

INVESTMENT STRATEGY QUARTERLY

LETTER FROM THE
CHIEF INVESTMENT OFFICER
[page 2](#)

ECONOMIC SNAPSHOT
[page 16](#)

SECTOR SNAPSHOT
[page 17](#)

NEW EDITION:
UPDATED APRIL 10, 2025



DAWSON WEALTH MANAGEMENT LLC

www.dawsonwealth.com

**Since 1985*

Dawson Wealth Management LLC is not a registered broker/dealer and is independent of Raymond James Financial Services, Inc. member FINRA/SIPC.

The Five Key Themes to Watch in the Second Trump Administration ■ [page 4](#)
Tariffs, Deportations, and Deregulation ■ [page 7](#) Is the Golden Rule Overrated? A Case
for Industrial Metals ■ [page 10](#) Q&A: Tech, Tariffs, and Trades ■ [page 14](#)

Note: Due to significant policy shifts and subsequent market volatility following our original publication date of April 1, we have updated this publication as of April 10.



Letter from the Chief Investment Officer

Markets on the Clock

It's *draft season* for professional sports teams! From football to hockey to basketball, teams are gearing up to enhance their rosters, while athletes strive to boost their value and become key contributors. Although the excitement of draft night is unmistakable, the drafting process starts long before the player's name is announced on stage, and the true impact of a player may not be evident for years. Similarly, the investment world and portfolio construction share many parallels with the drafting process. So, let's explore our investment strategies through the lens of drafting.

Before draft night, athletes showcase their skills at the *combine* through drills like the 40-yard dash, vertical jump, and strength tests. Team scouts analyze these metrics, along with psychological evaluations, to gain an edge in drafting the best players. This combine process is analogous to our economic analysis, as the economy forms the foundation of our investment decision-making. Despite a few near-term headwinds, the talent of the US economy remains solid, and we do not see any signs of a recession developing.

However, with a new *commissioner*, the Trump administration, implementing fresh ground rules, there has been a significant uptick in uncertainty for both consumers and businesses. The main concern is economic policy uncertainty, especially regarding tariffs. The more aggressive tariff rollout will have a bigger negative impact on economic growth and inflation than we were originally anticipating. While the effective trade-weighted tariff should settle below the current 22.5% forecasted level (up from 2.5% at the beginning of the year), as negotiations gain steam, the final rate is likely to stay well above our original 10% estimate. However, avoiding the expiration of tax cuts and benefiting from deregulation later this year should help support growth.

While the one-time impacts of a harsh flu season, cold winter, and accelerated company imports to avoid tariffs weighed on first quarter growth, the significant increase in tariffs poses a greater challenge to the economy going forward. As a result, we have reduced our 2025 GDP forecast from 2.4% to ~1.0% as the downside risks to the economy increase, but a recession should be narrowly avoided. Healthy job growth, still solid consumer spending, continued AI investment, and a Federal Reserve poised to cut interest rates three times this year should keep the economic expansion going. These insights from our *economic scout team* guide our decision-making as we maintain constructive, positive views on most asset classes.

Now, the moment everyone has been waiting for: *the first pick* of the 2025 Investment Strategy Draft is in. The Investment Strategy team selects... US equities! Our reasoning is that the recent decline in the equity market has made valuations more reasonable, and we have confidence in their ability to grow earnings, especially with the addition of emerging stars from the artificial intelligence (AI) sector. We view the recent Tech sector weakness as a temporary setback, not reflective of the sector's strong fundamentals. However, the significant increase in tariffs will reduce growth and be a bigger drag on corporate margins. These downgrades have led us to lower our S&P 500 corporate earnings estimate to \$250-\$255 (from \$270), which still represents positive earnings growth of 4-6% in 2025. With our lower earnings forecast, we have reduced our year-end S&P 500 target to 5,800 (from 6,375) and recommend using any periods of weakness as buying opportunities. If our target is achieved, the equity market will have rallied strongly between now and the end of the year. Historically, the equity market has provided the best long-term performance among the major asset classes for building wealth.

Despite a challenging start to the year, we've decided to hold steady and not make any *trades* within our favored sectors: Information Technology, a highly skilled and potentially game-changing sector; Industrials, a reliable all-around player; and Health Care, our *sleeper pick* with high potential. From a market-cap perspective, we continue to prefer mid-cap stocks over small caps, which we are *red-shirting* as they need more time for the economy to develop further and for short-term interest rates to fall before becoming primary targets in our draft.

We're resisting the temptation to switch our preference from the US equity market to international equities, although some tout

Investment Strategy Quarterly is intended to communicate current economic and capital market information along with the informed perspectives of our investment professionals. You may contact your financial advisor to discuss the content of this publication in the context of your own unique circumstances. Published 4/10/2025. Material prepared by Raymond James as a resource for its financial advisors.

*Financial forecasts should NOT be considered a guarantee of future performance or a guarantee of achieving overall financial objectives. Expressions of opinion are as of this date and are subject to change. Past performance is not a guarantee or a predictor of future results.

European equities as the next great market to rebound. However, our analytics suggest that the fundamentals remain in favor of US equities, with greater earnings growth, profitability, less exposure to tariffs, and more dominant companies in the sectors we prefer, especially Technology. Additionally, the US has a better educational infrastructure, greater entrepreneurship, and significantly lower taxes compared to Europe. These dynamics should keep investment money flowing to the US and help maintain its premium valuations. Despite their significant outperformance year-to-date, emerging market equities have fallen down our *draft board* as they have yet to reflect the potential negative impact of increased tariffs. Caution remains prudent in the near term. Remember, sometimes it's the hype-induced trades that you don't make that benefit the team (and portfolio) in the end.

As the draft goes on, the excitement tends to fade until the last player is chosen, often called *Mr. Irrelevant*. While being the last pick may not seem glamorous, this nickname is a misnomer, as many players selected in that spot have gone on to become incredible contributors to their teams. In today's market, we believe the bond market deserves the title 'Mr. Relevant.' After years of record-low interest rates, with the 10-year Treasury yield briefly trading below 1%, the recent uptick in interest rates across the maturity spectrum has increased the income bonds can generate. Additionally, bonds have served as a diversifier and risk mitigator during the recent volatility in the equity markets, just as they have done consistently through time. The big question is whether the anticipated lifting of the debt ceiling this summer will cause a surge in government issuance that sends interest rates dramatically higher. We do not think so, as demand for government bonds remains healthy among retail investors, foreigners, and pension funds. With the downward revisions to our economic outlook, we have modestly

reduced our year-end 10-year Treasury yield forecast to 4.25% (from 4.50%). Our top picks in the bond market remain the high-quality sectors: Treasuries, investment-grade bonds, and municipals.

While professional sports drafts last just a few days, in the investment world, we're always *on the clock*, hunting for insights to build your portfolio. Pundits might grade draft picks immediately, but true success is revealed only years later. Recall how Tom Brady, arguably the best quarterback in history, was the 199th pick in the 2000 draft. Similarly, there are no guarantees in the near-term performance of any asset class. That's why a long-term perspective is crucial, allowing your portfolio to mesh like a *well-coached team*. Short-term, panic-driven decisions rarely help your overall goal. With volatility on the rise, maintaining the right asset allocation, a diversified portfolio, and a long-term horizon is key. Winning championships and successful investing both require strategy, patience, and resilience. Just as a championship team is built over time with careful planning and execution, a strong investment portfolio grows through disciplined decisions and a long-term vision. Remember, while you're the owner of your portfolio, let your advisor play the role of *general manager*, using their expertise to help you construct it. As Michael Jordan wisely said, "*Talent wins games, but teamwork and intelligence win championships.*"

Be patient and focused on the long term.



