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JULY 2, 2025 | 3:38 PM EDT

Weekly Market Guide

Q2 2025 is in the books and what a quarter it was! Over the past three months, we saw a global trade war, hot war, debt downgrade, political wranglings over the budget... And S&P 500 finish at all-time highs. The quarter began with "Liberation Day" sparking a sharp selloff that brought the S&P -21% off its highs. Remarkably, since the April 7th lows, the S&P 500 was able to climb +28.5% over the next 57 days.

Equities like to climb a wall of worry. After investor sentiment reached excessively bearish levels in early April, there has been a trickle of positives to moderate concerns and drive stocks higher.

- **Trade war moderation**- The July 9th reciprocal tariff "90-day deadline" is next week. While real trade deals have been (and will) be hard to finalize, we are encouraged by Treasury Secretary Bessent's tone and balanced handling of negotiations thus far. The Administration is likely to create extensions and roll conversations as needed. Additionally, tensions between the US/China have dropped considerably after open dialogue and a framework for trade agreements. While worst case fears have subsided, trade/tariffs are likely to be a fluid situation for a while and are a cost on economic growth- making the offsets important.

- **Tax bill passage is near**- Lower taxes are a key offset to tariffs, along with capex/investment, deregulation, and lower oil prices. The Senate passed its version of the "One Big Beautiful Bill" yesterday, sending it back to the House for discussions and a vote. Recent progress puts it on a path to potentially get passed in the days ahead. Regardless of the exact timing, the tax cuts and investment incentives (i.e. immediate depreciation of new manufacturing facilities, equipment, software, R&D) will accelerate capital spending, boost corporate cash flows, and stimulate the economy.

We believe the status quo leaves investors and corporations with a manageable situation fundamentally. The economy is likely to hold up, supporting moderate/healthy earnings growth. AI investment/enthusiasm has been reinvigorated. Inflation is a risk, but unlikely to run away to the upside. Valuation multiples have room for expansion (particularly ex-Tech). The Fed is likely on hold for now, but does stand ready to support economic problems if needed.

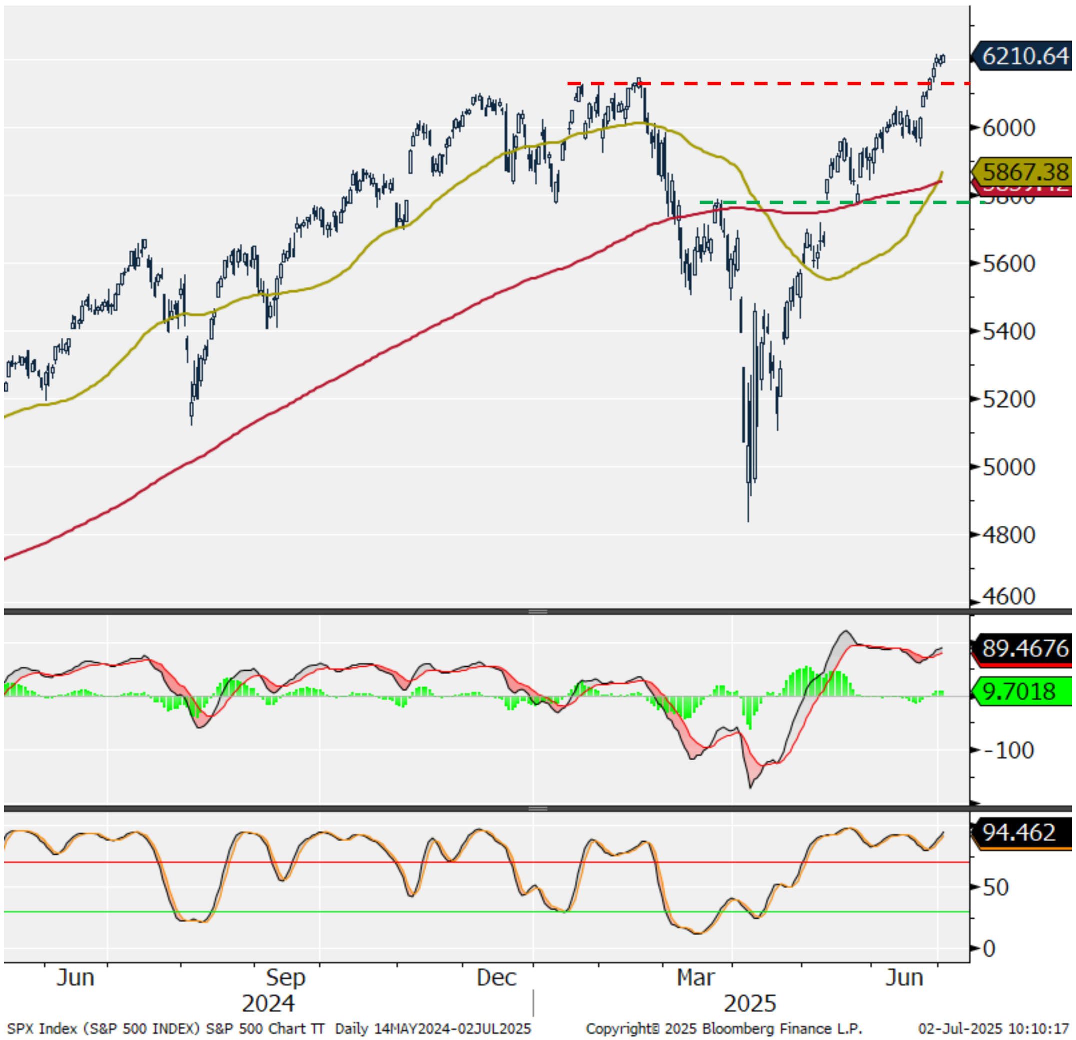
The fundamental outlook (and market momentum) supports a grind higher for equities over the coming year. We fully expect some give-and-take on the many macro variables and acknowledge the potential for negative headlines to spur volatility. There also may be some mean reversion following a very sharp recovery for High Beta and Growth stocks in Q2. Nonetheless, overall, we would view the current trend with a positive lens and use weakness as opportunity.

