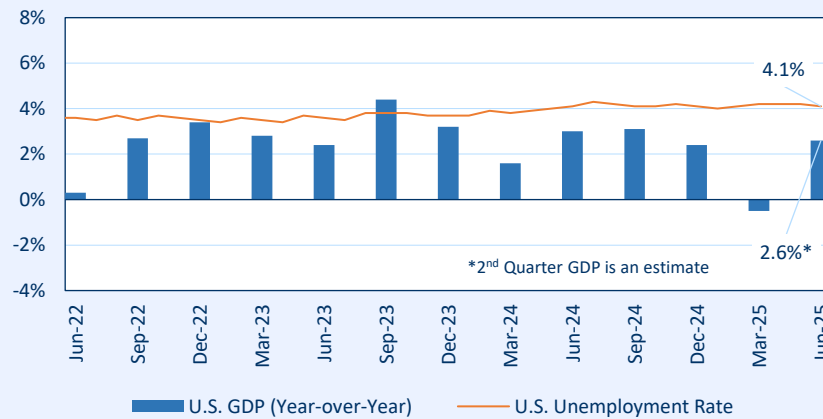


#### U.S. Economic Conditions

Given the significance of the uncertainties that have been present, the U.S. economy has displayed an impressive level of resilience in 2025. It seems clear at this point that the degree of wealth accumulation that has occurred in the private sector in recent years (overall) is providing an economic ballast. With this said, the persistence of higher interest rates and any downstream impact from tariffs could tip the scales in the quarters to come without policy actions / resolutions on these fronts.

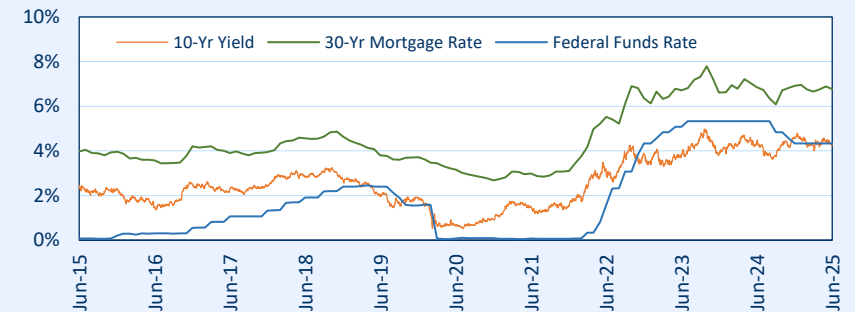
A key challenge currently, beyond the degree of uncertainty present, is separating what might impact the economy over the short and long term. Encouragingly, some long-term factors are gaining more attention (e.g., the importance of maintaining our leadership in technology and innovation, addressing our growing fiscal imbalance, talent acquisition as a part of our immigration policy, etc.). Of course, recognition is only the first step in change - and political divisions continue to complicate the path to resolution - but it does appear that there is some growing momentum towards addressing these realities.

#### U.S. Gross Domestic Product and Unemployment

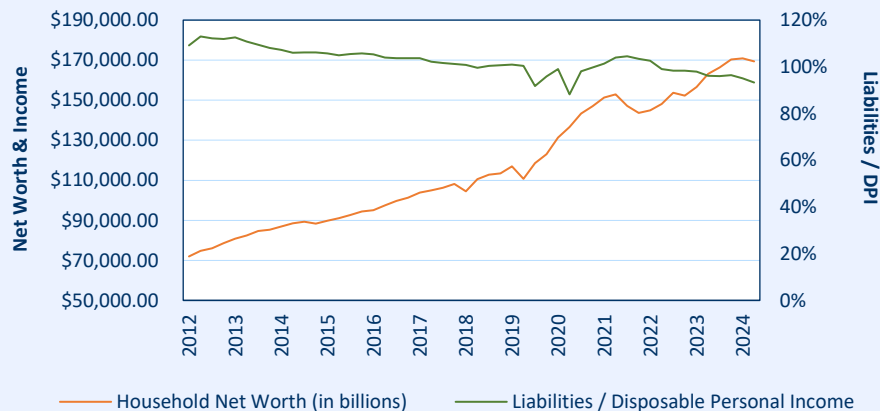


#### Interest Rates and Yields

Date	9/30/2024	12/31/2024	3/31/2025	6/30/2025
10-Year Yield	3.81	4.58	4.23	4.24
30-Year Mortgage Rate	6.08	6.91	6.65	6.77
Federal Funds Rate	4.83	4.33	4.33	4.33



