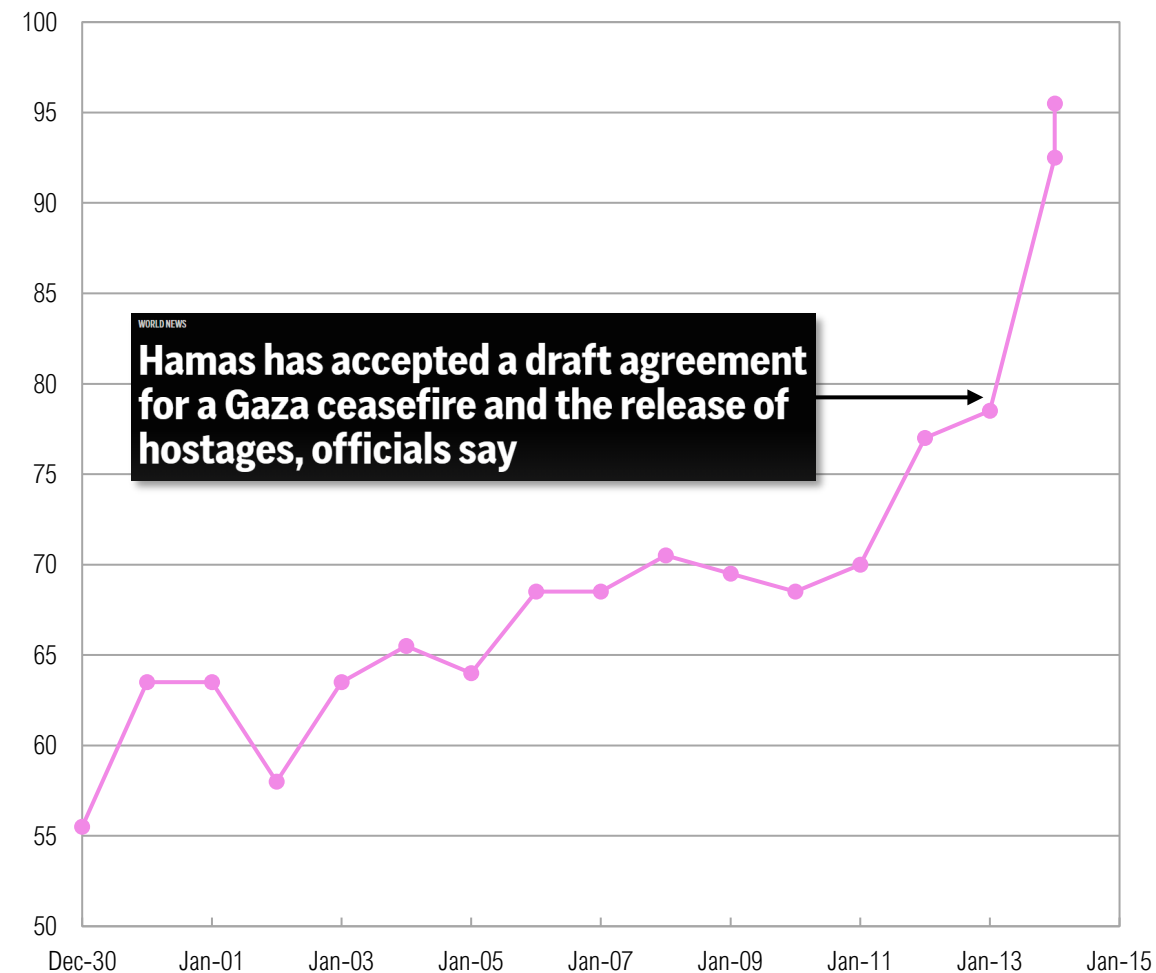
Peace dividend returns in 2025?

Probability of a Russia – Ukraine Ceasefire in 2025, %



Source: Polymarket, AP News.

Probability of an Israel – Hamas Ceasefire by March 2025, %

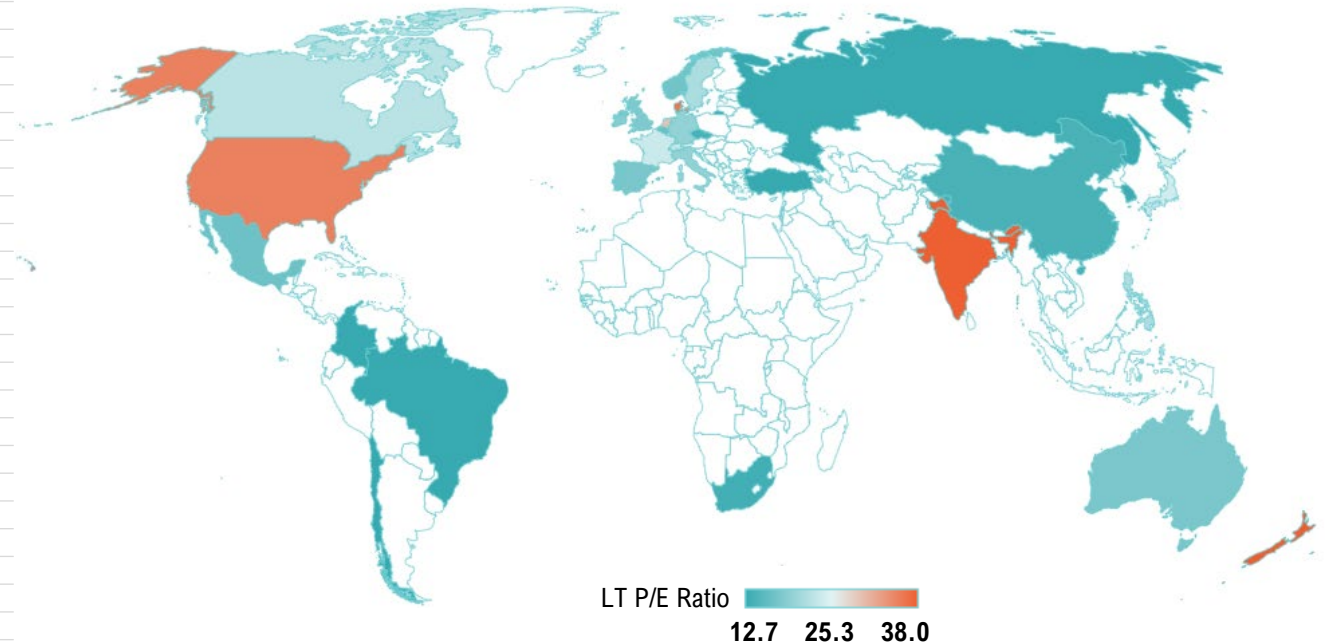


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Divergence in global equity market valuations: U.S. valuations are among the highest, but potentially justifiably so, given the country's stronger earnings growth

Country Cape Ratio, Dividend Yields & Trailing Total Returns

	LT P/E Ratio	Div. Yld. (%)	Total Return		
			1-Year (%)	3-Year (%)	5-Year (%)
Colombia	8.4	9.1	0.7	7.1	-3.5
Turkey	10.4	3.2	43.2	76.0	54.9
Chile	10.8	3.5	-3.5	5.4	-0.8
Brazil	11.3	6.8	-28.6	4.0	-6.4
Hong Kong	11.4	4.3	2.1	-7.2	-4.3
Korea (South)	12.7	2.0	-8.1	-4.7	3.5
South Africa	14.0	3.3	16.5	8.3	7.9
Czech	14.0	6.9	18.0	14.0	16.8
China	14.6	2.9	20.1	-5.5	-3.9
Singapore	16.2	3.9	40.4	8.1	4.4
Belgium	16.7	3.2	15.7	3.9	1.0
Mexico	16.8	4.1	-26.0	0.4	3.5
Norway	16.8	6.7	10.0	8.9	9.7
Spain	17.5	4.6	18.4	15.5	8.9
Australia	17.6	3.7	15.7	11.5	10.0
Portugal	18.1	4.3	-17.8	-1.7	1.0
United Kingdom	18.2	3.9	10.6	7.8	5.5
Ireland	18.7	3.9	22.5	4.8	7.4
Italy	19.2	5.6	19.2	13.6	11.6
Germany	19.2	2.8	19.6	5.4	6.9
Israel	19.6	1.4	39.8	4.9	8.5
Sweden	21.5	2.7	11.6	2.6	9.8
Philippines	21.8	2.8	3.5	1.4	-0.4
Canada	22.9	2.8	24.4	10.1	11.6
Switzerland	23.2	3.1	6.3	-1.6	3.6
France	23.3	3.3	2.1	3.0	6.4
Japan	24.8	2.2	19.8	14.3	13.5
Netherlands	29.0	2.0	12.2	2.0	9.9
United States	35.7	1.2	28.6	9.7	14.7
Denmark	37.2	1.8	-7.7	9.5	16.3
India	39.4	1.1	17.0	13.3	18.0
New Zealand	51.4	1.8	11.2	4.2	1.8



Source: Bloomberg. Long-Term P/E Ratio (LT P/E Ratio) takes the price of each index divided by the trailing 10-yr average inflation adjusted EPS. Russian exchange halted since start of war.

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Today's S&P-leading companies are, in many ways, much better than the best companies of the past. They enjoy massive technological advantages. They have vast scale, dominant market shares, and thus above-average profit margins. And since their products are based on ideas more than metal, the marginal cost of producing an additional unit is low, meaning their marginal profitability is unusually high."

Howard Marks, *Oaktree Capital Co-founder & Co-chairman*

The ‘vibes’ are real... will they translate?

“

2025 is off to a great start.”

— Ed Bastian, Delta Airlines CEO

“

We begin this year with a renewed M&A pipeline that has a higher likelihood of successful execution, a growing IPO backlog, greater demand for capital from companies and private equity sponsors, and elevated trading volumes. We see resurgent interest in M&A involving corporate and strategic acquirors, continued demand for private-equity sponsors to both return capital to limited partners and to further deploy their ample supply of dry powder. We have seen the meaningful opening of the IPO market for companies that are priced appropriately and have strong management teams, durable business models and solid long-term prospects. Public market valuations and volumes reflect optimism, and the interests of investors have broadened considerably from a narrow focus on a handful of tech juggernauts. All of this is very good news for likely future activity levels.”

— Richard Handler, Jefferies CEO

“

...measures of business confidence, both large and small, have improved significantly over the last two months. The palpable shift in sentiment gives us confidence that the current softness is transient and that we should soon enter a period of renewed strength in our core markets.”

— Peter Matt, Commercial Metals President & CEO

“

...U.S. consumer and business confidence surged since November...”

— Tamara Lundgren, Radius Recycling Chairman & CEO

“

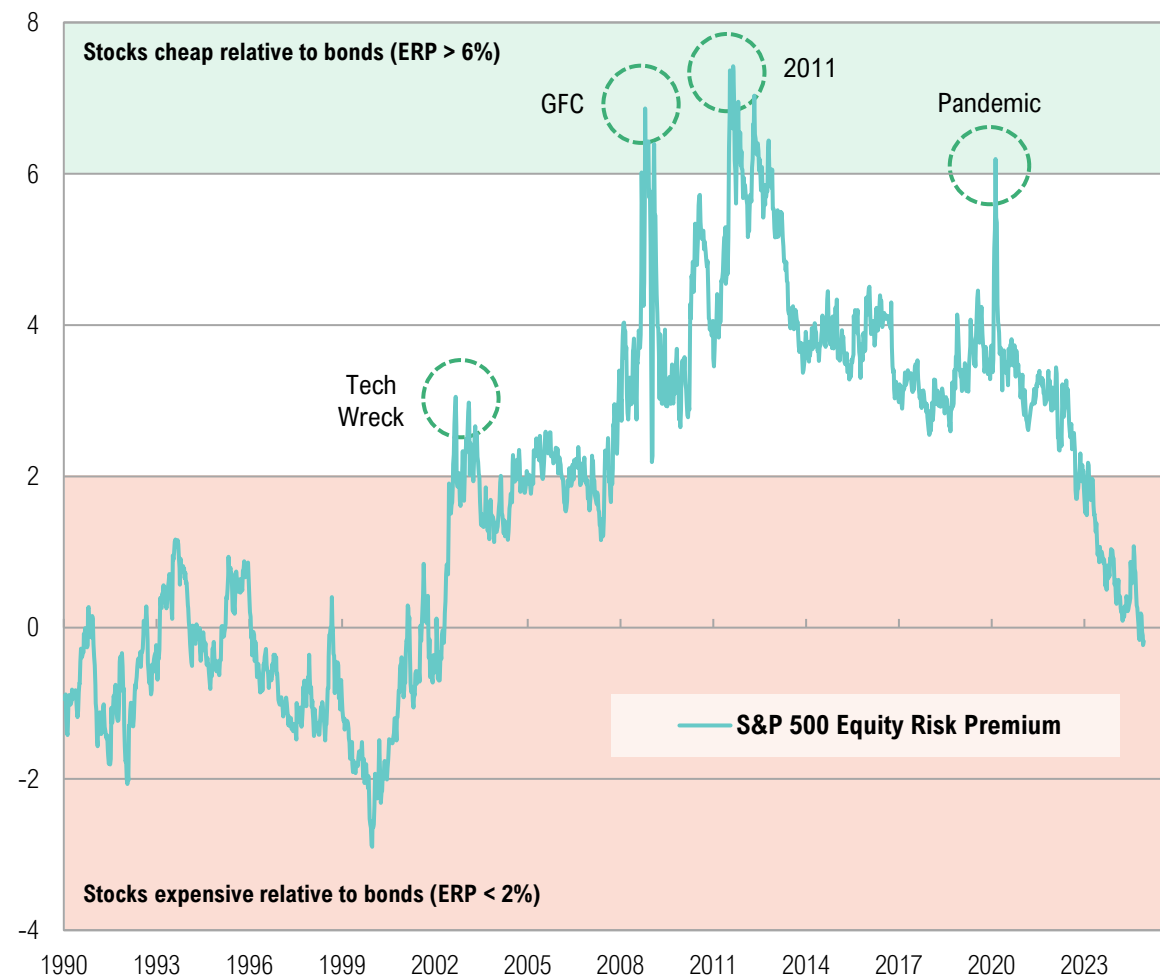
Post-election, there is some more optimism weaving into the discussions and the outlooks that we're having — we're hearing about from customers...there is some more optimism weaving into our conversations with customers about '25 outlook.”

— Erik Gershwind, MSC Industrial Direct Co. CEO



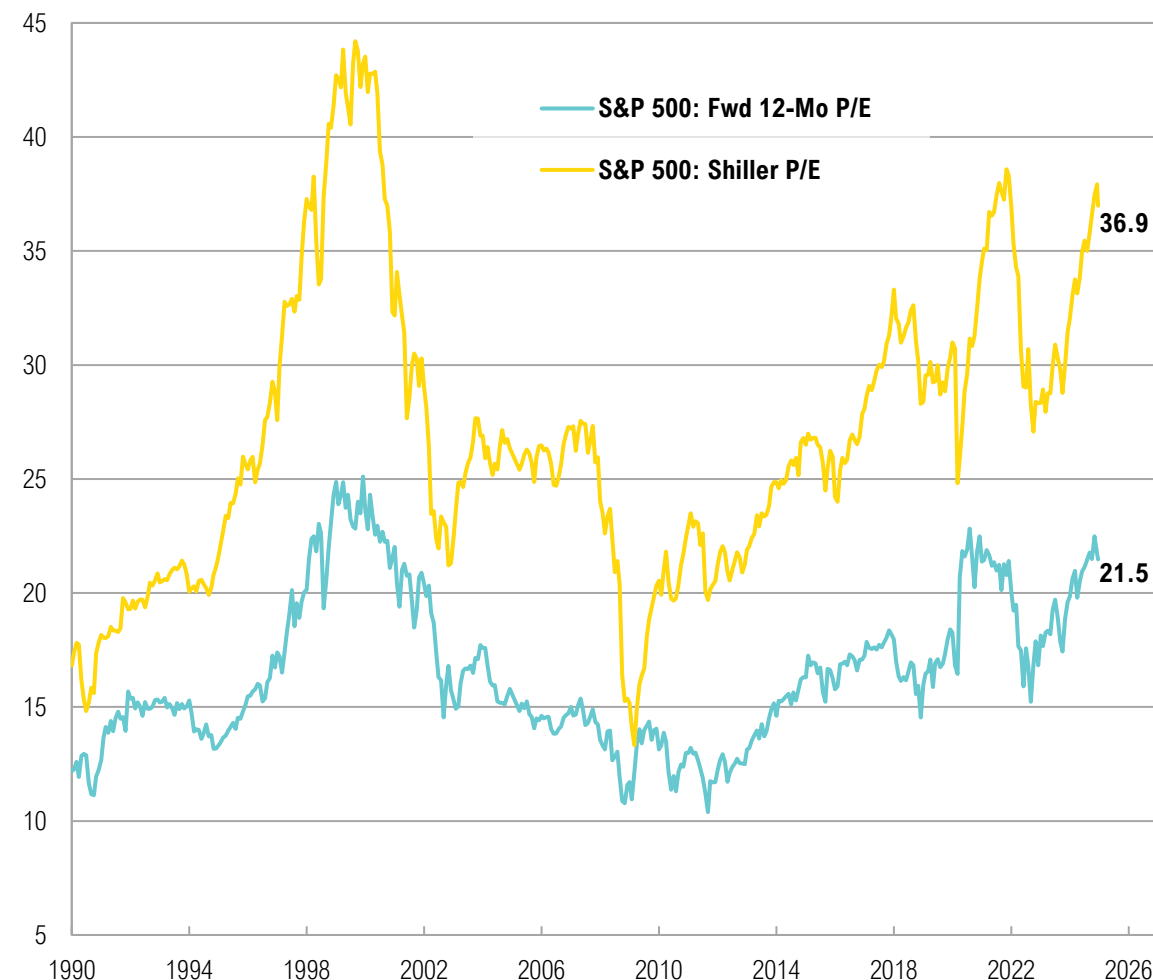
Using a yield-to-earnings yield comparison (ERP), U.S. stocks are less attractively priced vis-à-vis bonds than at any point since the 1990s; valuations appear rich from both a Shiller and forward P/E perspective

S&P 500 Forward Earnings Yield minus 10-Year US Treasury, %



Source: Bloomberg. Equity risk premium calculated as S&P 500 earnings yield minus 10-year Treasury yield.

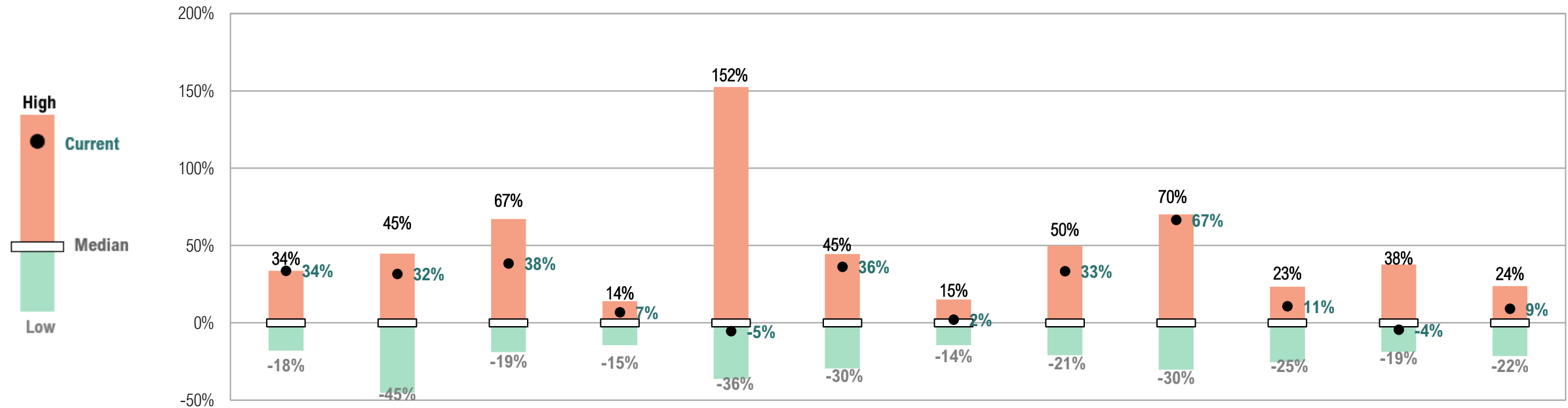
S&P 500 Price to Earnings, 12-Mo Fwd vs. Shiller



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S&P 500 composite valuations are at 10-year highs; most sectors are trading at premiums relative to their internal median valuations, with Tech and Financials near 10-year highs

Current Composite Valuation Premium/Discount vs. 10-Year Median*



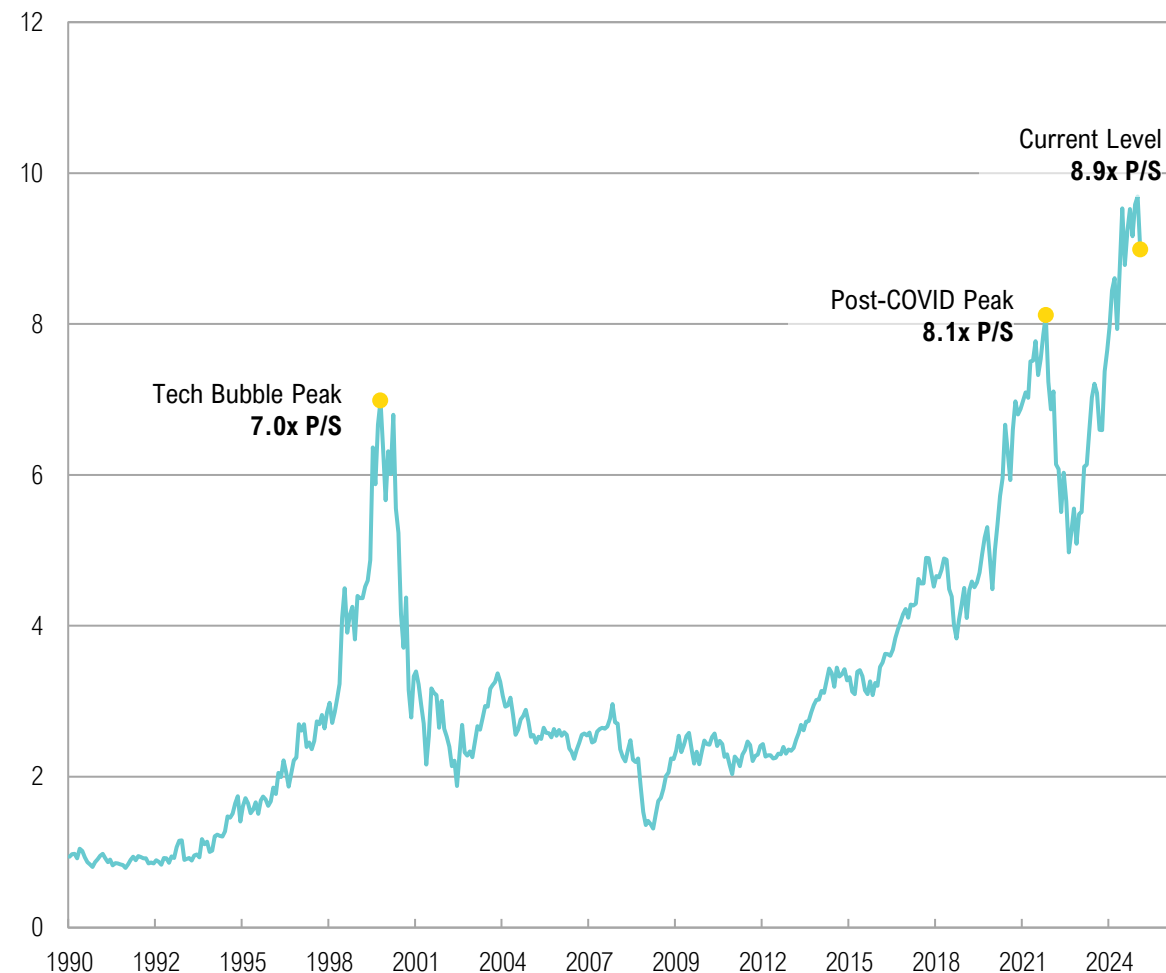
	S&P 500	Communication Services	Consumer Discretionary	Consumer Staples	Energy	Financials	Health Care	Industrials	Information Technology	Materials	Real Estate	Utilities
High Valuation Date	10/31/2024	8/31/2021	4/30/2021	4/29/2022	4/29/2016	3/29/2024	7/31/2024	4/30/2021	6/28/2024	11/1/2024	12/31/2021	8/31/2022
Low Valuation Date	9/30/2015	5/31/2018	2/29/2016	4/30/2018	9/30/2022	3/31/2020	3/31/2020	9/30/2015	9/30/2015	9/30/2015	10/31/2023	6/30/2015
Valuation Premium on 12/31/2023	16%	10%	14%	-4%	-17%	22%	6%	14%	48%	14%	-2%	-3%
Valuation Premium on 12/31/2022	-2%	-13%	-10%	7%	-23%	-2%	3%	3%	6%	-5%	-10%	13%
Valuation Premium on 12/31/2021	30%	38%	55%	14%	-23%	13%	7%	26%	55%	10%	38%	23%
Valuation Premium on 12/31/2020	29%	43%	58%	9%	44%	2%	3%	37%	45%	24%	15%	14%
Valuation Premium on 12/31/2019	5%	15%	4%	5%	-1%	2%	4%	-1%	11%	5%	10%	17%

Source: Bloomberg. *The composite valuation equal weights four valuation metrics (Fwd P/E, Fwd P/CF, TTM P/S and TTM EV/EBITDA) relative to each respective sector's 10-year medium valuation. The Financials composite replaces EV/EBITDA with TTM P/B.

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While off the peak, the tech sector P/S ratio remains nearly 30% higher than peak Tech Bubble levels; NVDA (28.9x), and MSFT (12.2x) account for ~40% of the sector

S&P 500 Information Technology Sector, Price to Sales Ratio



Source: Bloomberg. As of 1/13/2024.

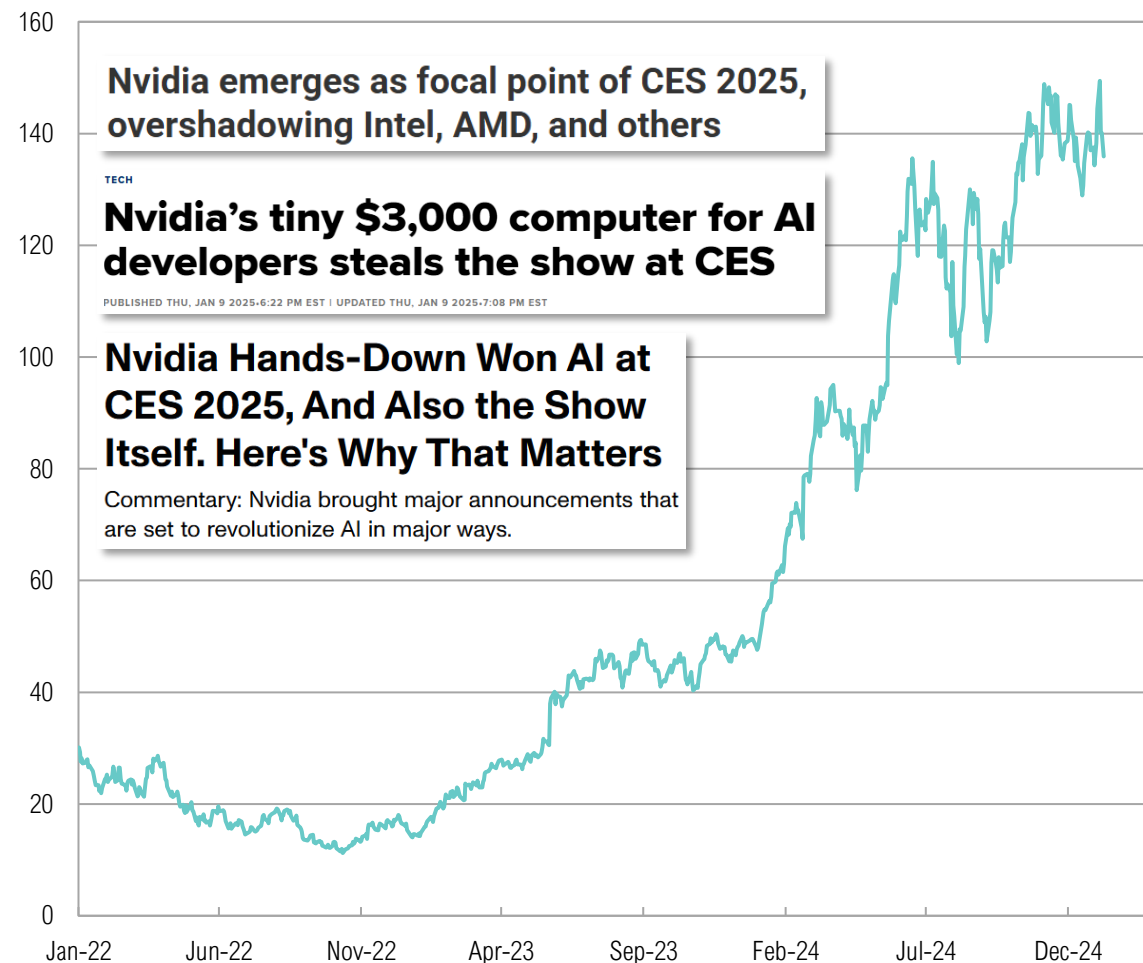
S&P 500 Information Technology Sector: Top 20 Holdings

Name	Weight	P/S	P/E	Fwd P/S	Fwd P/E
Apple Inc	22.5%	9.2	34.7	8.3	31.0
NVIDIA Corp	18.2%	28.9	52.4	16.8	30.7
Microsoft Corp	17.4%	12.2	34.2	10.3	29.4
Broadcom Inc	7.5%	20.2	85.4	16.7	34.1
Oracle Corp	2.2%	7.7	36.2	6.9	23.0
Salesforce Inc	1.8%	8.3	49.0	7.4	28.6
Cisco Systems Inc	1.7%	4.5	21.4	4.1	15.5
Accenture PLC	1.6%	3.3	28.5	3.1	26.4
ServiceNow Inc	1.5%	20.0	152.4	15.7	60.6
International Business Machines	1.5%	3.2	22.5	3.1	20.2
Advanced Micro Devices	1.3%	7.8	99.4	5.9	23.1
Adobe Inc	1.3%	8.5	28.4	7.5	19.7
QUALCOMM Inc	1.2%	4.5	18.7	4.1	13.7
Texas Instruments Inc	1.2%	11.1	37.6	10.1	32.1
Intuit Inc	1.2%	10.4	55.8	8.9	29.8
Palantir Technologies	1.0%	54.6	311.0	41.7	137.5
Arista Networks	1.0%	21.3	54.1	17.0	45.7
Applied Materials Inc	0.8%	5.2	19.7	4.7	17.9
Palo Alto Networks Inc	0.8%	13.1	121.2	11.2	49.3
Micron Technology	0.8%	3.6	29.4	2.8	11.2
Other	13.7%	n/a	n/a	n/a	n/a
Total S&P 500 Tech Index	100%	8.9	39.3	7.7	28.0
Median S&P 500 Tech Constituent		8.8	36.9	7.9	29.0

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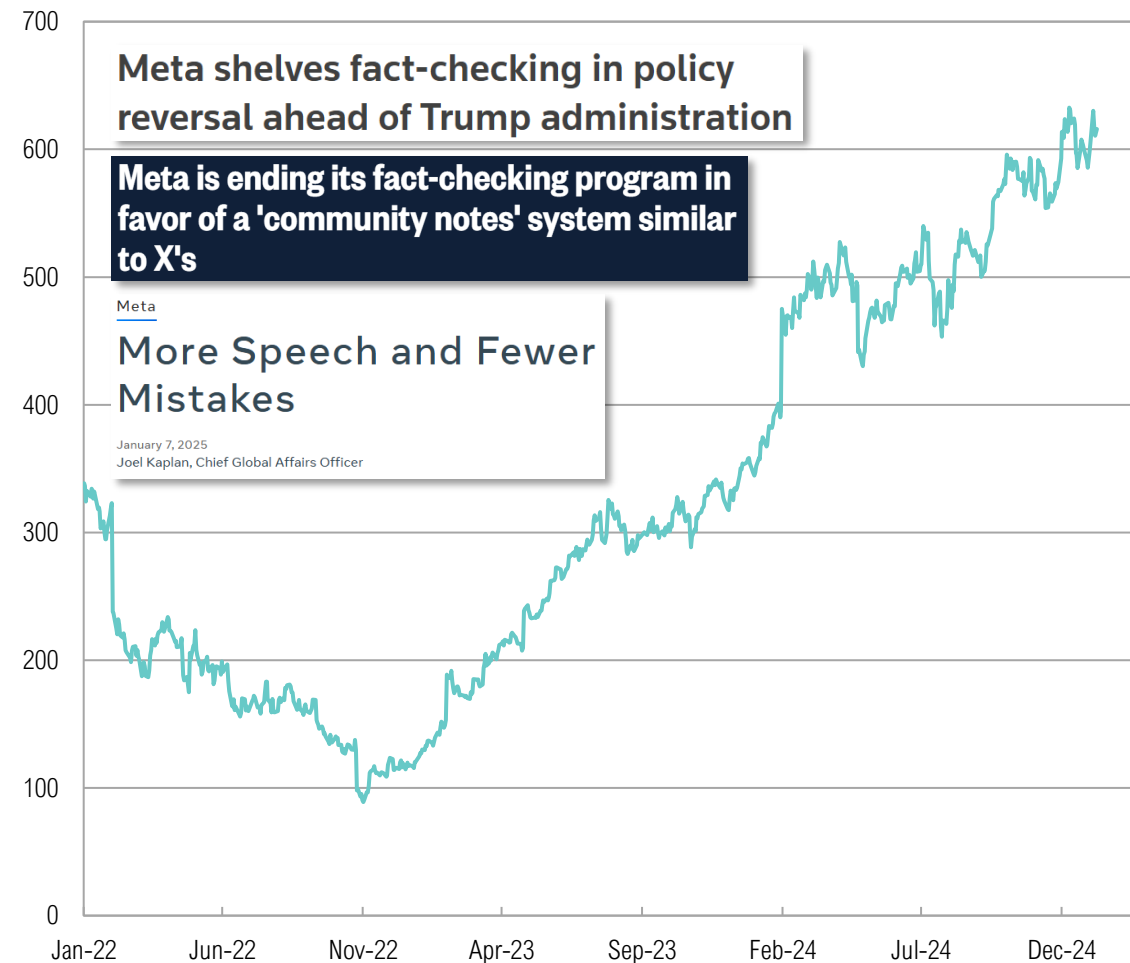
➤ Mag 7 updates: Nvidia stole the show at CES 2025; Meta has announced policy changes, shifting to a free speech model similar to X

Nvidia Share Price, \$



Source: Bloomberg, Various.

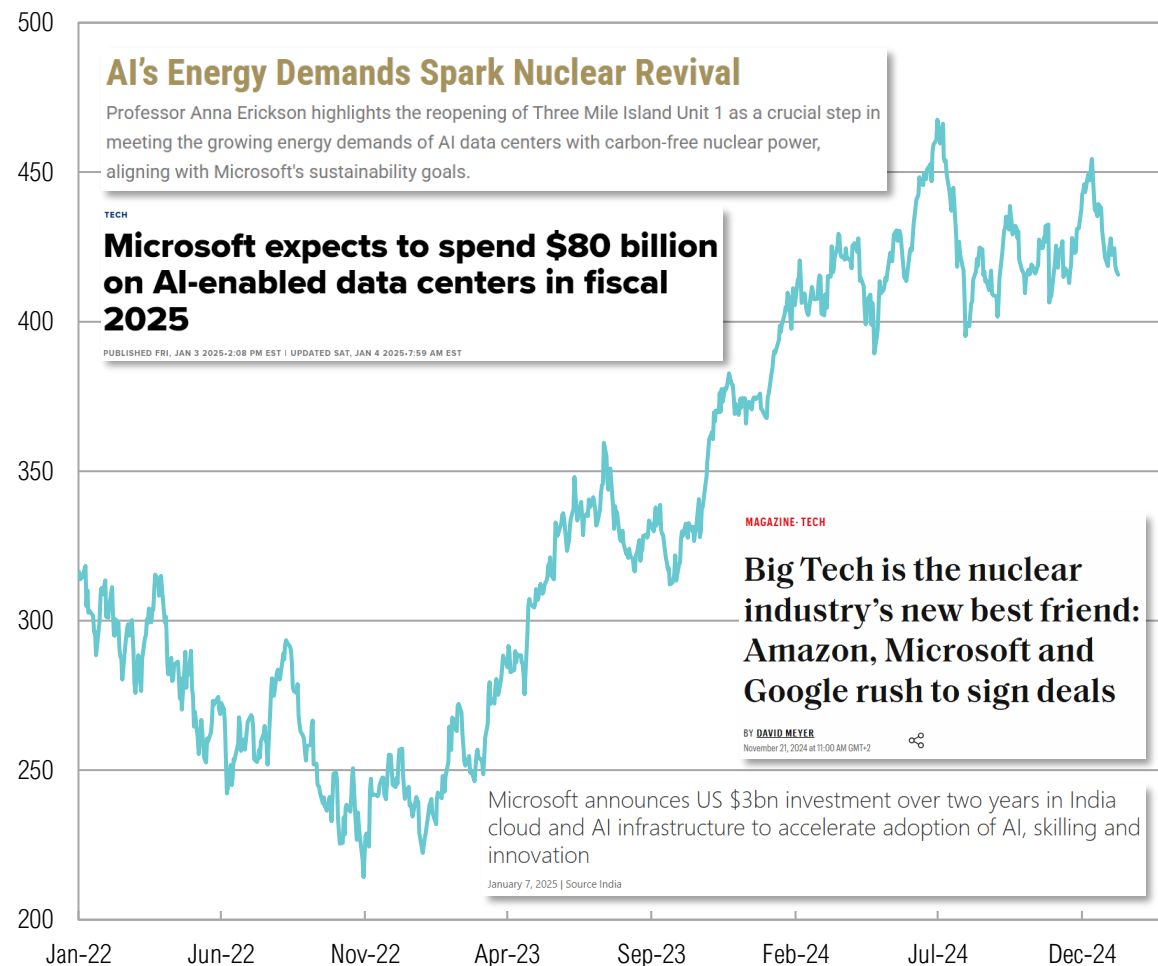
Meta Share Price, \$



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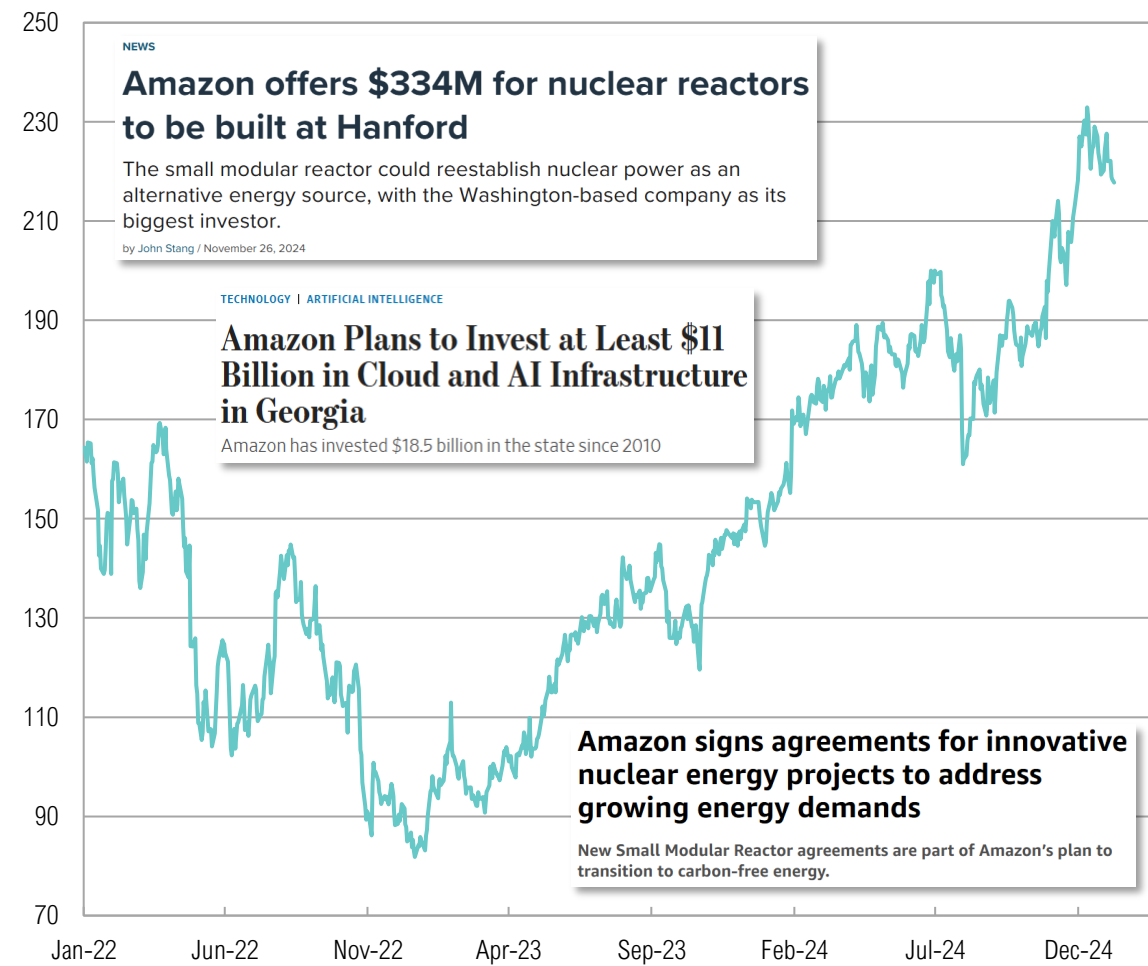
Mag 7 updates: Microsoft and Amazon both continue to invest in nuclear to meet rising energy demands stemming from AI developments

Microsoft Share Price, \$



Source: Bloomberg, Various.