Equity Market Indices	Price Return Year to Date	Price Return 12 Months
Dow Jones Industrial Avg	4.6%	13.6%
S&P 500	5.4%	13.2%
S&P 500 (Equal-Weighted)	5.0%	12.8%
NASDAQ Composite	4.6%	13.0%
Russell 2000	-1.5%	8.2%
MSCI All-Cap World	9.0%	14.1%
MSCI Developed Markets	17.4%	14.4%
MSCI Emerging Markets	14.3%	13.0%
NYSE Alerian MLP	2.3%	3.6%
MSCI U.S. REIT	-1.8%	6.1%

S&P 500 Sectors	Price Return Year to Date	Sector Weighting
Industrials	12.3%	8.6%
Communication Svcs.	9.3%	9.7%
Financials	9.0%	14.1%
Utilities	8.1%	2.4%
Materials	7.4%	1.9%
Information Technology	6.5%	32.8%
Consumer Staples	5.9%	5.6%
S&P 500	***5.4%***	-
Real Estate	1.7%	1.9%
Energy	-0.1%	3.0%
Health Care	-0.6%	9.5%
Consumer Discretionary	-4.1%	10.4%

Source: FactSet

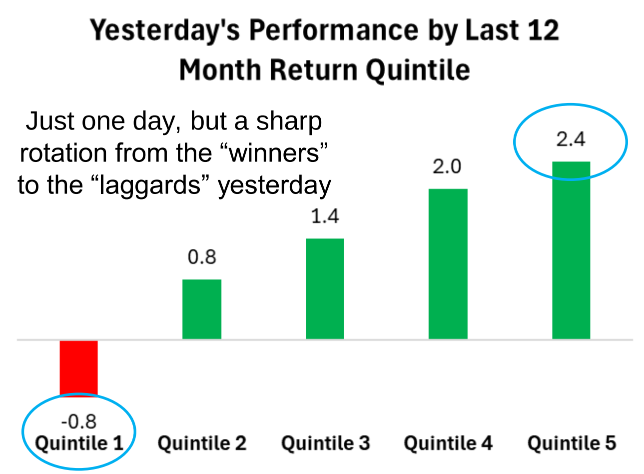
Technical: S&P 500



The S&P 500 finished Q2 in strong fashion-> at all-time highs and a +28.5% recovery over just 55 days. The strength of the rally was remarkable and rare historically, triggering numerous technical indications that support a positive trend for equities ahead.

Now, we do not expect a glide-path higher. There are many variables that could easily impact volatility. It would be normal (and healthy) to see some mean-reversion as equities digest the sharp market moves this year and investors gather some clarity on the numerous influences underway.

Interestingly, the first trading day of Q3 saw a sharp rotation from "the leaders" to "the laggards." After sharp Q2 recoveries in High Beta vs. Low Vol, Growth vs. Value, among others, we would not be surprised to see some consolidation and rotation play out in the weeks ahead.



Source: Bloomberg, FactSet

S&P 500 "Golden Cross"

Yesterday, the 50-day moving average crossed above the 200-day moving average for the first time since February 2023, creating a "golden cross" on the S&P 500. This technical indicator points to supportive momentum for overall market trends. Average returns following a "golden cross" are typically 200 to 300 basis points above normal over the subsequent 3-, 6-, and 12-month periods.

