The Rolling Report

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Welcome to *The Rolling Report*, your monthly guide to the dynamic world of investing and the latest updates from our firm. Each edition brings you a concise overview of the stock market, highlighting key trends, opportunities, and challenges shaping the financial landscape. In addition, we'll keep you informed about important developments within our firm, including strategic initiatives, new offerings, and insights from our team. Whether you're a seasoned investor or just starting your financial journey, *The Rolling Report* is here to keep you informed and empowered. Let's roll forward together toward informed decision-making and financial success!

Quick Market Review

How Did Markets Perform Last Quarter?

by: Kaleb Fontenot

S&P 500	NASDAQ	DOW 30
-4.3%	**-10.5%**	**-1.3%**

After a historic run over the past two years, U.S. equity markets hit more than a few speed bumps to kick off 2025. Concerns over tariffs, economic growth, and a significant spike in global uncertainty weighed heavily on investors. The S&P 500 and Nasdaq Composite both posted their worst quarterly performances since 2022, with the S&P 500 down 4.3%, the Dow Jones Industrial Average off 1.32%, and the Nasdaq tumbling 10.51%.

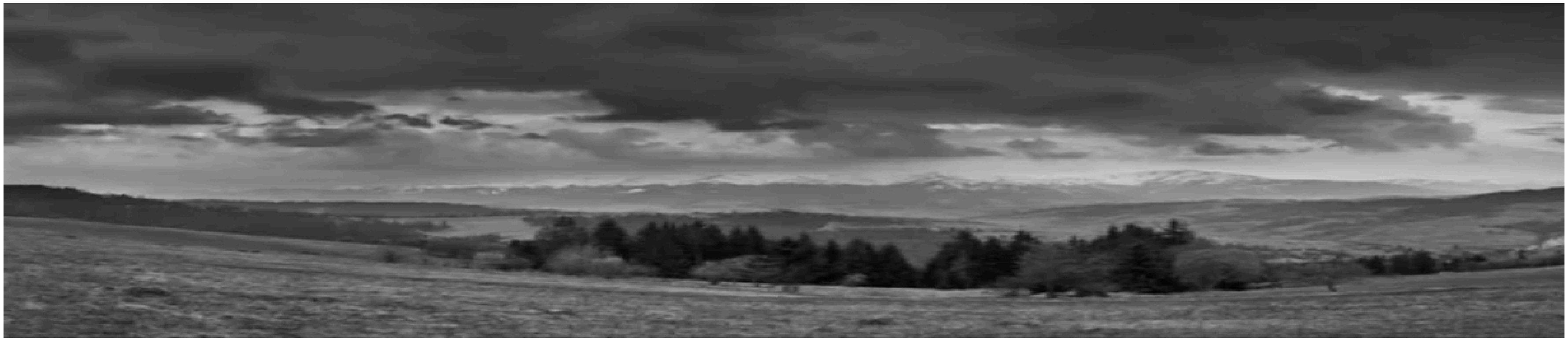
The underperformance was particularly stark on a global scale. As of March 31, the S&P 500 was trailing international equities by nearly 11%, marking the largest quarterly gap since late 1987, according to Bloomberg. This divergence has sparked renewed interest in global diversification strategies, especially as international markets offered some insulation amid U.S. volatility.

That said, it's important to keep the longer-term context in view. Since March 2005, the S&P 500 has gained an impressive 370%, compared to just 65% for the MSCI World ex-U.S. index (Morningstar). Whether this quarter signals a true reversion to the mean remains to be seen, but it undeniably reinforces the case for diversification. Investors with international exposure likely experienced a softer drawdown in Q1.

From a sector standpoint, it wasn't all doom and gloom. Despite broad market weakness, 7 of the 11 large-cap S&P 500 sectors posted gains in Q1. The standouts were **Energy (+10.6%)** and **Healthcare (+5.6%)** which benefited from their defensive characteristics. On the flip side, **Technology (-13.8%)**, **Consumer Discretionary (-14.6%)**, **Communications (-6.8%)**, and **Industrials (-1%)** bore the brunt of the selloff—driven in part by high valuations and shifting investor sentiment.

