

Verus business update

Since our last Investment Landscape webinar:

- Verus hired Carlos Garcia as Accounting Specialist, and three new employees to join the Investment Analytics Team: Jonathan Verceles, Zander Richens, and Nick Utgard.
- Verus promoted Kelli Barkov to Business Operations Director, Anneke Meulblok to Business Operations Manager, Joe Ratliffe to Consulting Associate, and Nico Caballero to Private Markets Research Analyst.
- The 2025 Real Assets Outlook was released.
- Recent research, found at <u>verusinvestments.com/research</u>:
 - State of the Core Real Estate Fund Universe
 - LDI for Public Sponsors
 - So, What Now?
 - This Matters, and This Doesn't

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Recent Verus research

Visit: <u>verusinvestments.com/research</u>

Thought leadership

STATE OF THE CORE REAL ESTATE FUND UNIVERSE

Verus addresses the state of the core real estate fund universe. Discussion includes the mixed fundamental conditions facing the asset class and the heavy redemption queues that continue to challenge certain funds and frustrate investors who are seeking liquidity.

LDI FOR PUBLIC SPONSORS

We explore the dichotomy in LDI adoption between sponsor types. We discuss the characteristics of pension plans that make LDI strategies beneficial. We assess the current environment, to illustrate why LDI may appear relatively attractive today.

SO, WHAT NOW?

Our CIO examines the current market environment after global tariffs are released by the U.S. government.

THIS MATTERS, AND THIS DOESN'T

We offer a few perspectives regarding what we watch out for to acknowledge or even avoid biases where possible. Deciding what matters most to the portfolio by ensuring a balanced set of information sources, keeping a watchful eye for biases and carefully thinking about incentives, and also determining what doesn't matter.



2nd quarter summary

THE ECONOMY

- Real GDP growth beat expectations in Q2, coming in at 3.0% quarter-over-quarter annualized (2.0% year-over-year) relative to expectations for a growth number in the mid-2s. This report was welcome news to investors and served as further evidence that the economy is moving along at a moderate pace, rather than slowing abruptly. Calendar year 2025 growth will likely be much milder than the surprising strength shown during 2024. p. 8
- U.S. inflation remained sticky and above the Fed's target, rising from 2.4% to 2.7%. There is evidence of price increases across particular items such as televisions, auto parts, and medical equipment, but these rises so far are not large enough to materially lift the overall inflation rate. Some broad inflation categories such as 'apparel' and 'new automobiles' have fallen in price since March. p. 9

EQUITY

— If U.S. businesses mostly choose to absorb the cost of tariffs rather than hike prices, that would be good for inflation. But this scenario would be damaging to corporate earnings as tariffs hit profit margins. Year-over-year Q2 S&P 500 earnings growth is expected to be +5.6%, according to FactSet as of July 11th. This would mark the weakest growth rate since Q4 2023. Earnings growth is expected to ramp up in the coming quarters, with +9.3% growth for calendar year 2025, according to FactSet. p. 25

FIXED INCOME

- The 10-year U.S. Treasury yield ended Q2 relatively unchanged at 4.23%. Shorter-term bond yields came down slightly, contributing to a positive return on short- and medium-term Treasury bonds. p. 20
- Credit spreads widened in April following tariff "Liberation Day", but quickly rebounded after delays, progress regarding negotiations, and muted economic impacts helped improve the outlook. Despite widening by nearly 1% in April, high yield bond spreads ended the quarter tighter by 56bps at 2.96%. Investment grade spreads similarly tightened, ending the quarter at 0.88%. These levels are extremely tight relative to history. p. 21

ASSET ALLOCATION ISSUES

- Regional equity markets delivered similar returns. U.S. investors experienced substantial underperformance from domestic equities. However, most of this underperformance was a product of changes in U.S. dollar value, rather than differences in returns between domestic and non-U.S. equity. Depreciation in the dollar resulted in large currency gains for unhedged investors. p. 35
- Market-priced volatility spiked above 50 to extreme levels in early April as trade policies shocked markets and led to fears of a trade slowdown and global recession. Bilateral de-escalation of tariffs has eased market volatility, as well as announcements of new trade agreements. p. 32

The U.S. job market, household spending, and business investment have remained fairly resilient

Surprisingly strong economic data suggests the likelihood of recession is low



What drove the market in Q2?

"The stock market is on the verge of an all-time record"

S&P 500						
Jan 1 st	Feb 1 st	Mar 1 st	Apr 8 th	May 1 st	June 1 st	July 1st
5868	5994	5849	4982	5604	5935	6198

Article Source: CNN, June 25th, 2025 (April 8th shown as this was the market bottom)

"Israel-Iran Ceasefire Holds, Offering Hope..."

WTI Crude O	il				
April 1st	April 30 th	May 15 th	May 30 th	June 20 th	June 30 th
\$71.2	\$58.2	\$61.6	\$60.8	\$73.8	\$65.1

Article Source: CBS News, June 25th, 2025

"Dollar drops on Middle East optimism, Euro highest since 2021"

Euro/USD E	xchange Rate				
Jan '25	Feb '25	Mar '25	Apr '25	May '25	Jun '25
1.04	1.04	1.08	1.14	1.14	1.18

Article Source: Reuters, June 24th, 2025

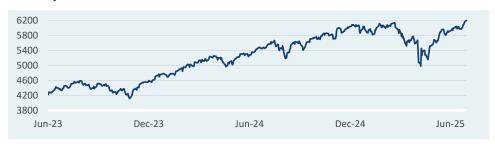
"Trump announces sweeping new tariffs to promote U.S. manufacturing, risking inflation and trade wars"

Average U.S	6. Tariff Rate				
2000	2005	2010	2015	2020	2025*
2.1%	1.8%	1.8%	1.7%	1.5%	15.6%

Article Source: Associated Press, April 3rd, 2025

*Yale Budget Lab estimate of tariff rate as of June 1st if tariff policy were to be held perpetually

U.S. EQUITY PERFORMANCE



Source: Standard & Poor's, as of 6/30/25

OIL PRICE (WTI CRUDE BBL)



Source: Bloomberg, as of 6/30/25

U.S. DOLLAR VALUE



Source: Bloomberg, as of 6/30/25



Economic environment



U.S. economics summary

- Real GDP growth beat expectations in Q2, coming in at 3.0% QoQ annualized (2.0% YoY) relative to expectations for a growth number in the mid-2s. This report was welcome news to investors and served as further evidence that the economy is moving along at a moderate pace, rather than slowing abruptly. Calendar year 2025 growth will likely be much milder than the surprising strength shown during 2024.
- There has been growing evidence that many worst case scenarios regarding tariffs and trade are unlikely to materialize. U.S. GDP growth rebounded strongly, the job market remains resilient, consumer spending growth is positive, and both business and household sentiment is improving. Inflation levels have fallen rather than risen, although uncertainty exists around how tariffs will impact everyday prices.
- The rate of unemployment fell to 4.1% in June, alongside a jobs report that beat expectations by a wide margin (147,000 vs. 117,500 expected). Weekly jobless claims activity has been very low (the number of individuals who newly filed for unemployment benefits).

- The Federal Reserve kept rates steady again in June at a target range of 4.25%-4.50%, expressing concerns about possible inflationary impacts of tariffs.
 Chair Jerome Powell at the meeting said that policymakers are "well positioned to wait" and that there are few signs of economic weakening.
- Inflation was sticky and above the Fed's target during Q2, rising from 2.4% to 2.7%. Excluding food and energy prices, inflation held steady at 2.9% in June relative to 2.8% in March. So far, there is some evidence of tariff-driven inflation but not enough to lift the overall inflation rate.
- Poor consumer sentiment has been a key story of 2025, as households became concerned about inflation, slowing growth, and worse job prospects due to tariffs and shifting U.S. trade policy. However, sentiment improved in June according to the U of Michigan survey. One-year inflation expectations dropped significantly, from 6.6% in May to 5.0% in June, as Americans see that tariffs are not yet leading to broad-based price rises.

Most Recent	12 Months Prior
2.0%	3.0%
6/30/2025	6/30/2024
2.9%	3.3%
6/30/2025	6/30/2024
2.3% 6/30/2025	2.3 % <i>6/30/2024</i>
4.25% - 4.50%	5.25% - 5.50%
6/30/2025	6/30/2024
4.2%	4.4%
6/30/2025	6/30/2024
4.1%	4.1%
6/30/2025	6/30/2024
7.7%	7.4%
6/30/2025	6/30/2024
	2.0% 6/30/2025 2.9% 6/30/2025 2.3% 6/30/2025 4.25% - 4.50% 6/30/2025 4.2% 6/30/2025 4.1% 6/30/2025 7.7%



Inflation

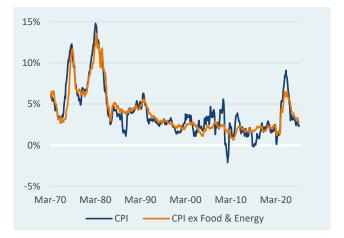
U.S. inflation (CPI) remained sticky and above the Fed's target during Q2, rising from 2.4% to 2.7%. Excluding volatile food and energy prices, inflation held steady at 2.9% in June relative to 2.8% in March. We believe there is both some good news and also some bad news around recent inflation trends.

With regard to good news, investors have been watching closely for any signs of tariff-driven price increases, and after the government CPI report in June, there is evidence of price increases across particular items such as televisions, auto parts, and medical equipment, but these rises are so far not large enough to materially lift the overall inflation rate. Some broad inflation categories such as 'apparel' and 'new automobiles'

reflect prices that are actually lower than March levels. Investors will need to continue to wait and see the degree to which businesses are passing tariff costs on to customers or are instead absorbing the costs.

