

NEPC MARKET OUTLOOK

**THE POLICY COCKTAIL:
SHAKEN SENTIMENT, STIRRED MARKETS**

APRIL 15, 2025

NEPC Asset Allocation



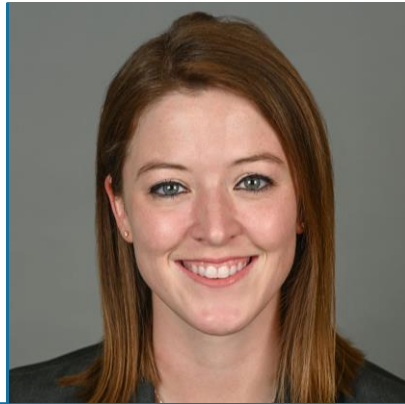
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TODAY'S PRESENTERS



Phillip Nelson, CFA

Partner,
Director of Asset
Allocation

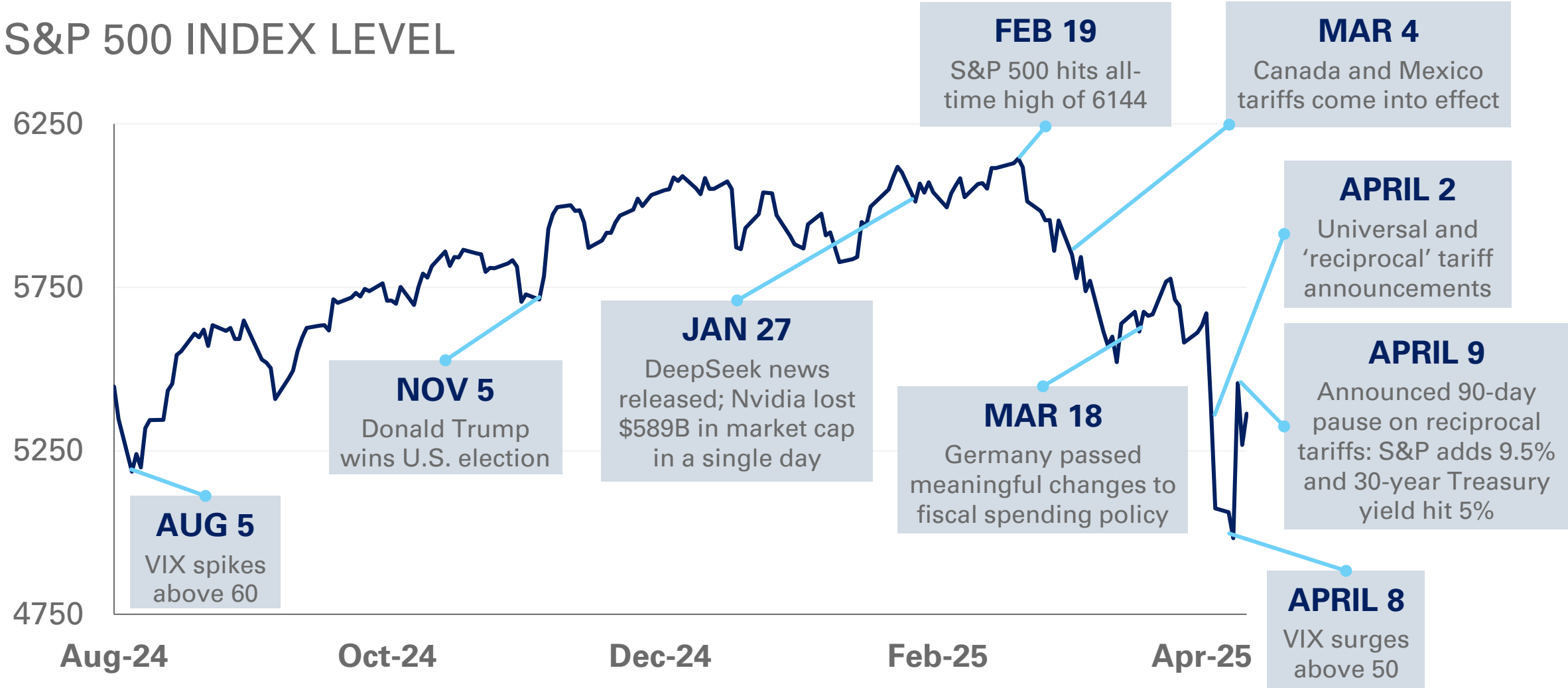


Jennifer Appel, CFA

Principal,
