

Q2

Quarterly Market Review

Second Quarter 2025



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Quarterly Market Review

This report features world capital market performance and a timeline of events for the past quarter. It begins with a mid-year market review, highlighting the markets resilience despite tariffs and geopolitical tensions. It then features the returns of stock and bond asset classes in the US and international markets.

Overview:

Quarterly Topic: Check-Up Time: A Mid-Year Market Review

Market Summary

World Stock Market Performance

US Stocks

International Developed Stocks

Emerging Markets Stocks

Real Estate Investment Trusts (REITs)

Fixed Income

Global Fixed Income

Commodities

Check-Up Time: A Mid-Year Market Review

Imagine that at the start of the year, you were told over the next six months you'd see higher U.S. import tariffs, rising global trade tensions, shrinking GDP in the first quarter and an escalating conflict in the Middle East.

With that context, you were asked to predict the S&P 500® Index return for the first half of the year. What would you have guessed? Do you think you'd have guessed more than 6% — on pace to top the market's average annual return of about 10%?

While that's what has happened, it may seem remarkable that the market has faced such uncertainty and still delivered relatively strong returns. Of course, this simple summary doesn't tell the whole story of the year's first half. Neither can a single chart, but it can get a lot closer.

For a more in-depth look back on the news and events of 2025, Figure 1 presents many of the major headlines atop the cumulative return of the S&P 500.



Figure 1 | All of the *First Half* of 2025 That Fits on One Page



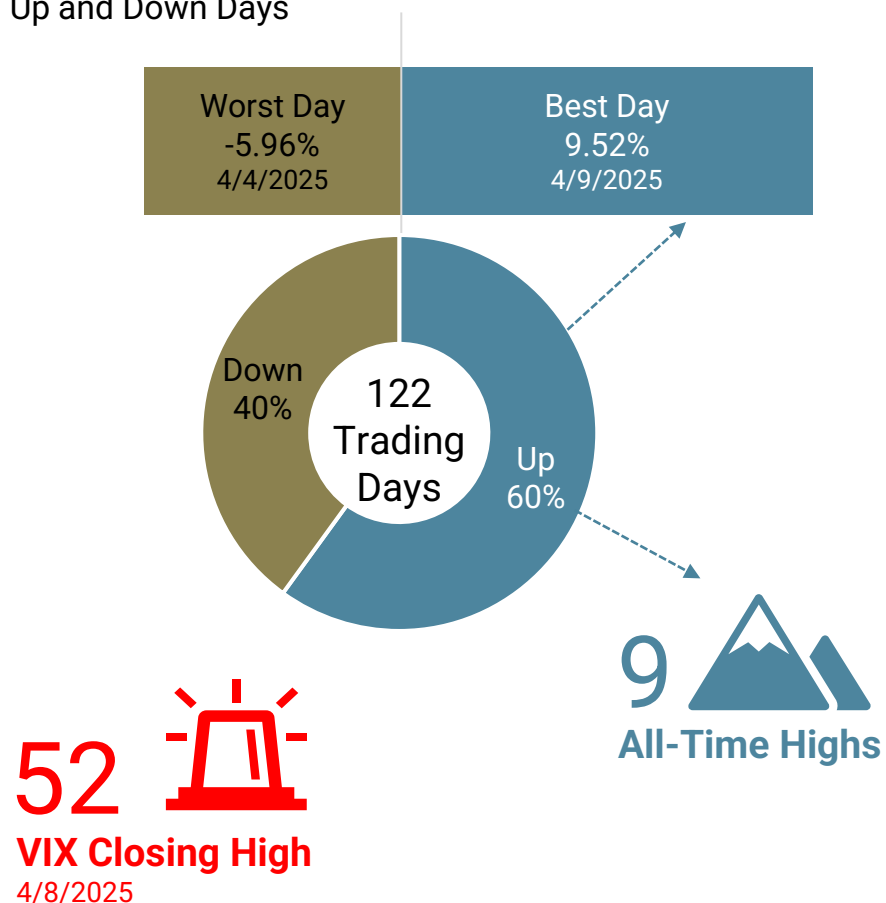
Data from 1/1/2025 – 6/30/2025. Source: Avantis Investors. Past performance is no guarantee of future results.