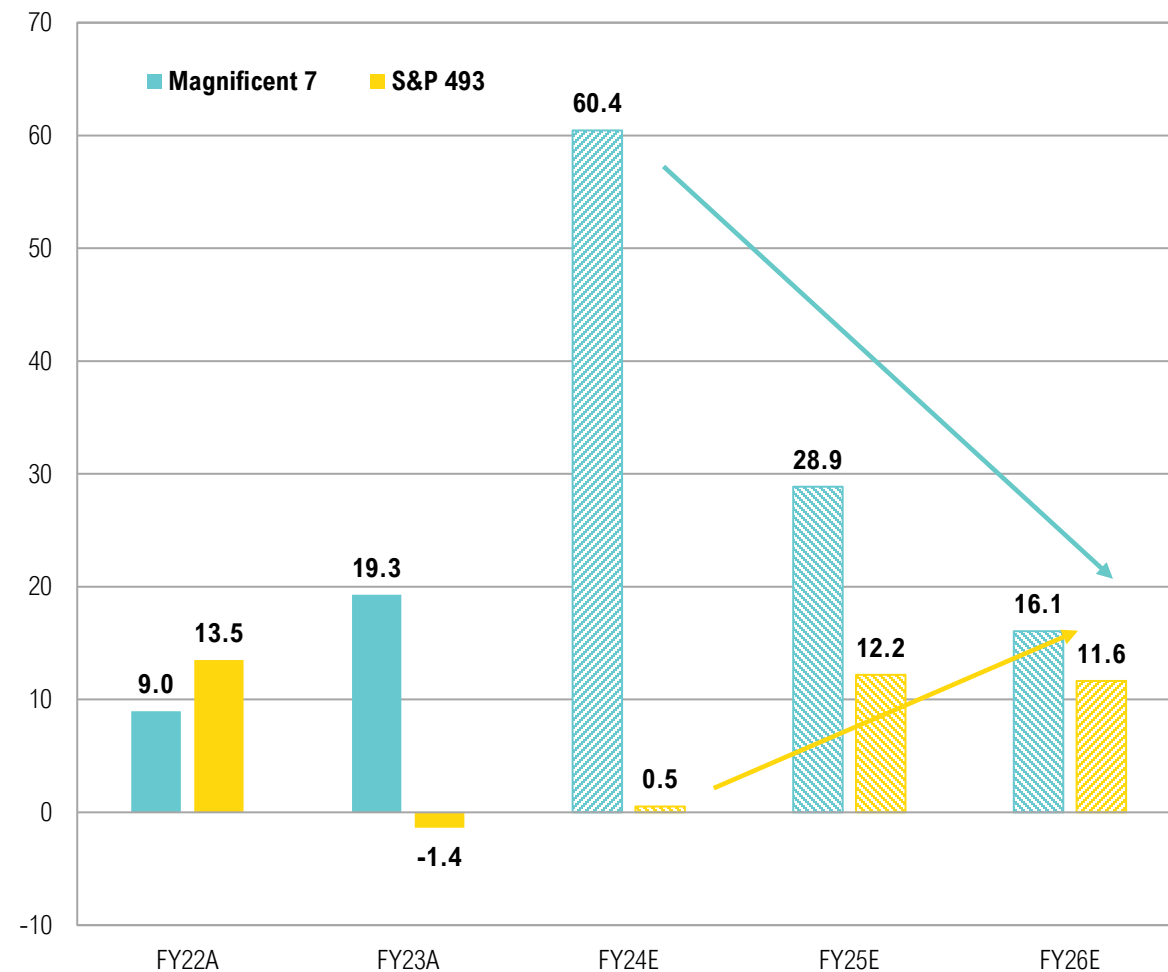
Amazon Share Price, \$



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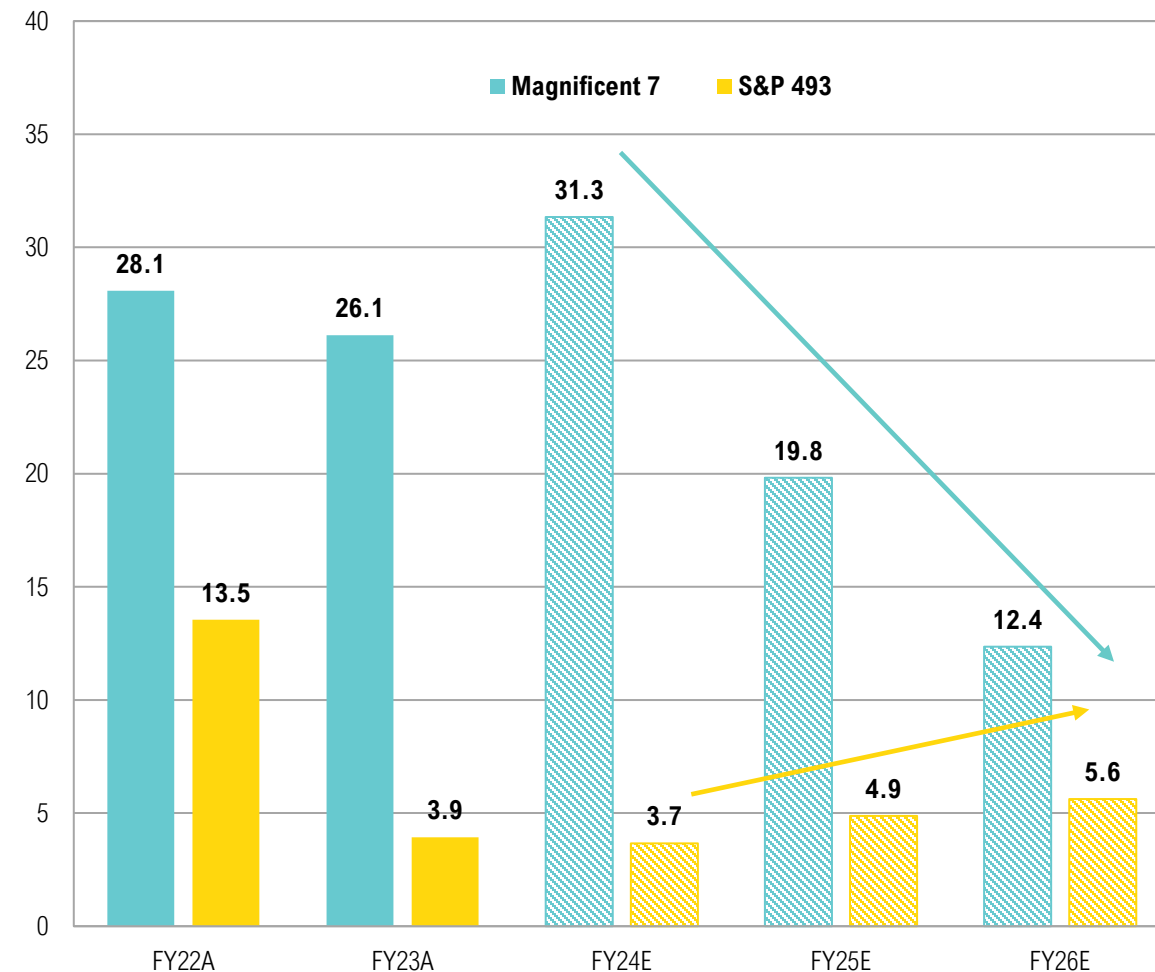
Are high valuations at least partially being driven by strong earnings growth? 2025 Mag 7 earnings are expected to grow by 28.9%, while S&P 493 earnings are expected to grow by 12.2%

Earnings per Share Growth, Y/Y %



Source: Bloomberg

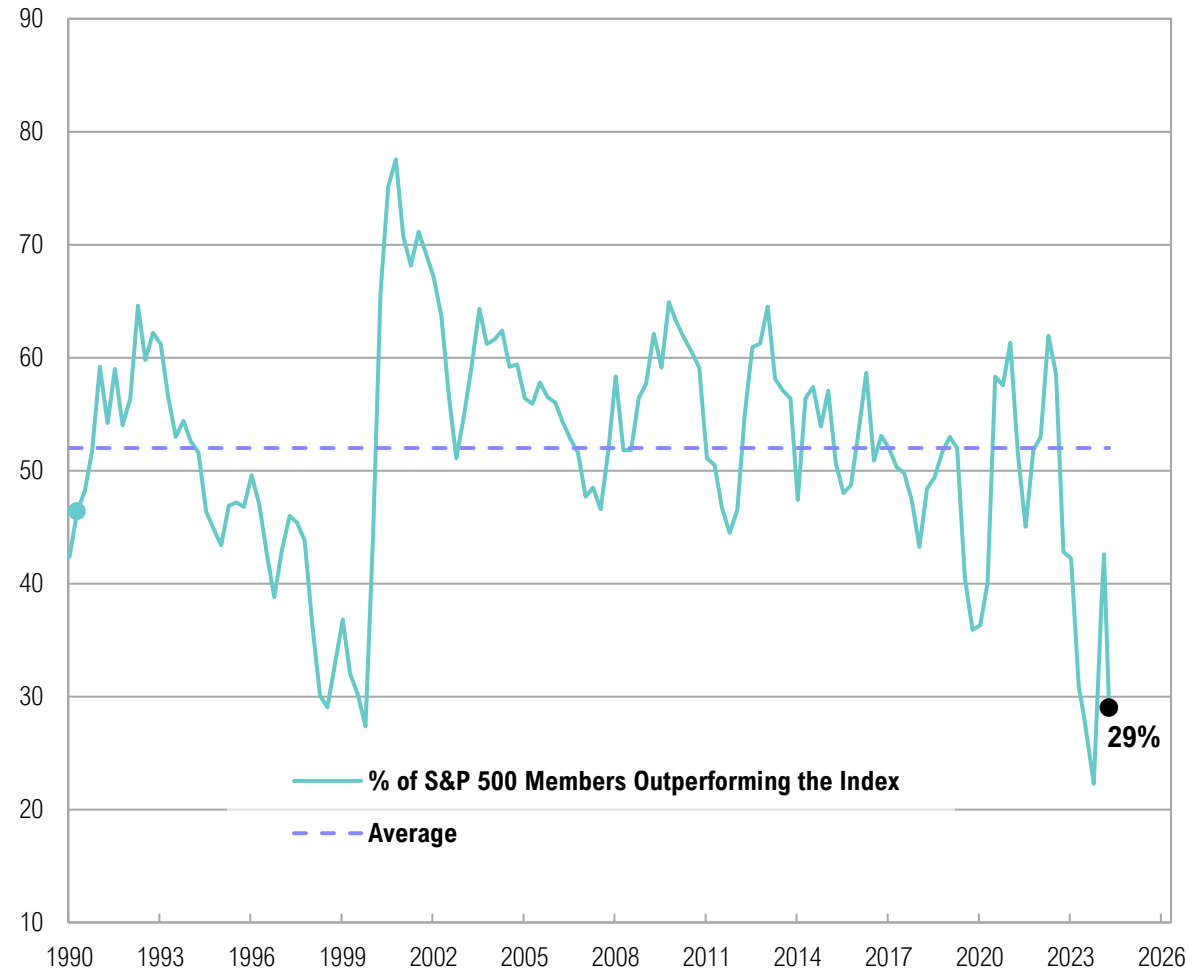
Sales Growth, Y/Y %



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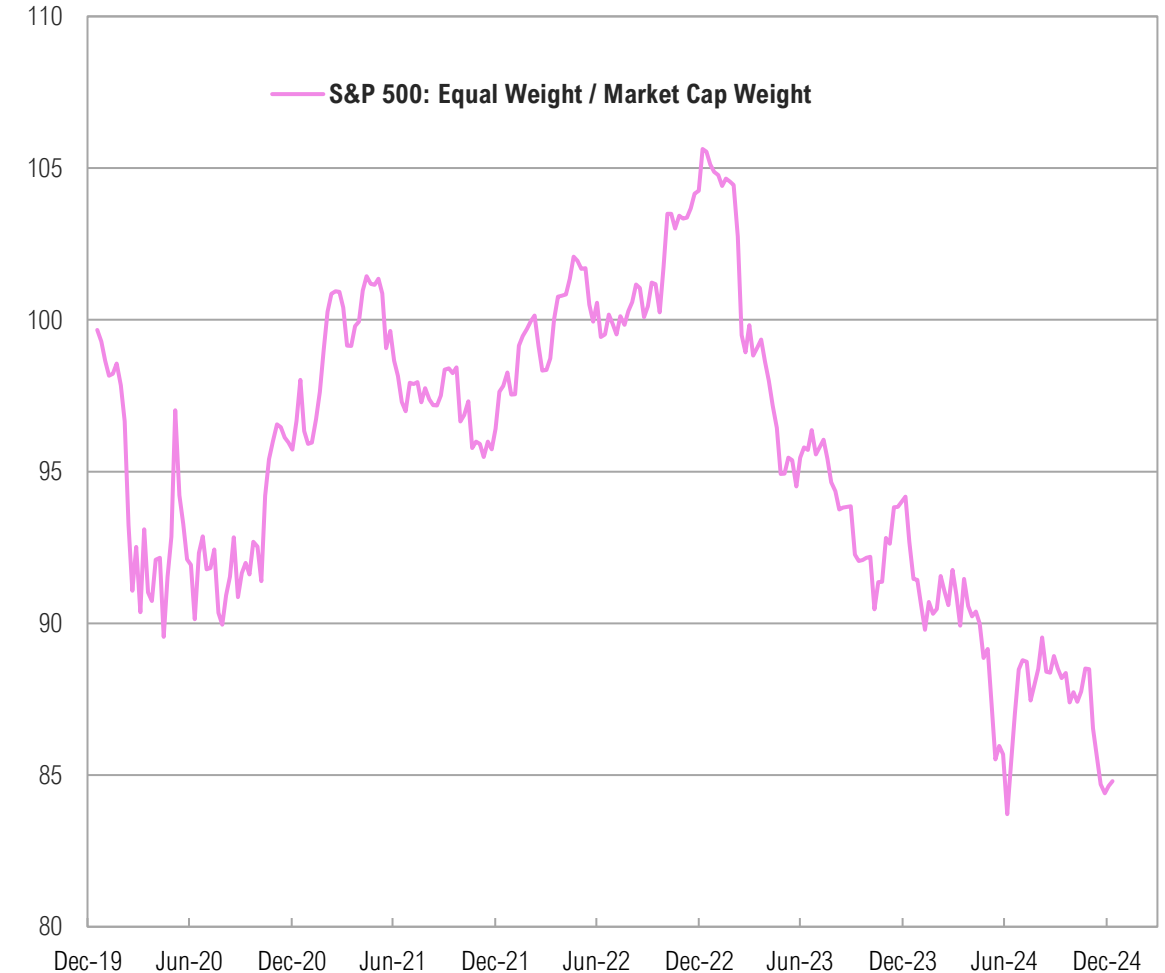
Market breadth has narrowed with only 29% of S&P 500 constituents outperforming the index over the past year; the equal-weighted index has underperformed since early October

S&P 500 Members Outperforming the Index, Rolling 12 Month %



Source: Bloomberg

Growth of 100



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Post-election performance provides insight into the market's expectations, but there are multiple cross-currents (how much was front-run, impact of rates, etc.)

Total Return Since 11/5/2024, %

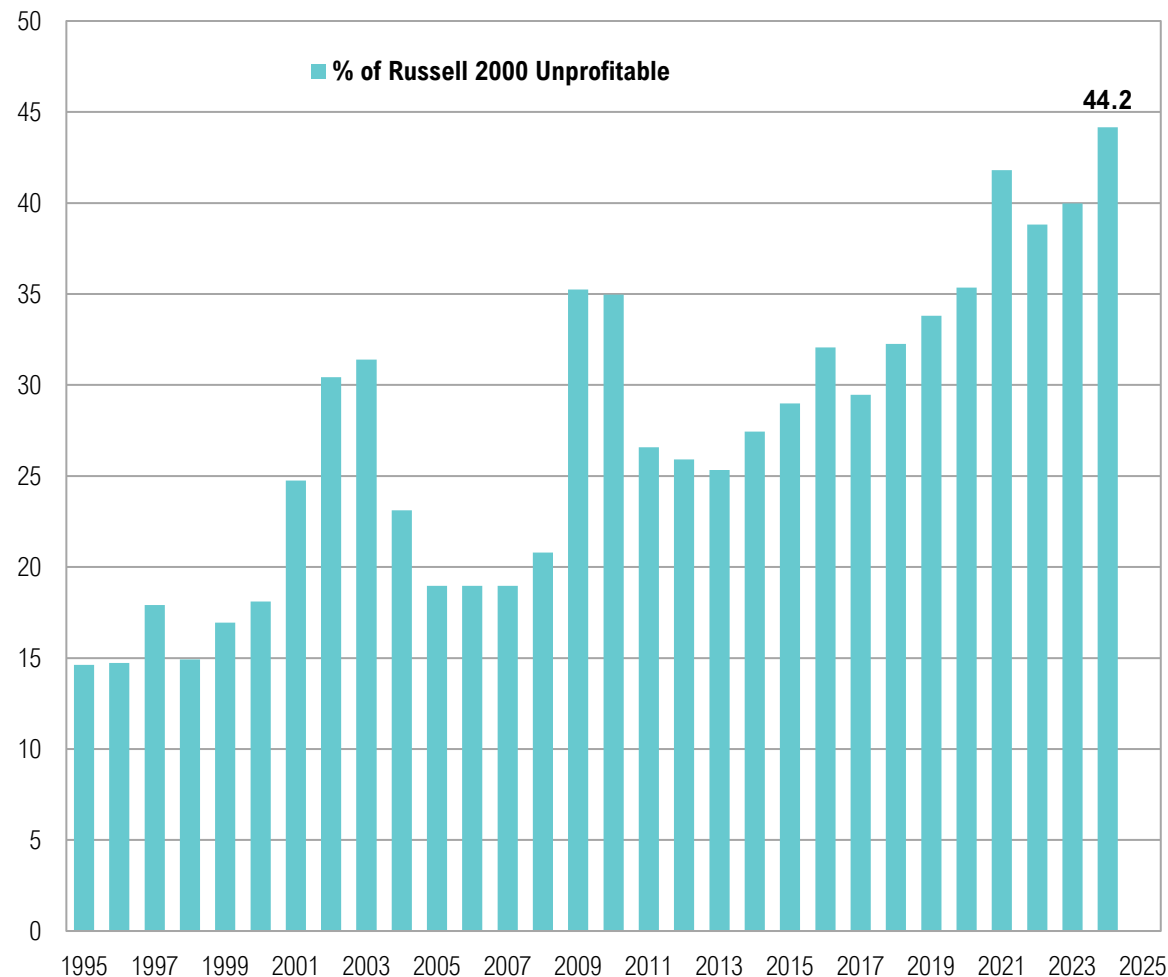
Asset Classes		Factors & Styles		Sectors		Industries		Themes	
Cryptocurrencies	65.3	Large Cap Growth	5.2	Consumer Discretionary	11.4	Broker-Dealers & Exchanges	7.6	Quantum Computing	27.3
Midstream Energy	12.7	Mid Cap Growth	4.4	Financials	4.8	Oil Equipment & Services	7.6	Blockchain	19.1
Commodity Futures	4.8	Momentum	4.2	Communication Services	4.0	Financial Services	6.6	Magnificent 7	13.5
US Large Cap Stocks	2.6	Large Cap Core	2.9	Energy	2.8	Oil & Gas Exploration	6.4	Cloud Computing	12.0
US Bank Loans	1.7	Mid Cap Core	1.9	Technology	2.0	Regional Banks	6.1	FinTech	7.0
Closed-End Funds	1.5	Small Cap Value	1.5	Industrials	0.9	Tech Software	5.6	Cybersecurity	4.4
Cash	0.9	Size	1.4	Utilities	-1.2	Expanded Technology	5.1	Artificial Intelligence	3.1
US 60/40	0.9	Small Cap Growth	1.4	Consumer Staples	-4.1	Aerospace & Defense	2.7	Defense	2.8
US Micro Cap Stocks	0.8	Large Cap Value	0.7	Health Care	-4.1	Digital Infrastructure	2.3	Autonomous Driving	2.5
US High Yield Bonds	0.6	Small Cap Core	0.3	Real Estate	-6.5	Medical Devices	1.3	Internet of Things	1.9
Short-Term Bonds	0.4	Quality	0.2	Materials	-7.3	Insurance	1.0	Large Cap ex-Magnificent 7	0.9
US Small Cap Stocks	0.3	Value	-0.1			Transportation	0.6	Hydrogen	0.1
US Inter-Term Muni Bonds	-0.4	Mid Cap Value	-0.4			Semiconductors	0.0	Social Media	-0.1
Emerging Market Bonds	-0.7	Minimum Volatility	-1.0			Global Energy Producers	-0.4	Video Games & eSports	-0.1
Municipal High Yield Bonds	-1.1					Mortgage Real Estate	-1.2	Robotics	-1.9
Global 60/40	-1.2					Pharmaceuticals	-3.1	Data Centers	-2.9
US Inter-Term Bonds	-1.7					Healthcare Providers	-3.2	Genomics & Biotechnology	-9.8
Gold	-2.8					Residential Real Estate	-5.6	Clean Technology	-10.6
Intl Dev Ex-US Stocks	-4.3					Global Timber & Forestry	-6.0	Solar Energy	-18.5
US REITs	-4.9					Global Gold Miners	-6.5	Wind Energy	-20.3
Developed Ex-US Bonds	-5.9					Biotechnology	-7.8		
Global Real Estate Sec's	-6.4					Copper & Metals Mining	-10.2		
Emerging Market Stocks	-6.4					Home Construction	-11.3		
Intl Dev Ex-US Real Est.	-8.1					Lithium Miners	-15.4		

Source: Bloomberg. See appendix for asset class & index definitions. Asset class returns are based on market indexes. Other returns based on passive ETFs. As of 1/14/2025.

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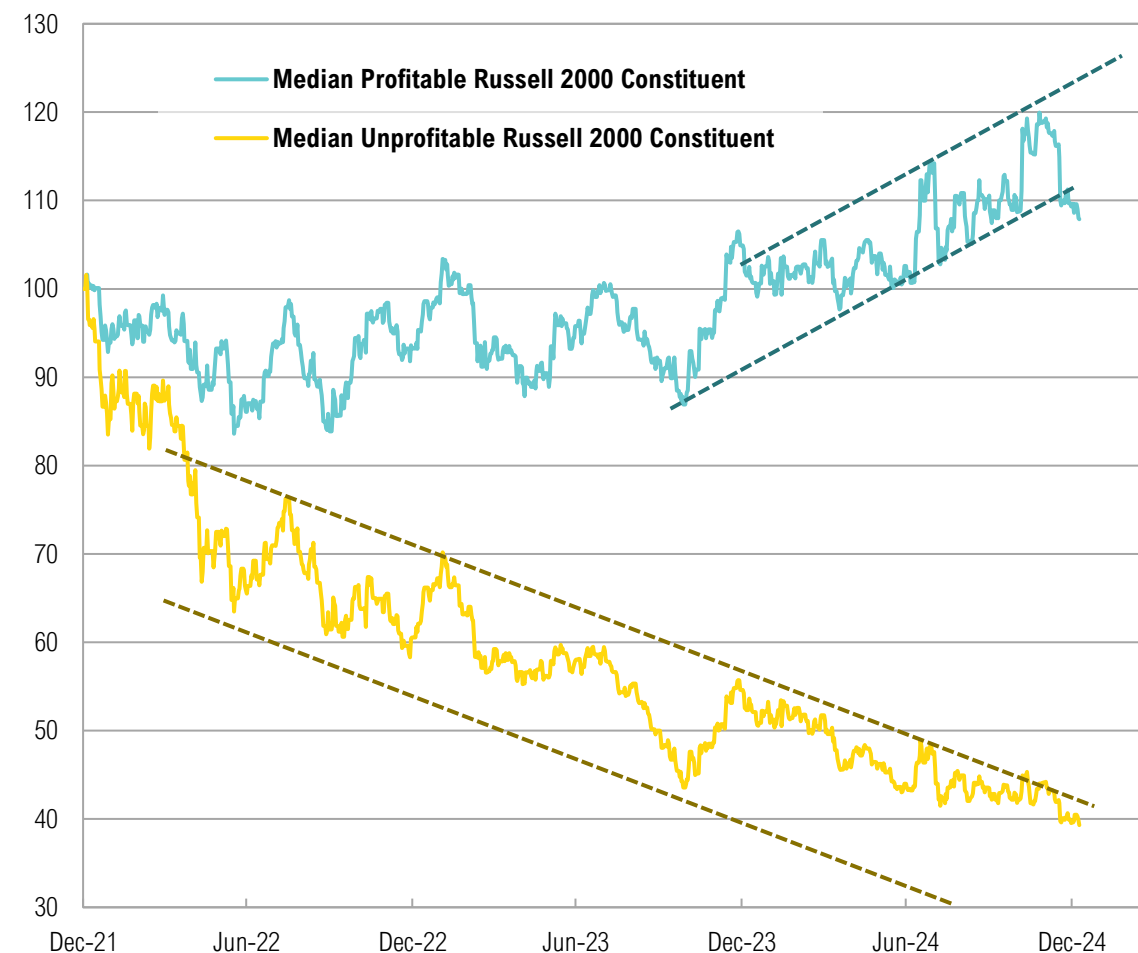
Profitable or not, small caps had started to break down as bond yields spiked

% of Russell 2000 Constituents with Negative Earnings (TTM EPS)



Source: Bloomberg, Apollo. Unprofitable constituent data as of 12/31/2024. Profitability is based on most recent earnings. Relative performance as of 1/8/2025.

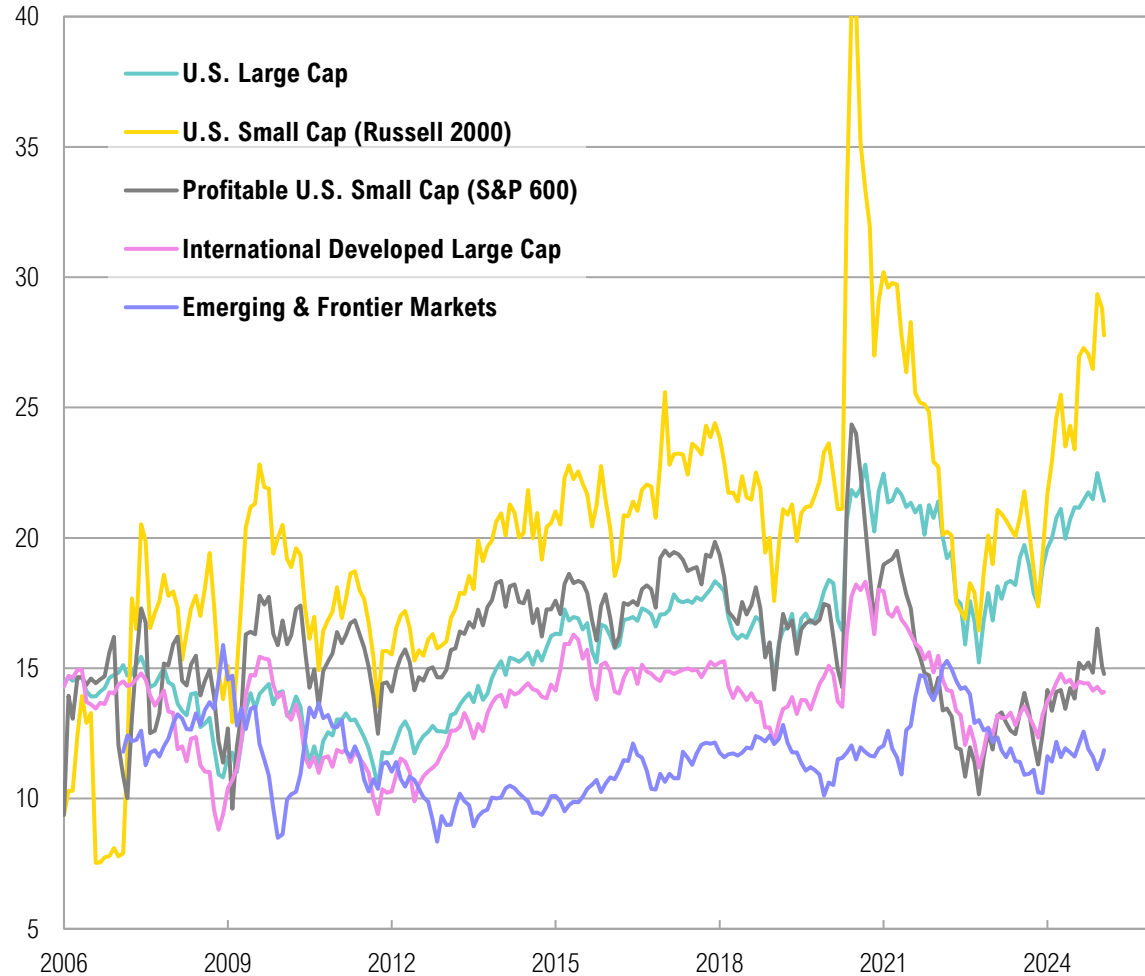
Profitable vs Unprofitable Russell 2000 Companies, Growth of 100



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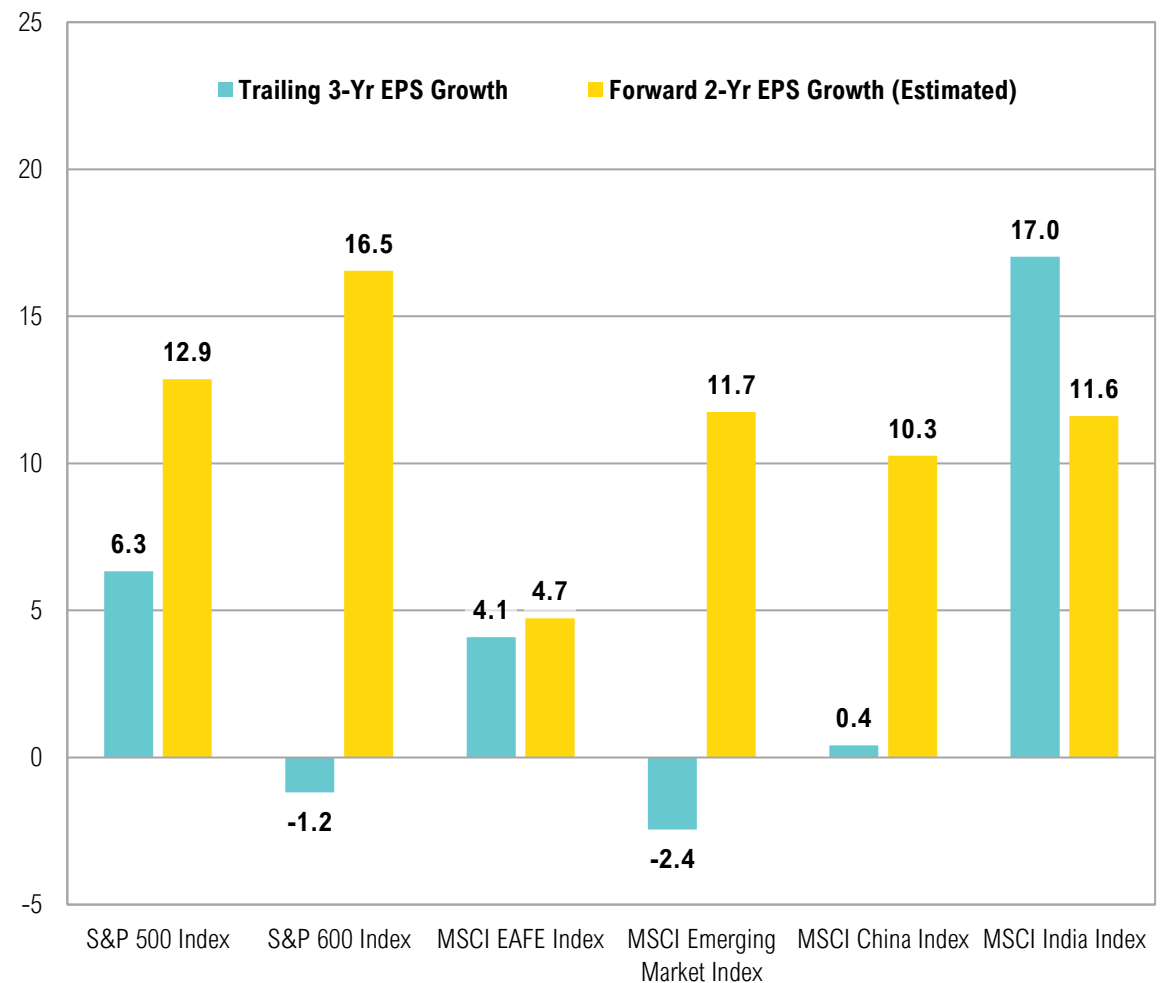
Emerging market stocks remain relatively cheap vs. developed markets; looking ahead, earnings growth for profitable U.S. small cap stocks look promising

Price-to-Earnings Ratio, Forward 12-Months



Source: Bloomberg. As of 1/14/2024.

Trailing vs Forward Earnings Per Share Growth, %

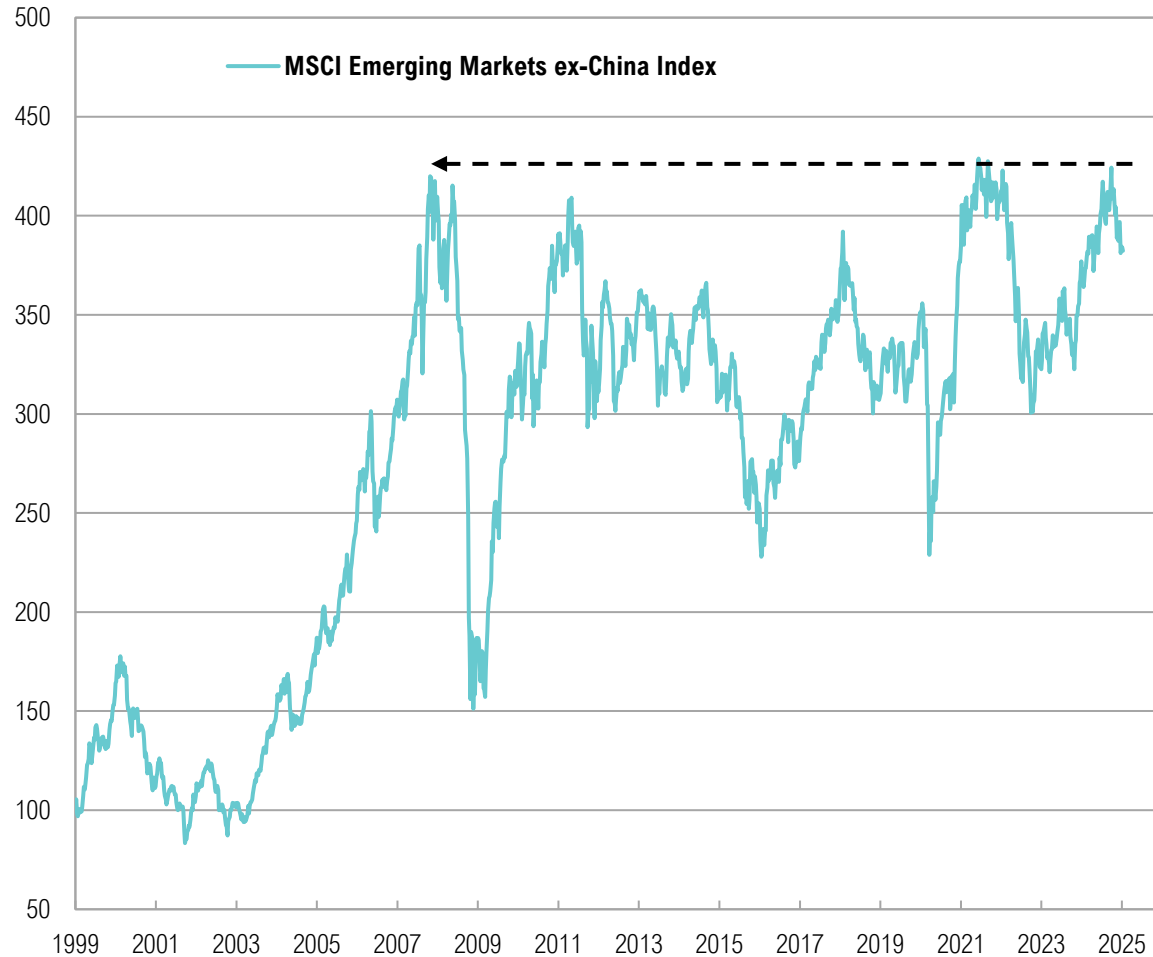


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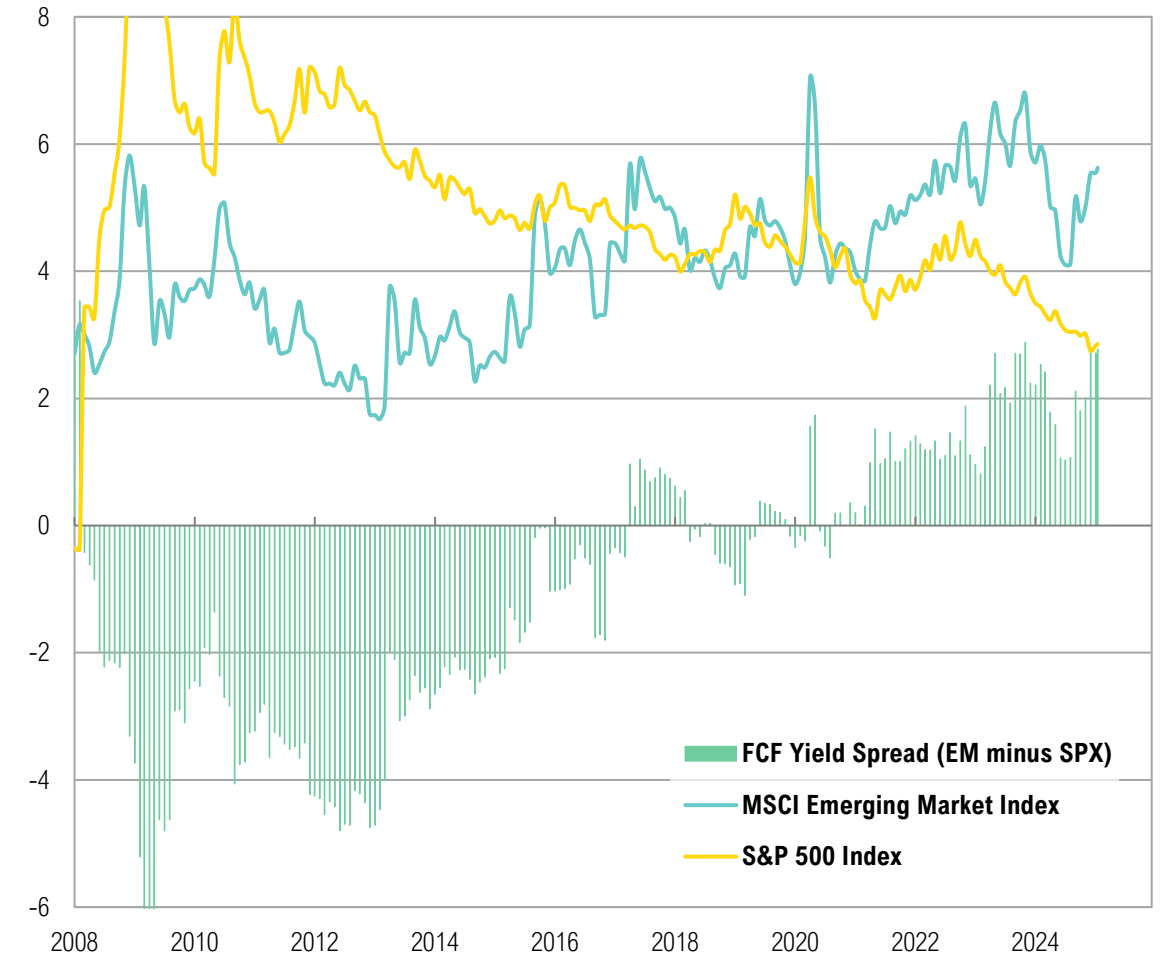
While EM ex-China stocks failed to break out of a 16-year resistance, they still appear attractively valued compared to U.S. large cap stocks; EM free cash flow yields are 2.8% higher than the S&P 500

MSCI Emerging Markets ex-China Price Return Index, Growth of 100



Source: Bloomberg. MSCI Emerging Markets ex-China Price Return Index in U.S. dollar. As of 1/13/2025.

