ARROWROOT
Family Office

10 Market Themes for 2Q 2025

As of April 1, 2025

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This collection of market insights highlights 10 themes we believe are most likely to shape the investment environment this quarter.

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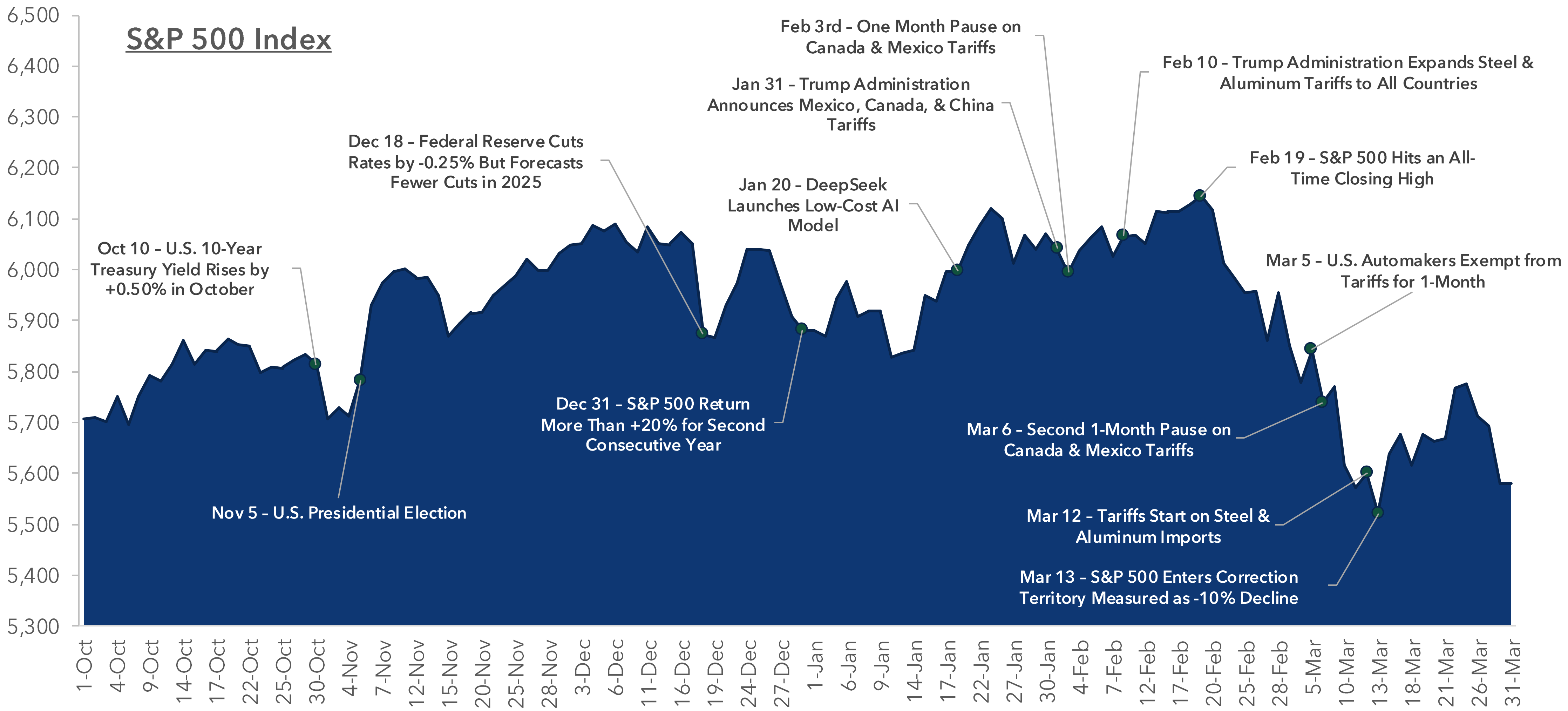
Market Recap – Key Headlines From the Past Six Months



Disclosures: Standard & Poor's. The performance of this index is provided for informational purposes only and does not represent an actual investment. Index performance is for illustrative purposes only and does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.. Latest available data as of 3/31/2025.

