

# Monthly Investment Report

August 2025



In July, the equity markets advanced, with the S&P 500 rising +2.2%, the Dow Jones Industrial Average gaining +0.2%, and the Nasdaq Composite Index climbing +3.7%, driven by continued strength in Information Technology. Large-cap growth stocks outperformed, up +3.4%, while small-caps lagged, advancing by just +1.3%. Sector performance was mixed: Information Technology and Utilities led, while Health Care and Consumer Staples declined. Fixed-income markets slipped as 10-year Treasury yields rose modestly from 4.23% to 4.37%, weighing on bond prices. Commodities posted varied returns, and the U.S. dollar strengthened versus major currencies. Investor sentiment was cautiously risk-on, backed by strong corporate earnings and select sector strength, despite ongoing macroeconomic uncertainty. U.S. markets held firm, but global equities were mixed, reflecting divergence from regional economic data, policy decisions, and geopolitical influences such as tariffs.

## U.S. Markets

**In July, U.S. equity markets posted broad-based gains.** The S&P 500 rose +2.2%, supported by continued strength in large-cap growth stocks. The Dow Jones Industrial Average advanced +0.2%, while the Nasdaq Composite led major indices with a robust return of +3.7%. Technology stocks, particularly chipmakers, were key drivers, benefitting from the ongoing boom in artificial intelligence and cloud computing. Mid-cap stocks performed steadily, rising +1.6%, while small-cap equities underperformed, gaining +0.9%. Small-caps remained more sensitive to inflation, input costs, and tariffs, which weighed on performance. Sector performance was mixed: Information Technology led with a +5.2% gain, followed by Utilities +4.9% and Industrials +3.0%. Health Care and Consumer Staples lagged, falling -3.3% and -2.4% respectively. Earnings season remained in full swing. As of this report, 63.0%, (315) of S&P 500 companies, have reported Q2 results, with 68.0% exceeding revenue expectations. Information Technology delivered the strongest surprise rates, highlighting the resilience of tech-driven sectors.

**Global equity markets advanced, though regional performance was mixed.** MSCI-Europe ex-UK declined -2.5%, while MSCI-UK edged up +0.9%. MSCI-Pacific ex-Japan rose +1.2%, whereas MSCI-Japan fell -1.4%. MSCI China led with a +4.8% gain, driven by investor optimism over potential policy stimulus, attractive valuations, and renewed interest in tech and industrial stocks. Emerging markets gained +1.9%, largely supported by strength in China. In contrast, developed markets outside the U.S. struggled, weighed down by softer economic data and currency headwinds from a stronger U.S. dollar.

## The Bloomberg US Aggregate Bond Index declined -0.3% as rising Treasury yields pressured bond prices.

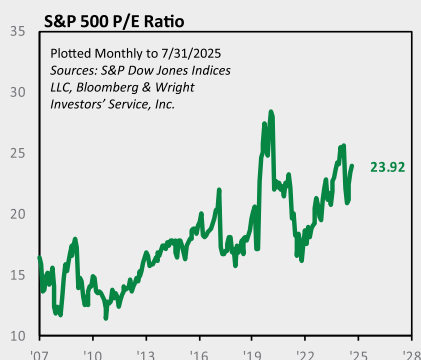
The Bloomberg Global Aggregate ex-US Index fell -2.5%, while the Bloomberg US High Yield Bond Index rose +0.5%. The 10-year Treasury yield increased from 4.23% to 4.37%. Breakeven inflation rates rose across maturities in July, with the 2-year up +19 bps, the 5-year up +17 bps, and the 10-year up +11 bps, signaling elevated inflation expectations. Commodities posted mixed performance during the month.

**The Bloomberg Commodities Index slipped -0.5%, led by declines in metals and agricultural products.** Copper fell -13.4%, Gold edged down -0.4%, Corn dropped -6.3%, and wheat declined -1.0%. In contrast, crude oil prices gained +6.4%, and gasoline rose +6.5%; though natural gas prices plunged -10.1%. The MSCI US REIT Index lost -0.8%, as real estate continued to face macroeconomic headwinds. The US dollar strengthened broadly, with the Dollar Index rising +2.6% against major global currencies.

