

## Reflecting on the YTD Market Volatility & Recovery

### Services

Investment Management

June 1, 2025

### Monthly Market Summary

- The S&P 500 Index returned +6.3%, its strongest 1-month return since November 2023. Large Cap Growth stocks led the rally, with the Nasdaq 100 and Russell 1000 Growth gaining +9.2% and +8.9%, respectively.
- Technology was the top-performing S&P 500 sector for a second consecutive month, with the Industrials and Consumer Discretionary sectors also gaining over +8%. Health Care was the only sector to trade lower, and defensive sectors were relative underperformers as the market traded higher.
- Bonds ended the month with a slight loss, with the U.S. Bond Aggregate posting a
- -0.6% total return. Corporate bonds outperformed as credit spreads tightened, with investment-grade posting a +0.2% total return and high-yield returning +1.7%.
- International stocks traded higher but underperformed the S&P 500. Developed Markets gained +4.8%, while Emerging Markets returned +4.0%.

### Markets Back Near All-Time Highs, But Forward Visibility Remains Low

The defining story of 2025 has been changing trade policy. Markets have weathered two months of policy-driven volatility, only to end up roughly where they started. After a nearly 20% decline from late February to early April, the S&P 500 has rebounded and is within 4% of its all-time high. What remains is weakened business and consumer confidence, rising inflation expectations, and a Federal Reserve that has paused interest rate cuts. The threat of a full-scale trade war and global supply chain disruption has diminished, but the full impact of recent events may take months to become known. Early economic data suggests the tariffs have had a limited impact, but we will continue monitoring what happens to economic and earnings growth in the coming quarters.

To date, the administration has introduced multiple 90-day tariff pauses. The pauses are temporary and staggered: the pause for most countries runs through early July, while the agreement with China extends through mid-August. A recent court ruling adds a layer of uncertainty by challenging the administration's authority to impose tariffs, although the decision is under appeal. The U.S. economy entered the year with solid momentum, and current market conditions suggest investors are pricing in only a modest impact from tariffs. With policy details still emerging, markets are likely to remain sensitive to new developments, which could mean continued volatility over the coming months.

### Looking Ahead: Navigating Uncertainty with a Steady Plan

What is most notable about this period is how quickly sentiment can change. Markets are forward-looking, which means they price in not only current conditions but also future expectations. This helps explain why the market can rally when data is weak and selloff despite strong earnings and economic growth. The stock market’s sharp decline and quick rebound is a reminder of the importance of maintaining a long-term perspective. Periods like this reinforce several important investment principles. Staying invested can help avoid the costly mistakes of poorly timed exits and re-entries. Emotional discipline and a well-diversified portfolio can be your best defenses against making reactive decisions during market volatility. With the potential for more volatility, it’s important to focus on what you can control—diversification, discipline, and sticking to your long-term plan.