Golden Cross Date	3mo Return	6mo Return	12 mo Return
9/19/1932	-5.04%	-9.67%	50.41%
5/18/1933	19.01%	11.59%	10.80%
5/23/1935	14.80%	30.49%	39.92%
7/27/1938	8.82%	-3.18%	-0.57%
9/18/1939	-0.80%	-3.77%	-14.84%
12/13/1940	-6.74%	-7.86%	-18.33%
8/18/1941	-8.59%	-16.29%	-13.82%
8/14/1942	11.54%	24.36%	38.00%
3/13/1944	3.27%	1.47%	14.30%
7/25/1947	-3.61%	-10.76%	1.18%
5/14/1948	2.01%	-2.27%	-3.31%
8/31/1949	5.52%	13.14%	21.02%
12/21/1953	7.45%	16.47%	41.80%
6/3/1957	-4.07%	-12.67%	-6.14%
5/8/1958	9.23%	18.80%	30.30%
12/30/1959	-6.88%	-4.77%	-2.78%
1/4/1961	12.51%	11.74%	21.04%
1/3/1963	5.71%	9.76%	18.49%
9/17/1965	2.25%	-2.09%	-11.17%
2/3/1967	7.50%	9.50%	5.62%
5/20/1968	2.60%	10.05%	7.87%
5/27/1969	-8.77%	-9.94%	-29.74%
10/21/1970	12.59%	23.55%	14.27%
1/26/1972	4.28%	4.91%	13.61%

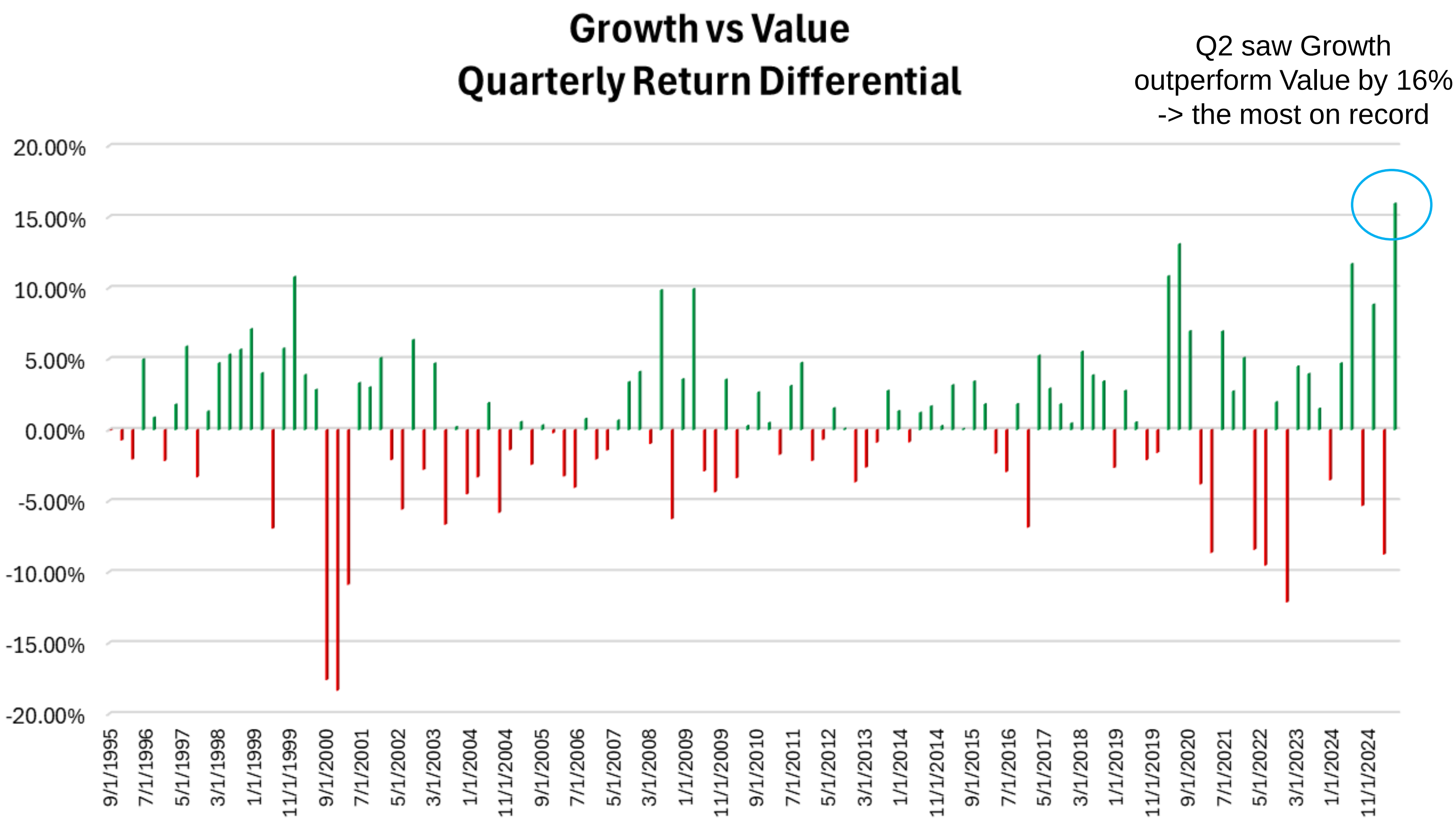
Golden Cross Date	3mo Return	6mo Return	12 mo Return
3/7/1975	9.70%	1.57%	17.57%
1/4/1977	-7.07%	-5.30%	-11.52%
5/22/1978	5.27%	-3.64%	1.43%
3/21/1979	0.83%	9.11%	1.05%
6/17/1980	11.07%	14.53%	14.90%
9/28/1982	14.22%	23.21%	36.33%
9/12/1984	-1.24%	9.10%	11.54%
11/25/1986	14.44%	13.70%	-1.64%
6/28/1988	-1.19%	1.75%	19.65%
5/25/1990	-12.15%	-11.13%	6.46%
2/15/1991	-0.13%	5.49%	11.77%
9/15/1994	-4.10%	3.60%	22.86%
12/8/1998	8.58%	11.51%	18.83%
11/11/1999	0.41%	1.91%	-1.12%
5/14/2003	5.45%	11.83%	16.65%
11/5/2004	3.16%	0.55%	4.63%
9/12/2006	7.50%	7.12%	12.07%
6/23/2009	18.52%	25.19%	22.00%
10/22/2010	8.48%	13.04%	4.66%
1/31/2012	6.51%	5.10%	14.15%
12/21/2015	1.51%	3.35%	12.07%
4/25/2016	3.86%	2.65%	14.41%
4/1/2019	3.39%	2.55%	-13.84%
7/9/2020	10.31%	21.34%	38.63%
2/2/2023	-1.44%	7.98%	18.63%
7/1/2025			

