Stocks Trade Higher on Strong Q2 Earnings & Trade Deals

Services
Investment Management

August 7, 2025

Monthly Market Summary

- The S&P 500 Index rose +2.3% in July, pushing its year-to-date return to +8.4%. Large Cap Growth stocks led with a +3.7% gain, while Large Cap Value gained +0.6%.
- Utilities was the top-performing sector, with the Technology, Industrials, and Energy sectors also outperforming the S&P 500. Defensive sectors underperformed, with Health Care, Consumer Staples, and Communication Services all trading lower.
- Bonds posted a modest loss as Treasury yields rose. The U.S. Bond Aggregate returned -0.3%, with longer maturity Treasury bonds underperforming the index. Corporate bonds outperformed as credit spreads tightened, with investment-grade posting a -0.1% total return and high-yield gaining +0.1%.
- International stocks underperformed the S&P 500 as the U.S. dollar strengthened. Developed Markets fell -2.1%, while Emerging Markets returned +0.7%.

Strong Q2 Earnings & Trade Agreements Send Stocks to All-Time Highs

Stocks climbed to new highs in July, with the S&P 500 and Nasdaq both logging six consecutive record closes late in the month. Investor sentiment improved after better-than-expected Q2 earnings and trade agreements with Japan and the EU, with tariff rates on the deals less severe than feared. Market breadth improved early in the month as smaller companies outperformed the S&P 500. However, by month-end, market leadership was top heavy again, with the Magnificent 7 gaining over +5% after leading AI firms reported strong Q2 earnings. Volatility remained subdued for most of July, and the VIX fell below 15, signaling investor confidence but hinting at potential complacency.

Stock valuations are stretched after the multi-month rally from April's lows. The S&P 500 trades at over 22x its next 12-month earnings, up from around 18x in early April and well above the 16.8x average since 2000. Today's extended valuations mean the market is more reliant on earnings growth to fuel gains, which gives companies less room to disappoint. Although the tariff rates in recent deals were lower than feared, the overall effective tariff rate has risen sharply this year. The higher effective tariff rate raises questions about the long-term impact on corporate earnings, consumer demand, and economic growth, as well as the potential near-term impact on inflation.

Interest Rate Cuts Continue to Be Pushed into the Future

After cutting interest rates by a full percentage point in late 2024, the Fed has held interest

©2026 QuadCap Wealth Management. All Rights Reserved

rates steady through five meetings this year. The pause in the Fed's rate-cutting cycle reflects two dynamics: inflation progress has stalled, with core CPI stuck near 3.0%, and the labor market remains solid, with unemployment holding near 4%. Policymakers are concerned that tariffs could reignite inflation, and they've consistently emphasized the need for patience while they wait for more clarity in the data.

From a markets perspective, rate cut expectations have been repeatedly delayed. An anticipated March cut was pushed to May, then to June, and then to September. The odds of a September cut fell below 50% after the July meeting, with the market pushing the rate cut to October. The market now expects only one rate cut this year, followed by another in January 2026. The takeaway: with no clear signal from the data or the Fed, the market is taking it one meeting at a time.

This Month in Numbers

FIGURE 1

U.S. Style Returns (July in %)

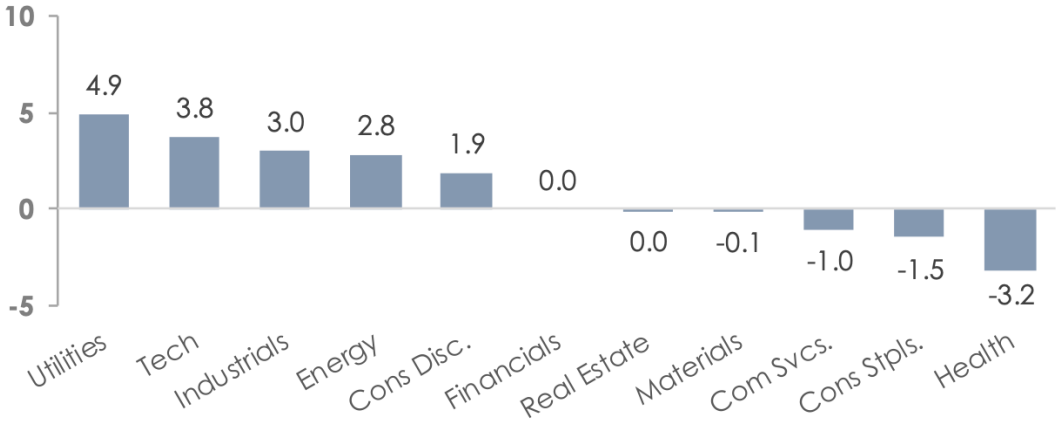
	Value	Blend	Growth
Large	0.6	2.3	3.7
Mid	1.8	1.9	2.0
Small	1.7	1.7	1.5

