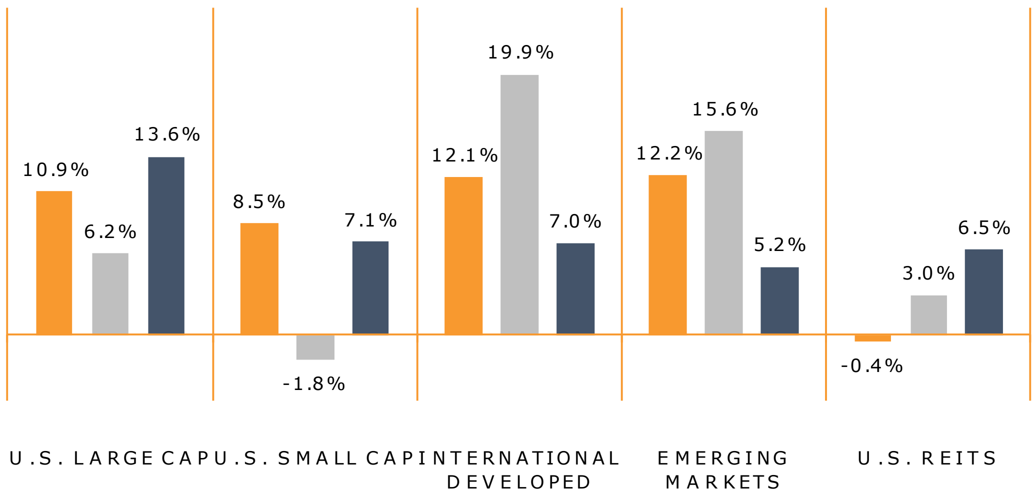
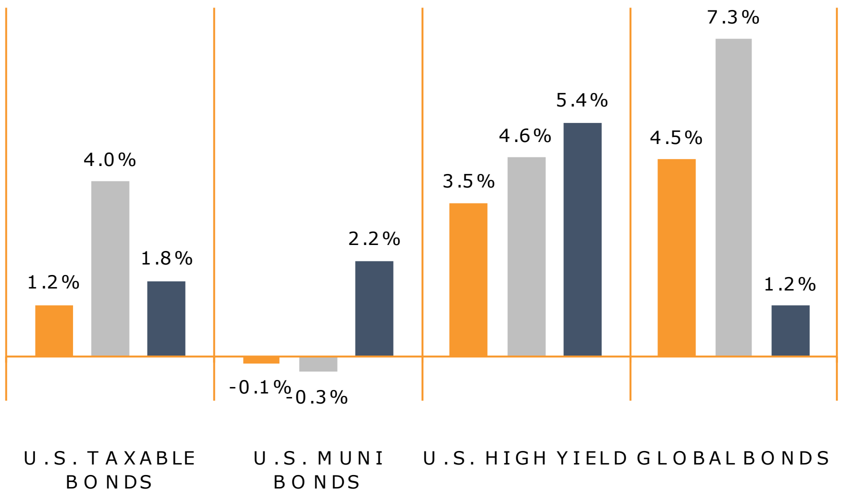
■ 3 Month: 06/30/25 ■ YTD ■ 10 Year*

EQUITY MARKETS HIGHLIGHTS



FIXED INCOME MARKETS HIGHLIGHTS



- **U.S. Large Cap Stocks** rose +10.9% in Q2, rebounding into positive territory YTD +6.2%. After an early capitulation in markets, the tariff policy pivot led to another V-bottom rally.
  - Post-pivot, investors went back to the playbook of the last five years, snapping up Tech and Growth. Growth rose +17.2% vs. Value +3.0%. Growth’s rally was led by Tech +22.8%, while Energy and Defensives faded.
- **U.S. Small Cap Stocks** remained the weak link in U.S. equities rising +8.5% for the quarter, down -1.8% YTD. Small caps have underperformed large in every style category significantly YTD.
- **International Developed Stocks** leadership continued during the quarter +12.1%, bringing the YTD total up +19.9%. Continued US Dollar weakness helped; however, the outperformance was mostly tied to holding in better during the early selling pressure.
- **Emerging Markets Stocks** also rallied +12.2% in the quarter, now up +15.6% YTD. Softening tariff news and US Dollar weakness were major drivers.
- **U.S. REITS** fell -0.4% in the quarter as Defensives trailed and rate cut expectations were pushed out. REITs remain up slightly +3.0% YTD.

- **U.S. Taxable Bonds** were up +1.2% in Q2 and +4.0% YTD. Bond market volatility was the story of the quarter, and an early quarter scare was acknowledged as a major driver of the tariff policy pivot.
- **U.S. Muni Bonds** were weaker in Q1 down -0.1%, down -0.3% YTD. Volatility that scared away the traditional retail investor base lead to forced selling coincident with heavy bond issuance.
- **U.S. High Yield** credit markets were up +3.5% in Q2, and +4.6% YTD. Shorter duration continues to be a tailwind, while the policy pivot led to spread compression after widening in Q1.
- **Global Bonds** followed their equity markets +4.5% in Q2, and +7.3% for the one-year period. The weakening U.S. dollar was a tailwind to global bonds and global central bank policy remains accommodative.