Lawrence V. Adam, III, CFA, CIMA®, CFP®
Chief Investment Officer

Investment Strategy Committee Members

Lawrence V. Adam, III, CFA, CIMA®, CFP® —Committee President,
Chief Investment Officer

Eugenio J. Alemán, PhD Chief Economist, Raymond James

Professor Jeremy Batstone-Carr European Strategist, Raymond James
Investment Services Ltd.*

James C. Camp, CFA Managing Director, Strategic Income,
Eagle Asset Management*

Doug Drabik Managing Director, Fixed Income Research

J. Michael Gibbs Managing Director, Gibbs Capital Management*

Nick Goetze Managing Director, Fixed Income Solutions

Nicholas Lacy, CFA Chief Portfolio Strategist, Asset Management Services

Joey Madere CFA Senior Portfolio Analyst, Gibbs Capital Management*

Tracey Manzi, CFA Senior Investment Strategist, Investment Strategy

Tavis McCourt, CFA Institutional Equity Strategist, Equity Research

Ed Mills Managing Director, Washington Policy Analyst, Equity Research

Pavel Molchanov Investment Strategy Analyst, Investment Strategy

Matt Orton, CFA Chief Market Strategist, Raymond James Investment Management*

Chief Investment Office

Anne B. Platt, AWMA®, AIF®, RICP®—Committee Chair, Vice President,
Investment Strategy

Lindsay Smith Investment Strategy Analyst, Investment Strategy

*An affiliate of Raymond James & Associates, Inc., and Raymond James Financial Services, Inc.

CFA® and Chartered Financial Analyst® are registered trademarks owned by CFA Institute. Investments & Wealth Institute™ (The Institute) is the owner of the certification marks "CIMA" and "Certified Investment Management Analyst." Use of CIMA and/or Certified Investment Management Analyst signifies that the user has successfully completed The Institute's initial and ongoing credentialing requirements for investment management professionals. Certified Financial Planner Board of Standards, Inc. (CFP Board) owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER®, and CFP® (with plaque design) in the United States, which it authorizes use of by individuals who successfully complete CFP Board's initial and ongoing certification requirements.



The Five Key Themes to Watch in the Second Trump Administration

Ed Mills, *Managing Director*, Washington Policy Analyst, Equity Research

With an aggressive start to his second term, we are monitoring a series of themes affecting the market impact of the Trump presidency. Among the key themes we are watching are President Trump's use of executive power, the playbook used in advancing his priorities, the upcoming fiscal fights in Congress, changes to the regulatory environment, and how market moves influence Trump's decision making and actions.



EXECUTIVE POWER

The cadence of executive actions at this stage in the administration is arguably unprecedented, with Trump signing executive orders and memos to direct key activities across issues including the border, trade, deregulation, energy, technology, and federal funding. The imposition of new tariffs during the second Trump administration has largely been through the novel application of existing presidential authorities, and he has sought to use these authorities to aggressively pursue policy concessions

The cadence of executive actions at this stage in the administration is arguably unprecedented, with Trump signing executive orders and memos to direct key activities across issues including border, trade, deregulation, energy, technology, and federal funding.

from foreign trading partners and generate new federal revenues as part of the broader government funding debate—which includes cuts to federal spending.

On the issue of federal spending, we see a debate over 'the power of the purse' to be a signature debate of 2025, likely decided by the Supreme Court. The Constitution gives Congress the 'power of the purse' (i.e., the authority to dictate federal funding/appropriations levels), and existing statute limits the ability of the president to restrict or rescind appropriated funds. The adminis-

tration has sought to test executive authority in this area through the issuance of memos withholding funding and agency closures, which were quickly met with legal challenges. The activities of the Department of Government Efficiency (DOGE) are another key issue to monitor on this front.

In 1974, after a battle over federal funding with the Nixon administration, Congress passed the Impoundment Control Act, which limits the ability of a president to restrict (impound) funding appropriated by Congress. This law will be tested in this fight, potentially establishing new parameters of executive power related to the distribution of appropriated funds.



THE TRUMP 2.0 PLAYBOOK

Several of Trump's second-term actions to date have revealed a pattern that is likely to characterize many of the policy fights of the next four years. President Trump frequently makes bold policy announcements that move the political goal posts and expectations for policy outcomes. These bold announcements elicit pushback or concern for unintended consequence, and frequently the final outcome is less than initially proposed (but also more than originally expected).

Given this playbook, in many cases items #2 or 3 on the proverbial agenda will ultimately be what is implemented.



FISCAL FIGHTS

The pending expiration of the 2017 Tax Cuts and Jobs Act (TCJA) (i.e., the tax changes of the first Trump administration) will be a core vehicle through which many of the top Trump agenda items will be passed into law. With the individual tax rates implemented by the 2017 law expiring at the end of the year, Congressional Republicans have begun the process of extending the individual provisions of the TCJA, implementing new tax exemptions, and authorizing \$300 billion in defense and border spending through the budget reconciliation process. The specifics of the reconciliation bill (which allows Congress to pass fiscal legislation with a simple majority and avoid the 60-vote Senate threshold) have been and will continue to be a moving target, but our base case remains that the individual provisions will be extended—potentially on a permanent basis.

A key part of this debate will be the extent to which Congressional Republicans reduce federal spending to offset the cost of extending the 2017 tax cuts and increased spending on defense and immigration. Under the House-passed resolution, Republicans are targeting the reduction of up to \$2 trillion in spending

President Trump frequently makes bold policy announcements that move the political goal posts and expectations for policy outcomes.

over the next decade. The details are still being debated, but in a document circulated for input, reductions in Medicaid, student loans, and subsidies from the Inflation Reduction Act (which funds clean energy programs) are among the changes that represent the largest dollar amounts.

Additions to the TCJA that are being promoted by President Trump and are likely to be added to the bill include no tax on tips, Social Security, and overtime. Increases to the \$10,000 cap on state and local taxes and the revival of corporate tax incentives supporting R&D and capital expenditure are also likely additions.

The need to increase the debt ceiling, following the expiration of the current debt ceiling suspension in January, is a live issue to watch. We expect the X-date (when the government can no longer fulfil its debt service obligations using 'extraordinary measures') to fall sometime in late spring/early summer. The closer Congress approaches the X-date without raising the debt ceiling, the higher the headline risk and associated market volatility. House Republicans included a \$4 trillion increase in the debt ceiling in their budget reconciliation proposal and the need to lift the ceiling before the X-date, may prove to be a catalyst to finalize the reconciliation process.



FUNDAMENTAL SHIFTS IN THE REGULATORY LANDSCAPE

President Trump has promised an aggressive deregulatory agenda in his second term. While President Trump pushed for deregulation in his first term, the lasting impact was less than expected. In his second term, changes ushered in by the Supreme Court and the creation of DOGE are likely to produce larger changes and more lasting outcomes. In the last several years, several Supreme Court decisions have made it easier to challenge existing regulators or place restrictions on regulators as they develop new rules. These decisions will help usher in a more robust deregulatory agenda in Trump's second term. We view these changes as most impactful on heavily regulated industries, such as financials, healthcare, energy, and telecommunications.

Central to the administration's deregulatory agenda has been the establishment of DOGE, led by Elon Musk, examining federal spending agency by agency. President Trump has expanded the scope of DOGE beyond cost-cutting, to include a review of federal agency workforces and the function of federal employees. During this examination, DOGE is expected to seek reductions in activities of regulatory agencies it views as outside the statutory scope of the agency—which would usher in a reduction in regulatory infrastructure.

In antitrust, personnel appointments and firings are shaping policy direction. The nominations of Gail Slater as DOJ Antitrust AAG nominee and Andrew Ferguson as FTC Chair have signaled a shift from the antitrust enforcement seen during the Biden administration. The firing of two Democratic commissioners, which is being challenged in the courts, raises questions of the future of the FTC as a functional agency. While scrutiny of 'Big Tech' is expected to continue, according to the statements of the nominees and the effort to remove the Senate confirmed Democratic commissioners raise questions on the future activities of the antitrust activities.

