Q2'2025 Quarter Client Presentation

Asa W. Graves VII, CFA Chief Investment Officer
Jason Fink, PhD Director of Research
Ash Heatwole, CFA, CFP® Director of Wealth Management

April 14th, 2025

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Main Takeaways:

1) We remain humble given the possibility that abrupt changes to the economic system may result in heightened volatility for some time. So far, earnings estimates have not re-rated downward to account for the immediate costs of tariffs, making it difficult to gauge potential downside for equities. Unfortunately, there is no “silver bullet” asset allocation but diversification offers the best chance to successfully “ride it out to the other side”.

2) Volatile markets are not fun for anyone. However, overactive trading leads to “The Illusion of Control” bias where traders believe they have more influence or control over the market outcomes than they actually do. This often leads to the most impactful investment mistakes. Nevertheless, we are here to discuss your thoughts and concerns.

3) Market Trends during Q1’25 (March ’25 end) were largely the mirror image of Q4’24 (December ’24 end). Importantly, the S&P 500 entered 2025 with rich valuation levels leaving investors exposed to heightened volatility.

4) Tariffs are blunt, heavy-handed tools that cause many unexpected and undesirable secondary effects. Tariffs will likely meaningfully weigh on future economic growth and, conversely, push inflation higher if enacted for more than a short period.

5) We believe investors should heed Jack Bogle (Vanguard founder): “My rule—and it’s good only about 99% of the time, so I have to be careful here—when these crises come along, the best rule you can possibly follow is not “Don’t stand there, do something’ but ‘Don’t do something, stand there!”.

Q1'25 Recap…Relative Returns Mirror Image

Q4'24
(10/01/24-12/31/24

Benchmark	Inception Date	Quarter To Date
S&P 500 Total Return Index	01/30/1970	2.4%
S&P 500 Growth Index Total Return	01/13/2006	6.2%
S&P 500 Value Index Total Return	01/05/2004	-2.7%
S&P 400 TR	03/18/2010	0.3%
S&P 600 TOTAL RETURN INDEX	12/29/1995	-0.6%
MSCI EAFE INDEX	12/30/1994	-8.1%
Bloomberg Barclays Aggregate Bond Index	04/30/1976	-3.1%
Bloomberg Commodity TR Index	01/03/2000	-0.4%
RUSSELL 2000	12/29/1978	0.3%
65% S&P 500/35% BC AGG BOND	03/31/1976	0.5%
70% S&P 500 / 30% BC AGG	03/31/1976	0.8%
60% S&P 500 TR / 40% BC AGG BOND COMPOSI...	03/31/1976	0.2%
RUSSELL 1000 TOTAL RETURN IDX TOTAL RETURN	07/31/1995	2.7%
RUSSELL 1000 VALUE INDEX 1000 VALUE	03/31/1993	-2.5%
RUSSELL 1000 GROWTH INDEX RUSL 1000 GROW	03/31/1993	6.9%

Performance is not correlated to portfolio holding period

[2] Annualized

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Q1'25
(01/01/25-3/31/25

Benchmark	Inception Date	Quarter To Date
S&P 500 Total Return Index	01/30/1970	-4.3%
S&P 500 Growth Index Total Return	01/13/2006	-8.5%
S&P 500 Value Index Total Return	01/05/2004	0.3%
S&P 400 TR	03/18/2010	-6.1%
S&P 600 TOTAL RETURN INDEX	12/29/1995	-8.9%
MSCI EAFE INDEX	12/30/1994	7.0%
Bloomberg Barclays Aggregate Bond Index	04/30/1976	2.8%
Bloomberg Commodity TR Index	01/03/2000	8.9%
RUSSELL 2000	12/29/1978	-9.5%
65% S&P 500/35% BC AGG BOND	03/31/1976	-1.8%
70% S&P 500 / 30% BC AGG	03/31/1976	-2.1%
60% S&P 500 TR / 40% BC AGG BOND COMPOSI...	03/31/1976	-1.4%
RUSSELL 1000 TOTAL RETURN IDX TOTAL RETURN	07/31/1995	-4.5%
RUSSELL 1000 VALUE INDEX 1000 VALUE	03/31/1993	1.6%
RUSSELL 1000 GROWTH INDEX RUSL 1000 GROW	03/31/1993	-10.1%

Performance is not correlated to portfolio holding period

[2] Annualized

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Last Two Quarters/Six Months