Looking ahead, investors have reason to be optimistic heading into Q2, especially considering that Q1 often underperforms historically due to seasonal factors such as tax-related selling and portfolio rebalancing. According to Bespoke Investments, jobless claims data, which provides us with the best insight into the current strength of the economy, is not signaling the doom and gloom that we are hearing on the news. Initial jobless claims continue to come in better than expected and below the one-year average. Additionally, as mentioned, uncertainty surrounding the new presidential administration's policies triggered the tenth major spike in uncertainty since 1985, but if we look back to the previous nine major spikes, eight of them led to above-average 1-year gains of 18.9%. Q2 could be our turning point. Some analysts suggest that the market may be near the bottom of the recent sell-off, setting the stage for a rebound. As LPL Financial points out, Q2 has historically brought stronger equity returns, supported by reinvestment of capital and more favorable economic signals.

*** *We recognize that the current stock market environment has been especially volatile and may raise questions beyond the scope of this Q1 report. Please note that the insights provided here reflect only the developments and data through the end of the first quarter. As the situation* *continues to evolve, we remain committed to keeping you informed and will share timely updates as more information becomes available.*



Estate Planning

Don't Lose Your Community Property State Benefits

By: Christian Hutchins

The saying “what is mine, is yours” is a lovely and generous gesture, but might be far from the truth. In forty-one states, “what is mine, is mine” and “your debt, is yours” is a more accurate statement. The remaining nine states (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin), treat the saying with a little more legitimacy and view assets earned and debt acquired during marriage as community property that each partner gets to share 50/50 (for better or worse).

A huge benefit of community property is that under basic rules, when one spouse passes away, the surviving spouse receives a full step up in the cost basis of their shared assets. Put more simply, if the surviving spouse wanted to sell an asset the day after their spouse passed away, they could do so with little to no tax ramification.

Unfortunately, it is common for mistakes to be made putting this benefit at risk. The most common mistake is titling joint assets as ‘Joint-Tenants with Rights of Survivorship.’ Although the title sounds like what a married couple would want to occur, this titling structure does not reflect community property status and only 50% of the joint assets would be eligible for a cost basis step-up at first death.

Fortunately, the solutions are simple. Re-registering joint assets as ‘Joint – Community Property’ or establishing a joint revocable trust would allow a married couple in a community property state to preserve the full cost-basis step-up benefit, while also achieving their estate planning goals.

If you, your spouse, or someone in your life could benefit from discussing how their account titling could have a positive or negative impact, please do not hesitate to contact your team at Rolling Hills Advisors.

AI Data Gathering

Keep Your Data Safe: A Reminder About AI Tools and Privacy

As AI tools like ChatGPT become more widely used, we want to remind our clients to avoid entering any personal, financial, or proprietary information into these platforms. While AI can be helpful in many ways, these tools are not built with the same privacy and security standards as our professional financial systems. Information shared with AI software may be stored or processed externally, creating potential privacy risks. For your safety, please continue to use only secure communication channels when discussing sensitive matters. Your security and trust remain our highest priority.

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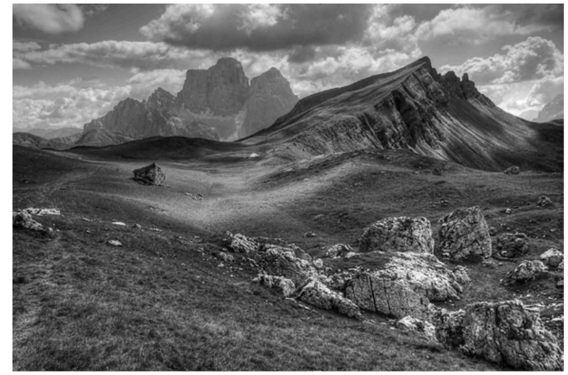

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The S&P 500 is a stock index considered to be representative of the U.S. stock market in general. The NASDAQ Composite Index is an unmanaged composite index of over 2,500 common equities listed on the NASDAQ stock exchange. The Dow Jones Industrial Average is a price-weighted index that tracks 30 large, publicly traded American companies.

All index returns exclude reinvested dividends and interest. Indices are unmanaged and cannot be invested into directly.

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