Quarterly Factor Performance

2Q 2025

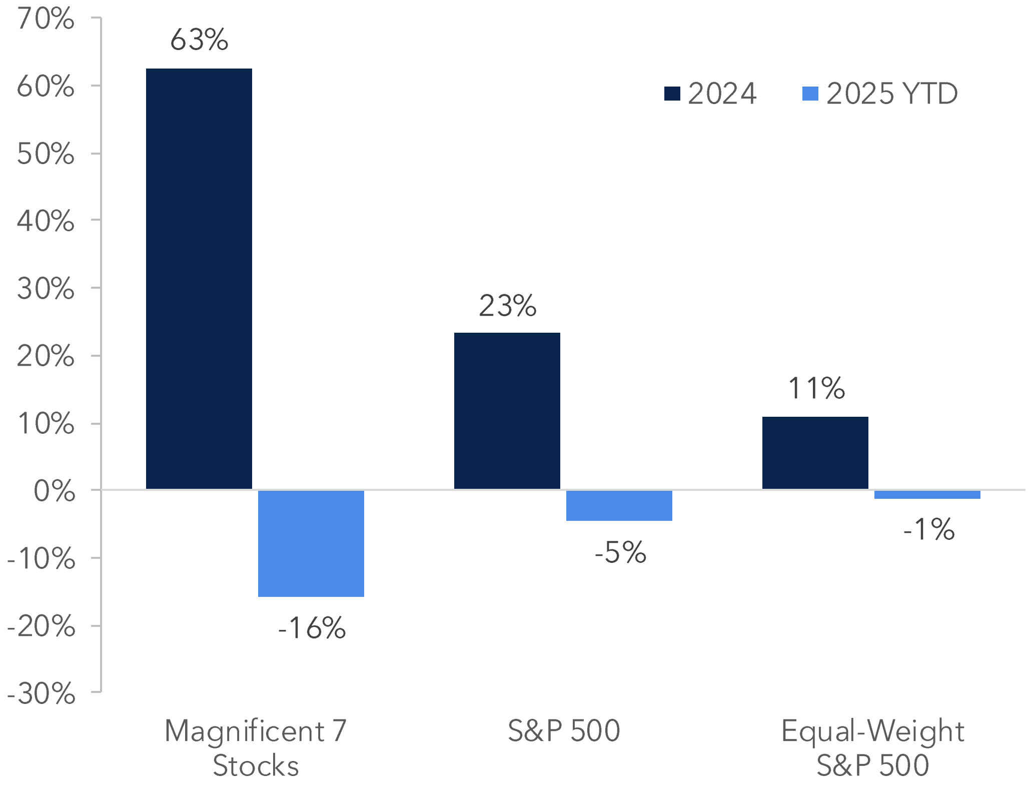
2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023	3Q 2023	4Q 2023	1Q 2024	2Q 2024	3Q 2024	4Q 2024	1Q 2025	1 year
Low Volatility -7.1%	High Beta -2.0%	Div Grower 13.2%	Growth 14.3%	Growth 12.8%	Quality -1.9%	High Beta 17.8%	Momentum 19.5%	Growth 8.3%	High Div Yld 14.6%	Growth 7.1%	Low Volatility 7.2%	Low Volatility 15.3%
High Div Yld -8.3%	Size - Small -2.1%	High Div Yld 13.0%	High Beta 12.4%	High Beta 9.4%	Momentum -2.9%	Growth 14.2%	Quality 12.0%	Size - Large 4.4%	Low Volatility 10.9%	Size - Large 2.5%	High Div Yld 3.3%	High Div Yld 13.4%
Div Grower -10.4%	Momentum -3.1%	Value 12.2%	Quality 9.2%	Quality 9.0%	Div Grower -3.1%	Size - Small 14.0%	Growth 11.3%	Momentum 4.1%	Div Grower 9.5.%	Momentum 2.4%	Value 2.1%	Momentum 8.9%
Value -12.3%	Growth -3.5%	Momentum 11.9%	Size - Large 7.4%	Size - Large 8.7%	Growth -3.2%	High Div Yld 13.3%	Size - Large 10.4%	Quality 4.1%	Value 9.4%	Size - Small 0.3%	Div Grower 1.2%	Div Grower 8.8%
Size - Large -16.1%	Size - Large -4.9%	Low Volatility 11.1%	Size - Small 2.7%	Size - Small 5.3%	Value -3.2%	Momentum 12.6%	Value 8.9%	High Div Yld 0.0%	Size - Small 9.2%	Quality -0.4%	Momentum -2.1%	Size - Large 8.3%
Quality -16.7%	Value -5.6%	Quality 10.1%	Value 0.9%	Momentum 4.1%	Size - Large -3.2%	Quality 12.1%	Div Grower 8.5%	Div Grower -0.3%	High Beta 5.8%	High Beta -0.5%	Quality -3.8%	Growth 7.7%
Size - Small -17.3%	Div Grower -5.9%	High Beta 8.8%	Div Grower 0.6%	Value 4.1%	High Div Yld -4.2%	Size - Large 11.6%	High Beta 6.8%	Low Volatility -0.9%	Size - Large 5.7%	Div Grower -1.6%	Size - Large -4.3%	Value 7.0%
Momentum -18.7%	Low Volatility -6.2%	Size - Large 7.6%	Low Volatility -1.8%	Div Grower 3.6%	Size - Small -5.2%	Value 9.5%	Low Volatility 5.7%	Value -2.2%	Quality 5.3%	Value -1.9%	Size - Small -9.5%	Quality 5.1%
Growth -21.1%	Quality -6.5%	Size - Small 6.2%	High Div Yld -3.0%	Low Volatility 1.2%	Low Volatility -5.8%	Div Grower 9.4%	Size - Small 5.0%	Size - Small -3.3%	Momentum 4.3%	Low Volatility -2.0%	Growth -10.0%	Size - Small -4.0%
High Beta -22.7%	High Div Yld -10.1%	Growth 2.1%	Momentum -4.2%	High Div Yld -1.2%	High Beta -8.0%	Low Volatility 7.3%	High Div Yld 4.8%	High Beta -3.5%	Growth 3.1%	High Div Yld -4.1%	High Beta -11.6%	High Beta -10.1%

Disclosures: All performance data represents total returns for the stated period. Past performance is no guarantee of future results. Value: iShares Russell 1000 Value ETF (IWD), Growth: iShares Russell 1000 Growth ETF (IWF), Quality: iShares MSCI USA Quality Factor ETF (QUAL), Momentum: iShares MSCI USA Momentum Factor ETF (MTUM), Low Volatility: Invesco S&P 500 Low Volatility ETF (SPLV), Size - Large: State Street SPDR S&P 500 ETF (SPY), Size - Small: iShares Russell 2000 ETF (IWM), High Dividend Yield: State Street S&P 500 High Dividend ETF (SPYD), Dividend Grower: iShares Core Dividend Growth ETF (DGRO), High Beta: Invesco S&P 500 High Beta ETF (SPHB).

Stock Market – How Company Size is Shaping 2025 Returns

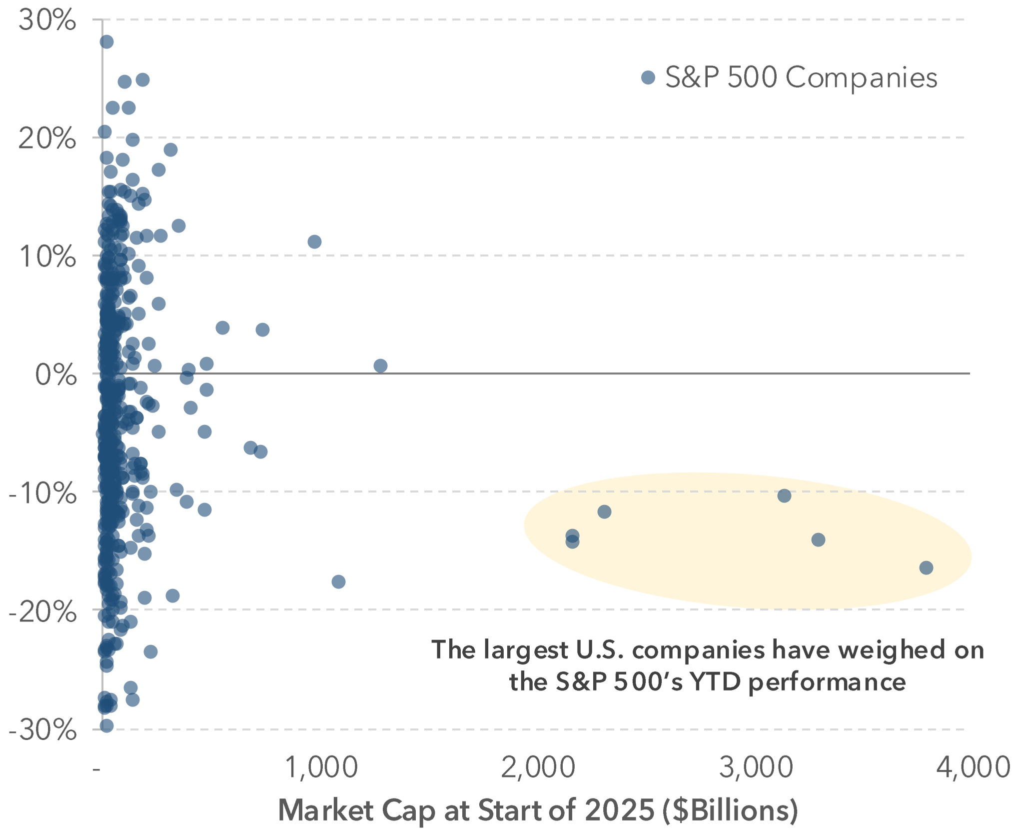
Stock Market Performance By Company Size