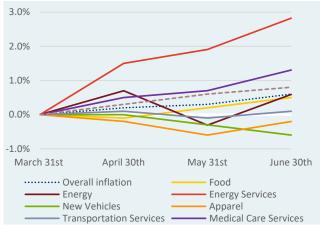
With regard to bad news around inflation, looking across all goods and service price categories, price rises were fairly broad and consistent in June. Inflation trends suggest perhaps a 2.5-3.5% range of inflation in the future—not too far from the recent range. Without further weakness in the economy, it is difficult to imagine price trends slowing materially or reversing, and the potential for tariff-fueled inflation adds some upside risk to the future range of outcomes.

U.S. CPI (YOY)



Source: BLS, as of 6/30/25

INFLATION SINCE "LIBERATION DAY"



Source: Verus, BLS, as of 6/30/25

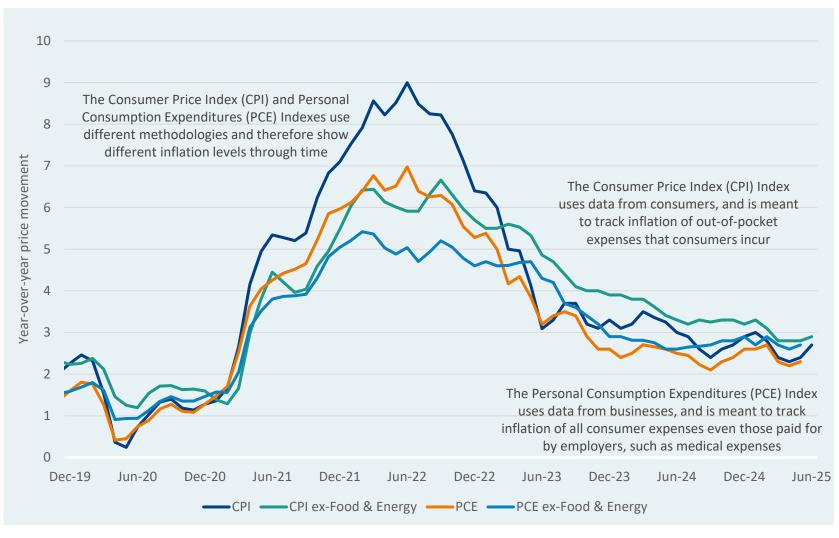
MONTHLY PRICE MOVEMENT (CPI)



Source: BLS, as of 6/30/25



U.S. inflation remains above the Fed target



Inflation remained sticky, above the Fed's 2% target

So far, there is little evidence of broad tarifffueled price rises

Source: FRED, Verus, as of 6/30/25 – or most recent release



GDP growth

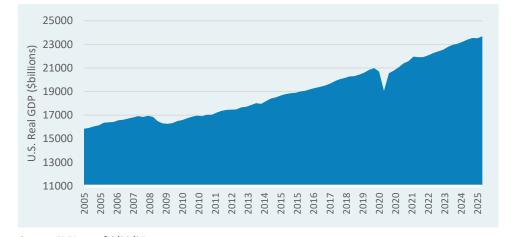
Real GDP growth beat expectations in Q2, coming in at 3.0% quarter-over-quarter annualized (2.0% year-over-year) relative to expectations for a growth number in the mid-2s. This report was welcome news to investors and served as further evidence that the economy is moving along at a moderate pace, rather than slowing abruptly. Calendar year 2025 growth will likely be much milder than the surprising strength shown during 2024.

Consumer spending, which is the largest component of the economy, once again showed a slow growth rate of 1.4% annualized, but growth was positive despite very poor sentiment since April. Business investment was also positive at a 1.9% annualized growth rate as businesses continued to spend and invest despite the shift in U.S. trade policy.

An interesting dynamic in the U.S. economy has been occurring across inventory purchases and import activity (see bottom right chart). The first and second quarters were nearly mirror opposite images of one another in this respect. In Q1, businesses dramatically increased their foreign purchases (imports) in an effort to avoid incoming tariffs. Imports often occur to the detriment of domestic purchases, which means imports dragged growth significantly lower in Q1. In Q2, this reversed as fewer imports were needed after such large Q1 purchases, meaning fewer imports greatly boosted growth in Q2. Inventories showed a similar effect but in opposite order—big inventory purchases occurred in Q1 as businesses avoided tariffs which boosted the economy and then in Q2 fewer inventories were needed which created a drag on the economy.

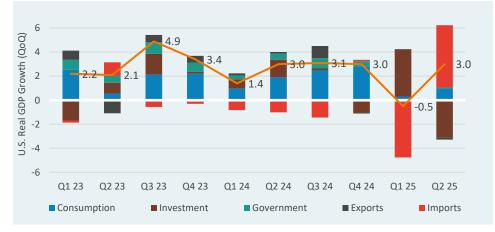
U.S. real GDP growth of 3% beat expectations and provided further evidence that economic activity remains stable

U.S. GDP GROWTH



Source: FRED, as of 6/30/25

U.S. REAL GDP COMPONENTS (QOQ)



Source: FRED, as of 6/30/25



Labor market

Most aspects of the labor market continue to suggest good to strong conditions. The rate of unemployment fell to 4.1% in June, alongside a jobs report that beat expectations by a wide margin (147,000 vs. 117,500 expected). Additionally, weekly jobless claims activity has been very low (the number of individuals who newly filed for unemployment benefits). In fact, job openings defied expectations in April and May, rising during both months. However, not all aspects of the job market have shown strength. Hiring activity has been muted and job seekers report having more difficulty finding work. Uncertainty exists around government layoffs and the ability of those workers to find new positions—this may be playing a part in jobs data (a large portion of job gains in June were for

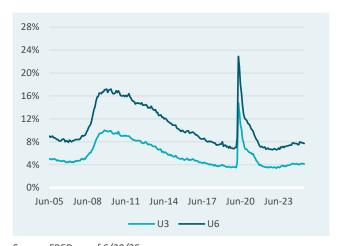
state & local government positions). The labor market tends to be a key indicator of the health of the economy, which suggests recession risk is low.

Less U.S. immigration will likely impact the economy throughout the year—as fewer workers are available in certain occupations and regions, perhaps pushing wages upwards due to less supply of cheap labor. In June it was reported that the Trump administration was considering exempting farms, hotels, and restaurants from immigration crackdowns. As certain businesses face pressure, we would not be surprised to see the executive branch ease immigration enforcement in some targeted ways.

The job market remains relatively strong

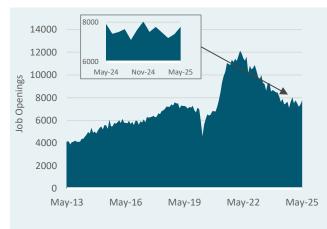
Immigration enforcement may impact business activity & wages in 2025

U.S. UNEMPLOYMENT



Source: FRED, as of 6/30/25

U.S. JOB CUT ANNOUNCEMENTS



Source: FRED, Nonfarm Job Openings, as of 5/31/25

U.S. BORDER ENCOUNTERS (MONTHLY)



Source: U.S. Customs & Border Protection total national unlawful encounters, as of 5/31/25

The consumer

Inflation-adjusted personal spending growth was 2.2% year-over-year in May, materially weaker than the latter-half of 2024 (above 3%) but still at a level that implies a moderate U.S. economic growth rate. Spending has been somewhat volatile month-to-month and there is much uncertainty around the degree to which households are pulling back on purchases.

So far, data suggests a low chance of near-term recession. Consumer spending growth has been positive and, given the recent upturn in consumer sentiment, it would be surprising to see a sharp slowdown many months after the initial shock to confidence amidst tariff fears. Here we show automobile

and overall retail sales as possible barometers of discretionary spending. Auto sales saw large gains in spring but have since fallen back towards early 2025 levels, while retail sales overall have been steady.

The average household savings rate was relatively stable at 4.5% during the quarter, after rising notably through the first quarter. As always, it is difficult to pin down specific reasons for higher household savings. Elevated savings could be a product of more conservative spending habits if households are more concerned about the future, it could be a natural result of lower U.S. inflation as price rises slow and more income is left over to save, or it could be due to other factors.

REAL PERSONAL SPENDING

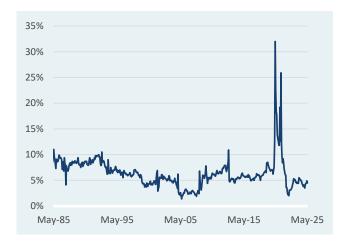


AUTO & RETAIL SALES



Source: FRED, as of 5/31/25

PERSONAL SAVINGS RATE



Source: FRED, as of 5/31/25

Source: FRED, as of 5/31/25

Sentiment

Very poor consumer sentiment has been a key story of 2025, as households became concerned about potentially rising inflation, a slowing economy, and worse job prospects as consequences of tariffs and shifting U.S. trade policy. However, sentiment has seen improvement according to popular sentiment surveys. It appears that some fears are easing as the economy and job market remain strong, though households are more pessimistic than prior to the shift in U.S. trade policy.

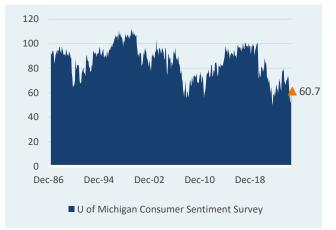
The University of Michigan survey improved in June, due to some easing of fears and acknowledgment that economic conditions remain surprisingly resilient. One-year inflation expectations dropped significantly, from 6.6% in May to 5.0% as Americans see that tariffs are not leading to broad price rises.

The Conference Board Consumer Confidence Index improved after April, but in June saw some deterioration. The Future Expectations portion of the index, which reflects the shorter-term outlook for income, business, and labor market conditions, is at a low level that historically has suggested a recessionary outlook.

Small business sentiment moved slightly higher in Q2, from 97.4 to 98. Conditions are mildly better than the 50-year average level, with more business owners expecting better business conditions in the future. The greatest concern is labor quality with many employers struggling to find qualified workers.

