

V-Shaped Recovery, What's Next?

Quarterly Market Update

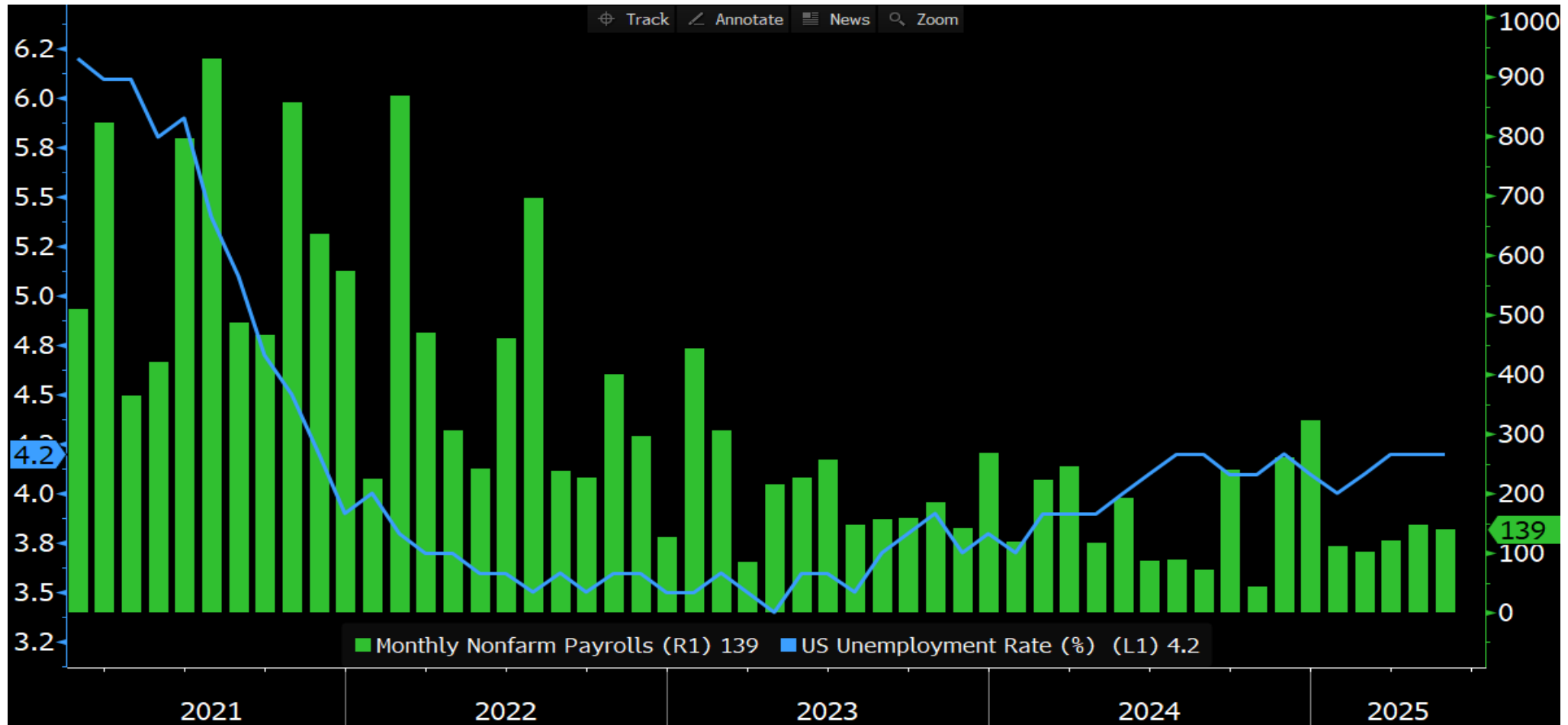
Jeff Dicks - Chief Investment Officer

June 2025



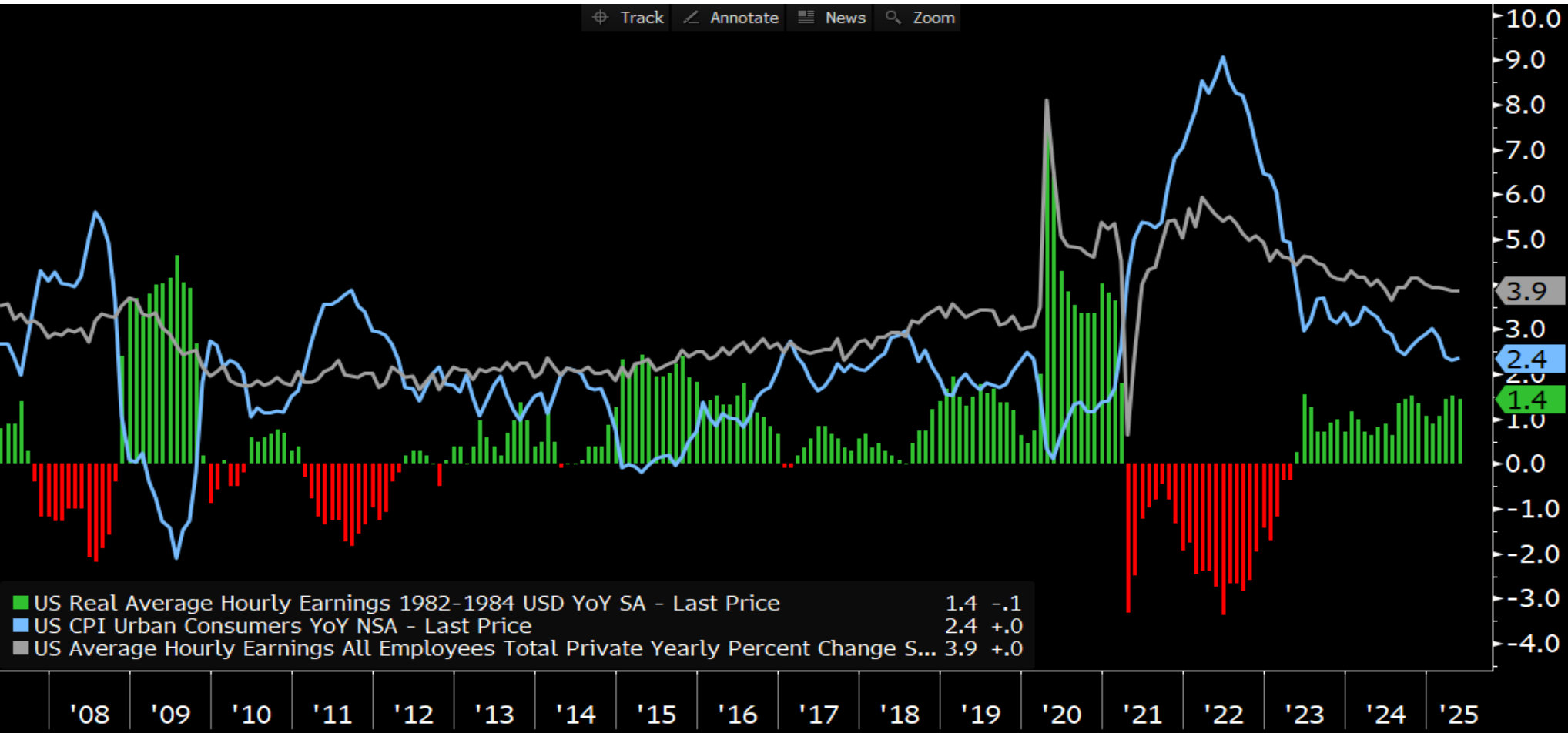
See important disclosures following the presentation.

