

FORTITUDE FOCUS

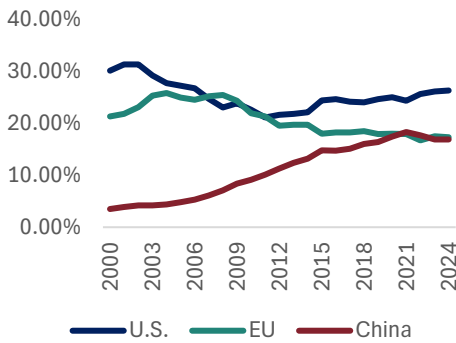


Investment Department

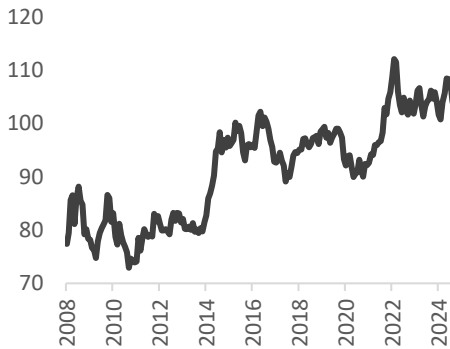
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THE STORY

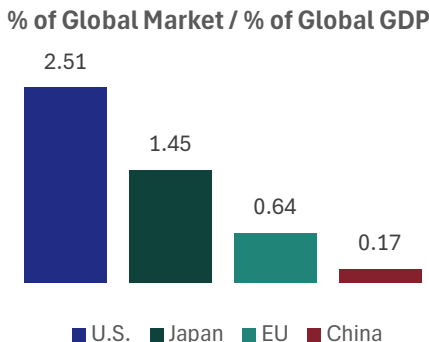
Share Of Global GDP¹



US Dollar Index²



Divergent Valuations³



TESTING AMERICAN EXCEPTIONALISM:

For investors, American Exceptionalism has been one of the most important themes of the post financial crisis era. To oversimplify a bit, the trend has been driven by a potent mix of three large and interrelated factors: the United States’ economic resilience, currency strength & valuation premium.

During this time, America’s innovative economy has remained relatively robust in comparison to its developed market peers. In a decade where the EU lost considerable ground, the US managed to gain share of global trade.

Furthermore, the consistent strength of the dollar has bolstered US stock performance and attracted global allocators to its shores. The dollar’s position as the world’s reserve currency has solidified the power of US capital markets and provided America with relatively cheap access to capital.

In turn, that ample supply of funds has supported the continued expansion of valuation premiums across US assets. One way to illustrate this premium is by comparing America’s share of the global stock market to its share of global GDP – while imperfect, it highlights the extent of the value gap.

However, in recent months, all these factors have suddenly (and sharply) reversed course. The threat of tariffs and their disruptive effect on global trade, has increased the perceived risks of US recession, reduced faith in the value of the dollar, and sent capital flows to other opportunities overseas.

While the fate of this trade war remains unknown, its ramifications could be seismic. For now, while markets are tempering their confidence in the US, only time will tell whether it’s a blip or a turning point. With such a wide range of outcomes, investors would be wise to maintain global, thoughtfully diversified portfolios to navigate the uncertainty.



UPCOMING EVENTS

Monthly CPI – 4/10

Market Holiday – 4/18

JOLTS Report – 4/29

“Concentration is the key to wealth. Diversification is the key to survival.”

- John Maynard Keynes

¹Global GDP estimates sourced from IMF’s 2024 World Economic Outlook report going back to 1984.

²Pulled from Morningstar Direct between 4/2008 to 4/2025.

³Calculated internally with market capitalization data pulled from JP Morgan’s Guide to the Markets as of Jan 31, 2025



WHAT HAPPENED?

Consumer Sentiment Drops To 3 -Year

Low: The University of Michigan’s consumer sentiment index fell to 57.0 in March, the lowest since November 2022. The decline reflects growing concerns about rising unemployment and inflation, potentially impacting consumers’ future spend. ([CNBC](#)).

