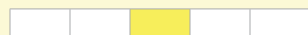


Macro & Market Outlook

as at March 31, 2025

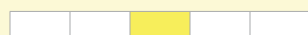
Central Banks



(decreased by 1*)

- At the March 2025 Federal Open Market Committee (FOMC) meeting, the US Federal Reserve (“The Fed”) took a wait-and-see approach to the economic outlook, keeping its benchmark interest rate unchanged. The Fed has been in a challenging position. It is caught between a trade war that could cause tight financial conditions and weigh on the economy as inflation rises.
- Other major banks have implemented more substantial rate cuts. For example, the Bank of Canada cut its benchmark interest rate twice in 2025 already. Similarly, the European Central Bank and the Bank of England have also cut their funding rates.
- For the rest of 2025, there will still be notable differences in central bank monetary policies. The uncertainty surrounding tariffs and their impact on the US economy makes it difficult for the Fed to proactively adjust interest rates, leading them to be more reactive to incoming data. Meanwhile, most major developed countries are expected to continue their monetary easing and further reduce interest rates.

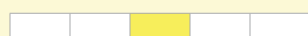
Liquidity & Credit



(decreased by 1*)

- The tariffs and trade tensions will likely weigh on global credit conditions, which have, until now, remained supportive.
- Credit spreads for US corporate bonds have widened 30 – 40bps in the recent weeks from their two-year lows due to tariff fears.
- According to the S&P, the worsening global trade tensions, expectations for a worldwide economic slowdown, and increased investor risk aversion will likely impact expectations of a continued gradual decline in speculative-grade defaults¹, which have been at a historical low.
- We entered 2025 with favourable credit and liquidity conditions. However, due to uncertainties surrounding tariffs, these conditions are likely to tighten, and companies may start to cut jobs and reduce capital spending. Additionally, potential tariff impacts could lead to a resurgence of inflation, prompting central banks to slow down or pause their easing measures.

Economics



(unchanged*)

- Increased uncertainty surrounding US policies, particularly regarding tariffs, has raised concerns about a potential global economic downturn. While this climate of uncertainty poses heightened risks, we believe it is premature to assert that current events will lead to a widespread recession.
- The global economy is stable as we enter this period of trade disruption. Although the outlook varies by region, we expect the economy to maintain a positive growth trajectory in 2025. We continue anticipating weaker growth in Europe and stronger growth in the United States.
- According to the latest OECD’s projections²,
 - The global economy’s GDP growth rate is projected to be steady at 3.1% in 2025, with projected G20 headline inflation of 3.8%.
 - Annual GDP growth in the US is expected to slow from its recent rapid pace, though strong labour market conditions and consumer spending will continue to support economic growth. Growth is projected at 2.2% in 2025.
 - The GDP growth of the Euro area is projected to be 1% in 2025 as heightened uncertainty keeps growth subdued.
 - China’s growth is expected to slow to 4.8% in 2025 due to lower consumption and property-sector weaknesses failing to make up for public investment and export strength.

Legend:






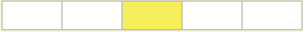
* Change from the previous 12-month outlook.

** The weights to calculate the Overall rating are determined by Argus Wealth at its discretion.

¹ <https://www.spglobal.com/ratings/en/research/articles/250403-creditweek-how-much-will-credit-conditions-deteriorate-as-global-trade-tensions-heat-up-13462215>

² https://www.oecd.org/en/publications/oecd-economic-outlook-interim-report-march-2025_89af4857-en.html

