Market Update

MARCH 2025

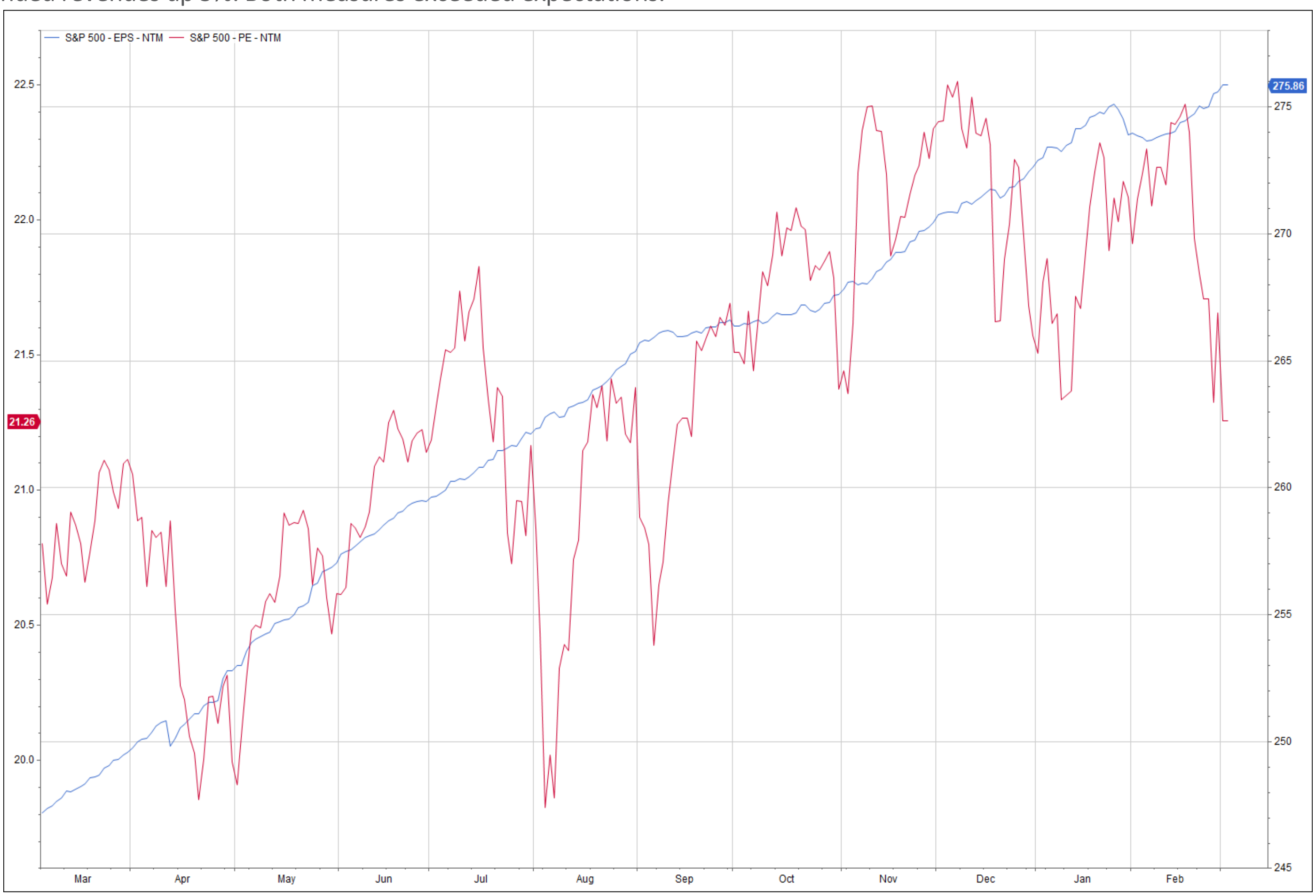
"Trees Don't Grow to the Sky"
J. W. von Goethe

Index	Feb. 2025*	YTD 2025*
S&P 500	-1.3%	1.4%
Russell 2000	-5.3%	-2.9%
Bloomberg AGG Bond	2.2%	2.8%
MSCI World, Ex-US	0.8%	4.6%

*Total Returns Source: Factset Data

U.S. equity markets experienced broad declines during the month of February, reminding us of the quote above originally meant to describe natural physical limits for growth but now widely used to describe market corrections from all-time price peaks. The declines in February were orderly and reflected both concerns about peaking growth for information technology companies as well as broader impacts from new tariff regulations and burgeoning efforts to curb federal government spending.

The rapid pace of headlines comes against a backdrop of healthy reported earnings gains for corporate America as a whole. According to Factset, more than 97% of companies in the S&P 500 have reported results for Q4 2024 with earnings up 18% and blended revenues up 5%. Both measures exceeded expectations.



