THE CAPITAL
MARKETS
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MARKET UPDATE AT A GLANCE

The Dow Jones Industrial Average (DJIA) finished March at 42,002, down -4.20% for the month and down -1.28% so far in 2025. The S&P 500 closed March at 5,612, down -5.75% for the month and down -4.59% year-to-date. The NASDAQ Composite lost -8.21% in March, down -10.42% for the year. Small-company stocks as measured by the Russell 2000 ended March down -6.99% for the month, down -9.79% so far for the year. Consumer discretionary (-13.10%) and technology (-12.68%) have been the worst-performing sectors year-to-date.

INVESTORS WONDERING HOW MUCH TOOTHPASTE IS OUT OF THE TUBE AS TARIFF FEARS SPIKE

We all know that markets dislike uncertainty, and that this administration was likely to provide more surprises than usual, but almost no one was expecting the April 2 announcement of new tariffs on much of the world, friends and rivals alike, that were much higher than the tariffs being charged on U.S. goods by those countries.

The tariff rates were calculated using a formula essentially targeting the trade deficits the United States faces with other nations. According to the administration, these are in large part due to non-tariff measures and other trade barriers. Many economists have been vocally skeptical of this thinking, however, both in terms of the cause of these trade deficits, and in the notion that trade deficits should be inherently avoided.

While these ideas are and will be debated forcefully in the coming months and years, especially ahead of U.S. mid-term elections in 2026, for now investors are left with highly elevated uncertainty ahead of a July deadline for the highest tiers of tariffs to take effect.

Many observers expect that what ultimately goes into effect long term may be different than what is on the table now, and the sooner the economy gains clarity on a longer-term equilibrium, the better. Many expect that should some clarity and resolution come into focus soon, the long-term scars left on the economy could be conceivably mild. If the uncertainty drags on, impacts on corporate America and the global economy will increasingly compound, and the risks of unintended consequences will increase.

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"The International Monetary Fund slashed its U.S. and global economic forecasts, warning that tariffs were ushering in a new era of slower growth. U.S. economic growth in 2025 is now projected at 1.8%, down from the fund's 2.7% forecast in January."

(The Wall Street Jourrnal, Krystal Hur, April 22, 2025)

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In this period of elevated volatility and uncertainty, here are a few key points we would encourage investors to consider during this time.

Market volatility often highlights the benefits of investing fundamentals.

Many balanced investors during this period have been surprised to see that their portfolios are holding up much better than the S&P 500 returns quoted in headlines. This is because in 2025, diversification has been the big winner.

While the S&P 500 is down double digits at the time of this writing, international equities are higher, and bonds are up. While it wasn't as exciting to talk about in '23 and '24, when just seven U.S. tech stocks drove most of the market growth, maintaining the discipline of being a highly diversified investor in 2025 has been a major benefit.

Asset allocation and time horizon remain critical factors.

Entering the year, investors were encouraged to ensure that equity allocations were for accounts with 5 to 7+ year time horizons or longer, and that near-term spending needs were in cash reserve. Stock investors in these longer-term accounts may benefit from keeping a perspective consistent with this time horizon.

The S&P 500 gained 18%+ five out of the last six years heading into 2025, and valuations were stretched well above long-term averages. A period of subdued near-term stock returns was expected by most, and with the current trade uncertainty 2025's outlook appears muddled at best.

The medium-to-long-term outlook for capital markets, however, remains constructive in our view. We expect the global economy, technological innovation and disruptive entrepreneurs to continue to reward investors over the long term for investing in the capital markets.

When the urge to sell is the greatest, the benefit of doing so is the weakest.

The S&P 500's -10.5% return April 3 and 4 was the worst two-day stretch since March 2020. Just three days later, April 9's return of +9.5% was the third-largest one-day return since 1987.

According to a Vanguard study, since 1980, investors who spent 3 months in cash following a -10% drawdown in stocks had a 74% probability of underperforming a 60/40 portfolio that stays the course. Those who spent 12 months in cash after a correction had an 87% probability of underperforming a fully invested portfolio.

"Time in" the market has been shown to be more valuable to investors than "timing" the market on average over long periods of time.

This is not meant to minimize the concern and worry that many investors feel, for many reasons, over recent developments. It's just a reminder that taking the long view when investing often helps avoid reacting to back and forth market movements, which can be volatile in the near-term.