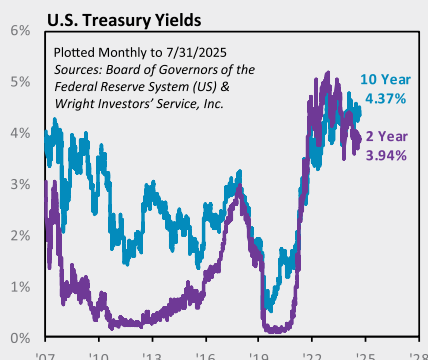
## U.S. Economy

**The U.S. services sector expanded in July, with the S&P US Services PMI Business Activity Index rising to 55.2, a notable improvement from June's 52.9.** Business activity grew at the fastest pace since last December. New orders also increased, matching May's pace, driven by stronger service sector demand, though this was partially offset by the year's first slight decline in factory orders. Meanwhile, the S&P Global US Manufacturing PMI fell to 49.5 in July from 52.9 in April, marking a 7-month low.

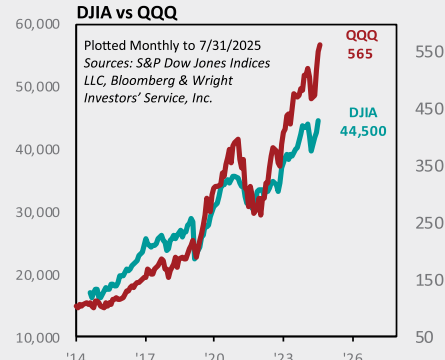
### P/E's Have Increased



### 2 Year & 10 Year Yields Both Rose Higher



### US Equities Rallied DJIA vs QQQ



Total Investment Returns—7.31.2025

	July	Last 12 Mos.
Dow Jones Industrial Average	0.2%	9.9%
Nasdaq Composite	3.7%	20.9%
S&P 500	2.2%	16.3%
S&P MidCap 400	1.6%	3.3%
S&P SmallCap 600	0.9%	-4.7%
MSCI World (\$)	1.3%	15.7%
MSCI World ex U.S. (\$)	-1.2%	13.7%
Bloomberg U.S. Aggregate	-0.3%	3.4%
90-Day Treasury Bills (Yield)	4.3%	5.3%
CPI ex-Food & Energy SA* (Jun 2025)	0.2%	2.9%

\*SA: Seasonally Adjusted  
Sources: Bloomberg LP & Wright Investors' Service, Inc.

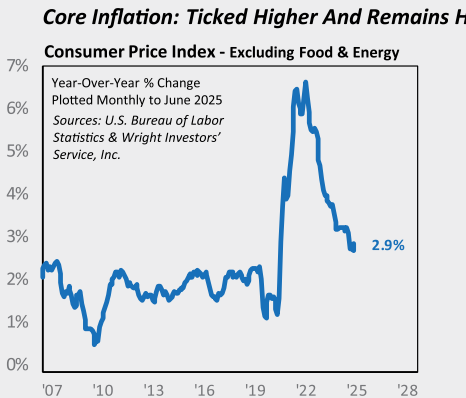
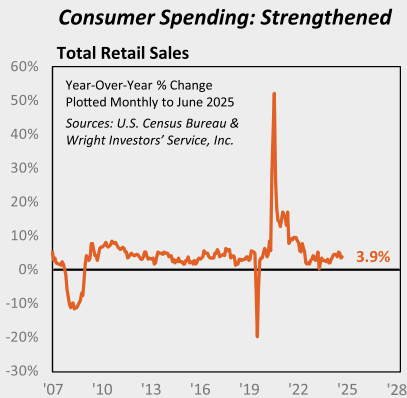
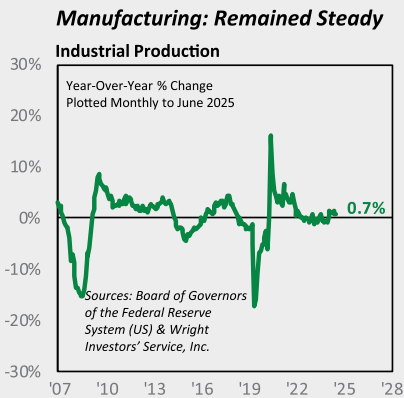
The renewed drop in manufacturing demand was linked to tariffs, rising prices, and greater economic uncertainty. Production growth slowed as new factory orders declined for the first time in 2025. Employment and input inventories also fell for the first time since April. Faster supplier delivery times signaled easing supply pressures, contributing to a lower PMI reading. The tariff impact extended beyond manufacturing: around 40.0% of service providers who reported higher selling prices cited tariffs as the primary driver. This suggests inflationary pressures from tariffs are affecting both goods and services. A sharp rise in July's selling prices, among the largest in the past three years, points to continued upward pressure on consumer inflation, likely pushing it further above the Fed's 2.0% target. The combined performance lifted the Global Composite PMI Output Index to 54.6 in July, up from 52.9 in April, indicating improving global growth momentum, largely within the service sector.

