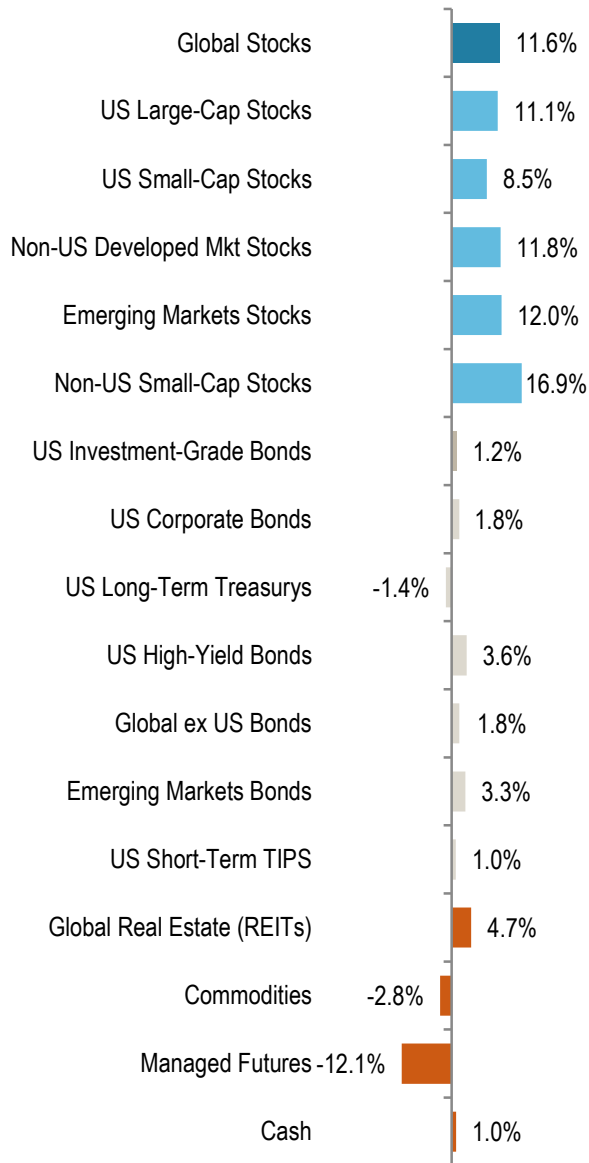


As of June 30, 2025

**Second Quarter 2025**



**Second Quarter 2025: 404 Error - Recession Not Found**

Despite recession fears and gloomy headlines, markets remained resilient in the second quarter of 2025. The sharp April selloff that nearly pushed the S&P 500 into bear market territory has been recovered and then some. Since President Trump's announcement of sweeping tariffs on April 2nd (and reversal on April 9th) global stocks have gained more than 10%.

While economic growth contracted 0.3% in Q1, this was largely attributed to an uptick in imports spurred by anticipated tariffs and less about underlying economic weakness. Consumer spending, a key indicator of economic health, remains robust even as consumer sentiment grew pessimistic. Inflation has continued to ease, though the full impact of tariffs lies ahead. Businesses have, for now, absorbed rising costs and delayed price hikes. The job market has begun to show signs of strain as policy uncertainty clouds business planning. Hiring has been tepid, with jobless claims in June increasing to the highest levels since November 2021.

Markets saw dramatic swings in the quarter, particularly in April following record tariff announcements. Equity volatility spiked and the dollar weakened as investors grappled with the idea that American market exceptionalism was under threat. That sentiment quickly shifted following a 90-day pause on tariff enforcement on April 9th. The following rally was led by U.S. Big Tech, supported by artificial intelligence tailwinds, with contributions from financials, consumer discretionary, and industrials.

In fixed income markets, concern over spiraling U.S. debt weighed on sentiment. In May, the House passed a budget reconciliation bill estimated by the CBO to add \$2.8 trillion to the deficit over the next decade and persistently increase the debt-to-GDP ratio. Debt issuance and deficit concerns have contributed to bond market volatility and a widening term premium in longer-dated Treasurys.