Benchmark	Inception Date	10/01/2024 - 03/31/2025
S&P 500 Total Return Index	01/30/1970	-2.0%
S&P 500 Growth Index Total Return	01/13/2006	-2.8%
S&P 500 Value Index Total Return	01/05/2004	-2.4%
S&P 400 TR	03/18/2010	-5.8%
S&P 600 TOTAL RETURN INDEX	12/29/1995	-9.5%
MSCI EAFE INDEX	12/30/1994	-1.6%
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60% S&P 500 TR / 40% BC AGG BOND COMPOSI...	03/31/1976	-1.2%
RUSSELL 1000 TOTAL RETURN IDX TOTAL RETURN	07/31/1995	-1.9%
RUSSELL 1000 VALUE INDEX 1000 VALUE	03/31/1993	-0.9%
RUSSELL 1000 GROWTH INDEX RUSL 1000 GROW	03/31/1993	-3.9%

Performance is not correlated to portfolio holding period

[2] Annualized

We Have To Respect Possible Economic Disruption But Keep Your Eyes On The Prize

Bear Markets Can Happen Without Recessions

S&P 500 Index Bear (And Near Bear) Markets (WWII - Current)

Start Date	End Date	S&P 500 Change	Months	Recession?
5/29/1946	5/19/1947	(28.5%)	11.7	No
6/15/1948	6/13/1949	(20.6%)	11.9	Yes
8/2/1956	10/22/1957	(21.6%)	14.7	Yes
12/12/1961	6/26/1962	(28.0%)	6.4	No
2/9/1966	10/7/1966	(22.2%)	7.9	No
11/29/1968	5/26/1970	(36.1%)	17.9	Yes
1/11/1973	10/3/1974	(48.2%)	20.7	Yes
9/21/1976	3/6/1978	(19.4%)	17.5	No
11/28/1980	8/12/1982	(27.1%)	20.4	Yes
8/25/1987	12/4/1987	(33.5%)	3.3	No
7/16/1990	10/11/1990	(19.9%)	2.9	Yes
7/17/1998	8/31/1998	(19.3%)	1.5	No
3/24/2000	10/9/2002	(49.1%)	30.5	Yes
10/9/2007	3/9/2009	(56.8%)	17.0	Yes
4/29/2011	10/3/2011	(19.4%)	5.2	No
9/20/2018	12/24/2018	(19.8%)	3.1	No
2/19/2020	3/23/2020	(33.9%)	1.1	Yes
1/3/2022	10/12/2022	(25.4%)	9.3	No
Average For All Bears		(29.4%)	11.3	
Average Bear Market (No Recession)		(23.9%)	7.3	
Average Bear Market (Recession)		(34.8%)	15.2	

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

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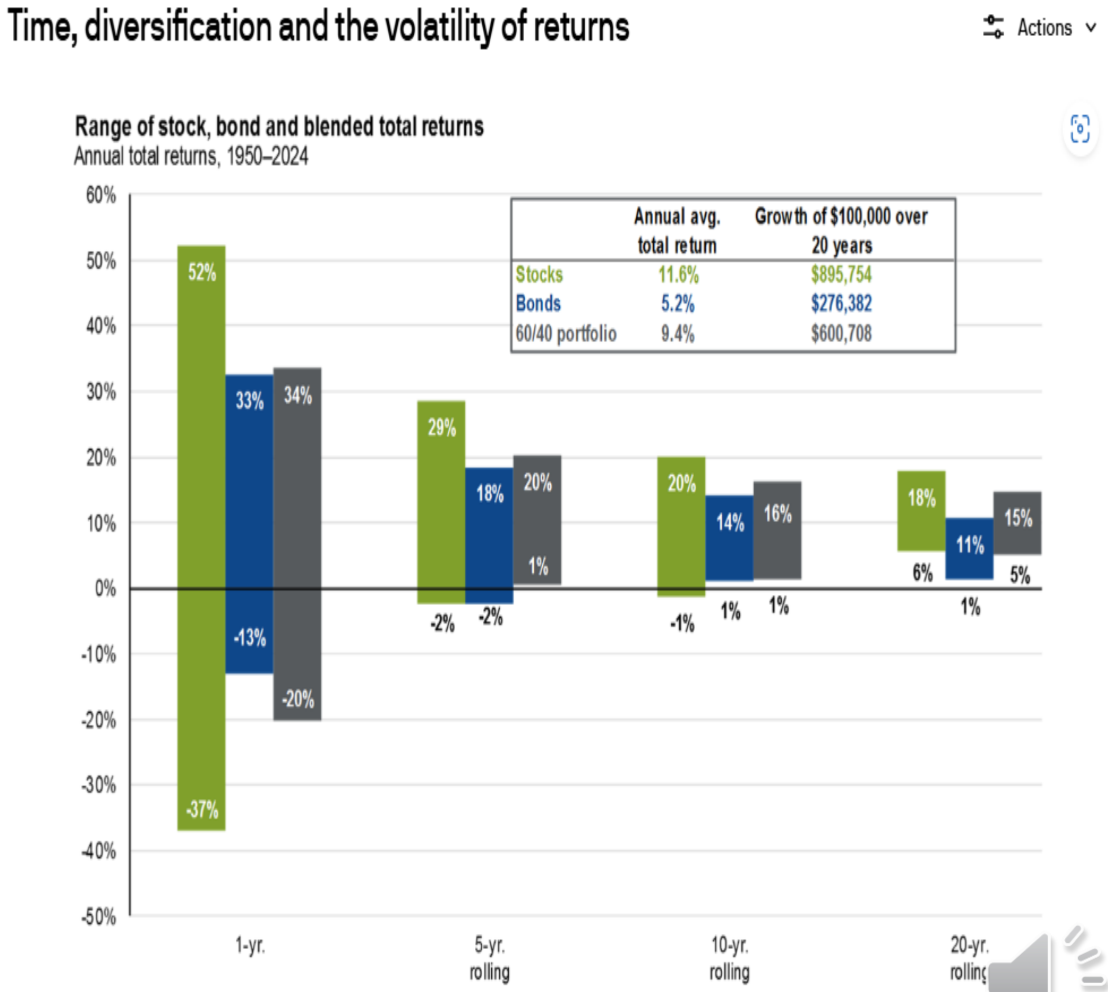