*Annualized daily returns as of 6/30/2025.

Market conditions and trends will vary. Past performance is no guarantee of future results. Investments cannot be made in an index.

Source: YCharts, Inc.; underlying indices are S&P 500® TR Index, Russell 2000® TR Index, MSCI EAFE TR, MSCI Emerging Markets Index TR, Dow Jones US Real Estate Index TR, Barclays Municipal Bond Index, Barclays U.S. Aggregate Bond Index, Barclays U.S. Corporate High Yield Bond Index and the Barclays Global Aggregate Bond Index.

INTEGRATED

Q2'25 U.S. Market Snapshot

US Equity Market Snapshot	6/30/25
Sector	**QTD Return**
Technology	22.8%
Industrials	12.9%
Comm. Services	12.8%
Consumer Cyclical	10.3%
Financials	5.5%
Utilities	4.3%
Materials	2.6%
Real Estate	-0.1%
Consumer Defensive	-0.2%
Health Care	-7.2%
Energy	-8.5%

Russell Equity Style Snapshot			6/30/25
	Value	**Blend**	**Growth**
Large	3.0%	11.8%	17.2%
Mid	5.3%	8.5%	18.2%
Small	5.0%	8.5%	12.0%

Market Indicators

Name	As of	Last Quarter	1 Month Ago	1 Mo. % Change	1 Year Ago	1 Year % Change	Freq.
Key Interest Rates							
1 Month Treasury	6/30/25	4.28%	4.33%	▼ -1.2%	5.47%	▼ -21.8%	Daily
2 Year Treasury	6/30/25	3.72%	3.89%	▼ -4.4%	4.71%	▼ -21.0%	Daily
10 Year Treasury	6/30/25	4.24%	4.41%	▼ -3.9%	4.36%	▼ -2.8%	Daily
30 Year Mortgage	6/26/25	6.77%	6.86%	▼ -1.3%	6.87%	▼ -1.5%	Weekly
US Corporate AAA	6/30/25	4.74%	4.80%	▼ -1.3%	4.98%	▼ -4.8%	Daily
US Corporate BBB	6/30/25	5.21%	5.43%	▼ -4.1%	5.71%	▼ -8.8%	Daily
US Corporate CCC	6/30/25	12.66%	12.87%	▼ -1.6%	13.95%	▼ -9.2%	Daily
Effective Federal Funds	6/30/25	4.33%	4.33%	▲ 0.0%	5.33%	▼ -18.8%	Daily
U.S. Economy							
Consumer Sentiment	6/30/25	60.70	52.20	▲ 16.3%	68.20	▼ -11.0%	Monthly
Unemployment Rate	5/31/25	4.20%	4.20%	▲ 0.0%	4.00%	▲ 5.0%	Monthly
Inflation Rate	5/31/25	2.35%	2.31%	▲ 1.9%	3.27%	▼ -28.0%	Monthly
Manufacturing PMI	6/30/25	49.00	48.70	▲ 0.6%	48.50	▲ 1.0%	Monthly
Non Manufacturing PMI	5/31/25	49.90	51.60	▼ -3.3%	53.80	▼ -7.2%	Monthly

Source: YCharts, Inc.

Another quarter in the books and another step toward a new normal, seemingly defined by drastic swings between government policy-driven volatility and excessive complacency. Anyone remember those “reciprocal” tariffs three months later? In summary, this entire quarter happened in the first two weeks.

Entering the quarter, US equities had pulled back ~10%, rates were on the rise, and the dollar was shedding value after surprise attacks on trade allies Canada and Mexico and rumors of increased tariff pressures to come. Markets were anticipating tariffs of 10-25% as a baseline and ready to react from there.

The shock of the April 2nd reciprocal tariffs sent markets into a tailspin the next day, experiencing its worst daily decline since early 2020. The selling escalated as Senior Trade Representative Peter Navarro was interviewed and reiterated his stance that the reciprocal tariffs were “not a negotiation.” Over that first April weekend, chaos was building in bond market despite the initial rally. Monday and Tuesday, US equities plunged to levels not seen since late 2021, long-term treasury rates experienced historic rises over 50 bps, and credit spreads widened considerably.