Check-Up Time: A Mid-Year Market Review

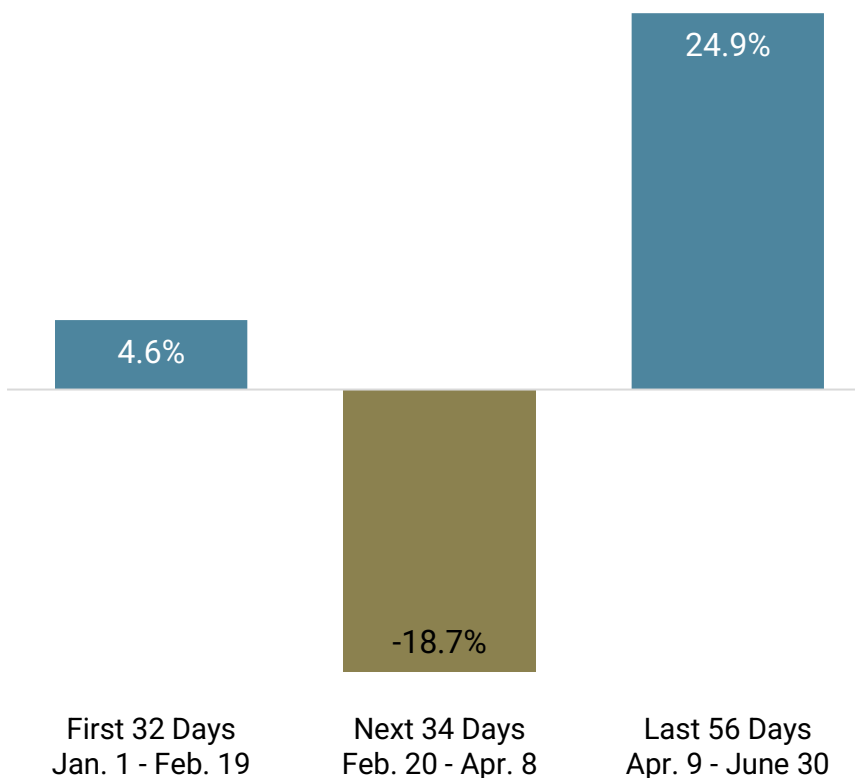
In **Figure 2**, we present other interesting data points from the market that highlight what an incredible six months it has been. The magnitude of the highs and the lows, both over very short and longer periods, really stands out.

Figure 2 | S&P 500 Index by the Numbers

Up and Down Days



Performance Over 122 Trading Days



Data from 1/1/2025 – 6/30/2025. Source: Bloomberg and Avantis Investors. Past performance is no guarantee of future results.

The VIX index is managed by the Chicago Board of Trade (CBOE). It tracks the expected 30-day future volatility of the S&P 500 Index. It is a widely used measure of market risk and is often referred to as the "investor fear gauge."

Check-Up Time: A Mid-Year Market Review

This year, we've experienced some of the largest single-day market returns on record. The 9.5% rise for the S&P 500 on April 9 — the day President Donald Trump issued a 90-day tariff pause — was the largest daily gain since 2008 and the third largest since the index launched in 1957. This followed the 6.0% decline on April 4 — shortly after sweeping U.S. tariffs were announced — the 19th largest daily loss for the index.

There have also been nine S&P 500 all-time highs this year, some of which bookended notable subperiods for the market in 2025. One occurred on February 19, just before the index faced its largest drawdown of the year at nearly -19%, ending on April 8. Thereafter, the index rose almost 25% to end June again at a new all-time high.

These numbers provide helpful context for the investor experience over the period. However, if you're looking for salient takeaways from a period high on uncertainty, we have a few to share.

First, we should remember that our sentiment on the market or economy won't always match how the market actually performs. We tend to weigh heavily what we perceive as bad news versus what we see as good news. This is normal, but it can lead investors to act on emotion driven by uncertainty and short-term pessimism. History has shown that doing so often results in poor portfolio outcomes.

Second, we should remember that markets constantly process the news, regardless of whether we individually see something as good or bad, and set prices that reflect aggregate, forward-looking expectations. In other words, markets look ahead, not just at what has happened, and price securities for positive expected returns going forward.

Finally, the near-term ups and downs can feel — and be — extreme in the moment. The aforementioned emotions and urge to “do something” can be intense. Investors experienced this in late February, March and early April.

But, as we also saw unfold over the next two months, those who kept a long-term view and remained disciplined in the face of uncertainty were again rewarded. The long-term plan you have set up shouldn't be forgotten in times of market stress. It's likely most useful in those very periods.