Labor Market Resilient but Losing Momentum



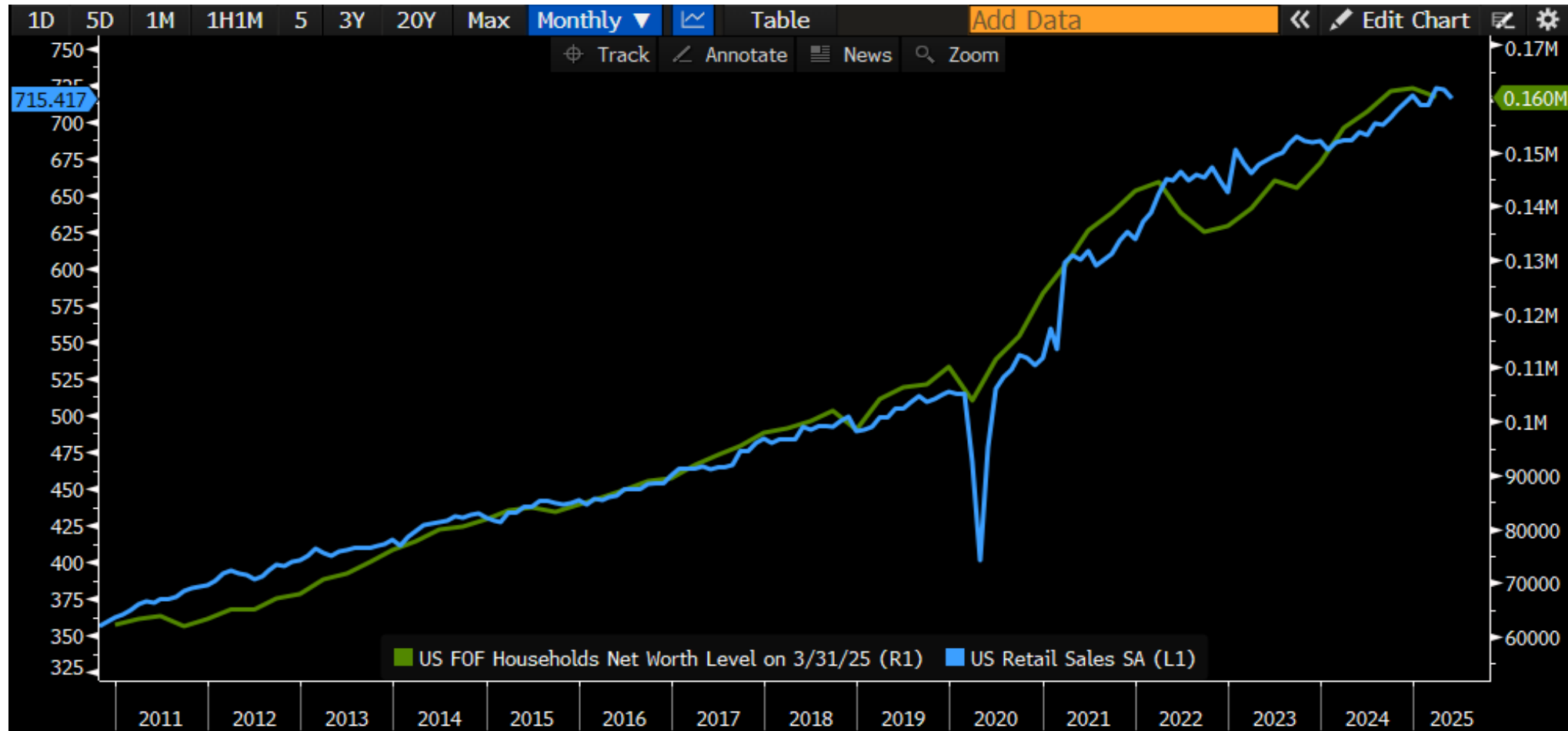
Source: Bloomberg

Wages Growth Still Expanding at an Impressive Clip



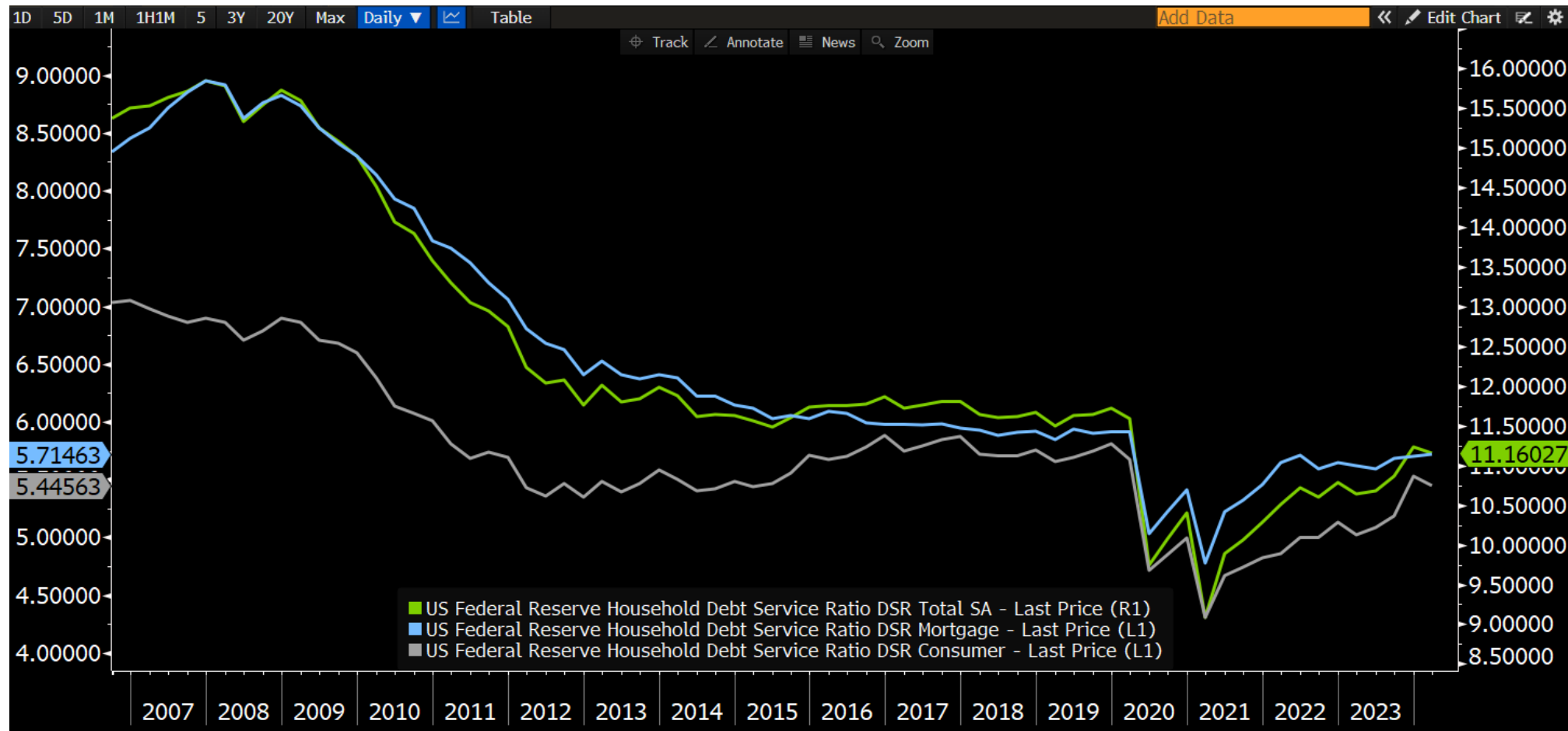
Source: Bloomberg

Retail Sales Point to a Softening Stance From Consumers



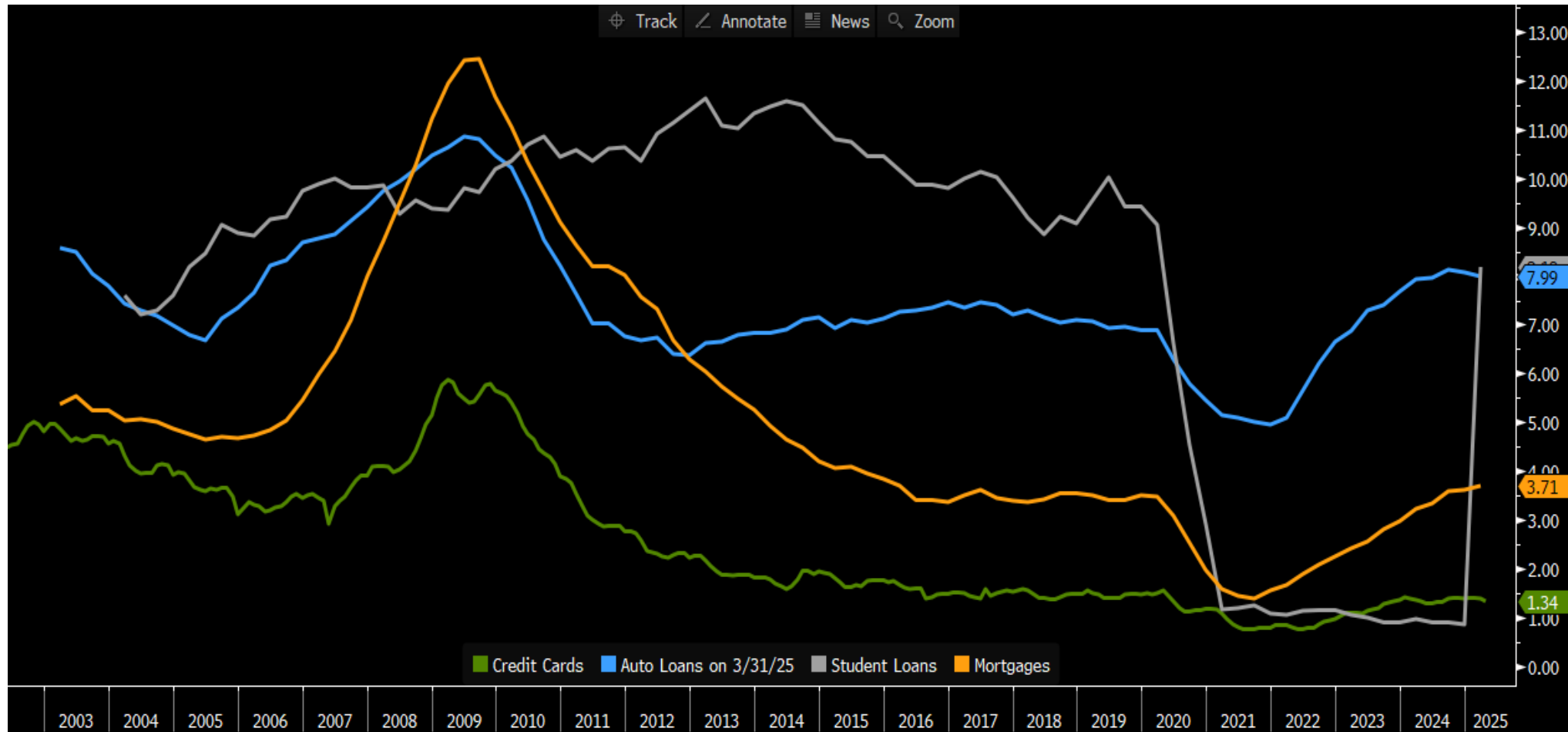
Source: Bloomberg

Consumer Debt to Income Ratios Healthy, but Rising



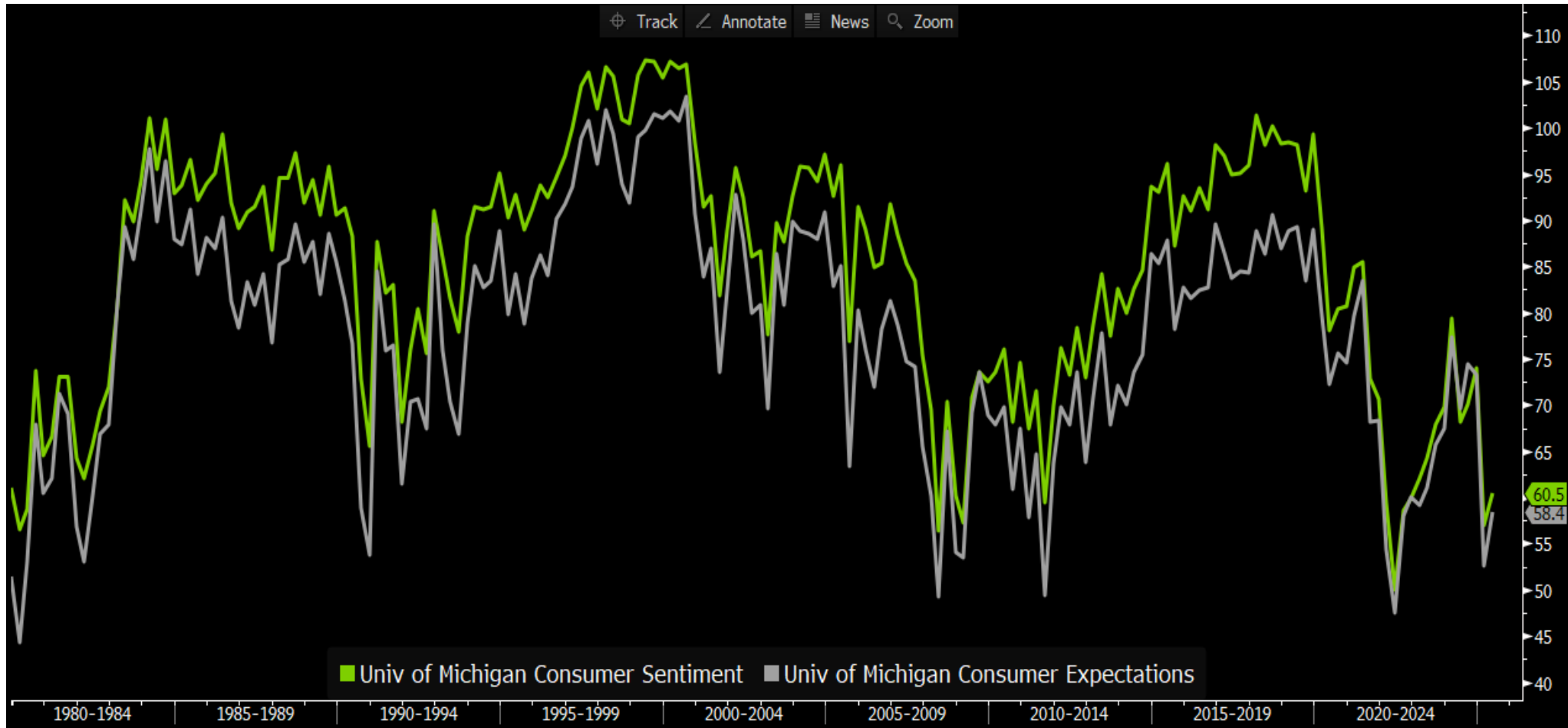
Source: Bloomberg

Consumer Delinquency Rates Have Edged Up, but Not Alarming



Source: Bloomberg

Consumer Sentiment Still Weak, but Has Moved Last Few Readings



Source: Bloomberg

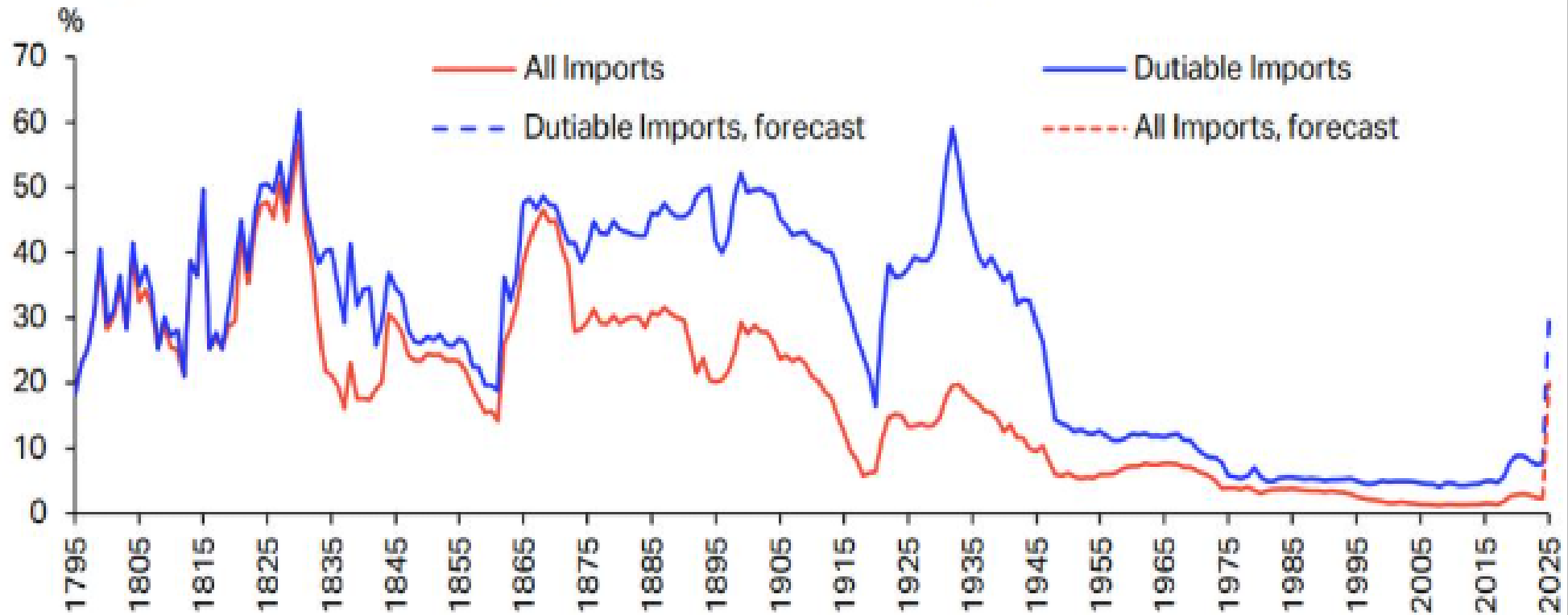
Home Prices Resilient but Turnover Still Low Due to Elevated Mortgage Rates



Source: Bloomberg

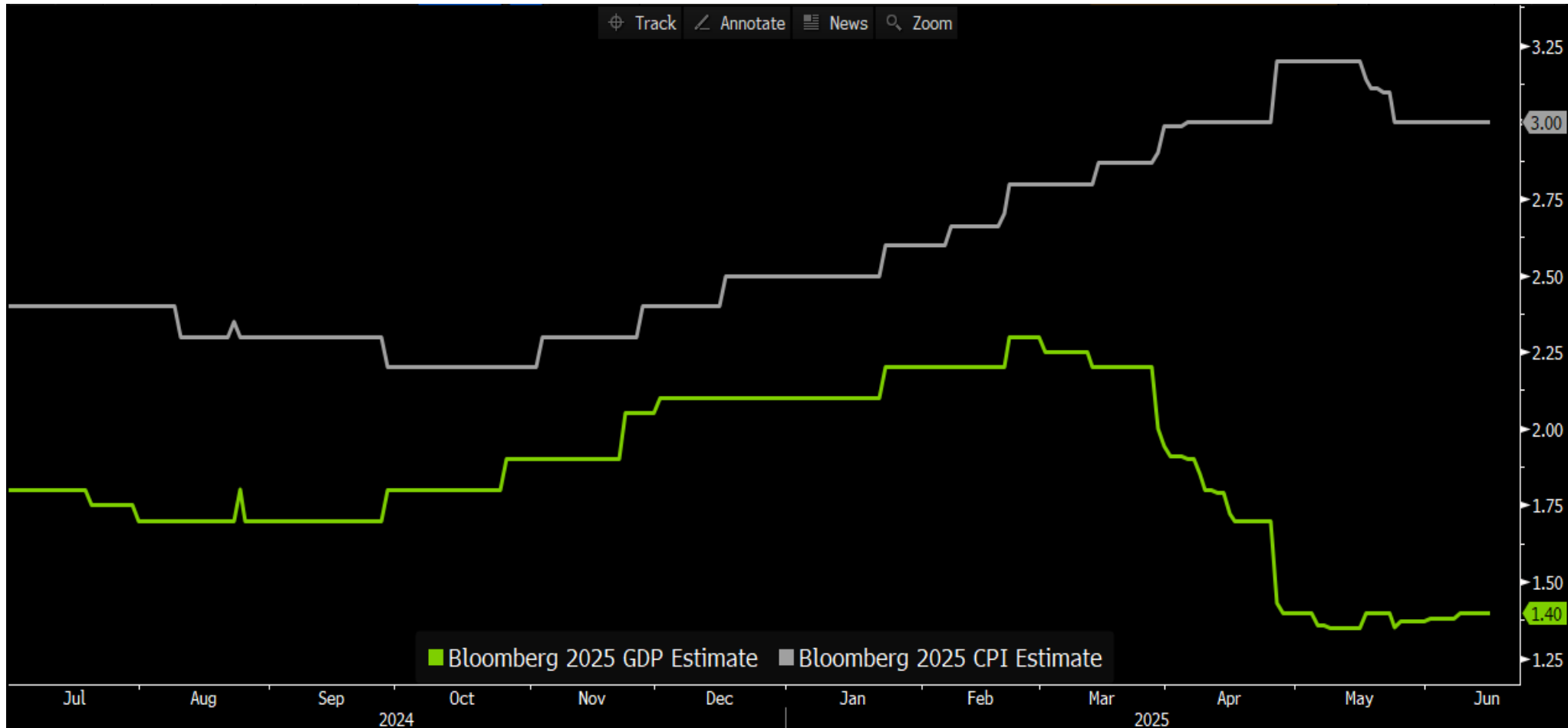
US Average Tariff Rate Currently 13.5%, the Highest Since 1937

US average tariff rate on total imports and on dutiable imports, %, and forecasts



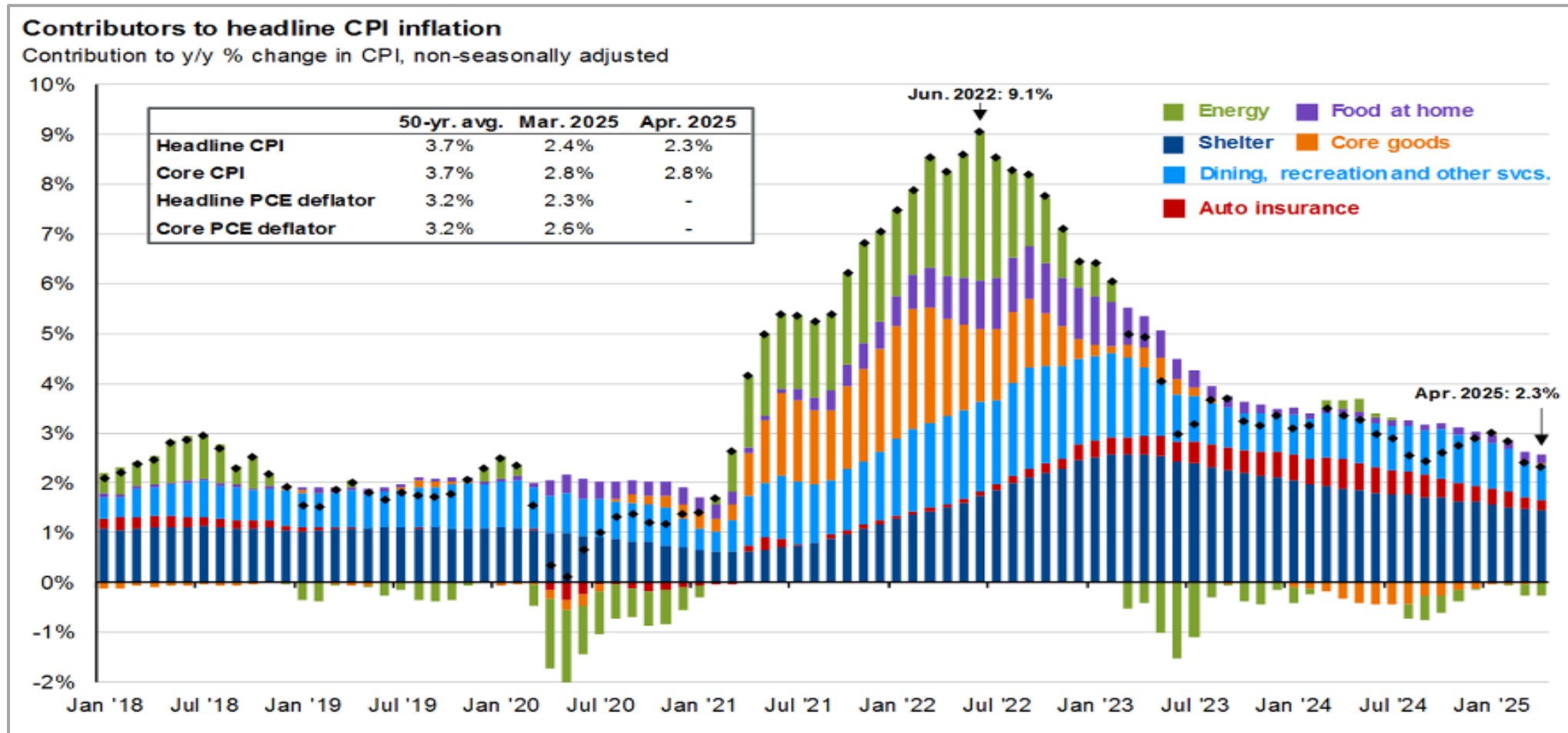
Source: IATA Sustainability and Economics, Macrobond, PIIE, Tax Foundation, US ITC, Yale budget Lab, Bloomberg

