

U.S. Equity

- Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000 Index, returned 6.29%¹ and 6.34% respectively in May. These strong returns were powered by the “Magnificent Seven” group of stocks (Microsoft, NVIDIA, Apple, Amazon, Alphabet, Meta and Tesla) which jumped 13.36% during the month (as measured by the Bloomberg Magnificent 7 ETF).
- This outperformance was reflected in the sector returns, as the Information Technology sector returned 10.89% for the month, followed closely by Telecom and Consumer Discretionary. The Healthcare sector was the only one of the 11 with negative returns for the month, returning -5.55% in May.
- Positive returns were seen across all capitalizations, with small-caps (Russell 2000 Index) returning 5.34%, mid-caps (Russell Midcap Index) returning 5.72% and large-caps (Russell 1000 Index) returning 6.38%. Growth stocks outperformed value stocks across all capitalizations during the month.
- According to FactSet Earnings Insight (as of May 30, 2025), the blended year-over-year (YoY) earnings growth for the S&P in Q1 was 13.3%, significantly outpacing analysts’ forecast of 7.2%. The Magnificent Seven companies reported robust earnings growth of 27.7%, though this is slightly lower than the average growth rate of the last three quarters. For Q2, analysts are projecting a more moderate earnings growth of 5.0%. For the calendar year 2025 overall, analysts are projecting YoY earnings growth of 9.1%.

Non-U.S. Equity

- Non-U.S. equity markets, represented by the MSCI ACWI ex USA Index returned 4.58% in May. Developed markets, represented by the MSCI EAFE Index returned 4.58%. Emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned 4.27% with Chinese equities (MSCI China Index) returning 2.47%.
- Within the MSCI ACWI ex USA Index, all 11 sectors posted positive returns. Information Technology was also the best performing sector for the month, returning 8.64%, while the Industrials sector was the second-best performer, returning 7.73%. Healthcare was the worst performing sector, posting a return of 0.26%.

Fixed Income

- Tariff concerns eased somewhat during May while concerns over the U.S. fiscal deficit flared up following the House’s passage of the administration’s latest tax cut and spending bill. Treasury yields rose along the curve in May, with the 2- and 5-year yields rising 29 and 23 basis points (bps) respectively. The yield on the 10-year also rose 24 bps, while the 30-year U.S. Treasury rose 25 bps, leading to a slightly steeper curve on the long end.

- The Bloomberg U.S. Aggregate Bond Index returned -0.72% in May. Investment-grade (IG) credit returned -0.07%, AAA-rated bonds returned -0.61%, AA-rated bonds returned -0.59%, A-rated bonds returned -0.22%, while BBB-rated bonds saw a positive return of 0.26%. High-yield corporates, as represented by ICE BofA U.S. High Yield Index, returned 1.68% during the month, while the Ice BofA US Treasury Index returned -1.07%. Spreads compressed over the month across the ratings spectrum.

Diversifying Assets

- During May, Real Estate Investment Trusts (REITs), as represented by the MSCI US REIT Index and the FTSE NAREIT All Equity REITs Index returned 2.05% and 2.12% respectively. The Lodging and Resorts sector saw the strongest performance for the month while the Healthcare sector was the most challenged. Listed Infrastructure, represented by the MSCI World Core Infrastructure Index, returned 1.19% for the month. This positive performance came despite rising rates, supported by strong equity market performance.