Sentiment was mixed but is better than April levels, as households see that trade policies have not led to recession or materially higher inflation

CONSUMER SENTIMENT (UNIV. OF MICHIGAN)



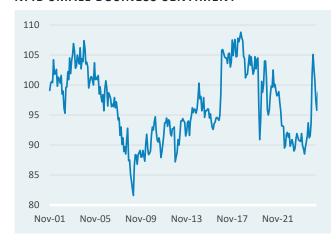
Source: University of Michigan, as of 6/30/25

CONSUMER CONFIDENCE (CONFERENCE BOARD)



Source: Conference Board, as of 6/30/25

NFIB SMALL BUSINESS SENTIMENT



Source: NFIB, as of 5/31/25



Housing

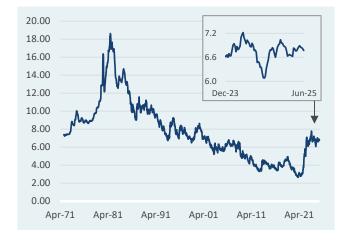
Home prices in the United States rose 1% over the past year nationwide, according to Redfin, although price gains may be set to slow as new construction rises along with overall inventory, and homes are sitting on the market longer.

U.S. residential housing construction activity increased, now closer to long-term average levels. However, sales of those homes have lagged, resulting in historically high inventory levels *relative to sales*. It seems reasonable to assume that extreme unaffordability is contributing to sluggish new home sales. The 30-year average fixed mortgage rate sat at 6.8% to end Q2, only a bit lower than the recent high of 7.8%, which was

the highest mortgage rate since year 2000. The price of an average home has increased approximately 200% since the year 2000, according to the S&P CoreLogic Case-Shiller Index, while average household weekly wages have gone up only 100%.

National average rent costs are down -1% year-over-year according to Redfin. "Apartment construction in America has been hovering near a 50-year high, and even though renter demand is strong, it's not keeping pace with supply," said Redfin Senior Economist Sheharyar Bokhari. Oversupply is becoming a problem as new apartment building vacancies sit near record levels.

30-YEAR MORTGAGE RATE (%)



Source: Freddie Mac, as of 6/30/25

EXISTING HOME SALES



Source: National Association of Realtors, as of 5/31/25

DAYS OF NEW HOUSING INVENTORY



Source: FRED, as of 4/30/25 – days of inventory relative to daily sales



International economics summary

- Economic growth for developed economies during 2025 is expected be weak, ranging from 0.2% real GDP growth in Germany, to 0.8% in Japan, 1.0% in the Eurozone, and 1.5% in the U.S. These estimates moved lower alongside trade conflicts and barriers that will crimp economic activity.
- The ECB cut rates in June by 25bps, likely raising tensions between President Trump and Fed Chair Powell regarding U.S. rate policy. President Trump has been placing pressure on Powell very publicly, as he sees lower interest rates as stimulative to the economy and an approach to mitigate high national debt service costs.
- Escalating tensions between Iran and Israel led to fears of broader conflict. A ceasefire between the two nations was achieved after the U.S. executed a direct attack on Iranian nuclear facilities which was followed by a muted military response. This ceasefire agreement has held, although uncertainty remains high as

- Iran's leadership ramped up anti-U.S. rhetoric in late-June.
- Following the German election win by the conservative Christian Democratic Union and its alliance the Christian Social Union, Friedrich Merz was elected Chancellor and a grand coalition with the Social Democratic Party was formed. The coalition's main priorities include economic growth, border security, a more pragmatic approach to energy, and further European integration.
- On May 8th, the BOE decided to cut interest rates by 25bps to 4.25%. This marked the fourth rate cut of 25bps since August, when the policy rate was 5.25%. The BOE cited cooling inflation, slowing growth, and a weaker job market as contributing factors.
- As the U.S. administration appears to be focusing maximum pressure on China regarding trade and business practices, the intense market volatility experienced in early April could be setting the stage for the rest of 2025.

	GDP (Real, YoY)	Inflation (CPI, YoY)	Unemployment
United States	2.0%	2.7%	4.1%
Officed States	6/30/2025	6/30/2025	6/30/2025
Eurozone	1.4%	2.0%	6.2%
Lui ozone	6/30/2025	6/30/2025	6/30/2025
lanan	1.7%	3.3%	2.6%
Japan	3/31/2025	6/30/2025	5/31/2025
Canada	1.2%	1.9%	6.9%
Callaua	5/31/2025	6/30/2025	6/30/2025
BRICS Nations	5.1%	1.6%	4.9%
DRICS NATIONS	3/31/2025	6/30/2025	6/30/2025
Brazil	2.9%	5.4%	4.1% 6/30/2025 6.2% 6/30/2025 2.6% 5/31/2025 6.9% 6/30/2025 4.9%
DIazii	3/31/2025	6/30/2025	6/30/2025
Russia	1.4%	9.4%	2.2%
Russia	3/31/2025	6/30/2025	6/30/2025
India	7.4%	2.1%	8.5%
IIIuIa	3/31/2025	6/30/2025	12/31/2017
China	5.2%	0.1%	5.0%
CHILIA	6/30/2025	6/30/2025	6/30/2025

NOTE: India lacks reliable government unemployment data. Unemployment rate shown above is estimated from the Centre for Monitoring Indian Economy. The Chinese unemployment rate represents the monthly surveyed urban unemployment rate in China.



International economics

The Eurozone grew 1.5% YoY in Q1. Full year growth is expected at only 0.9%, according to the ECB which cited trade policy uncertainty. On July 4th, the central bank cut rates to 2.0% as inflation continued to moderate, though a prolonged trade war could further weaken the economy and reignite some inflation pressure.

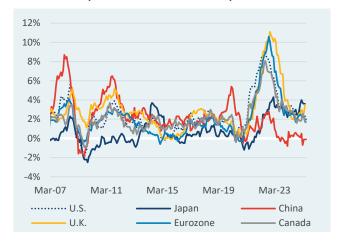
The U.S. expanded the initial February tariff rates on "Liberation Day", including a 10% baseline and 54% on China, 20% on the EU, and 25% on Canada and Mexico. The U.S. cited business operation onshoring, national defense, improving the trade deficit / foreign terms of trade, and immigration and drug control as goals of tariff policy. No permanent trade deals were secured by mid-July, with partners making concessions but also claiming that they would seek to diversify trade away from the U.S. The trade war with China

escalated after "Liberation Day", with tariff rates reaching 145% on Chinese goods and 125% on U.S. goods. A 90-day deal in June reduced tariffs to 30% on Chinese goods and 10% on U.S. goods and included a Chinese commitment to continue exports of rare earth minerals, alleviating the recent halt in exports.

Canada, Mexico, and the EU initially imposed counter-tariffs but suspended them after a 90-day pause was announced in May and later extended through August 1, bringing most countries to the baseline tariff rate of 10%. We believe it is likely that 10% baseline tariffs will stay in place long-term.

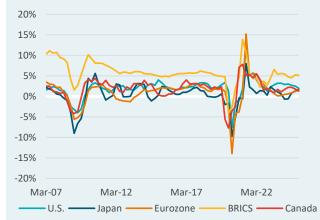
In May, the U.S. and U.K. announced a non-binding Economic Prosperity Deal, maintaining the 10% U.K. tariff while reducing rates on select sectors. The U.K.'s relatively low tariff rate may reflect its strategic alignment with the U.S.

INFLATION (CPI YEAR-OVER-YEAR)



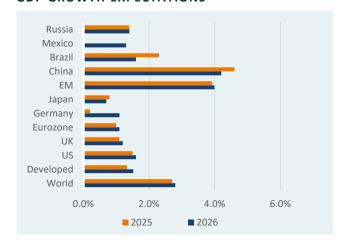
Source: BLS, Verus, as of 6/30/25 or most recent date

REAL GDP GROWTH (YEAR-OVER-YEAR)



Source: BLS, Verus, as of 3/31/25 or most recent date

GDP GROWTH EXPECTATIONS



Source: Bloomberg, as of 6/30/25



Fixed income rates & credit



Fixed income environment

- The 10-year U.S. Treasury yield was unchanged at 4.23% during the quarter, although yields moved in a very wide range from slightly below 4.0% following trade "Liberation Day" to 4.6% after Moody's downgraded the U.S. credit rating and fears circulated of a debt crisis. With notable upside and also downside risks to yields, investors may be justified in avoiding large bond duration bets.
- The Federal Reserve kept rates steady again in June at a target range of 4.25%-4.50%, expressing concerns about possible inflationary impacts of tariffs. Chair Jerome Powell at the meeting said that policymakers are "well positioned to wait" and that there were few signs of economic weakening. President Trump continued to place pressure on Jerome Powell to cut rates.
- The U.S. yield curve has returned to an upward sloping shape—the steepest since early 2022 when the Federal Reserve began quickly hiking interest

- rates. The 10-year U.S. Treasury yield was 0.6% higher than the 2-year yield as of June 30th.
- Longer duration credit lagged shorter duration. The yield curve experienced some steepening due primarily to a selloff in the longer end of the curve during April. Long duration corporate bonds lost -1.9% while Bank loans added +2.3% and high yield returned +3.5%.
- Credit spreads widened due to risk off movements, and lower quality spreads experienced the largest shifts. High yield bond spreads tightened by 56bps to 2.96%, while investment grade spreads fell to 0.88%. Leveraged loan spreads likewise tightened 25 basis points to 4.47%. Despite recent widening events, BB- and B- rated credit spreads remain below long-term historical averages while CCC-rated credit remains closer to the long-term average.