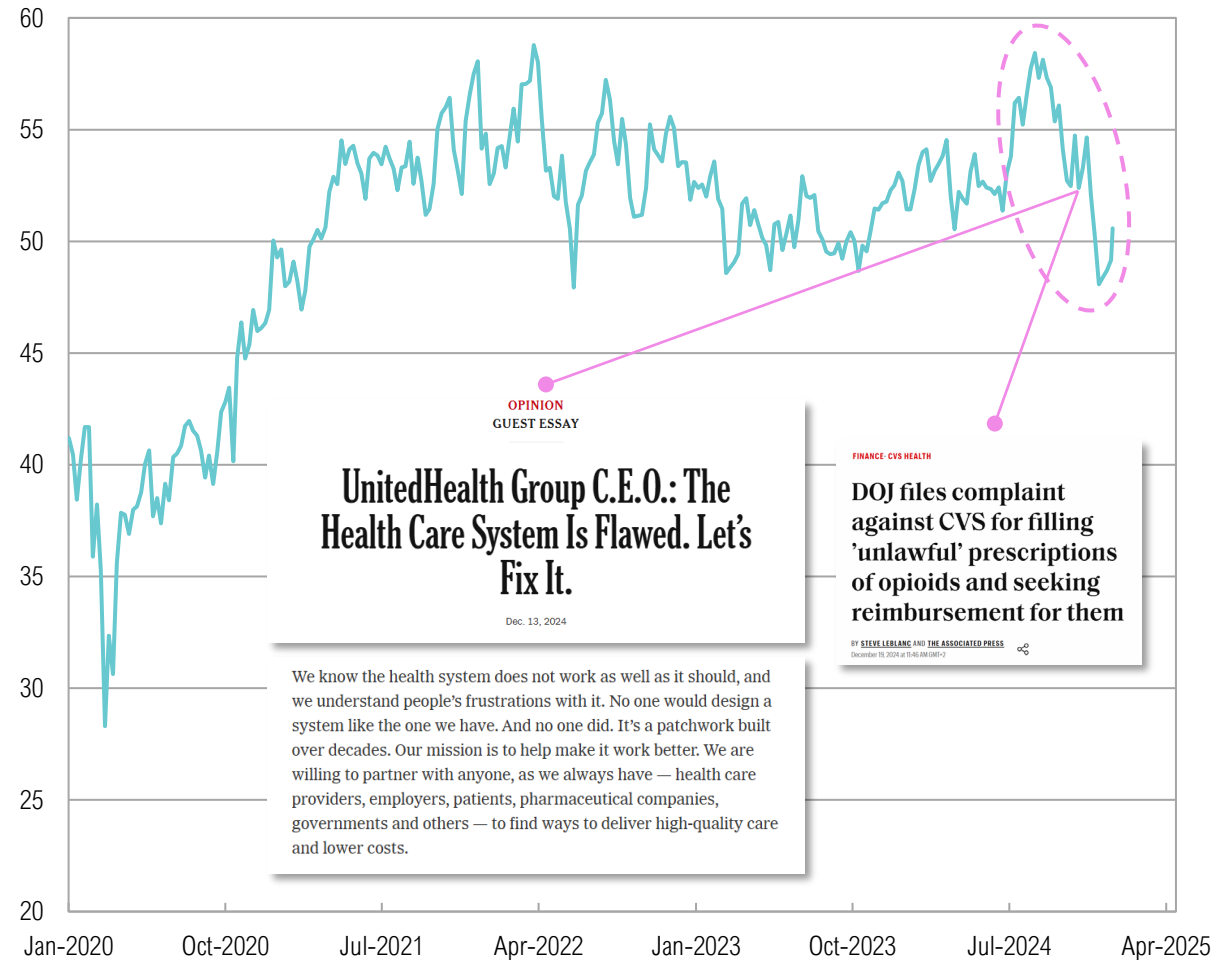
Free Cash Flow Yield, %



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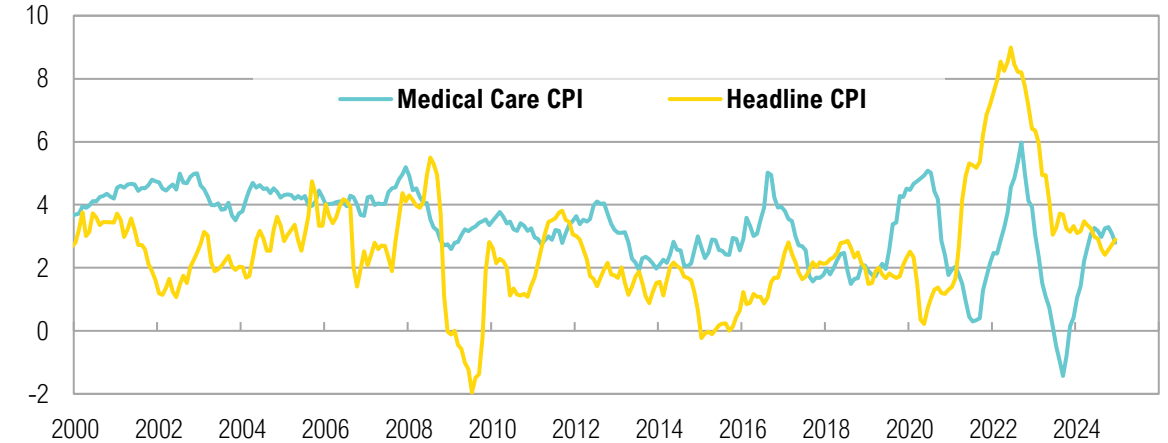
Healthcare stocks have been under pressure as various troubles plague the industry; government spending on health neared \$5 trillion in 2023

U.S. Healthcare Providers ETF

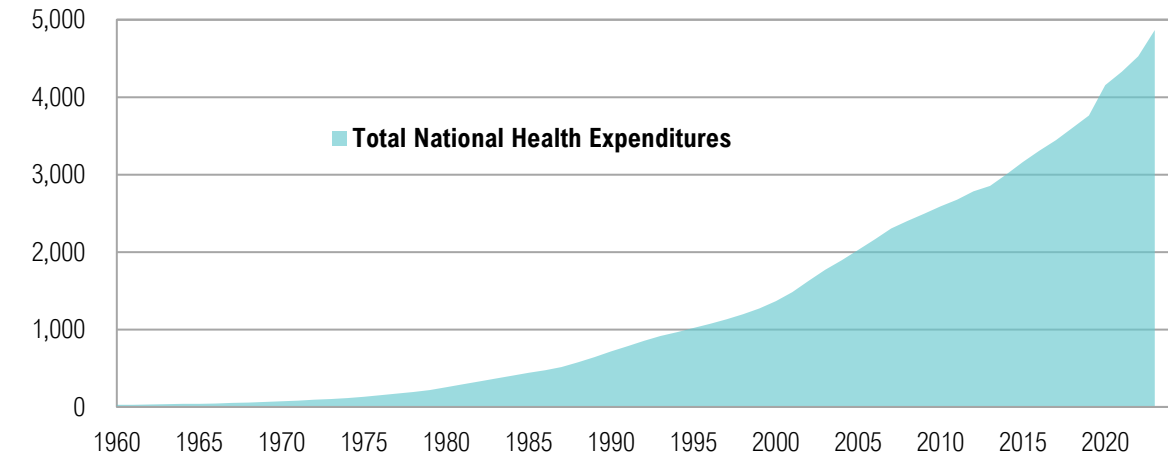


Source: Bloomberg, NY Times, Forbes, Centers for Medicare and Medicaid Services.

U.S. Inflation Components, Y/Y %



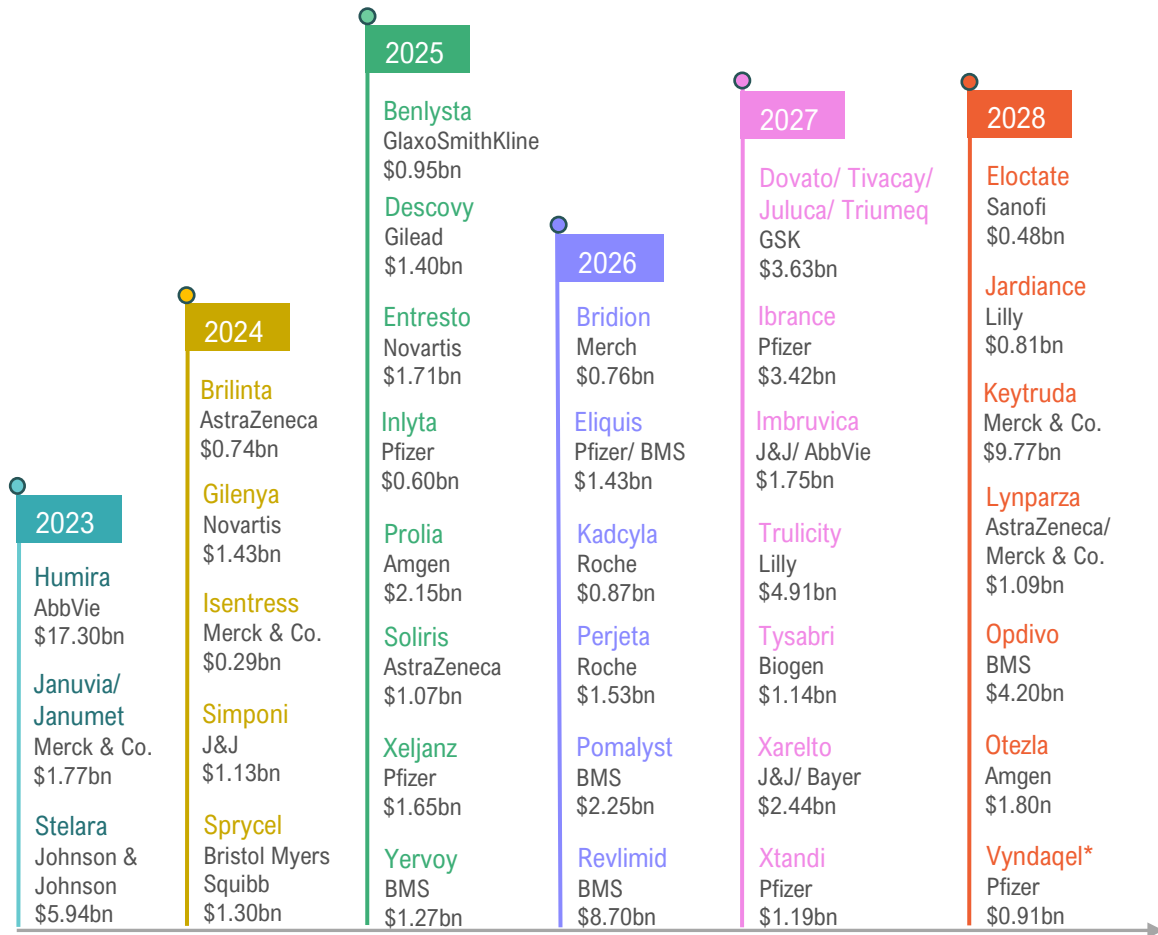
Total U.S. National Health Expenditures, \$Bn



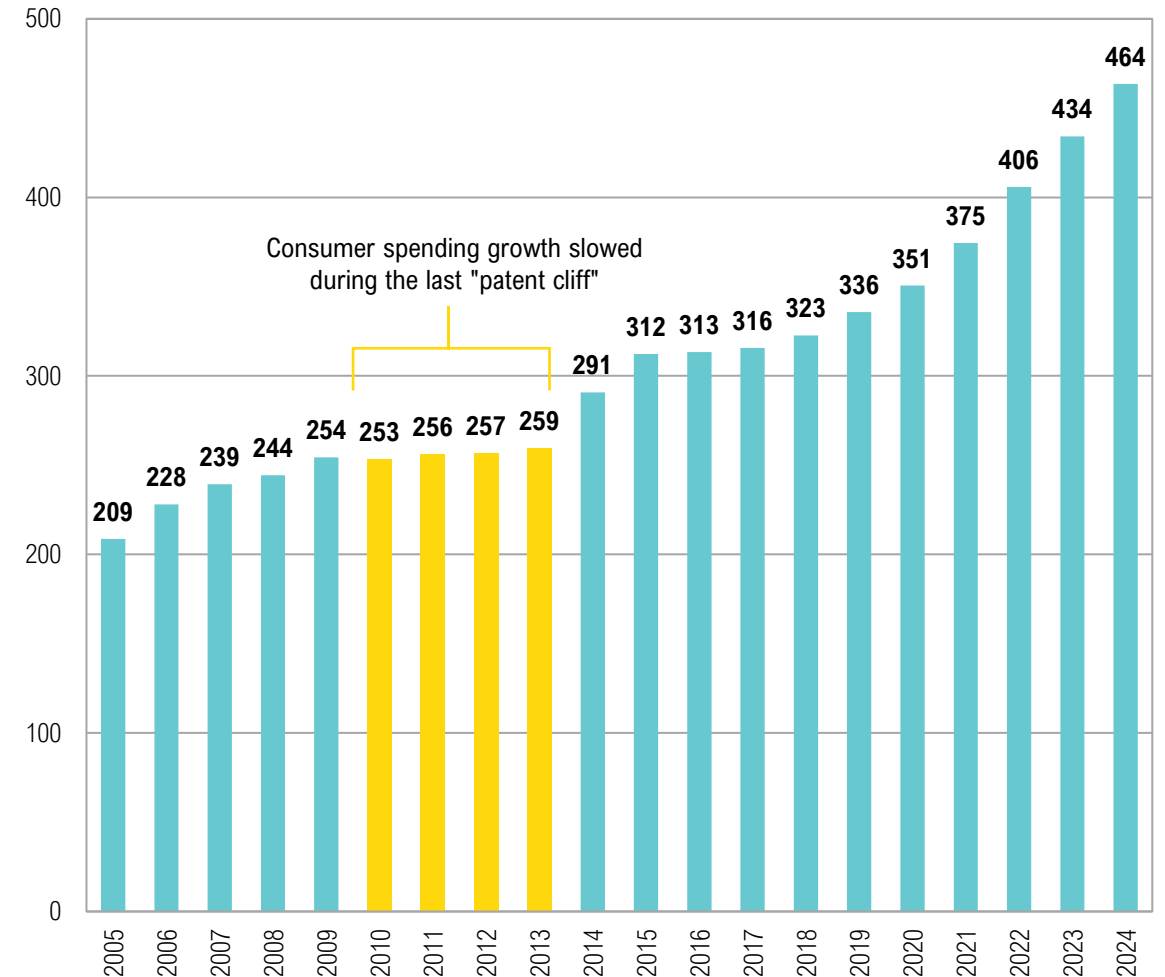
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Big pharma faces a “patent cliff” which could impact more than \$200Bn in annual revenue by 2030

Big Pharma Expected to Lose Patent Protection



Prescription Drug Expenditure in the U.S., \$Bn



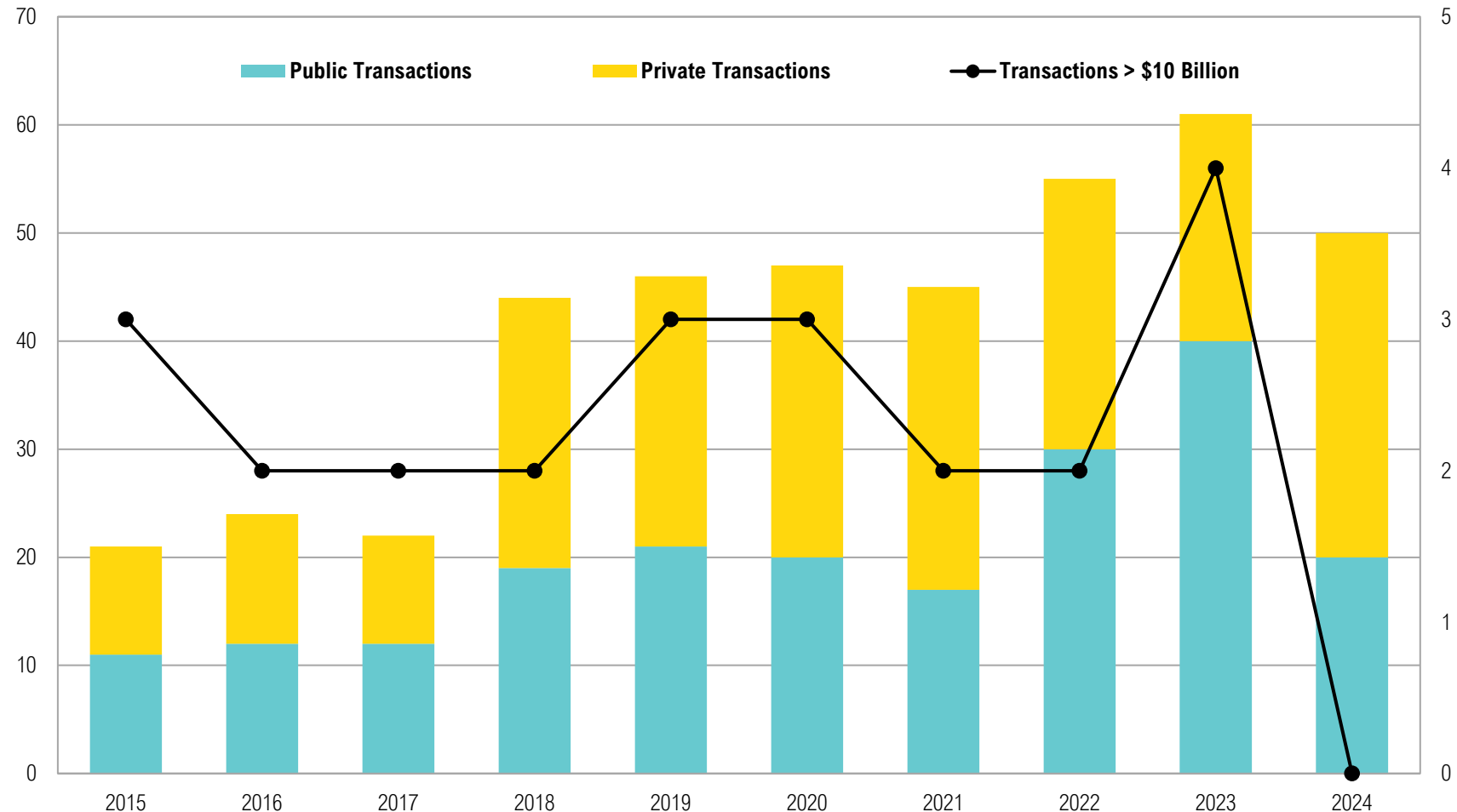
Source: Eventide. *Pending patent term extension; CMS.

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While M&A activity in 2024 was relatively healthy, deal sizes were small, with none >\$10bn; 2025 is off to a strong start, with multiple deals already announced, including J&J's \$14.6bn transaction

Global Biotech M&A Transaction Count



Source: Eventide, William Blair Biotech Group Top Stock Picks and Outlook for 2025.

2025 so far...

PMLIVE

Eli Lilly to acquire Scorpion's solid tumour programme in deal worth \$2.5bn

Eli Lilly has said it will be expanding its oncology pipeline by acquiring Scorpion Therapeutics' PI3Kα inhibitor programme in a deal worth...

2 hours ago

BioPharma Dive

J&J to buy psychiatric drug developer Intra-Cellular for \$14.6B

Intra-Cellular has had success selling Caplyta, a brain-rebalancing drug that's approved to treat schizophrenia and bipolar depression.

16 hours ago

Reuters

GSK to buy US biotech firm IDRx for up to \$1.15 billion

British drugmaker GSK said on Monday that it would pay up to \$1.15 billion to buy Boston-based biopharmaceutical firm IDRx...

23 hours ago

FierceBiotech

JPM25: AbbVie pens \$1B deal for Sincere's phase 1 T-cell engager

The Big Pharma is handing Sincere an undisclosed upfront payment with the promise of up to \$1.05 billion in milestones for the trispecific...

23 hours ago

Reuters

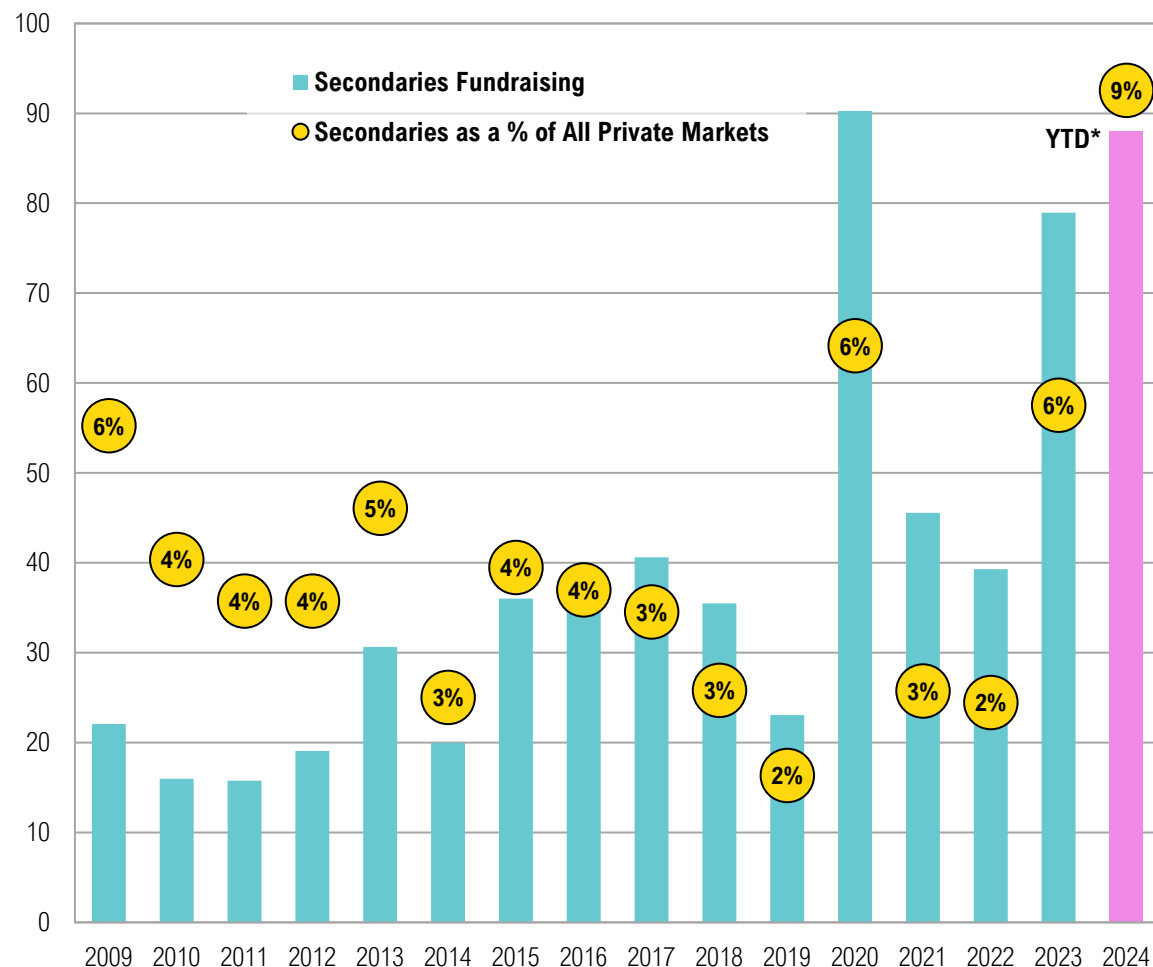
Gilead, LEO Pharma partner to develop programs for inflammatory diseases

Gilead Sciences said on Saturday that it entered into a partnership with Denmark's LEO Pharma to develop programs to treat patients with...

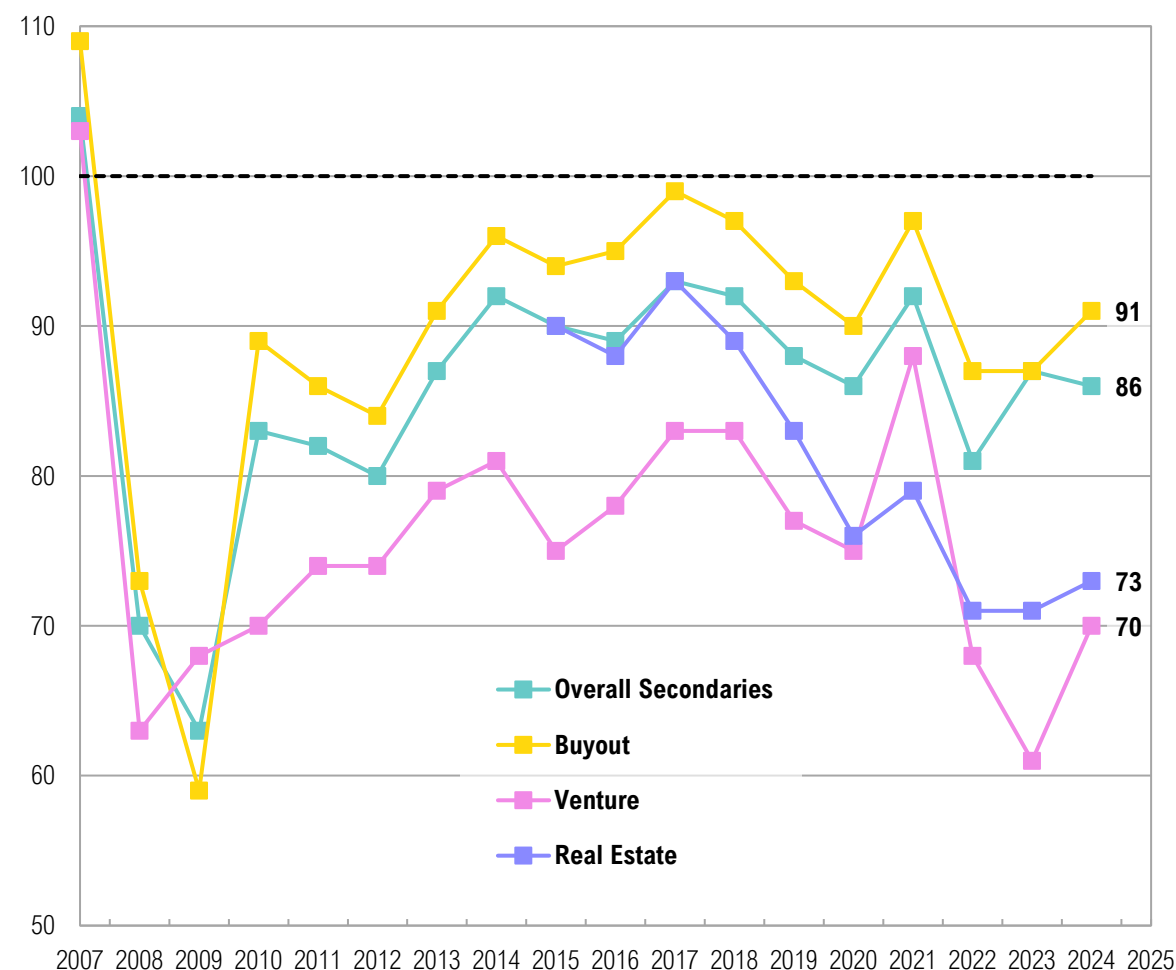
2 days ago

Through September, secondaries fundraising nearly surpassed its best full year of fundraising, although it remains just a fraction of all private market fundraising

Fundraising Activity, \$Bn



Secondary Pricing as a % of NAV

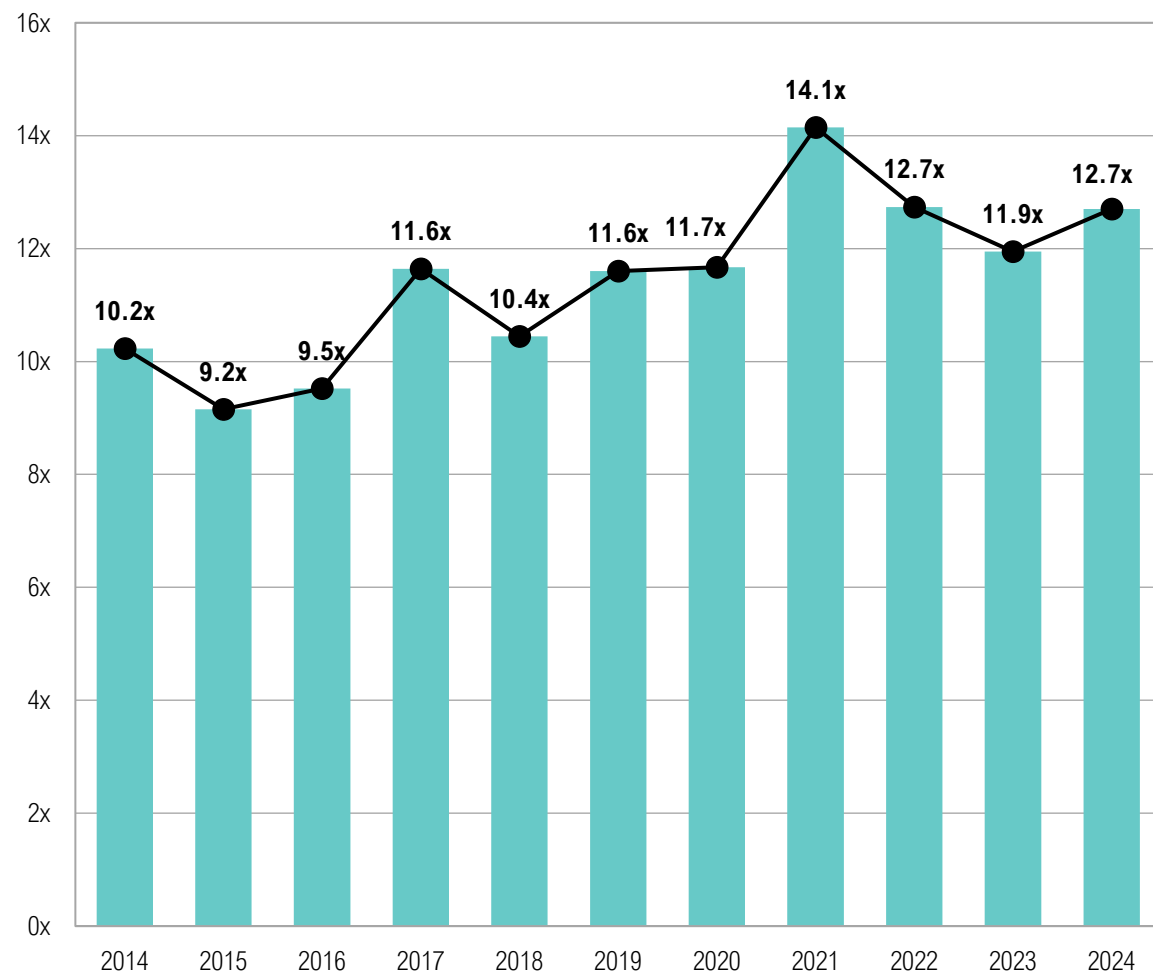


Source: Pitchbook, StepStone, Tap, Greenhill, Lazard, Evercore, Various. *YTD as of 9/30/2024. Secondary pricing as a % of NAV as of 6/30/2024.

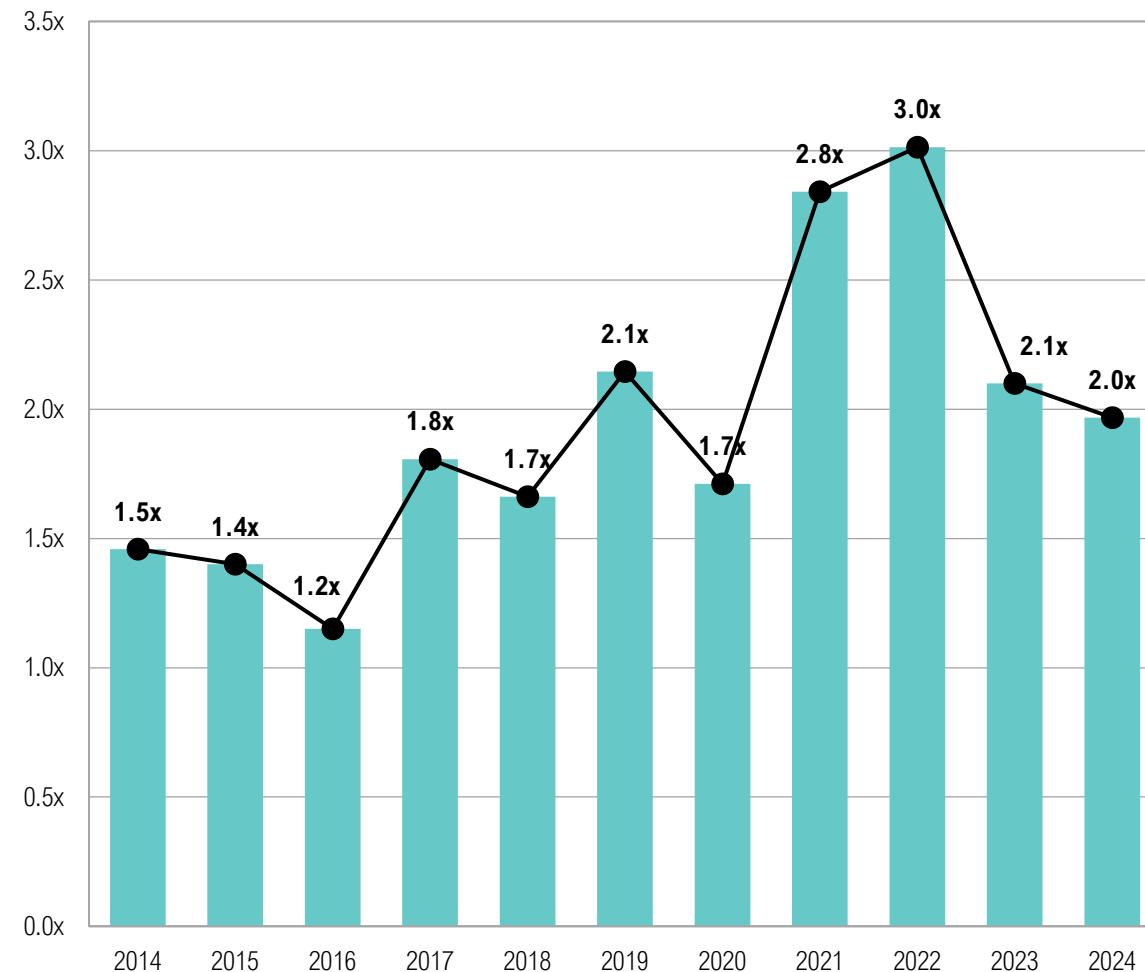
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Buyout EV/EBITDA multiples are elevated, while EV/Revenue multiples suggest these companies are struggling with profitability

Median U.S. PE Buyout EV/EBITDA Multiple



Median U.S. PE Buyout EV/Revenue Multiple



Source: Pitchbook. As of 12/31/2024.

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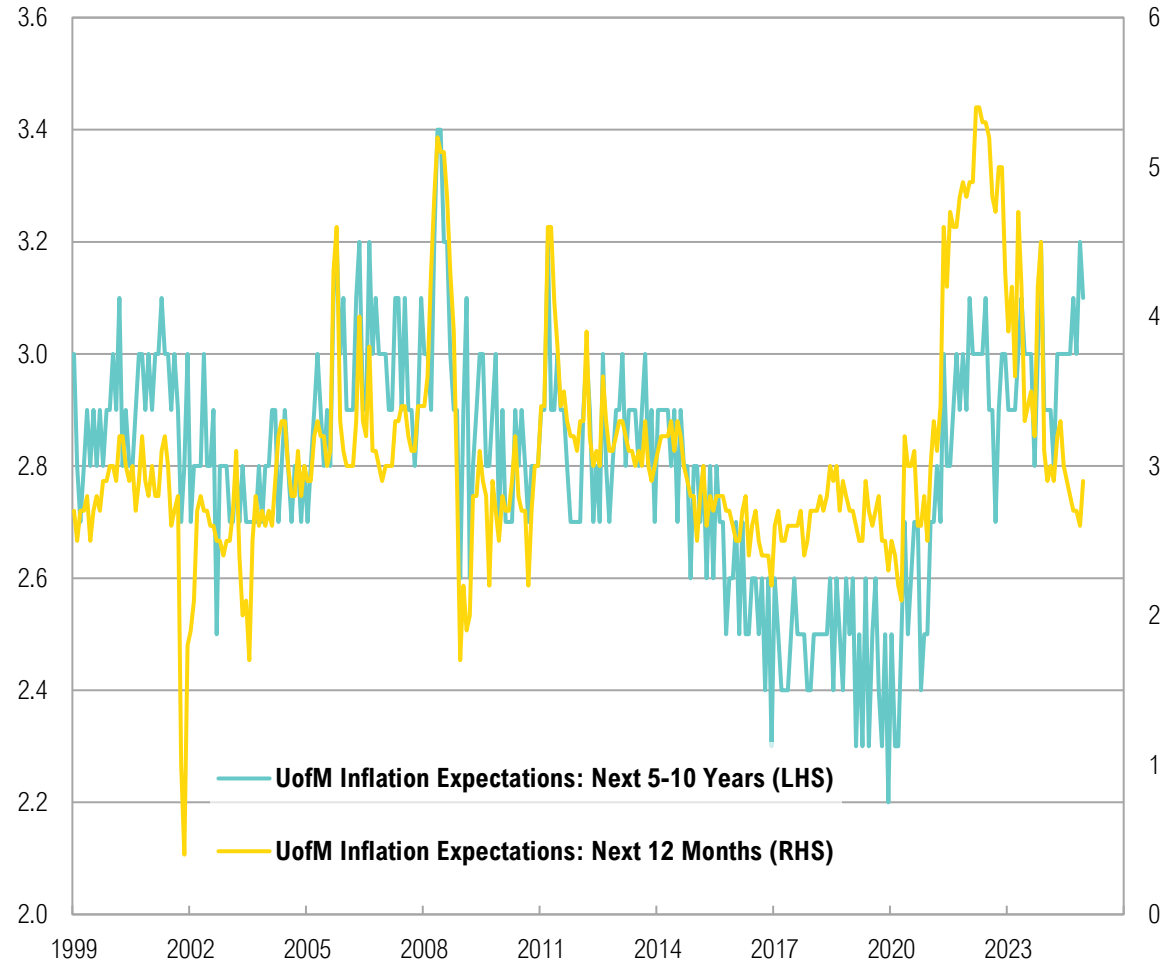


Treasury Secretary Janet Yellen distorted Treasury markets by borrowing more than \$1 trillion in more-expensive shorter-term debt compared with historical norms.”

Scott Bessent, *Treasury Secretary Nominee*

TIPS-implied inflation rates have been edging higher alongside declining 2025 rate cut expectations; short-and long-term inflation expectations have diverged

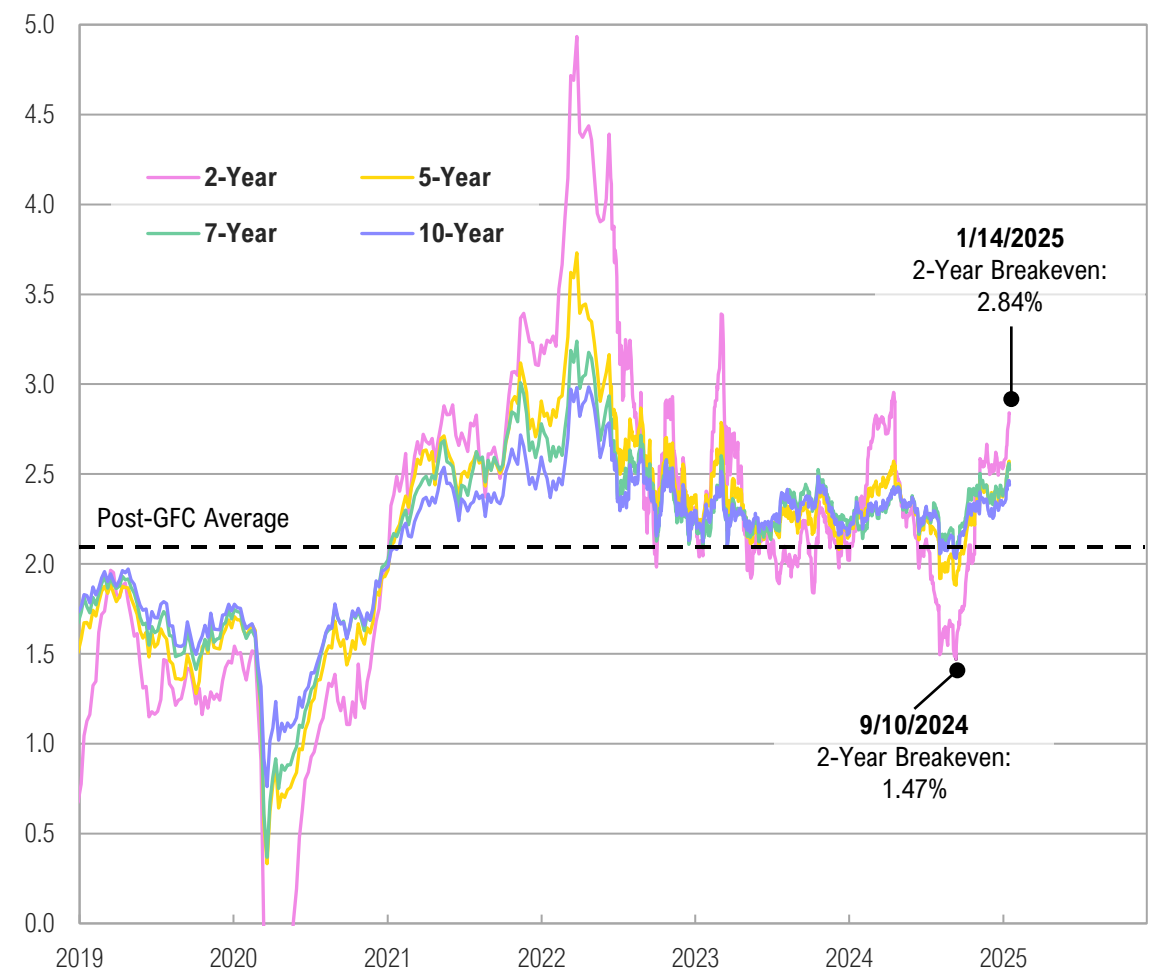
Inflation Expectations (Next 5-10 Years), %



Source: FRED, Bloomberg.

