

Economic and Market Review

SECOND QUARTER 2025

A decorative orange dotted line that starts at the bottom left and curves upwards towards the right. In the middle of the curve, there is a large orange double arrow pointing to the right.

Invest without boundaries™

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1H 2025: Stocks & bonds continued to move higher

Markets appeared to look past uncertainties

January:

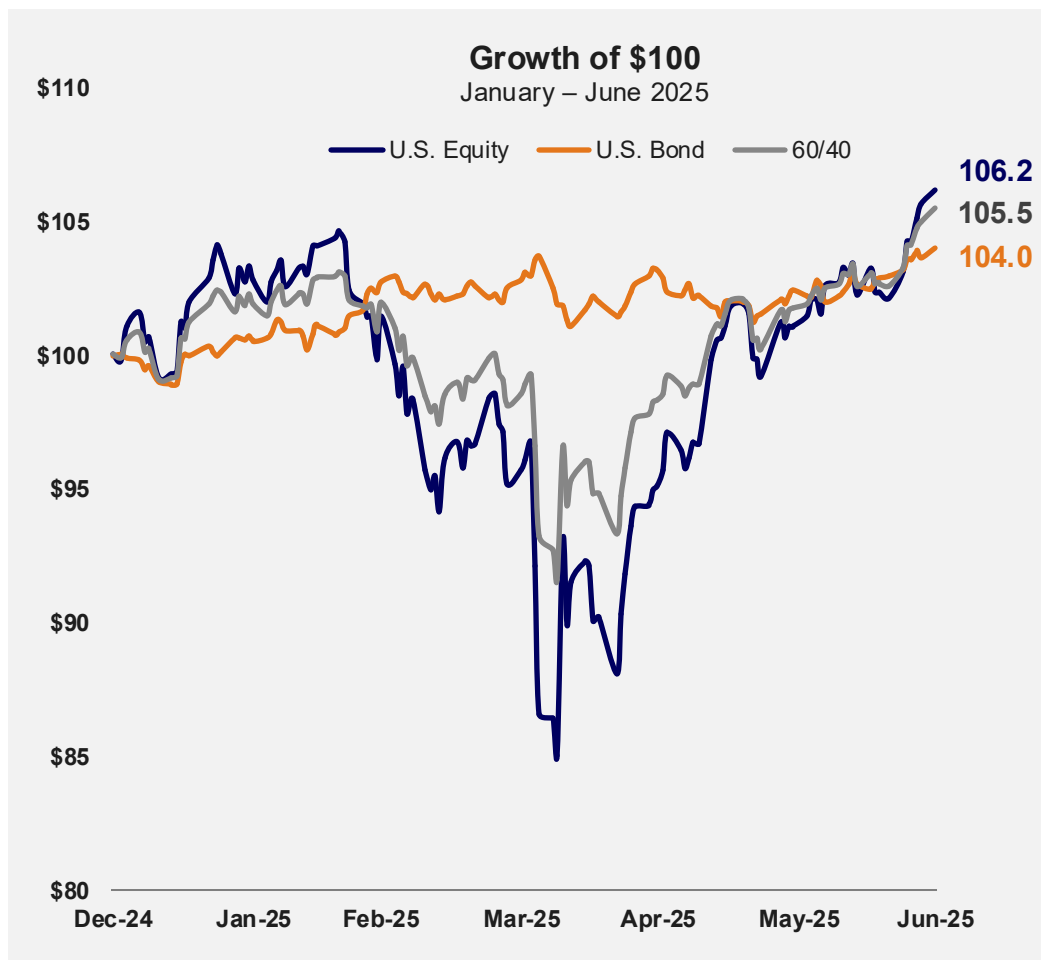
- Donald J. Trump sworn in as the 47th President of the U.S.
- S&P 500 Index reached all-time high on strong earnings and swift agenda implementation from the White House
- Federal Reserve (Fed) maintained its 4.25% - 4.5% target rate range

February:

- Trade war risks intensified as the U.S. aimed tariff threats at its three largest trading partners (Canada, Mexico & China)
- Global tensions remained elevated and market strength started to waver

March:

- Fed maintained cautious tone
- Weakness seen across "Magnificent 7" stocks
- DeepSeek's 2025 emergence continued to weigh on big tech
- Market volatility & growth concerns pushed investors toward 'safe haven' assets



April:

- Liberation Day sparked trade policy confusion & volatility
- By April 8th, S&P 500 had fallen nearly -19% from its mid-February peak before posting its largest daily gain (+9.5%) since 2020 on April 9th as trade policy clarity calmed markets.
- 10 year peaked at 4.48% before settling at its April open (4.17%)

May:

- Tariff negotiations progressed
- U.S. House narrowly passed Trump's "One Big Beautiful Bill."
- Moody's downgraded U.S. credit rating
- S&P 500 recorded its strongest monthly performance since Nov. 2023
- U.S. 10-year Treasury yield climbed 24bps

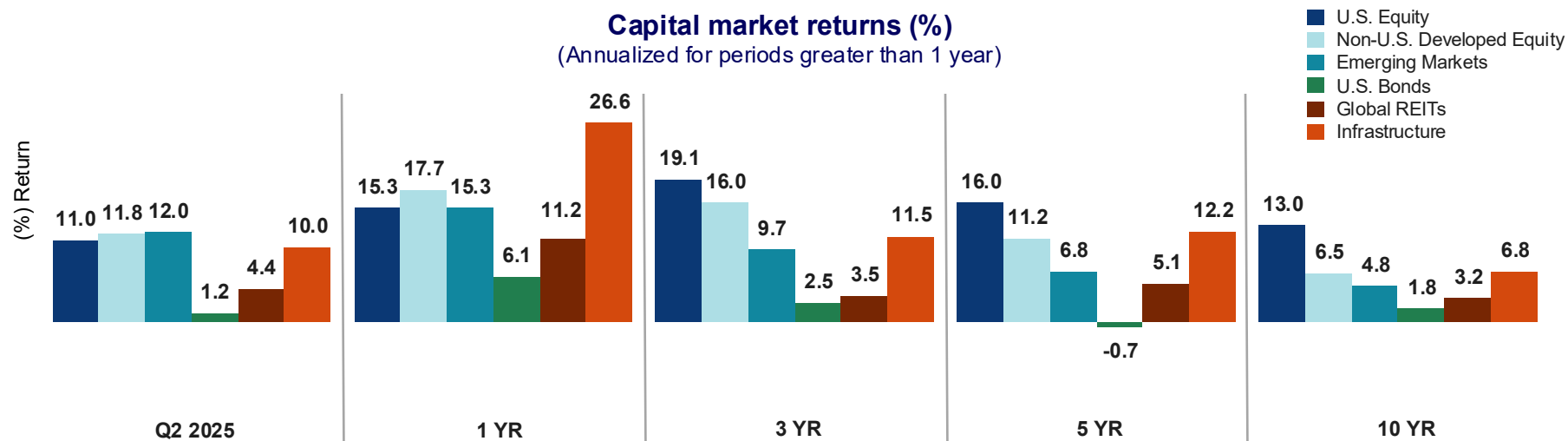
June:

- Trade war fears lingered
- S&P 500 hit new all-time-high
- U.S. launched Operation Midnight Hammer on June 22
- A 60/40 diversified portfolio returned to its mid-February high on June 23rd

Source: Morningstar and St. Louis Fed. U.S. Stocks: S&P 500 Index; U.S. Bonds: Bloomberg U.S. Aggregate Bond Index. The 60/40 portfolio is a blend of 60% S&P 500 / 40% Bloomberg U.S. Aggregate Index. Inflation represented by Consumer Price Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Capital markets

Periods ending June 30, 2025



U.S. equity: (Russell 3000® Index) U.S. stock index which includes the 3,000 largest U.S. stocks as measured by market capitalization

Non-U.S. developed equity: (MSCI EAFE Index) International market index that includes Western Europe, Japan, Australia

Emerging markets: (MSCI Emerging Markets Index) Emerging markets index that includes S. Korea, Brazil, Russia, India and China

U.S. bonds: (Bloomberg U.S. Aggregate Bond Index) Broad index for U.S. Fixed Income market

Global REITs: (FTSE EPRA/NAREIT Developed Index) Index for global publicly traded real estate securities

Infrastructure: (S&P Global Infrastructure Index) Provides exposure to companies around the world that represent listed infrastructure

CAPITAL MARKETS Q2 2025:

- **U.S. equity** ended the quarter in positive territory as easing trade tensions provided a more favorable environment for U.S. equities
- **Non-U.S. developed equity** continued to provide strong returns in 2025 benefiting from moderated trade tariff fears
- **Emerging markets** were positive, with South Korea and Greece leading
- **U.S. bonds** positive returns for the quarter as yields fell slightly in June
- **Global REITs** rose despite the Fed holding rates steady
- **Infrastructure** continued to post strong results despite economic uncertainty and changes to trade policies

Source: FTSE/Russell, Bloomberg, MSCI, FTSE NAREIT, and S&P. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Economic indicators dashboard

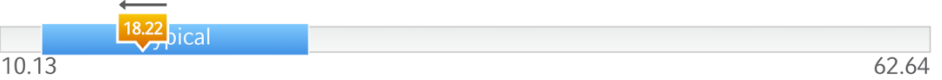
Q2 2025

MOST RECENT  3-MO. TREND  TYPICAL RANGE  ACTUAL RANGE 

▼ MARKET INDICATORS

Market Volatility:
Moderated after spiking to 52 in early April

Market Volatility (CBOE VIX)



10 Yr. U.S. Treasury Yield



Yield Spread:
Remained inverted in Q2

Yield Spread



Home Prices (HPI)



▼ ECONOMIC INDICATORS

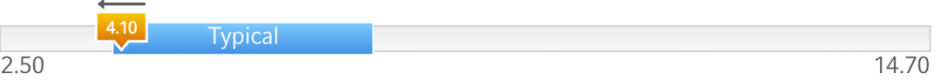
Inflation:
Fell from 2.8% at the end of Q1

Inflation (CPI)

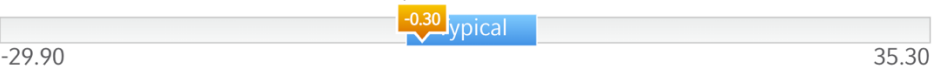


Unemployment:
Remained low, down slightly from 4.2% in Q1

Unemployment



Economic Expansion (GDP)



Consumer Sentiment:
Persisted at the lower end of the historical range

Consumer Sentiment (CSI)

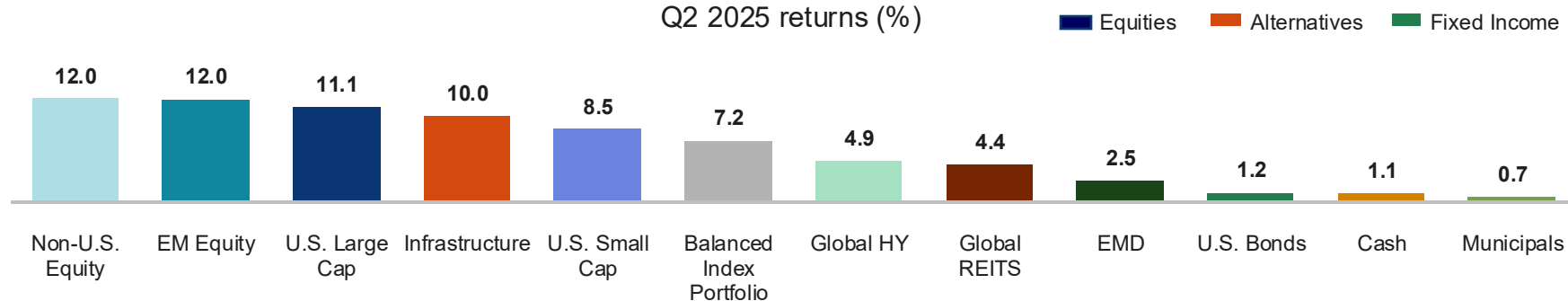


Source: <http://www.russellinvestments.com>, current view from RI.com as of 06/30/2025, data points as of most recent month-end. For more up to date information, please refer to www.russellinvestments.com. See appendix for category definitions. Russell Investments' Economic Indicators Dashboard charts several key indicators to help investors assess economic and market trends.

