

MONTHLY MARKET UPDATE

August 2025



Markets extended their gains through the end of August, with the S&P 500 rising 2.0% during the month, up 10.79% year to date. Technology and AI-oriented stocks led the way though gains broadened modestly thanks to healthy corporate earnings results and improving sentiment around monetary policy direction. International equities added 3.5% in the most recent month, taking year-to-date gains to 21.6% thanks in large part to continued weakening in the U.S. dollar, which declined 2.2% in August, down 10% on the year. Shorter-term interest rates declined slightly more than longer-term rates as growing expectations for Fed rate cuts weighed on the short end, while growth and inflation questions factored into the long end. Corporate credit risk has remained very complacent, with high-yield and investment-grade spreads tight and compressing further. Oil prices fell marginally in August and have been relatively flat on the year while gold and silver continued to shine, now both up over 30% year to date.

The economic backdrop continues to reflect modest deceleration with few signs of a major contraction. Labor market data through August confirmed a slower pace of hiring, with payroll gains of just 22,000, downward revisions to prior months, and relatively steady unemployment rate of only 4.3%. Inflation readings are accelerating but in line with market expectations with core PCE ticking slightly higher to 2.9% year over year, while headline PCE held at 2.6%. Consumer spending has remained supportive while business sentiment is mixed given the uncertain policy backdrop. Overall, both services and manufacturing surveys continue to signal expanding, not contracting activity.

On the policy front, markets digested several meaningful developments. The Federal Reserve left the Fed Funds rate unchanged in July and reinforced its data-driven stance but subsequently opened the door to the 'transitory inflation' camp, increasing odds

of resuming their rate cutting cycle in September and beyond. Meanwhile, tariff taxes were ever present in the headlines with the courts striking down the Administration's "reciprocal" tariffs while a barrage of "national security" tariffs under Section 232 were announced ensuring questions surrounding trade policy impacts on growth, inflation, and global supply chains will remain. Fiscal policy developments have been relatively quiet since the major budget bill passed in July but both the level of outstanding government debt and continued large budget deficits remain a potential long-term issue which bond market investors are closely monitoring.

Quote of the Month

"There are two types of economists, those who don't know and those who don't know they don't know."

- John Kenneth Galbraith

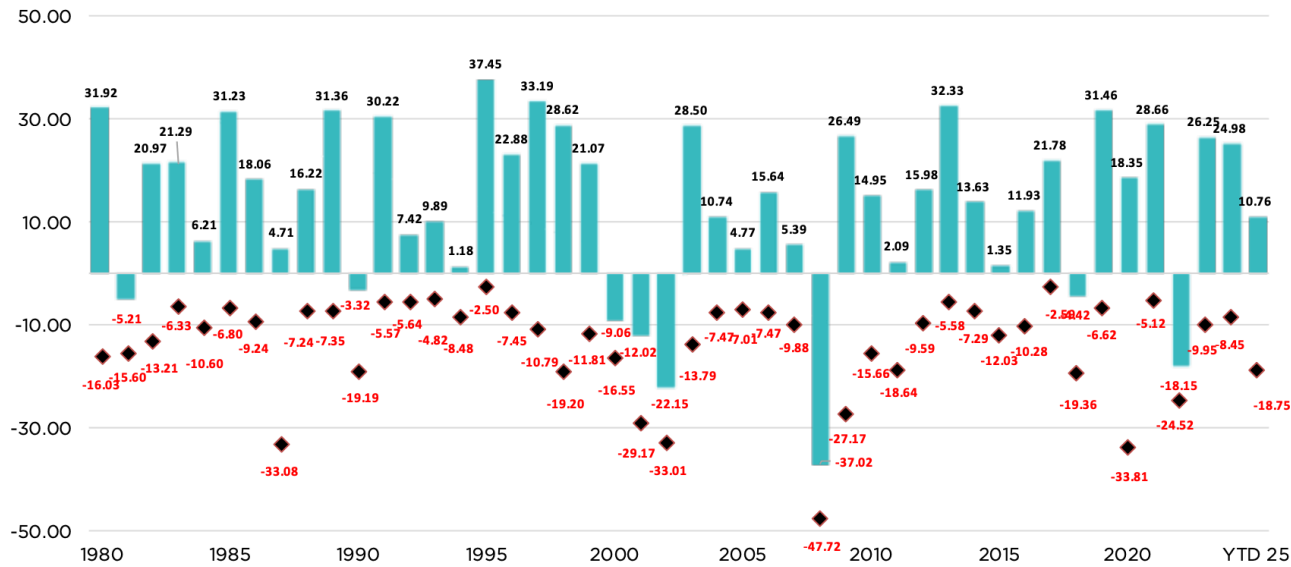
INDEX RETURNS (%)			CONSUMER METRICS				ECONOMIC TRENDS			
S&P 500	15.88	9.62	Levels	8/31/25	5/31/25	8/31/24	Macro Metrics	8/31/25	5/31/25	8/31/24
NASDAQ	21.95	12.43	Fed Funds	4.33	4.33	5.33	US Real GDP	3.30	-0.50	3.00
Dow Jones	11.45	8.22	10 Year Treasury	4.23	4.41	3.91	Core PCE	2.88	2.73	2.73
Russell 2000	14.93	8.17	30 Year Mortgage	6.56	6.89	6.35	Unemployment Rate	4.30	4.20	4.20
MSCI EAFE	14.46	5.11	Gasoline	3.27	3.29	3.43	Oil (WTI)	62.60	61.46	74.52
US Aggregate	3.14	2.48	Used Cars and Trucks*	185.32	183.78	174.76	Gold	3,363.0	3,278.0	2468
High Yield	8.15	9.87					Dollar Index	96.6	99.4	101.73
Municipal	0.08	1.29					Trailing Returns	1 Mo	3 Mo	1 Yr
							Oil (WTI)	-8.53	4.72	-13.63
							S&P GSCI Gold Spot	5.00	6.05	39.11
							Dollar Index	-2.20	-1.57	-3.86