Within financials, Trump's reelection has triggered the largest changeover among federal regulators in US history, with personnel driving policy across agencies. Changes at the Department of the Treasury, Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), and Consumer Financial Protection Bureau (CFPB) are ushering in a deregulatory agenda. Among the actions we have followed is the shelving of draft rules that would have raised capital standards for the banking industry and removal of guidance that added scrutiny to the approval process for bank mergers. With this change, we anticipate increased bank M&A activity, particularly among community and regional banks.



WHAT IS THE 'TRUMP PUT' IN TRUMP 2.0?

During his first term, there was a discussion in financial markets about a potential 'Trump put' on the stock market. The idea behind this discussion was that President Trump would monitor the stock market reaction to his policies and if the market reacted negatively, he would reverse course. The volatility following the tariff announcements has raised the question: what exactly is the 'Trump put' in his second term?

According to statements from President Trump and Treasury Secretary Scott Bessent, the preferred indicator for gauging the

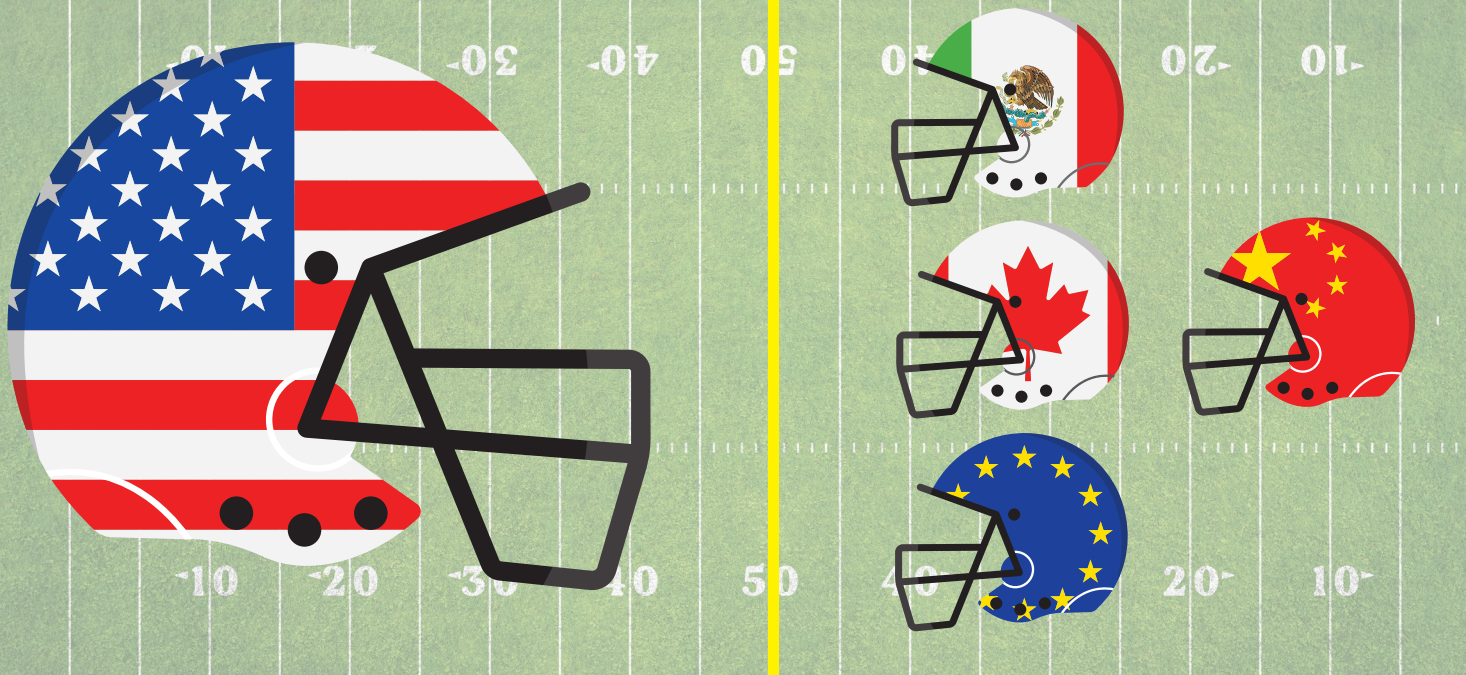
economic impact of administration policies is the 10-year Treasury yield. The 10-year Treasury yield is an important financial instrument that has a significant impact on the price of credit for consumers. Mortgages and other consumer loans are priced based upon the yield of the 10-year Treasury. When the yield goes up, credit becomes more expensive. When yields go down, the cost of credit becomes less expensive.

From a Washington perspective, the 10-year Treasury also reflects expectation of economic growth as well as the trajectory of government debt and spending. The efforts of DOGE to cut spending and the potential to collect more revenue through tariffs could be arguments to support lower yields. Conversely, higher debt projections from extending the 2017 tax changes (without budget offsets) and the potential negative economic impact of tariffs could cause yields to rise. Should President Trump and Treasury Secretary Bessent use Treasury yields as a barometer of success, that could force some moderation to policy.

The aggressive start to his second term has made the policy decisions of President Trump a driving force of market sentiment and volatility. While we expect the 2017 tax changes to be extended and a more robust deregulatory agenda, the use of executive powers and the ability for President Trump to single-handedly dictate key policy outcomes will add to market volatility in 2025. ■

KEY TAKEAWAYS

- Among the key themes we are watching are President Trump's use of executive power, the playbook used in advancing his priorities, the upcoming fiscal fights in Congress, changes to the regulatory environment, and how market moves influence Trump's decision making and action.
- We see a debate coming over 'the power of the purse.' This could be the signature debate of 2025, likely decided by the Supreme Court.
- President Trump frequently makes bold policy announcements that move the political goal posts and expectations for policy outcomes. These bold announcements are often walked back resulting in the final outcome being less than initially proposed (but also more than originally expected).



Tariffs, Deportations, and Deregulation

Eugenio J. Alemán, PhD, *Chief Economist*, Raymond James
Giampiero Fuentes, CFP®, *Economist*, Raymond James

In 2025, President Donald Trump's administration is taking bold steps in three key areas: tariffs, deportations, and deregulation. The reinstatement of the 25% tariff on steel and aluminum imports aims to protect American industries from unfair trade practices while generating increased federal tax revenues. Simultaneously, deportations have intensified, with economic and social impacts, particularly in regions with large undocumented immigrant populations. On the regulatory front, a new executive order mandates the elimination of ten regulations for every new one introduced, aiming to reduce bureaucratic burdens and stimulate economic growth. These measures reflect the administration's commitment to reshaping the US economic landscape, though they have sparked considerable debate and controversy.

TARIFFS

President Trump's tariff threats have been a hallmark of his trade policy, aimed at addressing what he perceives as unfair trade practices by other countries. During his first term as president, he imposed tariffs on \$380 billion of imported goods, including solar panels, washing machines, steel, and aluminum. At the time, these actions led to retaliatory tariffs from affected countries but had a small impact on US GDP growth. However, in the current term, the potential impact is likely to be more meaningful. In fact, as of the time of this writing, Trump imposed tariffs on imports from all trading partners, arguing that these measures are necessary to protect American industries and jobs, as well as obtain better trade deals by pressuring countries into reducing their tariffs on US goods.

In 2024, the effective US tariff rate was ~2.5% and we believe that's likely to increase to 15% to 20%.

In 2024, the effective US tariff rate was ~2.5% and we believe that's likely to increase to 15% to 20% once negotiations are finalized, as we believe the tariffs on Canada and Mexico will not remain in place for the long haul. From a top-down perspective, we expect US GDP growth could be reduced as much as 1.4 percentage points resulting from an approximately 20 percentage point increase in US average tariffs. On the other hand, we believe that for each 1% increase in

the effective tariff rate, we could see inflation increasing by 0.1 percentage points, mostly driven by three items: food (including vegetables and meats), energy, and transportation, which combined make up one-third of the entire Consumer Price Index.