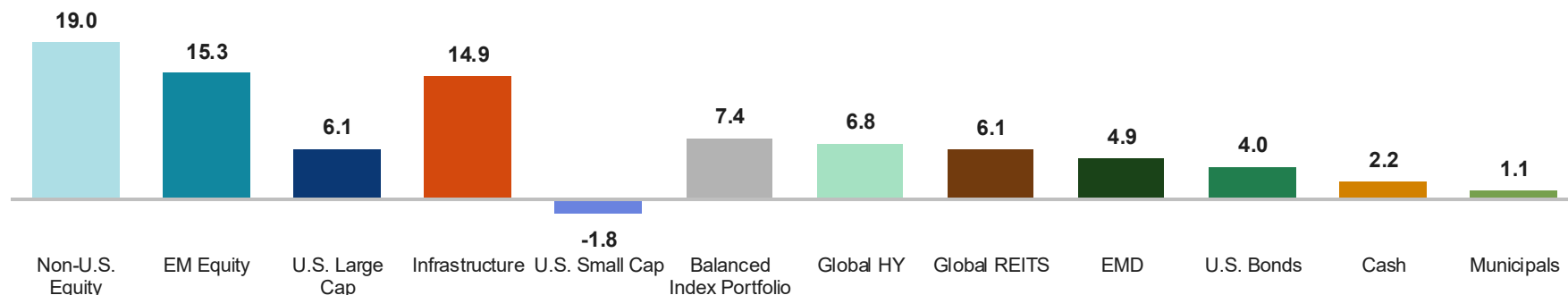
What worked and what didn't

Q2 2025 and YTD 2025

Q2 2025 returns (%)



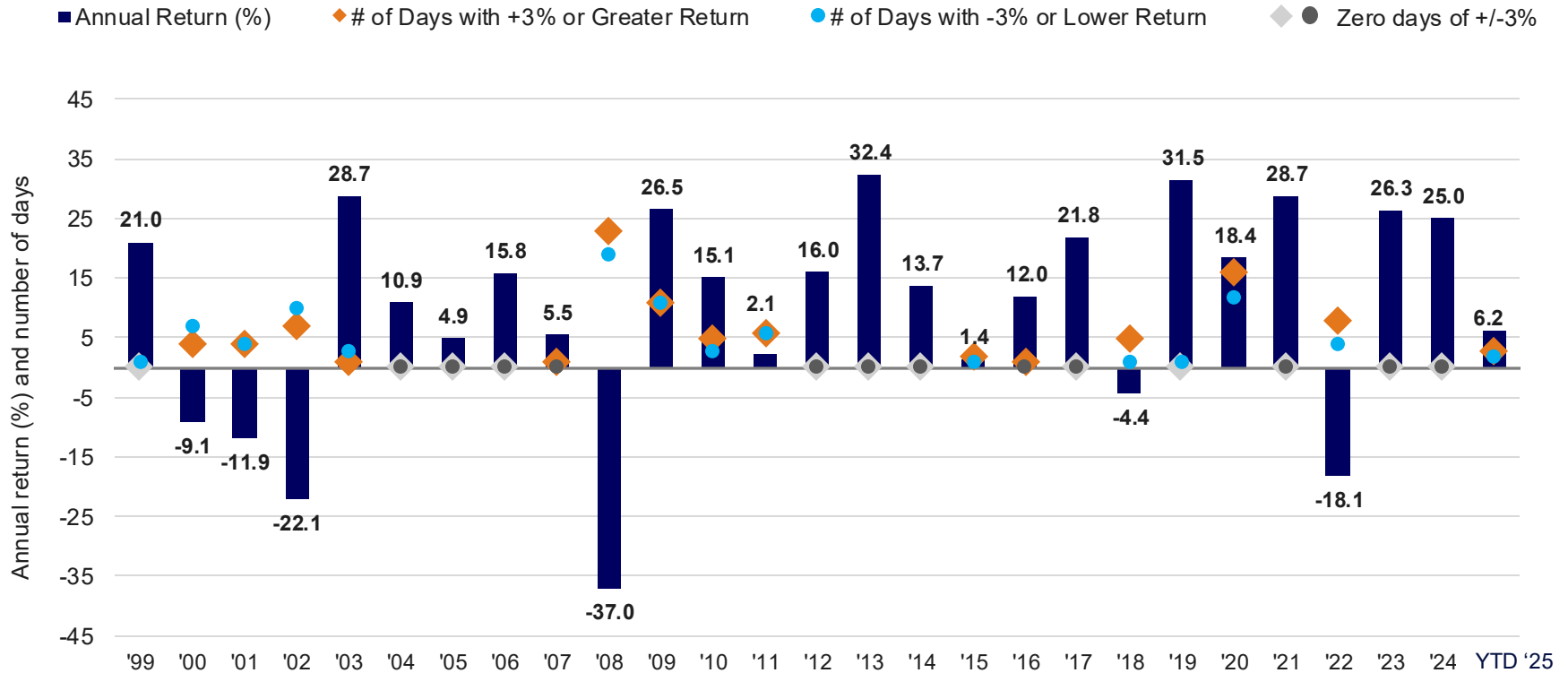
YTD 2025 returns (%)



Source: U.S. Small Cap: Russell 2000® Index; U.S. Large Cap: Russell 1000® Index; Non-U.S.: MSCI World ex-USA Net index; Infrastructure: S&P Global Infrastructure Index; Global High Yield: Bloomberg Global High Yield Index; Global REITS: FTSE EPRA/NAREIT Developed Index; Municipals: Bloomberg Municipal Index; Cash: FTSE Treasury Bill 3 Month Index; EM Equity: MSCI Emerging Markets Index; U.S. Bonds: Bloomberg U.S. Aggregate Bond Index; Balanced Index: 3% U.S. Small Cap, 36% U.S. Large Cap, 13% Non-U.S., 2% Infrastructure, 4% Global High Yield, 2% Global REITS, 2% Cash, 4% EM Equity, 34% U.S. Bonds. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

U.S. market volatility isn't as high as you may think

Market volatility is a normal part of the investor experience

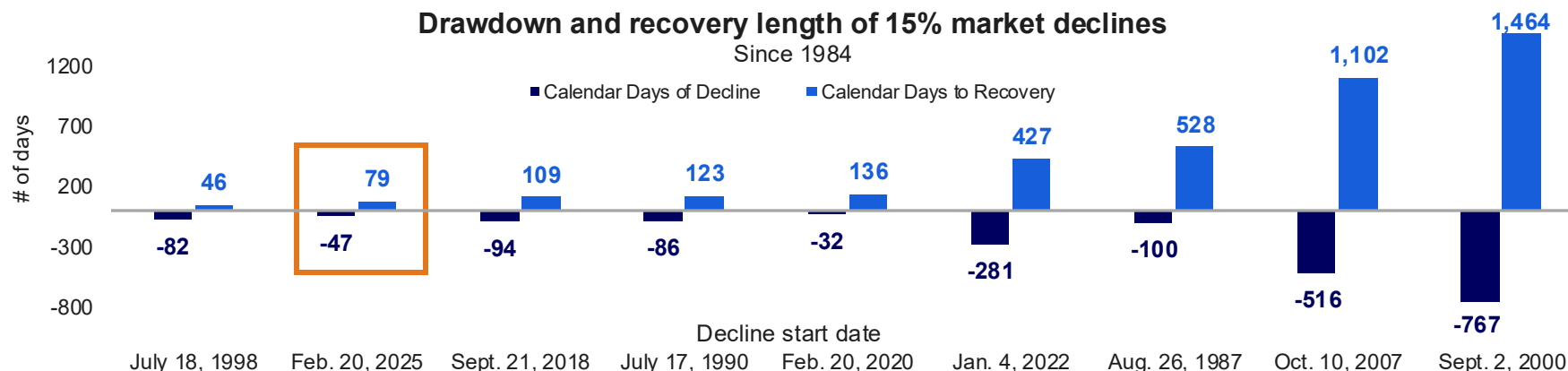


- Despite market volatility in April, the U.S. market finished the quarter up 10.9% and is up 6.2% YTD
- Volatile years have similar numbers of positive and negative swings
- Volatility doesn't necessarily predict a negative outcome for the quarter or for the year and staying invested means experiencing both negative and positive market movements

Source: Morningstar. U.S. Market: S&P 500. Annual Returns, 2025 YTD. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Stock drawdowns and recoveries

1H 2025 ranks among quickest drops – and recoveries – in history



Decline start date	Calendar days of decline	Total decline (%)	Calendar days to recovery	1-year return from recovery date (%)
8/26/1987	100	-32.7	528	14.0
7/17/1990	86	-19.7	123	18.5
7/18/1998	82	-19.9	46	20.0
9/2/2000	767	-48.1	1,464	17.1
10/10/2007	516	-55.4	1,102	14.1
9/21/2018	94	-19.7	109	-3.2
2/20/2020	32	-34.6	136	35.9
1/4/2022	281	-25.1	427	30.4
2/20/2025	47	-19.1	79	-
Average	223	-30.5	446	18.4

- After a steep decline through early April, markets recovered and made up for losses in less than 80 days
- Historically, after recovering from 15% declines stocks have gone on to average an additional 18% return over the next 12 months
- Staying invested through market drawdowns is key to benefiting from recoveries when they occur