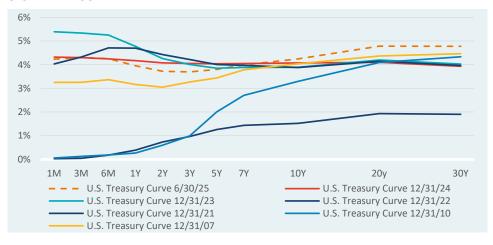
	QTD Total Return	1 Year Total Return
Core Fixed Income (Bloomberg U.S. Aggregate)	1.2%	6.7%
Core Plus Fixed Income (Bloomberg U.S. Universal)	1.4%	7.1%
U.S. Treasuries (Bloomberg U.S. Treasury)	0.8%	5.9%
U.S. Treasuries: Long (Bloomberg U.S. Treasury 20+)	-1.9%	2.1%
U.S. High Yield (Bloomberg U.S. Corporate HY)	3.5%	10.4%
Bank Loans (S&P/LSTA Leveraged Loan)	2.3%	7.3%
Emerging Market Debt Local (JPM GBI-EM Global Diversified)	7.6%	14.0%
Emerging Market Debt Hard (JPM EMBI Global Diversified)	3.3%	10.7%
Mortgage-Backed Securities (Bloomberg MBS)	1.1%	7.2%

Source: Standard & Poor's, J.P. Morgan, Bloomberg, as of 6/30/25

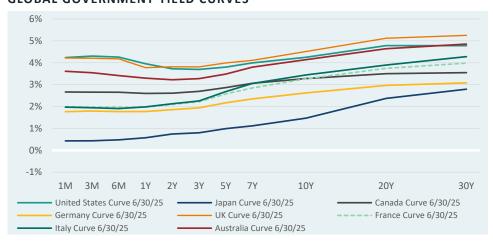


Yield environment

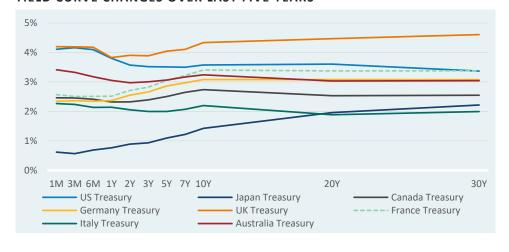
U.S. YIELD CURVE



GLOBAL GOVERNMENT YIELD CURVES



YIELD CURVE CHANGES OVER LAST FIVE YEARS



IMPLIED CHANGES OVER NEXT YEAR



Source: Bloomberg, as of 6/30/25



Credit environment

During Q2, longer duration credit noticeably lagged shorter duration credit. The yield curve experienced a bearish steepening event in April due primarily to a selloff in the longer end of the curve (a move higher in yields). Shorter duration credit assets such as bank loans and high yield delivered +2.3% and +3.5% returns respectively, while long duration, higher quality credit lost -1.9%.

Returns within the high yield bond market were positive, with lower quality credits initially lagging BB- and B- rated bonds but outperforming during the months of May and June. Bonds rated CCC, including distressed, returned +4.4% on the quarter, compared to +3.6% and +3.7% for BB- and B- rated bonds. respectively. Lower quality bank loans saw less of a loss during April, subsequently resulting in less return during the rally that followed. CCC-

rated loans returned +2% while B- and BB- rated loans returned +2.6% and +2.3%, respectively.

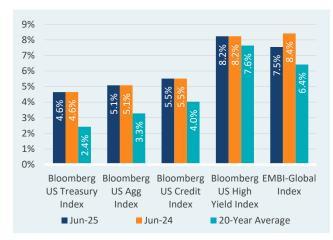
Credit spreads widened in April following "Liberation Day" but quickly rebounded as initial tariffs were delayed and the consumer outlook improved. Despite widening by nearly 1% in April, high yield bond spreads ended the quarter tighter by 56bps at 2.96%. Investment grade spreads similarly tightened, ending the quarter at 0.88%. Bank loan spreads widened less in April but still tightened in May and June, ending the quarter 25bps lower at 4.47%. After the recovery from April's selloff, credit spreads remain well below long-term historical averages. This continues to reflect an apparent confidence in corporate debt, though the total impact of tariffs on U.S. businesses is not yet known.

SPREADS



Source: Barclays, Bloomberg, as of 6/30/25

YIELD TO MATURITY



Source: Morningstar, as of 6/30/25

CREDIT SPREAD (OAS)

Market	6/30/2025	6/30/2024
Long U.S. Corp	1.0%	1.2%
U.S. Inv Grade Corp	0.8%	0.9%
U.S. High Yield	2.9%	3.1%
U.S. Bank Loans*	4.4%	4.8%

Source: Barclays, Credit Suisse, Bloomberg, as of 6/30/25
*Discount margin (4-year life)



Default & issuance

Default activity trended lower during Q2, with no defaults occurring in June (only the third month of no defaults since 2022). During the full quarter, nine companies defaulted, totaling more than \$2.5 billion in bonds and \$3.9 billion in loans. While higher than Q1 default levels, this activity was half of the average default volume of the prior two years.

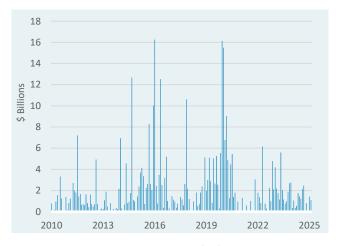
Loans continued to surpass bonds in both default and distressed activity. Distressed exchanges totaled \$2.8 billion in bonds and \$7.7 billion in loans. While this was higher than the recent average, distressed credit volumes have fallen since the nearly \$20 billion that occurred in Q4 of 2024.

High yield bond default rates rose 21bps to 1.4%, well below the long-term annual average of over 3.0%. Loan default rates, by comparison, dropped

slightly to 3.8%. While the default gap between bonds and loans shrank, the gap remains close to the post-2000 high of 3% experienced in 2024.

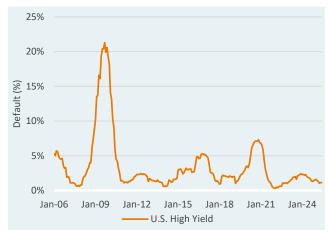
Quarterly issuance volume of high yield bonds was slightly higher, totaling \$77 billion, though still down -12% year-over-year. Notably, the majority of this issuance occurred in June, the highest single month of issuance (\$37 billion) since September 2021. Bank loans issuance slowed to \$103 billion. This figure contrasts with the prior two quarters, which saw the second highest (\$337 billion) and highest (\$505 billion) levels of bank loan issuance on record. That might be attributed to, among other factors, the stalling of deal activity during the month of April following "Liberation Day", as reflected in April issuance of \$6.2 billion, which marked a 30-month low.

U.S. HIGH YIELD MONTHLY DEFAULTS



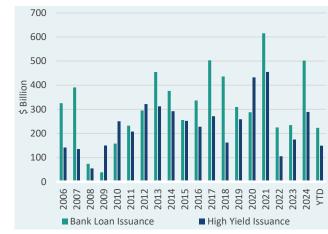
Source: BofA Merrill Lynch, Verus, as of 6/30/25 – par weighted

U.S. HIGH YIELD DEFAULTS (LAST 12 MONTHS)



Source: BofA Merrill Lynch, as of 6/30/25 - par weighted

USD ISSUANCE (\$ BILLIONS)



Source: BofA Merrill Lynch, as of 6/30/25



Equity



Equity environment

- Regional equity markets delivered nearly identical returns during Q2.
 Year-to-date the U.S. market has lagged by a wide margin, although most of this was caused by foreign currency movements (a substantial fall in U.S. dollar value recently created a performance tailwind for U.S. investors with unhedged foreign currency exposure).
- Following the rebound from April's selloff, U.S. equity forward P/E multiples climbed back to very high levels. This recovery to new index highs surprised many investors who point to weaker earnings forecasts, slower economic growth, and a variety of new risks on the horizon.
- Value stocks trailed growth significantly during Q2 (Russell 1000 Value +3.8% vs. Russell 1000 Growth +17.8%). Index concentration in mega-cap growth stocks seems to be contributing to style factor volatility lately. The extreme drawdown of the

- "Magnificent 7" stocks during 2022 led to the best value stock performance in decades, and then after those seven stocks rebounded led to exceptionally poor value stock performance.
- While Chinese equities rallied strongly during Q1, leading the overall index, this market stalled in Q2, and other regional markets roared back to life (MSCI China +2.1% vs. MSCI EM ex-China +16.5%). Chinese equities remain a laggard over the medium term.
- Market-priced volatility spiked to extreme levels on trade "Liberation Day" as fears of a trade slowdown and global recession circulated. In some places, bilateral de-escalation of tariffs and punitive trade proposals has eased volatility. In other places, the U.S. reached new trade agreements with its partners. This progress has helped bring market volatility back closer to the longerterm average.

	10.9% 14.9% 8.5% 8.6% 11.0% 15.1% 3.8% 14.4% 17.8% 16.1% 11.5% 9.5% 15.9% 13.9 11.8% 5.3% 17.5% 10.1 11.6% 3.1% 20.5% 12.0 9.5% 3.2% 20.5% 11.3 11.1% 8.7% 10.8% 8.0% 13.3% 8.0% 25.4% 26.79			AL RETURN					
	(unhedged)	(hedged)	(unhedged) (hedged)						
U.S. Large Cap (S&P 500)	10.	9%	14.	9%					
U.S. Small Cap (Russell 2000)	(unhedged) 10 8. 11 3. 17 11.5% 11.6% 9.5% 11.1% 13.3%	%	8.6	5%					
U.S. Equity (Russell 3000)	11.	0%	15.	1%					
U.S. Large Value (Russell 1000 Value)	3.8	3%	14.	4%					
U.S. Large Growth (Russell 1000 Growth)	17.	8%	16.	1%					
Global Equity (MSCI ACWI)	11.5%	9.5%	15.9%	13.9%					
International Large (MSCI EAFE)	11.8%	5.3%	17.5%	10.1%					
Eurozone (EURO STOXX 50)	11.6%	3.1%	20.5%	12.0%					
U.K. (FTSE 100)	9.5%	3.2%	20.5%	11.3%					
Japan (TOPIX)	11.1%	8.7%	10.8%	8.0%					
Canada (S&P/TSX)	13.3%	8.0%	25.4%	26.7%					
Emerging Markets (MSCI Emerging Markets)	12.0%	8.0%	15.1%	12.8%					

Source: Standard & Poor's, FTSE, MSCI, STOXX, JPX, as of 6/30/25 – performance quoted from perspective of U.S. dollar investor



Domestic equity

U.S. equities rallied back strongly in Q2 (S&P 500 +10.9%) despite some weakening of economic conditions and ongoing inflation fears. This brought the domestic market to +6.2% year-to-date, which at first glance implies that the U.S. market has been one of the worst performers among global markets. However, most of the outperformance of international equity markets recently has been due to foreign currency movements rather than strong underlying equity market gains (most U.S. investors do not hedge foreign currency risk which exposes those investors to currency swings).