Quarterly Market Summary

Returns (USD), as of June 30, 2025

	Stocks				Bonds	
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
Q2 2025	10.99%	12.05%	11.99%	2.74%	1.21%	1.93%
	↑	↑	↑	↑	↑	↑
Since January 2001						
Average Quarterly Return	2.5%	1.7%	2.6%	2.2%	0.9%	1.0%
Best Quarter	22.0%	25.9%	34.7%	32.3%	6.8%	5.4%
	2020 Q2	2009 Q2	2009 Q2	2009 Q3	2023 Q4	2023 Q4
Worst Quarter	-22.8%	-23.3%	-27.6%	-36.1%	-5.9%	-4.1%
	2008 Q4	2020 Q1	2008 Q4	2008 Q4	2022 Q1	2022 Q1

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Market segment (index representation) as follows: US Stock Market (Russell 3000 Index), International Developed Stocks (MSCI World ex USA Index [net dividends]), Emerging Markets (MSCI Emerging Markets Index [net dividends]), Global Real Estate (S&P Global REIT Index [net dividends]), US Bond Market (Bloomberg US Aggregate Bond Index), and Global Bond Market ex US (Bloomberg Global Aggregate ex-USD Bond Index [hedged to USD]). S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. MSCI data © MSCI 2025, all rights reserved. Bloomberg data provided by Bloomberg.

