

Q2 2025

WEALTH SOLUTIONS CAPITAL MARKETS REVIEW

INDEX		PERIOD ENDING JUNE 30, 2025				
U.S. Equity Markets	Qtr	YTD	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return
S&P 500 TR USD	10.94	6.20	15.16	19.71	16.64	13.65
Russell 3000 TR USD	10.99	5.75	15.30	19.08	15.96	12.96
Russell 3000 Value TR USD	3.84	5.55	13.30	12.48	13.87	9.04
Russell 3000 Growth TR USD	17.55	5.80	16.89	25.07	17.55	16.38
Russell 1000 TR USD	11.11	6.12	15.66	19.59	16.30	13.35
Russell 2000 TR USD	8.50	-1.79	7.68	10.00	10.04	7.12
Non-U.S. Equity Markets						
MSCI ACWI Ex USA NR USD	12.03	17.90	17.72	13.99	10.13	6.12
MSCI EM NR USD	11.99	15.27	15.29	9.70	6.81	4.81
Fixed Income						
Bloomberg US Agg Bond TR USD	1.21	4.02	6.08	2.55	-0.73	1.76
Bloomberg US Treasury US TIPS TR USD	0.48	4.67	5.84	2.34	1.61	2.67
Real Assets/Natural Resources						
DJ US Select REIT TR USD	-1.71	-0.56	8.09	4.77	8.55	5.45
S&P North American Natural Resources TR	-1.93	5.07	3.64	10.86	19.42	5.69

Past performance is not a guarantee of future results.



GROSS DOMESTIC PRODUCT (GDP)

Q1, 2025 (Third Estimate)

Declined at annual rate of -0.5%



EXISTING HOME SALES

Thru May 2025

Advanced by 0.8%



UNEMPLOYMENT RATE

June 2025

Little change at 4.1% (seasonally adjusted).



CONSUMER PRICE INDEX

May 2025

Increased by 0.1% (seasonally adjusted).

MARKETS CLOSE HIGHER DURING VOLATILE QUARTER

U.S. EQUITIES

The S&P 500 finished a tumultuous quarter by closing at a new all-time high. Over the quarter, the S&P 500 rose 10.9%, bringing year-to-date returns for the index to 6.2%.

The path to the 10.9% quarterly climb was a rocky one, as the unveiling of “reciprocal” tariffs by President Donald Trump on April 2 (dubbed “Liberation Day”) caught most investors off guard.

Market reaction to the markedly higher than anticipated tariff rates was swift, prompting a broad sell-off of equities at home and overseas. The tech-heavy Nasdaq Composite entered a bear market, defined as a decline of at least 20% from a recent high, and the S&P 500 narrowly escaped one.

On April 9, President Trump announced a 90-day pause of tariffs on social media, prompting a near immediate end to the market sell-off. In response to the announcement, investors piled into equities, propelling the S&P 500 9.5% higher for the day, the largest one-day return for the index since October 2008.

For the remainder of the quarter, the market climbed a wall of worry, steadily continuing its upward ascent from its prior low. Among U.S. large-cap stocks, the Russell 1000 Value Index added 3.8% while the Russell 1000 Growth Index jumped 17.8%. For the year, the indexes are neck and neck, with the Russell 1000 Value Index up 6.0% and the Russell 1000 Growth Index up 6.1%.

U.S. small-cap stocks also bounced higher, although not as significantly as their large-cap peers. The Russell 2000 Index added 8.5% over the quarter. On the year, the Russell 2000 Index is in negative territory, down -1.8%.

The Russell 3000 Index rose 11.0% for the quarter, bringing its year-to-date return to 5.8%.

INTERNATIONAL EQUITIES

International stocks moved in tandem with U.S. stocks for much of the quarter. The MSCI All Country World Index (ACWI) ex USA closed out the quarter up 12.0%, slightly outpacing the 11.0% return for the Russell 3000 Index of U.S. stocks.

In local currency, the quarterly return for the MSCI ACWI ex USA was just half this number, 6.0%. Year to date, the MSCI ACWI ex USA has returned 17.9% (USD) and 8.8% (local currency).

The marked difference in returns for international stocks in USD and local currency is due to significant depreciation of the U.S. dollar. Over the first half of the year, the value of USD fell -8.5%, according to the Wall Street Journal Dollar Index.

The MSCI EAFE Index of developed international stocks rose 11.8% over the quarter, bringing its year-to-date return to 19.5%. The MSCI Emerging Markets Index returned 12.0%.

FIXED INCOME

The Bloomberg US Aggregate Index (the Agg) ticked up 1.2% over the second quarter while the broader Bloomberg US Universal Index added 1.4%. For the year, the Agg has returned 4.0%, and the Universal has returned 4.1%. High-yield bonds, which tend to rally alongside equities, rose 3.6% over the preceding three months.

The yield on the 10-Year U.S. Treasury closed the quarter flat, starting at 4.23% and ending at 4.24%. The yield on the 2-Year U.S. Treasury fell slightly, opening at 3.89% and closing at 3.72%.

Midway through the quarter, credit-rating agency Moody’s downgraded its credit rating of the U.S. federal government from Aaa to Aa1, citing fiscal deficits and rising interest costs as drivers behind its decision.