2024 vs 2025 YTD Price Returns



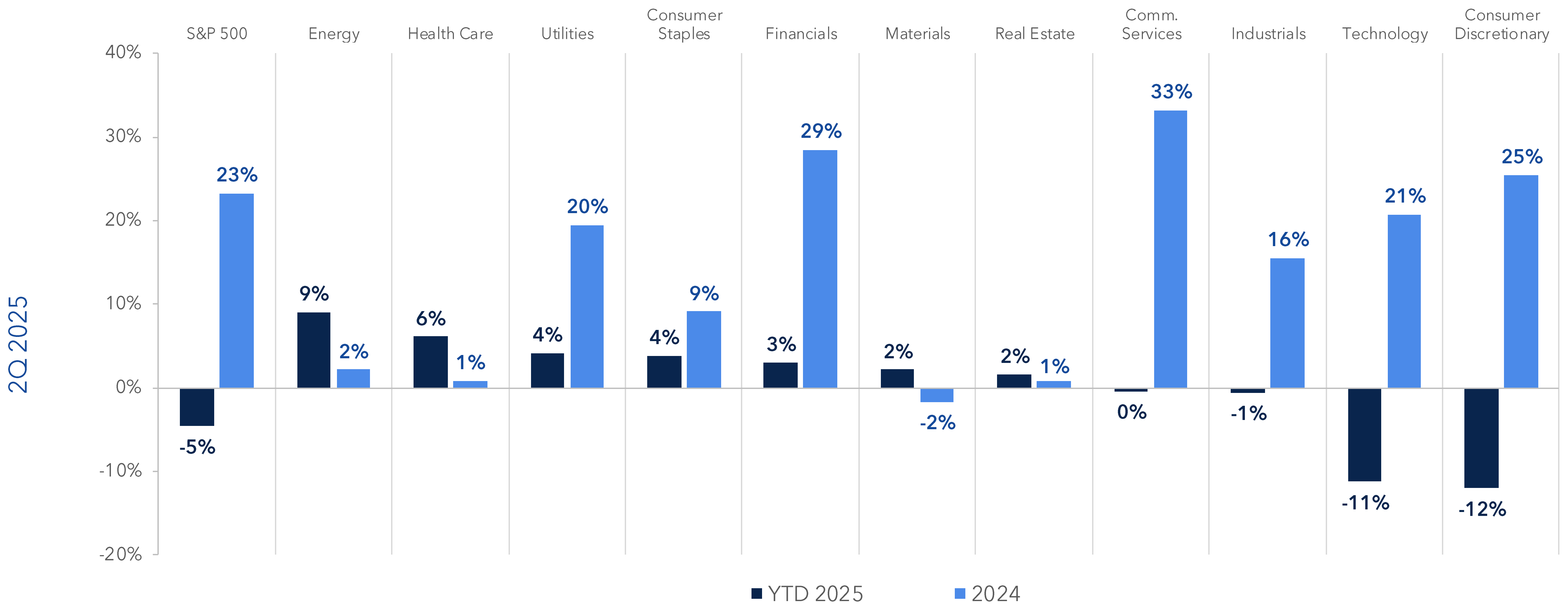
Price Return as of YTD Trough (March 28th)