Long-Term Market Summary

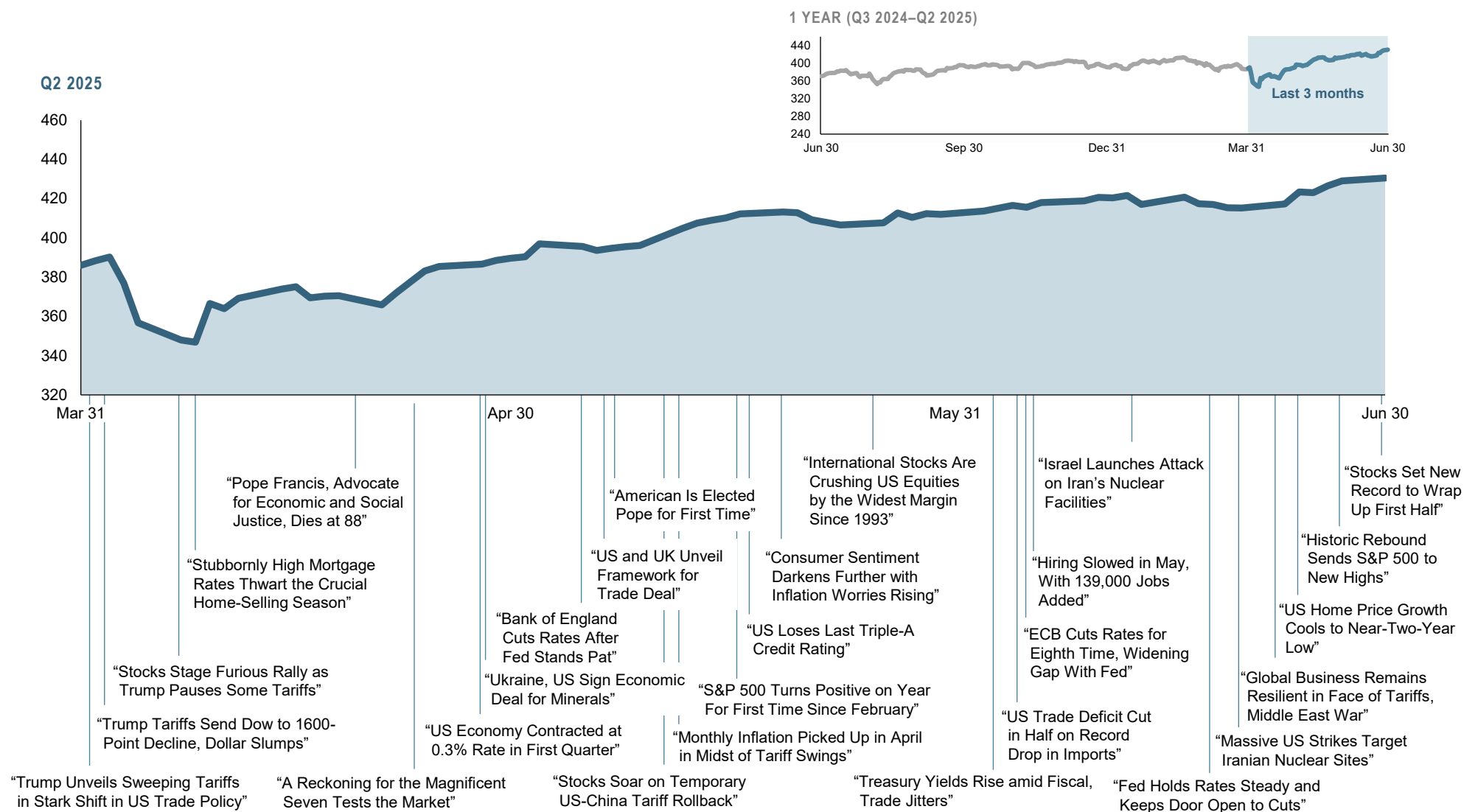
Returns (USD), as of June 30, 2025

	Stocks				Bonds	
	US Stock Market	International Developed Stocks	Emerging Markets Stocks	Global Real Estate	US Bond Market	Global Bond Market ex US
1 Year	15.30% ↑	18.70% ↑	15.29% ↑	9.96% ↑	6.08% ↑	6.09% ↑
5 Years	15.96% ↑	11.51% ↑	6.81% ↑	6.20% ↑	-0.73% ↓	0.91% ↑
10 Years	12.96% ↑	6.65% ↑	4.81% ↑	3.88% ↑	1.76% ↑	2.68% ↑
15 Years	14.46% ↑	7.42% ↑	4.44% ↑	6.71% ↑	2.29% ↑	3.09% ↑
20 Years	10.53% ↑	5.90% ↑	6.45% ↑	4.37% ↑	3.09% ↑	3.41% ↑

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World Stock Market Performance

MSCI All Country World Index with selected headlines from Q2 2025



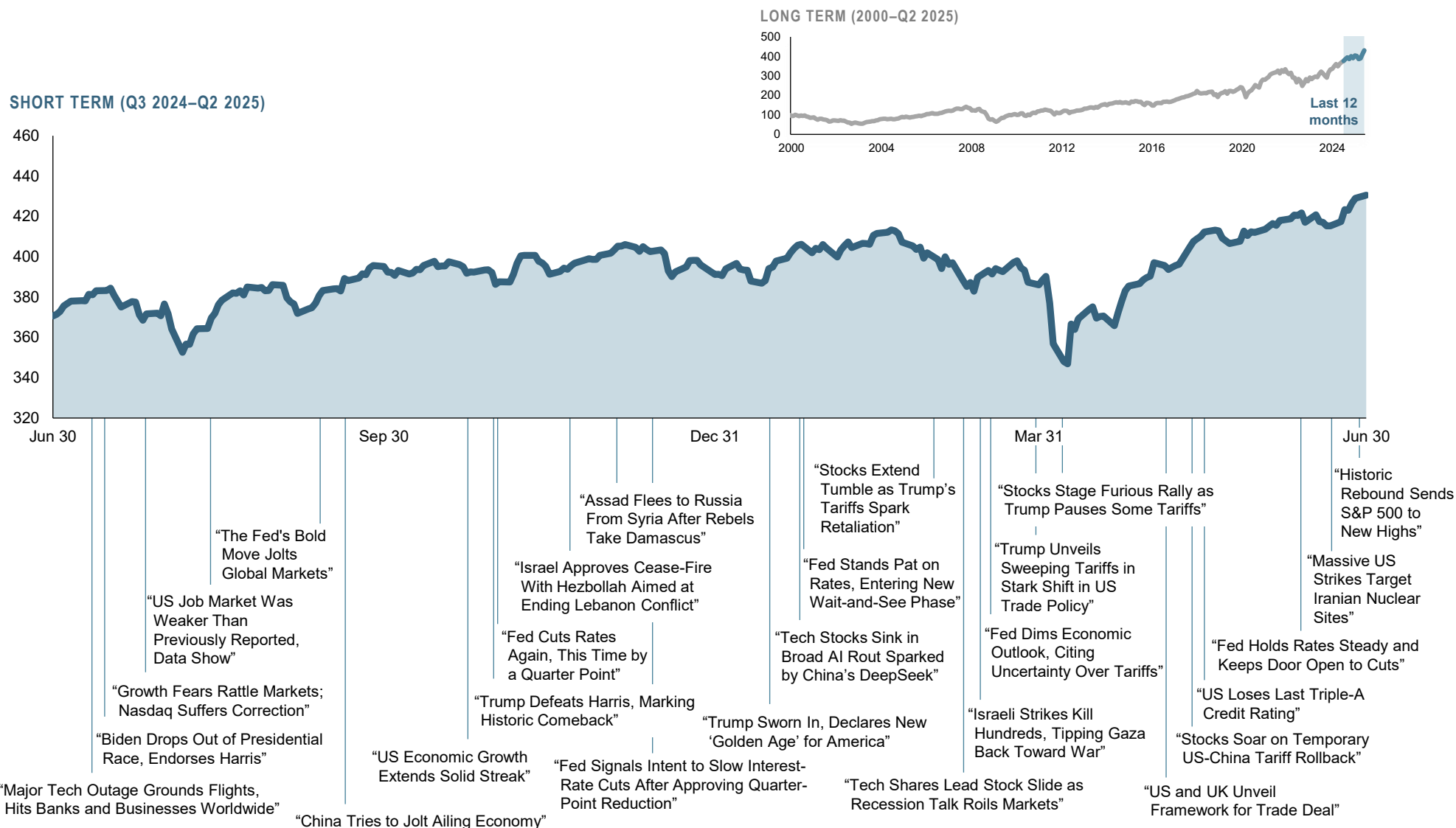
These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2025, all rights reserved. Index level based at 100 starting January 2000.