2025 GDP Estimates Have Been Cut, and inflation Estimates Have Moved Higher



Source: Bloomberg

Tariffs Have Yet To Negatively Impact Inflation



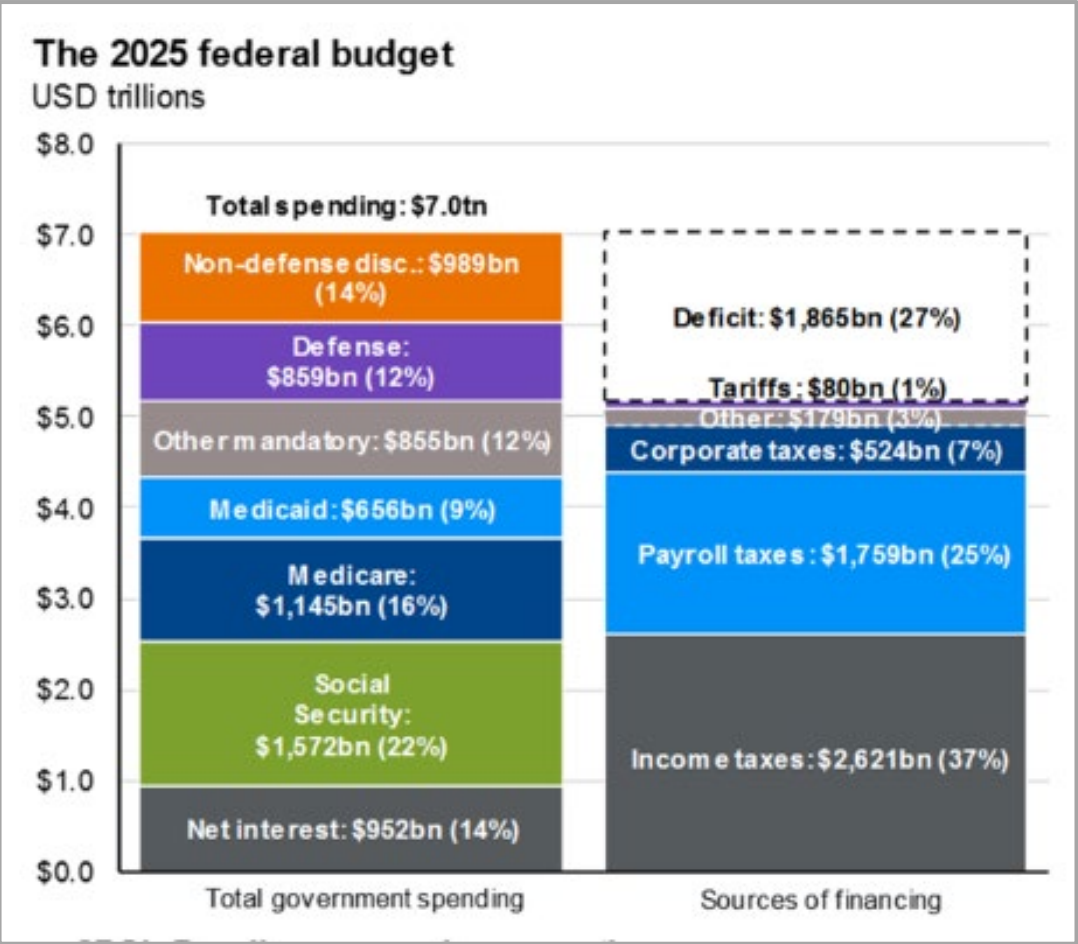
Source: Goldman Sachs

Even Inflation Expectations are Rather Muted

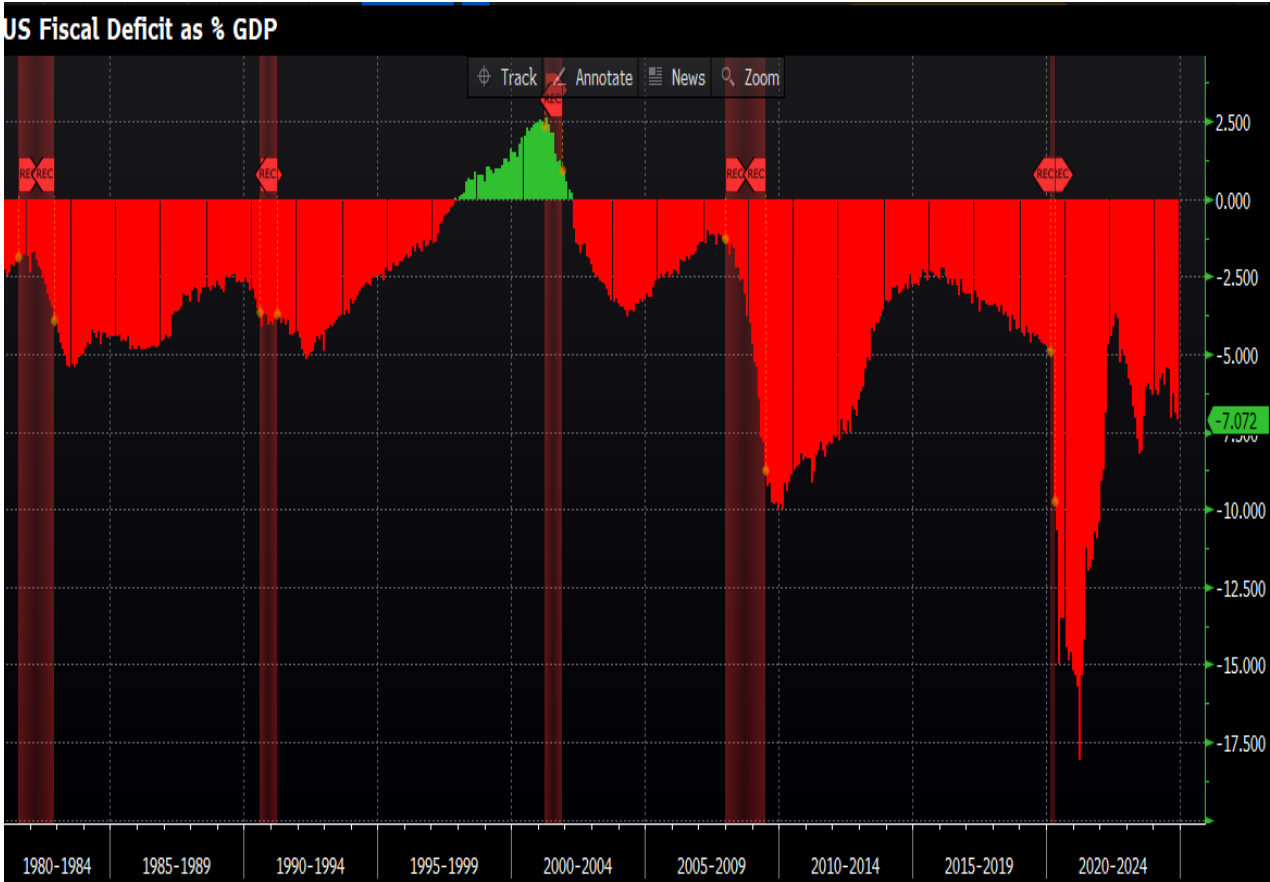


Source: Bloomberg

2025 Budget Deficit Estimated to be \$1.9T

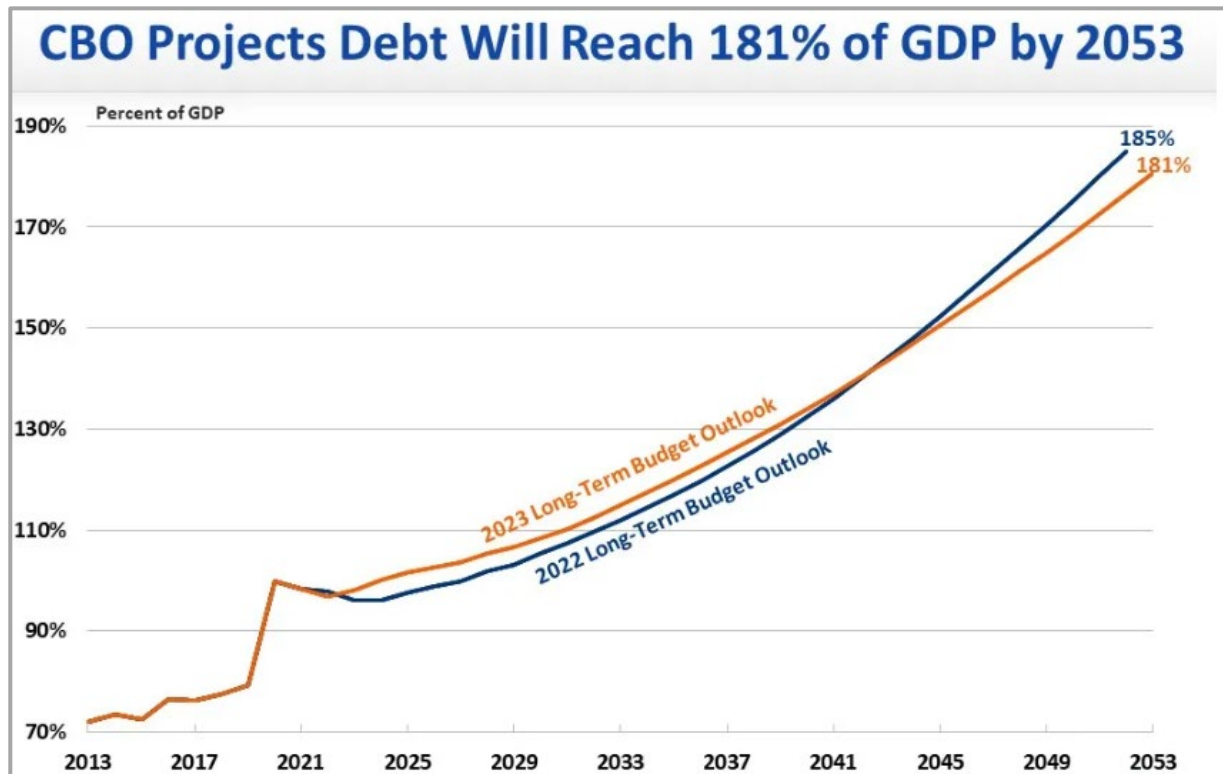


Source: Congressional Budget Office

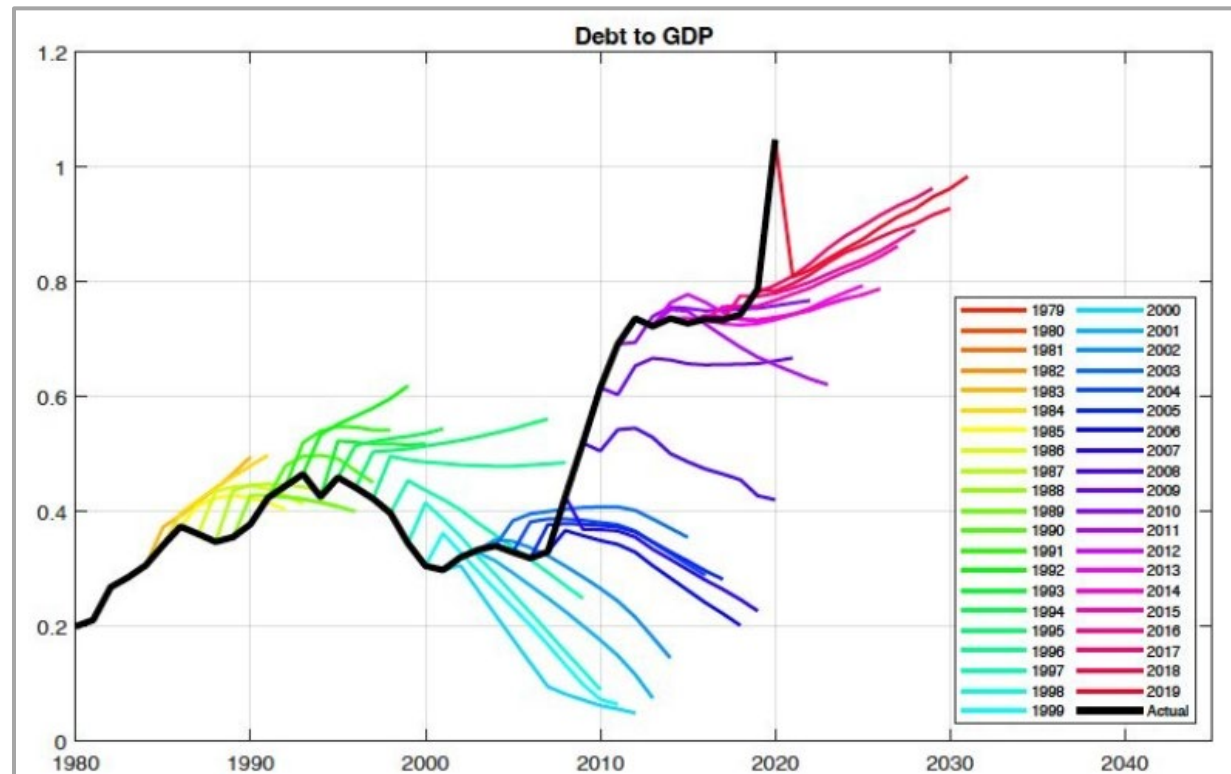


Source: Bloomberg

Long-Term Debt-to-GDP Path Unsustainable

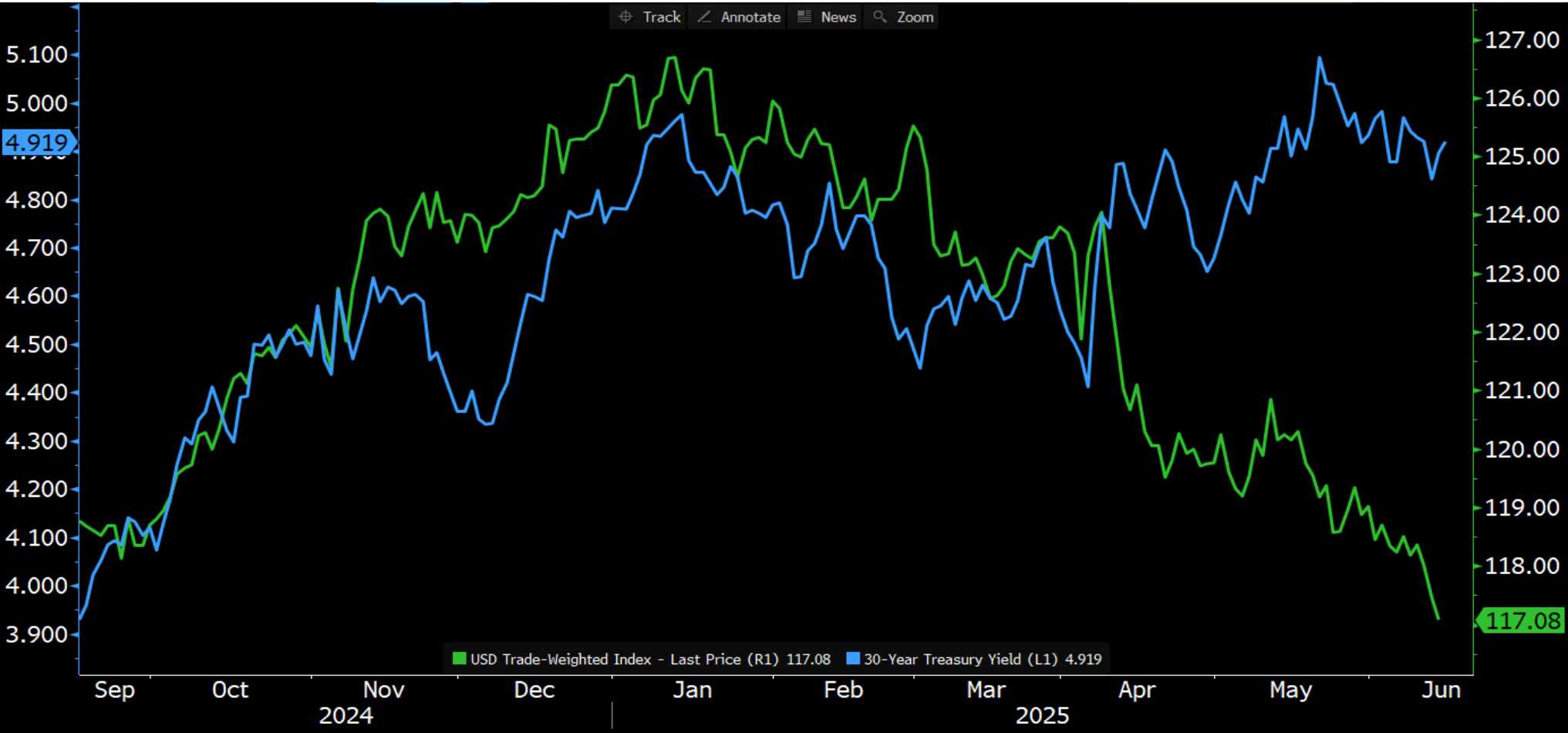


Source: CBO THE LONG-TERM BUDGET OUTLOOK: 2025 TO 2055



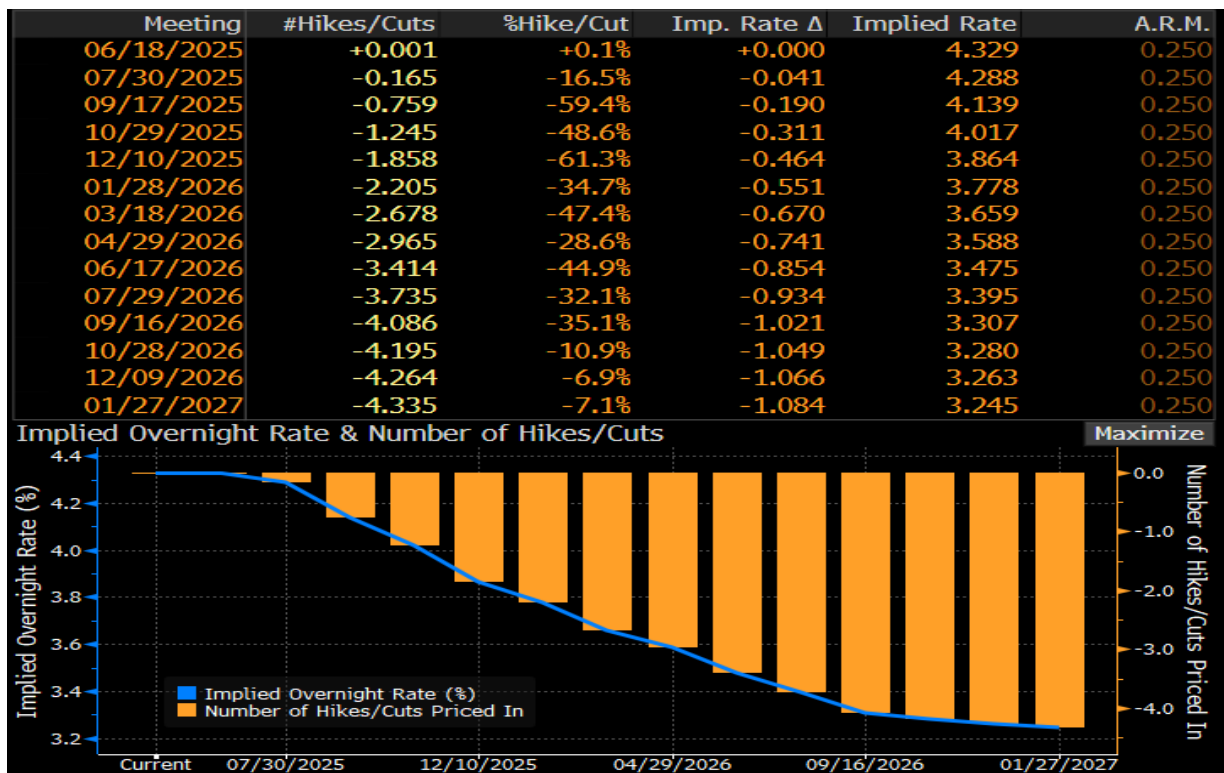
Source: CBO

As a Result, Long-Term Treasury Yields Moving Up & US Dollar Moving Down

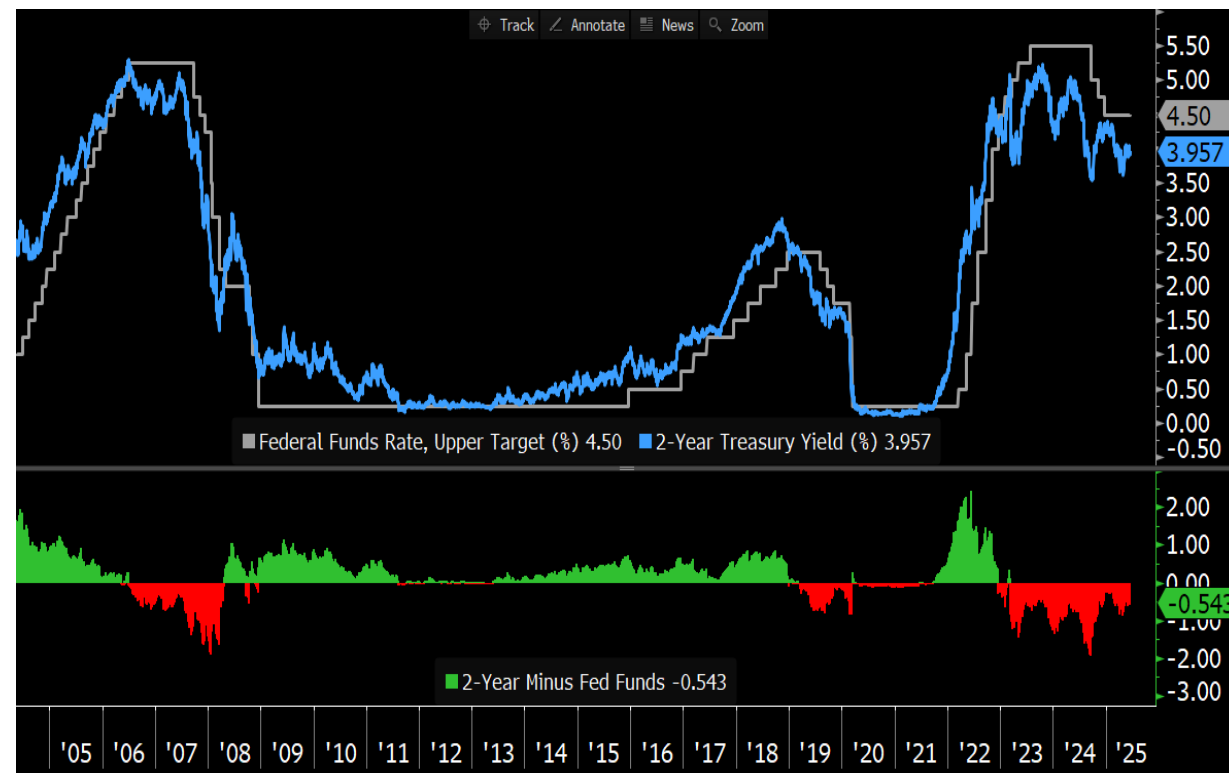


Source: Bloomberg

The Market Expects Two 25bp Fed Cuts in 2025 and 2026