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Diversification Is Your Best Bet

2010–2024 Ann.	2010–2024 Vol.	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Large Cap 13.9%	Small Cap 20.6%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	REITs 41.3%	Comdty. 16.1%	Large Cap 26.3%	Large Cap 25.0%
Small Cap 10.3%	EM Equity 17.9%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	EM Equity 18.7%	Large Cap 28.7%	Cash 1.5%	DM Equity 18.9%	Small Cap 11.5%
REITs 9.4%	REITs 16.8%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Large Cap 18.4%	Comdty. 27.1%	High Yield -12.7%	Small Cap 16.9%	Asset Alloc. 10.0%
Asset Alloc. 7.2%	DM Equity 16.5%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	Asset Alloc. 10.6%	Small Cap 14.8%	Fixed Income -13.0%	Asset Alloc. 14.1%	High Yield 9.2%
High Yield 5.9%	Comdty. 16.1%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	DM Equity 8.3%	Asset Alloc. 13.5%	Asset Alloc. -13.9%	High Yield 14.0%	EM Equity 8.1%
DM Equity 5.7%	Large Cap 15.1%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Fixed Income 7.5%	DM Equity 11.8%	DM Equity -14.0%	REITs 11.4%	Comdty. 5.4%
EM Equity 3.4%	Asset Alloc. 10.4%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	High Yield 7.0%	High Yield 1.0%	Large Cap -18.1%	EM Equity 10.3%	Cash 5.3%
Fixed Income 2.4%	High Yield 9.4%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Cash 0.5%	Cash 0.0%	EM Equity -19.7%	Fixed Income 5.5%	REITs 4.9%
Cash 1.2%	Fixed Income 4.7%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	Comdty. -3.1%	Fixed Income -1.5%	Small Cap -20.4%	Cash 5.1%	DM Equity 4.3%
Comdty. -1.0%	Cash 0.9%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	REITs -5.1%	EM Equity -2.2%	REITs -24.9%	Comdty. -7.9%	Fixed Income 1.3%

Source: Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.
Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg U.S. Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg U.S. Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period from 12/31/2009 to 12/31/2024. Please see disclosure page at end for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns.
Guide to the Markets – U.S. Data are as of March 31, 2025.