		3mo	6mo	12mo
All Data	Average	1.87%	3.75%	7.82%
Golden Cross	Average	3.89%	5.69%	10.61%

Source: Bloomberg, FactSet

Growth vs. Value

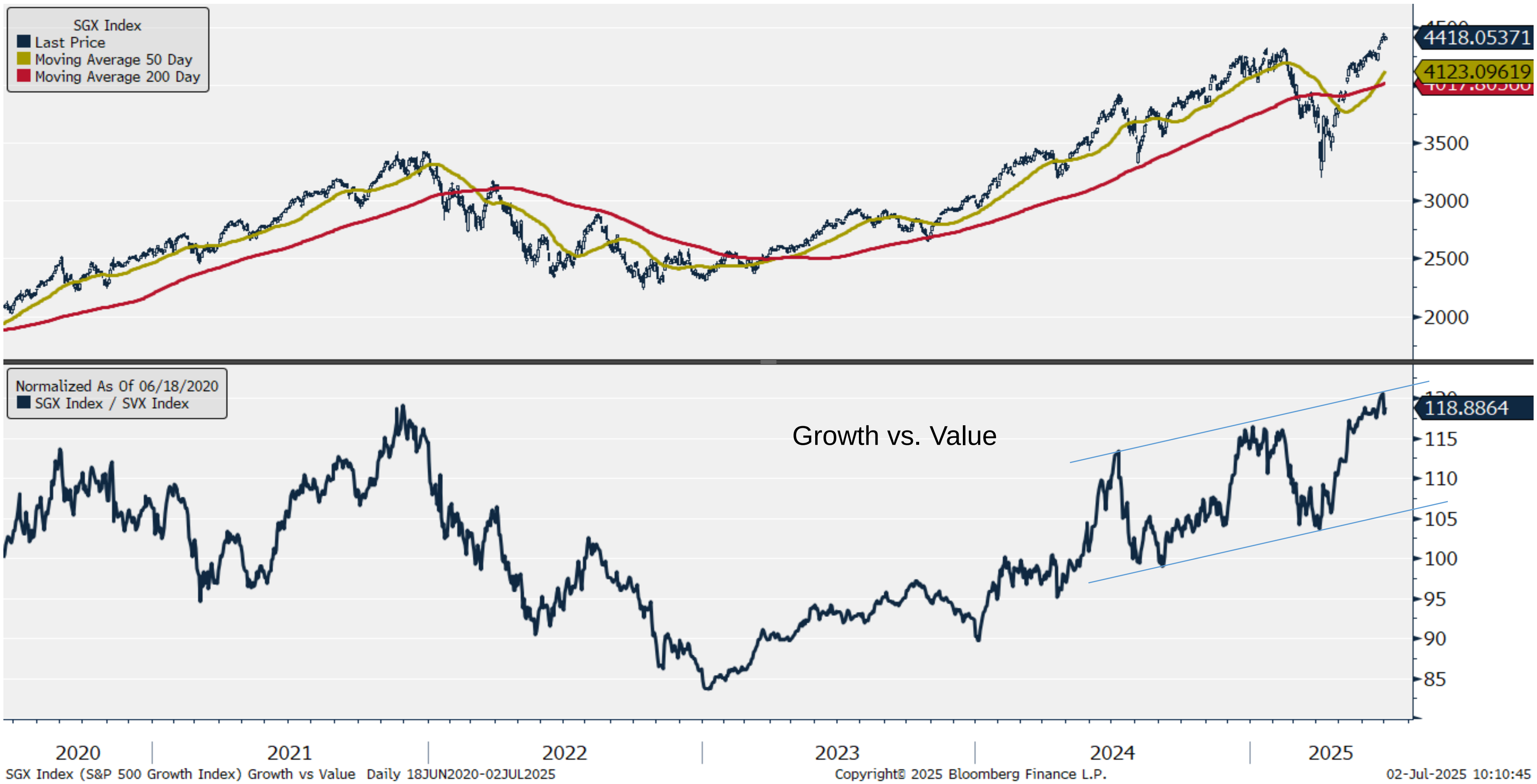
The sharp recovery in Growth vs. Value was historic. Since data started on the Growth & Value styles in the mid-90s, Q2 2025 was the widest gap of outperformance for Growth on record. *(continued on next page)*