SOURCE: Factset Data

The chart above shows the forward twelve-month earnings estimate for the S&P 500 (blue line) along with the current market P/E ratio (red line.) Embedded expectations point to solid earnings growth driven by expense controls, pricing power, and a jobs market still running well ahead of the US Federal Reserve's own estimate of full employment. These continue to be our guideposts. Over the last 20 years there have only been three periods where the forward twelve month estimate of S&P 500 earnings have declined more than 5%. Only once, during the great financial crisis (2008-2011,) did it take more than one year for full recovery.

SOURCE: Factset Data

Over in the bond market, 2025 is off to a strong start with yields across the curve down significantly from mid-January peaks. Stealing a line from Mark Twain, reports of the death of the "60/40" portfolio were greatly exaggerated. It seems markets have pivoted from concerns about the inflationary impacts of new government policies to the potential for slower GDP growth or even recession. Since the U.S. Federal Reserve began raising rates in 2022 the bond market has been on a roller coaster ride. Yields have moved between 3.5% and 5% on both the shorter and longer ends of the curve as sentiment ping pongs between growth and inflation fears. Other typical signs of recession like widening corporate bond spreads and yield curve inversions have yet to materialize, keeping us with shorter duration and healthy corporate exposures.

At Seacoast Wealth, portfolios are appropriately positioned to weather any short-term market corrections. We do this by emphasizing quality, proper diversification and valuation disciplines with equities, and moderate duration, investment grade bonds in fixed income.

As always, we appreciate the opportunity to work with you, and if you have any questions, please do not hesitate to reach out to your Seacoast Wealth Management Associate.

Disclosures:

Trust and investment management services are offered through Seacoast Wealth Management, a business group of Seacoast Bank. The information contained herein was gathered from sources believed to be reliable but is not guaranteed by Seacoast Bank nor is it to be considered all-inclusive. Further, the information does not purport to be a complete analysis of any security, company, or industry mentioned. Opinions regarding any securities and/or security mentioned are subject to change at any time.

This presentation is intended for the sole use of the present or prospective client named and it not to be distributed to any other party. The presentation is not intended as nor does it constitute tax or legal advice. You should consult your own lawyer, accountant or other professional advisor when planning to implement a strategy. All charts/tables are

presented as illustrations provided for informational purposes only and are not indicative of future results. No guarantee is given that any specific investment or strategy referenced or described herein will be profitable or will achieve results equal to or exceeding historical, simulated or hypothetical results presented. There is no guarantee that a diversified portfolio will outperform a non-diversified portfolio or assure or protect against loss in any given market environment. Past performance is not a guarantee of future results. Securities, Insurance and Advisory Services are: Not a deposit. Not FDIC Insured. Not guaranteed by the bank.

Sources: JP Morgan Asset Management; NASDAQ; FactSet; Bloomberg; Broadridge: *Data sources: Economic: Based on data from U.S. Bureau of Labor Statistics (unemployment, inflation); U.S. Department of Commerce (GDP, corporate profits, retail sales, housing); S&P/Case-Shiller 20-City Composite Index (home prices); Institute for Supply Management (manufacturing/services). Performance: Based on data reported in WSJ Market Data Center (indexes); U.S. Treasury (Treasury yields); U.S. Energy Information Administration/Bloomberg.com Market Data (oil spot price, WTI, Cushing, OK); www.goldprice.org (spot gold/silver); Oanda/FX Street (currency exchange rates). News items are based on reports from multiple commonly available international news sources (i.e., wire services) and are independently verified when necessary with secondary sources such as government agencies, corporate press releases, or trade organizations. All information is based on sources deemed reliable, but no warranty or guarantee is made as to its accuracy or completeness. Neither the information nor any opinion expressed herein constitutes a solicitation for the purchase or sale of any securities, and should not be relied on as financial advice. Forecasts are based on current conditions, subject to change, and may not come to pass. U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities and other bonds fluctuates with market conditions. Bonds are subject to inflation, interest-rate, and credit risks. As interest rates rise, bond prices typically fall. A bond sold or redeemed prior to maturity may be subject to loss. Past performance is no guarantee of future results. All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful. The Dow Jones Industrial Average (DJIA) is a price-weighted index composed of 30 widely traded blue-chip U.S. common stocks. The S&P 500 is a market-cap weighted index composed of the common stocks of 500 largest, publicly traded companies in leading industries of the U.S. economy. The NASDAQ Composite Index is a market-value weighted index of all common stocks listed on the NASDAQ stock exchange. The Russell 2000 is a market-cap weighted index composed of 2,000 U.S. small-cap common stocks. The Global Dow is an equally weighted index of 150 widely traded blue-chip common stocks.*