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Beyond The Numbers
Quarterly Market Review

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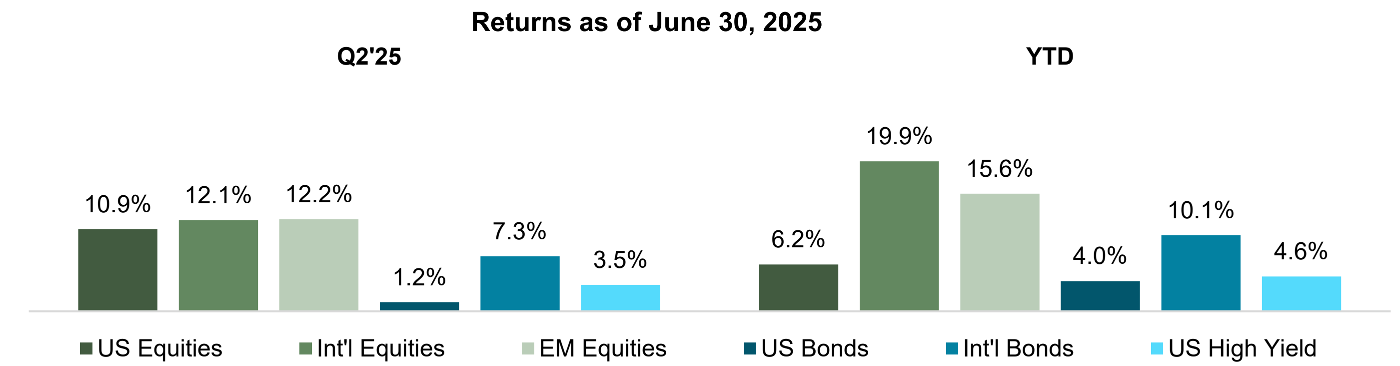

Source: FactSet

The roller coaster quarter ended with record highs for stocks as trade, geopolitical tensions faded, and company earnings proved resilient. A globally diversified 60/40 stock/bond moderate risk portfolio gained 8.8% in the second quarter, as stocks and bonds gained. The U.S. dollar slump helped international investments outperform.

U.S. equities made a dramatic comeback to close the quarter at record highs on solid corporate earnings, retail investors buying the dip, and companies buying back their own shares. S&P 500 gained 25% from the lows post-“liberation day” tariffs announcements to finish the quarter up 10.9%. The sell-off and the subsequent recovery were concentrated in a handful of large AI-focused technology companies dubbed the Magnificent Seven (Mag 7) - Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla. Mag-7 gained 18.6%, outperforming the remaining 493 stocks in the S&P 500 by 14% during the second quarter, but the group lags in performance for the year.

Within the U.S. equity markets, there was wide dispersion and a reversal of what worked in the first quarter. Fast-growing technology companies had strong returns while defensive companies across energy and healthcare fell. **As for size, smaller companies trailed their larger peers** as the recovery was concentrated in large technology firms.

Progress on tariffs, easing geopolitical tensions, and a falling U.S. dollar helped international markets outperform. Additionally, domestic spending on defense and infrastructure helped stocks in Europe to gain 12.7%. Easing trade tensions between the U.S. and China helped Emerging Markets gain 12.2% for the quarter.

International bonds had strong returns on the heels of a weak dollar. In local currency, international bonds were up 1.9% vs 7.3% in dollar terms. Higher-quality U.S. bonds ended the quarter up 1.2%, while lower-quality bonds gained 3.5% as investors' appetite for risk returned.

Finally, across other asset classes, gold gains while oil falls. Gold, the ultimate safe port in an economic storm, continued its climb higher, gaining 5.2% and now sitting on a 24% gain for the year. Gold's rally was also partly driven by a weaker dollar.

INDEX DEFINITIONS

Asset Class	Index	Definition
China	MSCI China	Measures the performance of large and mid-cap shares in China, including China H shares, B shares, Red chips, P chips, and foreign listings (e.g., ADRs). Index covers about 85% of the China equity universe.
Commodities	Bloomberg Commodity	Measures the performance of a broadly diversified exposure to physical commodities via futures contracts.
Emerging Markets (EM) Equity	MSCI Emerging Markets	Measures the equity market performance of countries considered to represent emerging markets.
Europe	MSCI Europe Ex UK GR USD	Measures large and mid-cap shares across 14 Developed Markets (DM) countries in Europe. With 336 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across European Developed Markets, excluding the UK.
Global 60/40 Index Blend	60% MSCI ACWI, 40% Bloomberg Global Aggregate	Measures the performance of a blend of global equities and global bond indexes used as a benchmark for balanced portfolios.
Gold	Bloomberg Sub Gold	Measures the performance of futures contracts on gold and is quoted in USD.
International Bonds	Bloomberg Global Aggregate ex-USD	Measures the performance of investment-grade debt from 24 local currency markets. This multi-currency index includes treasury, government-related, corporate, and securitized fixed-rate bonds from both developed and emerging markets issuers. It excludes bonds issued in USD.
International Developed Equity	MSCI EAFE	Measures the equity performance of countries considered to represent developed markets, excluding the U.S. and Canada.
Small Caps	S&P 600	Measures the performance of 600 small-sized companies in the USS Constituents that generally have a market cap between $400 million and $1.8 billion and meet criteria to ensure they are liquid and financially viable.
U.S. Dollar	U.S. Dollar Index	Measures the value of the U.S. dollar relative to the value of a 'basket' of currencies of the majority of the U.S.'s most significant trading partners. Factors affecting the exchange rates of six major world currencies: the euro, Japanese yen, Canadian dollar, British pound, Swedish krona, and Swiss franc.
US Bonds	Bloomberg US Aggregate	Measures the performance of the USD-denominated, investment-grade, fixed-rate taxable bond market of SEC-registered securities. The index includes Treasury bonds, Government-related Corporate, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS sectors.
U.S. Equities	S&P 500	Measures the performance of 500 leading companies in the U.S., Constituents that generally have a market cap above $5 billion and represent approximately 80% of the investable market.
U.S. High Yield	Bloomberg Barclays U.S. Corporate High Yield	Measures the performance of USD-denominated, non-investment-grade, fixed-rate taxable corporate bonds. "High-yield" securities have the middle rating from Moody's, Fitch, or S&P of Ba1/BB+/BB+ or below. Index excludes emerging market debt.

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