



Chart book

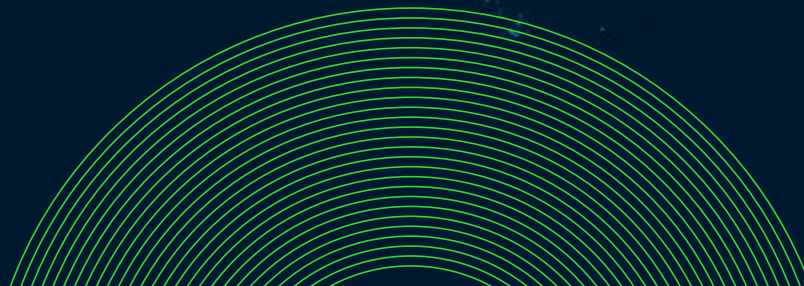
As of June 30, 2025

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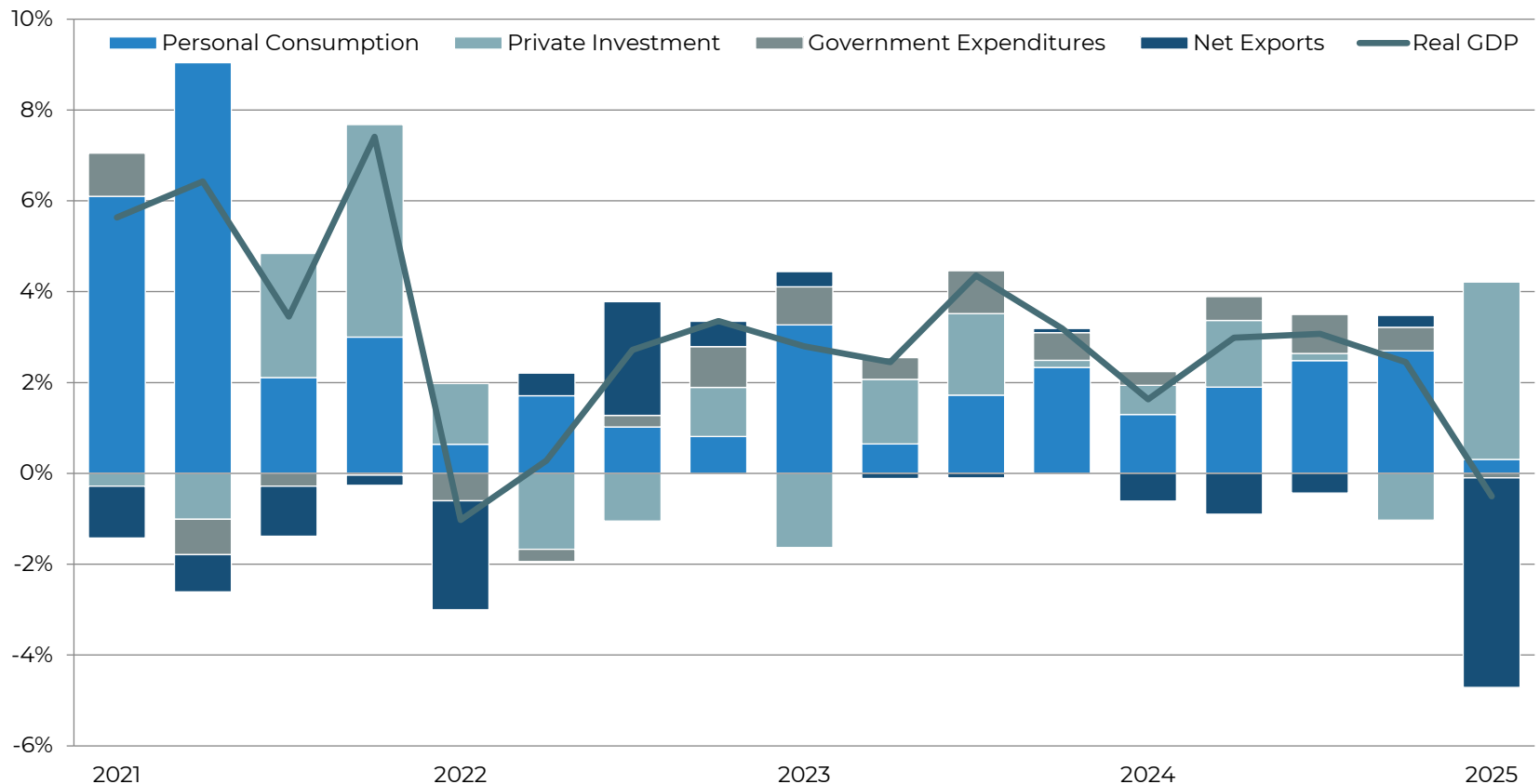
ECONOMIC PERSPECTIVE



The U.S. economy contracted by 0.5% in Q1 2025, a sharper decline than the earlier estimate of 0.2%, largely due to President Trump's trade tariffs disrupting business activity. A rush to import goods before tariffs took effect caused imports to surge 37.9%, subtracting nearly 4.7% from GDP. This marks the first economic contraction in three years, following 2.4% growth in Q4 2024. Consumer spending also slowed drastically, growing just 0.5%, compared to 4% in the previous quarter. A key measure of underlying economic strength—which excludes volatile components like exports and government spending—rose only 1.9%, down from 2.9% in Q4. Federal government spending fell 4.6%, its largest drop since 2022. Overall, the data reflects how tariff-driven trade disruptions and consumer anxiety are weighing on U.S. economic activity.

Economic Growth

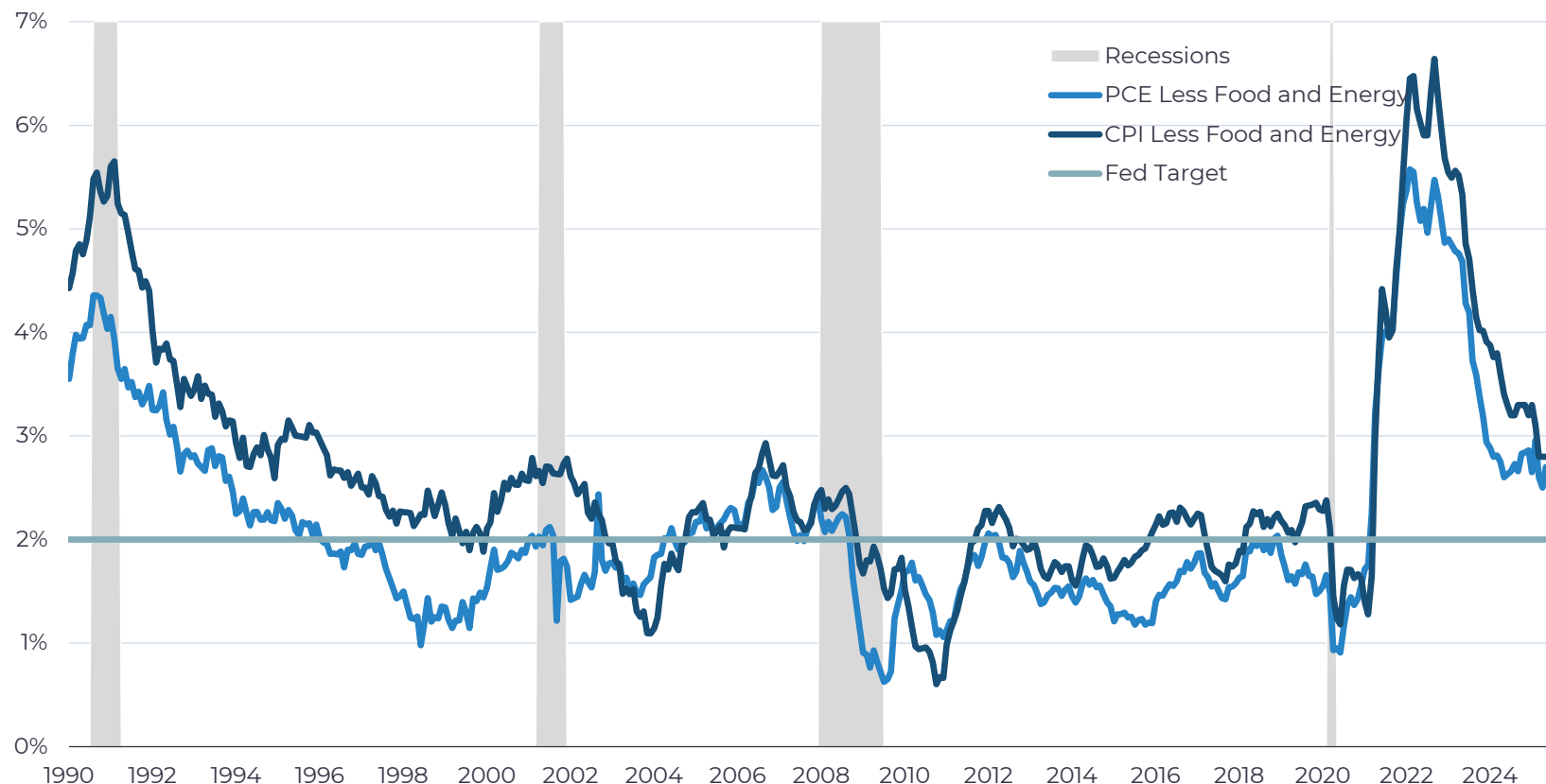
Contributions to Percent Change in Real GDP (Annualized Q/Q % Change)



U.S. consumer prices rose just 0.1% in May, below the expected 0.2%, as lower gasoline prices (-2.6%) offset rising rents (+0.3%) and food costs (+0.3%). Despite muted inflation last month, it's expected to accelerate due to the Trump administration's import tariffs, though their full effect hasn't hit yet because retailers are still selling pre-tariff inventory. Key drivers included higher costs for shelter and grocery items and lower prices for eggs, meat, fish, dairy, and nonalcoholic beverages. Over the past 12 months, CPI rose 2.4%, slightly up from April's 2.3%. The core PCE price index, a key inflation measure watched by the Fed, increased 0.2% in May, pushing the annual core inflation rate to 2.7%, above the Fed's 2% target.