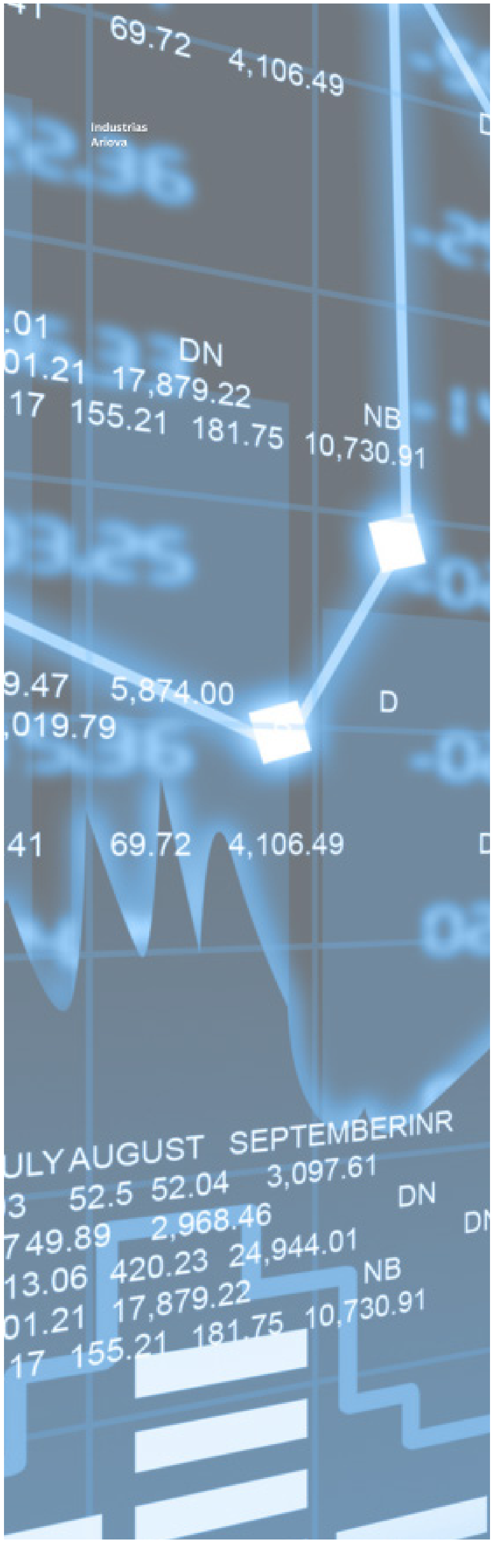
Our team is watching developments closely each day and stands ready to assist you with any questions, requests or analysis which would be helpful during this time.

"The delay in tariff implementation sent stocks soaring, but markets couldn't hold the momentum as it became clear that the economic outlook remains cloudy. Based on official data, economic conditions remain stable, but the combination of lost wealth, higher inflation fears and uncertainty over what comes next could still lead to a pullback in spending and employment in the weeks ahead."

(Barron's The Economy, Megan Lenhardt, April 11, 2025)

Market Metrics

Index or Metric	Close as of 2/28/2025	Close as of 3/31/2025	Change Previous Month End	2025 YTD % Change
Dow Jones Industrial Average	43,840.91	42,001.76	-1,839.15	-1.28%
S&P 500	5,954.50	5,611.85	-342.65	-4.59%
NASDAQ Composite	18,847.28	17,277.29	-1,547.99	-10.42%
RUSSELL 2000	2,165.30	2,011.91	-153.39	-9.79%
Fed Funds Rate	4.25% - 4.50%	4.25% - 4.50%	UNCHANGED	
2-Year Treasury	3.99%	3.89%	-0.10%	
10-Year Treasury	4.24%	4.23%	-0.01%	
Crude Oil $ per Barrel	$69.76	$71.48	+$1.72	-0.33%
Gold $ per Troy oz.	$2,848.50	$3,150.30	+$301.80	19.28%
UK Point in U.S. $	$1.2592US=1£	$1.2908US=1£	$ WEAKER	3.06%
Euro in U.S. $	$1.04US=1	$1.0802US=1	$ WEAKER	4.32%
Canada $ per U.S. $	$1.44055C=$1.00US	$1.43925C=$1.00US	$ WEAKER	0.07%
Japan Yen per U.S. $	150.695¥=$1.00US	149.54¥=$1.00US	$ WEAKER	-4.85%



NEW COVENANT TRUST
A Subsidiary of the Presbyterian Foundation

200 E. 12th Street | Jeffersonville, IN 47130

trustservices@presbyterianfoundation.org | 800-858-6127, Option 6

newcovenanttrust.com