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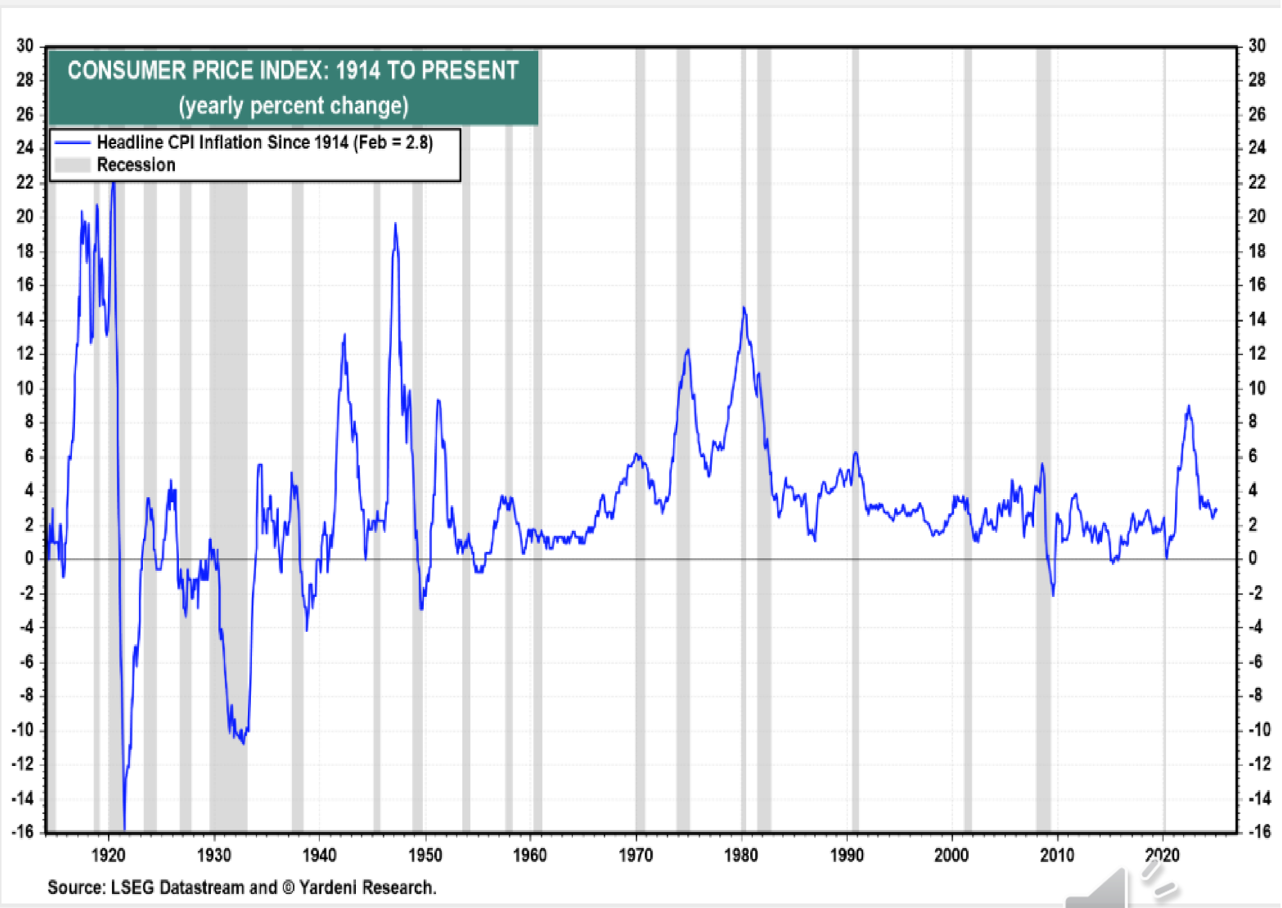
Tariffs Will Likely Weigh on Economic Growth and Accentuate Inflation, At Least In The Short-Term

*Tariffs are taxes or duties imposed on imported goods. They are often imposed to protect domestic production and generate revenue for the government.

*Tariffs ultimately function much like sales taxes, which fall largely upon the end consumer.

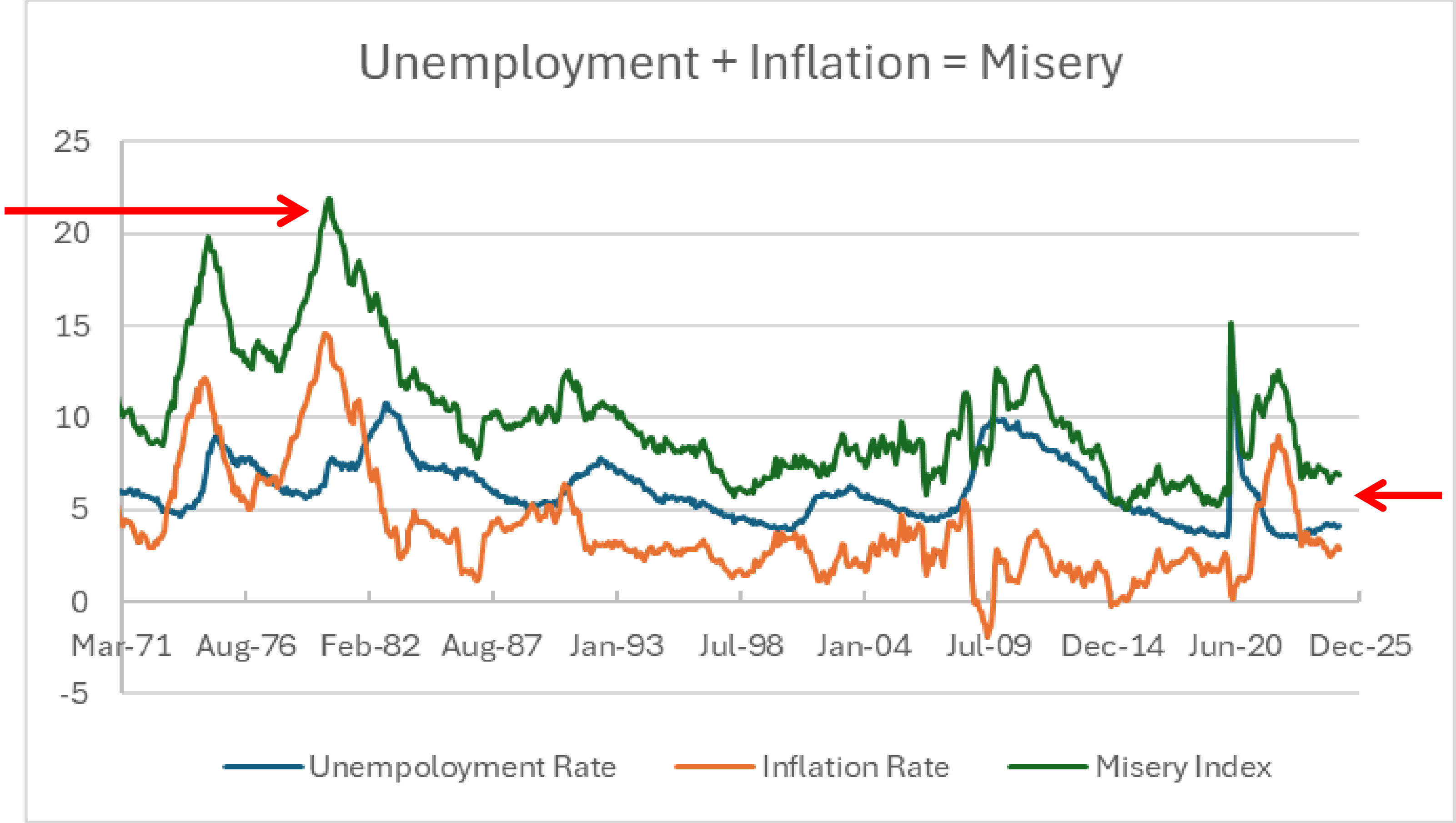
*Besides increasing the price of a given item, tariffs affect trade with other countries and may cause unintended disruption amongst supply chains.