Inflation Outlook

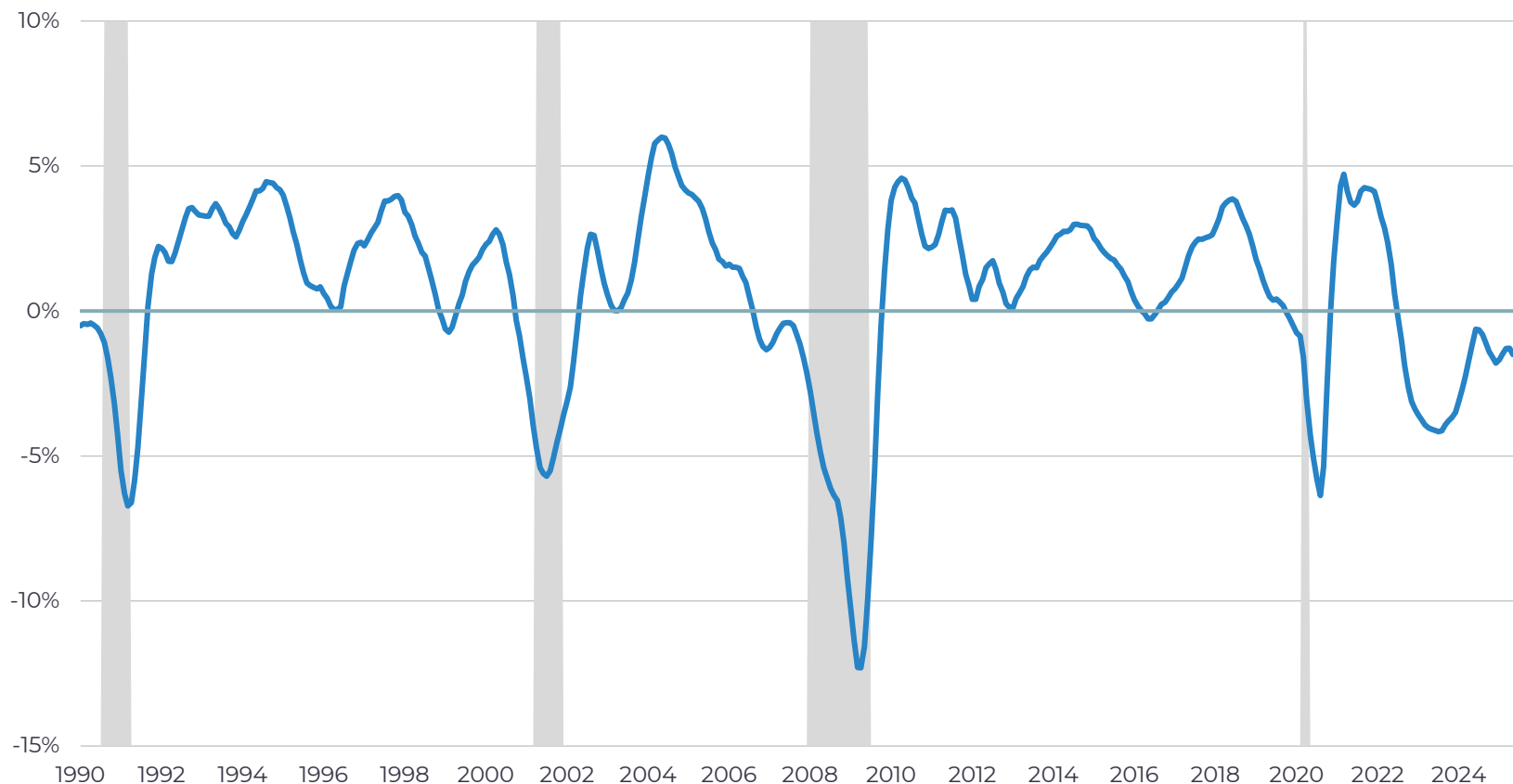
Consumer Price Index (Core) and Personal Consumption Expenditures Price Index (Core) (Y/Y % Change)



According to the Conference Board, the U.S. Leading Economic Index (LEI) fell -0.1% in May. Over the past six months, the LEI has fallen -2.7%, indicating worsening economic momentum and triggering a recession signal, though The Conference Board expects slower growth, not a recession. Contributing negatively were weak manufacturing orders, rising jobless claims, consumer pessimism, and a drop in housing permits, partially offset by a rebound in stock prices. The Coincident Economic Index (CEI), which reflects current conditions, rose 0.1% in May, with 1.3% growth over the last six months. The Lagging Economic Index (LAG) increased 0.4% in May, showing a 0.8% rise over six months. Overall, the indicators point to slowing but still positive U.S. economic growth.

U.S. Economic Outlook

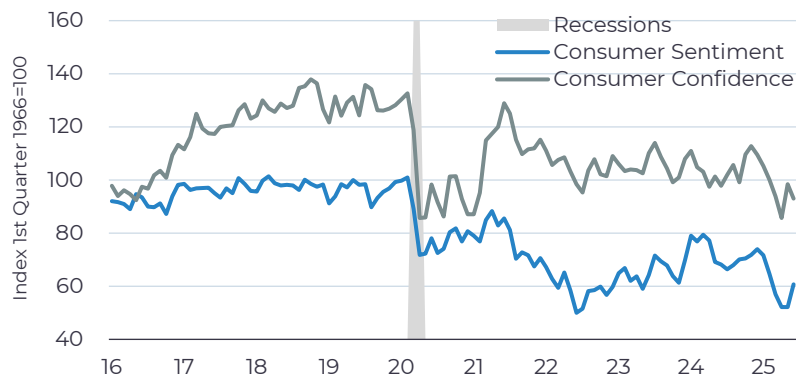
Leading Economic Index (Six-Month Moving Average of the Six-Month Rate of Change)



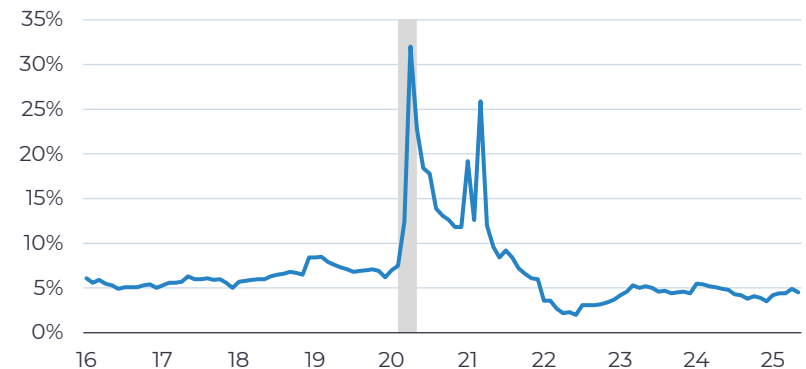
The Conference Board Consumer Confidence Index® fell by 5.4 points in June 2025 to 93.0, reversing much of May's gains. Both the Present Situation Index (current business and labor market views) and Expectations Index (short-term outlook) declined, with the latter dropping to 69 - well below the 80 threshold that signals recession risk. Consumers grew more pessimistic about future business conditions, employment prospects, and income, though job availability remains positive despite six months of weakening. Concerns about tariffs, inflation, and high prices dominated consumer sentiment, though inflation expectations eased slightly. Stock price outlook improved, with 45.6% expecting increases over the next year. Interest rate concerns grew, with 57% anticipating rate hikes, the highest since October 2023.

Consumer Outlook

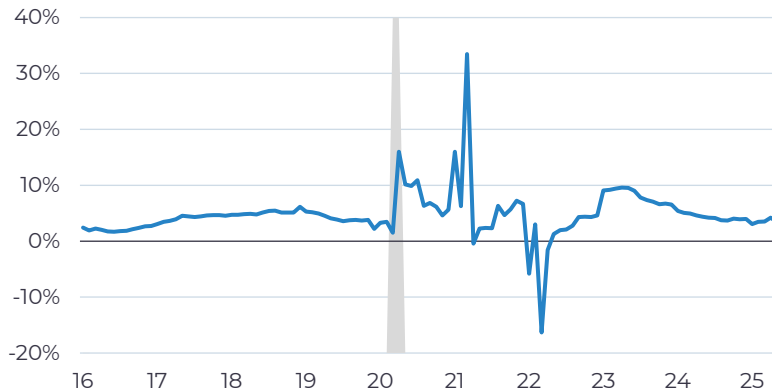
Consumer Sentiment & Confidence Indexes



Personal Saving Rate (Seasonally Adjusted Annual Rate)



Disposable Personal Income (Y/Y % Change)



