



SilverOak

WEALTH MANAGEMENT LLC

Second Quarter 2025 Market Summary

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Second Quarter 2025 Market Summary

The second quarter was marked by significant volatility, driven initially by the Trump administration’s announcement of sweeping global tariffs in early April that exceeded market expectations in both scope and scale. Markets sold off sharply on concerns about the potential drag on economic growth. However, sentiment shifted as the administration gradually softened its stance, including temporary reprieves and indications of ongoing negotiations. This policy reversal fueled a swift market rebound, and by quarter-end, the S&P 500 had fully recovered from its February-to-April 19% drawdown, closing at new all-time highs.

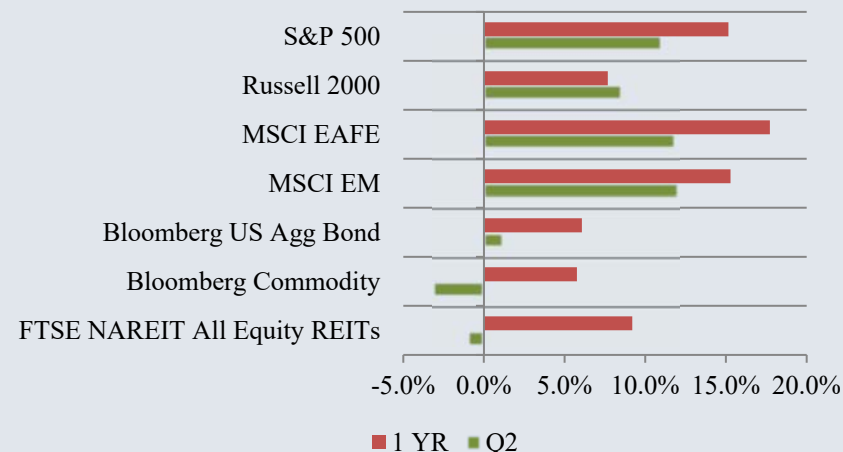
The chart below shows that U.S. large company stocks (i.e., S&P 500 Index) increased by 10.9% during the quarter, and U.S. small company stocks (i.e., Russell 2000 Index) gained 8.5%. The V-shaped recovery was driven by strength in technology and communication services, though market participation was broad, with eight of the eleven S&P 500 sectors posting positive returns. Health care and energy, the top-performing sectors in the first quarter, lagged in the second as concerns over potential regulatory policy changes weighed on health care, while lower oil prices—driven by increased OPEC production—pressured energy stocks.

International stocks, represented by the MSCI ACWI ex US Index, gained 12.0% during the quarter, continuing their strong performance. Notably, this marks the first time since 2017 that international equities have outperformed the S&P 500 for two consecutive quarters. The rally has been supported by increased fiscal stimulus in Europe and better-than-expected economic data, helped in part by low initial expectations coming into the year. A weaker U.S. dollar has also played a significant role, contributing to roughly half of the index’s year-to-date return. Diversifying regionally in equities has been beneficial to portfolios this year.

The Bloomberg Barclays U.S. Aggregate Bond Index, representing a broad basket of bonds, had a positive 1.2% return during the quarter. The Federal Reserve kept the Fed Funds Rate unchanged. However, the yield curve steepened with short-term rates declining in expectation the Fed will cut rates later this year and long-term rates increasing slightly due to a combination of factors, including the growing fiscal deficit. The 10-year Treasury yield remains range-bound between 4% and 5%, a level it has maintained for much of the past few years. Credit spreads tightened, thus credit-oriented sectors generally outperformed Treasuries.

The quarter was marked by several significant headlines. In late June, geopolitical tensions escalated in the Middle East as Israel launched strikes on Iran. While a ceasefire is currently in place, the situation remains fragile and could weigh on market sentiment if hostilities resume. These geopolitical risks, combined with ongoing policy uncertainty, continue to pressure “soft data” indicators such as business surveys, consumer confidence, and sentiment readings. In contrast, “hard economic data” has shown limited impact from tariffs thus far. Although the labor market has softened slightly, it remains resilient, helping to support consumer spending, the primary engine of economic growth.

Broad Market Index Returns Second Quarter 2025



Shortly after quarter-end, on Independence Day, President Trump signed the “One Big Beautiful Bill Act.” While the long-term economic effects remain uncertain, the bill is expected to modestly increase the federal deficit while reducing taxes or providing refunds to many consumers—potentially supporting near-term spending. Among its many provisions, the bill permanently extends the current income tax brackets established by the Tax Cuts and Jobs Act of 2017. It also raises and makes permanent the estate tax exemption and lifetime gift limits. Any future changes would require new congressional action.

Second Quarter 2025 Market Summary (continued)

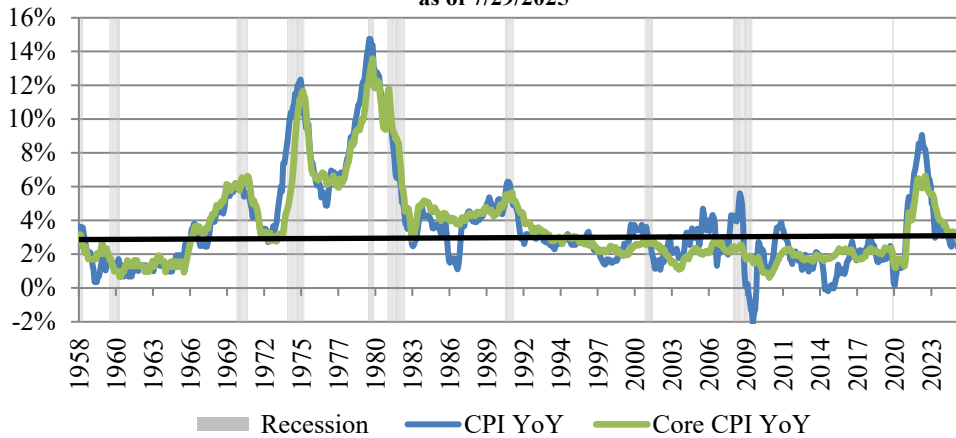
For corporations, the bill allows for the immediate expensing of capital expenditures and R&D, which could encourage investment in manufacturing, data centers, and other capital-intensive projects. Overall, the bill provides greater tax certainty and may create new opportunities for financial and tax planning strategies, as well as stimulating economic growth.

Looking ahead, markets will be navigating a complex mix of economic and geopolitical forces. The Federal Reserve has revised its economic outlook, lowering growth forecasts while raising expectations for both unemployment and inflation—largely in response to recent tariff developments. While full-year corporate earnings estimates have been marked down, strong first quarter results suggest the potential for upside surprises, especially if tariffs prove less disruptive than anticipated. As highlighted by the second quarter, staying diversified and focused on the long term is often beneficial in the end.