Source: Bloomberg, FactSet

Growth vs. Value

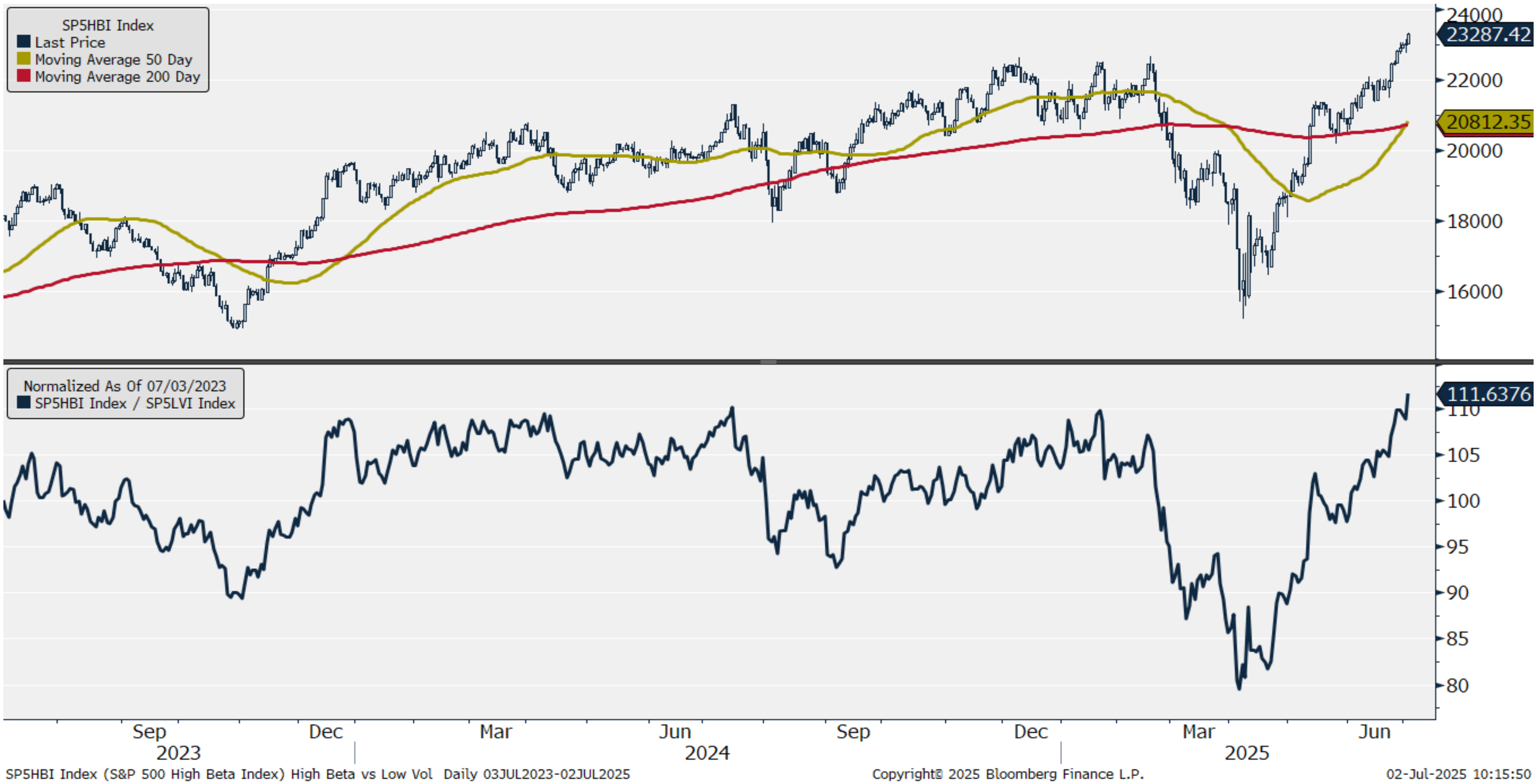
While Growth's strong Q2 performance was driven by improved economic sentiment and a reinvigorated AI theme (on fundamental support), we have seen some shifts in Growth/Value performance over the past year. Technically, relative strength for Growth vs. Value is hitting the upper end of its1-year trend channel. Something to consider- we may get some mean-reversion and rotation into Value over the weeks ahead.