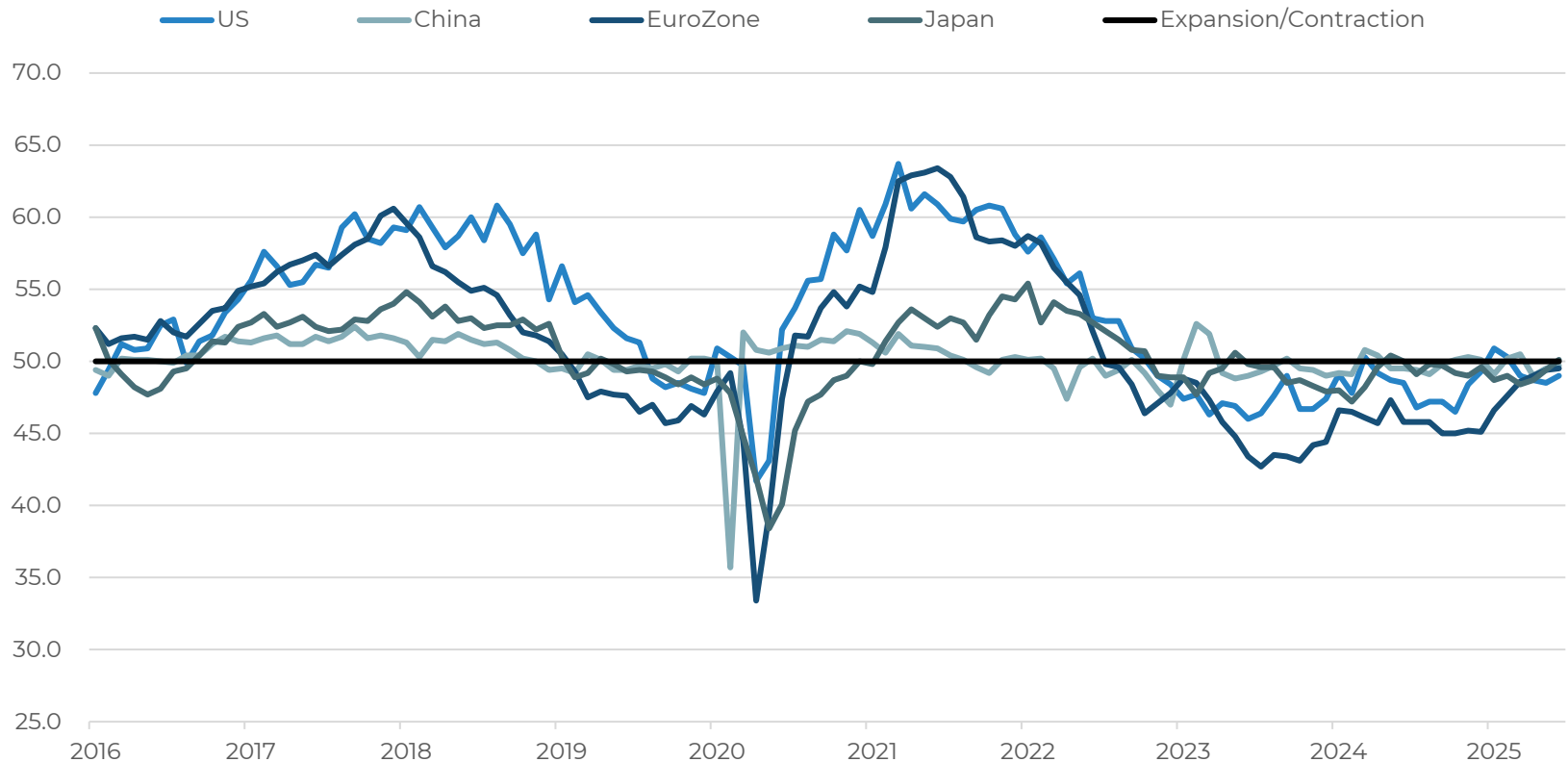
Personal Consumption Expenditures (Y/Y % Change)



Global manufacturing conditions improved in June. The J.P. Morgan Global Manufacturing PMI rose 2.3 points to 51.3 as both the U.S. and China climbed to multi-month highs. Forward looking indicators of demand were similarly constructive, with new orders and export orders PMIs recovering 1.1 points and 1.3 points, respectively. The rebound contrasts with the downshift in global goods sector activity we see coming after output increased earlier this year. While we still have little doubt that a sharp deceleration is in the offing, the June PMI bounce-back suggests the underlying pace of growth may be holding up through the middle of the year. With the tariff drags still building and some sector tariffs yet to be implemented, if at all, it remains to be seen how long this resilience will last.

Global Economic Outlook

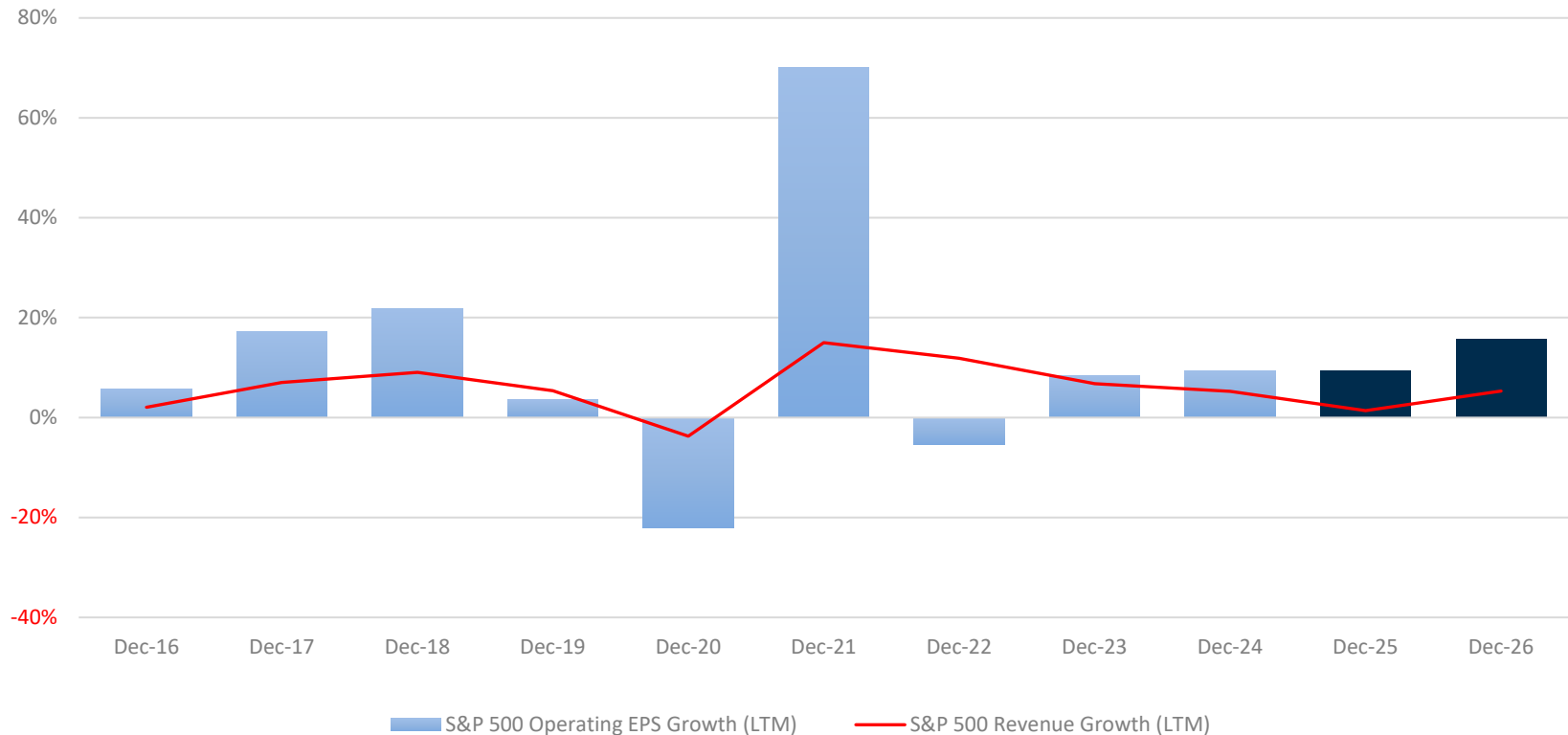
Manufacturing Purchasing Managers Index (PMI) (A PMI over 50 represents growth in manufacturing)



According to FactSet, the bottom-up price target for the S&P 500 over the next 12 months is 6227. At the sector level, the Health Care (+15.9%), Energy (+13.5%), and Real Estate (+12.2%) sectors are expected to see the largest price increases. On the other hand, the Financials (+3.2%) and Industrials (+4.2%) sectors are expected to see the smallest price increases. Overall, there are 12,287 ratings on stocks in the S&P 500. Of these 12,287 ratings, 56.4% are Buy ratings, 38.7% are Hold ratings, and 4.9% are Sell ratings. At the sector level, the Energy (68%), Communication Services (64%), and Information Technology (64%) sectors have the highest percentages of Buy ratings, while the Consumer Staples (40%) sector has the lowest percentage of Buy ratings.

Corporate Profitability

S&P 500 Operating Earnings Per Share and Revenue Per Share Growth (Y/Y % Change)



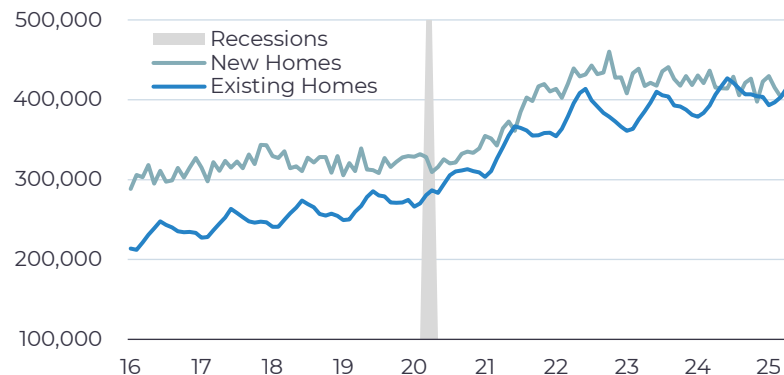
Despite hitting a record median sale price of \$396,500, U.S. home prices are lower than the median asking price of \$422,238 - a roughly 6% discount - due to a cooling housing market where sellers outnumber buyers. Key trends include: a) price growth is slowing, up only 1% year-over-year, compared to ~5% at the start of 2025; b) buyers have more negotiating power, often paying below list price, though affordability remains challenging due to high overall costs; c) new listings are up 4.4% and total listings up 14.5%, but pending sales are down 1.5%; d) the median monthly housing payment is near a record high, just \$53 below its peak. The ongoing mismatch between supply and demand is expected to lead to a nationwide decline in home-sale prices by the end of 2025.