MACROECONOMICS

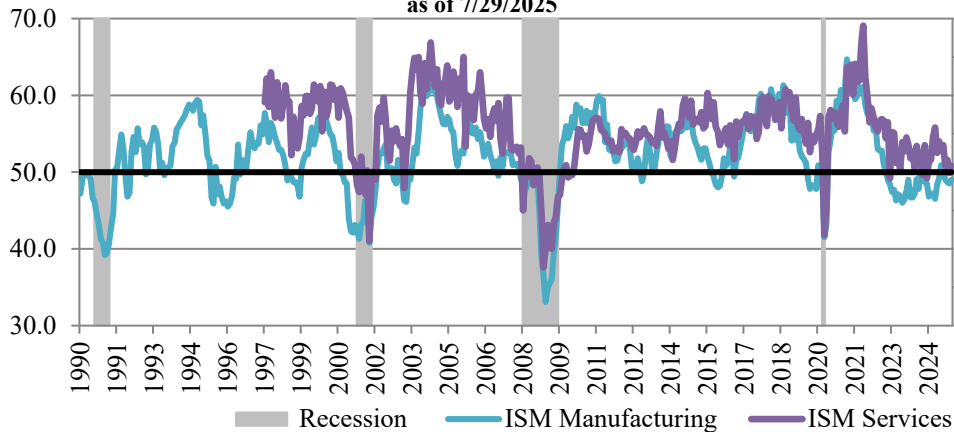
- The Bureau of Economic Analysis released the advanced estimate of second quarter 2025 real GDP, an annual rate increase of 3.0% from the preceding quarter.
- Inflation remains contained within the Federal Reserve’s target range of 2-3%. In June, headline CPI increased 2.7% year-over-year. Core CPI, which excludes food and energy, had a 2.9% increase.

Inflation - Consumer Price Index (CPI)
as of 7/29/2025



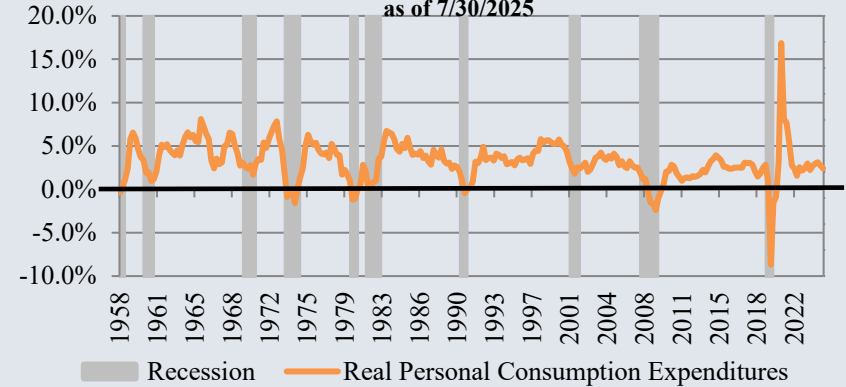
- The ISM Manufacturing Index was flat during the quarter, finishing at 49.0 versus 49.0 in March. Typically, when the ISM Index is above 55 it is bullish and when it is below 45 it is bearish. The ISM Non-Manufacturing Index was also flat during the quarter finishing at 50.8 in June.

ISM PMI Indices
as of 7/29/2025



- In June, the Conference Board Leading Economic Index decreased 0.3% month-over-month to 98.8. The index, which is a composite of leading employment, housing, manufacturing, and market indicators, remains at a contractionary level.
- The Real Personal Consumption Expenditures grew at 2.4% year-over-year in 2Q, indicating consumers continue to fuel economic growth.

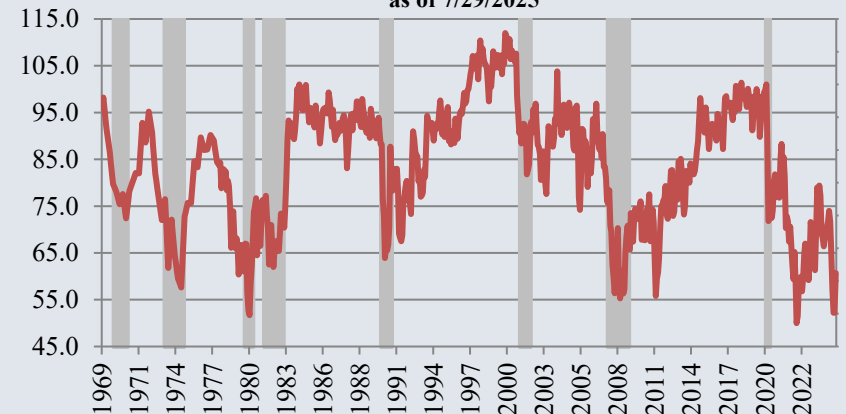
Real Personal Consumption Expenditures
as of 7/30/2025



CONFIDENCE METRICS

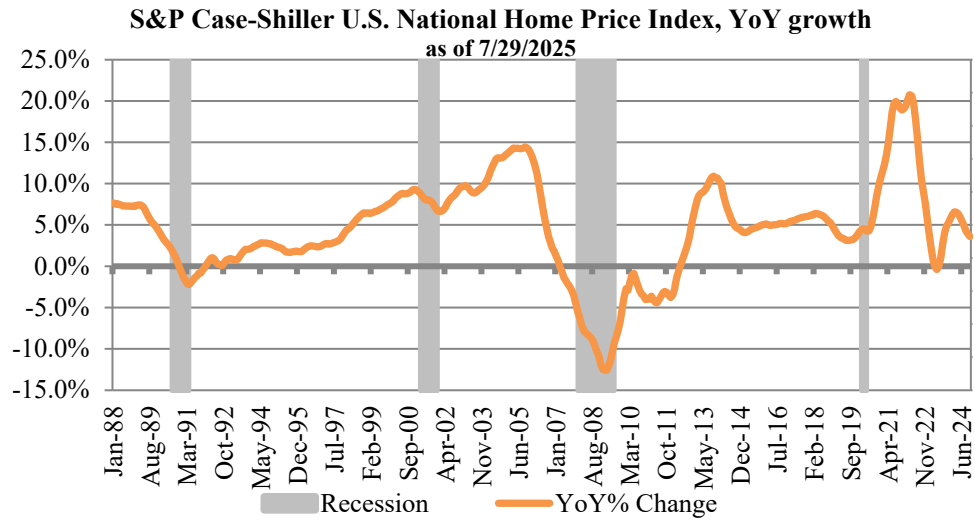
- The Conference Board’s Consumer Confidence Index June reading was 93.0, a slight decrease from 93.9 in March. Consumers remain concerned with the economy and a weakening labor market.
- The University of Michigan Consumer Sentiment Index final reading for June was 60.7, which was a slight increase from the first quarter.