DEPORTATIONS

President Trump began emphasizing deportations early in his political career, frequently discussing cracking down on illegal immigration and deporting millions of undocumented immigrants in the 2016 presidential campaign. During his first term, over two million people were removed according to the Department of Homeland Security (DHS). Fast forward to 2025: President Trump enacted numerous executive orders, deployed additional troops on the border, revoked temporary protections from deportation, and more. While these actions have made headlines, the reality is that at the time of this writing, there were only ~20,000 deportations according to the DHS, which are a small fraction of the 11 to 13 million illegal immigrants estimated to be in the country.

However, we do believe that President Trump's mass deportation plans could be delayed, as there are significant legal, logistical, and financial barriers. First, the Trump administration is already facing several legal barriers, ranging from pushback on birthright citizenship to being sued over the fast-track deportation policy. Second, there are numerous logistical barriers, such as the large backlog of

Deportation Financial Barriers

Cost to arrest:	Cost to detain:	Total cost for one undocumented immigrant: ~\$20k
\$6,736	\$12,023	
Cost of legal process:	Cost of removal:	
\$1,719	\$1,479	

Average cost over ten years if **10 million** immigrants (out of the estimated 11-13 million) are deported:

~\$200 billion



Currently, the US only has enough detention space for fewer than **50,000** immigrants.

Cost to build **216** new facilities:

\$66B/year

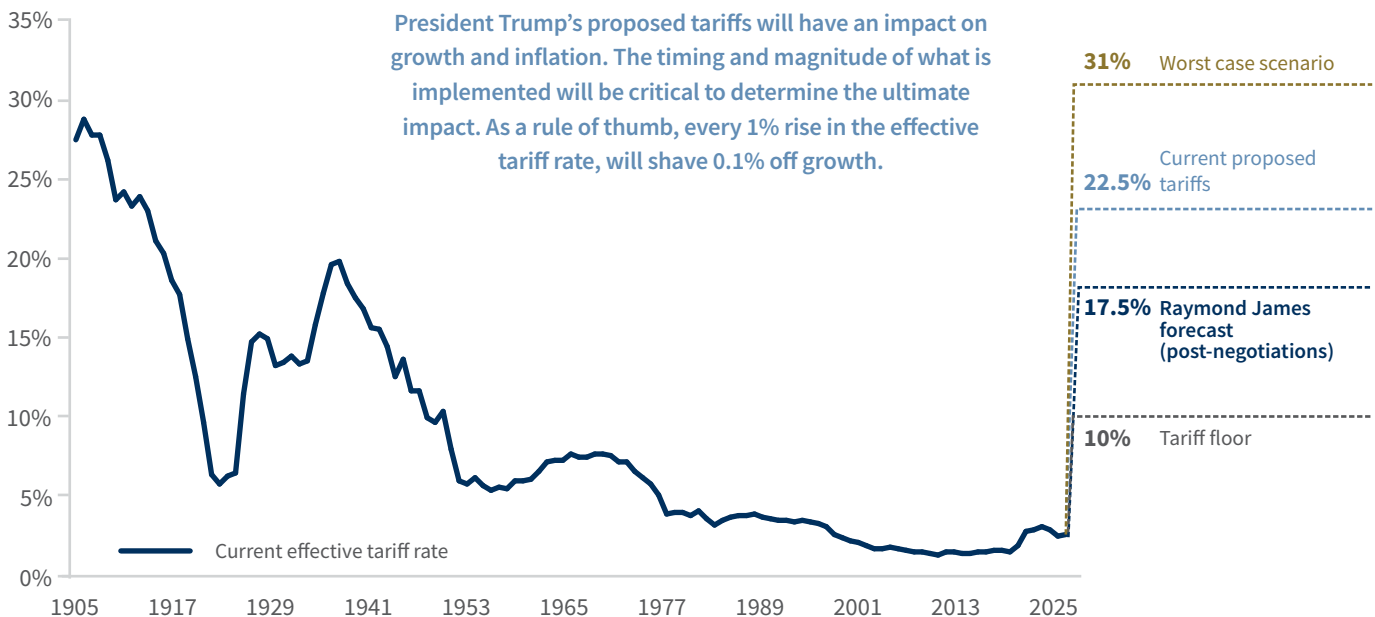
Maintenance cost for **one** facility:

\$47M/year

10-year cost: ~\$1 trillion

Sources: American Immigration Council and U.S. Immigration and Customs Enforcement

Effective Tariff Rate Will Rise When Tariffs Are Implemented



Source: FactSet, as of 4/8/2025

current immigration cases, which stands at 3.6 million and the lack of manpower required to arrest 1 million people a year. Lastly, there are significant financial barriers as shown in infographic to the left.

DEREGULATION

Correctly approached, deregulation is one of the policies that has the highest potential to generate higher investment as well as higher productivity across industries. Higher investment and higher productivity would tend to increase the economy's potential growth. The recent increase in investments and/or commitments to invest in artificial Intelligence (AI) is one of those potentially transformative investments that will drive the US economy during this century and into the next.

However, deregulation's effects are also very difficult to measure. Although firms across many industries are always complaining about being overregulated, some of the worst crises over the last several decades, i.e., the Savings and Loans crisis in the 1980s, the Dot Com bust in the early 2000s, the Great Recession in 2008, etc., have been partially blamed on the lack of an effective regulatory environment.

In some industries, more regulation may be the price to pay for some government protections. This is the case of the banking industry, which is a protected industry due to the important role it plays in 'lubricating' the US economy. The defense industry is also regulated and highly protected due to its vital role in our country's security. However, governments often tend to overregulate and reducing or making these regulations more efficient and less onerous on companies could lower costs and increase efficiency.

The most important argument for deregulating has to do with lowering the costs of doing business in an industry because it induces competition and enhances productivity. However, tariffs tend to just do the opposite, as they increase barriers to entry into an industry and render that industry less competitive. Thus, there is a trade-off between the imposition of tariffs and the drive for less regulation, which policymakers must be aware of when implementing policies.

BOTTOM LINE

Tariffs have had negative impacts on economies, increasing costs of goods imported and the costs of doing business. However, we believe that even if there is a reduction in economic growth, the US economy will still likely grow close to its potential output of 1.8% in 2025. On the other hand, higher tariffs are likely to lead to

The most important argument for deregulating has to do with lowering the costs of doing business in an industry because it induces competition and enhances productivity.

higher prices, but unless trade wars escalate, the inflationary impact should be contained and—most importantly—temporary.

From a deportation perspective, we believe there are several risks surrounding inflation and the labor market, but we also believe those fears are overblown, as mass deportations are unlikely to occur to the extent that was originally expected. Additionally, while advancements in AI are unlikely to replace construction and agricultural workers, they are likely to replace higher-paid workers while releasing some of them to look for new opportunities in other industries.

Deregulation has the highest probability of making the largest impact on economic activity as it reduces barriers to competition and improves efficiencies, which tend to increase productivity. ■

KEY TAKEAWAYS

- President Trump's administration is taking bold steps in three key areas: tariffs, deportations, and deregulation.
- The impact of tariffs is likely to be greater now than in the first Trump administration.
- The effective tariff rate could move from ~2.5% to 15% to 20% resulting in a decrease in GDP from our 2.4% target to approximately 1%. Inflation could also increase mostly driven by food, energy and transportation which together make up a third of the CPI basket.
- Deregulation is one of the policies that has the highest potential to generate higher investment as well as higher productivity across industries. Higher investment and higher productivity would tend to increase the economy's potential growth.