Senior Investment
Director, Asset
Allocation

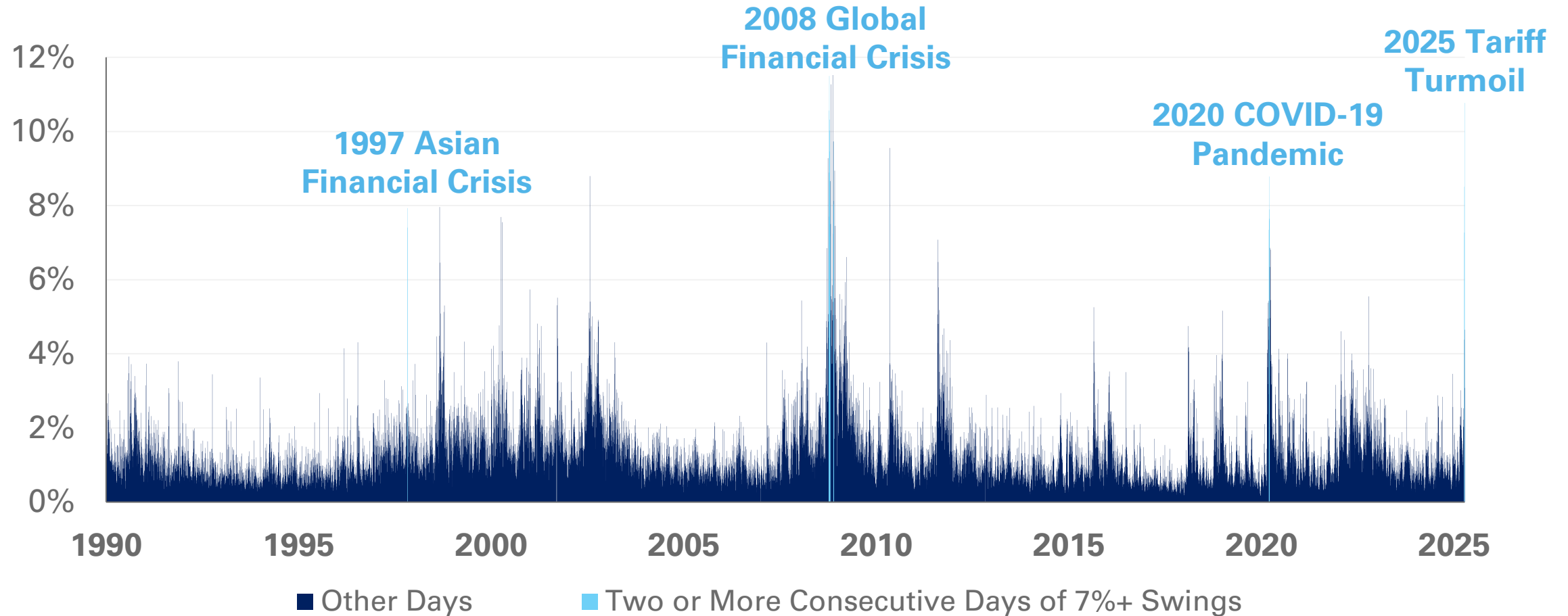
RECENT MARKET MILESTONES

S&P 500 INDEX LEVEL



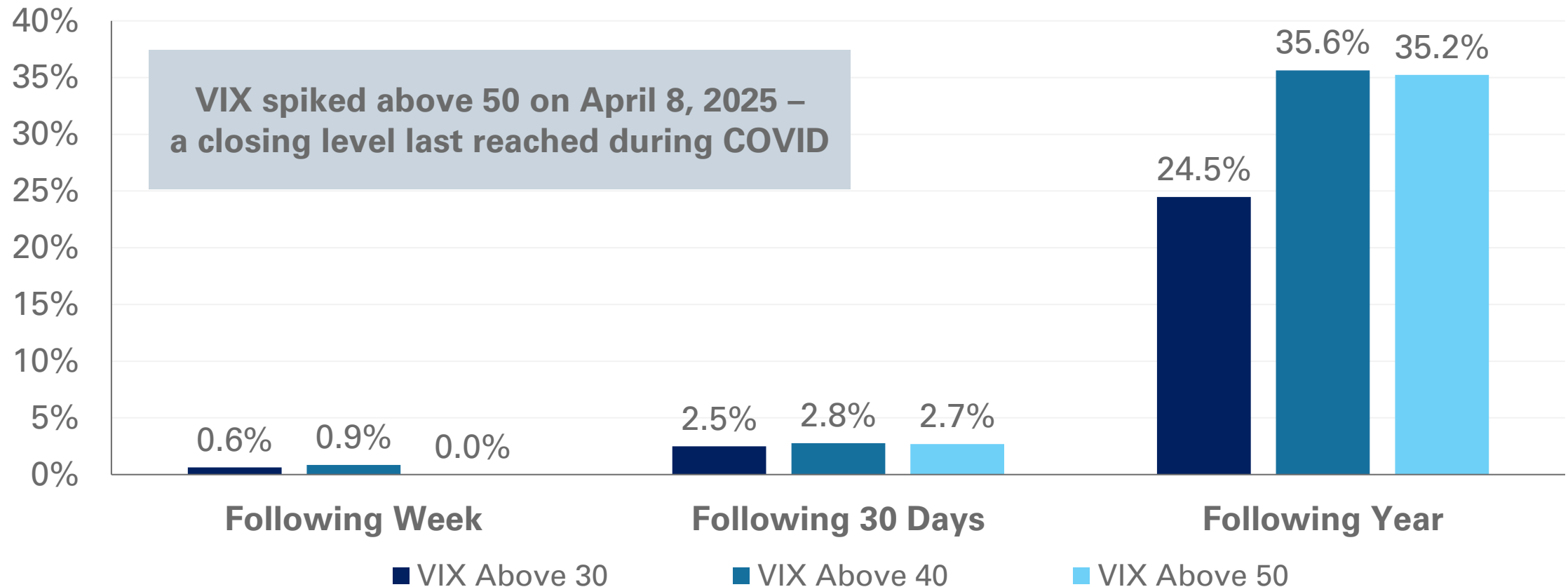
EQUITY MARKET VOLATILITY IS EXTREME

S&P 500 INTRADAY TRADING RANGE



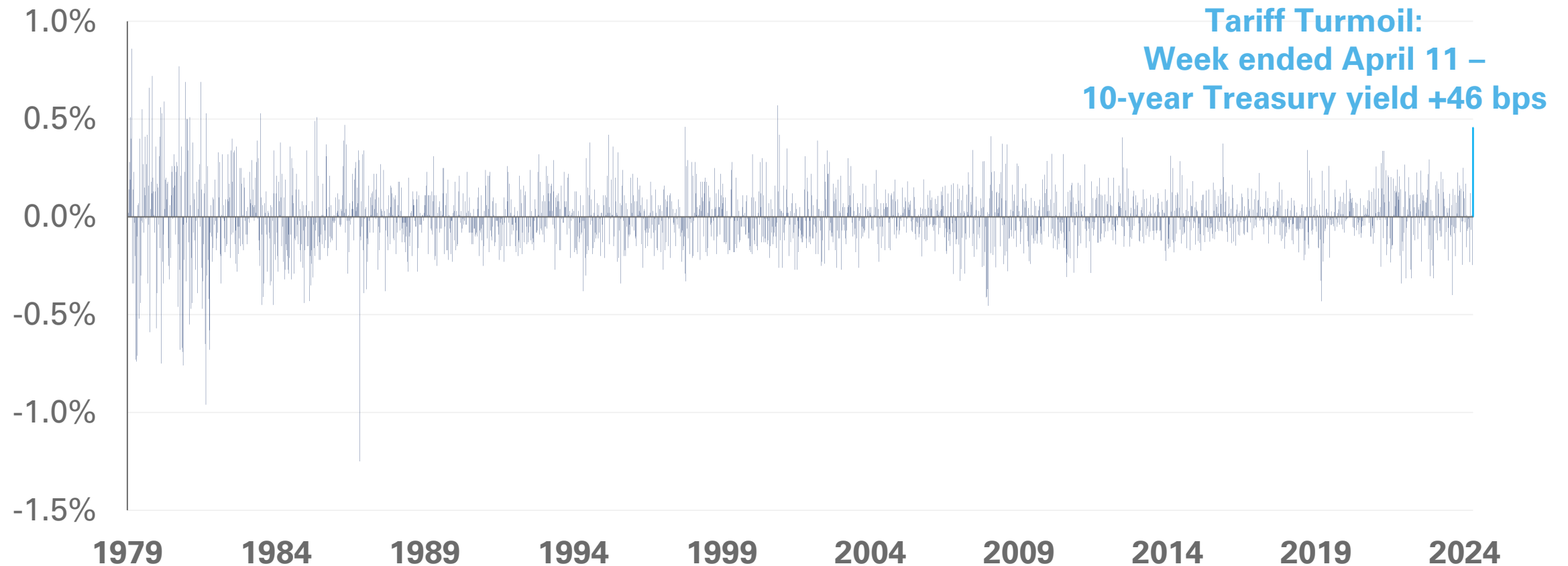
EQUITY REBALANCING PAYS OFF OVER TIME

AVERAGE S&P 500 RETURNS FOLLOWING SPIKES IN VIX



