

Quarterly Recap

At-A-Glance

The S&P 500 ended the second quarter at 6,204.95, its fifth record high of the year. The index surged 24.92% to more than fully recover all losses from its April 8 low at 4,982.

The Dow Jones Industrial Average jumped 17.62% from the April 8 low, gaining 4.47% in June and 5.46% in Q2. The Dow 30 index is up 4.55% YTD and is within 2% of its January 30 record high.

The tech-heavy Nasdaq Composite gained 6.64% in June and jumped 17.96% in the second quarter. The broad Nasdaq Index is now up 5.85% YTD, having surged 33.63% from its April low.

The Bloomberg Commodity Index rose 2.41% in June, but with falling gasoline prices, capped a 3.08% loss for the quarter, trimming its YTD gain to 5.53%.

Gold futures slipped 0.23% last month, easing its Q2 gain to 5.0% and YTD gain to 25.24%. Finishing at \$3,307.70 per ounce, gold remains the best performing asset class so far this year. Gold ended the quarter around \$200 shy of its April peak.

Amid the Israel-Iran conflict, U.S. WTI Crude Oil futures rose 7.11% in June to \$65.11 per barrel, trimming its Q2 loss to 8.91% and YTD loss to 9.22%. Fourth of July gasoline prices are poised to be their lowest since 2021.

Second Quarter 2025 Recap

| Market Indices ¹ | June | 2Q 2025 | YTD |
|-----------------------------------|-------|---------|--------|
| S&P 500 | 5.09% | 10.94% | 6.20% |
| Russell 3000 | 5.08% | 10.99% | 5.75% |
| Russell 2000 | 5.44% | 8.50% | -1.79% |
| MSCI EAFE | 2.20% | 11.78% | 19.45% |
| MSCI Emerging Markets | 6.01% | 11.99% | 15.27% |
| Bloomberg US Aggregate Bond | 1.54% | 1.21% | 4.02% |
| Bloomberg US Municipal Bond | 0.62% | -0.12% | -0.35% |
| Bloomberg US Corporate High Yield | 1.84% | 3.53% | 4.57% |

¹FactSet (all equity performance is total return based, which include reinvested dividends).

U.S. stocks posted solid gains during the month and quarter, setting record highs amid signs of progress in trade tariff talks. After falling over 19% to an April 8 low from its previous all-time high in mid-February, the S&P 500 rose to new records just two months later as investors' worst growth and inflationary fears associated with President Trump's reciprocal tariffs mostly evaporated. It hasn't been clear sailing however, as Wall Street has had to digest slowing consumer spending trends, artificial intelligence competition from China, and pronounced U.S. escalation during the short 12-day Israel-Iran conflict.

In a historic near 25% rebound, the S&P 500 capped its strongest quarter since Q4 2023, finishing the first half of the year above a new milestone of 6,200. On Friday, June 27 the S&P 500 finished the final full week of month at 6,173 – its first record high since February 19. At 89 trading days between records, it was the fastest-ever recovery to a new high after a decline of at least 15% or more.

International stocks outperformed the U.S. on quarterly and year-to-date (YTD) basis. The MSCI EAFE index of developed markets excluding the U.S. jumped over 11.75% in the second quarter and tripled domestic YTD gains of 6.2% by returning 19.45% so far for the year. Emerging markets also eclipsed U.S. second quarter gains by 1% and more than doubled the U.S. YTD gain, returning 15.27% so far this year.

Treasury yields declined in June on growing convictions that softening economic data and subdued inflation could provide the necessary evidence for Federal Reserve policymakers to begin easing interest rates later this year. A favorable rate outlook for two more rate cuts helped push U.S. government bonds to their best first-half performance in five years. For the month, Treasury yields declined 0.16%-0.18% across the curve, sending Treasury securities prices higher to cap their strongest monthly performance since February.

As shown in the style box performance boxes below, U.S. Large cap Growth outpaced Large cap Value by 14.05% in the second quarter, capping the widest Growth outperformance since the tech bubble peak in late 1999. In contrast during the first quarter, Value had its largest quarterly outperformance versus Growth in 24 years (+12.11%).