Inflation Expectations (Next 12 Months), %

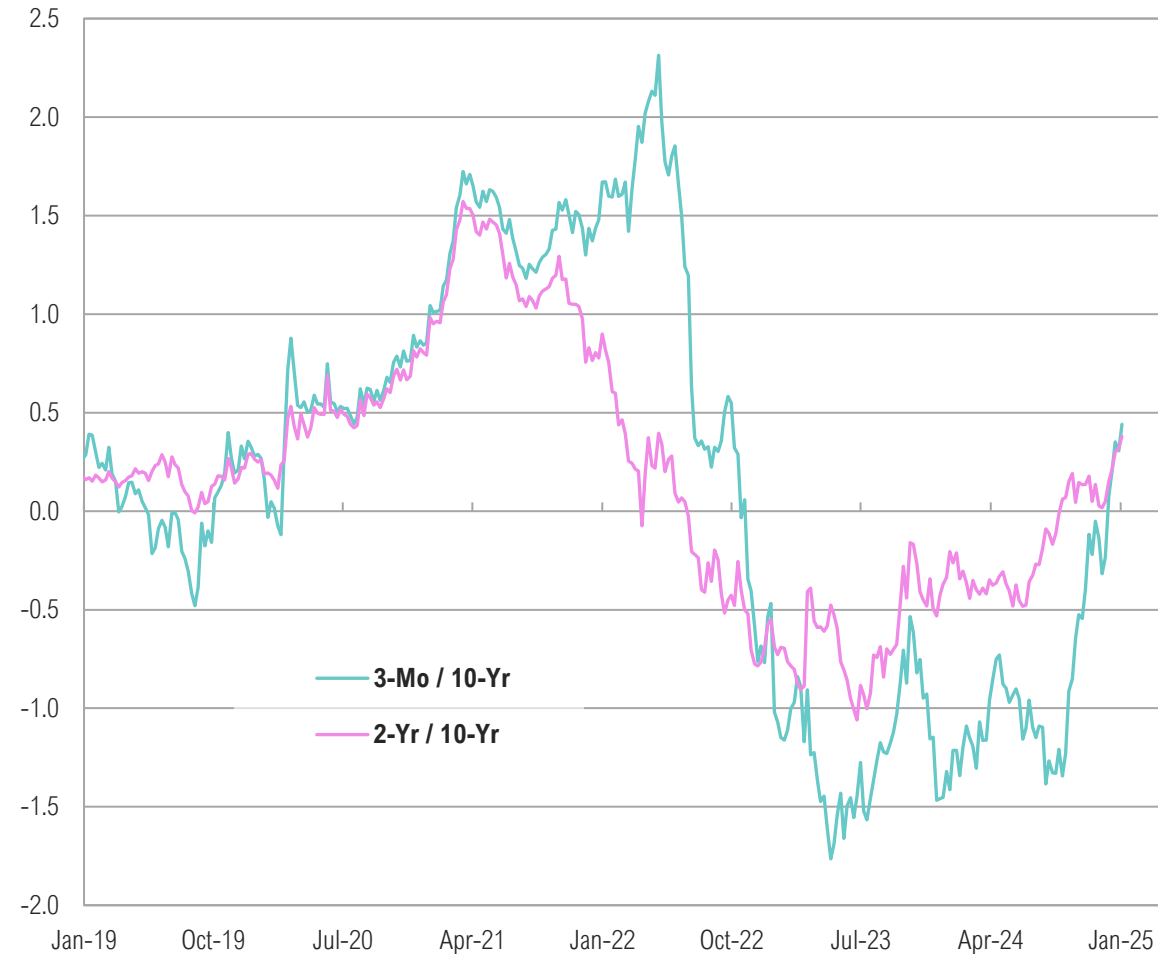
Treasury Implied Inflation Breakeven Rates, 2007 - Current



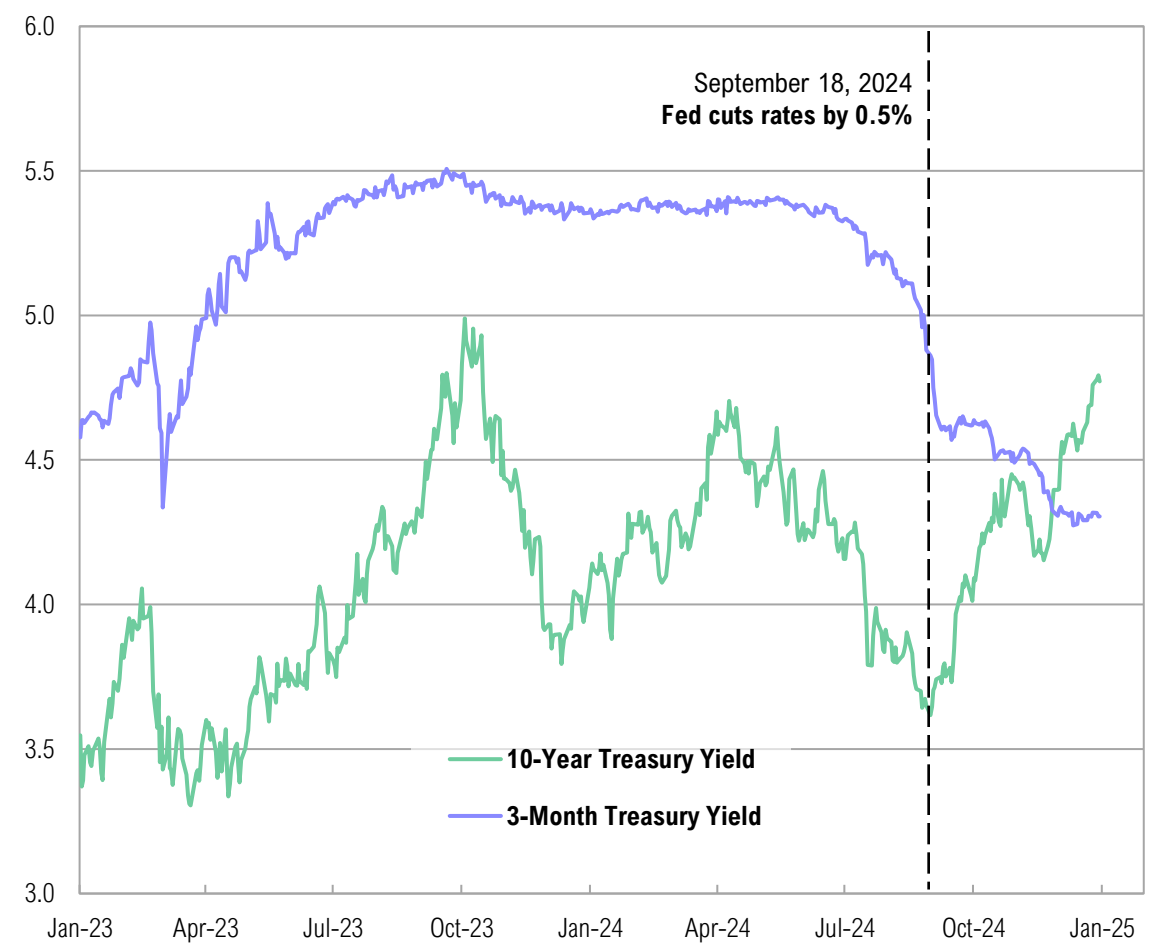
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➤ As evidenced by rising longer-term yields and simultaneously declining shorter-term yields, the Fed has little control over the long end

U.S. Treasury Spreads, %



U.S. Treasury Yields, %

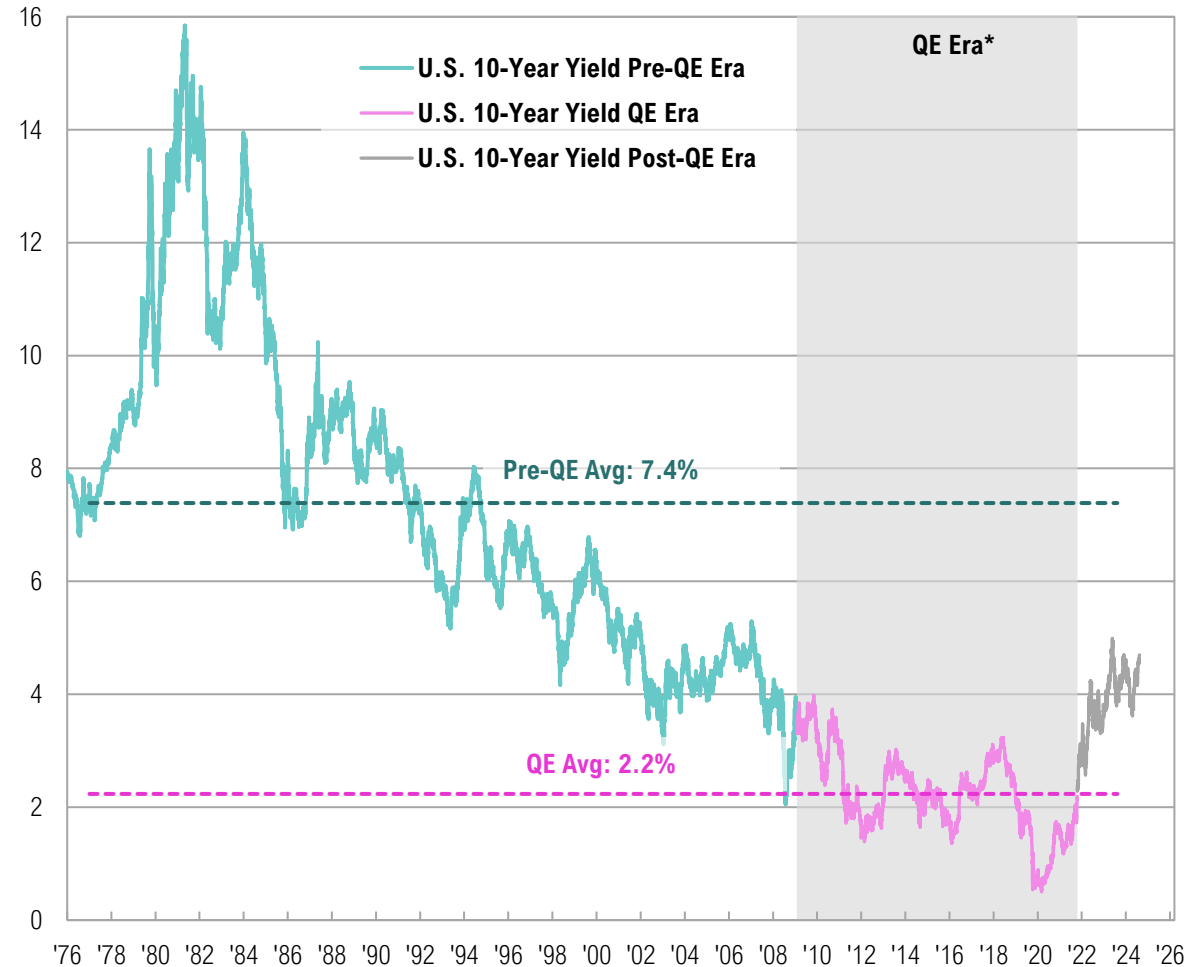


Source: Bloomberg. As of 1/15/2025.

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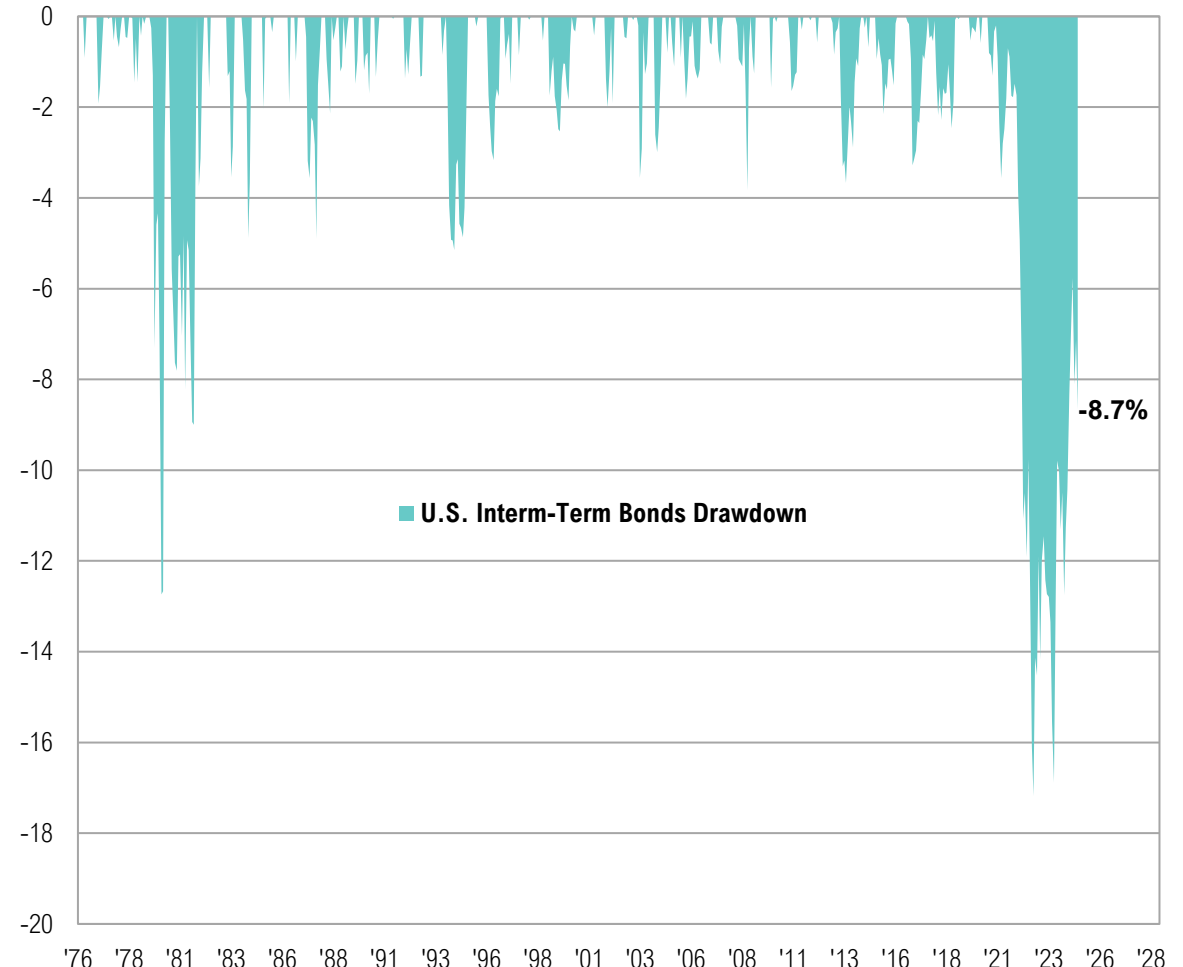
We are in the biggest bond bear market of all time; bonds peaked in August 2020 and have yet to recover

10-Year Treasury Yield, %



Source: Bloomberg. *QE Era defined as per Bianco Research from 6/30/2009 – 3/16/2022.

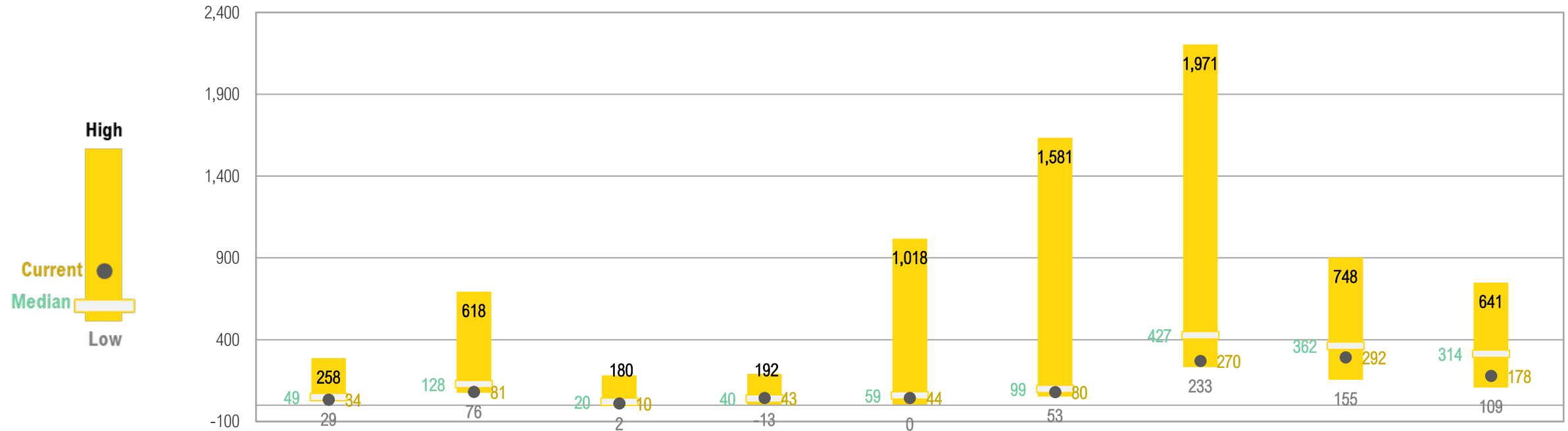
Drawdown, Total Return %



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Credit spreads are near or below median across most sectors; high yield bond spreads at current levels continue to suggest that the economy may achieve a 'soft landing'

Current Credit Spread vs. Long-Term High/Low Range



	Aggregate	Corporate	Agency	MBS	ABS	CMBS	High Yield	Emerging Markets	High Yield Muni Spread*
Max Spread Date	12/3/2008	12/3/2008	11/20/2008	12/3/2008	1/6/2009	11/21/2008	12/16/2008	11/28/2008	1/12/2009
Min Spread Date	4/14/2021	3/8/2005	4/19/2021	7/27/2010	10/1/2009	12/8/2004	5/22/2007	5/31/2007	6/11/2007
Spread on 12/31/23	42	99	17	47	68	126	323	319	235
Spread on 12/31/22	51	130	26	51	76	120	469	374	228
Spread on 12/31/21	36	92	8	31	38	68	283	330	200
Spread on 12/31/20	42	96	10	39	33	81	360	323	275

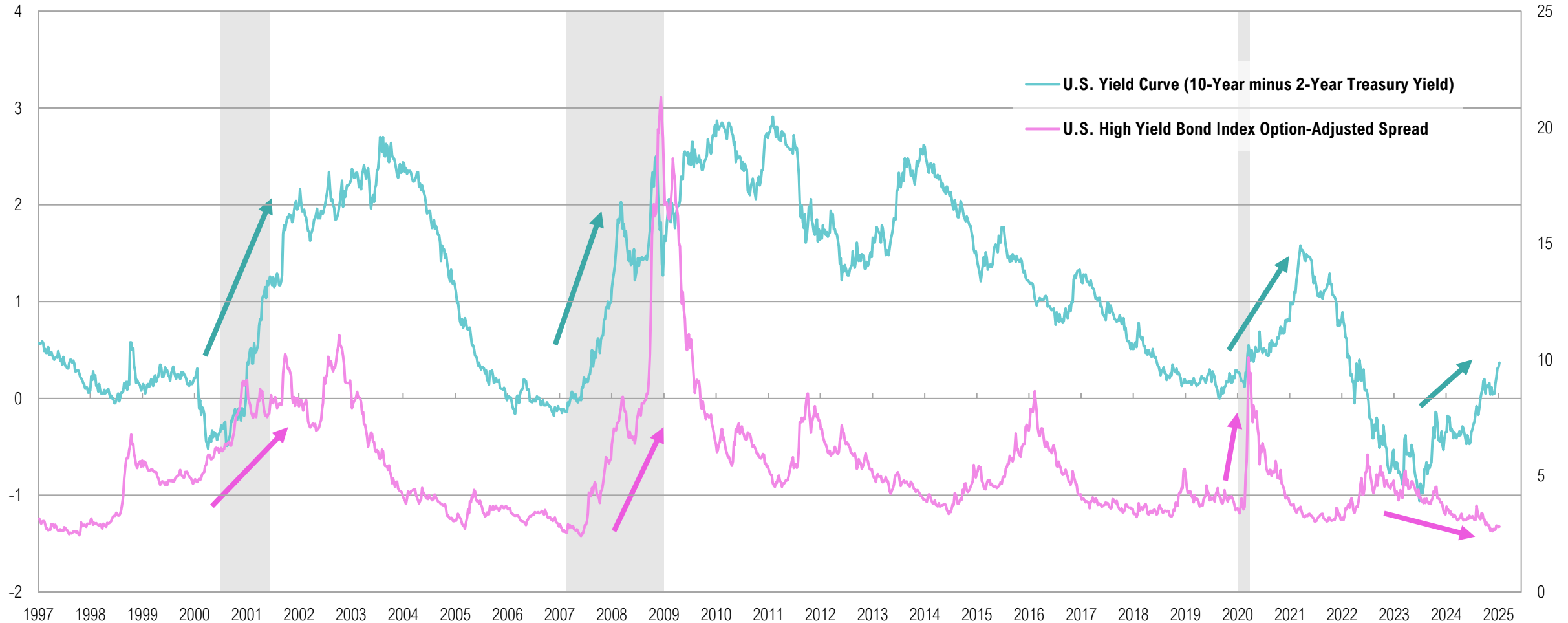
Source: Bloomberg. High Yield Muni Spread data is relative to Bloomberg Municipal Bond Index. Yield spread data is from 2004 – current.

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➤ One of these cycles does not look like the others: credit spreads are at new cycle lows, while the yield curve continues to steepen

U.S. Yield Curve (10-Year minus 2-Year Treasury Yield), %

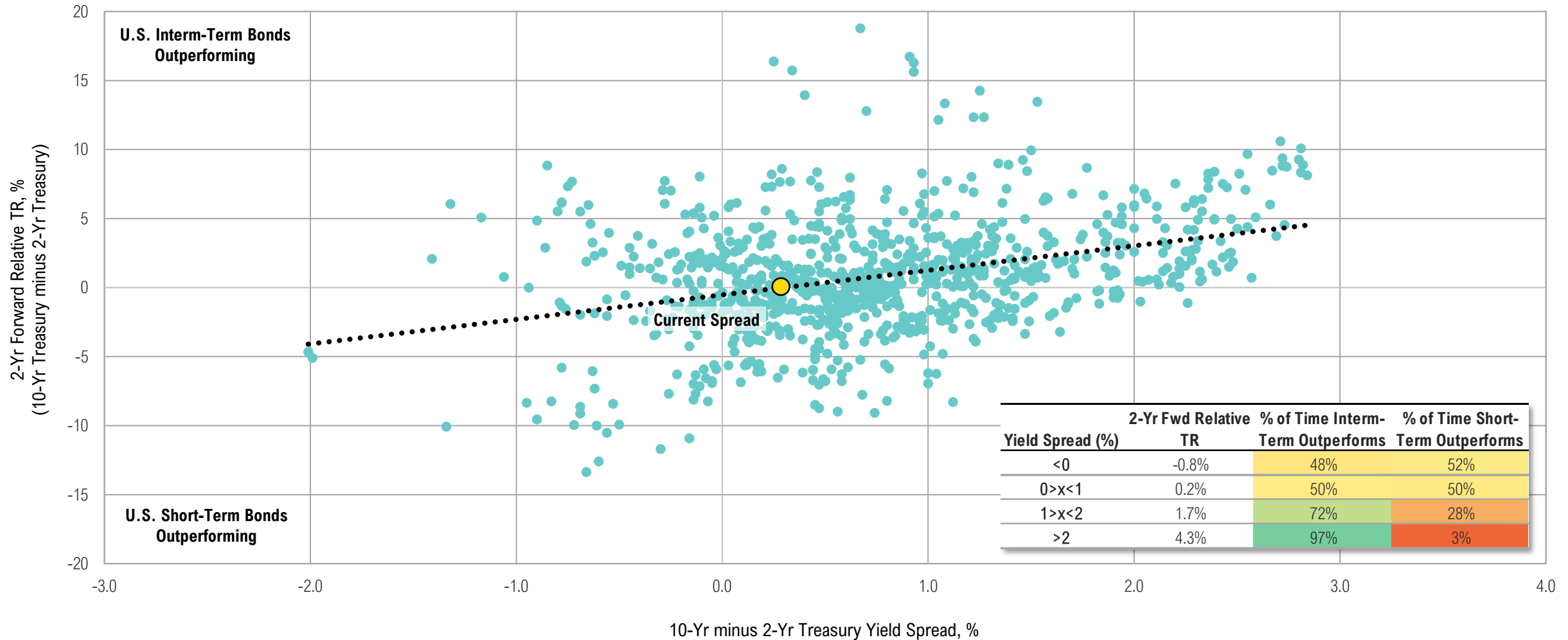
U.S. High Yield Bond Spread, %



Source: Bloomberg

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➤ **When the 2s10s spread is above 2%, investors should generally hold longer duration bonds; when it is between 1% and 2%, it is not a home run; and below 1% is a coin toss**

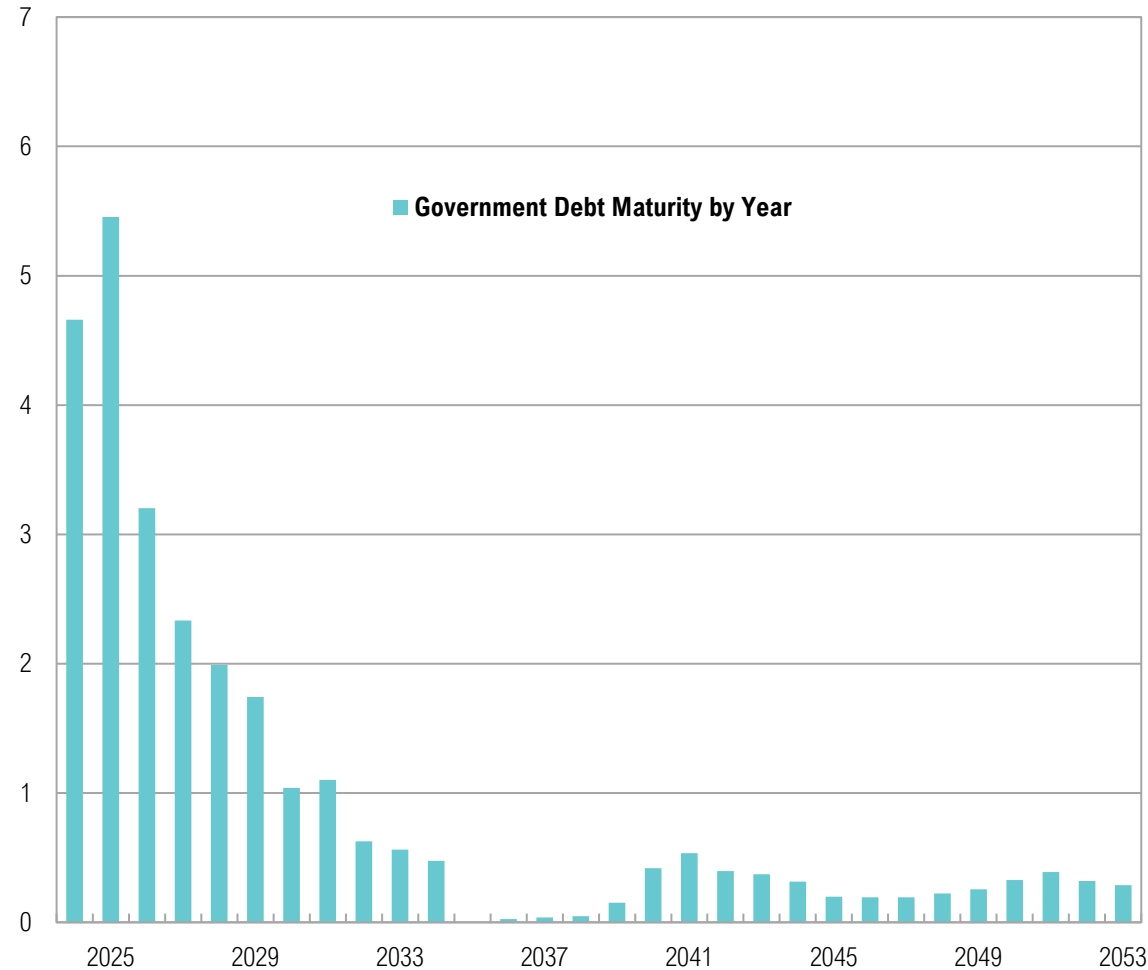


Source: Bloomberg, GFD, SpringTide calculations. Period of analysis from 12/31/1940 through 1/31/2023.

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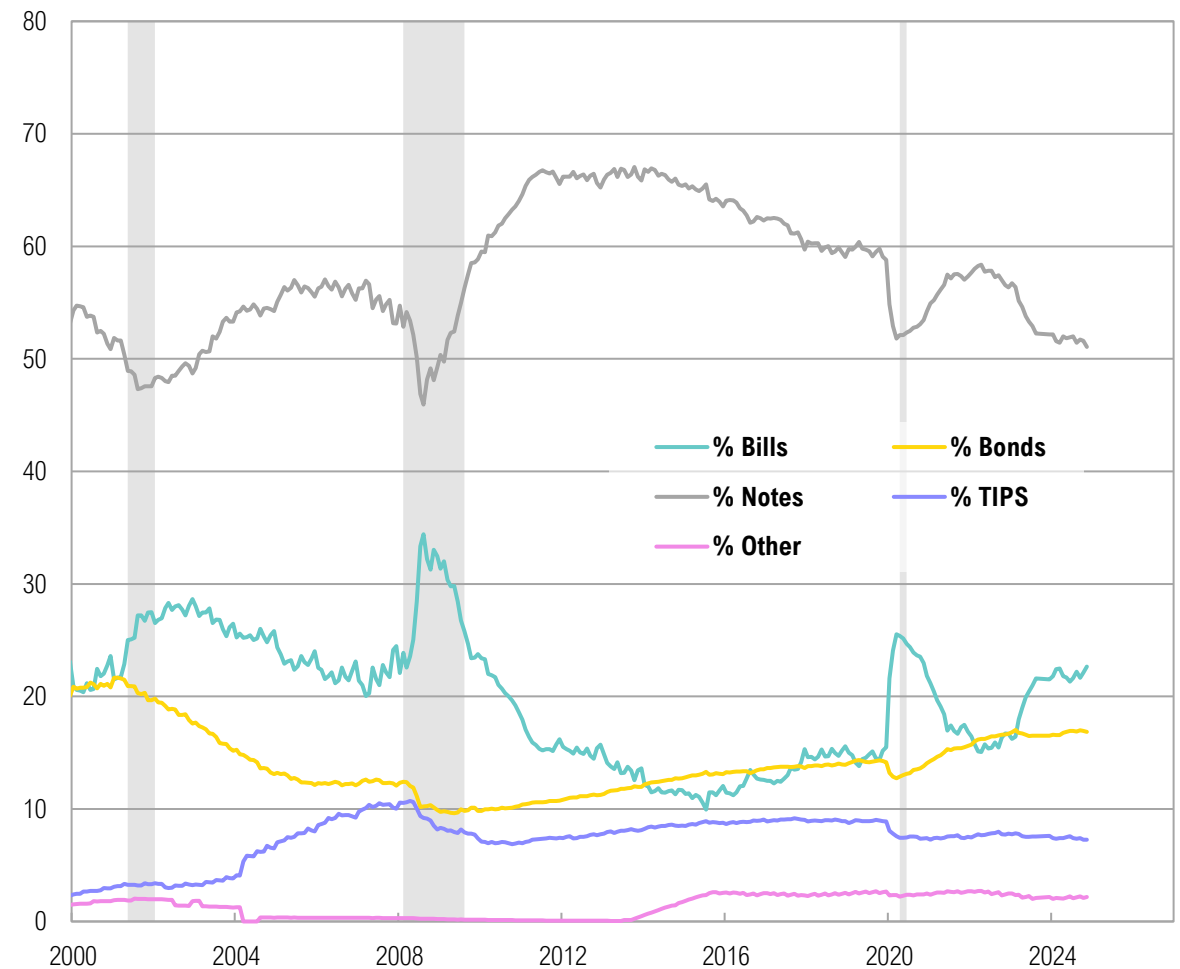
Over \$5Tn in government debt matures in 2025, and will be rolled at much higher rates; bill issuance, which comprises over 22% of total debt, is expected to start declining this year

Government Debt Maturity by Year, \$Tn



Source: Bloomberg, U.S. Department of the Treasury.

Debt Distribution, % of Total U.S. Marketable Debt Outstanding



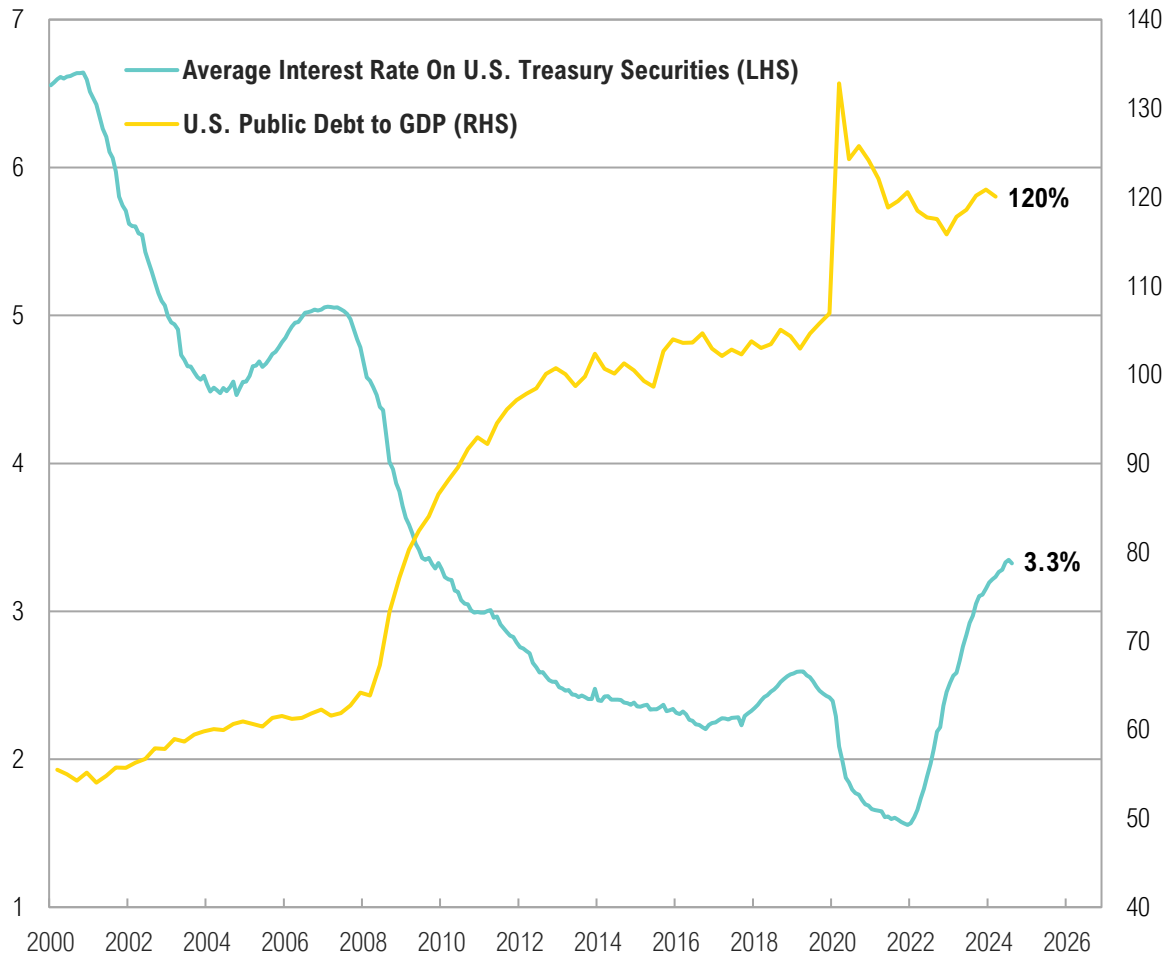
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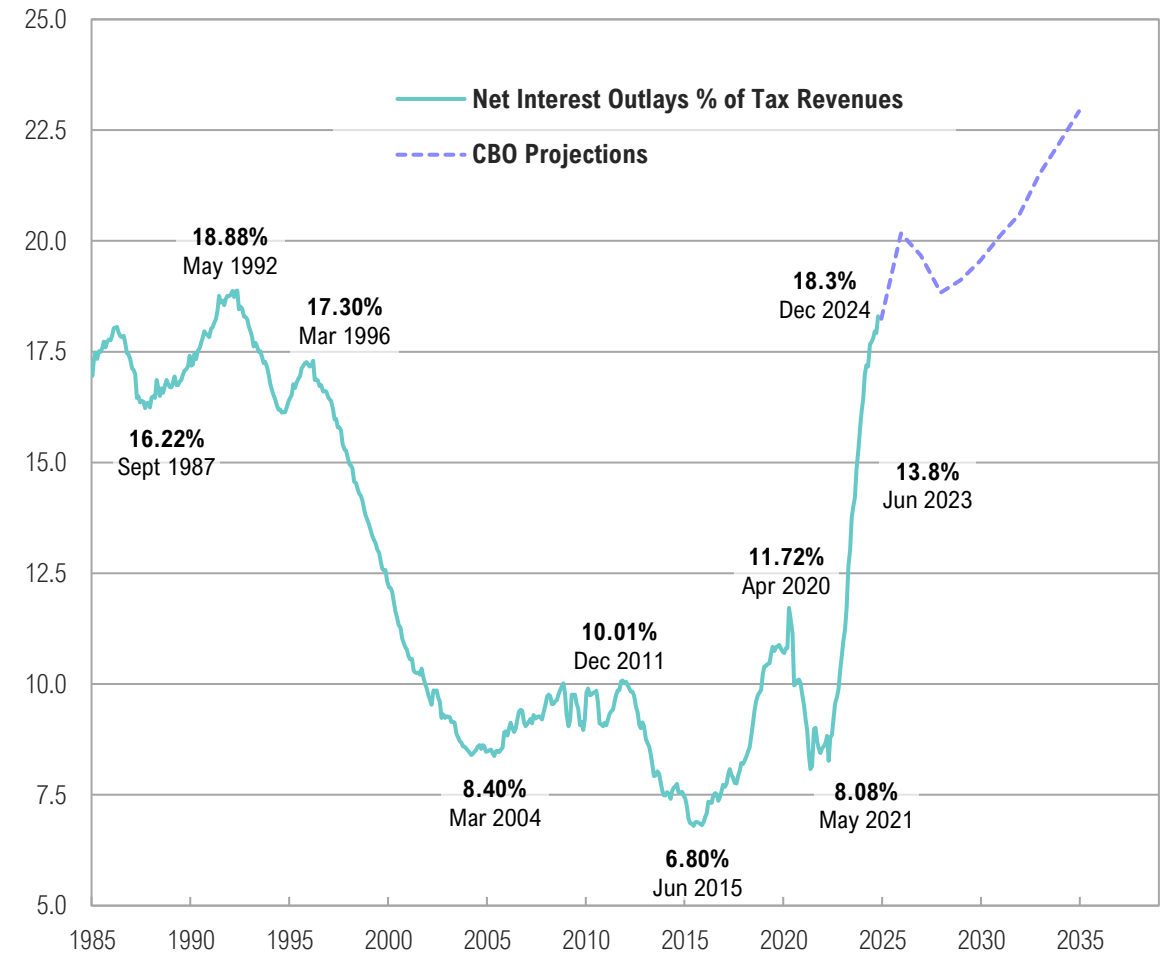
The average cost of Treasury debt outstanding has climbed to 3.3%, a level last seen when debt to GDP was 'just' 80%; tax receipts aren't keeping pace, with over 18% of taxes going only to net interest payments

Average U.S. Treasury Interest Rate, %

U.S. Public Debt to GDP, %



Net Interest Outlays as a % of Total Tax Receipts

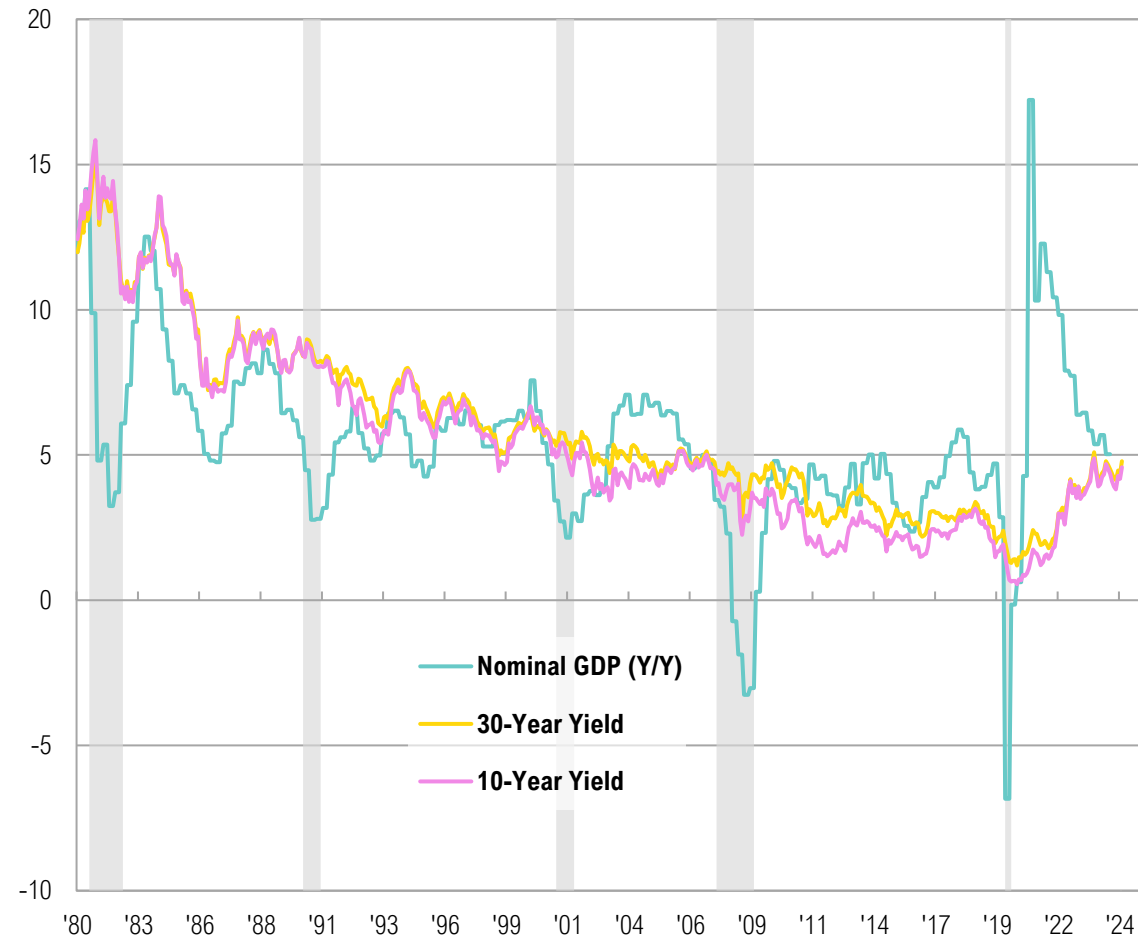


Source: U.S. Treasury, CBO. LHS as of 9/30/2024. RHS as of 12/31/2024.

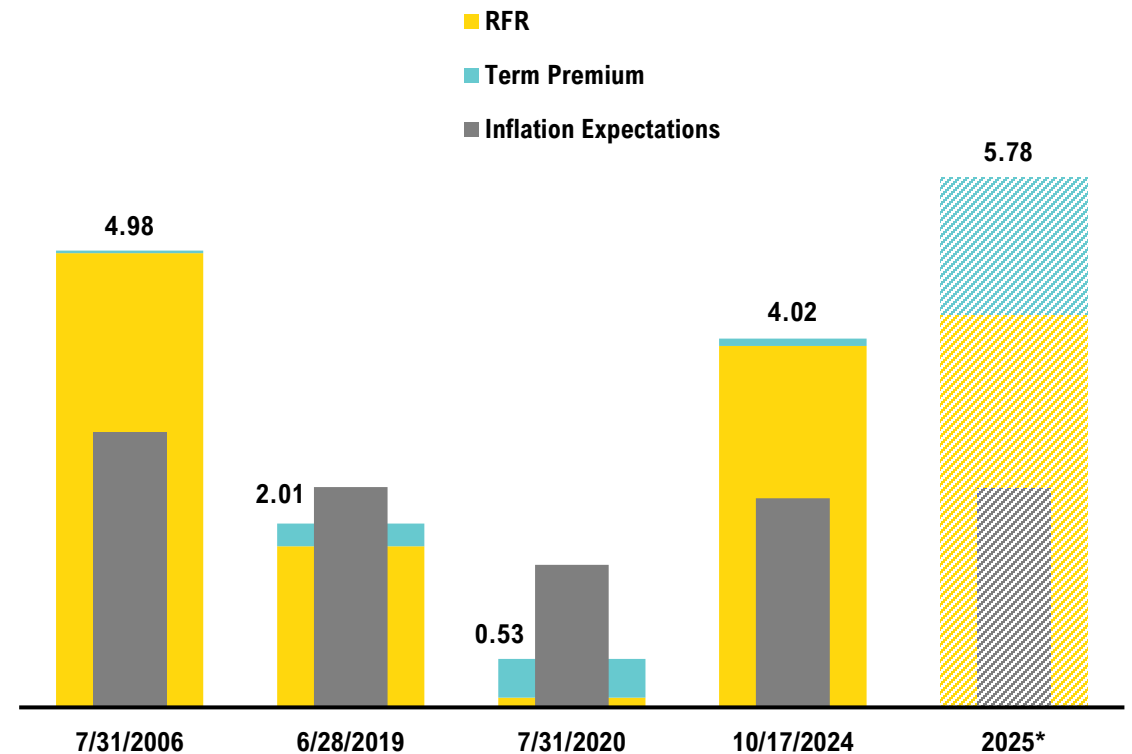
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Historically, long-term yields tend to follow nominal GDP; pro-growth policy that drives up nominal GDP may have implications for bond yields

Nominal GDP (Y/Y) & Yields, %



10-Year Yield Building Blocks, %



Source: Bloomberg, SpringTide calculations. RFR = risk free rate, proxied by 2-year Treasury yield; Term Premium = 2s10s Treasury spread; Credit Risk = hypothetical; Inflation Expectations = 10-year TIPS breakeven.

*2025 10-year yield breakdown is hypothetical. Assumptions are: RFR = 4.28%; Term Premium = 1.5% (historic full market cycle average is 86bps).