It is not possible to invest directly in an index. Performance does not reflect the expenses associated with management of an actual portfolio. **Past performance is not a guarantee of future results.**

World Stock Market Performance

MSCI All Country World Index with selected headlines from past 12 months



These headlines are not offered to explain market returns. Instead, they serve as a reminder that investors should view daily events from a long-term perspective and avoid making investment decisions based solely on the news.

Graph Source: MSCI ACWI Index (net dividends). MSCI data © MSCI 2025, all rights reserved. Index level based at 100 starting January 2000.

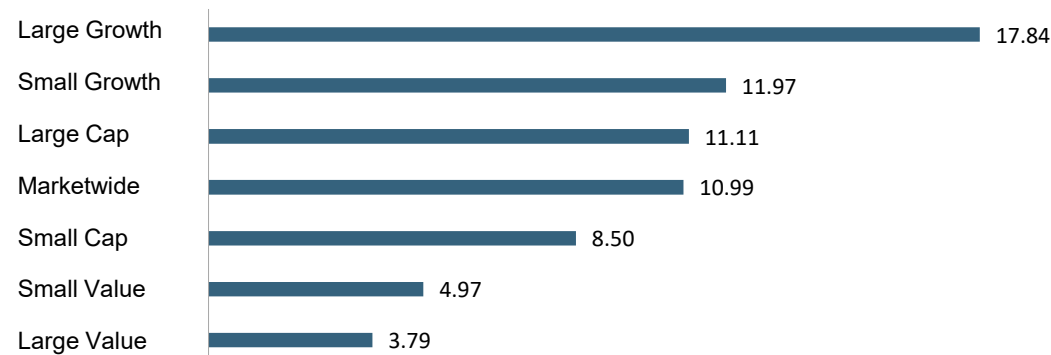
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US Stocks

Returns (USD), 2nd Quarter 2025

- The US equity market posted positive returns for the quarter and underperformed both non-US developed and emerging markets.
- Value underperformed growth.
- Small caps underperformed large caps.
- REIT indices underperformed equity market indices.

Ranked Returns (%)



World Market Capitalization



Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Large Growth	17.84	6.09	17.22	25.76	18.15	17.01	17.54	12.99
Small Growth	11.97	-0.48	9.73	12.38	7.42	7.14	11.06	8.49
Large Cap	11.11	6.12	15.66	19.59	16.30	13.35	14.74	10.71
Marketwide	10.99	5.75	15.30	19.08	15.96	12.96	14.46	10.53
Small Cap	8.50	-1.79	7.68	10.00	10.04	7.12	10.35	7.76
Small Value	4.97	-3.16	5.54	7.45	12.47	6.72	9.35	6.80
Large Value	3.79	6.00	13.70	12.76	13.93	9.19	11.57	8.11

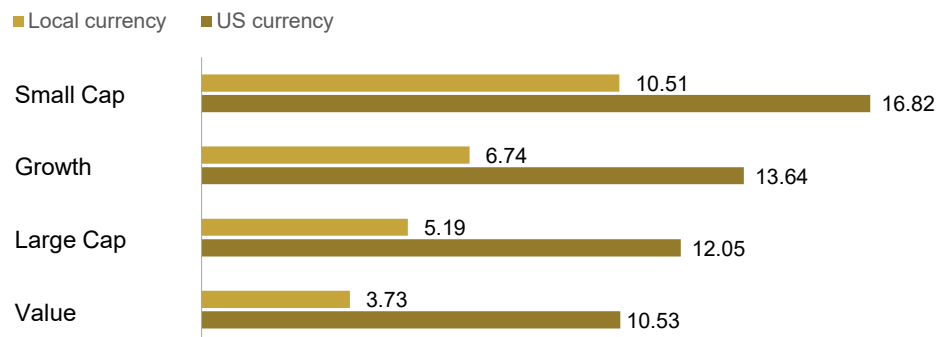
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International Developed Stocks

Returns (USD), 2nd Quarter 2025

- Developed markets outside of the US posted positive returns for the quarter and outperformed both US and emerging markets.
- Value underperformed growth.
- Small caps outperformed large caps.