U.S. RATES PRESSURED HIGHER AMID TURMOIL

WEEKLY CHANGE IN THE 10-YEAR U.S. TREASURY YIELD



NEPC MARKET OUTLOOK



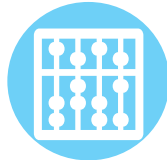
Recession risks are high should the effective tariff rate on imported goods remain above 20%, but we expect rates to be negotiated lower



Brace for volatility as tariff policy uncertainty and additional announcements are likely to continue buffeting equity markets



Periods of heightened market fear offer elevated long-term returns - we encourage rebalancing back to the S&P 500 and safe-haven assets



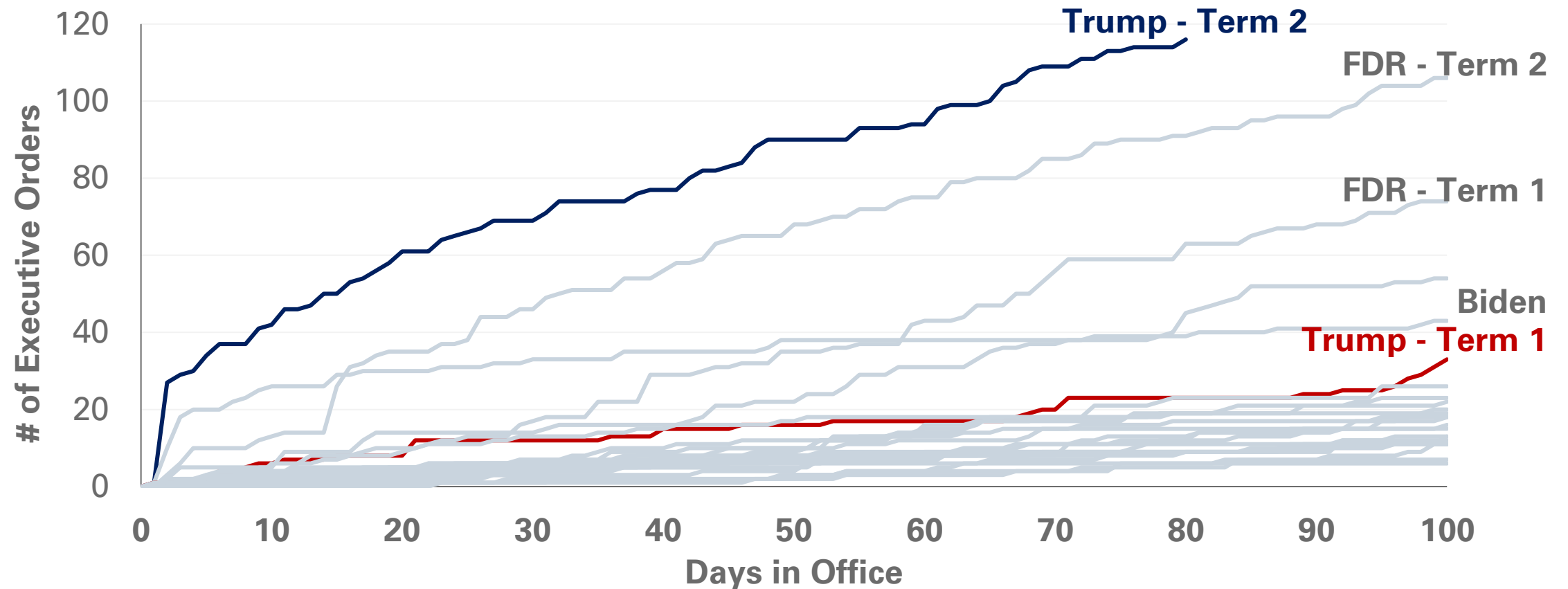
We recommend investors to ensure they have appropriate safe-haven fixed-income exposure and sufficient liquidity for cash flow needs