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The 2–3-year part of yield curve has an attractive risk-reward profile—yields could rise 1.5% in the next year and total returns would still be positive

Change in Yields (%)	Estimated 1-Year Total Return for Given Change in Yields											
	Tenor											
	3-Mnth	6-Mnth	1-Yr	2-Yr	3-Yr	4-Yr	5-Yr	7-Yr	10-Yr	15-Yr	20-Yr	30-Yr
3.0%	3.6%	2.9%	1.4%	-1.2%	-3.9%	-6.3%	-8.6%	-13.0%	-18.8%	-26.7%	-32.6%	-41.9%
2.5%	3.7%	3.1%	1.9%	-0.3%	-2.5%	-4.5%	-6.4%	-10.1%	-14.8%	-21.5%	-26.3%	-34.1%
2.0%	3.8%	3.3%	2.4%	0.6%	-1.1%	-2.7%	-4.2%	-7.1%	-10.9%	-16.2%	-20.1%	-26.3%
1.5%	3.9%	3.6%	2.8%	1.6%	0.3%	-0.9%	-2.0%	-4.2%	-7.0%	-10.9%	-13.8%	-18.5%
1.0%	4.1%	3.8%	3.3%	2.5%	1.7%	0.9%	0.2%	-1.2%	-3.1%	-5.6%	-7.5%	-10.7%
0.5%	4.2%	4.1%	3.7%	3.4%	3.1%	2.7%	2.4%	1.7%	0.8%	-0.3%	-1.3%	-2.9%
0.0%	4.3%	4.3%	4.2%	4.3%	4.4%	4.5%	4.6%	4.7%	4.8%	4.9%	5.0%	5.0%
-0.5%	4.4%	4.6%	4.7%	5.3%	5.8%	6.4%	6.8%	7.6%	8.7%	10.2%	11.3%	12.8%
-1.0%	4.6%	4.8%	5.1%	6.2%	7.2%	8.2%	9.0%	10.6%	12.6%	15.5%	17.6%	20.7%
-1.5%	4.7%	5.0%	5.6%	7.1%	8.6%	10.0%	11.2%	13.5%	16.5%	20.8%	23.9%	28.5%
-2.0%	4.8%	5.3%	6.1%	8.1%	10.0%	11.8%	13.4%	16.5%	20.5%	26.1%	30.2%	36.4%
-2.5%	4.9%	5.5%	6.5%	9.0%	11.4%	13.6%	15.6%	19.4%	24.4%	31.4%	36.5%	44.3%
-3.0%	5.1%	5.8%	7.0%	9.9%	12.8%	15.4%	17.8%	22.4%	28.3%	36.7%	42.8%	52.2%

Duration (Yrs)	0.2	0.5	0.9	1.9	2.8	3.6	4.4	5.9	7.8	10.6	12.6	15.7
Yield YTM	4.3	4.3	4.2	4.3	4.4	4.5	4.6	4.7	4.8	4.9	5.0	5.0
Convexity	0.0	0.0	0.0	0.0	0.1	0.2	0.2	0.4	0.7	1.4	2.1	3.6

Yield Increase Insulation by Tenor:

- 2-Year: +2.0% (rise in yields)
- 3-Year: +1.5%
- 4-Year: +1.0%
- 5-Year: +1.0%

Total Returns by Tenor (for a 1% decline in yields):

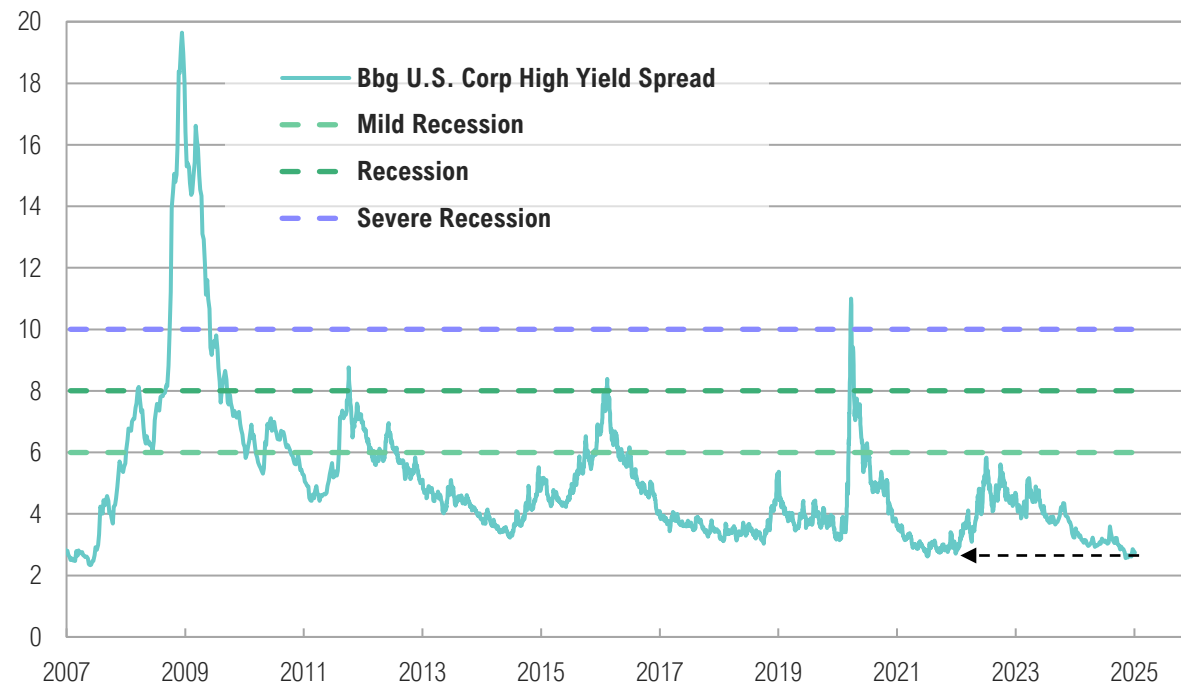
- 15-Year: +15.5%
- 20-Year: +17.6%
- 30-Year: +20.7%

Total Returns by Tenor (for a 1% increase in yields):

- 15-Year: -5.6%
- 20-Year: -7.5%
- 30-Year: -10.7%

➤ **Not attractive: at ~274bps, credit spreads are in line with pre-COVID lows; low credit spreads continue to suggest runway for the economy (i.e., a ‘soft landing’)**

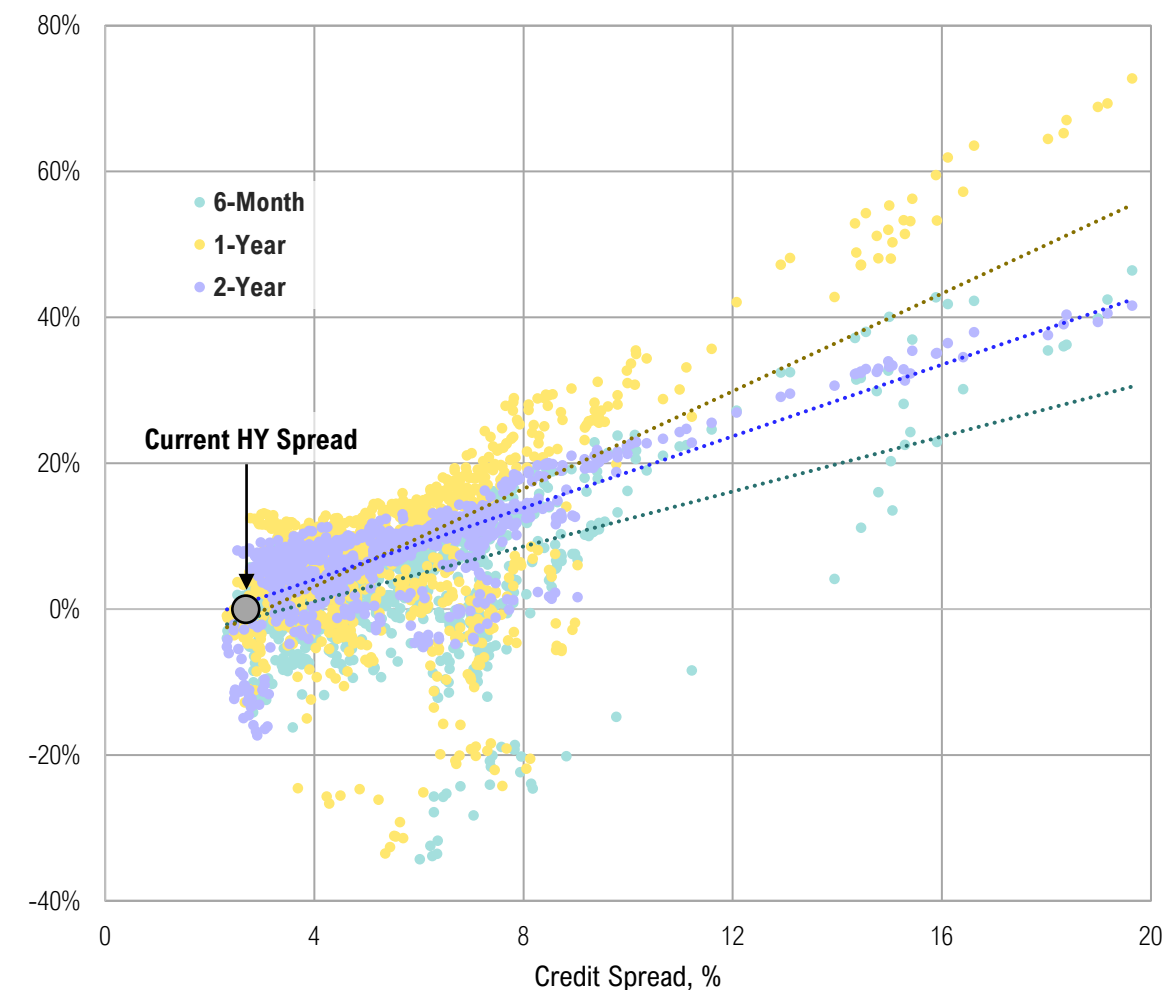
Credit Spreads, %



Spread Buckets	Average Forward Return				
	3M	6M	1Y	2Y	3Y
≤4	0.7%	1.9%	4.8%	3.0%	3.9%
4 < Spread ≤ 6	1.6%	3.2%	5.6%	6.5%	6.3%
6 < Spread ≤ 8	1.4%	2.2%	7.7%	9.8%	10.2%
>8	7.4%	16.4%	30.2%	22.1%	17.1%
All Spreads	1.7%	3.7%	8.1%	7.7%	7.9%

Source: SpringTide, Bloomberg. Forward return analysis from 2/4/1994 through 12/31/2023.

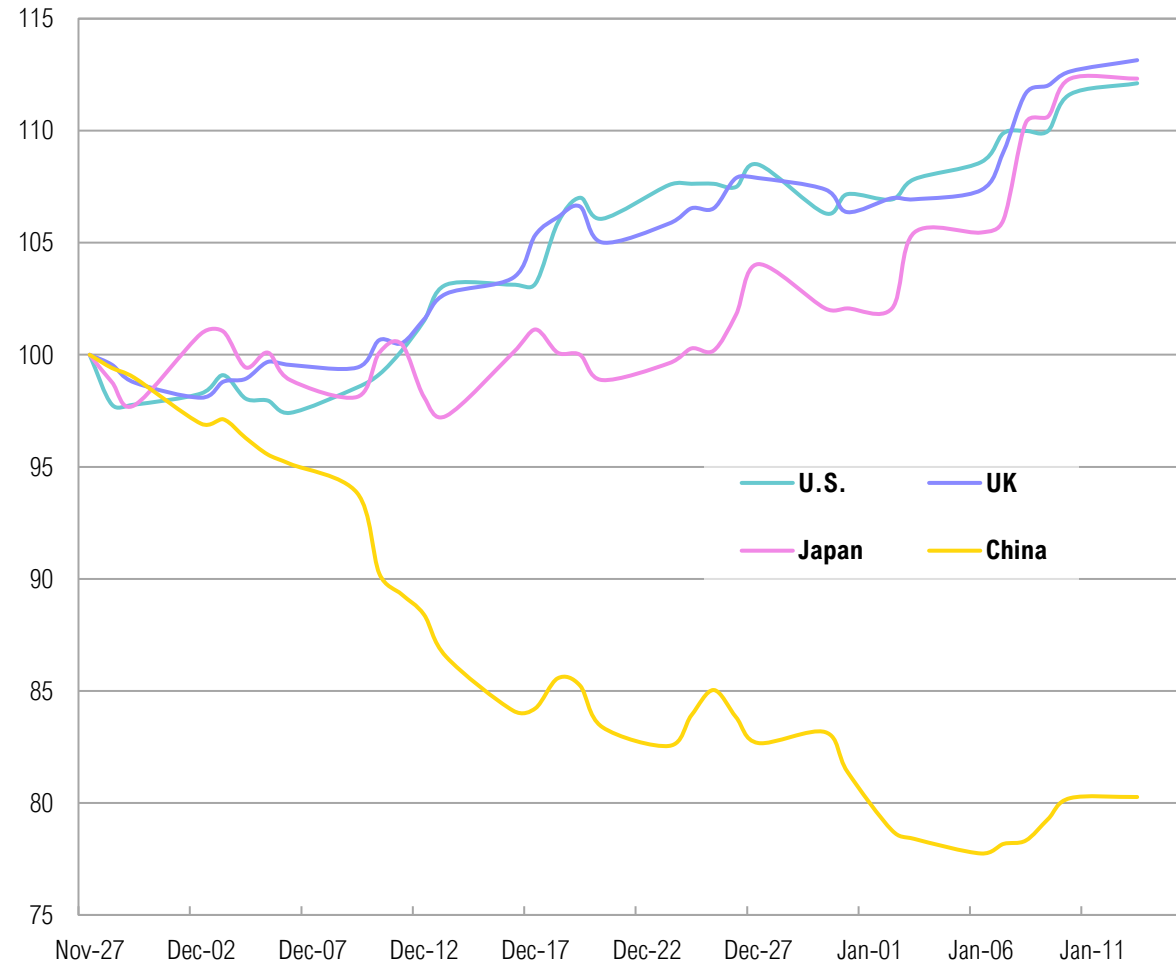
Annualized Forward Return, %



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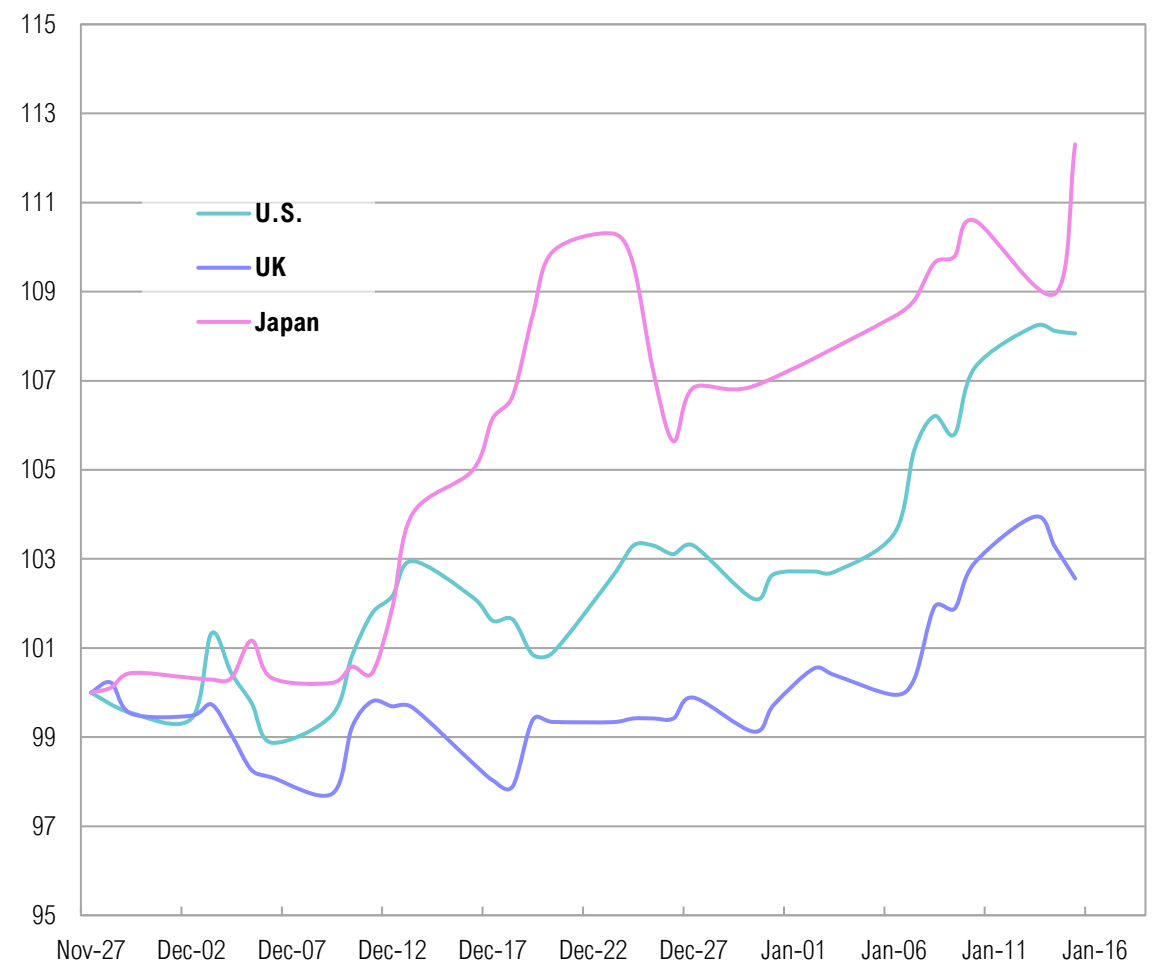
The recent rise in global bond yields has primarily been driven by higher long-term inflation expectations

10-Year Government Bond Yields Change Since 11/27/2024, Growth of 100



Source: Bloomberg

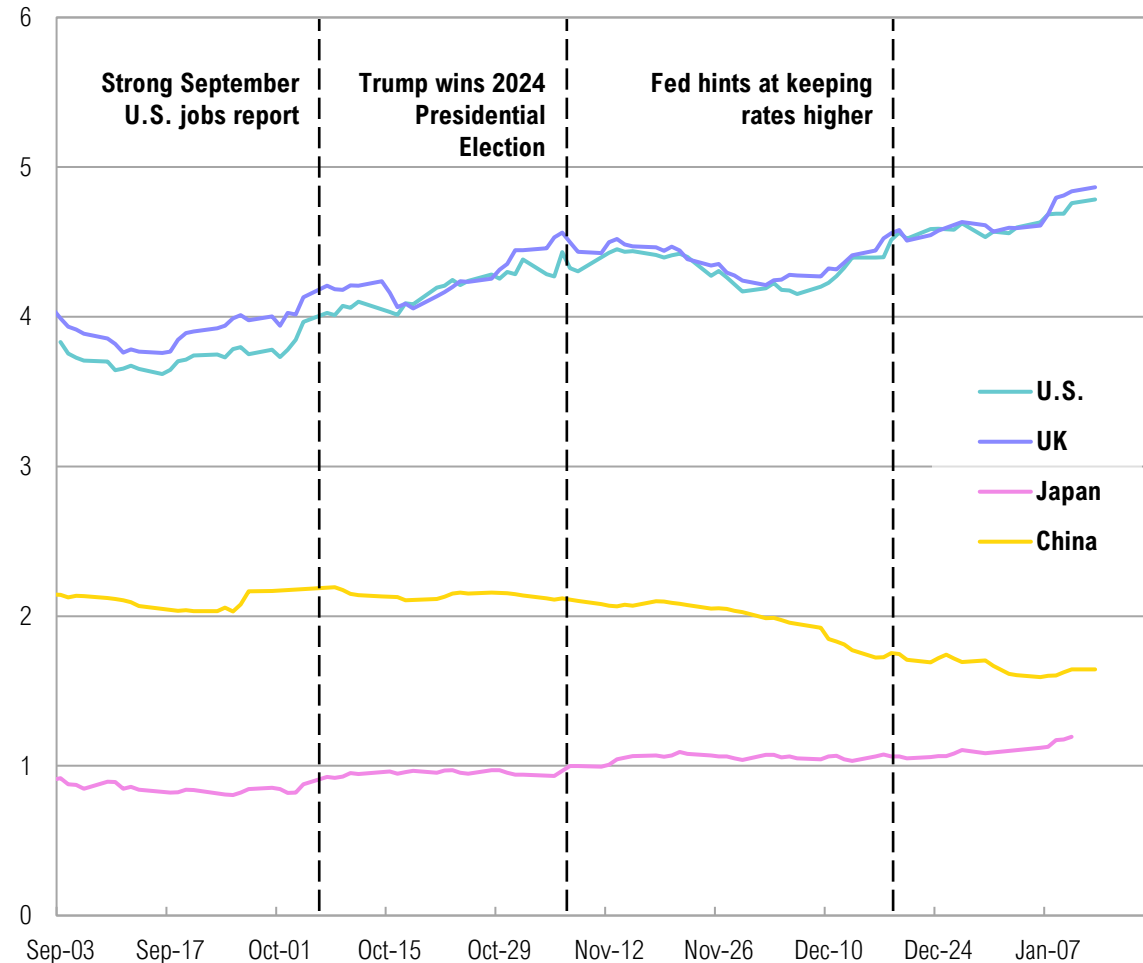
Change in Inflation Breakeven Rates Since 11/27/2024, Growth of 100



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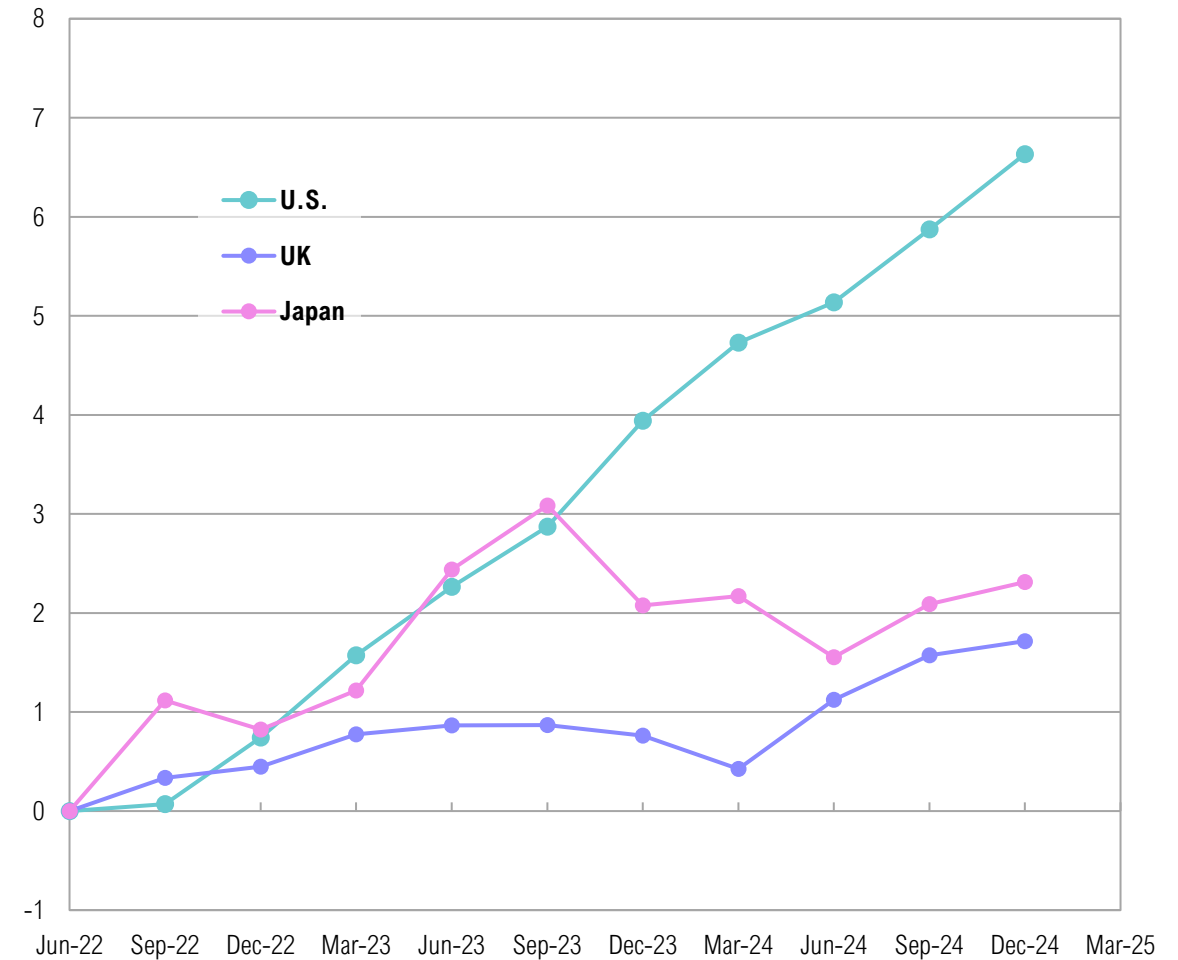
Are rising U.S. Treasury yields also reflecting strong economic growth? Despite inflation well above target, U.S. economic growth has been far stronger than developed peers

Yields on 10-Year Government Bonds, %



Source: Bloomberg, Federal Reserve Bank of St. Louis.

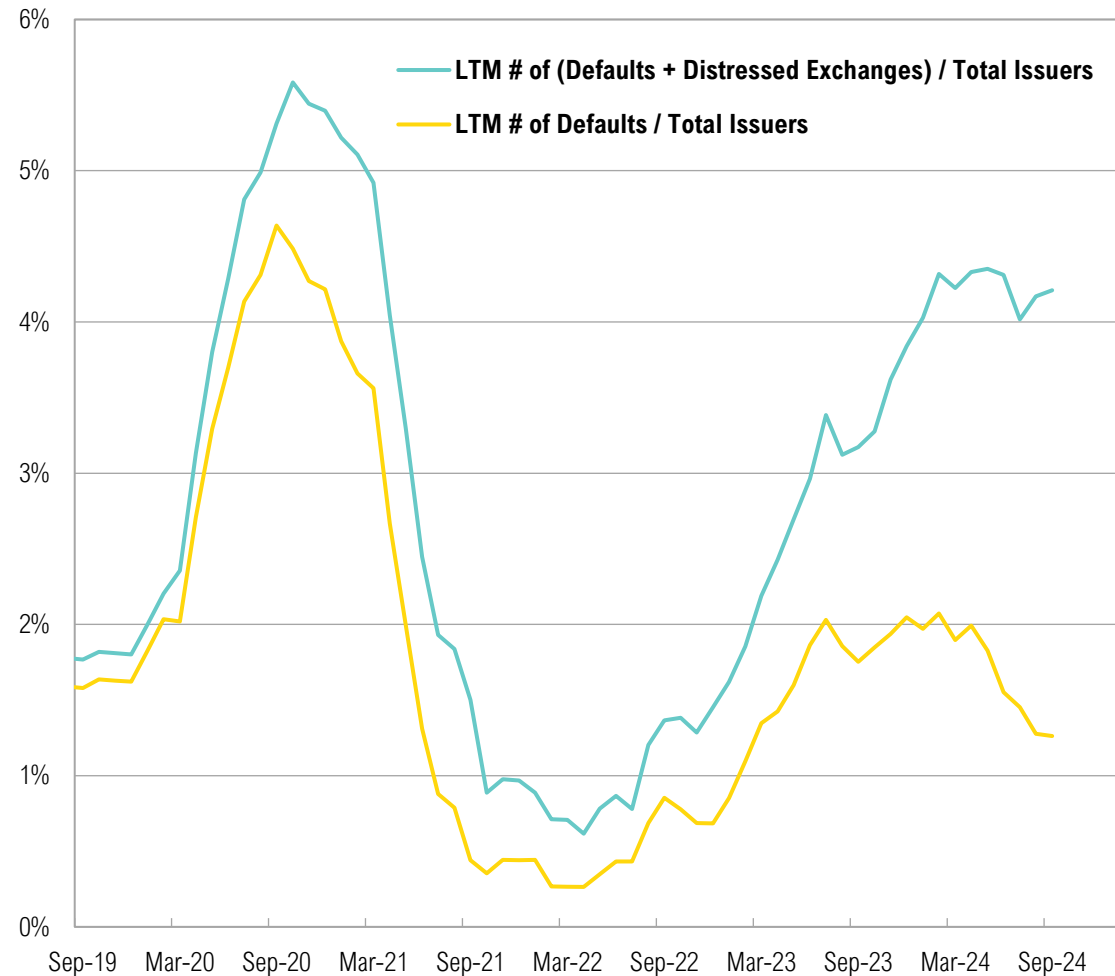
Cumulative Economic Growth Since Q2 2022, %



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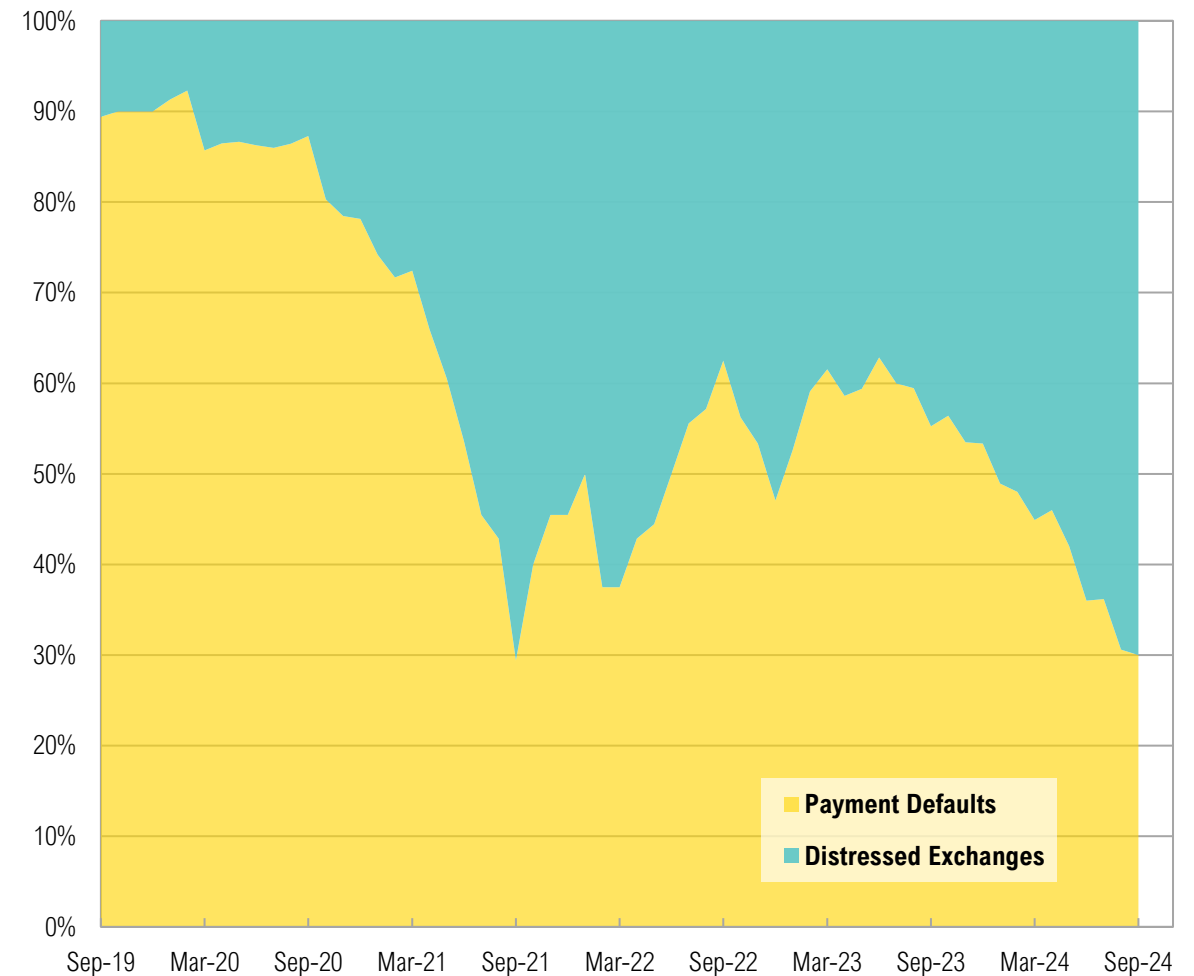
Distressed exchanges are replacing traditional defaults, masking issues

Leveraged Loan Default Rate, %



Source: Pitchbook. As of 9/30/2024.

Proportion of Defaults, %



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If you think about these generative AI models that folks are building, estimates suggest that in two or three models' time, an individual model may require somewhere between one to five gigawatts of power, which is equivalent to powering a small to medium, or even a large city—about a million households or so.

Matt Garman, AWS CEO

➤ The recent breakout in commodities, which is primarily being driven by oil & gas, is interesting with the backdrop of a very strong dollar and weakness in China

Bloomberg Commodity Index



Source: Bloomberg. As of 1/14/2024.

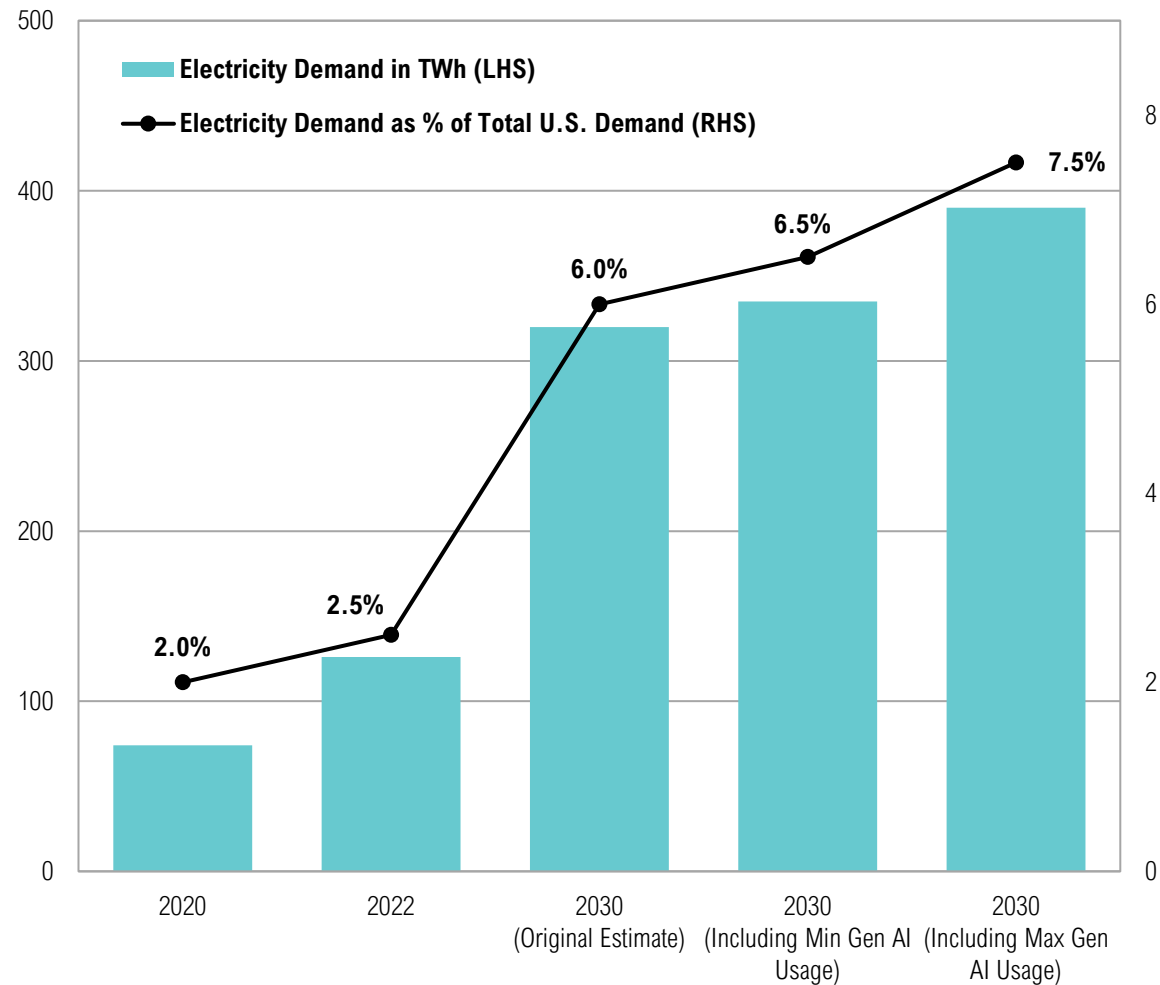
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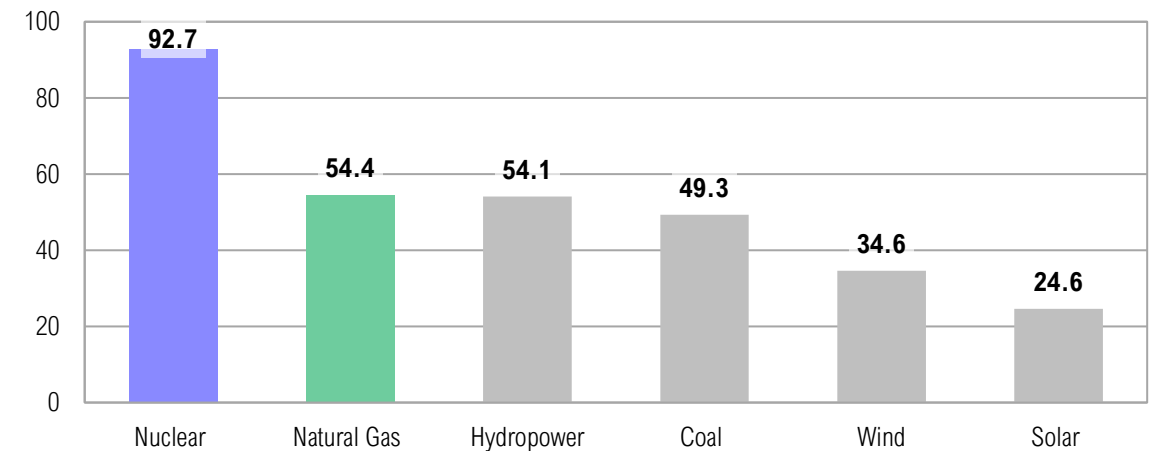
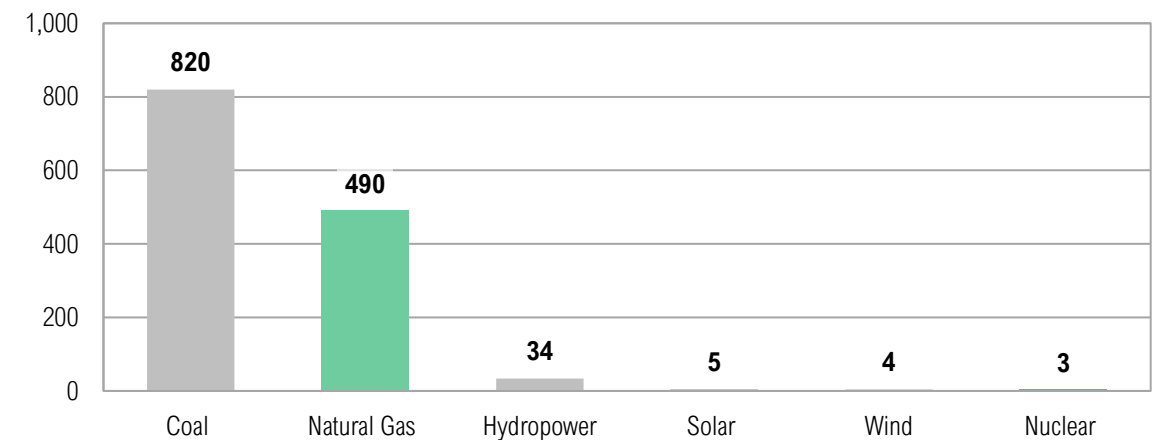
AI and data centers are expected to be key drivers of future U.S. power demand; given consistent output requirements for data centers, natural gas and nuclear are the best energy sources to meet demand

U.S. Data Center Elec. Demand, TWh

Data Center Elec. Demand, % of Total Elec. Demand



Actual Output as a % of Maximum Possible Output (Capacity Factor)

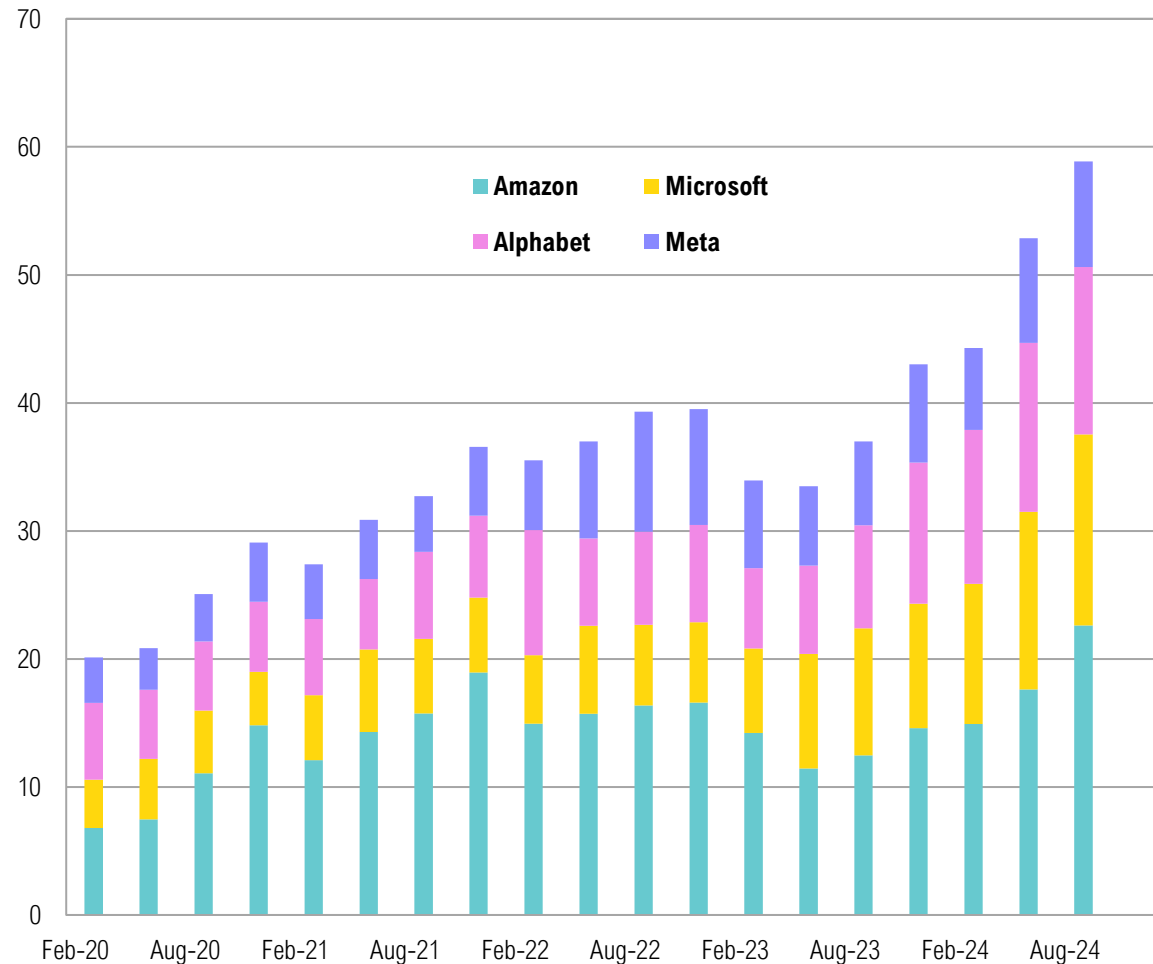
CO₂ Emissions, CO₂/GWh

Source: Bloomberg, BCG, EIA.