Ranked Returns (%)



World Market Capitalization



Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Small Cap	16.82	20.79	22.92	13.40	9.82	6.64	8.11	6.47
Growth	13.64	16.02	12.63	13.72	8.11	6.69	7.61	6.23
Large Cap	12.05	18.99	18.70	15.73	11.51	6.65	7.42	5.90
Value	10.53	21.90	24.96	17.76	14.76	6.34	7.03	5.41

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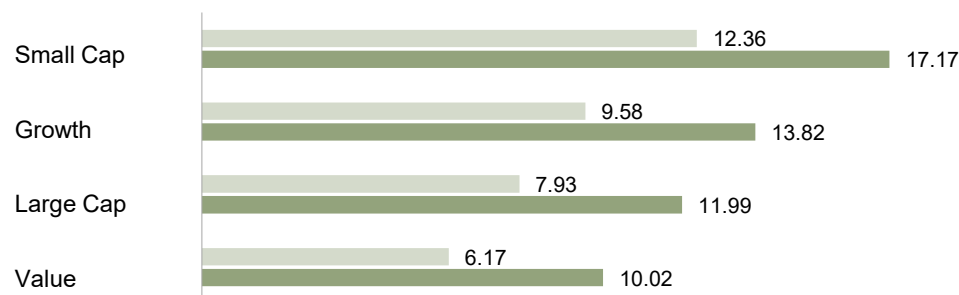
Emerging Markets Stocks

Returns (USD), 2nd Quarter 2025

- Emerging markets posted positive returns for the quarter and outperformed the US market, but underperformed non-US developed markets.
- Value underperformed growth.
- Small caps outperformed large caps.

Ranked Returns (%)

Local currency US currency



World Market Capitalization



Emerging Markets
\$10.2 trillion

Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Small Cap	17.17	10.74	8.40	13.81	13.86	5.97	5.66	7.95
Growth	13.82	15.72	17.69	9.18	4.64	5.49	5.39	6.74
Large Cap	11.99	15.27	15.29	9.70	6.81	4.81	4.44	6.45
Value	10.02	14.77	12.66	10.22	9.07	4.01	3.39	6.07

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Real Estate Investment Trusts (REITs)

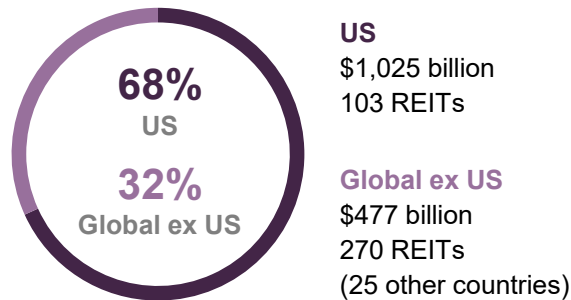
Returns (USD), 2nd Quarter 2025

- US real estate investment trusts underperformed non-US REITs during the quarter.

Ranked Returns (%)



Total Value of REIT Stocks



Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
Global ex US REITS	14.21	18.14	16.74	3.60	3.84	1.84	5.10	2.92
US REITS	-1.71	-0.56	8.09	4.77	8.55	5.45	8.36	6.11

Past performance is not a guarantee of future results. Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Number of REIT stocks and total value based on the two indices. All index returns are net of withholding tax on dividends. Total value of REIT stocks represented by Dow Jones US Select REIT Index and the S&P Global ex US REIT Index. Dow Jones US Select REIT Index used as proxy for the US market, and S&P Global ex US REIT Index used as proxy for the World ex US market. Dow Jones and S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

Fixed Income

Returns (USD), 2nd Quarter 2025

During the quarter, short- to intermediate-term interest rates decreased, and long-term interest rates increased within the US Treasury market.

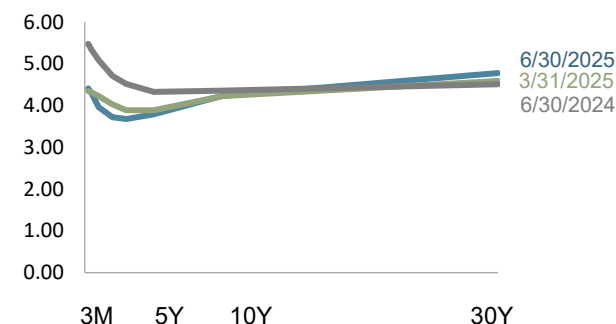
On the short end of the yield curve, the 1-Month US Treasury Bill yield decreased 10 basis points (bps) to 4.28%, while the 1-Year US Treasury Bill yield decreased 7 bps to 3.96%. The yield on the 2-Year US Treasury Note decreased 17 bps to 3.72%.

The yield on the 5-Year US Treasury Note decreased 17 bps to 3.79%. The yield on the 10-Year US Treasury Note increased 1 bp to 4.24%. The yield on the 30-Year US Treasury Bond increased 19 bps to 4.78%.