*Represents level indexed to 100.

MARKET TIMING DOESN'T WORK

Intra-year S&P 500 Drawdowns with Annual Returns

Market volatility is normal and can be difficult to time. History shows that staying the course has been a successful investing strategy.



Source: Morningstar Direct, Standard & Poor's. Uses Total Return with daily closing prices.

Return Max Drawdown

MARKET TIMING DOESN'T WORK

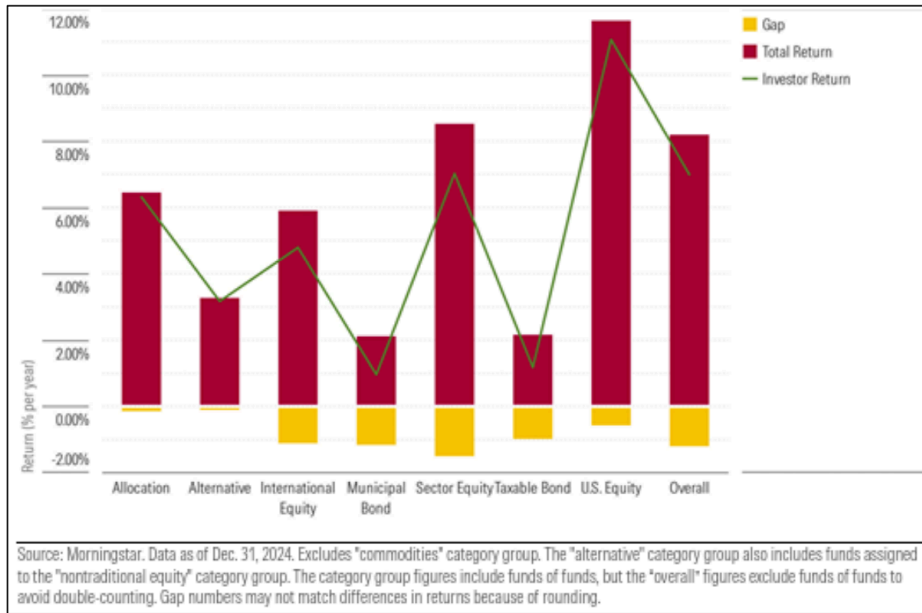


Exhibit 4 Annual Investor Return Gaps by US Category Group (10 Years Ended Dec. 31, 2024)

US Category Group	Investor Return	Total Return	Gap
Allocation	6.3%	6.5%	-0.1%
Alternative	3.2%	3.3%	-0.1%
International Equity	4.8%	5.9%	-1.1%
Municipal Bond	1.0%	2.1%	-1.2%
Sector Equity	7.0%	8.5%	-1.5%
Taxable Bond	1.2%	2.2%	-1.0%
US Equity	11.1%	11.6%	-0.6%
Overall	7.0%	8.2%	-1.2%