Moreover, Mid cap Growth was the best style performer in Q2 (+18.20%), outperforming its Value counterpart by 12.85%; whereas Small cap Growth outpaced its Value cousin by 7.00%. Large cap Growth performed best in June (+6.38%), while Mid cap Growth had the strongest size and style performance on a year-to-date (YTD) basis (+9.79%).

| June Returns | | | | Quarterly Returns | | | | Year-to-Date Returns | | | |
|--------------|-------|-------|--------|-------------------|-------|--------|--------|----------------------|--------|--------|--------|
| | Value | Blend | Growth | | Value | Blend | Growth | | Value | Blend | Growth |
| Large Cap | 3.42% | 5.06% | 6.38% | Large Cap | 3.79% | 11.11% | 17.84% | Large Cap | 6.00% | 6.12% | 6.09% |
| Mid Cap | 3.51% | 3.73% | 4.36% | Mid Cap | 5.35% | 8.53% | 18.20% | Mid Cap | 3.12% | 4.84% | 9.79% |
| Small Cap | 4.95% | 5.44% | 5.89% | Small Cap | 4.97% | 8.50% | 11.97% | Small Cap | -3.16% | -1.79% | -0.48% |

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which include dividends. Investors cannot invest directly in indexes. Data as of 6/30/2025.

Sector performance was dominated by stunning rebounds in Technology, gaining over 9.7% for the month and 23.7% for the quarter. Since its April 8 low, Technology has surged 42.3%. After gaining nearly 13% in the second quarter, Industrials is the best performing sector on a YTD basis, up 12.72%. Since its April 8 low, Industrials have surged 27.17%. Following Technology outperformance in June and for the quarter, Communication Services is the second-best performing sector in all three time periods and was the second-best rebounding sector from the April 8 low, gaining 29.94%.

| Top Sector Performers – June ¹ | Bottom Sector Performers – June ¹ |
|--|---|
| Technology (+9.77%) | Utilities (+0.32%) |
| Communication Services (+7.28%) | Real Estate (+0.16%) |
| Energy (+4.85%) | Consumer Staples (-1.89%) |
| Top Performers – Second Quarter ¹ | Bottom Performers – Second Quarter ¹ |
| Technology (+23.71%) | Real Estate (-0.07%) |
| Communication Services (+18.49%) | Healthcare (-7.18%) |
| Industrials (+12.94%) | Energy (-8.56%) |
| Top Performers – YTD 2025 ¹ | Bottom Performers – YTD 2025 ¹ |
| Industrials (+12.72%) | Energy (+0.77%) |
| Communication Services (+11.13%) | Healthcare (-1.11%) |
| Utilities (+9.41%) | Consumer Discretionary (-3.87%) |

¹FactSet (all S&P 500 sector performance percentages are total return based, which include reinvested dividends). Data as of 6/30/2025.

In fixed-income performance, U.S. Treasurys (as measured by the Bloomberg U.S. Government Bond Index) rose 1.25% in June, erasing prior month losses to turn positive for the quarter (+0.85%), which boosted its YTD gain to 3.79%. Longer-term U.S. Government bonds returned 2.50% in June, trimming its Q2 loss to 1.51% while lifting its YTD gain to 3.08%.

In other fixed-income assets, investment-grade bonds of all types (as measured by the Bloomberg U.S. Aggregate Bond Index) gained 1.54% for the month and 1.21% for the quarter. Non-investment-grade High-Yield corporate bonds advanced 1.84% last month and jumped 3.53% in the second quarter. High yield corporates are up 4.57% YTD.

U.S. municipal bonds rose 0.62% in June, trimming its second quarter and YTD losses to 0.12% and 0.35% respectively.

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A diversified portfolio does not assure a profit or protect against loss in a declining market.



Glossary

The **Bloomberg U.S. Aggregate Bond Index** is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included.

The **Bloomberg U.S. Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years.

The **Bloomberg U.S. Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years.

The **Bloomberg U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government).

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual re-weightings of the components).

The **Cboe Volatility Index®** (VIX®) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **MSCI All-Country World Index (ACWI)** is a market cap weighted index designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets, covering more than 2,700 companies across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **Nasdaq Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.