Data Reflects Most Recently Available As of 7/31/2025

©2026 QuadCap Wealth Management. All Rights Reserved

FIGURE 2

U.S. Sector Returns (July in %)



Data Reflects Most Recently Available As of 7/31/2025

FIGURE 3

U.S. Style Returns (YTD in %)

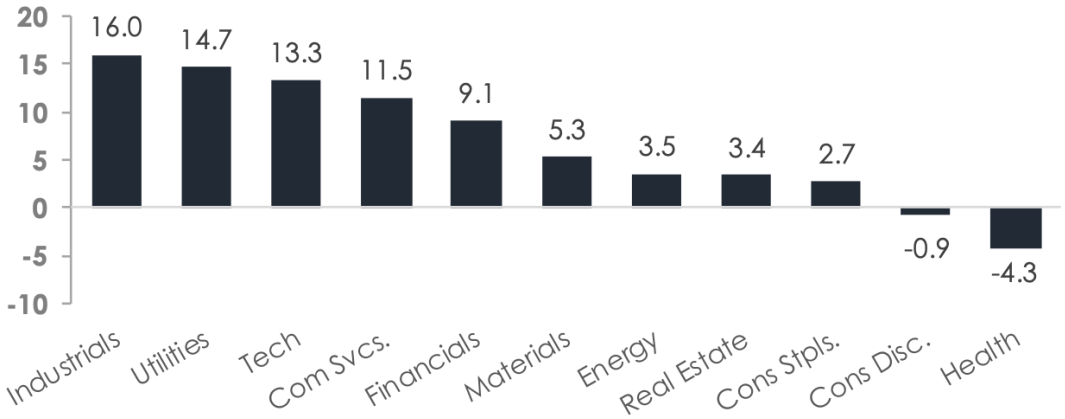
	Value	Blend	Growth
Large	6.4	8.4	9.9
Mid	4.8	6.6	11.8
Small	-1.6	-0.2	1.1

Data Reflects Most Recently Available As of 7/31/2025

©2026 QuadCap Wealth Management. All Rights Reserved

FIGURE 4

U.S. Sector Returns (YTD in %)



Data Reflects Most Recently Available As of 7/31/2025

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	2.3%	14.3%	5.6%	8.4%	16.1%	58.4%	1.13%	22.4x	5.0x
Dow Jones	0.2%	9.0%	-0.2%	4.5%	9.7%	40.4%	1.51%	19.9x	5.4x
Russell 2000	1.7%	12.9%	-2.7%	-0.2%	-0.9%	21.4%	1.12%	23.2x	1.9x
Russell 1000 Growth	3.7%	20.2%	7.8%	9.9%	23.4%	82.0%	0.40%	30.9x	12.8x
Russell 1000 Value	0.6%	7.7%	1.8%	6.4%	8.5%	33.2%	1.84%	17.0x	2.8x
MSCI EAFE	-2.1%	5.1%	12.4%	17.8%	12.1%	43.0%	2.91%	15.0x	1.9x
MSCI EM	0.7%	12.0%	14.7%	17.2%	15.8%	29.3%	2.41%	13.2x	1.8x
NASDAQ 100	2.4%	19.0%	8.4%	10.8%	20.5%	81.6%	0.50%	28.1x	7.8x

Fixed Income	Yield	1 month	3 months	YTD	1 year	3 years
U.S. Aggregate	4.65%	-0.3%	0.6%	3.8%	3.3%	4.3%
U.S. Corporates	5.11%	-0.1%	2.2%	4.4%	4.0%	7.0%
Municipal Bonds	4.23%	-0.3%	0.0%	-0.9%	-0.5%	3.9%
High Yield Bonds	7.33%	0.1%	3.7%	5.1%	8.2%	20.0%

Key Rates	7/31/2025	6/30/2025	4/30/2025	1/31/2025	7/31/2024	7/31/2022
2 yr Treasury	3.94%	3.71%	3.59%	4.20%	4.26%	2.90%
10 yr Treasury	4.36%	4.23%	4.16%	4.55%	4.05%	2.64%
30 yr Treasury	4.89%	4.79%	4.69%	4.80%	4.34%	2.98%
30 yr Mortgage	6.80%	6.80%	6.85%	7.01%	7.04%	5.28%
Prime Rate	7.50%	7.50%	7.50%	7.50%	8.50%	5.50%