*It is highly likely that the implementation of the current tariff regime for a meaningful period of time will cause increased inflation, with estimates of annual inflation moving back to the 4% range by the end of 2025. However, inflation is expected to moderate during 2026. Not good but not the 1970s either.



Stagflation – When Slowing Economic Growth and Inflation go Hand-in-Hand

May 1980
Misery Index =
21.93



February 2025 Misery Index = 6.91

(Pre-tariff, pre-stock market drop)

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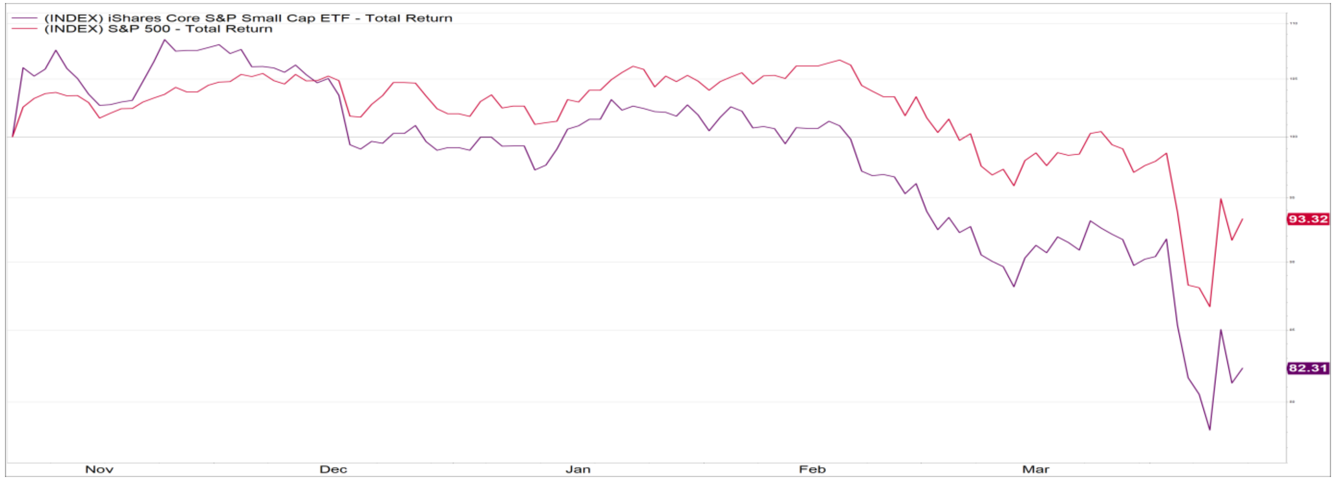
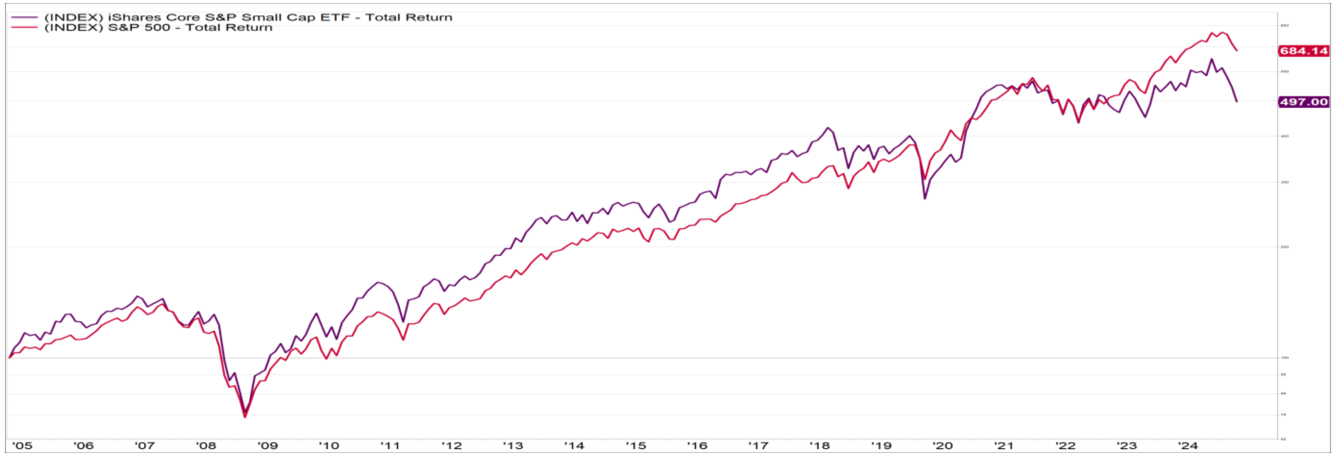
Small-Cap Performance Has Been Disappointing But They Sill Look Attractive Longer-Term