Items to Watch

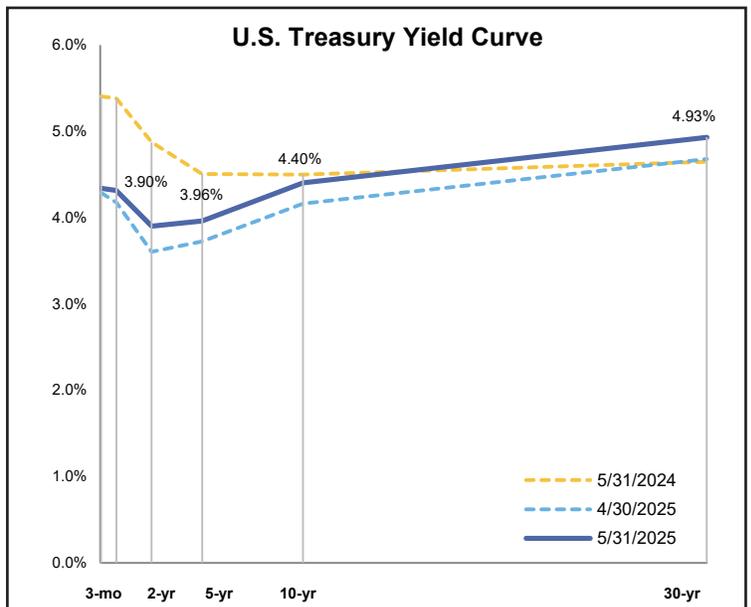
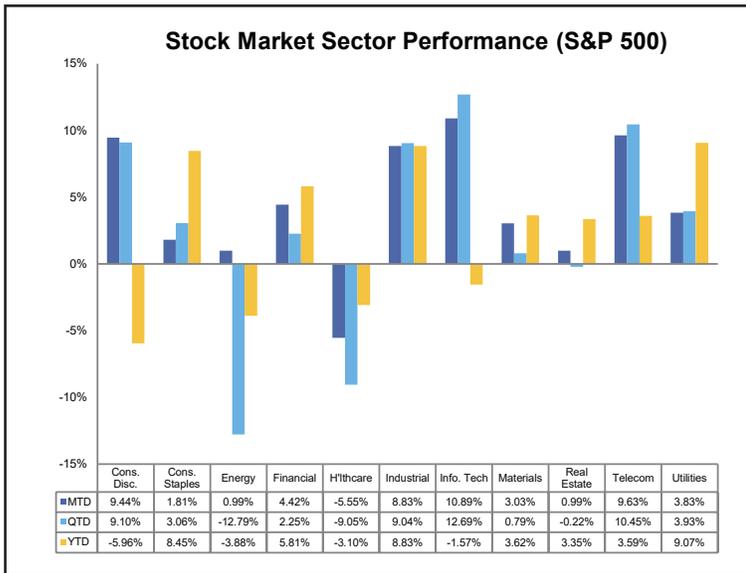
- We continue to watch the evolving tariff landscape and evaluate possible impacts on markets, both domestically and internationally. While the legal standing of the current tariffs imposed under the International Emergency Economic Powers Act remains under review by the courts, trade deal negotiations are slowly being made with various partners, including the UK.
- The health of the consumer remains top of mind as “soft data,” such as sentiment, continues to hover near a three-year low. In May, the University of Michigan’s consumer sentiment survey registered at 52.2 as consumers deal with uncertainty around tariffs and interest rates. Positive signs remain, however, as the YoY inflation rate eased to 2.3%, the lowest since February 2021, and the unemployment rate remained steady at 4.2% in April. Job openings rose 191,000 in April, above market expectations, and personal income rose 0.8% month over month, pointing to a slightly rosier picture for the consumer than surveys may convey.