Commodities	Level	1 month	YTD
Oil (WTI)	69.41	6.6%	-3.2%
Gasoline	2.08	1.6%	3.3%
Natural Gas	3.10	-11.1%	0.2%
Propane	0.72	-5.8%	-7.3%
Ethanol	1.66	6.8%	12.6%
Gold	3,344	1.1%	26.6%
Silver	36.80	1.7%	25.8%
Copper	5.57	10.7%	39.7%
Steel	855	-2.8%	20.6%
Corn	3.94	-3.7%	-14.1%
Soybeans	9.74	-5.8%	-3.4%

Data Reflects Most Recently Available As of 7/31/2025

Important Disclosures

Published by Market Desk Research and distributed by QuadCap Wealth Management, LLC.

This client letter is being furnished by QuadCap Wealth Management, LLC ("QuadCap") on a confidential basis for the exclusive use of clients of QuadCap. and may not be disseminated,

©2026 QuadCap Wealth Management. All Rights Reserved

communicated, reproduced, redistributed or otherwise disclosed by the recipient to any other person without the prior written consent of QuadCap.

This document does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to prospective investors by means of delivery of an investment advisory agreement, subscription agreement and other similar materials that contain a description of the material terms relating to such investment, investment strategy or service. This presentation is being provided for general informational purposes only.

This presentation includes information based on data found in independent industry publications and other sources and is current as of the date of this presentation. Although we believe that the data are reliable, we have not sought, nor have we received, permission from any third-party to include their information in this presentation. Charts, tables and graphs contained in this document are not intended to be used to assist the reader in determining which securities to buy or sell or when to buy or sell securities. Opinions, estimates, and projections constitute the current judgment of QuadCap and are subject to change without notice.

References to any indices are for informational and general comparative purposes only. There are significant differences between such indices and the investment programs described in this presentation. References to indices do not suggest that the investment programs will, or are likely to, achieve returns, volatility, or other results similar to such indices. The performance data of various indices presented herein was current as of the date of the presentation.

Past performance is not indicative of future results and there can be no assurance that the future performance of any specific investment or investment strategy will be profitable or equal any corresponding index or benchmark. The performance information shown herein is based on total returns with dividends reinvested and does not reflect the deduction of advisory and/or other fees normally incurred in the management of a portfolio. Stock performance and fundamental data is based on the following instruments: SPDR S&P 500 ETF (SPY), SPDR Dow Jones ETF (DIA), iShares Russell 2000 ETF (IWM), iShares Russell 1000 Growth ETF (IWF), iShares Russell 1000 Value ETF (IWD), iShares MSCI EAFE ETF (EFA), iShares MSCI Emerging Markets ETF (EEM), Invesco QQQ Trust (QQQ). Fixed Income performance is based on the following instruments: iShares Core U.S. Aggregate Bond ETF (AGG), iShares Investment Grade Corporate ETF (LQD), iShares National Muni Bond ETF (MUB), iShares High Yield Corporate ETF (HYG). Fixed Income yields and key rates are based on the following instruments: Bloomberg US Aggregate, ICE BofA US Corporate, ICE BofA US Municipal Securities, ICE BofA US High Yield, 2 Year US Benchmark Bond, 10 Year US Benchmark Bond, 30 Year US Benchmark Bond, 30 Year US Fixed Mortgage Rate, US Prime Rate. Commodity prices are based on the following instruments: Crude Oil WTI (NYM $/bbl), Gasoline Regular U.S. Gulf Coast ($/gal), Natural Gas (NYM $/mmbtu), Propane (NYM $/gal), Ethanol (CRB $/gallon), Gold (NYM $/ozt), Silver (NYM $/ozt), Copper NYMEX ($/lb), U.S. Midwest Domestic Hot-Rolled Coil Steel (NYM

©2026 QuadCap Wealth Management. All Rights Reserved

$/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).

Advisory Services are offered through QuadCap, an SEC registered investment advisor. QuadCap only transacts business in states where it is properly registered or is excluded or exempted from registration requirements. SEC registration is not an endorsement of the firm by the Commission and does not mean that QuadCap has attained a specific level of skill or ability.

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

©2026 QuadCap Wealth Management. All Rights Reserved

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.

©2026 QuadCap Wealth Management. All Rights Reserved