Nov 5, 2024 – April 11, 2025



Last 20 Years though April 11, 2025



Investing in small caps during recessions has generated superior investment returns, according to our back-testing of the data to the late 1980s (see Table 1, below). This near 40-year period encompasses numerous recessions, across the US, Europe and Asia which have followed a whole array of regional crises, and includes the rare synchronised global downturn of 2007/08, following the Global Financial Crisis.

Table 1. Historical performance of global large and small caps based on the economic cycle Schroders

	Annualised net total returns in US dollars (%)	
Phase of economic cycle	*Small caps*	*Large caps*
Recession and recovery	9.9	4.9
Expansion and slowdown	5.5	8.5

Note: Annualised net total returns in US dollars for Small Caps (MSCI Global Small Cap index) and Large Caps (MSCI Global Cap index) using the *Schroders Global Wave* economic cycle indicator to systematically determine phases of the economic cycle.
Source: *Schroders Economics Group*. Refinitiv as at January 2023. 607225

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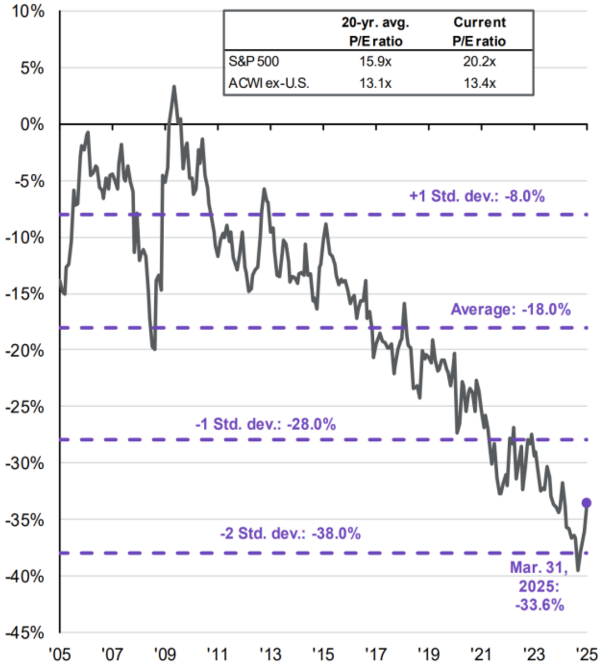
International Equity Relative Valuations Remain Much More Favorable AND Can Provide Diversification