Sources

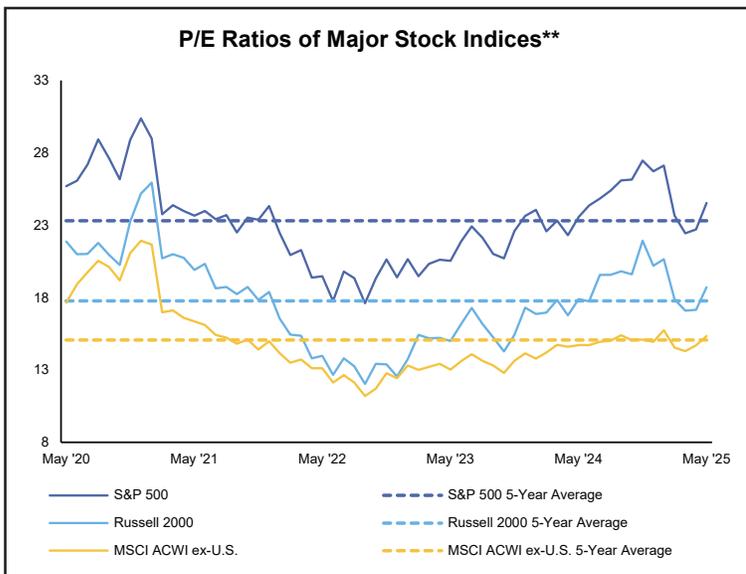
- Bloomberg
 - FactSet
 - BEA [U.S. Bureau of Economic Analysis](#)
 - https://www.cafc.uscourts.gov/opinions-orders/25-1812-ORDER.5-29-2025_2522636.pdf
- 1 - All returns are expressed as total returns (price returns net of dividends).*

| Total Return of Major Indices | | | | |
|--------------------------------|--------|--------|--------|--------|
| Domestic Equity | MTD | QTD | YTD | 1 YR |
| S&P 500 | 6.29% | 5.57% | 1.06% | 13.50% |
| Russell 3000 | 6.34% | 5.63% | 0.63% | 13.10% |
| Russell 2000 | 5.34% | 2.90% | -6.85% | 1.17% |
| Russell 1000 | 6.38% | 5.75% | 1.00% | 13.72% |
| International Equity | MTD | QTD | YTD | 1 YR |
| MSCI ACWI ex-U.S. | 4.58% | 8.36% | 14.03% | 13.75% |
| MSCI EAFE | 4.58% | 9.37% | 16.87% | 13.33% |
| MSCI Emerging Markets | 4.27% | 5.64% | 8.73% | 13.04% |
| Fixed Income | MTD | QTD | YTD | 1 YR |
| Bloomberg Barclays U.S. Agg | -0.72% | -0.33% | 2.45% | 5.46% |
| Bloomberg Barclays Global Agg | -0.36% | 2.57% | 5.28% | 7.03% |
| Bloomberg Barclays U.S. HY | 1.68% | 1.68% | 2.64% | 9.28% |
| Alternatives and Diversifying | MTD | QTD | YTD | 1 YR |
| MSCI U.S. REIT | 2.05% | -0.64% | 0.11% | 11.41% |
| FTSE NAREIT Index | 2.12% | -0.62% | 0.29% | 12.35% |
| MSCI World Core Infrastructure | 1.19% | 4.10% | 11.99% | 17.56% |
| Bloomberg Commodity | -0.58% | -5.36% | 3.05% | 1.69% |

| Economic Indicators | | |
|--|-----------|----------------|
| Domestic | Current | Previous Month |
| Unemployment Rate (%) | 4.2% | 4.2% |
| Initial Jobless Claims (4 week average) | 231 K | 231 K |
| CB Leading Economic Indicators | -1.0 | -0.8 |
| Capacity Utilization | 77.7% | 77.8% |
| GDP (annual growth rate) | -0.2% | 2.4% |
| University of Michigan Consumer Confidence | 52.2 | 52.2 |
| New Home Starts | 743 K | 670 K |
| Existing Home Sales | 4 MM | 4 MM |
| Retail Sales (YoY) | 5.2% | 5.2% |
| U.S. Durable Goods (MoM) | -6.3% | 7.6% |
| Consumer Price Index (YoY) | 2.3% | 2.4% |
| Producer Price Index (MoM) | -0.1% | -1.3% |
| Developed International* | 3/31/2025 | 12/31/2024 |
| Market GDP (annual rate) | 1.6% | 1.5% |
| Market Unemployment | 4.6% | 4.6% |



Source: Bloomberg. Data as of May 31, 2025, unless otherwise noted.



*Developed market data is calculated with respect to the weightings in the MSCI World ex-U.S. Index. Most current data is as of March 31, 2025 due to release dates of numerous countries.

**P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earning results for consistency.

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