ECONOMY

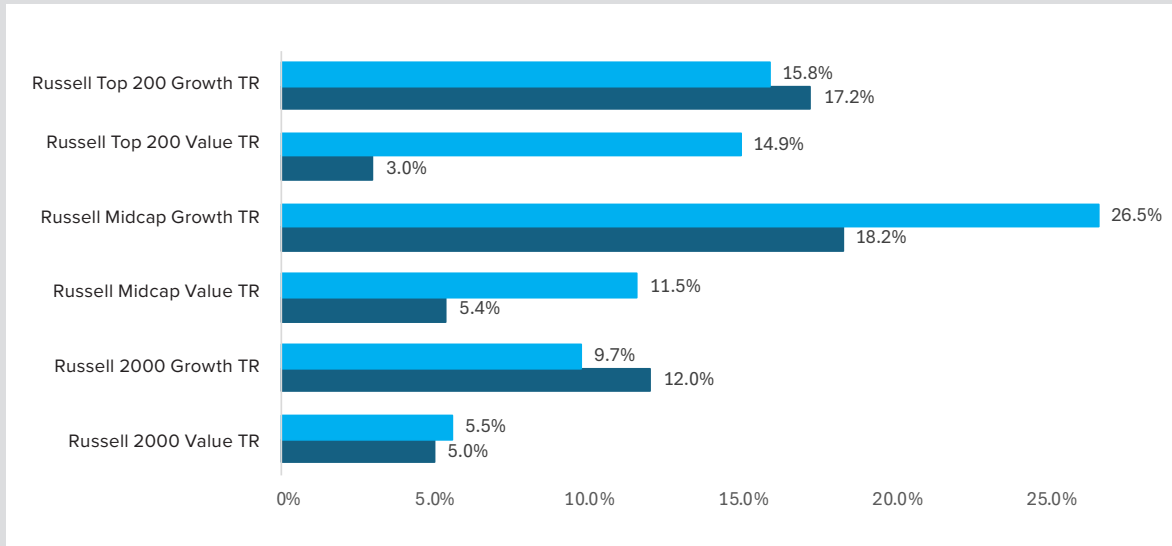
U.S. real gross domestic product (GDP) contracted at an annual rate of -0.5% over the first quarter of 2025, the latest period for which data is available. In anticipation of heightened tariff rates, U.S. imports rose 37.9% over the quarter, their fastest increase since 2020. The -0.5% contraction in economic activity was primarily driven by this surge in imports, which are a negative value in the calculation of GDP. Despite the first-quarter contraction, the Federal Reserve (Fed) projects real GDP to increase 1.4% in 2025.

The U.S. unemployment rate remained unchanged at 4.2% for the month of May, the latest month for which data is available. The consumer price index (CPI) increased 2.4% year-over-year in May.

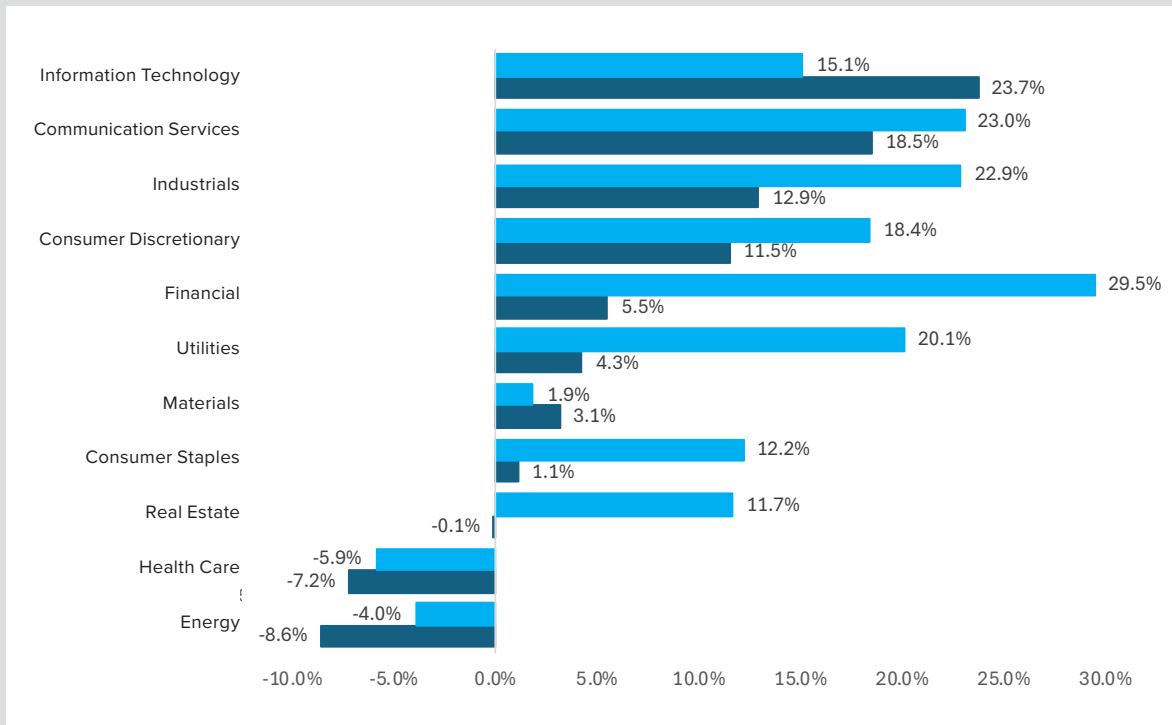
The Federal Reserve Open Market Committee (FOMC) met twice during the quarter, in May and in June. At both meetings, the Fed left the federal funds target rate unchanged at a range of 4.25% - 4.50%.

MAJOR CAPITAL MARKET RETURNS

U.S. STYLE PERFORMANCE



S&P 500 SECTOR RETURNS



■ 1 Year Total Returns (Monthly)
 ■ Quarter to Date Total Returns (Monthly)
 Source: Morningstar 6/30/2025

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Sources

GDP: <https://www.bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>

Existing Homes Sales: <https://www.nar.realtor/research-and-statistics/housing-statistics/existing-home-sales>

Unemployment: <https://www.bls.gov/news.release/empsit.toc.htm>

Consumer Price Index: <https://www.bls.gov/news.release/cpi.toc.htm>

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