#### Consumer Finances



#### Corporate Earnings



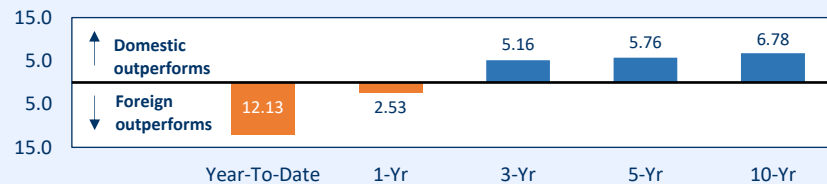
#### U.S. Stock Market

Following a weaker start to the year, equities bounced back strongly in the 2<sup>nd</sup> quarter of 2025 supported by favorable corporate earnings, the potential for less impactful tariff policies, and improving investor sentiment. The Russell 3000 Index (total U.S. market) gained 11.0% during the quarter and finished the 1<sup>st</sup> half of the year with a positive single-digit return. Within the U.S. market, growth and value stocks have posted similar returns through midyear, even though value stocks significantly outperformed in the 1<sup>st</sup> quarter and growth stocks led the advance in the 2<sup>nd</sup> quarter. However, one factor that remained constant throughout the semiannual period was that larger-cap stocks meaningfully outperformed smaller companies. Moving forward, valuations are tighter relative to longer-term averages from a broader market perspective - *see the trailing Price-to-Earnings (P/E) ratio data in the top right table below*. With this said, there are meaningful differences in valuation by market category (e.g., the current P/E ratio for large growth stocks relative to their own 20-year average is 147% vs. 99% for small value stocks). As is generally the case, the near-term outlook for equities is difficult to predict, but this is particularly true now given several factors (e.g., higher stock valuations, trade policy uncertainty, the impact of inflation on the Fed's policy decisions in the months ahead, and ongoing geopolitical risks). Fortunately, there is a positive outlook for corporate earnings overall in 2025 - a primary factor in the corporate valuations that stock prices are intended to reflect.

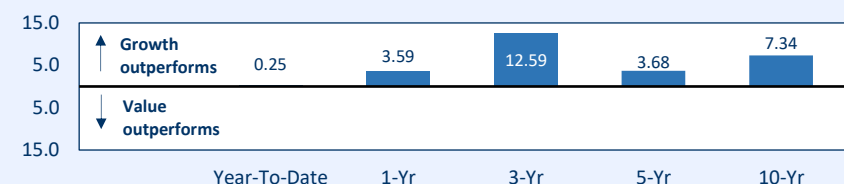
Market Segment		YTD	1-Year	3-Year	5-Year	10-Year
Russell 3000	Broad Indices	5.8%	15.3%	19.1%	16.0%	13.0%
S&P 500		6.2%	15.2%	19.7%	16.6%	13.6%
Russell 2000		-1.8%	7.7%	10.0%	10.0%	7.1%
Large Growth	Category	7.1%	16.9%	23.3%	14.8%	14.3%
Large Blend		5.7%	13.3%	17.6%	15.1%	12.1%
Large Value		5.5%	12.3%	12.7%	14.0%	9.4%
Mid Growth		4.4%	15.1%	14.9%	9.3%	9.8%
Mid Blend		2.4%	10.7%	12.7%	12.9%	8.8%
Mid Value		2.0%	9.3%	11.0%	14.3%	8.1%
Small Growth		-1.2%	8.0%	10.8%	7.9%	8.4%
Small Blend		-1.9%	6.3%	10.1%	11.9%	7.4%
Small Value		-2.9%	5.2%	9.2%	14.3%	7.1%