Year-over-year Q2 earnings growth of the S&P 500 is expected to be +5.6%, according to FactSet as of July 18th. This would

mark the weakest earnings growth since Q4 2023. However, given that most corporations end up beating earnings expectations, based on past trends reported earnings could ultimately top a +9% growth figure. For full year 2025, earnings growth is expected to rise to a +9.3% growth rate.

As domestic stocks have become more expensive, and as more of the index is composed of growth stocks with lower dividend payouts, the dividend yield of the S&P 500 reached an incredibly low 1.3% in Q2—the lowest level in market history other than what was seen during the late-1990s dotcom bubble. Investors will be far more dependent on earnings growth in the future, given a lack of dividend yield.

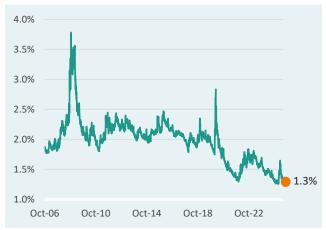
U.S. equities roared back in Q2, fully recovering April losses despite risks remaining on the horizon

S&P 500 PRICE INDEX



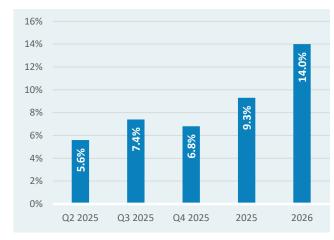
Source: Standard & Poor's, as of 6/30/25

S&P 500 DIVIDEND YIELD



Source: Bloomberg, as of 6/30/25

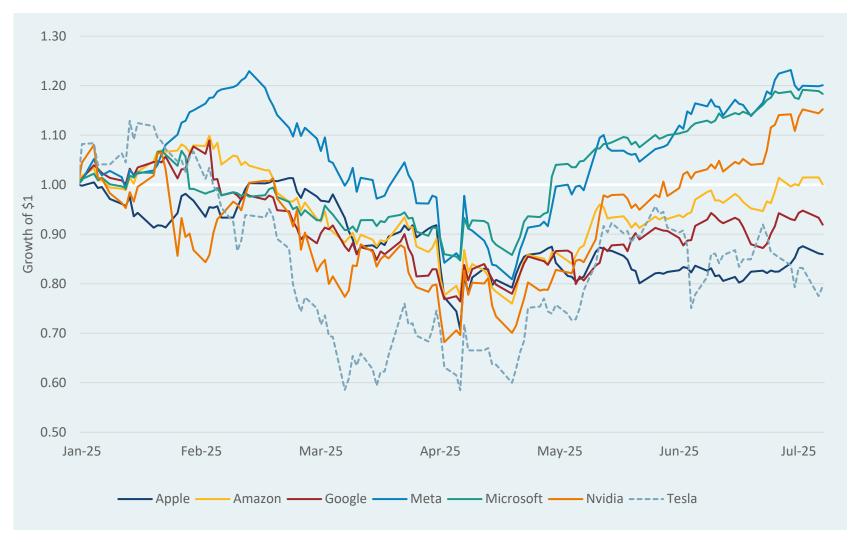
S&P 500 EARNINGS FORECASTS (YOY)



Source: Factset, Verus, as of 7/18/25



Magnificent 7



Following a deep selloff during April, the Magnificent 7 stocks have recovered much of their year-todate losses

Source: Bloomberg, Verus, as of 6/30/25



Domestic equity size & style

Small cap equities underperformed large caps during Q2 (FTSE Russell 2000 +8.5% vs. FTSE Russell 1000 +11.1%) and also year-to-date (-1.8% vs. +6.1%), continuing a long string of underperformance. Value stocks underperformed growth by a large margin during Q2 (Russell 1000 Value +3.8% vs. Russell 1000 Growth +17.8%) but were on par year-to-date (+6.0% vs 6.1%) as growth sectors saw bigger losses following "Liberation Day" but have since rebounded.

Very high index concentration in mega-cap growth stocks has contributed to style factor volatility lately. For example, as shown in the chart below, the extreme drawdown of the "Magnificent 7" stocks during 2022 led to the best value stock performance in decades, and then once those seven stocks rebounded led to exceptionally poor value stock performance. We suspect that index concentration and sector effects are creating an even more difficult environment for investors to successfully make shorter-term factor tilts. We continue to believe that factor investing should be accomplished through longer-term strategic positioning, unless an unusually attractive tactical opportunity presents itself (and that these opportunities arise perhaps only once every decade or so).

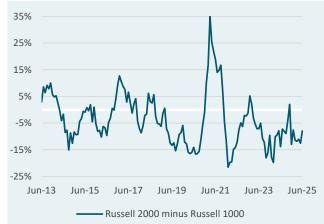
Small caps & value stocks both underperformed during Q2

VALUE VS. GROWTH 1-YR ROLLING RELATIVE PERFORMANCE



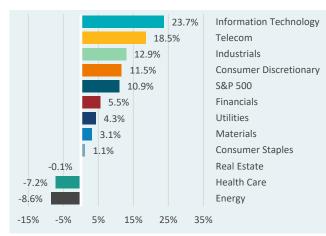
Source: FTSE, as of 6/30/25

SMALL VS. LARGE 1-YR ROLLING RELATIVE PERFORMANCE



Source: FTSE Russell, as of 6/30/25

Q2 PERFORMANCE



Source: Morningstar, as of 6/30/25



A difficult decade for small caps

Small caps have consistently underperformed large caps for an extended period

Domestic small cap stocks have consistently underperformed large cap stocks for an extended period of time. Over the past decade, an investment in small caps would have ended in -45% less wealth than an investment in large caps¹. During that time, small caps underperformed in 2015, 2017, 2018, 2019, 2021, 2022, 2023, 2024, and 2025 yearto-date as of June 30th, Given weak earnings growth, aging businesses, and a rising portion of index companies that are unprofitable, many investors are questioning the case for a dedicated U.S. small cap allocation. However, we believe skilled active management has and may continue to assist investors in achieving alpha and mitigating some of these benchmark issues.



¹U.S. Large Cap defined as S&P 500, U.S. Small Cap defined as FTSE Russell 2000. While these indexes are not perfect academic representations of small cap vs. large cap performance, they are the most common indexes that investors use across the two asset classes.

Source: Verus, Standard & Poor's, FTSE Russell, as of 6/30/25



International developed equity

Broad regional equity markets delivered very positive, and nearly identical, results during Q2 as many of the worst trade war fears failed to materialize. International developed shares (MSCI EAFE +11.8%) and emerging market equities (MSCI EM +12.0%) both outperformed domestic stocks (S&P 500 +10.9%).

Non-U.S. markets have substantially outperformed domestic stocks year-to-date, although most of this outperformance was caused by foreign currency movements (because few U.S. investors hedge currency risk, this showed as an extreme impact on performance). So far in 2025, corporate earnings forecasts have been revised lower in the U.S., perhaps reflecting a marginally more bearish earnings outlook as trade frictions unfold.

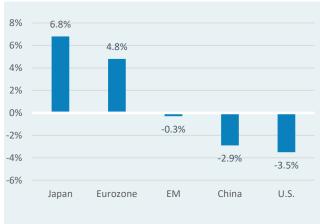
At the onset of the trade war earlier in the year, it may have been reasonable to assume that trading partners with the most to lose from a conflict with the United States would have seen notably poor equity market performance in recent months. So far, this has not been the case, as many countries and regions that have gone tit-for-tat with the U.S. regarding terms of trade have fared well in market performance year-to-date, significantly outperforming the U.S. market. We suspect that as investors learn more about how the trade war has impacted these economies so far, and what trade agreements are likely to be for the longer-term, more performance differentiation will be seen across markets.

INTERNATIONAL DEVELOPED EQUITY



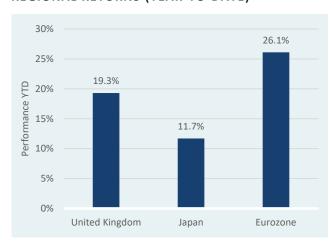
Source: MSCI, as of 6/30/25

YTD REVISIONS TO 2025 EARNINGS FORECASTS



Source: J.P. Morgan, FactSet - all indexes are MSCI other than the U.S. market which is represented by the S&P 500, as of 5/31/25

REGIONAL RETURNS (YEAR-TO-DATE)



Source: MSCI Indices, as of 6/30/25



Emerging market equity

Emerging market equities delivered strong results in Q2 (MSCI EM +12.0%) as markets bounced back from April's selloff and U.S. dollar depreciation boosted the returns of domestic investors with unhedged currency exposure. Regional markets have arguably shown much less sensitivity to tariffs imposed by the U.S. administration than investors had expected. For example, Mexican equities are up 30.9% year-to-date in U.S. dollar terms despite aggressive trade penalties imposed by the United States. Taiwan and South Korea were two of the top performing markets in Q2, despite receiving some of the highest tariff rates among

other U.S. trading partners. Once more is known around the magnitude of trade policy impact on these economies, this could lead to more market performance differentiation.