Source: Bloomberg



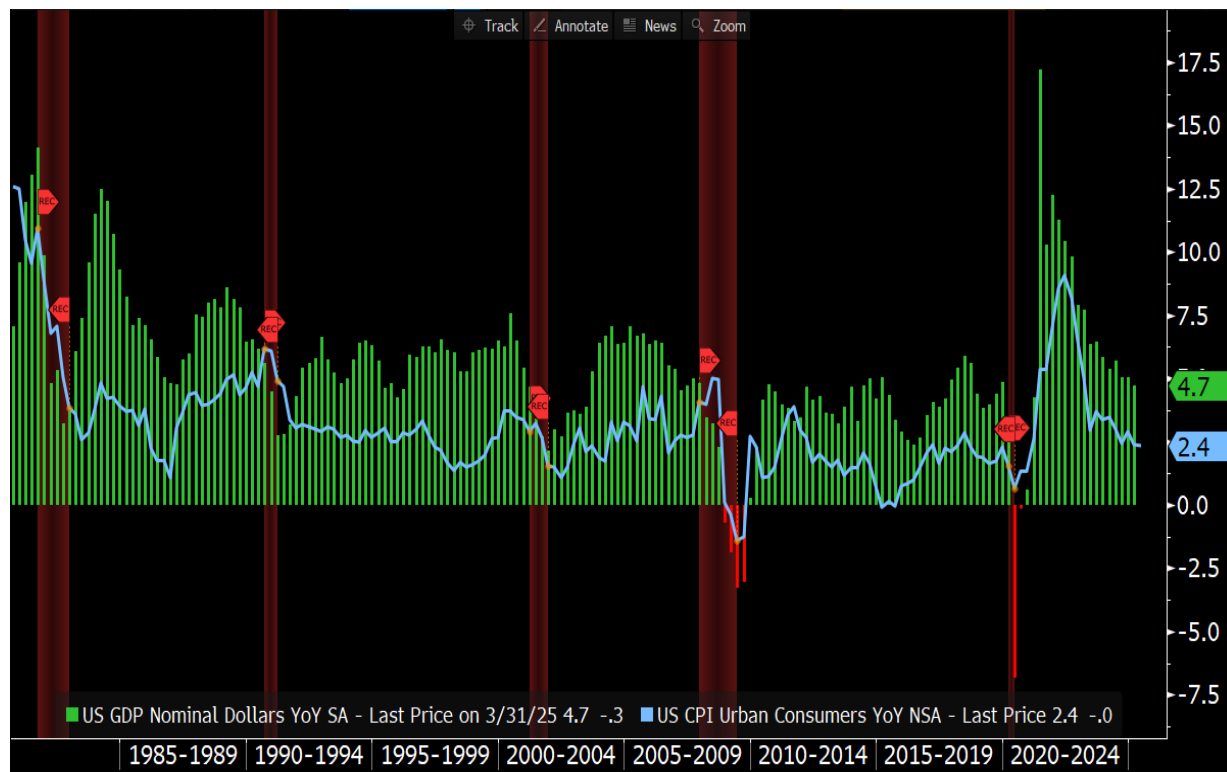
Source: Bloomberg

Fed Balance Sheet Has Continued to Shrink With Heightened Volatility for Stocks



Source: Bloomberg

Nominal Growth Healthy & Recession Odds Down Significantly Since April

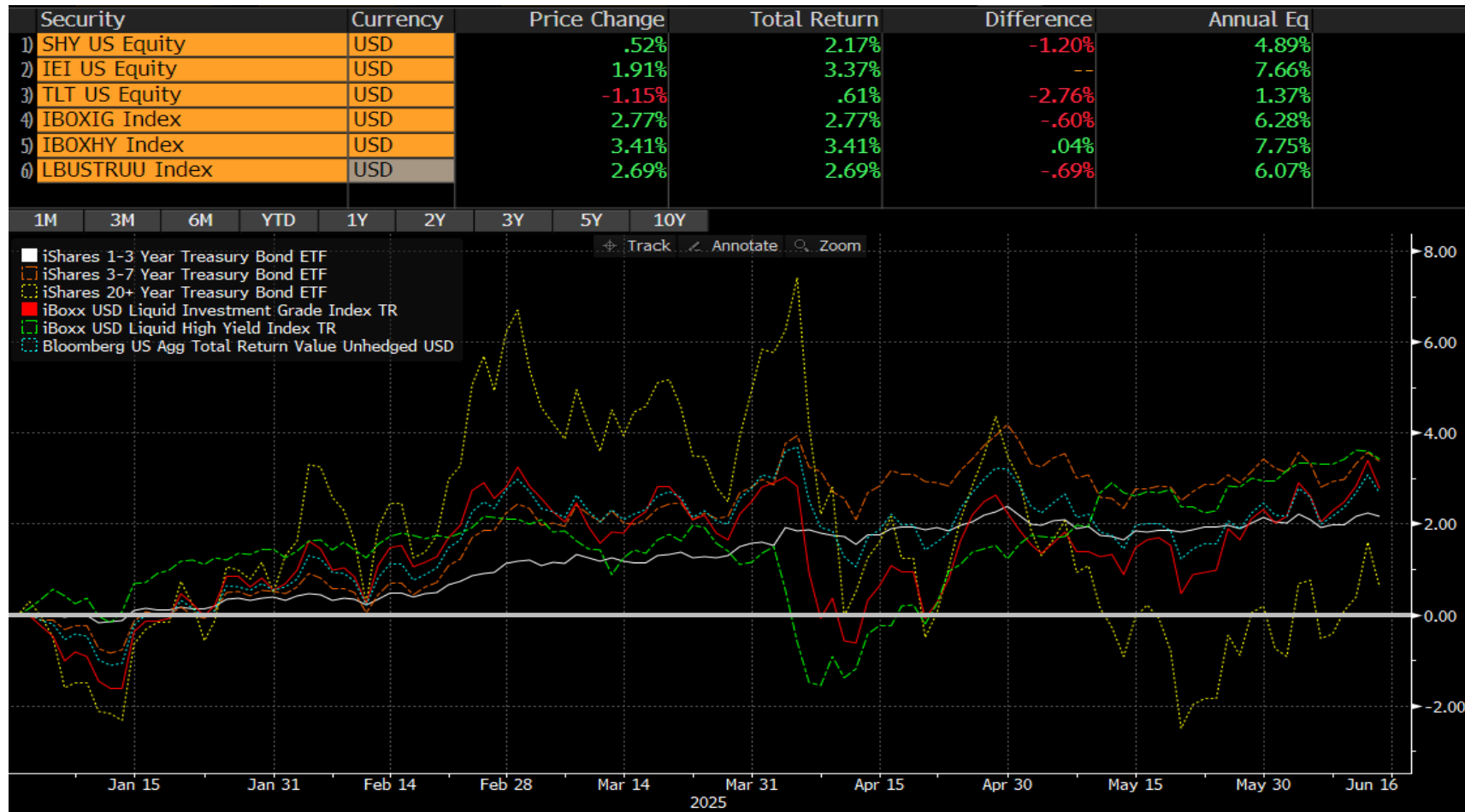


Source: Bloomberg



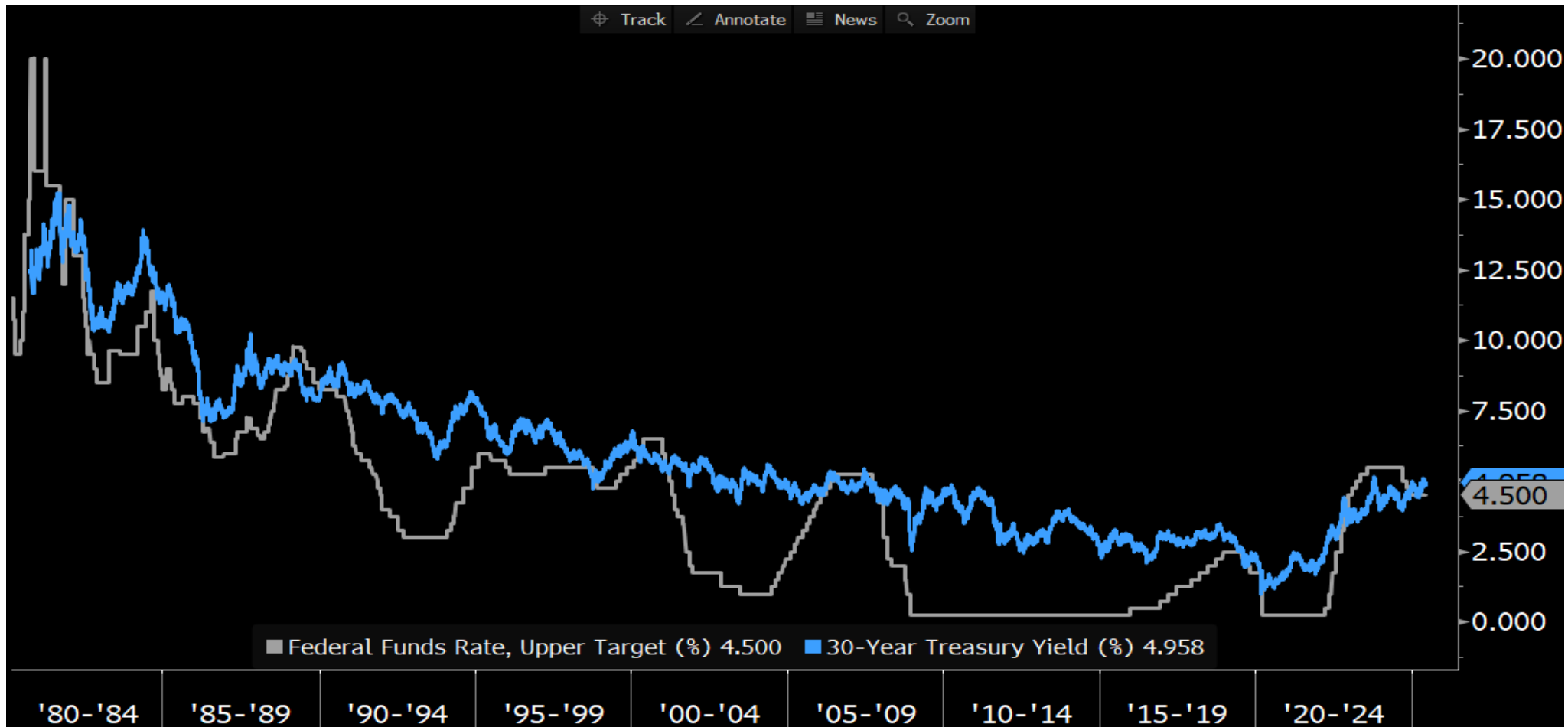
Source: Bloomberg

Bond Market Delivering Respectable Returns Year-to-Date



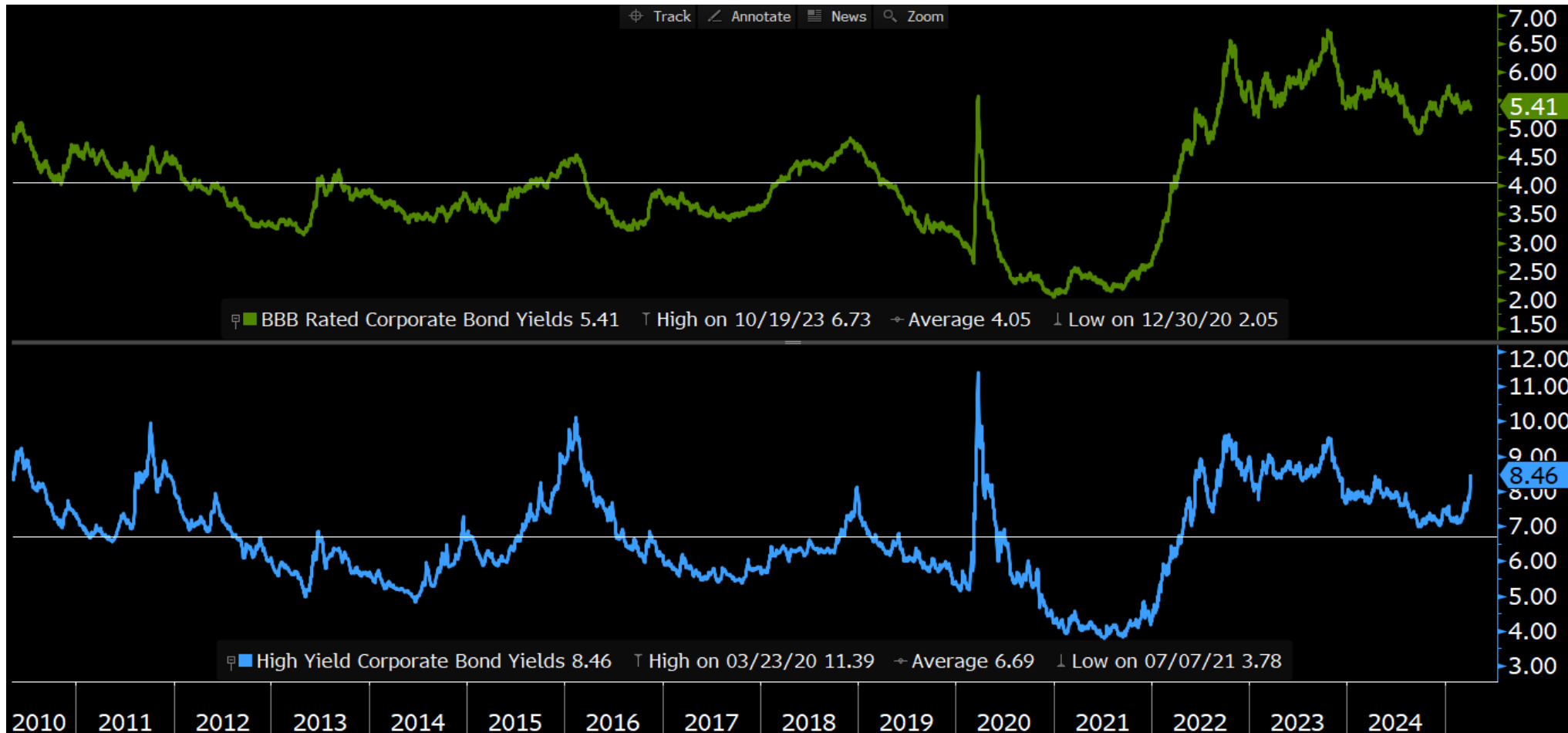
Source: Bloomberg

30-Year Treasury Yield Moving Up Despite a Few Fed Rate Cuts



Source: Bloomberg

Fixed Income Yields Still Meaningfully Above 15-Year Average



Source: Bloomberg

Emerging Market Debt Has Been a Great Income Asset Class During 2025

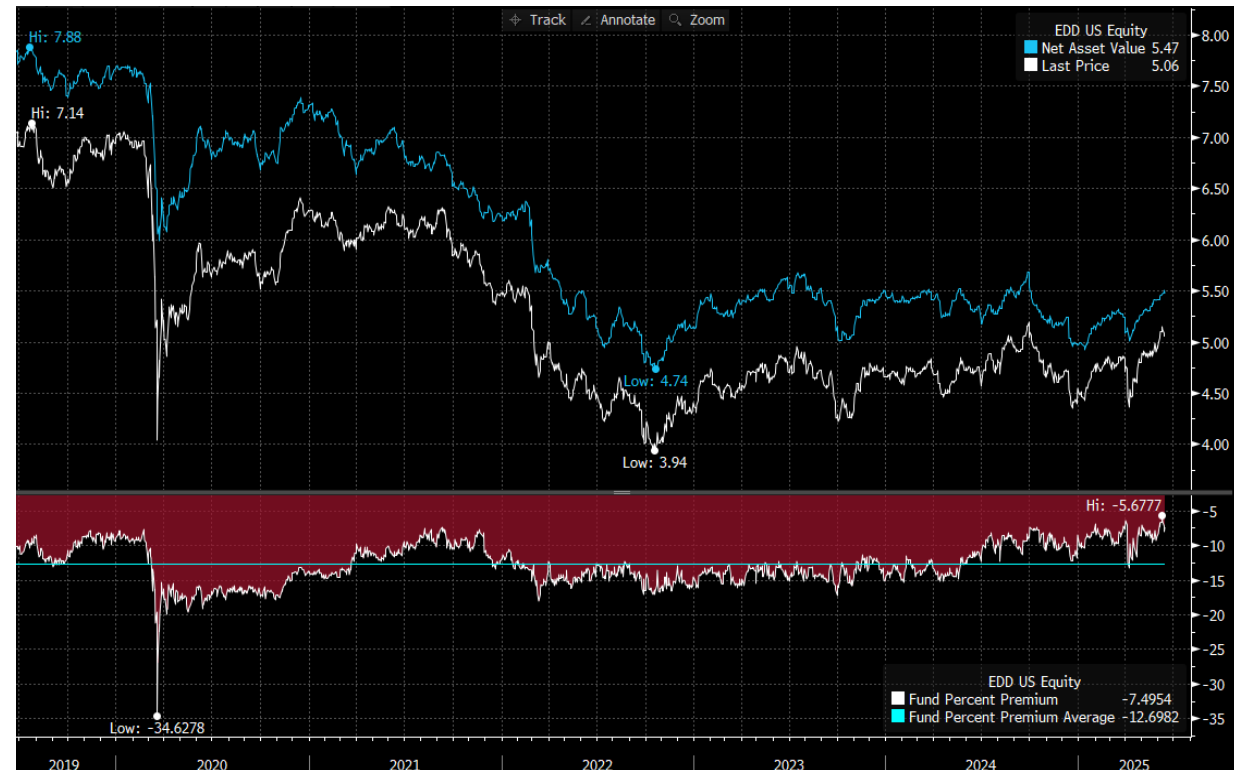


Source: Bloomberg

Be Careful However With Entry Point for Closed End EM Debt Funds



Source: Bloomberg



Source: Bloomberg

