PHOENIX
ASSET ADVISORS, LLC

Weekly Market Recap

March 3, 2025

Market Commentary

Last Week's Highlights: Equities rallied on Friday, but gave up ground for the week as a whole. The Dow was up 0.95% last week, while the S&P 500 declined 0.97%, the Nasdaq dropped 3.47%, and the Russell 2000 gave up 1.47%. Bond yields were mixed last week, with bonds moving higher overall. The BBgBarc Agg Bond Index was up 1.27% for the week, while short-term bonds flat. The US dollar was up more than 1%, causing international equities to decline. The MSCI EAFE Index was down 0.91%, while the MSCI Emerging Markets Index dropped 4.66%. **Economic Data:** Jobs data could hold the key to investor sentiment this week. The key economic data releases this week are S&P Manufacturing PMI, Construction Spending, Redbook Sales, ADP Private Payrolls, S&P Services PMI, Factory Orders, ISM Manufacturing PMI, ISM Non-Manufacturing PMI, Vehicle Sales, Beige Book, Initial Jobless Claims, Wholesale Inventories, Nonfarm Payrolls, Average Hourly Earnings, Unemployment Rate, & Consumer Credit. **Earnings Releases:** Retailers largely report this week. The key earnings releases this week are DLTR, RILY, AZO, TGT, ROST, BBY, MRVL, ADDYY, BF.B, ANF, VSCO, JILL, AVGO, COST, KR, DOCU, GAP, M, & SWBI. **Takeaways:** In a post-election year, the first quarter of the year following an election is the weakest return, but positive at least 55% of the time, going back to 1950. If we look at March's seasonality, equities tend to come out of the gates strong, then struggle with some choppiness, and ultimately finish higher for the month. Time will tell. While volatility has risen of late, compared to 2000, 2007, & 2020, the VIX has risen only half as much and equities have not fallen near as much as in the early days of those bear market events. We have also not seen a spike in credit spreads yet, which would indicate there's no panic among institutional investors. The Atlanta Fed surprised markets on Friday when their GDPNow estimate for the 1st quarter dropped from +2.3% to -1.5%. The primary reason being a decline in estimated Net Exports from -0.41 to -3.7. An analysis of the prior tariff wars in 2016-2017 showed little movement in Net Exports, so it may be premature to expect such a large drop-off in exports. The Fed Futures on another rate cut bounced higher for June after the PCE Price Index showed inflation was stable in January. Investors will be looking for more support on future Fed cuts as the Jobs Report could provide a signal as to the health of the U.S. economy.

Market Returns

Sectors	1 Week Return	YTD Return
Technology	-3.84%	-3.45%
Industrials	1.04%	1.31%
Energy	-0.03%	5.24%
Communication Svcs	-2.47%	2.38%
Basic Materials	0.72%	5.81%
Consumer Cyclical	-1.94%	-4.66%
Financial Svcs	2.65%	7.45%
Real Estate	2.41%	5.87%
Consumer Defensive	0.88%	5.97%
Healthcare	1.47%	7.67%
Utilities	-0.90%	4.65%

Key Indices	1 Week Return	YTD Return
S&P 500	-0.97%	1.24%
Dow Jones Industrial Average	0.95%	3.05%
Russell 2000	-1.47%	-3.01%
Nasdaq	-3.47%	-2.40%
MSCI EAFE	-0.91%	7.11%
BBgBarc Agg Bond	1.27%	2.72%
60% S&P / 40% BB Agg Bond	-0.09%	1.83%

Key Rates—as of 2/28/2025	
3mth T-bills	4.30%
2yr U.S. Treasury	3.99%
10yr U.S. Treasury	4.21%
Fed Funds	4.25%-4.50%

Investment Styles—1 Week Returns

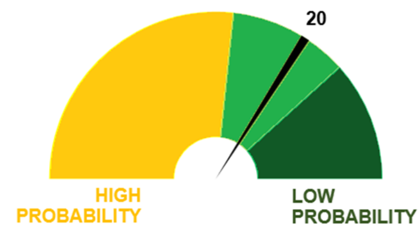
	Value	Blend	Growth
Large	1.51%	-0.37%	-3.05%
Mid	0.66%	0.18%	-0.75%
Small	0.01%	-0.31%	-1.56%

Investment Styles—YTD Returns

	Value	Blend	Growth
Large	7.66%	2.71%	0.44%
Mid	3.94%	0.79%	1.49%
Small	1.42%	-1.09%	-0.86%

Recession Indicator

The current score of our Recession Indicator suggests that there is a moderate probability of a recession in the next 6-12 months. The Indicator was unchanged last week. It stands at a level of 20. The ANCFI, and the Financial Stress Index are at a positive levels. The Weekly Economic Index, CPI, KC Labor Market Index, Housing Starts, & S&P 200 DMA are at moderate levels. The Yield Curve, Consumer Sentiment, Sahm Rule, & the Savings Rate are at warning levels.