We urge investors to stay the course and not pull away from markets when panic takes hold; look for opportunities should the rout deepen

U.S. POLICY CHANGES ARE AFOOT

EXECUTIVE ORDERS ISSUED IN THE FIRST 100 DAYS IN OFFICE



PRESIDENT TRUMP'S TARIFF ANNOUNCEMENTS



25% tariff on Non-USMCA-compliant goods from Mexico and Canada



25% tariff on aluminum and steel imports



25% tariff on goods imported from countries that import Venezuelan oil



25% tariff on auto imports



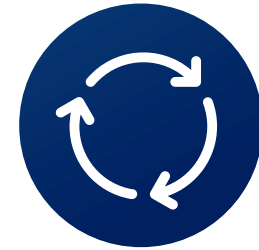
10% baseline tariff rate on goods imports



145% tariff on Chinese goods imports



Pending 25% tariff on imported auto parts - effective May 3, 2025



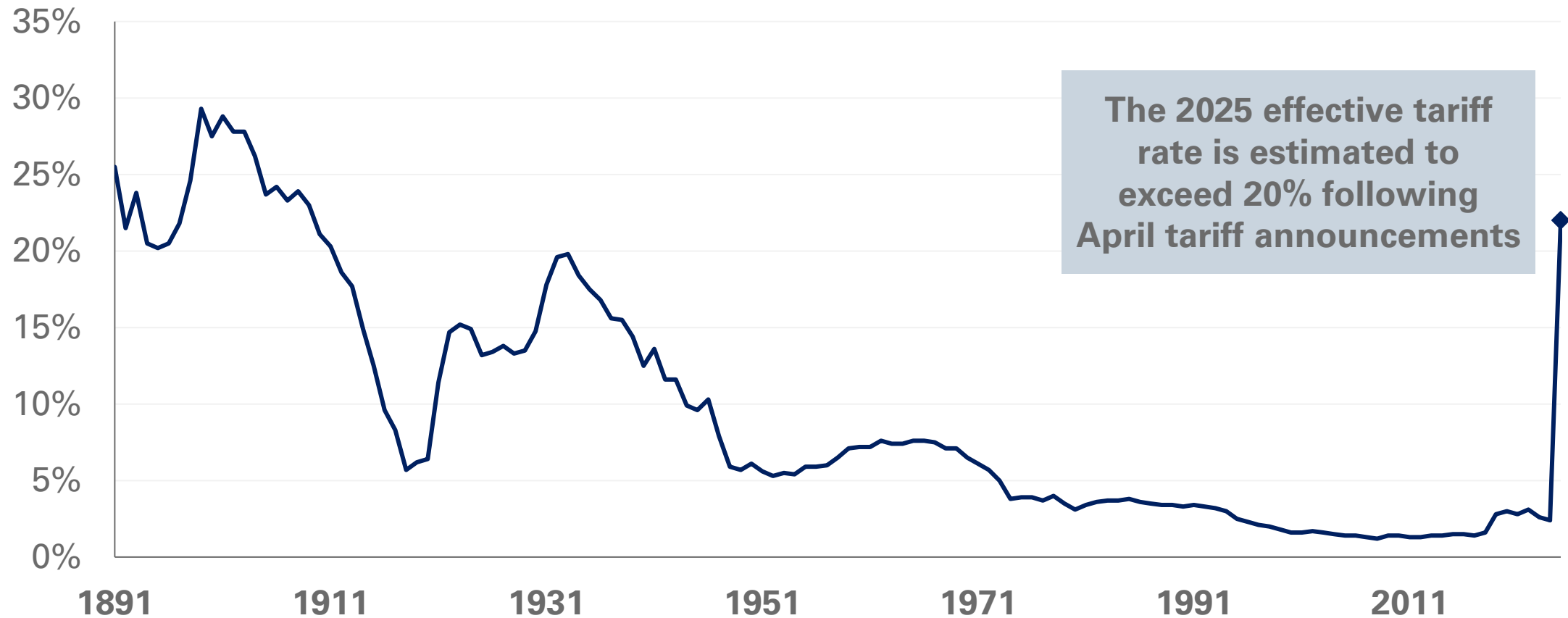
Paused 'reciprocal' tariffs imposed on up to 60 nations – effective July 9th, 2025