Agency Mortgage Bonds Delivering Stable Returns with Still Attractive Valuations

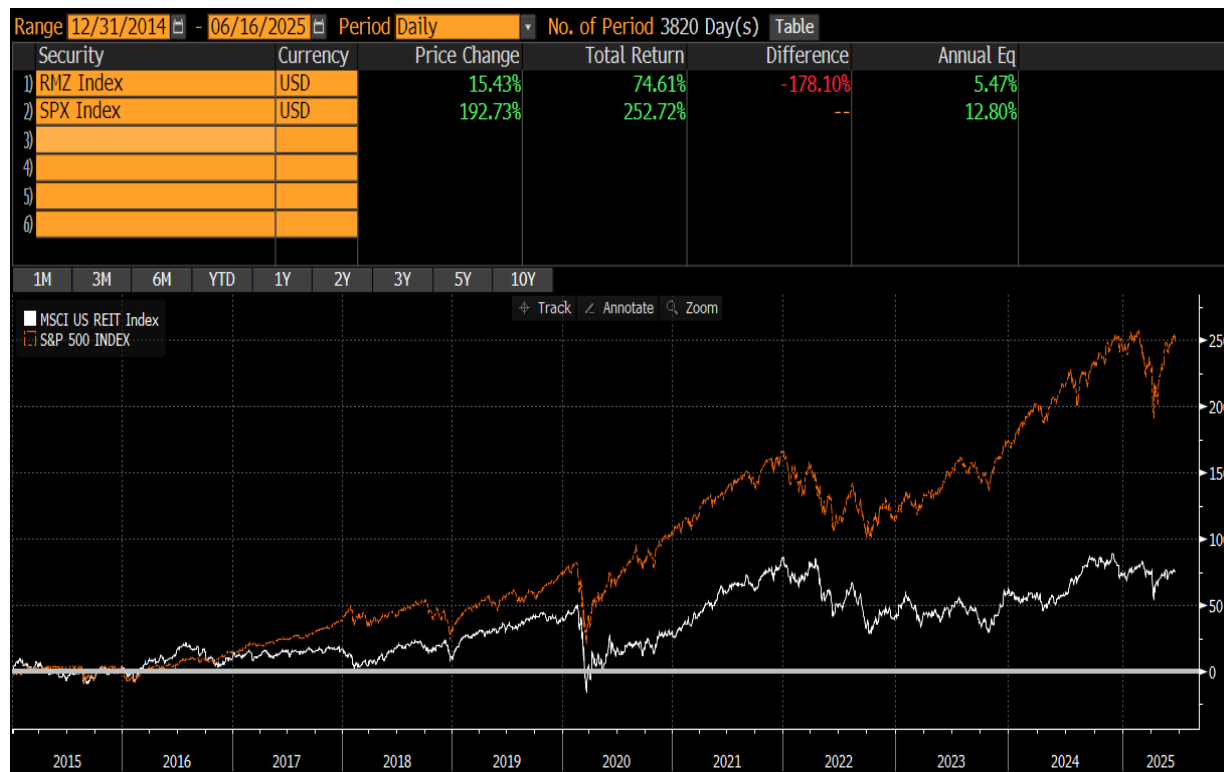


Source: Bloomberg



Source: Bloomberg

REITs Look Attractively Valued and Would Benefit From Fed Rate Cuts

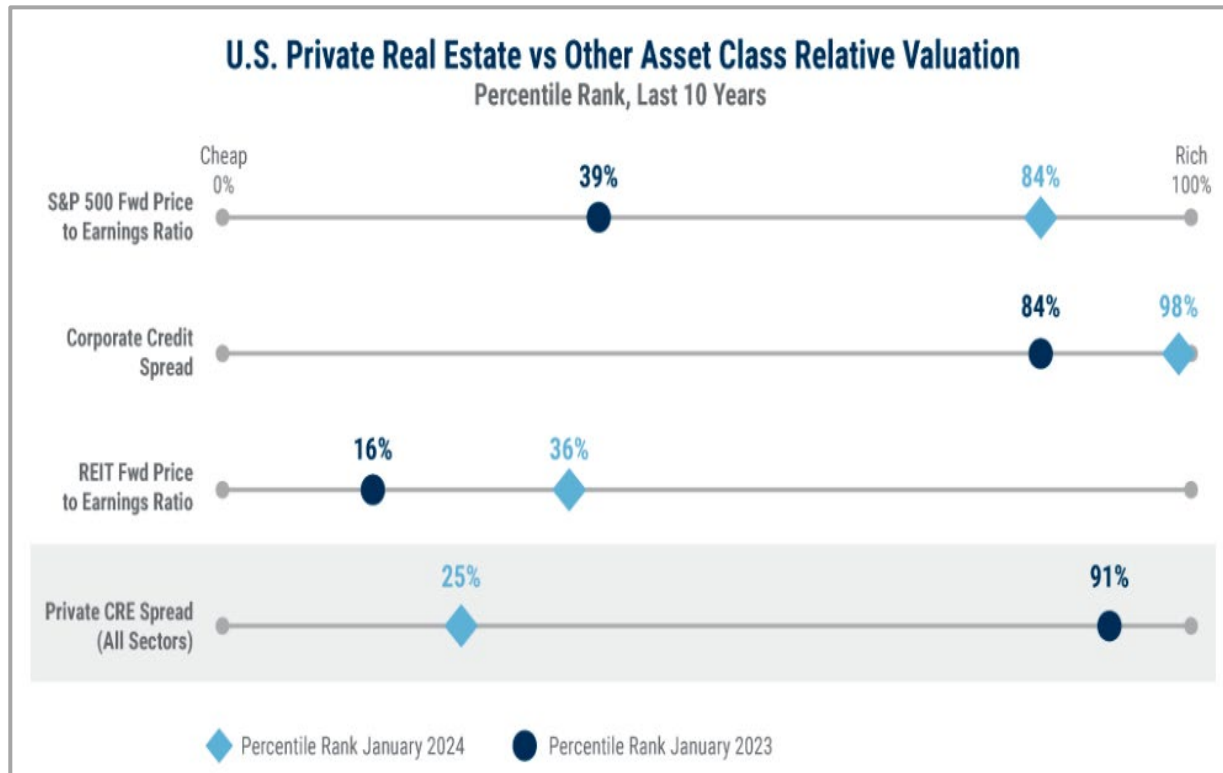


Source: Bloomberg

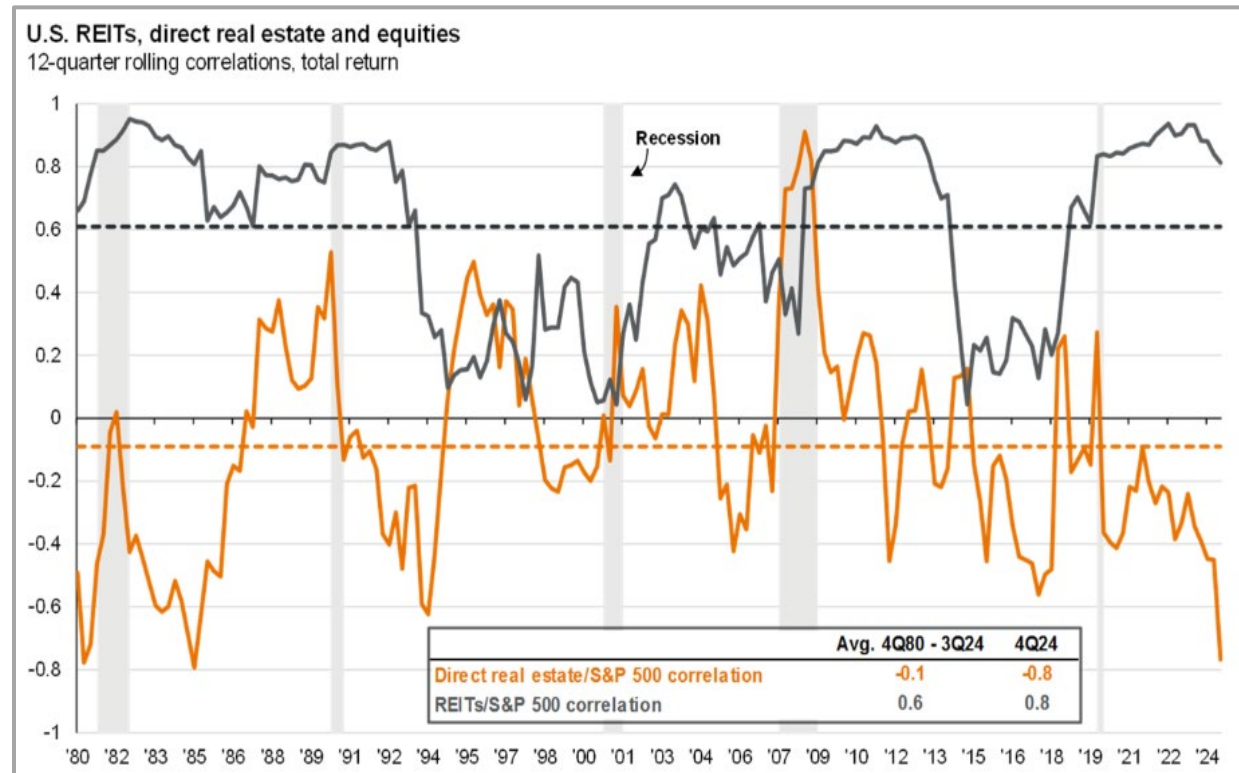


Source: Bloomberg

Private Real Estate Prices Depressed with Attractive Valuations



Source: Bluerock



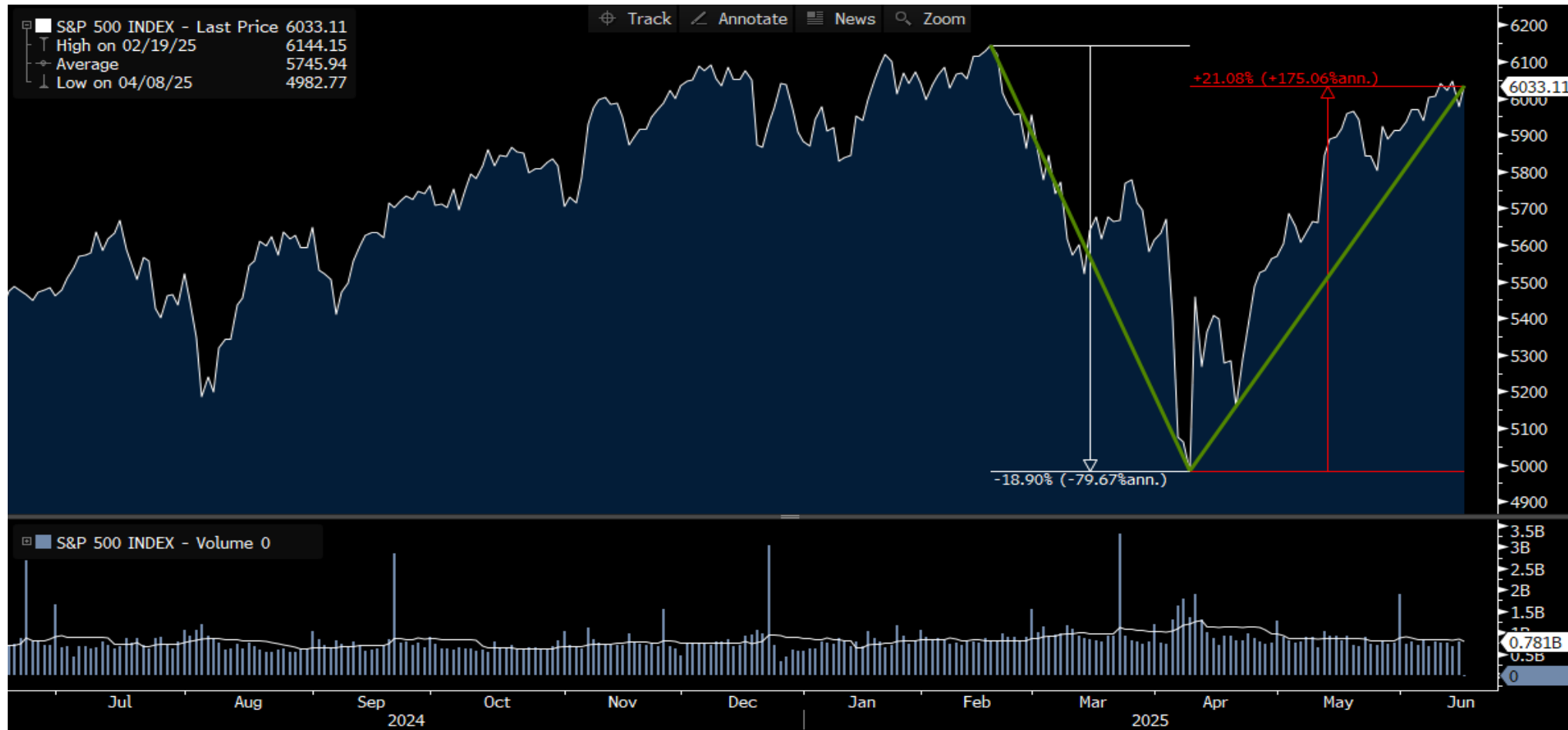
Source: JP Morgan

Private Credit Offers Attractive Returns, but Stick to Senior Debt



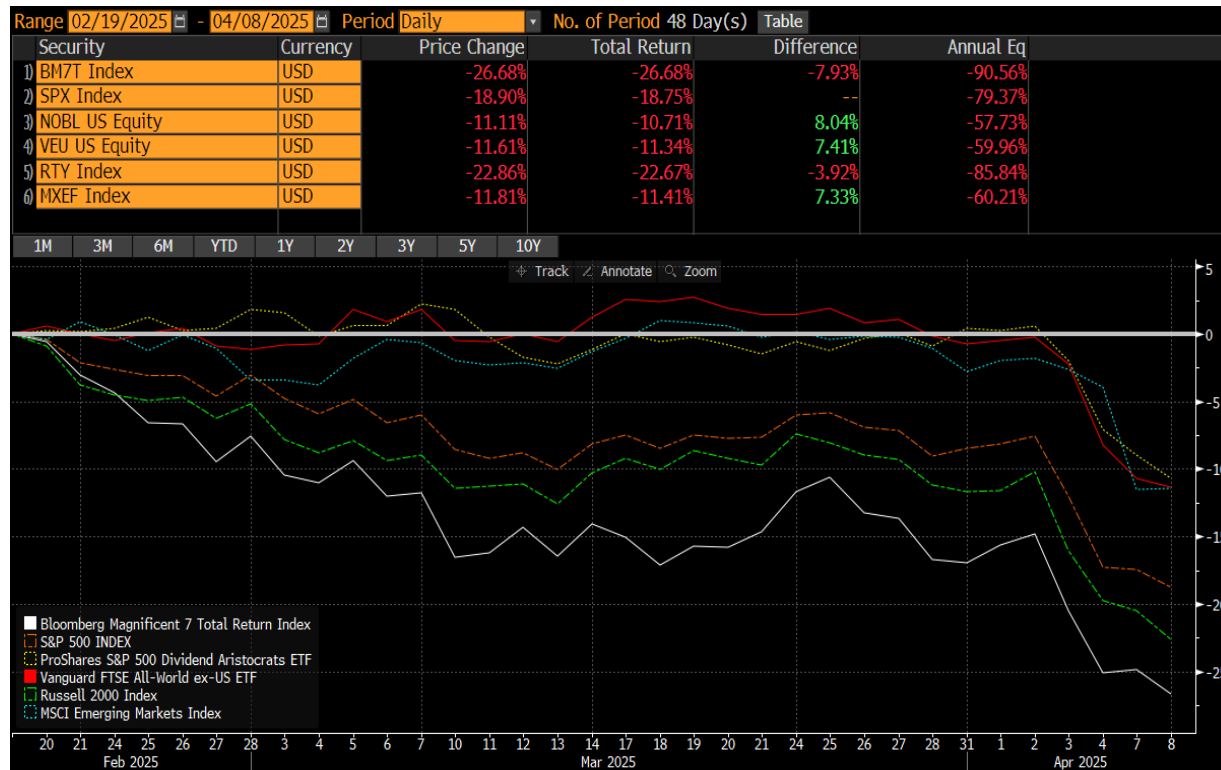
Source: Deutsche Bank

Stock Market Recovery Has Truly Been V-Shaped

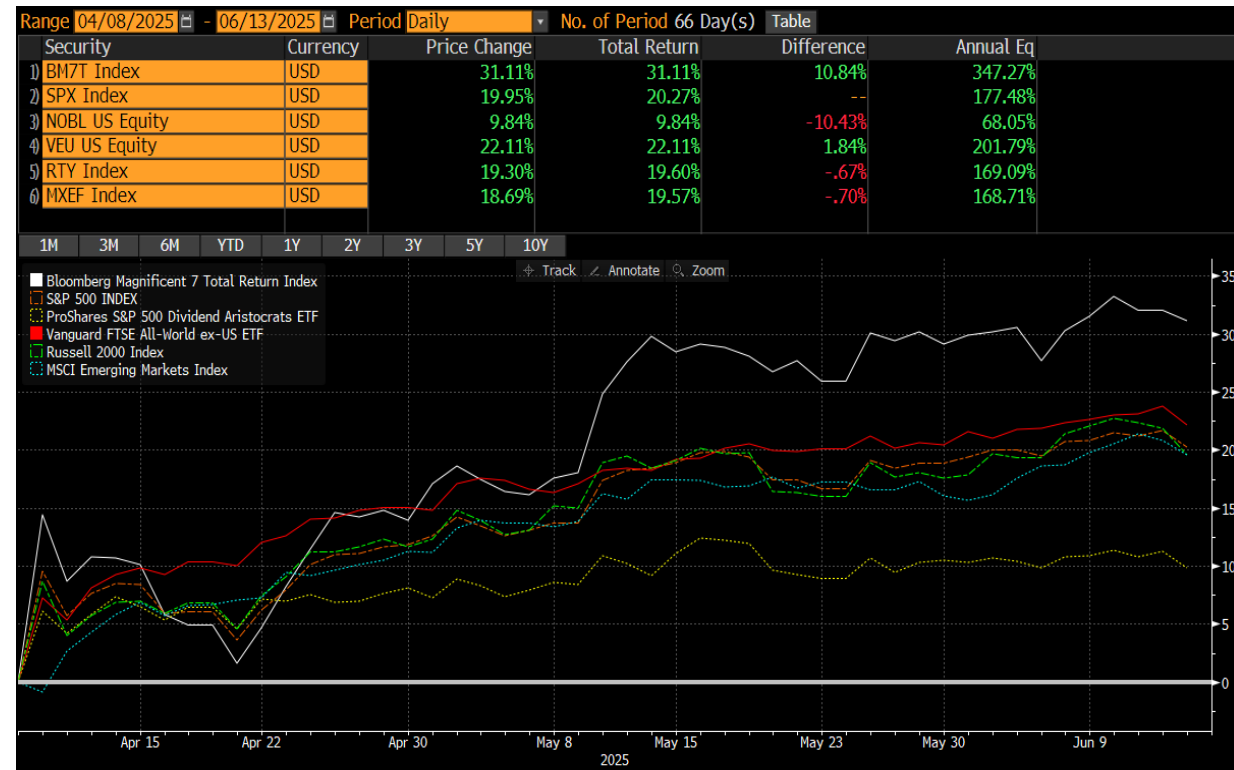


Source: Bloomberg

Mag 7 Led on the Way Down and the Way Up

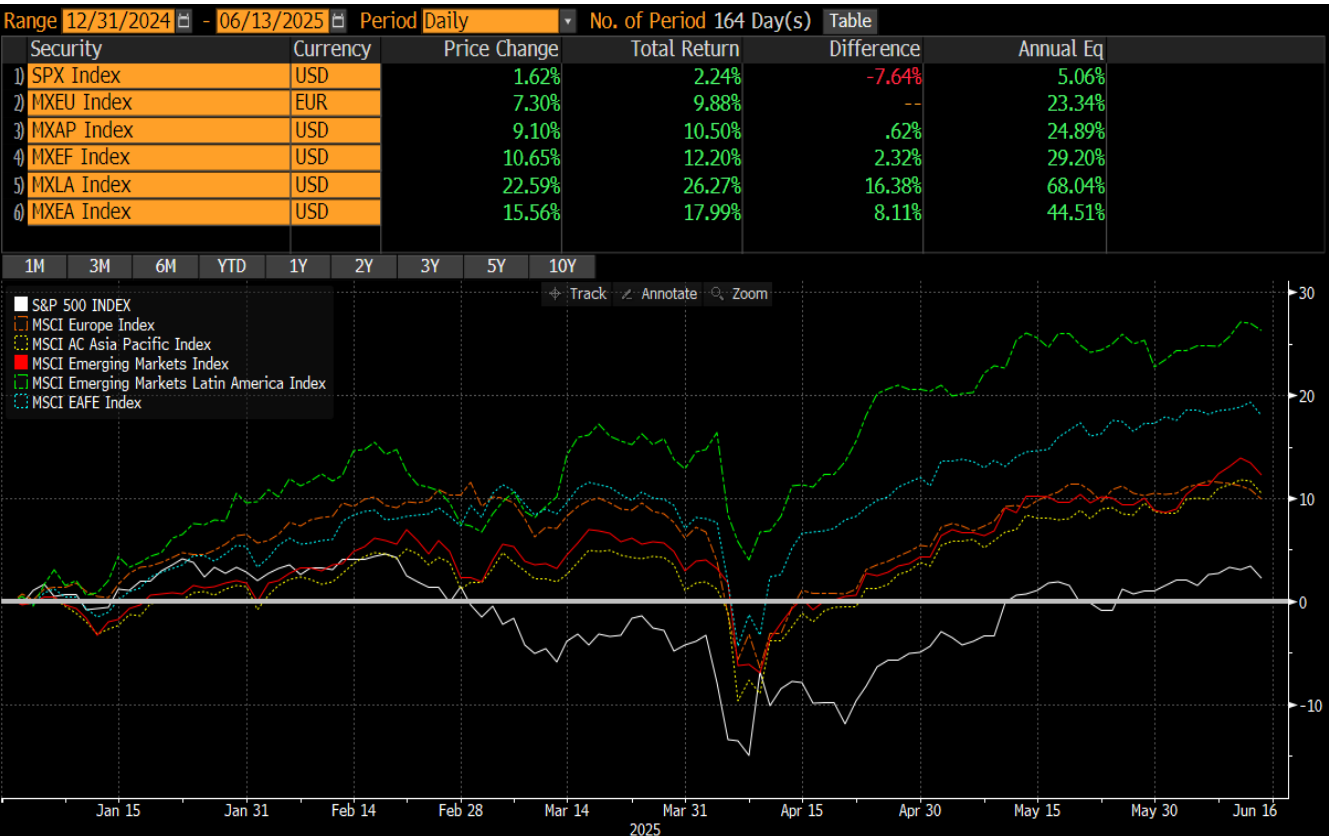


Source: Bloomberg

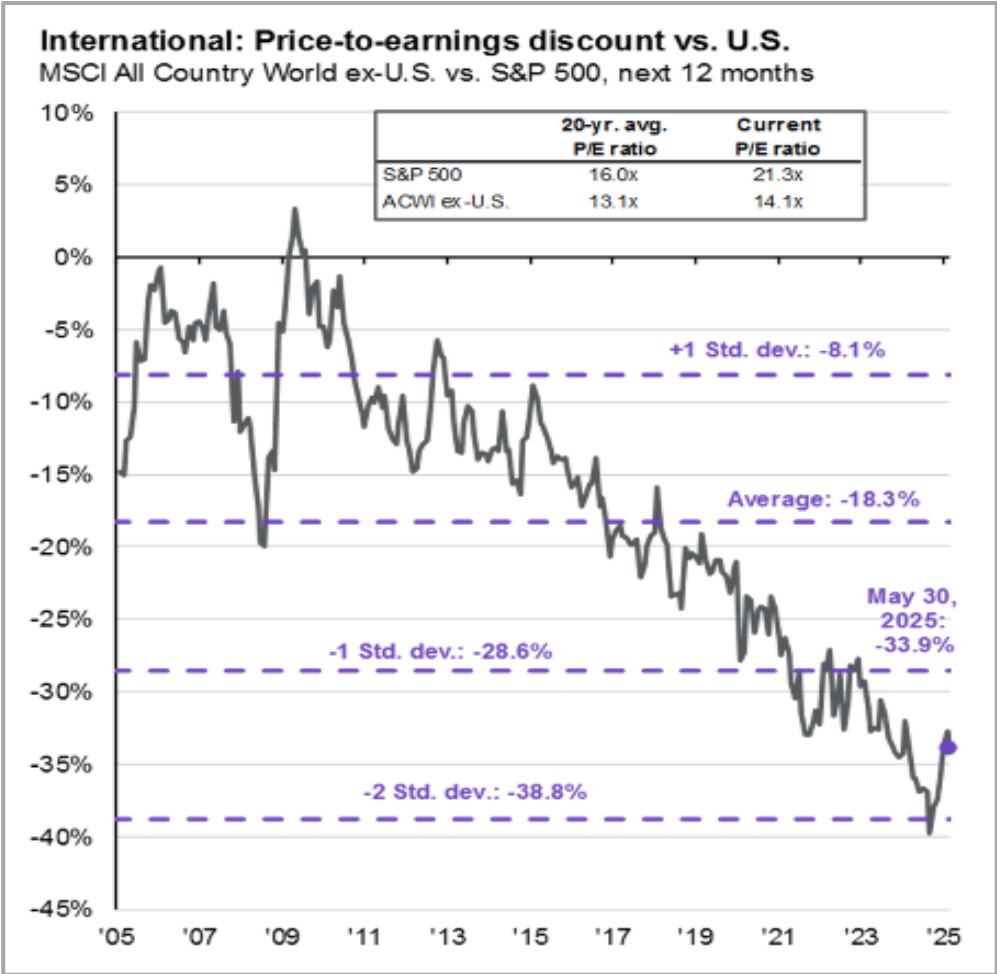


Source: Bloomberg