Is the Golden Rule Overrated? A Case for Industrial Metals

Pavel Molchanov, *Investment Strategy Analyst*, Investment Strategy

If you are looking to invest in metals, chances are gold is what comes to mind first. As headline-grabbing as gold and other precious metals may be, however, they are not the ‘be all, end all.’ Industrial metals tend to get less attention, but they offer something precious metals rarely do: sustained expansion in global demand. In this article, we will delve into the fundamentals of three key metals in the industrial category: steel, copper, and lithium. While the companies focused on mining and processing metals are found in the Materials sector, let’s underscore that every sector of the economy depends to varying degrees on a reliable supply of these products.

PRECIOUS VERSUS INDUSTRIAL METALS: WHAT’S THE DIFFERENCE?

The main precious metals—gold, silver, and platinum—are best known for their uses in jewelry, with gold also playing a key role in central bank reserves and private bullion investments. Tiny amounts of precious metals make their way into everyday

products, but quantities of industrial metals are far greater. Iron ore and steel stand out for their colossal volumes—billions of metric tons—but even setting those aside, there are many other industrial metals, each with its own set of applications.

The table to the right shows how prices and volumes of each of the metals have changed over the past five years, versus the pre-COVID baseline. Green shows increases, red shows declines. Prices, of course, always exhibit short-term volatility. Trends in volumes are less visible from day to day. For most metals, the rule of thumb is that global production in any given year is roughly equal to global demand. Here is the distinction between industrial and precious metals: volumes of the former are up almost across the board, whereas for the latter they are flat to down. This point is often underappreciated by investors, who tend to focus on price movements.

STEEL: A PROXY FOR THE CHINESE ECONOMY

More than a century ago, US Steel became the world’s first corporation to reach a billion-dollar market cap. Shortly after World War II, what is now the European Union was founded as the European Coal and Steel Community. Nowadays, the steel industry is far down the

Key Statistics Precious and Industrial Metals

	Global Production (thousands of metric tons)		Benchmark Pricing		Major Supply Sources
		2024 (change from 2019-2024)		Year End 2024 (change from 2019-2024)	
Precious metals	Gold	3 (0%)	\$/troy ounce	\$2,642 (81%)	China, Australia, Russia
	Platinum	0.2 (-6%)	\$/troy ounce	\$947 (6%)	South Africa, Russia, Zimbabwe
	Silver	25 (-7%)	\$/troy ounce	\$30.60 (85%)	Mexico, China, Peru
Industrial Metals (Batteries)	Cobalt	290 (107%)	\$/metric ton	\$24,300 (-30%)	DR Congo, Indonesia, Russia
	Graphite	1,600 (45%)	\$/kg	\$2.07 (25%)	China, Madagascar, Mozambique
	Lithium	240 (179%)	CNY/metric ton	¥78,400 (54%)	Australia, Chile, China
	Manganese	20,000 (5%)	CNY/metric ton	¥29.25 (-7%)	South Africa, Gabon, Australia
	Nickel	3,700 (37%)	\$/metric ton	\$15,758 (17%)	Indonesia, Philippines, Russia
Industrial Metals (Other)	Aluminum	72,000 (13%)	\$/metric ton	\$2,607 (48%)	China, India, Russia
	Chromium	47,000 (7%)			South Africa, Kazakhstan, Turkey
	Copper	23,000 (13%)	\$/lb	\$4.08 (49%)	Chile, Peru, DR Congo
	Iron Ore	2,500,000 (0%)	\$/metric ton	\$105.32 (19%)	Australia, Brazil, China
	Rare Earths	389 (78%)			China, US, Australia
	Silicon	9,700 (39%)			China, Russia, Brazil
	Steel	1,900,000 (0%)	CNY/metric ton	¥3,340 (-12%)	China, India, Japan

Source: U.S. Geological Survey, Trading Economics, Business Analytiq, Raymond James Equity Research

Chinese Steel Rebar Futures (CNY/Metric Ton)



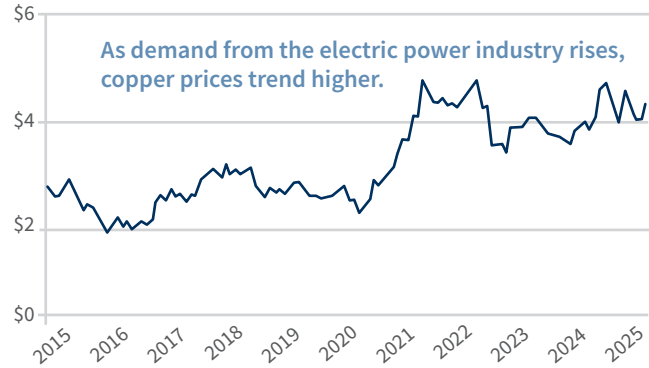
Source: Trading Economics

list of the world's major industries, but it is still the case that steel plays a vital role in everyday life. Half of the world's steel is used in construction: high-rise buildings, bridges, pipelines, and other infrastructure. Most of the other half is used to manufacture machinery, such as vehicles, aircraft, ships, and construction equipment.

The raw material for steel is iron ore, which is mined all over the world, with the top sources being Australia (37% of volumes in 2024), Brazil, China, and India. When it comes to turning iron ore into steel, via a process called smelting, China is the dominant player. In fact, the key benchmark for the steel market reflects Chinese pricing, as shown in the chart. China accounts for half of global steel supply as well as demand, bearing in mind its massive amount of construction and industrial development over the past half-century. More recently, the Chinese economy has slowed, and the hard-hit real estate sector is weighing on construction activity. This is why global steel volumes in 2024 were unchanged from five years ago—after growing during the previous decade—and steel prices are down sharply from their COVID-era highs. For anyone investing in steel or iron ore, the number one factor to keep in mind is the pace of the Chinese economic recovery.

In the US, the newly imposed 25% tariff may reduce steel demand, but the US is only 4% of the market.

Copper Futures (\$/lb)



Source: Trading Economics, Raymond James Equity Research

COPPER: ESSENTIAL FOR AN ELECTRIFIED WORLD

In volume terms, the copper market equates to only 1% of the steel market, but that understates the importance of copper for the modern economy. The electric power industry as we know it would not exist without large quantities of copper. Half of the world's copper is used to manufacture electrical wire and cable conductors: as a rule of thumb, one metric ton of copper supports the electric grid for thirty homes. Copper is also used in many other types of electrical products, from smartphones to hearing aids. As the economy becomes even more electrified—which includes the buildout of AI data centers and the mainstreaming of electric vehicles—the copper market is poised to sustain healthy growth, following an increase of 13% from 2019 to 2024. In general, we anticipate copper demand growing broadly in line with global GDP.

Copper mining is diversified geographically: Chile is ranked first (23% of volumes in 2024), followed by Peru, the Democratic Republic of Congo, and China. Similar to the point we made about iron ore and steel, copper also needs to be smelted. In this part of the value chain, China is again the dominant player, with other countries having a much smaller presence. However, the copper market is less sensitive to the Chinese economic backdrop, as can be seen from the relatively stable copper prices in recent years.

“ Half of the world's copper is used to manufacture electrical wire and cable conductors: as a rule of thumb, one metric ton of copper supports the electric grid for thirty homes. ”

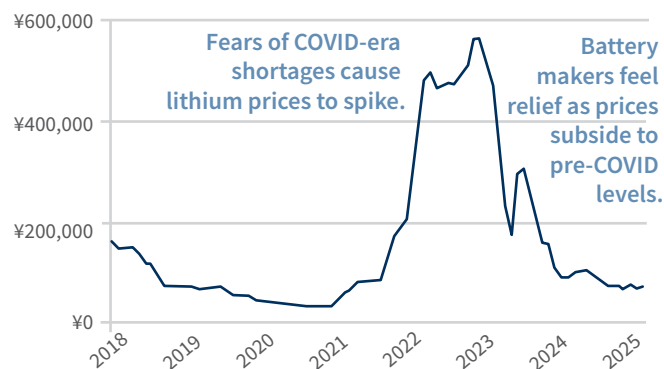
Electrification is a worldwide megatrend, and a sizable portion of the copper processed in China ends up in products that are used abroad. All that being said, there is no avoiding some economic cyclicity with copper, given that infrastructure investment and other end markets tend to slow under recessionary conditions. In the US, copper users are pre-buying in advance of the White House's widely expected tariff decision.