Source: Bloomberg, FactSet

High Beta vs. Low Volatility

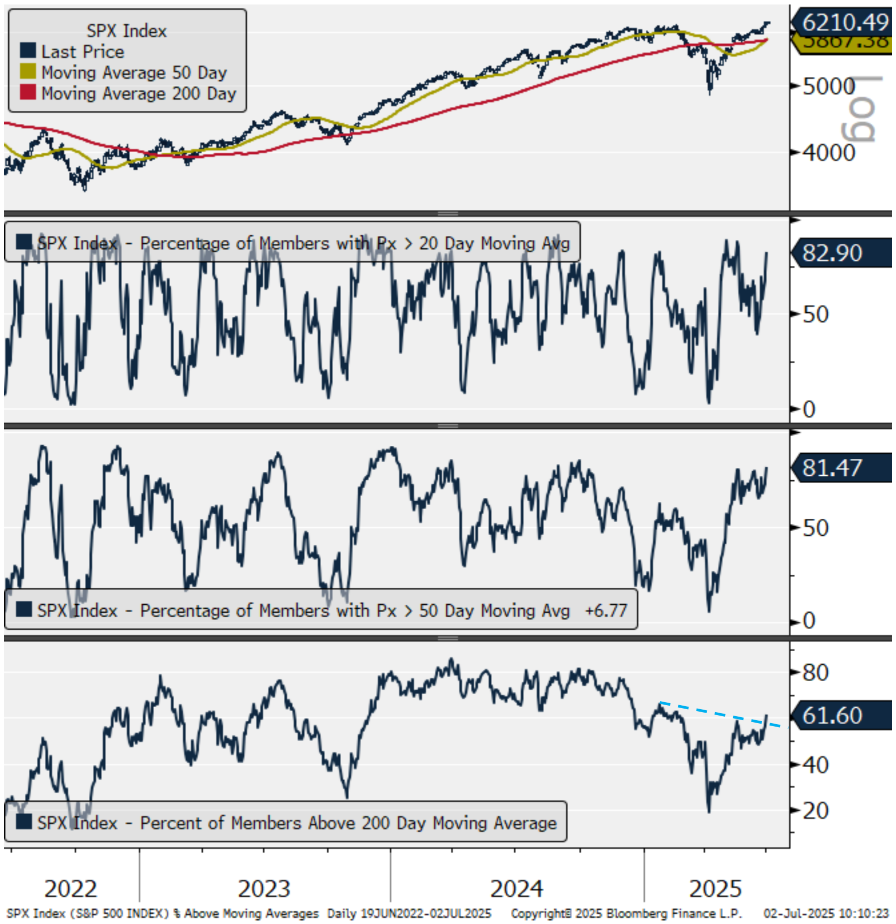
What a comeback for High Beta names in Q2. Following a -33% collapse from peak to trough, High Beta rose 54% over 59 days to reach all-time highs. Relative strength of High Beta vs. Low Volatility is also breaking out to highs. While this is a positive for market momentum, we would not be surprised to see some mean reversion.



Source: Bloomberg, FactSet

Market Participation

Yesterday's sharp rotation saw relative strength for the Equal-weighted S&P bounce from support and the % of stocks above their 200 DMA break to the highest level of this recovery. We would like to see this trend continue, as an increasing number of stocks participate in the market upside and drive performance (rather than a select sleeve of mega-caps at the top).



Source: Bloomberg, FactSet

Seasonality

While we do not recommend investing based on the calendar alone, it is worth noting that July is typically a good month for market returns, ahead of the seasonally soft August-October timeframe. The 30-year average return for July has been 1.27%, followed by -0.58% and -0.81% for August and September.