#1—Much Cheaper

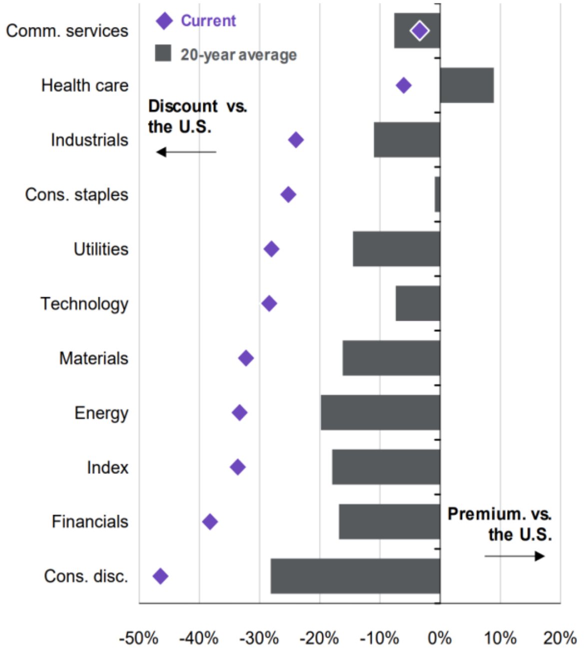
International: Price-to-earnings discount vs. U.S.
MSCI All Country World ex-U.S. vs. S&P 500, next 12 months



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.
Guide to the Markets – U.S. Data are as of March 31, 2025.

#2—Persistent Across Sectors

International: Price-to-earnings discount vs. the U.S. by sector
MSCI All Country World ex-U.S. minus S&P 500, next 12 months



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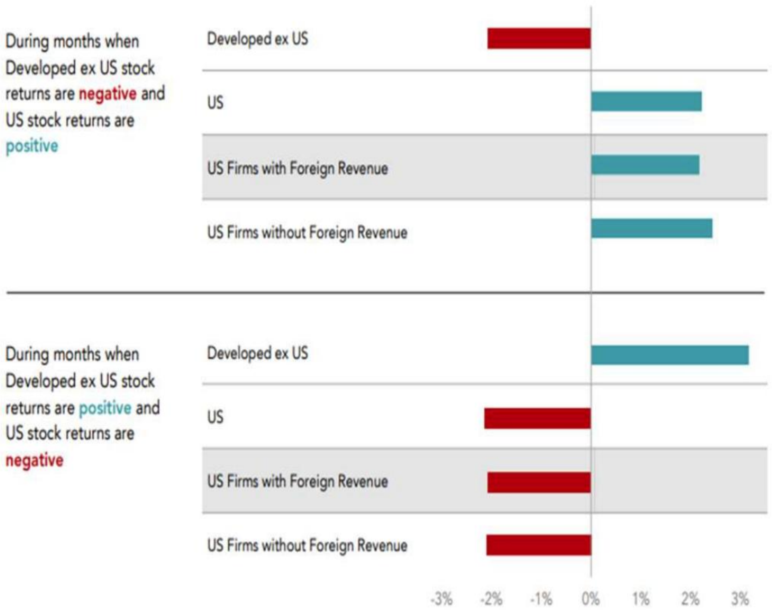
#3—Can Zig When US Based Stocks Zag

Dimensional

Global Diversification Should Include International Securities

Average monthly returns when US and developed ex US stock returns have opposite signs
January 1979–December 2022



A globally diversified portfolio should include international securities, not just US firms generating foreign revenue.

Academic research suggests stock prices tend to move based on where they trade more than where the business resides.

Past performance is not a guarantee of future results, including hypothetical performance. Actual returns may be lower.
Source: Dimensional, using CRSP and Compustat data. The eligible universe includes ordinary common US stocks of all capitalizations traded on NYSE, NASDAQ, and NYSE MKT. We identify a company with [illegible] without foreign sales exposure using Compustat's annual geographic segment data. Market value-weighted portfolios are formed on eligible stocks with and without foreign sales. Portfolios are rebalanced annually in January based on the annual geographic segment data. Sample incudes 75 (42) months where the S&P 500 was positive (negative) and the MSCI World ex USA was negative (positive). Diversification neither assures a profit nor guarantees against loss in a declining market.

