June 2025 Recap

Joe Nitting, Director of Research, Retirement & Investment Solutions

PRELUDE

June has always been a month of celebration for me, as the month is home to the following special occasions for the Nitting family:

- Father's Day
- My birthday, as well as the birthdays of several close friends and family members
- The official start of summer

This June, we were also thrilled to celebrate the arrivals of both our second daughter and our second niece (pictured). While there is no technical definition for a "celebration" within global financial markets (to my knowledge), global financial markets were broadly positive in June. U.S. equities continued to rally, with the S&P 500 reaching a new all-time high during the month, while international equities rose further as well. Bonds also generated positive returns during the month but trailed their equity counterparts.

GLOBAL EQUITY

U.S. equities rose for a second consecutive month in June, again generating broadly positive returns, as several major indexes rose between +3.4% and +6.4%, cumulatively. De-escalating geopolitical tensions in the Middle East, apparent trade negotiation progress between the U.S. and China, and a relatively more dovish Federal Reserve were among the main focuses for investors. Beginning with Middle Eastern geopolitical tensions, investors reacted positively to the prospect of a ceasefire between Israel and Iran. Investors also embraced an apparent trade deal between the U.S. and China toward the end of the month, although details surrounding the arrangement are limited currently. Outside of geopolitical conflicts and trade negotiations, several Federal Reserve officials made comments indicating rate cuts could be on the table sooner than certain investors originally anticipated, fueling additional gains within domestic equities. At month's end, large cap growth stocks were again among the best performers within the U.S. stock market, returning +6.4% as the Magnificent Seven companies gained additional positive momentum. Six of the seven companies generated positive returns for a second straight month, ranging from +2.2% to +16.9% amid optimism surrounding various initiatives related to artificial intelligence. Small cap stocks also generated positive returns during the month as the Russell 2000 rose +5.4%. However, the Russell 2000 is still down -1.8% on year-to-date basis, trailing its large cap counterparts.

TABLE 1: GLOBAL EQUITY	JUN	QTD	YTD	1 YR
Dow Jones Industrial Average	4.47	5.46	4.55	14.72
S&P 500 Index	5.09	10.94	6.20	15.16
Russell 2000	5.44	8.50	-1.79	7.68
Russell 1000 Growth	6.38	17.84	6.09	17.22
Russell 1000 Value	3.42	3.79	6.00	13.70
MSCI ACWI USD	4.49	11.53	10.05	16.17
MSCI EAFE USD	2.20	11.78	19.45	17.73
MSCI EM USD	6.01	11.99	15.27	15.29
MSCI ACWI ex US USD	3.39	12.03	17.90	17.72

Source: Bloomberg, as of 6/30/2025. Past performance does not guarantee future returns.

International markets generated positive returns once again in June, as the U.S. Dollar resumed its depreciation relative to several other major currencies. Developed international markets, as represented by the MSCI EAFE Index, returned +2.2% for the month, marking three straight months of positive returns. German stocks were among the leading contributors to performance following the German government's approval of a €46 billion package of fiscal relief measures to support local companies. The European Central Bank also cut interest rates again during June, boosting European stocks broadly. Emerging markets outpaced their developed market counterparts in June and generated positive returns for a sixth consecutive month, as the MSCI EM Index returned +6.0%. Taiwan Semiconductor Manufacturing Co and Samsung Electronics Co continued to rally during June, propelling Taiwanese and South Korean equities higher. Chinese stocks also rose during June amid positive investor sentiment related to a potential trade agreement between the U.S. and China.

FIXED INCOME

The U.S. Treasury yield curve shifted mostly lower during June, resulting in predominantly positive fixed income returns as the Bloomberg U.S. Aggregate rose +1.5%. Treasury yields fell across most of the curve amid the release of several weaker-than-expected economic datapoints related to manufacturing activity, inflation, and the housing market. Separately, the Federal Reserve kept interest rates unchanged at its June meeting. However, as previously mentioned, several Federal Reserve officials also made comments indicating that rate cuts could be coming sooner than some investors originally anticipated. Investors still expect the Federal Reserve to reduce interest rates two to three times before the end of 2025, potentially starting in September. Outside of the Treasury market, investment grade and high yield corporate bonds moved higher amid falling interest rates, outperforming Treasuries.

TABLE 2: FIXED INCOME	JUN	QTD	YTD	1 YR
Bloomberg US Aggregate	1.54	1.21	4.02	6.08
Bloomberg 1-3 Yr Gov/Credit	0.64	1.27	2.92	5.94
Bloomberg Treasury 5-7 Yr	1.34	1.82	5.28	6.88
Bloomberg Investment Grade Corp	1.83	1.82	4.22	6.83
Bloomberg High Yield Corp	1.84	3.53	4.57	10.29
JPMorgan EMBI Global Diversified	1.12	0.89	3.15	8.04

Source: Bloomberg, as of 6/30/2025. Past performance does not guarantee future returns.

POSTLUDE

The NBA Finals concluded this June (congratulations to Oklahoma City Thunder fans), so I thought it appropriate to utilize another basketball analogy, as global financial markets have officially reached halftime for 2025. While most asset classes have generated positive returns through the first half, investors have also experienced significant ups and downs along the way. During halftime, basketball teams utilize the extended break in play to assess their first half performance and make appropriate adjustments for the coming half. We are doing the same on behalf of our clients and are thinking about some of the following items as we head into the second half of 2025:

- Global economic data pertaining to growth, inflation, and other economic dimensions
- Global trade negotiations, including more details surrounding a U.S.-China deal and perhaps others getting done
- Geopolitical conflict abroad and its resolution or lack thereof
- The Federal Reserve's actions in the second half relative to investors' expectations for multiple rate cuts

While we, like many investors, are glad global markets generally finished the first half in positive territory, the 2025 game is far from over. We are not getting complacent over positive first half results, as we expect the second half to be similarly turbulent, favoring investors who can swiftly assess market-moving events, understand their potential impact, and take appropriate action, if any, within client portfolios.

Joe Nitting serves as the Director of Research for the Retirement & Investment Solutions practice of CBIZ, Inc. Joe leads the firm's research in both traditional and alternative asset classes, and he oversees the portfolio construction process for the firm's defined contribution, institutional advisory and wealth management businesses. Joe has a B.S. in Finance and Accounting from the University of Dayton. He began his career in investments at a boutique registered investment advisory firm in the greater Chicago area, focusing on traditional investments. He also served as an analyst for a registered investment advisory firm in the Cleveland area, where he specialized in alternative investments. Joe plays an important role in fostering a culture of collaboration and creativity within CBIZ while offering unique insights based on his experience across a wide spectrum of investment types.