The Largest U.S. Companies Led the Market Selloff



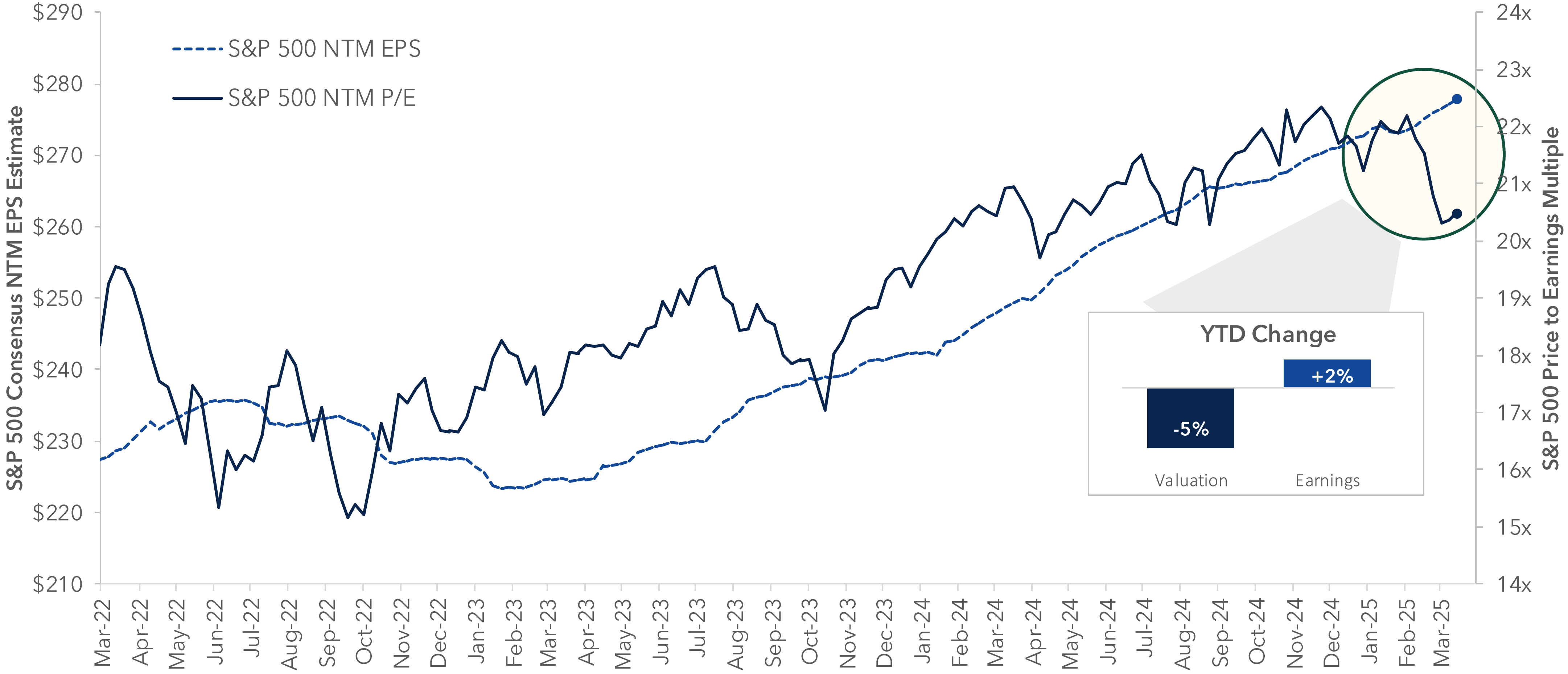
Disclosures: Invesco, Standard & Poor's, and Roundhill. Performance based on the Invesco S&P 500 Equal Weight ETF (RSP), SPDR S&P 500 ETF (SPY), and Roundhill Magnificent Seven ETF (MAGS) The Magnificent 7 stocks include: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla. Performance does not reflect the deduction of advisory fees, trading costs, or other expenses that would reduce returns. Past performance is not indicative of future results. Latest available data as of 3/31/2025.

U.S. Sector Trends – 7 of 11 Sectors Posted Gains in 1Q 2025



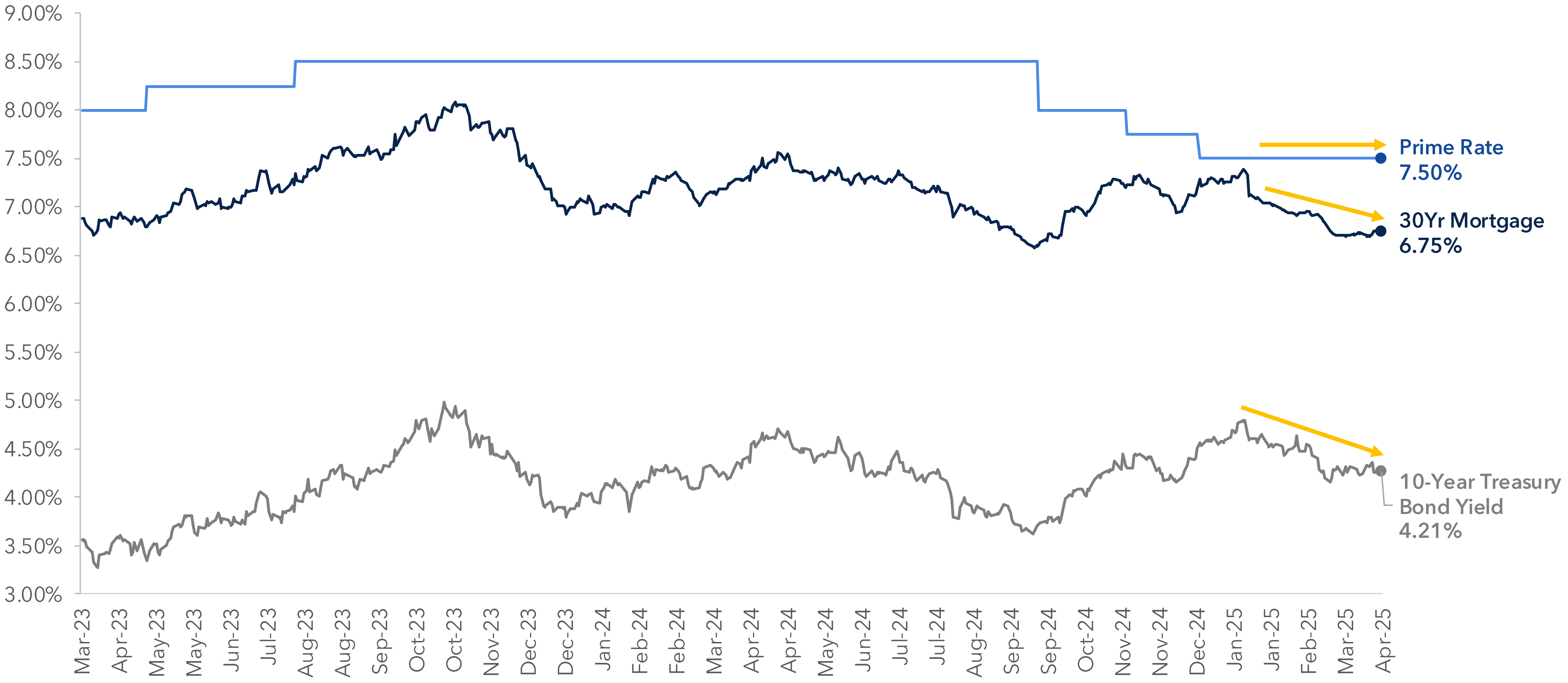
Disclosures: Past performance is no guarantee of future results. All performance data represents price returns. S&P 500 represented by the S&P 500 ETF (SPY). Sectors are represented by the following ETFs: SPDR Consumer Discretionary Sector ETF (XLY), SPDR Consumer Staples Sector ETF (XLP), SPDR Financial Sector ETF (XLF), SPDR Health Care Sector ETF (XLV), SPDR Industrial Sector ETF (XLI), SPDR Materials Sector ETF (XLB), SPDR Technology Sector ETF (XLK), Vanguard Real Estate ETF (VNQ), SPDR Utilities Sector ETF (XLU), SPDR Energy Sector ETF (XLE), SPDR Communication Services ETF (XLC). Latest available data as of 3/31/2025.