Housing Market Outlook

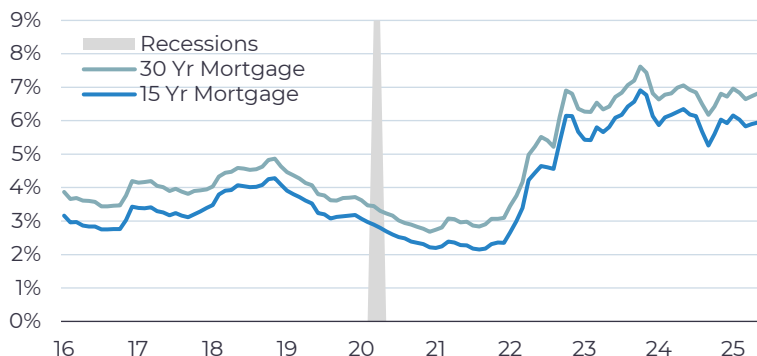
Housing Affordability (higher = more affordable)



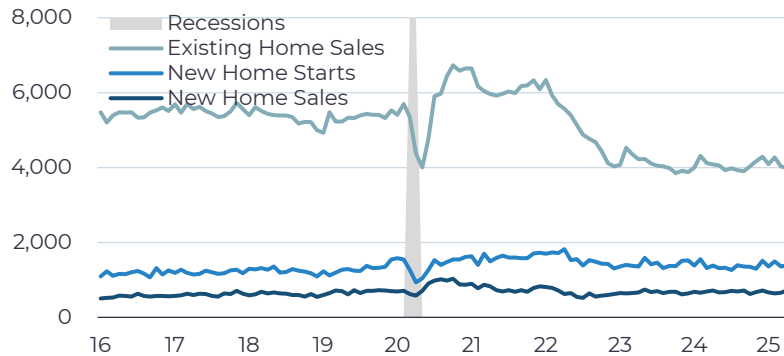
Median Selling Price of New and Existing Homes



Average Fixed Rate Mortgage in the U.S.®



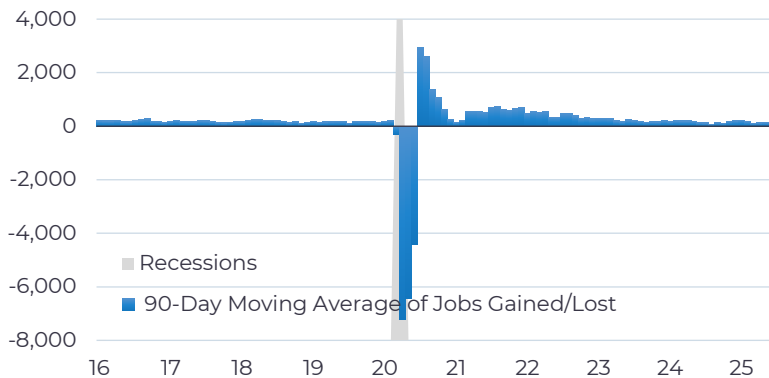
Housing Starts, Existing Home Sales and New Home Sales (000's)



The U.S. job market remained resilient in June, adding 147,000 jobs, beating expectations of 117,500. The unemployment rate dipped to 4.1% from 4.2%. Job gains for April and May were revised upward, bringing the three-month average to 150,000 jobs per month. However, signs of underlying weakness are emerging. Job growth is concentrated, not broad-based as most gains came from health care (+58,600), leisure and hospitality (+20,000), and state and local government (+80,000). When excluding public sector hiring, the private sector added just 74,000 jobs, the smallest monthly gain since October 2024. While job growth continues, concerns are rising over the limited spread of hiring across industries and the uncertain impact of Trump's tariffs on the broader economy.

Labor Market Outlook

Jobs Gained/Lost (000's) with 12-Month Moving Average



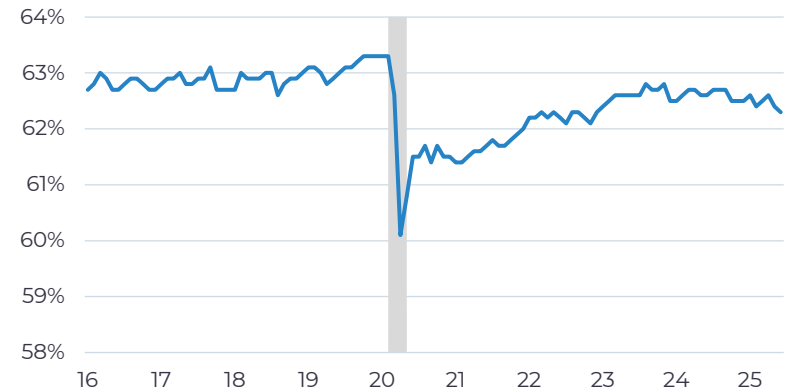
Labor Market Slack (000's)



Wage Growth (Y/Y % Change)



Labor Force Participation Rate



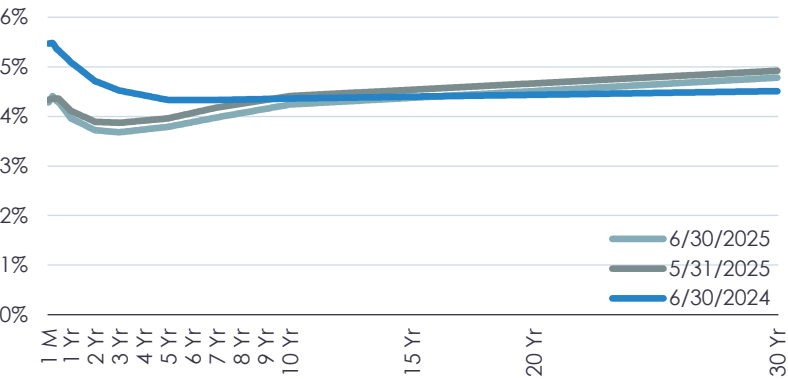


BOND MARKET PERSPECTIVE

Treasury yields moved lower in June following the unrest in the Middle East, but it was not a dramatic decline that can often follow geopolitical events. The rising budget deficit and recent downgrade of U.S. Treasury debt could be balancing out some of the downward pressure on yields. Shorter-term yields, which are highly sensitive to Fed policy, were relatively flat as the Fed continued to take a “wait and see” approach to lower rates. Longer-term yields likely declined due to increased demand for safe-haven assets due to rising geopolitical tension and slowing economic data. Strong fundamentals and attractive yields have supported demand for corporate debt. In the event of an economic slowdown, established firms with high credit ratings and low refinancing risk may be better positioned.