Chinese equities lagged other regions during Q2 (MSCI China +2.1% vs. MSCI EM ex-China +16.5%), marking a change in pace from the recent China comeback story. MSCI China has underperformed other emerging markets by -31% over the past ten years.

EMERGING MARKET EQUITY



Source: MSCI, as of 6/30/25

MSCI EM 2025 Q2 COUNTRY RETURNS (USD)



Source: Verus, Bloomberg, as of 6/30/25

CHINA STILL LAGGING



Source: MSCI, as of 6/30/25



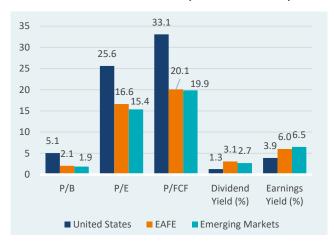
Equity valuations

Following a very strong rebound from the April "Liberation Day" selloff, U.S. equity forward P/E multiples have climbed back to levels near the upper end of the historical range. This full recovery to new all-time-highs has surprised many investors who point to weaker corporate earnings forecasts, slower economic growth, and a variety of new risks on the horizon (tariff-induced inflation and other trade frictions, for example) as reasons that could justify more moderate domestic valuations. However, ongoing earnings momentum—specifically, stellar earnings growth from the Magnificent 7—may allow for a continued march higher despite valuation concerns.

Some in the investor community over recent months have been concerned about a possible 'buyer's strike' on U.S. assets (an intentional divestment from U.S. assets by foreign institutions in protest of the trade war). Three months have passed since "Liberation Day" and there is little evidence of this occurring.

As the U.S. market has become more concentrated in megacap high-growth businesses such as Nvidia, and more exposed to higher growth industry sectors, this has pushed up total index profitability and total index growth forecasts. Overall, U.S. large cap indexes have changed materially in characteristics and behavior, which creates challenges in comparing current valuations to those of the past.

MSCI VALUATION METRICS (3-MONTH AVG)



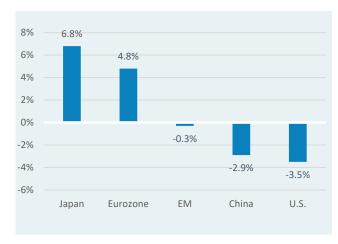
Source: MSCI, Verus, as of 6/30/25 – trailing P/E

FORWARD P/E



Source: MSCI, Canada shown as S&P/TSX, as of 6/30/25

YTD ADJUSTMENT IN EARNINGS FORECASTS



Source: J.P. Morgan, FactSet - all indexes are MSCI other than the U.S. market which is represented by the S&P 500, as of 5/31/25

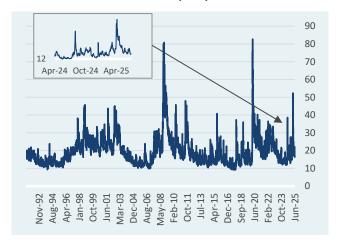


Market volatility

Market-priced volatility (Cboe VIX Index) spiked above 50 to extreme levels in early April as trade "Liberation Day" shocked markets and led to fears of a trade slowdown and global recession. In some places, bilateral de-escalation of tariffs and punitive trade rules has eased market volatility. In other places, the United States has reached new trade agreements with trading partners. This progress, along with growing evidence that many of the feared *worst-case scenarios* around tariffs (ex: sharp slowdown in consumer spending, spiking inflation, weakening job market) have not come to fruition, has helped bring market volatility back closer to the longer-term average.

Implied bond market volatility also jumped in the first week of April but has since fallen to the lower-end of the three-year trading range. The risks priced into bond markets are numerous. Fluctuations in foreign demand for U.S. dollars due to radical shifts in the trade policy of the Trump administration many continue to add to jumps in prices. Impacts of the "One Big Beautiful Bill Act" on the U.S. fiscal situation have generated uncertainty around the creditworthiness of the nation.

U.S. IMPLIED VOLATILITY (VIX)



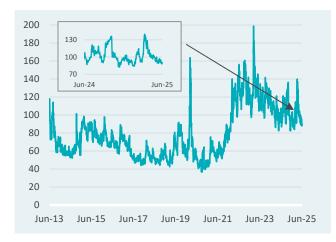
Source: Choe, as of 6/30/25

REALIZED VOLATILITY



Source: Standard & Poor's, MSCI, Verus, as of 6/30/25

U.S. TREASURY IMPLIED VOL ("MOVE" INDEX)



Source: BofA, as of 6/30/25



Long-term equity performance



Source: Standard & Poor's, FTSE, MSCI, Verus, as of 6/30/25



Other assets



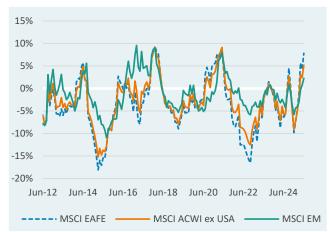
Currency

The U.S. dollar fell materially again during Q2, down -11% since the beginning of the year according to the U.S. Dollar Index (DXY). These large swings in the dollar continue to have significant impacts on performance for U.S. investors who do not have a currency hedging program in place. Tariff and trade fears, downward adjustments to economic growth expectations, and possibly international fund flows have impacted the value of the dollar. These swings will also create some degree of inflation in the U.S., as many imported goods are beginning to rise in price.

Dollar swings raised the portfolio returns of U.S. investors with unhedged foreign currency exposure—a gain of +11.6% from currency moves across international equities (MSCI EAFE) year-to-date.

A more thoughtful portfolio approach to currency exposure has provided lower portfolio volatility and higher long-term returns—a rare proposition. This approach involves reducing the uncompensated risk of unhedged foreign currency exposure, and instead of unhedged exposure, making a passive investment in the currency market by investing in currencies with higher interest rates, undervalued currencies, and currencies showing positive price momentum. This approach, represented by the MSCI Currency Factor Mix Index, has offered a positive one-year rolling return over most periods with far lower volatility than an unhedged approach, although the past year of currency volatility has resulted in an historically less common environment of Currency Factor Mix underperformance and embedded (unhedged) currency outperformance.

EFFECT OF CURRENCY (1-YEAR ROLLING)



Source: MSCI, Verus, as of 6/30/25

U.S. DOLLAR MAJOR CURRENCY INDEX



Source: FRED, Verus, as of 6/30/25

EMBEDDED CURRENCY VS CURRENCY FACTORS



Source: MSCI, Verus, as of 6/30/25 "Embedded Currency Exposure" is the currency return impact from not hedging currency risk

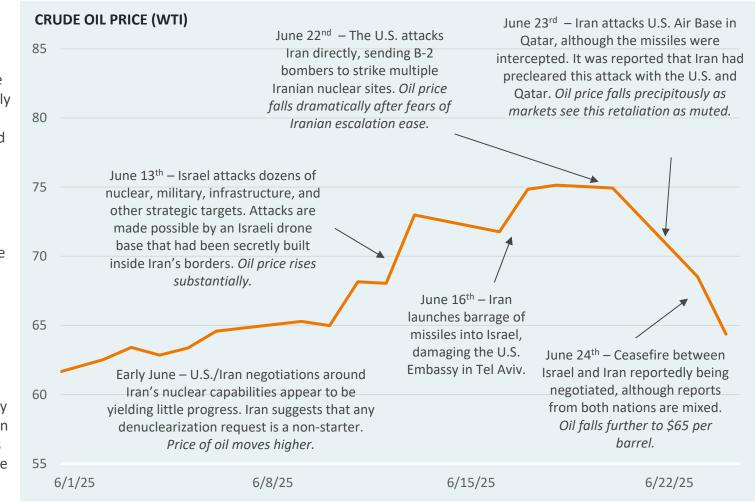


Middle East tensions & energy prices

A wild ride for energy markets

Escalating tensions between Iran and Israel have led to fears of broader military conflict and a possible energy supply shock in the second quarter. Iran produces nearly 5% of the world's oil, and approximately 20% of global oil and gas is shipped through the Strait of Hormuz, which could be quickly blocked by Iran.

A ceasefire between the two nations has been achieved after the United States executed a direct attack on Iranian nuclear facilities which was followed by a muted response from Iran. This ceasefire agreement has held and appears likely to hold, which has sent oil prices tumbling. Uncertainty remains high, however. With energy as an important element of inflation baskets, this may have implications for inflation and interest rates in the medium term.



Source: Verus, Bloomberg – West Texas Intermediate (WTI) oil futures price



Hedge funds – macro & event-driven

The gap between machine-driven, systematic macro trading strategies and human driven, discretionary macro funds widened significantly in the first half of 2025. Systematic strategies rely on identifying historical patterns in fundamental, technical, or economic market data to predict future price patterns. Given the rapidly evolving geopolitical dynamics and divergent economic implications, systematic strategies such as 'trend following' have been caught offsides in multiple asset classes and were whipsawed recently.

Event driven strategies, such as those focused on mergers, activism, and other special situations investments, have seen greater upside participation in recent quarters. After a slump in corporate activity and M&A following the SPAC bubble bursting in '21-22, the number of deals announced or proposed in the first half of 2025 was the highest since 2021. Strong tailwinds for M&A should support greater upside across a variety of hedge fund strategies, including multistrategy and 'pod shop' funds that make extensive use of both hard catalyst and merger arbitrage trading styles.