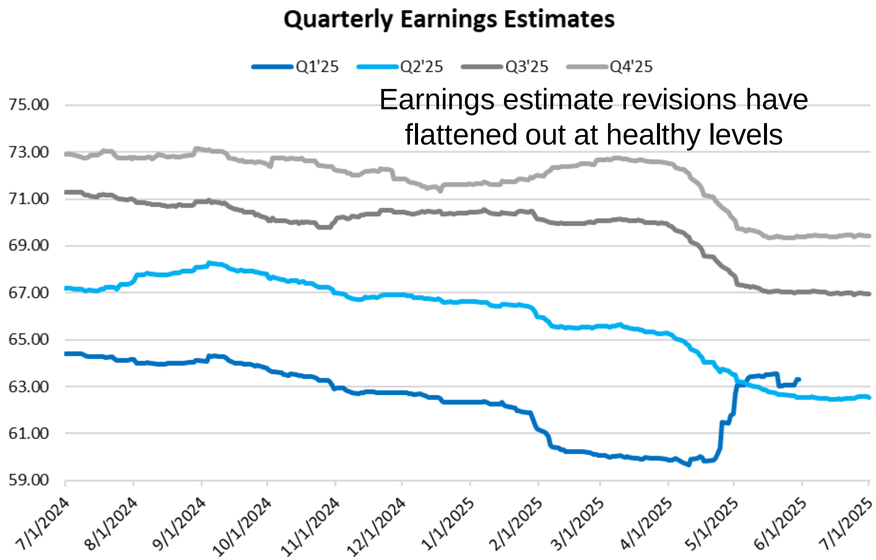
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
29 Yr Avg	.34	-.22	1.33	1.83	.51	.27	1.27	-.58	-.81	1.59	2.57	.90
2025	2.70	-1.42	-5.75	-.76	6.15	4.96	.14					
2024	1.59	5.17	3.10	-4.16	4.80	3.47	1.13	2.28	2.02	-.99	5.73	-2.50
2023	6.18	-2.61	3.51	1.46	.25	6.47	3.11	-1.77	-4.87	-2.20	8.92	4.42
2022	-5.26	-3.14	3.58	-8.80	.01	-8.39	9.11	-4.24	-9.34	7.99	5.38	-5.90
2021	-1.11	2.61	4.24	5.24	.55	2.22	2.27	2.90	-4.76	6.91	-.83	4.36
2020	-.16	-8.41	-12.51	12.68	4.53	1.84	5.51	7.01	-3.92	-2.77	10.75	3.71
2019	7.87	2.97	1.79	3.93	-6.58	6.89	1.31	-1.81	1.72	2.04	3.40	2.86
2018	5.62	-3.89	-2.69	.27	2.16	.48	3.60	3.03	.43	-6.94	1.79	-9.18
2017	1.79	3.72	-.04	.91	1.16	.48	1.93	.05	1.93	2.22	2.81	.98
2016	-5.07	-.41	6.60	.27	1.53	.09	3.56	-.12	-.12	-1.94	3.42	1.82
2015	-3.10	5.49	-1.74	.85	1.05	-2.10	1.97	-6.26	-2.64	8.30	.05	-1.75
2014	-3.56	4.31	.69	.62	2.10	1.91	-1.51	3.77	-1.55	2.32	2.45	-.42
2013	5.04	1.11	3.60	1.81	2.08	-1.50	4.95	-3.13	2.97	4.46	2.80	2.36
2012	4.36	4.06	3.13	-.75	-6.27	3.96	1.26	1.98	2.42	-1.98	.28	.71
2011	2.26	3.20	-.10	2.85	-1.35	-1.83	-2.15	-5.68	-7.18	10.77	-.51	.85
2010	-3.70	2.85	5.88	1.48	-8.20	-5.39	6.88	-4.74	8.76	3.69	-.23	6.53
2009	-8.57	-10.99	8.54	9.39	5.31	.02	7.41	3.36	3.57	-1.98	5.74	1.78
2008	-6.12	-3.48	-.60	4.75	1.07	-8.60	-.99	1.22	-9.08	-16.94	-7.48	.78
2007	1.41	-2.18	1.00	4.33	3.25	-1.78	-3.20	1.29	3.58	1.48	-4.40	-.86
2006	2.55	.04	1.11	1.22	-3.09	.01	.51	2.13	2.46	3.15	1.65	1.26
2005	-2.53	1.89	-1.91	-2.01	3.00	-.01	3.60	-1.12	.69	-1.77	3.52	-.10
2004	1.73	1.22	-1.64	-1.68	1.21	1.80	-3.43	.23	.94	1.40	3.86	3.25
2003	-2.74	-1.70	.84	8.10	5.09	1.13	1.62	1.79	-1.19	5.50	.71	5.08
2002	-1.56	-2.08	3.67	-6.14	-.91	-7.25	-7.90	.49	-11.00	8.64	5.71	-6.03
2001	3.46	-9.23	-6.42	7.68	.51	-2.50	-1.08	-6.41	-8.17	1.81	7.52	.76
2000	-5.09	-2.01	9.67	-3.08	-2.19	2.39	-1.63	6.07	-5.35	-.49	-8.01	.41
1999	4.10	-3.23	3.88	3.79	-2.50	5.44	-3.20	-.63	-2.86	6.25	1.91	5.78
1998	1.02	7.04	4.99	.91	-1.88	3.94	-1.16	-14.58	6.24	8.03	5.91	5.64
1997	6.13	.59	-4.26	5.84	5.86	4.35	7.81	-5.74	5.32	-3.45	4.46	1.57
1996	3.26	.69	.79	1.34	2.29	.23	-4.57	1.88	5.42	2.61	7.34	-2.15

Source: Bloomberg, FactSet

Q2 Earnings Season Upcoming

A handful of companies report Q2 earnings late next week, and major banks begin on July 15th. We have not gotten a ton of macro clarity since Q1 earnings calls, but the trade tone has softened to a degree and we are closer to tax bill passage. We look forward to hearing from companies across the various industries on what they're seeing for business trends, along with the potential impact from fiscal policies. Moreover, inventories have likely been drawn down from pre-tariff buying, so tariffs may become an increasingly real part of the fundamental conversation.