U.S. Treasury Market

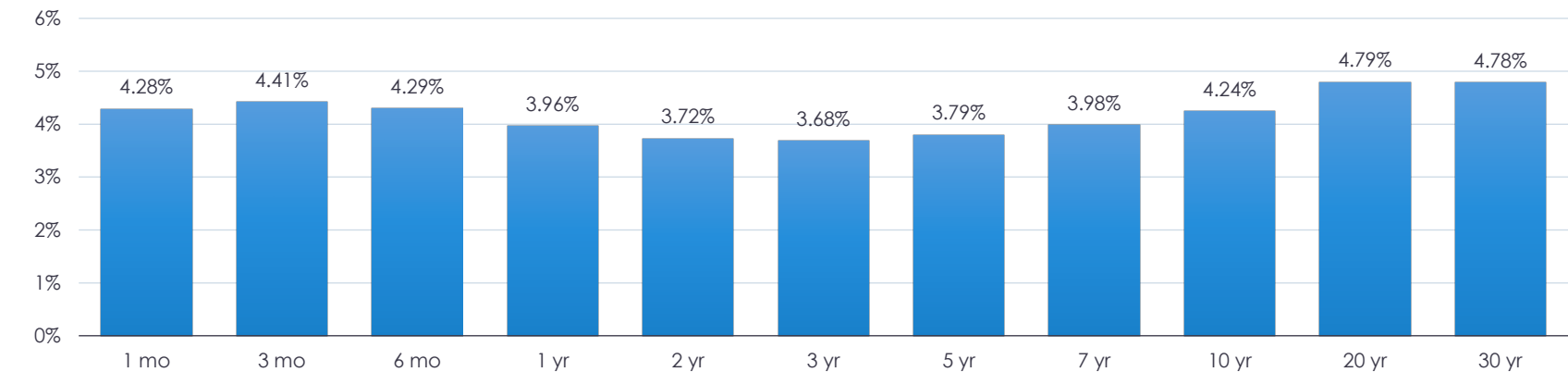
U.S Treasury Yield Curve



Historical U.S. 10-Year Treasury Rate

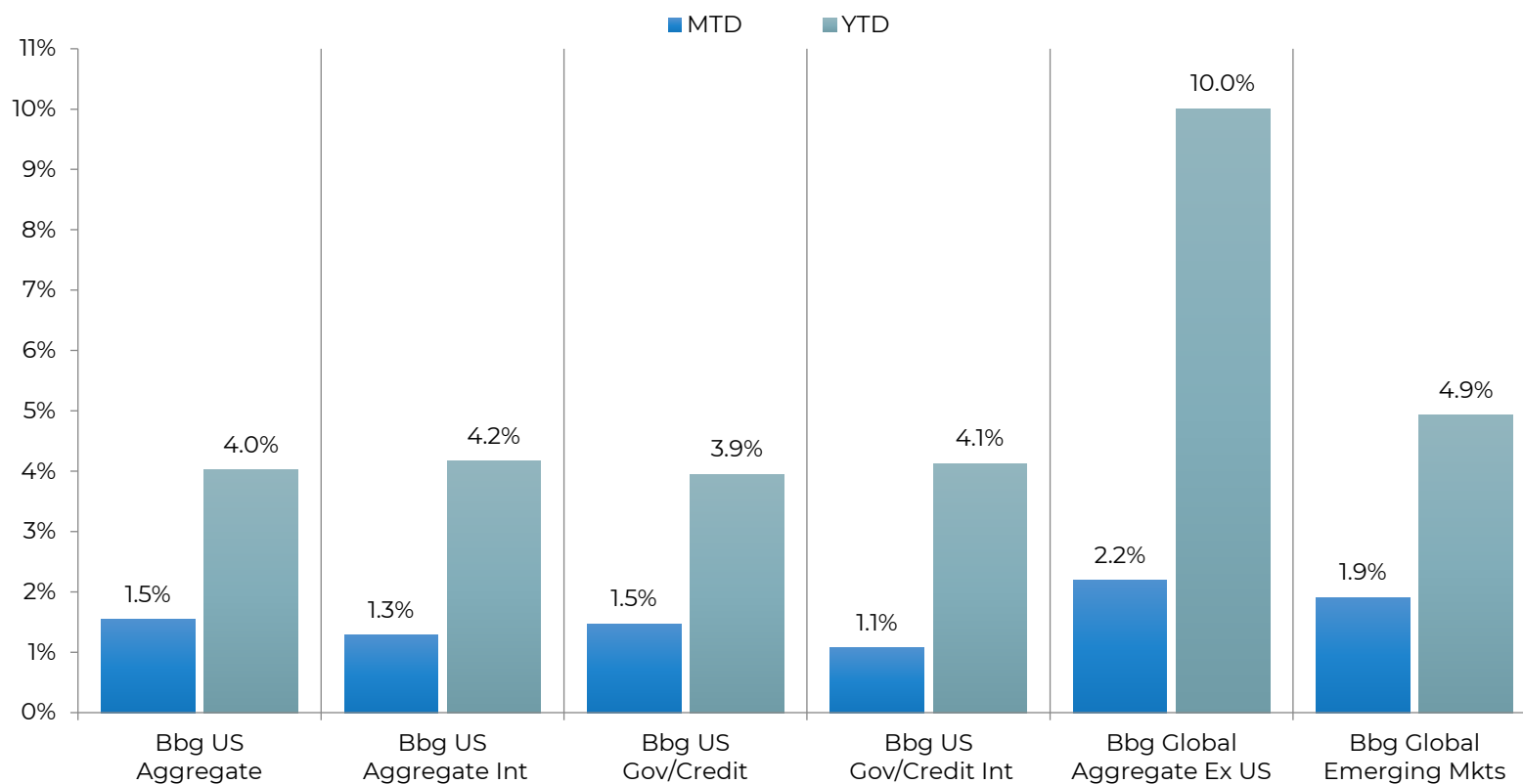


Current U.S. Treasury Yields by Maturity



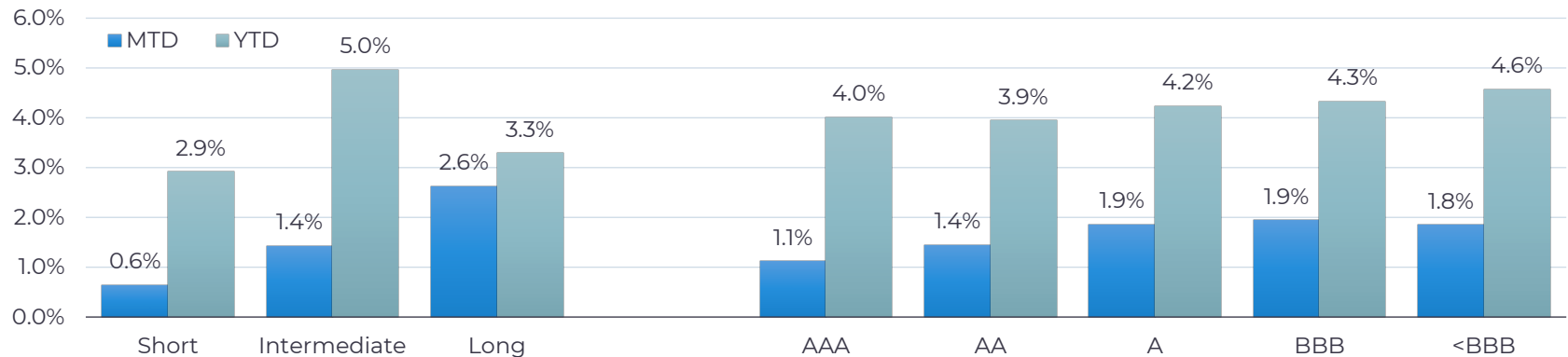
Source: U.S. Department of Treasury

Global Fixed Income Returns by Bellwether Index

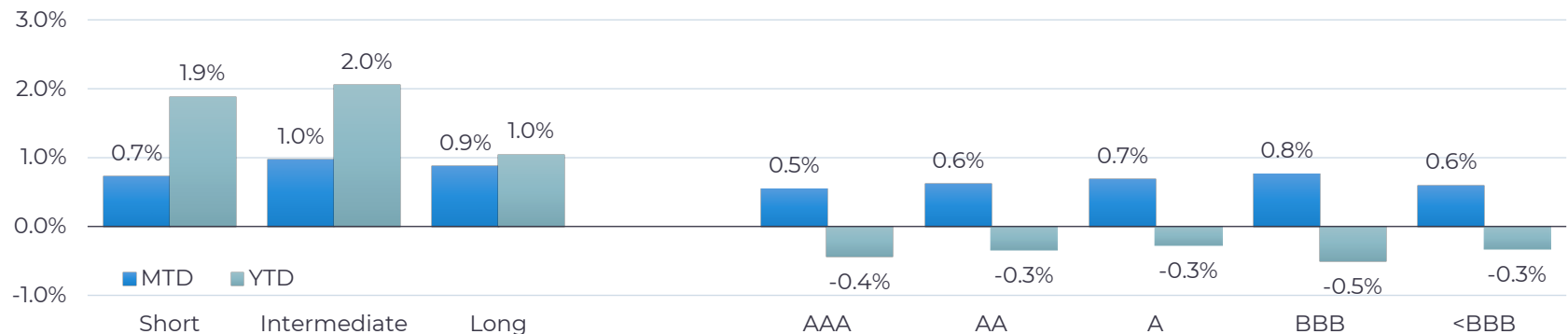


Domestic Fixed Income Returns by Maturity and Credit Quality

Domestic Bond Market - Taxable

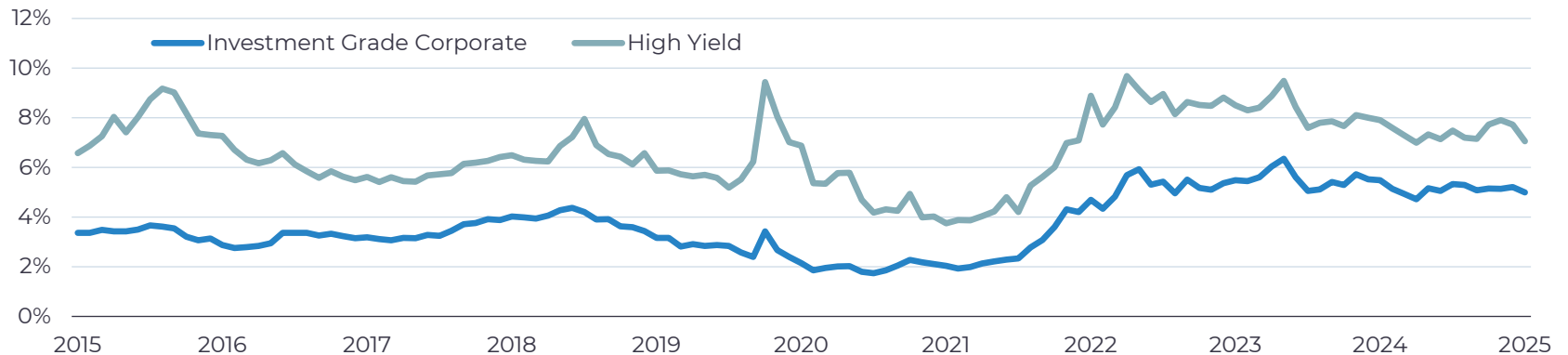


Domestic Bond Market - Municipal

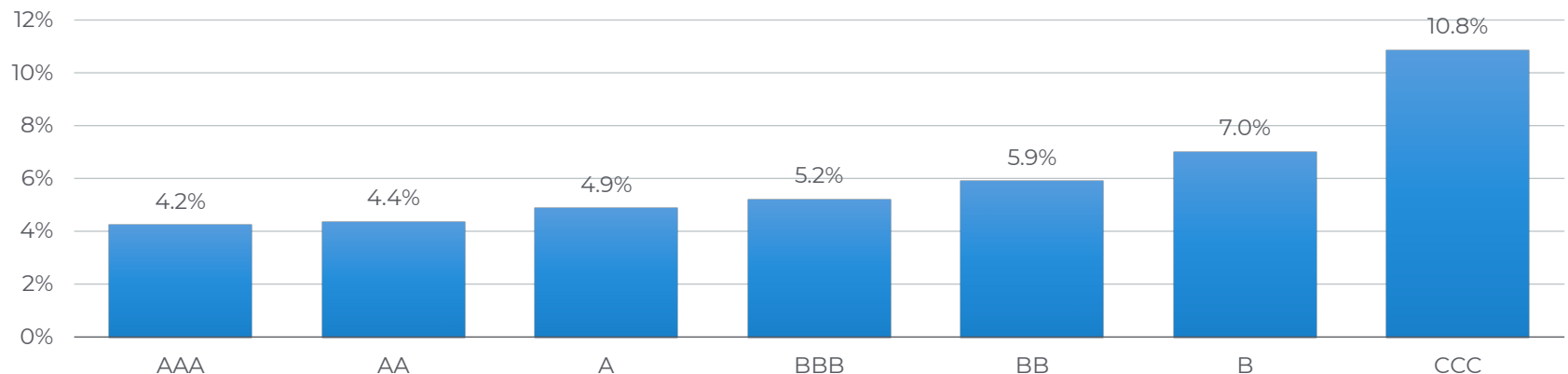


Domestic Fixed Income Bond Yields

Historical Corporate Bond Market Yield to Worst



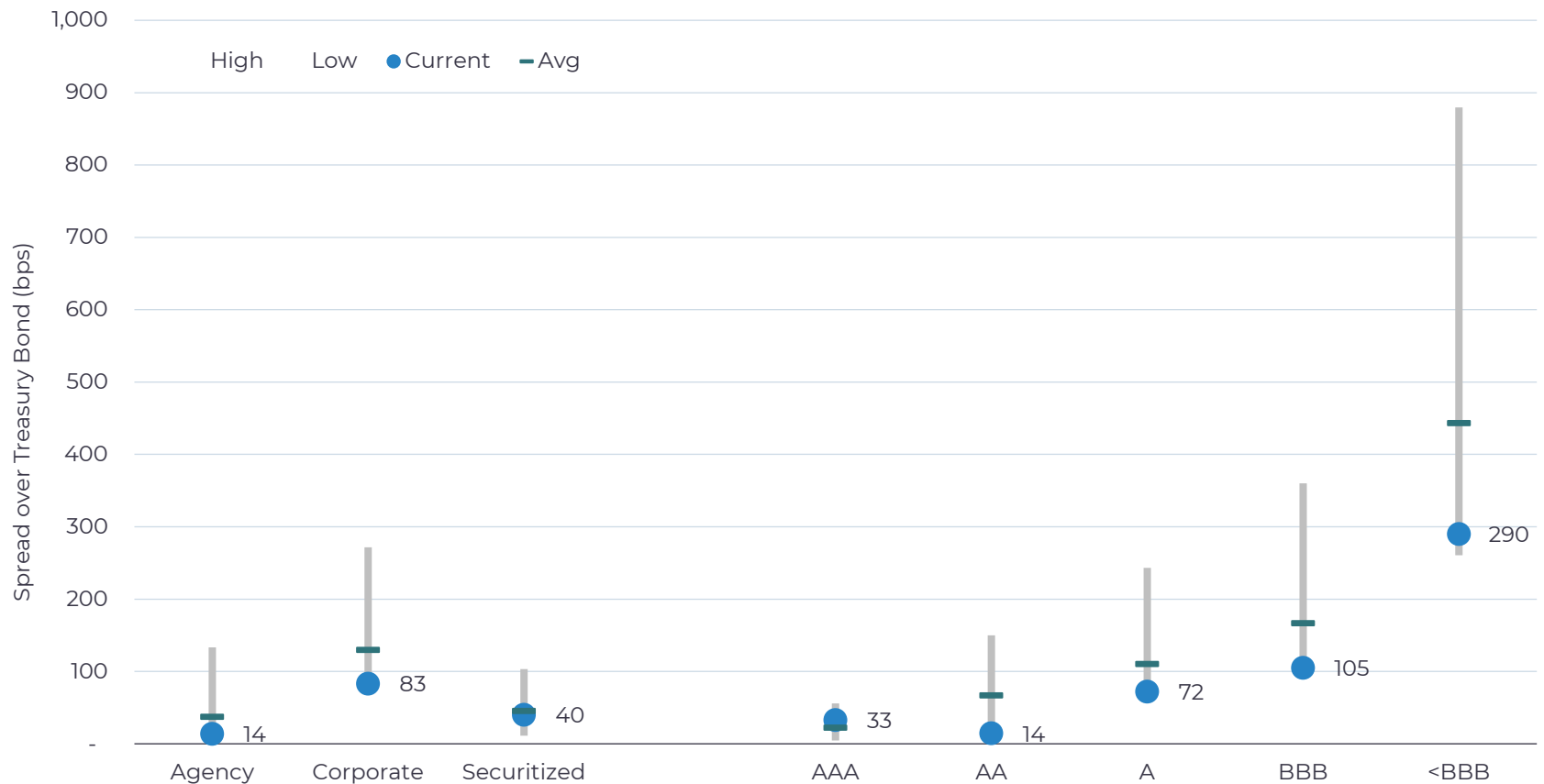
Current Corporate Bond Market Yields by Credit Quality



Investment Grade Corporate bonds are represented by the Bloomberg Barclays U.S. Corporate Investment Grade index. High Yield bonds are represented by the Bloomberg Barclays U.S. Corporate High Yield index. Source: Bloomberg Barclays

Domestic Fixed Income Bond Spreads

Current Bond Spreads Compared to 15-Year Range and 15-Year Average