3 YR ROLLING RETURNS OF HFRI MACRO

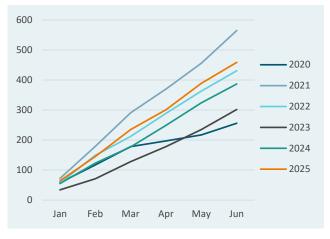


12M UP MARKET CAPTURE % VS S&P 500



Source: MPI, HFR, as of 6/30/25

ANNOUNCED STOCK OR CASH DEALS IN H1 2025



Source: Bloomberg, as of 6/30/25



Source: MPI, HFR, as of 6/30/25

Appendix



Periodic table of returns

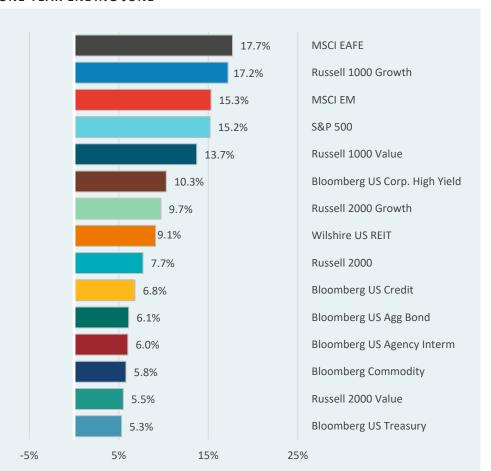
DES I		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD	5	-Year	10-Year
	International Equity	34.5	32.6	39.8	5.2	79.0	29.1	14.3	18.6	43.3	13.5	13.3	31.7	37.3	6.7	36.4	38.5	28.3	16.1	42.7	33.4	19.4		18.1	17.0
	Emerging Markets Equity	21.4	26.9	16.2	1.4	37.2	26.9	7.8	18.1	38.8	13.2	5.7	21.3	30.2	1.9	31.4	34.6	27.6	9.4	26.5	24.5	15.3		16.3	13.4
	60/40 Global Portfolio	20.1	23.5	15.8	-6.5	34.5	24.5	2.6	17.9	34.5	13.0	0.9	17.3	25.0	0.0	28.5	21.0	27.1	1.5	18.7	15.2	9.0		13.9	9.2
	Large Cap Equity	14.0	22.2	11.8	-21.4	32.5	19.2	1.5	17.5	33.5	11.8	0.6	12.1	22.2	-1.5	26.5	20.0	26.5	-4.7	18.2	14.4	6.1		12.7	7.1
	Large Cap Growth	7.5	18.4	11.6	-25.9	28.4	16.8	0.4	16.4	33.1	6.0	0.0	11.8	21.7	-3.5	25.5	18.3	25.2	-7.5	16.9	11.5	6.1		12.5	7.1
	Large Cap Value	7.1	16.6	10.9	-28.9	27.2	16.7	0.1	16.3	32.5	5.6	-0.4	11.3	17.1	-4.8	22.4	14.0	17.7	-13.0	15.4	9.9	6.0		11.2	6.7
	Commodities	6.3	15.5	10.3	-33.8	23.3	16.1	-2.1	15.3	23.3	4.9	-0.8	11.2	14.6	-6.0	22.0	10.3	14.8	-14.5	14.6	9.5	5.5		10.0	6.5
	US Bonds	5.3	15.1	7.0	-35.6	20.6	15.5	-2.9	14.6	12.1	4.2	-1.4	8.0	13.7	-8.3	18.6	7.8	11.3	-14.5	11.5	8.1	4.0		7.4	6.1
	Hedge Funds of Funds	4.7	13.3	7.0	-36.8	19.7	13.1	-4.2	11.5	11.0	3.4	-2.5	7.1	7.8	-9.3	18.4	7.5	8.9	-17.3	9.8	7.5	3.0		7.4	5.4
	Real Estate	4.6	10.4	5.8	-37.6	18.9	10.2	-5.5	10.5	9.0	2.8	-3.8	5.7	7.7	-11.0	8.7	4.6	6.5	-19.1	6.3	5.4	2.2		6.8	4.8
	Cash	4.6	9.1	4.4	-38.4	11.5	8.2	-5.7	4.8	0.1	0.0	-4.4	2.6	7.0	-11.2	7.8	2.8	2.8	-20.1	5.5	5.3	2.1		6.2	3.8
	Small Cap Growth	4.2	4.8	-0.2	-38.5	5.9	6.5	-11.7	4.2	-2.0	-1.8	-7.5	1.0	3.5	-12.9	7.7	0.5	0.0	-20.4	5.0	3.8	-0.5		3.3	2.0
	Small Cap Equity	3.2	4.3	-1.6	-43.1	0.2	5.7	-13.3	0.1	-2.3	-4.5	-14.9	0.5	1.7	-13.8	6.4	0.5	-1.5	-26.4	-7.9	1.3	-1.8		2.7	1.9
′	Small Cap Value	2.4	2.1	-9.8	-53.2	-16.9	0.1	-18.2	-1.1	-9.5	-17.0	-24.7	0.3	0.9	-14.6	2.1	-3.1	-2.5	-29.1	-7.9	0.4	-3.2		-0.7	1.8
S C C C C C C C C C C C C C C C C C C C			Large (Cap Eq	uity				Sma	all Cap	Growt	h			Commodities										
			Large (Cap Va	lue				Inte	rnatio	nal Eq	uity			Real Estate										
			Large (Cap Gr	owth				Eme	erging I	Market	ts Equi	ty		H	Hedge	Funds	of Fund	ls						
			Small (Cap Eq	uity				USE	Bonds					(60% M	SCI ACV	VI/40%	Bloom	berg G	lobal Bo	ond			
			Small (Cap Va	lue				Cas	h															

Source Data: Morningstar, Inc., Hedge Fund Research, Inc. (HFR), National Council of Real Estate Investment Fiduciaries (NCREIF). Indices used: Russell 1000, Russell 1000 Value, Russell 1000 Value, Russell 2000 Growth, MSCI EAFE, MSCI EM, Bloomberg US Aggregate, T-Bill 90 Day, Bloomberg Commodity, NCREIF Property, HFRI FOF, MSCI ACWI, Bloomberg Global Bond. NCREIF Property Index performance data as of 3/31/25.

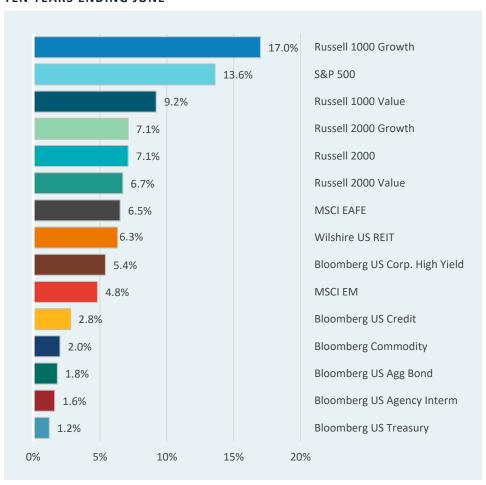


Major asset class returns

ONE YEAR ENDING JUNE



TEN YEARS ENDING JUNE



*Only publicly traded asset performance is shown here. Performance of private assets is typically released with a 3- to 6-month delay.

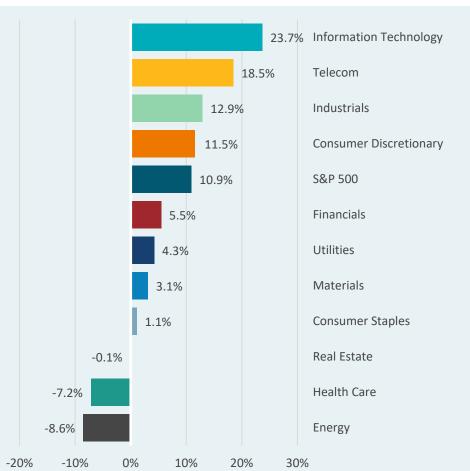
Source: Morningstar, as of 6/30/25

Source: Morningstar, as of 6/30/25

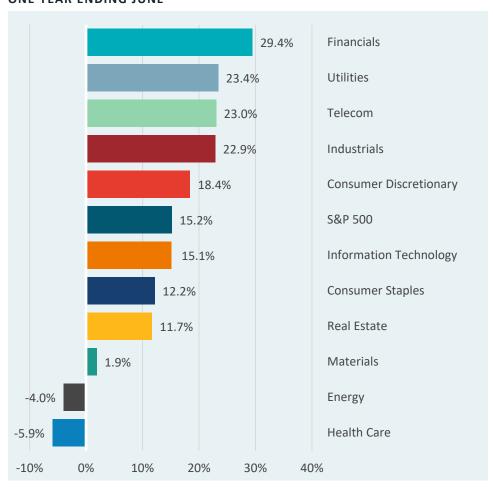


S&P 500 sector returns

QTD



ONE YEAR ENDING JUNE



Source: Morningstar, as of 6/30/25

Source: Morningstar, as of 6/30/25



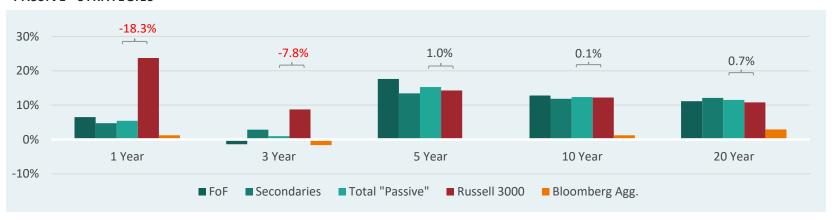
Private equity vs. traditional assets performance

DIRECT PRIVATE EQUITY FUND INVESTMENTS



Direct P.E Fund Investments vs. public equites has been mixed.