Overall, estimates have been stabilizing at healthy levels. The best revisions have come from Communication Services, Real Estate, Utilities, and Technology. Steady revisions and strong growth, along with elevated AI-related investment spending, has reinvigorated the AI/Tech theme. Q2 earnings season will provide another read on what's priced into these names- i.e. is the bar too high for Tech/AI, is it too low for other areas?



	% Q2 Est. EPS Growth		% EPS	% Companies	# of Companies Reporting			Est. Chg Since 4/1/25				YTD	2025 EPS	2026 EPS	2027 EPS	P/E	
S&P 500 Sector	Y/Y	Q/Q	Surprise	w/ Beats	Positive	Inline	Negative	Q2'25	Q3'25	2025	2026	Return	Growth	Growth	Growth	2025	2026
S&P 500	4.9	-1.2	5.5	78	14	0	4	-4.1	-4.2	-2.0	-2.4	5.8	9.4	13.7	12.5	23.6	20.7
Communication Services	32.0	-11.1	-	-	-	-	-	0.8	-1.0	4.7	0.5	9.4	17.3	8.9	12.9	20.7	19.0
Real Estate	-1.1	-0.2	-	-	-	-	-	-1.0	-0.5	0.3	-0.6	1.7	0.7	6.2	6.2	17.9	16.8
Utilities	2.1	-20.9	-	-	-	-	-	-1.5	0.8	-0.2	0.8	7.4	6.7	9.2	7.8	18.8	17.2
Information Technology	16.3	0.2	6.5	100	5	0	0	-1.8	-2.1	-1.3	-0.8	7.6	18.0	18.0	11.5	31.3	26.5
Financials	1.9	-1.0	-0.4	0	0	0	1	-3.4	-3.4	-1.8	-1.8	8.7	6.2	13.6	12.1	18.1	15.9
Consumer Staples	-4.2	7.3	3.2	100	4	0	0	-4.6	-3.3	-2.2	-2.7	5.9	0.1	7.7	7.3	23.9	22.2
Health Care	5.1	-5.3	-	-	-	-	-	-5.3	-5.2	-3.2	-2.8	-1.4	15.1	11.0	11.3	17.6	15.8
Industrials	1.0	9.4	2.7	50	1	0	1	-5.5	-5.7	-3.1	-2.9	12.2	8.9	16.1	14.3	26.2	22.6
Materials	-5.9	25.1	-	-	-	-	-	-6.5	-3.2	-1.8	-2.7	8.6	7.2	16.3	13.7	22.4	19.2
Consumer Discretionary	-6.2	8.5	5.7	67	4	0	2	-7.8	-8.8	-5.5	-6.2	-3.2	0.9	15.0	14.3	30.9	26.8
Energy	-26.0	-10.9	-	-	-	-	-	-19.0	-18.2	-12.7	-13.2	1.4	-11.8	18.9	19.4	16.4	13.8

Source: Bloomberg, FactSet

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Index Definitions

The **S&P 500** is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market.

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

The **NASDAQ Composite** is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market.

The **MSCI World All Cap Index** captures large, mid, small and micro-cap representation across 23 Developed Markets (DM) countries. With 11,732 constituents, the index is comprehensive, covering approximately 99% of the free float-adjusted market capitalization in each country.

The **MSCI EAFE (Europe, Australasia, and Far East)** is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations.

The **MSCI Emerging Markets Index** is designed to measure equity market performance in 23 emerging market countries. The index's three largest industries are materials, energy, and banks.

The **Russell 2000** index is an index measuring the performance of approximately 2,000 smallest-cap American companies in the Russell 3000 Index, which is made up of 3,000 of the largest U.S. stocks.

The **NYSE Alerian MLP** is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs). The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basis (AMZ) and on a total-return basis (AMZX).

The **Barclays Intermediate Government/Credit Bond** index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

The **Euro Stoxx 50 Index** is a market capitalization weighted stock index of 50 large, blue-chip European companies operating within Eurozone nations. Components are selected from the Euro STOXX Index which includes large-, mid- and small-cap stocks in the Eurozone.

The **China CSI 300** is a capitalization-weighted stock market index designed to replicate the performance of top 300 stocks traded in the Shanghai and Shenzhen stock exchanges. It had a sub-indexes CSI 100 Index and CSI 200 Index.

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

The **DJIA Futures** is a stock market index futures contract traded on the Chicago Mercantile Exchange`s Globex electronic trading platform. Dow Futures is based off the Dow 30 stock index.

The **Nasdaq 100 Futures** is a modified capitalization-weighted index of the 100 largest and most active non-financial domestic and international companies listed on the NASDAQ.

Europe: DAX (Deutscher Aktienindex (German stock index)) is a blue chip stock market index consisting of the 40 major German companies trading on the Frankfurt Stock Exchange.

Asia: Nikkei is short for Japan's Nikkei 225 Stock Average, the leading and most-respected index of Japanese stocks. It is a price-weighted index composed of Japan's top 225 blue-chip companies traded on the Tokyo Stock Exchange.

Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results. Future investment performance cannot be guaranteed, investment yields will fluctuate with market conditions.