International Stocks Have Shined in 2025

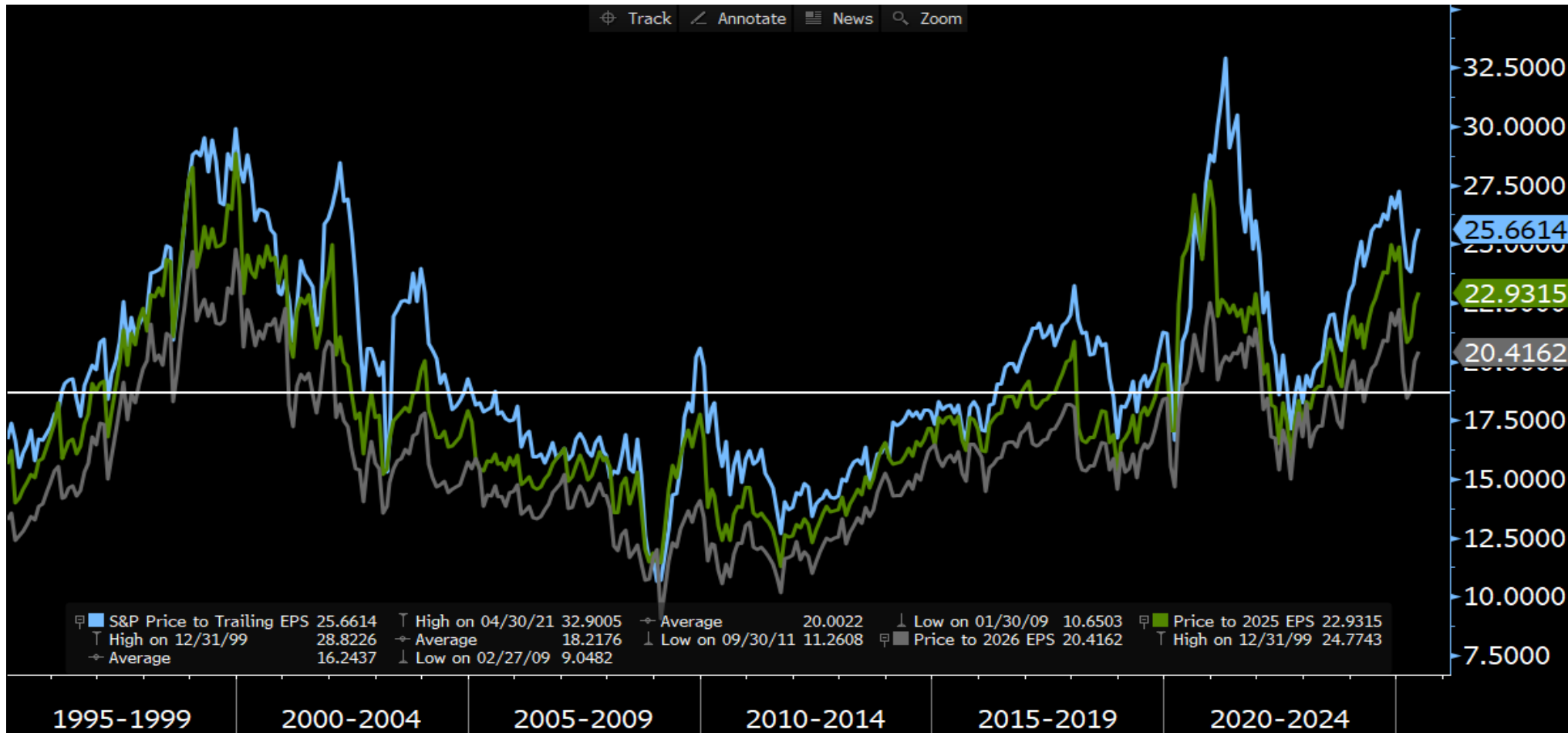


Source: Bloomberg



Source: JP Morgan

S&P Valuation Now Back in Expensive Territory

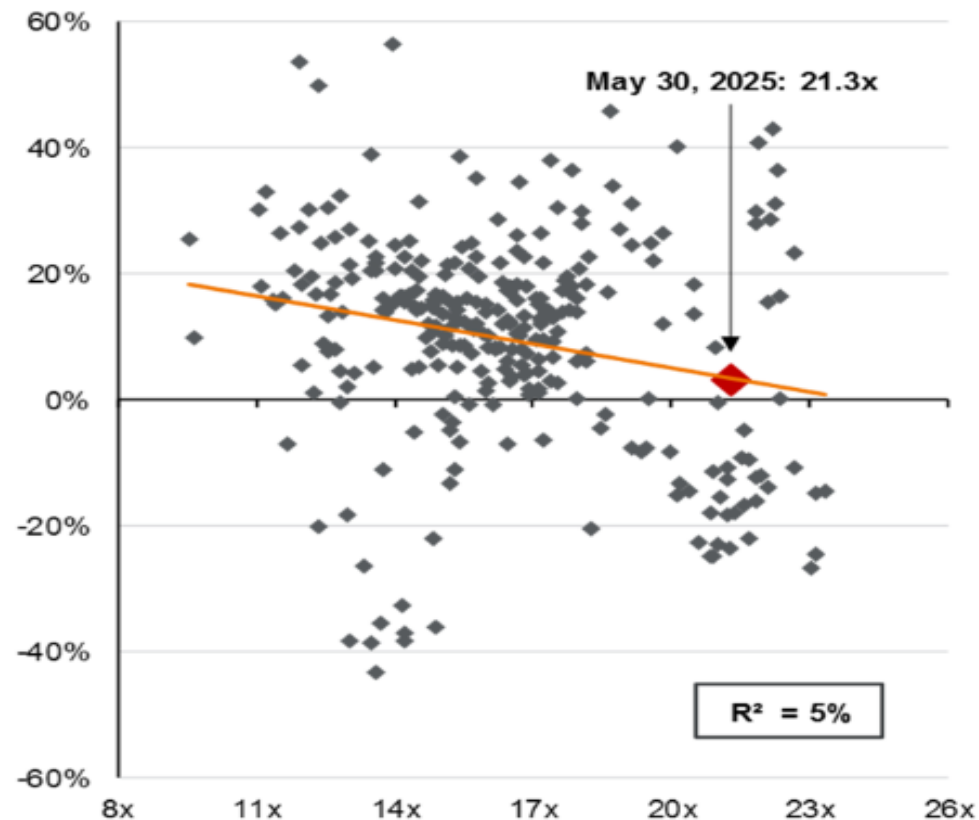


Source: Bloomberg

Valuation Points to Lower Forward-Looking Returns on Stocks

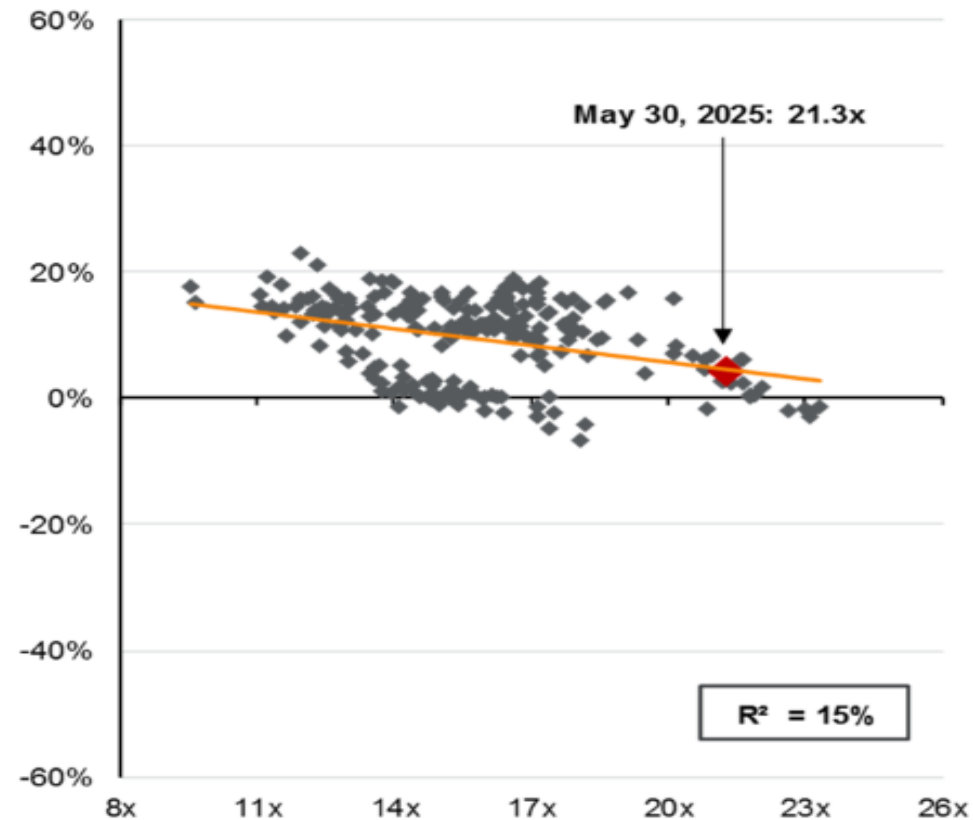
Forward P/E and subsequent 1-yr. returns

S&P 500 Total Return Index



Forward P/E and subsequent 5-yr. annualized returns

S&P 500 Total Return Index



Source: JP Morgan

Small Caps Have Underperformed and Valuations More Reasonable

10-year annualized				YTD			
	Value	Blend	Growth		Value	Blend	Growth
Large	8.6%	12.9%	16.1%	Large	2.5%	1.1%	-0.3%
Mid	7.7%	9.3%	11.5%	Mid	-0.4%	1.1%	5.2%
Small	6.2%	6.6%	6.7%	Small	-7.7%	-6.8%	-6.0%
Since market peak (January 2022)				Since market low (October 2022)			
	Value	Blend	Growth		Value	Blend	Growth
Large	20.4%	29.8%	33.5%	Large	45.8%	72.0%	95.7%