Macro & Market Outlook as at March 31, 2025

<p>Valuations</p>  <p>(unchanged*)</p>	<ul style="list-style-type: none"> Despite the recent pullbacks in the US equity market, overall valuations remain on the higher end of their historical range. The S&P 500's price-to-earnings (P/E) ratio is currently at 28. In comparison, the P/E ratio for the S&P 500 Equal Weight Index Fund is at 19, which falls within its 10-year range of 15 to 25. We have seen new rotations in the stock market this year, with value stocks outperforming large growth stocks. The mega-cap tech trade began to unwind as investors looked for opportunities in other sectors, causing the Magnificent 7 to lose momentum. After the sell-off, many of the companies in the Magnificent 7 now appear more attractive from a valuation perspective. Companies like Nvidia, Meta, Amazon, Microsoft, and Alphabet are considered to be undervalued. A rotation into international stocks (MSCI EAFE) relative to the US stock market has also occurred thus far this year, further highlighting the importance of portfolio diversification.
<p>Sentiment</p>  <p>(decreased by 2*)</p>	<ul style="list-style-type: none"> The University of Michigan's Consumer Sentiment Index, which tracks US consumer sentiment, plunged to its lowest level since June 2022³. Consumer sentiment fell for the fourth straight month and has now lost more than 30% since December 2024 amid growing worries about trade war developments that have oscillated over the course of the year. The latest American Association of Individual Investors Sentiment Survey showed 59% bearish, 28.5% bullish and 12.5% neutral⁴. A poll of more than 220 US CEOs finds that business confidence is at its lowest level since November 2022, driven by tariff uncertainty and fears of recession⁵.
<p>Technical (US Large Cap)</p>  <p>(decreased by 1*)</p>	<ul style="list-style-type: none"> The S&P 500 Index is assessed as weak positive for the medium-long term. The S&P 500 has broken through the floor of a rising trend channel in the medium-long term. This indicates a slower rising rate at first, or the start of a more horizontal development.
<p>Overall</p>  <p>(decreased by 5*)</p>	<p>Conclusion: Our overall assessment has changed from positive last quarter to neutral due to the uncertainty surrounding tariffs and their impact on the global economy. In light of the highly volatile market environment, we have reduced risk in our private client portfolios. This includes adjusting our US equity exposure to a neutral position, decreasing our holdings in emerging market equities and opportunistic fixed income, and incorporating a tactical allocation to gold and short-term Treasuries.</p> <p>We believe that, in the long run, what we have experienced lately will just be a blip in an upward trend. While tariffs and uncertainty will likely weigh on economic growth in the near term, we maintain that the current fundamentals of the US economy are still solid. We are confident that the market will fully recover, so we stay invested.</p>

The opinions expressed herein are those of Argus Wealth Management and the report is not meant as legal, tax or financial advice. You should consult your own professional advisors as to the legal, tax, or other matters relevant to the suitability of potential investments. The external data presented in this report have been obtained from independent sources (as noted) and are believed to be accurate, but no independent verification has been made and accuracy is not guaranteed. The information contained in this report is not intended to address the needs of any particular investor.

This presentation is solely for the recipient. By accepting this report, the recipient acknowledges that distribution to any other person is unauthorized, and any reproduction of this report, in whole or in part, without the prior consent of Argus Wealth Management is strictly prohibited. This communication is not to be construed as an offer to sell or the solicitation of an offer to buy any security. Such as an offer can only be made through receipt of an offering memorandum which will explain all risks. All figures are estimated and unaudited. Past performance is not necessarily indicative of future results.

IF YOU ARE LOOKING FOR EXCEPTIONAL SERVICE IN PRIVATE WEALTH MANAGEMENT, PLEASE GIVE US A CALL.
WE WOULD LOVE TO HELP YOU ACHIEVE YOUR GOALS.

Argus Wealth Management ("AWM") is a wholly owned subsidiary of The Argus Group and was founded in 2005 to provide investment solutions for the pension portfolio of the Argus Group. AWM expanded its investment offering beyond the institutional space to offer its full range of services to high net worth clients, institutions and endowments. AWM is registered under the Investment Business Act 2003 (Bermuda) and licensed to conduct Investment Business by the Bermuda Monetary Authority.

* Change from the previous 12-month outlook.

** The weights to calculate the Overall rating are determined by Argus Wealth at its discretion.

Argus Wealth Management Limited

The Argus Building
14 Wesley Street
Hamilton HM11, Bermuda

Tel: +1 (441) 295 9000
invest@argus.bm
arguswealth.bm

³ <https://tradingeconomics.com/united-states/consumer-confidence>

⁴ <https://www.aaii.com/sentimentsurvey>

⁵ <https://chiefexecutive.net/ceo-optimism-plummets-in-march-amid-tariff-uncertainty/>