Performance Drivers – Earnings Remain Strong, But Valuations Moderate



Disclosures: S&P Global. The price-to-earnings ratio (P/E ratio), is a valuation metric used to assess how much investors are willing to pay for each dollar of a company's earnings. EPS is based on NTM consensus estimates. NTM = Next 12-months. Latest available data as of 3/31/2025.

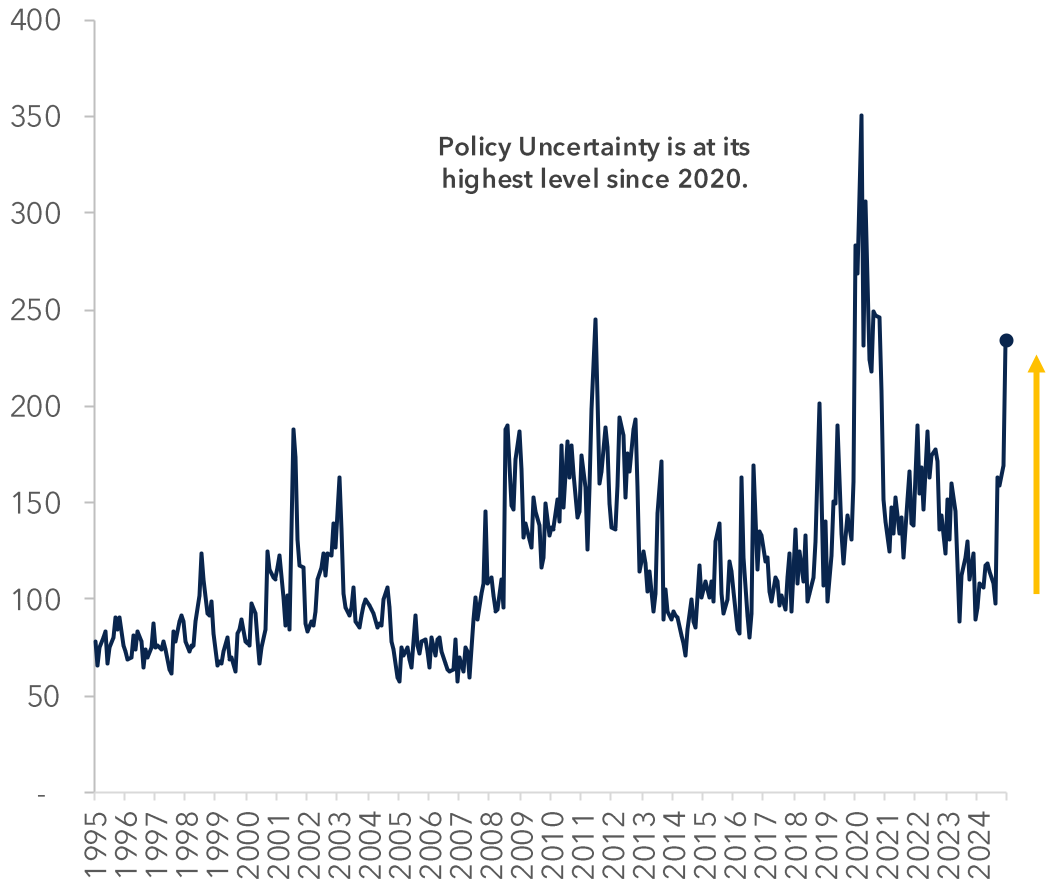
Interest Rates – Why Have Bond Yields Declined This Year?



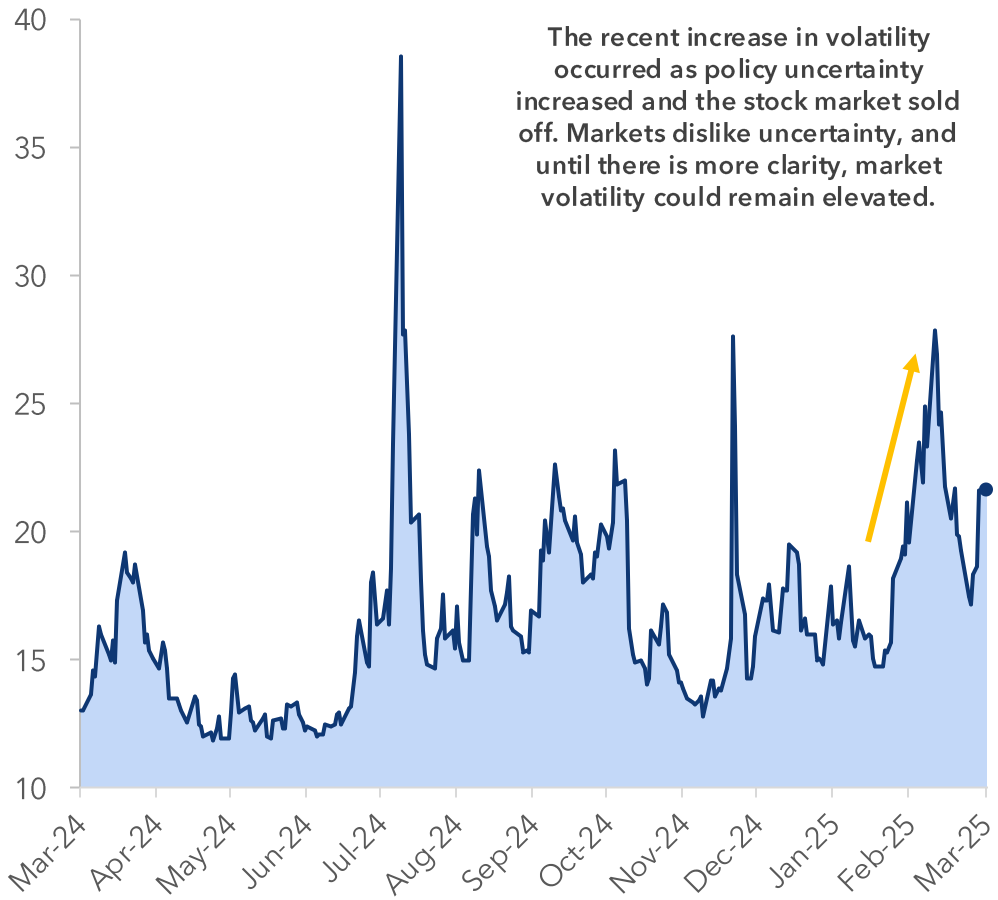
Disclosures: Federal Reserve and U.S. Treasury. Latest available data as of 3/31/2025.