The length of each bar represents the Range of the highest and lowest spread to the Treasury benchmark over the past 15 years. Average represents the average spread over the past 15 years. Current represents the most recent month. Source: Bloomberg Barclays

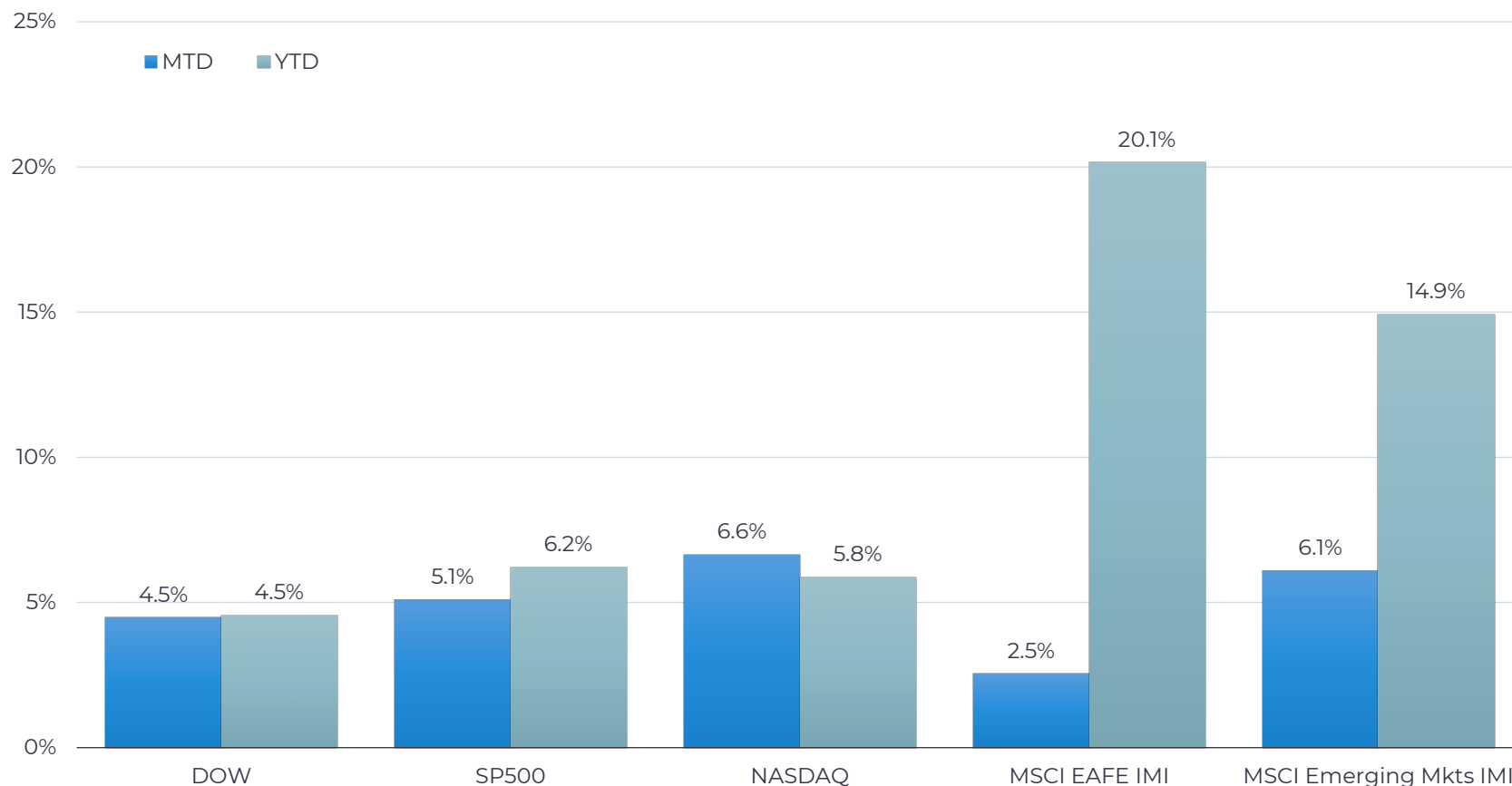


EQUITY MARKET PERSPECTIVE

U.S. stocks reached an all-time high in June despite heightened tensions between Israel and Iran, weak U.S. retail sales data, and a Federal Reserve (Fed) that remained on hold. Instead, the market focused on strong jobs data and better than expected corporate earnings. Against this backdrop, domestic small caps outpaced large caps as the Russell 2000 Index gained +5.4% vs. the S&P 500 Index which returned +5.1%. Smaller stocks may have outperformed on hopes of future rate cuts and easing geopolitical tension. Emerging markets beat non-US developed markets with the MSCI EM IMI gaining +6.1% vs. the MSCI EAFE IMI which returned +2.5%. The only negative sector in June was the Consumer Staples sector, which slipped -1.9%. The top two sectors were Technology (+9.8%), then Consumer Discretionary (+7.3%).