Sector		YTD Return	Trailing Price-to-Earnings (P/E) Ratio		
			Jun. 30 2025	20-yr Avg	Relative to 20-yr Avg.
S&P 500 Index	U.S. Market	6.2%	26.7	19.1	140%
Basic Materials	Cyclical	6.0%	25.9	18.7	138%
Consumer Cyclical		-3.3%	27.9	20.7	135%
Financial Services		9.5%	18.2	14.3	127%
Real Estate		2.9%	33.1	29.4	113%
Comm. Services	Sensitive	9.7%	21.8	19.3	113%
Energy		0.6%	15.7	14.9	106%
Industrials		9.4%	26.5	19.5	136%
Technology		7.2%	36.4	23.2	157%
Consumer Defensive	Defensive	4.9%	24.6	20.4	120%
Healthcare		-0.9%	24.0	22.2	108%
Utilities		12.4%	20.9	18.3	114%

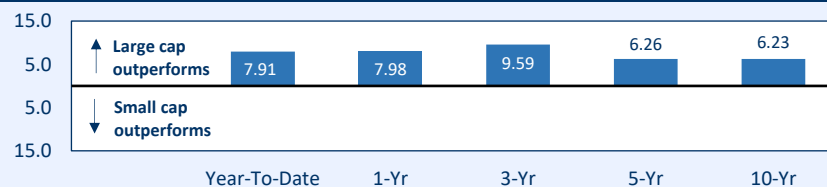
#### U.S. Stock vs. Foreign Stock



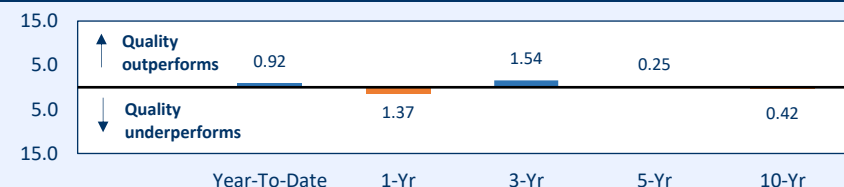
#### Growth Stock vs. Value Stock



#### Large Cap Stock vs. Small Cap Stock



#### Quality Stock vs. Low Quality Stock

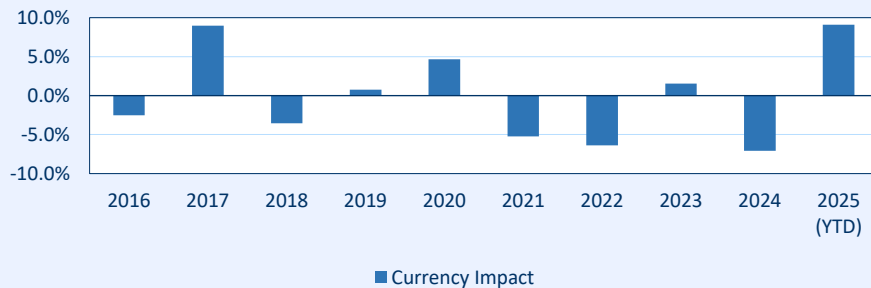


#### Foreign Economic Conditions & Stock Markets

Despite the looming threat of meaningful tariffs, economic data overseas held steady or only slightly declined (depending on the region). In Europe, economic activity slowed, but countries like Germany recently announced a large fiscal package - which should provide a near-term tailwind. In China, the country's economy maintained a steady pace of growth through the 1<sup>st</sup> half. As a result, the People's Bank of China (who has been swift and strong in their support of the economy) has indicated that they will use a more targeted approach to stimulus moving forward with less focus on investment spending and a greater focus on supporting consumption.