University of Michigan Consumer Sentiment Index
as of 7/29/2025

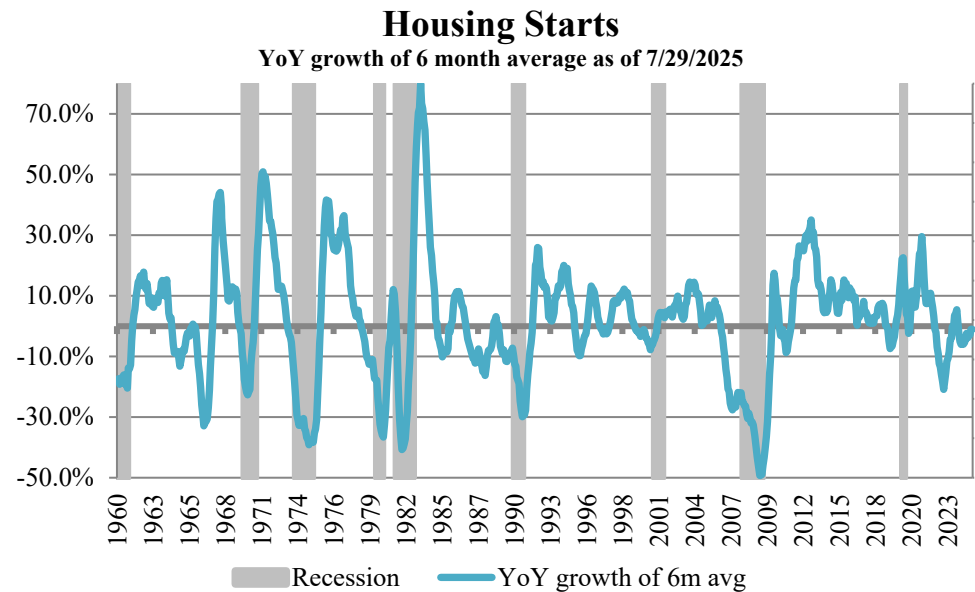


HOUSING

- S&P Case-Shiller U.S. National Home Price Index (seasonally adjusted) showed home prices increased 2.7% year/year in April.

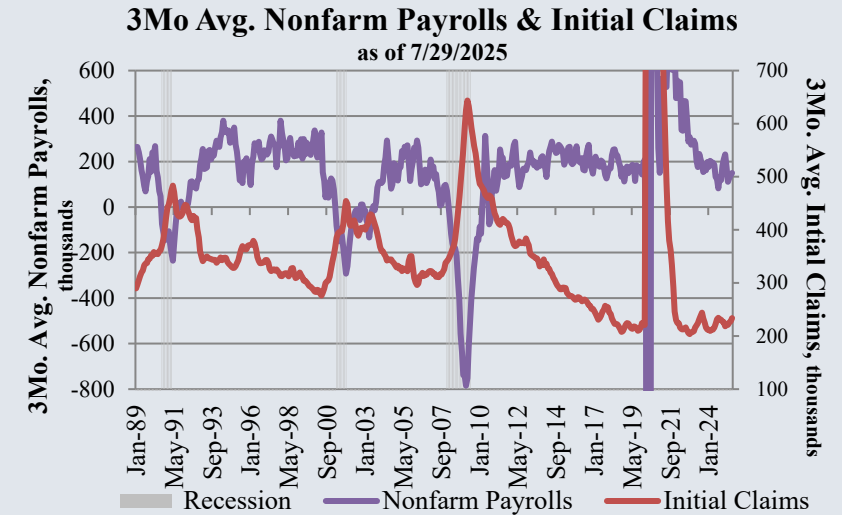


- Housing starts have remained subdued over the past two years, in part, due to higher financing costs. The housing market remains supply challenged.

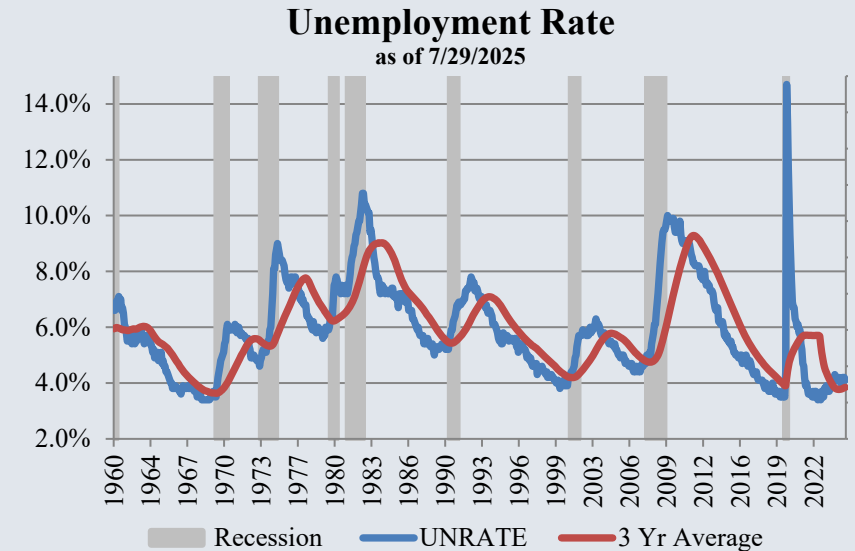


EMPLOYMENT

- During the quarter, nonfarm payrolls remained stable, averaging 149,000 jobs added per month, while initial claims remain low.



