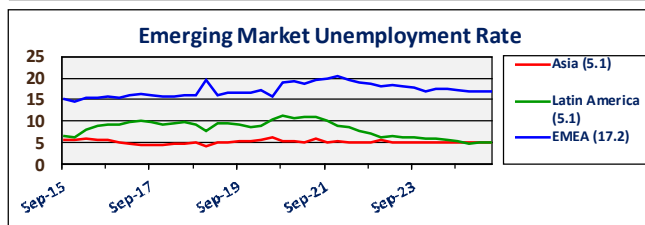
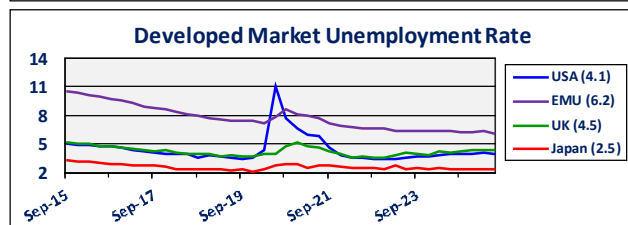
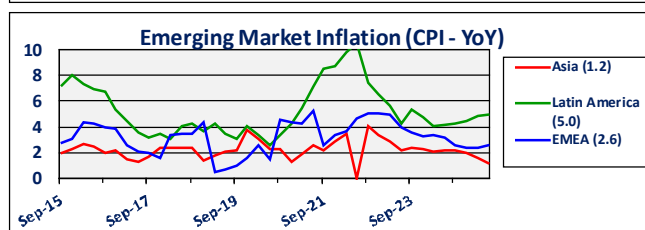
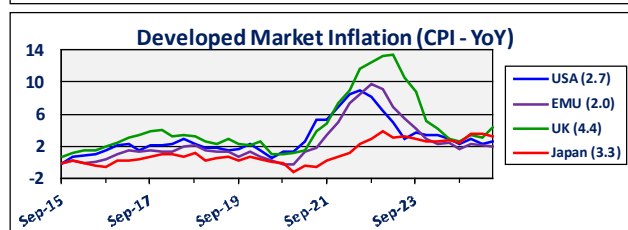
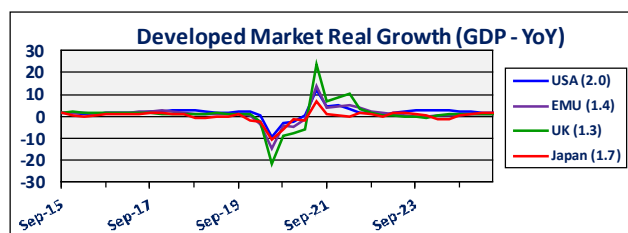


Second Quarter 2025

Global Market and Economic Perspective

Global Economic Commentary

- ❖ U.S. real economic growth accelerated in the second quarter, consistent with expectations as the surge in imports in the first quarter was followed by a resumption in domestic production in the second. While negotiations around trade remain ongoing, policy uncertainty has lessened with aggregate U.S.-imposed tariff rates settling into a 15-20% range and tax policy legislation now enacted. Growth above 5% in China also exceeded expectations as Chinese exports remained strong worldwide. All other major economies grew around 1%.
- ❖ Inflation remained particularly subdued in Asia emerging markets with central banks cutting policy rates across the region, including China's central bank reducing both the loan prime rates and reserve requirements in May. The European Central Bank also continued along a steady path of lowering policy rates, cutting twice in the second quarter. In contrast, the U.S. and Japan both left policy rates unchanged, while Brazil hiked multiple times during the quarter.
- ❖ Unemployment during the second quarter remained at or near its recent lows in most countries. While the unemployment rate remains just above 4% in the U.S., overall labor market activity (hiring and separations) has been slowing somewhat.



Notes: Emerging market economic statistics are estimated by region using eight countries, which represent roughly 80% of the MSCI Emerging Market Equity Index. Recent observations may be estimated where reporting lags make official data unavailable at the time of this report.