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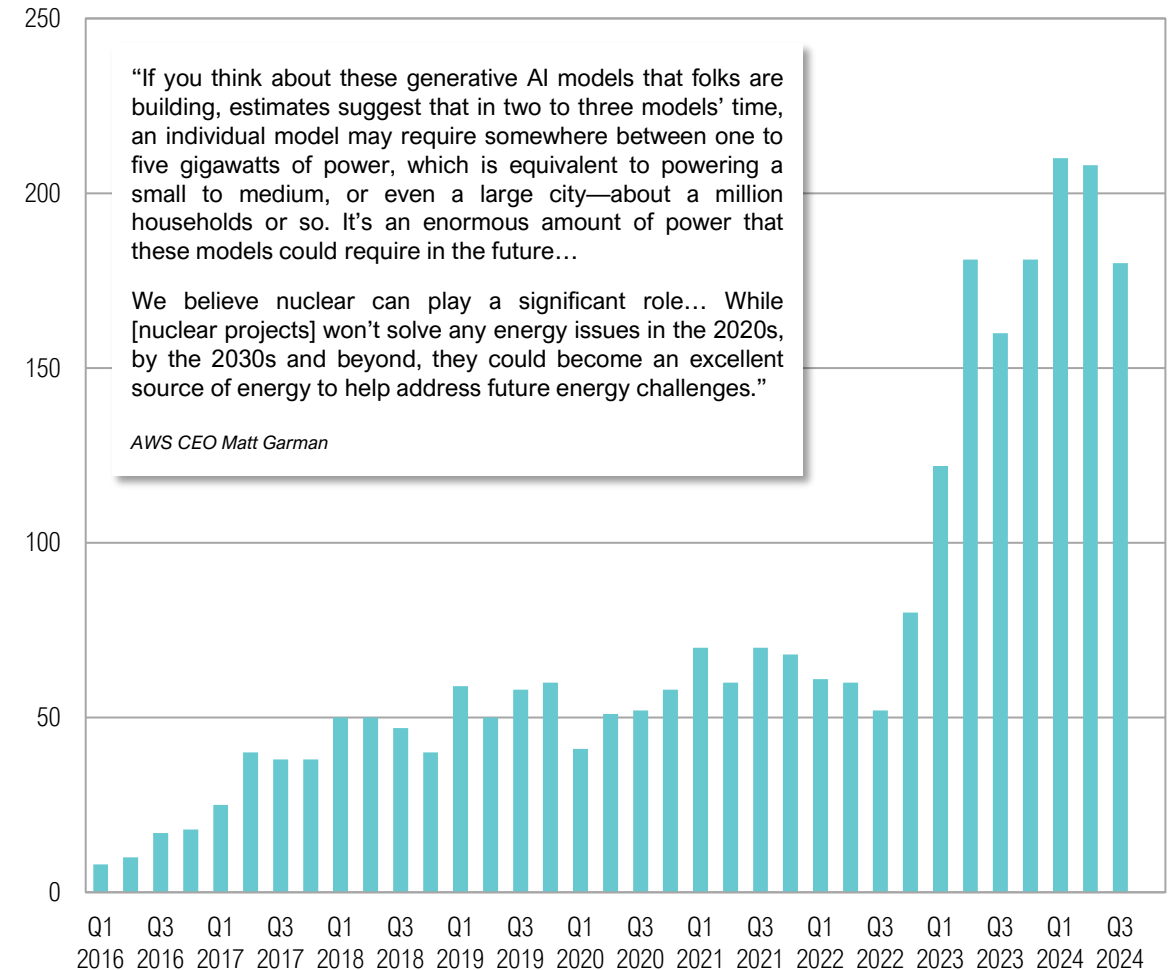
➤ AI remains a priority for U.S. companies; AI-related investments (including data centers and nuclear power projects) have accelerated

Property & Equipment Capital Expenditure by Quarter, \$Bn



Source: Bloomberg, BCG, EIA, FactSet, IoT Analytics.

“AI” Mentions on Q3 Earnings Calls

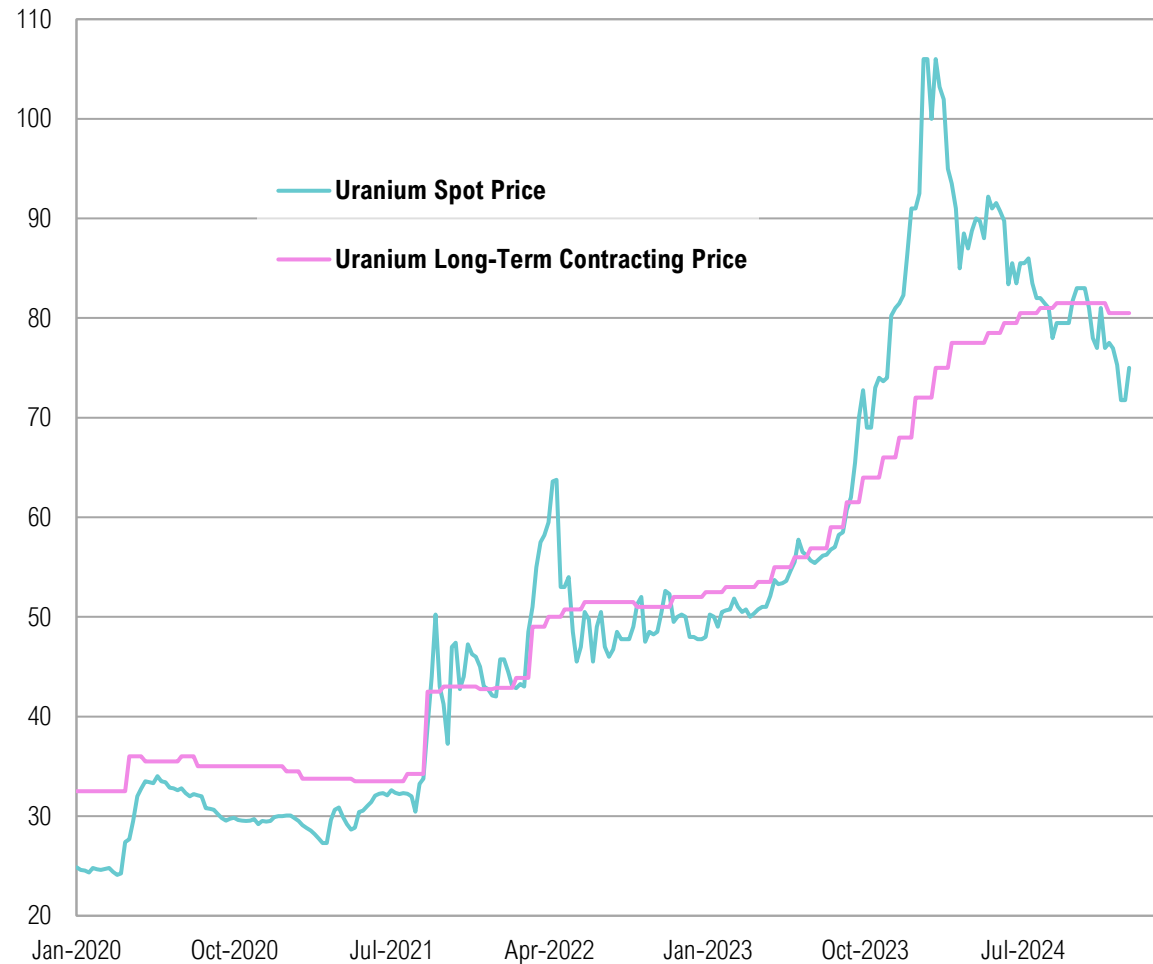


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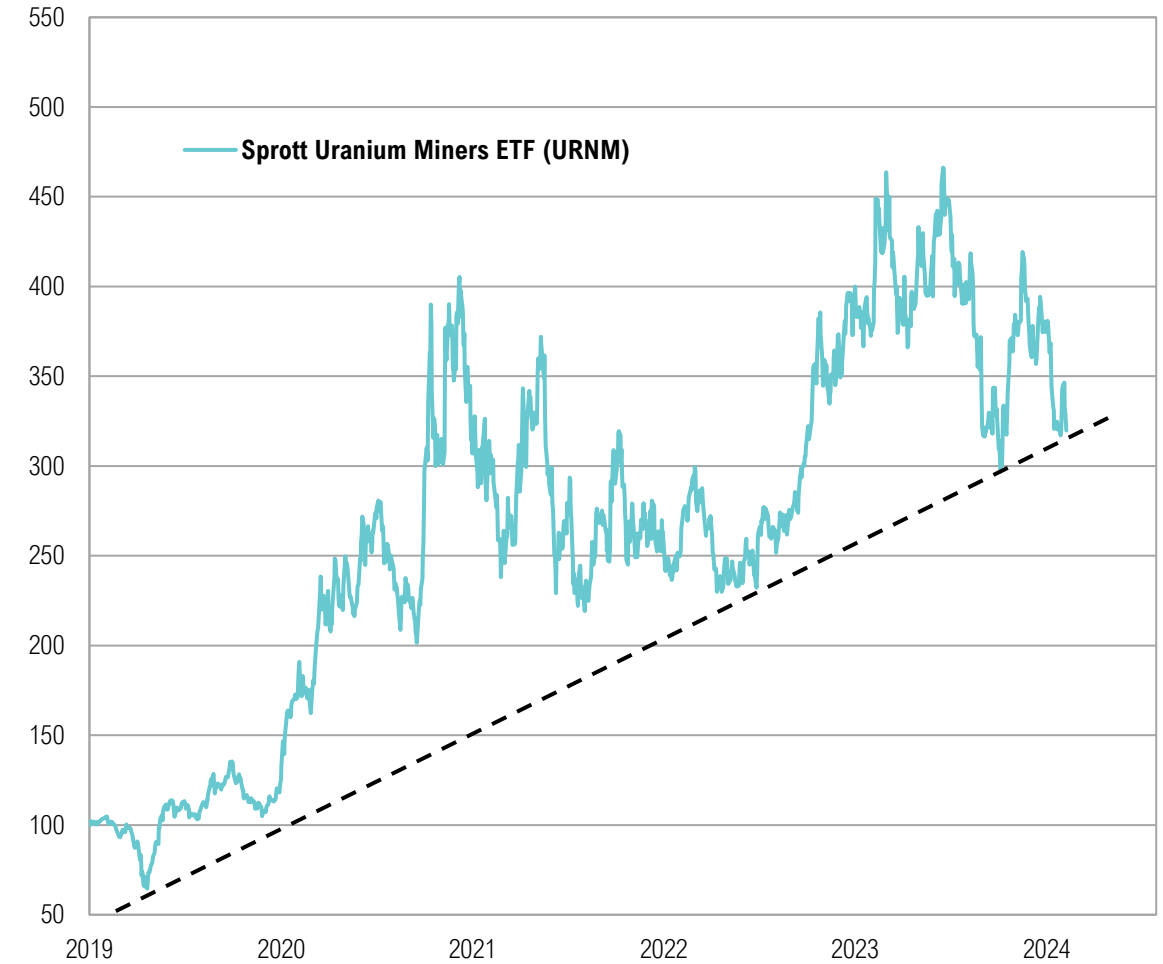
Spot uranium prices have recently dropped, despite long-term contracting prices (negotiated between utilities and miners) remaining stable; despite having little impact on miner profits, spot prices have been driving stock prices

Uranium Spot Price, \$/lbs



Source: Bloomberg

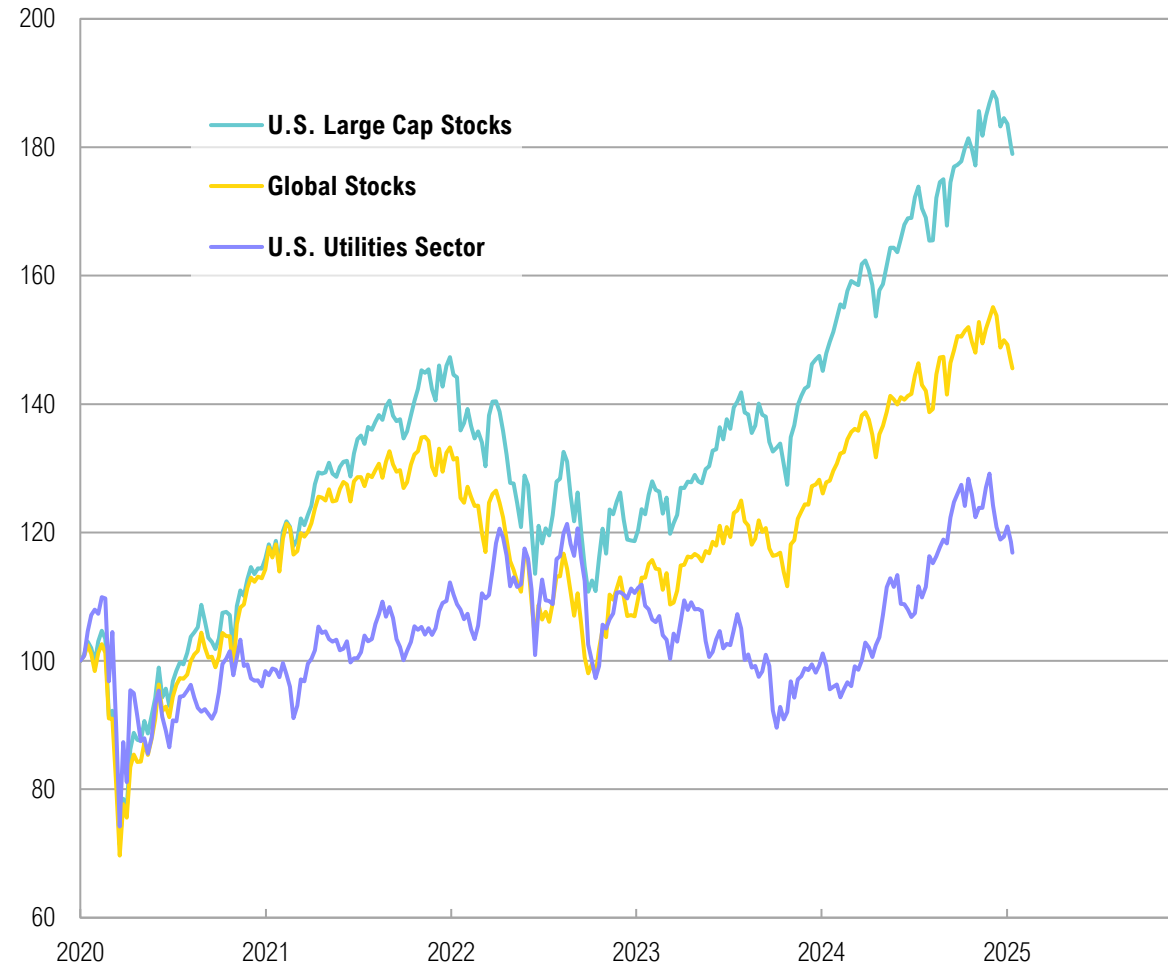
Growth of 100



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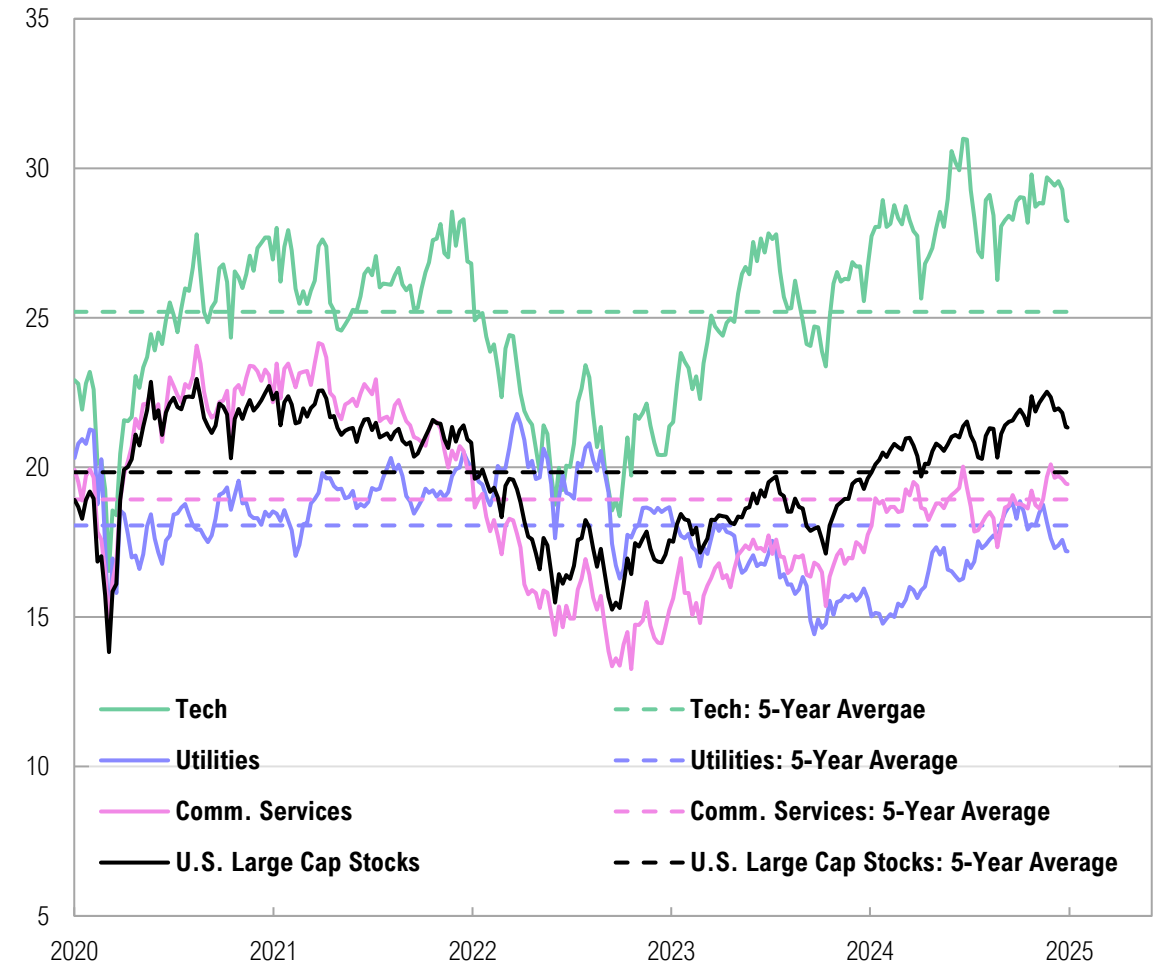
Despite rallying >23% in 2024, U.S. utilities have notably lagged both U.S. large cap stocks and global stocks over the past five years; utility valuations are below their 5-year averages

Growth of 100



Source: Bloomberg. As of 1/13/2025.

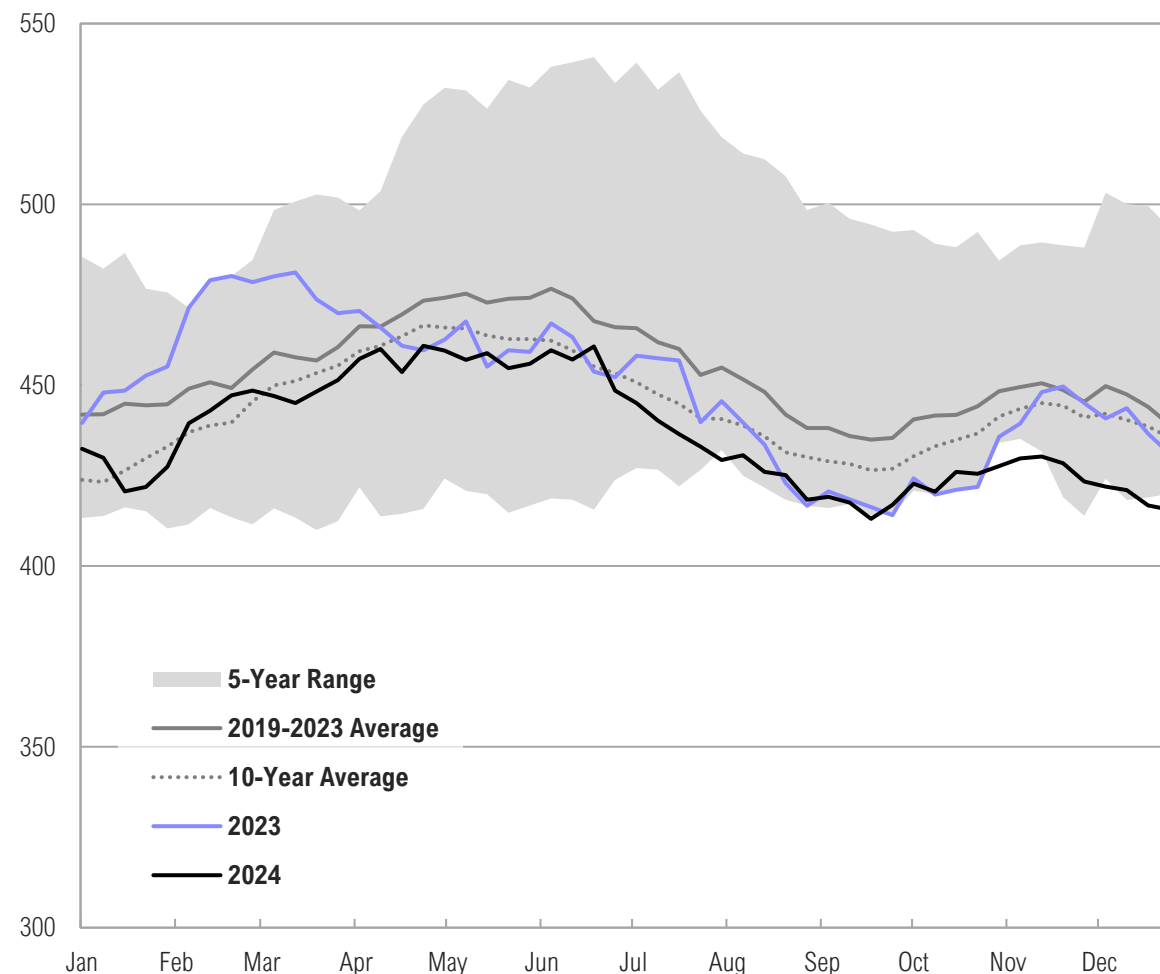
Price-to-Earnings Ratio, 12-Month Forward



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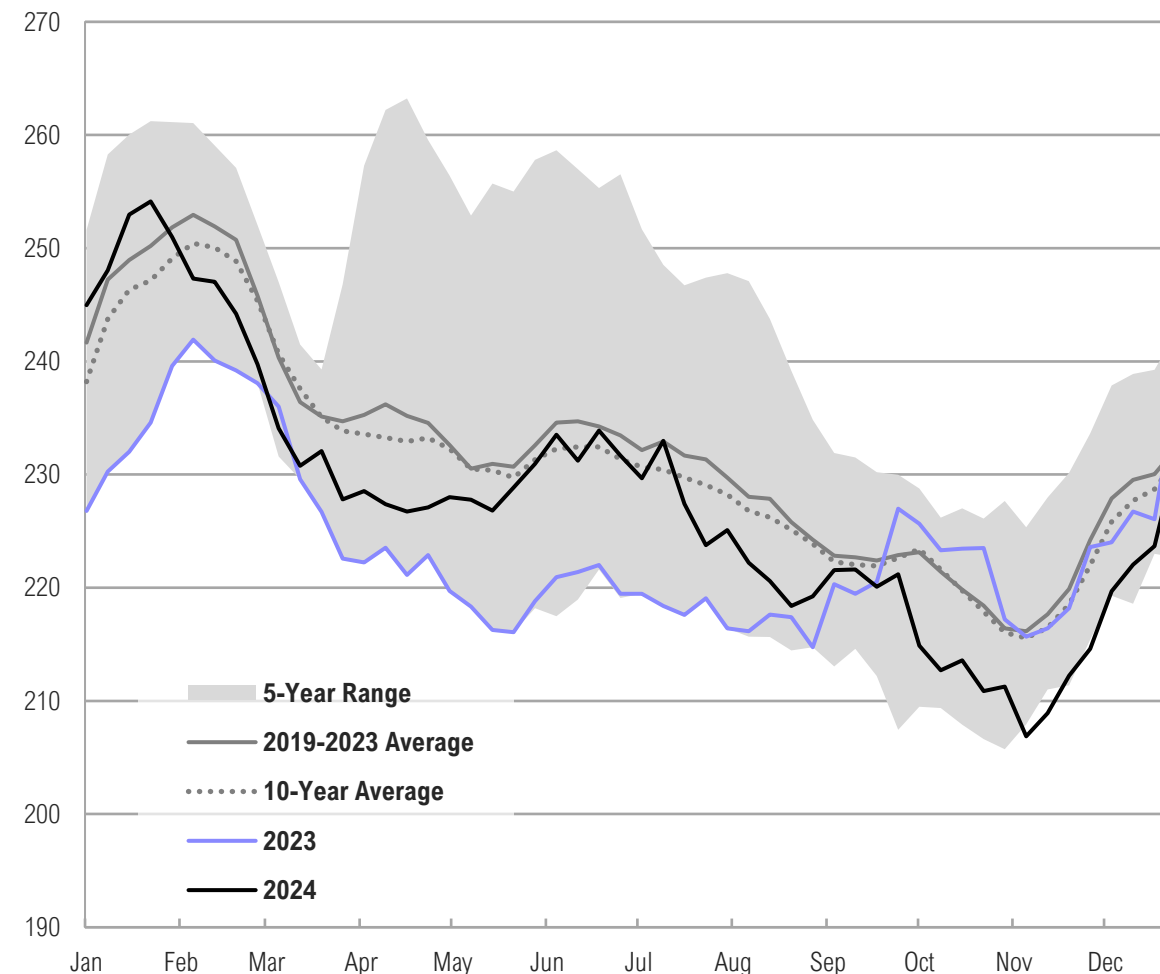
Crude inventories ended 2024 below the low end of their five-year range, while gasoline inventories ended in line with average levels due to higher refinery output

U.S. Crude Inventories, Millions of Barrels



Source: EIA, SpringTide calculations. As of 12/27/2024.

U.S. Gasoline Inventories, Millions of Barrels

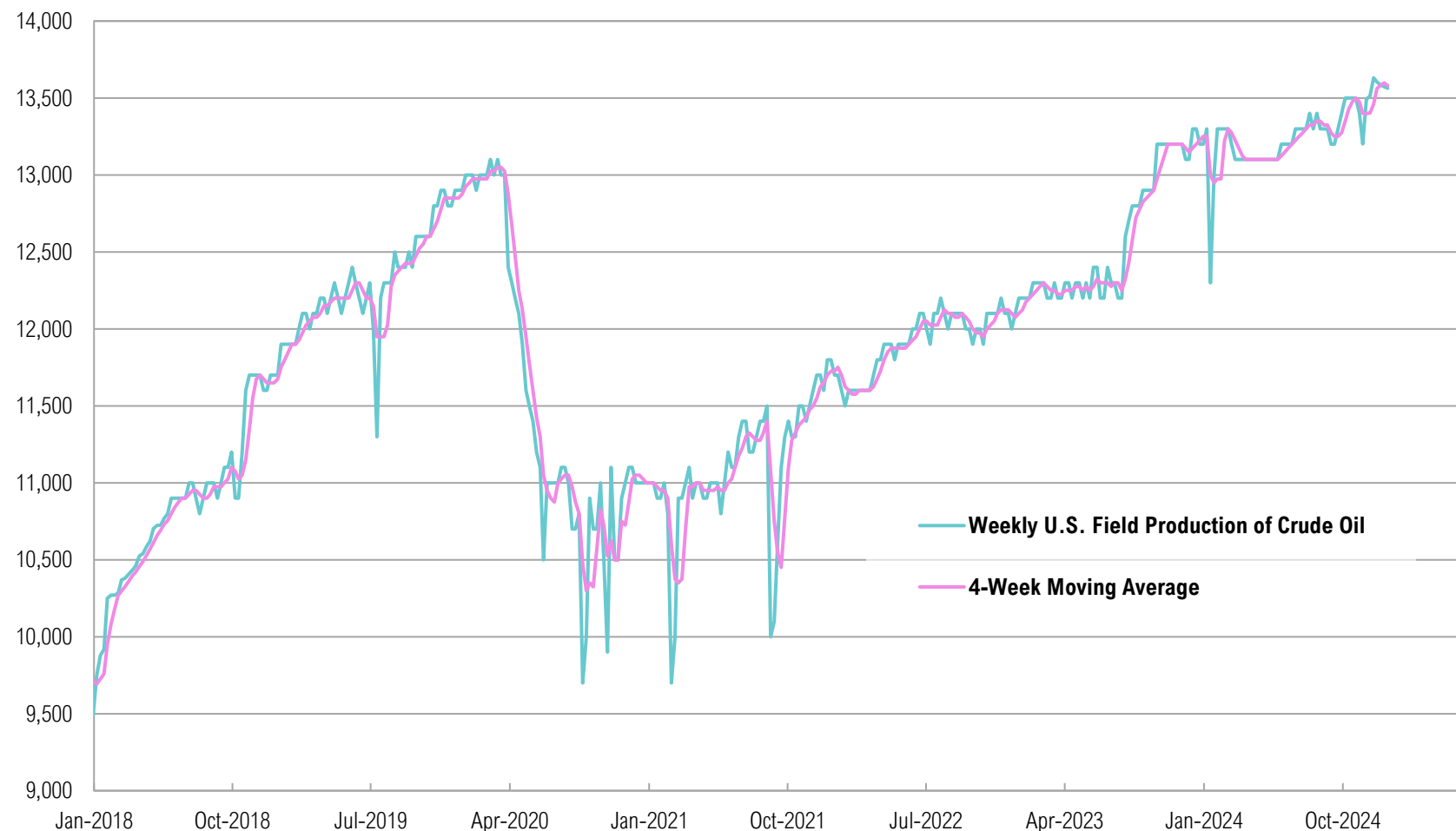


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Part of the incoming administration's plans are to increase U.S. energy production; oil production has been rising, once again surpassing pre-pandemic levels

Weekly U.S. Crude Oil Production, Thousand Barrels/Day

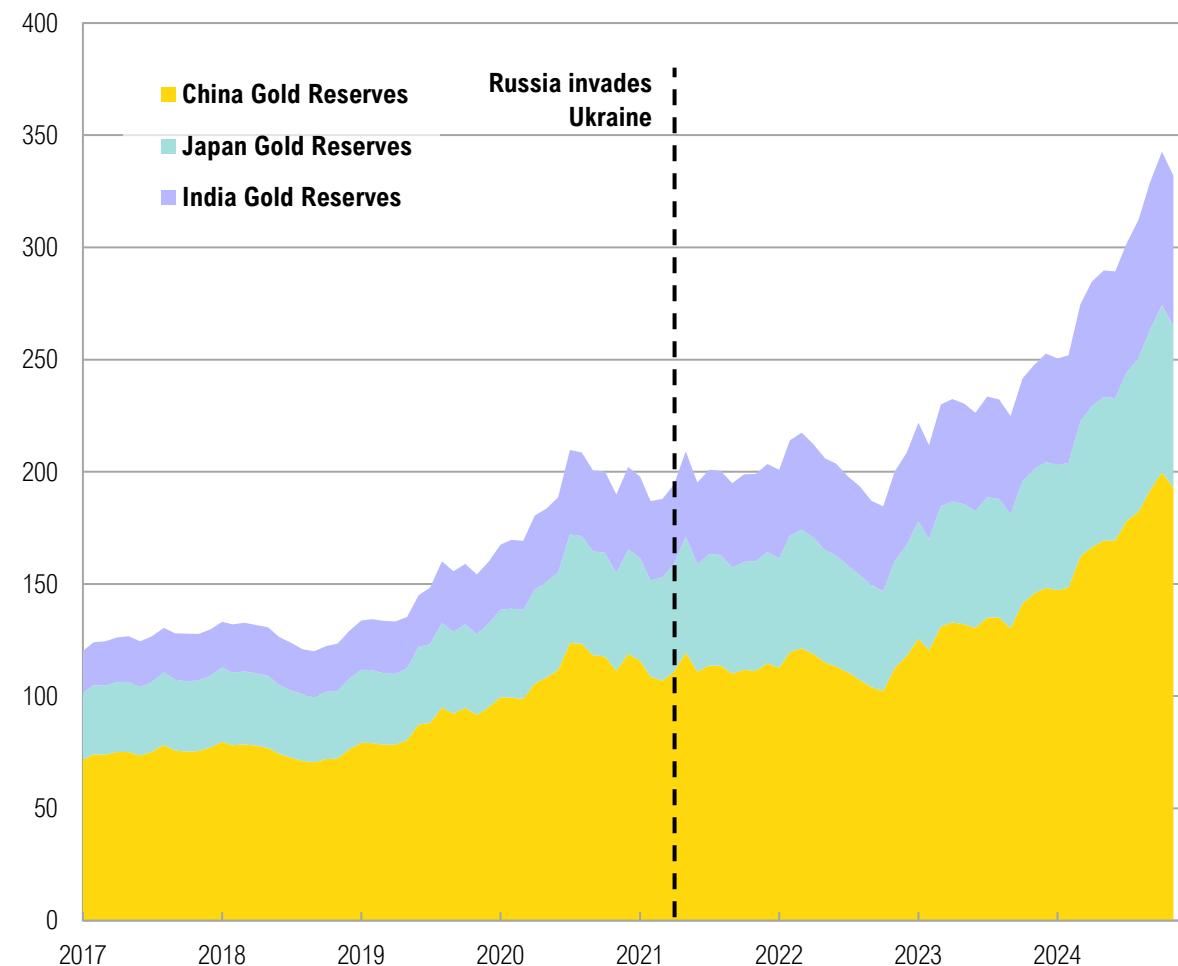


Source: EIA. As of 1/3/2025.

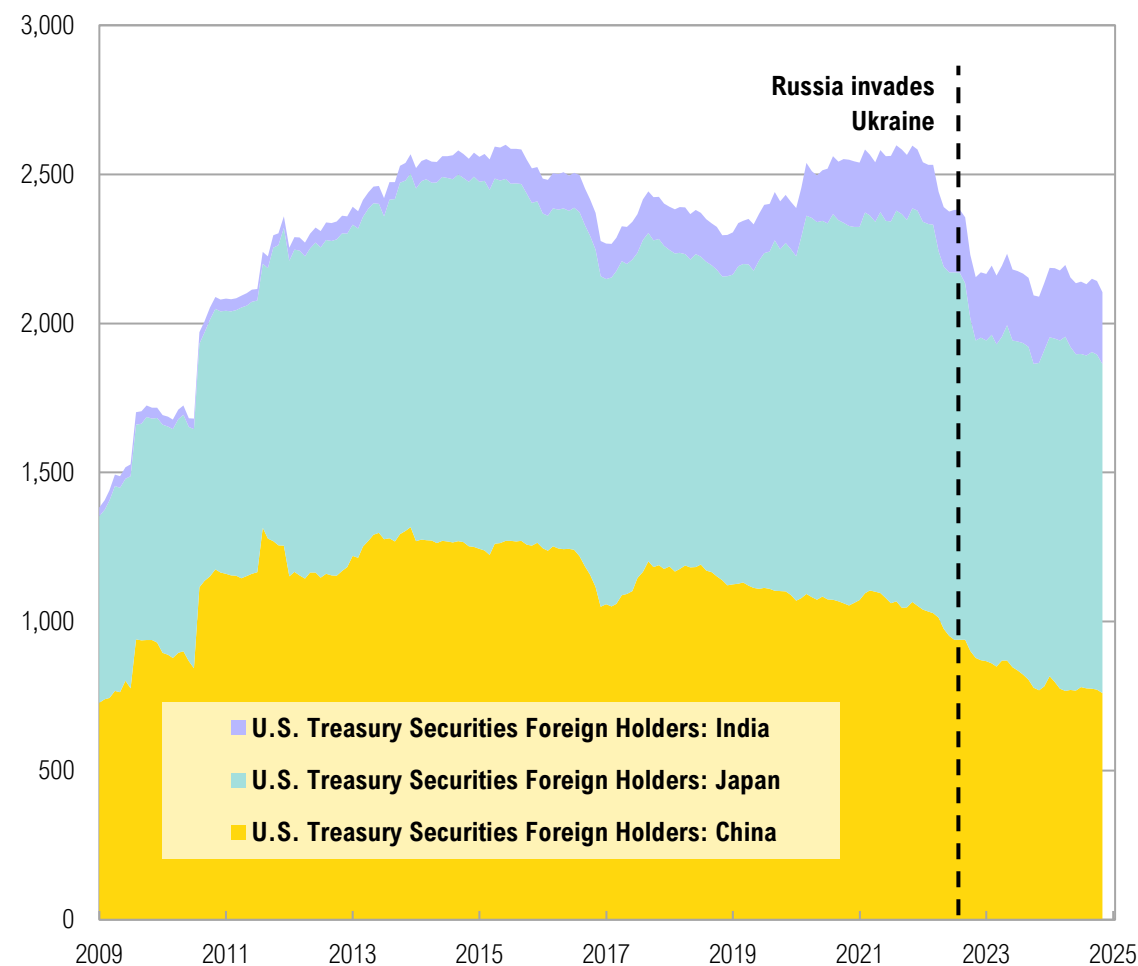
- Scott Bessent has outlined a “3-3-3” target, which includes achieving 3% economic growth, reducing the federal deficit to 3% of GDP by 2028, and increasing daily energy production by the equivalent of 3 million barrels of oil.
- This is approximately a 20% increase from current energy production levels.
- Oil production has been trending higher, which could contribute to further bringing down energy prices (and subsequently easing inflation).

Accompanied by ‘flight to safety’ (geopolitics, U.S. fiscal situation), gold’s resilience despite higher real rates likely reflects sovereigns favoring gold; higher real rates remain a risk

Central Bank Gold Reserves, \$Bn



Foreign Holders of U.S. Treasury Securities, \$Bn

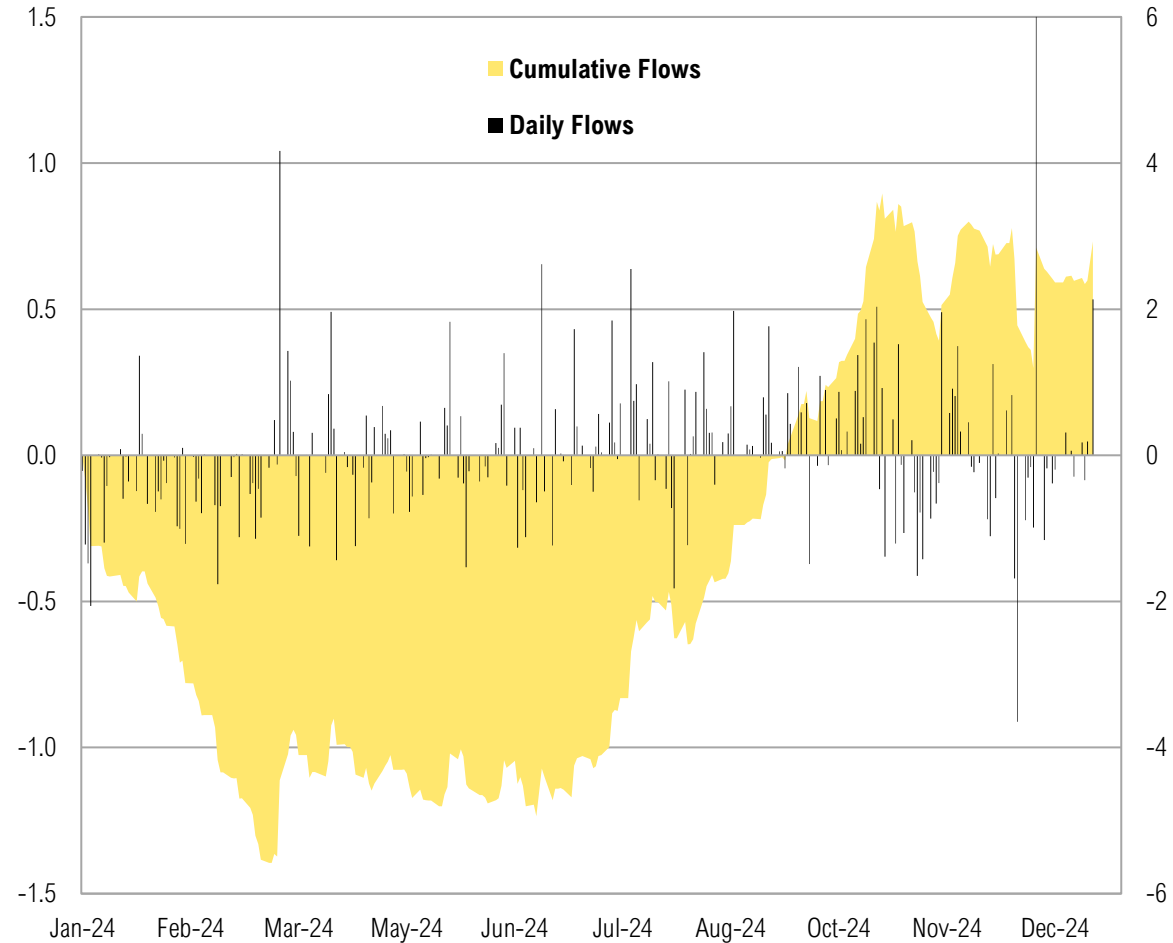


Source: Bloomberg. Gold reserve data as of 11/30/2024. Foreign Treasury holdings as of 10/31/2024.