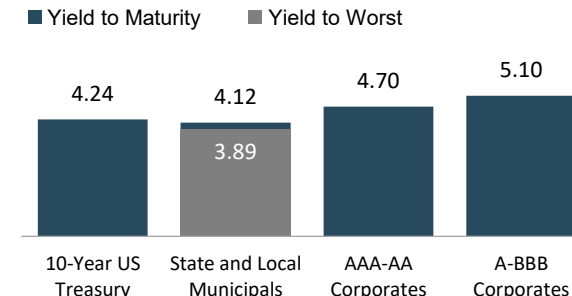
In terms of total returns, short-term US treasury bonds returned +1.67% while intermediate-term US treasury bonds returned +1.46%. Short-term corporate bonds returned +1.80% and intermediate-term corporate bonds returned +2.12%.¹

The total returns for short- and intermediate-term municipal bonds were +1.06% and +1.21%, respectively. Within the municipal fixed income market, general obligation bonds returned 0.00% while revenue bonds returned -0.20%.²

US Treasury Yield Curve (%)



Bond Yield Across Issuers (%)



Periodic Returns (%)

Asset Class	QTR	YTD	ANNUALIZED					
			1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
FTSE World Government Bond Index 1-5 Years	4.17	7.03	8.67	3.54	0.42	1.05	0.55	1.63
Bloomberg U.S. High Yield Corporate Bond Index	3.53	4.57	10.29	9.93	5.97	5.38	6.44	6.62
FTSE World Government Bond Index 1-5 Years (hedged to USD)	1.52	2.97	6.20	3.74	1.46	1.92	1.79	2.42
Bloomberg U.S. Aggregate Bond Index	1.21	4.02	6.08	2.55	-0.73	1.76	2.29	3.09
ICE BofA US 3-Month Treasury Bill Index	1.04	2.07	4.68	4.56	2.76	1.98	1.34	1.69
ICE BofA 1-Year US Treasury Note Index	0.90	1.96	4.76	3.90	2.07	1.81	1.32	1.86
Bloomberg U.S. TIPS Index	0.48	4.67	5.84	2.34	1.61	2.67	2.88	3.40
Bloomberg Municipal Bond Index	-0.12	-0.35	1.11	2.50	0.51	2.20	2.96	3.32
Bloomberg U.S. Government Bond Index Long	-1.51	3.08	1.58	-3.66	-8.16	0.15	2.14	3.09

1. Bloomberg US Treasury and US Corporate Bond Indices.

2. Bloomberg Municipal Bond Index.

One basis point (bps) equals 0.01%. **Past performance is not a guarantee of future results.** Indices are not available for direct investment. Index performance does not reflect the expenses associated with the management of an actual portfolio. Yield curve data from Federal Reserve. State and local bonds and the Yield to Worst are from the S&P National AMT-Free Municipal Bond Index. AAA-AA Corporates represent the ICE BofA US Corporates, AA-AAA rated. A-BBB Corporates represent the ICE BofA Corporates, BBB-A rated. Bloomberg data provided by Bloomberg. US long-term bonds, bills, inflation, and fixed income factor data © Stocks, Bonds, Bills, and Inflation (SBBBI) Yearbook™, Ibbotson Associates, Chicago (annually updated work by Roger G. Ibbotson and Rex A. Sinquefeld). FTSE fixed income indices © 2025 FTSE Fixed Income LLC, all rights reserved. ICE BofA index data © 2025 ICE Data Indices, LLC. S&P data © 2025 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Bloomberg data provided by Bloomberg.

Global Fixed Income

Yield curves, 2nd Quarter 2025

Except for Canada and Japan, interest rates decreased in the global developed markets for the quarter.

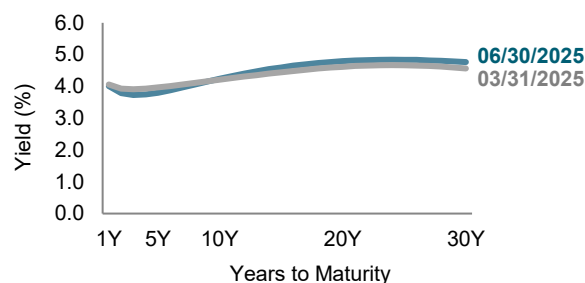
Realized term premiums were generally mixed across global developed markets. Intermediate-term bonds generally outperformed both short-term and long-term bonds during the quarter.

In Canada, interest rates increased across all maturity segments. In Japan, short- to intermediate-term interest rates decreased, and long-term interest rates increased. The short-term segment of the yield curve remained flat to inverted in Germany, Canada and Australia. However, the short-term segment of the yield curve in the UK remained upwardly sloped.