Market Turbulence – Policy Uncertainty Has Increased Market Volatility

U.S. Economic Policy Uncertainty Index
Monthly Since 1995



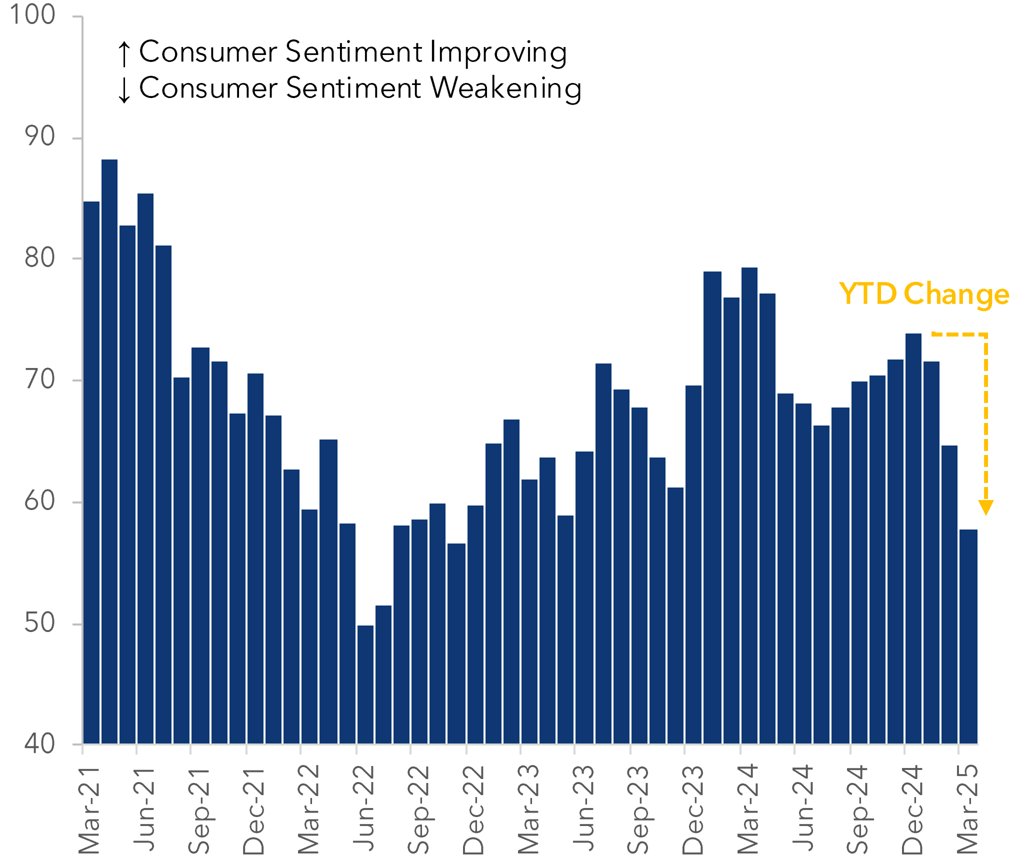
Market Volatility Measured by CBOE VIX
Weekly for Last 12 Months



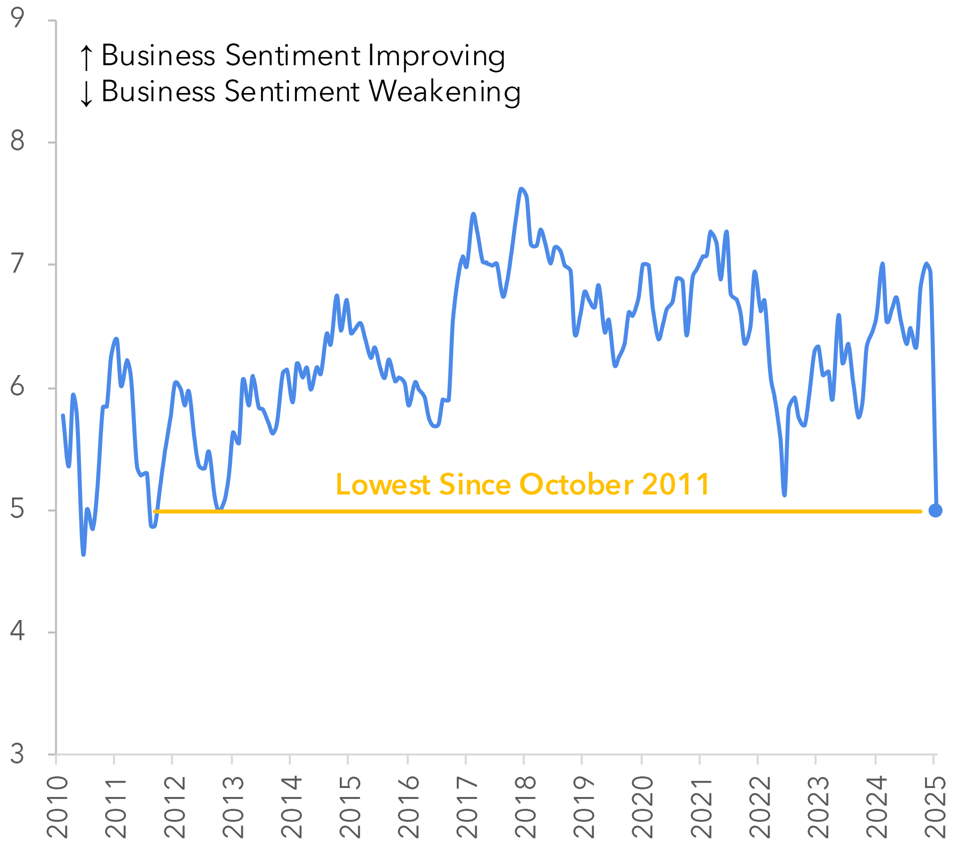
Disclosures: Economic Policy Uncertainty (Baker, Bloom, and Davis) and CBOE. Latest available data as of 3/31/2025.