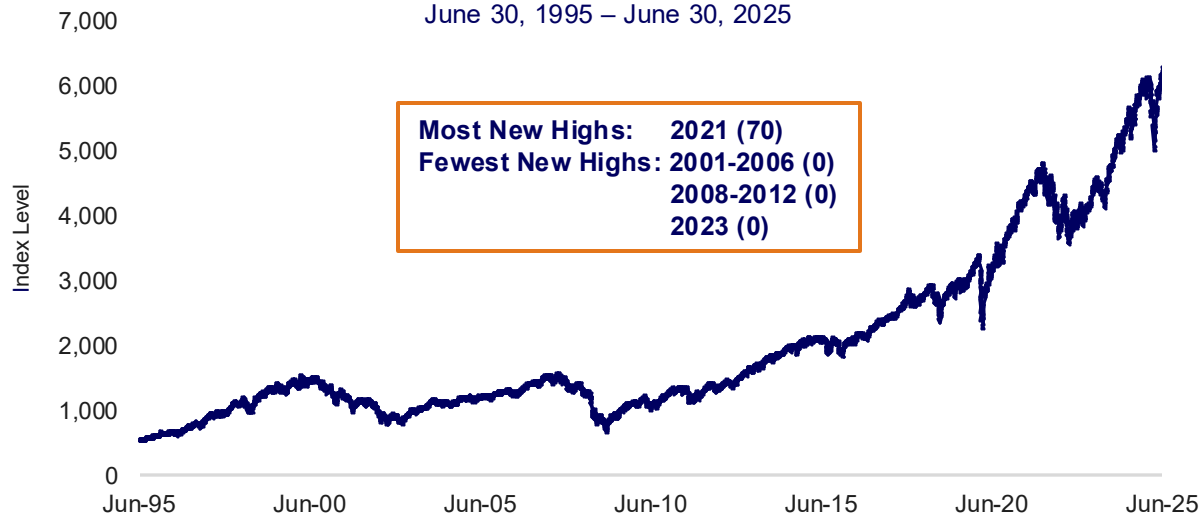
Source: Morningstar. Represents Russell 1000 Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

It's only a market peak until the next one

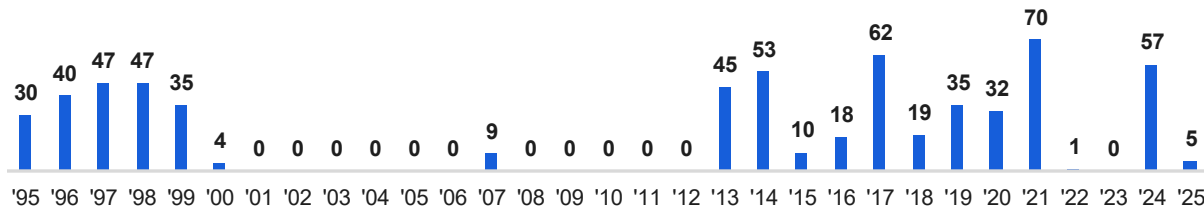
Market peaks have historically been followed by more “all-time highs”

S&P 500 Index Level

June 30, 1995 – June 30, 2025



Number of New Highs Each Year

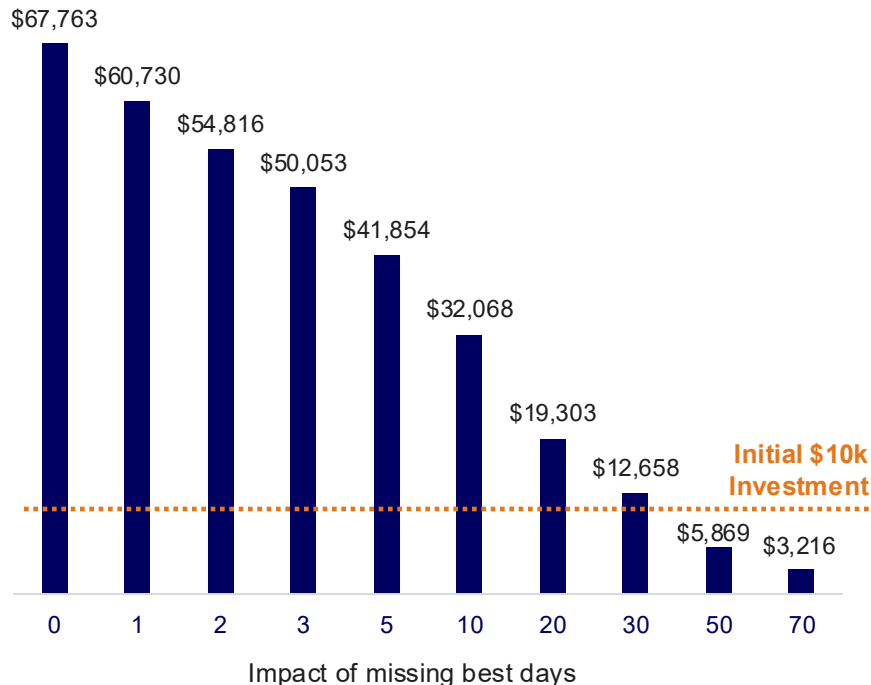


- The S&P 500 Index hit an all-time high on June 30, 2025
 - The 5th new high of 2025
- Since 1995, the average year has produced 20+ new market highs
 - 626 new highs in 30 years
- Long-term investors get rewarded for investing during the highs and the lows
 - \$1 invested in June 1995 is now worth \$19.81

Source: Russell Investments. Based on daily returns. Indexes are unmanaged and cannot be invested in directly. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Keep calm, stay invested

Value of \$10,000 invested in the S&P 500 Index
(Jan 2000 – Jul 2025)



When were the top daily returns (%) in the market?

Rank	Daily return	Date of return
1	11.6%	Oct 13, 2008
2	10.9%	Oct 28, 2008
3	9.5%	Apr 9, 2025
4	9.4%	Mar 24, 2020
5	9.3%	Mar 13, 2020
6	7.1%	Mar 23, 2009
7	7.0%	Apr 6, 2020
8	6.9%	Nov 13, 2008
9	6.5%	Nov 24, 2008
10	6.4%	Mar 10, 2009

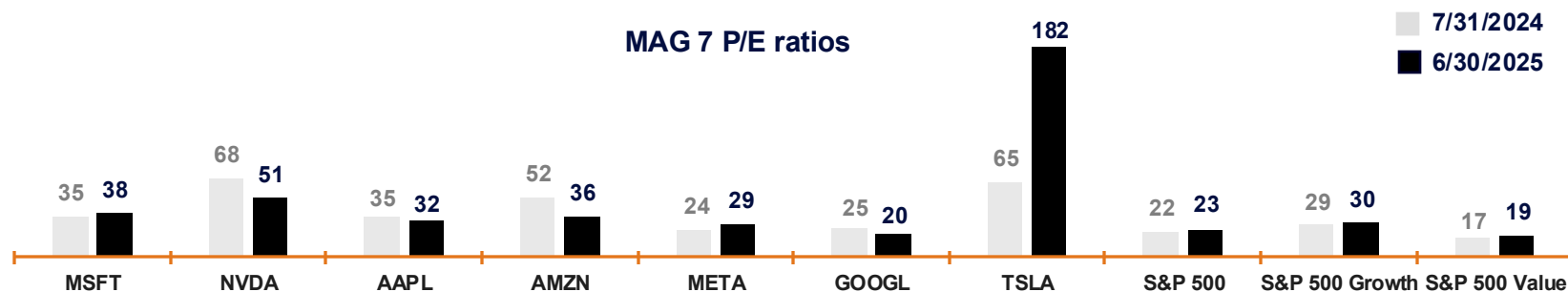
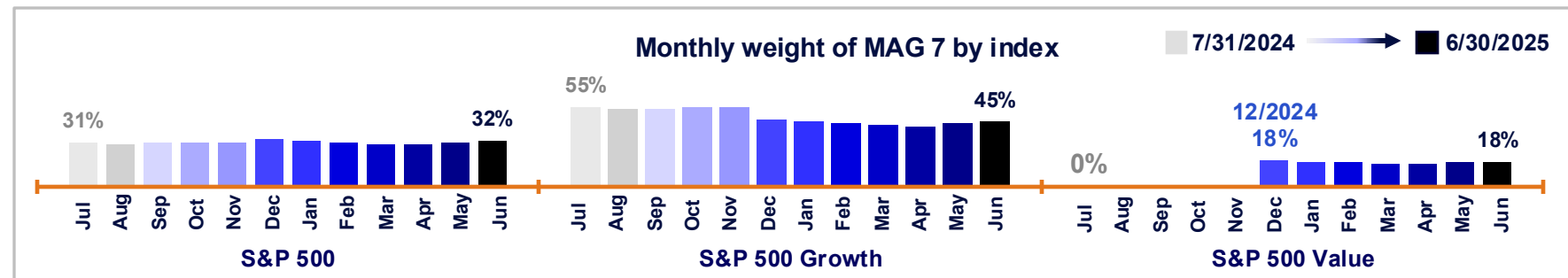
April 9th, 2025 saw the highest daily return since 2008. These highs were reached after a significant drawdown of approximately -19% in the days prior.

- Time in the market is more important than timing the market – missing just one day can reduce investors' overall return by 10.4%
- Days with top returns usually take place in bearish, volatile markets, immediately after the worst performing days (including the 2008 GFC, 2020 Pandemic, and 2025 Liberation Day)
- While tempting to go to cash during selloffs, rebalancing to longer-term asset allocations can create opportunities to capitalize on rebounds

Source: Russell Investments, Bloomberg. As of 6/30/2025. Data sourced from the S&P 500 Total Return Index Including Dividends (SPXT Index), and time series data is then used to calculate daily returns. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

MAG 7: The new value stocks?!