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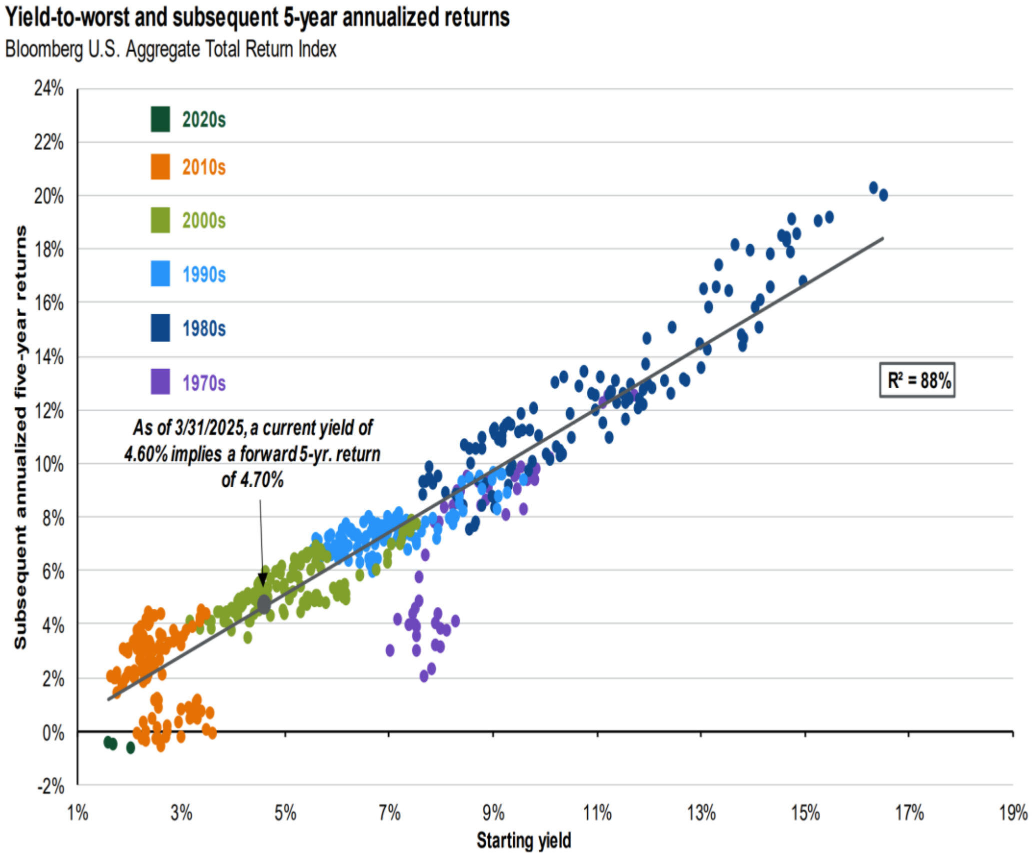
Fixed Income: Entry Yields Reasonably Attractive



Source: Bloomberg, FactSet, J.P. Morgan Asset Management.
Returns are 60-month annualized total returns, measured monthly, beginning 1/31/1976. R^2 represents the percent of total variation in total returns that can be explained by yields at the start of each period.
Guide to the Markets – U.S. Data are as of March 31, 2025.

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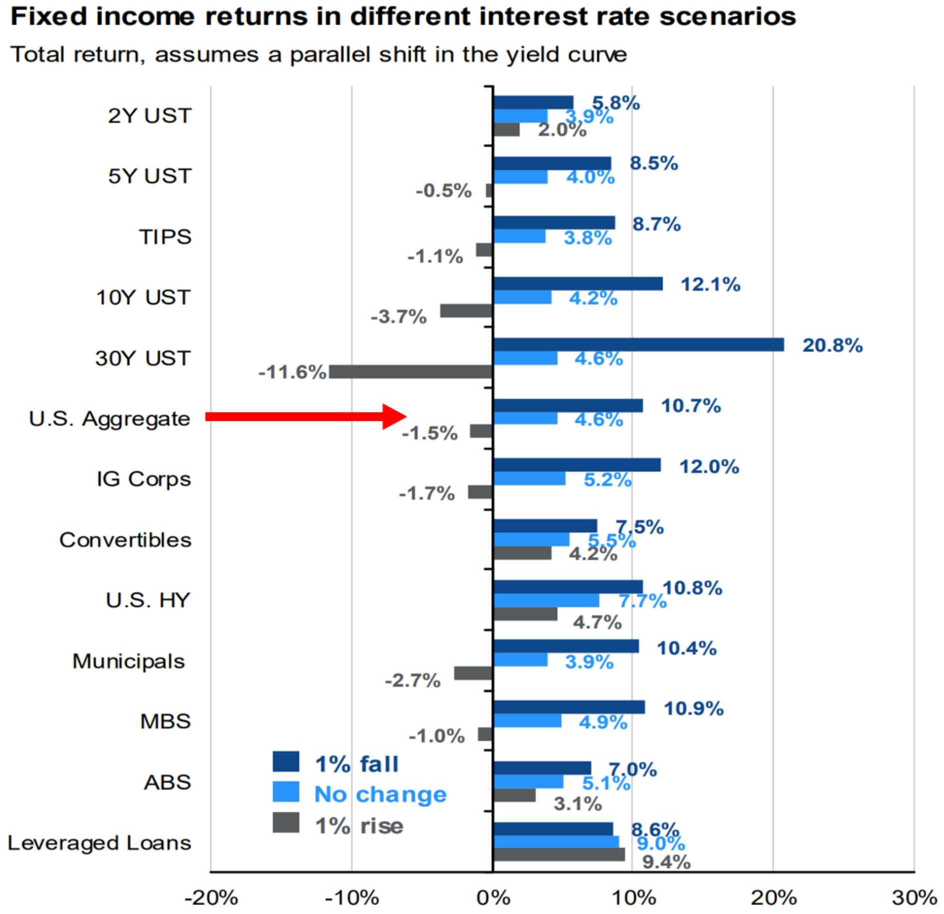

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