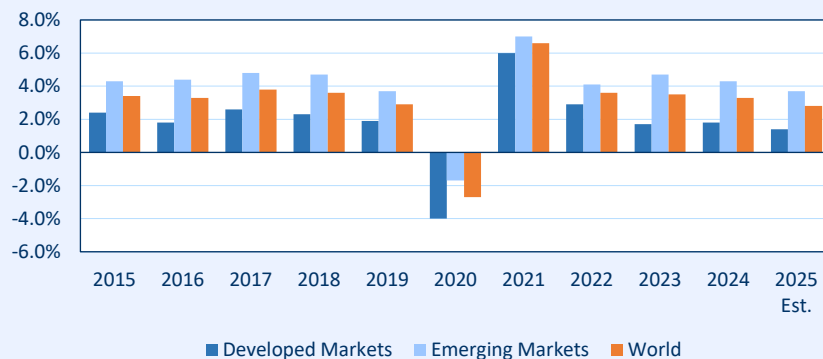
From an equity market perspective, foreign stocks responded favorably to de-escalated trade tensions and outperformed domestic stocks by a significant margin in the 1<sup>st</sup> half. The MSCI ACWI ex-U.S. IM Index (total foreign market) gained 17.9% through midyear - a result that was 12.1% higher than the total U.S. market index. Other factors that influenced this outcome were a meaningful decline of the U.S. dollar, more attractive equity valuations overseas, and allocation shifts among investment managers. Overall, the 1<sup>st</sup> half of 2025 illustrates the importance of diversification as an offset to periods of uncertainty and unpredictable results.

#### Currency Impact on Foreign Investment (made by U.S. investors)



Return	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
In Local Currency	7.0%	18.2%	-10.6%	20.8%	6.0%	13.0%	-9.6%	14.1%	12.6%	8.8%
Currency Impact	-2.5%	9.0%	-3.5%	0.8%	4.6%	-5.2%	-6.4%	1.5%	-7.1%	9.1%
Net In U.S. Dollars	4.5%	27.2%	-14.2%	21.5%	10.7%	7.8%	-16.0%	15.6%	5.5%	17.9%

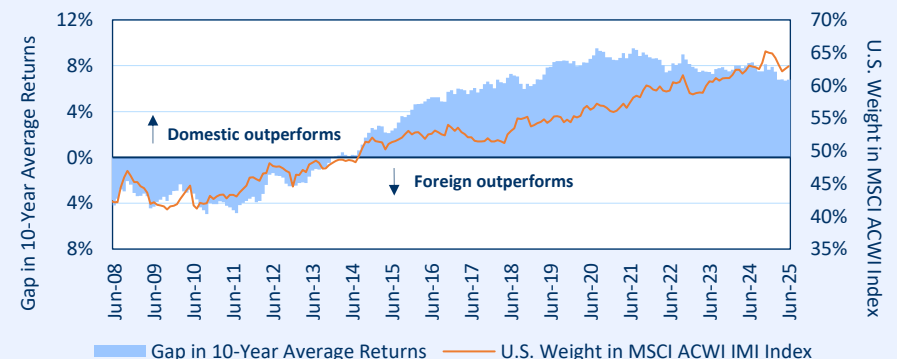
#### Global Gross Domestic Product



#### Foreign Stock Performance

Market Segment	YTD	1-Year	3-Year	5-Year	10-Year
MSCI ACWI ex-U.S. IM	17.9%	17.8%	13.9%	10.2%	6.2%
Developed Markets	19.7%	18.4%	15.6%	10.9%	6.5%
Emerging Markets	14.6%	14.3%	10.2%	7.6%	4.9%
Foreign Large Growth	16.3%	14.8%	13.6%	7.5%	6.7%
Foreign Large Blend	18.9%	18.2%	14.8%	10.5%	6.2%
Foreign Large Value	22.0%	22.2%	16.2%	13.0%	6.2%
Foreign Small/Mid Growth	18.8%	18.9%	11.9%	6.6%	6.0%
Foreign Small/Mid Blend	21.4%	21.2%	14.3%	10.7%	6.6%
Foreign Small/Mid Value	22.4%	24.2%	17.1%	14.4%	7.0%