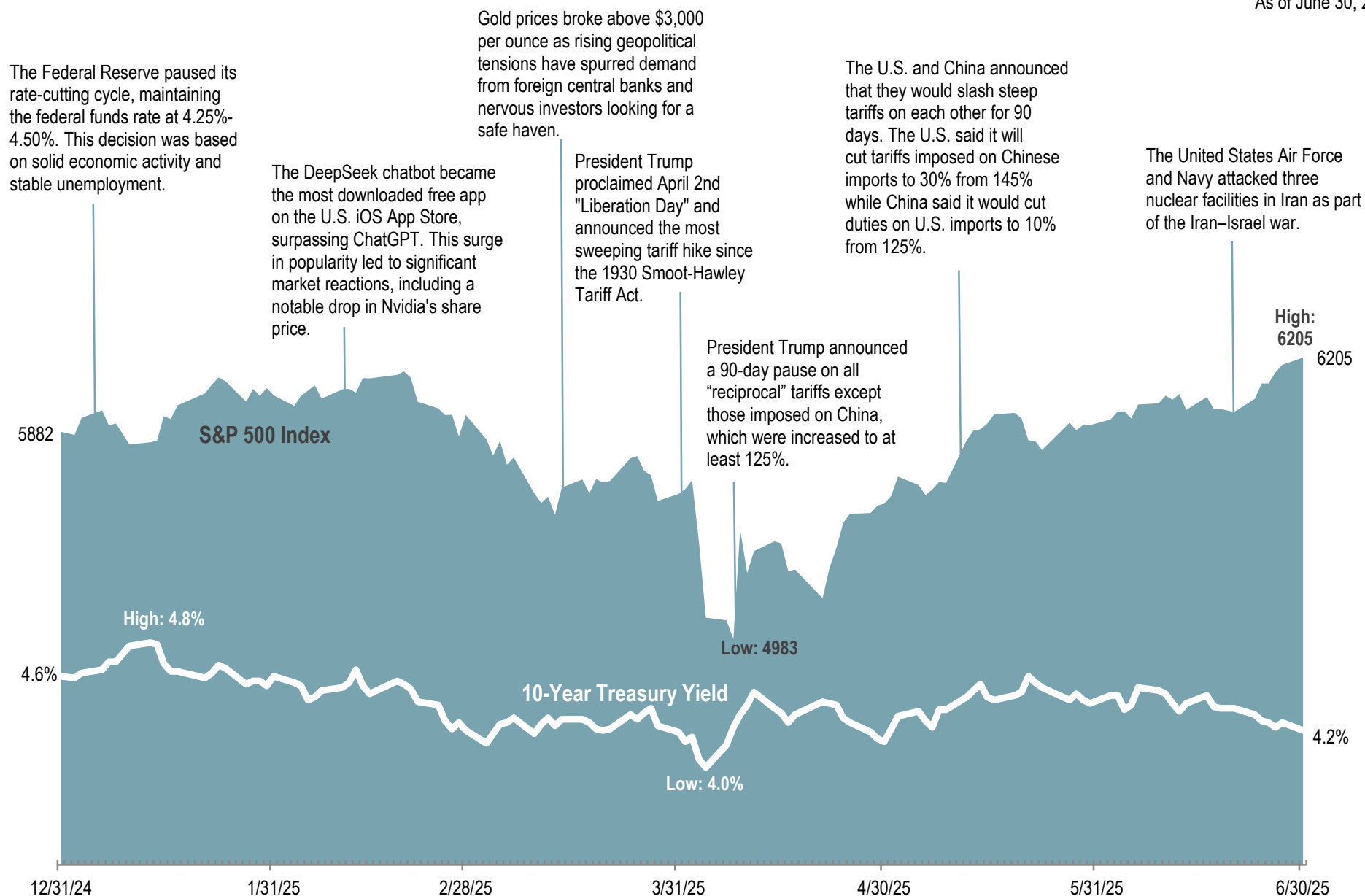
Meanwhile, Moody's downgraded the U.S. credit rating in May, citing a growing deficit and mounting financing costs, joining S&P (2011) and Fitch (2023). As BlackRock's Rick Rieder put it, "the federal deficit is the biggest risk in markets today."