Federal Reserve Maintains Interest

Rates: The Federal Open Market Committee met on March 18-19th and decided to keep the federal funds rate at 4.5%. The decision reflects a cautious approach amid mixed economic indicators and an uncertain global trade environment ([AP](#)).

Trump Announces 25% Autos Tariffs:

President Trump announced a 25% tariff on imported vehicles and auto parts, set to take effect in April 2025. Automakers warned of rising car prices, potential job losses, and supply chain disruptions as the policy sent shockwaves through the industry ([BBC](#)).

23andMe Files For Bankruptcy:

After multiple failed takeover bids, DNA testing firm 23andMe filed for bankruptcy on March 23rd. The company faced financial difficulties amid increased competition and regulatory challenges in the genetic testing industry ([Reuters](#)).



EQUITIES DROPPED

In March, the S&P 500 fell **-5.6%**. Global markets outside the US fared better, with the MSCI World ex-US Index down just **-0.4%**, supported by a significant weakening of the dollar.

	MONTH*	YTD*
US Large	-5.6%	-4.3%
US Mid	-5.5%	-6.1%
US Small	-6.1%	-8.9%
Global ex-US	-0.4%	5.8%
Int’l Dev	-0.4%	6.9%
Emerging	0.6%	2.9%



FIXED INCOME RALLIED

Fixed income markets bounced in March with the Bloomberg Agg up **2.2%**. Rates fell as the market priced in heightened recession risks from concerns around tariffs & global trade disputes.

	MONTH*	YTD*
Ultra-Short	0.3%	0.8%
Short	0.6%	1.0%
Core	2.2%	2.7%
Long	5.6%	6.1%
High Yield	0.7%	2.0%
US TIPS	2.2%	3.5%
Intl Bonds	1.4%	2.0%
EM Bonds	1.9%	2.9%



ALTERNATIVES MIXED

Credit alternatives continued to provide stable, high-yield income, while store-of-value assets like gold and infrastructure rose amid stagflation concerns. Meanwhile, liquid diversifiers incurred losses while navigating the volatility.

	MONTH*	YTD*
Gold	0.8%	7.5%
Merger Arbitrage	1.0%	2.1%
Infrastructure	3.2%	5.8%
Direct Lending	0.7%	1.7%
Hedge Funds*	-1.2%	0.3%
Managed Futures	-0.7%	1.8%

Due to reporting lags, some data represents the latest return as of the month prior to this period.

*Sources: Each asset class is represented by a corresponding index or fund as of each report’s month-end date. The associated indexes can be found below. This has been provided for informational purposes only, and reflects the current opinion of the author, which is subject to change without notice, as are statements of financial trends, which are based on current conditions.



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Illiquid Investments. Illiquid investments may not be suitable for all clients. Investors in illiquid investments must qualify for these investments based on suitability criteria, and they must complete subscription documents.

Reference Above	Benchmark Index	Reference Above	Benchmark Index
US Large	S&P 500 Index	Hedge Funds	Barclay Hedge Fund Index
US Mid	S&P 400 Index	Managed Futures	Credit Suisse Mgd Futures Liquid TR
US Small	S&P 600 Index	Ultra-Short	Bloomberg US Treasury Flt Rate Index
Global ex-USA	MSCI World ex-USA All Cap NR Index	Short	ICE US Treasury 1-3Y Bond Index
Intl Dev	MSCI EAFE NR USD Index	Core	Bloomberg Aggregate Bond Index
Emerging	MSCI EM NR US Index	Long-Term	ICE US Treasury +20Y Bond Index
Gold	S&P GSCI Gold TR	High Yield	Bloomberg US Corporate HY Index
Merger Arbitrage	IQ Hedge Merger Arb TR USD Index	US TIPS	ICE US Treasury Inflation Linked Index
Infrastr (Infrastructure)	MSCI ACWI Infrastructure NR Index	Intl Bonds	Bloomberg Global Agg ex-USD Index
Direct Lending	Cliffwater Corporate Lending I	EM Bonds	Morningstar EM BD GR Index