#### Foreign vs. U.S. Performance and Allocation



## Fixed Income Markets

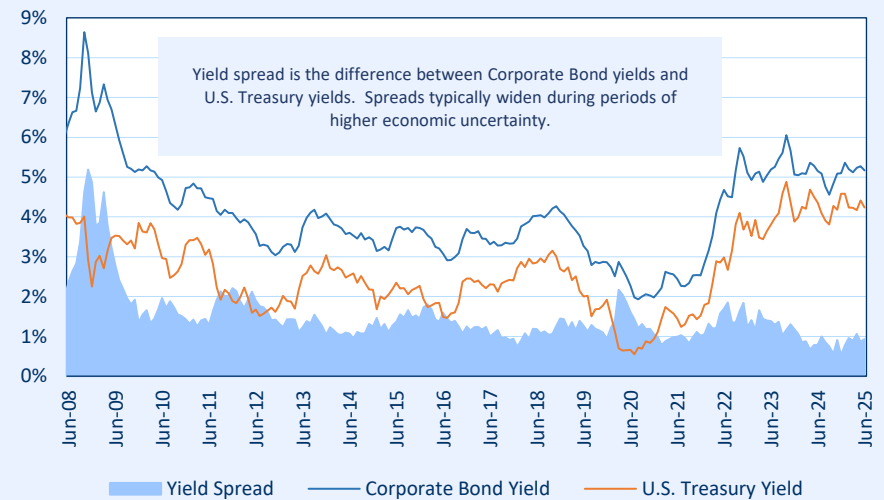
Across most segments of the fixed income market, bond returns were generally positive in the 2<sup>nd</sup> quarter of 2025. However, unlike the 1<sup>st</sup> quarter, when falling interest rates provided a tailwind for prices, rates were relatively stable throughout the 2<sup>nd</sup> quarter. Therefore, the bulk of fixed income performance was driven by income (yield) rather than price appreciation.

Regarding the federal funds rate, Federal Open Market Committee policymakers held rates steady during the 1<sup>st</sup> half of 2025 (after reducing rates by 1.0% in 2024). Their justification has been 1) the uncertainty associated with the potential economic impact of tariffs and other fiscal policy decisions (primarily the tax and spending package) and 2) a desire to stay on the sidelines until greater clarity emerges - even though the White House is pressuring the Fed to reduce rates. The market consensus as measured by futures contracts is predicting that a few cuts will occur in the 2<sup>nd</sup> half of 2025. However, Fed policymakers have reiterated that their decisions will be largely driven by inflation and labor market data, which have sent mixed signals in recent months. Up to this point in the year, the economy's resilience has generally supported the Fed's patient approach, but it will be interesting to see what plays out in the months ahead as the debate over rate levels continues.

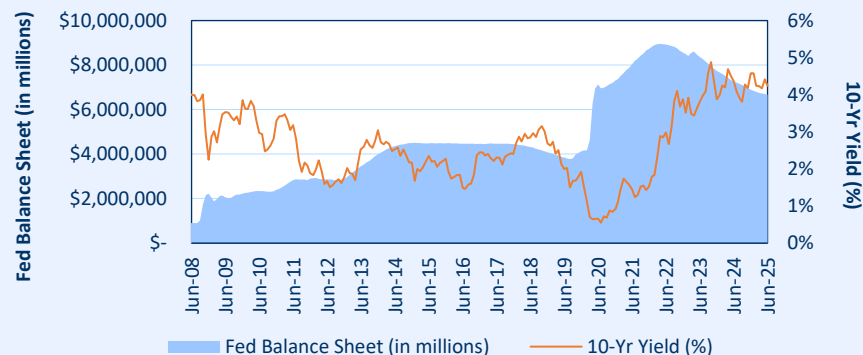
### Fixed Income Performance

Sector, Maturity, Region	Avg. Yield	Avg. Maturity	YTD	1-Yr	3-Yr	5-Yr	10-Yr
Agency MBS	4.93%	7.8	3.4%	5.8%	3.2%	0.5%	1.8%
U.S. Treasuries	4.06%	6.6	3.6%	5.2%	1.9%	-1.1%	1.3%
U.S. TIPS	1.72%	7.1	4.7%	5.8%	2.3%	1.6%	2.7%
Municipals	3.96%	13.3	-0.3%	1.1%	2.5%	0.5%	2.2%
Invest. Grade Corporate	4.99%	10.4	4.2%	6.9%	4.3%	0.1%	2.9%
High-Yield Corporate	7.06%	4.7	4.6%	10.3%	9.9%	6.0%	5.4%
Emerging Markets	7.54%	11.4	4.9%	9.4%	7.7%	1.7%	3.4%
Short-Term Bond	4.33%	3.4	3.3%	6.5%	4.6%	2.2%	2.2%
Intermediate-Term Bond	4.59%	8.7	4.1%	6.4%	3.3%	0.2%	2.1%
Long-Term Bond	5.18%	18.8	3.6%	5.3%	2.1%	-2.5%	2.4%
Foreign Bond	2.81%	8.7	1.8%	6.1%	4.3%	0.9%	2.7%
U.S. Bond	4.51%	8.3	4.0%	6.1%	2.5%	-0.7%	1.8%