	QTD	YTD	1 Year	3 Years	5 Years	20 Years
Global Stocks	11.6%	9.8%	15.9%	16.8%	13.4%	8.2%
US Large-Cap Stocks	11.1%	6.1%	15.7%	19.6%	16.3%	10.7%
US Large-Cap Value	3.8%	6.0%	13.7%	12.8%	13.9%	8.1%
US Large-Cap Growth	17.8%	6.1%	17.2%	25.8%	18.1%	13.0%
US Small-Cap Stocks	8.5%	(1.8%)	7.7%	10.0%	10.0%	7.8%
US Small-Cap Value	5.0%	(3.2%)	5.5%	7.5%	12.5%	6.8%
US Small-Cap Growth	12.0%	(0.5%)	9.7%	12.4%	7.4%	8.5%
Non-US Developed Markets (USD)	11.8%	19.4%	17.7%	16.0%	11.2%	5.8%
Non-US Developed Markets (Local)	4.8%	7.8%	8.0%	13.5%	11.6%	6.2%
Emerging Markets (USD)	12.0%	15.3%	15.3%	9.7%	6.8%	6.5%
Emerging Markets (Local)	7.9%	10.8%	12.9%	10.4%	7.9%	8.1%
US Investment-Grade Bonds	1.2%	4.0%	6.0%	2.5%	(0.8%)	3.1%
US Long-Term Treasurys	(1.4%)	3.4%	1.8%	(3.5%)	(7.8%)	3.2%
US Short-Term TIPS	1.0%	4.5%	6.9%	3.7%	3.6%	3.0%
Global Real Estate (REITs)	4.7%	6.7%	12.4%	4.6%	6.1%	5.2%
Cash	1.0%	2.1%	4.7%	4.6%	2.8%	1.7%