LITHIUM: YOU CAN'T SPELL 'TESLA' WITHOUT 'L'

Lithium stands out for being the world's fastest-growing metal: volumes tripled from 2019 to 2024. Lithium is the most direct play on the boom in lithium-ion batteries. Nearly 90% of lithium goes into the battery market, compared to 30% a decade ago. Interestingly, the largest portion (by weight) of a typical lithium-ion battery is actually not lithium—that distinction belongs to nickel. However, nickel is a much more widely used metal, which means that battery demand is less needle-moving for nickel in relative terms. The other key metals for the battery market are cobalt, graphite, and manganese. The pace of growth in electric vehicle sales can be lumpy from year to year, which translates into commensurate lumpiness in lithium demand, but we generally envision mid-teens annual growth. Lithium prices are more volatile than what these growth rates might suggest. As shown in the chart, spot pricing in the lithium market experienced a stunning spike during COVID but then posted a similarly steep drop. To clarify, most lithium is sold via multi-year contracts, but the spot market certainly influences how the shares of lithium companies trade on a day-to-day basis.

With 37% of volumes in 2024, Australia is the largest source of raw lithium, followed by Chile, China, and Argentina. Lithium in Australia is mined the traditional way, whereas in South America it is extracted via brines (mineral-rich groundwater that comes onto the surface). Growth in the lithium market also explains why there is so much exploration activity in countries that historically had little to no production, including the US, Canada, and Brazil. Echoing what we wrote about steel and copper, China is the dominant player in lithium refining, handling three-quarters of this work. China also accounts for a similar portion of lithium-ion battery manufacturing, and well over half of the world's electric vehicles are produced in China. China's dominance across this value chain has raised plenty of eyebrows in the US and Europe, with governments pushing for reshoring, i.e., shifting production domestically. This will be a marathon rather than a sprint: in the US, there are only two lithium processing plants (one in Nevada, one in North Carolina) currently in operation, with a third (in Oklahoma) in construction. For the time being, US automakers are highly dependent on lithium from China, which, alongside all other Chinese goods, is subject to hefty new tariffs.

Chinese Spot Pricing of Lithium Carbonate (CNY/Metric Ton)



Source: Trading Economics, Raymond James Equity Research

BOTTOM LINE

Along with other commodities, metals can be part of a diversified portfolio. It is important for investors to be aware of both the opportunities and the risks. Prices of precious metals, especially gold, are highly influenced by central bank actions around the world. Industrial metals typically exhibit faster growth in volumes but are tied to what's happening in the Industrial sector and economic cyclicity more broadly. Across the board with metals, geopolitical dynamics and operational risks in the mining industry are also worth keeping in mind. ■

KEY TAKEAWAYS

- Industrial metals—such as steel, copper, and lithium—tend to get less attention than precious metals, but they offer sustained expansion in global demand.
- In China, which accounts for half of global steel supply as well as demand, the hard-hit real estate sector is weighing on construction.
- Copper plays a central role in building out the electric grid, making it vital for the electrification megatrend.
- Lithium, with the fastest volume growth across all metals, represents a play on the battery market.



Q&A: Tech, Tariffs, and Trades

Matt Barry, CFA, *Senior Investment Strategist*, Investment Strategy

Mike Payne, *Investment Strategy Analyst*, Investment Strategy

Q: Technology has been underperforming the broad market year-to-date. What are your thoughts on the sector?

A: After posting stellar returns over the last two years (56% in 2023, 36% in 2024), the Technology sector is off to a more volatile start in 2025 (declining 22% YTD). We believe recent weakness in the Technology sector is primarily dedicated to de-risking by investors given renewed economic uncertainty rather than skepticism on fundamentals, valuations, or the potential of AI. In fact, despite AI competition by China's DeepSeek which markets initially believed could interrupt AI investment momentum in the US, US hyperscalers increased capex forecasts related to AI infrastructure investment in 4Q24 which is now expected to exceed \$300B in 2025. In addition to robust fixed investment in AI infrastructure, monetization is improving across AI products and services (evidenced by record AI mentions on conference calls during the 4Q24 earnings season) which should support the sector's fundamentals in 2025 and beyond. In aggregate, the Technology sector is expected to post 19% EPS growth in 2025—the highest of any sector, along with the highest revenue growth (12%) and net margins (27%).

Strong fundamentals should warrant a valuation premium relative to other sectors which is often the largest pressure point of the Technology sector. At 22x NTM EPS, valuations appear rich relative to the S&P 500 NTM P/E of 18x. However, this premium is currently at the lowest level since January 2023. Additionally, alternative valuation metrics tell a different story. For example, the forward PEG ratio, or the P/E relative to expected earnings growth, of the Technology sector is 1.5x compared to 1.7x for the S&P 500. Therefore, we believe the valuation premium of Technology relative to other sectors and the market broadly is well warranted and reflects superior fundamentals rather than overvalued equities. We remain overweight the Technology sector until the fundamental supremacy story changes which we don't believe will occur in 2025.

Q: How important are tariffs to the overall market? Do they impact your forecasts?

A: Heightened trade uncertainty following the election has led to increased volatility in the equity market as investors try to discern the tangible impact to corporate profitability from tariffs. Conceptually, we are focusing on two major impacts to

earnings: the impacts of increased costs on margins and demand impacts on sales growth. However, given that market participants and management teams alike cannot predict how long the tariffs will be in place nor the future reactions from other nations, tangible guidance remains limited. Markets have a well-documented aversion to uncertainty, often preferring even unfavorable outcomes over the lack of clear direction, which has been the main driver of the recent volatility.

Based on what we know today, our economists estimate that recently announced tariffs could increase the effective trade-weighted tariff rate to around ~22.5%, but the final rate will be negotiated down and settle below that. Due to the impact on both sales and margins, we expect 2025 S&P 500 earnings to be ~\$250-\$255, or a 5-6% hit from our initial forecast of \$270.