TARIFFS ENACTED USING A VARIETY OF METHODS

	Description	Requires Investigation	Requires Notice / Comment Period	Est. Timeline	Used prior to 2025?
Section 338 of the Tariff Act of 1930	The President can impose duties to combat discrimination against US commerce - rates limited to 50%	No	No	Up to 30 days	No
Section 232 of the Trade Expansion Act of 1962	Targets imports that threaten national security	Yes	No	Up to 12 months	Yes – steel, aluminum
Section 301 of the Trade Act of 1974	Aims to provide relief for unfair trade practices	Yes	Yes	Up to 12 months	Yes – EVs, semi-conductors
Section 122 of the Trade Act of 1974	Allows for temporary tariffs up to 15% under specific economic conditions	No	No	Instant	No
Section 201 of the Trade Act of 1974	Focuses on imports that cause harm to domestic industries	Yes	Yes	Up to 8 months	Yes – solar panels, washing machines
The International Emergency Economic Powers Act of 1977	The President can implement tariffs on the basis of a “national emergency”	No	No	Instant	No*

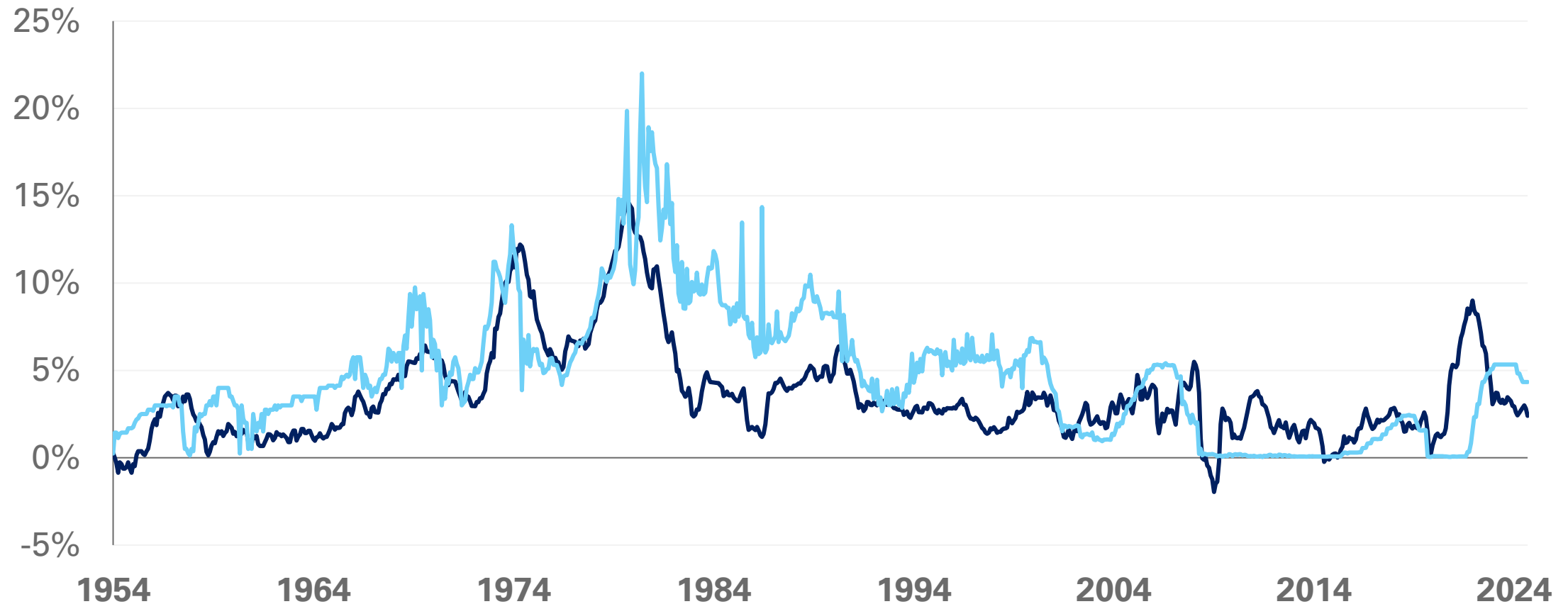
NEW U.S. TARIFF RATES ARE EXTRAORDINARY

U.S. AVERAGE EFFECTIVE TARIFF RATE



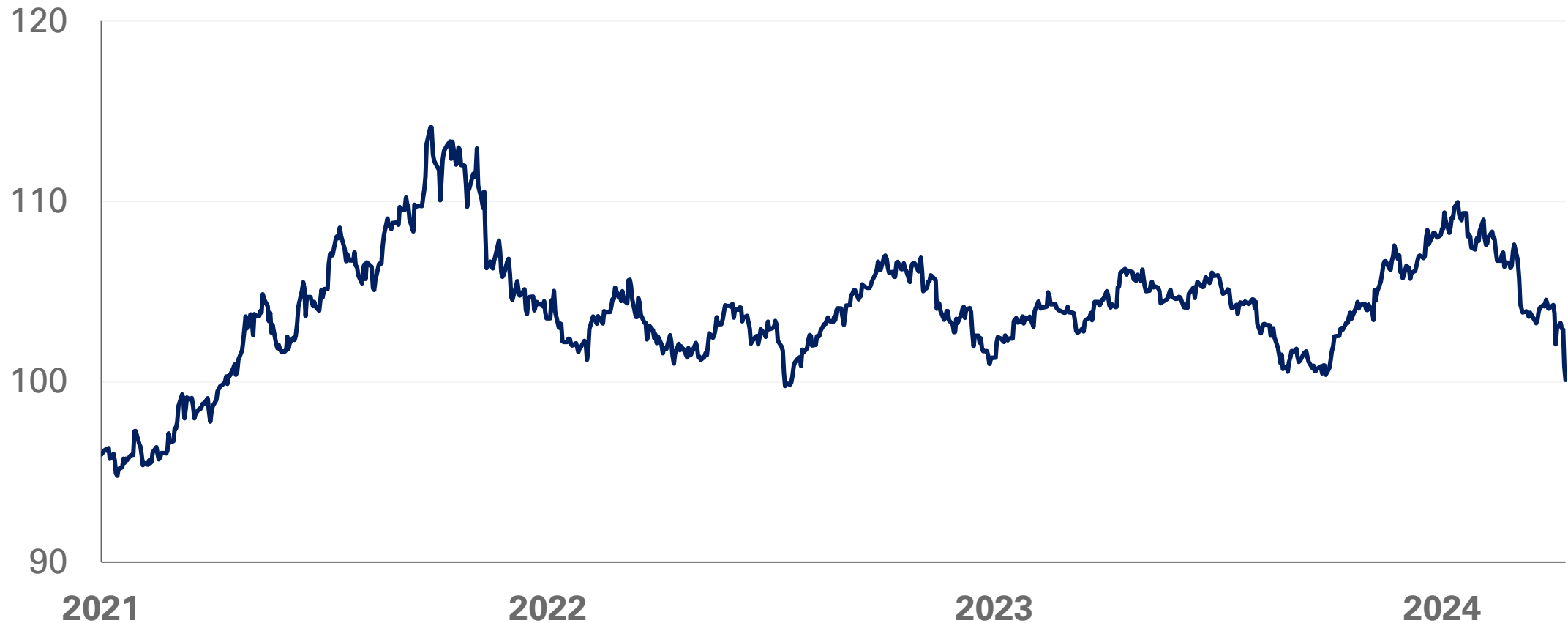
FED HAS ROOM TO EASE, BUT BIASED AGAINST IT