#### This Month in Numbers

FIGURE 1

### U.S. Style Returns (May in %)

	Value	Blend	Growth
Large	3.5	6.3	8.9
Mid	4.4	5.7	9.6
Small	4.2	5.2	6.3

*Data Reflects Most Recently Available As of 5/31/2025*

**FIGURE 2**  
**U.S. Sector Returns (May in %)**



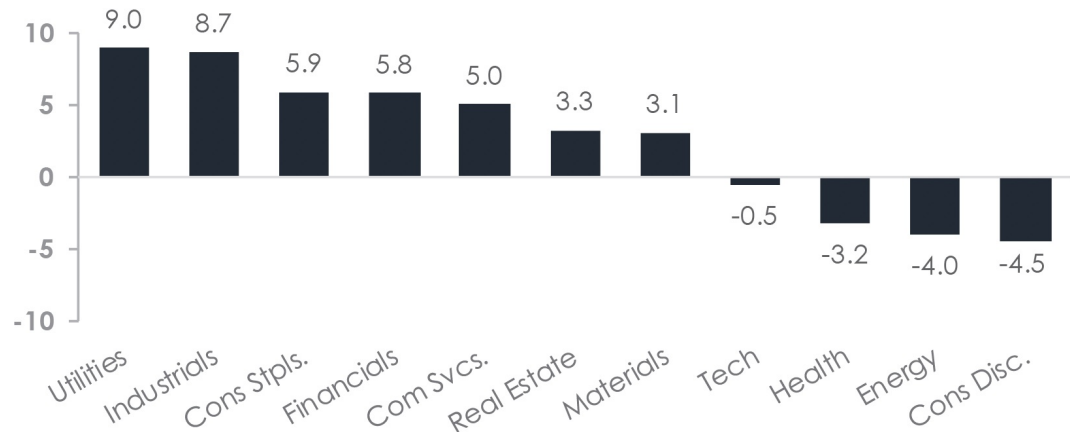
Data Reflects Most Recently Available As of 5/31/2025

**FIGURE 3**  
**U.S. Style Returns (YTD in %)**

	Value	Blend	Growth
Large	2.3	0.9	-0.4
Mid	-0.6	0.9	5.0
Small	-7.8	-7.0	-6.2

Data Reflects Most Recently Available As of 5/31/2025

**FIGURE 4**  
**U.S. Sector Returns (YTD in %)**



Data Reflects Most Recently Available As of 5/31/2025

**FIGURE 5**  
**Market Data Center**

Stocks	1 month	3 months	6 months	YTD	1 year	3 years	Dividend Yield	NTM P/E	P/B
S&P 500	6.3%	-0.5%	-1.6%	0.9%	13.1%	47.7%	1.22%	21.3x	4.9x
Dow Jones	4.1%	-3.2%	-5.3%	-0.1%	10.8%	34.0%	1.52%	19.4x	5.3x
Russell 2000	5.2%	-4.2%	-14.7%	-7.0%	0.9%	14.9%	1.20%	23.3x	1.9x
Russell 1000 Growth	8.9%	1.3%	0.5%	-0.4%	17.2%	70.1%	0.45%	27.5x	11.8x
Russell 1000 Value	3.5%	-2.5%	-4.7%	2.3%	8.4%	24.6%	1.85%	16.6x	2.7x
MSCI EAFE	4.8%	8.9%	13.8%	17.5%	12.4%	36.1%	2.76%	14.7x	1.9x
MSCI EM	4.0%	5.3%	6.9%	8.8%	11.4%	13.8%	2.23%	12.4x	1.7x
NASDAQ 100	9.2%	2.3%	2.1%	1.7%	15.8%	70.9%	0.58%	26.4x	7.6x

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years	Commodities	Level	1 month	YTD
U.S. Aggregate	4.71%	-0.6%	-0.2%	2.6%	5.5%	4.2%	Oil (WTI)	60.79	4.4%	-15.2%
U.S. Corporates	5.26%	0.2%	-0.5%	2.4%	5.3%	5.8%	Gasoline	2.01	3.1%	-0.1%
Municipal Bonds	4.26%	-0.6%	-2.8%	-1.5%	1.3%	4.2%	Natural Gas	3.46	-4.8%	11.7%
High Yield Bonds	7.71%	1.7%	0.7%	3.1%	9.2%	16.9%	Propane	0.75	1.2%	-3.6%

Key Rates	5/31/2025	4/30/2025	2/28/2025	11/30/2024	5/31/2024	5/31/2022	Commodities	Level	1 month	YTD
2 yr Treasury	3.90%	3.59%	3.98%	4.15%	4.87%	2.54%	Ethanol	1.63	-1.5%	10.5%
10 yr Treasury	4.39%	4.16%	4.19%	4.17%	4.49%	2.84%	Gold	3.313	-0.2%	25.4%
30 yr Treasury	4.91%	4.69%	4.47%	4.36%	4.63%	3.05%	Silver	33.08	0.8%	13.1%
30 yr Mortgage	6.95%	6.85%	6.83%	7.12%	7.29%	5.35%	Copper	4.65	2.0%	16.7%
Prime Rate	7.50%	7.50%	7.50%	7.75%	8.50%	4.00%	Steel	835	3.1%	17.8%
							Corn	4.43	-6.7%	-3.3%
							Soybeans	10.59	0.7%	5.0%

