

Quarterly Market Recap

QUARTER ENDED JUNE 2025

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Stocks

Global stocks overcame political and trade uncertainty to rally in the quarter. After starting the period with a sharp decline, the S&P 500® Index rallied to close the quarter at a record high and its best quarterly gain since Q4 2023. Information technology shares, particularly semiconductor stocks, pushed the S&P 500 higher. While domestic large cap stocks outperformed their small cap counterparts, foreign stocks outperformed their domestic counterparts. Stocks in emerging markets topped developed market stocks in the period.

Bonds

Bonds advanced in the quarter despite a slight 0.008% rise in the yield on the 10-year U.S. Treasury. The modest point-to-point change belied the volatility with the yield on the benchmark bond trading as low as 3.86% and as high as 4.63% in the period. Municipal bonds were mixed with longer dated maturities declining and shorter and intermediate issues posting positive returns.

Macro

U.S. trade policy was a dominant force in the headlines after U.S. President Donald Trump released a sweeping list of tariffs to be levied on U.S. trading partners followed seven days later by a 90-day reprieve. Companies

increased imports to get ahead of potential tariffs - the sharp rise in imports attributed to the Q1 decline in GDP. Soft economic data, such as consumer surveys, painted a picture of a cautious consumer while hard economic data, such as employment, showed an economy exhibiting resilience.

Earnings

According to data provider FactSet, despite the concerns around tariffs, there was not a significant uptick in the number of companies commenting on inflation during Q1 earnings results. Comments on inflation were below the 5-year average but still elevated relative to the past 10-years. Current expectations for Q2 earnings declined over the past three months, however, remain positive. Despite analysts turning conservative, the S&P 500® Index is trading above both its 5- and 10-year average P/E.

This Week

Japan Consumer Confidence, S&P Global Manufacturing PMI, ISM Manufacturing PMI, JOLTs Job Quits (Tues.); ADP Employment Change, EIA Crude Oil Stocks, Caixin Composite PMI (Wed.); U.S. Non-Farm Payrolls, Average Hourly Earnings, U-6 Unemployment, ISM Services PMI (Thurs.); ECB President Lagarde Speech, Eurozone PPI(Fri.).

KEY TAKEAWAYS

The S&P 500 set record highs as markets rallied in the face of geopolitical and trade uncertainty. Disconnects between the soft and hard data remain, creating concerns for the second half of the year.

INDEX RETURNS

Index Returns are as of 06/30/2025	Level	QTD	YTD	6 Months	1 Year	3 Year
S&P 500	6,205	10.94%	6.20%	6.20%	15.16%	19.71%
Dow Jones Industrial Average	44,095	5.46%	4.55%	4.55%	14.72%	14.99%
NASDAQ Composite	20,370	17.96%	5.85%	5.85%	15.68%	23.66%
Russell 2000	5,406	8.50%	-1.79%	-1.79%	7.68%	10.00%
MSCI EAFE	2,655	11.78%	19.45%	19.45%	17.73%	15.97%
MSCI Emerging Markets	1,223	11.99%	15.27%	15.27%	15.29%	9.70%
Bloomberg US Agg Bond Index	2,277	1.21%	4.02%	4.02%	6.08%	2.55%
Bloomberg US Corporate High Yield Index	2,806	3.53%	4.57%	4.57%	10.29%	9.93%

Source: Morningstar Direct™

Past Performance is No Guarantee of Future Results

Indexes are unmanaged, do not incur fees or expenses, do not reflect any deduction for taxes, and cannot be purchased directly by investors.

The **S&P 500® Index** is a widely recognized, unmanaged index representative of common stocks of larger capitalized U.S. companies.

Dow Jones Industrial Average is a price-weighted average of 30 actively traded Blue Chip stocks, primarily industrials, but also including other service-oriented firms; may be used as a benchmark for large cap stocks

NASDAQ Composite is a broad-based index of over 3,000 companies, which measures all domestic, and non-U.S.-based common stocks listed on the NASDAQ Stock Market, Inc.

The **Russell 2000® Index** is a widely recognized, unmanaged index representative of common stocks of smaller capitalized U.S. companies.

The **MSCI EAFE Index** is a widely recognized, unmanaged index representative of equity securities in developed markets, excluding the U.S. and Canada.

The **MSCI Emerging Markets (EM) Index** is an unmanaged market capitalization-weighted index of equity securities of companies domiciled in various countries. The Index is designed to represent the performance of emerging stock markets throughout the world and excludes certain market segments unavailable to U.S.-based investors.

The **Bloomberg U.S. Aggregate Bond Index** is an unmanaged index of fixed-rate investment-grade securities with at least one year to maturity, combining the Bloomberg U.S. Treasury Bond Index, the Bloomberg U.S. Government-Related Bond Index, the Bloomberg U.S. Corporate Bond Index, and the Bloomberg U.S. Securitized Bond Index.

The **Bloomberg U.S. Corporate High-Yield Bond Index** covers the universe of fixed rate, non-investment-grade debt from corporate sectors.

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