

INVESTMENT STRATEGY QUARTERLY QUICKVIEW

APRIL 2025

THEMES



ECONOMY: Tariffs, Deportations, and Deregulation

President Trump's administration is taking bold steps in three key areas: tariffs, deportations, and deregulation. 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. Deportations are proceeding but mass deportation plans are facing legal challenges, and the economic impact remains unclear. Deregulation has the potential to generate higher investment as well as higher productivity across industries, which tend to increase the economy's potential growth.



POLITICS: Five Themes to Watch During Trump 2.0

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. 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. When it comes to policy, President Trump frequently makes bold announcements that move the goal posts and expectations. These bold announcements are often walked back, resulting in the final outcome being less than initially proposed (but more than originally expected).



COMMODITIES: The Case for Industrial Metals

Industrial metals tend to get less attention than precious metals, however, they offer something precious metals rarely do—sustained expansion in global demand. Almost every economic sector depends on to some degree the three key industrial metals—steel, copper, and lithium. With geopolitical tensions in the spotlight, bear in mind that China plays a pivotal role in processing all three industrial metals. Copper is crucial to the modern economy; in general, we anticipate copper demand growing broadly in line with global GDP.



Q&A: Tech, Tariffs, and Trades

While the Technology sector saw a volatile start to 2025, we believe fundamentals are sound, valuations are justified, and the potential of AI continues to provide tailwinds. Tariff uncertainty has injected uncertainty into the market, but we believe healthy earnings growth should allow the S&P 500 to move higher to our updated year-end target of 5,800. Among our favored sectors are Technology and Health Care, which are more service-oriented and have pricing power.

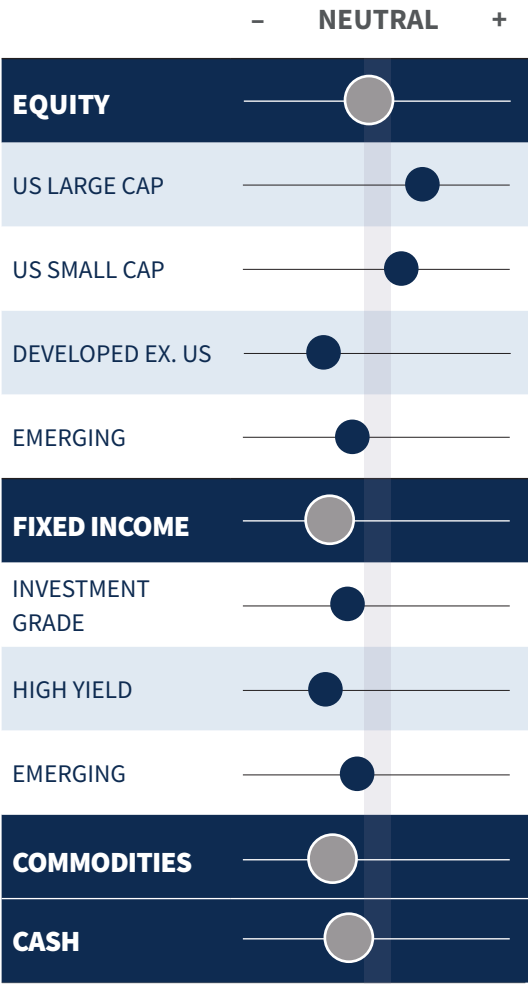
Economic Snapshot

Economic Indicator

FAVORABLE	THE DOLLAR
	GROWTH
	EMPLOYMENT
	CONSUMER SPENDING
NEUTRAL	BUSINESS INVESTMENT
	MANUFACTURING
	INFLATION
	MONETARY POLICY
	LONG-TERM INTEREST RATES
	FISCAL POLICY
UNFAVORABLE	REST OF THE WORLD
	HOUSING AND RESIDENTIAL CONSTRUCTION

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Tactical Outlook



The tactical asset allocation outlook above reflects Raymond James Investment Strategy's recommendations for current positioning. Your financial advisor can help you interpret each recommendation within this material relative to your individual asset allocation policy, risk tolerance and investment objectives.

For more information, refer to the full [Investment Strategy Quarterly](#).

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Capital Markets Snapshot

EQUITY	AS OF 3/31/2025	1Q 2025 RETURN**	12-MONTH RETURN**
DOW JONES INDUSTRIAL AVERAGE	42,001.76	-1.28%	5.51%
S&P 500 INDEX	5,611.85	-4.59%	6.80%
NASDAQ COMPOSITE INDEX	17,299.29	-10.42%	5.62%
MSCI EAFE INDEX	1,542.93	7.01%	5.53%
RATES	AS OF 3/31/2025	AS OF 12/31/2024	AS OF 3/31/2024
FED FUNDS RATE TARGET RANGE	4.25-4.50	4.25-4.50	5.25-5.50
3-MONTH LIBOR	4.36	4.70	5.35
2-YEAR TREASURY	3.89	4.24	4.62
10-YEAR TREASURY	4.21	4.57	4.20
30-YEAR MORTGAGE	6.77	7.28	7.24
PRIME RATE	7.50	7.50	8.50
COMMODITIES	AS OF 3/31/2025	1Q 2025 RETURN	12-MONTH RETURN
GOLD	\$3,150.30	19.28%	40.74%
CRUDE OIL	\$71.48	-0.33%	-14.06%

*Price Level
**Total Return

Sector Snapshot

	SECTOR	S&P WEIGHT
OVERWEIGHT	INFORMATION TECHNOLOGY	29.5%
	HEALTH CARE	11.1%
	INDUSTRIALS	8.3%
EQUAL WEIGHT	FINANCIALS	14.4%
	CONSUMER DISCRETIONARY	10.4%
	COMMUNICATION SERVICES	9.8%
	CONSUMER STAPLES	6.5%
	ENERGY	3.4%
UNDERWEIGHT	UTILITIES	2.4%
	REAL ESTATE	2.2%
	MATERIALS	2.0%

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INDEX DESCRIPTIONS: Please note that all indices are unmanaged and investors cannot invest directly in an index. An investor who purchases an investment product which attempts to mimic the performance of an index will incur expenses that would reduce returns. Standard & Poor's 500 (S&P 500): Measures changes in stock market conditions based on the average performance of 500 widely held common stocks. Represents approximately 68% of the investable U.S. equity market. 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 MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of the international stock market. The returns noted do not include fees and charges which will affect an investor's return.

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