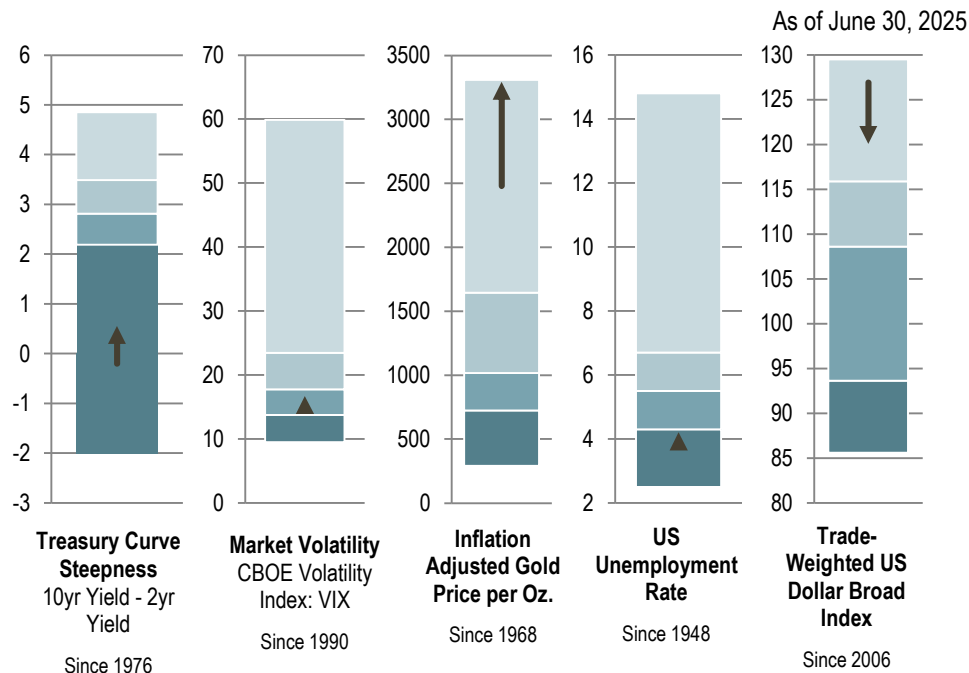
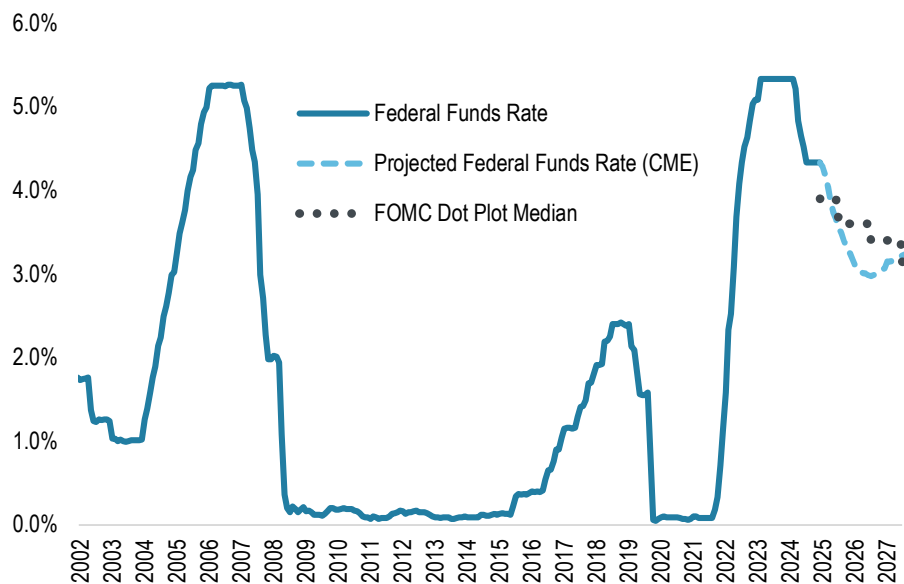
Returns for periods longer than 1 year are annualized.

Sources: Sellwood Investment Partners LLC, Morningstar, Federal Reserve Economic Data, MSCI, FTSE Russell, ICE BofA, Credit Suisse