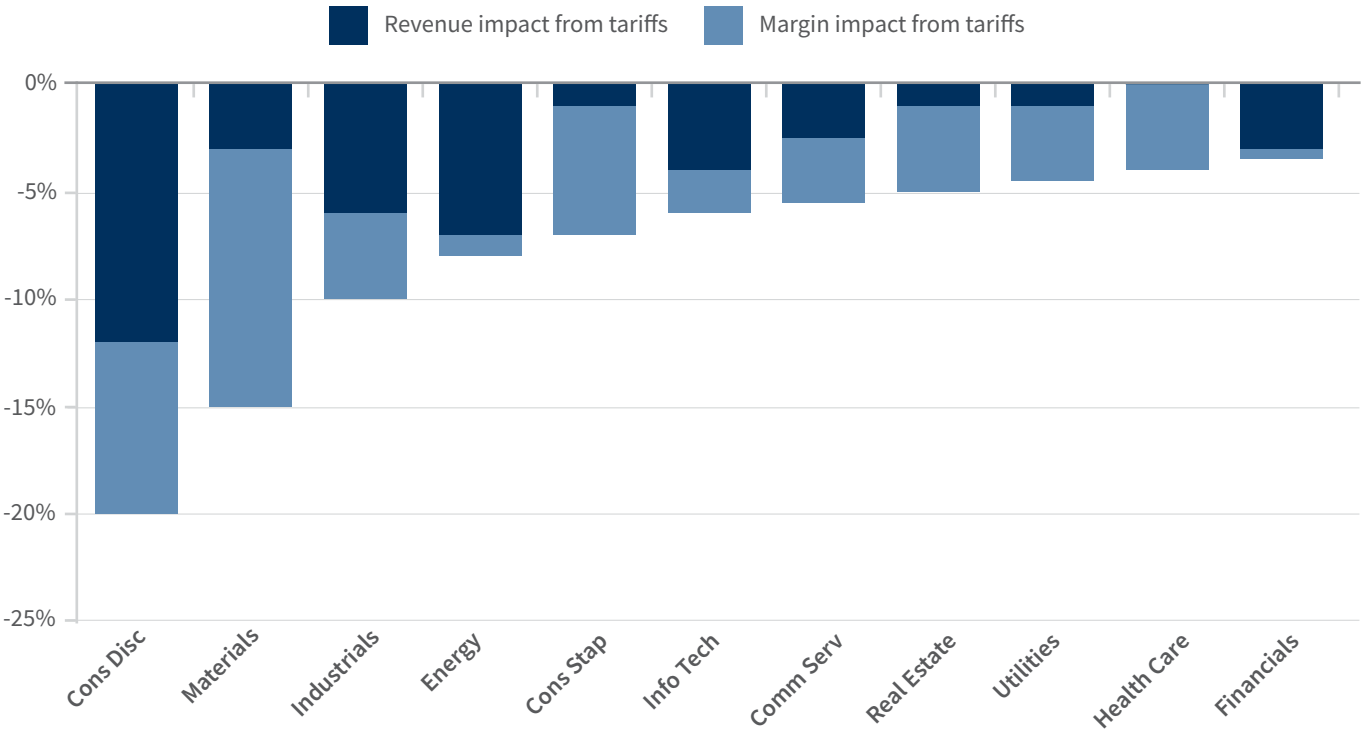
The Consumer Discretionary (due to auto exposure), Energy (as oil imports would be hit), and Materials (due to commodity impacts) sectors would be hardest hit. We favor more service-oriented sectors with pricing power, such as Technology and Health Care.

Top-Down Earnings Hit from Tariffs



Bottom Line: Tariffs will likely have a downside impact in aggregate to earnings. However, with corporate fundamentals remaining on solid footing, it is important to note that \$250-\$255 in earnings still represents ~5% earnings growth in 2025. While volatility will likely remain elevated into 2025 due to increased policy uncertainty, positive earnings growth should allow the market to move higher to our updated year-end target of 5,800. ■

Aggregate Impact to 2025 EPS Estimates



Source: FactSet, as of 4/7/2025

Economic Snapshot

EUGENIO J. ALEMÁN, PhD
Chief Economist

The discussion on the new administration's tariff policy has added more color to last year's discussion regarding inflation. This has produced a steep increase in consumer inflationary expectations even though businesses inflationary expectations have remained fairly stable. At the same time, the economy has yet to show any initial inflationary impact from tariffs while the disinflationary path has slowed but continued. Although the inflationary effect of the new administration's tariff policies has still not shown up on the numbers, the uncertainty generated by them has started to weigh on economic growth, with consumer demand slowing down considerably during the first two months of the year while businesses have front-loaded imports in order to beat the implementation of the tariffs. We have started to mark down our GDP growth expectations to take into consideration the recent weakness in economic activity as well as the effects of the large increase in the deficit in goods and services early in the year. However, so far, the US labor market has continued to expand and support the economy together with the remnants of the IRA and CHIPS Acts. We expect the Federal Reserve (Fed) to reassess the environment that would allow it to bring down the rate of inflation to its 2.0% target over the long term. The manufacturing sector should strengthen somewhat from new investments in new plants. Geopolitical uncertainty remains elevated, which, together with interest rate differentials, should keep the US dollar in a narrow band.

	ECONOMIC INDICATOR	COMMENTARY
FAVORABLE	THE DOLLAR	The initial appreciation of the US dollar as markets expected much higher tariffs has given way to a relative weakening of the dollar. However, the US dollar's role as a safe-haven currency during times of global instability should continue to support it short term.
	GROWTH	GDP growth will take a hit due to the imposition of tariffs in the short to medium term. However, growth will go back to its long term potential growth rate of about 2.0%.
NEUTRAL	EMPLOYMENT	The labor market has been cooling down and we expect it to weaken further but to stabilize around its long-term average.
	CONSUMER SPENDING	Consumer spending will continue to slow, with lower-income households struggling to pay their credit cards as higher prices continue to take a toll and the labor market softens. The stock market correction will also put some downward pressure on the consumption habit of higher earners.
	BUSINESS INVESTMENT	Despite higher interest rates raising borrowing costs, the passage of several bills, including the Inflation Reduction Act (IRA), the CHIPS Act, and the Infrastructure Bill are contributing positively to business investments.
	MANUFACTURING	The US manufacturing sector will continue to struggle in 2025 as high interest rates continue to affect the sector. However, investment in the sector brought about by the IRA, the CHIPS Act and the Infrastructure Bill, will help the sector see some recovery at the end of 2025 into early 2026.
	INFLATION	Tariffs imposed by the new administration have the potential to delay the achievement of the Fed's inflation target. However, after an initial increase in the rate of inflation due to the implementation of the tariffs, we expect inflation to resume its disinflationary path.
	MONETARY POLICY	The Fed started its easing cycle in September, and we expect it to cut rates 75bps in 2025 and 25bps in 2026, taking the federal funds rate to 3.75-4.00% at the end of 2026.
	LONG-TERM INTEREST RATES	Although the Fed is expected to continue to cut rates this year, markets will keep longer-term interest rates higher than originally thought.
	FISCAL POLICY	With continued investment through the Inflation Reduction Act (IRA) and CHIPS Act plus a potential extension of the tax cuts implemented in 2017, the fiscal deficit issue is expected to remain a politically hot topic.
	REST OF THE WORLD	We continue to expect a relatively weak global economy in 2025 despite central banks worldwide turning to more dovish.
UNFAVORABLE	HOUSING AND RESIDENTIAL CONSTRUCTION	High mortgage rates, rising construction costs, and new tariffs will keep this sector of the economy in the red. Meanwhile, the low supply of homes will continue to put upward pressure on prices and reduce the number of potential home buyers.

Sector Snapshot

This report is intended to highlight the dynamics underlying the 11 S&P 500 sectors, with a goal of providing a timely assessment to be used in developing your personal portfolio strategy. Our time horizon for the sector weightings is not meant to be short-term oriented. Our goal is to look for trends that can be sustainable for several quarters; yet given the dynamic nature of financial markets, our opinion could change as market conditions dictate.

Most investors should seek diversity to balance risk versus reward. For this reason, even the least-favored sectors may be appropriate for portfolios seeking a more balanced equity allocation. Those investors seeking a more aggressive investment style may choose to overweight the preferred sectors and entirely avoid the least favored sectors. Investors should consult their financial advisors to formulate

a strategy customized to their preferences, needs, and goals.

These recommendations will be displayed as such:

Overweight: favored areas to look for ideas, as we expect relative outperformance

Equal Weight: expect in-line relative performance

Underweight: unattractive expectations relative to the other sectors; exposure might be needed for diversification

For a complete discussion of the sectors, please ask your financial advisor for a copy of *Portfolio Strategy: Sector Analysis*.