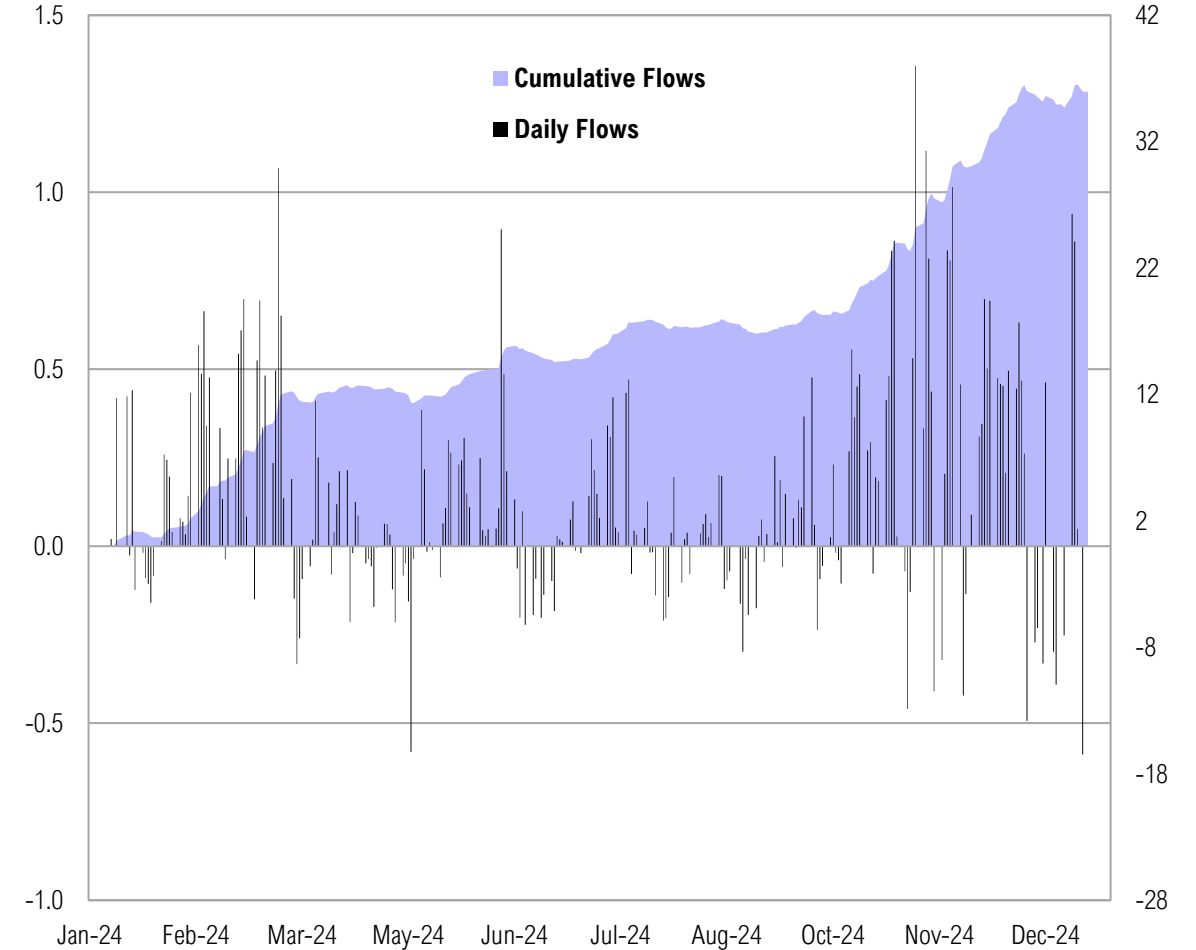
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Gold fund flows started picking back up again in September; bitcoin flows have been more consistent and continue to rise as the price of bitcoin climbs

Gold Funds Aggregated Daily Flows, \$Bn



Bitcoin Spot ETFs Aggregated Daily Flows, \$Bn



Source: Bloomberg. Gold and Bitcoin funds are the 10 largest funds. As of 1/10/2025.

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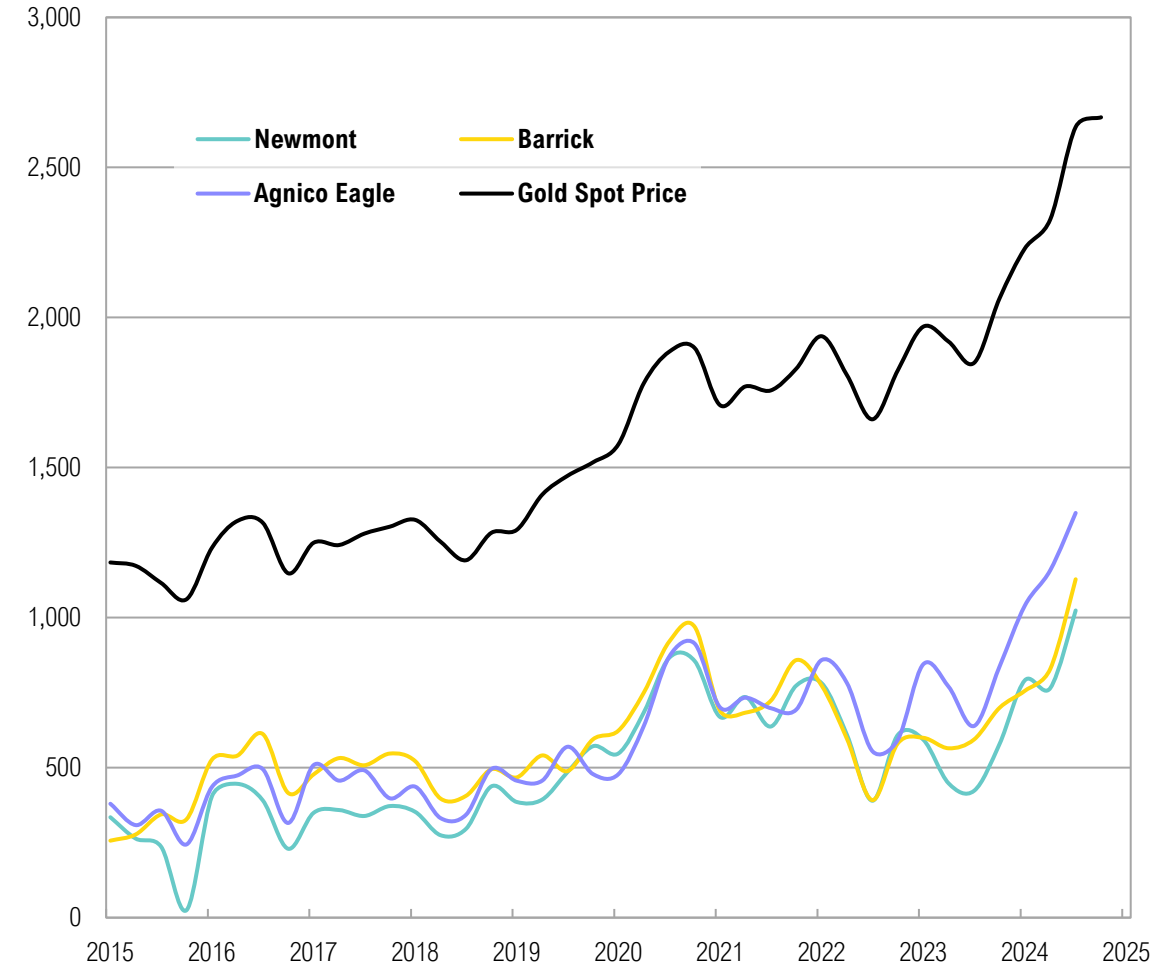
Gold miners continue to look attractive vs. physical, but miners have been plagued by rising costs, country-specific issues, and labor challenges, among other things

Gold Miners Index/ Gold Spot Price, Growth of 100



Source: Bloomberg, RHS assumes stable 24Q4 costs vs gold spot price. As of 1/13/2025.

Profit Margin: Gold Spot Price minus All In Sustaining Costs, \$/Oz

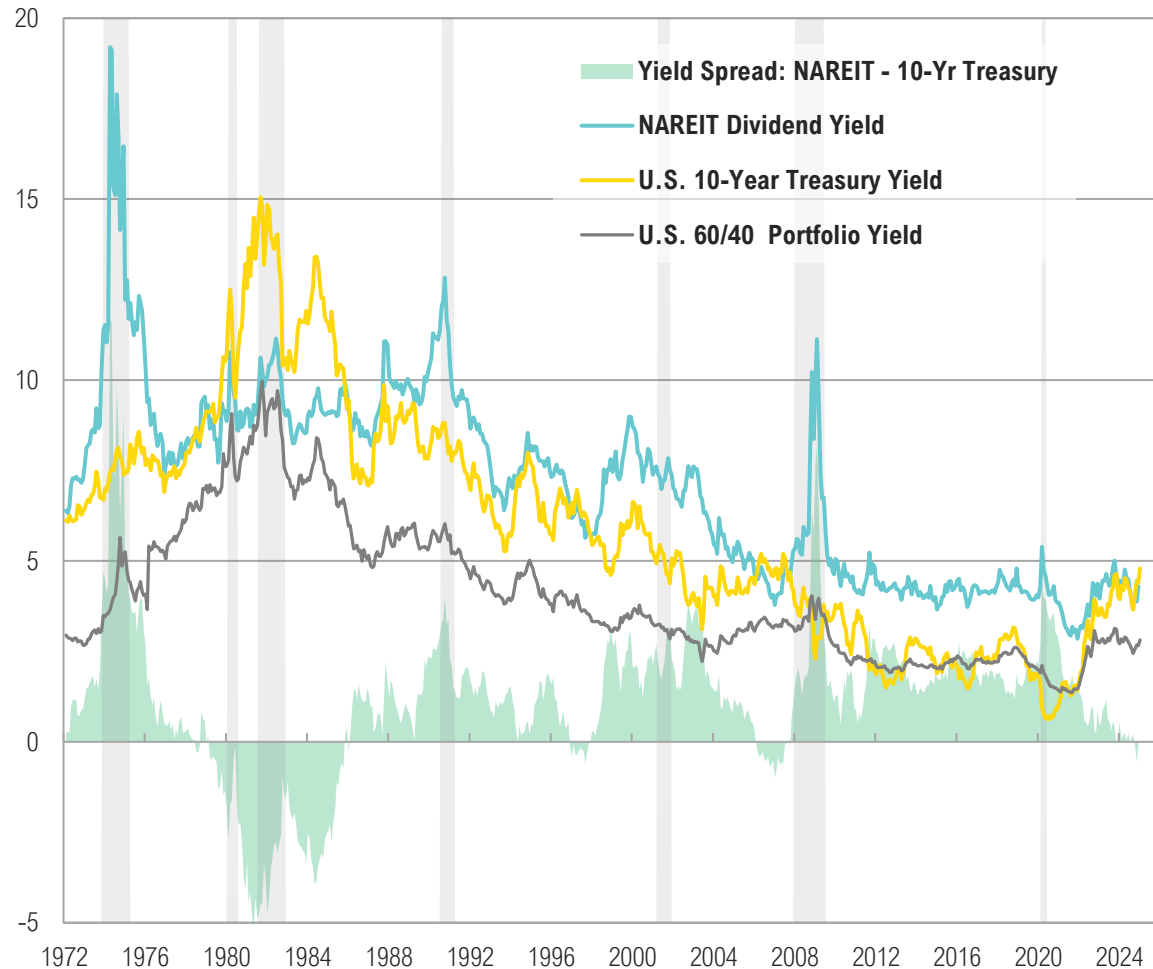


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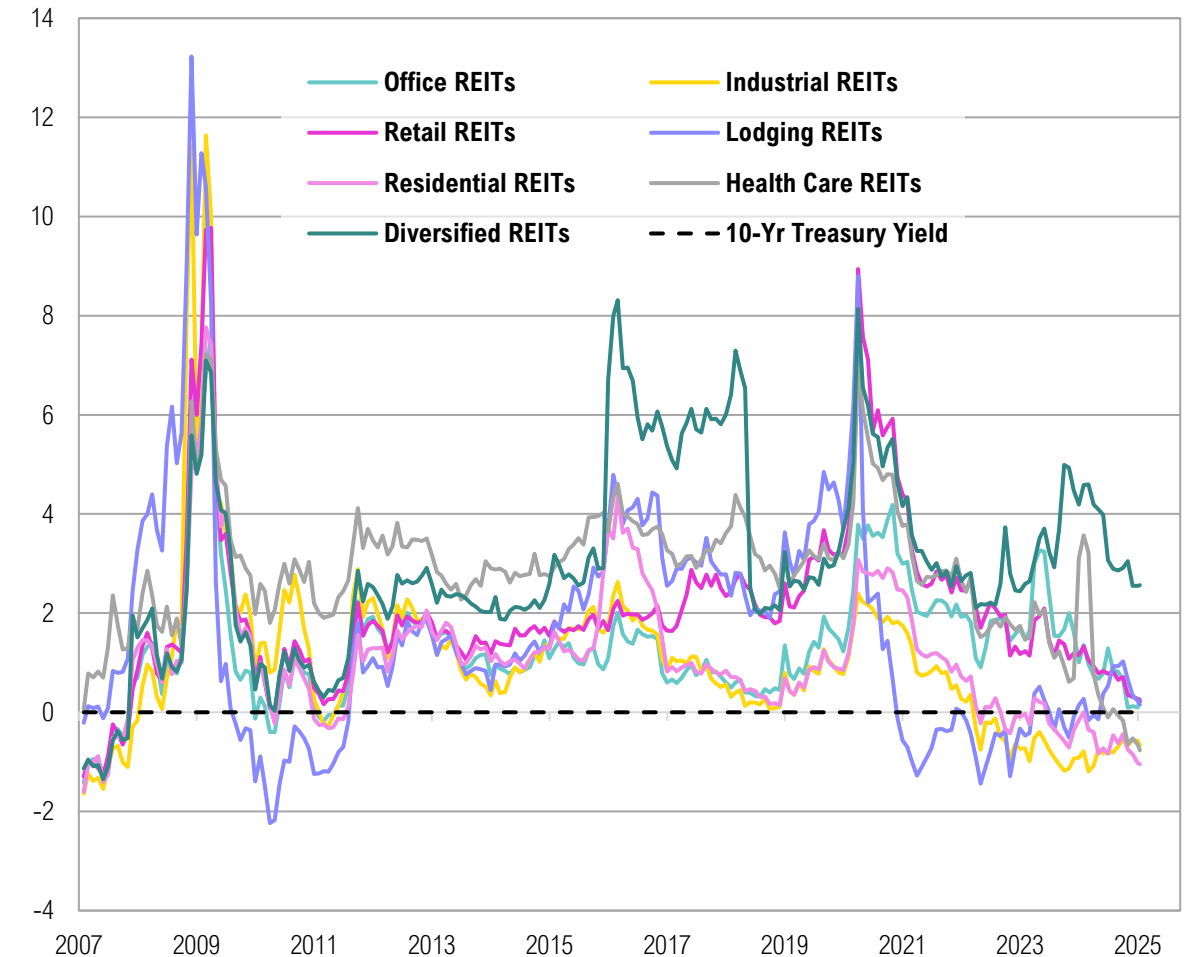
U.S. REITs are down >10% since the start of December, as higher yields have weighed on the asset class; despite the pullback, most REIT sectors still appear wholly unattractive on a relative yield basis

Yield, %



Source: Bloomberg, NAREIT.

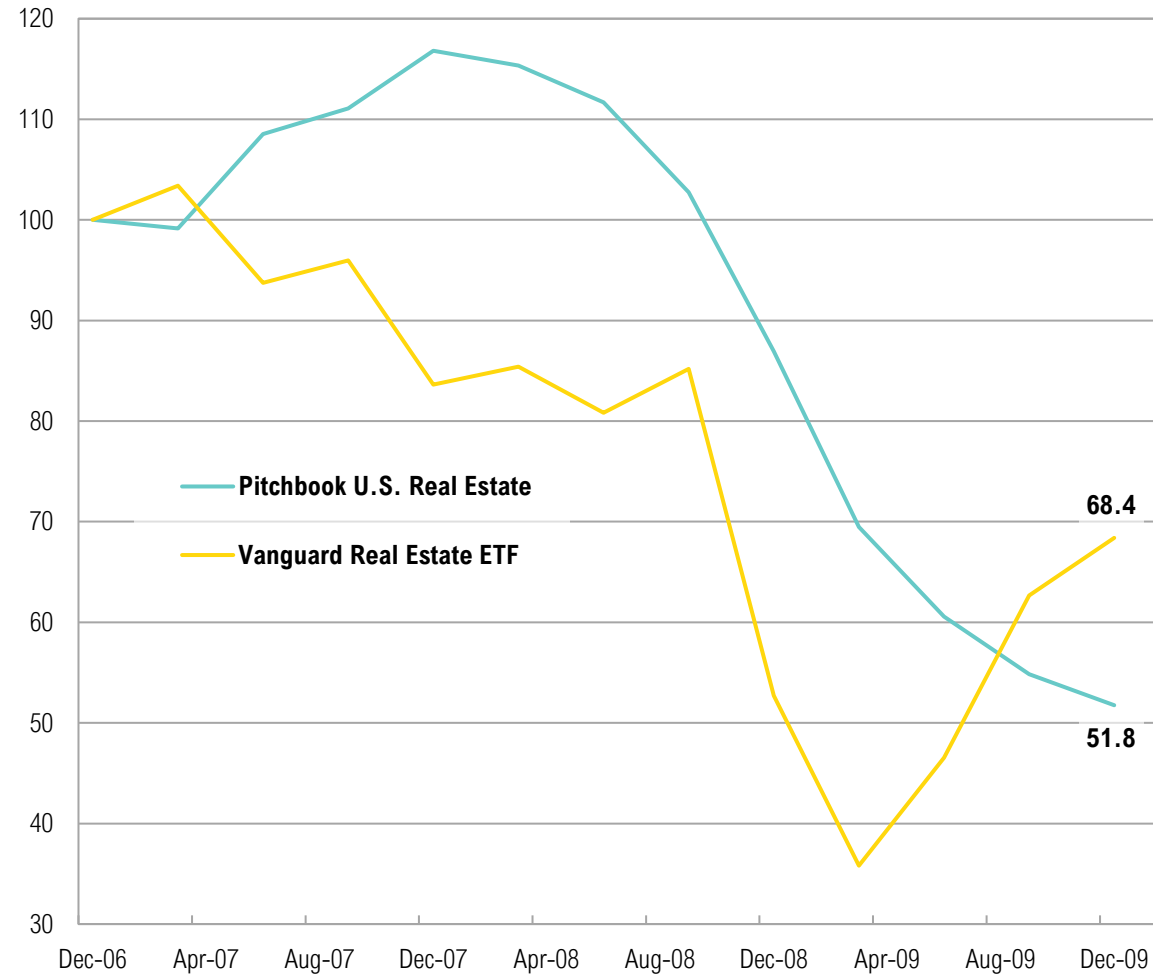
Spreads: 12-Month Forward Dividend Yields vs. 10-Year Treasury, %



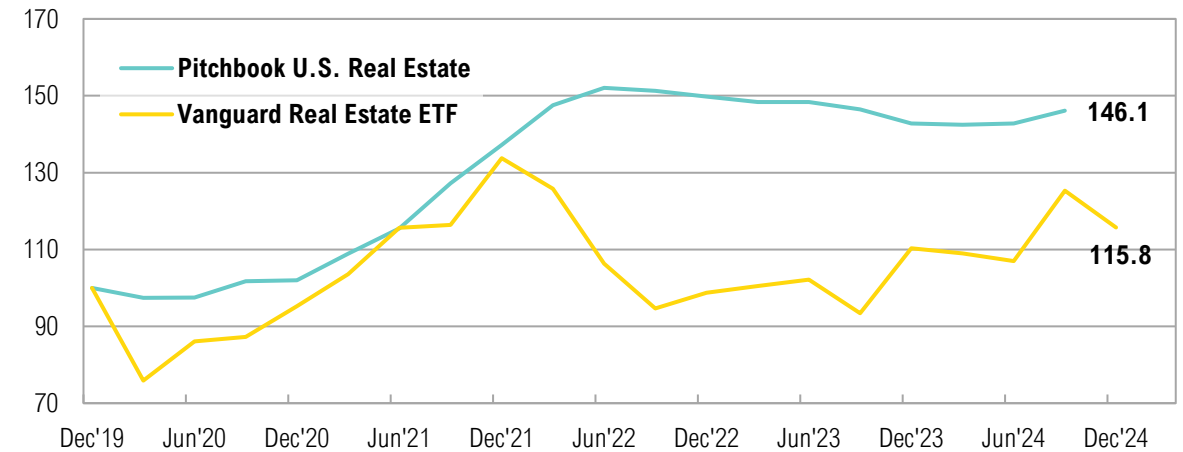
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Private real estate funds have not marked down properties - while the gap has closed with public markets, secondary transactions remain at deep discounts

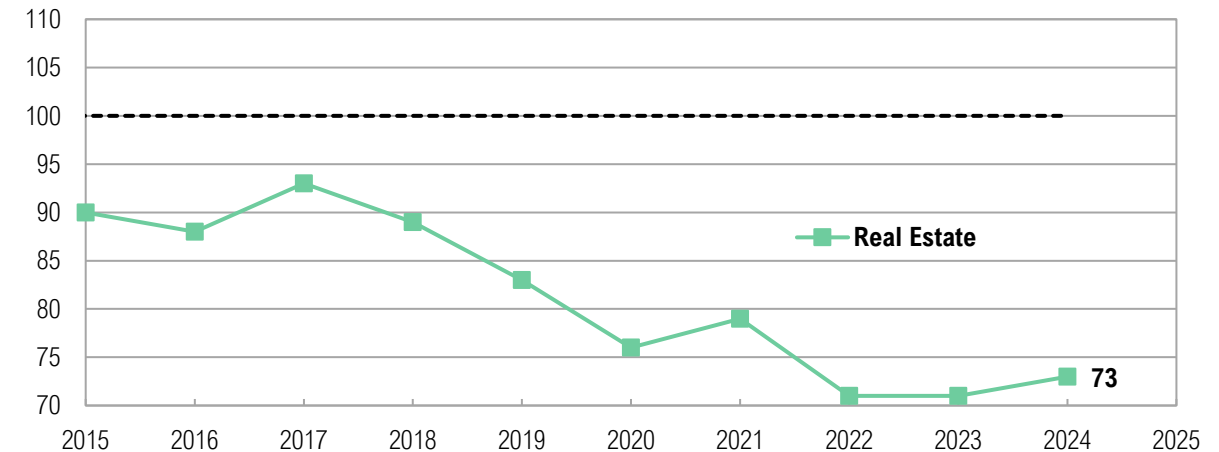
Growth of 100, GFC



Growth of 100, Current



Secondary Pricing as a % of NAV



Source: Bloomberg, Pitchbook, StepStone, Tap, Greenhill, Lazard, Evercore, Various. Secondary pricing as of 6/30/2024. Pitchbook U.S. Real Estate returns as of 9/30/2024. Vanguard Real Estate ETF returns as of 12/31/2024.

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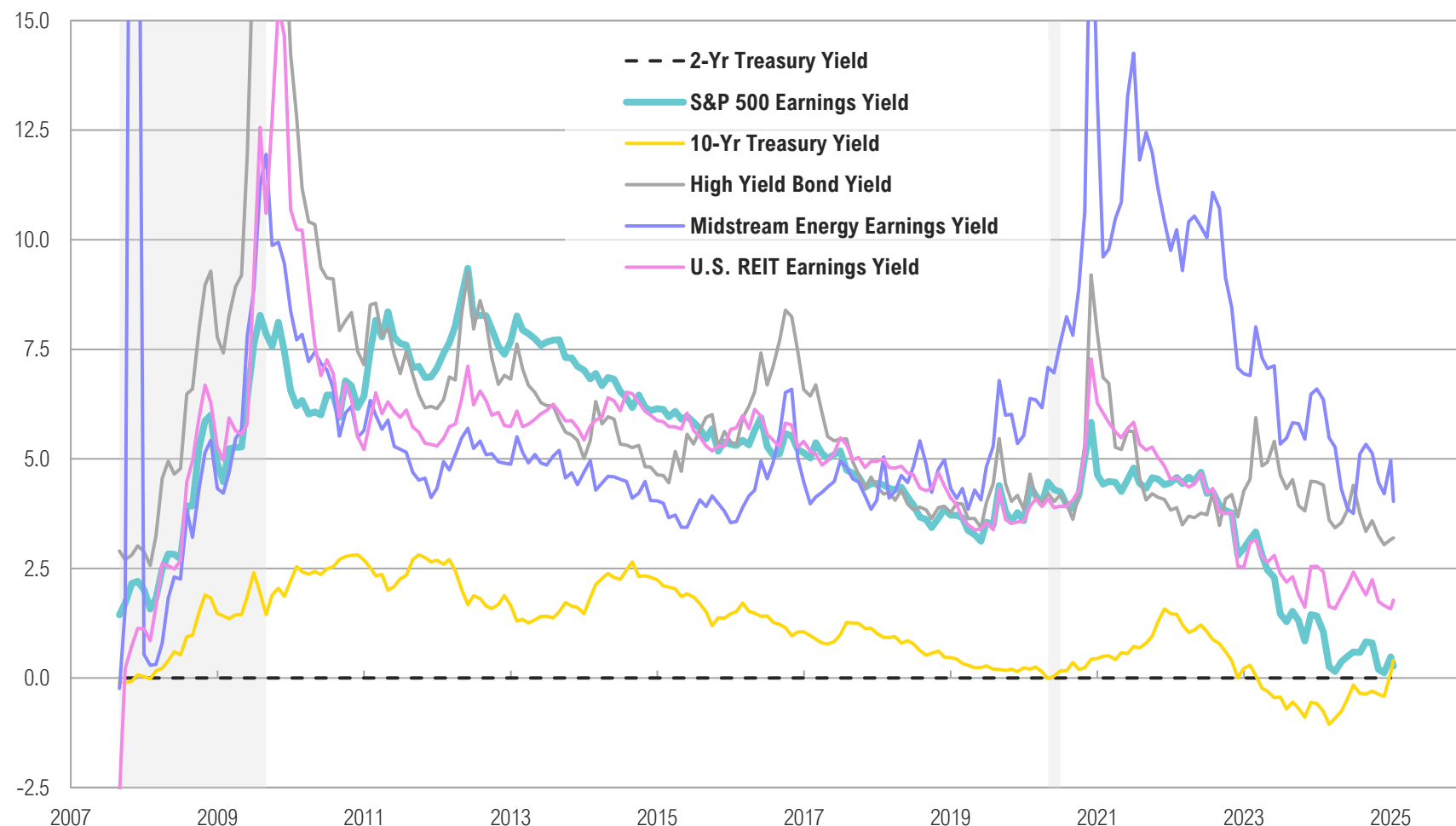


I've talked to a lot of our investors who tell me I'm completely missing the boat and tell me all the great things about crypto, and you know what? They've been right, not me, because it keeps going up... We will get into spot crypto when the regulatory environment changes, and we do anticipate that it will change, and we're getting ready for that eventuality."

Rick Wurster, *Charles Schwab Incoming CEO*

➤ The relative yield case for high-yield bonds and REITs has been eroded by spread tightening/ higher Treasury yields

Current Yield vs. 2-Year Treasury, %



Current Yield:

- **2-Year Treasury: 4.39%**
- **10-Year Treasury: 4.79%**
- **U.S. High Yield Bonds: 7.59%**
- **S&P 500: 4.66%**
- **Midstream Energy: 8.42%**
- **U.S. REITs: 6.17% earnings yield (4.15% dividend yield)**

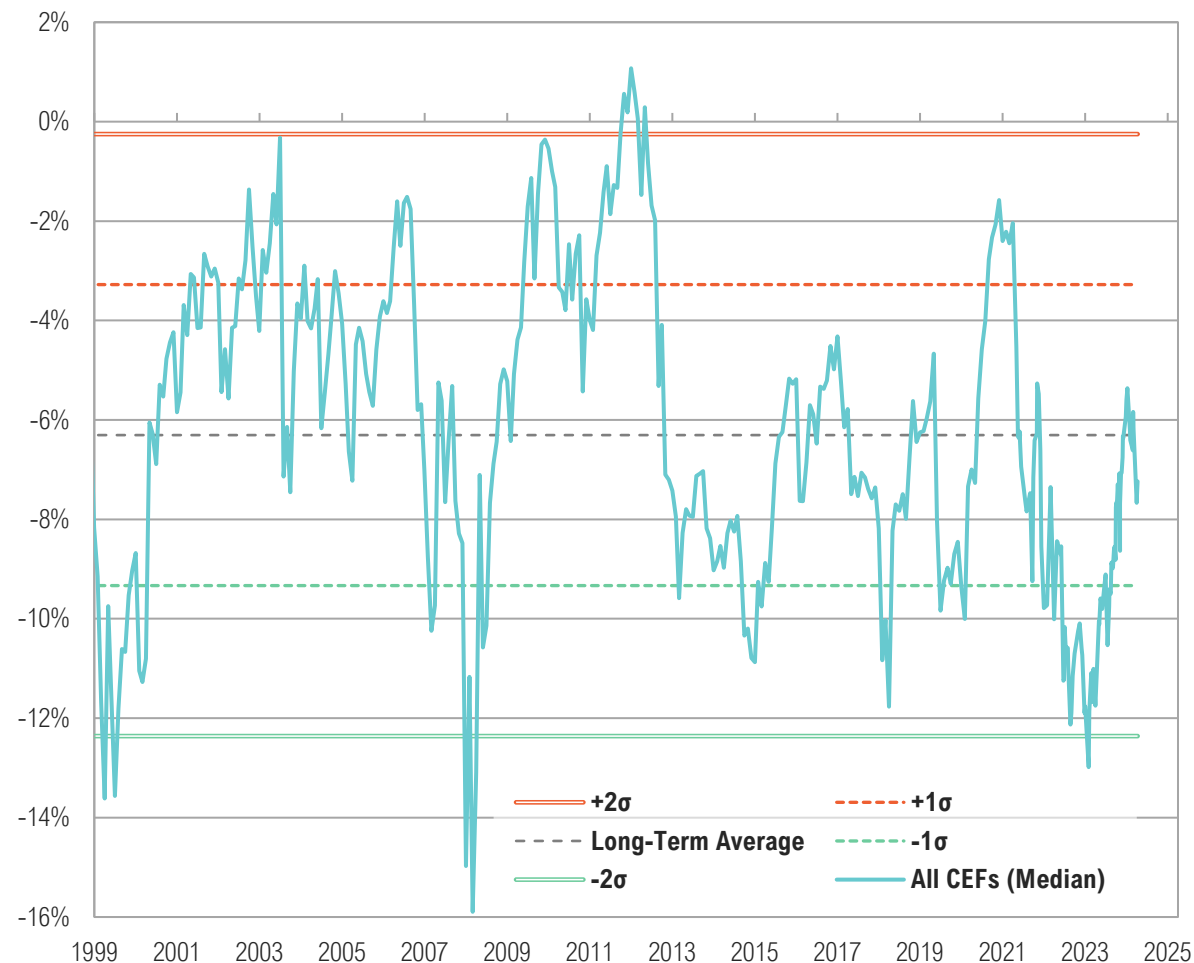
Source: Bloomberg. S&P 500, Midstream Energy and U.S. REIT yields proxied by forward 12-month estimated earnings yields. As of 1/14/2025.

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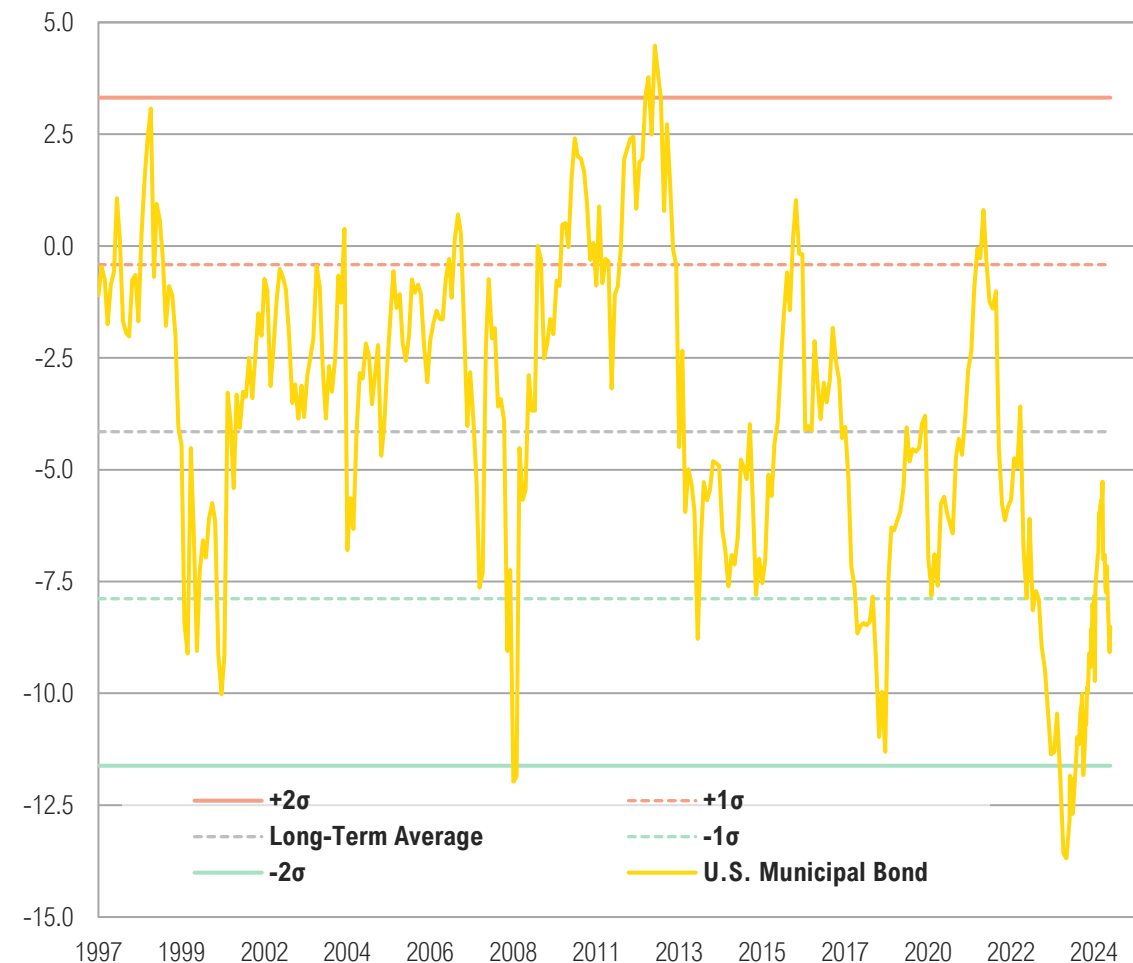
Median CEF discounts have been widening since last October and are now back below average levels; U.S. Muni CEF discounts are also more enticing, having widened from -5.3% to -9.1%

Median Premium/Discount to Net Asset Value, %



Source: Bloomberg. As of 1/14/2025.

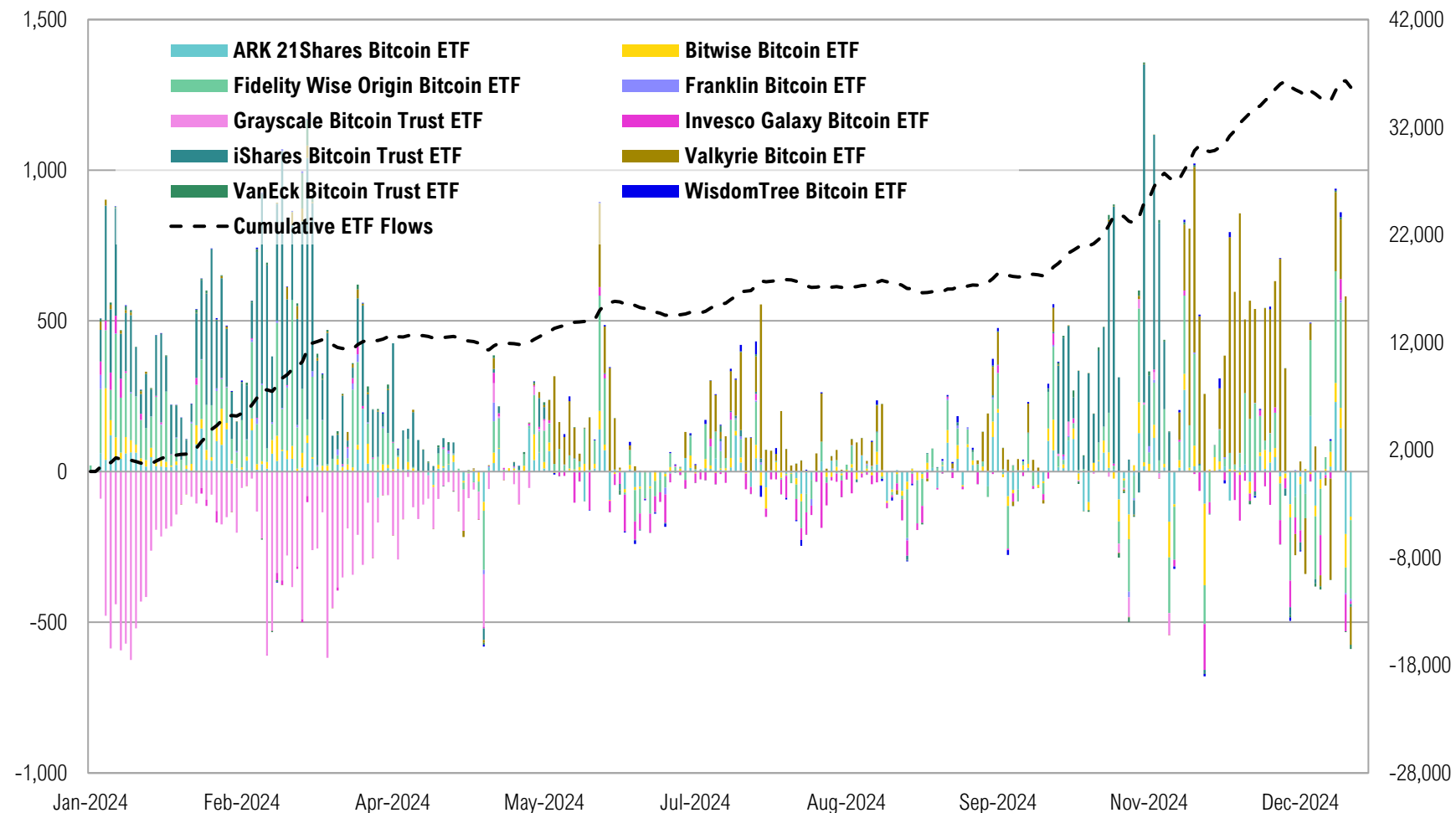
Average Premium/Discount to Net Asset Value



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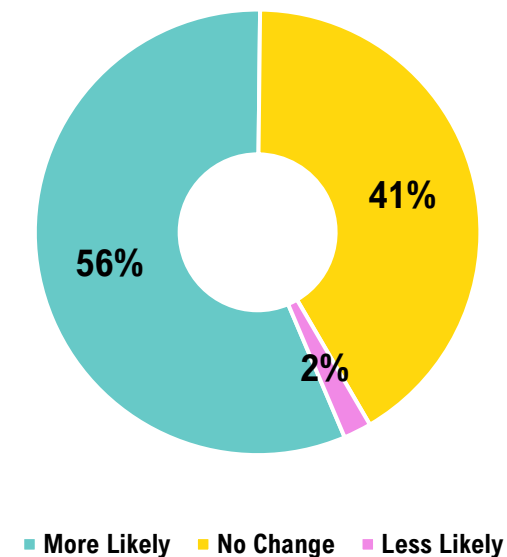
Bitcoin spot ETFs have stabilized and are moving higher again; the election outcome increased investor willingness to invest in crypto

Daily ETF Flows, \$Mn



Source: Morningstar. As of 1/10/2025.

Poll: How Did the Election Results Impact Your Likelihood to Invest in Crypto in 2025?



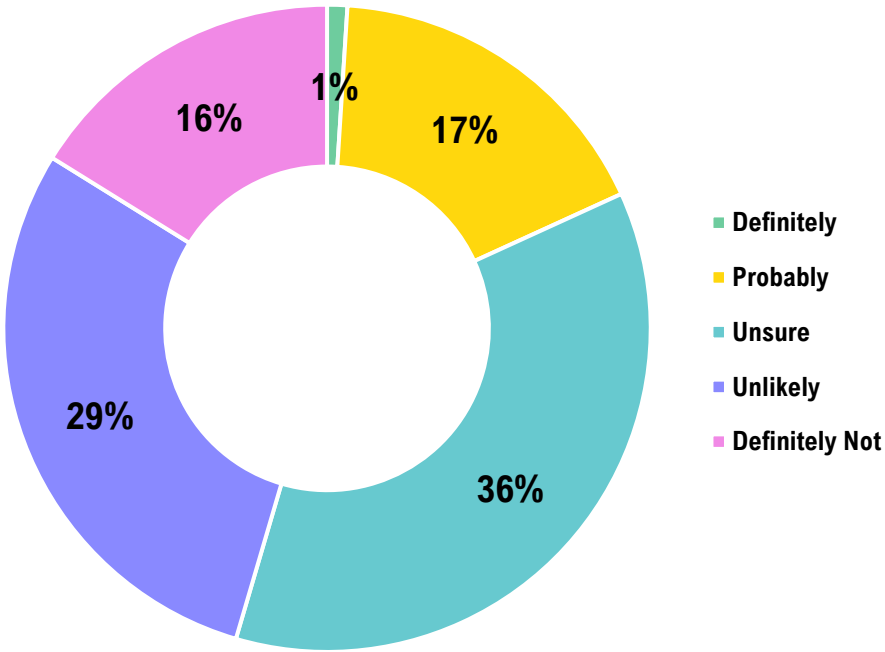


Is crypto starting to be recognized as a real asset class? Despite increased investment, financial advisors remain skeptical, with regulations and volatility key concerns

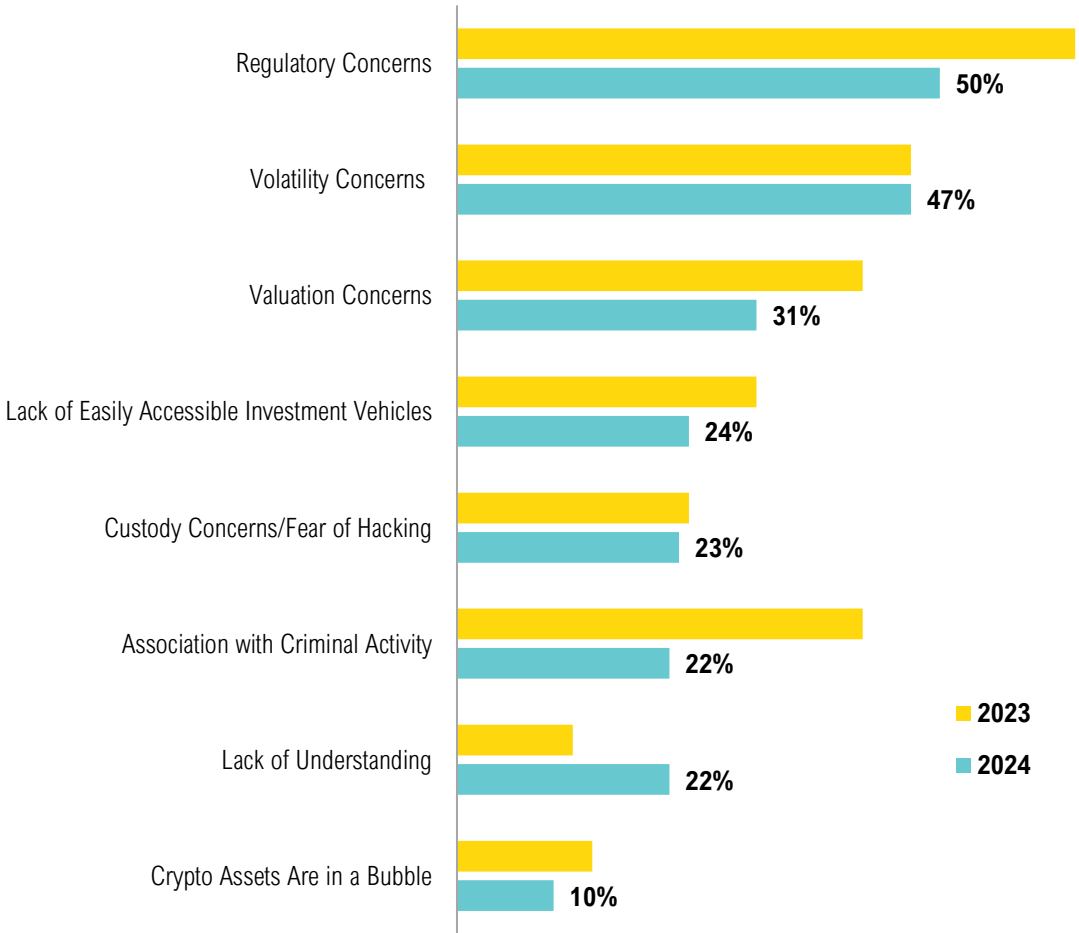
Poll: Do You Currently Allocate to Crypto in Client Accounts?

