GLOBAL KANDOR
ADVISORS

MONTHLY MARKET COMMENTARY, AS OF MARCH 2025

US Equity	Mar-25	YTD	Last 12m
S&P 500	-5.6%	-4.3%	8.3%
Russell 1000	-5.8%	-4.5%	7.8%
Russell 1000 Value	-2.8%	2.1%	7.2%
Russell 1000 Growth	-8.4%	-10.0%	7.8%
Russell 2000	-6.8%	-9.5%	-4.0%
Russell 2000 Value	-6.0%	-7.7%	-3.1%
Russell 2000 Growth	-7.6%	-11.1%	-4.9%
International Equity			
MSCI All-Country World ex-US	-0.2%	5.2%	6.1%
MSCI EAFE	-0.4%	6.9%	4.9%
MSCI Europe	-0.3%	10.5%	6.9%
MSCI Japan	0.1%	0.3%	-2.1%
MSCI Emerging Markets	0.6%	2.9%	8.1%
Fixed Income			
U.S. Intermediate Treasuries	0.5%	2.5%	5.3%
U.S. Long Treasuries	-0.9%	4.7%	1.3%
U.S. TIPS	0.6%	4.2%	6.2%
Corporate IG Bond	-0.3%	2.3%	4.9%
High-Yield Bonds	-1.0%	1.0%	7.7%
Tax-Exempt Bonds	-1.4%	0.4%	3.8%
International Bonds	0.6%	2.6%	3.0%
Emerging Market Bonds	-0.4%	2.3%	7.4%
Currencies			
Us Dollar	-3.2%	-3.9%	-0.3%
Euro	4.3%	4.5%	0.2%
Yen	-0.4%	-4.6%	-0.9%
Emerging Markets	0.9%	1.7%	1.9%
Real Assets			
Commodities	3.9%	8.9%	12.3%
Energy	4.0%	11.0%	7.1%
Industrial Metals	4.2%	8.6%	13.2%
Gold	14.0%	29.1%	39.5%
Master Limited Partnerships	0.0%	12.6%	23.0%
Real Estate Investment Trust	-3.6%	0.9%	9.9%

Financial markets in the first quarter of 2025 defied expectations that had been shaped by optimism around a new Republican administration and continued US outperformance. Instead, uncertainty surrounding US trade policy sank domestic growth prospects, while Europe surprised with a stronger-than-expected fiscal response. As a result, emerging market equities—particularly in China, outperformed developed markets. Value stocks led the way, while small caps underperformed amid concerns about slowing growth and rising inflation. Commodities surged, with gold gaining 29% [i] and leading asset class returns. In fixed income, US Treasuries returned 2.5% [i] as recession fears mounted, while European bonds struggled under the weight of anticipated government spending, and Japanese bonds lagged due to growing inflation pressures.

Equity: US Equity markets experienced notable declines in March, with the S&P 500 falling 5.6% [i]. The month opened with a sharp selloff, though some of the losses were recovered by month end. The pullback was primarily driven by growing concerns over US economic growth, fueled by ongoing tariff uncertainty and the impact of rising bond and credit yields. Growth stocks, particularly technology, took the worst hit, with the NASDAQ down 8.1% [i] and the Russell 1000 Growth dropping 8.4% [i], as investors pulled back from other riskier sectors as well. A surprise came from US equities, where energy stocks managed to deliver a 3.75% [i] gain.

As the U.S. adopts a more protectionist "America First" approach, Germany is emerging as a potential leader on both the economic and defense fronts. This shift in global dynamics has contributed to a strong performance in German equities, which gained 11% [iii] over the quarter—or 15.5% [iii] in U.S. dollar terms—bolstered in part by a weaker dollar against the euro. Broader European markets also saw robust gains, with the MSCI EAFE index outperforming the S&P 500 by 5.2% [i] in March alone, highlighting a significant rotation in global investor sentiment toward non-U.S. developed markets.

Asian equity markets have displayed significant divergence in performance during the first quarter of the year. Chinese equities led the region, rising 15% [i] year-to-date, buoyed by a combination of factors: US tariffs turned out to be less damaging than initially anticipated, sentiment toward Chinese tech stocks improved following DeepSeek's AI breakthrough in January, and signs emerged that Beijing may adopt a more supportive policy stance in March, which carried the MSCI China to a 2.0% rise in the month. In contrast, Indian equities faced challenges, declining 2.9% [iii] year-to-date, while Japanese markets were pressured by a strengthening yen, driven by narrowing interest rate differentials, which weighed on investor confidence.

Fixed Income: Although tariffs present a risk to the growth outlook, strong corporate fundamentals have so far helped contain the widening of credit spreads in the US. In Europe, returns on credit were pressured by movements in local government bond markets, yet investment grade credit spreads tightened slightly over the quarter. Meanwhile, emerging market debt benefited from a weaker US dollar, and inflation-linked bonds outperformed their nominal counterparts, driven by a sharp decline in US real yields, in the corporate segment, high yield bonds took the worst, while investment-grade corporates proved to be defensive during equity market turmoil.

Liquid Real Assets: Commodity markets posted broadly positive returns during the month, supported by a weaker US dollar. Copper saw a sharp rise amid speculation that President Trump might impose tariffs on copper imports—significant move given that the US sources over 45% of its copper from abroad. Gold extended its rally, breaking above US$3,000 for the first time and closing near US$3,100, driven by mounting concerns over the US fiscal deficit, persistent inflationary pressures, and heightened geopolitical risks, delivering an astounding 14% [i] return for march. Oil prices also moved higher, despite expectations of increased US supply and worries about softer demand due to a slowing economy. Meanwhile, iron ore remained relatively stable, trading around the US$100 mark.

Sources:

i. Bloomberg data.
ii. Quarterly Market Review (Q1 2025) – JPM
iii. Market Review (March 2025) – Fiducient.

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