**Employment growth softened in July, with nonfarm payrolls rising by +73,000, slightly above expectations, suggesting a gradually warming labor market.** The unemployment rate held steady at 4.2%, while labor force participation edged down to 62.3% from 62.4% in June. On a year-over-year basis, the total number of unemployed remained stable, reflecting a consistent pace of job-seeking. Wage growth remained firm: average hourly earnings rose by 0.2% to \$36.30, and by +3.7% year-over-year, signaling continued labor market tightness

despite moderated hiring. Inflation data showed signs of easing. The Core PCE index increased by +0.3% in June, while the headline PCE index rose +2.6% year on year, still above the Federal Reserve Committee's target of 2.0%. These trends reinforced expectations that the Federal Reserve may pause rate hikes and maintain the federal funds rate within the 4.25% to 4.50% target range. In housing, new home sales grew modestly in June, rising from 623,000 to 627,000, a 0.6% increase, reflecting improving buyer activity despite affordability concerns and high mortgage rates. Housing starts climbed to 1,321,000 in June, up +4.6% from May's upwardly revised 1,263,000. Building permits also rose slightly by +0.2%, from 1,394,000 in May to 1,397,000 in June, signaling continued resilience in builder sentiment.

Investment Outlook

**The U.S. economic backdrop remains broadly constructive, with resilient services activity and steady job growth helping offset weakness in manufacturing.** However, rising inflationary pressures, elevated input costs, and growing policy uncertainty are beginning to cloud the outlook. Tariffs on key imports, particularly from China, are weighing on corporate margins and may pressure earnings into late 2025. Market expectations for rate cuts have moderated, as the Federal Reserve signals a more cautious stance amid persistent core inflation. The central bank may maintain the federal funds rate within the 4.25%–4.50% range while assessing the economic effects of newly announced tariffs, even as President Trump intensifies pressure on Chair Powell to ease policy. July's soft jobs report has increased speculation about a potential rate cut in September; however, inflation risks tied to One Big Beautiful Bill (OBBB) and tariffs may still influence the Fed's timing. While markets remain optimistic for easing, any resurgence in inflation or a geopolitical shock could delay action. Despite progress on trade deals, the unpredictability of President Trump's policy stance adds to investor uncertainty. Economists warn that prolonged tariff measures could inflict lasting damage on the U.S. economy, and the Fed is closely monitoring these dynamics. In this environment, selectivity and resilience are key. Large-cap equities remain relatively favored, while small-cap and export-driven sectors may face greater headwinds. A quality-focused, diversified portfolio, with exposure to companies possessing strong fundamentals and pricing power, remains essential to navigating potential volatility and global trade friction.



**Source:** Bloomberg Index Services Limited. "Bloomberg®", "Bloomberg Commodity Index" and the Bloomberg Bond Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Wright Investors' Service, Inc. Bloomberg is not affiliated with Wright Investors' Service, Inc. and Bloomberg does not approve, endorse, review, or recommend Wright Products. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to Wright Products.

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