

Monthly Market Review

Multi-Asset Class | August 2025

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000, returned 2.24% and 2.20% respectively in July.¹
- Six of the 11 sectors saw positive returns for the month. The Information Technology sector was the best performing sector, returning 5.19% for the month, followed by Utilities at 4.94%. The Healthcare sector was the worst performing sector, returning -3.26% in July.
- Positive returns were seen across all capitalizations, with small-caps (Russell 2000) returning 1.73%, mid-caps (Russell Mid Cap Index) returning 1.86%, and large-caps (Russell 1000 Index) returning 2.22%. Growth stocks outperformed value stocks within mid and large cap indices but underperformed value within the small cap index during the month.
- According to FactSet Earnings Insight as of August 1, 2025, the blended growth rate for the S&P is expected to be 10.3% for Q2 2025, supported by positive earnings per share (EPS) surprises in several of the “Magnificent Seven” companies. For calendar 2025, analysts are projecting year-over-year (YoY) earnings growth of 9.9%. If the projected earnings growth for Q2 is correct, it would mark the eighth consecutive quarter of YoY earnings growth for the index.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex-U.S. Index, returned -0.29% in July. Developed markets, represented by the MSCI EAFE Index, returned -1.40% as Europe (MSCI Europe) struggled, returning -1.78%. Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 1.95% as Chinese equities (MSCI China Index) returned 4.80% and Indian equities (MSCI India Index) returned -5.10%.
- Within the ACWI ex-U.S. Index, four of the 11 sectors posted positive returns. Energy was the best performing sector for the month, returning 1.32%, while the Financials sector was the second-best performer, returning 0.66%. Consumer Staples remained the worst performing sector, posting a return of -2.65%.

Fixed Income

- In July, Treasury yields rose along the curve with the 2- and 5-year yields rising 24 and 17 basis points (bps) respectively. The yield on the 10-year also rose 15 bps, while the 30-year U.S. Treasury rose 12 bps.
- The Bloomberg U.S. Aggregate Index returned -0.26% in July. Investment-grade (IG) credit returned 0.05%, AAA-rated bonds returned -0.23%, AA-rated bonds returned -0.13%, while A-rated bonds and BBB-rated bonds saw marginally positive returns of 0.06% and 0.13% respectively. High-yield

corporates, as represented by ICE BofA U.S. High Yield Index returned 0.40% during the month, while the Broad Treasury Index returned -0.39%. Spreads widened over the month across the ratings spectrum.

Diversifying Assets

- During July, real estate investment trusts (REITs), as represented by the MSCI U.S. REIT Index and the FTSE NAREIT Index returned -0.82% and -0.76%, respectively. The Healthcare sector saw the strongest performance for the month while the Self-Storage sector was the most challenged. Listed Infrastructure, represented by the MSCI World Core Infrastructure Index, returned -0.40% for the month.

Items to Watch

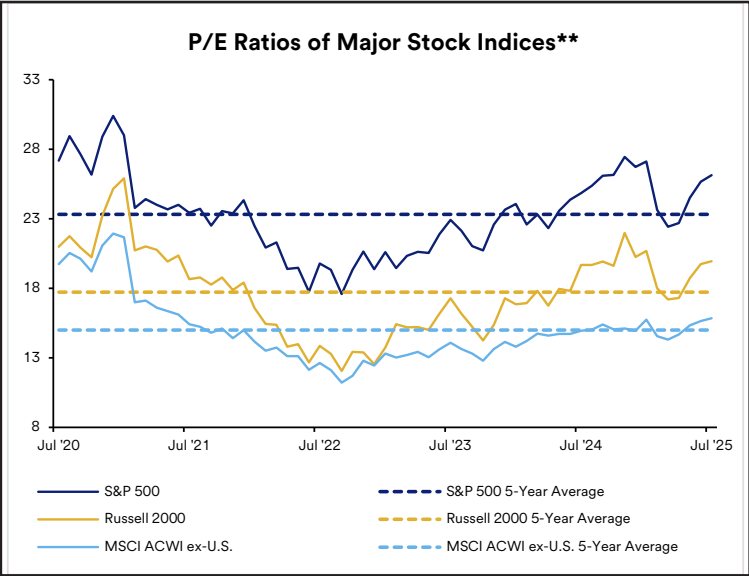
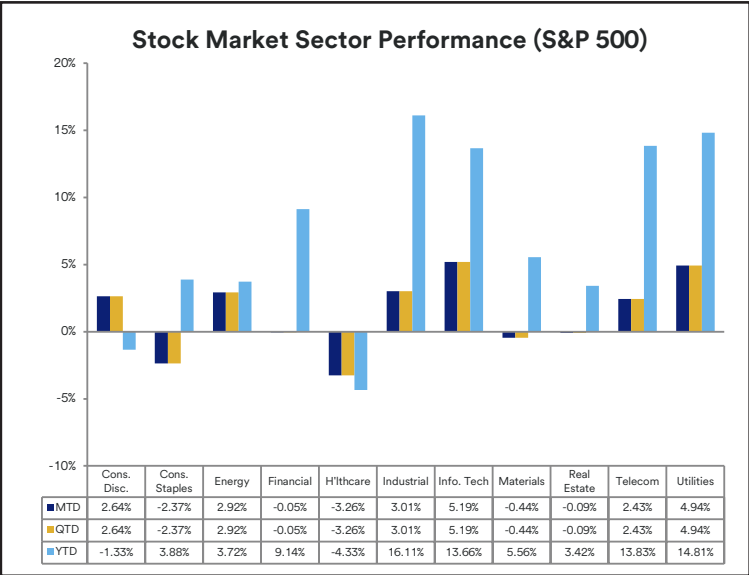
- A mix of uneven economic data and ongoing tariff uncertainty prompted the Federal Reserve (Fed) to maintain its pause on rate changes in July, marking the fifth consecutive meeting with no adjustments. The Fed's preferred inflation measure, the Personal Consumption Expenditures (PCE) index, accelerated in June, growing at 2.6% YoY, up from 2.45% in May and slightly above forecasts of 2.5%. If inflationary pressures persist, the likelihood of a rate cut at the next meeting diminishes. However, policymakers must weigh this against downside risks to economic growth and the labor market.
- While the advanced estimate of the second quarter gross domestic product (GDP) growth came in stronger than expected at an annualized rate of 3%, it was largely driven by a decline in imports which masked weaker signals from other categories. Combined growth in consumer spending and gross private fixed investment grew at a cooler 1.2%, down from 1.9% in the first quarter.
- The labor market also pointed to cooling conditions, as the July non-farm payrolls missed expectations, rising 73,000 month-over-month, while revisions to the prior two months cut an additional 285,000 jobs from previous estimates as hiring slowed. Unemployment also edged up to 4.2%.
- Taken together, these factors, along with the continued evolution of U.S. trade policy add uncertainty to the outlook for future rate moves. Markets currently expect a 25-bp cut at the September meeting, though Fed Chair Jerome Powell has remained noncommittal, underscoring the importance of the Fed's data-dependent approach as the economic picture continues to unfold.