PROBABILITY OF RECESSION	
Low	30-24
Moderate	23-17
High	16-10

Source: Eudaimonia Asset Management

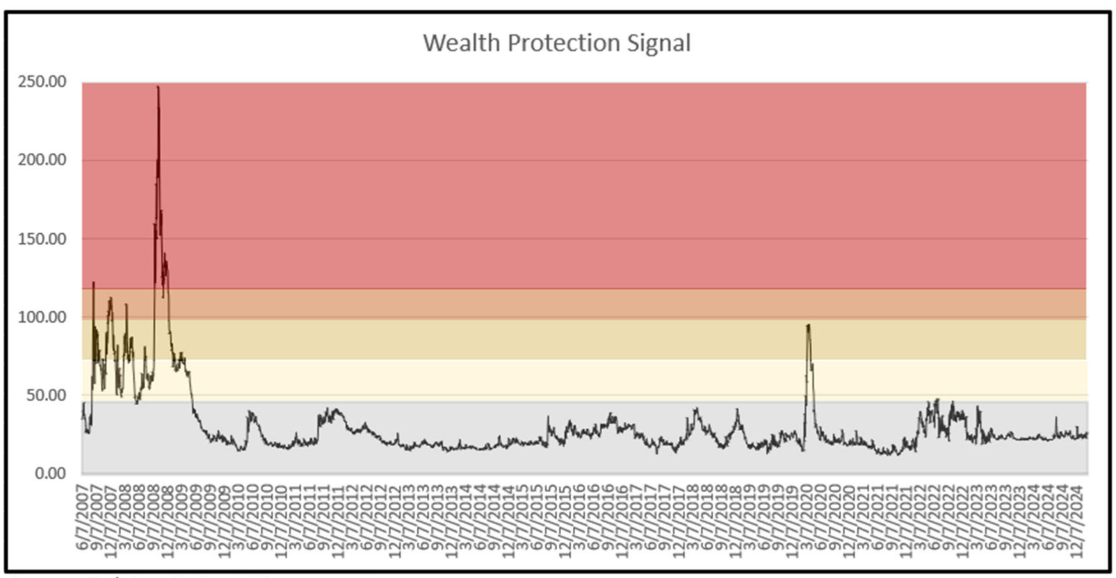
Wealth Protection Signal

Description

The Wealth Protection Signal measures panic or "fear" among investors, as well as, "volatility" in the market. The Signal is comprised of a proprietary weighting to the VIX Index (volatility) and to the TED Spread (fear). When these indices spike, major market meltdowns tend to follow. The Signal is also measured against the Yield Curve. When the 1st Cash Raise Level is reached, the Yield Curve (2yr Treasury Bond Yields > than 10yr Treasury Bond Yields) must also be inverted or have been inverted within the past 90 days in order for the 1st Cash Raise to trigger.

Current Level

The current level of the Wealth Protection Signal is at 25.60 as of Friday's close on February 28th, 2025. The Signal increased 3.1% last week. Volatility during the week as Nvidia's earnings seemed to harm AI-related stocks, but the VIX settle some by Friday. The Signal would have to increase 76% to reach the first cash raise trigger. The Wealth Protection Signal is currently indicating that investors should have a 0% cash-weighting as a defensive position within their respective asset allocation at this time.



Cash Raise Level
40%
30%
20%
10%
0%

Current Level
25.60
2/28/2025

Source: Eudaimonia Asset Management

See important disclosures on last page.

Disclosures

Sources: Investment Style returns are derived from Morningstar, Inc. (https://indexes.morningstar.com/indexdata#). Key Rates table derived from Bloomberg. (https://www.bloomberg.com/markets/rates-bonds/government-bonds/us). Sectors and Key Indices tables are derived from Charles Schwab Advisor Center.

Recession Indicator is comprised of 10 economic measurements including, the Yield Curve, GDP, Inflation, Wage Growth, Unemployment, Housing Starts, Consumer Sentiment, Adjusted National Financial Conditions Index, the Fed's Financial Stress Index, U.S. Savings Rate, and the NAAIM (National Association of Active Investment Managers) Index.

Wealth Protection Signal is comprised of the VIX and the TED Spread Indices. The VIX Index is the Chicago Board of Options Exchange (CBOE) Volatility Index, which shows the market's expectation of 30-day volatility. The TED Spread is the price difference between 3-month futures contracts for U.S. Treasuries and 3-month futures contracts for Eurodollars having identical expiration months.

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Risk Disclosure

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

All investments include a risk of loss that clients should be prepared to bear.