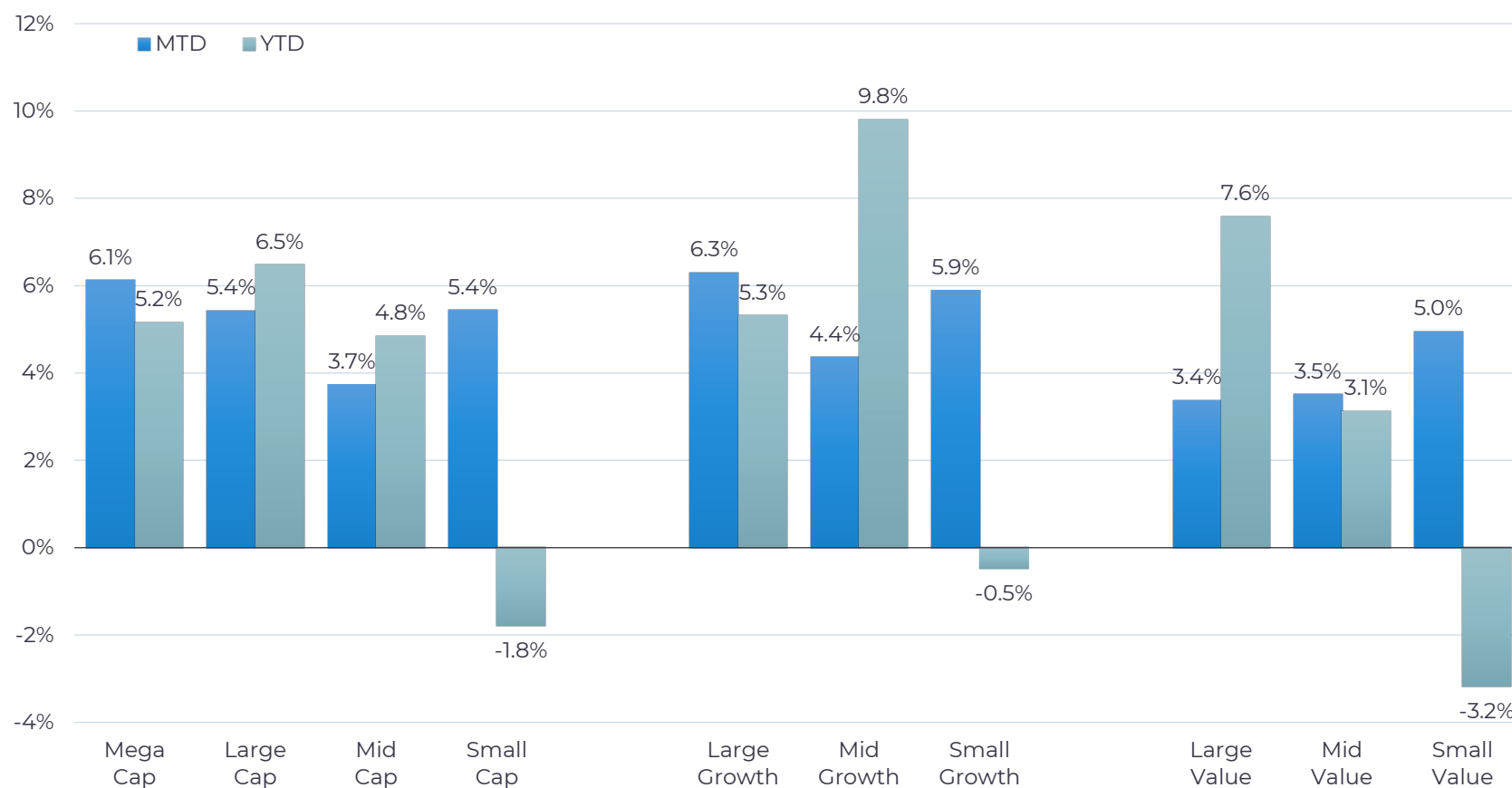
Global Equity Returns by Bellwether Index

Global Equity Markets



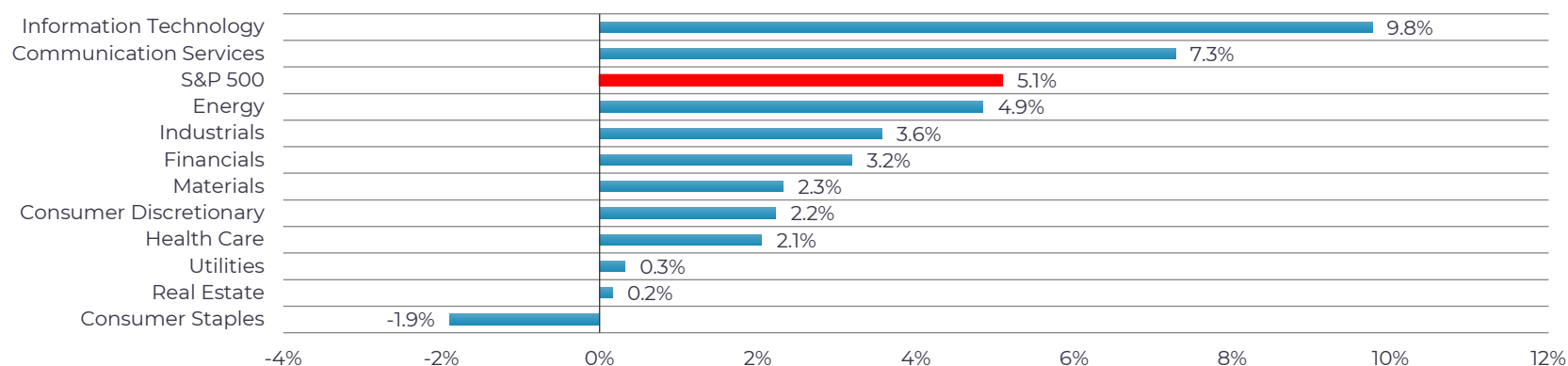
Domestic Equity Returns by Market Cap & Style