Global Market and Economic Perspective – Q2 2025

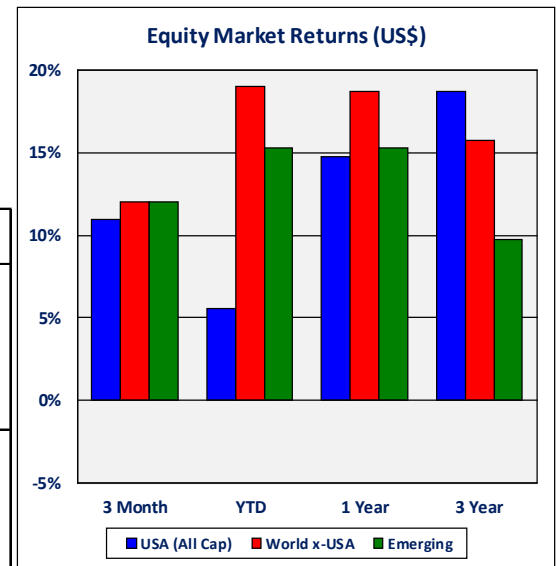
Global Equity and Currency Commentary

- ❖ In the second quarter, global equity markets were marked by a strong, broad-based rally. Within the U.S., growth stocks were led again by a handful of the very largest names that strongly outperformed, bringing first-half performance back in line with value stocks. Small caps continued to modestly underperform on a relative basis as they have for quite some time now.
- ❖ Non-U.S. equity markets, both developed and emerging, outperformed the U.S. for consecutive quarters. In the second quarter, the outperformance was slight and remained a result of positive local market results coupled with notable dollar weakness across the board relative to foreign currencies.
- ❖ The broad-based dollar weakness relative to foreign currencies in the second quarter was accompanied by expectations shifting toward forthcoming lower policy rates in the U.S. into 2026 and lingering uncertainty around future inflation and growth impacts from tariff policy changes.

Global Equity Market Returns (MSCI)

6/30/2025	Returns (US\$)							
	3 Month	YTD	1 Year	3 Year	Returns (Local)			
United States								
USA (All Cap)	11.0%	5.5%	14.8%	18.7%				
USA Growth	19.2%	6.1%	18.1%	27.0%				
USA Value	3.3%	6.1%	12.4%	11.6%				
USA SC Growth	11.9%	1.2%	9.7%	13.6%				
USA SC Value	4.5%	-1.8%	8.7%	9.0%				
Foreign Developed								
World x-USA	12.0%	19.0%	18.7%	15.7%	5.2%	8.0%	9.9%	13.8%
Europe	11.4%	23.0%	18.4%	17.2%	3.0%	9.4%	7.9%	12.5%
Far East	11.6%	12.9%	17.0%	13.8%	8.1%	4.7%	6.2%	15.6%
Australia	15.1%	12.0%	10.7%	12.0%	9.4%	5.9%	12.8%	13.8%
Canada	14.2%	15.5%	27.0%	13.8%	8.3%	9.6%	26.6%	16.0%
Emerging Markets								
Emerging	12.0%	15.3%	15.3%	9.7%	7.9%	10.8%	12.9%	10.4%
Asia	12.4%	13.9%	14.9%	9.4%	8.2%	10.0%	12.2%	10.2%
Latin America	15.2%	29.9%	13.4%	11.6%	9.8%	17.9%	13.4%	11.8%
EMEA	7.6%	16.2%	19.5%	10.0%	5.3%	12.5%	17.8%	11.5%

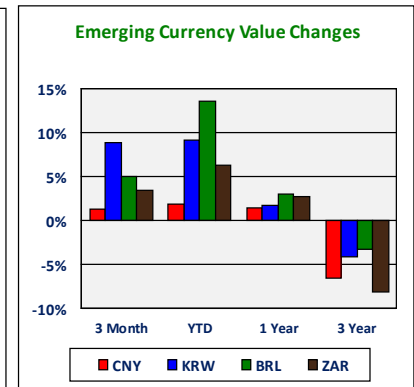
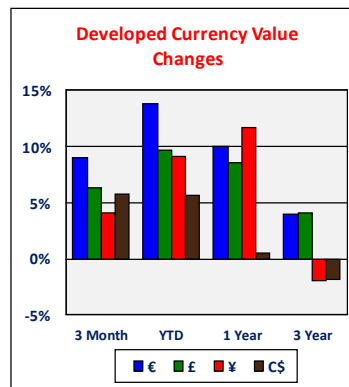
Annualized if greater than one year



Foreign Exchange Rate History (Bloomberg)