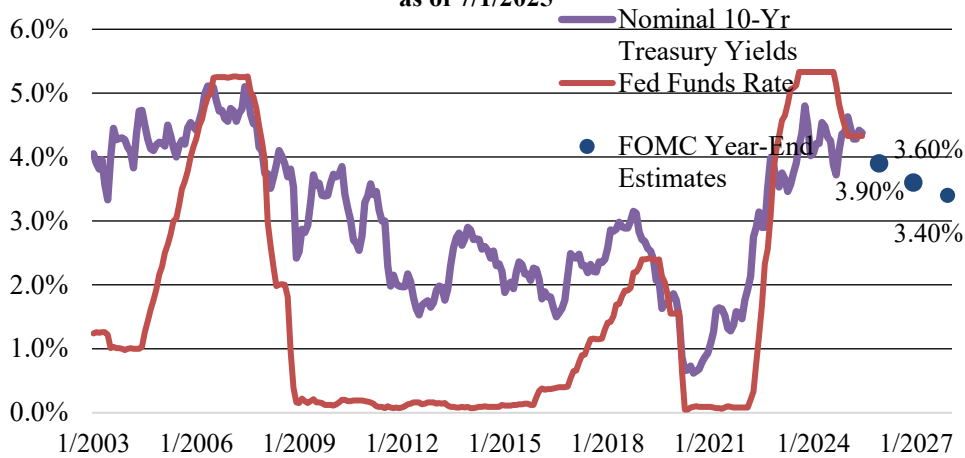
- The unemployment rate declined slightly during the quarter to 4.1% and remains above its three-year average, showing potential weakness.



FED POLICY

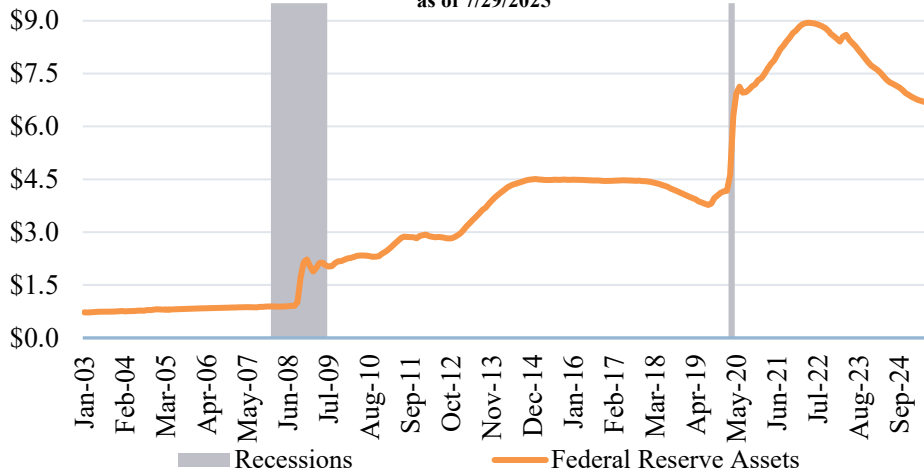
- During the quarter, the Federal Open Market Committee (FOMC) held funds rate at 4.25%-4.50%. The Fed continues to forecast reducing rates over the next few quarters.

U.S. 10-Year Treasury Yield vs. Fed Funds Rate
as of 7/1/2025



- The Fed continues to reduce its holdings of Treasuries and Agency MBS. In April, the Fed reduced the pace of its monthly Treasury securities runoff to \$5 billion, down from \$25 billion in previous months.

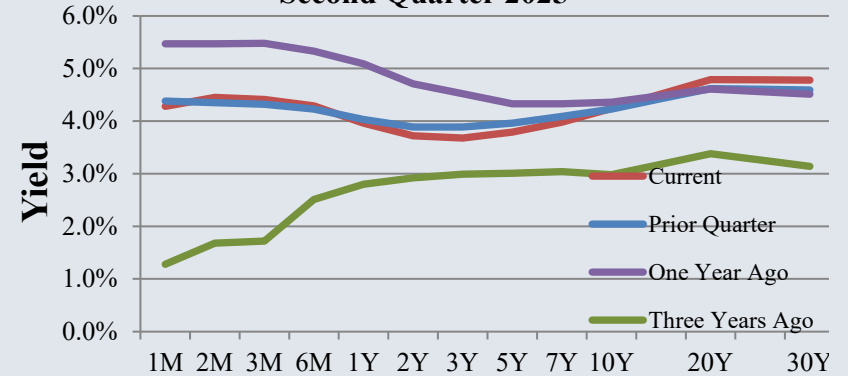
Federal Reserve Balance Sheet, assets in trillions \$
as of 7/29/2025



FIXED INCOME

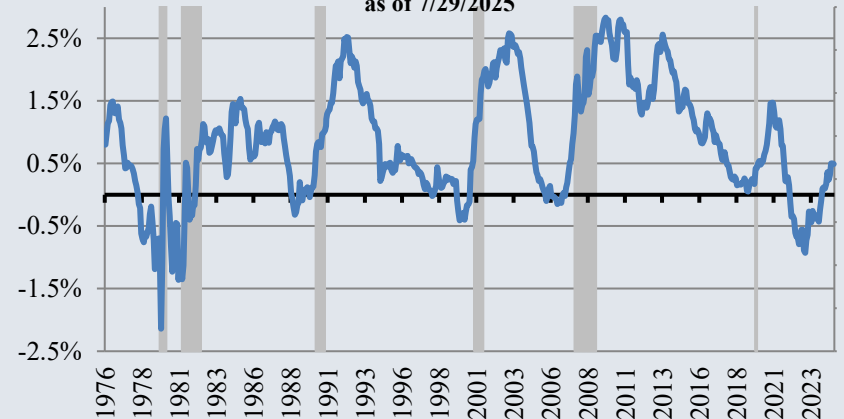
- During the quarter, yields were relatively stable across the U.S. Treasury curve. Yields on the intermediate part of the curve slightly declined, while the long-end slightly increased. Short-term interest rates are controlled or heavily influenced by central banks, whereas long-term interest rates are affected by market forces and economic growth.

U.S. Treasuries Yield Curve
Second Quarter 2025



- The spread between short and intermediate-term Treasuries remained positive. The curve had been inverted for over two years, the longest such occurrence. Historically, an inverted yield curve has signaled a recession. This time, while the overall economy avoided one, certain sectors, such as manufacturing, faced downturns.