Three of the MAG 7 names entered the S&P 500 Value Index in late 2024



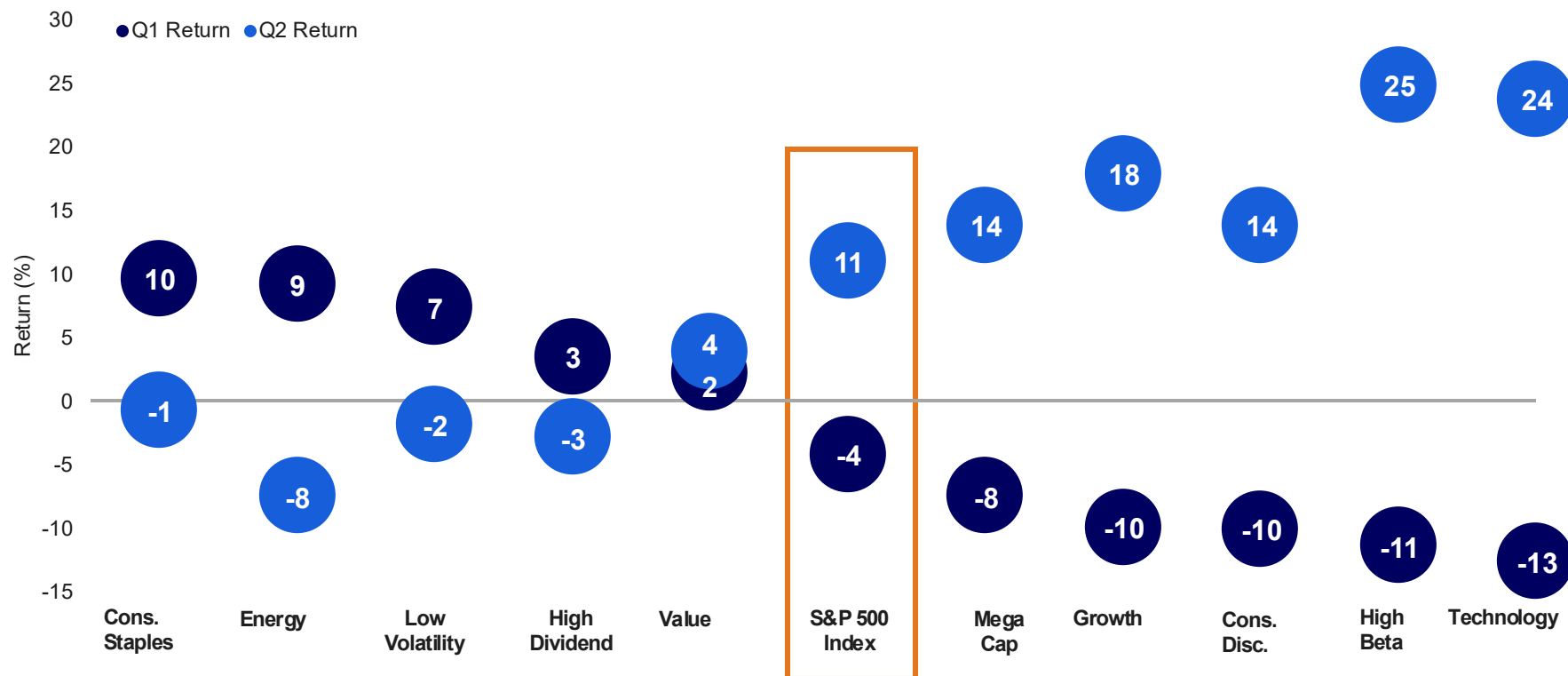
2024 return	12.9%	171.2%	30.7%	44.4%	66.0%	36.0%	62.5%	25.0%	36.1%	12.3%
YTD return	18.5%	17.7%	-17.9%	0.0%	26.3%	-6.7%	-21.3%	6.2%	8.9%	3.3%

- With MSFT, AAPL and AMZN added to the S&P 500 Value Index, Mag 7 exposure for index investors has potentially risen (current weights in value index: MSFT 7.3%, AAPL 6.8%, AMZN 3.6%)
- While P/E ratios for some of the MAG 7 names fell in the past 12 months, valuations remain high relative to the broad index
- The MAG 7 holdings, which delivered outsized returns in 2024, have had mixed performance in 2025, with Apple and Tesla experiencing notable drops in performance

Source: Morningstar; P/E Ratio TTM monthly. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

U.S. stocks reverse leadership

Defensive positions outperformed in Q1 while riskier areas returned to favor in Q2



- Defensive and lower volatility segments of the market delivered positive returns in Q1 despite an overall decline in the S&P 500 Index
- As markets calmed in Q2, leadership reversed back to higher returns coming from some of the riskier and most volatile stocks

Source: Morningstar. Consumer Staples: Russell 1000 Consumer Staples; Energy: Russell 1000 Energy; Consumer Discretionary: Russell 1000 Consumer Discretionary; Technology: Russell 1000 Technology. Value: Russell 1000 Value; Growth: Russell 1000 Growth; Mega Cap: Russell Top 50 Mega Cap; Low Volatility: S&P 500 Low Volatility; High Dividend: S&P 500 High Dividend; High Beta: S&P 500 High Beta. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

What drove U.S. and International equity returns?

Growth was the dominant style driver during the quarter

U.S Equity			Q2 2025	International Equity			
	Value	Blend		Value	Blend	Growth	
Large	3.0	11.8		9.6	11.2	12.9	
Mid	5.4	8.5		14.1	15.3	16.8	
Small	5.0	8.5		14.7	16.8	19.1	

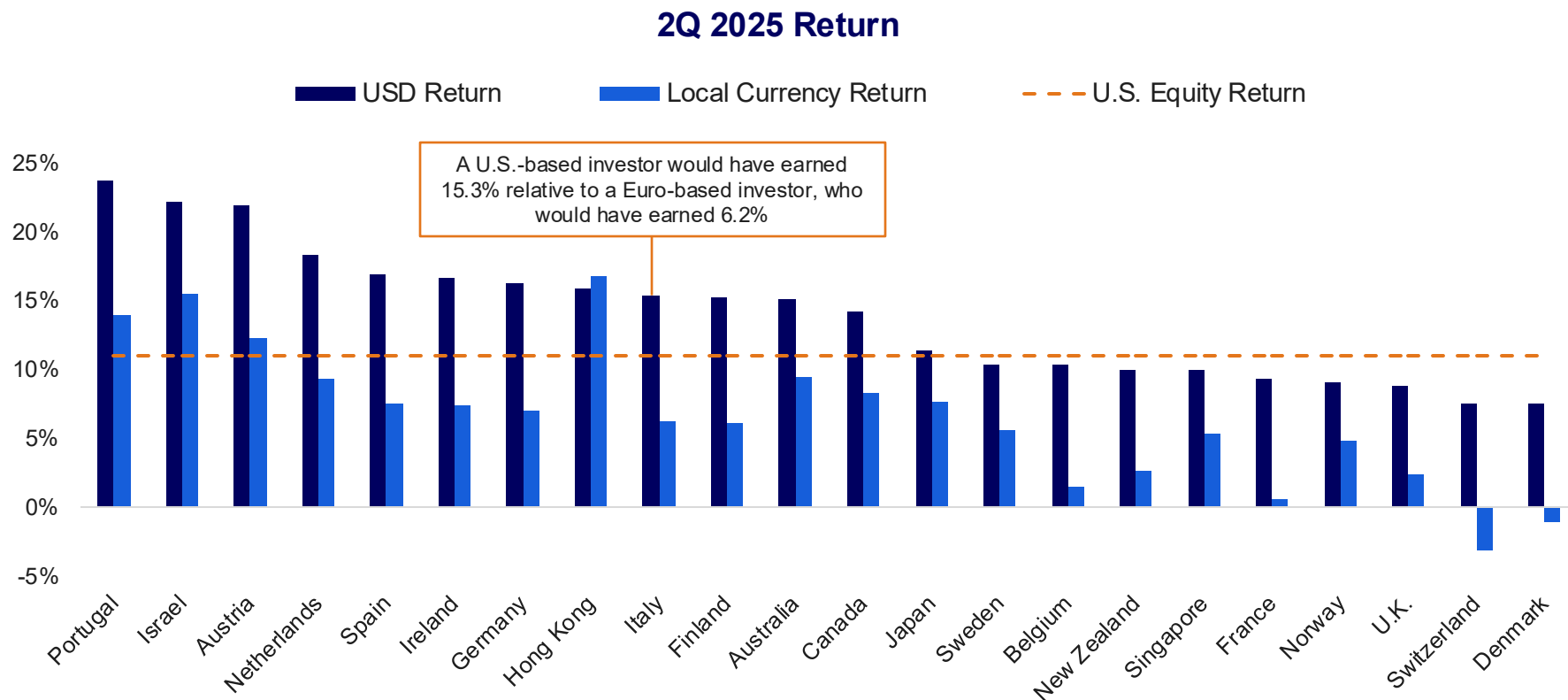
			1 Year				
	Value	Blend		Value	Blend	Growth	
Large	14.9	15.8		24.8	17.3	10.4	
Mid	11.5	15.2		25.6	24.4	22.3	
Small	5.5	7.7		23.7	22.9	22.1	

- Growth was the leading style return in Q2 for both U.S. and international developed equities
- Historically and over the last one year, value has been the driver in international equities while growth has remained the consistent leader in the U.S
- International equities have outpaced broader U.S. equities with the MSCI World ex USA Index outperforming the Russell 1000 Index by 3.7% over the last year

Source: Morningstar. U.S. Equities represented by Russell 200 Index for Large Cap, Russell Mid Cap Index for Mid Cap, and Russell 2000 Index for Small Cap. International Equities represented by MSCI World Ex USA Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Weaker dollar lifted U.S. investors' international returns

Developed market returns

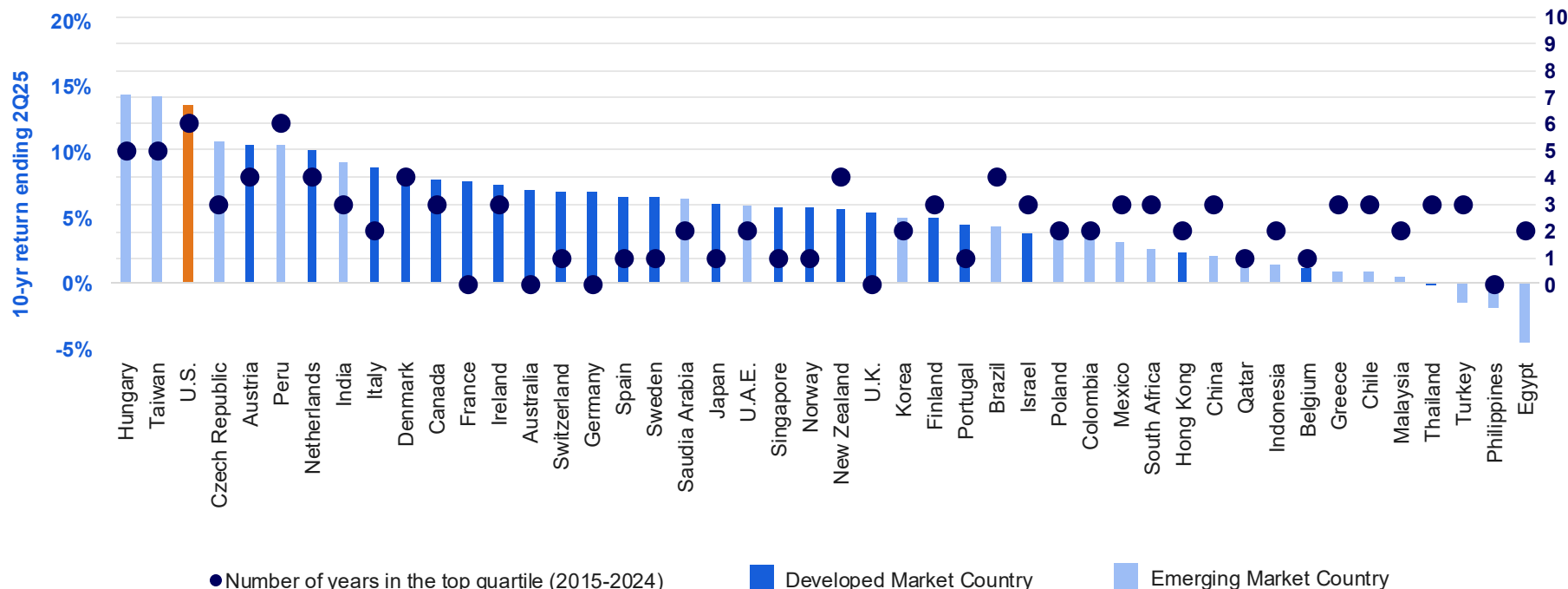


- 2Q 2025 was a strong quarter for global investors, with all developed countries ending positive in USD terms
- After a period of strength, the U.S. dollar declined in 2025. This depreciation amplified returns for U.S. based investors, as gains in international markets were enhanced when converted back to dollars