	2019	2020	2021	2022	2023	2024
Yes	6%	9%	16%	15%	11%	22%
No	94%	91%	84%	85%	89%	78%

Poll: If You Do Not Allocate to Crypto in Client Accounts, Do You Plan To in 2025?



U.S. Investor Concerns With Crypto Investments, %

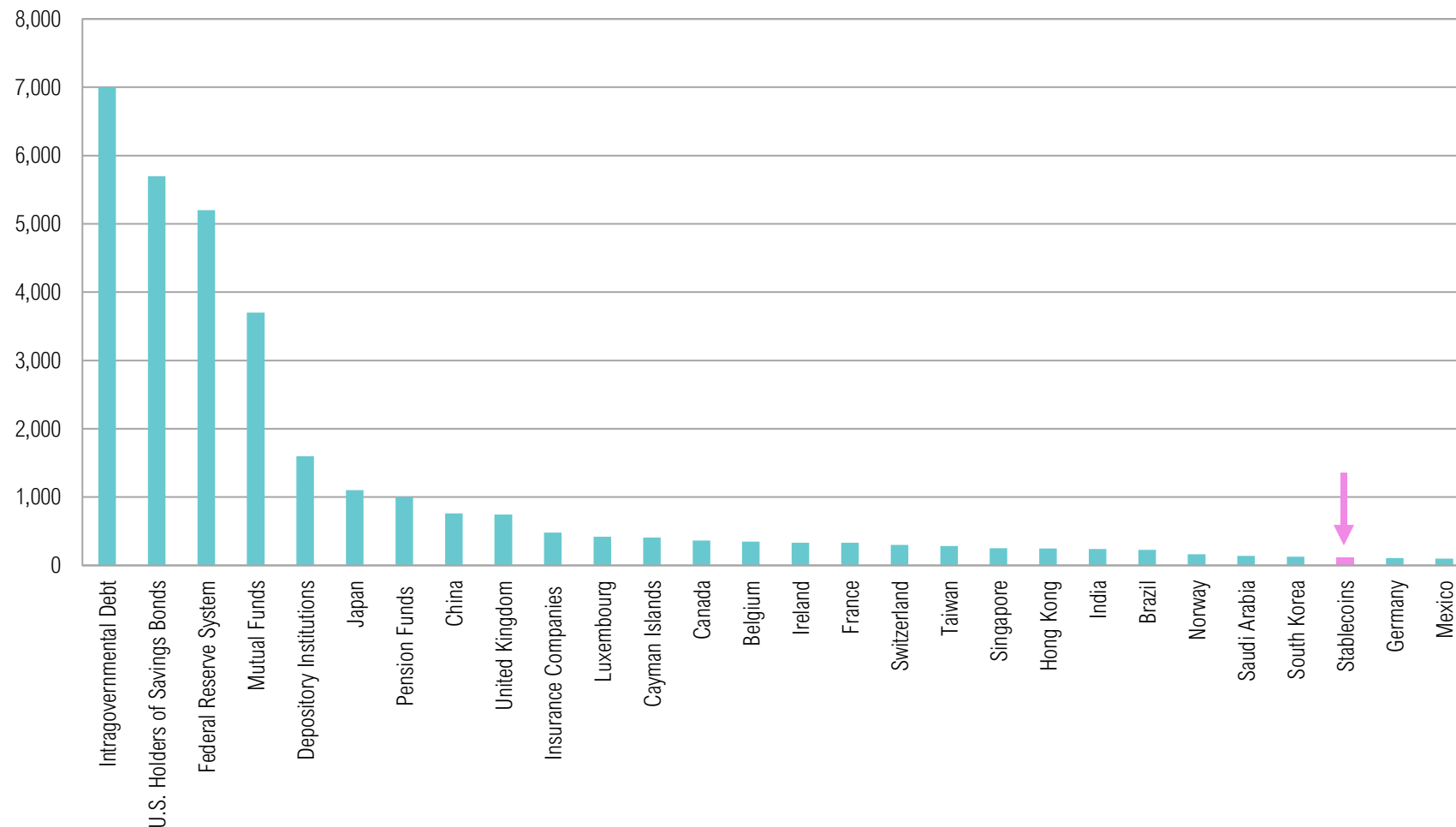


Source: Bitwise/VettaFi 2025 Benchmark Survey with 430 U.S. financial advisors between 11/14/2024 – 12/20/2024.



➤ Stablecoins (at \$120 billion) are the 26th largest holder of U.S. Treasury securities

Largest Holders of U.S. Treasury Securities, \$Mn



- **Stablecoins are a type of cryptocurrency designed to maintain a stable value by being pegged to an external asset or a basket of assets.**
- **Their primary goal is to reduce the price volatility typically associated with cryptocurrencies like Bitcoin or Ethereum, making them more suitable for everyday use, such as payments, remittances, and as a store of value.**
- **Stablecoin are also becoming key players in cross-border transactions. They significantly reduce transaction costs and are more time-efficient.**

Source: U.S. Department of Treasury, Visual Capitalist, Tagus Capital. As of 10/31/2024.

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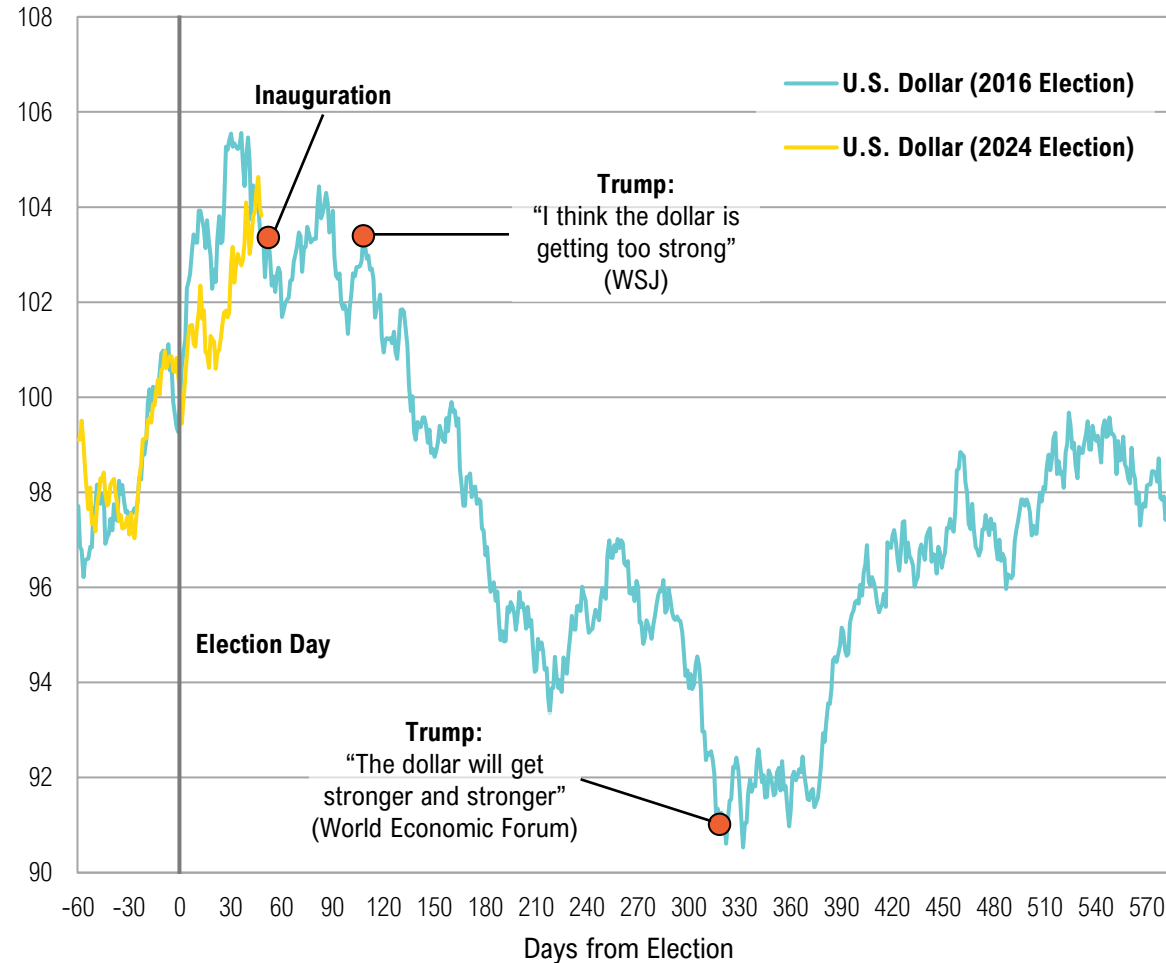


Risk and time are opposite sides of the same coin, for if there were no tomorrow there would be no risk. Time transforms risk, and the nature of risk is shaped by the time horizon: the future is the playing field.”

Peter L. Bernstein, *Investor & Economist*

➤ The USD reaction to this election is similar to what happened in 2016; a declining USD would likely require lower interest rates

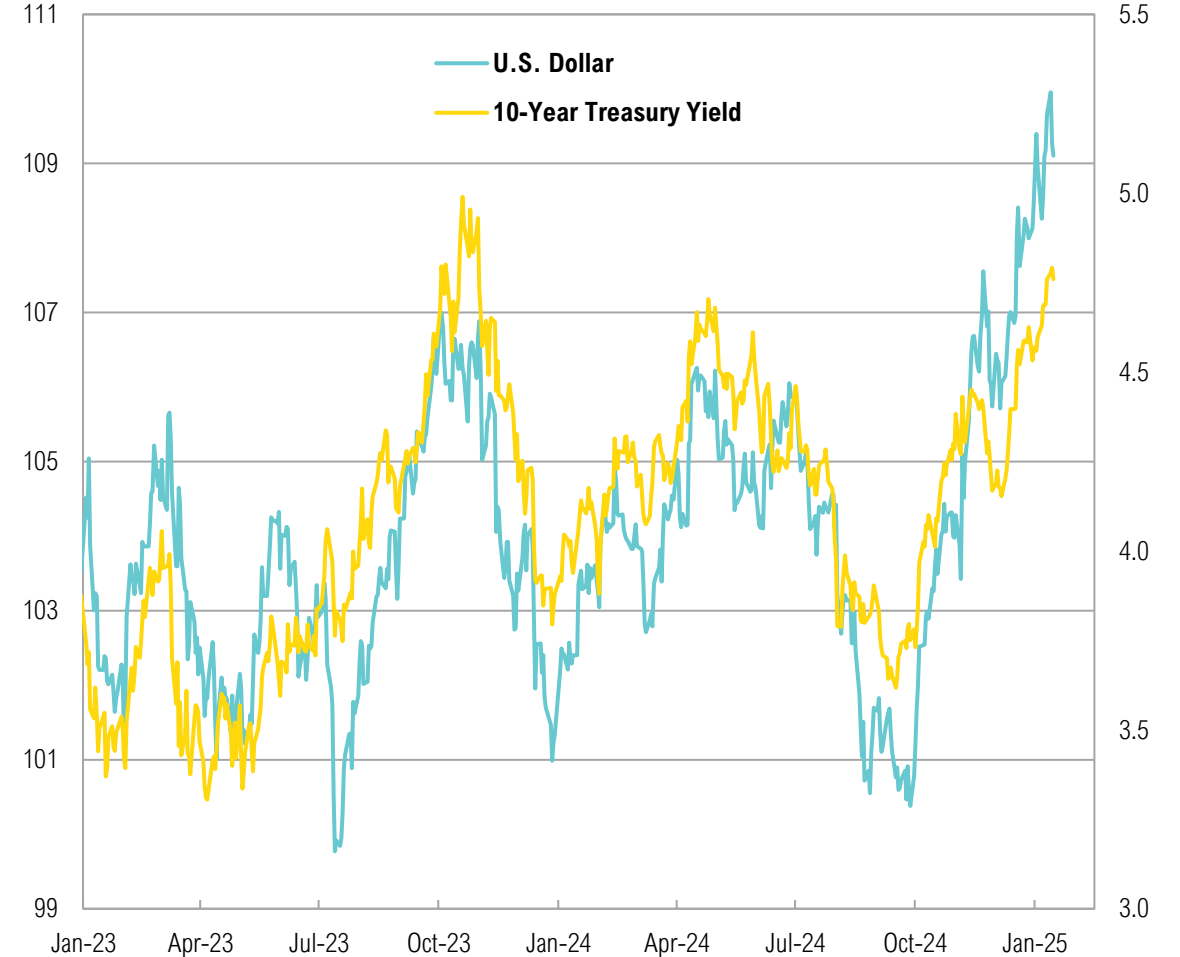
U.S. Dollar Index (Growth of 100)



Source: Bloomberg. As of 1/15/2025.

U.S. Dollar Index

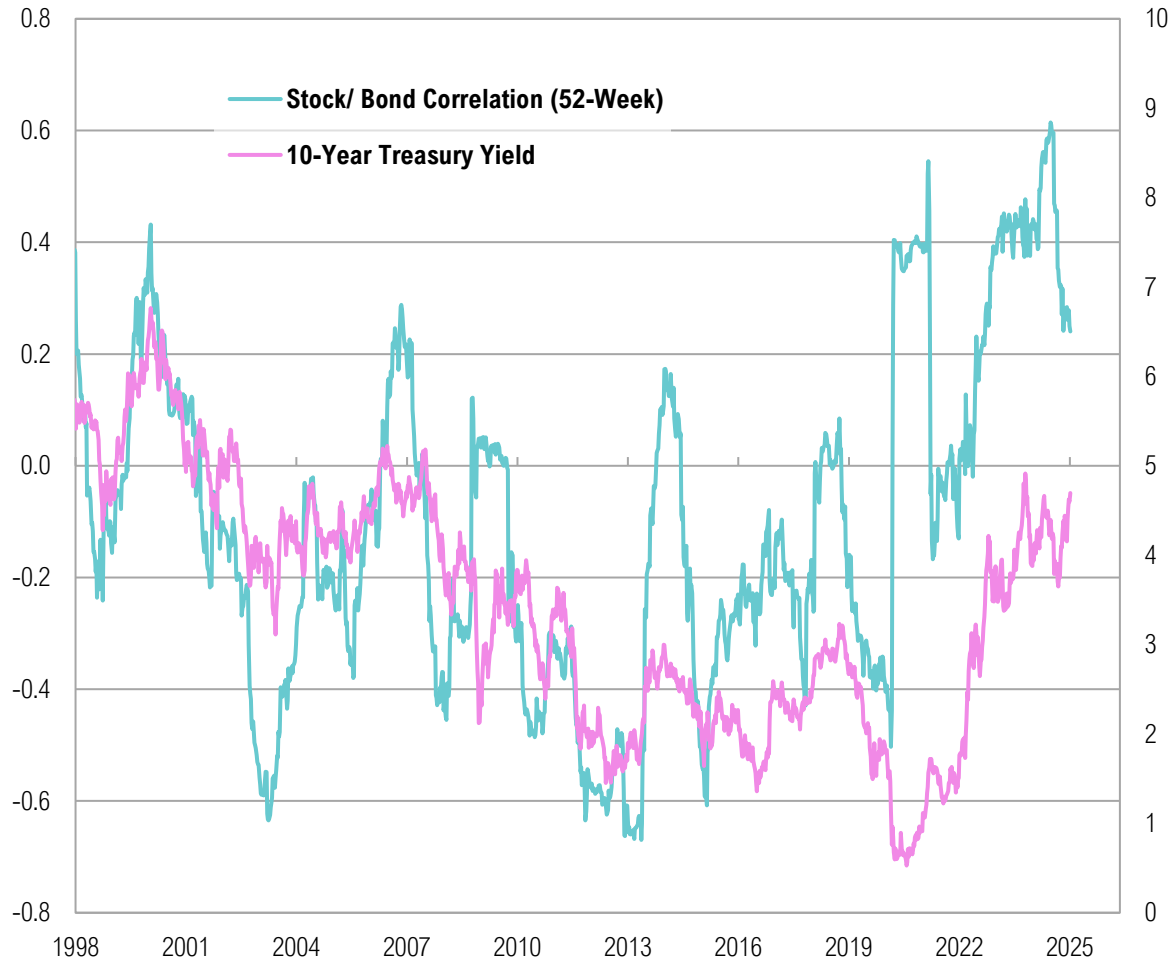
U.S. 10-Year Treasury Yield, %



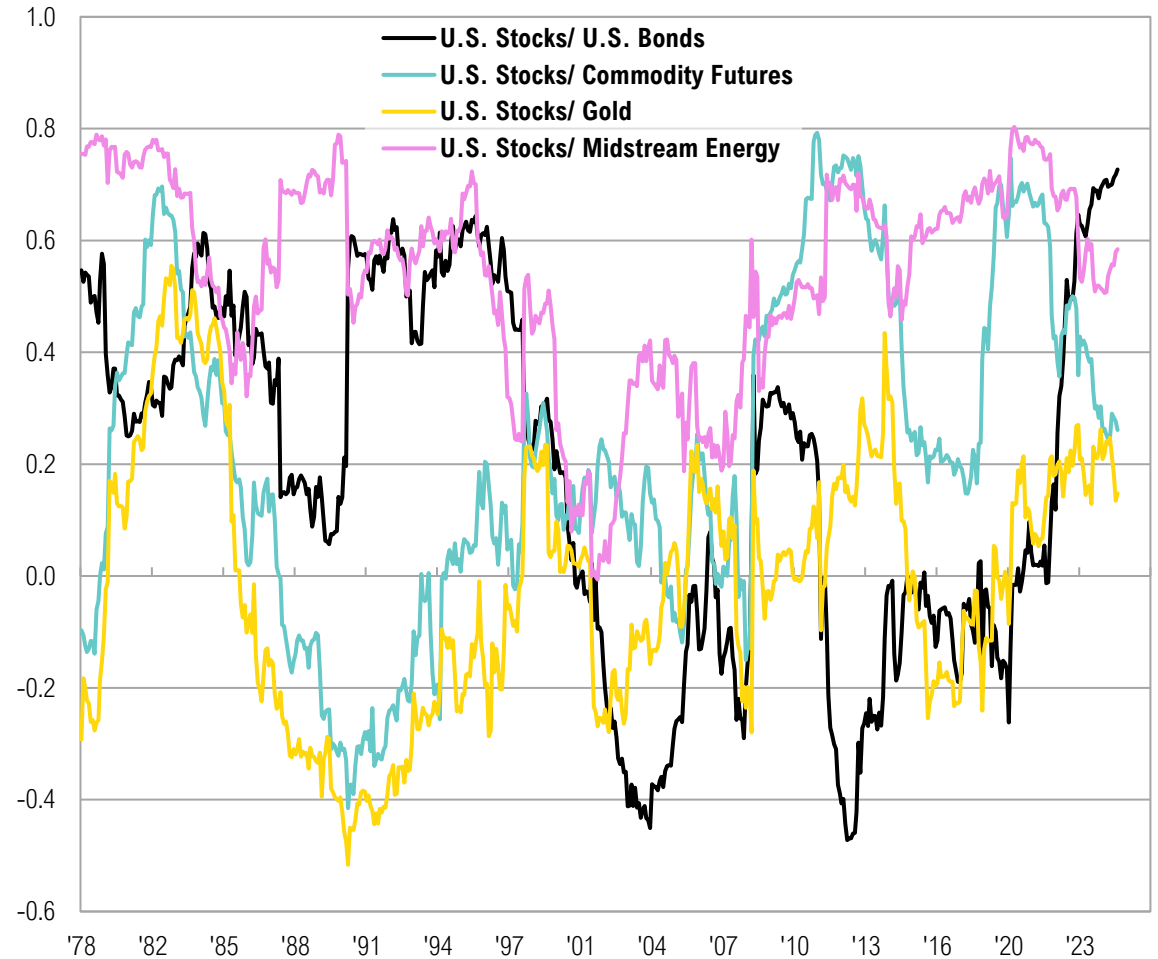
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➤ Bonds have recently provided less diversification benefits to stocks than other asset classes; this would likely require hard-landing fears to change

Correlation, Rolling 52-Week



Correlation, Rolling 3-Year



Source: Bloomberg. See appendix for asset class & index definitions. LHS as of 1/10/2025; RHS as of 12/31/2024.

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Even if not base case, returns during periods of stress (stagflation, bubble unwinds, banking crisis) *contrast so starkly* with the last 15 years that they should be considered

1970s Stagflation				Tech Bubble					GFC				**	Election
1972	1973	1974	1975	1999	2000	2001	2002	2003	2007	2008	2009	2010	Average	11/5/24
Gold 48.3%	Gold 73.5%	Gold 67.0%	U.S. Small Cap 52.8%	EM Stocks 57.6%	Midstrm Energy 45.7%	Midstrm Energy 43.7%	Commodities 25.9%	EM Stocks 55.8%	EM Stocks 39.4%	U.S. Interm Bds 5.2%	EM Stocks 78.5%	Midstrm Energy 35.9%	Gold 19.7%	Midstrm Energy 12.7%
Commodities 37.0%	Commodities 58.4%	Commodities 9.8%	U.S. Large Cap 37.2%	Intl Dev Stocks 27.0%	Commodities 31.8%	U.S. REITs 12.8%	Gold 24.0%	U.S. Small Cap 47.3%	Gold 31.6%	Intl Dev Bonds 4.4%	Midstrm Energy 76.4%	U.S. REITs 28.5%	Midstrm Energy 14.6%	Commodities 4.8%
Intl Dev Stocks 30.1%	U.S. REITs 20.2%	Cash 8.0%	Intl Dev Stocks 32.3%	Commodities 24.3%	U.S. REITs 26.8%	U.S. Interm Bds 8.4%	Intl Dev Bonds 22.4%	Midstrm Energy 44.5%	Commodities 16.2%	U.S. Muni Bds 4.2%	U.S. HY Bonds 58.2%	Gold 27.7%	Commodities 13.3%	U.S. Large Cap 2.6%
Midstrm Energy 20.3%	Cash 7.3%	EM Stocks 6.0%	Midstrm Energy 27.1%	U.S. Small Cap 21.3%	U.S. Interm Bds 11.6%	U.S. Muni Bds 5.5%	U.S. Interm Bds 10.3%	Intl Dev Stocks 38.6%	Midstrm Energy 12.7%	Gold 3.4%	Intl Dev Stocks 31.8%	U.S. Small Cap 26.9%	U.S. REITs 8.2%	Cash 0.9%
U.S. Large Cap 19.0%	Intl Dev Bonds 6.9%	U.S. REITs 4.8%	U.S. 60/40 24.7%	U.S. Large Cap 21.0%	U.S. Muni Bds 8.2%	U.S. HY Bonds 5.3%	U.S. Muni Bds 8.7%	U.S. REITs 36.7%	Intl Dev Stocks 11.2%	Cash 1.8%	U.S. REITs 28.6%	EM Stocks 18.9%	EM Stocks 5.9%	U.S. 60/40 0.9%
U.S. REITs 17.4%	U.S. HY Bonds 6.8%	U.S. Interm Bds 4.1%	U.S. HY Bonds 16.4%	U.S. 60/40 12.2%	Cash 6.1%	Cash 4.1%	U.S. REITs 3.6%	U.S. HY Bonds 29.0%	Intl Dev Bonds 11.0%	U.S. 60/40 -21.6%	Gold 27.6%	Commodities 16.8%	Intl Dev Bonds 5.9%	U.S. HY Bonds 0.6%
U.S. 60/40 12.2%	Midstrm Energy 5.8%	Intl Dev Bonds 2.9%	U.S. REITs 14.1%	Cash 4.8%	U.S. 60/40 -1.1%	U.S. Small Cap 2.5%	Cash 1.7%	U.S. Large Cap 28.7%	U.S. Interm Bds 7.0%	U.S. HY Bonds -26.2%	U.S. Small Cap 27.2%	U.S. HY Bonds 15.1%	U.S. Interm Bds 5.6%	U.S. Small Cap 0.3%
Intl Dev Bonds 9.4%	U.S. Muni Bds 4.8%	U.S. Muni Bds -5.6%	Intl Dev Bonds 8.7%	U.S. HY Bonds 2.4%	EM Stocks -1.6%	Gold 1.4%	U.S. HY Bonds -1.4%	Commodities 24.0%	U.S. 60/40 6.2%	U.S. Small Cap -33.8%	U.S. Large Cap 26.5%	U.S. Large Cap 15.1%	U.S. HY Bonds 5.0%	U.S. Muni Bds -0.4%
U.S. Small Cap 4.4%	U.S. Interm Bds 3.3%	U.S. 60/40 -14.6%	Cash 5.9%	Gold 1.2%	U.S. Small Cap -3.0%	EM Stocks -2.6%	Midstrm Energy -3.4%	Gold 21.7%	U.S. Large Cap 5.5%	Commodities -35.6%	Commodities 18.9%	U.S. 60/40 12.2%	U.S. Muni Bds 4.1%	U.S. Interm Bds -1.7%
Cash 4.2%	EM Stocks 3.3%	U.S. HY Bonds -17.2%	U.S. Interm Bds 5.6%	U.S. Muni Bds 0.6%	Intl Dev Bonds -3.9%	U.S. 60/40 -3.3%	EM Stocks -6.2%	Intl Dev Bonds 19.4%	U.S. Muni Bds 4.8%	Midstrm Energy -36.9%	U.S. 60/40 18.5%	Intl Dev Stocks 7.8%	Cash 3.8%	Gold -2.8%
U.S. HY Bonds 3.5%	U.S. 60/40 -7.7%	U.S. Small Cap -19.9%	U.S. Muni Bds 4.6%	U.S. Interm Bds -0.8%	U.S. HY Bonds -5.9%	Intl Dev Bonds -3.7%	U.S. 60/40 -9.5%	U.S. 60/40 18.6%	Cash 4.8%	U.S. Large Cap -37.0%	Intl Dev Bonds 7.5%	U.S. Interm Bds 6.6%	U.S. 60/40 2.7%	Intl Dev Stocks -4.3%
U.S. Muni Bds 3.2%	Intl Dev Stocks -10.7%	Midstrm Energy -20.8%	Commodities -0.8%	U.S. REITs -4.6%	Gold -6.3%	U.S. Large Cap -11.9%	Intl Dev Stocks -15.9%	U.S. Muni Bds 4.4%	U.S. HY Bonds 1.9%	U.S. REITs -38.0%	U.S. Muni Bds 7.2%	Intl Dev Bonds 4.9%	U.S. Small Cap 2.1%	Intl Dev Bonds -4.8%
U.S. Interm Bds 2.4%	U.S. Large Cap -14.7%	Intl Dev Stocks -25.4%	EM Stocks -12.9%	Midstrm Energy -7.8%	U.S. Large Cap -9.1%	Commodities -19.5%	U.S. Small Cap -20.5%	U.S. Interm Bds 4.1%	U.S. Small Cap -1.6%	Intl Dev Stocks -43.4%	U.S. Interm Bds 5.9%	U.S. Muni Bds 3.1%	Intl Dev Stocks 0.2%	U.S. REITs -4.9%
EM Stocks -27.2%	U.S. Small Cap -30.9%	U.S. Large Cap -26.5%	Gold -25.2%	Intl Dev Bonds -8.8%	Intl Dev Stocks -14.2%	Intl Dev Stocks -21.4%	U.S. Large Cap -22.1%	Cash 1.0%	U.S. REITs -16.8%	EM Stocks -53.3%	Cash 0.1%	Cash 0.1%	U.S. Large Cap -0.3%	EM Stocks -6.4%

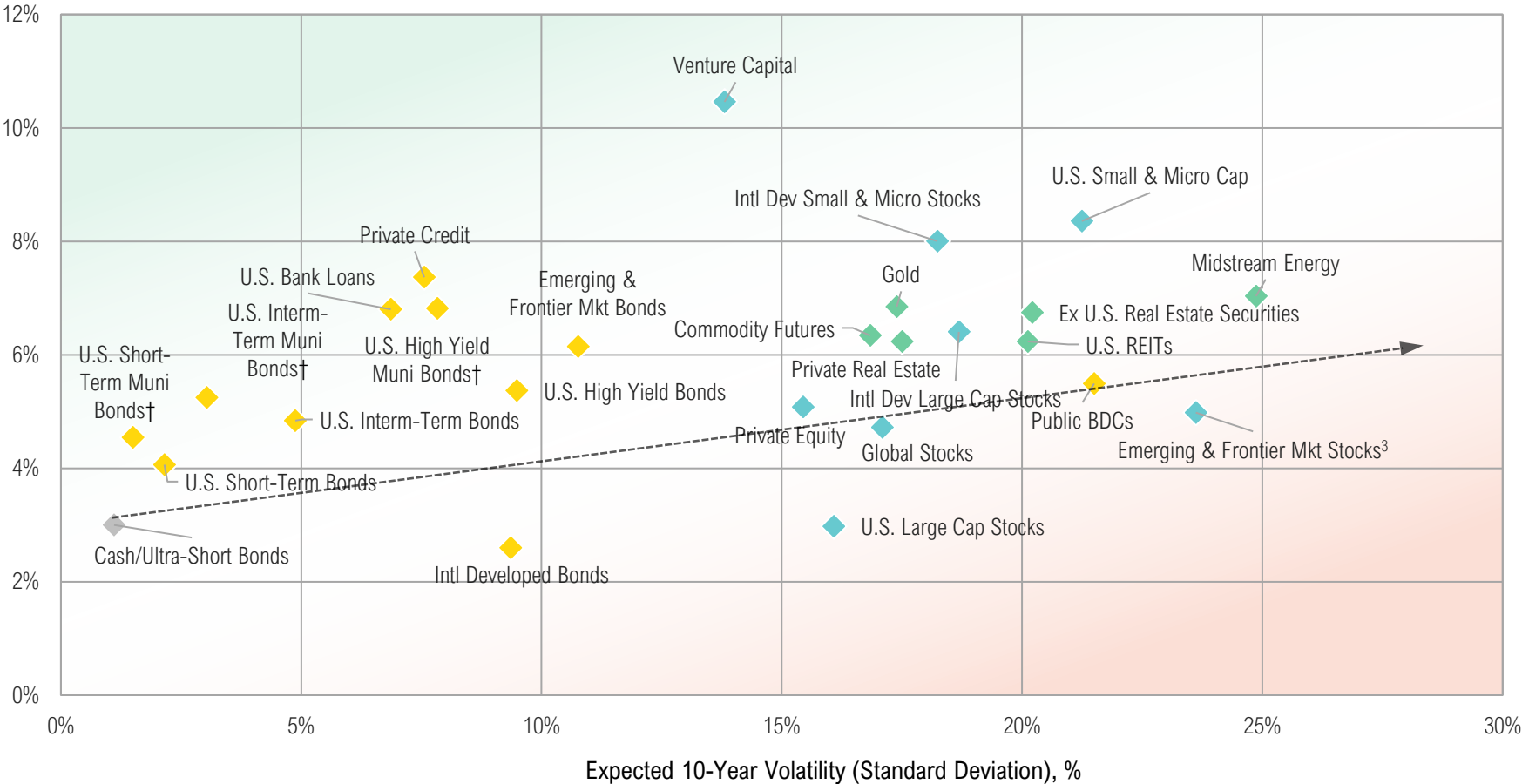
- U.S. 60/40
- U.S. Large Cap
- U.S. Small Cap
- Intl Dev Stocks
- Emerging Stocks
- U.S. Municipal Bonds
- U.S. Int-Term Bonds
- U.S. High Yield Bds
- Intl Dev Bonds
- U.S. REITs
- Commodities
- Gold
- Midstream Energy
- Cash

Source: Bloomberg, SpringTide. See disclosures for asset class, index and portfolio definitions. Returns are gross of fees. It is not possible to invest directly in an index. **Geometric average calculated on the years included to the left. Returns for periods longer than 1 year are annualized. Election returns as of 1/15/2025.

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Higher equity valuations have resulted in more muted long-term forward returns, with bonds and credit looking relatively more attractive

Expected 10-Year Gross Total Return, %



³ Estimated returns include impact of currency adjustment
† Reported on a taxable-equivalent basis assuming 35% marginal tax rate.

Source: Bloomberg, CA, Pitchbook, Morningstar, NAREIT, SpringTide calculations. Returns are gross of fees unless stated otherwise.

Asset Class	Expected Returns (%)	Expected Volatility (%)
Venture Capital	10.5	13.8
Digital Assets	8.7	29.5
Closed-End Funds	8.4	13.1
U.S. Small & Micro Cap	8.4	21.2
Intl Dev Small & Micro Stocks	8.0	18.2
Private Credit	7.4	7.6
Relative Value	7.3	4.7
Midstream Energy	7.0	24.9
Insurance-Linked Securities	6.9	4.4
Gold	6.9	17.4
U.S. High Yield Muni Bonds	6.8	7.8
U.S. Bank Loans	6.8	6.9
Ex U.S. Real Estate Securities	6.7	20.2
Intl Dev Large Cap Stocks	6.4	18.7
Commodity Futures	6.3	16.8
Private Real Estate	6.2	17.5
U.S. REITs	6.2	20.1
Emerging & Frontier Mkt Bonds	6.1	10.8
Long-Short Equity	5.8	7.9
Public BDCs	5.5	21.5
U.S. High Yield Bonds	5.4	9.5
U.S. Inter-Term Muni Bonds	5.2	3.0
Private Equity	5.1	15.4
Global Macro	5.1	6.4
Emerging & Frontier Mkt Stocks ³	5.0	23.6
U.S. Inter-Term Bonds	4.8	4.9
Global Stocks	4.7	17.1
U.S. Short-Term Muni Bonds	4.5	1.5
U.S. Short-Term Bonds	4.1	2.2
Cash/Ultra-Short Bonds	3.0	1.1
U.S. Large Cap Stocks	3.0	16.1
Intl Developed Bonds	2.6	9.4

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Appendix: Asset Class Definitions

Asset Class	Benchmark	Index	Start Date	End Date	Data Source
U.S. Large Cap Stocks	S&P 500 Index	S&P 500 TR Index	01/31/1970	n/a	Bloomberg, Ibbotson Associates, NYU/Stern
		IA SBBI US Large Stock TR Index	01/31/1926	12/31/1969	
		NYU/Stern S&P 500 TR	01/31/1920	12/31/1925	
U.S. Small & Micro Cap	Russell 2000 TR Index	Russell 2000 TR Index	01/31/1979	n/a	Bloomberg, Ibbotson Associates, SpringTide
		IA SBBI US Small Stock TR Index	01/31/1926	12/31/1978	
		SpringTide U.S. Small & Micro Cap Premium-Based Extension	01/31/1920	12/31/1925	
Intl Dev Stocks	MSCI EAFE NR Index	MSCI EAFE NR Index	01/31/1970	n/a	MSCI, NYU/Stern
		NYU/Stern Developed World Indices	01/31/1920	12/31/1969	
EM & Frontier Stocks	MSCI Emerging Markets NR Index	MSCI Emerging Markets NR Index	01/31/2001	n/a	MSCI, NYU/Stern
		NYU/Stern Emerging World Index (Price)	01/31/1920	12/31/2000	
Global Stocks	MSCI ACWI NR Index	MSCI ACWI NR Index	01/31/2001	n/a	MSCI, NYU/Stern
		NYU/Stern All World Index (Price)	01/31/1920	12/31/2000	
Venture Capital	Cambridge Venture Capital	Cambridge Venture Capital	01/01/1981	n/a	Cambridge, SpringTide
		SpringTide Venture Capital Premium-Based Extension	01/31/1920	12/31/1980	
U.S. Muni Bonds	Bloomberg Municipal 1-10Y Blend 1-12Y TR Index	Bloomberg Municipal 1-10Y Blend 1-12Y TR Index	07/31/1993	n/a	Bloomberg
		USA Municipal AAA Bonds Total Return Index (TRUSAMUM)	01/31/1920	06/30/1993	
U.S. Long-Term Bonds	Bloomberg US Long Gov/Corp TR Index	Bloomberg US Long Gov/Corp TR Index	02/28/1999	n/a	Bloomberg, NYU/Stern
		NYU/Stern US 30Yr Government Bond TR Index	01/31/1920	01/31/1999	
U.S. Interm-Term Bonds	Bloomberg US Aggregate Bond TR Index	Bloomberg US Aggregate Bond TR Index	01/31/1976	n/a	Bloomberg, NYU/Stern
		NYU/Stern US Total Return AAA Corporate Bond Index	01/31/1920	12/31/1975	
U.S. High Yield Bonds	Bloomberg US Corporate High Yield TR Index	Bloomberg US Corporate High Yield TR Index	07/31/1983	n/a	Bloomberg, Ibbotson Associates, SpringTide
		IA Bloomberg US HY Corporate Bonds	02/28/1926	06/30/1983	
		SpringTide U.S. High Yield Bonds Premium-Based Extension	01/31/1920	01/31/1926	
Intl Dev Bonds	Bloomberg Global Aggregate ex-USD TR Index	Bloomberg Global Aggregate ex-USD TR Index	01/31/1990	n/a	Bloomberg, NYU/Stern
		NYU/Stern All World ex-USA Government Bond Index	01/31/1920	12/31/1989	
U.S. REITs	MSCI US REIT GR Index	MSCI US REIT GR Index	01/01/1995	n/a	Bloomberg, Winans
		Winans US Real Estate Index (WIREI)	01/01/1920	12/31/1994	
Commodity Futures	Bloomberg Commodity TR Index	Bloomberg Commodity TR Index	01/31/1991	n/a	Bloomberg
		Thompson Jefferies CRB Core Commodity Total Return Index	01/31/1920	12/31/1990	
Midstream Energy	Alerian MLP TR Index	Alerian MLP TR Index	01/31/1996	n/a	Alerian, Bloomberg
		S&P 500 Energy Index	01/31/1946	12/31/1995	
		ExxonMobil Corp (XOM)	01/31/1920	12/31/1945	
Gold	LBMA Gold Price	LBMA Gold Price	02/29/1968	n/a	LBMA, Bloomberg
		New York Spot Bullion	01/31/1920	01/31/1968	
Cash/Ultra-Short Bonds	Bloomberg US T-Bill 1-3 Month TR Index	Bloomberg US T-Bill 1-3 Month TR Index	12/31/1991	n/a	Bloomberg, NYU/Stern
		NYU/Stern USA Total Return T-Bill Index	01/31/1920	11/30/1991	

Asset Class Benchmarks

Asset class performance was measured using the following benchmarks:

U.S. Large Cap Stocks: S&P 500 TR Index

U.S. Small & Micro Cap Stocks: Russell 2000 TR Index

Intl Dev Large Cap Stocks: MSCI EAFE GR Index

Intl Dev Small & Micro Stocks: MSCI EAFE GR Index

Emerging & Frontier Market Stocks: MSCI Emerging Markets GR Index

Global Stocks: MSCI ACWI GR Index

Private Equity: Cambridge Associates U.S. Private Equity

Venture Capital: Cambridge Associates U.S. Venture Capital

U.S. Interm-Term Muni Bonds: Bloomberg Barclays 1-10 (1-12 Yr) Muni Bond TR Index

U.S. High Yield Muni Bonds: Bloomberg Barclays High Yield Muni TR Index

U.S. Interm-Term Bonds: Bloomberg Barclays U.S. Aggregate Bond TR Index

U.S. High Yield Bonds: Bloomberg Barclays U.S. Corporate High Yield TR Index

U.S. Bank Loans: S&P/LSTA U.S. Leveraged Loan Index

Intl Developed Bonds: Bloomberg Barclays Global Aggregate ex-U.S. Index

Emerging & Frontier Market Bonds: JPMorgan EMBI Global Diversified TR Index

Public BDCs: S&P BDC Index

U.S. REITs: MSCI U.S. REIT GR Index

Ex U.S. Real Estate Securities: S&P Global Ex-U.S. Property TR Index

Private Real Estate: Cambridge Associates Real Estate

Commodity Futures: Bloomberg Commodity TR Index

Midstream Energy: Alerian MLP TR Index

Gold: LBMA Gold Price

Long-Short Equity: HFRI Equity Hedge Index

Global Macro: HFRI Macro-CTA Index

Relative Value: HFRI Relative Value Index

Closed-End Funds: S-Network Composite Closed-End TR Index

Insurance-Linked Securities: SwissRe Global Cat Bond TR Index

Digital Assets: MVIS CryptoCompare Digital Assets 25 Index

Cash & Cash Equivalents: Bloomberg Barclays U.S. T-Bill 1-3 Month TR Index

U.S. Short-Term Muni Bonds: Bloomberg Barclays Municipal 1-3 Yr TR Index

U.S. Short-Term Bonds: Bloomberg Barclays U.S. Agg 1-3 Yr TR Index

U.S. 60/40: 60% S&P 500 TR Index 40% Bloomberg Barclays U.S. Aggregate Bond TR Index

Global 60/40: 60% MSCI ACWI GR Index 40% Bloomberg Barclays Global Aggregate Bond TR Index