Mid	11.6%	13.4%	19.6%	Mid	39.1%	48.4%	72.8%
Small	-3.5%	-4.5%	-6.5%	Small	21.5%	27.3%	32.7%

Forward P/E vs. 20-year avg. P/E			
	Value	Blend	Growth
Large	16.6 / 13.8	21.3 / 16.0	27.5 / 19.5
Mid	15.5 / 14.4	17.8 / 16.3	29.2 / 21.0
Small	16.4 / 16.7	23.3 / 21.5	37.7 / 30.9

Forward P/E as % of 20-year avg. PE			
	Value	Blend	Growth
Large	120.2%	133.1%	141.2%
Mid	107.9%	109.0%	139.0%
Small	98.4%	108.2%	122.2%

Source: JP Morgan

After a Lost Decade - Gold Has (Finally) Been an Impressive Anti-Fragile Asset



Source: Bloomberg

Bitcoin Has Been Resilient, but Every 2-Years Has Experienced a 50% Drawdown



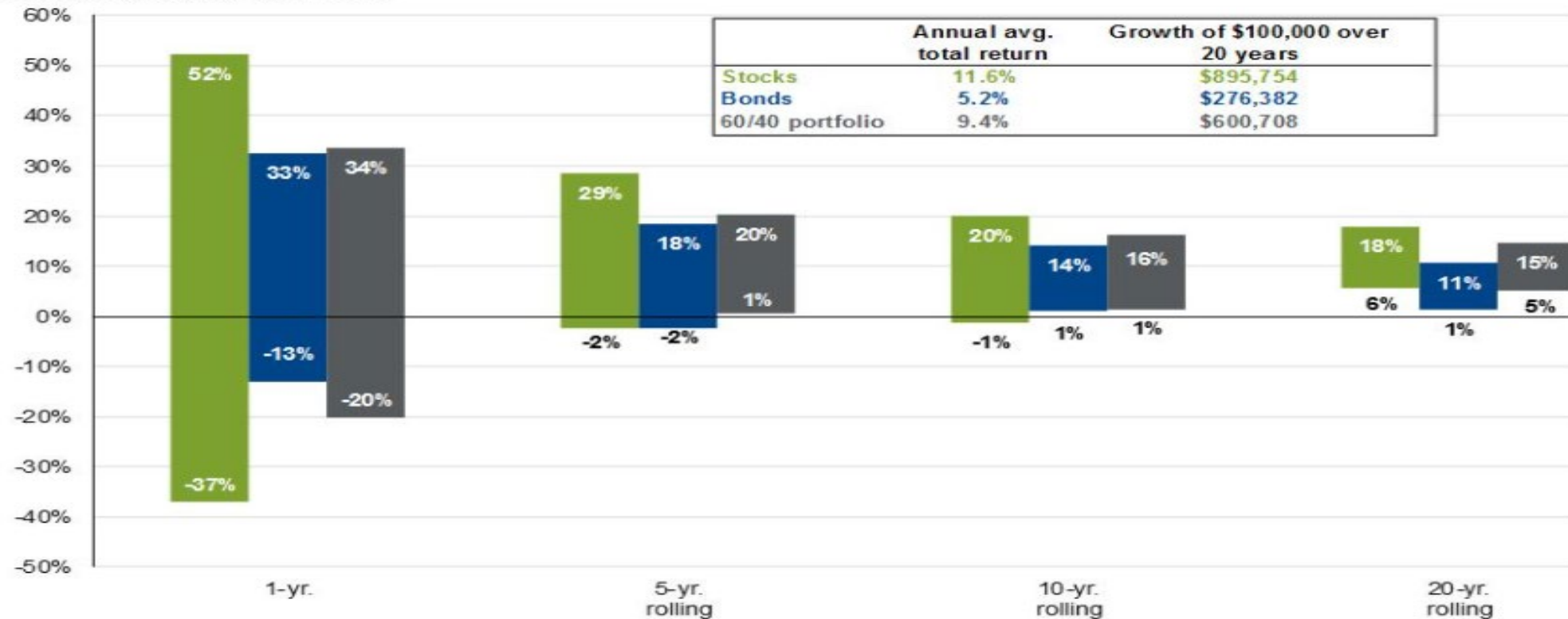
Source: Bloomberg

Important to Remember Diversification Lowers Volatility

7 – Staying invested matters

GTM U.S. 65

Range of stock, bond and blended total returns
Annual total returns, 1950–2024



Source: JP Morgan



Thank you!