U.S. Treasury Spread 10-year vs. 2-year
as of 7/29/2025



FIXED INCOME (continued)

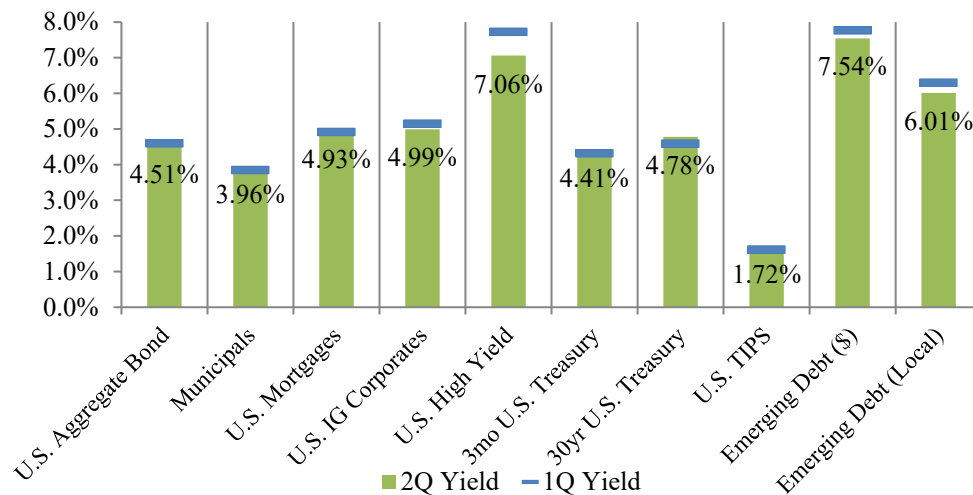
- During the quarter, the Bloomberg Barclays U.S. Aggregate was up 1.2%. Corporate bonds and Emerging Market Debt outperformed as credit spreads narrowed and the U.S. dollar depreciated. Munis lagged but should be stronger in the next few quarters.

	2Q 25 Return	1-Yr Return	5-Yr Return	10-Yr Return
U.S. Aggregate Bond	1.21%	6.08%	-0.73%	1.76%
Municipals	-0.12%	1.11%	0.51%	2.20%
U.S. Mortgages	1.14%	6.52%	-0.60%	1.30%
U.S. IG Corporates	1.82%	6.91%	0.14%	2.94%
U.S. High Yield	3.53%	10.29%	5.97%	5.38%
3mo U.S. Treasury	1.05%	4.73%	2.81%	2.01%
30yr U.S. Treasury	-2.08%	0.05%	-10.37%	-0.75%
U.S. TIPS	0.48%	5.84%	1.61%	2.67%
Emerging Debt (\$)	3.32%	9.97%	1.79%	3.53%
Emerging Debt (LCL)	7.62%	13.81%	1.88%	2.11%

Bloomberg and JPMorgan Indices

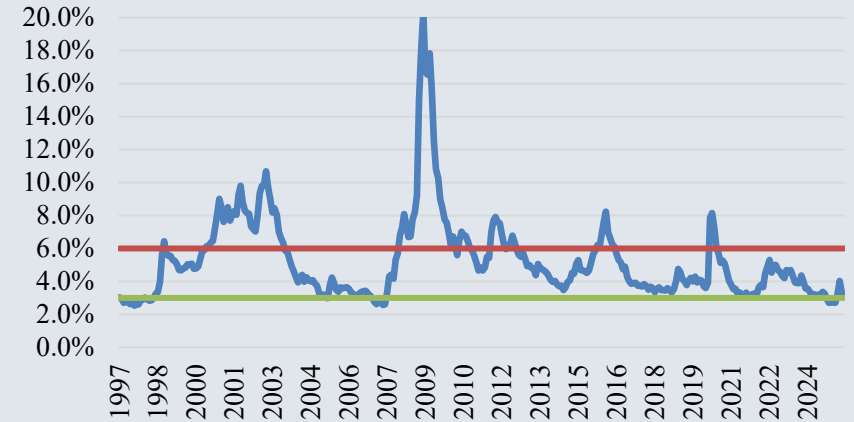
- Yields in the corporate sectors decreased in Q2, while treasuries and munis increased.

Fixed Income Yields Second Quarter 2025



- Credit spreads narrowed during the quarter and remain near historically low levels.

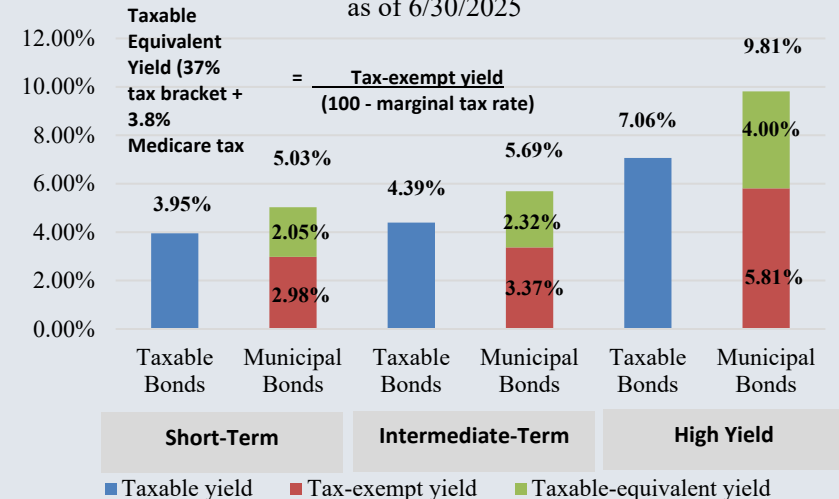
Credit Spreads - High Yield as of 7/29/2025



— BAML High Yield Spread

- Municipals are currently more attractive relative to taxable bonds on an after-tax basis for investors in the highest marginal tax bracket.

Taxable and Tax-equivalent Yields as of 6/30/2025



DOMESTIC EQUITIES

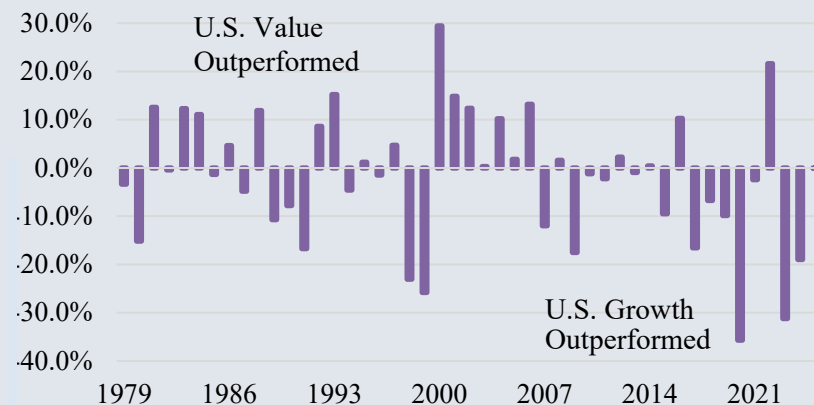
Second Quarter 2025 Returns			
	Value	Core	Growth
Mega Cap		13.8%	
Large Cap	3.8%	11.1%	17.8%
Mid Cap	5.4%	8.5%	18.2%
Small Cap	5.0%	8.5%	12.0%
Micro Cap	12.3%	15.5%	20.9%

- The Russell 1000 Index, comprising of large and mid-capitalization stocks, posted a positive total return of 11.1% during the second quarter. On a year-over-year basis, the Russell 1000 Index has increased 15.7%.
- Small capitalization stocks, as represented by the Russell 2000 Index, increased 8.5% during the second quarter. On a year-over-year basis, the index has increased 7.7%.