Sources

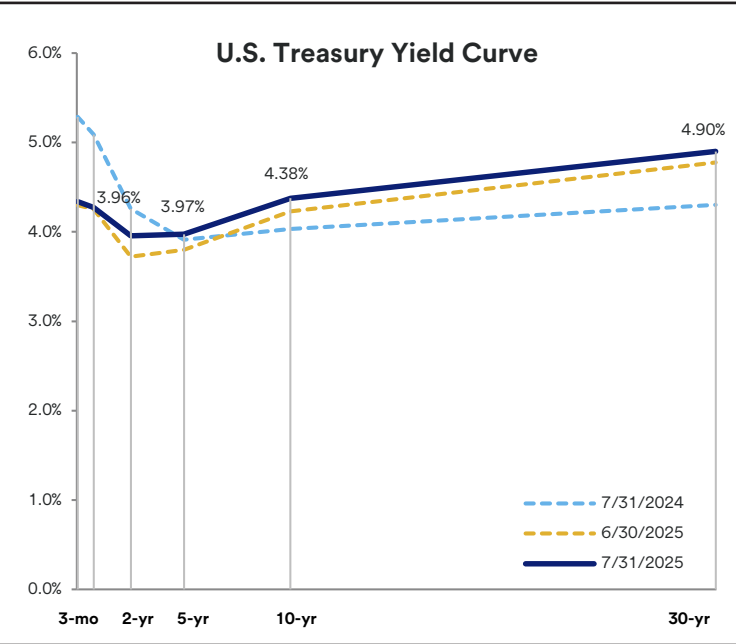
- Bloomberg
- FactSet
- BEA [U.S. Bureau of Economic Analysis](#)

¹ - All returns are expressed as total returns (price returns net of dividends).

Total Return of Major Indices				
Domestic Equity	MTD	QTD	YTD	1 YR
S&P 500	2.24%	2.24%	8.58%	16.31%
Russell 3000	2.20%	2.20%	8.07%	15.67%
Russell 2000	1.73%	1.73%	-0.09%	-0.57%
Russell 1000	2.22%	2.22%	8.47%	16.52%
International Equity	MTD	QTD	YTD	1 YR
MSCI ACWI ex-U.S.	-0.29%	-0.29%	17.56%	14.73%
MSCI EAFE	-1.40%	-1.40%	17.77%	12.77%
MSCI Emerging Markets	1.95%	1.95%	17.51%	17.18%
Fixed Income	MTD	QTD	YTD	1 YR
Bloomberg U.S. Agg	-0.26%	-0.26%	3.75%	3.38%
Bloomberg Global Agg	-1.49%	-1.49%	5.67%	4.40%
ICE BofA U.S. HY	0.40%	0.40%	4.97%	8.55%
Alternatives and Diversifying	MTD	QTD	YTD	1 YR
MSCI U.S. REIT	-0.82%	-0.82%	-1.53%	0.49%
FTSE NAREIT Index	-0.76%	-0.76%	-1.02%	1.45%
MSCI World Core Infrastructure	-0.40%	-0.40%	12.98%	13.20%
Bloomberg Commodity	-0.45%	-0.45%	5.05%	9.71%



Economic Indicators		
Domestic	Current	Previous Month
Unemployment Rate (%)	4.2%	4.1%
Initial Jobless Claims (4 week average)	225 K	225.3 K
CB Leading Economic Indicators	-0.3	0.0
Capacity Utilization	77.6%	77.5%
GDP (annual growth rate)	3.0%	-0.5%
University of Michigan Consumer Confidence	61.8	60.7
New Home Starts	627 K	623 K
Existing Home Sales	3.9 MM	4 MM
Retail Sales (YoY)	3.9%	3.3%
U.S. Durable Goods (MoM)	-9.3%	16.5%
Consumer Price Index (YoY)	2.7%	2.4%
Producer Price Index (MoM)	0.4%	0.3%
Developed International*	3/31/2025	12/31/2024
Market GDP (annual rate)	1.6%	1.6%
Market Unemployment	4.7%	4.6%



Source: Bloomberg. Data as of June 30, 2025, unless otherwise noted.

*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of March 31, 2025 due to release dates of numerous countries. **P/E ratios are calculated based on one-year-forward estimates and adjusted to include only positive earning results for consistency.

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