Sentiment Insights – Trends in Consumer and CEO Survey Data

Consumer Sentiment Index
University of Michigan Monthly Survey of Consumers Since 2021



CEO Confidence Index (Conditions 1-Year From Now)
The Conference Board Monthly Survey Since 2011



Disclosures: University of Michigan (3/1/2021 to 3/31/2025). The Conference Board (1/1/2010 to 3/31/2025). Latest available data as of 3/31/2025.

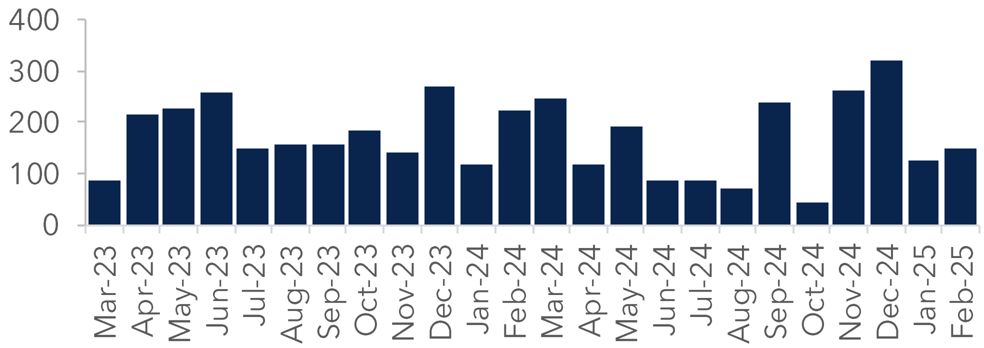
Economic Dashboard – Takeaways from Four Key Metrics

2Q 2025

Labor Market Health

Monthly Growth in Nonfarm Payrolls (in 000s)

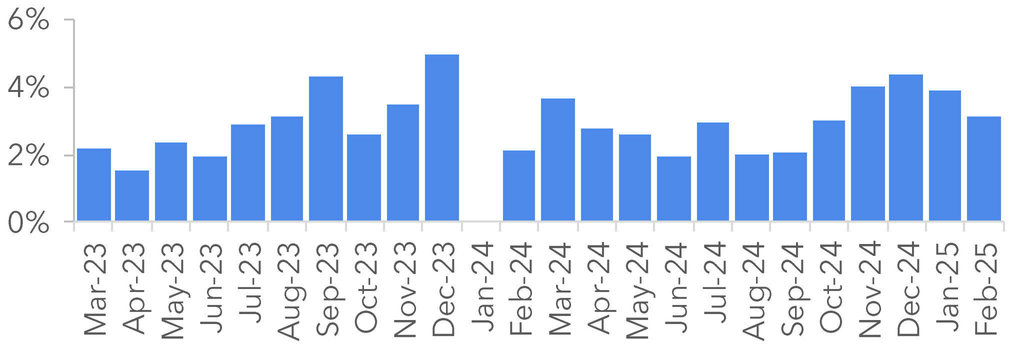
Strong



Consumer Spending

Retail Sales (year-over-year growth)

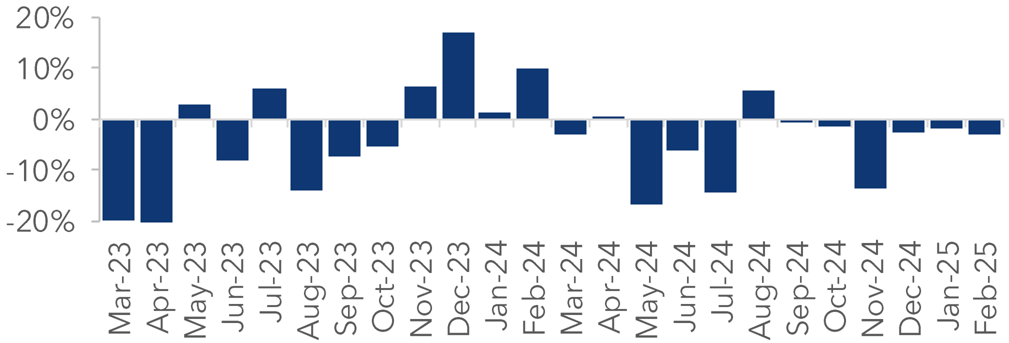
Slowing



Housing Market

New Housing Starts (year-over-year growth)

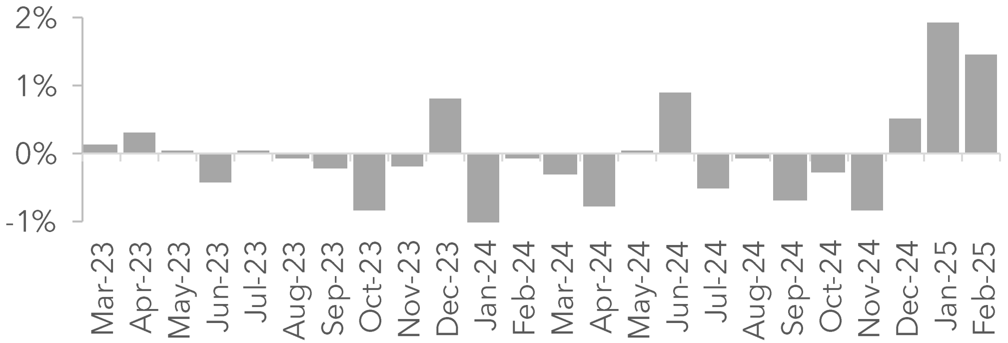
Weak



Business Activity

Industrial Production (year-over-year growth)