	S&P 500 Weight	Russell 1000 Value Weight	Russell 1000 Growth Weight	2Q 25 Return	1-Yr Return	10-Yr Return
Energy	3.0%	5.9%	0.3%	-8.6%	-4.0%	5.5%
Materials	1.9%	4.1%	0.3%	3.1%	1.9%	8.5%
Financials	14.0%	22.7%	6.6%	5.5%	29.4%	12.5%
Industrials	8.6%	13.1%	6.0%	12.9%	22.9%	12.4%
Cons. Disc.	10.4%	7.6%	13.5%	11.5%	18.4%	12.4%
Technology	33.1%	10.5%	51.2%	23.7%	15.1%	23.2%
Comm. Services	9.8%	7.6%	11.5%	18.5%	23.0%	12.0%
Real Estate	2.0%	4.2%	0.5%	-0.1%	11.7%	7.6%
Health Care	9.3%	11.7%	7.0%	-7.2%	-5.9%	8.0%
Cons. Staples	5.5%	8.1%	2.7%	1.1%	12.2%	9.2%
Utilities	2.4%	4.4%	0.3%	4.3%	23.4%	10.7%
S&P 500 Index	100.0%	100.0%	100.0%	10.9%	15.2%	13.6%

- During the quarter, technology outperformed, while eight of eleven sectors had positive performances. Energy and Health Care were the notable laggards in the quarter and over the past year. Both sectors have some secular tailwinds despite recent weak confidence.

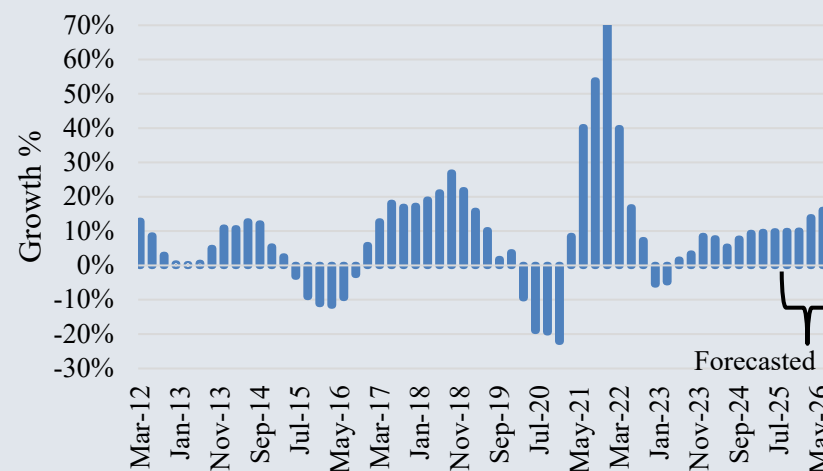
U.S. Value vs. Growth Relative Equity Performance (as of 6/30/25)



Russell 1000 Value TR vs. Russell 1000 Growth TR

- Growth outperformed Value significantly during the quarter. Growth has outperformed for thirteen out of the past eighteen years, as large tech companies have grown earnings and market cap significantly.

S&P 500 Earnings Growth Trailing 12-Month Operating Earnings Growth YoY (as of 7/29/2025)



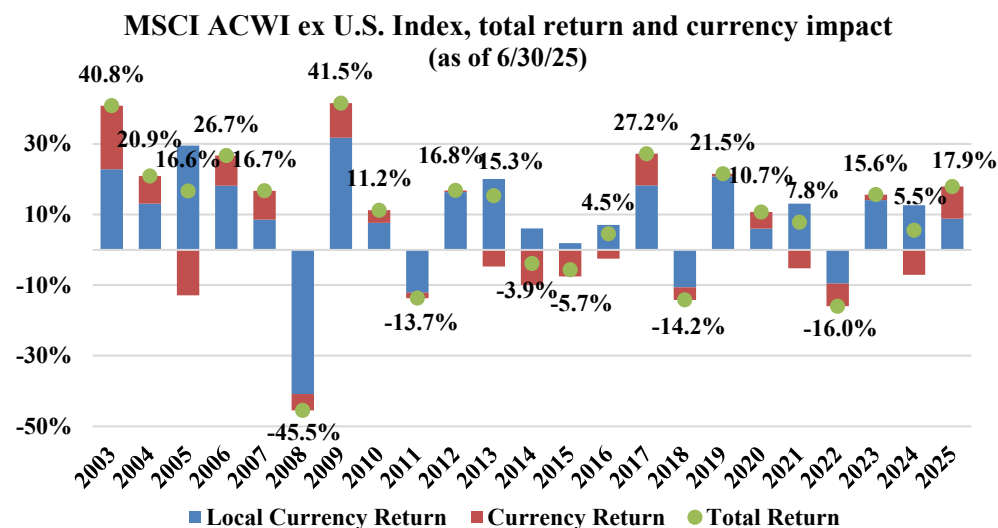
- Corporate earnings have been revised lower but are still expected to grow by nearly 10% in 2025, with profit margins remaining strong. Secular growth in AI continues to boost earnings.

INTERNATIONAL EQUITIES

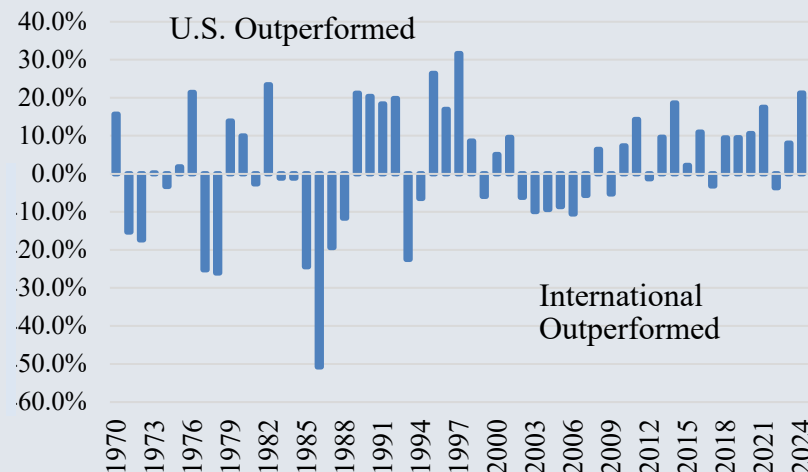
- Developed international stocks, as represented by the MSCI EAFE, were up 11.8% during the quarter, and up 17.7% on a year-over-year basis.
- Emerging market stocks outperformed developed markets during the second quarter as the MSCI Emerging Markets Index was up 12.0%. On a year-over-year basis, emerging market stocks are trailing developed markets with a return of 15.3%.