6/30/2025	Current Level	Change (Foreign Currency versus \$)			
		3 Month	YTD	1 Year	3 Year
Developed					
Euro (€)	1.18	9.0%	13.8%	10.0%	4.0%
British Pound (£)	1.37	6.3%	9.7%	8.6%	4.1%
Japanese Yen (¥)	144	4.1%	9.1%	11.7%	-2.0%
Canadian Dollar (C\$)	1.36	5.7%	5.7%	0.5%	-1.8%
Emerging					
Chinese Renminbi (CNY)	7.16	1.3%	1.9%	1.4%	-6.5%
Korean Won (KRW)	1354	8.9%	9.2%	1.7%	-4.0%
Brazilian Real (BRL)	5.43	5.0%	13.7%	3.0%	-3.2%
South African Rand (ZAR)	17.71	3.4%	6.4%	2.7%	-8.1%

Annualized if greater than one year





Global Market and Economic Perspective – Q2 2025

US Fixed Income and Fed Commentary

- ❖ In the second quarter, the yield curve steepened as short-term rates continued to decline while longer term rates increased. The FOMC left the current level of short-term interest rates unchanged as expectations increased for the board to take on a slightly more dovish posture into 2026. At the same time, the passage of the OBBB Act was met with expectations that the trajectory of debt/GDP would increase even further.
- ❖ The FOMC's forecasts shifted toward slower growth and increased inflation after recent tariff and tax policy changes. Thus far, the impact of these changes is not clear and to the extent they have begun to play out so far it has appeared very mild. The Fed projects reducing policy rates toward a neutral posture over the coming 12-24 months and, after holding rates steady in Q2, a cut in Q3 currently appears to be a toss-up.
- ❖ While a preponderance of the Treasury yield curve shifted lower leading to gains in high-quality fixed income, tax-exempt municipals performed relatively worse across the maturity spectrum. Credit spreads narrowed meaningfully for the quarter, bringing them back to flat on the year and producing strong returns in corporate bonds.

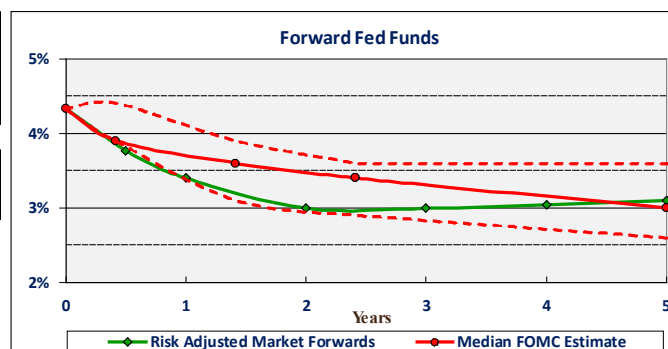
FOMC Fed Funds Rate Projections as of June 2025 Meeting						
	Current	Dec-25	Dec-26	Dec-27	Dec-27	Long Run
Lower	4.33%	3.90%	3.10%	2.90%	2.90%	2.60%
Median	4.33%	3.90%	3.60%	3.40%	3.40%	3.00%
Upper	4.33%	4.40%	3.90%	3.60%	3.60%	3.60%

Market Implied Fed Funds Rate as of Jul 01, 2025						
Current	6 Month	1 Year	2 Year	3 Year	4 Year	5 Year
4.33%	3.77%	3.40%	2.99%	3.00%	3.04%	3.10%

Notes

Upper and lower bands show central tendency for FOMC projections.

Market implied Fed Funds rates are risk adjusted.



US Bond Yield and Spread History (Bloomberg)

	Current Level	Change Through June 2025			
		3 Month	YTD	1 Year	3 Year
<u>US Treasury</u>					
Short	3.77%	-0.17%	-0.54%	-0.86%	0.74%
Intermediate	4.00%	-0.09%	-0.49%	-0.36%	0.94%
Long	4.80%	0.19%	-0.06%	0.19%	1.47%
<u>US High Yield</u>					
Yield	7.06%	-0.67%	-0.43%	-0.85%	-1.83%
Spread	2.92%	-0.54%	0.04%	-0.19%	-2.77%
<u>Tax-Exempt Muni.</u>					
Short	2.69%	-0.15%	-0.24%	-0.46%	0.54%
Intermediate	3.31%	-0.01%	0.10%	0.10%	0.51%
Long	4.38%	0.24%	0.53%	0.66%	0.70%