Source: Morningstar. U.S.: S&P 500. Developed Markets: MSCI EAFE eligible markets. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

10-year returns have been broadly positive across markets

Developed and emerging market country returns



- Most countries have posted positive 10-year returns, with the U.S. ranking third among global markets
- The top 10 countries with the highest 10-year returns are split evenly between developed and emerging markets
- The U.S. has been top quartile for 6 of the 10 past years, tied with Peru for the most of any country
- Many countries in the lower half of return range finished in the upper half of top quartiles, hence the benefits of broad diversification

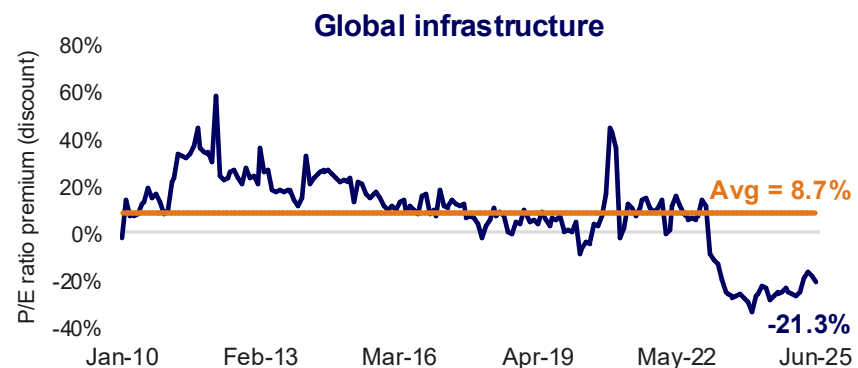
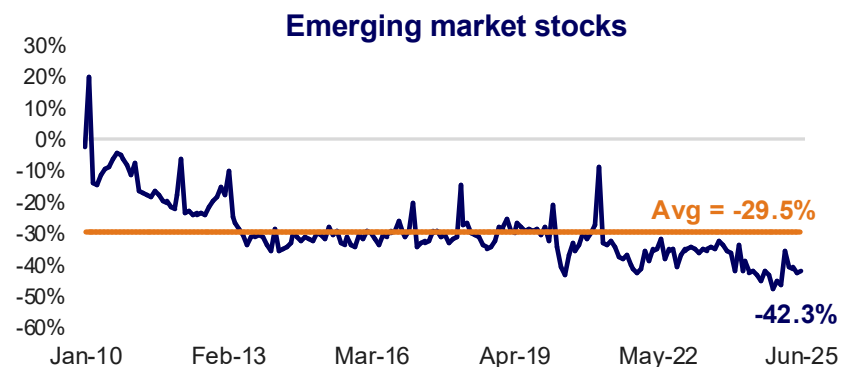
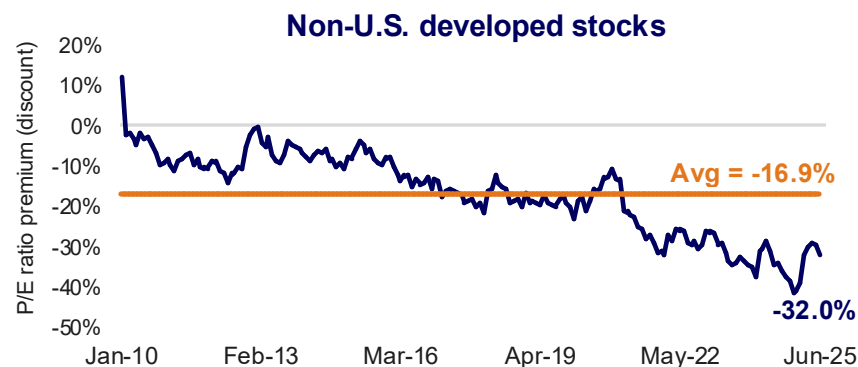
Source: Morningstar. U.S.: S&P 500. Developed Markets: MSCI EAFE eligible markets; Emerging Markets: MSCI EM eligible markets. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Valuations of diversifiers remain attractive

Despite strong recent results, diversifiers still trading at discount to U.S. markets

Valuation relative to U.S. Stocks

Jan. 2010 – Jun. 2025











- Many of the equity and real asset diversifiers produced strong recent returns
- Relative valuations remain discounted at, or near, historical levels as compared to the U.S. stock market

Source: Bloomberg. Price/Earnings for the S&P 500 Index (US Stocks), MSCI EAFE Index (Non-U.S. Stocks), MSCI EM Index (Emerging Market Stocks), S&P Global Infrastructure (Global Infrastructure) & FTSE EPRA Nareit Developed Index (Global Real Estate). Indexes are unmanaged and cannot be invested in directly. Returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

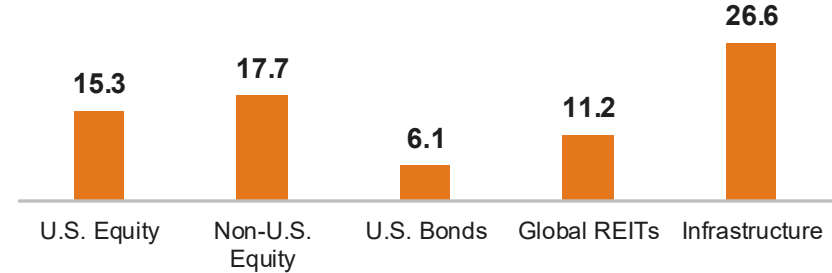
Infrastructure opportunities

Poor conditions driving infrastructure spending and capital markets are taking notice

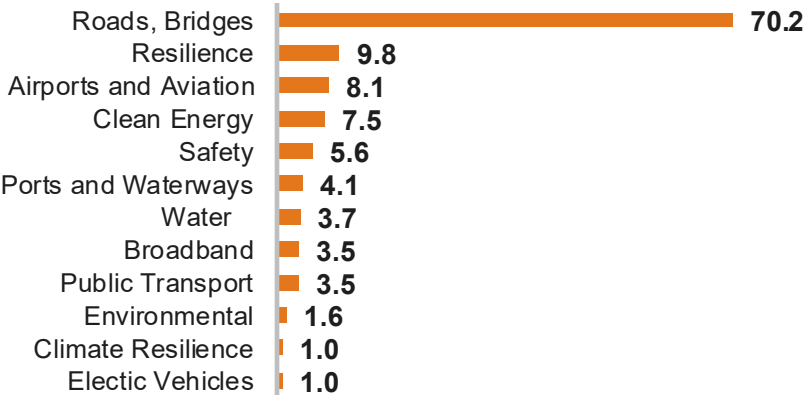
ASCE 2025 Report Card for America's Infrastructure

	2021	2025
OVERALL G.P.A.	C-	C
 AVIATION	D+	D+
 BRIDGES	C	C
 DRINKING WATER	C-	C-
 ENERGY	C-	D+
 PORTS	B-	B
 RAIL	B	B-
 ROADS	D	D+
 TRANSIT	D-	D

Capital market returns %
One-year ending June 2025



U.S. investment in Infrastructure
2021-2023 \$Billions

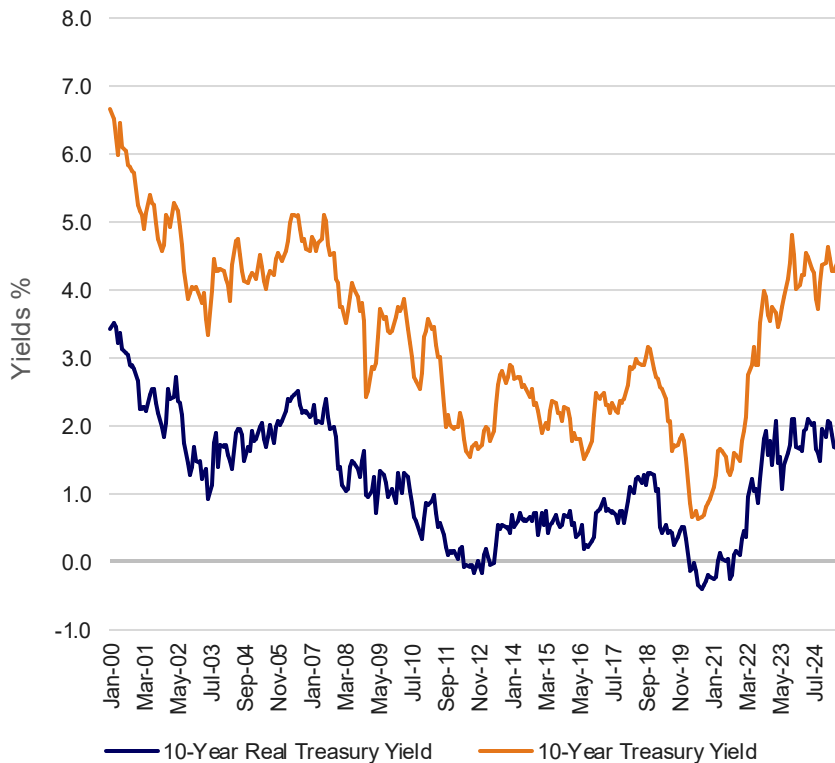


Source: American Society of Civil Engineers, Statista; U.S. Equity: Russell 3000 Index, Non-U.S. Equity: MSCI AC World x-US Index, U.S. Bonds: Bloomberg Barclays U.S. Aggregate Index; Global REITs: FTSE NAREIT EPRA Developed Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