	2Q 25 Return	1-Yr Return	5-Yr Return	20-Yr Return
World	11.5%	16.2%	13.7%	8.2%
World Ex-U.S.	12.0%	17.7%	10.1%	5.8%
EAFE	11.8%	17.7%	11.2%	5.8%
Europe	11.4%	18.4%	12.4%	5.9%
Japan	11.4%	13.9%	8.8%	5.1%
Pacific Ex-Japan	14.2%	19.1%	9.0%	6.9%
Emerging Markets	12.0%	15.3%	6.8%	6.5%
EM (Asia)	12.4%	14.9%	6.5%	7.5%
EM (Latin America)	15.2%	13.4%	11.1%	5.5%
EM (Eastern Europe)	16.9%	35.5%	-12.0%	-1.3%

- Currency has been additive to international equity returns year-to-date. The U.S. dollar has been very strong the past ten years, but currency trends tend to be cyclical.



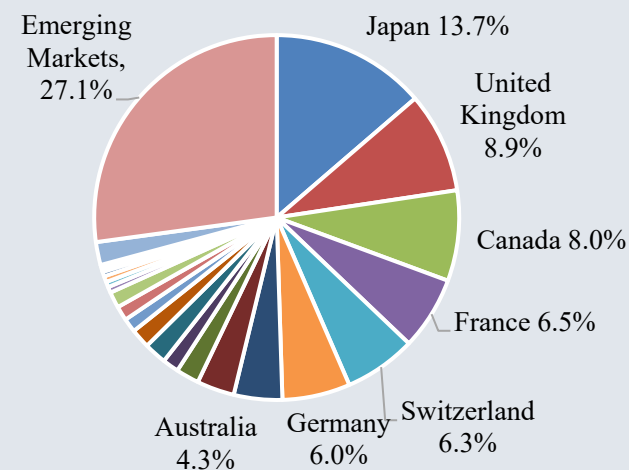
U.S. vs. International Equity Performance (as of 6/30/25)



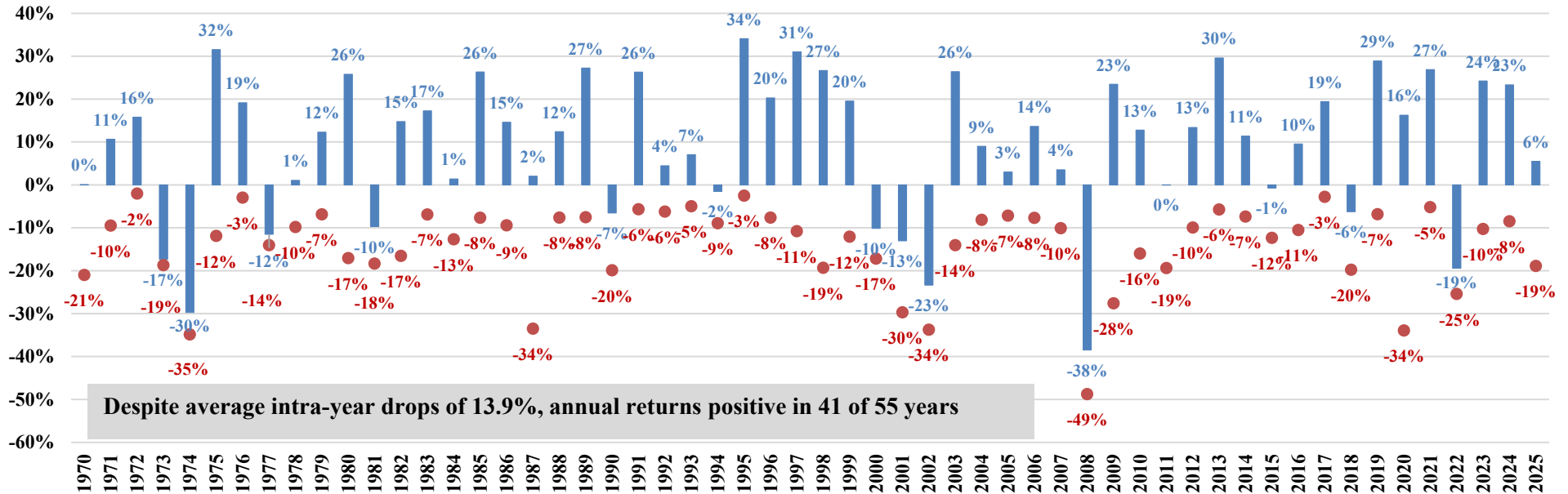
S&P 500 TR vs. MSCI EAFE NR

- International equities performed better than U.S. equities during the quarter. International equities have underperformed U.S. equities in twelve out of the last fifteen years. Performance is cyclical as shown in the chart above.

Country Weighting in MSCI ACWI ex U.S. (as of 6/30/25)