As of June 30, 2025

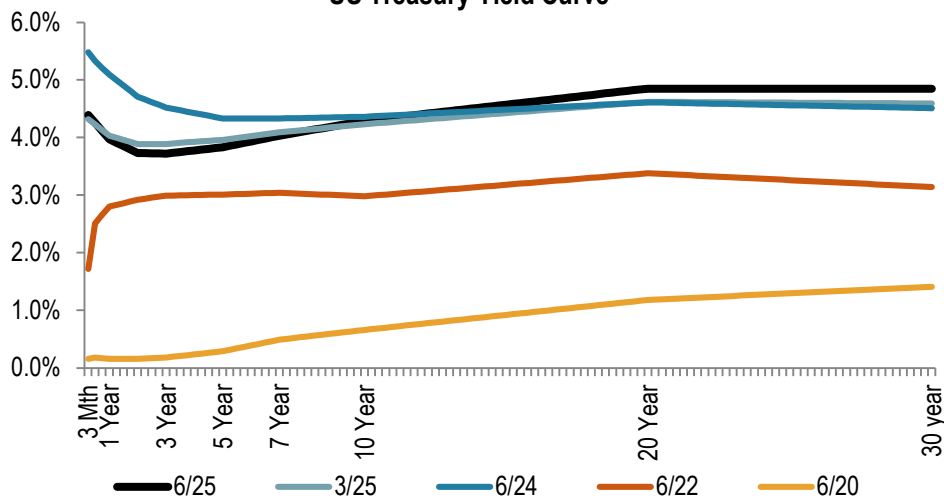


### Federal Funds Rate



	6/2025	3/2025	6/2024	6/2022	6/2020
<b>Market Inflation Expectations</b>					
5 Year	2.3	2.6	2.2	2.6	1.2
10 Year	2.3	2.4	2.3	2.3	1.3
20 Year	2.5	2.5	2.5	2.6	1.6
CPI Year-over-Year	---	2.4	3.0	9.1	0.6
West Texas Crude Oil	69.4	71.9	82.8	107.8	39.3
Consumer Sentiment Index	60.7	57.0	68.2	50.0	78.1
S&P 500 Op 12mo EPS	239.9*	236.3	219.2	205.0	125.3
Real GDP Growth YoY	---	-0.5	3.0	0.3	-28.1
Federal Funds Rate	4.33	4.33	5.33	1.21	0.08

### US Treasury Yield Curve



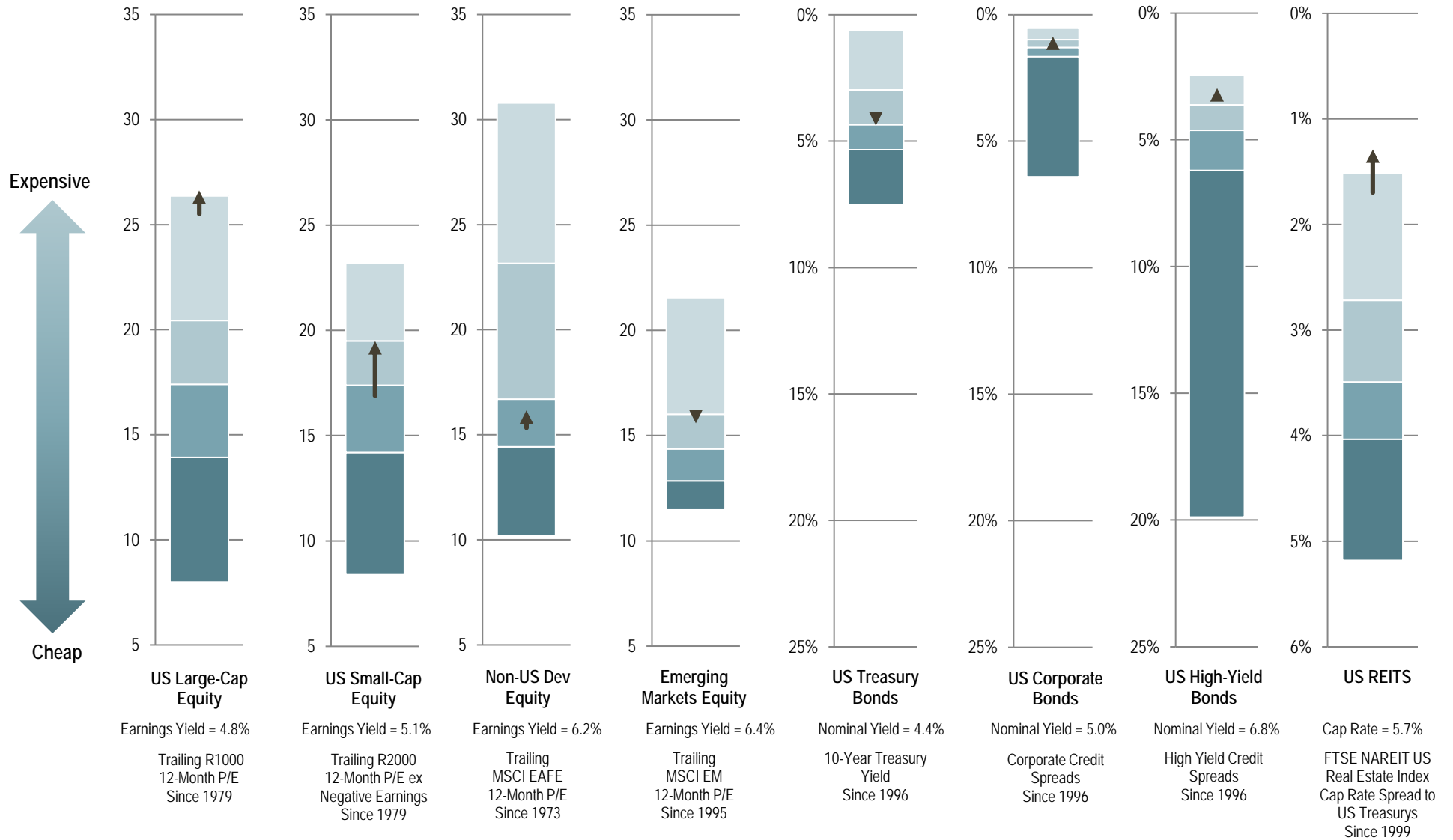
Sources: Sellwood Investment Partners LLC, Morningstar, Federal Reserve Economic Data, CME Group, S&P Dow Jones Indices