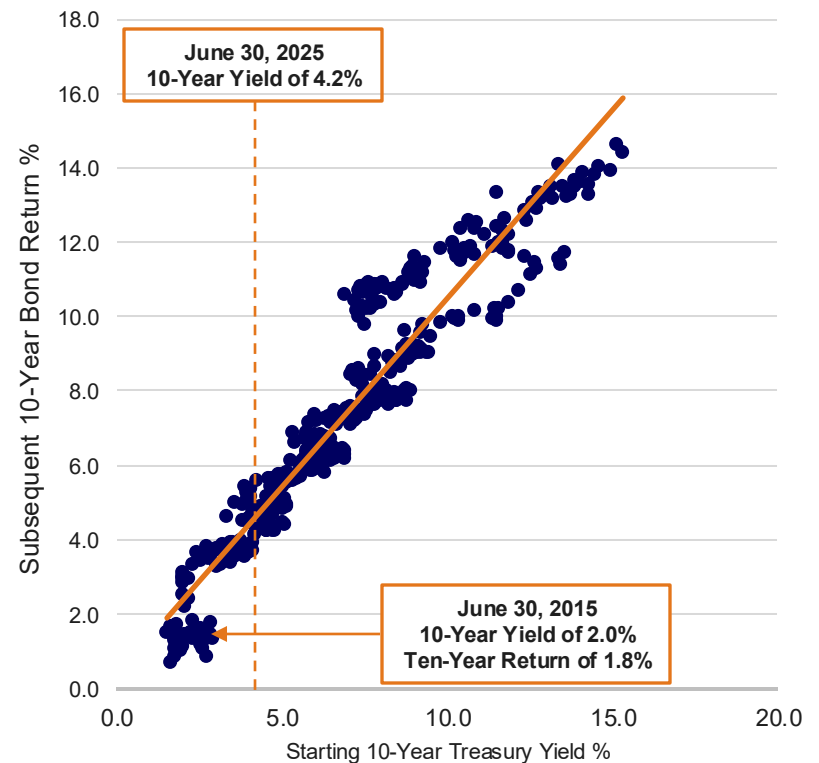
Higher bond yields bode well for future returns

Yields leveling around pre-GFC levels

**10-Year Treasury Yields
Absolute and Inflation Adjusted**



**Bond Yield and Future 10-Year Return
(Jan 1980 – Jun. 2025)**



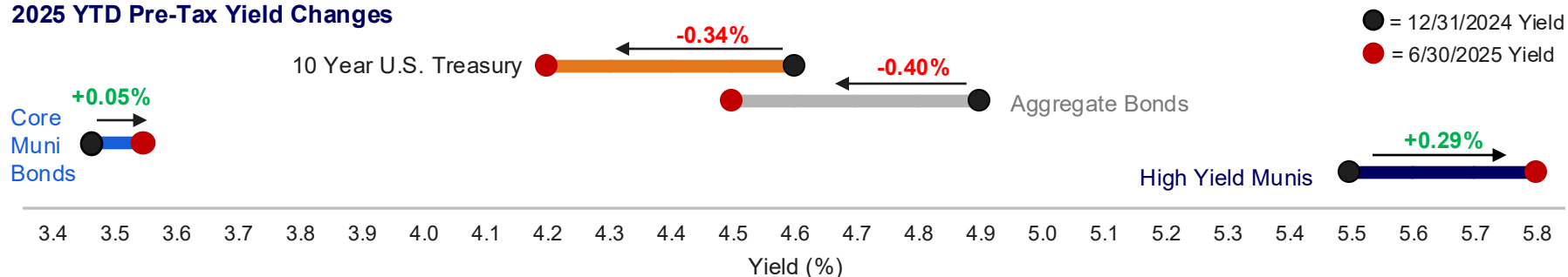
- Current yields tend to be a strong indicator of future bond returns
- Absolute and real yields projecting improving bond returns relative to prior ten-years

Source: St. Louis Federal Reserve website and Barclays Bloomberg Aggregate Bond Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Municipal bonds off to challenging start in 2025

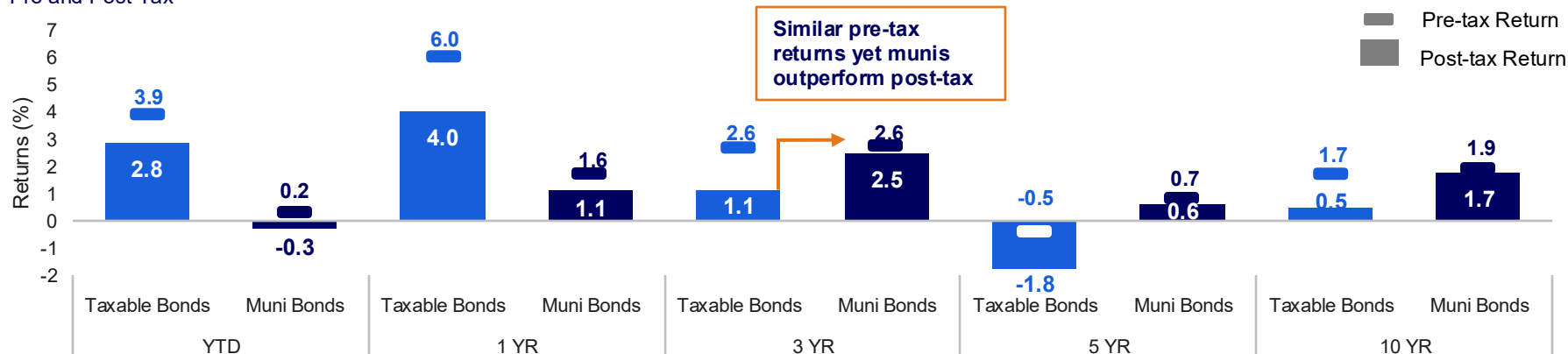
However, longer-term post-tax benefits remain

2025 YTD Pre-Tax Yield Changes



Taxable vs. Muni Bond Category Returns

Pre and Post-Tax



- Muni bonds have lagged taxable bonds as muni yields have increased so far in 2025
- Pre-tax results have rotated over time based on market circumstances
- Over longer time periods, despite similar pre-tax results munis have outperformed post-tax

Source: Morningstar, Barclays Live, US Treasury. Aggregate Bonds: Bloomberg US Aggregate Bond Index. Core muni bonds: Bloomberg Municipal 1-15 Yr Index. High Yield Muni Bonds: Bloomberg Muni High Yield Index. Taxable Bond Category: Morningstar Intermediate Core Bond; Muni Bond Category: Morningstar Muni National Intermediate. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Russell Investments' global market outlook

ECONOMIC VIEWS



U.S. ECONOMY

- U.S. recession risks have come down to 30% over the next 12 months, but are still above-average
- Job creation has been robust to-date, but economic growth and labor markets could weaken should tariffs remain in place for a protracted period
- Inflation trajectory to depend on final tariff size



EUROPE

- Encouraging green shoots emerging amid a pick-up in credit activity, but U.S. tariffs could weigh on growth
- Shift to fiscal stimulus an important positive for the region
- If Chinese consumer confidence stabilizes, that could help European export activity



PACIFIC BASIN

- Wage growth and inflation expectations have moved towards Bank of Japan's inflation targets
- Chinese fiscal policy a key continued watchpoint into 2025



FED and FISCAL POLICY

- Fed policy likely to remain data-dependent. Rate cuts still possible this year despite tariff risks
- TCJA tax cuts have been extended

ASSET CLASSES



GLOBAL EQUITIES

- Investor sentiment roughly neutral, despite U.S. equity markets hitting all-time highs
- Equity market valuations more attractive outside of the U.S., but offset by higher cyclical risks
- U.S. earnings growth has been decent to date, but tariffs could weigh on earnings



FIXED INCOME

- Government bonds continue to be a key diversifier
- Credit spreads are exceptionally tight, but corporate fundamentals are also generally strong



REAL ASSETS

- Listed REITs and infrastructure have better valuations than traditional equities



CURRENCIES

- USD appears expensive on a purchasing-power parity basis
- Near-term path is more uncertain

There is no guarantee the stated expectations will be met.

As of July 2025. Forecasting represents predictions of market prices and/or volume patterns utilizing varying analytical data. It is not representative of a projection of the stock market, or of any specific investment.

U.S. recession risks have eased

But not fully dissipated

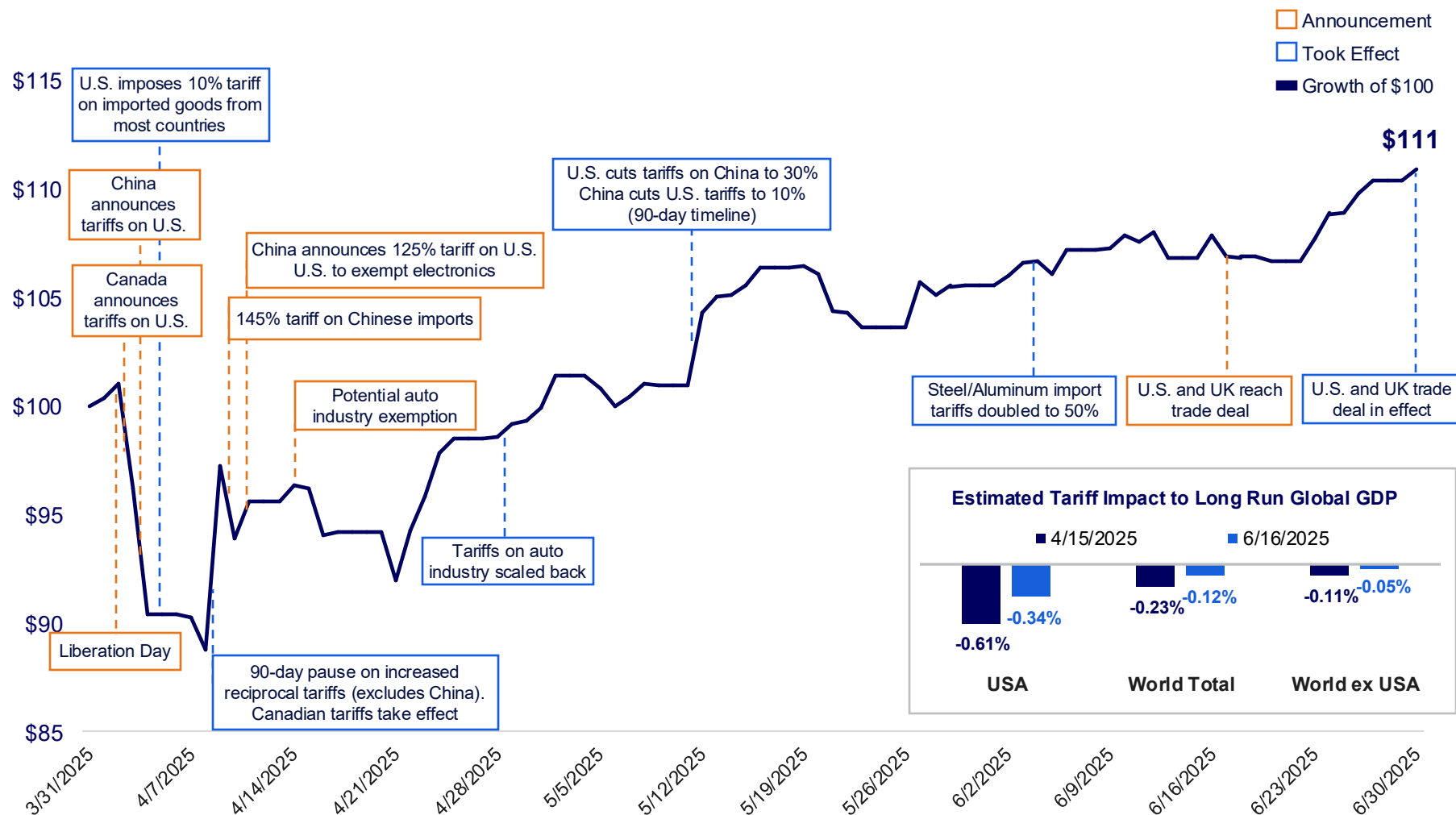
MEDIUM-TERM RISK INDICATORS	JUL 2024	APR 2025	JUL 2025
Slope of the curve (10y-2y)			
Labor market slack			
Stance of Fed policy			
Output Gap			
Corporate financing gap			
Household debt levels			
Household debt services			
Corporate debt levels			
Corporate debt service			
SHORT-TERM INDICATORS	JUL 2024	APR 2025	JUL 2025
Business Cycle Index			
Yield Curve (10y – 3m)			
Employment Growth			
Consumption Growth			
SOFR Spread			
Credit Spread			
Temporary help employment			
Consumer spending decomposition			
Architectural billings			
Financial Conditions Index			
Banking lending standards			
ISM Manufacturing			
ISM non-manufacturing			
Initial jobless claims			
Bank loan demand			

- Temporary help employment appears to have stabilized; an encouraging sign for labor markets
- Bank lending standards are tight amid elevated policy uncertainty
- Corporate debt service has improved

Source: Russell Investments, as of the dates indicated. Red represents areas of high risk. Yellow and orange represent areas of intermediate risk. Green represents areas of low risk.