Domestic Equity Markets

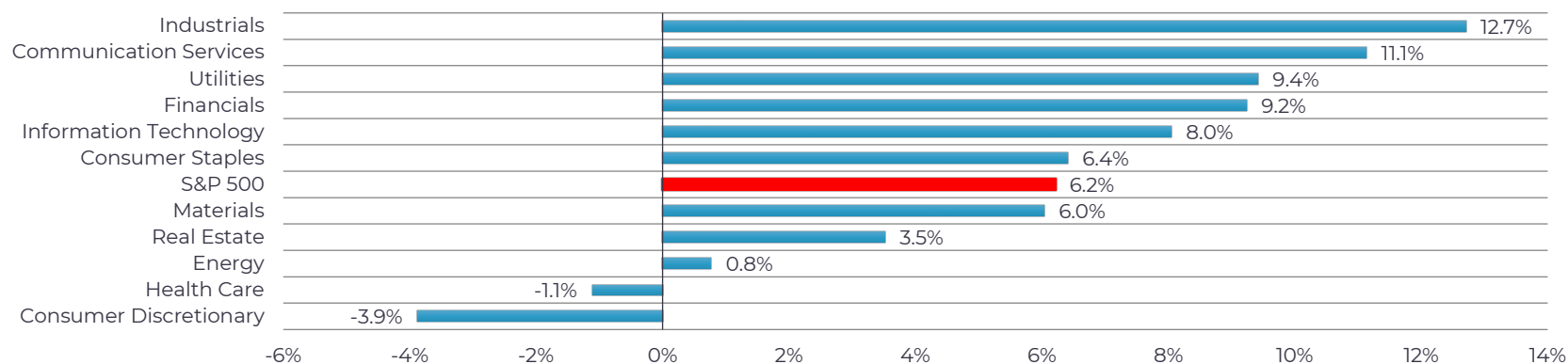


Domestic Equity Returns by Sector

MTD S&P 500 Returns by Sector

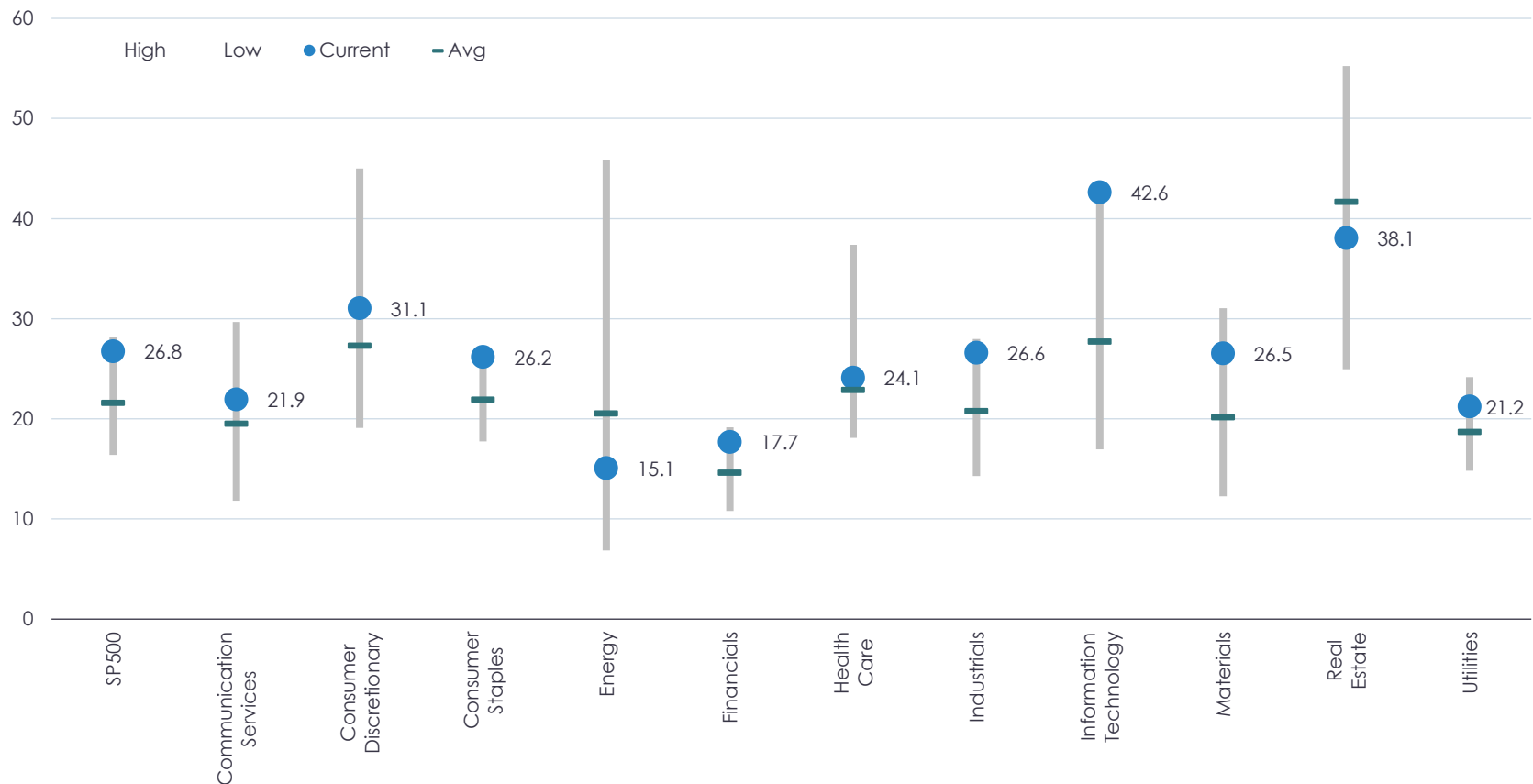


YTD S&P 500 Returns by Sector



Domestic Equity Valuations by Sector

Trailing 12 Month P/E Ratio Compared to 10-Year Range and 10-Year Average



P/E ratios are based on trailing 12 months earnings (LTM) excluding negative earnings. The length of each bar represents the Range of the highest and lowest P/E ratio over the past 10 years. Average represents the average P/E ratio over the past 10 years. Current represents the most recent month. Source: Bloomberg

Economic Indicator Descriptions

- **Real Gross Domestic Product (GDP):** GDP is a basic measure of U.S. economic output adjusted for inflation. Alternatively, it can be thought of as the final value of all goods and services produced within the U.S. Positive GDP growth signals an expanding economy.
- **Consumer Price Index (CPI):** Measuring the change in the CPI provides an estimate for inflation. The CPI tracks the price of a basket of consumer goods and services. High inflation or deflation (negative inflation) can be signs of economic worry. CPI is typically reported in two ways: headline and core CPI. Headline CPI includes all categories that comprise the CPI basket of goods and services.
- **Personal Consumption Expenditure Chain-type Price Index (PCEPI):** Measuring the change in the PCEPI provides an estimate for inflation. In comparison to CPI, which uses one set of expenditure weights for several years, this index uses expenditure data from the current period and the preceding period. This price index method assumes that the consumer has substituted from goods whose prices are rising to goods whose prices are stable or falling. Core PCEPI, which is closely monitored by the Fed, strips out the more volatile Food and Energy categories.
- **Conference Board Index of Leading Economic Indicators (LEI):** The LEI is designed to signal peaks and troughs in the business cycle. The ten components include: average weekly manufacturing hours; average weekly initial claims for unemployment insurance; manufacturers' new orders for consumer goods and materials; ISM® Index of New Orders; manufacturers' new orders for nondefense capital goods excluding aircraft orders; building permits for new private housing units; stock prices of 500 common stocks; Leading Credit Index™; interest rate spread on 10-year Treasury bonds less federal funds and average consumer expectations for business conditions.
- **The Institute for Supply Management (ISM) PMI Index:** The PMI is a composite index of five "sub-indicators", which are extracted through surveys to purchasing managers from around the country. The five sub-indexes are: Production, New orders, Supplier deliveries, Inventories and Employment level. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **The Institute for Supply Management (ISM) Non-manufacturing Index (NMI):** The NMI is a composite index of four "sub-indicators", which are extracted through surveys to purchasing managers. The four sub-indexes: Business activity, New orders, Employment, Supplier deliveries. An Index value over 50 indicates expansion; below 50 indicates contraction.
- **Consumer Confidence Index (CCI):** The Consumer Confidence Index is a well-known proxy for the attitudes of U.S. consumer towards the business climate, personal finances and spending. This index attempts to measure the confidence that consumers have in the overall economy. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Consumer Sentiment Index (MCSI):** The MCSI uses telephone surveys to gather information on consumer expectations regarding the overall economy. The MSCI is becoming more useful for investors because it gives a monthly snapshot of whether consumers feel like spending money by accessing their views on the business climate, personal finance, and spending in order to judge their level of optimism/pessimism. This is important because consumer spending accounts for a large portion of U.S. GDP.
- **Disposable Personal Income per Capita (DPI):** DPI is the amount of money that households have available for spending and saving after income taxes have been accounted for. DPI is monitored to gauge the overall state of the economy.
- **Personal Consumption Expenditures (PCE):** PCE consists of the actual and imputed expenditures of households including durables, non-durables and services.
- **Retail Sales:** The retail sales report captures in-store sales as well as catalog and other out-of-store sales. The report also breaks down sales figures into groups such as food and beverages, clothing, and autos. The results are often presented two ways: with and without auto sales being counted, because their high sticker price can add extra volatility to the data.
- **Housing Affordability Index (HAI):** Published monthly by the National Association of Realtors, the HAI index has a value of 100 when the median-income family has sufficient income to purchase a median-priced existing home. A higher index number indicates that more households can afford to purchase a home.
- **Unemployment Rate:** Calculated monthly by the Bureau of Labor Statistics, the unemployment rate is a gauge of the health of the U.S. labor market. High unemployment can stifle the growth of the economy.
- **Wage Growth:** Calculated quarterly by the Bureau of Labor Statistics, the employment cost index measures the growth of employee compensation (wages and benefits). The index is based on a survey of employer payrolls in the final month of each quarter. The index tracks movement in the cost of labor, including wages, fringe benefits and bonuses for employees at all levels of a company. We are using the wage component of this index.

Benchmark Descriptions

- **U.S. Aggregate Bond:** The Barclays U.S. Aggregate Bond Index measures the performance of USD-denominated, SEC-registered, investment-grade, fixed-rate or step up, taxable bonds. The index includes bonds from the Treasury, Government-Related, Corporate and MBS, ABS, and CMBS sectors. Securities included in the index must have at least one year until final maturity.
- **U.S. Treasury:** The Barclays Capital U.S. Treasury Index measures the performance of public obligations of the U.S. Treasury with a remaining maturity of one year or more.
- **U.S. Agency:** The Barclays Capital U.S. Agency Bond Index measures the performance of the agency sector of the U.S. government bond market and is comprised of investment-grade USD-denominated debentures issued by government and government-related agencies, including FNMA. The index includes both callable and non-callable securities that are publicly issued by U.S. government agencies, quasi-federal corporations, and corporate and foreign debt guaranteed by the U.S. government.
- **U.S. Corporate:** The Barclays Capital U.S. Corporate Bond Index measures the performance of publicly issued USD-denominated corporate and Yankee debentures and secured notes that meet specified maturity, liquidity, and quality requirements.
- **U.S. MBS:** The Barclays Capital U.S. Mortgage Backed Securities Index measures the performance of mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- **U.S. Municipal Bond:** The Barclays Capital Municipal Bond Index measures the performance of the USD-denominated, investment grade, fixed-rate tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds. Securities included in the index must have at least one year until final maturity.
- **General Obligation Bond Index:** The Barclays General Obligation Bond Index measures the average market-weighted performance of general obligations securities that have been issued in the last five years with maturities greater than one year.
- **Revenue Bond Index:** The Barclays Revenue Bond Index measures the average market-weighted performance of revenue backed securities that have been issued in the last five years with maturities greater than one year.
- **Investment Style:** Performance of different types of stocks will vary over time. A common way to characterize a stock is by market capitalization (e.g., large cap or small cap) or style (e.g., value or growth).
- **Large Cap vs. Small Cap:** Large companies tend to be more established companies and therefore exhibit lower volatility. Over an extended period of time, expected returns of small cap companies are often higher due to the risks associated with smaller, less established companies.
- **Value vs. Growth:** Value companies typically trade at discount valuations and may pay a dividend. Growth companies are those that are experiencing greater earnings growth prospects.
- **Mega Cap:** The Russell Top 50 Index measures the performance of the top 50 largest companies in the Russell 1000 Index, which represents approximately 40% of the total market capitalization of the Russell 1000 index.
- **Large Cap:** The Russell Top 200 Index measures the performance of the 200 largest companies in the Russell 1000 Index, which represents approximately 68% of the total market capitalization of the Russell 1000 index.
- **Mid Cap:** The Russell Midcap Index measures the performance of the 800 smallest companies in the Russell 1000 Index, which represent approximately 36% of the total market capitalization of the Russell 1000 Index.
- **Small Cap:** The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 8% of the total market capitalization of the Russell 3000 Index.
- **Large Cap Growth:** The Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.
- **Large Cap Value:** The Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values.
- **Mid Cap Growth:** The Russell Midcap Growth Index measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.
- **Mid Cap Value:** The Russell Midcap Value Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values.
- **Small Cap Growth:** The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-value ratios and higher forecasted growth values.
- **Small Cap Value:** The Russell 2000 Value Index measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.



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