MIKE PAYNE
Investment Strategy Analyst

	SECTOR	S&P WEIGHT	COMMENTARY
OVERWEIGHT	INFORMATION TECHNOLOGY	29.5%	We maintain our Overweight stance on Technology as AI investment should continue to propel earnings going forward. AI-related capex is expected to remain strong through 2025 which supports first derivative beneficiaries (semiconductors) and monetization has begun to broaden into second derivative beneficiaries (cloud, software applications, and hardware devices). Recent volatility has led to less demanding valuations in the sector despite strong fundamentals (Tech. NTM PEG of 1.7x vs. 1.9x for the broader market).
	HEALTH CARE	11.1%	Overly negative sentiment and attractive valuations created a favorable contrarian setup coming into 2025 supporting the sector's YTD outperformance. Forward earnings estimates relative to the market have stabilized and begun to inflect higher after suffering from negative revisions over the last two years driven by post-COVID normalization. The sector's NTM P/E of 17x is below the S&P 500 NTM P/E of 20x despite having superior earnings growth (19% Y/Y in 2025 vs 12% for the S&P 500). Greater clarity on healthcare policy from the new administration, as we move through 2025, should lead to sustained outperformance. Additionally, the sector should benefit from long-term demographic trends (e.g. aging population).
	INDUSTRIALS	8.3%	Reshoring of global supply chains as a result of recently announced tariffs, and strong fixed investment in datacenters driven by AI should outweigh cyclical headwinds enough to drive an earnings acceleration in 2H25. Valuations relative to the index are trading at historical averages despite above-market EPS growth expected in 2025.
EQUAL WEIGHT	FINANCIALS	14.4%	While fundamentals in the Financials sector are expected to improve Y/Y in 2025 driven by expectations for a resilient economy and a gradual recovery in investment banking activity within capital markets and banks, valuations have moved higher in anticipation (trading above 2x book value). The uncertain policy outlook has weighed on business and consumer sentiment which could challenge the anticipated recovery in capital markets activity and loan growth in the year ahead.
	CONSUMER DISCRETIONARY	10.4%	Softening consumer sentiment data as a result of tariff uncertainty has led to material YTD underperformance for the sector relative to the S&P 500. However, forward earnings estimates relative to market have remained stable. We anticipate this current dip in consumer spending and sentiment to be short-lived. As the policy outlook clarifies, we expect consumer spending to regain strength and remain robust through 2025.

EQUAL WEIGHT	COMMUNICATION SERVICES	9.8%	The outperformance of Communication Services has been supported by relative earnings strength driven by robust digital ad spending and significant efficiency initiatives (e.g., cost cutting). However, the sector's relative earnings strength has recently plateaued. We view the Technology sector as better positioned to capture the initial earnings benefit from AI.
	CONSUMER STAPLES	6.5%	Recent volatility in equities has led to relative outperformance of the Consumer Staples sector as investors shift to low beta exposure. However, tariffs could challenge fundamentals by driving upward supply cost pressure in the sector with minimal pricing power to offset the impact. We're encouraged to remain neutral on this defensive cohort until we have greater visibility into the 2025 expense outlook.
	ENERGY	3.4%	Potentially higher US oil production as a result of policy shifts by the upcoming administration, alongside the unwinding of OPEC+ production cuts, and an uncertain economic outlook is likely to limit the upside to energy prices over the next 12 months. Additionally, a protectionist trade policy will likely lead to a firm USD which is net negative for most commodities including oil. Attractive valuations (14x NTM earnings with an 8% FCF yield) combined with shareholder-friendly capital allocation strategies (3.5% dividend yield and 4% buyback yield) should support healthy total returns.
UNDERWEIGHT	UTILITIES	2.4%	Despite AI driven tailwinds to long-term power demand, we remain Underweight Utilities—always a rate-sensitive sector—given our expectation that Treasury yields will move higher toward our 4.5% target in 2025. Balance sheets within the sector are very highly leveraged with very low interest coverage which could create risks in the future that the market is not currently discounting.
	REAL ESTATE	2.2%	Consistent with our 10-year Treasury yield target of 4.5% by year end, we remain underweight Real Estate due to the inverse correlation to rates. Additionally, earnings trends are expected to remain weak relative to the broader index through 2025.
	MATERIALS	2.0%	An uncertain global economic outlook, particularly in China, along with the potential for a firmer USD should pose challenges to the Materials sector as we move through 2025. However, valuations relative to the market are trading near historical averages while earnings estimates relative to the market are weakening. We'd like to see more attractive valuations properly discounting risks ahead before closing our sector Underweight.

Disclosure

All expressions of opinion reflect the judgment of the authors and are subject to change. Past performance may not be indicative of future results. There is no assurance any of the trends mentioned will continue or forecasts will occur. The performance mentioned does not include fees and charges which would reduce an investor's return. Dividends are not guaranteed and will fluctuate. Investing involves risk including the possible loss of capital. Asset allocation and diversification do not guarantee a profit nor protect against loss. Investing in certain sectors may involve additional risks and may not be appropriate for all investors.

International investing involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility. Investing in emerging and frontier markets can be riskier than investing in well-established foreign markets.

Investing in small- and mid-cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor.

There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices rise.

US government bonds and Treasury bills are guaranteed by the US government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. US government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. Treasury bills are certificates reflecting short-term obligations of the US government.

While interest on municipal bonds is generally exempt from federal income tax, they may be subject to the federal alternative minimum tax, or state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Municipal bonds may be subject to capital gains taxes if sold or redeemed at a profit.

If bonds are sold prior to maturity, the proceeds may be more or less than original cost. A credit rating of a security is not a recommendation to buy, sell or hold securities and may be subject to review, revisions, suspension, reduction or withdrawal at any time by the assigning rating agency.

Commodities and currencies are generally considered speculative because of the significant potential for investment loss. They are volatile investments and should only form a small part of a diversified portfolio. Markets for precious metals and other commodities are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.

Investing in REITs can be subject to declines in the value of real estate. Economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments.

High-yield bonds are not suitable for all investors. The risk of default may increase due to changes in the issuer's credit quality. Price changes may occur due to changes in interest rates and the liquidity of the bond. When appropriate, these bonds should only comprise a modest portion of your portfolio.

Beta compares volatility of a security with an index. Alpha is a measure of performance on a risk-adjusted basis.

The process of rebalancing may result in tax consequences.

Alternative investments involve specific risks that may be greater than those associated with traditional investments and may be offered only to clients who meet specific suitability requirements, including minimum net worth tests. Investors should consider the special risks with alternative investments including limited liquidity, tax considerations, incentive fee structures, potentially speculative investment strategies, and different regulatory and reporting requirements. Investors should only invest in hedge funds, managed futures, distressed credit or other similar strategies if they do not require a liquid investment and can bear the risk of substantial losses. There can be no assurance that any investment will meet its performance objectives or that substantial losses will be avoided.

The companies engaged in business related to a specific sector are subject to fierce competition and their products and services may be subject to rapid obsolescence.

The indexes mentioned are unmanaged and an investment cannot be made directly into them. The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities. The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market. The S&P 500 is an unmanaged index of 500 widely held securities. The Shanghai Composite Index tracks the daily price performance of all A-shares and B-shares listed on the Shanghai Stock Exchange.

The VIX is the Chicago Board Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility.

The MSCI Emerging Markets Index is used to measure the financial performance of companies in fast-growing economies around the world. The MSCI China A Index measures large and mid-cap representation across China securities listed on the Shanghai and Shenzhen exchanges. The MSCI Pacific Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in the Pacific region. The MSCI USA Index is designed to measure the performance of the large- and mid-cap segments of the US market. The MSCI Europe index is a European equity index which tracks the return of stocks within 15 European developed markets.

The Bloomberg US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

RAYMOND JAMES®

INTERNATIONAL HEADQUARTERS: THE RAYMOND JAMES FINANCIAL CENTER

880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863

RAYMONDJAMES.COM

Investment products are: not deposits, not FDIC/NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value.

© 2025 Raymond James Financial Services, Inc., member FINRA/SIPC. © 2025 Raymond James & Associates, Inc., member New York Stock Exchange/SIPC.

Raymond James® is a registered trademark of Raymond James Financial, Inc. 24-BDMKT-6602 BV 4/25