CARTOON OF THE MONTH



Color Coded Key	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD
Alerian MLP	31.8	4.2	21.3	37.8	0.3	31.5	20.0	46.2	30.9	26.6	25.0	23.3
Bloomberg US Agg Bond	13.7	1.4	18.3	25.6	0.0	27.3	18.7	40.2	16.1	26.3	24.4	19.6
Bloomberg US Treasury US TIPS	6.0	1.3	17.5	24.6	-0.8	25.8	18.4	28.7	-1.3	22.8	18.0	14.7
Bloomberg Commodity	4.9	0.5	12.0	21.8	-1.3	25.5	16.8	27.1	-11.2	18.9	11.5	10.8
Markit iBoxx USD Levged Loan	4.8	-0.4	11.8	14.6	-1.8	22.7	11.0	19.0	-11.8	16.9	9.1	9.8
FTSE WGBI	4.8	-1.0	11.6	10.3	-2.3	18.9	10.8	14.8	-13.0	16.1	8.8	8.5
FTSE WGBI NonUSD	4.7	-1.4	10.1	8.2	-2.5	14.4	10.1	11.8	-14.0	13.5	8.2	7.3
ICE BofA US High Yield	3.6	-1.8	9.9	7.5	-4.4	13.1	8.3	6.0	-15.3	13.0	8.1	7.1
Bloomberg EM USD Aggregate	2.5	-3.6	8.5	7.5	-4.8	8.7	7.5	5.4	-18.0	10.3	6.6	7.1
MSCI ACWI	1.4	-4.4	7.2	4.2	-8.9	8.4	6.5	5.1	-18.1	9.1	5.4	6.8
MSCI EAFE	-0.5	-4.6	4.7	3.5	-11.0	7.9	6.2	-1.5	-18.3	5.8	4.3	6.4
MSCI EM	-1.8	-5.5	2.6	3.3	-11.2	7.7	2.3	-1.7	-19.7	5.5	1.8	6.2
Russell 2000	-2.7	-14.6	1.8	3.0	-12.4	6.6	-3.1	-2.2	-20.4	5.2	1.3	5.0
S&P 500	-4.5	-24.7	1.6	1.7	-13.4	5.9	-7.9	-7.0	-22.1	3.9	-2.9	3.5
Wilshire US REIT	-17.0	-32.6	1.5	-6.5	-14.2	5.3	-28.7	-9.7	-26.8	-7.9	-5.3	3.3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD
S&P 500 Communication Services	30.2	10.1	27.4	38.8	6.5	50.3	43.9	54.6	65.7	57.8	40.2	17.9
S&P 500 Sec/Consumer Discretionary	29.0	6.9	23.5	23.8	4.1	32.7	33.3	46.2	1.6	55.8	36.6	16.1
S&P 500 Sec/Consumer Staples	25.3	6.6	22.8	23.0	0.8	32.1	23.6	35.0	-0.6	42.4	30.6	14.0
S&P 500 Sec/Energy	20.1	5.9	18.9	22.2	-0.3	31.5	20.7	34.5	-2.0	26.3	30.1	13.0
S&P 500 Sec/Financials	16.0	4.7	16.7	22.1	-2.2	29.4	18.4	28.7	-5.5	18.1	25.0	12.6
S&P 500 Sec/Health Care	15.2	3.4	16.3	21.8	-4.4	29.0	13.4	27.3	-10.5	12.5	23.4	11.6
S&P 500 Sec/Industrials	13.7	1.4	13.8	21.0	-8.4	27.9	11.1	26.1	-12.3	12.4	17.5	10.8
S&P 500 Sec/Information Technology	9.8	-1.5	12.0	13.5	-12.5	27.6	10.7	24.4	-18.1	12.1	14.9	7.5
S&P 500 Sec/Materials	9.7	-2.5	6.0	12.1	-13.0	26.3	0.5	21.6	-26.1	2.1	5.7	5.7
S&P 500 Sec/Real Estate	6.9	-4.8	5.4	10.8	-13.3	24.6	-1.7	21.1	-28.2	0.5	5.2	5.5
S&P 500 Sec/Utilities	3.0	-8.4	3.4	-1.0	-14.7	20.8	-2.2	18.6	-37.0	-1.3	2.6	2.0
S&P 500	-7.8	-21.1	-2.7	-1.3	-18.1	11.8	-33.7	17.7	-39.9	-7.1	0.0	0.8



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