REUTERS

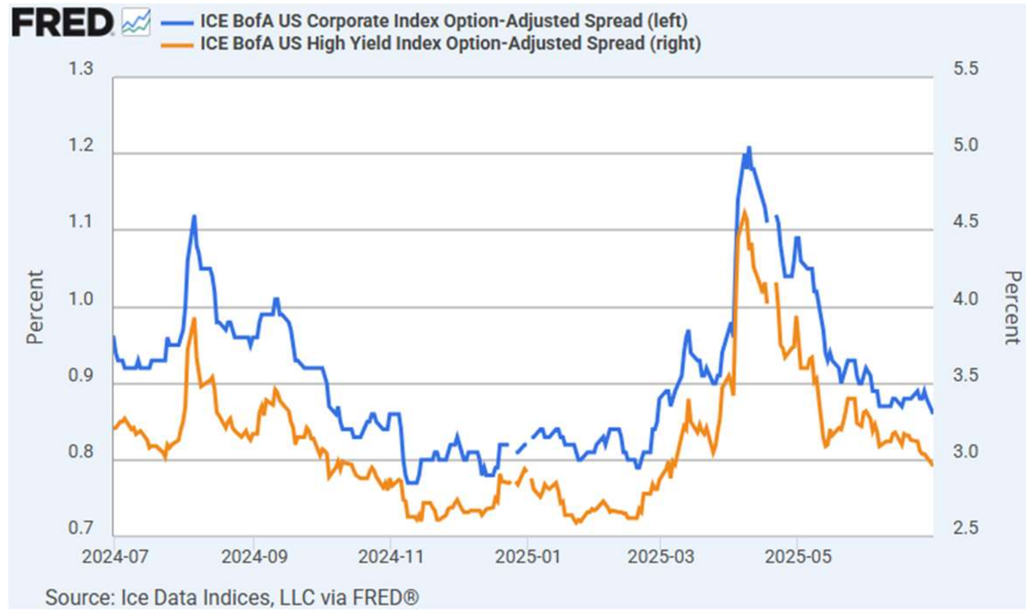
Trump pauses tariffs, says 'people were getting a little queasy'

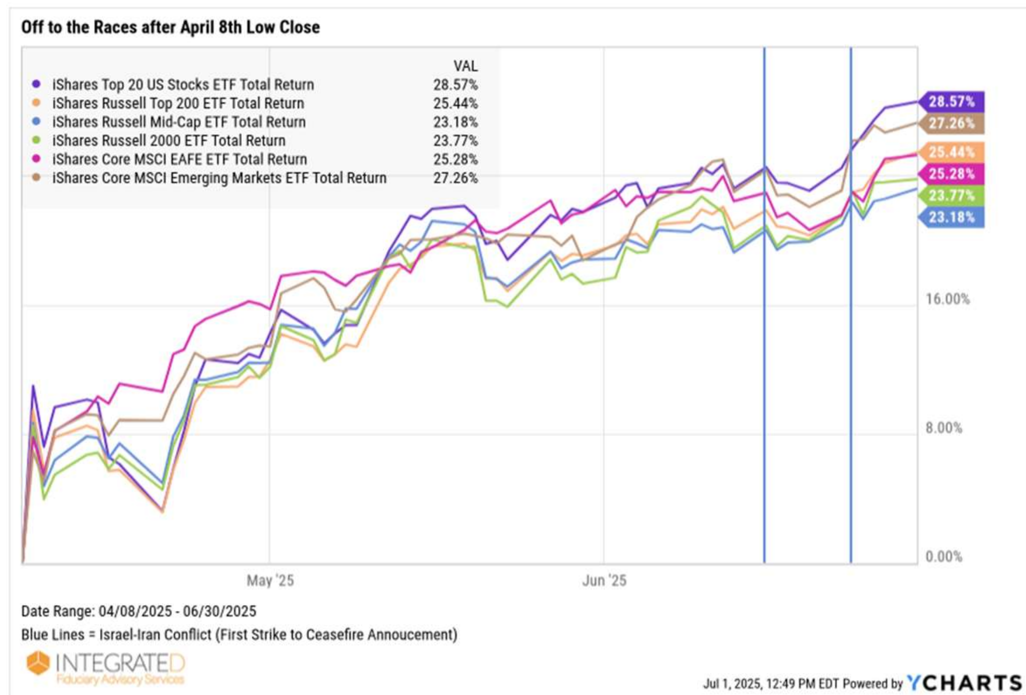
Reuters Videos
Updated Wed, April 9, 2025 at 5:40 PM EDT

And then it was over. By April 9th, the Trump Administration changed course and suggested it was time to make deals and tariff implementation would be further delayed. In reference to the bond market, Trump himself said, “People were getting a little queasy.” While the next week or two remained volatile, investors have learned well in the Post-GFC environment not to fight a policy pivot.

By quarter-end, the S&P 500 was back to new highs, bond yields were back down, credit spreads were back to very tight levels, and US equities were back in their leadership role. Conflict outbreak with nuclear ramifications between Israel and Iran did little to slow the ascent, and the quick resolution added fuel to the fire of the rally into quarter end. Surely, a global peace dividend.

Where does that leave things? Market sentiment is once again very high, asset prices remain high, and liquidity remains abundant as the market anticipates the next phase of policies designed to ignite nominal growth. Meanwhile, many areas of the economy continue to slow, consumer credit measures continue to weaken, housing is at a standstill, and the jobs picture is cloudy at best.





Source:YCharts, Inc.

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