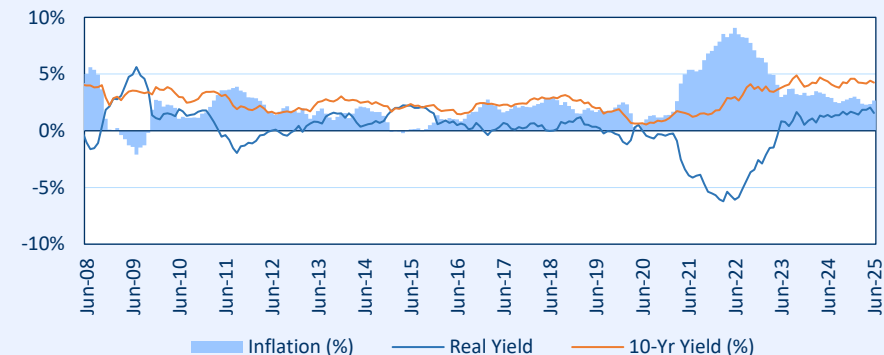
### Yield Spreads



### Federal Reserve Balance Sheet and 10-Year Treasury Yield



### Year-Over-Year Inflation Data and Real Yield



**Definitions:**

**Federal Funds Rate** - The interest rate set by the Federal Open Market Committee (FOMC), the governing body of the Federal Reserve Bank, which determines the amount banks charge for overnight lending of their reserve balances to other financial institutions. **Disposable Personal Income (DPI)** - The amount of total discretionary income received by a household net of taxes. **Liabilities / DPI** - The amount of total debt owed by households in relation to their DPI, measured as the aggregate of the entire U.S. population.

**Data Sources:**

**Page 1:**

**Gross Domestic Product (GDP):** Second quarter 2024 GDP is an advanced estimate from the U.S. Bureau of Economic Analysis. **Unemployment:** U.S. Bureau of Labor Statistics, Unemployment Rate, retrieved from FRED, Federal Reserve Bank of St. Louis. **10-Year Treasury:** U.S. Treasury, Daily Treasury Yield Curve Rates. **30-Year Mortgage Rates:** FreddieMac, Monthly Average Commitment Rate And Points On 30-Year Fixed-Rate Mortgages Since 1971. **Fed Funds Rate:** The effective federal funds rate (EFFR) is calculated as a volume-weighted median of overnight federal funds transactions reported in the FR 2420 Report of Selected Money Market Rates. Data from the Federal Reserve Bank of New York. **Household Net Worth:** Board of Governors of the Federal Reserve System (US), Households and Nonprofit Organizations; Net Worth, Level [TNWBSHNO], retrieved from FRED, Federal Reserve Bank of St. Louis. **Median Household Income:** U.S. Census Bureau, Real Median Household Income in the United States [MEHOINUSA672N], retrieved from FRED, Federal Reserve Bank of St. Louis. **Liabilities / Disposable Personal Income:** Board of Governors of the Federal Reserve, Balance Sheet of Households and Nonprofit Organizations, 1952 - 2024. **Earnings:** Standard & Poor's Global.