June 2025

Jeff Dicks
Chief Investment Officer



See important disclosures following the presentation.

Index Definitions

- **Monthly Non-farm Payroll:** A monthly measure of the number of U.S. workers in the economy, excluding farm workers, private household employees, and non-profit organization employees, issued by the Bureau of Labor Statistics (BLS).
- **US Unemployment Rate:** The percentage of the total U.S. labor force that is unemployed but actively seeking employment, calculated as (Unemployed / Labor Force) x 100 and released monthly by the BLS.
- **US Real Average Hourly Earnings:** A monthly measure of the rate of change in hourly earnings for all private-sector employees, adjusted for inflation using the Consumer Price Index (CPI), and released by the BLS.
- **US CPI Urban Consumers:** An inflation metric issued monthly by the BLS that measures the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.
- **US Average Hourly Earnings, All Employees Total Private:** A monthly report from the BLS showing the non-inflation-adjusted average hourly pay of all private non-farm employees.
- **US FoF Households Net Worth Level:** A quarterly report from the Federal Reserve's Financial Accounts of the United States (Flow of Funds) that shows the total assets minus liabilities for the household sector.
- **US Retail Sales:** A monthly measure of sales of retail goods by stores, restaurants, and online sellers in the U.S., released by the Census Bureau.
- **Federal Reserve US Household Debt Service Ratio Total:** A quarterly estimate from the Federal Reserve of the ratio of total required household debt payments to total disposable income.
- **Federal Reserve US Household Debt Service Ratio Mortgage:** A quarterly estimate from the Federal Reserve showing the ratio of mortgage debt payments to disposable personal income.
- **Federal Reserve US Household Debt Service Ratio Consumer:** A quarterly estimate from the Federal Reserve representing the ratio of consumer debt payments to disposable personal income.
- **Credit Card Delinquency Rate:** A quarterly measure issued by the Federal Reserve of the percentage of credit card loans that are 90 days or more past due.
- **Auto Loan Delinquency Rate:** A quarterly report from the Federal Reserve Bank of New York indicating the percentage of auto loan debt that is 90 days or more delinquent.
- **Student Loan Delinquency Rate:** A quarterly measure from the Federal Reserve showing the percentage of student loan debt that is 90 days or more past due.
- **Mortgage Delinquency Rate:** A quarterly report from the Federal Reserve on the percentage of mortgage loans that are 90 days or more past their due date.
- **University of Michigan Consumer Sentiment:** A monthly survey and resulting index from the University of Michigan that measures consumer confidence regarding personal finances, business conditions, and buying power.
- **University of Michigan Consumer Expectations:** A component of the monthly University of Michigan Consumer Sentiment survey that specifically measures consumers' outlook for the economy for the next one to five years.
- **US New Privately Owned Housing Units Started by Structure, Total:** A monthly report from the U.S. Census Bureau that tracks the number of new residential construction projects on which ground has been broken.
- **Private Housing Authorized by Building Permits by Type, Total:** A monthly indicator from the U.S. Census Bureau that counts the number of new privately-owned housing units authorized by building permits.
- **US New One-Family Houses Sold Annual, Total:** A report issued annually by the U.S. Census Bureau and the Department of Housing and Urban Development measuring the number of newly constructed single-family homes sold.
- **US Pending Home Sales Index:** A monthly index from the National Association of Realtors (NAR) that tracks the number of homes that are under contract to be sold.
- **Bankrate.com US Home mortgage 30-Year Fixed National Average:** A national average of interest rates for 30-year fixed-rate mortgages, published daily by Bankrate.com based on data from lenders.
- **US Average Tariff Rate on Total Imports and Dutiable Imports:** A measure of the average tariff rate on U.S. imports, which can be calculated from data released by the U.S. International Trade Commission and is updated periodically.
- **Headline CPI:** The raw, unadjusted monthly inflation rate published by the BLS, which reflects the price changes of a broad basket of goods and services.
- **Core CPI:** A monthly inflation measure from the BLS that excludes volatile food and energy prices from the headline CPI to gauge the underlying inflation trend.
- **Headline PCE Deflator:** The Federal Reserve's preferred measure of inflation, issued monthly by the Bureau of Economic Analysis (BEA), that tracks the change in prices of goods and services purchased by consumers.
- **Core PCE Deflator:** A monthly inflation metric from the BEA that removes food and energy prices from the headline PCE deflator to show the underlying inflation trend.
- **10-Year Inflation Expectations:** A forecast of the average inflation rate over the next 10 years, which can be derived from various sources including the Federal Reserve Bank of Cleveland's monthly model.
- **5-Year Inflation Expectations:** A measure of the market's expectation for the average inflation rate over the next five years, often derived from Treasury Inflation-Protected Securities (TIPS) and updated daily by sources like the St. Louis Fed.
- **US Federal Budget:** A detailed statement of the U.S. government's estimated revenues and expenditures for a fiscal year, proposed by the President and released annually.
- **US Fiscal Deficit:** The amount by which the U.S. government's spending exceeds its revenues in a fiscal year, with data updated monthly by the U.S. Treasury Department.
- **CBO Long-Term Budget Outlook:** An annual report from the Congressional Budget Office (CBO) that provides projections of federal spending, revenues, deficits, and debt over the next 30 years.
- **CBO Debt to GDP Outlook:** A projection from the Congressional Budget Office (CBO), updated annually, that forecasts the ratio of federal government debt to the nation's Gross Domestic Product (GDP).

Index Definitions

- **Federal Funds Rate, Upper Target:** The upper limit of the target range for the interest rate at which commercial banks lend reserves to each other overnight, set by the Federal Open Market Committee (FOMC) at its eight annual meetings.
- **2-Year Treasury Yield:** The return on investment for a U.S. government debt security with a two-year maturity, with its yield updated daily based on market trading and published by the U.S. Department of the Treasury.
- **2-Year minus Fed Funds Rate:** A financial spread calculated as the difference between the 2-Year Treasury yield and the effective Federal Funds Rate, updated daily, which is often used as an indicator of monetary policy stance.
- **USD Trade-Weighted Index:** A measure of the value of the U.S. dollar against a basket of foreign currencies, with various versions published by the Federal Reserve and other entities, updated as frequently as daily.
- **US Conditions of All Federal Reserve Banks Total Assets:** A weekly report from the Federal Reserve that details the combined assets held by all Federal Reserve Banks.
- **S&P 500 Index:** A stock market index managed by S&P Dow Jones Indices that represents the performance of 500 of the largest publicly traded companies in the U.S., with its value updated in real-time during market hours.
- **US GDP in Nominal Dollars:** The total market value of all final goods and services produced within the United States in a given period, not adjusted for inflation, released quarterly by the Bureau of Economic Analysis (BEA).
- **US Polymarket US Recession Odds in 2025:** A prediction market where participants bet on the probability of a U.S. recession occurring in 2025, with odds updated continuously based on trading activity.
- **iShares 1-3 Year Treasury Bond ETF:** An exchange-traded fund issued by BlackRock's iShares that seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities between one and three years,¹ updated daily.
- **iShares 3-7 Year Treasury Bond ETF:** An exchange-traded fund from BlackRock's iShares that aims to track an index of U.S. Treasury bonds with remaining maturities between three and seven years, updated daily.
- **iShares 20+ Year Treasury Bond ETF:** A BlackRock iShares exchange-traded fund designed to track the performance of an index of U.S. Treasury bonds with remaining maturities greater than twenty years, updated daily.
- **iBoxx USD Liquid Investment Grade Index, TR:** An index provided by S&P Global that tracks the total return of the most liquid, investment-grade corporate bonds denominated in U.S. dollars, with its value updated daily.
- **iBoxx USD Liquid High Yield Index, TR:** An index from S&P Global that measures the total return performance of the most liquid U.S. dollar-denominated high-yield corporate bonds, updated daily.
- **Bloomberg US Agg Total Return Value Unhedged USD:** A broad-based flagship benchmark from Bloomberg that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, with its value updated daily.
- **Bloomberg Emerging Markets Large Cap Price Return Index:** A market-capitalization-weighted index from Bloomberg that tracks the price performance of large-cap stocks from emerging market countries, updated daily.
- **Morgan Stanley Emerging Markets Domestic Debt fund:** A mutual fund issued by Morgan Stanley that invests in the domestic debt of emerging market countries, with its net asset value updated daily.
- **Aberdeen Asia-Pacific Income Fund:** A closed-end fixed-income mutual fund issued and managed by Aberdeen Standard Investments that invests in debt securities from the Asia-Pacific region, with its market price updated daily.
- **Templeton Emerging Markets Income Fund:** A mutual fund from Franklin Templeton that invests in the debt of emerging market governments and corporations, with its net asset value updated daily.
- **DoubleLine Mortgage ETF:** An exchange-traded fund from DoubleLine that invests primarily in mortgage-backed securities, with its market price updated daily.
- **Vanguard Mortgage-Backed Securities ETF:** An exchange-traded fund issued by Vanguard that tracks the performance of a benchmark index that measures the investment return of mortgage-backed securities, updated daily.
- **iShares MBS ETF:** An exchange-traded fund from BlackRock's iShares that seeks to track the investment results of an index composed of U.S. mortgage-backed securities, updated daily.
- **Simplify MBS ETF:** An exchange-traded fund from Simplify that provides exposure to the mortgage-backed securities market, with its price updated daily.
- **MFNC Spread-to-Worst vs. Government:** A metric representing the difference between the yield-to-worst of a corporate or municipal bond and a comparable government bond, expressed in basis points and updated based on daily market prices.
- **MSCI US REIT Index:** A market-cap-weighted index from MSCI that measures the performance of real estate investment trusts (REITs) in the U.S., with its value updated daily.
- **EV to EBITDA ratio:** A valuation metric used by investors to compare a company's value to its cash profitability, calculated as Enterprise Value / Earnings Before Interest, Taxes, Depreciation, and Amortization, and updated with new company financial data.
- **Corporate Credit Spreads:** The difference in yield between corporate bonds and risk-free government bonds of similar maturity, which serves as an indicator of credit risk in the market and is updated daily.
- **Specialized Situations Debt:** A type of financing for companies in unique circumstances like mergers, acquisitions, or distress, where the debt structure has both debt-like protection and equity-like upside and is transaction-dependent.

Index Definitions

- **Mezzanine Debt:** A form of financing that blends debt and equity features, ranking below senior debt but above equity in the capital structure, and is typically used for growth or acquisitions.
- **Distressed Debt:** Debt securities of companies that are in or near bankruptcy or default, which are traded by investors specializing in high-risk situations.
- **Direct Lending – Unitranche Debt:** A hybrid loan structure that combines senior and subordinated debt into a single facility, offered by non-bank lenders directly to companies.
- **Direct Lending – Senior Debt:** The highest-ranking debt in a company's capital structure, which has the first claim on assets in a default and is provided by non-bank direct lenders.
- **Direct Lending – Junior Subordinated Debt:** Debt that ranks below senior debt for repayment in case of liquidation and is provided by non-bank lenders directly to businesses.
- **Direct Lending – Blended/Opportunistic Debt:** A flexible direct lending strategy that invests across different types of debt to achieve attractive risk-adjusted returns, based on market opportunities.
- **Direct Lending:** The practice of non-bank financial institutions providing loans directly to companies without the use of an intermediary like an investment bank.
- **Bloomberg Magnificent 7 Total Return Index:** An index created by Bloomberg that tracks the total return performance of the seven largest U.S. technology stocks, with its value updated daily.
- **S&P Dividend Aristocrats Index:** An index managed by S&P Dow Jones Indices that includes S&P 500 companies that have consistently increased their dividends for at least 25 consecutive years, with its composition reviewed annually.
- **FTSE All-World ex-US Index:** A market-capitalization-weighted index from FTSE Russell that measures the stock performance of companies in developed and emerging markets, excluding the United States, updated daily.
- **Russell 2000 Index:** A stock market index from FTSE Russell that measures the performance of the 2,000 smallest-cap companies within the broader Russell 3000 Index, updated in real-time.
- **MSCI Emerging Markets Index:** A stock market index from MSCI that captures large and mid-cap representation across 24 emerging market countries, with its value updated daily.
- **MSCI Europe Index:** A market-capitalization-weighted index from MSCI that captures large and mid-cap representation across 15 developed market countries in Europe, updated daily.
- **MSCI AC Asia Pacific Index:** A market-capitalization-weighted index from MSCI that captures large and mid-cap representation across developed and emerging market countries in the Asia Pacific region, updated daily.
- **MSCI Emerging Markets Latin America Index:** A market-capitalization-weighted index from MSCI that captures large and mid-cap representation across 5 emerging market countries in Latin America, updated daily.
- **MSCI EAFE Index:** A stock market index from MSCI that represents the performance of large and mid-cap securities from 21 developed markets outside of North America, with its value updated daily.
- **Price/Earnings Ratio:** A valuation ratio calculated as a company's current stock price divided by its earnings per share for the past 12 months, used by investors and updated with new price and earnings data.
- **The 60/40 Portfolio:** An investment allocation strategy that places 60% of capital into stocks and 40% into bonds, with its performance updated continuously based on the market value of its underlying assets.
- **S&P CoreLogic Case-Shiller 20-City:** Composite City Home Price NSA Index. S&P/Case-Shiller U.S. National Home Price Index tracks the value of single-family housing within the United States. The index is a composite of single-family home price indices for the nine U.S. Census divisions. For more information on the S&P/Case-Shiller Home Price Indices, see [S&P/Case-Shiller Home Price Indices](#).
- **RMZ Index: The MSCI US REIT Index:** The MSCI US REIT Index is a price-only index, which MSCI began calculating on June 20, 2005. Previously, this index (then known as the Morgan Stanley REIT Index) was calculated and maintained by the AMEX. The AMEX began calculating the index with a base level of 200, as of December 30, 1994.

Disclosure

This material has been prepared or is distributed solely for informational purposes only and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Any opinions, recommendations, and assumptions included in this presentation are based upon current market conditions, reflect our judgment as of the date of this presentation, and are subject to change. Past performance is no guarantee of future results. All investments involve risk including the loss of principal. All material presented is compiled from sources believed to be reliable, but accuracy cannot be guaranteed, and Evergreen makes no representation as to its accuracy or completeness. Securities highlighted or discussed in this communication are mentioned for illustrative purposes only and are not necessarily a recommendation for these securities. Evergreen actively manages client portfolios and securities discussed in this communication may or may not be held in such portfolios at any given time.

There is no guarantee that these yields stated in this presentation will be achieved. Yields mentioned are gross of fees. The yields shown are for the stated indices. Such indices are not actively managed and therefore do not have transaction costs, management, or other operational expenses. These yields do not reflect the deduction of advisory fees, brokerage or other commissions, and any other expenses that a client may pay. Please note that the yield numbers are not intended to serve as projections of the performance that your account could expect to earn based on this investment allocation. Your actual return will also be impacted by factors including, but not limited to, price appreciation or depreciation for equity investments as well as the deduction of advisory fees, brokerage or other commissions, and any other expense that a client may pay.