Arrows in the top-right charts represent year on year change.

\*Estimate, provided by S&P Dow Jones Indices.

## Global Market Valuations - One Year Change

As of June 30, 2025

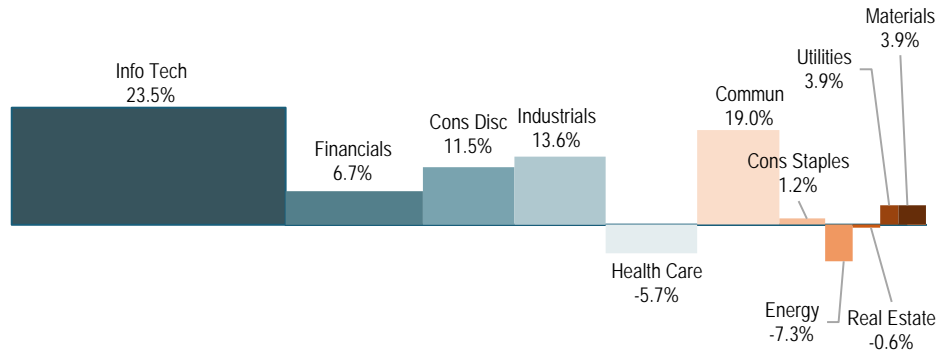


Arrows represent year on year change. Trailing 12 month P/E and cap rate metrics exclude the top and bottom 5%. P/E metrics calculated by Investment Metrics and Morningstar may use different methodology.

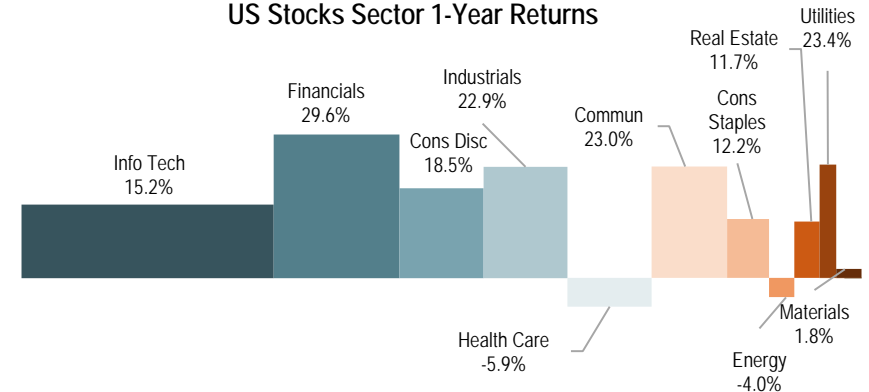
Sources: Sellwood Investment Partners LLC, Robert Shiller Data, S&P Dow Jones Indices, FTSE Russell, MCSI, Federal Reserve Economic Data, NAREIT