Tariff timeline

2Q market returns and tariff headlines



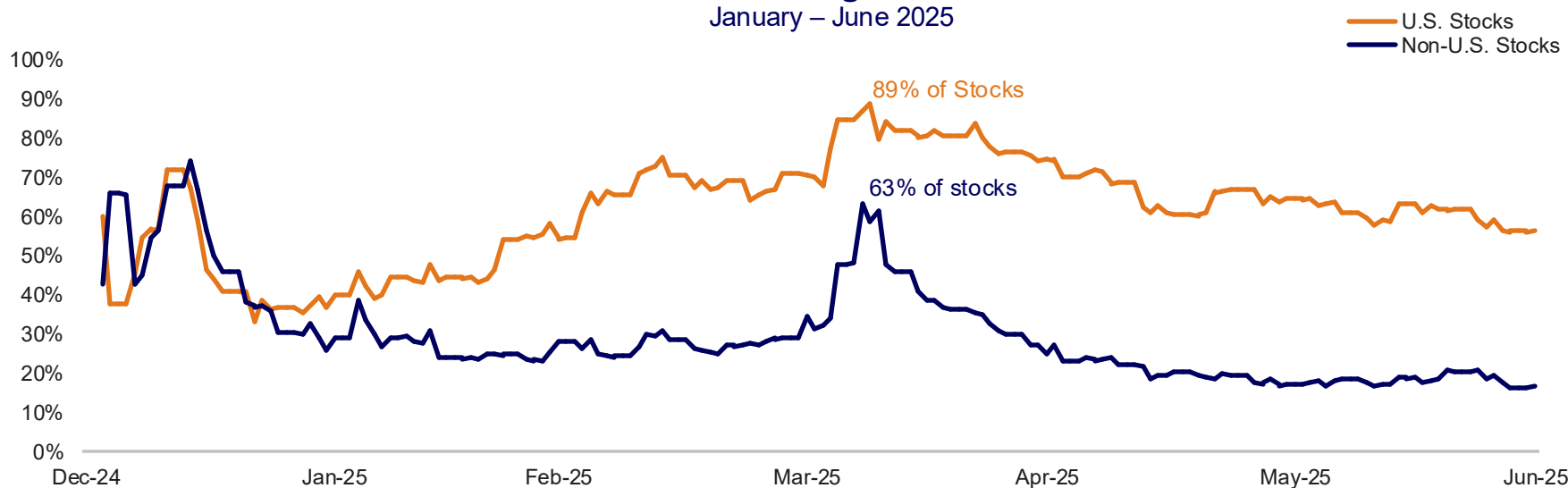
Source: Morningstar ; S&P 500. The Budget Lab at Yale; GTAP v7. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

1H 2025 tax-loss harvesting

Volatility provided opportunity

% of Stocks with negative YTD returns

January – June 2025



Period Return (%)	Q1	Q2	YTD
U.S. Stocks	-4.72	10.99	5.75
Non-U.S. Stocks	6.20	12.05	18.99

- While posting positive results year-to-date, a bumpy ride provided significant tax-loss harvesting opportunities
- In fact, only 27 non-U.S. equity stocks (representing 2.1% of the index) did not offer any opportunity to harvest losses in 1H25
- Engaging in year-round tax-loss harvesting can benefit investors by capitalizing on these opportunities when they occur

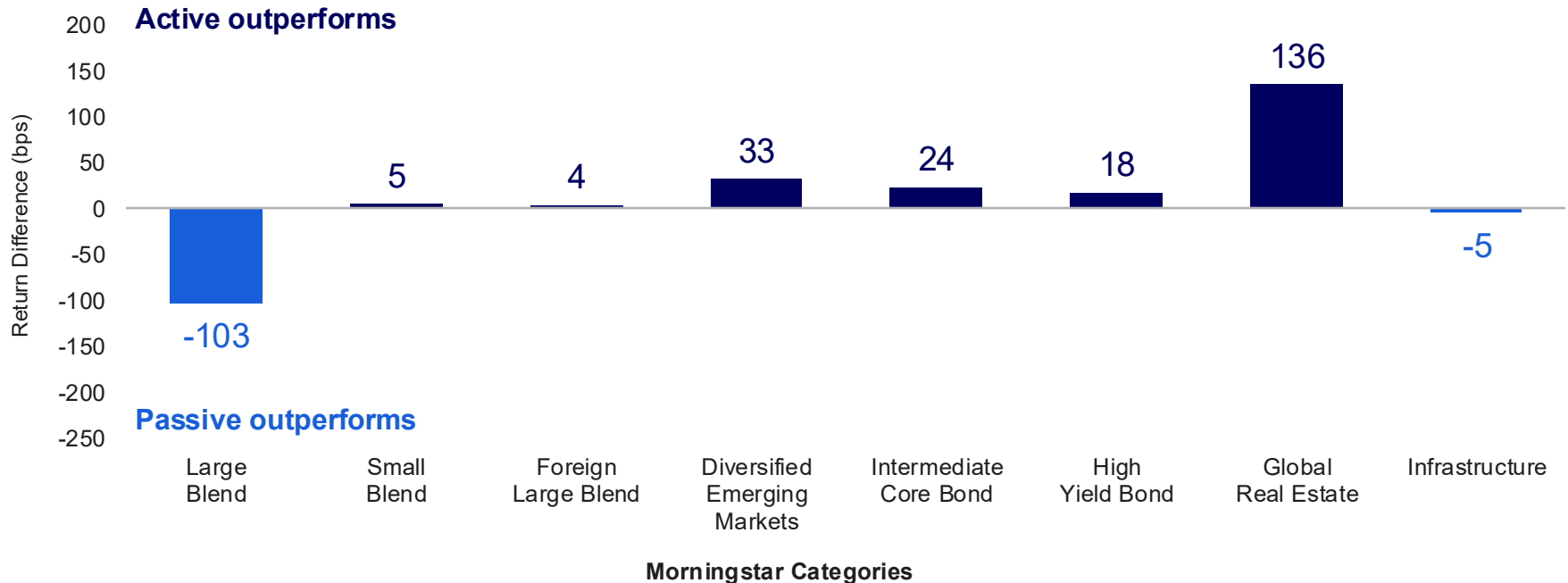
Source: Russell Investments. U.S. Stocks represented by Russell 3000 Index and International Stocks represented by MSCI World ex-USA Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

Active vs. passive performance

Results have varied by category

Annualized return differences across categories

15 years ending June 30, 2025



- Over the last 15 years, performance differentials between active & passive management have varied based on market dynamics
- Passive management has largely favored U.S. large cap, while opportunities for active management emerge in less efficient riskier asset classes
- The slim margin between outperforming and underperforming highlights the importance of a well-researched investment process

Source: Morningstar. As of 6/30/2025. Based on returns of Morningstar classified "Active" and "Passive" versions of each respective category shown.

Headline and economic risks don't foretell bad markets

The last five years have produced above average diversified returns despite 2020 start

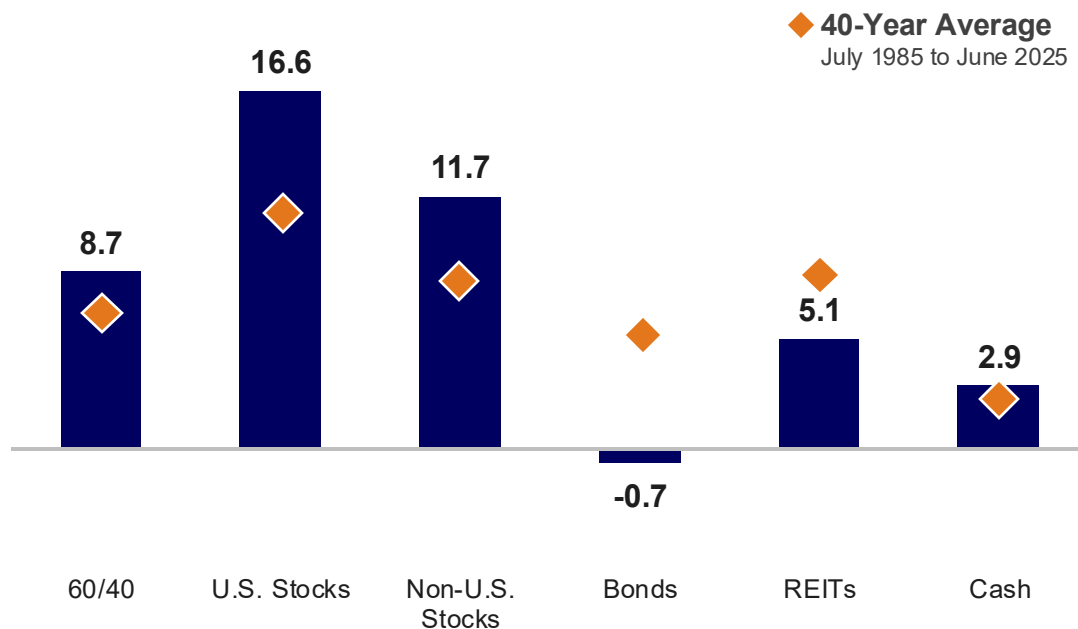
2020 first half included:

1. Global pandemic
Worst in 100 years
2. Deep economic recession
One of the fastest in history
3. 20%+ equity drop
Impacted all markets

Ramifications lead to:

- Historic inflation levels
- Historic stock and bond pullback in 2022

Five-Year Index Portfolio Total Returns % Ending June 2025



Stay invested and stick to your plan to navigate through difficult environments

Sources: 60/40 portfolio – 40% S&P 500 Index, 20% MSCI EAFE Index, 40% Bloomberg U.S. Aggregate Bond Index; Cash: Citigroup Treasury 3Month T-bill Index, U.S. Stocks: S&P 500 Index, Non-U.S. Stocks: MSCI EAFE Index; Bonds: Barclays U.S. Aggregate Bond Index, Cash: Citigroup Treasury 3Month T-Bill Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Important information and disclosures

RISKS OF ASSET CLASSES DISCUSSED IN THIS PRESENTATION:

Global, International and Emerging markets return may be significantly affected by political or economic conditions and regulatory requirements in a particular country. Investments in non-U.S. markets can involve risks of currency fluctuation, political and economic instability, different accounting standards and foreign taxation. Such securities may be less liquid and more volatile. Investments in emerging or developing markets involve exposure to economic structures that are generally less diverse and mature, and political systems with less stability than in more developed countries.