"PASSIVE" STRATEGIES



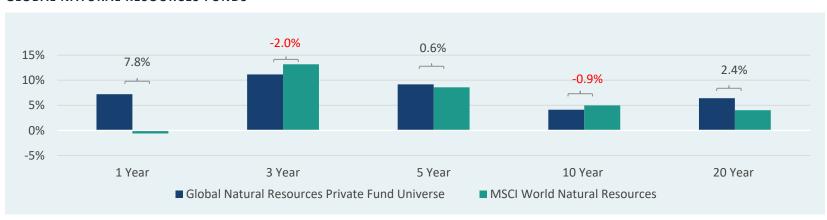
"Passive" strategies vs public equities has been mixed.

Sources: FTSE PME: U.S. Direct Private Equity and "Passive" returns are as of December 31, 2024. Public Market Equivalent returns resulted from "Total Passive" and Total Direct's identical cash flows invested into and distributed from respective traditional asset comparable.



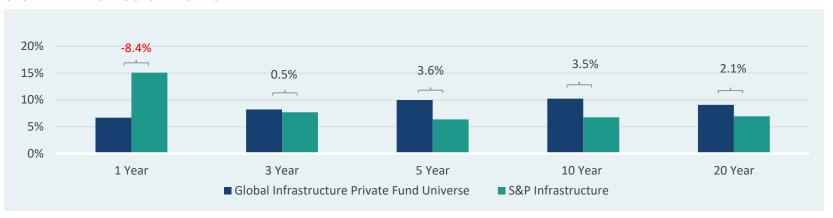
Private vs. liquid real assets performance

GLOBAL NATURAL RESOURCES FUNDS



N.R. funds vs. the MSCI World Natural Resources benchmark has been mixed.

GLOBAL INFRASTRUCTURE FUNDS



Infra. funds outperformed S&P Infra. over most periods.

Sources: FTSE PME: Global Natural Resources (vintage 1999 and later, inception of MSCI World Natural Resources benchmark) and Global Infrastructure (vintage 2002 and later, inception of S&P Infrastructure benchmark) universes as of December 31, 2024. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real assets universes.



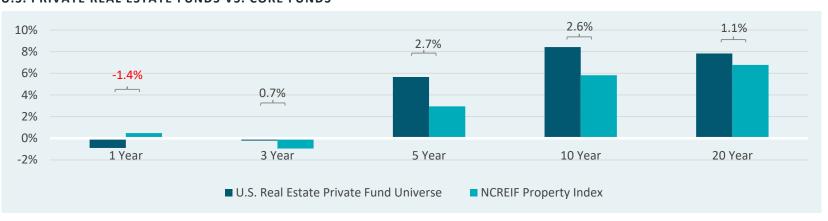
Private vs. liquid and core real estate performance

U.S. PRIVATE REAL ESTATE FUNDS VS. LIQUID UNIVERSE



U.S. Private R.E. funds vs. the Wilshire U.S. REIT Index was mixed.

U.S. PRIVATE REAL ESTATE FUNDS VS. CORE FUNDS



U.S. Private R.E. Funds outperformed the NCREIF Property Index across most time periods.

Sources: FTSE PME: U.S. Real Estate universes as of December 31, 2024. Public Market Equivalent returns resulted from identical cash flows invested into and distributed from respective liquid real estate universes.



Detailed index returns

DOMESTIC EQUITY								FIXED INCOME							
	Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year		Month	QTD	YTD	1 Year	3 Year	5 Year	10 Year
Core Index								Broad Index							
S&P 500	5.1	10.9	6.2	15.2	19.7	16.6	13.6	Bloomberg US TIPS	1.0	0.5	4.7	5.8	2.3	1.6	2.7
S&P 500 Equal Weighted	3.4	5.5	4.8	12.7	12.8	14.4	10.7	Bloomberg US Treasury Bills	0.3	1.1	2.1	4.8	4.6	2.8	2.0
DJ Industrial Average	4.5	5.5	4.5	14.7	15.0	13.5	12.1	Bloomberg US Agg Bond	1.5	1.2	4.0	6.1	2.5	(0.7)	1.8
Russell Top 200	5.4	11.8	6.5	15.8	21.3	17.3	14.6	Bloomberg US Universal	1.6	1.4	4.1	6.5	3.3	(0.1)	2.1
Russell 1000	5.1	11.1	6.1	15.7	19.6	16.3	13.4	Duration							
Russell 2000	5.4	8.5	(1.8)	7.7	10.0	10.0	7.1	Bloomberg US Treasury 1-3 Yr	0.6	1.2	2.8	5.7	3.4	1.3	1.6
Russell 3000	5.1	11.0	5.8	15.3	19.1	16.0	13.0	Bloomberg US Treasury Long	2.5	(1.5)	3.1	1.6	(3.7)	(8.2)	0.1
Russell Mid Cap	3.7	8.5	4.8	15.2	14.3	13.1	9.9	Bloomberg US Treasury	1.3	0.8	3.8	5.3	1.5	(1.6)	1.2
Style Index								Issuer							
Russell 1000 Growth	6.4	17.8	6.1	17.2	25.8	18.1	17.0	Bloomberg US MBS	1.8	1.1	4.2	6.5	2.3	(0.6)	1.3
Russell 1000 Value	3.4	3.8	6.0	13.7	12.8	13.9	9.2	Bloomberg US Corp. High Yield	1.8	3.5	4.6	10.3	9.9	6.0	5.4
Russell 2000 Growth	5.9	12.0	(0.5)	9.7	12.4	7.4	7.1	Bloomberg US Agency Interm	0.8	1.4	3.4	6.0	3.4	0.8	1.6
Russell 2000 Value	4.9	5.0	(3.2)	5.5	7.5	12.5	6.7	Bloomberg US Credit	1.8	1.8	4.2	6.8	4.2	0.1	2.8
INTERNATIONAL EQUITY								OTHER							
Broad Index								Index							
MSCI ACWI	4.5	11.5	10.0	16.2	17.3	13.7	10.0	Bloomberg Commodity	2.4	(3.1)	5.5	5.8	0.1	12.7	2.0
MSCI ACWI ex US	3.4	12.0	17.9	17.7	14.0	10.1	6.1	Wilshire US REIT	(0.6)	(1.2)	(0.2)	9.1	5.7	8.7	6.3
MSCI EAFE	2.2	11.8	19.4	17.7	16.0	11.2	6.5	S&P UBS Leveraged Loan	1.4	1.0	1.9	6.7	8.4	7.5	5.0
MSCI EM	6.0	12.0	15.3	15.3	9.7	6.8	4.8	S&P Global Infrastructure	2.0	10.4	15.5	27.7	12.5	13.1	7.7
MSCI EAFE Small Cap	4.3	16.6	20.9	22.5	13.3	9.3	6.5	Alerian MLP	2.6	(4.9)	7.1	13.9	26.2	28.1	5.2
Style Index	5	2010	20.5	22.0	20.0	3.0	0.0	Regional Index	2.0	()	7.1	20.0	20.2	2012	3.2
MSCI EAFE Growth	2.7	13.5	16.0	11.4	13.6	7.9	6.7	JPM EMBI Global Div	2.4	3.3	5.6	10.0	8.9	1.8	3.5
MSCI EAFE Value	1.7	10.1	22.8	24.2	18.4	14.3	6.1	JPM GBI-EM Global Div	2.8	7.6	12.3	13.8	8.5	1.9	2.1
Regional Index								Hedge Funds							
MSCI UK	1.4	8.7	19.3	20.0	15.2	14.0	5.4	HFRI Composite	2.4	4.4	3.9	8.0	7.5	8.4	5.3
MSCI Japan	1.7	11.4	11.7	13.9	15.0	8.8	6.1	HFRI FOF Composite	1.8	3.4	3.0	7.3	6.5	6.2	3.8
MSCI Euro	2.5	12.7	26.1	22.2	21.3	13.4	7.3	Currency (Spot)							
MSCI EM Asia	6.3	12.4	13.9	14.9	9.4	6.5	5.7	Euro	3.4	8.7	13.4	9.5	3.9	0.9	0.5
MSCI EM Latin American	6.1	15.2	29.9	13.4	11.6	11.1	3.7	Pound Sterling	1.6	6.2	9.4	8.4	4.1	2.1	(1.4)



Source: Morningstar, HFRI, as of 6/30/25

Definitions

Bloomberg US Weekly Consumer Comfort Index - tracks the public's economic attitudes each week, providing a high-frequency read on consumer sentiment. The index, based on cell and landline telephone interviews with a random, representative national sample of U.S. adults, tracks Americans' ratings of the national economy, their personal finances and the buying climate on a weekly basis, with views of the economy's direction measured separately each month. (www.langerresearch.com)

University of Michigan Consumer Sentiment Index - A survey of consumer attitudes concerning both the present situation as well as expectations regarding economic conducted by the University of Michigan. For the preliminary release approximately three hundred consumers are surveyed while five hundred are interviewed for the final figure. The level of consumer sentiment is related to the strength of consumer spending. (www.Bloombera.com)

NFIB Small Business Outlook - Small Business Economic Trends (SBET) is a monthly assessment of the U.S. small-business economy and its near-term prospects. Its data are collected through mail surveys to random samples of the National Federal of Independent Business (NFIB) membership. The survey contains three broad question types: recent performance, near-term forecasts, and demographics. The topics addressed include: outlook, sales, earnings, employment, employee compensation, investment, inventories, credit conditions, and single most important problem. (https://www.nfib-sbet.org/about/)

NAHB Housing Market Index – the housing market index is a weighted average of separate diffusion induces for three key single-family indices: market conditions for the sale of new homes at the present time, market conditions for the sale of new homes in the next six months, and the traffic of prospective buyers of new homes. The first two series are rated on a scale of Good, Fair, and Poor and the last is rated on a scale of High/Very High, Average, and Low/Very Low. A diffusion index is calculated for each series by applying the formula "(Good-Poor + 100)/2" to the present and future sales series and "(High/Very High-Low/Very Low + 100)/2" to the traffic series. Each resulting index is then seasonally adjusted and weighted to produce the HMI. Based on this calculation, the HMI can range between 0 and 100.

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