**Page 2:**

**Index Data:** Source - Morningstar Direct. Indices listed are as follows: Russell 3000 Index (broad U.S. market), S&P 500 (U.S. large cap), Large Growth (Russell 1000 Growth), Large Blend (Russell 1000), Large Value (Russell 1000 Value), Mid Growth (Russell Mid Cap Growth), Mid Blend (Russell Mid Cap), Mid Value (Russell Mid Cap Value), Small Growth (Russell 2000 Growth), Small Blend (Russell 2000), Small Value (Russell 2000 Value). **Sector Performance Data:** Source - Morningstar Direct. Represents Morningstar sector index performance. **Price to Earnings Data:** P/E ratios are trailing 12-month, sourced from Morningstar Direct. **Factor Performance Data:** Source - Morningstar Direct. U.S. Stock vs. Foreign Stock (Russell 3000 vs. MSCI ACWI ex-U.S. IM Index), Growth vs. Value (Russell 3000 Growth vs. Russell 3000 Value Index), Large Cap Stock vs. Small Cap Stock (S&P 500 vs. Russell 2000 Index), Quality Stock vs. Low Quality Stock (S&P 500 Quality Index vs. S&P 500 Index).

**Page 3:**

**Gross Domestic Product:** Source - imf.org. Gross Domestic Product (GDP) for Developed markets (advanced economies), Emerging markets (emerging and developing economies), and World represent year-over-year economic growth data. **Foreign Stock Performance:** Source - Morningstar Direct. In order from top to bottom, the indices used are as follows: the MSCI ACWI ex-U.S. IM Index (broad foreign market), the MSCI EAFE IM Index (Developed Markets), the MSCI EM IM Index (Emerging Markets), the MSCI ACWI ex-U.S. Large Growth Index, the MSCI ACWI ex-U.S. Large Blend Index, the MSCI ACWI ex-U.S. Large Value Index, the MSCI ACWI ex-U.S. Small/Mid Growth Index, the MSCI ACWI ex-U.S. Small/Mid Blend Index, and the MSCI ACWI ex-U.S. Small/Mid Value Index. **Currency Impact on Returns:** Source - Morningstar Direct. Represents the yearly returns for the MSCI ACWI ex-U.S. Local Currency Index (Local Currency) and the MSCI ACWI ex-U.S. USD Index (U.S. Dollar). The currency data represents the difference between the yearly returns of the MSCI ACWI ex-U.S. Index in U.S. dollars versus Local Currency. **Foreign vs. U.S. Performance and Allocation:** Source - Morningstar Direct. Represents 1) the 10-year rolling return difference between the Russell 3000 Index (domestic) and the MSCI ACWI ex-U.S. IM Index (foreign) and 2) the U.S. historical weight within the MSCI ACWI ex-U.S. Index.

**Page 4:**

**Fixed Income Performance:** Source - Morningstar Direct. Indices/categories listed are as follows: Agency MBS (Bloomberg US MBS Index), U.S. Treasuries (S&P/BGCantor U.S. Treasury Bond Index), U.S. TIPS (Bloomberg U.S. Treasury U.S. TIPS Index), Municipals (Bloomberg Municipal Index), Invest. Grade Corporates (Bloomberg US Corp Bond Index), High-Yield Corporates (Bloomberg High Yield Corporate Index), Emerging Markets (JPM EMBI Global Diversified Index), Short-Term Bond (Morningstar Short-Term Bond Category), Intermediate-Term Bond (Morningstar Intermediate Core-Plus Bond Category), Long-Term Bond (Morningstar Long-Term Bond Category), Foreign Bond (Bloomberg Global Agg ex USD Hedged USD), U.S. Bond (Bloomberg U.S. Aggregate Bond). **Yield Spreads:** Corporate Bond Yield - U.S. Department of the Treasury, 10-Year High Quality Market (HQM) Corporate Bond Par Yield [HQMCPB10YRP], retrieved from FRED, Federal Reserve Bank of St. Louis. Treasury Yield / Real Yield - U.S. Treasury, Daily Treasury Yield Curve Rates. **Federal Reserve Balance Sheet Size & 10-Year Treasury Yield:** Fed Balance Sheet - Board of Governors of the Federal Reserve System (US), Assets: Total Assets: Total Assets (Less Eliminations from Consolidation): Wednesday Level [WALCL], retrieved from FRED, Federal Reserve Bank of St. Louis. **Inflation Data & Real Yield:** Source - inflationdata.com. U.S. Treasury, Daily Treasury Yield Curve Rates. Real yield represents the 10-Year Treasury Bond Yield less the year-over-year change in the Consumer Price Index (CPI).

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