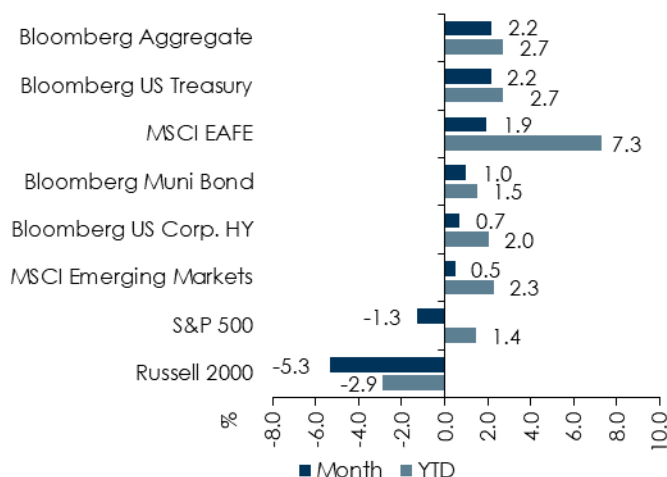


## Economic Overview

- Consumer confidence declined sharply and the bond market flashed growth concerns as policy uncertainty weighed on sentiment
- Inflation results were mixed but remain above the Fed's target, with core CPI rising from 3.2% to 3.3% while core PCE fell from 2.9% to 2.6%
- January payrolls increased a disappointing 143,000, but upward revisions to prior months still saw unemployment fall from 4.1% to 4.0%

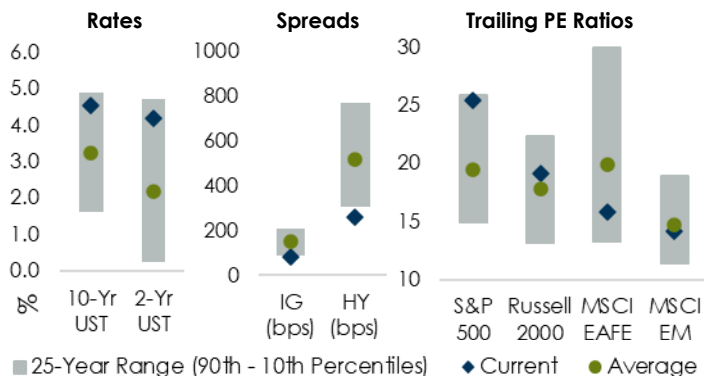
## Market Returns (%)

- Bonds outperformed as growth concerns sent rates lower
- US equities trailed non-US with tech mega-caps detracting



Source: Bloomberg, ACG Research (as of 2/28/2025)

## Fixed Income and Equity Valuation Metrics



Source: Bloomberg (as of 2/28/2025)

## Asset Class Valuations - Rebalancing Rationale

- Equities are discounting a soft landing and continued easing monetary policy
- Upside for duration limited with additional Fed cuts already discounted by markets
- Cash yields set to fall as Fed continues easing

Asset Class	Current Valuation	Rationale
US Large Cap	Overvalued	Expensive valuations
US Small Cap	Fairly Valued	Balanced upside/downside risks
Int'l Developed	Fairly Valued	Fair valuations, improving growth
Emerging Mkt	Fairly Valued	Balanced upside/downside risks

Cash	Fairly Valued	Cash rates likely to decline
Core Bonds	Fairly Valued	Balanced duration risks
Multi-Sector	Fairly Valued	Attractive income, tight spreads
Unconstrained	Overvalued	Attractive income, manager flexibility

Core Real Estate	Fairly Valued	Market values stabilizing
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Overvalued	Fairly Valued	Undervalued
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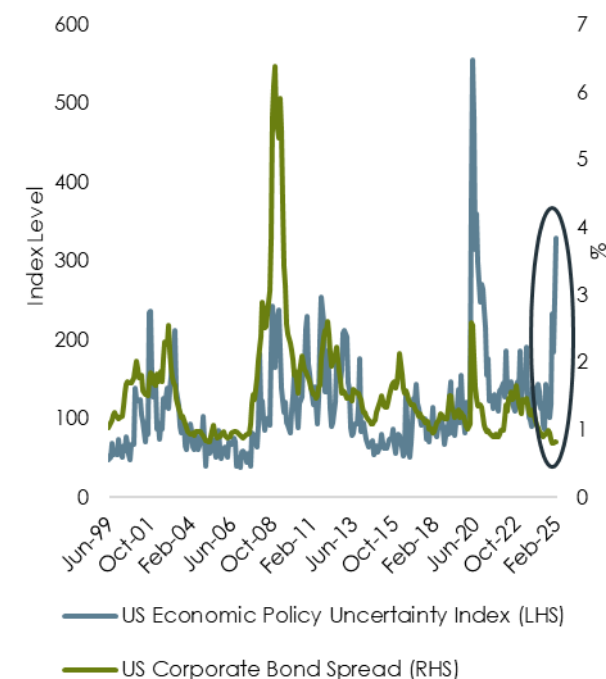
## Recent Articles (click on links below)

- [Navigating Tariffs in 2025](#)
- [2025 Outlook](#)
- [Has Real Estate Hit Bottom?](#)

## Key Risk Factors We Are Watching

- Stronger inflation and weaker labor market data
- Rising headwinds for consumers (higher rates, student loan repayments, depleted savings...)
- Potential Fed policy error
- Headwinds to corporate earnings (tariffs, wages...)
- US policy uncertainty and rising geopolitical tensions
- Weaker than expected China recovery

## Credit Spreads Tight Despite Rising Uncertainty



Source: St. Louis Fed (as of 2/28/2025)

## Disclosures and Legal Notice

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