S&P 500 Intra-Year Declines vs. Calendar Year Returns

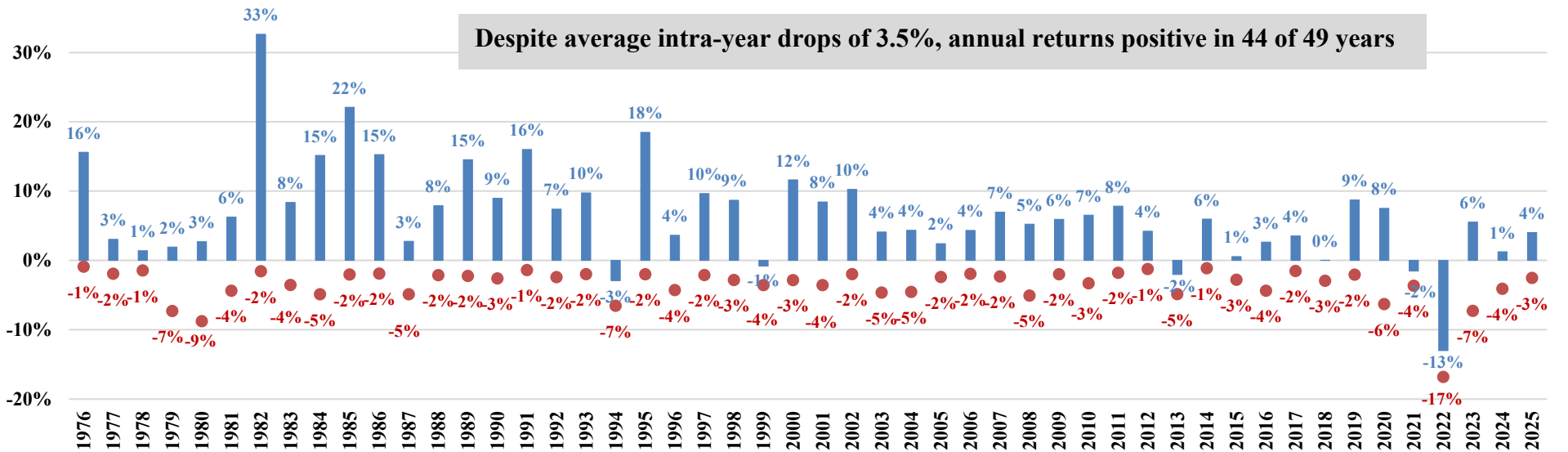


Despite average intra-year drops of 13.9%, annual returns positive in 41 of 55 years

Returns are based on price index only, do not include dividends, as of 6/30/2025

■ S&P 500 Calendar Year Return ● Intra-Year Decline

Bloomberg U.S. Agg Bond Intra-Year Declines vs. Calendar Year Returns



Despite average intra-year drops of 3.5%, annual returns positive in 44 of 49 years

Returns are based on total return, as of 6/30/2025

■ Bloomberg US Agg Bond Calendar Year Return ● Intra-Year Decline

Market leadership changes. Focus on asset allocation and diversification.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	10-yrs '15-'24 Return	10-yrs '15-'24 Volatility
	Real Estate 28.0%	Real Estate 2.8%	Small Cap 21.3%	Emerging Markets 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	Real Estate 41.3%	Commodities 16.1%	Large Cap 26.3%	Large Cap 25.0%	International 19.9%	Large Cap 13.1%	Small Cap 20.7%
	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	International 25.6%	Fixed Income 0.0%	Real Estate 28.7%	Emerging Markets 18.7%	Large Cap 28.7%	Cash 1.5%	International 18.9%	Small Cap 11.5%	Emerging Markets 15.6%	Small Cap 7.8%	Real Estate 17.7%
	Fixed Income 6.0%	Fixed Income 0.6%	Large Cap 12.0%	Large Cap 21.83%	Real Estate -4.0%	Small Cap 25.5%	Large Cap 18.4%	Commodities 27.1%	High Yield -12.7%	Small Cap 16.9%	Asset Allocation 10.2%	Asset Allocation 6.9%	Asset Allocation 6.4%	Emerging Markets 17.1%
	Asset Allocation 5.3%	Cash 0.0%	Commodities 11.8%	Small Cap 14.7%	High Yield -4.1%	International 22.7%	Asset Allocation 10.5%	Small Cap 14.8%	Fixed Income -13.0%	Asset Allocation 14.2%	High Yield 9.2%	High Yield 6.8%	Real Estate 5.8%	Large Cap 15.4%
	Small Cap 4.9%	International -0.4%	Emerging Markets 11.6%	Asset Allocation 14.5%	Large Cap -4.4%	Asset Allocation 19.4%	International 8.3%	Asset Allocation 13.5%	Asset Allocation -13.9%	High Yield 14.0%	Emerging Markets 8.1%	Large Cap 6.2%	International 5.7%	International 15.2%
	Cash 0.0%	Asset Allocation -2.0%	Real Estate 8.6%	High Yield 10.4%	Asset Allocation -5.8%	Emerging Markets 18.9%	Fixed Income 7.5%	International 11.8%	International -14.0%	Real Estate 11.4%	Commodities 5.4%	Commodities 5.5%	High Yield 4.5%	Commodities 13.8%
	High Yield 0.0%	High Yield -2.7%	Asset Allocation 8.3%	Real Estate 8.7%	Small Cap -11.0%	High Yield 12.6%	High Yield 7.0%	High Yield 1.0%	Large Cap -18.1%	Emerging Markets 10.3%	Cash 5.3%	Fixed Income 4.02%	Emerging Markets 4.0%	Asset Allocation 10.3%
	Emerging Markets -1.8%	Small Cap -4.4%	Fixed Income 2.7%	Fixed Income 3.5%	Commodities -11.3%	Fixed Income 8.7%	Cash 0.5%	Cash 0.0%	Emerging Markets -19.7%	Fixed Income 5.5%	Real Estate 4.9%	Cash 2.1%	Cash 1.8%	High Yield 8.6%
	International -4.5%	Emerging Markets -14.6%	International 1.5%	Commodities 1.7%	International -13.4%	Commodities 7.7%	Commodities -3.1%	Fixed Income -1.5%	Small Cap -20.4%	Cash 5.1%	International 4.4%	Real Estate 1.8%	Fixed Income 1.4%	Fixed Income 5.03%
	Commodities -17.0%	Commodities -24.7%	Cash 0.3%	Cash 0.8%	Emerging Markets -14.3%	Cash 2.2%	Real Estate -5.1%	Emerging Markets -2.2%	Real Estate -25.0%	Commodities -7.9%	Fixed Income 5.5%	Small Cap -1.8%	Commodities 1.3%	Cash 0.6%

Best

Asset Class Performance

Worst

Performance of all cited indices is calculated on a total return basis and includes dividend reimbursement. Indices are not available for direct investment. Past performance is not indicative of future results. It is important to remember that there are risks inherent in any investment and there is no assurance that any asset class or index will provide positive performance over time.

* Large Cap – S&P 500 Index

* Small Cap – Russell 2000 Index

* International – MSCI EAFE GR Index

* Emerging Markets – MSCI EM GR Index

The “Asset Allocation” portfolio assumes the following weights: 25% S&P 500, 10% Russell 2000, 15% MSCI EAFE, 5% MSCI EM, 25% Barclays Agg, 5% Barclays 1-3m Treasury, 5% Barclays Global High Yield Index, 5% Bloomberg Commodity Index, 5% FTSE NAREIT All Equity REIT Index

Source: Morningstar, through 6/30/2025

* Fixed Income – Barclays Capital Aggregate Bond Index

* Real Estate – FTSE NAREIT All Equity REIT Index

* Commodities – Bloomberg Commodity Index

* High Yield – Barclays Global High Yield Index

*Cash – Barclays 1-3m Treasury Index

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Investment decisions should be made based on an investor's specific circumstances taking into account items such as, risk tolerance, time horizon and goals and objectives. All investments have some level of risk associated with them and past performance is no guarantee of future success.