Improving

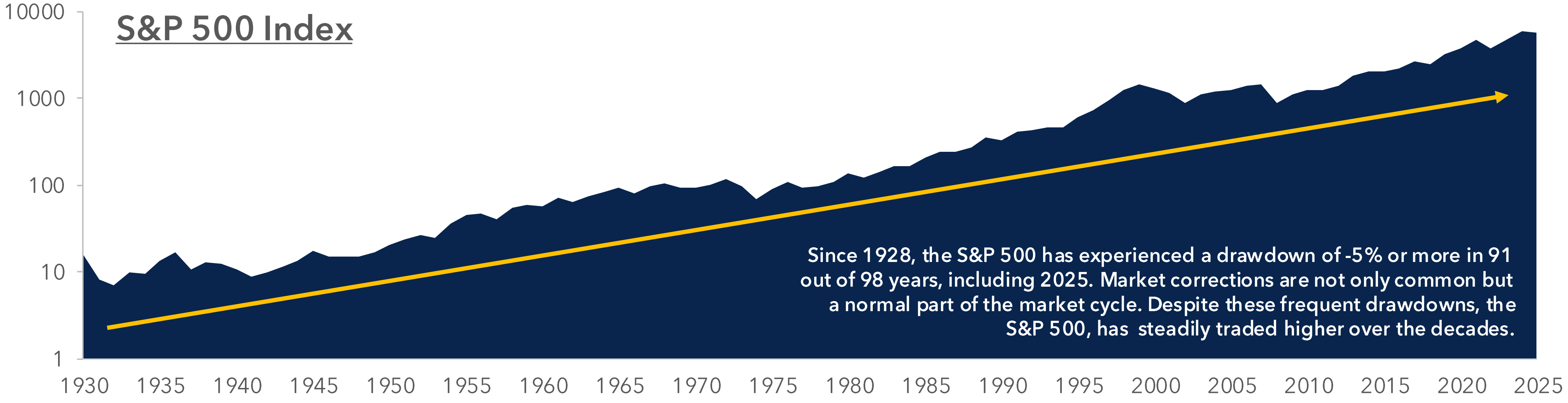


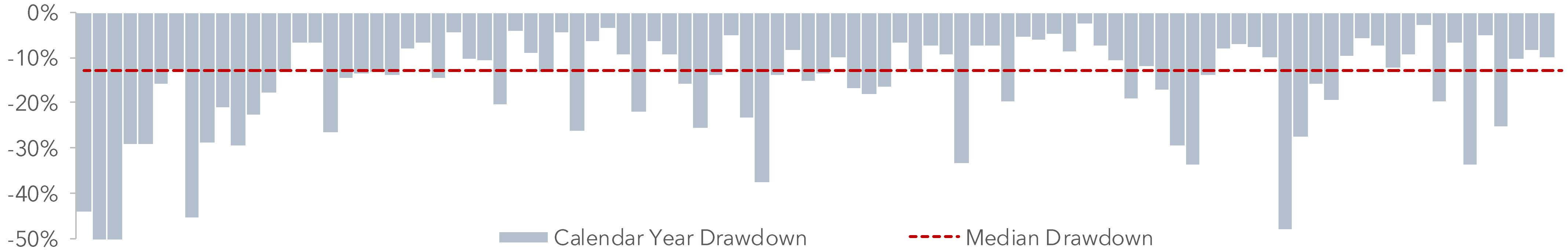
Disclosures: Department of Labor, U.S. Census Bureau, and Federal Reserve. Latest available data as of 3/31/2025.

What We're Monitoring – High Yield Corporate Bond Spreads

Disclosures: Federal Reserve – ICE BofA US High Yield Index Option-Adjusted Spread. Insert dates here.

Long Term Perspective – Market Volatility is a Normal Part of Investing





2Q 2025

Disclosures: A logarithmic (lognormal) chart is used to graph the S&P 500, which makes it easier to analyze the long-term market trend. S&P Global. The performance of this index is provided for informational purposes only and does not represent an actual investment. Index performance is for illustrative purposes only and does not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results. Latest available data as of 3/31/2025.

Questions?

2Q 2025

Definitions

2Y / 10Y / 30-Year Treasury Bonds	Treasuries are debt obligations issued and backed by the full faith and credit of the U.S. government.
Consumer Price Index (CPI)	Measures the changes in the price level of a basket of consumer goods and services purchased by households.
Federal Fund's Rate	The target interest rate set by the Federal Reserve at which commercial banks borrow and lend excess reserves overnight.
Federal Reserve	The Federal Reserve System is the central bank of the United States. It was founded by Congress in 1913 to provide the nation with a safer, more flexible, and more stable monetary and financial system
Forward Price to Earnings Ratio	The forward P/E ratio (or forward price-to-earnings ratio) divides the current share price of a company by the estimated future ("forward") earnings per share (EPS) of that company.
Growth Stocks	Growth stocks are companies expected to grow sales and earnings at a faster rate than the market average.
Inflation	A general rise in price level relative to available goods and services.
ISM Purchasing Managers Index (PMI)	The ISM manufacturing index, also known as the purchasing managers' index (PMI), is a monthly indicator of U.S. economic activity based on a survey of purchasing managers at more than 300 manufacturing firms. It is considered to be a key indicator of the state of the U.S. economy.
Price Return	The rate of return on an investment portfolio, where the return measure takes into account only the capital appreciation of the portfolio, not including income generated in the form of interest or dividends.
Real Yield	The interest rate earned on a fixed income investment after factoring in the impact of inflation as measured by the Consumer Price Index (CPI).
Total Return	Return on a portfolio of investments including capital appreciation and income received on the portfolio.
Unemployment Rate	A lagging economic indicator which is calculated as the percent of the labor force that is jobless.
Value Stocks	Stocks that are inexpensive relative to the broad market based on measures of fundamental value (e.g., price to earnings or price to book).

Disclosures and Legal Notice

Investing involves risk, including the possible loss of principal. Stock markets can be volatile. Investments in securities of small and medium capitalization companies may involve greater risk of loss and more abrupt fluctuations in market price than investments in larger companies. Investments in fixed-income instruments are subject to the possibility that interest rates could rise, causing their values to decline. High yield and unrated debt securities are at a greater risk of default than investment grade bonds and may be less liquid, which may increase volatility. Investors in asset-backed securities, including mortgage-backed securities and collateralized loan obligations ("CLOs"), generally receive payments that are part interest and part return of principal. These payments may vary based on the rate loans are repaid. Some asset-backed securities may have structures that make their reaction to interest rates and other factors difficult to predict, making their prices volatile and they are subject to liquidity and valuation risk. CLOs bear similar risks to investing in loans directly, such as credit, interest rate, counterparty, prepayment, liquidity, and valuation risks. Loans are often below investment grade, may be unrated, and typically offer a fixed or floating interest rate.

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