As of June 30, 2025

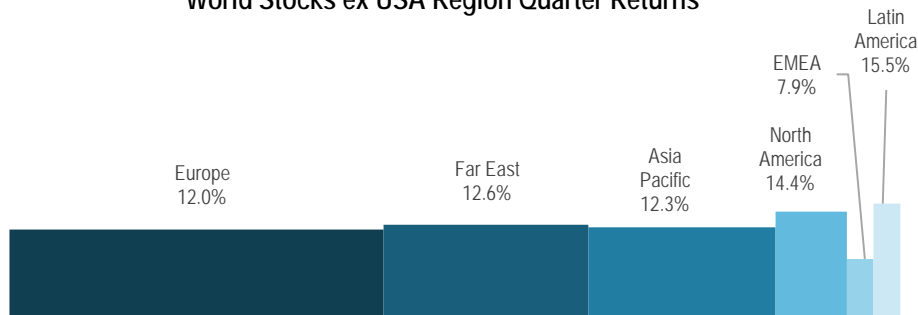
US Stocks Sector Quarter Returns



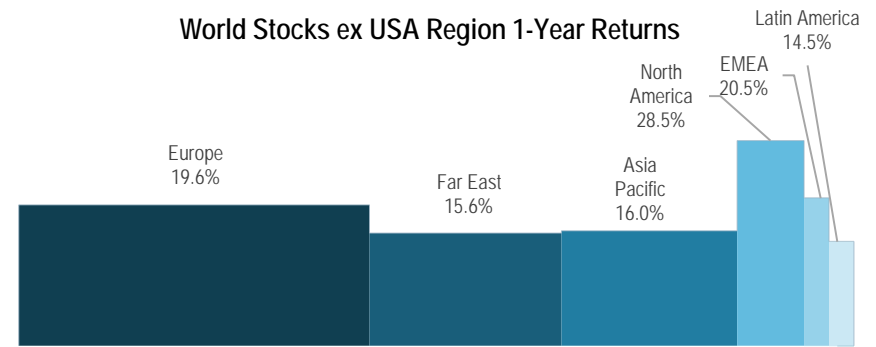
US Stocks Sector 1-Year Returns



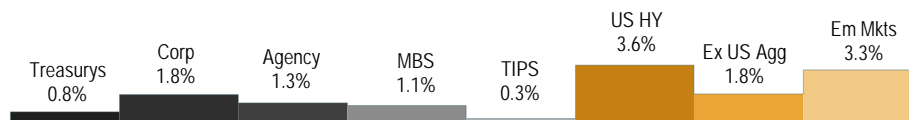
World Stocks ex USA Region Quarter Returns



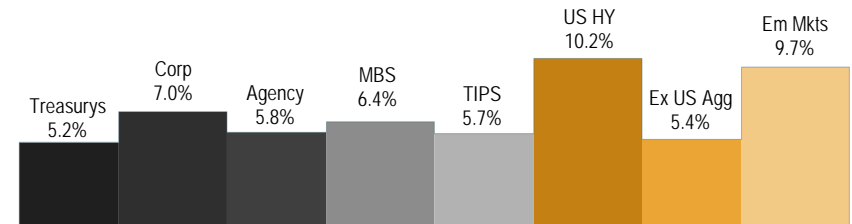
World Stocks ex USA Region 1-Year Returns



Fixed Income Sectors Quarter Returns



Fixed Income Sectors 1-Year Returns



The equity bar widths depict end of the quarter region and sector weights. Fixed income bar widths do not depict specific sector weights. The Far East includes Hong Kong, Japan and Singapore.

Sources: Sellwood Investment Partners LLC, Morningstar, S&P Dow Jones Indices, MSCI, ICE BofA