Real Assets: Investments in infrastructure-related companies have greater exposure to adverse economic, financial, regulatory, and political risks, including, governmental regulations. Global securities may be significantly affected by political or economic conditions and regulatory requirements in a particular country. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks. Investments in international markets can involve risks of currency fluctuation, political and economic instability, different accounting standards, and foreign taxation.

Commodities: Commodities may have greater volatility than traditional securities. The value of commodities may be affected by changes in overall market movements, changes in interest rates or sectors affecting a particular industry or commodity, and international economic, political and regulatory developments.

Bonds: With fixed income securities, such as bonds, interest rates and bond prices tend to move in opposite directions. When interest rates fall, bond prices typically rise and conversely when interest rates rise, bond prices typically fall. When interest rates are at low levels there is risk that a sustained rise in interest rates may cause losses to the price of bonds. Bond investors should carefully consider these risks such as interest rate, credit, repurchase and reverse repurchase transaction risks. Greater risk, such as increased volatility, limited liquidity, prepayment, non-payment and increased default risk, is inherent in portfolios that invest in high yield ("junk") bonds or mortgage-backed securities, especially mortgage-backed securities with exposure to sub-prime mortgages. Investment in non-U.S. and emerging market securities is subject to the risk of currency fluctuations and to economic and political risks associated with such foreign countries. When interest rates are at low levels there is risk that a sustained rise in interest rates may cause losses to the price of bonds.

Small capitalization (small cap) investments involve stocks of companies with smaller levels of market capitalization (generally less than \$2 billion) than larger company stocks (large cap). Small cap investments are subject to considerable price fluctuations and are more volatile than large company stocks. Investors should consider the additional risks involved in small cap investments.

Large capitalization (large cap) investments involve stocks of companies generally having a market capitalization between \$10 billion and \$200 billion. The value of securities will rise and fall in response to the activities of the company that issued them, general market conditions and/or economic conditions.

Although stocks have historically outperformed bonds, they also have historically been more volatile. Investors should carefully consider their ability to invest during volatile periods in the market.

Growth: Growth investments focus on stocks of companies whose earnings/profitability are accelerating in the short-term or have grown consistently over the long-term. Such investments may provide minimal dividends which could otherwise cushion stock prices in a market decline. A stock's value may rise and fall significantly based, in part, on investors' perceptions of the company, rather than on fundamental analysis of the stocks. Investors should carefully consider the additional risks involved in growth investments.

Value: Value investments focus on stocks of income-producing companies whose price is low relative to one or more valuation factors, such as earnings or book value. Such investments are subject to risks that the stocks' intrinsic values may never be realized by the market, or, that the stocks may turn out not to have been undervalued. Investors should carefully consider the additional risks involved in value investments.

An **Investment Grade** is a system of gradation for measuring the relative investment qualities of bonds by the usage of rating symbols, which range from the highest investment quality (least investment risk) to the lowest investment quality (greatest investment risk).

Gross domestic product (GDP) refers to the market value of all final goods and services produced within a country in a given period. It is often considered an indicator of a country's standard of living.

Trailing price-to-earnings (P/E) is a relative valuation multiple that is based on the last 12 months of actual earnings. It is calculated by taking the current stock price

and dividing it by the trailing earnings per share (EPS) for the past 12 months.

Forward price to earnings (forward P/E) is a quantification of the ratio of price-to-earnings (P/E) using forecasted earnings for the P/E ratio.

Price-to-book ratio compare a firm's market to book value by dividing price per share by book value per share.

INDEX DEFINITIONS:

Bloomberg Global High-Yield Index: An index which provides a broad-based measure of the global high-yield fixed income markets. The Global High-Yield Index represents that union of the U.S. High-Yield, Pan-European High-Yield, U.S. Emerging Markets High-Yield, CMBS High-Yield, and Pan-European Emerging Markets High-Yield Indices.

Bloomberg High Yield Municipal Bond Index: An unmanaged index considered representative of noninvestment-grade bonds. FactSet Research Systems Inc. Intermediate U.S. Credit Index is an unmanaged index of dollar-denominated, investment-grade, publicly issued securities with maturities of one to 10 years.

Bloomberg Intermediate Treasury Index: Measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

Bloomberg Short Treasury Index: Is composed of all treasuries that have a remaining maturity between one and twelve months.

Bloomberg U.S. Aggregate Bond Index: An index, with income reinvested, generally representative of intermediate-term government bonds, investment grade corporate debt securities, and mortgage-backed securities. (specifically: Bloomberg Government/Corporate Bond Index, the Asset-Backed Securities Index, and the Mortgage-Backed Securities Index).

Bloomberg U.S. Credit Bond Index: Measures the performance of investment grade corporate debt and agency bonds that are dollar denominated and have a remaining maturity of greater than one year.

Bloomberg US Corporate Bond Index: Measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

Important information and disclosures

Bloomberg U.S. Municipal Index: Covers the USD-denominated long-term tax-exempt bond market.

Bloomberg Commodity Index Family: Represents the major commodity sectors within the broad index: Energy (including petroleum and natural gas), Petroleum (including crude oil, heating oil and unleaded gasoline), Precious Metals, Industrial Metals, Grains, Livestock, Softs, Agriculture and Ex-Energy. Also available are individual commodity sub-indexes on the 19 components currently included in the DJ-UBSCISM, plus Brent crude, cocoa, feeder cattle, gas oil, lead, orange juice, platinum, soybean meal and tin.

Bloomberg Commodity Index Total Return: Composed of futures contracts on physical commodities. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for the delivery of the underlying physical commodity. In order to avoid the delivery process and maintain a long futures position, nearby contracts must be sold and contracts that have not yet reached the delivery period must be purchased. This process is known as "rolling" a futures position.

Citigroup 1-3 Month T-Bill Index: An unmanaged index that tracks short-term U.S. government debt instruments.

FTSE NAREIT: An Index designed to present investors with a comprehensive family of REIT performance indexes that span the commercial real estate space across the U.S. economy, offering exposure to all investment and property sectors. In addition, the more narrowly focused property sector and sub-sector indexes provide the facility to concentrate commercial real estate exposure in more selected markets.

JPM Emerging Market Bond Index (EMBI): Dollar-denominated sovereign bonds issued by a selection of emerging market countries.

MSCI AC World ex-USA Index: An index that tracks global stock market performance that includes developed and emerging markets but excludes the U.S.

MSCI country indices: Indices which include securities that are classified in that country according to the MSCI Global Investable Market Index Methodology, together with companies that are headquartered or listed in that country and carry out the majority of their operations in that country.

MSCI EAFE (Europe, Australasia, Far East) Index: A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

MSCI Emerging Markets Index: A float-adjusted market capitalization index that consists of indices in 24 emerging economies.

MSCI World Index: A broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries.

Russell 3000® Index: Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.

Russell 2000® Index: measures the performance of the 2,000 smallest companies in the Russell 3000 index.

The S&P 500® Index: A free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States. The stocks included in the S&P 500® are those of large publicly held companies that trade on either of the two largest American stock market exchanges: the New York Stock Exchange and the NASDAQ.

The S&P Global Infrastructure Index: Provides liquid and tradable exposure to 75 companies from around the world that represent the listed infrastructure universe. To create diversified exposure across the global listed infrastructure market, the index has balanced weights across three distinct infrastructure clusters: Utilities, Transportation, and Energy.

S&P Global Natural Resources Index: The index includes 90 of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements, offering investors

Euro Stoxx 600 index" Index is derived from the Stoxx Total Market Index and is a subset of the STOXX Global 1800 Index, represents large, mid and small capitalization companies across 17 countries of the European Region.

Market Indicators

HOME PRICES – The S&P/Case-Shiller Home Price Index is a measurement of U.S. residential real estate prices, tracking changes in top 20 metropolitan regions. This indicator value represents the trailing year over year % change in the home prices index as of last month-end. Residential real estate represents a large portion of the U.S. economy, and the Home Price Index helps us monitor the value of real estate.

MARKET VOLATILITY(VIX) – CBOE VIX (Chicago Board Options Exchange Volatility Index) measures annualized implied volatility as conveyed by S&P 500 stock index option prices and is quoted in percentage points per annum. For instance, a VIX value of 15 represents an annualized implied volatility of 15% over the next 30-day period. The

VIX measures implied volatility, which is a barometer of investor sentiment and market risk.

10 YR. U.S. TREASURY YIELD – The yield on the 10-year U.S. Treasury note issued by the U.S. Government. It is important because it is seen as a benchmark for interest rate movements and borrowing costs in the economy.

YIELD SPREAD – The spread between 3-month Treasury bill yields and 10-year Treasury note yields measures the market outlook for future interest rates. A normal or upward-sloping yield curve, can imply that investors expect the economy to grow and inflation to eat into asset returns. They thus demand a higher yield for long-term Treasuries. An inverted yield curve has often been an indicator of coming recessions, but not always. For example, reduced inflation expectations could cause the yield curve to flatten.

Economic Indicators

CONSUMER SENTIMENT – The University of Michigan Survey of Consumer Sentiment Index is an economic indicator which measures the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation.

ECONOMIC EXPANSION (GDP) – GDP (Gross Domestic Product) measures the total market value of a nation's output of goods and services during a specific time period. It is usually measured on a quarterly basis. Current GDP is based on the current prices of the period being measured. Nominal GDP growth refers to GDP growth in nominal prices (unadjusted for price changes). Real GDP growth refers to GDP growth adjusted for price changes. Calculating Real GDP growth allows economists to determine if production increased or decreased, regardless of changes in the purchasing power of the currency.

INFLATION – The Consumer Price Index (CPI) NSA (non-seasonally adjusted) measures changes in the price level of a market basket of consumer goods and services purchased by households. This indicator value represents the trailing year over year % change in the CPI index as of last month-end.

UNEMPLOYMENT – The Bureau of Labor Statistics measures employment and unemployment of all persons over the age of 15 using two different labor force surveys conducted by the United States Census Bureau (within the United States Department of Commerce) and the Bureau of Labor Statistics (within the United States Department of Labor) that gather employment statistics monthly. The data reported here is seasonally adjusted (SA) to account for seasonal gains in employment leading up to Christmas.

01-01-343-Q2 (7/25)