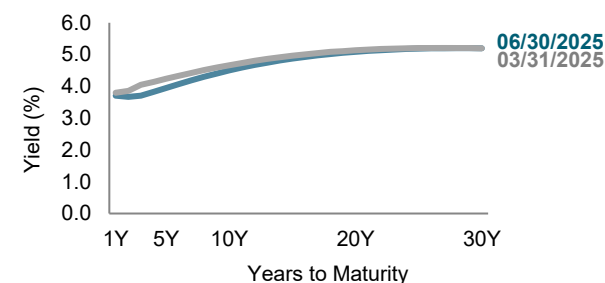
Changes in Yield (bps) Since 03/31/2025

	1Y	5Y	10Y	20Y	30Y
US	-5.6	-16.6	3.1	17.3	20.2
UK	-9.1	-28.7	-16.7	-4.6	0.2
Germany	-20.7	-13.8	-11.4	-5.4	0.5
Japan	-5.5	-12.7	-2.5	13.6	27.9
Canada	9.5	23.2	29.2	31.8	31.7
Australia	-49.3	-38.9	-24.2	-18.1	-12.4

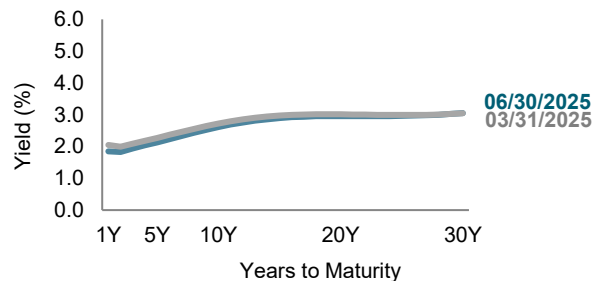
US



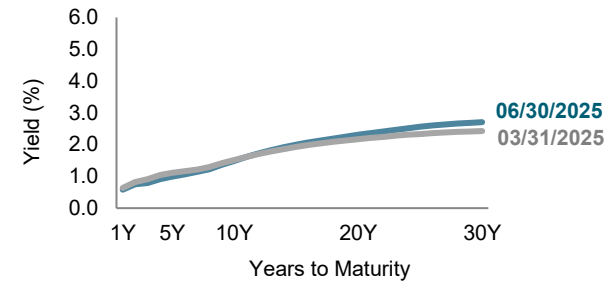
UK



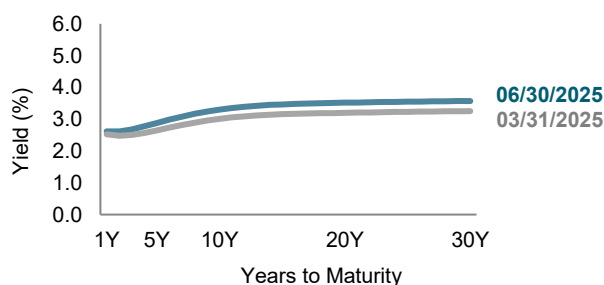
Germany



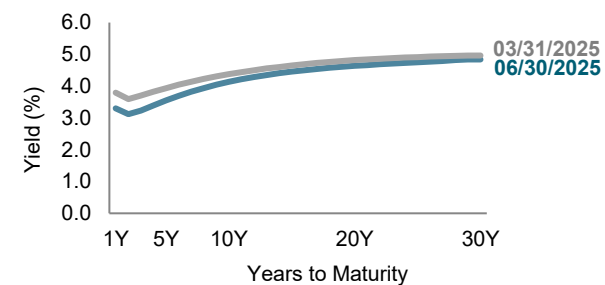
Japan



Canada



Australia



Commodities

Returns (USD), 2nd Quarter 2025

The Bloomberg Commodity Total Return Index returned -3.08% for the second quarter of 2025.

Natural Gas and Coffee were the worst performers, returning -23.06% and -19.97% during the quarter, respectively. Soybean Oil and Lean Hogs were the best performers, returning +15.05% and +7.41% during the quarter, respectively.

Commodities Periodic Returns (%)

QTR	YTD	ANNUALIZED					
		1 Year	3 Years	5 Years	10 Years	15 Years	20 Years
-3.08	5.53	5.77	0.13	12.68	1.99	-0.02	-0.35

Commodities Ranked Returns (%)

Soybean Oil	15.05
Lean Hogs	7.41
Live Cattle	7.36
Gold	4.10
Silver	2.61
Soybean	2.23
Heating Oil	1.98
Aluminum	1.62
Lead	0.65
Copper	-1.24
Low Sulphur Gas Oil	-2.16
Cotton	-2.77
Zinc	-4.29
Wheat	-4.93
Nickel	-5.66
WTI Crude Oil	-6.18
Soybean Meal	-7.15
Unleaded Gas	-7.57
Brent Crude Oil	-8.65
Corn	-9.25
Kansas Wheat	-9.99
Sugar	-15.18
Coffee	-19.97
Natural Gas	-23.06

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