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*\$/st), Corn (CBT \$/bu), Soybeans (Chicago \$/bu). U.S. Style performance is based on the following instruments: iShares Russell 1000 Value ETF (IWD), SPDR S&P 500 ETF Trust (SPY), iShares Russell 1000 Growth ETF (IWF), iShares Russell Mid-Cap Value ETF (IWS), iShares Russell Midcap ETF (IWR), iShares Russell Mid-Cap Growth ETF (IWP), iShares Russell 2000 Value ETF (IWN), iShares Russell 2000 ETF (IWM), iShares Russell 2000 Growth ETF (IWO). U.S. Sector performance is based on the following instruments: Consumer Discretionary Sector SPDR ETF (XLY), Consumer Staples Sector SPDR ETF (XLP), Energy Sector SPDR ETF (XLE), Financial Sector SPDR ETF (XLF), Health Care Sector SPDR ETF (XLV), Industrial Sector SPDR ETF (XLI), Materials Sector SPDR ETF (XLB), Technology Sector SPDR ETF (XLK), Communication Services Sector SPDR ETF (XLC), Utilities Sector SPDR ETF (XLU), Real Estate Sector SPDR ETF (XLRE).*

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*The S&P 500 Index or Standard & Poor's 500 Index is a market-capitalization-weighted index of 500 leading publicly traded companies in the U.S.*

*The Russell 2000 index measures the performance of approximately 2,000 small-cap US equities.*

*The MSCI EAFE Index is a stock market index that measures the performance of large- and mid-cap companies across 21 developed markets countries around the world. Canada and the USA are not included.*

*The MSCI Emerging Markets Index captures large and mid cap representation across 24 Emerging Markets (EM) countries.*

*The Nasdaq 100 Index is a stock index of the 100 largest companies by modified market capitalization trading on Nasdaq exchanges.*

*The Russell 1000 Growth index is an index that tracks large cap, growth stocks. This benchmark is important for investors that might tilt their investments towards large cap growth. Growth stocks, in comparison to value stocks, are considered companies with a more growth potential, and a higher risk profile.*

*The Russell 1000 Value index is an index that tracks large cap, value stocks. This benchmark is important for investors that might tilt their investments towards large cap value. Value stocks, in comparison to growth stocks, are considered companies with a stable cash flow, and more mature business model.*

*The Dow Jones Industrial Average, or simply the Dow, is a stock market index that indicates the value of 30 large, publicly owned companies based in the United States, and how they have traded in the stock market during various periods of time. These 30 companies are also included in the S&P 500*

*Index. The value of the Dow is not a weighted arithmetic mean and does not represent its component companies' market capitalization, but rather the sum of the price of one share of stock for each component company. The sum is corrected by a factor which changes whenever one of the component stocks has a stock split or stock dividend, so as to generate a consistent value for the index.*

*The Bloomberg US Aggregate Bond Index is used as a benchmark for investment grade bonds within the United States. This index is important as a benchmark for someone wanting to track their fixed income asset allocation.*

*The Bloomberg US Corporate Index covers performance for United States corporate bonds. This index serves as an important benchmark for portfolios that include exposure to investment grade corporate bonds.*

*The Bloomberg US Corporate High Yield Index covers performance for United States high yield corporate bonds. This index serves as an important benchmark for portfolios that include exposure to riskier corporate bonds that might not necessarily be investment grade.*

*Treasuries, also known as Treasury securities, are debt obligations issued by the United States government. They are used to raise cash needed to fund government operations and help finance the federal deficit. Treasuries are backed by the full faith and credit of the US government, making them one of the safest investments. They are an important instrument in monetary policy, allowing central banks to control the money supply.*

*The Prime Rate is the interest rate that commercial banks charge their most creditworthy corporate customers. The prime rate is derived from the federal funds rate, usually using fed funds + 3 as the formula.*