U.S. CONSUMER PRICE INDEX VERSUS FED FUNDS RATE



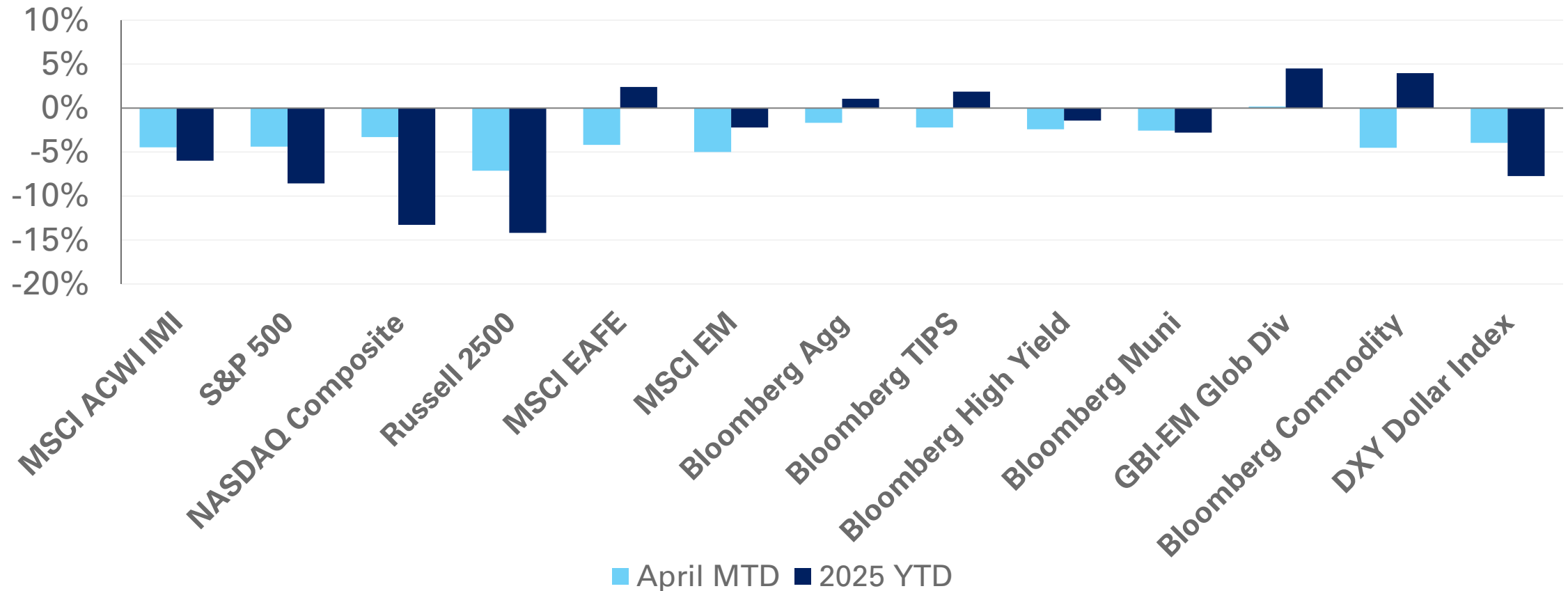
POLICY CONCERNS HAVE WEIGHED ON THE USD

U.S. DOLLAR INDEX (DXY)



TARIFF AND RECESSION FEARS HIT MARKETS

TOTAL RETURNS APRIL MONTH-TO-DATE AND 2025



NEPC INVESTOR CHECKLIST



Maintain a long-term investment perspective:

resist the urge to tactically adjust portfolios in response to tariff headlines



Stay invested amid market volatility:

find rebalance opportunities amid market volatility surrounding tariff news



Portfolio liquidity remains paramount:

ensure portfolios have appropriate safe-haven exposure and sufficient liquidity



Be aware of the denominator effect:

assess portfolio flexibility to tolerate an overweight to private markets



Focus on the opportunity for active management:

market volatility provides an attractive backdrop for alpha generation

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QUESTIONS?



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THANK YOU

